

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Minnesota

1906 of the Act

State Method for Determining Cost Effectiveness of Employer-Based Group Health Plans.

1. The following policies are considered cost-effective by the Benefit Recovery Section and do not require further review:

- Policies where annual covered medical expenses exceed annual premium costs by 2:1 ratio (review insurance payment reports or the EOMB to determine benefit versus cost) and the client's medical condition remains the same.
- Policies covering people who have AIDS or who are HIV positive when the premiums are not substantially increased due to the policy conversion.
- Policies covering LTCF residents when, at a minimum coverage includes the Medicare co-insurance for the current nursing facility stay. (Request the Benefit Recovery Section to review the policy at the end of 3 months.)
- Policies with a monthly premium (or prorated portion of a family premium) when added to the monthly pro-rated deductible, is less than the current Minnesota Medical Assistance (MA) managed care monthly rate for a person of the same age. See Examples of *Premium Calculation*.
- Policies covering a pregnant woman's maternity care, if the *Premium Calculation* is met by using the MA managed care monthly rate for a pregnant woman. Review the policy at the end of the 60-day postpartum period using the MA managed care rate by age category.

EXAMPLE OF PREMIUM CALCULATION: Single Adult

Employer health insurance monthly premium:	\$275.00
1/12 th of Annual Deductible (\$500):	<u>\$ 42.00</u>
	\$317.00

TN: 12-17
Supersedes:
TN: 08-12

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MA monthly capitation rate for Adult A (age 45): \$286.00
Not Cost Effective Under this CE Basis
(Greater than Capitation by Age)

EXAMPLE OF PREMIUM CALCULATION: Adult + Child

Employer health insurance monthly premium (2): \$375.00
1/12th of the Annual Family Deductible (\$500): 42.00
\$417.00

MA monthly capitation rate for Adult A (age 45): \$286.00
MA “ “ “ “ Child B (age 5): 214.00
\$500.00

Is Cost Effective Under this CE Basis
(Less than Capitation by Age)

**2. The following policies are not cost-effective and do not require
Benefit Recovery Section review:**

- Medicare Supplement or Medicare Advantage (Medicare Part C) policies or plans for clients age 65 and older.
- Hospital or long-term care indemnity policies that provide cash payments for each day in a hospital or nursing facility if the client is not currently collecting benefits.
- ~~High deductible health insurance policies with an associated Health Savings Account (HSA), unless the policyholder agrees that HSA funds will be used to reduce the deductible.~~

3. The Benefit Recovery Section reviews all other policies for cost effectiveness. The county agency requests a cost effective review by sending the Benefit Recovery Section:

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- Three copies of a completed DHS-2841 (with particular attention to current medical conditions.
 - Available payment reports or Explanation of Medical Benefits (EOMB).

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