

Minnesota Family Assistance



About this Publication

This publication is a guide to public programs providing assistance to Minnesota families.

By Randall Chun, Annie Mach, and Danyell Punelli,
Legislative Analysts
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This publication was prepared by Randall Chun, Annie Mach, and Danyell Punelli, legislative analysts specializing in the areas of health and human services policies. Questions can be directed to them at randall.chun@house.mn, annie.mach@house.mn, or danyell.punelli@house.mn.



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Executive Summary

This guide is intended to help legislators understand the following public programs that provide assistance to Minnesota families:

- General Assistance (GA)
- Minnesota Family Investment Program (MFIP)
- Minnesota Supplemental Aid (MSA)
- Supplemental Security Income (SSI)
- Medical Assistance (MA)
- MinnesotaCare
- Subsidized health coverage through MNsure
- Child Care Assistance
- Food Support
- Housing Support

The first four programs, GA, MFIP, MSA, and SSI, provide income assistance to eligible needy families and individuals.

The MA and MinnesotaCare programs cover the cost of health care for eligible low-income families and individuals. MNsure, the state's health insurance exchange, makes subsidized health coverage available to low- to middle-income families and individuals.

The remaining three programs provide financial assistance to recipients for certain living expenses. The Child Care Assistance Program subsidizes child care costs for eligible MFIP and other low-income families. The Food Support program provides food purchasing assistance to eligible low-income households. The Housing Support program subsidizes the housing costs of certain low-income individuals who live in community-based group residences.

This guide includes basic information about how each of these programs works and includes information on each program's administration, eligibility, benefits, funding, and recipients. Unless otherwise noted, all citations in the guide are to Minnesota Statutes 2021 Supplement.

This guide includes several appendices. The first four appendices provide comparative information for all the assistance programs included in the guide. Appendices V and VI relate to specific aspects of MFIP, the state's welfare reform program for families. Appendix VII provides the standard maximum weekly child care rates under the Child Care Assistance Program.

Finally, both the federal and state governments provide some assistance to Minnesota families through tax credit programs. Tax provisions are outside the scope of this guidebook.

However, appendices VIII and IX provide some basic information about two of the best known tax credits that assist Minnesota families: earned income tax credits and dependent care tax credits.

Federal and State Program Overview

Assistance Programs Originating in Federal Law

Some of the programs described in this guide began with federal legislation:

- Supplemental Security Income (SSI)
- Medical Assistance (MA)
- Minnesota Family Investment Program (MFIP)
- Child Care Assistance
- Food Support (FS)
- Subsidized health coverage through MNsure

SSI, MA, and MFIP have their origins in the federal Social Security Act of 1935. The Food Support program began as the result of separate federal legislation in 1964. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 also made fundamental changes to the Social Security law, the Food Support law, and Child Care Assistance that have had a significant effect on these programs. The federal Affordable Care Act, enacted in 2010, subsidizes the purchase of health insurance coverage through health insurance exchanges such as MNsure.

The Social Security Act

Prior to 1935, relief for the poor had been the responsibility of state and local governments and private charities. During the Depression, however, local governments and private agencies no longer had enough resources to help the growing number of families and individuals who were in need of direct financial assistance. In 1935, Congress passed the Social Security Act as a response to the economic hardship created by the Great Depression.

The Social Security Act includes two types of programs: social insurance programs and assistance programs. The assistance programs are the focus of this guide.

Social Insurance

Social insurance is a system to protect people with a work history, and their dependents, who experience an abrupt loss of income due to temporary unemployment, disability, retirement, or death. Eligibility for social insurance programs in the Social Security Act is not based on an applicant's financial need. The social insurance component of the act includes the Old-Age, Survivors, and Disability Insurance program, Unemployment Compensation, and the Medicare program. Program benefits are funded by mandatory employer/employee contributions to special program trusts. Eligibility for benefits under these programs is based on an individual's work history and contributions to the trust funds. Some state agencies play a limited role in the

social insurance programs; county agencies have no administrative responsibility for any of the social insurance programs.

Assistance Programs

Eligibility for the assistance programs created in the Social Security Act is based on individual or family financial need and on whether or not an applicant/recipient is a member of a federally authorized category. Through the provisions of the original Social Security Act and its successive amendments, Congress has authorized programs that provide cash and medical assistance to individuals who are aged, blind, or disabled and families with dependent children. Program benefits are financed by federal and state general funds. Funding formulas vary among programs. There are no special trusts (like the Social Security trust fund) to finance the costs of these assistance programs.

Title IV-A of the act created the Aid to Families with Dependent Children (AFDC) program, which was an entitlement program intended to provide financial support to needy families where a dependent child in the family was deprived of the support of one of his or her parents. Title XIX created the Medicaid entitlement program to provide health care assistance to certain categories of low-income persons. Title XVI created the Supplemental Security Income (SSI) entitlement program to provide monthly cash assistance to needy persons who are aged, blind, or disabled. Title XXI created the State Children's Health Insurance Program (CHIP) to fund health care coverage for uninsured low-income children and some parents, by providing an enhanced federal match to states.¹

With the exception of the federally administered SSI program, the other assistance programs of the Social Security Act are administered in Minnesota by the counties under the supervision of the state Department of Human Services (DHS). Overall program requirements are set by Congress and the responsible federal agency.

The various titles of the Social Security Act remain the basis of the national public assistance system in America today. Most changes in federal welfare policy are established as amendments to the Social Security Act.

PRWORA: The Federal Welfare Reform Law

In 1996, Congress enacted landmark welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA; Pub. L. No. 104-193). PRWORA marked a fundamental shift in the direction and design of the public assistance programs. This welfare reform law amended the Social Security Act to abolish the AFDC entitlement program, replacing it instead with a totally rewritten Title IV-A that established the block grant program of Temporary Assistance for Needy Families (TANF).

Under TANF, states receive a federal block grant to provide time-limited assistance to needy families with minor children. PRWORA has a strong focus on moving welfare recipients into

¹ States can administer CHIP through their Medicaid programs, a separate program, or a combination of both. Minnesota uses CHIP funding to pay for health care services for certain MA eligibility groups (see the MA chapter for details).

work and self-sufficiency. TANF families are required to participate in work activities, and states must ensure that the federally established work participation requirements are met. Minnesota's TANF program is the Minnesota Family Investment Program (MFIP).

The welfare reform legislation also made significant changes in the eligibility requirements for the SSI, MA, and Food Support programs, and in the design and funding of Child Care Assistance. Some of the most noticeable changes were provisions that created categories of lawfully present noncitizens who were ineligible for SSI or Food Support benefits, or were eligible for those benefits for only a limited time. However, the 2002 Farm Bill restored Food Support eligibility to certain categories of lawfully present noncitizens. Another significant change was the repeal of the Child Care Assistance entitlement, under federal law, for AFDC recipients who needed child care to get or keep a job.

TANF was reauthorized in February 2006 under the Deficit Reduction Act of 2005 through fiscal year 2010. Since that time, Congress has not reauthorized TANF, but instead has extended the TANF block grant several times. TANF is currently extended through February 18, 2022.

The Child Care and Development Fund (CCDF) was reauthorized in November 2014 under the Child Care and Development Block Grant Act of 2014 (Pub. L. No. 113-186). The 2014 federal law increased requirements related to health and safety, licensing enforcement, background studies, consumer education, and quality of care.

Food Stamp Act

Congress established the Food Support (Stamp) Program in 1964. This entitlement program increases the food purchasing power of low-income households. Eligibility for this program is based on an applicant's financial need. Over time, Congress has amended the Food Stamp Act and has added work requirements that some categories of Food Support recipients must also meet as a condition of receiving food support benefits. PRWORA has also limited the eligibility of many lawfully present noncitizens for Food Support. The Food Support program is administered by county agencies under the supervision of the state DHS.

The Affordable Care Act

The Patient Protection and Affordable Care Act (Pub. L. No. 111-148), as amended, was passed by the U.S. Congress and signed into law in 2010. This legislation, along with related federal guidance and regulations, is often referred to as the Affordable Care Act (ACA). The ACA contains a wide range of provisions related to government health care programs, health insurance regulation, health care access and costs, and the health care workforce.

In the area of health care access, the ACA makes advanced premium tax credits and cost-sharing reductions available to families and children and adults without children who purchase health coverage through a health insurance exchange either established by the state or operated by or in cooperation with the federal government. The federal government pays for the cost of advanced premium tax credits, and until October 2017, had also paid for the cost of cost-sharing reductions. The ACA also gives states the option to establish basic health programs to provide health coverage for certain low-income persons who would otherwise be eligible for

subsidized coverage through a health insurance exchange. Minnesota established MNsure as a state-administered health insurance exchange and has received federal approval and funding to operate MinnesotaCare, an existing health coverage program, as a basic health program.

Assistance Programs Originating in State Law

The remaining programs described in this guide are programs that originated in state rather than federal legislation:

- General Assistance (GA)
- Minnesota Supplemental Aid (MSA)
- MinnesotaCare
- Housing Support

Benefits for these programs are financed by the state general fund, or in the case of MinnesotaCare, the state-created Health Care Access Fund and through federal Basic Health Program funding. Overall program requirements are set by the state legislature and, in the case of MinnesotaCare, also by the federal government. The programs are administered by the counties under the supervision of DHS, or in the case of MinnesotaCare, by DHS itself.

Financing Minnesota's Family Assistance Programs

The costs of the principal public programs that assist Minnesota families are financed by a combination of federal and state money as follows:

Program	Federal Financing	State Financing
General Assistance (GA)		X
Minnesota Family Investment Program (MFIP)	X	X
Minnesota Supplemental Aid (MSA)		X
Supplemental Security Income (SSI)	X	
Medical Assistance (MA)	X	X
MinnesotaCare	X	X ²
Premium tax credits through MNsure	X	
Child Care Assistance	X	X ³
Food Support (FS)	X	X ⁴
Housing Support		X

Beginning January 1, 1991, the state assumed responsibility for, or “took over,” the historic county share of expenditures for public assistance benefits. From that point on, counties were not responsible for paying a share of the program costs of certain state-mandated assistance programs.⁵ Counties have continued to administer most programs (with the exception of MinnesotaCare), and they are expected to follow state guidelines in administering the programs.

² MinnesotaCare is also financed with premiums paid by the program's enrollees.

³ Child Care Assistance programs are also financed with county funds and participant copayments.

⁴ Food support is primarily funded with federal SNAP funds; however, the state provides funding for food assistance to legal noncitizens age 50 or older who do not qualify for SNAP because of their citizenship status.

⁵ Certain exceptions apply. For example, a county share is required for certain MA services (see discussion of the nonfederal share in the MA chapter).

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General Assistance

General Assistance (GA) is a state program that provides cash assistance to needy persons who fall into specified statutory categories and who meet the GA eligibility requirements, including income and asset requirements.

Administration

Minnesota State Legislature

The legislature established GA in 1973 when it abolished county “Poor Relief” programs and the “Township Relief System.” The original GA program provided assistance to needy persons who did not qualify for federal programs. In 1985, the legislature changed the GA program to allow assistance only for those people who meet certain standards of “unemployability.” The state law includes minimum statewide standards for assistance, general eligibility requirements (including resource limitations), provisions for program funding and administration, and guidelines for determining the county financially responsible for GA grants.

State Department of Human Services (DHS)

DHS supervises program administration. DHS rules govern GA administration in Minnesota. DHS also issues a detailed program manual for county caseworkers, which includes specific eligibility criteria and schedules for determining benefits.

Counties

The counties administer GA. The county human services agency, with the assistance of the state agency through the MAXIS computer system, determines if an applicant meets the state’s eligibility requirements and determines the amount of assistance.

Eligibility Requirements

The GA program provides aid to individuals or couples who are not eligible for federally funded assistance programs, but who are unable to provide for themselves ([Minn. Stat. § 256D.01](#)). An applicant qualifies for GA if he or she meets the eligibility standards set by state law and has income and assets below the limits established by the state legislature and DHS.

Income Limits

The legislature mandates that DHS limit eligibility for GA based on maximum income levels. The limit applies to earned and unearned income. If the current net income of an individual or couple is below the applicable need standard, that person or couple may be eligible for GA.

Currently, an applicant’s net income is calculated in two steps. First, all of the applicable allowed disregards (income that is not counted when determining eligibility and calculating the amount of the assistance payment) and deductions are subtracted from the applicant’s gross monthly earned income, to get the applicant’s net earned income amount. These disregards

and deductions include an earned income disregard of the first \$65 of earned income plus half of the remaining income earned each month.⁶

Second, all unearned income that is not otherwise excluded is added to the applicant's net earned income amount, in order to arrive at the applicant's net income. Some types of unearned income are excluded from this calculation. Examples of excluded unearned income are certain types of federal assistance payments received by the person or couple, such as the value of food support and low-income home energy assistance.

The net income limit represents the state's determination of the minimum monthly income individuals need to provide themselves with "a reasonable subsistence compatible with decency and health" ([Minn. Stat. § 256D.02](#), subd. 4). For this reason, the net income limit is also known as the standard of assistance or the "need standard."

Asset Limits

State regulations also set the maximum value of assets an applicant may possess and be eligible for GA.

The equity value of an assistance unit's⁷ personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) nonexcluded vehicles (one vehicle per assistance unit member age 16 or older will be excluded when determining the equity value of personal property).

The county agency may waive the value of any asset determined to be essential to the client, or any asset that is for sale and not yet sold.

Personal property owned by the applicant or participant is presumed to be legally available to the applicant or participant unless he or she documents that the personal property is not legally available to him or her. When personal property is not legally available to the applicant or participant, its equity must not be applied to the personal property limits.

The equity value of real and personal property transferred without reasonable compensation within 12 months preceding the date of application must be included in determining the resources of an assistance unit.

Additional GA Eligibility Requirements

In addition to having financial need, a GA applicant must also:

- be a resident of Minnesota;

⁶ [Minnesota Statutes, section 256P.06](#), subdivision 3, lists the items that must be included when determining assistance unit income.

⁷ An assistance unit is the group of people who are applying for or receiving benefits and whose needs are included in a cash grant.

- be ineligible for aid from any cash assistance program that uses federal funds (i.e., MFIP or SSI);
- be a citizen of the United States; and
- meet other eligibility requirements.

A GA applicant must be a resident of Minnesota. A resident is a person who intends to make his or her home in Minnesota and has been in the state for at least 30 days. Exceptions to the 30-day requirement are made for migrant workers who meet certain criteria and for persons in situations of unusual hardship. Time spent in a battered women's shelter also counts towards meeting the requirement.

A GA applicant must be ineligible for aid from any cash assistance program that uses federal funds (i.e., MFIP or SSI).⁸

A GA applicant must be a citizen of the United States. Lawfully present noncitizens who are lawfully residing in the United States are eligible for GA. Undocumented noncitizens and nonimmigrant noncitizens⁹ are not eligible for GA benefits.

The income and assets of sponsors of noncitizens are deemed available for GA applicants and recipients as provided under federal law. In order to receive GA, lawfully present adult noncitizens who are under age 70 and have lived in the United States for at least four years must also meet certain requirements relating to English literacy or application for U.S. citizenship.

A GA applicant must be unable to work because the person:

- 1) Has a professionally certified illness, injury, or incapacity expected to continue for more than 45 days and that prevents the person from getting or keeping a job
- 2) Has a diagnosed developmental disability or mental illness that prevents the person from getting or keeping a job
- 3) Is of advanced age (age 55 or older)
- 4) Is needed in the home to care for a person whose age or medical condition requires continuous care
- 5) Is placed in a licensed or certified facility for care or treatment under a plan approved by the local human services agency
- 6) Or is one of the following:
 - a) a person who has an application pending for or is appealing a termination of Social Security disability or SSI benefits, as long as the person has a professionally certified illness or disability
 - b) a person who is assessed as not employable

⁸ An eligible person may receive GA while waiting for an SSI determination.

⁹ A nonimmigrant is a person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

- c) a person under age 18 in certain specified circumstances and with consent of the local agency
- d) a person who is eligible for displaced homemaker services and is enrolled as a full-time student
- e) a person involved with protective or court-ordered services that prevent working at least four hours per day
- f) a person over the age of 18 whose primary language is not English and who is attending high school at least half-time
- g) a person who has a condition that qualifies as a specific learning disability, has a rehabilitation plan that was developed or approved by the local agency, and is following the plan
- h) a person whose alcohol and drug addiction is a material factor that contributes to the person's disability and who has been assessed by the county agency to determine if he or she is amenable to treatment

GA Ineligibility

GA is not provided to:

- fugitive felons and parole and probation violators; or
- persons who have fraudulently misrepresented residency to obtain assistance in two or more states (in which case, GA is not provided for ten years).

Special Requirements for Previous Drug Offenses

Special requirements apply to persons convicted of a felony drug offense after July 1, 1997.

The person is not eligible for GA for five years after completing his or her sentence, unless the person is participating in a drug treatment program, has successfully completed a drug treatment program, or is assessed as not needing such a program. Once eligible for GA, these individuals are subject to random drug testing and are subject to losing GA eligibility for another five years after either a positive test result or completing their sentence for a subsequent drug felony conviction.

Benefits

GA Grants

GA recipients receive a monthly cash assistance payment, called a grant. The amount of a recipient's grant is determined by subtracting the recipient's net income from the applicable monthly GA assistance standard.

Monthly GA Standards for Single Persons and Childless Couples

Eligible Units	Monthly Standard
One adult	\$203
Emancipated minor	203
One adult, living with parent(s) who have no minor children	203
Minor not living with parent, stepparent, or legal custodian (with social service plan approval)	250
Married couple with no children	260
One adult, living in a medical facility or receiving housing support	105

Unlike MFIP, the GA program does not include an employment and training component. GA recipients are not required to participate in employment and training services as a condition of receiving benefits.

Emergency General Assistance (EGA)

Applicants with insufficient income or resources may be eligible for a GA grant for emergency needs, not to exceed 30 days, as long as the applicant is ineligible for MFIP benefits and had annual net income no greater than 200 percent of the federal poverty guidelines for the previous calendar year. An individual or family may not receive EGA more than once in any 12-month period. In the case of nonresidents, state law provides that the 30-day residency requirement is not waived when a person applies for EGA ([Minn. Stat. § 256D.02](#), subd. 12a, para. (f)). EGA grants may be made to the extent that funds are available. DHS allocates EGA funds to counties based on a formula in statute. No county is allocated less than \$1,000 in a fiscal year.

Housing Support

Individuals who are eligible for GA may also be eligible for residence in community settings paid for by the state or county under the Housing Support program ([Minnesota Statutes, chapter 256I](#)). Housing support provides room and board payments to eligible individuals. (The GA grant for a recipient who receives housing support is a personal needs allowance of \$105 per month.)

Eligibility for Other Programs

GA recipients may be eligible for health care benefits through the MA or MinnesotaCare programs.

GA recipients who are citizens, and some who are lawfully present noncitizens, are also generally eligible for the federal Food Support program but must make separate applications for those benefits. A GA recipient who also receives food support is exempt from the SNAP

Employment and Training program, but may volunteer for SNAP Employment and Training services.

Lawfully present noncitizen recipients of GA who are not eligible for federal food support solely because of their citizenship status may be eligible for the state-financed Minnesota Food Assistance Program. (See box on page 116.)

Payment of Benefits

GA grants are generally issued once per month on the first day of the month subsequent to the initial grant. For persons without a verified address, the county may issue checks on a weekly basis. Grants are paid directly to program recipients or to legally appointed guardians. In other circumstances, such as evidence of continual mismanagement of funds or drug dependency, the county may institute vendor payments. Vendor payments are payments made directly to the providers of goods and services (such as the landlord or the utility company). The county may also issue the GA grant as a “protective payment;” that is, the grant can be given to another individual to be spent on behalf of the recipient.

COVID-19 Response

In response to the COVID-19 pandemic, the commissioner of human services used the authority granted to her by the governor in an executive order (Emergency Executive Order 20-12) to temporarily waive certain requirements affecting procedures for applications and interviews, verification, reporting, documentation, and signatures. In addition, the commissioner directed that no overpayments caused by agency or systems errors be charged to participants, and waived the requirement for counties and tribes to conduct program recertifications.

Funding and Expenditures

The state pays for the costs of GA benefits.

In state fiscal year 2020, the state paid out \$49,778,343 in benefits to GA recipients. This figure does not include those receiving housing support.

Recipient Profile

In August 2020, 99.6 percent of GA recipients were single adults and 0.4 percent of GA recipients were childless couples. In state fiscal year 2020, the average monthly number of GA cases was 23,361.

Minnesota Family Investment Program

The Minnesota Family Investment Program (MFIP) is a jointly funded, federal-state program designed to provide income assistance for eligible low-income families. MFIP replaces the Aid to Families with Dependent Children (AFDC) program, which was repealed by Congress in 1996.

Administration

Congress

With passage of the 1996 federal welfare reform law,¹⁰ the Personal Responsibility and Work Opportunity Reconciliation Act ([Pub. L. No. 104-193](#)), Congress eliminated the federal AFDC entitlement program and replaced it with Temporary Assistance for Needy Families (TANF), a block grant program to states. Under TANF, each state receives a block grant of federal funds that it must use to assist its needy families. Each state has the authority to design its own program to assist these families, although there are specific requirements in the federal TANF law that apply to all state programs.

U.S. Department of Health and Human Services (DHHS)

DHHS administers the TANF block grant program. DHHS approves state TANF plans and monitors states' compliance with the various requirements of the federal law.

Minnesota State Legislature

The Minnesota Legislature authorized MFIP in the 1997 session. MFIP is Minnesota's TANF program; it is Minnesota's response to the welfare reform authority granted by Congress. The program uses the state's annual federal TANF block grant¹¹ and state appropriations to provide income assistance, employment and training services, and support services to eligible Minnesota families.

State Department of Human Services (DHS)

DHS directs the operation of MFIP throughout the state by issuing implementation instructions to counties, providing training for county staff, providing other technical support to counties, and assisting in eligibility and benefits determination through its centralized MAXIS computer system.

¹⁰ For more information on the 1996 federal welfare reform law, see page 3.

¹¹ Minnesota's annual TANF block grant amount is \$267.358 million. Of this total, \$4,550,816 goes directly to the Mille Lacs Band of Ojibwe and \$2,980,612 goes directly to the Red Lake Nation of Chippewa Indians for the operation of each Tribe's separate TANF program. The remainder is available for the state to help fund its welfare reform activities, which include MFIP.

Counties

Counties administer MFIP. The county agency conducts intake and eligibility screenings, including orientations to the program. It also provides case management and assists MFIP participants in their employment and training efforts and meeting the other program requirements.

Tribal TANF Programs – Separate TANF Program

The federal TANF law authorizes American Indian Tribes to apply for federal TANF funds to operate a tribal TANF family assistance program that is separate from the state's program. Two Minnesota tribes, the Mille Lacs Band of Ojibwe and the Red Lake Band of Chippewa Indians, applied for and received federal approval to operate separate tribal TANF programs. The programs serve TANF-eligible families where one or more of the eligible adults is a member of the Band (or in the case of the Mille Lacs Band of Ojibwe Tribal TANF program in the counties of Anoka, Hennepin, and Ramsey, a member of the Minnesota Chippewa Tribe). See Appendix VI for information about the unique features of the tribal TANF programs.

Eligibility Requirements

MFIP provides cash and food assistance, employment and training services, and related support services and transitional services to eligible low-income Minnesota families.

In order to be eligible for MFIP, a family must:

- have income and assets under the program's limits; and
- satisfy the other eligibility requirements of the federal and state laws that govern the program.

Who's Who in an MFIP Household

An MFIP **caregiver** is a person who lives with, and provides care and support to, a minor child. Some caregivers must be included in the assistance unit (e.g., parents, stepparents); other caregivers may choose not to be included in the assistance unit (e.g., grandparents, other adult relatives, legal custodians).

The MFIP **assistance unit** is the group of people receiving MFIP benefits together.

An MFIP **participant** is a person who is currently receiving cash assistance or the food portion available through MFIP and may also be required to participate in employment and training services.

Income Limits

For an initial applicant to be eligible for MFIP, family income, after all allowable deductions are made, must be below the program's family wage level for a family of like size. To make the eligibility determination, the county agency calculates an applicant's net income in two steps. First, the county subtracts all allowable disregards and deductions from the applicant's gross monthly earnings, to determine the applicant's net monthly earned income amount. These disregards and deductions include:

- the first \$65 of earned income plus one-half of the remaining earned income per month (this earned income disregard provides an incentive for people to work);
- actual dependent care costs paid by the applicant caregiver, up to a maximum of \$200 per month for each child under age two, and \$175 per month for each child age two or older;
- child support, spousal support, child care support, and medical support payments made by the applicant caregiver for the support of a person not living in the assistance unit's household; and
- an allocation for the unmet need of an ineligible spouse or child under age 21 who lives with the applicant caregiver and for whom the caregiver is financially responsible.

Second, the county adds all of the family's unearned income that is not otherwise excluded. The county compares the result to the applicable MFIP standard. If the result is at or below the standard, the family is eligible for MFIP.

MFIP Transitional Standard

The transitional standard is the program's basic income standard for a family without earned income, is a combination of the cash portion and food portion, and is based on the number of eligible persons in the assistance unit. DHS annually publishes the amount of the transitional standard.

An eligible family's MFIP benefit is calculated by subtracting the net earned income amount from a family wage level that is 110 percent of the transitional standard for the same size family.

If an eligible applicant family has only earned income, the county agency subtracts the net earned income amount from the family wage level for the same size family. The family's MFIP benefit is the difference between the family wage level and the net earnings, up to a maximum amount that is equal to the applicable standard for the same size family.

If an eligible family has both earned and unearned income, the county takes all unearned income that is not otherwise excluded and subtracts it, either: (1) from the difference calculated under the preceding paragraph if the difference is less than the applicable standard; or (2) from the applicable standard, if the difference is equal to or greater than that standard's amount. The calculated result is the family's total MFIP benefit.

If an eligible family has only unearned income, the county agency subtracts all unearned income that is not otherwise excluded from the applicable standard. The family's MFIP benefit is equal to the resulting amount.

If an eligible family has no income, the family's MFIP benefit is equal to the applicable standard.

**MFIP Monthly Income Standards
(Effective October 1, 2021)**

Family Size	Transitional Standard	Family Wage Level
1	\$563	\$619
2	926	1,019
3	1,189	1,308
4	1,429	1,572
5	1,649	1,814
6	1,906	2,097
7	2,076	2,284
8	2,297	2,527
9	2,516	2,768
10	2,729	3,002
over 10	add \$212 for each additional member	add \$233 for each additional member

\$50 Subsidized Housing Provision

MFIP families who receive rental housing assistance through the federal Department of Housing and Urban Development (e.g., Section 8 assistance) have up to \$50 of the housing subsidy amount counted as unearned income when the family's MFIP benefit is calculated ([Minn. Stat. § 256J.37](#), subd. 3a). The following families are permanently exempt from the \$50 housing provision:

- families where the caregiver is exempt from MFIP work requirements because the person is age 60 or over, or is certified to be ill, injured, or incapacitated
- families where the caregiver is exempt from MFIP work requirements because the person is needed in the home to care for a disabled or ill household member
- families where the parental caregiver receives federal Supplemental Security Income benefits

For an ongoing participant to continue to be eligible for MFIP, the county calculates net family income as follows.

When calculating a family's net income, a percentage of a participant's gross income is disregarded. The earned income disregard is equal to the first \$65 of earned income plus one-half of remaining earned income.

A new spouse to a caregiver in an existing assistance unit or the spouse designated by the newly married couple when both spouses were already members of an assistance unit, is exempt from having his or her income count toward the income of the assistance unit for 12

consecutive calendar months if the household income does not exceed 275 percent of federal poverty guidelines (FPG) ([Minn. Stat. § 256P.06](#), subd. 2).

Asset Limits

The equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) nonexcluded vehicles (one vehicle per assistance unit member age 16 or older will be excluded when determining the equity value of personal property).

Additional Eligibility Requirements for MFIP

To receive MFIP, families who meet the program's income and asset limits must also:

- have a minor child in the home (or be pregnant);
- be residents of Minnesota;
- be U.S. citizens, qualified noncitizens, or noncitizens otherwise lawfully residing in the United States;
- assign rights to child support;
- have received fewer than 60 months of assistance; and
- satisfy any other eligibility requirements of the program.

This section provides more information about each of these additional requirements.

Eligible families must have a minor child. To receive MFIP assistance, a family must include at least one minor child or a pregnant woman.

Eligible families must be residents of Minnesota. A resident is defined as an individual who has been domiciled in Minnesota for at least 30 days, with the intent to remain here. As long as one member of an MFIP assistance unit meets this 30-day residency requirement, the entire unit is considered to have met it. Time spent in a battered women's shelter counts towards this requirement.

Families facing an unusual hardship because they are without alternative shelter or without resources for food are exempt from the 30-day residency requirement. Migrant workers and their immediate families are also exempt from this requirement if the worker verifies that the migrant family earned at least \$1,000 in Minnesota within the last 12 months.

Eligible families must be citizens of the United States, qualified noncitizens, or noncitizens otherwise lawfully residing in the United States. Undocumented noncitizens and nonimmigrant¹² noncitizens are not eligible for MFIP.

¹² A nonimmigrant is a person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

The state is prohibited by the federal TANF law from using its federal block grant to pay for MFIP benefits to lawfully present noncitizen families, unless they fall into one of the categories specified as eligible in the federal law.

Noncitizen Eligibility for MFIP Cash Benefits. The following table identifies the categories of noncitizens who are not eligible for MFIP, the categories for whom the state may use federal funds to provide MFIP cash benefits, and the categories for whom the state may not use federal funds, but instead use only state funds to provide MFIP cash assistance. The entry “N/A” in the table indicates categories where using state monies to provide cash assistance is not applicable, since federal TANF funds may be used to pay for the MFIP cash benefits of participants in those categories.

MFIP Cash Benefits: Noncitizen Eligibility by Source of Funds

Category of Noncitizen	Eligible for federally funded cash portion?	Eligible for state-funded cash portion?
Undocumented noncitizens	No	No
Nonimmigrant noncitizens	No	No
Refugees; Asylees; Iraqi or Afghan special immigrants; Persons granted withholding of deportation; Cuban/Haitian entrants; Amerasians from Vietnam; and victims of a severe form of trafficking ¹³	Yes	N/A
Veterans or persons on active military duty, along with their spouses and dependent children	Yes	N/A
Lawful permanent residents ¹⁴ who entered U.S. before 8/22/96	Yes	N/A
Lawful permanent residents who entered U.S. on or after 8/22/96	Only after being in U.S. for five years	If federal funds can't be used, state funds may be used if certain criteria is met ¹⁵

¹³ A victim of severe forms of trafficking is a noncitizen who is forced into the international sex trade, prostitution, slavery, and forced labor through coercion, threats of physical violence, psychological abuse, torture, and imprisonment. The federal Trafficking Victims Protection Act of 2000 provides that victims of severe forms of trafficking are eligible for federal public assistance benefits to the same extent as a noncitizen who is admitted into the United States as a refugee.

¹⁴ A lawful permanent resident is generally a person who has a “green card,” which means the person has permission to live and work permanently in the United States and can apply for naturalization after living for five continuous years in the United States.

¹⁵ All lawfully residing noncitizens who are not eligible for federal funding may be eligible for state funding if they meet other eligibility criteria for state-funded cash assistance.

Category of Noncitizen	Eligible for federally funded cash portion?	Eligible for state-funded cash portion?
Battered noncitizen who is the spouse or child of a citizen or lawful permanent resident, and who entered U.S. before 8/22/96	Yes	N/A
Battered noncitizen who is the spouse or child of a citizen or lawful permanent resident, and who entered U.S. on or after 8/22/96	Only after being in U.S. for five years	If federal funds can't be used, state funds may be used if certain criteria is met ¹³
Noncitizens paroled into U.S. ¹⁶ for at least one year, before 8/22/96	Yes	N/A
Noncitizens paroled into U.S. for at least one year, on or after 8/22/96	Only after being in U.S. for five years	If federal funds can't be used, state funds may be used if certain criteria is met ¹³
Noncitizens paroled into U.S. for less than one year; Persons granted temporary permission to remain in U.S. (e.g., temporary protected status, ¹⁷ lawful temporary residents); Noncitizens applying for asylum	No	Yes

Noncitizen Eligibility for MFIP Food Benefits. MFIP benefits also include a food portion that is funded with federal SNAP dollars. (See Benefits, page 25.) As part of the 1996 federal welfare reform act, noncitizen eligibility for the federal SNAP program was severely limited; however, the 2002 Farm Bill restored eligibility for many noncitizens. Because MFIP uses federal SNAP funding, these noncitizen eligibility restrictions apply to MFIP. However, when the MFIP law was originally enacted the state opted to make lawfully present noncitizen families who meet all other MFIP requirements eligible for the food portion, and to use only state monies to pay for the MFIP food portion for those families for whom federal SNAP funds may not be used.

The decision to use state funds to provide the MFIP food portion to noncitizen families who were not eligible for federally funded food assistance was originally enacted for limited time periods and was scheduled to sunset on June 30, 1999. However, the 1999 Legislature made permanent the provision of state-funded food assistance to noncitizen MFIP families who are not eligible for federally funded food assistance ([Minn. Stat. § 256J.11](#), subd. 2).

The following table identifies the categories of noncitizens who are not eligible for the food portion of MFIP, the categories for whom the state may use federal SNAP funds to provide

¹⁶ A person is “paroled into the U.S.” when the U.S. Justice Department uses its discretion to grant temporary admission to the United States for humanitarian, legal, or medical reasons.

¹⁷ Temporary protected status is granted to a person living in the United States who is from a designated country where conditions make it unsafe for the person to return.

MFIP food assistance, and the categories for whom the state may not use federal funds, but instead uses only state funds to provide MFIP food assistance.

MFIP Food Portion: Noncitizen Eligibility by Source of Funds

Category of Noncitizen	Eligible for federally funded food portion?	Eligible for state-funded food portion?
Undocumented noncitizens	No	No
Nonimmigrant noncitizens	No	No
Refugees; asylees; persons granted withholding of deportation; Iraqi or Afghan Special Immigrants; Cuban/Haitian entrants; Amerasians from Vietnam; and victims of a severe form of trafficking	Yes	No
Veterans or persons on active military duty, along with their spouses and dependent children	Yes	No
Immigrants who are lawfully residing in U.S. ¹⁸ and who are receiving federal assistance payments for blindness or disability (i.e., SSI or SSDI)	Yes	No
Immigrants who were lawfully residing in U.S. on 8/22/96 who were age 65 or older on that date	Yes	No
Immigrant children lawfully residing in U.S. who are currently under age 18	Yes	No
American Indians born in Canada who have at least 50% Indian blood and other noncitizen American Indian applicants who are members of a tribe that is eligible for U.S. programs	Yes	No
Persons lawfully residing in U.S. who were members of a Hmong or highland Laotian tribe who assisted U.S. armed forces during the Vietnam era and their spouses, dependent children, and unremarried widows/widowers	Yes	No
Lawful permanent residents, regardless of date admitted, who don't meet one of above qualifications	Only if lawfully residing in the U.S. for at least five years or have 40+ quarters of work history in U.S.	Yes, if federal funds can't be used
Battered noncitizen who is the spouse or child of a citizen or lawful permanent resident, and who doesn't meet one of the above qualifications, regardless of date admitted	No	Yes

¹⁸ The category of "lawful permanent residents" is not the same as the category of immigrants "who were lawfully residing in the U.S." The first category covers a smaller group than the second category, because an immigrant can be lawfully residing in the United States, but not have lawful permanent resident immigration status.

Category of Noncitizen	Eligible for federally funded food portion?	Eligible for state-funded food portion?
Noncitizens paroled into U.S. for at least one year, who don't meet one of the above qualifications, regardless of date admitted	No	Yes
Noncitizens paroled into U.S. for less than one year; Persons granted temporary permission to remain in U.S. (e.g., temporary protected status, lawful temporary residents); Noncitizens applying for asylum	No	Yes

The state MFIP law has two other requirements that affect a lawfully present noncitizen's eligibility for MFIP. First, if the noncitizen has a sponsor who executed an affidavit of support, the county must deem, or count as if it were the noncitizen's, the income and assets of the noncitizen's sponsor and the sponsor's spouse in determining the noncitizen's eligibility for MFIP ([Minn. Stat. § 256J.37](#), subd. 2).

Second, in cases where a noncitizen's benefits are funded entirely with state money, the MFIP law also requires that, unless exempted, a legal adult noncitizen receiving MFIP who is under 70 years of age and has been a lawful permanent resident for at least four years must make specified efforts to pursue English literacy, English as a Second Language proficiency, or U.S. citizenship in order to remain eligible for MFIP.

Eligible families must assign rights to child and spousal support, child care support, and medical support. MFIP participants must assign all rights to child support, spousal support, and child care support, if applicable, to the state. Families who fail to assign these rights are not eligible for MFIP.¹⁹ The state distributes, or passes through, all current child support and maintenance collections to MFIP participants. The child support payments are treated as unearned income when calculating MFIP eligibility and benefit amounts. Up to \$100 in child support payments for an assistance unit with one child and up to \$200 for an assistance unit with two or more children is excluded from income. (For more information about child support, see [Minnesota's Child Support Laws: An Overview](#), House Research Department, November 2015.)

MFIP participants must also cooperate with county child support enforcement efforts. Unless the participant has a good cause exemption from cooperating, noncooperation makes the participant subject to sanctions. (See Sanctions, page 33.)

Eligible families must have received fewer than 60 months of AFDC or MFIP assistance since July 1, 1997. The federal TANF law sets a lifetime limit of 60 months for assistance units that include an adult who receives assistance using federal TANF money. Minnesota began counting

¹⁹ If an MFIP participant fails to assign rights to medical support, if applicable, to the state, the participant is not eligible for Medical Assistance (MA) benefits.

participants' time on assistance towards this 60-month limit in July 1997. Most of the first families started to reach this time limit in July 2002.²⁰

The state MFIP law specifies several situations where time spent on MFIP does not count towards the 60-month lifetime limit on assistance. MFIP caregivers who are age 60 or over are exempt from the 60-month lifetime limit on assistance. For an adult who is receiving MFIP and lives in Indian country,²¹ months when at least 50 percent of the adults in Indian country are not employed do not count towards the 60-month limit. Months when a family receives payments provided to meet short-term needs under the MFIP consolidated fund or diversionary work benefits also do not count towards the 60-month limit. (See Eligibility for Other Programs, page 26.)

For an MFIP caregiver who is a victim of family violence, months when the person is complying with a safety plan, an alternative employment plan, or a family violence waiver do not count towards the 60-month limit. (See Special Provisions for Victims of Family Violence, page 33.) Participants extended for this reason are required to participate in Family Stabilization Services and meet that program's requirements. (See Family Stabilization Services, page 28.)

For custodial parents who are under age 20, time spent on MFIP as a teen caregiver does not count towards the 60-month limit, as long as the teen complies with the program's special requirements for teen caregivers. (See Special Requirements for Caregivers under Age 20, page 30.)

Some families may be eligible for MFIP after they reach the 60-month limit. An extension is when assistance is provided to families who are subject to and who reach the time limit if the family meets certain criteria. Under the federal TANF law, a state may provide TANF-funded assistance to families who have reached the 60-month limit, for up to 20 percent of the state's caseload on the basis of hardship, or if the family includes someone who has been subject to domestic violence. A state may also provide assistance to more than 20 percent of its caseload if it uses state-only funds.

The 2001 Legislature authorized the extension of assistance to certain groups of hardship cases.²² Families that reach the time limit and meet the following criteria are eligible for an extension:

- **Ill or incapacitated.** Participants who are ill or incapacitated; are needed in the home to care for a household member who is ill or incapacitated; or have a household member who meets certain disability or medical criteria. Participants extended for this reason are required to participate in Family Stabilization Services and meet that program's requirements. (See Family Stabilization Services, page 28.)

²⁰ Some families may have reached the time limit before July 2002 because they accrued months of TANF assistance in a state that implemented time limits earlier than Minnesota.

²¹ Indian country is a term that is generally defined under federal law as including Indian reservations, dependent Indian communities, and Indian allotments (18 U.S.C. § 1151).

²² See Minn. Stat. § 256J.425.

- **Hard to employ.** Participants who are diagnosed as having a developmental disability or mental illness, and that condition severely limits the person's ability to obtain or retain suitable employment; are considered unemployable or are employable, but employability is limited due to a low IQ; or have a learning disability. Participants extended for this reason are required to participate in Family Stabilization Services and meet that program's requirements. (See Family Stabilization Services, page 28.)
- **Employed participants.** A one-parent family in which the parent is participating in work activities for at least 30 hours per week, of which an average of at least 25 hours per week are spent in employment; or a two-parent family if the parents are participating in work activities for at least 55 hours per week, of which an average of at least 45 hours per week are spent in employment. To qualify, the parent in a one-parent family or both parents in a two-parent family must not have been sanctioned (see discussion of sanctions, page 33) for at least ten out of the 12 months before reaching the 60-month time limit, including the 60th month.

In general, families who receive an extension may continue to receive MFIP assistance until the family no longer meets the extension criteria or the MFIP eligibility requirements. Families who receive an extension for the hard-to-employ or employed participants must continue to meet the MFIP employment and training requirements. Families who do not comply with the requirements are subject to a sanction.

Counties may request an extension for a category of participants that are not already extended, as long as the extension is for participants who are unable to meet MFIP requirements due to other statutory requirements or obligations. An example of such a category might be a group of participants who are required by the court to attend a chemical dependency treatment program and attendance would prevent the participant from meeting the hourly work requirements for an extension. DHS must approve a county's request to extend a category of participants and the commissioner must report the extensions to the legislature by January 15 of each year. The legislature must act in order for the extensions to continue, or the extensions granted during the previous calendar year expire on June 30.

For more information on the 60-month time limit, see [*MFIP Cases Reaching the 60-month Time Limit*](#), House Research Department, August 2013.

Other Special Requirements for and Prohibitions Against Eligibility

In a few special cases, the MFIP law imposes additional conditions for eligibility or prohibits eligibility altogether.

MFIP assistance is not available for minor custodial parents, unless they and their child live in the household of a parent, legal guardian, or other adult relative, or in adult-supervised supportive living arrangements.

MFIP is not provided to:

- fugitive felons and parole and probation violators; or
- persons who have fraudulently misrepresented residency to obtain assistance simultaneously in two or more states. (In this case, MFIP is not provided for ten years.)

Benefits

MFIP benefits are based on family size, with the MFIP grant composed of a cash portion and a food portion.²³ Counties issue both the cash and the food portion of an MFIP family's grant in electronic debit card form, called EBT (Electronic Benefits Transfer). However, the two kinds of benefits are electronically segregated on the family's EBT card. This ensures that the family can only use the food portion of their MFIP benefit to purchase food items that are approved under the federal SNAP program, from a retailer that has been approved under that program. There are no such restrictions on the cash portion of the MFIP benefit; the family accesses these benefits through automatic teller machines (ATMs).

There are certain locations at which no person may obtain cash benefits through the use of an EBT card, including gambling establishments, tattoo parlors, liquor stores, and tobacco stores. Additionally, EBT cards cannot be used to purchase tobacco products or alcoholic beverages. EBT cardholders are also limited to using the cash portion on the EBT card in Minnesota and the surrounding states.

A recipient found to be guilty of using an EBT card to purchase prohibited items is disqualified from receiving assistance for one year for the first offense, two years for the second offense, and permanently for the third offense.

Beginning October 1, 2021, both the cash and food portion of the transitional standard are annually adjusted for inflation. Prior to October 1, 2021, only the food portion of the transitional standard was annually adjusted for inflation.

²³ MFIP families receive the food portion of assistance as a part of the MFIP grant, instead of receiving a separate benefit through the federal SNAP program. The MFIP food portion uses the same EBT mechanism to deliver the food benefits as the SNAP program does.

**MFIP Assistance Standards
(Effective October 1, 2021)**

Family Size	Full Transitional Standard	Food Portion	Cash Portion
1	\$563	\$208	\$355
2	926	381	545
3	1,189	548	641
4	1,429	698	731
5	1,649	841	808
6	1,906	1,021	885
7	2,076	1,113	963
8	2,297	1,267	1,030
9	2,516	1,421	1,095
10	2,729	1,578	1,151
over 10 (add for each additional member)	212	158	54

“Opting Out” of the Cash Portion of MFIP Grant

The 1998 Legislature amended the MFIP law to allow an MFIP family to choose to discontinue receiving the cash portion of their MFIP grant. Once a family does not receive the cash portion of the MFIP grant, their subsequent months on MFIP do not count towards the family’s 60-month lifetime limit on assistance. However, the family still receives the other benefits of MFIP, such as the MFIP food portion and MFIP Child Care Assistance; the other requirements of MFIP still apply to the family.

MFIP benefits are vendor paid for persons convicted of a felony drug offense committed during the previous ten years from the date of application. These individuals are also subject to random drug testing and are subject to sanctions in the month after a positive test result.

MFIP benefits are issued in the form of protective payments for minor custodial parents on MFIP; that is, the grant is paid to another individual on behalf of the minor MFIP caregiver and the minor caregiver’s child.

Eligibility for Other Programs

Eligibility for MA is not automatic and is determined separately from MFIP eligibility. MFIP participants are eligible for MA if they meet income, asset, and other eligibility requirements that apply to families and children under MA. Families who do not meet the criteria for MA can apply for MinnesotaCare.

MFIP participants who are working or otherwise involved in the employment and training services component of MFIP are eligible for assistance with their child care costs through the MFIP Child Care Assistance Program.²⁴

Counties also screen MFIP applicants to see if they are eligible for the Diversionary Work Program or other short-term assistance.

Diversionary Work Program (DWP)

The 2003 Legislature established the DWP to provide short-term diversionary benefits to eligible recipients; the benefits are designed to lead to unsubsidized employment, increase economic stability, and reduce the risk of families needing longer-term assistance. Families who meet the DWP eligibility requirements are prohibited from receiving MFIP assistance. However, counties may provide supportive and other allowable services funded by the MFIP consolidated fund. Eligibility for DWP is limited to a maximum of four consecutive months once in a 12-month period.

All families who apply and are eligible for MFIP must first participate in the DWP, with certain exceptions. To be eligible for DWP, participants must:

- cooperate with child support enforcement;
- provide the Social Security numbers of all family members; and
- develop an employment plan.

All DWP caregivers must participate in a DWP employment plan, except caregivers who meet certain criteria.

A family's eligibility for DWP cash benefits is based on the number of persons in a family unit, the family maintenance needs, personal needs allowance, and countable income. Housing and utilities must be vendor paid. The minimum cash benefit amount is \$10 per month. Counties must convert or refer participants to MFIP if the county determines that a participant is unlikely to benefit from DWP.

The goal of DWP is to divert families from MFIP by providing short-term assistance and intensive employment services. A family receiving DWP may also receive SNAP, but is ineligible for MFIP during the period of time covered by DWP.²⁵

MFIP Consolidated Fund Short-Term Benefits

The MFIP consolidated fund allows for short-term nonrecurring shelter and utility needs to be expended for eligible families. Eligibility requirements include presence of a minor child in the

²⁴ Families who leave MFIP due to either an increase in income from earnings or an increase in child or spousal support payments may be eligible for 12 months of Child Care Assistance through the Transition Year Child Care Assistance Program.

²⁵ The months during which a family receives DWP benefits do not count toward the MFIP 60-month time limit.

household and income below 200 percent of the federal poverty guidelines. Counties must give priority to families currently receiving MFIP, DWP services, or Family Stabilization Services.

Family Stabilization Services

In 2007, the legislature established the Family Stabilization Services program to serve families who are not making significant progress within the regular employment and training track of MFIP due to a variety of barriers to employment. Participants in MFIP or DWP may be eligible for Family Stabilization Services if the participant meets the hardship extension requirements for MFIP (but is not approaching the 60th month of MFIP participation), has applied for Supplemental Security Income or Social Security disability insurance, is a noncitizen in the United States for 12 or fewer months, or is age 60 or older.

Family Stabilization Services are provided through the county agency or employment services provider. If a participant already has a case manager through social services, disability services, or housing services, that case manager may also be the case manager for family stabilization services. A family stabilization plan must be established for each participating family in conjunction with the participant.

Transitional Assistance

Prior to December 1, 2014, a work participation bonus was available for employed participants leaving the MFIP or DWP. Families were eligible for a transitional assistance payment of \$25 per month to assist them in meeting their family's basic needs. Transitional assistance payments were available for up to 24 consecutive months and did not count towards the MFIP 60-month time limit. Transitional assistance payments were suspended effective December 1, 2014.

Housing Assistance Grants

Beginning July 1, 2015, MFIP assistance units are eligible for a housing assistance grant of \$110 per month unless:

- 1) the housing assistance unit is currently receiving public and assisted rental subsidies provided through the federal Department of Housing and Urban Development and is subject to the \$50 subsidized housing provision; or
- 2) the assistance unit is a child-only case.

Other MFIP Features and Requirements

Employment and Training

MFIP is designed to be a welfare program that expects, supports, and rewards work. MFIP caregivers are required to spend a specified number of hours per week engaged in work or other work activity.²⁶ For example, a caregiver who is in the initial job search step of MFIP's

²⁶ Some caregivers are exempt from employment and training services requirements.

employment and training component is expected to spend an average of 30 hours per week, for three months, in job search activities.

During the other steps of the MFIP employment and training process, a single-parent family with at least one child under age six must participate in at least 87 hours of work activities per month; a single-parent family with no children under age six must participate in at least 130 hours of work activities per month; and a two-parent family must participate in at least 55 hours per week (hours are combined).

Both single- and two-parent families are required to meet the program's work requirements within one month of receiving the first MFIP grant.

MFIP has special requirements for custodial parents who are under age 20 and lack a high school diploma or its equivalent. These requirements begin when a teen parent receives the first MFIP monthly grant. (See Special Requirements for Caregivers under Age 20, page 30.)

Employment and Training Services Providers

The MFIP law allows counties to choose from among three types of employment and training services providers: agencies with which a county has contracted to provide employment and training services; a county agency that has opted to provide employment and training services as its own provider; and a local public health department that a county has designated to provide employment and training services.

Each county, or group of counties working cooperatively, must offer MFIP employment services participants a choice of at least two employment and training providers, unless doing so would be a financial hardship for a county. A county may choose to provide services on its own as one of these providers. A county can also meet this provider choice requirement by using a workforce center²⁷ that uses multiple employment and training services and offers multiple service options as its employment and training services provider.

In two-parent MFIP families, each parent must choose the same employment and training services provider, unless a parent has an identified special need that is not available through the provider being used by the other parent.

Employment and Training Services Process for MFIP Participants

MFIP participants must participate in MFIP employment and training activities or face the possibility of a sanction (see page 33).

The county's employment and training service provider (whose staff are generally called "job counselors") first provides an overview of the employment and training component of MFIP. The job counselor then conducts an assessment of an MFIP participant's ability to obtain and retain employment. If the job counselor's opinion is the person is likely to be able to obtain

²⁷ A workforce center brings together state, county, and private nonprofit employment and training-related services under one roof, to provide a seamless and comprehensive system for job seekers and employers. There are 49 workforce centers throughout the state.

unsubsidized employment, the person is required to conduct up to three months of job search, at 30 hours per week,²⁸ and accept any offer of suitable employment.²⁹ Employment plan activities and hourly requirements may be adjusted, as necessary, to accommodate the personal and family circumstances of participants. Employment plans must be reviewed every three months.

Special Requirements for Caregivers under Age 20

Individual Assessment Required

The employment and training requirements are different if the MFIP caregiver is a custodial parent under age 20. Within 30 days of receiving MFIP benefits, the county must document the teen caregiver's educational level. If the teen has not obtained a high school diploma or its equivalent, the county must also assess the teen's educational progress and needs, unless the caregiver is exempt from attending school or has chosen to have an employment plan. The purpose of this individual assessment is to identify an appropriate educational option for the teen. If the teen caregiver is a minor, the county social services agency conducts this assessment. If the teen caregiver is 18 or 19 and chooses to have an employment plan with an education option, the job counselor conducts this assessment (unless the county opts to have the county social services agency conduct this assessment for these older teens).

Education Is Teen's First Option

If the individual assessment identifies an appropriate educational option for the teen, the teen caregiver's employment plan must require the teen to complete the educational option as the teen's first goal.

The MFIP law requires an MFIP caregiver who is a custodial parent under age 20 and who has not yet obtained a high school diploma or its equivalent to attend high school or another equivalent training program. If this is the case, the 60-month MFIP limit stops while the teen pursues his or her education. A teen caregiver who does not attend school faces the possibility of a sanction (see page 33), unless one of a limited number of exemptions applies:

- transportation to attend school is unavailable
- appropriate child care is unavailable
- the teen caregiver is ill or incapacitated seriously enough to prevent attending school
- the teen caregiver is needed to care for an ill or incapacitated household member (including a child under six weeks of age)

Employment and Training When Education Is Not Appropriate

The individual assessment may indicate that an MFIP teen caregiver does not have an appropriate educational option, even though the teen lacks a high school diploma. If the teen is

²⁸ In a two-parent family, the job search requirement is 30 hours per week for each parent.

²⁹ MFIP defines "suitable employment" as work that is within the person's physical and mental abilities, pays at least minimum wage, meets applicable health and safety standards, and complies with antidiscrimination laws.

age 18 or 19, the general MFIP employment and training services requirements apply, and the job counselor and teen must develop an employment plan. If the teen is under age 18, the teen must be referred to the county's social services agency, where a plan for the teen parent and child must be developed.³⁰

If an MFIP caregiver is a custodial parent who is under age 20 and has a high school diploma or its equivalent, the general MFIP employment and training services requirements apply. However, a county may opt to have a social services agency conduct the required initial assessment and complete the job search support or employment plan.

What Counts as Work

In MFIP, a work activity is “any activity in a participant’s approved employment plan that leads to employment” ([Minn. Stat. § 256J.49](#), subd. 13). The statute also specifies that this includes activities that meet the definition of work activity under the participation requirements of TANF. (See Appendix V for a discussion of the federal work requirements.)

Job search activities, and all of the activities in a person’s employment plan, count as work activities for the purpose of meeting the MFIP hourly work requirements. The MFIP definition of work activity includes, but is not limited to, any of the following nine activities:

- 1) Unsubsidized employment, including work study and paid apprenticeships or internships
- 2) Subsidized private or public sector employment, including grant diversion, on-the-job training, paid work experience, and supported work
- 3) Uncompensated work experience, including the community work experience program, community service, uncompensated apprenticeships or internships, and supported work
- 4) Job search, including job readiness assistance, job placement, job-related counseling, and job retention services
- 5) Job readiness education, including English as a second language or functional work literacy classes, general educational development course work or adult high school diploma, high school completion, and adult basic education
- 6) Job skills training directly related to employment, including postsecondary education and training that can reasonably be expected to lead to employment
- 7) Providing child care services to a participant who is working in a community service program
- 8) Activities included in the employment plan
- 9) Pre-employment activities, including chemical and mental health assessments, treatment, and services; learning disability services; child protective services;

³⁰ An 18- or 19-year-old custodial parent who has been receiving services from a social services agency, and who does not yet have a high school diploma, may choose whether to continue to receive services from the social services agency or to instead use an employment and training services provider ([Minn. Stat. § 256J.54](#), subd. 2).

family stabilization services; or other programs designed to enhance employability

Generally, MFIP is designed to give the job counselor a great deal of discretion in approving activities for inclusion in a participant's job search support plan or employment plan. However, the 2003 Legislature limited that discretion by providing that English as a second language classes are an approved work activity only for participants who are below a specified level on a nationally recognized test ([Minn. Stat. § 256J.531](#), subd. 2).

Postsecondary Education as a Work Activity

Participants who are interested in pursuing postsecondary education or training as part of their employment plan must discuss their plans with their job counselor. Job counselors must work with participants to evaluate options by:

- 1) advising whether there are suitable employment opportunities that require the specific education or training in the area in which the participant resides or is willing to reside;
- 2) assisting the participant in exploring whether the participant can meet the requirements for admission into the program; and
- 3) discussing the participant's strengths and challenges based on the participant's MFIP assessment, previous education, training, and work history.

These requirements do not apply to participants who are in:

- 1) a recognized career pathway program that leads to stackable credentials (a series of credentials that can be accumulated to help an individual move along a career pathway);
- 2) a training program lasting 12 weeks or fewer; or
- 3) the final year of a multiyear postsecondary education or training program.

The MFIP law also requires a participant for whom a postsecondary education or training program has been approved to maintain satisfactory progress in the program.

Under MFIP, postsecondary education is limited to four years ([Minn. Stat. § 256J.53](#)).

A person who has completed a postsecondary education or training program and does not meet the work participation requirements must complete three months of job search. If, at the end of three months, the person has not found a job that is consistent with the person's employment goal, the person must accept any offer of suitable employment, or meet with the job counselor to revise the employment plan to include additional work activities necessary to meet hourly requirements.

Exception from Employment and Training Requirements

There is only one exception from the requirement to participate in the MFIP work requirements. This exception applies to families with a child under 12 months of age. The exception is available only once in a lifetime and applies to any child born to the family.

All MFIP caregivers must participate in employment services ([Minn. Stat. § 256J.561](#)). Employment plans must meet specified requirements, contain allowable work activities, and include a specified number of participation hours. Minor caregivers and caregivers who are under age 20 who have not completed high school or obtained a GED must meet specified requirements. Employment plans for participants who meet certain other criteria must be tailored to recognize the special circumstances of these caregivers and families.

Special Provisions for Victims of Family Violence

An MFIP caregiver who is a victim of family violence may have the regular MFIP work requirements waived if the county agency has approved the person's employment plan and the person is complying with the plan.

The primary purpose of an employment plan for a victim of violence is "to ensure the safety of the caregiver and children" ([Minn. Stat. § 256J.521](#), subd. 3). It may address safety, legal, or emotional issues and other demands on the family as a result of the family violence. A victim of family violence is not automatically deferred or exempt from regular MFIP work requirements. It is up to the job counselor and a person trained in domestic violence to determine whether participation in work requirements would compromise the safety of the caregiver and children.

Sanctions

Another important feature of MFIP is its sanctions. The program has requirements that participants are expected to follow, such as attending the MFIP orientation, cooperating with child support enforcement efforts, developing and following the job search support plan or employment plan, and accepting an offer of suitable employment. A participant who does not follow a program requirement faces a sanction for noncompliance until one month after the participant comes into compliance with the requirements.³¹

In general, for the first occurrence of noncompliance, the family's monthly grant is reduced by an amount that is equal to 10 percent of the transitional standard for a family of that size. (See page 26 for a table listing the MFIP transitional standard by family size.) For a second, third, fourth, fifth, or sixth occurrence of noncompliance, the family's shelter costs are vendor paid up to the amount of the family's cash portion of their MFIP grant. (A county may opt to also vendor pay the family's utilities as part of this sanction.) Any remaining cash portion of the grant, and the food portion of the family's MFIP grant, is reduced by an amount equal to 30 percent of the applicable standard for a family of that size. Once a family's cash portion is being vendor paid as a result of a sanction, the vendor payments stay in effect until six months after the participant returns to compliance with MFIP requirements.

For a seventh occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of seven occurrences of noncompliance, the county agency is required to close the MFIP case, both the cash and food portions, and redetermine the family's continued eligibility for food support payments. The case must remain closed for a minimum of one full month.

³¹ See [Minn. Stat. § 256J.46](#).

Sanctions for participants who are receiving an extension for hard-to-employ or employed participants follow the same sequence, except the family is disqualified for a fourth occurrence of noncompliance. The disqualified family may reapply for MFIP after the participant is in compliance for up to one month, but no assistance is paid during that month. If a disqualified participant reapplies for MFIP and has a second occurrence of noncompliance, the participant is permanently disqualified.

The MFIP law provides for slightly different levels of sanctions if the participant is being sanctioned for refusing to cooperate with child support requirements, or if the participant faces a dual sanction for refusing to cooperate with child support requirements as well as failing to comply with other program requirements. In all cases, each month that a participant does not follow a program requirement is considered a separate occurrence of noncompliance.

COVID-19 Response

In response to the COVID-19 pandemic, the commissioner of human services used the authority granted to her by the governor in an executive order (Emergency Executive Order 20-12) to make several modifications to MFIP, including:

- suspending certain application requirements;
- suspending certain requirements related to reporting, documentation, and signatures;
- waiving the requirement for counties and tribes to conduct program recertifications;
- waiving certain referral requirements; and
- waiving the vendor payment requirement for some MFIP participants.

In addition, the legislature appropriated \$14,352,000 in fiscal year 2022 to provide a onetime cash benefit of up to \$435 for each active MFIP and DWP assistance unit.

Funding and Expenditures

MFIP is funded with a combination of federal funds and state appropriations. The TANF block grant for each state is based on the state's historical expenditures for AFDC, JOBS (the old AFDC work and training program), and AFDC emergency assistance. Minnesota received approximately \$268 million³² annually in TANF block grant funding in federal fiscal years 1998 to 2018. The state legislature must appropriate federal TANF funds before the state can spend them.

Under the federal TANF law, a state must also spend its own resources to provide assistance to needy families. The federal law includes a maintenance of effort (MOE) provision that requires

³² Minnesota's TANF block grant amount is \$267.358 million each year. Of this amount, \$4,550,816 is allocated directly to the Mille Lacs Band of Ojibwe and \$2,980,612 goes directly to the Red Lake Nation of Chippewa Indians for the Tribal TANF programs. This leaves the state with an effective annual block grant of \$259.826 million.

a state to spend 75 percent to 80 percent of the amount it spent in federal fiscal year 1994 under its old AFDC and related programs, including Child Care Assistance to eligible families.³³

In 2001, the legislature placed two-parent MFIP families in a separate state program, which means that assistance paid to these families is paid for using state-only dollars. Previous to TANF's reauthorization under the Deficit Reduction Act (DRA) of 2005, these two-parent families were not included in the federal two-parent family work participation rate of 90 percent. This resulted in a reduction of the state's required MOE from 80 percent to 75 percent. With the passage of the DRA, these two-parent families were included in work participation rates. In response, the legislature in 2006 moved two-parent families to a new program that is no longer used for TANF/MOE purposes. In state fiscal year 2021, the required minimum MOE amount was \$175.0 million per year. The state currently uses general fund spending on MFIP cash assistance benefits, MFIP and Basic Sliding Fee Child Care, and the state working family tax credit, as well as general fund spending on state and county administrative costs and employment services, to meet its TANF/MOE requirement.

According to DHS, for state fiscal year 2020, total expenditures for MFIP and DWP were \$277.6 million. Expenditures were \$158.5 million for the cash portion of the grants and housing assistance grants and \$119.1 million for the food portion. Of the total, \$57.3 million was financed with federal TANF funds, \$118.6 million was from federal SNAP funds, and \$101.7 million was from state appropriations.

Fiscal Year 2020 MFIP Funding

TANF	SNAP	General Fund	Total
\$57,251,542	\$118,639,931	\$101,685,610	\$277,577,083

Recipient Profile

In fiscal year 2020, a monthly average of 79,756 people were receiving MFIP assistance. According to DHS, in December 2018, about 61.8 percent of these MFIP cases had one eligible parent, about 8.9 percent had two eligible parents, and about 29.4 percent were cases with no eligible parent in the household.³⁴

Families enrolled in MFIP had an average of 2.1 children. The average age of a child enrolled in MFIP is 6.8 years old.³⁵

³³ 42 U.S.C. § 609 (a)(7).

³⁴ Examples of situations where no eligible parent is included in an MFIP case are: the parent receives Supplemental Security Income (SSI) and is not included in the MFIP grant; it is a child-only case where MFIP benefits are paid only for a child in the household.

³⁵ Minnesota Family Investment Program and Diversionary Work Program; Characteristics of Cases and People, Department of Human Services, October 2020.

A large majority of MFIP caregivers are 20 years old or older. In December 2018 about 5 percent of MFIP families were headed by an eligible parent who was under age 20.

Most MFIP adults (about 64 percent) never married. And most MFIP caregivers (about 68 percent) have at least a high school diploma or GED certificate.

Minnesota Supplemental Aid

Minnesota Supplemental Aid (MSA) is a state program that provides supplemental cash assistance to people who are aged, blind, or disabled and SSI recipients, or who would qualify for SSI except for excess income.

Administration

Congress

When Congress established the Supplemental Security Income (SSI) program (see SSI, page 44), it mandated that states supplement the payments of SSI recipients who had previously received higher benefits under the former Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Disabled (AD) programs. The MSA program delivers this mandated supplement to Minnesota recipients of SSI. Congress also offered states the option of supplementing the income of two other groups: (1) SSI recipients who had not received OAA, AB, or AD; and (2) those who would have qualified for the former programs but are ineligible for SSI due to excess income or resources. Minnesota offers both optional supplements to Minnesota residents through the MSA program.

Congress has set general SSI program requirements for citizenship, disability determinations, and resource limits.³⁶ States with state-administered supplement programs, such as Minnesota, set their own eligibility requirements within the general framework of the federal requirements.

Minnesota State Legislature

The legislature established the MSA program in the [Laws of Minnesota 1974, chapter 487](#). The state law was revised in 1989 as the Minnesota Supplemental Aid Act and is codified at [Minnesota Statutes, sections 256D.33](#) to 256D.54. The state law includes:

- application procedures;
- eligibility requirements, such as real and personal property limitations and income limits;
- standards of assistance and methods of payment;
- appeal rights; and
- duties of the commissioner.

State Department of Human Services (DHS)

DHS supervises program administration. DHS maintains MAXIS, which is the centralized computer system for determining an applicant's eligibility for MSA and MSA grant amounts.

³⁶ States with federally administered supplement programs must adhere strictly to these requirements.

DHS also assists counties in MSA administration by providing them with technical assistance on eligibility requirements and other program components.

Counties

The counties administer the MSA program. The county human services agency, through the MAXIS computer system, determines if an individual meets the state's eligibility requirements and calculates the amount of each recipient's MSA cash grant.

Eligibility Requirements

MSA helps persons who are aged, blind of all ages, and persons with disabilities age 18 or older, whose income and resources are insufficient to meet the costs of their basic needs. An individual who is aged, blind, or who has a disability qualifies for MSA if his or her income and assets are below the limits established by the state legislature and DHS.

Income Limits

Under the direction of the Minnesota Legislature, DHS limits eligibility based upon maximum income levels for MSA recipients. The limits apply both to earned and unearned income.

To be financially eligible for MSA, an individual must meet both a gross monthly income test and a net monthly income test. ("Gross monthly income" means a household's total nonexcluded income, before any deductions have been made. "Net monthly income" means gross income minus all deductions allowed by the program.)

To be eligible for MSA, the applicant must have **gross** income no greater than 300 percent of the SSI federal benefit rate (600 percent for a married couple). In calculating an applicant's gross income, state law also specifies that the MSA program excludes the same sources of income that the federal SSI program excludes in determining SSI eligibility.³⁷

In addition, the applicant's **net** income must also be below the MSA benefit standards in order for the applicant to be eligible for MSA. (See assistance standards under Benefits, page 40.) The applicant's net monthly income is calculated by subtracting all of the applicable allowed income disregards and deductions from the applicant's gross monthly income.

In calculating net income for individuals who are SSI recipients, the county agency counts the full amount of their SSI federal benefit rate as gross unearned income. The county then allows for a \$20 general income disregard.

For individuals who are not SSI recipients, the net monthly income calculation depends upon whether the individual lives in a long-term care facility where the Medical Assistance program

³⁷ Income exclusions include an earned income exclusion, impairment-related work expenses of persons with disabilities and work expenses of the blind, income set aside or being used to pursue a plan for achieving self-support by an individual who has disabilities or is blind, state or locally funded assistance based on need, certain rent subsidies and the value of SNAP benefits, and certain infrequent or irregularly received income.

(see MA, page 50) pays the cost of care. For these applicants, the following disregards and deductions are calculated:

- a deduction for guardianship fees to a legally appointed guardian or conservator, up to 5 percent of the person's monthly gross income to a \$100 maximum
- allocations allowed under the MA program for long-term care facility residents

For all other MSA applicants, the county disregards or deducts the following amounts to calculate the applicant's net monthly income:

- for students who are blind or disabled and under age 22, an earned income disregard of up to a maximum of \$1,930 per month, not to exceed \$7,770 in a calendar year
- a \$20 general income disregard
- \$65 of earned income; if both spouses are recipients, the disregard is \$65 of the couple's combined earned income
- an impairment-related work expense deduction for disabled individuals
- one-half of the remaining earned income
- income set aside by a recipient who is disabled or blind (for up to 36 months) under an approved plan to achieve self-support (PASS)
- a limited work expense deduction for recipients who are blind

Asset Limits

Federal and state law and regulations also set the value of assets an individual may possess and be eligible for the MSA program. A single MSA recipient who is also receiving SSI can have no more than \$2,000 in net counted assets after all allowable exclusions. A married couple who are also receiving SSI can have \$3,000 in net counted assets.³⁸ Certain assets are excluded from consideration in calculating the value of an applicant's assets. Examples of excluded assets are the following:

- the value of the homestead, if it is owned and occupied by the recipient or the recipient's spouse
- the value of one vehicle per household is totally excluded
- household goods and personal effects
- certain assets used for self-support (such as liquid assets used in a trade or business necessary for the person's ability to earn income)
- one burial space for each eligible person and each member of that person's immediate family; up to \$1,500 in burial funds for recipient and recipient's spouse
- life insurance policies with a combined face value of \$1,500 or less
- up to \$100,000 in an Achieving a Better Life Experience (ABLE) account established through a state ABLE program

³⁸ For persons who reside in a long-term care facility where the MA program pays the cost of care, the MA program's asset provisions and limits apply.

For individuals who are not SSI recipients, the equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) nonexcluded vehicles (one vehicle per assistance unit member age 16 or older is excluded when determining the equity value of personal property).

If an applicant's net counted assets exceed the limits, he or she is not eligible for MSA. State regulations prohibit an applicant from transferring property for less than adequate compensation in order to qualify for MSA. Property thus transferred is presumed available for the applicant's support.

Additional Eligibility Requirements

In addition to financial need, the following conditions must be present to establish eligibility. An MSA recipient must also be:

- a recipient of SSI; or be eligible for SSI except for excess income and be:
 - aged—defined as those age 65 or older;
 - blind—defined as having vision no better than 20/200 with glasses or a limited visual field of 20 degrees or less. There is no age requirement for this basis of eligibility; or
 - disabled—a person must have a disability within the meaning of the federal Social Security Act, Title II. The person must be 18 years of age or older, and must be unable to work and support him- or herself because of a permanent and total physical or mental impairment.
- a citizen of the United States. Noncitizens may be eligible under some circumstances. However, undocumented immigrants, and noncitizens who are in the United States legally on a temporary basis and are not immigrants, are not eligible for MSA. Persons who are not eligible for the federal SSI program because of their noncitizen status are also not eligible for MSA.
- a resident of Minnesota

The MSA grant is canceled whenever a recipient is absent from the state for one calendar month or more.

Benefits

MSA Monthly Cash Grant

MSA recipients receive a monthly cash grant to supplement their income. The amount of the MSA grant is computed by subtracting an individual's net monthly income from the MSA assistance standard that applies to the recipient. A county may set higher standards than the state, as long as the county pays the additional costs.

Certain MSA recipients are only eligible for a monthly personal needs allowance of \$105. MSA recipients who receive this personal needs allowance are the following:

- individuals who receive a monthly SSI benefit of \$30 because they live in a long-term care facility
- individuals who live in a nursing facility or other medical facility where the MA program (see MA, page 50) pays the cost of care
- blind children who meet certain requirements

**MSA Assistance Standards
(Before Income Deductions)**

Type of Recipient	2021 Monthly Assistance Standard
Individual recipient living alone	\$855
Individual recipient living with others	\$622
Married couple, both receiving MSA prior to 1/1/94 <ul style="list-style-type: none"> ▪ living with others ▪ not living with others 	\$1,121 \$1,297
Married couple, both found eligible for MSA after 1/1/94 <ul style="list-style-type: none"> ▪ living with others ▪ not living with others 	\$858 \$1,282
Individual eligible for personal needs allowance only	\$105

For some MSA recipients with special needs, their MSA assistance standard also includes amounts for these ongoing special needs.

Examples of ongoing “special needs” that are recognized by the program are:

- prescribed diets,
- guardian or conservator service fees,
- representative payee service fees, and
- restaurant meals.

MSA recipients with disabilities who: (1) are under age 65; (2) apply for rental assistance if eligible; (3) are relocating into the community from a residential facility, eligible for personal care assistance, or receiving MA waiver services and living in their own place; and (4) are considered “in need of housing assistance”³⁹ receive an additional amount to help cover

³⁹ In need of housing assistance means that the recipient’s monthly housing costs are more than 40 percent of his or her gross income.

housing costs. An individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

Monthly MSA cash grants are paid directly to program recipients, except for persons in institutional settings. The county may also make payments to a protective “representative payee” instead of the recipient if the recipient cannot manage his or her funds. The representative payee may be any person or agency concerned with the recipient’s welfare.

Nonrecurring Special Needs

The MSA program also makes available additional cash payments for a recipient’s nonrecurring special needs such as necessary home repairs and necessary repairs or replacement of essential furniture or appliances.

Emergency Assistance

MSA recipients and individuals presently residing in Minnesota who meet all MSA eligibility requirements may receive emergency general assistance to meet emergency needs. Receipt of emergency general assistance is limited to once in a 12-month period. “Emergency need” is defined as a need that threatens the person’s health or safety. Individuals must apply all available resources, even those normally excluded, toward the emergency. Emergency general assistance is limited to available funding. DHS allocates funds to counties. No county receives less than \$1,000 in a fiscal year.

Eligibility for Other Assistance Programs

- Medical Assistance (also called Medicaid or MA). All MSA recipients are eligible for services available through the state’s MA program. (See MA, page 50)
- Social Services. State laws mandate that certain social services be available to MSA recipients.

COVID-19 Response

The commissioner of human services used the authority granted to her by the governor in an executive order (Emergency Executive Order 20-12) to suspend certain MSA program requirements including: (1) requirements affecting procedures for applications and interviews, verification, documentation and signatures, and reporting; (2) requirements related to overpayments caused by agency or systems errors; and (3) the requirement for counties and tribes to conduct program recertifications.

Funding and Expenditures

The state finances MSA grants with general fund appropriations.

In state fiscal year 2020, the state spent \$43,502,787 to supplement the income of aged, blind, and disabled persons through the MSA program. A monthly average of 32,379 individuals received MSA in state fiscal year 2020.

Recipient Profile

Of all MSA recipients, about 13.2 percent are aged, less than 1 percent are blind, 80 percent are disabled, and 6.5 percent are non-SSI eligible.

Supplemental Security Income

Supplemental Security Income (SSI) is a federal program that provides cash assistance to needy aged, blind, and disabled persons.

Administration

Congress

Congress established SSI as Title XVI of the Social Security Act.⁴⁰ The program went into effect on January 1, 1974. SSI replaced the former federal-state programs for Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Disabled (AD) authorized by Titles I, X, and XIV of the Social Security Act. Title XVI sets uniform, nationwide standards for administration of SSI. The law defines “old age,” “blindness,” and “disability,” establishes income and resource limits, sets income exclusions and disregards, mandates certain state supplementation and allows other optional supplements, and provides a process for the hearing, appeal, and review of disputed cases.

Social Security Administration (SSA)

The SSA became an independent agency on March 31, 1995. It has responsibility for administering the Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. SSA also administers the Medicare and Black Lung programs.

The SSA sets uniform, nationwide standards for administration of SSI. The law establishes specific program regulations, including residence and citizenship requirements. These regulations are contained in the [Code of Federal Regulations \(CFR\) Title 20](#).

The local offices of the SSA administer SSI in the states. The local offices determine if an applicant is eligible for benefits, determine the amount of the grant, and authorize the payment.

Eligibility Requirements

SSI assists aged, blind, or disabled adults and blind or disabled children whose income and resources are insufficient to meet the costs of their basic needs. An individual qualifies for SSI if his or her income and assets are below the limits established by Congress.

Income Limits

In order to qualify for SSI, an individual’s net income, after all allowed income disregards and exclusions are applied, must be below the maximum monthly SSI benefit. (Refer to the Benefits section on page 46 for these maximums.) The maximum monthly benefit is uniform nationwide and is increased each January based upon a formula in the Social Security Act.

⁴⁰ For more information on the Social Security Act, see page 2.

In determining eligibility, both income received as a direct result of work activities (called “earned income”) and income obtained from other sources (e.g., gifts or pensions, called “unearned income”) are counted against the maximum monthly benefit. When counting income, the government disregards the first \$20 of most income received in a month and the first \$65 of earned income, plus half of remaining earnings received in a month. Income received from certain sources, such as most scholarship funds and certain federal housing payments, is exempt from the limits.

Recipients with disabilities who work and who lose eligibility for regular SSI and Medical Assistance (MA) because of increased earnings may, in most instances, receive MA and cash benefits under special provisions designed to assist working persons with a disability.

Asset Limits

Federal law also sets the value of assets an individual may possess and be eligible for SSI. “Assets” include the following:

Real property. The value of a homestead is excluded.

Personal property. An individual may own a car and have its value totally excluded as long as it is used for transportation of the recipient or a member of the recipient’s household.

Liquid assets. The value of liquid assets, such as cash-on-hand, savings, stocks, trusts, and other investments cannot exceed \$2,000 for a single individual and \$3,000 for a married couple.

The value of household goods and personal effects is excluded from the resource limits. Federal law allows an individual to sell excess resources to qualify for SSI.

Additional Eligibility Requirements

In addition to financial need, the following conditions must be present to establish eligibility. An SSI recipient must:

- **be a citizen residing in the United States or a lawful permanent resident who has, or can be credited with, 40 qualifying quarters of work;**⁴¹
- **not reside in a public institution;**
Certain health and publicly operated community facilities covered by the Medicaid program are exempt from this provision.
- **be one of the following:**

⁴¹ The exceptions to this requirement are: (1) active duty members of the U.S. Armed Forces or an honorably discharged veteran; or a spouse, widow(er), or dependent child of an active duty member or an honorably discharged veteran; (2) American Indians born in Canada or American Indians who are members of a federally recognized Tribe; (3) lawfully present noncitizens who received SSI benefits on August 22, 1996; and (4) refugees, asylees, aliens whose deportation has been withheld, Cuban or Haitian entrants, victims of trafficking, Amerasian immigrants, or Iraqi/Afghan special immigrants seven years after entering the United States.

Aged. Federal law defines the “aged” as those age 65 or older.

Blind. Federal law defines “blindness” as vision no better than 20/200 with use of corrective lenses or tunnel vision—a limited visual field of 20 degrees or less.

Disabled. For adults, federal law defines “disability” as a physical or mental impairment that prevents a person from engaging in any “substantial gainful activity.” For adults, the condition must have lasted or be expected to last at least 12 months or result in death.

A child is considered to be disabled if he or she has a medically determined physical or mental condition that “causes marked and severe functional limitations” and “can be expected to cause death or that has lasted or can be expected to last for a continuous period of not less than 12 months.”⁴²

Benefits

SSI Monthly Benefit

SSI recipients receive monthly cash payments from the federal government. The monthly cash payment is calculated by subtracting the individual’s net available income (i.e., after applying the SSI income disregards and exclusions noted in the Eligibility Requirements section) from the maximum monthly SSI benefit. The maximum monthly SSI benefit is reduced by one-third for persons living in the household of another.

**Maximum Monthly SSI Benefit
(Effective January 2021)**

Type of recipient	Maximum monthly benefit
Individual recipient living alone	\$794
Individual recipient living with others	530
Married couple living alone	1,191
Married couple living with others	794

In August 2021, the average monthly SSI benefit paid to SSI recipients in Minnesota was \$625.

Minnesota Supplemental Aid (MSA)

Some SSI recipients receive supplemental payments from the MSA program. MSA fulfills the congressional mandate that states supplement the grants of persons who had received higher benefits from former state Old Age Assistance, Aid to the Blind, and Aid to the Disabled programs in December 1973. MSA also supplements the grants of SSI recipients who became

⁴² See [Code of Federal Regulations, Title 20, § 416.906](#).

eligible for program benefits after SSI was implemented in January 1974. In Minnesota, SSI recipients apply for MSA through the local human services agency. (See MSA, page 37.)

Emergency Payments

If an SSI applicant is in desperate financial need and can demonstrate probable program eligibility, the SSA can issue emergency payments of up to \$794 to an eligible individual and \$1,191 to a couple (these are payment levels in effect as of January 1, 2021).

Eligibility for Other Assistance Programs

Medical Assistance (MA—also called “Medicaid”). In Minnesota, SSI recipients apply for MA through the local human services agency. The vast majority of SSI recipients are eligible for MA. A person who is blind or who has a severe disability and who engages in substantial gainful employment despite severe medical impairments may continue on MA even when earned income makes the person ineligible for SSI benefits. (See MA, page 50.)

An SSI recipient who enters a nursing home, hospital, or other institution on MA receives only limited cash assistance, in the form of a personal needs allowance. The personal needs allowance as of January 1, 2021, is \$105 a month. SSI contributes \$30 of this amount, with the remainder paid out of MSA.

Social Services. SSI recipients may be eligible for a variety of social services. State law requires that social services be provided for certain groups of persons with disabilities.

Food Support. SSI recipients may be eligible to receive food support; in cases where all household members receive SSI, Food Support eligibility is automatic. (See Food Support, page 109.)

Payment Method

The monthly SSI cash grant is paid directly to program recipients. However, the SSA may appoint a “representative payee” if the recipient cannot manage his or her own funds. The representative payee may be any person or agency concerned with the recipient’s welfare.

Funding and Expenditures

Funds for the SSI program come solely from the general revenues of the federal government. SSI utilizes no state or local funds for financing program benefits or administration.

In August 2021, the federal government spent \$56,539,000 to assist SSI recipients in Minnesota and the average payment per person was \$625. In fiscal year 2020, total SSI payments to recipients in Minnesota were \$686,052,000.

Recipient Profiles

In August 2021, 90,442 individuals in Minnesota received SSI payments. Most of those SSI recipients were disabled.

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Medical Assistance

Medical Assistance (MA) is a jointly funded, federal-state program that pays for health care services provided to low-income individuals. It is also called Medicaid. This section describes how the program works, including eligibility, benefits, what services are covered services, funding, and other aspects of the program.

Administration

Federal Government

Medicaid was established by the U.S. Congress in 1965 as Title XIX of the Social Security Act. This federal law requires all states to offer basic health care services to certain categories of low-income individuals. States are reimbursed by the federal government for part of the cost of providing the required services. The federal law also gives states the option to cover additional services, and additional categories of low-income individuals, in their Medicaid programs.

Medicaid is administered at the federal level by the Center for Medicare and Medicaid Services (CMS), an agency within the U.S. Department of Health and Human Services. CMS issues regulations and guidelines for Medicaid that states are required to follow.

States establish operating and administrative standards for their own Medicaid programs. All Medicaid programs must stay within the scope of federal rules and regulations, but state programs can and do vary widely, due in part to differences in coverage of optional services and eligibility groups.

Minnesota State Legislature

Medical Assistance (MA), Minnesota's Medicaid program, was established by the legislature and implemented in January 1966. Minnesota's MA law is found primarily in [chapter 256B](#) of Minnesota Statutes (provisions related to hospital payment rates are found in [Minnesota Statutes, chapter 256](#), and provisions related to nursing facility payment rates are found in [Minnesota Statutes, chapter 256R](#)).

Minnesota Department of Human Services (DHS)

DHS is responsible for the operation of the MA program at the state level and for supervising administration of the program by county and tribal agencies. DHS has adopted administrative rules and policies that govern many aspects of the MA program.

Counties and MNsure

County human services agencies, and tribal governments choosing to participate, share the responsibility for determining if applicants meet state and federal eligibility standards for MA. Depending on their basis of eligibility, individuals apply for MA by:

- submitting an application online through the MNsure website; or

- filing a paper application at a county or tribal human services agency.

Agencies are required to complete eligibility determinations for most individuals within 45 days of receiving an application. (This time limit is 60 days for individuals who have disabilities and 15 days for pregnant women.)

The Minnesota eligibility system, defined in [Minnesota Statutes, section 62V.055](#), subdivision 1, and also referred to as the Minnesota Eligibility Technology System (METS), is used by county human services agencies and tribal governments to determine MA eligibility for families and children, pregnant women, and adults without children. MA eligibility is determined online through this eligibility system and by submitting paper application forms to a county or tribal human services agency. This eligibility system is also used to determine eligibility for MinnesotaCare,⁴³ and for premium tax credits and cost-sharing reductions available under the Affordable Care Act (ACA) for qualified health plan coverage purchased through MNsure.

County agencies, and tribal governments choosing to participate, are responsible for determining eligibility for MA applicants who are age 65 or older, blind, or have disabilities, or who belong to certain smaller MA eligibility categories. Eligibility for these categories of individuals is determined using the legacy MAXIS eligibility determination system.

Eligibility Requirements

MA pays for medical services provided to eligible low-income persons. MA can retroactively pay for the cost of health care services provided to an individual up to three months before the month of application, if the individual would have been eligible for MA at the time the services were provided. Generally, MA is available to children, parents and caretakers, pregnant women, people age 65 or over, persons who are blind or have disabilities, and adults without children, who meet the program's income and, if applicable, asset standards.

To be eligible for MA, an individual must meet the following criteria:

- be a citizen of the United States or a lawfully present noncitizen who meets specified criteria
- be a resident of Minnesota
- be a member of a group for which MA coverage is required or permitted under federal or state law
- meet program income and any applicable asset limits, or qualify on the basis of a "spenddown" (described later in this publication)

Some individuals may be determined to be temporarily eligible for MA through a presumptive eligibility process, under which specified providers⁴⁴ determine eligibility based on preliminary

⁴³ MinnesotaCare is administered by DHS as a Basic Health Program under the ACA, to provide subsidized health coverage to eligible Minnesotans.

⁴⁴ Presumptive eligibility determinations under MA are limited to hospitals participating in the Hospital Presumptive Eligibility Program ([Minn. Stat. § 256B.057](#), subd. 12) and presumptive eligibility providers

information, with ongoing eligibility then determined by county agencies within a specified time period.

Eligibility for most enrollees is redetermined every 12 months. Persons who qualify for MA through a spenddown have their eligibility redetermined every six months.

Changes Related to COVID-19

Under the authority provided in the governor's Executive Order 20-12, DHS has temporarily suspended renewal, income review, and related reporting and eligibility verification requirements for MA enrollees. The intent of this action is to ensure that MA enrollees do not lose eligibility for MA during the pandemic, unless the enrollee requests an end to coverage, moves out of state, or dies. The continuation of MA eligibility is a federal requirement that states must comply with in order to receive the enhanced federal Medicaid match during the pandemic. These changes took effect March 18, 2020, and remain in effect until the last day of the month in which the federal public health emergency declared by the Secretary of Health and Human Services ends.⁴⁵

The 2021 Legislature made the following COVID-19-related changes in eligibility procedures: (1) prohibited DHS from collecting unpaid premiums from persons enrolled in MA as an employed person with a disability (and also from MinnesotaCare enrollees), for coverage during the federal public health emergency; (2) allowed DHS to suspend the use of periodic data matching to verify eligibility, for up to six months after the end of the federal public health emergency; and (3) suspended the requirement that DHS submit an annual report on periodic data matching, for one year following the end of the federal public health emergency.⁴⁶

Citizenship

To be eligible for MA, an individual must be a citizen of the United States or a lawfully present noncitizen who meets specified criteria. MA eligibility varies by immigration status. For example, asylees and refugees are generally eligible for MA, while lawful permanent residents who are not pregnant women or children under age 21 are not eligible for MA until they have resided in the United States for five or more years. Minnesota has generally chosen to provide MA coverage for all groups of noncitizens for which MA eligibility is mandatory or optional under federal welfare law and for which a federal match is provided.

Undocumented persons, and lawfully present noncitizens not eligible for regular MA coverage with a federal match, are eligible only for MA coverage of emergency services. Emergency MA (EMA) with federal financial participation (FFP) covers MA services necessary to treat an emergency medical condition, including labor and delivery and a limited set of chronic care and

participating in the Medical Assistance for Women with Breast or Cervical Cancer program ([Minn. Stat. § 256B.0637](#)).

⁴⁵ The Secretary of Health and Human Services declared a federal public health emergency related to the COVID-19 pandemic on January 27, 2020. The secretary has renewed the public health emergency for 90-day periods, most recently on July 20, 2021. The federal public health emergency has been extended to April 16, 2022.

⁴⁶ [Laws 2021, First Special Session ch. 7](#), art. 1, § 36.

long-term care services (certain dialysis services, services to treat cancer, and kidney transplants). Undocumented pregnant women may qualify for Children's Health Insurance Program (CHIP)-funded MA coverage for the duration of their pregnancy and a 60-day postpartum period (see page 68).

Residency

To be eligible for MA, an individual must be a resident of Minnesota, as determined under federal law.⁴⁷ Generally, persons age 21 and older are considered residents if they live in Minnesota and intend to reside in the state, or they live in Minnesota and entered the state with a job commitment or to seek employment. Persons younger than age 21 who are not emancipated are considered residents if they live in Minnesota, or reside with a parent or caretaker who is a Minnesota resident. Persons visiting Minnesota, including those visiting for the purpose of obtaining medical care, are not considered residents.

Eligible Categories of Individuals

To be eligible for MA, an individual must be a member of a group for which MA eligibility is either required by the federal government or mandated by the state under a federal option.

In Minnesota, groups eligible for MA coverage include the following:

- parents or caretakers of dependent children
- pregnant women
- children under age 21
- persons age 65 or older
- persons with a disability or who are blind, as determined by the Social Security Administration or the State Medical Review Team (This category includes most persons eligible for either the Minnesota Supplemental Aid (MSA) or Supplemental Security Income (SSI) programs.)
- adults without children, ages 21 through 64
- children eligible for or receiving state or federal adoption assistance payments
- children eligible for federal foster care payments or state foster care or kinship care assistance⁴⁸
- individuals under age 26 who received foster care services while age 18 or older, and who were enrolled in MA or MinnesotaCare at the time foster care services ended

Certain disabled children who would normally not be eligible for MA because of parental income are also covered under Minnesota's MA program. MA also pays for Medicare premiums and cost-sharing for certain groups of Medicare beneficiaries.

⁴⁷ Federal law generally defines residency in terms of being present in a state with an intent to remain and specifically prohibits durational residency requirements (see [42 C.F.R. § 435.403](#)).

⁴⁸ Federal approval was received to implement eligibility for children receiving state foster care or kinship care assistance on April 1, 2020, with coverage being implemented on January 1, 2021.

Individuals with excess income in most groups eligible for MA coverage may be able to qualify by spending down their income (see page 56).

Income Limits

To be eligible for MA, an applicant's income must not exceed program income limits. Different income limits apply to different categories of individuals (see table on page 57). For example, the MA income limit for most children is higher than the MA income limit for parents. This means that not all members of a family may be covered under MA.

MA income limits are based on the federal poverty guidelines (FPG). The guidelines vary with family size and are adjusted annually for inflation.

Income determination. An income methodology that specifies countable and excluded income is used to determine income for different eligibility groups. As required by the ACA, MAGI-based income⁴⁹ is used as the income methodology for children, infants, most parents and caretakers, pregnant women, and adults without children. The income methodology used for enrollees who are elderly, blind, or have disabilities is based on that used by the federal SSI program.

The state, as a part of ACA compliance, uses a standard 5 percent of FPG income disregard when determining eligibility for groups for whom MAGI-based income is required to be used as the income methodology. This standard disregard replaced state-specific disregards and has the effect of raising the FPG income limit for MAGI-based income groups by 5 percentage points.

Transitional MA

Individuals who lose MA eligibility (under the 133 percent of FPG income limit) due to increased earned income or due to increased spousal support, may be able to retain MA coverage for a transitional period⁵⁰, if: (1) the individual's income did not exceed 133 percent of FPG for at least three of the past six months; and (2) the household contains a dependent child and a caretaker. Individuals who lose eligibility due to earned income remain eligible for an initial period of six months and can continue to receive MA coverage for up to six additional months if their income does not exceed 185 percent of FPG and other requirements are met. Individuals who lose eligibility due to increased spousal support remain eligible for four months.

⁴⁹ Modified adjusted gross income (MAGI) is defined as adjusted gross income increased by: (1) foreign earned income exclusion; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax (I.R.C. § 36B). MAGI-based income excludes from MAGI certain scholarships, awards, or fellowship grants used for educational purposes and certain types of income received by American Indians and Alaska natives, and counts lump sums as income only in the month received.

⁵⁰ See [Minn. Stat. § 256B.0635](#).

Asset Limits

MA has two main asset limits. One applies to persons who are elderly, blind, or who have a disability.⁵¹ The other applies to parents and caretakers who qualify for MA through a spenddown (the spenddown is described in a section that follows). Children under age 21, pregnant women, parents and caretakers who do not qualify through a spenddown, and adults without children are exempt from any asset limit. In addition, different asset limits apply to some of the smaller MA eligibility groups (see table on page 57).

Age 65 or older, blind, or disabled. Persons who are age 65 or older, blind, or who have a disability need to meet the asset limit specified in [Minnesota Statutes, section 256B.056](#), subdivision 3. This asset limit is \$3,000 for an individual and \$6,000 for two persons in a household, with \$200 added for each additional dependent. Certain assets are excluded when determining MA eligibility for these individuals, including the following:

- the homestead
- household goods and personal effects
- burial space items, such as a burial plot
- certain life insurance policies and assets used to fund burial expenses, up to the limits established for the SSI program⁵²
- capital and operating assets of a business necessary for the person to earn an income
- funds for damaged, destroyed, or stolen property, which are excluded for nine months, and may be excluded for up to nine additional months under certain conditions
- motor vehicles to the same extent allowed under the SSI program⁵³
- certain assets owned by American Indians related to the relationship between tribes and the federal government, or with unique Indian significance

Parents and caretakers on a spenddown. An asset limit of \$10,000 in total net assets for a household of one person, and \$20,000 in total net assets for a household of two or more persons, applies to parents and caretakers who qualify for MA through a spenddown (see next section).

Certain items are excluded when determining MA eligibility for these individuals, including the following:

- the homestead
- household goods and personal effects
- a burial plot for each family member

⁵¹ The Minnesota Long-Term Care Partnership (LTCP) program allows individuals with qualified long-term care insurance policies to qualify for MA payment of long-term care services, while retaining assets above the regular MA asset limit equal in value to the amount paid for care by the policy.

⁵² The SSI program allows recipients to set aside, or designate, up to \$1,500 in assets to cover certain burial expenses.

⁵³ The SSI program excludes as an asset one vehicle per household, regardless of value, if it is used for transportation by the recipient or a member of the recipient's household.

- life insurance policies and assets for burial expenses, up to the limits established for the SSI program
- capital and operating assets of a business up to \$200,000
- funds received for damaged, destroyed, or stolen property are excluded for three months if held in escrow
- a motor vehicle for each person who is employed or seeking employment
- court-ordered settlements of up to \$10,000
- individual retirement accounts and funds
- assets owned by children
- certain assets owned by American Indians related to the relationship between tribes and the federal government, or with unique Indian significance

Minnesota law also has provisions governing the treatment of assets and income for persons residing in nursing homes whose spouses reside in the community. These provisions are found in [Minnesota Statutes, sections 256B.0575 to 256B.0595](#).

Eligibility on the Basis of a Spenddown

Individuals who would qualify for coverage under MA, except for excess income, can qualify for MA through a “spenddown.” However, no spenddown option is available for persons eligible as adults without children.

Under a spenddown, an individual reduces his or her income by incurring medical bills in amounts that are equal to or greater than the amount by which his or her income exceeds the relevant spenddown standard for the spenddown period (see table below for the spenddown standards). Unpaid medical bills incurred before the time of application for MA can be used to meet the spenddown requirement.

There are two types of spenddowns. Under a six-month spenddown, an individual can become eligible for MA for up to six months, beginning on the date his or her total six-month spenddown obligation is met. Under a one-month spenddown, individuals spend down their income during a month in order to become eligible for MA for the remainder of that month.

MA Spenddown

Eligibility Group	Spenddown Standard
Families and children	133% of FPG
Age 65 or older, blind, or disabled	81% of FPG

The spenddown standard for persons who are age 65 or older, blind, or who have a disability, is scheduled to increase to 100 percent of FPG effective July 1, 2022.

MA Eligibility – Income and Asset Limits – Benefits

Eligibility Category	Income Limit	Asset Limit	Benefits
Children under age two ⁵⁴	≤ 283% of FPG	None	All MA services
Children two through 18 years of age	≤ 275% of FPG	None	All MA services
Children 19 through 20 years of age	≤ 133% of FPG	None	All MA services
Pregnant women ⁵⁵	≤ 278% of FPG	None	All MA services
Parents or relative caretakers of dependent children on MA	≤ 133% of FPG	None, unless on spenddown	All MA services
Age 65 or older, blind, or have a disability	≤ 100% of FPG	MA asset standard (\$3,000 for households of one and \$6,000 for households of two, with \$200 for each additional dependent)	All MA services
Adults without children	≤ 133% of FPG	None	All MA services
Qualified Medicare Beneficiaries (QMBs)	≤ 100% of FPG	\$10,000 for households of one and \$18,000 for households of two or more ⁵⁶	Premiums, coinsurance, and deductibles for Medicare Parts A and B
Specified Low-income Medicare Beneficiaries (SLMBs)	≤ 120% of FPG	\$10,000 for households of one and \$18,000 for households of two or more	Medicare Part B premium only
Qualifying individuals (QI)	< 135% of FPG	\$10,000 for households of one and \$18,000 for households of two or more	Medicare Part B premium only
Qualified disabled working individuals	≤ 200% of FPG	Must not exceed twice the SSI asset limit	Medicare Part A premium only

⁵⁴ Children with incomes greater than 275 percent and less than or equal to 283 percent of FPG are funded through the federal Children's Health Insurance Program (CHIP) with an enhanced federal match.

⁵⁵ Pregnant women are eligible for 60 days postpartum and beginning July 1, 2022 (subject to federal approval), will be eligible for 12 months postpartum.

⁵⁶ The asset limit will be the Medicare Part D extra help low income subsidy (LIS) asset limit, once that asset limit exceeds the dollar amounts specified in the table.

Eligibility Category	Income Limit	Asset Limit	Benefits
Disabled children eligible for services under the TEFRA children's home care option ⁵⁷	≤ 100% of FPG ⁵⁸	None	All MA services
Employed persons with disabilities	No income limit	\$20,000	All MA services

House Research Department

Institutional Residence

Individuals living in public institutions, such as secure correctional facilities, are generally not eligible for MA, except that the MA program pays for covered services provided to inmates while they are inpatients in a hospital or other medical institution.

Federal rules generally prohibit federal Medicaid funding for people receiving behavioral health care services in Institutions for Mental Diseases (IMDs), which are residential facilities with 17 or more beds that primarily provide diagnosis and treatment for people with mental illness or chemical dependency. Federal MA matching funds are available for services provided to IMD residents who are under age 21 and are receiving inpatient psychiatric services in certain settings, are age 65 or older, or who otherwise qualify for an exception.

Minnesota has received CMS approval to receive through a demonstration project federal matching funds for MA-covered services, including opioid use disorder and substance use disorder (OUD/SUD) benefits and residential services, provided to MA enrollees in IMDs participating in the demonstration project. These MA enrollees have been eligible for federally funded MA since July 22, 2020.⁵⁹

Benefits

MA reimburses health care providers for health care services furnished to eligible recipients. The federal government requires every state to provide certain services. States may choose whether to provide other optional services.

The ACA authorizes states to provide persons newly eligible under the optional MA expansion (adults without children in the case of Minnesota) with benchmark or benchmark-equivalent

⁵⁷ Authorized by section 134 of the federal Tax Equity Fiscal Responsibility Act (TEFRA) of 1982.

⁵⁸ Only the income of the child is counted in determining eligibility. Child support and Social Security disability payments paid on behalf of the child are excluded. As noted in the table, children can qualify for MA at higher income levels, but the income of the parent or caretaker would also be counted.

⁵⁹ See DHS Bulletin 21-21-11 – DHS Announces New Federal Medical Assistance Funding for 1115 Substance Use Disorder (SUD) System Reform Demonstration – August 19, 2021.

benefits⁶⁰—an alternative benefit set that can be different from the regular MA benefit set. Minnesota has chosen to provide adults without children with the regular MA benefit set (described below) that is provided to persons in most other MA eligibility categories.

Federally Mandated Services for All MA Recipients

The following services are federally mandated and therefore available to all MA recipients in Minnesota:

- Early periodic screening, diagnosis, and treatment (EPSDT) services for children under 21 (these services include all medically necessary services coverable under the federal Medicaid program, regardless of whether the services are specifically covered under a state’s Medicaid plan)
- Family planning services and supplies
- Federally qualified health center services
- Home health services and medical equipment and supplies
- Inpatient hospital services
- Laboratory and X-ray services
- Nurse midwife services
- Certified family and certified pediatric nurse practitioner services
- Outpatient hospital services
- Physician services
- Rural health clinic services
- Nursing facility services
- Pregnancy-related services (through 60 days postpartum)

Optional Services for Minnesota’s MA Recipients

The following services have been designated “optional” by the federal government but are available by state law to all MA recipients in Minnesota:

- Audiologist services
- Care coordination and patient education services provided by a community health worker
- Case management for seriously and persistently mentally ill persons and for children with serious emotional disturbances
- Chiropractor services
- Clinic services
- Community emergency medical technician services
- Community paramedic services

⁶⁰ Benchmark or benchmark-equivalent coverage must be equal to one of three specified benchmark plans, be actuarially equivalent plans, or be coverage that is approved by Secretary of Health and Human Services. One of the options for secretary-approved coverage is a state’s regular Medicaid benefit set.

- Dental services⁶¹
- Doula services
- Other diagnostic, screening, and preventive services
- Emergency hospital services
- Enhanced asthma care services⁶²
- Hearing aids
- Home and community-based waiver services
- Hospice care
- Housing stabilization services
- Some Individual Education Plan (IEP) services provided by a school district to disabled students
- Some services for residents of Institutions for Mental Diseases (IMDs)
- Inpatient psychiatric facility services for persons under age 22
- Intermediate care facility services, including services provided in an intermediate care facility for persons with developmental disabilities (ICF/DD)
- Medical equipment and supplies
- Medical transportation services
- Mental health services for children and adults
- Nurse anesthetist services
- Certified geriatric, adult, OB/GYN, and neonatal nurse practitioner services
- Occupational therapy services
- Personal care assistant services
- Pharmacy services⁶³
- Physical therapy services
- Podiatry services
- Post-arrest community-based service coordination
- Private duty nursing services
- Prosthetics and orthotics
- Public health nursing services
- Rehabilitation services, including day treatment for mental illness
- Speech therapy services
- Vision care services and eyeglasses

⁶¹ Coverage of dental services for adults who are not pregnant is limited to specified services (see [Minn. Stat. § 256B.0625](#), subd. 9). Federal approval has been received, retroactive to July 1, 2021, to cover nonsurgical treatment for periodontal disease for adults.

⁶² Effective July 1, 2022, or upon federal approval, whichever is later.

⁶³ MA does not cover prescription drugs covered under the Medicare Part D prescription drug benefit for individuals enrolled in both MA and Medicare (referred to as “dual eligibles”). These individuals are instead eligible for prescription drug coverage under Medicare Part D. MA continues to cover certain drug types not covered under the Medicare prescription drug benefit, such as over-the-counter drugs for cough and colds and certain vitamin and mineral products.

Cost-sharing

Certain MA enrollees are subject to the following cost-sharing:

- \$3 per nonpreventive visit (does not apply to mental health services)
- \$3.50 for nonemergency visits to a hospital emergency room
- \$3 per brand-name prescription, \$1 per generic prescription, and effective January 1, 2022, \$1 per prescription for a brand-name multisource drug on the preferred drug list, subject to a \$12 per-month limit. Antipsychotic drugs are exempt from copayments when used for the treatment of mental illness.
- A monthly family deductible of \$3.50 for calendar year 2021 (adjusted annually by the increase in the medical care component of the CPI-U)

Children and pregnant women are exempt from copayments and deductibles; other exemptions apply. Total monthly cost-sharing is limited to 5 percent of family income. American Indians and Alaska Natives are exempt from cost-sharing if they have ever received a service from the Indian Health Service, a tribal health program or an urban Indian program, or through a referral from one of these programs.

No cost-sharing is required for the diagnosis, testing, and treatment of COVID-19. This exemption from cost-sharing is required for a state to receive the enhanced federal Medicaid match related to the pandemic, and is effective through the last day of the quarter in which the federal public health emergency declared by the Secretary of Health and Human Services ends.

Health care providers are responsible for collecting the copayment or deductible from enrollees; MA reimbursement to a provider is reduced by the amount of the copayment or deductible. Providers cannot deny services to enrollees who are unable to pay the copayment or deductible.

The family deductible is waived for enrollees of managed care and county-based purchasing plans. The commissioner may waive the family deductible for individuals and allow long-term care and waiver services providers to assume responsibility for payment.

Some Services Provided in Minnesota under a Federal Waiver

States can seek approval from the federal government to provide services that are not normally covered and reimbursed under the Medicaid program. These services are referred to as “waivered services.” Minnesota has federal approval for the following community-based waived service programs.

The **Elderly Waiver (EW)** funds home and community-based services for persons age 65 or older who are MA-eligible, require the level of care provided in a nursing home, and choose to live in the community.

Minnesota also has a solely state-funded program, the **Alternative Care (AC)** program, that provides home and community-based services for persons age 65 or older, who require the level of care provided in a nursing home, choose to live in the community, and are not yet

financially eligible for MA but who would become eligible for MA within 135 days of entering a nursing home.

The **Home and Community-Based Waiver for Persons with Developmental Disabilities (DD)** provides community-based care to persons diagnosed with developmental disabilities or related conditions who are at risk of placement in an ICF/DD.

The **Community Alternative Care (CAC)** waiver provides community-based care for chronically ill individuals who are under age 65 and need the level of care provided in a hospital.

The **Community Access Disability Inclusion (CADI)** waiver provides community-based care to disabled individuals under age 65 who need the level of care provided in a nursing home.

The **Brain Injury (BI)** waiver provides community-based care to persons under age 65 diagnosed with traumatic or acquired brain injury that need the level of care provided in a nursing home that provides specialized services for persons with brain injury or a neurobehavioral hospital.

For each of the federally approved waiver programs, the costs of caring for individuals in the community cannot exceed (in the aggregate) the cost of institutional care.

Changes Related to COVID-19

MA coverage for the testing, diagnosis, and treatment of COVID-19 is available without cost-sharing for most enrollees, through the last day of the first calendar quarter that begins following the end of the federal public health emergency declared by the Secretary of Health and Human Services.

MA coverage for the testing, diagnosis, and treatment of COVID-19 is also available for uninsured individuals⁶⁴ until the end of the federal public health emergency. In order to be eligible, an uninsured individual must be a resident of Minnesota and a U.S. citizen or otherwise lawfully present; no income, asset, or age requirements apply. The federal Medicaid match for these covered services is 100 percent, and there are no patient copayments or deductibles.

MA Managed Care

MA enrollees receive services under a fee-for-service system (described in the next section) or through a managed care system. MA managed care services can be provided by health maintenance organization (HMO) health plans or by county-based purchasing plans. Minnesota's managed care programs operate under federal waivers that allow states to implement innovative methods of health care delivery, require enrollment in managed care plans, and limit enrollee provider choice to those providers under contract with a managed care plan.

⁶⁴ The 2021 Legislature required MA to cover treatment, testing, and vaccination for COVID-19 as required by section 9811 of the American Rescue Plan Act (ARPA) (Pub. L. No. 117-2). This section of the ARPA, among other things, requires states such as Minnesota that had previously elected to cover the testing and diagnosis of COVID-19 for uninsured persons, to also cover the treatment of COVID-19 for uninsured persons.

Under the managed care system, MA enrollees who are families and children or adults without children receive services under the Prepaid Medical Assistance Program (PMAP) from HMO health plans or through county-based purchasing plans. Enrollees who are age 65 or older receive services from HMO health plans or county-based purchasing plans through Minnesota Senior Care Plus or through Minnesota Senior Health Options (MSHO). Enrollees who have disabilities have the option of receiving services through the Special Needs BasicCare (SNBC) program, a statewide program for persons with disabilities.

County-based purchasing provides an alternative method of health care service delivery under PMAP (and also under the Minnesota Senior Care Plus, MSHO, and SNBC programs described below). County boards that elect to implement county-based purchasing are responsible for providing all services required by PMAP or the applicable program to enrollees, either through their own provider networks or by contracting with other health plans. DHS payments to counties cannot exceed payment rates to HMO health plans. As of July 2021, three county-based purchasing initiatives involving 22 counties were operational.

Programs for Families and Children

Under PMAP, managed care and county-based purchasing plans contract with DHS to provide services to MA enrollees who are families and children or adults without children. Plans receive a capitated payment from DHS for each MA enrollee, and in return are required to provide enrollees with all MA-covered services, except for some home and community-based waiver services, some nursing facility services, intermediate care facility services for persons with developmental disabilities, and services from certain provider types with federally prescribed payment arrangements such as federally qualified health centers, Indian health services, and facilities operated by a tribe or tribal organization. PMAP operates under a federal waiver; one of the terms of the waiver allows the state to require certain MA enrollees to receive services through managed care.

Enrollees in participating counties select a specific managed care or county-based purchasing plan from which to receive services, obtain services from providers in the plan's provider network, and follow that plan's procedures for seeing specialists and accessing health care services. Enrollees are allowed to switch health plans once per year during an open enrollment period. PMAP contracts with managed care plans and county-based purchasing plans to provide services in all 87 counties.

As of July 2021, 947,835 MA enrollees received services through PMAP from managed care or county-based purchasing plans.

Competitive Bidding

DHS has traditionally contracted with all managed care and county-based purchasing plans that met program standards and agreed to payment terms under MA and MinnesotaCare. In recent years, DHS has selected plans to serve these population groups using competitive bidding. Under competitive bidding, plans submit proposals that are scored on price and technical qualifications. Based on these scores, DHS has normally chosen two or three plans to serve each county (with county-based purchasing plans sometimes serving as the sole plan under MA in certain counties). Under competitive bidding, not all plans submitting proposals are selected to

serve MA and MinnesotaCare enrollees, and there may be changes in the plans selected to serve each county over different cycles of competitive bidding.

Competitive bidding was first used in 2011 to select plans to serve MA and MinnesotaCare enrollees in the seven-county metropolitan area beginning in calendar year 2012. In 2013, competitive bidding was used to select plans to serve enrollees in 27 counties located outside of the seven-county metropolitan area beginning in calendar year 2014. In 2015, competitive bidding was used to select plans to serve MA and MinnesotaCare enrollees in all Minnesota counties, as part of a statewide procurement, beginning in calendar year 2016.

DHS had issued a request for proposals to use competitive bidding to select plans to serve MA and MinnesotaCare enrollees in the 80 Greater Minnesota counties, beginning in calendar year 2020. DHS canceled the request for proposal process in September 2019, due in large part to a district court order that delayed managed care contracting in eight counties.⁶⁵ In January 2021, DHS issued an RFP to select plans to serve MA families and children and MinnesotaCare enrollees in the seven-county metropolitan area, beginning in calendar year 2022. DHS plans to issue an RFP in October 2021 to serve persons over age 65 and SNBC enrollees statewide, beginning in calendar year 2023, and also plans to issue an RFP in January 2022, to serve MA families and children and MinnesotaCare enrollees in Greater Minnesota, beginning in calendar year 2023.

Programs for the Elderly

Minnesota Senior Care Plus (MSC+) provides MA services to enrollees age 65 or older. MSC+ covers the same services as PMAP, except that prescription drugs for MA enrollees also eligible for Medicare are covered by Medicare Part D (see footnote 63 on page 57). In addition to covering all basic Minnesota Senior Care services, MSC+ also covers elderly waiver services and 180 days of nursing home services for enrollees not residing in a nursing facility at the time of enrollment.

Enrollees in MSC+ must enroll in a separate Medicare plan to obtain their prescription drug coverage under Medicare Part D. However, people age 65 or older eligible for both MA and Medicare also have the option of receiving managed care services through MSHO, rather than MSC+. MSHO includes all Medicare and MA prescription drug coverage under one plan. MSHO provides a combined Medicare and MA benefit, is available statewide, and operates under federal Medicare Advantage Special Needs Plan (SNP) authority.⁶⁶ DHS also contracts with SNPs to provide MA services. Enrollment in MSHO is voluntary. As is the case with MSC+, MSHO also covers elderly waiver services and 180 days of nursing home services. Most MA enrollees age 65 or older are enrolled in MSHO rather than MSC+, due in part to the integrated Medicare and

⁶⁵ District Court, Second Judicial District, *South Country Health Alliance v. Minnesota Department of Human Services*, Court File No. 62-CV-19-5828, - Limited Temporary Injunction and Order for Disclosure, August 30, 2019.

⁶⁶ A Medicare SNP is a Medicare-managed care plan that is allowed to serve only certain Medicare populations, such as institutionalized enrollees, dually eligible enrollees, and enrollees who are severely chronically ill and disabled. SNPs must provide all Medicare services, including prescription drug coverage.

MA prescription drug coverage. As of July 2021, MSHO enrollment was 41,538, compared to enrollment in Minnesota Senior Care Plus of 16,542.

Programs for Persons with Disabilities

Special Needs BasicCare (SNBC) is a managed care program for persons with disabilities between the ages of 18 and 64. Some SNBC plans integrate MA with Medicare services, for persons who are dually eligible. The program served 61,960 individuals as of July 2021.

Managed Care Enrollment

Generally, MA recipients who are parents, children, or adults without children are required to enroll in PMAP. As noted above, recipients who are age 65 or older are required to enroll in MSC+ but a majority have chosen to participate instead in the voluntary MSHO program.

Persons with disabilities are required to enroll in special needs plans, unless they choose to opt out of managed care enrollment and remain in fee-for-service.

As of July 2021, 1,071,411 MA enrollees received services through PMAP, Minnesota Senior Care Plus, MSHO, or SNBC.

Managed Care Payment Rates

Managed care and county-based purchasing plans receive a monthly capitated payment for each enrollee (a capitated payment is fixed and does not vary with the actual services provided to the enrollee). Five percent of each plan's capitation rate is withheld annually and returned pending the plan's completion of performance targets related to various process and quality measures. Payment rates are the same for both managed care and county-based purchasing plans.

The PMAP capitation rate is risk-adjusted using the Chronic Illness and Disability Payment System (CDPS+Rx) to reflect the overall health status of a plan's enrollees. DHS generally does not regulate managed care and county-based purchasing payment rates to health care providers under contract to serve MA enrollees. These payment rates are a matter of negotiation between the health care provider and the managed care plan or county boards.

IHP demonstration project. Providers participating in the Integrated Health Partnership (IHP) demonstration project may have their payments from managed care plans adjusted in an annual reconciliation process, to reflect the financial terms of the demonstration project. The IHP demonstration project was authorized by the legislature in 2010 (see [Minn. Stat. § 256B.0755](#)). Under the demonstration project, DHS contracts with groups of health care providers (referred to as integrated health partnerships) to provide or arrange for covered health care services under a value-based payment model that takes into account the cost and quality of health care services provided.

All participating provider groups receive population-based payments to coordinate the care provided to enrollees. In addition, larger, more integrated provider groups are reimbursed under a risk-gain payment arrangement. Under this arrangement, current spending for a

defined set of services for attributed enrollees is compared to a spending target for these services that takes into account past expenditures for the set of services. The provider group shares savings (resulting from spending less than the target amount) and losses (resulting from spending more than the target amount) with the state. These shared savings and losses are calculated in the aggregate for services to both managed care and fee-for-service enrollees and applied to provider groups annually in the form of a reconciliation payment.

As of April 2021, 445,352 MA and MinnesotaCare enrollees in fee-for-service or managed care were served by 27 integrated health partnerships.

Fee-for-Service Provider Reimbursement

Under fee-for-service MA, health care providers and institutions (sometimes called “vendors”) bill the state and are reimbursed by the state for the services they provide to MA recipients.

Under the fee-for-service system, MA recipients, with some exceptions, are free to receive services from any medical provider participating in the MA program. As a condition of participating in the MA program, providers agree to accept MA payment (including any applicable copayments) as payment in full. Providers in Minnesota are prohibited from requesting additional payments from MA recipients for covered services, except when the recipient is incurring medical bills in order to meet the MA spenddown (discussed earlier in the eligibility section).

DHS has established a central system for the disbursement of MA payments to providers. DHS uses different methods to reimburse different types of providers; the reimbursement methods for selected provider types are described below.

IHP demonstration project. Providers participating in the IHP demonstration project (see description in previous section) may have their fee-for-service payments adjusted in an annual reconciliation process, to reflect sharing in any savings and losses (calculated in the aggregate for services to both managed care and fee-for-service enrollees) relative to the target spending amount established under the demonstration project.

Physicians and Other Medical Services

Physician services and many other medical services are paid for at the lower of (1) the submitted charge or (2) the prevailing charge. The prevailing charge is a specified percentile of all customary charges statewide for a procedure during a base year. The legislature has at times changed the specified percentile and base for different provider types and different procedures. Providers in all geographic regions of the state are subject to the same maximum reimbursement rate.

MA services reimbursed in this manner include services from a mental health clinic, rehabilitation agency, physician, physician clinic, optometrist, podiatrist, chiropractor, physical therapist, occupational therapist, speech therapist, audiologist, community/public health clinic, family planning clinic, optician, dentist, and psychologist.

Other MA services are reimbursed at the lesser of: (1) the submitted charge; or (2) the Medicare maximum allowable rate or a rate established by DHS. Services reimbursed in this manner include those for costs relating to a laboratory, hospice, home health agency, medical supplies and equipment, prosthetics, and orthotics.

The legislature has modified payment rates for noninstitutional health care providers and health care services a number of times in recent years.

Drug Reimbursement

Under the MA fee-for-service program, pharmacies are reimbursed for most drugs at the lower of: (1) the ingredient costs of the drug plus a professional dispensing fee; or (2) the pharmacy's usual and customary price charged to the public. The ingredient cost for most drugs is based on the lesser of the National Average Drug Acquisition Cost (NADAC) or the state maximum allowable cost (SMAC).⁶⁷ For drugs for which a NADAC or SMAC is not reported, the ingredient cost is estimated as the wholesale acquisition cost (WAC) minus 2 percent.⁶⁸ The professional dispensing fee in most cases is \$10.48 per prescription (to be increased to \$10.77 effective January 1, 2022).

Other reimbursement limits apply to drugs dispensed by providers participating in the federal 340B Drug Pricing Program,⁶⁹ multiple-source drugs (drugs for which at least one generic exists), and certain specialty pharmacy products.

Hospitals

MA uses a prospective payment system to reimburse hospitals for inpatient hospital services. Hospitals are paid per admission, but the amount of payment varies depending on the medical diagnosis of the patient.

The MA payment to a hospital for an admission is based on the reimbursement amount for the diagnosis-related group (DRG) into which the patient has been classified. The reimbursement for each DRG is intended to represent the average cost to hospitals of caring for a patient in that particular DRG classification. Hospitals benefit financially from patient stays that cost less than the DRG reimbursement amount. (The DRG reimbursement level is increased for hospital stays with costs that exceed a specified threshold; these stays are referred to as cost outliers.) Payment rates based on DRGs are adjusted by various factors, including disproportionate share hospital (DSH) payments, which provide additional payments to hospitals with higher than

⁶⁷ The federal rule on outpatient drug reimbursement issued February 1, 2016 (81 FR 5170), requires Medicaid drug reimbursement to pharmacies to be based on a pharmacy's actual acquisition cost, as opposed to the estimated acquisition cost. NADAC is one of the methods of determining actual acquisition cost allowed by the rule. NADAC costs are calculated based on monthly national surveys of retail community pharmacy acquisition costs for covered outpatient drugs. SMAC is the state payment schedule used for generic drugs.

⁶⁸ WAC is the manufacturer's list price charged to wholesalers and other direct purchasers, not including discounts, rebates, and price reductions.

⁶⁹ The federal 340B program allows federally qualified health centers, certain hospitals, and other eligible organizations to purchase drugs from manufacturers at significantly reduced prices.

average rates of MA utilization. MA uses the All Patient Refined DRGs (APR-DRGs) as its DRG system.

Hospital payment rates under Minnesota law are required to be rebased (recalculated using more current cost data and adjusted for inflation) every two years. The next rebasing will be implemented retroactive to July 1, 2021.

Funding and Expenditures

The federal and state governments jointly finance MA.

Federal Share

The federal share of MA costs for each state, referred to as the federal medical assistance percentage (FMAP), is usually determined by a formula included in Title XIX of the Social Security Act. The formula is based on the state's per capita income and is recalculated annually. Minnesota's FMAP in recent years has been 50 percent; in October 2021, this increased to 50.15 percent.

Minnesota also receives a federal payment through the Children's Health Insurance Program (CHIP) for the cost of MA services provided to:

- 1) children under age two with household incomes greater than 275 percent but not exceeding 283 percent of FPG;
- 2) uninsured pregnant women who are undocumented noncitizens with incomes up to 278 percent of FPG, through the period of pregnancy, including labor and delivery and 60 days postpartum (this time period will increase to 12 months postpartum beginning July 1, 2022, subject to federal approval); and
- 3) children under age 21 with household incomes greater than 133 percent but below 275 percent of FPG.

The CHIP payment is the difference between the state's enhanced CHIP federal matching rate of 65 percent and the state's MA federal matching rate of 50 percent.⁷⁰

As part of implementing the optional expansion of eligibility for adults without children and other groups under the ACA, Minnesota receives an enhanced federal match for the cost of services provided to enrollees who are adults without children. The enhanced federal match has been 90 percent since 2020.⁷¹ Minnesota receives the regular federal Medicaid match for parents and caretakers, persons with disabilities, and other eligibility categories.

⁷⁰ Minnesota's regular enhanced CHIP federal matching rate is 65 percent. A federal continuing resolution enacted on January 22, 2018, funded the CHIP program through FFY 2027 and provided states with an 11.5 percentage-point increase in their matching rates for FFY 2020 (resulting in a federal matching rate for Minnesota of 76.5 percent for that year).

⁷¹ The enhanced federal match was 100 percent of MA costs for 2014 through 2016, 95 percent of MA costs in 2017, 94 percent of MA costs in 2018, and 93 percent of MA costs in 2019.

The federal Families First Coronavirus Response Act (Pub. L. No. 116-127) provided Minnesota and other states with an increase of 6.2 percentage points in the federal Medicaid match, beginning January 1, 2020, through the last day of the calendar quarter in which the public health emergency declared by the Secretary of Health and Human Services ends. As a condition of receiving this higher federal match, states must comply with certain maintenance of effort requirements.⁷² The Families First Coronavirus Response Act also provides Minnesota with a 4.34 percentage point increase in its enhanced CHIP federal matching rate through the last day of the calendar quarter in which the federal public health emergency ends.

Nonfederal Share

The state, with some exceptions, is responsible for the nonfederal share of MA costs.⁷³

MA Expenditures – State Fiscal Year 2020

In fiscal year 2020, total MA expenditures for services were \$13.368 billion. This total was distributed between the levels of government as follows:

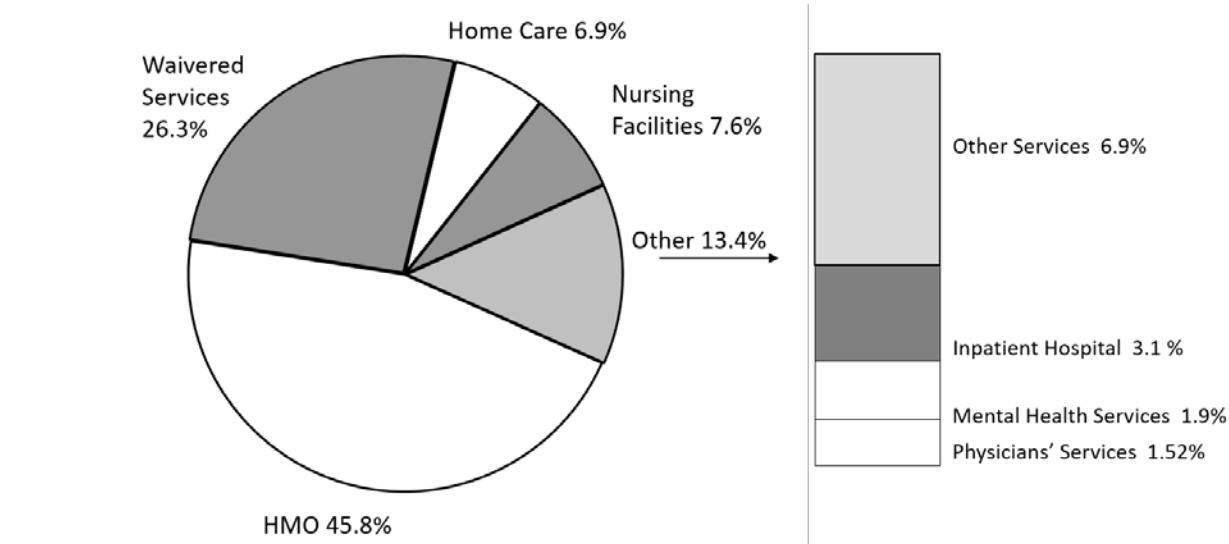
Actual Expenditures – SFY 2020	
Federal	\$7.813 billion
Nonfederal	\$5.555 billion

The following chart shows the percentage of MA spending in fiscal year 2020 on the major service categories.

⁷² These requirements include, but are not limited to: maintaining Medicaid eligibility standards, methodologies, and procedures that are not more restrictive than those in effect on January 1, 2020; maintaining eligibility for persons enrolled in Medicaid on March 18, 2020; and providing coverage without cost-sharing for testing services and treatment for COVID-19.

⁷³ Counties are responsible for the nonfederal share of MA costs for selected services, as follows: 50 percent of the nonfederal share for the cost of placement of severely emotionally disturbed children in regional treatment centers, 20 percent for the cost of nursing facility placements that exceed 90 days of persons with disabilities under age 65, 10 percent of the cost of placements that exceed 90 days in ICF/DDs with seven or more beds, and 20 percent of the cost of placements that exceed 90 days in nursing facilities that are institutions for mental diseases (IMDs).

MA Expenditures by Service – SFY 2020

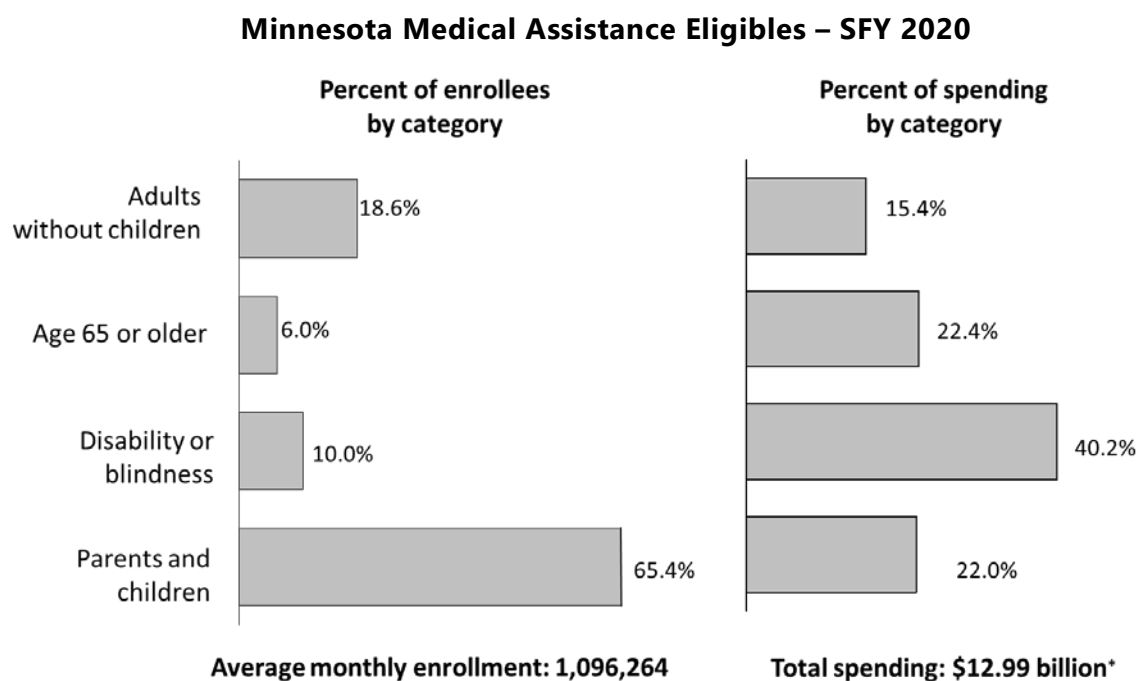


Note: The waived services category includes waiver payments to HMOs.
Source: Department of Human Services, Background Data Tables for February 2021 Forecast

Recipient Profile

During fiscal year 2020, an average of 1,078,321 persons were eligible for MA services each month. The graph below shows the percentage of MA eligibles in each of the major eligibility groups. The graph also shows the percentage of MA spending accounted for by individuals from each eligibility group.

- Parents and children make up the largest eligibility group, constituting 65.4 percent of eligibles. However, this group accounted for only 22 percent of MA spending.
- Persons age 65 or older, and persons eligible on the basis of disability or blindness, accounted for 62.6 percent of MA spending, although only 16 percent of eligibles are in these two groups.



*Does not include consumer support grant expenditures, pharmacy rebates, and adjustments

Source: Department of Human Services

**MA Income Limit – Federal Poverty Guidelines
for 7/1/21 through 6/30/22 – 12-month Standard**

Household Size	81%	100%	120%*	133%	135%*	200%*	275%	278%	283%
1	\$10,440	\$12,888	\$15,696	\$17,130	\$17,628	\$26,004	\$35,420	N/A	\$36,450
2	14,124	17,436	21,144	23,168	23,760	35,088	47,905	\$48,427	49,298
3	17,808	21,984	26,592	29,206	29,892	44,172	60,390	61,048	62,146
4	21,492	26,532	32,040	35,245	36,024	53,256	72,875	73,670	74,995
5	25,176	31,080	37,488	41,283	42,156	62,340	85,360	86,291	87,843
6	28,860	35,628	42,936	47,321	48,288	71,424	97,845	98,912	100,691
7	32,544	40,176	48,384	53,359	54,420	80,508	110,330	111,533	113,539
8	36,228	44,724	53,832	59,397	60,552	89,592	122,815	124,154	126,387
Each Additional Person	3,684	4,548	5,448	6,038	6,132	9,084	12,845	12,621	12,848

* Includes a \$20 disregard

Source: Department of Human Services, Insurance Affordability Programs (IAPs) – Income and Asset Guidelines

MinnesotaCare

MinnesotaCare is a program that provides subsidized health coverage to eligible Minnesotans. It is administered by the Minnesota Department of Human Services under federal guidance as a Basic Health Program under the Affordable Care Act. This section describes eligibility requirements, covered services, and other aspects of the program.

Administration

MinnesotaCare is administered by the Minnesota Department of Human Services (DHS) as a Basic Health Program (BHP), a state coverage option authorized by the federal Affordable Care Act (ACA). DHS, in cooperation with MNSure, the state's health insurance exchange, is responsible for processing applications and determining eligibility for MinnesotaCare. DHS is also responsible for contracting with participating entities for the provision of MinnesotaCare services, complying with federal BHP requirements, and submitting an annual report to the federal government documenting compliance with these requirements.

The federal government is responsible for certifying state BHPs, ensuring state compliance with federal laws, regulations, and guidance related to the BHP, and reviewing state compliance at least annually.

Applicants can apply for MinnesotaCare coverage online through the Minnesota eligibility system, defined in [Minnesota Statutes, section 62V.055](#), subdivision 1, and also referred to as the Minnesota Eligibility Technology System (METS).⁷⁴ Paper applications may also be submitted, and application assistance is available from county agencies, community organizations serving as navigators, and other entities.

MinnesotaCare as Basic Health Program

The MinnesotaCare program has operated as a BHP since January 1, 2015. In compliance with federal requirements for a BHP, MinnesotaCare provides health coverage to persons with incomes greater than 133 percent but not exceeding 200 percent of Federal Poverty Guidelines (FPG). States operating a BHP (Minnesota and New York) receive a federal payment under that program intended to reflect the amount the federal government would otherwise spend on subsidies had the BHP enrollees received coverage through the state's insurance exchange. BHP coverage must include at least the essential health benefits included in qualified health plans that are offered through the state's insurance exchange. Premiums for a BHP enrollee must not exceed the amount the enrollee would otherwise pay for qualified health plan coverage through the exchange, after application of advanced premium tax credits.

⁷⁴ In addition to being used for MinnesotaCare eligibility determination, METS is used by county human service agencies to determine MA eligibility for families and children, pregnant women, and adults without children.

Eligibility Requirements

To be eligible for MinnesotaCare, individuals must meet income limits, not be eligible for MA, and satisfy other requirements related to residency and lack of access to other health insurance. Enrollees are required to renew their MinnesotaCare eligibility annually each January.⁷⁵

Most MinnesotaCare enrollees are parents and caretakers, children ages 19 to 20, and adults without children. Most children under age 19 and pregnant women are eligible for Medical Assistance (MA) and therefore, under MinnesotaCare eligibility criteria, are not eligible for MinnesotaCare.

Income Limits

MinnesotaCare coverage is available to persons with incomes greater than 133 percent of FPG but not exceeding 200 percent of FPG, if other program eligibility requirements are met. Certain groups of individuals with incomes that are below the MinnesotaCare income floor may be eligible for the program, if they are legal noncitizens not eligible for MA or are not eligible for MA due to excess income.⁷⁶ In addition, lawfully present noncitizens ineligible for MA due to immigration status, with household incomes not exceeding 200 percent of FPG, are eligible for MinnesotaCare.⁷⁷

The following table lists the minimum and maximum program income limits for different family sizes.

⁷⁵ The 2016 Legislature required eligibility to be renewed every 12 months, based on the enrollee's month of application. The federal Centers for Medicare and Medicaid Services (CMS) did not approve this change, and also did not approve state requests to base eligibility on current rather than projected income, and to adjust MinnesotaCare income limits each July 1, rather than each January 1. The 2021 Legislature made changes in MinnesotaCare eligibility provisions, to conform to these denials by CMS (see [Laws 2021, ch. 30](#), art. 1, §§ 19 to 21).

⁷⁶ These are generally groups of individuals with incomes greater than the MA income limit but less than the MinnesotaCare income floor, due to differences in how the two programs calculate income. The groups include children under age 19 living with two unmarried parents, persons with lump sum or sponsor income, or persons whose current income (used under MA) differs from projected income (used under MinnesotaCare). If a person's income, calculated using MinnesotaCare methodology, is less than 100 percent of FPG, the person may be eligible for MA. If a person's income calculated using MinnesotaCare methodology is greater than or equal to 100 percent of FPG but does not exceed 133 percent of FPG, the person may be eligible for MinnesotaCare.

⁷⁷ These lawfully present noncitizens are generally nonpregnant adults falling under certain immigration classifications who have resided in the United States for less than five years.

Annual Household Income Limits for MinnesotaCare (For CY 2021 Coverage)

Household Size	133% of FPG	200% of FPG
1	\$16,970	\$25,520
2	22,929	34,480
3	28,887	43,440
4	34,846	52,400
Each additional person add	5,958	8,960

Note: Federal regulations require that states use the FPG figures that applied during open enrollment to determine eligibility for coverage in the coming calendar year. The FPG figures in this table used to determine eligibility for 2021 coverage are therefore based on the 2020 FPG figures.

Modified adjusted gross income (MAGI)⁷⁸ is the income methodology used to determine eligibility for MinnesotaCare applicants and enrollees. The use of MAGI is required by the ACA for state basic health programs.

Asset Limits

There are no asset limits for MinnesotaCare enrollees.

Not Eligible for Medical Assistance (MA)

Persons who are eligible for MA are not eligible for MinnesotaCare.⁷⁹

No Access to Subsidized Coverage

To be eligible for MinnesotaCare, a family or individual must not have *access* to employer-subsidized health coverage that is affordable and provides minimum value, as defined in federal regulations.⁸⁰ These regulations define coverage as “affordable” for an employee and related individuals, if the portion of the annual premium the employee must pay for self-only coverage does not exceed 9.83 percent of income for 2021.⁸¹ Effective January 1, 2023, under an exception to the federal definition of affordability, affordability will be calculated based on the

⁷⁸ MAGI is defined as adjusted gross income increased by: (1) foreign earned income and foreign housing expenses; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax. (I.R.C. § 36B)

⁷⁹ The vast majority of pregnant women and children under age 19 are covered under MA rather than MinnesotaCare, given this requirement and because the MA income limit for these eligibility groups (278 percent and 275 percent of FPG respectively) is higher than the MinnesotaCare income limit (200 percent of FPG).

⁸⁰ See [Code of Federal Regulations, title 26, § 1.36B-2](#).

⁸¹ This percentage is indexed annually; the percentage for 2020 used by DHS was 9.78.

amount the employee pays for both employee and dependent coverage.⁸² Coverage provides “minimum value” if it pays for at least 60 percent of medical expenses on average.

A family or individual is not eligible for MinnesotaCare if they are *enrolled* in employer-subsidized coverage, even if this coverage does not meet the affordability and minimum value standards.

No Other Health Coverage

To be eligible for MinnesotaCare, a family or individual must not be *enrolled* in minimum essential health coverage, as defined in the Internal Revenue Code. The Internal Revenue Code defines minimum essential coverage as coverage under government-sponsored programs (including but not limited to Medicare, Medicaid, TRICARE and other coverage for members of the armed services, and veterans health benefits), coverage under an employer-sponsored plan, individual market coverage, coverage under a grandfathered health plan,⁸³ and other coverage recognized by the federal government.

A family or individual is also not eligible for MinnesotaCare if they have *access* to certain types of minimum essential coverage, even if they are not enrolled.

Residency Requirement

MinnesotaCare enrollees must meet the residency requirements of the Medicaid program. The Medicaid program generally requires an individual to live in Minnesota and demonstrate intent to reside, or to have entered the state with a job commitment or to seek employment. The Medicaid program does not include a durational residency requirement (a requirement that an individual live in a state for a specified period of time before applying for the program).

Benefits

MinnesotaCare covers most, but not all, services eligible for reimbursement under MA. Children and pregnant women are covered for a wider range of services than adults who are not pregnant. Covered services are listed below.

⁸² See [Laws 2021, First Special Session ch. 7](#), art. 1, § 27. This provision addresses what some have referred to as the “family glitch,” by allowing employees and dependents (spouses and children) who are not eligible for advance premium tax credits under the ACA and also not eligible for MinnesotaCare under prior law (because the cost of employee-only coverage meets the federal definition of affordability), to be eligible for MinnesotaCare.

⁸³ Under the ACA, most health insurance plans that existed on March 23, 2010, are eligible for grandfathered status. Grandfathered plans do not have to meet all of the ACA requirements related to the regulation of health insurance. However, grandfathered status is lost and compliance with the ACA is required, if significant changes are made to the plan’s benefits or premiums and cost-sharing.

Covered Services under MinnesotaCare

Service	Children and pregnant women	Adults who are not pregnant ^a
Acupuncture	X	X
Adult mental health rehab/crisis	X	X
Alcohol/drug treatment	X	X
Child and teen checkups	X	—
Chiropractic	X	X
Dental ^b	X	X
Emergency room	X	X
Eye exams	X	X
Eyeglasses	X	X
Family planning	X	X
Hearing aids	X	X
Home care	X	X
Hospice care	X	X
Hospital stay	X	X
Hospital care coordination	X	X
Immunizations	X	X
Interpreters (hearing, language)	X	X
Lab, x-ray, diagnostic	X	X
Medical equipment and supplies	X	X
Mental health	X	X
Mental health case management	X	X
Nursing facility care	X	—
Outpatient surgical center	X	X
Personal care assistance (PCA)	X	—
Physicians and clinics	X	X
Physicals/preventive care	X	X
Prescriptions	X	X
Rehabilitative therapies	X	X
Transportation: emergency	X	X
Transportation: nonemergency	X	—

^a Benefit limitations and cost-sharing requirements apply.

^b MinnesotaCare covers the dental services covered under MA. MA coverage of dental services for adults who are not pregnant (and therefore MinnesotaCare coverage of dental services for this category of individuals) is limited to specified services (see [Minn. Stat. § 256B.0625](#), subd. 9).

Cost-sharing for Adults

Adults who are not pregnant are subject to the following cost-sharing requirements.⁸⁴

Cost-sharing Requirements under MinnesotaCare

Service	Cost
Inpatient hospital admission	\$250
Ambulatory surgery (per surgery)	\$100
Emergency room visit (that does not result in an admission)	\$75
Nonpreventive office visit (does not apply to mental health services)	\$25
Radiology visit	\$40
Eyeglasses	\$25
Prescription drugs (generic/brand name – does not apply to certain mental health drugs)	\$7/\$25
Prescription drug out-of-pocket monthly maximum	\$70
Nonroutine dental services visit	\$15
Durable medical equipment (applies to the price the state or participating entity pays for the item)	10%

Children under age 21 and American Indians are not subject to cost-sharing under MinnesotaCare.

Enrollee Premiums

Sliding Premium Scale

MinnesotaCare enrollees age 21 and older pay monthly, per-person premiums based upon the sliding scale specified in the following table. The premiums for 2021 and 2022 are lower than the premiums applied in 2020. This premium reduction was necessary for the state to comply with the federal requirement that BHP premiums not exceed what an individual receiving premium tax credits would otherwise have paid, after receipt of any premium tax credits, when purchasing health coverage through a state's insurance exchange (the federal American Rescue

⁸⁴ The commissioner is required to adjust MinnesotaCare cost-sharing in a manner sufficient to maintain the actuarial value of the MinnesotaCare benefit at 94 percent. Actuarial value is an estimate of the percentage of medical expenses incurred by a typical enrollee that will on average be paid by the insurer.

Plan of 2021 increased premium tax credits and thereby reduced the amount that individuals receiving premium tax credits would pay for coverage through an exchange).

Sliding Premium Scale

Federal Poverty Guidelines	Individual Premium Amount 2020	Individual Premium Amount 2021 and 2022
0 – 34%	0	0
35 – 54%	\$4	0
55 – 79%	\$6	0
80 – 89%	\$8	0
90 – 99%	\$10	0
100 – 109%	\$12	0
110 – 119%	\$14	0
120 – 129%	\$15	0
130 – 139%	\$16	0
140 – 149%	\$25	0
150 – 159%	\$37	0
160 – 169%	\$44	\$4
170 – 179%	\$52	\$9
180 – 189%	\$61	\$15
190 – 199%	\$71	\$21
200%	\$80	\$28

See [Minn. Stat. § 256L.15](#), subd. 2.

Premium Exemptions

The following groups of individuals are exempt from MinnesotaCare premiums:

- Persons with household income less than 160 percent of FPG (exemption applies for 2021 and 2022) and persons from households in which a household member has received or been approved to receive unemployment compensation for any week in 2021 (exemption applies for 2021)
- Children under age 21
- American Indians and Alaska Natives, and members of their households
- Members of the military and their families who are determined eligible for MinnesotaCare within 24 months of the end of the member's tour of active duty

Nonpayment of Premiums

The commissioner is prohibited from collecting unpaid MinnesotaCare premiums for any coverage month that occurred during the federal COVID-19 public health emergency.⁸⁵

In general, for time periods that do not fall within the federal public health emergency, nonpayment of premiums results in disenrollment from MinnesotaCare coverage, effective the calendar month following the month for which the premium was due. Persons who end their MinnesotaCare coverage therefore receive a “grace” month. Persons who decide to re-enroll in MinnesotaCare following disenrollment generally must pay premiums to cover this grace month, except that no premium for the grace month is required for persons re-enrolling in coverage that begins in the fourth month following disenrollment.

Prepaid MinnesotaCare

The commissioner of human services contracts on a prepaid basis with participating entities to deliver health care services to MinnesotaCare enrollees. Participating entities may include health maintenance organizations and other health carriers, county-based purchasing plans, certain accountable care organizations and county-integrated health care delivery networks, and networks of health care providers (see definition in [Minn. Stat. § 256L.01](#), subd. 7).

MinnesotaCare enrollees receive health care services from these participating entities, rather than through a fee-for-service system. Participating entities receive a capitated payment from DHS for each MinnesotaCare enrollee, and in return are required to provide enrollees with all covered health care services for a set period of time.

The 2014 Legislature required DHS to enter into contracts, as part of a statewide competitive procurement, with participating entities to serve MinnesotaCare and MA enrollees, beginning January 1, 2016. The ACA requires MinnesotaCare, as a BHP, to offer enrollees a choice of at least two participating entities in each county.

In January 2021, DHS issued a request for proposals to select participating entities to serve MinnesotaCare and MA enrollees in the seven-county metropolitan area, beginning in calendar year 2022. DHS plans to issue an RFP in January 2022, to serve MinnesotaCare and MA enrollees in Greater Minnesota beginning in calendar year 2023.

Funding and Expenditures

Since January 1, 2015, the state has received a federal BHP payment for each MinnesotaCare enrollee. The payment was initially equal to 95 percent of the advanced premium tax credits and cost-sharing reductions the person would have received through MNsure, the state’s health insurance exchange, had the state not operated MinnesotaCare as a BHP.⁸⁶ This BHP

⁸⁵ See [Laws 2021, First Special Session ch. 7](#), art. 1, § 36, par. (a). These premiums will not be owed or collected following the end of the federal emergency.

⁸⁶ Beginning in CY 2018, the federal government excluded the value of forgone cost-sharing reductions when calculating state basic health program payments. Minnesota and New York filed suit over this change. The lawsuit

payment has replaced the federal match that had been received through December 31, 2014, for MinnesotaCare enrollees under the Prepaid Medical Assistance Project Plus (PMAP+) waiver.⁸⁷ Federal BHP funding was \$395.6 million for fiscal year 2020 and is projected to be \$522.3 million for fiscal year 2021.

State-only funding is used to pay for coverage of MinnesotaCare enrollees who are Deferred Action for Childhood Arrivals (DACA) grantees, or are age 65 and over and not eligible for Medicare.⁸⁸

Total payments for health care services provided through MinnesotaCare were \$452.6 million in fiscal year 2020. Just under 6 percent of this amount was paid for through state payments from the health care access fund. The remainder was paid from federal BHP funding, enrollee premiums (this category also includes enrollee cost-sharing), and a small amount of federal funding received under the PMAP+ waiver.

Funding for the state share of MinnesotaCare costs, and for other health care access initiatives, is provided by:

- A 1.8 percent tax on the gross revenues of health care providers, hospitals, surgical centers, and wholesale drug distributors (sometimes referred to as the “provider tax”); and
- A 1.0 percent premium tax on health maintenance organizations and nonprofit health service plan corporations.

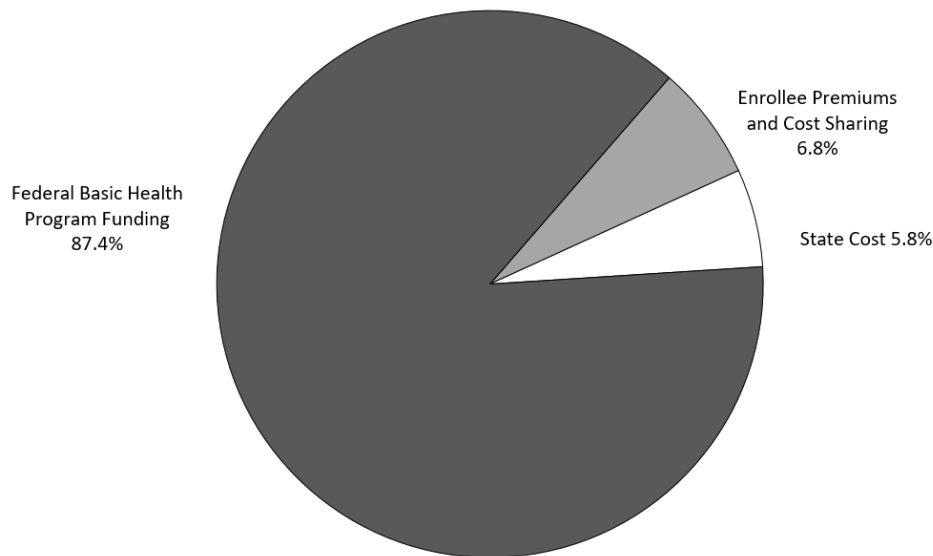
Medicare payments to providers are excluded from gross revenues for purposes of the gross revenues taxes. Other specified payments, including payments for nursing home services, are also excluded from gross revenues.

was later withdrawn and Minnesota and New York accepted a revised payment method. The revised method increased the amount each state received related to advanced premium tax credits by about two-thirds of the basic health program funds that would have been lost through the exclusion of cost-sharing reduction payments from the payment formula.

⁸⁷ The Prepaid Medical Assistance Project Plus or PMAP+ waiver was initially approved by the federal government in April 1995. The waiver exempts Minnesota from various federal requirements and gives the state greater flexibility to expand access to health care through the MA program. Earlier versions of the waiver allowed the state to receive a federal match for the cost of services provided to MinnesotaCare enrollees. The PMAP+ waiver was temporarily extended by the federal Centers for Medicare and Medicaid Services (CMS) through December 31, 2021, to allow the state and CMS to continue to work on a waiver extension.

⁸⁸ DACA grantees are noncitizens who came to the United States as children and meet specified criteria such as having arrived in the United States before turning 16 and being under age 31 as of June 15, 2012. MinnesotaCare has covered DACA grantees since January 1, 2017 (see DHS bulletin 16-21-12 – DHS Announces MinnesotaCare Eligibility for Deferred Action for Childhood Arrivals (DACA) Grantees). Persons age 65 and older are not eligible for federal BHP funding.

MinnesotaCare Funding (FY 2020)



This graph does not include \$15,563 of federal funding received under the PMAP+ waiver.

Source: DHS Reports and Forecasts Division, Background Data Tables for February 2021 Forecast

The tax rate on health care providers can be reduced, if the commissioner of management and budget determines by December 1 of each year that the ratio of revenues to expenditures and transfers for the health care access fund for the biennium will exceed 125 percent. If this determination is made, the commissioner must reduce the rate so that the projected ratio of revenues to expenditures and transfers for the biennium will not exceed 125 percent. Any rate reduction expires after one year and the future rate is subject to annual redetermination by the commissioner.

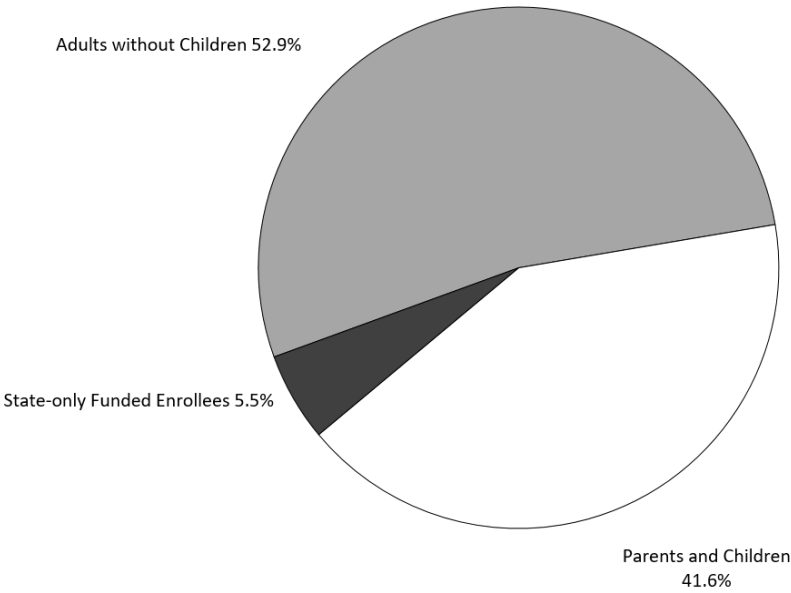
The MinnesotaCare tax on the gross revenues of health care providers was reduced from 2.0 percent to 1.8 percent, effective for gross revenues received after December 31, 2019.⁸⁹

Recipient Profile

As of July 2021, 103,687 individuals were enrolled in the MinnesotaCare program. A majority of enrollees (about 53 percent) were adults without children and about 42 percent of enrollees were mainly parents and children ages 19 and 20 (most children 18 and under are eligible for MA). The remaining enrollees were enrollees covered under state-only funded MinnesotaCare.

⁸⁹ See [Laws of Minnesota 2019, First Special Session ch. 6](#), article 9, §§ 2 to 6.

**MinnesotaCare Enrollment
(July 2021)**



Source: DHS Reports and Forecasts Division, Monthly MinnesotaCare Program Enrollment Counts Statewide and by County

Subsidized Health Coverage through MNsure

MNsure, the state's health insurance exchange, was established by the Minnesota Legislature as part of implementation of the [Affordable Care Act \(ACA\)](#). Individuals who are not eligible for Medical Assistance (MA) or MinnesotaCare, with incomes that do not exceed specified guidelines, may be eligible for premium tax credits and cost-sharing reductions to purchase health coverage on a subsidized basis through MNsure. This section describes eligibility, covered services, enrollee premiums and cost-sharing, and other aspects of subsidized coverage available through MNsure. This chapter also describes some of the temporary changes in premium tax credit eligibility and amounts made by the American Rescue Plan Act of 2021 (Pub. L. No. 117-2).

Availability of Coverage through MNsure

Establishment and Role of MNsure

MNsure, the state's health insurance exchange, was established by the 2013 Legislature as part of implementation of the federal Affordable Care Act (ACA). MNsure was established as a state board and is governed by a seven-member board of directors (see [Minn. Stat. § 62V.04](#)).

The ACA requires health insurance exchanges to:

- facilitate access to individual and small group coverage through the offering of standard benefit and cost-sharing packages, referred to as qualified health plans;
- determine eligibility for premium tax credits and cost-sharing reductions; and
- determine eligibility for state public health care programs.

Plan Selection and Enrollment

Individuals may select and purchase a private sector health plan through MNsure or through a MNsure-certified insurance agent, and may also obtain assistance in selecting a plan from navigators and other assisters. Large group⁹⁰ and small group coverage is not currently available through MNsure.

For most individuals, coverage through MNsure is available only during an annual open enrollment period. The open enrollment period for 2022 coverage ran from November 1, 2021, through January 15, 2022. Individuals and families who experience a qualifying life event, such as birth or adoption, marriage, or loss of other health coverage (for reasons other than failing to pay premiums or turning down available coverage), are typically allowed to purchase coverage

⁹⁰ The ACA gave states the option to expand exchange coverage to include large employer groups in 2017; Minnesota has not implemented this option.

through MNsure outside of the open enrollment period and receive premium tax credits and cost-sharing reductions, if eligible.⁹¹

Qualified Health Plan Coverage

The ACA requires health coverage offered through an exchange to meet the standards of a qualified health plan, including standards related to covered benefits and cost-sharing. In addition, health coverage offered through an exchange must meet the regulatory requirements specified in state and federal law that apply to health coverage generally.

General Requirements

ACA standards for a qualified health plan include, but are not limited to:

- meeting certification standards established by the federal government, such as those relating to marketing practices, provider adequacy, quality measurement and improvement, and the use of standard forms;⁹²
- providing the essential health benefits package (described below);
- being offered by health insurers that meet specified requirements;⁹³ and
- meeting any state-specific standards for certification as a qualified health plan.⁹⁴

Essential Health Benefits

Qualified health plans must provide “essential health benefits” as required under the ACA. The ACA requires essential health benefits to include at least the following ten categories of items and services:

- ambulatory patient services
- emergency services
- hospitalization
- maternity and newborn care
- mental health and substance use disorder services, including behavioral health treatment
- prescription drugs

⁹¹ Persons who were uninsured or not covered through MNsure were able to purchase coverage for 2021 during a COVID-19-related special enrollment period that began February 16, 2021, and ended July 16, 2021.

⁹² See [42 U.S.C. § 18031](#) (c).

⁹³ For example, health insurers must be licensed by the state, offer at least one silver-level plan and one gold-level plan through the state exchange, and charge the same premiums for a plan inside and outside the exchange ([42 U.S.C. § 18021](#) (a)(1)(c)).

⁹⁴ Minnesota law contains a number of provisions that are intended to comply with more general ACA directives and requirements related to health plan certification and insurance regulation. In addition, state law authorizes MNsure to certify qualified health plans for participation in the exchange. To date, MNsure has selected all health plans that meet certification requirements to offer plans through the exchange.

- rehabilitative and habilitative services and devices
- laboratory services
- preventive and wellness services and chronic disease management
- pediatric services, including oral and vision care

The ACA allows each state to designate its essential health benefit package by choosing among four categories of benchmark plans, supplementing the benchmark plan as necessary to cover the ten categories of essential health benefits specified above.⁹⁵ Minnesota’s benchmark plan is the largest health plan by enrollment in the largest product in the state’s small group market; this is the default under federal law that applies because the state has not chosen a specific benchmark plan.

Cost-sharing

The ACA sets limits for cost-sharing under a qualified health plan. The ACA also prohibits health insurers from applying cost-sharing (e.g., copayments, coinsurance, or deductibles) to certain preventive services.⁹⁶ These requirements apply to policies issued both inside and outside the exchange.

Annual out-of-pocket limits for a qualified plan cannot exceed federal limits that apply to health savings account-qualified, high-deductible health plans. For 2022, these limits are \$8,700 for single coverage and \$17,400 for family coverage (limits are adjusted annually).

Certain low-income individuals, and American Indians and Alaska Natives, qualify for health coverage through the exchange with reduced, or no, cost-sharing (see section on cost-sharing reductions).

Actuarial Value and Metal Levels

The ACA requires insurers in the individual and small group markets to align their coverage to conform to one or more “metal levels” that correspond to different actuarial values. Actuarial value (AV) is an estimate of the percentage of medical expenses incurred by a typical enrollee that will on average be paid by the insurer.

The ACA metal levels, and corresponding actuarial values, are as follows: bronze (60 percent), silver (70 percent), gold (80 percent), and platinum (90 percent). As an example, the silver metal plan will pay 70 percent of the medical expenses of the typical enrollee; the remaining 30 percent would be the enrollee’s share of the cost of coverage. Plans with higher actuarial values will on average charge higher premiums but require less enrollee cost-sharing, while plans with

⁹⁵ [45 C.F.R. part 156.100](#).

⁹⁶ Section 2713 of the ACA requires health insurers to provide coverage, without cost-sharing, for certain preventive services recommended by specified professional medical bodies, such as the U.S. Preventive Services Task Force and the Institute of Medicine.

lower actuarial values will on average charge lower premiums, but require more enrollee cost-sharing. As of coverage year 2021, no platinum plans were offered through MNSure.

Other Insurance Requirements

Qualified health plans must comply with other applicable federal and state health insurance requirements. The ACA, for example, requires plans to cover dependents up to age 26, requires guaranteed issue and renewal, sets loss ratios, and limits the extent to which plans can impose annual maximum dollar limits for coverage. These requirements apply uniformly to all health carriers and health plans in the individual and small group markets, whether the plan is offered through MNSure or directly by an insurer. More recently, the Families First Coronavirus Response Act (Pub. L. No. 116-127) has required most private sector health plans (including qualified health plans) to cover COVID-19 testing, administration, and related items and services without enrollee cost-sharing, if furnished during the COVID-19-related public health emergency declared by the Secretary of Health and Human Services.

Subsidies for the Purchase of Qualified Health Plans

Individuals who are not eligible for MA, MinnesotaCare, or other specified types of health coverage determined to be affordable, and who have incomes⁹⁷ that are greater than 200 percent of the federal poverty guidelines (FPG) for their tax household size, may be eligible to receive premium tax credits for coverage in calendar years 2021 and 2022 to subsidize the purchase of health coverage through MNSure. Prior to calendar year 2021, persons with incomes greater than 400 percent of FPG were not eligible for premium tax credits; the American Rescue Plan Act (ARPA) of 2021 temporarily suspended this upper income limit. Barring further law changes, the upper income limit will once again apply beginning in 2023.

Individuals who meet the eligibility requirements for premium tax credits and have incomes greater than 200 percent but less than or equal to 250 percent of FPG may also be eligible to receive subsidies to reduce enrollee cost-sharing. The cost of providing premium tax credits is borne by the federal government.

Eligibility for Premium Tax Credits

In order to be eligible for a federal premium tax credit through MNSure, individuals must:

- be enrolled in a qualified health plan through MNSure;
- not be eligible for other specified health coverage;
- have an income greater than 200 percent of FPG; and
- attest that they will file a federal income tax return.

⁹⁷ Income eligibility for premium tax credits and cost-sharing subsidies is determined using modified adjusted gross income (MAGI). MAGI is defined as adjusted gross income increased by: (1) the foreign earned income exclusion; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax (I.R.C. § 36B).

The premium tax credit is refundable—it is available to all who are eligible, even persons with little or no income tax liability. Refundable credits in excess of tax liability are paid as refunds.

Coverage through MNsure. In order to receive a premium tax credit, an individual must be enrolled in a qualified health plan through MNsure. This means that a person must meet the following eligibility criteria:

- be lawfully present in the United States (a citizen or lawfully present noncitizen)
- meet Minnesota state residency standards
- not be incarcerated

Not eligible for other health coverage. To be eligible for a premium tax credit, an individual must not be eligible for health coverage that is considered “minimum essential coverage” under the ACA. Minimum essential coverage includes, but is not limited to, coverage through Medicaid, the basic health program, Medicare, other government programs, and employer-sponsored coverage, except that persons may be eligible for subsidies if they have employer-sponsored coverage that is unaffordable (premiums for the employee cost more than 9.61 percent of household income for calendar year 2022⁹⁸) or does not provide minimum value (the plan covers less than 60 percent of total average health care costs).

Meet program income limit. In order to be eligible for premium tax credits, individuals must have an income that is greater than 200 percent of FPG (see table below for FPG dollar amounts for different household sizes). The ACA sets a floor of 100 percent of FPG for eligibility for premium tax credits, but also provides that persons eligible for minimum essential coverage or a basic health program (such as MinnesotaCare) are not eligible for premium tax credits. This means that in Minnesota, adults with incomes less than or equal to 200 percent of FPG are not eligible for premium tax credits because they are eligible for MA or MinnesotaCare.⁹⁹ Similarly, most children with incomes not exceeding 275 percent of FPG (ages 2 to 18) or 283 percent of FPG (children under age 2) are not eligible for premium tax credits because they are eligible for MA.

File a federal income tax return. Individuals must attest that they are going to file a federal income tax return to qualify for a premium tax credit, since the tax credits are administered through the federal tax system.

⁹⁸ This percentage is indexed annually. The IRS final rule on eligibility for premium tax credits determines affordability for related individuals (i.e., family members) based on the cost of the employee premium for self-only coverage. If the affordability percentage is met for this employee self-only coverage, both the employee and family members are ineligible for premium tax credits, regardless of the cost of dependent or family health coverage. This is sometimes referred to as the “family glitch.” (I.R.C. § 1.36B-2).

⁹⁹ The MA income limit for parents, caretakers, children 19 to 20, and adults without children is 133 percent of FPG. MinnesotaCare is available to persons with incomes greater than 133 percent of FPG but not exceeding 200 percent of FPG. Lawfully present noncitizens who are not eligible for MA due to immigration status may be eligible for MinnesotaCare, and would then not be eligible for advanced premium tax credits and cost-sharing subsidies through MNsure.

**Income Limit for Premium Tax Credits
(Effective 1/1/21 to 12/31/21)**

Family Size	> 200% FPG
1	\$25,520
2	34,480
3	43,440
4	52,400
5	61,360
6	70,320
7	79,280
8	88,240

Source: Minnesota Department of Human Services

Amount of Premium Tax Credit

The amount of premium tax credit that an eligible individual (i.e., the taxpayer) receives varies from household to household, based upon the annual household income of the individual (and any tax dependents) and other factors.

The maximum premium tax credit amount is equal to the difference between the premium cost of the benchmark plan and the expected premium contribution for the individual or family. If the premium cost of the benchmark plan is less than the dollar amount of the expected premium contribution, no premium credit is provided.

The *benchmark plan* is the second lowest cost silver plan in the individual's (or family's) geographic area. A silver plan is one that has an actuarial value of 70 percent (i.e., covers on average at least 70 percent of medical expenses). Minnesota has designated nine geographic areas for purposes of setting insurance premium rates.

The *expected premium contribution* is the amount of income an eligible individual or family is expected to contribute toward the cost of health coverage for the household before a premium tax credit is made available. The amount is determined by multiplying household income by a percentage that, for 2021 and 2022 in Minnesota, varies from 2.0 percent to 8.5 percent based on a sliding scale. The ARPA increased the premium tax credit amount across income levels for 2021 and 2022 by reducing the percentage of income a household is expected to contribute from what would have applied for 2021 under prior values (see table below).

Sliding Scale for Expected Premium Contribution

Household income as % of FPG	Expected Premium Contribution, as % of Household Income – 2021 prior to ARPA	Expected Premium Contribution, as % of Household Income – 2021 and 2022 under the ARPA
At least 200 but less than 250	6.53 – 8.33	2.0 – 4.0
At least 250 but less than 300	8.33 – 9.83	4.0 – 6.0
At least 300 but not greater than 400	9.83	6.0 – 8.5
Greater than 400	N/A	8.5

Note: The ACA sets expected premium contributions, ranging between 0 percent and 2.0 percent of income for 2021 and 2022, for households with incomes at or below 200 percent of FPG. These contribution percentages do not apply in Minnesota, since persons at this income level are not eligible for premium tax credits through MNSure and instead are eligible for coverage through MA or MinnesotaCare.

Subject to the maximum premium tax credit amount, the *premium tax credit* that a specific individual receives is the difference between the premium for the plan purchased by the individual and the expected premium contribution for the individual or family.

While the maximum amount of the premium tax credit is fixed based on the calculation relative to a specific benchmark plan, the premium tax credit is available regardless of the cost or metal level of the plan chosen. Persons who choose a higher cost plan, relative to the benchmark plan, will pay higher premiums out-of-pocket, after application of the premium tax credit. Persons who choose a lower cost plan, relative to the benchmark plan, will pay lower premiums out of pocket, after application of the premium tax credit.

As of July 18, 2021, the average monthly premium tax credit per household for coverage through MNSure was \$507.15. MNSure projects that Minnesotans will receive about \$249 million in premium tax credits for coverage in 2021.¹⁰⁰

Administration and Reconciliation of Tax Credits

Individuals apply for premium tax credits and cost-sharing subsidies through MNSure. Persons eligible for the tax credit may claim the credit in advance or may obtain the credit when filing a federal income tax return for the tax year in which the credit applies. If a person claims the credit in advance, the federal government pays the estimated credit directly to the insurance company from whom the person receives coverage through a qualified health plan. The insurance company then reduces the premium by the amount of the credit, and the person must pay the balance of the premium to the insurance company.

¹⁰⁰ MNSure Enrollment Dashboard, prepared for the MNSure Board of Directors meeting, June 21, 2021.

The amount of premium tax credits received in advance is based on an estimate of household income¹⁰¹ expected for the year. The final amount of premium tax credits is based on actual household income as reported on the taxpayer's tax return. This means that persons who receive advance premium tax credits must "reconcile" the estimated and final amounts as part of the federal tax filing process. Households whose actual income for the year is higher than estimated income may need to pay back some or all of the advance premium tax credits received (e.g., by having the amount subtracted from any tax refund, or by payment of the amount to the IRS if no refund is received).¹⁰² Households whose actual income is lower than the estimated income may get a refund when filing taxes, or have the amount of taxes owed reduced by the amount of underpayment of the tax credit.

The amount of excess advance premium tax credits that must be repaid by taxpayers with household incomes less than 400 percent of FPG is limited by a dollar cap that increases with income.¹⁰³ Taxpayers with household incomes equal to or greater than 400 percent of FPG must repay the full amount owed.

Cost-sharing Reductions

Individuals purchasing coverage through MNsure are subject to deductibles, copayments, and other cost-sharing requirements that vary with the actual health plan purchased, subject to an annual out-of-pocket limit. Persons who receive premium tax credits, with incomes greater than 200 percent but not exceeding 250 percent of FPG,¹⁰⁴ qualify for an enhanced silver health plan that provides reductions in enrollee cost-sharing sufficient to increase the plan's actuarial value to 73 percent (the actuarial value for a regular silver plan is 70 percent). A health insurer has flexibility in how it achieves this higher actuarial value of 73 percent—it may reduce the annual out-of-pocket limit, reduce deductibles, or reduce copayments or coinsurance, or implement any combination of these cost-sharing reductions.

Eligible individuals do not have to take action to receive a cost-sharing reduction; if they purchase coverage through MNsure and select a silver plan, they are simply enrolled in a silver plan that incorporates the cost-sharing reduction. Cost-sharing reductions are only available to eligible persons who select a silver plan.

¹⁰¹ The income measure used to calculate eligibility for premium tax credits is modified adjusted gross income (MAGI). MAGI is defined as adjusted gross income increased by: (1) foreign earned income exclusion; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax (I.R.C. § 36B).

¹⁰² The ARPA suspended the requirement to repay excess premium tax credits for the 2020 tax year.

¹⁰³ For married couples filing jointly, the dollar cap based on income as a percentage of FPG for repayment of premium tax credits received in 2021 is as follows: (1) less than 200 percent of FPG, \$650; (2) at least 200 percent but less than 300 percent of FPG, \$1,600; and (3) at least 300 percent but less than 400 percent of FPG, \$2,700. The dollar cap for single tax filers is one-half of the amount that applies to joint filers. These dollar caps are adjusted to reflect changes in the Consumer Price Index. See [26 U.S.C. § 36B](#), subsection (f).

¹⁰⁴ The ACA also provides cost-sharing reductions to persons with incomes at or below 200 percent of FPG. These reductions do not apply in Minnesota, since persons at this income level are not eligible for subsidized coverage through MNsure and instead are eligible for coverage through MA or MinnesotaCare.

American Indians and Alaska Natives with household incomes that do not exceed 300 percent of FPG are exempt from cost-sharing altogether (they receive a 100 percent cost-sharing reduction plan at all metal level choices) if they enroll in a plan with only other American Indians or Alaska Natives. American Indians and Alaska Natives with incomes greater than 300 percent of FPG are exempt from cost-sharing for services received at Indian Health Service facilities and tribal and urban Indian organization providers, or for essential health benefits received as a result of a referral from these providers.

In contrast to premium tax credits, eligibility for a cost-sharing reduction does not change to reflect differences in estimated and actual income, and there is no requirement for financial reconciliation at the end of a coverage year.

Financing Subsidized Coverage

Under the ACA, the cost of providing premium tax credits for the purchase of qualified health plans is borne by the federal government. Premium tax credit payments are made by the federal government directly to health insurers (if a recipient chooses to receive the payments in advance) or to the recipient through the tax-filing process (if the recipient does not elect to receive the tax credit in advance).

The cost of providing cost-sharing reductions is borne by the insurers, who may recover these costs through insurance premiums. The federal government had initially reimbursed insurers for cost-sharing reductions, but due to federal court action and action by the Trump administration, payments to insurers were eliminated in October 2017.¹⁰⁵

Enrollment Statistics

As of July 18, 2021, 142,445 individuals had selected a qualified health plan through MNsure. An additional 112,776 individuals had newly enrolled through MNsure in MA and an additional 23,248 in MinnesotaCare.¹⁰⁶

As of July 18, 2021, 59 percent of households enrolled in a qualified health plan through MNsure received premium tax credits, and 12 percent of qualified health plan households received cost-sharing reductions.

¹⁰⁵ A federal district court ruled on May 12, 2016, that the U.S. Congress had not appropriated funding for cost-sharing reductions under the ACA, and that the use of unappropriated money to fund cost-sharing reductions would be enjoined. The court delayed enforcing the injunction, in part to allow for legislative action to provide funding. Absent legislative action, the Trump administration terminated payments for cost-sharing reductions, beginning with the payment scheduled for October 18, 2017.

¹⁰⁶ Statistics in this section are from the MNsure Enrollment Dashboard, prepared for the MNsure Board of Directors meeting, June 21, 2021. Enrollment numbers reflect cumulative sign-ups (both new and renewals) for 2021 coverage for the period of November 1, 2020, through July 18, 2021.

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Child Care Assistance

The Child Care Assistance Program (CCAP) is a federal-state program that reduces child care expenses for low-income, eligible families according to a sliding fee scale. The purpose of the assistance is to help parents with the cost of child care so that the parents can seek or retain employment or participate in education or training that leads to employment. Child Care Assistance is funded with federal, state, and county money. In Minnesota, Child Care Assistance is divided into subprograms: Minnesota Family Investment Program (MFIP) assistance; transition year assistance; and Basic Sliding Fee (BSF) assistance.

Administration

Congress

The 1996 federal welfare reform law (Pub. L. No. 104-193) established the current structure of the CCAP. Under the current structure, Congress provides monetary support to Child Care Assistance through various streams, which are often collectively referred to as the Child Care and Development Fund (CCDF). The federal Child Care and Development Block Grant (CCDBG) Act establishes the rules governing the CCDF and sets out the rules for operation of Child Care Assistance in the states.¹⁰⁷ The CCDBG Act of 2014 is the most recent reauthorization of the CCDBG Act, and it sets out the following seven purposes for Child Care Assistance:

- 1) to allow states to have maximum flexibility in developing their Child Care Assistance programs
- 2) to promote parental choice in regard to child care services
- 3) to encourage states to help parents make informed choices about child care by providing information and education
- 4) to assist states in delivering high-quality early care and education to parents trying to become independent of public assistance
- 5) to assist states in implementing health, safety, licensing, and registration standards
- 6) to improve child care and development of children receiving assistance
- 7) to increase the number and percentage of children from lower-income families in high-quality child care settings

U.S. Department of Health and Human Services (DHHS)

The CCAP is administered by the Office of Child Care in the Administration for Children and Families in the U.S. Department of Health and Human Services (DHHS). DHHS issues federal rules and guidance governing the program, oversees implementation of the rules and the

¹⁰⁷ The CCDBG Act is codified at [42 U.S.C. §§ 9858](#), et seq.

guidance, and provides technical assistance to states, counties, and tribes. To receive money from the CCDF, each state is required to submit to DHHS a state plan covering a two-year period. The plan must describe how the state is implementing components of the program, including the provision of parental choice of providers and unlimited parental access to children in child care; provisions to record parental complaints; consumer education; compliance with state licensing requirements and health and safety requirements; and provisions to meet the needs of certain groups, such as families attempting to transition off cash assistance programs through work.

Minnesota Legislature

The Minnesota Legislature established statewide Child Care Assistance to subsidize the cost of child care for welfare recipients and other low-income families in 1985. The assistance has evolved in response to the 1996 federal welfare reform law and other federal and state laws. Currently, Minnesota's CCAP law is primarily found in [Minnesota Statutes, chapter 119B](#). The chapter lays out how the CCAP operates in the state, including establishing Child Care Assistance rates and authorizing the commissioner of the Minnesota Department of Human Services (DHS) to receive, administer, and expend funds from the CCDF and adopt rules for Child Care Assistance. The Minnesota Legislature appropriates money from the state's general fund to the CCAP.

Minnesota Department of Human Services (DHS)

Federal law requires that a state's governor designate a lead agency to administer the state's CCAP. The Minnesota Department of Human Services (DHS) is the state's lead agency. DHS is responsible for supervising county administration of CCAP, coordinating CCAP appropriations, maximizing the use of federal Child Care Assistance funds, and developing the state plan that is required under federal law, among other duties. DHS provides training and technical support services to counties and tribes and has adopted administrative rules and policies that govern many aspects of the CCAP. The rules are found in [Minnesota Rules, chapter 3400](#), and include defining family eligibility for CCAP; providing for payment methods for CCAP subsidies; and establishing administrative responsibilities for counties. DHS also reimburses counties and tribes for the cost of Child Care Assistance and allocates funding to counties and tribes for the basic sliding fee (BSF) program according to a formula in [Minnesota Statutes, section 119B.03](#).

Counties and Indian Tribes

In Minnesota, counties administer the CCAP under the supervision of DHS. County duties include accepting families' applications and determining their eligibility for assistance, determining the eligibility of child care providers to accept payment under the program, claiming funding for Child Care Assistance from DHS, and reimbursing providers for care provided.

Counties are also required to use local funding sources to make a financial contribution to the CCAP. Each county must submit a child care fund plan to DHS. The plan must certify that the county has not used money from the child care fund to supplant other available federal and state funding sources, but has maintained a comparable level of effort.

State law allows DHS to contract with an Indian Tribe with a reservation in Minnesota to administer Child Care Assistance in a Tribe's areas.¹⁰⁸ Under these contracts, the tribes carry out the duties expected of a county, and a portion of Child Care Assistance funding is transferred from counties in which the tribes' reservations are located to the tribes for purposes of administering the program. As of the date of this report, DHS contracts with two tribes—the White Earth Nation and the Red Lake Nation.

Child Care Assistance Subprograms

In Minnesota, the CCAP is divided into subprograms: Minnesota Family Investment Program (MFIP) assistance; transition year assistance; and Basic Sliding Fee (BSF) assistance. The subprograms are largely governed and administered in the same way, but there are important distinctions among the subprograms related to eligibility and financing.

The differences in eligibility are described in the section “Child and Family Eligibility Requirements.” The primary differences in financing are described here.

MFIP Child Care Assistance, which provides child care subsidies to eligible MFIP families who participate in authorized activities, is fully funded. This means that everyone who is eligible for MFIP Child Care Assistance receives it. The projected cost of MFIP Child Care Assistance is included in Minnesota Management and Budget's forecast of revenue and expenditures each November and February. Transition year assistance provides assistance to families who are eligible for Child Care Assistance but are no longer eligible for MFIP; this program is fully funded and is generally considered part of MFIP Child Care Assistance when discussing financing structures.

BSF Child Care Assistance provides Child Care Assistance for families who are not participating in MFIP or receiving Transition Year Child Care Assistance. In 1989, the legislature separated the funding for the BSF program from the funding that provided Child Care Assistance as an entitlement for eligible families receiving welfare and set a limited and capped funding allocation for BSF assistance. Since then, participation in BSF has been limited by available funds, and not everyone who is eligible for BSF assistance receives it. Families may end up on a waiting list for BSF if funding is insufficient. See the section “Basic Sliding Fee Waiting Lists” for more information.

At-Home Infant Child Care Program

In 1997, the Minnesota Legislature established the At-Home Infant Child Care (AHICC) Program. The AHICC Program provided subsidies to BSF-eligible families with infants who care for the infants at home in lieu of receiving a subsidy for child care received outside the home. The program was in effect for about ten years, but as of July 1, 2007, the program has not been funded and all applications for the program are denied.

¹⁰⁸ This state allowance is in addition to federal law that requires DHHS to reserve a portion of the funding available under the CCDBG Act for grants to or contracts with Indian Tribes that apply to DHHS to administer Child Care Assistance programs (42 U.S.C. § 9858m(a)(2)).

Child and Family Eligibility Requirements

Children and their families must be categorically and financially eligible for Child Care Assistance. Eligibility is redetermined no more frequently than once every 12 months, which means that, in general, once a family is determined eligible for Child Care Assistance, the family remains eligible for 12 months.¹⁰⁹

Categorical Eligibility

A child is categorically eligible for Child Care Assistance if the child is under the age of 13 (or 15 if the child is disabled), meets citizenship requirements,¹¹⁰ and the child's family:

- has all parents (or one parent in a single-parent household) participating in an authorized activity;¹¹¹
- documents income eligibility, residence, relationship of child to parent, and the authorized activities that require Child Care Assistance;
- applies for Child Care Assistance in the county where they live;
- selects a legal child care provider (including a legal nonlicensed provider);
- cooperates with the establishment of paternity and enforcement of child support obligations for all children in the family and assigns the child care portion of support to the state; and
- meets the following subprogram-specific requirements:
 - to receive MFIP Child Care Assistance, the family must participate in MFIP or DWP (including through Family Stabilization Services) or meet the requirements to receive MFIP assistance as a student parent;¹¹²
 - to receive transition year assistance, the family must have closed out of MFIP or DWP but have received MFIP or DWP for at least one of the six months prior to closing out;
 - to receive transition year extension assistance, a family's transition year period must have ended, the family must continue to be eligible for assistance, and the family must be on the waiting list for BSF assistance; and

¹⁰⁹ There are several reasons a family may lose eligibility for Child Care Assistance while the family is in the 12-month period before redetermination. For example, a family may lose eligibility before redetermination if the family does not pay its required copayment. For more details, see section 8.15 of the Child Care Assistance Program (CCAP) Policy Manual.

¹¹⁰ To be eligible for Child Care Assistance, children must be citizens or have an accepted immigration status, or use the subsidy for care in a setting that is subject to public educational standards (e.g., Head Start or a prekindergarten program operated under public educational standards).

¹¹¹ This requirement does not apply to a parent who is unable to meet the requirement, per the determination of a licensed physician, licensed psychologist, or a social services agency. Also, as of September 21, 2020, homeless applicants are exempt from the work, education, and training participation requirements for three months from the date the county receives the application.

¹¹² Families who participate in MFIP or DWP and forego the cash assistance grant may receive MFIP Child Care Assistance if they are otherwise eligible.

- to receive BSF Child Care Assistance, a family must not currently participate in MFIP or DWP or be in a transition year.

For the purposes of determining eligibility for the CCAP, “family” includes:

- individuals living in the same home including parents, stepparents, guardians and their spouses, other eligible relative caregivers and their spouses, and dependent children under the age of 18 who are related by blood or adoption;
- parents, stepparents, guardians and their spouses, and other relative caregivers and their spouses temporarily absent from the home for school, military service, or rehabilitation programs;
- dependent children under age 18 who are temporarily absent from the home for school, foster care, or residential treatment; and
- adults age 18 or older who meet the definition of family, are attending high school or postsecondary school, and receive 50 percent or more of their income from family members living in the same household.

Authorized Activities

For a child and family to be eligible to receive Child Care Assistance, parents must participate in authorized activities. In general, authorized activities for Child Care Assistance include employment, job search, training, and education, but some requirements—such as the number of hours a parent must work in order to be eligible for assistance—vary in scope. For example, nonstudents must work at least an average of 20 hours per week to be eligible for assistance, and full-time students must work at least an average of ten hours per week (if they are seeking Child Care Assistance for employment). See section 4.6 of the Child Care Assistance (CCAP) Policy Manual for detailed information.

For a minor parent living with relatives, “family” includes only the minor parent or parents and their children.

Financial Eligibility

Financial eligibility for Child Care Assistance is based on a family’s income and assets.

Income

To receive MFIP Child Care Assistance, a family must be income eligible for the MFIP cash assistance program (see page 14), and the family must have income at or below 67 percent of the state median income (SMI) for its family size at program entry. To receive transition year assistance or BSF assistance, a family must have income at or below 47 percent of the SMI, adjusted for family size, at program entry. During the 12-month period before a family’s eligibility is redetermined, all families become ineligible for Child Care Assistance if their income increases above 85 percent of SMI for their family size. At redetermination, all families become ineligible for Child Care Assistance if their family income is above 67 percent of SMI for their family size. The following table shows income adjusted for family size for each of the income eligibility points.

**Income Eligibility for Child Care Assistance in Minnesota by Family Size
as of October 4, 2021**

% of SMI	Family Size					Eligibility Criterion
	2	3	4	5	6	
47%	\$36,096	\$44,589	\$53,083	\$61,576	\$70,069	For non-MFIP/DWP families, income must be at or below these amounts to be eligible at application.
67%	\$51,457	\$63,564	\$75,671	\$87,779	\$99,886	For MFIP/DWP families, income must be at or below these amounts to be eligible at application. For all families, income must be at or below these amounts to remain eligible at redetermination.
85%	\$65,281	\$80,640	\$96,001	\$111,361	\$126,721	For all families, if income is above these levels during the eligibility period between redeterminations, the family loses eligibility.

Source: Minnesota Department of Human Services, Minnesota Child Care Assistance Program Copayment Schedules, DHS-6413J-ENG 10-21.

Notes: The source document includes eligibility dollar amounts for family sizes up to 13.

Annual income is the basis for determining income eligibility for Child Care Assistance.

“Income” includes earned income, unearned income, and public assistance cash benefits, including MFIP, DWP, MSA, GA, refugee cash assistance, and child support distributed to the family. Income deductions include funds used to pay for health insurance premiums for family members and child or spousal support paid to or on behalf of a person or persons who live outside the household.

Families with self-employment income may choose to determine their self-employment as either: (1) one-half of gross earnings from self-employment; or (2) taxable income as determined from an IRS tax form filed for the most recent year and according to guidance provided for SNAP.

Definitions of “Earned” and “Unearned” Income

Earned income for wage and salary employees is the total amount of income from employment before any payroll deductions. It includes:

- salaries and wages;
- tips and gratuities;
- commissions and bonuses;
- employer payments for accrued vacation and sick leave;
- profits earned by an individual;
- severance pay based on accrued leave time;
- payments from training programs at a rate at or greater than the state’s minimum wage; and
- royalties, honoraria, or other profit from activity resulting from the participant’s work, service, effort, or labor.

Unearned income includes:

- interest and dividends;
- capital gains from any sale of real property;
- proceeds from rent payments in excess of the principal and interest owed on the property;
- income from certain trusts;
- interest income from loans made by the household;
- cash prizes and winnings;
- unemployment insurance income that is received by certain adult members of the household;
- retirement, survivors, and disability insurance payments;
- certain nonrecurring income over \$60 per quarter;
- retirement benefits;
- cash assistance benefits;
- tribal per capita payments, unless excluded by federal and state law;
- income from members of the U.S. armed forces, unless excluded from income taxes;
- income and payments from service and rehabilitation programs that meet or exceed the state’s minimum wage rate;
- support payments for child support and spousal support; and
- workers’ compensation.

Lump sum payments are treated as earned or unearned income depending on the source of the payment. Rental income is earned or unearned income, depending on the amount of time the owner spends on property maintenance or management. If the owner spends at least 20 hours per week maintaining or managing the rental property, then the rental income is earned and is considered self-employment income.

Assets

To be eligible for the CCAP, a family’s assets cannot exceed \$1,000,000.¹¹³ This asset limit is in effect at application, during the 12-month period before redetermination, and at redetermination.

If a family declares their assets are \$1,000,000 or less, then the family meets the asset limit requirement with no further verification needed. If a family declares assets over \$1,000,000, then the family's assets must be evaluated to determine if their countable assets are more than \$1,000,000. The value of the following are considered countable assets:

- cash held by all family members;
- value of bank accounts held by all family members;
- value of stocks, bonds, pensions, and retirement accounts held by all family members, unless there is a penalty for early withdrawal;
- value of all vehicles beyond one vehicle per family member who is age 16 or older; and
- real property other than the property the family lives on, real property that is homesteaded, and property used for self-employment or self-support.

Eligible Child Care Providers

The types of child care providers that are eligible to accept Child Care Assistance payments are listed below.

Child Care Providers Eligible to Receive Child Care Assistance Payments in Minnesota

Eligible Child Care Provider	Share of Child Care Assistance Recipients in Minnesota in FY 2020
Family child care providers licensed under Minnesota Statutes, chapter 245A —these are licensed, residential child care programs	14.1%
Child care centers licensed under Minnesota Statutes, chapter 245A —these are licensed, nonresidential child care facilities	74.0%
Certified, license-exempt child care centers, as defined in Minnesota Statutes, chapter 245H —these are programs for children (e.g., preschool programs offered by public schools, recreation programs offered by a parks and recreation board) that are license-exempt but must be certified to receive Child Care Assistance payments	10.7%
Legal, nonlicensed child care providers, as defined in Minnesota Statutes, section 119B.011 —these are providers who are not required to have a license and who can care only for related children and children from a single, unrelated family	1.2%

Source: Data on the share of children who used the types of providers is from Minnesota Department of Human Services, Minnesota Child Care Assistance Program State Fiscal Year 2020 Family Profile, DHS-6664H-ENG 1-21.

¹¹³ The asset limit is in federal law ([42 U.S.C. § 9858n\(4\)](#)). States are allowed to set the asset limit at any amount lower than \$1,000,000.

Families' Benefits and Financial Responsibilities

Benefits

The subsidy amount a family receives for Child Care Assistance depends on a variety of factors, including the child's age and disability status, the amount of a family's required copayment, and the cost of child care in the area in which a child receives care. A family cannot exceed 120 hours of subsidized care in a two-week period for each eligible child. In addition to receiving a subsidy for child care, a family may also be reimbursed for up to two child care registration fees per year for each eligible child.

Benefit duration varies according to subprogram and authorized activity. In general, families may receive MFIP Child Care Assistance for as long as they participate in MFIP and engage in authorized activities; however, participation in MFIP is limited to 60 months in a lifetime (with some exceptions). Eligible families may receive 12 consecutive months of Transition Year Child Care Assistance when they are no longer MFIP-eligible. After the 12 months, the family can receive a transition year extension for as long as the family remains eligible for assistance and is on a BSF waiting list. Families may receive assistance through the BSF program for eligible children for as long as the family is income-eligible and engaged in an authorized activity, except that student assistance under the BSF program is limited to the amount of time necessary to complete a degree program. All Child Care Assistance for job search activities for families without an employment plan is limited to 240 hours per year.

Financial Responsibilities

Families who receive Child Care Assistance are assessed a biweekly copayment based on a family's income. A family's copayment is set for an entire 12-month period at application and then recalculated at redetermination. The amount of the copayment is based on family size and annual family income – the number of children requiring child care and a family's choice of child care provider do not influence a family's copayment. The copayment starts as a flat dollar amount and then becomes a percentage of income. The copayment is \$0 for families with income under 75 percent of the federal poverty level (FPL) and then gradually increases to 14.0 percent of income until the family's income is above 67 percent of SMI and the family is no longer eligible for assistance.

If a family selects a child care arrangement that costs more than the maximum allowed subsidy, then the family is responsible for any amount over the approved subsidy, in addition to the family's copayment. Additionally, a family is responsible for the portion of a child care provider's registration fees that exceed the maximum amount allowed for registration fees.

Basic Sliding Fee Waiting List

BSF Child Care Assistance receives a capped state appropriation. When money is unavailable through the BSF program, a county must maintain and periodically update a waiting list of eligible applicants. As money becomes available, families receive BSF assistance according to the priority list in [Minnesota Statutes, section 119B.03](#). As of July 1, 2021, the priority list is temporarily changed. The following table shows the temporary priority list that is in effect

through May 31, 2024, and the permanent priority list that was previously in effect and will become effective again starting June 1, 2024 (absent any legislative changes).

Priority List for Minnesota's Basic Sliding Fee Child Care Assistance Program

Group	Priority Rank	
	Permanent	Temporary
The child care needs of eligible non-MFIP families who do not have a high school diploma or GED or who need remedial and basic skill courses in order to pursue employment and who need Child Care Assistance to participate in the education program	1	1
Families who have completed their MFIP or DWP transition year	2	5
Families who do not meet the specifications of the other priority categories	Not on the list	3
Families who have moved to a county with a waiting list from a county where they received BSF assistance (portability pool)	3	4
Families in which at least one parent is a veteran	4	2

Source: [Minnesota Statutes, section 119B.03](#).

Notes: The temporary priority list is in effect July 1, 2021, through May 31, 2024.

The number of families on the BSF waiting list varies from month to month. During fiscal year 2021, the number of families on the waiting list decreased from 1,506 families in 17 counties in July 2020 to 534 families in six counties in June 2021.

In an effort to expand the availability of BSF assistance and reduce the waiting list, DHS allocated \$40 million dollars from the federal Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA; Pub. L. No. 116-260), to the BSF program for fiscal years 2021 through 2023 (\$10 million in fiscal year 2021, \$16 million in fiscal year 2022, and \$14 million in fiscal year 2023). Additionally, the 2021 Legislature directed DHS to allocate money from the federal American Rescue Plan Act (ARPA; Pub. L. No. 117-2) to several Child Care Assistance policies, including to the BSF program to reduce the number of families waiting for BSF assistance.

Provider Payment Rates

A child care provider who cares for children who receive Child Care Assistance is reimbursed according to the rate and registration fee set by the legislature.

Maximum Reimbursement Rate

DHS is required to conduct a survey of prices charged by child care providers in Minnesota every three years, and the maximum reimbursement rate is set in accordance with the results of this survey. As of November 15, 2021, there are two rates: a rate for infants and toddlers and a rate for preschool and school-age children. The rate for infants and toddlers is the greater of

the 40th percentile of the 2021 child care provider rate survey or the rates in effect at the time of the update. The rate for preschoolers and school-age children is the greater of the 30th percentile of the 2021 survey or the rates in effect at the time of the update. Both rates are set to update to the 2024 survey in January 2025.

The maximum reimbursement rates vary by several factors. One factor is location; rates are set by county. A second factor is type of child care provider. There are different rates for licensed family child care providers, child care centers, and legal, nonlicensed family child care providers.¹¹⁴ A third factor is the age of the child receiving assistance. The rates are highest for infants and decrease as children age. DHS sets hourly, daily, and weekly reimbursement rates based on these factors. To provide an example of how the maximum reimbursement rates vary by these factors, the following table shows the rates for infants and school-age children in two counties for family child care providers and child care centers.

**Selected Maximum Reimbursement Rates for Child Care Assistance
as of November 15, 2021**

Age Group	Family Child Care Provider			Child Care Center		
	Hourly	Daily	Weekly	Hourly	Daily	Weekly
<i>Aitkin County</i>						
Infant	\$3.60	\$35.00	\$160.00	\$3.65	\$36.00	\$170.00
School Age	\$3.00	\$27.00	\$125.00	\$3.25	\$30.00	\$125.00
<i>Anoka County</i>						
Infant	\$5.00	\$36.00	\$170.00	\$18.00	\$105.00	\$366.00
School Age	\$5.00	\$30.00	\$130.00	\$9.00	\$60.00	\$200.00

Source: Minnesota Department of Human Services, Minnesota Child Care Assistance Program Standard Maximum Rates – No Quality Differential, DHS 6441D-ENG 11-21.

The maximum reimbursement rates also vary under the following circumstances.

- **Special needs rates:** Providers are reimbursed for caring for children with disabilities or special needs at a different rate. The county in which the provider is located is instructed to set, with DHS approval, a rate based on a child's needs.
- **Rate differential for accreditation:** Providers that hold specified accreditations can earn a rate differential over the maximum reimbursement rate of 15 percent, up to the actual provider rate. The commissioner must annually publish a list of approved accrediting organizations and must reassess approved accreditations every two years.

¹¹⁴ For licensed family child care providers and child care centers, the maximum reimbursement rates are set according to the results of the child care provider rate survey. For legal, nonlicensed family child care providers, the rates are 90 percent of the maximum hourly rate for licensed family child care providers in the same county.

- **Rate differential for Parent Aware rating:** Providers that have 3-star or 4-star Parent Aware ratings can earn a differential over the maximum reimbursement rate. For providers with 3 stars, it is 15 percent, and for providers with 4 stars, it is 20 percent, up to the actual provider rate.

History of Child Care Assistance Reimbursement Rates in Minnesota

The Child Care Assistance reimbursement rate and the method for determining it have changed several times since Minnesota established its Child Care Assistance Program in 1985. Since at least July 1999, the rate has been based on the results of a market rate survey, as is the rate currently. In 1999, the rate could not exceed the 75th percentile rate for similar arrangements in a county as surveyed by DHS. Statute did not dictate a schedule conducting the survey or specify a survey on which the rate must be based (e.g., “the most recent year” or the “1999 survey”).

Beginning July 1, 2005, the rate became the 100th percentile of the 2002 market rate survey, and DHS was instructed to conduct the survey at least once every two years. Over the next seven years, the rate and the frequency in which DHS was required to conduct the survey changed multiple times. Then, in 2012 and 2013, changes were made that would remain in place for several years. Beginning January 1, 2012, DHS was required to conduct the survey every two years, and beginning July 1, 2013, the rate would be based on the 25th percentile of the 2011 market survey.

In 2016, the federal government issued new rules governing how states set CCAP reimbursement rates. The rules require that a state sets rates in accordance with the results of the state’s most recent survey of prices charged by child care providers (which a state must conduct at least every three years) or in accordance with an alternative methodology developed by the state for estimating the cost of child care. If a state opts to set rates based on a survey of child care prices, the federal rules advise, but do not require, that a state uses the 75th percentile of child care rates in the state for the reimbursement rate.

In response to the 2016 federal rules, the 2018 Legislature directed DHS to conduct the state’s market survey every three years beginning with the 2021 survey, and the 2020 Legislature updated the survey year upon which the rate was based to the 2018 survey (rather than the 2011 survey). In an effort to ensure that the state would remain in compliance with the federal rule, the 2021 Legislature required the rate to be based on the 2021 survey and update to the 2024 survey once it is complete. The 2021 Legislature also increased the percentile on which the rate is based—from the 25th percentile set in 2013 to the 40th percentile for infants and toddlers and the 30th percentile for preschoolers and school-age children. The changes made by the 2021 Legislature went into effect November 15, 2021.

Maximum Registration Fee

If a child care provider charges a registration fee, a county is required to pay the registration fee for a child who is receiving assistance, up to a maximum amount that is set by the legislature. As of November 15, 2021, the maximum amount is the greater of the 40th percentile of the 2021 child care provider survey or the registration fee in effect at the time of update. The maximum registration fee is set to update to the 2024 survey in January 2025.

Funding and Expenditures

Federal, state, and county governments fund Child Care Assistance in Minnesota.

Federal Money

There are multiple federal funding streams for Child Care Assistance. The different federal streams are often referred to collectively as the child care and development fund (CCDF). All federal funds that flow through these streams must be used in accordance with the rules of the CCDBG Act and its implementing regulations.

- **Discretionary funds.** These amounts are subject to the federal annual appropriation process. The appropriated amount is allocated among states using a formula that takes into account: (1) each state's share of children under five years of age; (2) the state's share of children receiving free or reduced-price lunches; and (3) state per capita income. These funds do not have matching or maintenance of effort (MOE) requirements.
- **Mandatory funds.** Each state receives a fixed amount that is equal to the greater of the state's share of federal child care expenditures for federal fiscal years 1994 or 1995, or the average of the federal child care expenditures for federal fiscal years 1992 through 1994. (Federal fiscal year 1995 is the base year for Minnesota's mandatory funds.) These funds do not have matching or MOE requirements.
- **Matching funds.** Each state receives an allocation from the money available after the mandatory money has been awarded; this allocation is based on the state's share of children under 13 years of age. To be eligible for matching funds, a state must first spend the maintenance of effort that is equal to the state's own spending for base year child care (which is 1995 in Minnesota). State expenditures above the maintenance of effort level are matched at the federal medical assistance percentage (FMAP) up to a state's maximum allocation for that year.
- **Temporary Assistance for Needy Families (TANF) funds transferred by state choice to the CCDF.** A state is allowed, but not required, to transfer up to 30 percent of its TANF grant to the CCDF.¹¹⁵ This money does not have matching or MOE requirements.

State Money and County Money

The Minnesota Legislature annually appropriates money from the general fund for Child Care Assistance. County funds are also used for BSF assistance. Each county is required to contribute a fixed match that is based on a county's required contribution for the program in calendar year 1996. Counties may choose to provide additional funding for child care programs through their general funds.

¹¹⁵ 42 U.S.C. § 604(d).

Expenditures

Total projected spending on direct services for Child Care Assistance in Minnesota is expected to be around \$318 million in each of fiscal years 2022 to 2025. The following table shows the federal, state, and county contributions to the projected spending. It is projected that in fiscal year 2022, the federal government will fund about 52.6 percent of direct service costs, the state will fund about 46.5 percent, and counties will fund about 0.9 percent.¹¹⁶

Projected Direct Service Payments for Child Care Assistance in Minnesota (FY 2022 – FY 2025)

Fiscal Year	Total Direct Service Payments (in thousands)	Federal Share		State Share		County Share	
		Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
2022	\$321,956	\$169,354	52.6%	\$149,661	46.5%	\$2,941	0.9%
2023	\$318,966	\$159,673	50.1%	\$156,352	49.0%	\$2,941	0.9%
2024	\$317,298	\$123,362	38.9%	\$190,995	60.2%	\$2,941	0.9%
2025	\$318,351	\$123,362	38.8%	\$192,048	60.3%	\$2,941	0.9%

Source: Minnesota Department of Human Services, Background Data Tables for February 2021 Forecast.

Notes: MFIP Child Care Assistance includes transition year and transition year extension families.

Recipient Profile

In fiscal year 2020, an average of 14,668 families received Child Care Assistance each month. The average monthly child care payments per family were \$1,397. Average monthly enrollment was similar in MFIP and BSF Child Care Assistance.

Child Care Assistance Caseload and Direct Service Payments (FY 2020)

Program	Average Number of Families Enrolled Each Month	Average Number of Children Enrolled Each Month	Average Monthly Child Care Payments per Family
MFIP Child Care Assistance	7,308	14,975	\$1,598
BSF Child Care Assistance	7,361	14,228	\$1,198
All Child Care Assistance	14,668	--	\$1,397

Sources: Minnesota Department of Human Services, Minnesota Child Care Assistance Program, State Fiscal Year 2020 Family Profile, DHS-6664H-ENG 1-21.

¹¹⁶ As noted earlier, the required county contributions are for the BSF program. The 0.9 percent represents the county share for the entire program; the county share is 2.3 percent when looking at BSF program expenditures.

Notes: The data sources do not provide the average number of children enrolled in the entire program each month. MFIP Child Care Assistance includes transition year and transition year extension families.

In fiscal year 2020, about 37.1 percent of children who received Child Care Assistance were aged 6 to 14 years old, and 61.7 percent were under the age of six:

- 15.6 percent were 0-1 year old;
- 24.8 percent were 2-3 years old; and
- 22.5 percent were 4-5 years old.

The majority of families who received Child Care Assistance in fiscal year 2020 were working families who needed child care for employment. Approximately 77.5 percent of families who received Child Care Assistance through MFIP (including transition year families) and 89.5 percent who received Child Care Assistance through BSF received the assistance for activities defined as “employment only.”

**Percent of Families Receiving Child Care Assistance by Authorized Activity
(FY 2020)**

Program	Authorized Activity			
	Employment Only	Education Only	Employment & Training	Other Activities
MFIP Child Care Assistance	77.5%	5.5%	10.8%	6.2%
BSF Child Care Assistance	89.5%	2.2%	8.3%	NA

Source: Minnesota Department of Human Services, Minnesota Child Care Assistance Program, State Fiscal Year 2020 Family Profile, DHS-6664H-ENG 1-21; Email communication from the Minnesota Department of Human Services received by House Research staff, August 6, 2021.

Notes: “NA” means not applicable. MFIP Child Care Assistance includes transition year and transition year extension families.

Food Support

Food Support¹¹⁷ is a program that increases the food purchasing power of low-income households. The program is also called “Food Stamps” or the Supplemental Nutrition Assistance Program (SNAP). The majority of the funding is from the federal SNAP program. However, Minnesota also administers a state-funded food assistance program for certain lawfully present noncitizens who are not eligible for the federal SNAP benefits.

Administration

Congress

Congress established the Food Support program in 1964 after a series of pilot projects (including one conducted in St. Louis County) demonstrated the program’s feasibility. The federal Food Support law¹¹⁸ establishes eligibility criteria, benefit calculations, work requirements, and other provisions for program funding, administration, and fraud detection.

U.S. Department of Agriculture Food and Nutrition Service (FNS)

The Food and Nutrition Service of the U.S. Department of Agriculture supervises the administration of the Food Support program nationwide. FNS establishes specific program rules and regulations, such as certification standards, the development of application forms, and the elements of the program’s work requirements. FNS also must approve any request from a state agency for a waiver from program requirements.

Minnesota State Legislature

The legislature has assigned the administration of the Food Support program to the county welfare boards under the supervision of the state Department of Human Services. The legislature has also defined what constitutes food support theft ([Minn. Stat. § 393.07](#), subd. 10, para. (c)).

State Department of Human Services (DHS)

DHS supervises the administration of the Food Support program in Minnesota, including required quality control and management evaluations.

¹¹⁷ In Minnesota, the program is referred to as Food Support. The federal program was still called Food Stamps until October 1, 2008, when its new name became effective: SNAP – Supplemental Nutrition Assistance Program.

¹¹⁸ For more information on the federal Food Support law, see the description of the Food Stamp Act on page 4.

Counties

Counties administer the Food Support program. The county agency determines if a household meets federal eligibility requirements and enables DHS to issue food support benefits directly to eligible recipients.

Eligibility Requirements

Food support assists households composed of eligible single individuals and families. Generally speaking, the basic “food support household” consists of individuals living together who purchase and prepare meals in common. (For a more detailed definition of food support household, see Additional Eligibility Requirements, on page 114.) A household qualifies for the Food Support program if it satisfies certain eligibility requirements or if its income and assets are below the program’s established limits.

Categorical Eligibility

A household composed entirely of GA, MSA, or SSI recipients is generally categorically eligible for food support, regardless of the household’s income or assets. A categorically eligible household may, however, receive zero food support benefits if its income available for food purchases under the program’s guidelines exceeds the maximum allowable food support benefit. (See the maximum allotment chart on page 116.)

A household in which at least one member of the household is receiving, is eligible to receive, or is authorized to receive Transition Year Child Care or Basic Sliding Fee child care is also generally categorically eligible for food support. To be considered categorically eligible for food support, someone in the household must apply and be determined eligible for one of these child care programs. Being on the Basic Sliding Fee child care waiting list does not meet the categorical eligibility criteria. In addition, households participating in the Diversionary Work Program are categorically eligible for food support.

A household composed entirely of Minnesota Family Investment Program (MFIP) recipients is also generally eligible for federally funded food support assistance. However, because MFIP combines cash assistance and food assistance in one program, MFIP recipients receive their food assistance benefits as a “food portion” of their total monthly MFIP grant, rather than receiving a cash grant and a separate food support monthly allotment (see MFIP, page 26).

Income Limits

Except for “categorically eligible” households, a household must have income below the maximum income limits established by Congress to qualify for food support. The income limits apply both to earned income and unearned income. Income that is received from certain sources, such as a minor child’s earnings, low-income home energy assistance payments, or irregular income that is less than or equal to \$30 per calendar quarter, is excluded from the income limits.

To be financially eligible for food support, a household that is not categorically eligible and that has no elderly or disabled member must meet both a gross monthly income test and net monthly income test. (“Gross monthly income” means a household’s total nonexcluded income, before any deductions have been made. “Net monthly income” means gross income minus all deductions allowed by the program.) To qualify for food support, such a household must have gross income that is at or below 130 percent of the federal poverty guidelines (FPG) and net income that is at or below 100 percent of those guidelines. A household that includes someone who is elderly or disabled must meet only the net income test.

The gross and net income limits are based on family size. The limits in effect for the 48 contiguous states and the District of Columbia beginning October 1, 2021, are shown in the table below.

The 2010 Legislature made changes to the food support income and asset limits. All food support applicants and recipients are required to receive a Domestic Violence Brochure, and it is a mandatory part of the food support application packet. Distribution of this brochure, which is funded with federal TANF monies, allows the state to increase food support income limits and remove asset limits. The gross income limit for food support is 165 percent of FPG and there is no asset limit.

The traditional income limit of 130 percent of FPG and asset limit of \$3,750 for elderly/disabled and \$2,500 for other food support units will still apply in the following situations:

- when a member of a categorically eligible food support unit has an intentional program violation
- when a member of a food support unit fails to comply with reporting requirements
- when the primary wage earner fails to comply with work requirements
- when a food support unit member is convicted of a drug-related felony

Income Limits
(Effective October 1, 2021)

Household Size	Maximum Gross Monthly Income 165% of FPG	Gross Monthly Income 130% of FPG	Maximum Net Monthly Income 100% of FPG
1	\$1,771	\$1,396	\$1,074
2	2,396	1,888	1,452
3	3,020	2,379	1,830
4	3,644	2,871	2,209
5	4,268	3,363	2,587
6	4,893	3,855	2,965
7	5,517	4,347	3,344
8	6,141	4,839	3,722
Each additional member	625	492	379

A household's net monthly income is calculated by subtracting all of the applicable allowed deductions from the household's gross monthly income. The Food Support program permits the following deductions from gross income:

- 20 percent of any earned income
- a standard disregard of \$177 for a household size of one to three people, \$184 for a household size of four, and higher for larger households
- out-of-pocket dependent care expenses, when the care is related to a household member's employment, training, or education
- regularly recurring medical expenses over \$35 per month (applicable only in households with an elderly or disabled member) if the medical expenses are not paid by insurance
- an excess shelter cost deduction for families who must pay more than 50 percent of their monthly income for shelter, including utilities. The maximum monthly shelter deduction is \$597 for households without an elderly or disabled member; there is no maximum for households with an elderly or disabled member.
- legally owed child support payments

Asset Limits

To be eligible for food support, households may have no more than \$2,500 in countable assets.¹¹⁹ Households with at least one member who is age 60 or older may have up to \$3,750 in countable assets. “Countable assets” include the following:

- cash-on-hand, savings, stocks and bonds
- property and vehicles used for recreational purposes
- the loan value of each nonexcluded licensed vehicle that is greater than \$4,650. Some vehicles may be totally excluded, if they are: used for income-producing purposes; annually producing income consistent with their fair market value; used for long-distance travel (other than daily commuting) for work; used as the home; needed for the transportation of a household member with physical disabilities; or needed to carry fuel or water to the household. If the vehicle has an equity value of no more than \$1,500, it is not counted as a resource.

“Countable assets” do not include the following:

- the value of the household’s residence; property that produces income or that is essential to the employment of a household member (such as rental homes or farmland)
- business assets
- property that is directly related to the maintenance or use of an excluded vehicle
- household goods and personal effects
- the cash value of life insurance policies
- burial plots
- disaster relief payments
- resources that have cash value that are not accessible to the household (for example, irrevocable trust funds)
- resources such as those of students or self-employed persons that have been prorated as income
- the value of certain Indian lands
- state and federal earned income tax credits
- energy assistance payments
- resources of a household member who receives Supplemental Security Income (SSI) or public assistance benefits
- certain types of retirement accounts including: 401(a) (employer-sponsored retirement plans for state and local government and some other tax-exempt entities including 401(k)s and Keogh plans); 403(a); 403(b); 408; 408(a) (including IRAs and Roth IRAs); 457(b); 501(c)(18)
- the value of gift cards

¹¹⁹ In Minnesota, there is no asset limit due to the provision of the Domestic Violence Brochure.

- certain IRS tax-preferred education accounts and qualified Achieving a Better Life Experience program accounts

The federal Food Support law prohibits households from transferring ownership of their assets in order to qualify for food support. Households that do so are ineligible for program benefits for a period of up to one year.

For a complete list of asset limits, see Appendix I.

Additional Eligibility Requirements

In addition to financial need, the following conditions must be met in order for a person to be eligible for food support benefits. Food support recipients must also meet the following criteria:

- be citizens of the United States (some noncitizens may qualify for food support if they meet certain criteria)
- reside in a “household”
- register for work and fulfill job search requirements
- furnish their Social Security number to the state agency
- comply with periodic reporting requirements

Food support recipients must be citizens of the United States. Most noncitizens, including those lawfully present in the country, were initially made ineligible for the Food Support program by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the federal welfare reform act). Congress subsequently restored food support eligibility for many lawfully present noncitizens in the Agriculture Research, Extension, and Education Reform Act of 1998 and in the 2002 Farm Bill. Lawfully present noncitizens may be eligible to receive food support benefits if they fall into one of the following categories:

- persons lawfully residing in the United States for five or more years
- persons lawfully residing in the United States who are receiving payments or assistance for blindness or disability
- persons lawfully residing in the United States on August 22, 1996, who were 65 or older at that time
- children lawfully residing in the United States who are currently under age 18 (when a child becomes 18, the child is no longer eligible for food support under this provision)
- asylees
- refugees
- people whose deportation was withheld
- American Indians born in Canada
- other noncitizen American Indian applicants who are members of a tribe whose members are eligible for programs provided by the United States
- Cuban and Haitian entrants
- Amerasians from Vietnam
- Iraqi and Afghan special immigrants

- veterans or persons on active military duty (this category also includes their spouses and dependent children)
- persons who are lawfully residing in the United States and who were members of a Hmong or Highland Laotian tribe at the time the tribe assisted U.S. personnel by taking part in a Vietnam-era military or rescue operation (this category may also include their spouses or unremarried surviving spouses and dependent children)
- victims of a severe form of trafficking¹²⁰
- lawful permanent residents who have, or can be credited with, 40 qualifying quarters of coverage under Social Security ([8 U.S.C. § 1612](#) (2001))

Food support recipients must reside in a “household.” The Food Support program generally defines a “household” as an individual or group of individuals who live together and who customarily purchase food and prepare meals together for home consumption. The program also requires certain groups to be considered to be in the same household even if they purchase food and prepare meals separately. Spouses who live together, children under the age of 22 who live with their parents, and children under the age of 18 who are under the parental control of another household member must be included in the same food support household.

There are, however, certain exceptions to these requirements. Elderly or disabled individuals can be separate households if they purchase and prepare food separately. Also, under certain circumstances, elderly persons who are unable to purchase or prepare food separately are nonetheless deemed to be separate households. Boarders and residents of most institutions are not eligible for food support regardless of how their food is purchased and prepared.

Food support recipients must register for work and fulfill job search requirements. Certain persons are exempt from work requirements.

Food support recipients must furnish their Social Security number to the state agency. This requirement is intended to help in the prevention of fraud and abuse.

Food support recipients must comply with periodic reporting requirements. Most households that receive food support must submit a monthly income report in order to continue to receive benefits. However, some households whose income is unlikely to change only need to report every six months.

¹²⁰ A victim of a severe form of trafficking is a noncitizen who is forced into the international sex trade, prostitution, slavery, and forced labor through coercion, threats of physical violence, psychological abuse, torture, and imprisonment. The federal Trafficking Victims Protection Act of 2000 provides that victims of severe forms of trafficking are eligible for federal public assistance benefits to the same extent as a noncitizen who is admitted into the United States as a refugee. The Trafficking Victims Protection Reauthorization Act of 2003 also expanded eligibility for food support to the minor children and spouses of victims of trafficking and, in some cases, their parents and siblings.

In addition, federal restrictions make the following persons ineligible for food support:

- postsecondary students between the ages of 18 and 50 who are physically and mentally fit and who are enrolled at least half-time in an institution of higher education, unless they are receiving assistance through MFIP
- the head of a household who has voluntarily quit a job (ineligible for 90 days)
- households containing members who are on strike, unless the household was eligible before the strike
- undocumented immigrants or temporary residents
- most persons in institutional settings
- persons who have committed intentional program violations
- a person in a household that has been disqualified because one or more members of the household failed to comply with work requirements

State-purchased Food Support Benefits for Certain Lawfully Present Noncitizens

The 1998 Legislature acted to provide food assistance from July 1, 1998, to June 30, 1999, to certain lawfully present noncitizen state residents who were not eligible for federal food support. Utilizing an option made available to states in the federal 1997 Emergency Supplemental Appropriations Act, the legislature created the Minnesota Food Assistance Program (MFAP), which provides state-funded food support benefits to lawfully present noncitizens who are ineligible for the federal Food Support program solely because of their citizenship status ([Minn. Stat. § 256D.053](#)). MFAP recipients must meet all applicable Food Support work requirements (discussed below), or they will be subject to sanctions for failure to participate.

The 1999 Legislature made MFAP permanent. It also modified the eligibility for the program, so that effective July 1, 2000, the program would be limited to eligible lawfully present noncitizen residents who are age 50 or older. The 2000 and 2001 Legislatures each delayed the implementation of this provision, so that lawfully present noncitizen residents under age 50 remained eligible for MFAP until July 1, 2003. Beginning July 1, 2003, the program was limited to eligible lawfully present noncitizens who are age 50 or older.

Benefits**Food Support Allotment**

Food support is used to purchase food and food products, excluding alcohol, tobacco, and pet food, in approved stores. Individuals over 60 (and their spouses), persons who are blind or disabled, and homeless individuals can also use food support to purchase meals in authorized restaurants. In addition, food support can be used to purchase hot foods or hot food products through nonprofit meal delivery services, at communal dining facilities, and at institutions serving meals to persons with substance use disorders, battered women and children, and homeless persons.

Food support households receive a certified allotment based on the calculation of their monthly net income. Each household's allotment is based on the "Thrifty Food Plan"—a plan developed by the U.S. Department of Agriculture that estimates the minimum amount of food a household

needs to maintain an adequate diet. In 2021, the USDA reevaluated the Thrifty Food Plan based on current data to reflect the cost of a healthy diet¹²¹. This is the first non-cost-neutral update since the Thrifty Food Plan was implemented in 1975. As a result, maximum Food Support benefits increased 21 percent more than they would have if the Thrifty Food Plan had not been reevaluated. Food support benefits are issued on a monthly basis.¹²²

Maximum monthly food support allotments are set annually by the federal government and vary by household size. Effective January 1, 2021, to September 30, 2021, there was a 15 percent increase to the maximum food support benefit level as part of the federal response to the COVID-19 pandemic¹²³. There were no changes to the gross or net income limits for the food support program. This temporary increase in benefits expired on October 1, 2021. The maximum allotments effective October 1, 2021, are shown below.

Household Size	Maximum Allotment
1	\$250
2	459
3	658
4	835
5	992
6	1,190
7	1,316
8	1,504
Each additional member	188

Emergency Aid

Households in “immediate need” must be issued food support on an expedited basis. County agencies must issue food support within five working days to the following households:

- households with less than \$150 gross monthly income and no more than \$100 in liquid assets
- destitute migrant or seasonal farm worker households with no more than \$100 in liquid assets

¹²¹ The reevaluation of the Thrifty Food Plan was directed by Congress in the Agriculture Improvement Act of 2018 (Pub. L. No. 115-334) and by Executive Order 14002.

¹²² The Food Stamp Act of 1977 eliminated an original requirement that eligible households pay cash for the food stamps.

¹²³ The Consolidated Appropriations Act of 2021 (Pub. L. No. 116-260) included the maximum monthly allotment increase of 15 percent from January 1, 2021, to June 30, 2021, and the American Rescue Plan Act of 2021 (Pub. L. No. 117-2) extended the increase to September 30, 2021.

- households whose actual monthly housing and utility costs are greater than the total of their gross monthly income plus their liquid assets

There is no limit to the number of times a household can receive expedited benefits, as long as the household provides the county agency with certain required information before they again receive expedited benefits.

Farmers' Markets

Federal food support benefits may be used to purchase eligible food and food products at farmers' markets. The Minnesota Humanities Center administers the Market Bucks program in partnership with Hunger Solutions Minnesota. The program provides an incentive for federal food support recipients to buy fresh, locally grown produce and has created and sustained a network of farmers' markets that accept federal food support benefits.

In addition, the 2015 Legislature established the Healthy Eating, Here at Home program to provide incentives for low-income Minnesotans to use federal food support benefits for healthy purchases at Minnesota-based farmers' markets ([Minn. Stat. § 138.912](#)).

Issuance of Food Support

Food support benefits are issued directly to program recipients. Since October 1998, benefits have been issued to all Minnesota recipients in an electronic debit card format known as Electronic Benefits Transfer (EBT). Household members use their EBT card to access their food support benefits electronically at the point of sale (i.e., the grocery store). As part of the 1996 federal welfare reform, all states were required to move to EBT systems by October 1, 2001.

Other Food Support Program Features

Work Requirements

The federal Food Support law requires that people receiving food support benefits must register for work and participate in SNAP Employment and Training activities unless they are exempt.

The following food support recipients are exempt from mandatory registration and participation in SNAP Employment and Training:

- a person who also receives assistance under the General Assistance (GA), MFIP, or Minnesota Supplemental Aid (MSA) programs
- a child under age 18
- a person age 60 or over
- a person who is ill, injured, or incapacitated and certified as unable to work
- a person whose presence in the home is required to care for a child under age six, or for an injured, ill, or incapacitated household member

- a person who receives or has applied for unemployment insurance and who is required to register for work with the state Department of Employment and Economic Development
- a person who is participating regularly in a chemical dependency treatment and rehabilitation program
- a self-employed person who is either working at least 30 hours per week, or who receives earnings that are at least equal to 30 hours a week at the minimum wage
- a student who is enrolled at least half-time in a recognized education program
- refugees receiving the Matching Grant Program

Each nonexempt adult member in a food support household must participate in SNAP Employment and Training for each month that the household is eligible for food support. Persons who are exempt may volunteer for SNAP Employment and Training and receive SNAP Employment and Training services to the extent that funds are available.

SNAP Employment and Training participants receive an orientation and an employability assessment. An employability plan is created for each participant that is based on the participant's assessment. The employability plan must include referrals to available remedial or skills training programs, if needed, and to available programs that provide subsidized or unsubsidized employment.

Food support recipients who are required to participate in SNAP Employment and Training but who do not cooperate with SNAP Employment and Training requirements without good cause lose eligibility for the Food Support program for themselves and, if they are the principal wage earner, for the entire food support household. The disqualification period is between one and six months, depending upon whether it is the first, second, or third failure to meet program requirements.

Under the 1996 federal welfare reform law, an otherwise eligible able-bodied adult who is between the ages of 18 and 50 and is without dependents (ABAWD) is only eligible to receive food support for three months in a 36-month period, unless the person is exempt from the time limit or is meeting the monthly work requirements. After using up these "three free months" of eligibility, in order to "earn" additional months of eligibility for food support, the ABAWD must work at least 20 hours per week (averaged monthly), or must participate in employment and training activities.

The 1997 federal Balanced Budget Act amended the ABAWD requirement to allow states to exempt 15 percent of the state's ABAWDs who have used up their three free months of food support eligibility, so that they may continue to be eligible for food support. DHS has implemented this ABAWD exemption provision in two steps. First, effective December 1, 1997, the state exempted ABAWDs who receive assistance under the GA program from the three-out-of-36-month time limit. Second, effective September 1, 1998, the state also exempted ABAWDs who receive assistance under the Refugee Cash Assistance program from this time limit.

COVID-19 Response

In response to the COVID-19 pandemic, several SNAP waivers and modifications were put into place, including:

- issuing emergency allotments to SNAP households;
- issuing pandemic EBT (P-EBT) benefits to current SNAP households and non-SNAP households that include children eligible for free and reduced-price school meals through the state's SNAP EBT card system;
- modifying certain application processing requirements;
- temporarily suspending claims collections;
- waiving fair hearing timelines;
- modifying quality control procedures; and
- revising authorized representative requirements.

Funding and Expenditures

The federal government finances food support benefits.

During federal fiscal year 2020, the federal government spent \$582,225,041 on food support benefits to eligible households in Minnesota.

Recipient Profile

Most food support households also receive some form of public income assistance.

There were an average of 198,904 Minnesota households receiving food support benefits each month during federal fiscal year 2020. Each household received an average monthly allotment of \$243.93 in food support benefits.

Housing Support Program

The Housing Support Program (formerly known as group residential housing or GRH) is a state program that provides payments on behalf of eligible persons to pay for room and board and related housing services.

Administration

Minnesota State Legislature

The legislature established housing support in [Laws of Minnesota 1992, chapter 513](#), as the Housing Support Act ([Minn. Stat. §§ 256I.01](#) to 256I.09). The Housing Support Act was a revision of an existing law known as the Negotiated Rate Act. The housing support program pays for housing and related services that had been paid for under the Negotiated Rate Act by the Minnesota Supplemental Aid (MSA) and General Assistance (GA) programs.

State Department of Human Services (DHS)

DHS supervises program administration. The agency assists counties in housing support administration by providing them with technical assistance on eligibility requirements and other program components.

Counties and Tribes

County and tribal human services agencies are responsible for entering into housing support agreements with providers and for setting rates. County and tribal agencies have primary responsibility for individual eligibility determinations, payment calculations, and authorizing payments that DHS pays to these settings.

Eligibility Requirements

In order to be eligible for housing support payments, an individual must be determined eligible for residence in an approved setting and must: (1) be aged, blind, or over 18 years of age and disabled, and meet specified income and asset standards; (2) belong to certain categories of individuals potentially eligible for GA and meet specified income and asset standards; or (3) lack a fixed, adequate, nighttime residence upon discharge from a residential behavioral health treatment program.

An individual who is aged, blind, or over 18 years of age and disabled according to the criteria used by the Social Security program, is eligible for housing support if he or she:

- meets the asset standard established under Minnesota's public assistance programs ([Minn. Stat. § 256P.02](#)); and
- has an income that is less than the monthly rate specified in the county or tribe's agreement with the housing support provider, after deducting: (1) the income exclusions and disregards of the SSI program; (2) the Medical Assistance (MA) personal

needs allowance; and (3) for elderly waiver recipients, any income actually made available to a community spouse as part of the community spouse monthly income allowance.

A person who belongs to a category of individuals potentially eligible for GA is eligible for housing support if he or she: (1) has countable income under the GA program, minus the MA personal needs allowance that is less than the monthly rate specified in the county or tribe's agreement with the housing support provider; and (2) meets the GA asset standard (the asset standard is the standard established for public assistance programs under [Minnesota Statutes, section 256P.02](#)).¹²⁴

A person who lacks a fixed, adequate, nighttime residence upon discharge from a residential behavioral health treatment program is eligible for up to three months of housing support from the person's move-in date at a setting approved for housing support.

Eligible Residential Settings

Counties authorize housing support payments to be paid by DHS directly to eligible housing support settings. In order to receive housing support payments, a residential setting must have an agreement¹²⁵ with the county or tribal human service agency to provide housing support services and must be: (1) licensed by the Minnesota Department of Health (MDH) as a hotel and restaurant, board and lodging establishment, boarding care home before March 1, 1985, or supervised living facility, and the service provider for residents of the facility must be licensed by DHS; (2) licensed by DHS as an adult foster home (family or corporate) or community residential setting; (3) licensed by MDH as an assisted living facility under [Minnesota Statutes, chapter 144G](#), and provide three meals a day; or (4) a supportive housing establishment that has an approved habitability inspection and an individual lease agreement and serves people who have experienced long-term homelessness.

County or tribal agencies are prohibited from entering into agreements for new housing support beds with total rates that exceed the housing support basic room and board rate (see description on page 125),¹²⁶ unless:

- the facility is needed to meet regional treatment center census reduction targets;
- the beds are part of an 80-bed facility in Hennepin County for chronic inebriates;

¹²⁴ As of June 1, 2016, the equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) unexcluded vehicles (one vehicle per assistance unit member age 16 or older is excluded).

¹²⁵ Agreements may be terminated with or without cause by the commissioner, the agency, or the provider with two calendar months' prior notice. The commissioner may immediately terminate an agreement under certain circumstances ([Minn. Stat. § 256I.04](#), subds. 2b and 2d).

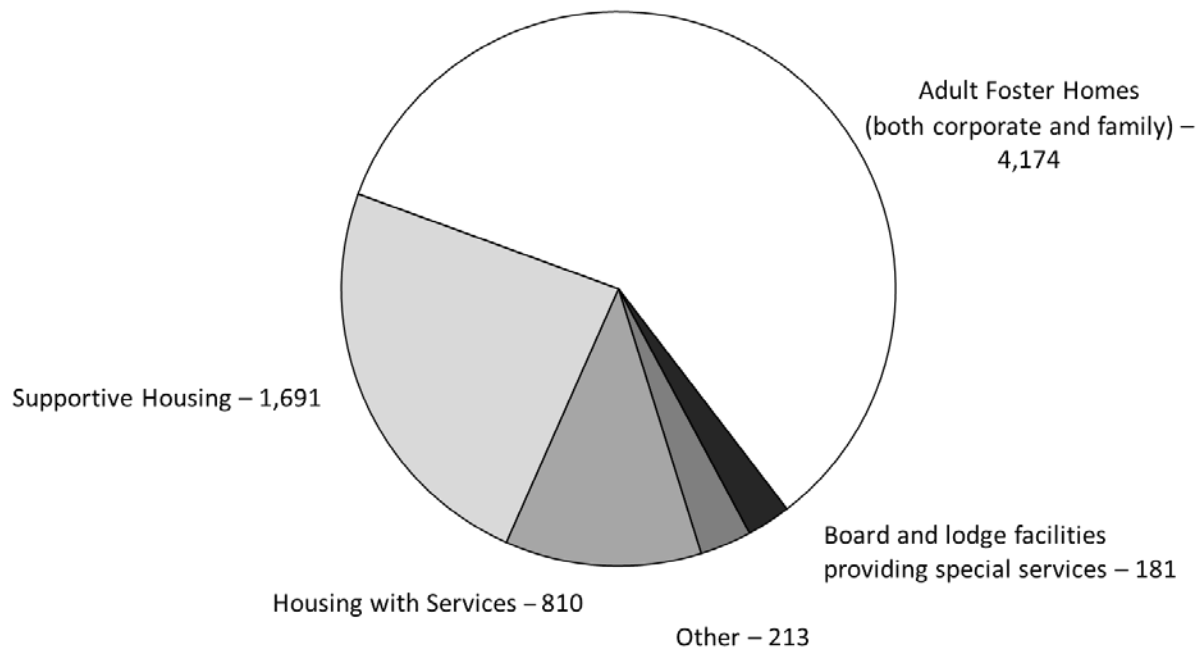
¹²⁶ The 2007 Legislature authorized several new housing support beds specifically in the statute.

- the beds are part of supportive housing initiatives in Anoka, Dakota, Hennepin, or Ramsey counties for homeless adults with mental illness, a history of substance abuse, or HIV or AIDs;
- the beds are part of a 32-bed facility in Hennepin County providing services for recovering and chemically dependent men;
- the beds are for a housing support provider located in the city of St. Cloud or a county contiguous to the city of St. Cloud that received financing through MHFA and serves chemically dependent clientele, providing 24-hour-a-day supervision;
- the beds are all for a new 65-bed facility in Crow Wing County that will serve chemically dependent persons;
- the beds are for a provider that operates two ten-bed facilities, one located in Hennepin County and one located in Ramsey County, that provide community support and 24-hour-a-day supervision to serve the mental health needs of individuals who have experienced chronic homelessness;
- the beds are part of a 48-bed facility in Hennepin County that has been licensed since 1978 as a board and lodging facility and that used to operate as a licensed chemical dependency treatment program; or
- the beds replace beds with rates in excess of the housing support basic room and board rate that are no longer available due to facility closure, change in licensure or certification, or downsizing.

As of fiscal year 2021, there were 7,069 residential settings receiving housing support payments.¹²⁷

¹²⁷ Information on the number and type of settings that received housing support payments was provided by DHS using data from the MAXIS vendor system.

Types of Housing Support Settings as of Fiscal Year 2021



House Research Graphics

Adult mental health residential treatment centers provide intensive rehabilitative treatment under [Minnesota Statutes, section 256B.0622](#). Noncertified boarding care homes are licensed as boarding care homes by MDH but are not certified to provide services to MA recipients.

Background Studies

As of July 1, 2016, housing support providers must initiate background studies on controlling individuals; managerial officials; and all employees and volunteers of the establishment who have direct contact with recipients, or who have unsupervised access to recipients, their personal property, or their private data. In addition, all housing support staff members who have direct contact with recipients must meet certain minimum qualifications.

Benefits

Nearly all housing support providers are authorized to receive the housing support basic room and board rate of \$954 per month.¹²⁸ Recipients in certain housing support settings may also

¹²⁸ A few providers have housing support basic room and board rates below the MSA equivalent rate of \$954 per month. The lowest rate is \$0.01 per month. Lower rates are linked to unique cases and are not reflective of the program as a whole (for example, there are certain crisis settings that receive a lower rate because DHS is in the process of transitioning those types of settings from housing support to a different payment mechanism).

qualify for a supplemental payment that is in addition to this base rate. The table on page 126 summarizes the different housing support payment rates.

A. Housing support basic room and board rate. The housing support basic room and board rate, also referred to as the “MSA equivalent rate,” is \$954 per month, for the fiscal year beginning July 1, 2021. This rate is the sum of:

- 1) The MSA basic need standard for an individual living alone (\$855/month); and
- 2) The maximum food stamp allotment for one person (\$204/month); minus
- 3) The MA personal needs allowance (\$105/month).

The basic room and board rate is adjusted each July 1 to reflect changes in any of the component rates listed in clauses (1) to (3) above.

B. Supplementary service rate. Counties are also allowed to negotiate a room and board rate that exceeds the housing support basic room and board rate by up to \$482.84 per month for other services necessary to provide room and board, if the provider is not also receiving MA funding for waived services or personal care services. This rate is available mainly to board and lodging with special services and noncertified boarding care home settings, and applies to all recipients in the setting.

C. Difficulty of care payment. Counties are also allowed to negotiate higher rates for recipients residing in adult foster care homes, based upon an assessment of an individual’s supervision and care needs. The additional payment cannot exceed the supplementary service rate of \$482.84 per month and applies to specific individuals in a facility. Rate approval by the commissioner is not required. Difficulty of care payment rates for housing support recipients in the same setting may vary based upon their assessments.

D. Facilities with higher historical rates. Some housing support settings were receiving payment rates under the negotiated rate system that were higher than the housing support base rate. Facilities receiving these higher rates prior to 1991 had these rates “grandparented” into the housing support payment system.

E. Statutory exceptions. Some housing support settings qualify for payment rates higher than the housing support base rate as a result of specific statutory provisions (see [Minn. Stat. § 256I.05](#), subds. 1d to 1r).

Rate increases. Counties are prohibited from increasing housing support rates for existing facilities above those in effect on June 30, 1993, except to:

- increase the housing support basic room and board rate to reflect federal cost-of-living increases, as described on page 125;
- increase rates for residents in family adult foster care whose difficulty of care has increased (subject to the overall maximum rate of \$1,436.84 per month); or
- comply with other exceptions in law.

Housing Support Payment Rates

Type of Payment	Monthly Payment	Eligible Setting	Other Requirements
A. Housing support Basic Room and Board Rate	\$954	All housing support settings	
B. Supplementary Service Rate	Up to \$482.84	Board and Lodging with Special Services; Noncertified Boarding Care Homes	Recipient must not also be eligible to receive or be receiving MA waiver services, or MA personal care services
C. Difficulty of care	Up to \$482.84	Adult Foster Care	Recipient must qualify based upon an assessment of supervision and care needs, and must not be eligible for MA waiver services
D. Facilities with Higher Historical Rates	May exceed maximum	Housing support settings that are not corporate adult foster care	Facility must have been receiving a payment rate higher than the housing support base rate prior to 1991 under the negotiated rate system
E. Statutory Exceptions	As specified in statute	Housing support settings that are not corporate adult foster care	Higher facility rate must be authorized in statute

Payment of Benefits

Counties authorize individual housing support payments to be paid by DHS directly to the operator of the residential setting, using state general fund dollars. Counties and tribes can supplement housing support payments using their own financial resources.

The financial responsibility of the state for housing support payments is usually offset by a contribution from the recipient's income (e.g., SSI or Social Security Disability income). Recipients are required to contribute all income except that excluded by state or federal law. This amount can vary depending upon the recipient:

- An SSI recipient who is not working is allowed to keep the personal needs allowance of \$105.
- An SSI recipient who is working is allowed to keep the personal needs allowance of \$105, plus the first \$65 from employment and one-half of any additional earned income.
- Other adults, such as GA recipients, who are not working are allowed to keep the \$105 personal needs allowance.

- A recipient who does not receive SSI and who is working is allowed to keep the first \$65 of earned income and one-half of any additional earned income.

COVID-19 Response

The legislature appropriated an additional \$5.53 million¹²⁹ in fiscal year 2020 to increase housing support room and board limits and supplementary service limits and rates by 15 percent for three consecutive months to maintain access to room and board, including activities necessary to comply with federal and state health and safety guidance, in response to the COVID-19 pandemic. In addition, the commissioner of human services used the authority granted to her by the governor in an executive order (Emergency Executive Order 20-12) to make several temporary program modifications in response to the COVID-19 pandemic, including:

- allowing flexibility in housing licensing requirements;
- allowing an exemption for the temporary absence policy;
- modifying certain background study requirements; and
- suspending certain application, verification, and reporting requirements.

Funding and Expenditures

The housing support program is funded with state general fund dollars, using in part that portion of general fund dollars that had been used by the GA and MSA program to make payments to negotiated rate facilities to provide housing and related services under the Negotiated Rates Act. The housing support program receives some federal reimbursement for food and nutrition costs.

In state fiscal year 2020, an average of 20,961 persons received housing support payments each month. The total housing support expenditure for that year was \$174,878,787, and the average monthly housing support payment per person was \$695.

Recipient Profile

In state fiscal year 2020, 57 percent of housing support recipients were aged, blind, or disabled, and 43 percent were verified as unable to work to the level of self-support due to a disabling condition.

¹²⁹ See [Laws of Minnesota 2020, ch. 71](#), art. 1, § 5.

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Appendix I: Asset Limits for Assistance Programs

Asset Limits for Programs in FY 2021

Program	Cash & Liquid Assets	Car: Value No Greater than	Life Insurance	Prepaid Burial Contracts	Household Goods & Personal Effects	Burial Plot	Homestead
SSI	\$2,000 for single person; \$3,000 for married couple, after all allowable exclusions	One vehicle per household is excluded Entire value may be excluded under certain circumstances	Up to \$1,500 in the cash surrender value of life insurance policies, burial funds, or a combination of both	Up to \$1,500 in the cash surrender value of life insurance policies, burial funds, or a combination of both	Such items as furniture, clothing, jewelry, appliances, tools, and equipment used in the home are exempt	Exempt	Exempt, regardless of value
MSA ¹³⁰	Uses SSI or GA asset limits, depending on the characteristics of the individual	Entire value may be excluded under certain circumstances	Up to \$1,500 in the cash surrender value of life insurance policies, burial funds, or a combination of both	Up to \$1,500 in the cash surrender value of life insurance policies, burial funds, or a combination of both	Such items as furniture, clothing, jewelry, appliances, tools, and equipment used in the home are exempt	Exempt	Exempt
MA – Aged, Blind, or Disabled	\$3,000 for one person; \$6,000 for two people; \$200 for each additional person	Entire value may be excluded under certain circumstances	Up to \$1,500 in the cash surrender value of life insurance policies, burial funds, or a	Up to \$1,500 in the cash surrender value of life insurance policies, burial funds, or a	Such items as furniture, clothing, jewelry, appliances, tools, and equipment	Exempt	Exempt

¹³⁰ The asset limit for the MFIP, GA, MSA, and Housing Support programs is uniform for applicants and recipients not receiving SSI benefits. The equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be easily accessed without a financial penalty; and (4) nonexcluded vehicles (one vehicle per assistance unit member age 16 or older is excluded when determining eligibility).

Program	Cash & Liquid Assets	Car: Value No Greater than	Life Insurance	Prepaid Burial Contracts	Household Goods & Personal Effects	Burial Plot	Homestead
			combination of both	combination of both	used in the home are exempt		
MA – Families	No asset limit unless on spenddown ¹³¹	No asset limit unless on spenddown	No asset limit unless on spenddown	No asset limit unless on spenddown	No asset limit unless on spenddown	No asset limit unless on spenddown	No asset limit unless on spenddown
MinnesotaCare	No asset limit	No asset limit	No asset limit	No asset limit	No asset limit	No asset limit	No asset limit
Subsidized Coverage through MNsure	No asset limit	No asset limit	No asset limit	No asset limit	No asset limit	No asset limit	No asset limit
SNAP	\$2,500; \$3,750 for households with a person older than 60	The loan value for each nonexcluded licensed vehicle that is greater than \$4,650. Some vehicles may be totally excluded.	Exempt	NA	Exempt	Exempt	Exempt
GA	\$10,000	One vehicle per assistance unit member age 16 or older is excluded from the asset limit	NA	NA	NA	NA	NA

¹³¹ An asset limit of \$10,000 for a household of one and \$20,000 for a household of two or more applies to parents and caretakers who qualify for MA through a spenddown.

Program	Cash & Liquid Assets	Car: Value No Greater than	Life Insurance	Prepaid Burial Contracts	Household Goods & Personal Effects	Burial Plot	Homestead
MFIP	\$10,000	One vehicle per assistance unit member age 16 or older is excluded from the asset limit	NA	NA	NA	NA	NA
MFIP Child Care	\$1,000,000	One vehicle per assistance unit member age 16 or older is excluded from the asset limit	NA	NA	NA	NA	NA
Transition Year Child Care	\$1,000,000	One vehicle per assistance unit member age 16 or older is excluded from the asset limit	NA	NA	NA	NA	NA
Basic Sliding Fee Child Care	\$1,000,000	One vehicle per assistance unit member age 16 or older is excluded from the asset limit	NA	NA	NA	NA	NA

Program	Cash & Liquid Assets	Car: Value No Greater than	Life Insurance	Prepaid Burial Contracts	Household Goods & Personal Effects	Burial Plot	Homestead
Housing Support ¹³²	\$10,000	One vehicle per assistance unit member age 16 or older is excluded from the asset limit	NA	NA	NA	NA	NA

NA: Not applicable

¹³² For housing support recipients who are also receiving SSI benefits, the asset limits are the same as for the SSI program.

Appendix II: Income Limits for Assistance Programs

Income Limits for Assistance Programs (For programs in FY 2021)

Program	Income Basis*	Eligible Group	Annual Income by Family Size			
			1	2	3	4
MFIP	As specified in statute	Eligible family with no unrelated household member	\$14,376	\$22,968	\$28,968	\$34,512
GA	As specified in law (\$203/month)	Single adult	2,436	N/A	N/A	N/A
	As specified in rule (\$260/month)	Married couple with no children	N/A	3,120	N/A	N/A
MSA (CY 2021)	As specified in statute and rule	Single adult living alone	10,260	N/A	N/A	N/A
	As specified in statute and rule	Married couple living alone	N/A	15,384	N/A	N/A
	As specified in statute and rule	Individual eligible for personal needs allowance only	1,260	N/A	N/A	N/A
SSI (CY 2021)	Does not exceed maximum monthly SSI benefit	Individual living alone	9,530	N/A	N/A	N/A
	Does not exceed maximum monthly SSI benefit	Married couple living alone	N/A	14,294	N/A	N/A
	Does not exceed maximum monthly SSI benefit	Individual living with others	6,357	N/A	N/A	N/A
	Does not exceed maximum monthly SSI benefit	Married couple living with others	N/A	9,530	N/A	N/A

Program	Income Basis*	Eligible Group	Annual Income by Family Size			
			1	2	3	4
MA	100% of FPG	Elderly, blind, or persons with disabilities	12,768	17,256	21,744	26,232
	133% of FPG	Adults without children, parents, and caretakers, or children 19 through 20	16,970	22,929	28,887	34,846
	275% of FPG	Children two through 18 years old	35,090	47,410	59,730	72,050
	278% of FPG	Pregnant women	N/A	47,927	60,381	72,836
	283% of FPG	Children under age two	36,110	48,789	61,467	74,146
MinnesotaCare	200% of FPG**	Mainly adults without children and parents and caretakers	25,520	34,480	43,440	52,400
Premium Tax Credits (MNsure)	No maximum income limit for CY 2021 and CY 2022 coverage	All eligible individuals	N/A	N/A	N/A	N/A
Cost-sharing Reductions (MNsure)	250% of FPG (CY 2021)	All eligible individuals	32,200	43,550	54,900	66,250
SNAP (FFY 2021)	Net income at or below 100% of FPG	Household with disabled or elderly (age 60+) member	12,880	17,420	21,960	26,500
	Gross income at or below 165% FPG and net income at or below 100% FPG	Household	21,252	28,743	36,234	43,725
MFIP Child Care	Gross income at or below 67% SMI at program entry	Eligible MFIP family	N/A	51,457	63,564	75,671

Program	Income Basis*	Eligible Group	Annual Income by Family Size			
			1	2	3	4
Basic Sliding Fee & Transition Year Child Care (FFY 2021)	Gross income at or below 47% SMI at program entry	Family with one or more children eligible for care	N/A	36,096	44,589	53,083
Housing Support (FY 2022)	An individual's income, after exclusions, must be less than the monthly rate for the Housing Support setting	Individual	11,448	N/A	N/A	N/A

* Many programs apply income disregards or exclusions.

**For most persons, income must also be greater than 133% of FPG.

Appendix III: Program Expenditures and Caseload Data

Expenditure and Caseload Data by Program (State FY 2020)

Program	Program Expenditures*	Funding Sources	Federal Expenditures	State Expenditures	Average Monthly Recipients or Enrollees
GA	\$49,778,343	State – 100%	\$0	\$49,778,343	23,361 (cases)
MFIP plus DWP and Work Benefit Program	277,577,083	Federal – 63% State – 37%	175,891,473	101,685,610	79,756 (individuals)
MSA	43,502,787	State – 100%	0	43,502,787	32,379 (individuals)
SSI	686,052,000	Federal – 100%	686,052,000	0	93,289 (individuals)
MA	13,368,736,350	Federal – 58% Nonfederal – 42%	7,813,453,520	5,301,525,228	1,078,321
MNCare	452,643,878	Enrollee premium – 7% Federal – 87% State – 6%	395,628,122	57,015,755	77,594
MNsure Subsidized Coverage		Federal – 100%	Premium tax credits for CY 2020 Cost-sharing reductions for CY 2020: 2,706,389 (paid by insurers)	198,480,411	60,739 14,039
MFIP/TY/TYE Child Care		Federal – 50% State – 50%	69,996,397	70,112,612	7,308 families
Basic Sliding Fee Child Care		Federal – 57% State – 40% County – 3%	60,517,093	42,327,209	7,361 families

Program	Program Expenditures*	Funding Sources	Federal Expenditures	State Expenditures	Average Monthly Recipients or Enrollees
Food Support	582,676,594	Federal – 99% State – 1%	582,225,041	451,553	386,962 (individuals)
Housing Support	174,878,787	State – 98% County – 2%		172,224,086	20,961 (individuals)

* For program costs or direct benefits only.

Appendix IV: Laws and Regulations Governing Assistance Programs for Families

Federal and State Laws and Regulations Governing Family Assistance Programs

Program	Federal Law			State Law	
	Congress	U.S. Dept. of Health & Human Services	Other Agencies	MN State Legislature	MN Dept. of Human Services
MFIP	42 USC 601 et seq. Title IV-1 Social Security Act	45 CFR Parts 260-265		MN Stat. Ch. 256J and 256P	
GA				MN Stat. §§ 256D.01 to 256D.21 and ch. 256P	MN Rules 9500.1200 to 9500.1272
MSA	42 USC 1382 Title XVI Social Security Act	20 CFR Part 416 , Subpart T		MN Stat. §§ 256D.33 to 256D.54 and ch. 256P	
SSI	42 USC 1381 Title XVI Social Security Act	20 CFR Part 416			
MA	42 USC 1396 et seq. Title XIX Social Security Act	42 CFR Parts 430 to 498		MN Stat. Ch. 256B	MN Rules chs. 9505 , 9549 , and 9553
MNCare/Basic Health Program	42 USC 18051 Affordable Care Act	42 CFR Part 600		MN Stat. Ch. 256L	MN Rules ch. 9506
MNsured Subsidized Coverage	26 USC 36B 42 USC 18071 , 18081 - 18084	45 CFR Part 156	26 CFR Part 1 (Internal Revenue Service)		

Program	Federal Law			State Law	
	Congress	U.S. Dept. of Health & Human Services	Other Agencies	MN State Legislature	MN Dept. of Human Services
SNAP	7 USC 2011 <i>et seq.</i> Food Stamp Act		7 CFR Parts 271 to 285 (U.S. Dept. of Agriculture)	MN Stat. § 256.01 ; §§ 256D.051 to 256D.052 ; § 256J.28 and § 393.07	
Child Care Assistance	42 USC 9858 <i>et seq.</i>	45 CFR parts 98 to 99		MN Stat. Ch. 119B and 256P	MN Rules Ch. 3400
Housing Support				MN Stat. Ch. 256I and 256P	

CFR = Code of Federal Regulations

USC = United States Code

Appendix V: Federal TANF Work Requirements

The federal Temporary Assistance for Needy Families (TANF) law (PRWORA, Pub. L. No. 104-193) sets strict work participation requirements for the families who receive assistance under state welfare programs, such as the Minnesota Family Investment Program (MFIP), that are paid for in part with federal TANF funds.

MFIP participants must work for at least the number of hours per week that are specified in the federal law. The federal minimum weekly work requirements are slightly different than the minimum weekly work requirements that are in the MFIP state law. The federal TANF law also specifies percentages of all families and of two-parent families on a state's program who must meet the federal weekly work requirements.

The federal work participation requirements are listed in the following tables.

Federal Work Participation Requirements for All Families

Federal Fiscal Year	All participant families		
	Required hours of work per week		Percentage of MFIP families who must meet requirement
	If all children are over six	If at least one child is under six	
1998	20	20	30%
1999	25	20	35%
2000	30	20	40%
2001	30	20	45%
2002 +	30	20	50%

The percentage of families who must meet the work requirement is also called the "participation rate." Under the federal law, a state's required participation rate is reduced by 1 percent for each 1 percent reduction in the number of cases on the state's welfare program in the year compared to the average monthly number of TANF cases in federal fiscal year 2005.¹³³ This "caseload reduction credit" can result in a state's target work participation rates being lower than the percentages shown in the tables on this page and the following page.

¹³³ The caseload reduction credit used to be calculated based on the number of AFDC cases in federal fiscal year 1995. However, the Deficit Reduction Act of 2005 changed the base year to 2005. Since many AFDC and MFIP cases were closed prior to 2005, this makes the required work participation rates (which remained the same) harder to achieve.

Federal Work Participation Requirements for Two-parent Families

Federal Fiscal Year	Required weekly hours of work (both parents combined) if don't utilize federally funded Child Care Assistance	Percentage of MFIP families who must meet requirement	Required weekly hours of work (both parents combined) if do utilize federally funded Child Care Assistance	Percentage of MFIP families who must meet requirement
1998	35	75%	55	75%
1999-present	35	90%	55	90%

If a state does not meet the federal work participation requirements, it is subject to losing a portion of its federal TANF block grant funds. The state MFIP law specifies that in the event the federal HHS imposes a fiscal sanction on Minnesota for failing to meet the federal work requirements, the state must pay 88 percent of the sanction. Counties must pay the remaining 12 percent of the sanction, each county in proportion to its percentage of the average monthly MFIP caseload ([Minn. Stat. § 256J.751](#)).

In federal fiscal year 2020 (October 1, 2019, to September 30, 2020), Minnesota's target work participation rate for all MFIP families, after the allowable caseload reduction credits were applied, was 5.4 percent. Minnesota's caseload reduction rate was 44.6 percent. Minnesota's 2020 work participation rate was 22.3 percent, meaning the state met the required work participation rate.

Appendix VI: Tribal TANF Programs

Federal law allows federally recognized tribal groups to administer their own TANF programs. If a tribal group wants to administer its own TANF program, the tribe must submit a plan to DHHS. Funding for tribal TANF programs comes from the state TANF block grant¹³⁴ of the state in which the tribe's service area is located.

The Mille Lacs Band of Ojibwe's Tribal Temporary Assistance for Needy Families (TANF) program follows some of the same basic framework as the Minnesota Family Investment Program (MFIP), using the same grant amounts, and following some of the other MFIP requirements. The band also imposes a 60-month limit on assistance, but uses non-TANF funds to provide assistance to families beyond the time limit.

Some of the features of the band's program are different from MFIP:

- The band does not have a post-60-month program.
- The band's tribal TANF program has some additional types of sanctions: for failure to achieve negative results on an employer-administered drug test; for failure to keep a minor child in school; and for abuse, neglect, or domestic violence in the family.
- The state must release child support collections, except for medical and child care support, to a tribal TANF recipient who has assigned the support rights to the state and who is cooperating with child support requirements.
- The band's tribal TANF program disregards 75 percent of child support income per month in calculating the amount of a recipient family's cash grant, if the family is in compliance with employment services requirements.¹³⁵
- Tribal TANF appeals are heard by the band.
- The band does not count the \$50 housing subsidy as income.

The band's tribal TANF program began operating January 1, 1999, in a six-county area covering Aitkin, Crow Wing, Morrison, Benton, Mille Lacs, and Pine counties. On April 1, 2005, the program was expanded to serve Minnesota Chippewa Tribal members residing in Anoka, Hennepin, or Ramsey counties on a voluntary basis.

The Red Lake Band of Chippewa Indians began operating a tribal TANF program on January 1, 2015, in a two-county area covering Beltrami and Clearwater counties. Eligible families must have at least one assistance unit member who is a citizen of the Red Lake Band of Chippewa Indians or is enrolled or eligible to be enrolled with another federally recognized tribe and reside within the boundaries of the Red Lake Nation. In 2016, administration of SNAP, Child

¹³⁴ Minnesota's annual TANF block grant amount is \$267,358,000. Of this total, \$4,550,816 goes directly to the Mille Lacs Band of Ojibwe and \$2,980,612 goes directly to the Red Lake Nation of Chippewa Indians for the operation of the Tribal TANF programs.

¹³⁵ MFIP allows a disregard for child support of up to \$100 for an assistance unit with one child and up to \$200 for an assistance unit with two or more children.

Care Assistance, and health care programs was also transferred to the Red Lake Band of Chippewa Indians.

Some of the features of the Red Lake Band's program are different from MFIP, including the following:

- The band imposes some additional types of sanctions.
- School attendance is mandatory for Red Lake Band assistance units headed by a minor.
- The band allows cultural activities to be provided under employment services.

Appendix VII: Child Care Assistance Rates

The legislature sets reimbursement rates for child care providers based on the results of a survey of child care prices that DHS is required to conduct every three years. DHS publishes the rates in each county by provider type every time the rates are updated. As of the date of this report, the most current rates are those effective November 15, 2021. Links to the rates are available in the Child Care Assistance Program (CCAP) Policy Manual issued by DHS:

https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionS electionMethod=LatestReleased&dDocName=ccap_092403.

Appendix VIII: Federal Earned Income Tax Credit and Minnesota Working Family Credit

The federal earned income tax credit (EITC) provides a wage supplement equal to a percentage of the income earnings of low-income individuals. The credit is fully refundable; if the credit exceeds a filer's tax liability, the rest is paid as a refund. The following table shows the maximum credit, income at which the credit begins to phase out, and maximum income eligible for the credit for tax year 2022.

Federal Earned Income Tax Credit, 2022

	Maximum credit	Income at which credit begins to phase out	Income at which credit is fully phased out
No Dependents	\$560	\$9,160	\$16,480
One Dependent	3,733	20,130	\$43,492
Two Dependents	6,164	20,130	\$49,399
Three or More Dependents	6,935	20,130	\$53,057

Note: The income at which the credit begins to phase out and at which the credit is fully phased out is increased by \$6,130 for married couples filing joint returns.

The Minnesota working family credit (WFC) is also calculated as a percentage of earnings. Before 1998, the WFC was set as a percentage of the federal EITC. Legislation enacted in 1998 restructured the WFC, with the goal of reducing work disincentives caused by interactions with income and payroll taxes and MFIP. Like the EITC, the WFC is refundable. The following table shows the maximum credit, income at which the credit begins to phase out, and maximum income eligible for the credit for tax year 2022.

Minnesota Working Family Credit, 2022

	Maximum credit	Income at which credit begins to phase out	Income at which credit is fully phased out
No Dependents	\$295	\$9,240	\$24,002
One Dependent	1,183	24,110	43,823
Two Dependents	2,283	28,590	50,328
Three or More Dependents	2,646	28,900	54,102

For a more thorough description of these credits, see also [The Federal Earned Income Tax Credit and the Minnesota Working Family Credit: An Overview](#), House Research, August 2019.

Appendix IX: Federal and Minnesota Dependent Care Tax Credits

Federal Dependent Care Income Tax Credit

The federal dependent care tax credit is equal to a percentage of qualifying dependent care expenses. Qualifying expenses are amounts paid for household services and care of a dependent while the taxpayer works or looks for work.

The credit is not refundable; that is, it may only be used to offset income tax liability. Filers with no federal income tax liability may not claim the credit. For tax year 2022, the maximum qualifying expenses are \$3,000 for one dependent, and \$6,000 for two or more dependents. The credit equals 35 percent of expenses for filers with gross incomes under \$15,000, for a maximum credit of \$1,050 for one child and \$2,100 for two or more children. The credit percentage decreases by one percentage point for each \$2,000 of income over \$15,000, down to a minimum of 20 percent for filers with incomes over \$43,000. These filers are eligible for a maximum credit of \$600 for one child and \$1,200 for two or more children.

Minnesota Dependent Care Income Tax Credit

The Minnesota dependent care credit is tied to the federal credit, with two significant differences. First, the Minnesota credit is refundable. A filer with no state income tax liability but who otherwise qualifies for the credit receives the credit as a refund from the state. Second, while the federal credit decreases as a filer's income increases, it is never fully phased out—this means that all filers with federal tax liability and qualifying child care expenses are eligible for the credit. In contrast, the state credit is subject to an income-based phase-out, meaning the income of some taxpayers is too great for those taxpayers to qualify.

In tax year 2022, a taxpayer's state credit is equal to the taxpayer's federal credit, but the credit is phased out for families with federal adjusted gross income (AGI) in excess of \$55,300. For filers with child care expenses from one dependent, the maximum credit is \$600 minus 5 percent of AGI in excess of \$55,300. For filers with such expenses related to two or more dependents, the maximum credit is \$1,200 minus 5 percent of AGI in excess of \$55,300.

The credit is fully phased out for taxpayers with child care expenses for one dependent at \$67,300 of AGI; for taxpayers with child care expenses for two or more dependents, it is fully phased out at \$79,300. The phase-out threshold is indexed for inflation; as a result, the maximum incomes eligible for the credit increase each tax year.

Minnesota also allows all married couples filing joint returns with a dependent under age one to claim a credit equal to the maximum dependent care credit for one child. Couples may claim this credit, which is sometimes called the "young child credit," or the "at-home credit," regardless of whether or not they have any child care expenses.

For a more thorough description of the Minnesota dependent care credit, see also [The Minnesota and Federal Dependent Care Tax Credits](#), House Research, November 2017.

Glossary

Terms and concepts used in the Minnesota Family Assistance Guide

ACA: The federal Patient Protection and Affordable Care Act (Pub. L. No. 111-148), including amendments and related federal legislation, regulations, and guidance.

AFDC: Aid to Families with Dependent Children. AFDC is the old federal-state cash assistance program that was originally authorized by Title IV-A of the Social Security Act. AFDC was an entitlement program that provided cash assistance to families with children who were deprived of support as the result of a parent's death, incapacity, continued absence, or unemployment. It was replaced in the 1996 federal welfare reform law by the TANF block grant program.

Alternative Employment Plan: An employment plan based on an assessment of need and developed by a victim of domestic violence, or a person at risk of domestic violence, and a person trained in domestic violence. A person who is complying with an alternative employment plan is exempt from the 60-month assistance limit, but is not automatically exempt from MFIP work requirements.

Assistance Unit: The group of people who are applying for or receiving benefits and whose needs are included in a cash grant. In MFIP, the assistance unit is the group of mandatory or optional people who are applying for or receiving MFIP benefits together.

At-Home Infant Child Care Program: A component of the Basic Sliding Fee program. The program allows a parent to receive a small subsidy to stay home with a child under 12 months of age.

Basic Sliding Fee Program: A Child Care Assistance program that assists eligible low-income families with their child care costs. The number of eligible families that participate is limited by the amount of state appropriations.

BHP: Basic Health Program. A coverage option for states under the Affordable Care Act. The MinnesotaCare program operates as Minnesota's BHP.

Blindness: For the purpose of establishing eligibility for SSI and MSA, the federal government defines blindness as vision no better than 20/200 with corrective lenses or tunnel vision—a limited visual field of 20 degrees or less.

Caregiver: In MFIP, an adult in the assistance unit who cares for a dependent child. With a few exceptions, a child must reside with a caregiver to qualify for MFIP. The needs of the caregiver are usually included in the assistance unit's grant. The caregiver must comply with program requirements or face a sanction.

Categorical Assistance: Public assistance programs for needy persons who fit into particular categories: e.g., the aged, blind, and disabled (SSI, MSA), needy families (MFIP), households composed entirely of MFIP or SSI recipients (Food Support).

CFR: Code of Federal Regulations. The regulations for TANF are found in Title 45; those for Supplemental Security Income (SSI) are found in Title 20; those for Medicaid (MA) are found in Titles 42 and 45; those for Food Stamps are found in Title 7.

Child Care and Development Fund (CCDF): Federal funding mechanism for Child Care Assistance programs. Congress created the CCDF in the PRWORA as a unified fund for all federal Child Care Assistance. Final regulations are in Title 45 CFR, Parts 98 and 99.

Child Care Assistance Programs (CCAP): Programs that provide subsidies to assist eligible low-income families to pay for child care costs. Child Care Assistance programs include: MFIP Child Care, Transition Year Child Care, and the Basic Sliding Fee program.

Child Care Fund: The funding mechanism for the Child Care Assistance programs, the child care fund also provides grants to develop, expand, and improve the access to and availability of statewide child care services.

Child Care Providers: Providers of child care that may participate in the Child Care Assistance programs. An eligible provider must be licensed under DHS rules for family child care or child care centers, or be exempt from licensure. Unlicensed providers must be registered with the county to receive payments through the Child Care Assistance programs.

Child Care Resource and Referral Program (CCR&R): Agencies that help parents find quality child care, provide consumer education, train child care providers, and assess child care needs in communities.

CHIP: Children's Health Insurance Program. A program that provides states with federal matching funds at an enhanced rate to provide health care coverage to certain uninsured children, and also to certain uninsured pregnant women who are undocumented. CHIP was established as Title XXI of the Social Security Act and authorized by the Federal Balanced Budget Act of 1997.

CMS: Centers for Medicare and Medicaid Services. The division of DHHS that administers the MA program.

DHS: The state Department of Human Services. DHS is the state agency that supervises the administration of assistance programs in Minnesota.

DHHS: The U.S. Department of Health and Human Services. DHHS is the federal agency that administers federal and joint state-federal human services programs.

Disability: For the purpose of establishing eligibility for SSI and MSA, "disability" is defined as the inability to engage in any substantial gainful activity as the result of any medically determinable physical or mental impairment. The condition must be expected to last at least 12 months or result in death, except that for children the test is one of functional impairment.

Disabled: In the Food Support program, a "disabled" household member is generally someone who is receiving some type of disability-based assistance.

DRA: The Deficit Reduction Act of 2005 reauthorized TANF until 2010, making important technical changes to TANF requirements for the states. (Congress has extended TANF through February 18, 2022.)

DWP: Diversionary Work Program. Provides short-term, necessary services and supports to families that will lead to unsubsidized employment, increase economic stability, and reduce the risk of families needing longer term assistance under MFIP. A family is eligible for DWP assistance for a maximum of four months once in a 12-month period.

Earned Income: Income that is received as the direct result of legal work activity, effort, or labor. Examples of earned income include wages, salaries, tips, and commissions.

Earned Income Tax Credit: The federal tax credit program for low-income individuals.

EBT: Electronic Benefits Transfer. A method of providing food and cash assistance benefits, under the Food Support program and MFIP, in electronic debit card form.

EGA: Emergency General Assistance. A state program that provides short-term cash assistance (paid for one 30-day period in a consecutive 12-month period) to applicants who have emergency needs.

Employment Plan: A plan developed by a job counselor and an MFIP caregiver that identifies the caregiver's employment goal, activities needed to reach the goal, and a time line for accomplishing each activity. The similar plan in SNAP Employment and Training is known as an "employability plan."

Employment and Training Services: Activities and services—such as assessments, job search, job placements, and training—that are designed to assist an individual to obtain and retain employment.

Employment and Training Services Provider: A public, private, or nonprofit employment and training agency that a county uses to provide employment and training services to MFIP, MFAP, or Food Support recipients.

Entitlement: A federal program or provision of law that requires payment to any person or unit of government that meets the eligibility criteria established by law. Entitlements constitute a binding obligation on the part of the federal government, and eligible recipients have legal recourse if the legal obligation is not fulfilled. (<https://budgetcounsel.com/lexicon-2/glossary-of-the-u-s-senate/>)

Exempt Income: Income from certain sources that is not used in determining program eligibility and/or benefit levels.

Family: People who live together or are temporarily absent from the household. For Child Care Assistance programs, family includes parents, stepparents, guardians and their spouses, other relative caregivers, and children.

Family Copayment: The amount a family that receives Child Care Assistance must pay for the child care. The amount—also known as a parent fee—is based on family income adjusted for family size according to a sliding fee scale.

Family Stabilization Services: Programs, activities, and services that provide MFIP participants and their family members with certain assistance to achieve economic self-sufficiency and family well-being.

Family Violence Waiver: A waiver of the 60-month time limit for victims of family violence who meet certain criteria and are complying with an employment plan.

Family Wage Level: The MFIP standard of assistance that is used for calculating the amount of a family's MFIP grant when the family has earned income. The family wage level is equal to 110 percent of the MFIP transitional standard.

Federal Poverty Guidelines (FPG): The federal measure, updated annually, below which a household is considered to be living in poverty. The guidelines are published annually in the *Federal Register* by the DHHS to determine eligibility for certain programs. Published guidelines are identical for all states except Alaska and Hawaii.

Federal Work Requirements: The work participation standards specified in PRWORA that Minnesota must meet with MFIP families. Beginning October 1, 2001, the work participation rate that must be met by MFIP is 50 percent for all families and 90 percent for two-parent families. Each MFIP caregiver must work a minimum number of hours, averaged over a month, to be counted toward meeting the work participation rate.

FFP: Federal Financial Participation. Federal monies, matched by state funds, that are used to pay for health care services provided to MA enrollees. The FFP is calculated as a percentage; it determines the extent of the federal government's share of the costs of the MA program.

FMAP: Federal Medical Assistance Percentage. The federal share of Medicaid costs for each state, usually recalculated annually based on a formula that takes into account state per capita income.

Food Support (formerly Food Stamps): Federal assistance, issued in EBT form, that recipients can use to purchase food and food products in approved stores. The federal program is now called the Supplemental Nutrition Assistance Program (SNAP), but Minnesota's program is still called Food Support. The Minnesota Food Support program also includes a small amount of state-funded food assistance to certain lawfully present noncitizens who are not eligible for federal assistance.

GA: General Assistance. A state program that provides cash assistance to needy persons who do not qualify for any of the federal programs (MFIP, SSI, or MSA) and who meet one of the GA eligibility criteria.

General Relief: (1) County programs that provide for certain needs of persons not eligible for other public assistance. General relief responsibilities include general hospitalization, university hospitals, and burials. (2) A term used interchangeably with “Poor Relief.” (See “Poor Relief”)

HCAF: Health Care Access Fund. A fund that is the source of financing for the MinnesotaCare program and related activities. HCAF revenues are primarily taxes paid by health care providers and nonprofit health plan companies, MinnesotaCare enrollee premiums and cost-sharing, and federal Basic Health Program payments.

Household: People who live together. In the SNAP program, a “household” is generally defined as those individuals living together who purchase and prepare meals in common.

Housing Support Program: A state program that provides payments on behalf of eligible persons to pay for room and board and related housing services. Housing support settings were formerly known as group residential housing facility settings.

IHP: Integrated health partnership. A health care provider group that participates in the IHP demonstration project, a value-based payment model administered by DHS.

Income Assistance Programs: Programs providing cash assistance to needy people (e.g., MFIP, GA, SSI, and MSA).

In-Kind Assistance Programs: Programs providing noncash benefits to eligible recipients (e.g., MA, MinnesotaCare, SNAP, and Child Care Assistance).

Income Disregard: Income that is not considered in the calculations when an applicant’s eligibility and/or benefit level for an assistance program is determined.

Income: Payment received from any source, whether in money, goods, or services. Income may be earned or unearned, and recurring or nonrecurring.

Job Counselor: A staff person employed by an employment and training services provider who delivers services to participating MFIP, SNAP, and MFAP recipients.

Job Search Support Plan: A plan developed by an MFIP caregiver and job counselor that specifies the activities required and services to be provided to the caregiver while the caregiver is involved in job search activities.

Lawfully Present Noncitizen: A person who is not a U.S. citizen, but who has permission from the USCIS to live in the United States.

LIHEAP: Low-Income Home Energy Assistance Program. A program that helps low-income individuals pay heating costs.

MA: Medical Assistance or Medicaid; Title XIX of the Social Security Act. MA is a federal-state program that provides assistance to eligible persons who cannot afford the cost of necessary medical services.

MAXIS: Minnesota AXIS. The statewide centralized computer system run by DHS that counties use for eligibility determinations for the MFIP, GA, FS, and MA programs, and for benefit payments for the MFIP, GA, and FS programs.

Medicaid: A jointly funded federal-state health care program established under Title XIX of the Social Security Act to provide for the health care needs of certain low-income individuals. Minnesota's Medicaid program is called MA (see above).

MFAP: Minnesota Food Assistance Program. A state program that provides state-funded food assistance to lawfully present noncitizens who would be eligible for the federal SNAP program, except that their immigration status bars them from SNAP eligibility. MFAP recipients must follow all the rules of the SNAP program, including SNAP Employment and Training requirements.

MFIP: Minnesota Family Investment Program. The state program begun in January 1998 that replaces the old AFDC entitlement program. MFIP is Minnesota's TANF program; it is designed to promote family self-sufficiency. It combines cash assistance and Food Support in a single grant, and also provides employment and training services.

MFIP Child Care Assistance: A Child Care Assistance program for MFIP families who are participating in an authorized education and employment activity. This is a fully funded Child Care Assistance program.

MFIP Consolidated Fund: Consists of funds used for MFIP and other assistance programs. Expenditures are limited to the benefits and services allowed under Title IV-A of the federal Social Security Act. Examples of allowable expenditures include: short-term, nonrecurring shelter and utility needs; transportation needed to obtain or retain employment; services to parenting and pregnant teens; supported work; and wage subsidies. Families with a minor child, pregnant woman, or a noncustodial parent of a minor child receiving assistance, with incomes below 200 percent of the federal poverty guidelines, are eligible for services funded under the consolidated fund.

MinnesotaCare: A state health care insurance program, administered under federal guidance that operates as a Basic Health Program under the Affordable Care Act.

Minor Custodial Parent: An MFIP caregiver under the age of 18 who is the parent of a dependent child, and who receives MFIP assistance on behalf of herself or himself and her or his child.

MNsure: The state's health insurance exchange authorized under the Affordable Care Act and [Minnesota Statutes, chapter 62V](#).

MSA: Minnesota Supplemental Aid. A state program that supplements the income of needy persons who are aged, blind, or disabled and who (1) are recipients of SSI or (2) would qualify for SSI except for excess income.

Nonimmigrant: A person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

PMAP: Prepaid Medical Assistance Program. Provides health care services to MA enrollees who are families and children and adults without children, through contracts with health maintenance organizations (HMOs) and county-based purchasing plans.

Poor Relief: Also known as “General Relief,” Poor Relief refers to the aid programs formerly administered and funded solely by the counties and townships prior to the institution of the GA program in 1974. State law abolished Poor Relief when it created GA.

Portability Pool: Provides Basic Sliding Fee Child Care Assistance to eligible families who move between counties in Minnesota.

Poverty Guidelines: See Federal Poverty Guidelines.

PRWORA: Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law Number 104-193). The federal welfare reform law that eliminated the AFDC entitlement program for needy families and replaced it with the TANF block grant program of time-limited assistance.

Qualified Noncitizen: Any of several categories of noncitizens defined in PRWORA as being eligible for federally funded public assistance if all other program eligibility requirements are also met.

Real Property: Any real estate such as a house, buildings, and/or land. Ownership of real property can affect an applicant’s eligibility for a public assistance program.

Sanction: Reduction of a recipient’s assistance benefit by a specified percentage or amount that is imposed because the recipient is not meeting a program requirement.

Shelter Costs: In MFIP, shelter costs include any of the following: rent, manufactured home lot rentals or monthly principal, interest, and insurance premiums and property taxes due for mortgages or contracts for deed costs.

SNAP: Supplemental Nutrition Assistance Program (formerly known as Food Stamps). SNAP is a federal program administered by the USDA providing nutrition assistance to eligible low-income households.

SNAP Employment and Training: The employment and training program for the Food Support and the MFAP programs. SNAP Employment and Training participation is required of some Food Support and MFAP recipients who are not otherwise employed.

Social Services: Counties provide “social services” to individuals who need assistance other than (or sometimes in addition to) income or health care assistance. Social services are

designed to help people achieve or maintain self-support and self-sufficiency and prevent the abuse or neglect of children and adults. Social services include, but are not limited to, child and adult protection, foster care, adoption, chemical dependency services, day care, and services for seniors, persons with developmental disabilities, and persons with mental illness. Counties receive block grant funds from the federal government (through the Social Services Block Grant program, Title XX of the Social Security Act) and from the state (through the Vulnerable Children and Adults Act block grant program); counties also use other state or local sources to pay for the social services they provide. (The state Vulnerable Children and Adults Act, VCAA, is found in [Minnesota Statutes, chapter 256M](#).) Social services activities are not an authorized activity for Child Care Assistance through the child care fund.

Spenddown: A term used in the MA program. Under a spenddown, an individual with income in excess of the program maximum qualifies for MA by incurring medical bills in amounts that are equal to or greater than the amount by which his or her income exceeds the program maximum for a specific time period.

SSA: The federal Social Security Administration, located within DHHS. SSA administers the SSI program, as well as the various Social Security insurance programs.

SSI: Supplemental Security Income. A federal program begun in 1974 that provides cash assistance to needy persons who are aged, blind, or disabled.

Standard of Need: The level of income the government has determined is sufficient for an individual to provide for his or her basic maintenance needs, such as shelter, food, clothing, and utilities.

Standard of Assistance: The amount of the standard of need that is paid by an income assistance program.

TANF: Temporary Assistance for Needy Families. The federal program created by the 1996 federal Welfare Reform Act, which replaced the AFDC entitlement program with block grants to states, to assist states in providing time-limited assistance to needy families. In Minnesota, MFIP is the state's TANF program.

Title IV-A of the Social Security Act: authorizes the federal Temporary Assistance for Needy Families (TANF) block grant program of assistance to states.

Title IV-D of the Social Security Act: authorizes measures to (1) enforce child support obligations by absent parents, (2) locate absent parents, (3) establish paternity, and (4) obtain child support.

Title IV-E of the Social Security Act: authorizes a state-federal program of foster care payments and adoption assistance payments.

Title XVI of the Social Security Act: authorizes the federal Supplemental Security Income (SSI) program for persons who are aged, blind, or disabled.

Title XVII of the Social Security Act: authorizes the federal medical insurance program for the aged and disabled that is known as Medicare.

Title XIX of the Social Security Act: authorizes the joint federal-state MA program. MA is also known as Medicaid.

Title XX of the Social Security Act: authorizes the federal Social Services Block Grant program of assistance to states to help fund social services.

Title XXI of the Social Security Act: authorizes SCHIP.

Transition Year Families: Families who have received MFIP for at least three of the last six months, but who have lost eligibility for MFIP due to increased hours of employment, increased child support income, or the loss of income disregards due to time limitations.

Transition Year Child Care: A program that assists transition year families with child care expenses for up to 12 months after leaving MFIP.

Transitional Standard: In MFIP, a combination of the cash assistance portion and food assistance portion for a family of a specific size. It is the basic standard of assistance for a family with no earned income.

Undocumented Noncitizen: An immigrant who enters or stays in the United States without the knowledge or authorization of the USCIS. Sometimes referred to as an “illegal immigrant.”

Unearned Income: Income a person receives without having performed any work activity, effort, or labor. Unearned income includes pensions, benefits, dividends, interest, insurance compensation, and other types of payments.

USCIS: Bureau of U.S. Citizenship and Immigration Services. The federal agency responsible for admitting noncitizens into the United States; formerly known as the Immigration and Naturalization Services (INS).

USDA: U.S. Department of Agriculture. The USDA is responsible for administering the SNAP program.

Vendor Payments: Payments made directly to a provider of goods and services on behalf of a recipient. Vendor payments can be instituted in MFIP and GA.

Waiting List: A list of unserved families who have applied for Child Care Assistance through the Basic Sliding Fee program. A county is required by law to maintain a list of unserved applicants who are eligible for the Basic Sliding Fee program. The county must update the list at least every six months. County funding allocations are partially based on the number of families on the waiting list.

Work Activity: Any activity in an MFIP recipient’s approved job search support plan or employment plan that is tied to the recipient’s employment goal and is considered work for the purposes of meeting the federal work requirements.

Working Family Credit: A state program that provides refundable tax credits to low-income families who work.