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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 1399

February 26, 2007

Authored by Huntley, Jaros, Dill and Murphy, M.

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 care; creating a demonstration project for northeastern
1.3 Minnesota to operate a community-based health care coverage program;
1.4 removing references to federal grant program; changing the evaluation report due
1.5 dates; appropriating money; amending Minnesota Statutes 2006, section 62Q.80,
1.6 subdivisions 3, 4, 13, 14, by adding a subdivision.

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

1.8 Section 1. Minnesota Statutes 2006, section 62Q.80, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 1a. **Demonstration project.** The commissioner of health shall award a
1.11 demonstration project grant to a community-based health care initiative to develop and
1.12 operate a community-based health care coverage program to operate within Carlton,
1.13 Cook, Lake, and St. Louis Counties. The demonstration project shall extend for five years
1.14 and must comply with all the requirements of this section.

1.15 Sec. 2. Minnesota Statutes 2006, section 62Q.80, subdivision 3, is amended to read:

1.16 Subd. 3. **Approval.** (a) Prior to the operation of a community-based health care
1.17 coverage program, a community-based health initiative shall submit to the commissioner
1.18 of health for approval the community-based health care coverage program developed by
1.19 the initiative. ~~The commissioner shall only approve a program that has been awarded~~
1.20 ~~a community access program grant from the United States Department of Health and~~
1.21 ~~Human Services.~~ The commissioner shall ensure that the program meets the federal grant
1.22 requirements and any requirements described in this section and is actuarially sound based
1.23 on a review of appropriate records and methods utilized by the community-based health

2.1 initiative in establishing premium rates for the community-based health care coverage
2.2 program.

2.3 (b) Prior to approval, the commissioner shall also ensure that:

2.4 (1) the benefits offered comply with subdivision 8 and that there are adequate
2.5 numbers of health care providers participating in the community-based health network to
2.6 deliver the benefits offered under the program;

2.7 (2) the activities of the program are limited to activities that are exempt under this
2.8 section or otherwise from regulation by the commissioner of commerce;

2.9 (3) the complaint resolution process meets the requirements of subdivision 10; and

2.10 (4) the data privacy policies and procedures comply with state and federal law.

2.11 Sec. 3. Minnesota Statutes 2006, section 62Q.80, subdivision 4, is amended to read:

2.12 Subd. 4. **Establishment.** ~~(a)~~ The initiative shall establish and operate upon approval
2.13 by the commissioner of health a community-based health care coverage program. The
2.14 operational structure established by the initiative shall include, but is not limited to:

2.15 (1) establishing a process for enrolling eligible individuals and their dependents;

2.16 (2) collecting and coordinating premiums from enrollees and employers of enrollees;

2.17 (3) providing payment to participating providers;

2.18 (4) establishing a benefit set according to subdivision 8 and establishing premium
2.19 rates and cost-sharing requirements;

2.20 (5) creating incentives to encourage primary care and wellness services; and

2.21 (6) initiating disease management services, as appropriate.

2.22 ~~(b) The payments collected under paragraph (a), clause (2), may be used to capture~~
2.23 ~~available federal funds.~~

2.24 Sec. 4. Minnesota Statutes 2006, section 62Q.80, subdivision 13, is amended to read:

2.25 Subd. 13. **Report.** (a) The initiative shall submit quarterly status reports to the
2.26 commissioner of health on January 15, April 15, July 15, and October 15 of each year,
2.27 with the first report due January 15, ~~2007~~ 2008. The status report shall include:

2.28 (1) the financial status of the program, including the premium rates, cost per member
2.29 per month, claims paid out, premiums received, and administrative expenses;

2.30 (2) a description of the health care benefits offered and the services utilized;

2.31 (3) the number of employers participating, the number of employees and dependents
2.32 covered under the program, and the number of health care providers participating;

2.33 (4) a description of the health outcomes to be achieved by the program and a status
2.34 report on the performance measurements to be used and collected; and

3.1 (5) any other information requested by the commissioner of health or commerce or
3.2 the legislature.

3.3 (b) The initiative shall contract with an independent entity to conduct an evaluation
3.4 of the program to be submitted to the commissioners of health and commerce and the
3.5 legislature by January 15, ~~2009~~ 2010. The evaluation shall include:

3.6 (1) an analysis of the health outcomes established by the initiative and the
3.7 performance measurements to determine whether the outcomes are being achieved;

3.8 (2) an analysis of the financial status of the program, including the claims to
3.9 premiums loss ratio and utilization and cost experience;

3.10 (3) the demographics of the enrollees, including their age, gender, family income,
3.11 and the number of dependents;

3.12 (4) the number of employers and employees who have been denied access to the
3.13 program and the basis for the denial;

3.14 (5) specific analysis on enrollees who have aggregate medical claims totaling over
3.15 \$5,000 per year, including data on the enrollee's main diagnosis and whether all the
3.16 medical claims were covered by the program;

3.17 (6) number of enrollees referred to state public assistance programs;

3.18 (7) a comparison of employer-subsidized health coverage provided in a comparable
3.19 geographic area to the designated community-based geographic area served by the
3.20 program, including, to the extent available:

3.21 (i) the difference in the number of employers with 50 or fewer employees offering
3.22 employer-subsidized health coverage;

3.23 (ii) the difference in uncompensated care being provided in each area; and

3.24 (iii) a comparison of health care outcomes and measurements established by the
3.25 initiative; and

3.26 (8) any other information requested by the commissioner of health or commerce.

3.27 Sec. 5. Minnesota Statutes 2006, section 62Q.80, subdivision 14, is amended to read:

3.28 Subd. 14. **Sunset.** This section expires December 31, ~~2011~~ 2012.

3.29 Sec. 6. **APPROPRIATION.**

3.30 \$1,050,000 is appropriated for the biennium beginning July 1, 2007, from the
3.31 general fund to the commissioner of health for the demonstration project grant described
3.32 in Minnesota Statutes, section 62Q.80, subdivision 1a. This is a onetime appropriation
3.33 and is available until June 30, 2012.