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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-SIXTH  
SESSION**

**HOUSE FILE No. 174**

January 22, 2009

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

February 2, 2009

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to human services; creating the Minnesota health security account;  
1.3 establishing the Minnesota health security program; specifying eligibility criteria,  
1.4 covered services, and administrative procedures; requiring a report on program  
1.5 expansion and service delivery; ensuring access to health care for all adults;  
1.6 appropriating money; proposing coding for new law in Minnesota Statutes,  
1.7 chapter 16A; proposing coding for new law as Minnesota Statutes, chapter 256N.

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

1.9 Section 1. **[16A.726] MINNESOTA HEALTH SECURITY ACCOUNT.**

1.10 The Minnesota health security account is created in a special revenue fund in  
1.11 the state treasury. The commissioner shall deposit to the credit of the account money  
1.12 made available to the account. Notwithstanding section 11A.20, any investment income  
1.13 attributable to the investment of the Minnesota health security account not currently  
1.14 needed shall be credited to the Minnesota health security account.

1.15 Sec. 2. **[256N.01] CITATION.**

1.16 This chapter may be cited as the Minnesota Health Security Act.

1.17 Sec. 3. **[256N.02] DEFINITIONS.**

1.18 Subdivision 1. **Applicability.** The terms used in this chapter have the following  
1.19 meanings unless otherwise provided for by text.

1.20 Subd. 2. **Child.** "Child" means an individual as defined in section 256L.01,  
1.21 subdivision 1a.

1.22 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of human  
1.23 services.

2.1 Sec. 4. **[256N.03] ESTABLISHMENT.**

2.2 The commissioner shall establish the Minnesota health security program to provide  
2.3 health coverage to children in Minnesota. No funding from existing health care programs  
2.4 for children in Minnesota may be diverted for purposes other than children's health care.  
2.5 In the implementation of the Minnesota health security program, the commissioner shall  
2.6 seek to streamline all existing health care programs for children in order to maximize  
2.7 efficiency. The commissioner shall begin implementation of the program on July 1, 2010,  
2.8 or upon federal approval, whichever is later.

2.9 Sec. 5. **[256N.05] ELIGIBILITY.**

2.10 Subdivision 1. **General requirements.** Children meeting the eligibility  
2.11 requirements of this section are eligible for the Minnesota health security program.

2.12 Subd. 2. **Residency.** (a) To be eligible for health coverage under the Minnesota  
2.13 health security program, a child must be a Minnesota resident who meets the medical  
2.14 assistance criteria for state residency specified in Code of Federal Regulations, title 42,  
2.15 section 435.403.

2.16 (b) A child who is temporarily absent from the state does not lose eligibility for the  
2.17 Minnesota health security program. "Temporarily absent from the state" means the person  
2.18 is out of the state for a temporary purpose and intends to return when the purpose of the  
2.19 absence has been accomplished.

2.20 (c) A child who moved to Minnesota primarily to obtain medical treatment is not  
2.21 eligible for health coverage under the Minnesota health security program.

2.22 (d) Children who are not eligible for medical assistance due to immigration status  
2.23 are eligible for health coverage under the Minnesota health security program.

2.24 Subd. 3. **Enrollment voluntary.** Enrollment in the Minnesota health security  
2.25 program is voluntary. Parents or guardians may retain private sector or Medicare coverage  
2.26 for a child as the sole source of coverage. Parents or guardians who have private sector  
2.27 or Medicare coverage for children may also enroll children in the Minnesota health  
2.28 security program. If a child is enrolled in either private coverage or Medicare and the  
2.29 Minnesota health security program, coverage under the Minnesota health security program  
2.30 is secondary to the private sector or Medicare coverage.

2.31 Sec. 6. **[256N.07] COVERED SERVICES.**

2.32 Covered services under the Minnesota health security program shall consist of  
2.33 all covered services under chapter 256B.

3.1 Sec. 7. **[256N.09] NO ENROLLEE PREMIUMS OR COST-SHARING.**

3.2 In order to ensure broad access to coverage, the Minnesota health security program  
 3.3 has no enrollee premium or cost-sharing requirements.

3.4 Sec. 8. **[256N.11] APPLICATION PROCEDURES.**

3.5 Subdivision 1. **Application procedure.** Applications for the program must be made  
 3.6 available to provider offices, local human services agencies, school districts, schools,  
 3.7 community health offices, and other sites willing to cooperate in program outreach.  
 3.8 These sites may accept applications and forward applications to the commissioner or  
 3.9 local county human services agencies that choose to participate as an enrollment site.  
 3.10 Otherwise, applicants may apply directly to the commissioner or to participating local  
 3.11 county human services agencies.

3.12 Subd. 2. **Eligibility determination.** The commissioner shall determine an  
 3.13 applicant's eligibility for the program within 30 days of the date the application is received  
 3.14 by the Department of Human Services. This requirement also applies to local county  
 3.15 human services agencies that determine eligibility for the program. The effective date  
 3.16 of coverage is the day upon which eligibility is approved.

3.17 Subd. 3. **Renewal of eligibility.** The commissioner shall require enrollees to renew  
 3.18 coverage every 12 months.

3.19 Subd. 4. **Retroactive coverage.** If any individual has been determined to be  
 3.20 eligible for the Minnesota health security program, it will be made available for care and  
 3.21 services included under the plan and furnished in or after the 30 days before the month  
 3.22 in which the individual made application for such assistance, if such individual was, or  
 3.23 upon application would have been, eligible for medical assistance at the time the care and  
 3.24 services were furnished.

3.25 Sec. 9. **[256N.13] SERVICE DELIVERY.**

3.26 Subdivision 1. **Contracts for service delivery.** The commissioner may contract  
 3.27 with health maintenance organizations licensed under chapter 62D and county-based  
 3.28 purchasing plans established under section 256B.692 to provide covered health care  
 3.29 services to program enrollees, and may contract with health care and social service  
 3.30 providers to provide services under a fee-for-service system. In determining the method  
 3.31 for service delivery, the commissioner shall consider:

3.32 (1) the cost and quality of health care services;

3.33 (2) the breadth of services offered, including medical, dental, and mental health  
 3.34 services, and the breadth of choice of medical providers for enrollees;

4.1 (3) the ease of access to quality medical care for enrollees;

4.2 (4) the efficiency and cost effectiveness of service delivery, including minimizing  
4.3 the number of provider payment, care management, and pharmacy benefit management  
4.4 systems; and

4.5 (5) the extent to which service delivery under this chapter can be integrated with the  
4.6 health care home and payment reform initiatives of sections 256B.0751 to 256B.0754 and  
4.7 chapter 62U.

4.8 Subd. 2. **Contract requirements.** Eligible entities under contract are responsible  
4.9 for coordinating covered health care services provided to eligible individuals. Eligible  
4.10 entities under contract:

4.11 (1) shall authorize and arrange for the provision of all needed covered health  
4.12 services under chapter 256B, with the exception of services available only under a medical  
4.13 assistance home and community-based waiver, in order to ensure appropriate health care  
4.14 is delivered to enrollees;

4.15 (2) shall accept the prospective, per capita payment from the commissioner in return  
4.16 for the provision of comprehensive and coordinated health care services for enrollees;

4.17 (3) may contract with health care and social service providers to provide covered  
4.18 services to enrollees; and

4.19 (4) shall institute enrollee grievance procedures according to the method established  
4.20 by the commissioner, utilizing applicable requirements of chapter 62D. Disputes not  
4.21 resolved through this process may be appealed to the commissioner using the procedures  
4.22 in section 256.045.

4.23 Subd. 3. **Fee-for-services delivery.** Disputes related to services provided under  
4.24 the fee-for-service system may be appealed to the commissioner using the procedures  
4.25 in section 256.045.

4.26 Subd. 4. **Contracts for waiver services.** The commissioner shall contract with  
4.27 health care and social service providers, on a fee-for-service basis, to provide program  
4.28 enrollees with covered services available only under a medical assistance home and  
4.29 community-based waiver. The commissioner shall determine eligibility for home and  
4.30 community-based waiver services using the criteria and procedures in chapter 256B.  
4.31 Disputes related to services provided on a fee-for-service basis may be appealed to the  
4.32 commissioner using the procedures in section 256.045.

4.33 Subd. 5. **Service delivery for Minnesota disabilities health options recipient.**  
4.34 Individuals who voluntarily enroll in the Minnesota disability health options (MnDHO)  
4.35 program, established under section 256B.69, subdivision 23, shall continue to receive their  
4.36 home and community-based waiver services through MnDHO.

5.1 Subd. 6. **Disabled or blind children.** Children eligible for medical assistance due  
5.2 to blindness or disability as determined by the Social Security Administration or the state  
5.3 medical review team are exempt from enrolling in a managed care organization and shall  
5.4 be provided health benefits on a fee-for-service basis.

5.5 Sec. 10. [256N.15] PAYMENT RATES.

5.6 The commissioner, in consultation with a health care actuary, shall establish the  
5.7 method and amount of payments for services. The commissioner shall annually contract  
5.8 with eligible entities to provide services to program enrollees. The commissioner, in  
5.9 consultation with the Risk Adjustment Association established under section 62Q.03,  
5.10 subdivision 6, shall develop and implement a risk adjustment system for the program.

5.11 Sec. 11. [256N.17] CONSUMER ASSISTANCE.

5.12 Subdivision 1. **Assistance to applicants.** If the Department of Human Services  
5.13 contracts with more than one eligible entity and multiple options are available to potential  
5.14 enrollees, the commissioner shall assist applicants in choosing a plan by:

5.15 (1) establishing a Web site to provide information about applicant options and to  
5.16 allow online enrollment;

5.17 (2) make information on applicant options available at the sites specified in section  
5.18 256N.11, subdivision 1;

5.19 (3) make applications and information available in Spanish, Hmong, Laotian,  
5.20 Russian, Somali, Vietnamese, and Cambodian, and provide language interpreter services  
5.21 as necessary to assist applicants; and

5.22 (4) make benefit educators available to assist applicants.

5.23 Subd. 2. **Ombudsperson.** The commissioner shall designate an ombudsperson  
5.24 to advocate for children enrolled in the Minnesota health security program. The  
5.25 ombudsperson shall assist enrollees in understanding and making use of complaint and  
5.26 appeal procedures and ensure that necessary medical services are provided to enrollees. At  
5.27 the time of enrollment, the commissioner shall inform enrollees about: the ombudsperson  
5.28 program; the right to a resolution of the enrollee's complaint by the health plan company  
5.29 if the enrollee experiences a problem with the health plan company or its providers; and  
5.30 appeal rights under section 256.045.

5.31 Sec. 12. [256N.19] MONITORING AND EVALUATION OF QUALITY AND  
5.32 COSTS.

6.1 The commissioner, as a condition of contract, shall require each participating  
6.2 entity and participating provider to submit, in the form and manner specified by the  
6.3 commissioner, data required for assessing enrollee satisfaction, quality of care, cost, and  
6.4 utilization of services. The commissioner shall evaluate this data in order to:

6.5 (1) make summary information on the quality of care across contracting entities,  
6.6 medical clinics, and providers available to consumers;

6.7 (2) require contracting entities and providers, as a condition of contract, to  
6.8 implement quality improvement plans; and

6.9 (3) compare the cost and quality of services under the program to the cost and  
6.10 quality of services provided to private sector enrollees.

6.11 The commissioner, to the extent possible, shall implement this section in a manner  
6.12 consistent with the health care data collection and quality initiatives of chapter 62U.

6.13 Sec. 13. **FEDERAL APPROVAL.**

6.14 The commissioner shall seek all federal waivers and approvals necessary to  
6.15 implement this chapter including, but not limited to, waivers and approvals necessary  
6.16 to maximize the receipt of federal funds.

6.17 Sec. 14. **IMPLEMENTATION PLAN.**

6.18 The commissioner of human services shall develop an implementation plan for  
6.19 the Minnesota health security program, and shall present this plan and any necessary  
6.20 conforming legislation for review by the legislature by January 15, 2010.

6.21 Sec. 15. **AFFORDABLE HEALTH COVERAGE FOR ALL ADULTS.**

6.22 The state of Minnesota shall ensure that all adults in the state have access  
6.23 to comprehensive, affordable health coverage by January 1, 2012, according to  
6.24 recommendations from the Legislative Commission on Health Care Access as described  
6.25 in section 16.

6.26 Sec. 16. **STUDY OF HEALTH COVERAGE FOR ADULTS AND HEALTH**  
6.27 **CARE DELIVERY.**

6.28 (a) The Legislative Commission on Health Care Access shall study and develop  
6.29 recommendations to provide affordable and comprehensive health coverage for  
6.30 all adults in Minnesota by January 1, 2012. Among other options, the study shall  
6.31 consider the expansion of the Minnesota health security program to include adults. The  
6.32 recommendations must be consistent with the following criteria:

7.1 (1) health care must be affordable, with a guarantee that the family share of premium  
7.2 costs and cost-sharing in total does not exceed five percent of family income;

7.3 (2) a comprehensive benefit set must be provided that includes preventive care  
7.4 and all other medically necessary services including dental and comprehensive mental  
7.5 health benefits;

7.6 (3) breadth of choice of providers must be available with adequate access to services  
7.7 throughout geographic areas;

7.8 (4) enrollment must be simple and seamless; and

7.9 (5) improving health outcomes of all enrollees and reducing health disparities must  
7.10 be prioritized.

7.11 (b) The study must also include an independent actuarial analysis of the costs and  
7.12 benefits of various health care delivery system options for an expanded Minnesota health  
7.13 security program that includes coverage for adults.

7.14 (c) The study shall be completed and presented to the legislature by December  
7.15 15, 2010.

7.16 Sec. 17. **APPROPRIATION.**

7.17 \$...... is appropriated from the general fund to the commissioner of human services  
7.18 for the biennium beginning July 1, 2009, to implement and administer the Minnesota  
7.19 health security program under Minnesota Statutes, chapter 256N.