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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE NO. **474**

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The bill was read for the first time and referred to the Committee on Health and Human Services

1.1 A bill for an act  
1.2 relating to health; developing a statewide plan for the redesign of the health  
1.3 care system.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. HEALTH CARE SYSTEM REDESIGN FOR THE STATE OF  
1.6 MINNESOTA.

1.7 Subdivision 1. Redesign. The commissioner of health, in consultation with the  
1.8 Health Care Redevelopment Task Force, shall develop a statewide plan, budget, timeline,  
1.9 and proposed legislation to implement a statewide redesign of the Minnesota health care  
1.10 system that meet the parameters described in subdivision 2. The plan and draft legislation  
1.11 must be submitted to the legislature by October 1, 2008.

1.12 Subd. 2. Plan parameters. (a) The statewide health care redevelopment plan  
1.13 shall include:

1.14 (1) the development of a state-funded catastrophic health plan to be available to  
1.15 every citizen of Minnesota. The catastrophic health plan must meet the criteria described  
1.16 in subdivision 3;

1.17 (2) the development of gap insurance policies to be offered on an individual  
1.18 guaranteed basis. The gap insurance polices must meet the criteria described in  
1.19 subdivision 4;

1.20 (3) recommendations for funding arrangements necessary to finance the state  
1.21 catastrophic health plan, including, but not limited to, a one percent employer payroll  
1.22 fee and a one percent employee payroll fee. The plan shall also explore eliminating tax  
1.23 deductions for employers for providing health benefits directly to their employees and

2.1 creating tax deductions for individuals for health plan premiums, medical expenses, and  
2.2 contributions to a health savings account;

2.3 (4) providing a premium subsidy in the form of a voucher for low-income individuals  
2.4 and families who are not eligible for medical assistance to enable these individuals and  
2.5 families to purchase a gap insurance policy or contribute to a health savings account. The  
2.6 amount of the subsidy must be based on income and family size;

2.7 (5) the development of a health care information Web site that contains information  
2.8 on health care costs and quality indicators. The Web site must include information and  
2.9 links to enable consumers to assess and compare cost, quality, and efficiency of Minnesota  
2.10 health care providers and health plan options;

2.11 (6) recommendations on the implementation of an electronic medical expense card  
2.12 that would track an individual's medical expenses incurred during the calendar year in  
2.13 order to determine eligibility to the state catastrophic health plan; and

2.14 (7) an analysis on the expected impact on the health care system in terms of cost,  
2.15 access to coverage and services, rate of uninsurance, rate of uncompensated care provided,  
2.16 and quality of care.

2.17 (b) The proposed plan shall maintain the medical assistance program as a safety net  
2.18 for low-income, disabled, and elderly persons.

2.19 (c) In developing the statewide plan, the commissioner and task force may offer  
2.20 alternative proposals to those specified in this section as long as the proposed alternatives  
2.21 follow the basic parameters of the redesign proposal.

2.22 Subd. 3. **State catastrophic health plan.** (a) The state catastrophic health plan  
2.23 shall provide health care coverage to any individual who has spent within a calendar  
2.24 year the greater of:

2.25 (1) 12 percent of the individual's or family's gross income based on the previous  
2.26 calendar year's gross income; or

2.27 (2) \$30,000 for a family or \$20,000 for an individual on medical expenses, including  
2.28 premiums and cost sharing.

2.29 (b) To be eligible for the state catastrophic health plan, an individual must not be  
2.30 eligible for Medicare or the medical assistance program.

2.31 (c) To be eligible for the state catastrophic health plan, an individual must have been  
2.32 a legal citizen of Minnesota for at least six months.

2.33 (d) The catastrophic health plan must provide coverage for the following benefits:

2.34 (1) hospital services;

3.1 (2) professional services for the diagnosis or treatment of injuries, illnesses, or  
3.2 conditions, other than dental, which are rendered by a physician or at a physician's  
3.3 direction;

3.4 (3) prescription drugs;

3.5 (4) anesthetics;

3.6 (5) rental or purchase, as appropriate, of durable medical equipment other than  
3.7 eyeglasses and hearing aids;

3.8 (6) diagnostic x-rays and laboratory tests; and

3.9 (7) transportation provided by a licensed ambulance service to the nearest facility  
3.10 qualified to treat the condition.

3.11 (e) The plan may include cost-sharing requirements.

3.12 Subd. 4. **Gap insurance policies.** The gap insurance policies shall be offered on an  
3.13 individual guaranteed basis to provide health care coverage until eligibility for the state  
3.14 catastrophic health plan is met. The gap insurance policies must provide coverage for all  
3.15 benefits offered under the state catastrophic health plan. Premium rates may vary to reflect  
3.16 actuarially valid differences attributable to age, nonuse of tobacco, and compliance with  
3.17 recommended health screenings and preventive care. Premium rate variations must be  
3.18 in accordance with Minnesota Statutes, section 62L.08. The purchase of gap insurance  
3.19 shall be optional with a variety of plans offered with a range of annual deductibles and  
3.20 including a health savings account option.

3.21 Subd. 5. **Health Care Redevelopment Task Force.** (a) The commissioner of health  
3.22 shall convene a Health Care Redevelopment Task Force to make recommendations to the  
3.23 commissioner regarding the statewide redesign of the health care system described in  
3.24 subdivision 1.

3.25 (b) The task force shall consist of 14 members:

3.26 (1) two members representing health plan companies;

3.27 (2) two members representing employers;

3.28 (3) two members representing consumers;

3.29 (4) one member who is a health economist;

3.30 (5) one member who is a health actuary;

3.31 (6) one member representing the Minnesota Comprehensive Health Insurance  
3.32 Association; and

3.33 (7) the commissioners of commerce, human services, employee relations, revenue,  
3.34 and labor and industry.

4.1 (c) The task force shall make recommendations on coordinating the coverage for  
4.2 injuries subject to the workers' compensation and coverage contained in motor vehicle  
4.3 insurance policies with the state catastrophic health plan.

4.4 (d) The task force shall evaluate a plan for reactivating the reinsurance pool  
4.5 established under Minnesota Statutes, sections 62L.13 to 62L.23, and converting it to a  
4.6 reinsurance pool for high-cost cases covered under the gap policies.

4.7 (e) The task force is governed under Minnesota Statutes, section 15.0575.

4.8 (f) The task force expires December 31, 2009.