State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2990

03/20/2023 Authored by Stephenson, Liebling, Kraft, Pérez-Vega, Bierman and others
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

A bill for an act

relating to human services; establishing transitional cost-sharing reduction, premium subsidy, small employer public option, and transitional health care credit; expanding eligibility for MinnesotaCare; modifying premium scale; requiring recommendations for alternative delivery and payment system; amending Minnesota Statutes 2022, sections 62V.05, by adding a subdivision; 256L.04, subdivisions 1c, 7a, 10, by adding a subdivision; 256L.07, subdivision 1; 256L.15, subdivision 2; 290.06, by adding a subdivision.

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

Section 1. Minnesota Statutes 2022, section 62V.05, is amended by adding a subdivision to read:

Subd. 13. **Transitional cost-sharing reductions.** (a) The board shall develop and implement, for the 2024 and 2025 plan years only, a system to support eligible individuals who choose to enroll in gold level health plans through MNsure.

(b) For purposes of this section, an "eligible individual" is an individual who:

(1) is a resident of Minnesota; and

(2) is enrolled in a gold level health plan offered in the enrollee's county of residence.

(c) Under the system established in this subdivision, the monthly transitional cost-sharing reduction subsidy for an eligible individual is $75.

(d) The board shall establish procedures for determining an individual's eligibility for the subsidy and providing payments to a health carrier for any eligible individuals enrolled in the carrier's gold level health plans.

Sec. 2. Minnesota Statutes 2022, section 256L.04, subdivision 1c, is amended to read:

Subd. 1c. **General requirements.** To be eligible for MinnesotaCare, a person must meet the eligibility requirements of this section. A person eligible for MinnesotaCare ~~shall~~ with a family income of less than or equal to 200 percent of the federal poverty guidelines must not be considered a qualified individual under section 1312 of the Affordable Care Act, and is not eligible for enrollment in a qualified health plan offered through MNsure under chapter 62V.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later, subject to certification under section 12. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 3. Minnesota Statutes 2022, section 256L.04, subdivision 7a, is amended to read:

Subd. 7a. **Ineligibility.** Adults whose income is greater than the limits established under this section may not enroll in the MinnesotaCare program, except as provided in subdivision 15.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later, subject to certification under section 12. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 4. Minnesota Statutes 2022, section 256L.04, subdivision 10, is amended to read:

Subd. 10. **Citizenship requirements.** (a) Eligibility for MinnesotaCare is ~~limited~~ available to citizens or nationals of the United States ~~and~~, lawfully present noncitizens as defined in Code of Federal Regulations, title 8, section 103.12~~.~~, and undocumented noncitizens ~~are ineligible for MinnesotaCare~~. For purposes of this subdivision, an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the United States Citizenship and Immigration Services. Families with children who are citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) Notwithstanding subdivisions 1 and 7, eligible persons include families and individuals who are ~~lawfully present and~~ ineligible for medical assistance by reason of immigration status and who have incomes equal to or less than 200 percent of federal poverty guidelines.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 256L.04, is amended by adding a subdivision to read:

Subd. 15. **Persons eligible for public option.** (a) Families and individuals with income above the maximum income eligibility limit specified in subdivision 1 or 7 but who meet all other MinnesotaCare eligibility requirements are eligible for MinnesotaCare. All other provisions of this chapter apply unless otherwise specified.

(b) Families and individuals may enroll in MinnesotaCare under this subdivision only during an annual open enrollment period or special enrollment period, as designated by MNsure in compliance with Code of Federal Regulations, title 45, parts 155.410 and 155.420.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later, subject to certification under section 12. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 6. Minnesota Statutes 2022, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 1, and individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 200 percent of the federal poverty guidelines~~,~~ are no longer eligible for the program and ~~shall~~ must be disenrolled by the commissioner, unless the individuals continue MinnesotaCare enrollment through the public option under section 256L.04, subdivision 15. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month in which the commissioner sends advance notice according to Code of Federal Regulations, title 42, section 431.211, that indicates the income of a family or individual exceeds program income limits.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later, subject to certification under section 12. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 7. Minnesota Statutes 2022, section 256L.15, subdivision 2, is amended to read:

Subd. 2. **Sliding fee scale; monthly individual or family income.** (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly individual or family income.

~~(b) Beginning January 1, 2014, MinnesotaCare enrollees shall pay premiums according to the premium scale specified in paragraph (d).~~

~~(c)~~ (b) Paragraph ~~(b)~~ (a) does not apply to~~:~~

~~(1)~~ children 20 years of age or younger~~; and~~

~~(2) individuals with household incomes below 35 percent of the federal poverty guidelines~~.

~~(d) The following premium scale is established for each individual in the household who is 21 years of age or older and enrolled in MinnesotaCare:~~

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

~~(e)~~ (c) Beginning January 1, ~~2021~~ 2024, the commissioner shall continue to charge premiums in accordance with the simplified premium scale established to comply with the American Rescue Plan Act of 2021, in effect from January 1, 2021, through December 31, 2025, for families and individuals eligible under section 256L.04, subdivisions 1 and 7. The commissioner shall adjust the premium scale ~~established under paragraph (d)~~ as needed to ensure that premiums do not exceed the amount that an individual would have been required to pay if the individual was enrolled in an applicable benchmark plan in accordance with the Code of Federal Regulations, title 42, section 600.505 (a)(1).

(d) The commissioner shall establish a sliding premium scale for persons eligible through the public option under section 256L.04, subdivision 15. Beginning January 1, 2026, persons eligible through the public option shall pay premiums according to this premium scale. Persons eligible through the public option who are 20 years of age or younger are exempt from paying premiums.

EFFECTIVE DATE. This section is effective January 1, 2024, and certification under section 12 is not required, except that paragraph (d) is effective January 1, 2026, or upon federal approval, whichever is later, subject to certification under section 12. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2022, section 290.06, is amended by adding a subdivision to read:

Subd. 41. **Small employer transitional health care credit.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "employee" has the meaning given in section 290.92, subdivision 1, clause (3);

(2) "employer" has the meaning given in section 290.92, subdivision 1, clause (4);

(3) "individual coverage HRA" means a health reimbursement arrangement considered to be integrated with individual health insurance coverage under Code of Federal Regulations, title 26, section 54.9802-4;

(4) "qualified employee health care expenses" means, for calendar years 2024 and 2025 only, the aggregate amount paid by the employer in a calendar year for each employee with respect to:

(i) a group health plan as defined in section 5000(b)(1) of the Internal Revenue Code of 1986, as amended through December 31, 2021;

(ii) a qualified small employer health reimbursement arrangement as defined in section 9831(d)(2)(A) of the Internal Revenue Code of 1986, as amended through December 31, 2021; and

(iii) an individual coverage HRA; and

(5) "qualified employer" means an employer that is not an applicable large employer as defined in section 4980H(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 2021.

(b) A qualified employer subject to tax under section 290.02 or 290.03 may claim a credit against the tax due under this chapter equal to 50 percent of the employer's qualified employee health care expenses.

(c) The credit is limited to the liability for tax, as computed under this chapter, for the taxable year. If the amount of the credit determined under this subdivision for any taxable year exceeds the liability for tax, the excess is a small employer health care credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year is carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph must not exceed the taxpayer's liability for tax, less any small employer health care credit for the taxable year.

(d) For a nonresident or part-year resident, the credit under this section must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

(e) Credits allowed to a partnership, a limited liability company taxed as a partnership, or an S corporation pass through to the partners, members, shareholders, or owners, respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's share of the entity's assets, or as specially allocated in the organizational documents or any other executed agreement, as of the last day of the taxable year.

(f) This subdivision expires January 1, 2026, for taxable years beginning after December 31, 2025, except that the expiration of this section does not affect the commissioner of revenue's authority to audit or power of examination and assessment for credits claimed under this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022, and before January 1, 2026.

Sec. 9. **SMALL EMPLOYER PUBLIC OPTION.**

The commissioner of human services, in consultation with representatives of small employers, shall develop a small employer public option that allows employees of businesses with fewer than 50 employees to receive employer contributions toward MinnesotaCare. The commissioner shall determine whether the employer makes contributions to the commissioner directly or the employee makes contributions through a qualified small employer health reimbursement arrangement account or other arrangement. In determining the structure of the small employer public option, the commissioner shall consult with federal officials to determine which arrangement will result in the employer contributions being tax deductible to the employer and not being considered taxable income to the employee. The commissioner shall present recommendations for a small employer public option to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by December 15, 2024.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. **TRANSITION TO MINNESOTACARE PUBLIC OPTION.**

(a) The commissioner of human services shall continue to administer MinnesotaCare as a basic health program in accordance with Minnesota Statutes, section 256L.02, subdivision 5, and shall seek federal waivers, approvals, and law changes as required under section 11.

(b) The commissioner shall present an implementation plan for the MinnesotaCare public option under Minnesota Statutes, section 256L.04, subdivision 15, to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance by December 15, 2024. The plan must include:

(1) recommendations for any changes to the MinnesotaCare public option necessary to continue federal basic health program funding or to receive other federal funding;

(2) recommendations for implementing any small employer option developed under section 9 in a manner that would allow any employee payments toward premiums to be pretax;

(3) recommendations for ensuring sufficient provider participation in MinnesotaCare;

(4) estimates of state costs related to the MinnesotaCare public option;

(5) a description of the proposed premium scale for persons eligible through the public option, including an analysis of the extent to which the proposed premium scale:

(i) ensures affordable premiums for persons across the income spectrum enrolled under the public option; and

(ii) avoids premium cliffs for persons transitioning to and enrolled under the public option; and

(6) draft legislation that includes any additional policy and conforming changes necessary to implement the MinnesotaCare public option and the implementation plan recommendations.

(c) The commissioner shall present to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance, by January 15, 2025, a report comparing service delivery and payment system models for delivering services to MinnesotaCare enrollees eligible under Minnesota Statutes, section 256L.04, subdivisions 1, 7, and 15. The report must compare the current delivery model with at least two alternative models. The alternative models must include a state-based model in which the state holds the plan risk as the insurer and may contract with a third-party administrator for claims processing and plan administration. The alternative models may include but are not limited to:

(1) expanding the use of integrated health partnerships under Minnesota Statutes, section 256B.0755;

(2) delivering care under fee-for-service through a primary care case management system; and

(3) continuing to contract with managed care and county-based purchasing plans for some or all enrollees under modified contracts.

(d) The report must also include:

(1) a description of how each model would address:

(i) racial inequities in the delivery of health care and health care outcomes;

(ii) geographic inequities in the delivery of health care;

(iii) incentives for preventive care and other best practices; and

(iv) reimbursement of providers for high-quality, value-based care at levels sufficient to sustain or increase enrollee access to care;

(2) a comparison of the projected cost of each model; and

(3) an implementation timeline for each model that includes the earliest date by which each model could be implemented if authorized during the 2025 legislative session.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. **REQUEST FOR FEDERAL APPROVAL.**

(a) The commissioner of human services shall seek any federal waivers, approvals, and law changes necessary to implement this act, including but not limited to those waivers, approvals, and law changes necessary to allow the state to:

(1) continue receiving federal basic health program payments for basic health program-eligible MinnesotaCare enrollees and to receive other federal funding for the MinnesotaCare public option;

(2) receive federal payments equal to the value of premium tax credits and cost-sharing reductions that MinnesotaCare enrollees with household incomes greater than 200 percent of the federal poverty guidelines would otherwise have received; and

(3) receive federal payments equal to the value of emergency medical assistance that would otherwise have been paid to the state for covered services provided to eligible enrollees.

(b) In implementing this section, the commissioner of human services shall consult with the commissioner of commerce and the Board of Directors of MNsure and may contract for technical and actuarial assistance.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. **CONTINGENT EFFECTIVE DATE.**

Sections 2, 3, 5, and 6, and the specified portion of section 7, are effective January 1, 2026, or upon federal approval, whichever is later, but only if the commissioner of human services certifies to the legislature that implementation of those sections will not result in federal penalties to federal basic health program funding for MinnesotaCare enrollees with incomes not exceeding 200 percent of the federal poverty guidelines. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.