INFORMATION BRIEF
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MinnesotaCare

MinnesotaCare is administered by the Minnesota Department of Human Services under federal guidance as a Basic Health Program that provides subsidized health coverage to eligible Minnesotans. This information brief describes eligibility requirements, covered services, and other aspects of the program.

Note: Individuals who have questions about MinnesotaCare eligibility or are interested in applying for MinnesotaCare should call the Minnesota Department of Human Services at 651-297-3862 (in the metro area) or 1-800-657-3672, or MNsure, the state's health insurance exchange, at 1-855-366-7873.

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Administration

MinnesotaCare is administered by the Minnesota Department of Human Services (DHS) as a Basic Health Program (BHP), a state coverage option authorized by the federal Affordable Care Act (ACA). DHS, in cooperation with MNsure, the state's health insurance exchange, is responsible for processing applications and determining eligibility for MinnesotaCare. DHS is also responsible for contracting with participating entities for the provision of MinnesotaCare services, complying with federal BHP requirements, and submitting an annual report to the federal government documenting compliance with these requirements.

The federal government is responsible for certifying state Basic Health Programs, ensuring state compliance with federal laws, regulations, and guidance related to the BHP, and reviewing state compliance at least annually.

Applicants can apply for MinnesotaCare coverage online through the MNsure eligibility determination system. Paper applications may also be submitted, and application assistance is available from county agencies, community organizations serving as navigators, and other entities.

MinnesotaCare as Basic Health Program

The ACA gives states the option of operating a basic health program to provide health coverage to persons with incomes greater than 133 percent but not exceeding 200 percent of Federal Poverty Guidelines (FPG), beginning January 1, 2015. States receive 95 percent of the amount the federal government would otherwise have spent on premium tax credits and cost-sharing subsidies for these individuals had they received coverage through the state's insurance exchange. BHP enrollees receive coverage through a standard benefit plan, which must include at least the essential health benefits included in qualified health plans that are offered through the state's insurance exchange. Premiums for a BHP enrollee must not exceed the amount the enrollee would otherwise pay for qualified health plan coverage through the exchange, after application of advanced premium tax credits.

The 2013 Legislature directed the Commissioner of Human Services to seek federal approval to operate the MinnesotaCare program as a basic health program. The legislature also authorized changes in MinnesotaCare eligibility, covered services, and service delivery that were necessary to meet federal requirements for a basic health program. Many of these MinnesotaCare changes became effective January 1, 2014. (Laws 2013, ch. 108/H.F. 1233, art. 1)

DHS submitted its proposal to operate MinnesotaCare as a basic health program to the federal government for approval in November 2014. This proposal, referred to in federal law as the BHP Blueprint, was approved December 15, 2014, for implementation beginning January 1, 2015.

Eligibility Requirements

To be eligible for MinnesotaCare, individuals must meet income limits, not be eligible for MA, and satisfy other requirements related to residency and lack of access to health insurance. MinnesotaCare eligibility must be renewed every 12 months, with renewals occurring during the open enrollment period of MNsure, the state's health insurance exchange.

Since January 1, 2014, most MinnesotaCare enrollees have been parents and caretakers, children ages 19 to 20, and adults without children. Most children under age 19, and pregnant women, who would have been eligible for MinnesotaCare prior to January 1, 2014, are now eligible for Medical Assistance (MA) and therefore, under the new MinnesotaCare eligibility rules, are not eligible for MinnesotaCare.

Income Limits

MinnesotaCare coverage is available to persons with incomes greater than 133 percent of FPG but not exceeding 200 percent of FPG, if other program eligibility requirements are met. Children under age 19 with household incomes not exceeding 200 percent of FPG are eligible for MinnesotaCare (even if their income does not exceed the 133 percent of FPG income floor), if they are ineligible for MA solely due to application of the household composition rule for MA.[1] In addition, legal noncitizens ineligible for MA due to immigration status, with household incomes not exceeding 200 percent of FPG, are eligible for MinnesotaCare.[2]

Before January 1, 2014, parents and caretakers were eligible if their household income did not exceed 275 percent of FPG (subject to a maximum income of $57,500), and adults without children were eligible if their income did not exceed 250 percent of FPG. There was no upper income limit for children.

Table 1 on the next page lists the minimum and maximum program income limits for different family sizes.

[1] The MA household composition rule counts the income of both unmarried parents when determining eligibility for a minor child in the household. Since January 1, 2014, MinnesotaCare, as part of the switch to the modified adjusted gross income (MAGI) income methodology, has used the tax definition of household, under which only the income of one unmarried parent is counted when determining eligibility for a minor child (this is the income of the parent claiming the child as a dependent). This difference in methodology could lead to situations in which a child's income under MA (given the counting of income of both unmarried parents) is too high for that program, but is too low to qualify for MinnesotaCare (given the counting of income of only one parent and the program's income floor). This MinnesotaCare eligibility provision is intended to allow children in this situation to be eligible for MinnesotaCare.

[2] These legal noncitizens are generally nonpregnant adults falling under certain immigration classifications who have resided in the United States for less than five years. The cost of health care services provided to these individuals is funded through MinnesotaCare without a federal match (state-only MinnesotaCare).

Table 1
Annual Household Income Limits for MinnesotaCare

Household Size	133% of FPG	200% of FPG
1	$15,654	$23,340
2	21,186	31,460
3	26,719	39,580
4	32,252	47,700
Each additional person add	5,532	8,120

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Note: These dollar amounts are adjusted January 1 of each year to reflect changes in the Federal Poverty Guidelines.

Since January 1, 2014, modified adjusted gross income (MAGI)[3] has been the income methodology used to determine eligibility for MinnesotaCare applicants and enrollees. The use of MAGI is required by the ACA for state basic health programs. Prior to this date, a state-specific gross income calculation was applied.

Asset Limits

There are no asset limits for MinnesotaCare enrollees.

Before January 1, 2014, parents and caretakers and adults without children were subject to an asset limit of $10,000 in total net assets for a household of one person, and $20,000 in total net assets for a household of two or more persons. Certain items were not considered assets when determining MinnesotaCare eligibility. Pregnant women and children were exempt from the MinnesotaCare asset limit.

Not Eligible for Medical Assistance (MA)

Persons who are eligible for MA are not eligible for MinnesotaCare.

Before January 1, 2014, persons eligible for both MA and MinnesotaCare could enroll in either program. This change had the effect of shifting the vast majority of pregnant women and children under age 19 from MinnesotaCare to MA, since the MA income limit for these eligibility groups (275 percent of FPG)[4] is higher than the MinnesotaCare income limit (200 percent of FPG).

[3] MAGI is defined as adjusted gross income increased by: (1) excluded foreign earned income; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax. (I.R.C. § 36B)

[4] The 2013 Legislature increased the MA income limit for children ages 2 through 18 from 150 percent to 275 percent of FPG, effective January 1, 2014.

No Access to Subsidized Health Coverage

In order to be eligible for MinnesotaCare, a family or individual must not have access to employer-subsidized health coverage that is affordable and provides minimum value, as defined in federal regulations.[5] These regulations define coverage as "affordable" for an employee and related individuals, if the portion of the annual premium the employee must pay for self-only coverage does not exceed 9.66 percent of income for 2016.[6] Coverage provides "minimum value" if it pays for at least 60 percent of medical expenses on average.

Before January 1, 2014, in order to be eligible, a family or individual must not have had access to employer-subsidized health care coverage, and also must not have had access to employer-subsidized health care coverage through a current employer for 18 months prior to application or reapplication. Employer-subsidized coverage was defined as health insurance coverage for which an employer pays 50 percent or more of the premium cost. The requirement of no access to employer-subsidized coverage did not apply to certain low-income children.

No Other Health Coverage

In order to be eligible for MinnesotaCare, a family or individual must not have minimum essential health coverage, as defined in the Internal Revenue Code.[7] The Internal Revenue Code defines minimum essential coverage as coverage under government-sponsored programs (including but not limited to Medicare, Medicaid, TRICARE and other coverage for members of the armed services, and veterans health benefits), coverage under an employer-sponsored plan, individual market coverage, coverage under a grandfathered health plan,[8] and other coverage recognized by the federal government.

Before January 1, 2014, enrollees must not have had other health coverage while enrolled and must not have had health coverage for the four months prior to application or renewal. Low-income children and children meeting other specified criteria were exempt from these requirements.

Residency Requirement

MinnesotaCare enrollees must meet the residency requirements of the Medicaid program. The Medicaid program requires an individual to demonstrate intent to reside permanently or for an indefinite period in a state, but it does not include a durational residency requirement (a requirement that an individual live in a state for a specified period of time before applying for the program).

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[5] See Code of Federal Regulations, title 26, section 1.36B-2.

[6] This percentage is indexed annually; the percentage for 2015 used by DHS is 9.50.

[7] See Internal Revenue Code, section 5000A.

[8] Under the ACA, most health insurance plans that existed on March 23, 2010, are eligible for grandfathered status. Grandfathered plans do not have to meet all of the ACA requirements related to the regulation of health insurance. However, grandfathered status is lost and compliance with the ACA is required, if significant changes are made to the plan's benefits or premiums and cost-sharing.

Benefits

Parents and adults without children who are not pregnant are covered under MinnesotaCare for most, but not all, services covered under MA. The $10,000 annual limit on inpatient hospital benefits that applied to certain parents and caretakers, and adults without children, was eliminated on January 1, 2014.[9] Covered services are summarized in Table 2.

Children ages 19 and 20, and children under age 19 not eligible for MA solely due to the MA household composition rule (described in footnote 1), can access the full range of MA services without enrolling in MA, except that abortion services are covered as provided under the MinnesotaCare program.[10] These individuals are exempt from MinnesotaCare benefit limitations and cost-sharing.

Table 2
Covered Services Under MinnesotaCare

Service	Children	Parents; Adults without children[a]
Acupuncture	X	X
Adult mental health rehab/crisis	X	X
Alcohol/drug treatment	X	X
Child and teen checkup	X	
Chiropractic	X	X
Common carrier transportation	X	
Dental[b]	X	X
Emergency room	X	X
Eye exams	X	X
Eyeglasses	X	X
Family planning	X	X
Hearing aids	X	X
Home care[c]	X	X
Hospice care	X	X
Hospital stay	X	X
Hospital care coordination	X	X
Immunizations	X	X

[9] The Healthy Minnesota Contribution Program, a defined contribution program under MinnesotaCare for certain adults without children, was also eliminated January 1, 2014. This program provided enrollees with a defined contribution on a sliding scale to purchase private sector health coverage.

[10] Under MinnesotaCare, abortion services are covered "where the life of the female would be endangered or substantial and irreversible impairment of a major bodily function would result if the fetus were carried to term; or where the pregnancy is the result of rape or incest" (Minn. Stat. § 256L.03, subd. 1). Under MA, abortion services are covered to save the life of the mother and in cases of rape or incest (see Minn. Stat. § 256B.0625, subd. 16) and, as a result of a Minnesota Supreme Court decision, for "therapeutic" reasons (*Doe v. Gomez*, 542 N.W.2d 17 (1995)).

Service	Children	Parents; Adults without children[a]
Interpreters (hearing, language)	X	X
Lab, x-ray, diagnostic	X	X
Medical equipment and supplies	X	X
Mental health	X	X
Mental health case management	X	X
Nursing facility care	X	
Outpatient surgical center	X	X
Physicians and clinics	X	X
Physicals/preventive care	X	X
Prescriptions	X	X
Rehabilitative therapies	X	X
School-based services	X	
Transportation: emergency	X	X
Transportation: special/common carrier	X	

[a] Benefit limitations and cost-sharing requirements apply.

[b] MinnesotaCare covers the dental services covered under MA. MA coverage of dental services for adults who are not pregnant (and therefore MinnesotaCare coverage of dental services for this category of individuals) is limited to specified services (see Minn. Stat. § 256B.0625, subd. 9).

[c] Personal care attendant and private duty nursing services are covered for children, but are not covered for parents and adults without children.

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Cost-sharing for Adults

Parents and adults without children, who are not pregnant, are subject to the following cost-sharing requirements.

Table 3
Cost-sharing Requirements

	Through December 31, 2015	Effective January 1, 2016[11]
Inpatient hospital admission	None	$150
Outpatient hospital visit	None	$25
Ambulatory surgery (per surgery)	None	$50
Emergency room visit (that does not result in an admission)	$3.50	$50

[11] As specified in a November 5, 2015, memo from Nathan Morraco, DHS Assistant Commissioner, to House and Senate human services committee chairs and ranking members on changes in MinnesotaCare cost-sharing changes.

	Through December 31, 2015	Effective January 1, 2016[12]
Nonpreventive office visit (does not apply to mental health services)	$3	$15
Radiology	None	$25
Eyeglasses	$25	$25
Prescription drugs (generic)	$3	$6
Prescription drugs (brand name)	$3	$20
Prescription drug out-of-pocket monthly maximum	None	$60

The new or higher cost-sharing requirements effective January 1, 2016, reflect the changes made by DHS to comply with the 2015 Legislature's requirement that MinnesotaCare cost-sharing be increased in a manner sufficient to reduce the actuarial value of the MinnesotaCare benefit to 94 percent.[13]

Children under age 21 and American Indians are not subject to cost-sharing under MinnesotaCare.

Enrollee Premiums

Sliding Premium Scale

Effective August 1, 2015, MinnesotaCare enrollees age 21 and older pay monthly, per-person premiums based upon the following sliding scale.

Table 4
Sliding Premium Scale

Federal Poverty Guideline Greater than or Equal to	and Less than	Individual Premium Amount
0%	35%	0
35%	55%	$4
55%	80%	$6
80%	90%	$8
90%	100%	$10

[12] As specified in a November 5, 2015, memo from Nathan Morraco, DHS Assistant Commissioner, to House and Senate human services committee chairs and ranking members on MinnesotaCare cost-sharing changes.

[13] Actuarial value is an estimate of the percentage of medical expenses incurred by a typical enrollee that will on average be paid by the insurer. The actuarial value of MinnesotaCare prior to the January 1, 2016, increase in cost-sharing is estimated to be 98 percent.

Federal Poverty Guideline Greater than or Equal to	and Less than	Individual Premium Amount
100%	110%	$12
110%	120%	$14
120%	130%	$15
130%	140%	$16
140%	150%	$25
150%	160%	$37
160%	170%	$44
170%	180%	$52
180%	190%	$61
190%	200%	$71
200%	—	$80

See Minn. Stat. § 256L.15, subd. 2.

This premium scale reflects a directive from the 2015 Legislature to increase premiums by an amount sufficient to increase the projected revenue in the Health Care Access Fund by at least $27.8 million for the biennium ending June 30, 2017. Prior to this increase, premiums for enrollees with incomes between 150 percent and 200 percent of FPG ranged from $29 to $50.

The premium scale also reflects premium reductions required by the 2015 Legislature to comply with federal BHP requirements that premiums not exceed what the individual would otherwise have paid for health coverage through the state's insurance exchange, after receipt of advance premium tax credits.

Premium Exemptions

American Indians and Alaska Natives, and members of their households, are exempt from MinnesotaCare premiums.

Members of the military and their families who are determined eligible for MinnesotaCare within 24 months of the end of the member's tour of active duty are exempt from premiums for 12 months.

Nonpayment of Premiums

Unless an exemption applies, nonpayment of premiums results in disenrollment from MinnesotaCare coverage, effective the calendar month for which the premium was due. Enrollees who are disenrolled due to nonpayment of premiums may reinstate their coverage

retroactively to the first day of disenrollment by paying all billed premiums within 20 days of disenrollment.[14]

Prepaid MinnesotaCare

The Commissioner of Human Services contracts on a prepaid basis with participating entities to deliver health care services to MinnesotaCare enrollees. Participating entities include health maintenance organizations and other health carriers, county-based purchasing plans, certain accountable care organizations and county integrated health care delivery networks, and networks of health care providers (see definition in Minn. Stat. § 256L.01, subd. 7).

MinnesotaCare enrollees receive health care services from these participating entities, rather than through a fee-for-service system. Participating entities receive a capitated payment from DHS for each MinnesotaCare enrollee, and in return are required to provide enrollees with all covered health care services for a set period of time.

The 2014 Legislature required DHS to enter into contracts, as part of a statewide procurement, with participating entities to serve MinnesotaCare enrollees, beginning January 1, 2016. The ACA requires MinnesotaCare, as a BHP, to offer enrollees a choice of at least two participating entities in each county.

Funding and Expenditures

Total payments for health care services provided through MinnesotaCare were $520 million in fiscal year 2014. Forty-eight percent of this amount was paid for through state payments from the health care access fund. The remainder was paid from enrollee premiums (this category also includes enrollee cost-sharing), federal funding received under the Prepaid Medical Assistance Project Plus (PMAP+) waiver,[15] and the Minnesota's Children's Health Insurance Program (CHIP)[16] allotment.

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[14] The 2015 Legislature, as part of BHP federal compliance, directed DHS to provide enrollees who do not pay their premiums on time with a grace month, that will replace the 20-day reinstatement provision (coverage would end the month after the month for which the premium was due). In order to reinstate coverage, persons who are disenrolled would need to pay premiums for the grace month and a future month, with coverage taking effect the first day of the month after the month in which these premiums are paid. DHS expects to implement this new grace month policy in April 2016.

[15] The state's health care reform waiver (now referred to as the Prepaid Medical Assistance Project Plus or PMAP+ waiver) was approved by the federal government in April 1995. The waiver, and subsequent waiver amendments, exempts Minnesota from various federal requirements, gives the state greater flexibility to expand access to health care through the MinnesotaCare and MA programs, and allows the state to receive federal contributions (referred to as "federal financial participation" or FFP) for services provided to MinnesotaCare enrollees. The PMAP+ waiver was most recently reauthorized by the federal Centers for Medicare and Medicaid Services through December 31, 2015.

[16] The state was able to make a claim against its CHIP allotment for the difference between the CHIP federal matching rate for Minnesota (65 percent) and the Medicaid federal matching rate for Minnesota, for the cost of services provided to children under age 21 whose family income is greater than 133 percent of FPG.

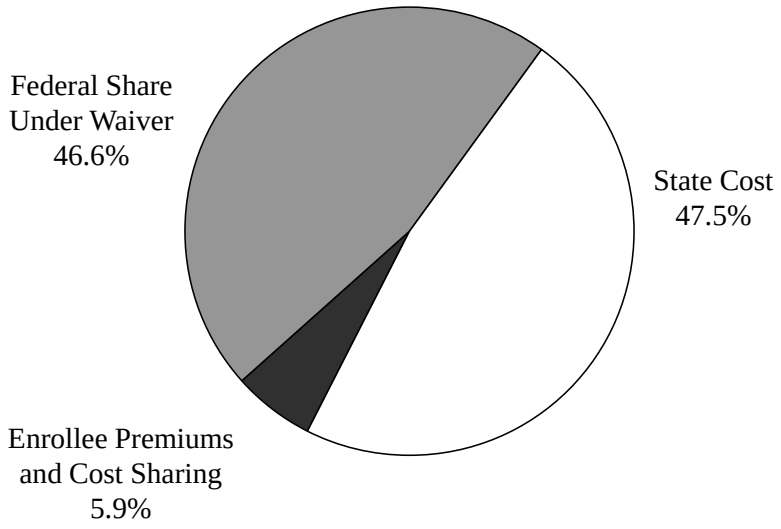
Since January 1, 2015, the state has received, for each MinnesotaCare enrollee, a payment under the basic health program payment equal to 95 percent of the subsidy the person would have received through MNsure, the state's health insurance exchange, had the state not operated MinnesotaCare as a basic health program. This basic health program payment has replaced the federal match that had been received for MinnesotaCare enrollees under the PMAP+ waiver. The federal basic health plan payment is estimated to be $110.2 million for fiscal year 2015 and $256.3 million or fiscal year 2016.[17]

Funding for the state share of MinnesotaCare costs, and for other health care access initiatives, is provided by:

- A 2 percent tax on the gross revenues of health care providers, hospitals, surgical centers, and wholesale drug distributors (sometimes referred to as the "provider tax"); and
- A 1 percent premium tax on health maintenance organizations and nonprofit health service plan corporations.

Medicare payments to providers are excluded from gross revenues for purposes of the gross revenues taxes. Other specified payments, including payments for nursing home services, are also excluded from gross revenues.

MinnesotaCare Funding
(FY 2014)



Source: DHS Reports and Forecasts Division

[17] DHS February 2015 Forecast, Background Tables – MinnesotaCare, page 61, August 22, 2015.

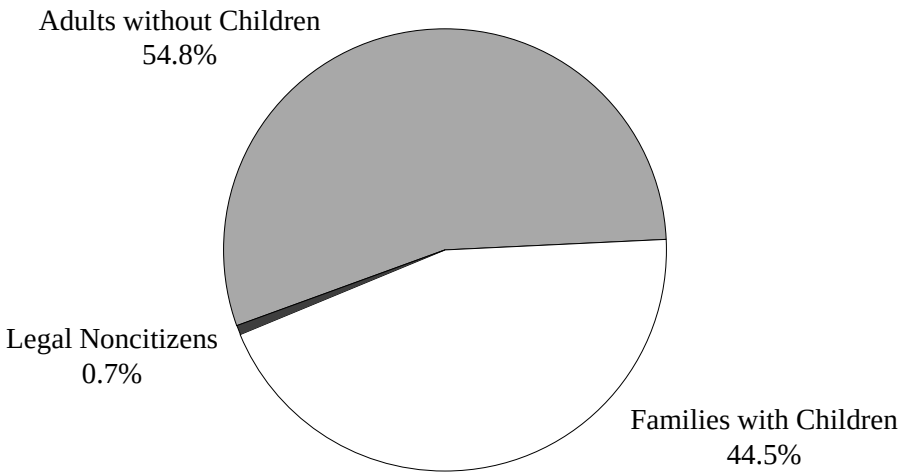
The tax rate on health care providers can be reduced, if the Commissioner of Management and Budget determines by December 1 of each year that the ratio of revenues to expenditures and transfers for the health care access fund for the biennium will exceed 125 percent. If this determination is made, the commissioner must reduce the rate so that the projected ratio of revenues to expenditures and transfers for the biennium will not exceed 125 percent. Any rate reduction expires after one year and the future rate is subject to annual redetermination by the commissioner.

The MinnesotaCare tax on the gross revenues of health care providers is scheduled to be repealed, effective for gross revenues received after December 31, 2019.

Recipient Profile

As of August 2015, 120,892 individuals were enrolled in the MinnesotaCare program. Just over one-half of enrollees are adults without children. Just under one-half of enrollees are mainly of parents and children ages 19 and 20 (most children 18 and under being eligible for MA). Under 1 percent of enrollees are legal noncitizens who are not eligible for MA due to immigration status (see footnote 2).

MinnesotaCare Enrollment
(August 2015)



Source: DHS Reports and Forecasts Division

Application Procedure

There are several ways to obtain MinnesotaCare application forms and to apply for MinnesotaCare coverage. These include the following:

- Applying for MinnesotaCare through MNsure, the state's health insurance exchange (1-855-366-7873 or online at www.mnsure.org)
- Calling DHS directly at 1-800-657-3672 or 651-297-3862 (in the metro area)
- Obtaining application forms through county social service agencies, health care provider offices, and other sites in the community, or from the DHS website

For more information about health care programs, visit the health and human services area of our website, www.house.mn/hrd/.