



Expand MinnesotaCare, increase health care provider rates, comply with federal law

Issues:

The governor's supplemental budget recommends several changes to health care, including proposals to address the following issues:

- Minnesotans transitioning from public to private health care coverage face critical cost barriers or “affordability cliffs” from premiums and cost sharing that can lead to loss of coverage and decreased access to care.
- The state mental health system is fragile with inadequate reimbursement rates for providers that discourage comprehensive care.
- Changes to Medical Assistance asset rules for certain married couples seeking long-term care are needed to comply with federal law; compliance with these “anti-spousal impoverishment” methods will have negative consequences for some families, limiting younger families’ ability to plan for retirement, childrens’ education and other needs.

Proposals:

- Direct DHS to seek a federal state innovation waiver expanding MinnesotaCare for people with incomes up to 275 percent of the federal poverty guidelines (FPG) and incorporating reforms, including a standardized sliding fee scale for premiums and cost sharing. This was a recommendation of the Health Care Financing Task Force to help smooth the “eligibility cliff.”
- Increase provider rates for preventative medical care and outpatient mental health services by 5 percent for services to Medical Assistance and MinnesotaCare enrollees.
- Bring Minnesota into compliance with federal anti-spousal impoverishment rules for married people seeking long-term care services through the Home and Community Based Services waiver program and Community First Services and Supports; mitigate the impact by raising the amount of assets that can be protected for the spouse remaining in the community to the maximum level allowed under federal law.

Benefits:

- People transitioning between public and private markets are likely to remain insured and continue receiving health care. Coverage rates and access to care will be increased for people with incomes between 200 and 275 percent of FPG who can't currently afford private insurance. Coverage will be aligned and streamlined for families where members are split between public and private coverage.

- Medical practitioners will have an incentive to provide comprehensive preventative services; the state's mental health system and critical services for enrollees will be better supported.
- Minnesota will be in compliance with the Accountable Care Act requirements for spousal impoverishment; for married couples needing home and community based waiver services, the financial harm will be reduced.

Fiscal impact:

- State innovation waiver
 - FY 2017: \$213,000
- Preventative and mental health care rates
 - FY 2017: \$19.5 million
 - FY 2018: \$40.1 million
 - FY 2019: \$43.9 million
- Spousal asset treatment
 - FY 2017: \$4.6 million
 - FY2018: \$13 million
 - FY 2019: \$13.9 million

Related information:

- Governor's Supplemental Budget Proposal, [Minnesota Management & Budget website, http://www.mn.gov/mmb/images/16-17-supplemental-agency-item.pdf](http://www.mn.gov/mmb/images/16-17-supplemental-agency-item.pdf)
- Minnesota Health Care Financing Task Force Final Recommendations, http://mn.gov/dhs/images/final-materials-final-report_01-28-2016.pdf

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