COMMERCE DEPARTMENT

62J.26 Evaluation Report Methodology

Updated January 28, 2025

Report Prepared By

This document was prepared by the American Institutes for Research (AIR) at the request of the Minnesota Department of Commerce. AIR created this document for internal use by the Minnesota Department of Commerce pursuant to Contract No. 216732. The document assumes reader familiarity with the proposed mandated health benefits currently under consideration by the Minnesota State Legislature. The document was prepared solely to assist the Minnesota Department of Commerce. No other use of this document or the information or conclusions contained herein is authorized.

Minnesota Department of Commerce
85 7th Place East
St. Paul, MN 55101
651-539-1734
HealthInsurance.DivisionRequests@state.mn.us
https://mn.gov/commerce/

Upon request, this material will be made available in an alternative format such as large print, Braille, or audio recording. Printed on recycled paper.

Introduction

Pursuant to Minn. Stat. § 62J.26, subd. 3, the Minnesota Department of Commerce (Commerce) is required to perform an evaluation of mandated health benefit proposals as requested by the chair of respective standing legislative committees. The purpose of the evaluation is to provide the legislature with a detailed analysis of the potential impacts of any mandated health benefit proposal.

A “mandated health benefit proposal" or "proposal" means a proposal that would statutorily require a health plan company to do the following:

(i) Provide coverage or increase the amount of coverage for the treatment of a particular disease, condition, or other health care need;

(ii) Provide coverage or increase the amount of coverage of a particular type of health care treatment or service or of equipment, supplies, or drugs used in connection with a health care treatment or service;

(iii) Provide coverage for care delivered by a specific type of provider;

(iv) Require a particular benefit design or impose conditions on cost-sharing for:

(A) The treatment of a particular disease, condition, or other health care need;

(B) A particular type of health care treatment or service; or

(C) The provision of medical equipment, supplies, or a prescription drug used in connection with treating a particular disease, condition, or other health care need.

(v) Impose limits or conditions on a contract between a health plan company and a health care provider.

"Mandated health benefit proposal" does not include health benefit proposals amending the scope of practice of a licensed health care professional.

Requirements of the 62J Evaluation

In accordance with § 62J.26, Commerce performs, in consultation with the Minnesota Department of Health (MDH) and Minnesota Management and Budget (MMB), an evaluation of benefit mandate proposals.

a) Evaluations must focus on the following areas:

i. Scientific and medical information regarding the proposal, including the potential for benefit and harm;

ii. Overall public health and economic impact;

iii. Background on the extent to which services/items in the proposal are utilized by the population;

iv. Information on the extent to which service/items in the proposal are already covered by health plans and which health plans the proposal would impact;

v. Cost considerations regarding the potential of the proposal to increase cost of care as well as its potential to increase enrollee premiums in impacted health plans; and

vi. The cost to the state if the proposal is determined to be a mandated benefit under the Patient Protection and Affordable Care Act (ACA).

As part of these evaluations, Commerce may seek public feedback on the proposed benefit mandates. This public feedback is summarized and incorporated into each analysis.

Evaluation Reporting Components

For the purposes of this evaluation, Commerce uses the following terms to describe the impact of the proposed mandate:

Public health. The science and practice of protecting and improving the health and well-being of people and their communities. The field of public health includes many disciplines, such as medicine, public policy, biology, sociology, psychology and behavioral sciences, and economics and business.

Economic impact. The general financial impact of a drug, service, or item on the population prescribing or utilizing the drug, service, or item for a particular health condition.

Fiscal impact. The quantifiable cost to the State associated with implementation of the mandated health benefit proposal. The areas of potential fiscal impact that Commerce reviews for are the cost of defrayal of benefit mandates under the ACA, the cost to State Employee Group Insurance Program (SEGIP), and the cost to other state public programs.

Public Comment – Request for Information

To assess the public health, economic, and fiscal impact of the proposed health benefit mandates, Commerce may solicit public input on the potential health benefit mandate through a request for information (RFI) posted to Commerce's website and the Minnesota State Register. The public comments summaries represent only the opinions and input of the individuals and/or organization who respond to the RFI.

The public submits comments in response to Minnesota's RFI process, to enable the state to collect information from consumers, health plans, advocacy organizations, and other stakeholders. This process helps Commerce gather opinions, identify special considerations, and secure additional resources to support the evaluation. The evaluation includes a summary of key themes collected from stakeholders that submitted comments.

Any studies, laws, and other resources identified by stakeholders through public comment are evaluated based on criteria used for the literature scan (see below).

Literature Scan Criteria

- Literature in the evaluation reports may include studies identified by stakeholders matching the evaluation's inclusion/exclusion criteria, and studies identified through a literature scan.

- The evaluation report's literature scan focused on searches in PubMed and the National Bureau of Economic Research (NBER) using relevant search terms specific to each mandate.
- The inclusion factors include:
    - Peer-reviewed literature and independently conducted research;
    - Publication within the last 10 years, with domestic data and/or publishing source;
    - Relevance to the proposed health benefit mandate;
    - Generalizability of the findings; and
    - Quality of the research, as guided by the Joanna Briggs Institute Clinical Appraisal Tools.
- The analysis included identified key themes and shared patterns related to the medical, economic, or legal impact of the proposed health benefit mandate.

Actuarial Analysis

- The actuarial analysis uses state and national data to assess the economic impact to Minnesota for relevant services and/or conditions as identified in the mandate. The approach for these sections is determined in collaboration with MDH, and state-specific data is provided by MDH where applicable.
- An actuarial analysis is not performed for a specific proposed mandate if extensive data limitations would have resulted in inaccurate or unreasonable actuarial estimates.

Fiscal Impact – Defrayal Analysis Requirements

The ACA defined 10 essential health benefits (EHBs) that must be included in non-grandfathered plans in the individual and small-group markets. Pursuant to section 1311(d)(3)(b) of the ACA, states may require qualified health plan (QHP) issuers to cover benefits in addition to the 10 EHBs but must defray the costs of requiring issuers to cover such benefits by making payments either to individual enrollees or directly to QHP issuers on behalf of the enrollee.

Defrayal may be required for any new state-required benefits enacted after December 31, 2011, other than for purposes of compliance with federal requirements.[1] States must identify the state-required benefits that are in addition to EHBs, and QHP issuers must quantify the cost attributable to each additional required benefit based on an analysis performed in accordance with generally accepted actuarial principles and methodologies conducted by a member of the American Academy of Actuaries and must report this to the state.[2]

[1] See 45 CFR §155.170(a)(2)
[2] See 45 CFR §155.170(a)(3) and §155.170(c).