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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 2000

March 12, 2007

Authored by Tschumper and Walker

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 human services; expanding state direct contracting with providers for
1.3 health care delivery under medical assistance, general assistance medical care,
1.4 and MinnesotaCare; eliminating delivery of services to state health care program
1.5 enrollees by prepaid health plans; proposing coding for new law in Minnesota
1.6 Statutes, chapter 256; repealing Minnesota Statutes 2006, sections 256B.031;
1.7 256B.69, subdivisions 1, 2, 3, 3a, 3b, 4, 4b, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 6, 6a,
1.8 6b, 6c, 6d, 7, 8, 9, 10, 11, 16, 17, 18, 19, 20, 21, 22, 23, 24a, 25, 26, 27; 256L.12.

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

1.10 Section 1. 256.0135 EXPANSION OF STATE DIRECT CONTRACTING WITH
1.11 PROVIDERS FOR HEALTH CARE DELIVERY.

1.12 Subdivision 1. Definitions. (a) For purposes of this section, the following definitions
1.13 apply.

1.14 (b) "Prepaid health plan" means an entity under contract with the commissioner to
1.15 provide health care services on a prepaid capitated basis to enrollees of a state-managed
1.16 care program.

1.17 (c) "State health care program" means the medical assistance, general assistance
1.18 medical care, and MinnesotaCare programs.

1.19 (d) "State-managed care program" means the prepaid medical assistance program
1.20 established under section 256B.69, the prepaid general assistance medical care established
1.21 under section 256D.03, subdivision 4, paragraph (c), and the prepaid MinnesotaCare
1.22 program established under section 256L.12. State-managed care program does not include
1.23 county-based purchasing projects established under section 256B.692.

1.24 Subd. 2. Expansion of direct contracting. Beginning January 1, 2008, the
1.25 commissioner shall deliver health care services to state health care program enrollees
1.26 receiving health care services through a state-managed care program as of December 31,

2.1 2007, through direct contracting with providers, and shall not contract with prepaid health
2.2 plans to provide health care services to these enrollees after December 31, 2007.

2.3 Subd. 3. **Elimination of prior authorization and utilization controls.** Beginning
2.4 January 1, 2008, the commissioner shall not use prior authorization or other utilization
2.5 controls when providing health care services by direct contracting with providers to
2.6 state health care program enrollees. This prohibition applies both to services provided
2.7 to enrollees who had been receiving services through state-managed care programs and
2.8 services provided to enrollees who had been excluded from mandatory enrollment in a
2.9 state-managed care program. This subdivision does not apply to: (1) the coverage and
2.10 provision of prescription drugs; (2) preadmission screening for nursing facility admission;
2.11 and (3) utilization control activities required by federal law.

2.12 Subd. 4. **Exemption for county-based purchasing.** County-based purchasing
2.13 projects are exempt from this section and shall continue to be governed by section
2.14 256B.692.

2.15 Sec. 2. **RECOMMENDATIONS ON TRANSITION TO EXPANDED DIRECT**
2.16 **CONTRACTING.**

2.17 The commissioner of human services shall present to the legislature, by December
2.18 15, 2007, recommendations and draft legislation for any changes in the operation of state
2.19 health care programs necessary to comply with and implement section 1.

2.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.21 Sec. 3. **REVISOR'S INSTRUCTION.**

2.22 (a) The revisor of statutes, in consultation with the Department of Human Services,
2.23 shall prepare for the 2008 legislature draft legislation containing any additional repealers
2.24 and conforming changes needed to terminate health care delivery through state-managed
2.25 care programs and to eliminate the use of prior authorization and other utilization controls
2.26 under the expanded fee-for-service system for state program enrollees, as provided in
2.27 Minnesota Statutes, section 256.0135. The revisor of statutes shall include in this draft
2.28 legislation a repeal of Minnesota Statutes, section 256D.03, subdivision 4, paragraph (c).

2.29 (b) The revisor of statutes shall correct internal cross-references to sections that are
2.30 affected by section 4, the repealer section in this bill. The revisor may make changes
2.31 necessary to correct the punctuation, grammar, or structure of the remaining text and
2.32 preserve its meaning.

2.33 Sec. 4. **REPEALER.**

- 3.1 Minnesota Statutes 2006, sections 256B.031; 256B.69, subdivisions 1, 2, 3, 3a, 3b,
3.2 4, 4b, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 16, 17, 18, 19, 20,
3.3 21, 22, 23, 24a, 25, 26, and 27; and 256L.12, are repealed effective January 1, 2008.