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State/Territory Name: Minnesota

State Plan Amendment (SPA) #: 15-0005

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Additional Companion letter
- 3) CMS 179 Form
- 4) Approved SPA Pages

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



September 28, 2015

Marie Zimmerman, State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

Dear Ms. Zimmerman:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #15-0005 --Cost-Effectiveness Determinations for Employer-Sponsored
Group Health Insurance

--Effective Date: April 1, 2015

If you have any additional questions, please have a member of your staff contact Sandra Porter at
(312) 353-8310 or via e-mail at Sandra.Porter@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosures

cc: Ann Berg, MDHS
Pat Callaghan, MDHS
Stephanie Kaminsky, CMCS
Stacey Green, CMCS

Department of Health & Human Services
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233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



September 28, 2015

Marie Zimmerman, State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

Dear Ms. Zimmerman:

The Centers for Medicare & Medicaid Services (CMS) has recently completed the review and approval of Minnesota's Medicaid state plan amendment (SPA) 15-0005. This SPA amends Attachment 4.22-C and revises the formula for determining whether or not group health insurance is cost effective for individuals mandated to enroll in employer-sponsored group health plans under section 1906 of the Social Security Act (the Act).

Through SPA 15-005, the method for determining cost-effectiveness is revised to take into account the cost of premiums and cost sharing, administrative expenses and the cost of wrap-around benefits in Medicaid. CMS recognizes that the modifications to Minnesota's state plan proposed in SPA 15-005 are compliant with CMS regulations; therefore, CMS has approved this SPA.

In our review of this SPA, however, CMS was made aware that Minnesota's policies related to cost sharing may not comply with §435.1013(a)(3) of the Medicaid regulations which requires that the beneficiary not incur cost-sharing charges in excess of any amounts imposed by the agency under subpart A of part 447. Specifically, the state does not appear to be compliant with the requirement to ensure that beneficiaries avoid incurring cost sharing above their Medicaid limits.

Within 90 days from the date of this letter, please provide further information to explain how Minnesota's current premium assistance program is consistent with federal requirements found at 435.1013(a)(3). CMS is happy to continue to work with you as you consider proposals to effectuate this provision.

If you have any questions concerning this companion letter, please have a member of your staff contact Sandra Porter at (312) 353-8310 or via e-mail at Sandra.Porter@CMS.hhs.gov.


Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc: Ann Berg, MDHS
Pat Callaghan, MDHS
Stephanie Kaminsky, CMCS
Stephanie Bell, CMCS

cc: ann.berg@state.mn.us, pat.callaghan@state.mn.us, Stephanie.Kaminsky@CMS.hhs.gov,
Stephanie.Bell@CMS.hhs.gov

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 15-0005	2. STATE Minnesota
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE April 1, 2015	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: Section 1906 of the Social Security Act		7. FEDERAL BUDGET IMPACT: a. FFY '15 (\$182,000) b. FFY '16 (\$546,000)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4-22-C, pages 1-3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.22-C, pages 1-3	
10. SUBJECT OF AMENDMENT: Revising cost-effective formula			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Ann Berg Minnesota Department of Human Services 540 Cedar Street, PO Box 64983 St. Paul, MN 55164-0983	
13. TYPED NAME: Ann Berg			
14. TITLE: Deputy Medicaid Director			
15. DATE SUBMITTED: June 30, 2015			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: June 30, 2015		18. DATE APPROVED: September 28, 2015	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: April 1, 2015		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Ruth Hughes		22. TITLE: Associate Regional Administrator	

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 ~~with~~ for which the a monthly employer-based group health plan premium (or prorated portion of a family premium) ~~when added to the monthly pro-rated deductible plus 1/12th of the annual average cost factor by age,~~ is less than the current Minnesota Medical Assistance (MA) managed care monthly rate for a persons of the same age. See Examples of *Premium Calculation*.

Annual average cost factor: This factor is the average paid costs of health insurance (deductible, coinsurance, and copayments) plus the cost of Medicaid wrap around benefits and administrative costs in a preceding calendar year, averaged by age group or pregnancy status for individuals with cost-effective coverage

Birth up to age 1

Age 1

Age 2-15

Age 16-20

Age 21-49

Age 21-49-Adults w/o Children

Age 50-64

Age 50-64-Adults w/o Children

Age 65+

Pregnant Women

The annual average cost factor will be adjusted on January 1 of each year.

When more than one individual is considered for cost-effective coverage under a single group health plan, the pro-rated premium and average annual costs by age for each individual will be added together and compared to the combined Medicaid managed care rate for the individuals.

TN: 15-0005

Supersedes:

TN: 12-17

Approved: 09/28/15

Effective: 04/01/15

HCFA ID: 7985E

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Minnesota

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- Policies where annual covered medical expenses exceed annual premium costs plus the annual average cost factor by at least a 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.~~
 - Long-term care (LTC) insurance policies covering nursing facility costs for 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.) The cost of an LTC policy is always less than cost of LTC services.
 - 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
$\frac{1}{12}^{\text{th}}$ of Annual Deductible (\$500):	\$ 42.00
	<u>\$317.00</u>

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

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

MA monthly capitation rate for Adult A (age 45):	<u>\$286.00</u>
MA " " " " Child B (age 5):	<u>214.00</u>
	<u>\$500.00</u>

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.

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

- ~~Three e~~ Copies of a completed DHS-2841 a and b (with particular attention to current medical conditions; and-
- Available payment reports or Explanation of Medical Benefits (EOMB).

Administrative costs taken into account in accordance with 1906(e)(2) are inconsequential to determinations of cost-effectiveness.

TN: 15-0005
Supersedes:
TN: 12-17

Approved: 09/28/15

Effective: 04/01/15

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