MN HOUSE RESEARCH

MinnesotaCare

November 2019

Overview

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

Contents

Note: Individuals who have questions about MinnesotaCare eligibility or are interested in applying for MinnesotaCare should contact their local county or tribal human services office, or MNsure, the state's health insurance exchange, at 1-855-366-7873.

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 BHPs, 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 Minnesota eligibility system, defined in Minnesota Statutes, section 62V.055, subdivision 1, and also referred to as

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the Minnesota Eligibility Technology System (METS).[1] 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 BHP to provide health coverage to persons with incomes greater than 133 percent but not exceeding 200 percent of Federal Poverty Guidelines (FPG). States receive 95 percent of the amount the federal government would otherwise have spent on advanced premium tax credits and cost-sharing subsidies for these individuals had they received coverage through the state's insurance exchange. BHP coverage 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 BHP. The legislature also authorized changes in MinnesotaCare eligibility, covered services, and service delivery that were necessary to meet federal requirements for a BHP. (Laws 2013, ch. 108/H.F. 1233, art. 1)

DHS submitted its proposal to operate MinnesotaCare as a BHP 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, and implementation began 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 other health insurance. As of this writing, enrollees are required to renew their MinnesotaCare eligibility annually each January. The 2016 Legislature required eligibility to be renewed every 12 months, based on the enrollee's month of application.[2] DHS is working with the federal Centers for Medicare and Medicaid Services (CMS) on options to implement this requirement.

Most MinnesotaCare enrollees are 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.

[1] In addition to being used for MinnesotaCare eligibility determination, METS is used by county human service agencies and tribal governments to determine MA eligibility for families and children, pregnant women, and adults without children.

[2] See Laws 2016, ch. 189, art. 19, § 25 (codified in Minn. Stat. § 256L.05, subd. 3a).

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. Certain groups of individuals with incomes that are below the MinnesotaCare income floor may be eligible for the program, if they are not eligible for MA due to excess income.[3] In addition, lawfully present noncitizens ineligible for MA due to immigration status, with household incomes not exceeding 200 percent of FPG, are eligible for MinnesotaCare.[4]

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

Table 1
Annual Household Income Limits for MinnesotaCare
(Effective January 1, 2019)

Household Size	133% of FPG	200% of FPG
1	$16,611	$24,280
2	22,490	32,920
3	28,368	41,560
4	34,247	50,200
Each additional person add	5,878	8,640
Note: Income limits are adjusted annually to reflect changes in the Federal Poverty Guidelines.		

Modified adjusted gross income (MAGI)[5] is 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.

Asset Limits

There are no asset limits for MinnesotaCare enrollees.

[3] These are generally groups of individuals with incomes greater than the MA income limit but less than the MinnesotaCare income floor, due to differences in how the two programs calculate income. The groups include children under age 19 with living with two unmarried parents, persons with lump sum or sponsor income, or persons whose current income (used under MA) differs from projected income (used under MinnesotaCare). If a person's income, calculated using MinnesotaCare methodology, is less than 100 percent of FPG, the person may be eligible for MA. If a person's income calculated using MinnesotaCare methodology is greater than or equal to 100 percent of FPG but does not exceed 133 percent of FPG, the person may be eligible for MinnesotaCare.

[4] These lawfully present noncitizens are generally nonpregnant adults falling under certain immigration classifications who have resided in the United States for less than five years.

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

Not Eligible for Medical Assistance (MA)

Persons who are eligible for MA are not eligible for MinnesotaCare.[6]

No Access to Subsidized Health Coverage

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.[7] 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 9.78 percent of income for 2020.[8] Coverage provides "minimum value" if it pays for at least 60 percent of medical expenses on average. A family or individual is not eligible for MinnesotaCare if they are enrolled in employer-subsidized coverage, even if this coverage does not meet the affordability and minimum value standards.

No Other Health Coverage

To be eligible for MinnesotaCare, a family or individual must not have minimum essential health coverage, as defined in the Internal Revenue Code. 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,[9] and other coverage recognized by the federal government. A family or individual is not eligible for MinnesotaCare if they have access to certain types of minimum essential coverage, even if they are not enrolled.

Residency Requirement

MinnesotaCare enrollees must meet the residency requirements of the Medicaid program. The Medicaid program generally requires an individual to live in Minnesota and demonstrate intent to reside, or to have entered the state with a job commitment or to seek employment. The Medicaid program 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).

[6] 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 (278 and 275 percent of FPG respectively) is higher than the MinnesotaCare income limit (200 percent of FPG).

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

[8] This percentage is indexed annually; the percentage for 2019 used by DHS is 9.86.

[9] 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

MinnesotaCare covers most, but not all, services eligible for reimbursement under MA. Children and pregnant women are covered for a wider range of services than adults who are not pregnant. Covered services are listed in Table 2.

Table 2
Covered Services Under MinnesotaCare

Service	Children and pregnant women	Adults who are not pregnant[a]
Acupuncture	X	X
Adult mental health rehab/crisis	X	X
Alcohol/drug treatment	X	X
Child and teen checkups	X	—
Chiropractic	X	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	X	X
Hospice care	X	X
Hospital stay	X	X
Hospital care coordination	X	X
Immunizations	X	X
Intermediate care facility for persons with developmental disabilities	X	—
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
Personal care assistance (PCA)	X	—
Physicians and clinics	X	X

Service	Children and pregnant women	Adults who are not pregnant[a]
Physicals/preventive care	X	X
Prescriptions	X	X
Rehabilitative therapies	X	X
Transportation: emergency	X	X
Transportation: nonemergency	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).

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Cost Sharing for Adults

Adults who are not pregnant are subject to the following cost-sharing requirements.[10]

Table 3
Cost-sharing Requirements Under MinnesotaCare

Service	Cost
Inpatient hospital admission	$250
Outpatient hospital visit	$25
Ambulatory surgery (per surgery)	$100
Emergency room visit (that does not result in an admission)	$75
Nonpreventive office visit (does not apply to mental health services)	$25
Radiology visit	$40
Eyeglasses	$25
Prescription drugs (generic/brand name – does not apply to certain mental health drugs)	$7/$25
Prescription drug out-of-pocket monthly maximum	$70
Nonroutine dental services visit	$15
Durable medical equipment (applies to the price the state or participating entity pays for the item)	10%

[10] The commissioner is required to adjust MinnesotaCare cost-sharing in a manner sufficient to maintain the actuarial value of the MinnesotaCare benefit at 94 percent. 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.

Children under age 21 and American Indians are not subject to cost-sharing under MinnesotaCare. Enrollees served by managed care and county-based purchasing plans are not subject to the monthly family deductible.

Enrollee Premiums

Sliding Premium Scale

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

Table 4
Sliding Premium Scale
(effective January 1, 2020 – December 31, 2020)

Federal Poverty Guidelines	Individual Premium Amount
0 – 34%	0
35 – 54%	$4
55 – 79%	$6
80 – 89%	$8
90 – 99%	$10
100 –109%	$12
110 – 119%	$14
120 – 129%	$15
130 – 139%	$16
140 – 149%	$25
150 – 159%	$37
160 – 169%	$44
170 – 179%	$52
180 – 189%	$61
190 – 199%	$71
200%	$80

See Minn. Stat. § 256L.15, subd. 2.

The MinnesotaCare premium scale must 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

Children under age 21, and persons with household incomes less than 35 percent of FPG, are exempt from MinnesotaCare premiums. American Indians and Alaska Natives, and members of their households, are also exempt from 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 following the month for which the premium was due. Persons who end their MinnesotaCare coverage therefore receive a "grace" month. Persons who decide to re-enroll in MinnesotaCare following disenrollment generally must pay premiums to cover this grace month, except that no premium for the grace month is required for persons re-enrolling in coverage that begins in the fourth month following disenrollment.

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

Since January 1, 2015, the state has received, for each MinnesotaCare enrollee, a federal BHP 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 BHP. This BHP payment has replaced the federal match that had been received through December 31, 2014, for MinnesotaCare enrollees under the Prepaid Medical Assistance Project Plus

(PMAP+) waiver.[11] Federal BHP funding was $368.7 million for fiscal year 2018 and is projected to be $400.8 million for fiscal year 2019.[12]

State-only funding is used to pay for coverage of MinnesotaCare enrollees who are Deferred Action for Childhood Arrivals (DACA) grantees, or are age 65 and over and not eligible for Medicare.[13]

Total payments for health care services provided through MinnesotaCare were $426.6 million in fiscal year 2018. Just under 5 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 PMAP+ waiver, and federal BHP funding.

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

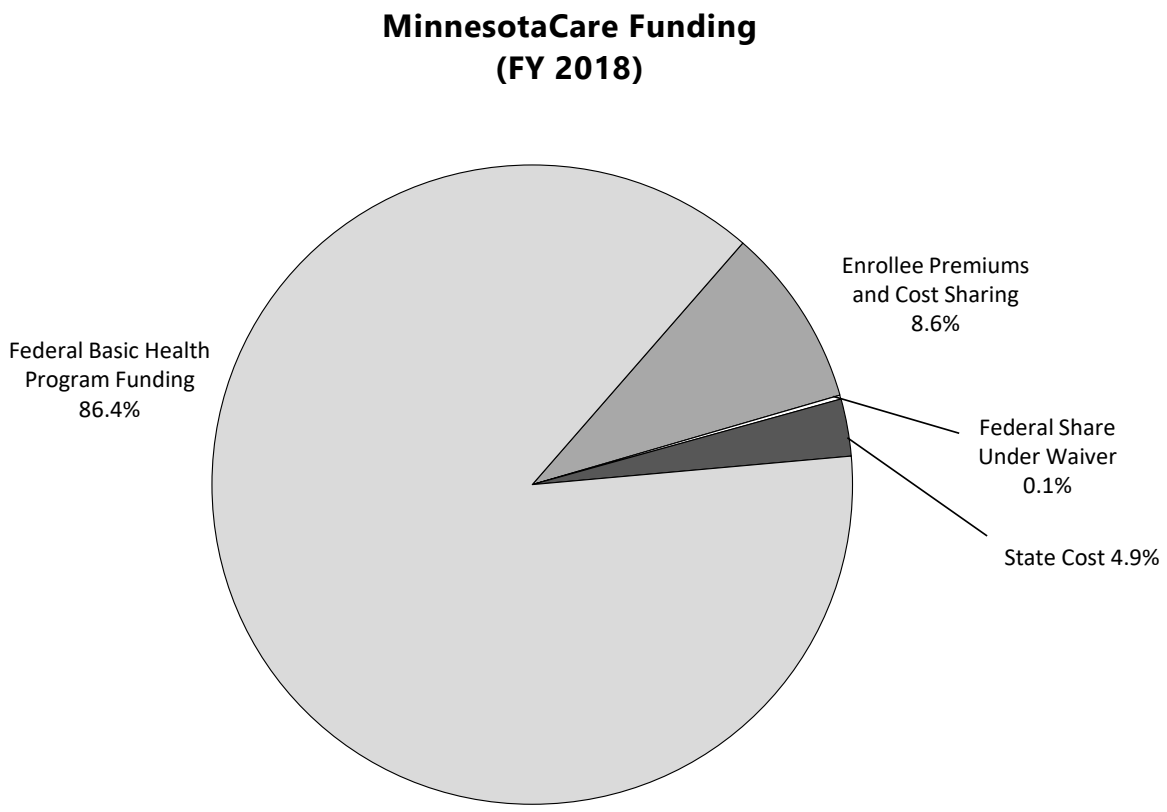
- A 1.8 percent tax (2.0 percent prior to January 1, 2020) on the gross revenues of health care providers, hospitals, surgical centers, and wholesale drug distributors (sometimes referred to as the "provider tax"); and
- A 1 percent premium tax on health maintenance organizations and nonprofit health 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.

[11] The Prepaid Medical Assistance Project Plus or PMAP+ waiver was initially approved by the federal government in April 1995. The waiver exempts Minnesota from various federal requirements and gives the state greater flexibility to expand access to health care through the MA program. Earlier versions of the waiver allowed the state to receive a federal match for the cost of services provided to MinnesotaCare enrollees. The PMAP+ waiver was most recently reauthorized by the federal Centers for Medicare and Medicaid Services through December 31, 2020.

[12] DHS February 2018 Forecast, Background Tables. The federal Centers for Medicare and Medicaid Services (CMS) approved, on September 22, 2017, the state's request for section 1332 waiver to operate a reinsurance program in the individual market. CMS did not, however, approve the state's waiver request to receive as a pass-through those savings that would accrue to the federal government under the Basic Health Program funding formula because the reinsurance program would reduce federal subsidy costs. The Department of Commerce estimates that the pass-through savings would have totaled $177.6 million in 2018 and $191.2 million in 2019. Minnesota Department of Commerce, Division of Insurance, "Actuarial Analysis and Certification for the Minnesota Section 1332 Waiver Application," May 30, 2017.

[13] DACA grantees are noncitizens who came to the United States as children and meet specified criteria such as having arrived in the United States before turning 16 and being under age 31 as of June 15, 2012. MinnesotaCare has covered DACA grantees since January 1, 2017 (see DHS bulletin 16-21-12 – DHS Announces MinnesotaCare Eligibility for Deferred Action for Childhood Arrivals (DACA) Grantees). Persons age 65 and older are not eligible for federal BHP funding.



Source: DHS Reports and Forecasts Division

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.

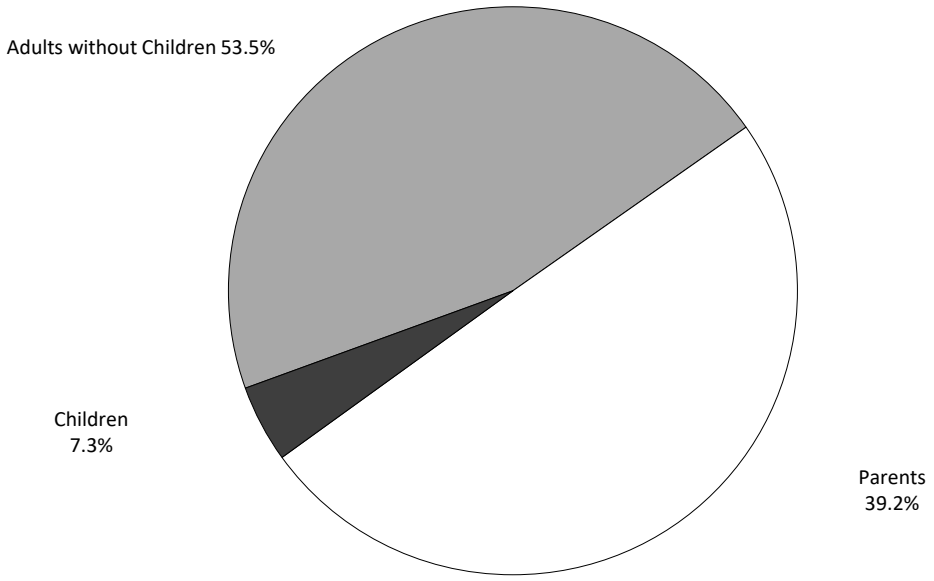
The MinnesotaCare tax on the gross revenues of health care providers was reduced from 2.0 percent to 1.8 percent, effective for gross revenues received after December 31, 2019.[14]

Recipient Profile

As of September 2019, 80,998 individuals were enrolled in the MinnesotaCare program. Just under one-half of enrollees were adults without children and one-half of enrollees were mainly parents and children ages 19 and 20 (most children 18 and under are eligible for MA). The remaining enrollees were lawfully present noncitizens who were not eligible for MA due to immigration status (see footnote 5).

[14] See Laws of Minnesota, 2019 First Special Session chapter 6, article 9, sections 2 to 6.

MinnesotaCare Enrollment
(September 2019)



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