

**Change Item Title: ACA: New MinnesotaCare Demonstration Waiver**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Health Care Access Fund				
Expenditures	TBD	TBD	TBD	TBD
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	TBD	TBD	TBD	TBD

**Recommendation:**

The Governor recommends renewing the existing MinnesotaCare demonstration waiver for coverage for adults above 138% FPG that provides more seamless coverage options for individuals and their families across all insurance affordability programs in Minnesota for one year, or less, depending on the impending availability of Basic Health Plan (BHP) funding. This coverage will be partially funded by the reserve funding created by savings generated by the MA expansion option. The Governor and the Department of Human Services will immediately begin negotiations with the Centers for Medicare and Medicaid Services (CMS) on the waiver and will submit a more detailed plan and fiscal estimate as information becomes available.

**Rationale/Background:**

The state’s MinnesotaCare waiver that provides federal funding for that program ends Dec. 31, 2013. The ACA includes a provision for states to receive federal funding through a Basic Health Plan option to serve people with incomes above 138 percent of federal poverty guidelines (FPG) who are covered by current state public health care programs and who will not be eligible for Medicaid after Jan. 1, 2014. The Centers for Medicare and Medicaid Services (CMS) has recently announced that BHP funding will be available as of 1/1/15. This option allows states to receive payments equivalent to 95 percent of the cost of Advance Premium Tax Credits and cost-sharing reductions had those individuals been enrolled in the exchange.

**Proposal:**

The governor’s budget proposal recommends that the state pursue the continuation of our demonstration waiver to provide coverage for people under age 65 with incomes between 138 and 200 percent of FPG for one year, or until BHP funding becomes available. Negotiations with CMS on the waiver include the following considerations:

- Improve MinnesotaCare to include benefits equal to or better than exchange coverage, reduced enrollee cost sharing as compared to exchange coverage, and no health care tax liability for certain enrollees whose income fluctuates during the year;
- Change MinnesotaCare eligibility rules to comply with the ACA, including aligning the income calculation with the new Modified Adjusted Gross Income (MAGI) Medicaid income methodology, and the exchange’s insurance affordability test, and eliminating the current asset test;
- Set enrollee premiums on a sliding scale ranging from 3 percent to no more than 6.3 percent of income, cover essential health benefits as defined by the state within ACA guidelines, and eliminate the \$10,000 hospital cap.

Current projections suggest that up to 165,000 people with incomes between 138 and 200 percent of FPG may qualify for the program. This would include about 30,000 adults age 19 and over covered under current programs.

**Performance Measures:**

This proposal will reduce Minnesota’s rate of uninsurance for persons above 138% of FPG, as measured by the annual Health Access Survey administered by MDH.

**Statutory Change:** 256.0131

**2014-15 Biennial Budget**

***Human Services***

**DHS Fiscal Detail for Budget Tracking**

Net Impact by Fund (000's)			FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
General Fund			TBD	TBD	TBD	TBD	TBD	TBD
HCAF Fund			TBD	TBD	TBD	TBD	TBD	TBD
Total All Funds			0	0	0	0	0	0
Budget Detail	BACT#	Description	FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
			TBD	TBD	TBD	TBD	TBD	TBD
			TBD	TBD	TBD	TBD	TBD	TBD
Requested FTE's								
GF								