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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 2614

February 4, 2010

Authored by Huntley

The bill was read for the first time and referred to the Committee on Finance

A bill for an act

relating to human services; establishing an intensive care management program for medical assistance enrollees; reducing funding for the medical assistance program; requiring a request for proposals; requiring a report; appropriating money; amending Laws 2009, chapter 79, article 13, section 3, subdivision 6, as amended; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Section 1. [256B.0755] INTENSIVE CARE MANAGEMENT PROGRAM.

Subdivision 1. **Report.** The commissioner shall review medical assistance enrollment and by July 1, 2010, present a report to the legislature that describes the common characteristics and costs of those enrollees whose annual medical costs are greater than 95 percent of all other enrollees, using de-identified data.

Subd. 2. **Intensive care management system established.** The commissioner shall implement, by January 1, 2011, a program to provide intensive care management to medical assistance enrollees currently served under fee-for-service, managed care, or county-based purchasing, whose annual medical care costs are in the top five percent of all medical assistance enrollees. The intensive care management program must reduce these enrollees' medical assistance costs by at least 20 percent on average, improve quality of care through care coordination, and provide financial incentives for providers to deliver care efficiently. The commissioner may require medical assistance enrollees meeting the criteria specified in this subdivision to participate in the intensive care management program, and may reassign enrollees from existing managed care and county-based purchasing plans to those plans that are participating in the demonstration program. The commissioner shall seek all federal approvals and waivers necessary to implement the intensive care management program.

2.1 Subd. 3. Request for proposals. The commissioner of human services shall request
 2.2 proposals by September 1, 2010, from health care providers, managed care plans, and
 2.3 county-based purchasing plans to provide intensive care management services under the
 2.4 requirements of subdivision 1. Proposals submitted must:

2.5 (1) designate the medical assistance population and geographic area of the state
 2.6 to be served;

2.7 (2) describe in detail the proposed intensive care management program;

2.8 (3) provide estimates of cost savings to the state and the evidence supporting these
 2.9 estimates;

2.10 (4) describe the extent to which the intensive care management program is consistent
 2.11 with and builds upon current state health care home, care coordination, and payment
 2.12 reform initiatives; and

2.13 (5) meet quality assurance, data reporting, and other criteria specified by the
 2.14 commissioner in the request for proposals.

2.15 The commissioner shall accept proposals that, in the aggregate, provide savings to
 2.16 the medical assistance program equal to the reduction in funding under section 2.

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

2.18 Sec. 2. Laws 2009, chapter 79, article 13, section 3, subdivision 6, as amended by
 2.19 Laws 2009, chapter 173, article 2, section 1, subdivision 6, is amended to read:

2.20 **Subd. 6. Basic Health Care Grants**

2.21 The amounts that may be spent from this
 2.22 appropriation for each purpose are as follows:

2.23 (a) MinnesotaCare Grants	391,785,000	485,370,000
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2.24 This appropriation is from the health care
 2.25 access fund.

2.26 (b) MA Basic Health Care Grants - Families		972,901,000
2.27 and Children	751,166,000	<u>968,036,495</u>

2.28 **Medical Education Research Costs**

2.29 **(MERC).** Of these funds, the commissioner
 2.30 of human services shall transfer \$38,000,000
 2.31 in fiscal year 2010 to the medical education
 2.32 research fund. These funds must restore the
 2.33 fiscal year 2009 unallotment of the transfers

3.1 under Minnesota Statutes, section 256B.69,
3.2 subdivision 5c, paragraph (a), for the July 1,
3.3 2008, through June 30, 2009, period.

3.4 **Newborn Screening Fee.** Of the general
3.5 fund appropriation, \$34,000 in fiscal year
3.6 2011 is to the commissioner for the hospital
3.7 reimbursement increase described under
3.8 Minnesota Statutes, section 256.969,
3.9 subdivision 29.

3.10 **Local Share Payment Modification**

3.11 **Required for ARRA Compliance.**

3.12 Effective retroactively from October 1, 2008,
3.13 to December 31, 2010, Hennepin County's
3.14 monthly contribution to the nonfederal share
3.15 of medical assistance costs must be reduced
3.16 to the percentage required on September
3.17 1, 2008, to meet federal requirements for
3.18 enhanced federal match under the American
3.19 Reinvestment and Recovery Act (ARRA)
3.20 of 2009. Notwithstanding the requirements
3.21 of Minnesota Statutes, section 256B.19,
3.22 subdivision 1c, paragraph (d), for the period
3.23 beginning October 1, 2008, to December 31,
3.24 2010, Hennepin County's monthly payment
3.25 under that provision is reduced to \$434,688.
3.26 This provision is effective the day following
3.27 final enactment.

3.28 **Capitation Payments.** Effective
3.29 retroactively from October 1, 2008, to
3.30 December 31, 2010, notwithstanding
3.31 the provisions of Minnesota Statutes
3.32 2008, section 256B.19, subdivision 1c,
3.33 paragraph (c), the commissioner shall
3.34 increase capitation payments made to the
3.35 Metropolitan Health Plan under Minnesota

4.1 Statutes 2008, section 256B.69, by
 4.2 \$6,800,000 to recognize higher than average
 4.3 medical education costs. The increased
 4.4 amount includes federal matching funds.
 4.5 This provision is effective the day following
 4.6 final enactment.

4.7 **Use of Savings.** Any savings derived
 4.8 from implementation of the prohibition in
 4.9 Minnesota Statutes, section 256B.032, on the
 4.10 enrollment of low-quality, high-cost health
 4.11 care providers as vendors of state health care
 4.12 program services shall be used to offset on a
 4.13 pro rata basis the reimbursement reductions
 4.14 for basic care services in Minnesota Statutes,
 4.15 section 256B.766.

4.16	(c) MA Basic Health Care Grants - Elderly and		1,141,575,000
4.17	Disabled	969,992,000	<u>1,135,867,125</u>

4.18 **Minnesota Disability Health Options.**
 4.19 Notwithstanding Minnesota Statutes, section
 4.20 256B.69, subdivision 5a, paragraph (b), for
 4.21 the period beginning July 1, 2009, to June
 4.22 30, 2011, the monthly enrollment of persons
 4.23 receiving home and community-based
 4.24 waived services under Minnesota
 4.25 Disability Health Options shall not exceed
 4.26 1,000. If the budget neutrality provision
 4.27 in Minnesota Statutes, section 256B.69,
 4.28 subdivision 23, paragraph (f), is reached
 4.29 prior to June 30, 2013, the commissioner may
 4.30 waive this monthly enrollment requirement.

4.31 **Hospital Fee-for-Service Payment Delay.**
 4.32 Payments from the Medicaid Management
 4.33 Information System that would otherwise
 4.34 have been made for inpatient hospital
 4.35 services for Minnesota health care program
 4.36 enrollees must be delayed as follows: for

5.1 fiscal year 2011, payments in the month of
 5.2 June equal to \$15,937,000 must be included
 5.3 in the first payment of fiscal year 2012 and
 5.4 for fiscal year 2013, payments in the month
 5.5 of June equal to \$6,666,000 must be included
 5.6 in the first payment of fiscal year 2014. The
 5.7 provisions of Minnesota Statutes, section
 5.8 16A.124, do not apply to these delayed
 5.9 payments. Notwithstanding any contrary
 5.10 provision in this article, this paragraph
 5.11 expires December 31, 2014.

5.12 **Nonhospital Fee-for-Service Payment**

5.13 **Delay.** Payments from the Medicaid
 5.14 Management Information System that would
 5.15 otherwise have been made for nonhospital
 5.16 acute care services for Minnesota health
 5.17 care program enrollees must be delayed as
 5.18 follows: payments in the month of June equal
 5.19 to \$23,438,000 for fiscal year 2011 must be
 5.20 included in the first payment for fiscal year
 5.21 2012, and payments in the month of June
 5.22 equal to \$27,156,000 for fiscal year 2013
 5.23 must be included in the first payment for
 5.24 fiscal year 2014. This payment delay must
 5.25 not include nursing facilities, intermediate
 5.26 care facilities for persons with developmental
 5.27 disabilities, home and community-based
 5.28 services, prepaid health plans, personal care
 5.29 provider organizations, and home health
 5.30 agencies. The provisions of Minnesota
 5.31 Statutes, section 16A.124, do not apply to
 5.32 these delayed payments. Notwithstanding
 5.33 any contrary provision in this article, this
 5.34 paragraph expires December 31, 2014.

5.35 **(d) General Assistance Medical Care Grants** 344,907,000 381,081,000

5.36 * (The preceding text "381,081,000" was indicated as vetoed by the Governor.)

6.1 **(e) Other Health Care Grants**

6.2	Appropriations by Fund		
6.3	General	295,000	295,000
6.4	Health Care Access	23,533,000	7,080,000

6.5 **Base Adjustment.** The health care access
 6.6 fund base is reduced by \$6,890,000 in fiscal
 6.7 year 2012 and \$6,890,000 in fiscal year 2013.

6.8 **Sec. 3. REDUCTION IN APPROPRIATION.**

6.9 The base funding under the current law forecast used to calculate the state
 6.10 appropriation for the medical assistance program is reduced by one-half of one percent
 6.11 for fiscal year 2011 and by one percent for the 2012-2013 biennium, as provided in
 6.12 section 2. This reduction is ongoing and shall apply to future bienniums, or for as long
 6.13 as the program described in Minnesota Statutes, section 256B.0755, is determined to be
 6.14 cost-effective by the commissioner of human services.

6.15 **Sec. 4. APPROPRIATIONS.**

6.16 \$15,000 for fiscal year 2010 is appropriated from the general fund to the
 6.17 commissioner of human services for the report required by Minnesota Statutes, section
 6.18 256B.0755, subdivision 1.