

July 1993

Information Brief

Randall Chun, Legislative Analyst
296-8639

The MinnesotaCare Health Plan

The MinnesotaCare health plan, administered by the Department of Human Services, provides subsidized health coverage for Minnesotans. This information brief describes eligibility requirements, covered services, and other aspects of the MinnesotaCare plan, and reflects changes in the plan made during the 1993 session (Laws of Minnesota 1993, Chapter 345).

The plan was established by the MinnesotaCare Act (Laws of Minnesota 1992, Chapter 549). This act also includes health care access initiatives related to cost containment, quality of care, the private insurance market, rural health, and health professional education. The Department of Health administers many of these initiatives, and provides general oversight of the state's efforts to improve health care access.

Contents

Administration	2
Eligibility	2
Covered Services	5
Enrollee Premiums	6
Provider Availability and Reimbursement	7
Estimated Enrollment and Expenditures	8
Funding Sources	8
Application Procedure	9

Applying for MinnesotaCare. Applications for the plan, and additional information, can be obtained from the Department of Human Services by calling 1-800-657-3672 or 297-3862 (in the metro area).

Administration

MinnesotaCare is administered by the Department of Human Services (DHS) central office. DHS is responsible for processing applications and determining eligibility, reimbursing providers, monitoring spending for the plan, and developing administrative rules. County social service agencies are responsible for determining Medical Assistance (MA) eligibility for MinnesotaCare applicants who are potentially eligible for MA.

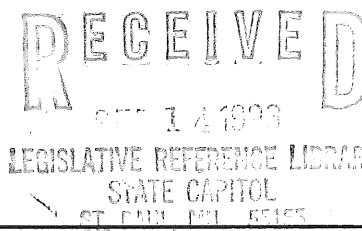
Eligibility

In order to be eligible for MinnesotaCare, individuals must belong to an eligible group, meet income criteria, and satisfy other eligibility requirements. Children, parents, and dependent siblings residing in the same household are currently eligible for MinnesotaCare, if their family income does not exceed plan income limits (set at approximately 275 percent of the 1993 federal poverty guidelines) and other eligibility requirements are met. Special eligibility requirements and premiums apply to children ages one through 17 from families with incomes that do not exceed 150 percent of the federal poverty guidelines.

Eligibility for MinnesotaCare will be expanded to include single adults and families without children, beginning July 1, 1994.¹ This expansion, and the continuance of eligibility for groups currently eligible for MinnesotaCare, is subject to the availability of sufficient funding.

Table 1 lists eligible groups and eligibility criteria as of July 1, 1993. Table 2 lists plan income limits for different family sizes.

¹The MinnesotaCare Act (Laws of Minnesota 1992, Chapter 549) requires group eligibility and income limits for MinnesotaCare to be expanded over a two year period. The inclusion of single adults and families without children is the last major expansion required by the original act. The expansion schedule is described in an earlier version of this publication, MinnesotaCare, October 1992.



Groups Eligible	Income Limit	Other Eligibility Criteria	Cost to Enrollee
Children age one through 17	150% of the federal poverty guidelines	Not eligible for Medical Assistance (MA); not otherwise insured for the covered services; permanent Minnesota resident	Annual premium of \$48 per person
Children under age 18 not eligible for \$48 premium; parents and dependent siblings	Approximately 275% of the 1993 federal poverty guidelines	Not eligible for MA; no access to employer-subsidized coverage for 18 months; 4 months uninsured; permanent Minnesota resident	Premium based on sliding scale
Beginning July 1, 1994: Single adults, families with or without children	Approximately 275% of the 1993 federal poverty guidelines	Not eligible for MA; no access to employer-subsidized coverage for 18 months; 4 months uninsured; permanent Minnesota resident	Premium based on sliding scale

Dependent siblings are defined in the law as unmarried children under age 25 who are full-time students and financially dependent upon their parents. Persons with incomes higher than the income limits cannot enroll in the plan. However, enrollees whose incomes rise above the income limits after initial enrollment may continue enrollment, but must pay the full, unsubsidized cost of the premium.

Household Size	150% of 1993 Federal Poverty Guidelines	275% of 1993 Federal Poverty Guidelines (Approximate)
1	\$10,458	\$19,200
2	14,148	25,920
3	17,838	32,640
4	21,528	39,360
5	25,218	46,080
6 or more*	28,908	52,800

*At the 150 percent level, \$3,690 is added for each additional person. For purposes of MinnesotaCare eligibility at the 275 percent level, the maximum family income is \$52,800, regardless of family size.

Individuals Potentially Eligible for MA

Individuals who apply for MinnesotaCare, but are potentially eligible for MA, can enroll in MinnesotaCare for 60 days if they meet all other eligibility requirements. DHS is responsible for identifying these individuals and referring them to their county social service agencies. These individuals must cooperate with their county social service agency in determining MA eligibility within this 60-day enrollment period, or face disenrollment from MinnesotaCare.

No Access to Subsidized Coverage

Enrollees must **not** have been offered employer-subsidized health care coverage for the 18 months prior to application. Employer-subsidized coverage is defined as health insurance coverage for which an employer pays 50 percent or more of the premium costs. This requirement applies to each individual. For example, if an employer offers subsidized coverage to an employee but not to the employee's dependents, the employee is not eligible for MinnesotaCare but the employee's dependents are eligible.

This requirement does not apply to children eligible for the \$48 annual premium. Exceptions to this requirement are also made for layoffs not due to employee misconduct, and for other limited situations.

Four Months Uninsured

Enrollees must **not** have had health insurance coverage for the four months prior to application. This requirement does not apply to children eligible for the \$48 annual premium nor to persons applying for MinnesotaCare coverage upon termination from Medical Assistance, General Assistance Medical Care, and specified plans providing coverage to the uninsured.

Residency Requirement

Enrollees must be permanent residents of Minnesota. Permanent residency is demonstrated by maintaining a residence at a verified address, residing in the state for 180 days prior to application, and signing an affidavit relating to permanent residency.

Covered Services

Covered services are defined in law as health services reimbursed under MA, but excluding specific services. Covered services, and applicable service limitations and cost-sharing requirements, are listed in Table 3.

Table 3 Covered Services (effective July 1, 1993)	
Covered Service	Enrollee Cost-sharing
Physician and health clinic visits	
Dentist visits, excluding orthodontics and adult non-preventive services	
Vision care, including prescription glasses	\$25 per pair of eyeglasses for adults
Diagnostic, screening, and preventive services, including immunizations	
Most prescription drugs	\$3 per prescription for adults
Chiropractic and rehabilitative therapy services	
Outpatient laboratory and x-ray services	
Outpatient mental health services (limited to diagnostic assessments, psychological testing, explanation of findings, day treatment, partial hospitalization, medication management, and individual, family and group psychotherapy)	
Home care services, excluding private duty nursing and personal care attendant services	
Outpatient surgery and emergency room services	
Outpatient treatment for alcohol or drug dependency	
Inpatient hospital services, including inpatient hospital mental health and inpatient hospital and residential chemical dependency; annual benefit limit of \$10,000 for adults (limit does not apply to children)	10% of submitted hospital charges for adult enrollees, subject to annual out-of-pocket maximums of \$1,000 per individual and \$3,000 per family
Emergency medical transportation	
Hospice care services	

Excluded Services

The following services are specifically excluded:

- Special education services
- Private duty nursing services
- Adult dental care services other than preventive services
- Orthodontic services
- Non-emergency medical transportation services
- Personal care attendant and case management services
- Nursing home or intermediate care facility services

Benefit Limits and Cost-sharing

Most services are covered in the same way they are covered under MA. Certain services are subject to benefit limitations, and cost-sharing requirements apply to selected services for adults. No cost-sharing requirements apply to services for children.

Enrollee Premiums

Reduced Premium for Certain Children

Children enrolling in MinnesotaCare are charged a reduced premium of \$48 a year, if they are from families with incomes that do not exceed 150 percent of the federal poverty guidelines, are not eligible for MA, and are not otherwise insured for the covered service.²

²Children enrolling in MinnesotaCare prior to June 30, 1993, from families with incomes that did not exceed 185 percent of the federal poverty guidelines, had the option of paying a \$25 annual enrollment fee rather than a subsidized monthly premium, as long as they met Children's Health Plan eligibility criteria and the FY 1993 appropriation for that program was not exhausted. Beginning July 1, 1993, the full subsidized premium would have been charged.

Subsidized Premium

Children enrolling in MinnesotaCare who do not qualify for the reduced premium described above, and adults enrolling in the plan, are charged a subsidized premium based on a sliding scale. The premium charged ranges from 1.5 to 8.8 percent of gross family income.

Table 4 provides sample premiums for different income levels and family sizes. Complete premium tables are available from DHS.

Gross Monthly Income	Family Size				
	2	3	4	5	6 or more
\$250	\$4	\$4	\$4	\$3	\$4
\$500	7	8	8	8	7
\$1,000	31	23	18	18	15
\$1,500	72	57	46	34	35
\$2,000	175	118	76	62	63
\$2,500	N.E.	221	147	62	63
\$3,000	N.E.	N.E.	263	176	143
\$3,500	N.E.	N.E.	N.E.	308	206
\$4,000	N.E.	N.E.	N.E.	N.E.	352

NOTES: N.E. means not eligible to enroll in MinnesotaCare at this income level.

The full (unsubsidized) monthly cost of premiums is \$239 for a family of two and \$358 for families of three or more.

Provider Availability and Reimbursement

Enrollees can obtain health care services under MinnesotaCare from providers participating in the MA program. The Commissioner of Human Services will designate geographic areas in which enrollees will be required to obtain MinnesotaCare services through managed care plans. For most services, providers are paid for services provided to MinnesotaCare enrollees at MA reimbursement rates, minus any applicable copayment amount for services to adult enrollees.

Estimated Enrollment and Expenditures

DHS estimates that the average monthly MinnesotaCare enrollment will be 62,864 individuals for FY 1994, and 102,243 individuals for FY 1995. Payments for medical care services provided through MinnesotaCare are estimated to be \$41.5 million in FY 1994, and \$104.9 million in FY 1995.³

Funding Sources

Funding for MinnesotaCare premium subsidies, and for other initiatives of the MinnesotaCare Act, is provided by:

- A five cent increase in the cigarette tax (revenue from this tax will be transferred to the general fund beginning January 1, 1994).
- A two percent tax on gross revenues of hospitals and surgical centers
- A two percent tax on the gross revenues of health care providers, pharmacies, and wholesale drug distributors, beginning January 1, 1994.
- A one percent premium tax on health maintenance organizations and non-profit health service corporations, beginning January 1, 1996.

Medicare, Medical Assistance, General Assistance Medical Care, and MinnesotaCare payments to providers are excluded from gross revenues. Nursing home services and other specified payments are also excluded from gross revenues.

The measures listed above will raise an estimated \$83.0 million in FY 1994 and an estimated \$145.2 million in FY 1995. In addition to these amounts, enrollee premium payments are expected to total \$8.0 million in FY 1994, and \$19.8 million in FY 1995.⁴

³Enrollment and cost figures are from a DHS fiscal note dated May 19, 1993 (February 1993 forecast plus legislative changes).

⁴Tax revenue estimates are from the conference committee "MinnesotaCare Fiscal Summary," May 14, 1993. Enrollee premium payment estimates are from a DHS fiscal note dated May 19, 1993 (February 1993 forecast plus legislative changes).

Application Procedure

Application forms for MinnesotaCare, and additional information on the plan, can be obtained from DHS by calling:

1-800-657-3672
or
297-3862 (in the metro area)

Application forms will also be available through:

- Health care provider offices
- Local human services agencies
- School districts
- Some public and private elementary schools
- Community health offices
- Women, Infants, and Children (WIC) sites