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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 3147

03/17/2014 Authored by Huntley

The bill was read for the first time and referred to the Committee on Health and Human Services Policy

1.1 A bill for an act
1.2 relating to human services; modifying audit requirements for managed care
1.3 plans and county-based purchasing plans under the prepaid medical assistance
1.4 program; amending Minnesota Statutes 2012, section 256B.69, subdivision 9d.

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

1.6 Section 1. Minnesota Statutes 2012, section 256B.69, subdivision 9d, is amended to
1.7 read:

1.8 Subd. 9d. ~~Financial audit~~ **Audits.** (a) The legislative auditor shall ~~contract~~
1.9 ~~with an audit firm to conduct a biennial independent third-party financial audit of, as~~
1.10 ~~resources permit, audit~~ the information required to be provided by managed care plans
1.11 and county-based purchasing plans under subdivision 9c, paragraph (b). The ~~audit~~ audits
1.12 shall be conducted in accordance with generally accepted government auditing standards
1.13 issued by the United States Government Accountability Office. ~~The contract with the~~
1.14 ~~audit firm shall be designed and administered so as to render the independent third-party~~
1.15 ~~audit eligible for a federal subsidy, if available. The contract shall require the audit to~~ The
1.16 audits may also include a determination review of compliance with the federal Medicaid
1.17 rate certification process. ~~The contract shall require the audit to determine if and whether~~
1.18 the administrative expenses and investment income reported by the managed care plans
1.19 and county-based purchasing plans are compliant with state and federal law.

1.20 (b) ~~For purposes of this subdivision, "independent third party" means an audit firm~~
1.21 ~~that is independent in accordance with government auditing standards issued by the United~~
1.22 ~~States Government Accountability Office and licensed in accordance with chapter 326A.~~
1.23 ~~An audit firm under contract to provide services in accordance with this subdivision must~~

2.1 ~~not have provided services to a managed care plan or county-based purchasing plan during~~
 2.2 ~~the period for which the audit is being conducted.~~

2.3 ~~(e) (b)~~ The commissioner shall require, in the request for bids and resulting contracts
 2.4 with managed care plans and county-based purchasing plans under this section and section
 2.5 256B.692, that each managed care plan and county-based purchasing plan submit to and
 2.6 fully cooperate with the ~~independent third-party financial audit~~ audits under paragraph
 2.7 (a) of the information required under subdivision 9c, paragraph (b). Each contract with a
 2.8 managed care plan or county-based purchasing plan under this section or section 256B.692
 2.9 must provide the commissioner and the ~~audit firm contracting with the~~ legislative auditor
 2.10 access to all data required to complete the ~~audit~~ audits. ~~For purposes of this subdivision,~~
 2.11 ~~the contracting audit firm shall have the same investigative power as the legislative auditor~~
 2.12 ~~under section 3.978, subdivision 2.~~

2.13 ~~(d) (c)~~ Each managed care plan and county-based purchasing plan providing services
 2.14 under this section shall provide to the commissioner biweekly encounter data and claims
 2.15 data for state public health care programs and shall participate in a quality assurance
 2.16 program that verifies the timeliness, completeness, accuracy, and consistency of the data
 2.17 provided. The commissioner shall develop written protocols for the quality assurance
 2.18 program and shall make the protocols publicly available. The commissioner shall contract
 2.19 for an independent third-party audit to evaluate the quality assurance protocols as to
 2.20 the capacity of the protocols to ensure complete and accurate data and to evaluate the
 2.21 commissioner's implementation of the protocols. The audit firm under contract to provide
 2.22 this evaluation must ~~meet the requirements in paragraph (b)~~ be independent in accordance
 2.23 with generally accepted government auditing standards issued by the United States
 2.24 Government Accountability Office.

2.25 ~~(e) (d)~~ Upon completion of ~~the an~~ audit under paragraph (a) ~~and receipt by the~~
 2.26 ~~legislative auditor~~, the legislative auditor shall provide copies of the audit report to the
 2.27 commissioner, the state auditor, the attorney general, and the chairs and ranking minority
 2.28 members of the health and human services finance committees of the legislature. Upon
 2.29 completion of the evaluation under paragraph ~~(d) (c)~~, the commissioner shall provide
 2.30 copies of the report to the legislative auditor and the chairs and ranking minority members
 2.31 of the health finance committees of the legislature.

2.32 ~~(f) (e)~~ Any actuary under contract with the commissioner to provide actuarial
 2.33 services must meet the independence requirements under the professional code for fellows
 2.34 in the Society of Actuaries and must not have provided actuarial services to a managed
 2.35 care plan or county-based purchasing plan that is under contract with the commissioner
 2.36 pursuant to this section and section 256B.692 during the period in which the actuarial

3.1 services are being provided. An actuary or actuarial firm meeting the requirements
3.2 of this paragraph must certify and attest to the rates paid to the managed care plans
3.3 and county-based purchasing plans under this section and section 256B.692, and the
3.4 certification and attestation must be auditable.

3.5 ~~(g)~~ (f) Nothing in this subdivision shall allow the release of information that is
3.6 nonpublic data pursuant to section 13.02.