State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE NO. 1831

March 18, 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

A bill for an act

relating to human services; modifying performance withholds for managed care plans serving state health care program enrollees; amending Minnesota Statutes 2008, section 256L.12, subdivision 9.

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

Section 1. Minnesota Statutes 2008, section 256L.12, subdivision 9, is amended to read:

Subd. 9. **Rate setting; performance withholds.** (a) Rates will be prospective, per capita, where possible. The commissioner may allow health plans to arrange for inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with an independent actuary to determine appropriate rates.

(b) For services rendered on or after January 1, 2003, to December 31, 2003, the commissioner shall withhold .5 percent of managed care plan payments under this section pending completion of performance targets. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year if performance targets in the contract are achieved. A managed care plan may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(c) For services rendered on or after January 1, 2004, the commissioner shall withhold five percent of managed care plan payments under this section pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding

attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, such as characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if performance targets in the contract are achieved. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(d) For services rendered on or after January 1, 2010, the commissioner shall establish additional performance targets based on the Healthcare Effectiveness Data and Information Set (HEDIS), as developed by the National Committee for Quality Assurance. These performance targets shall be subject to the withhold of five percent of managed care plan payments established under paragraph (c). Any managed care plan that fails to meet a HEDIS-based performance target in any single year shall receive a compounded penalty for failing to meet the same target in subsequent, consecutive years. The commissioner shall annually notify the chairs of the house of representatives and senate committees with jurisdiction over health and human services of any updates to HEDIS-based performance targets necessary to remain as closely aligned with HEDIS standards as possible. Unless otherwise indicated by clinical evidence, HEDIS-based performance targets must include the following categories of measurement:

(1) public health measures, including lead testing and comprehensive diabetes care;

(2) administrative measures, including timeliness of payments to providers and identifying treating providers on 100 percent of claims;

(3) patient care measures, including patient satisfaction, compliance with the health care reform requirements described in chapter 62U, and reductions in the utilization of high-cost, low-effectiveness surgeries, procedures, and services; and

(4) cost of care measures, including cholesterol management for patients with cardiovascular conditions, control of high blood pressure, persistence of beta-blocker treatment after a heart attack, and inpatient utilization of acute care.