



Minnesota Department of **Human Services**

March 29, 2010

Wanda Pigatt-Canty, Project Officer
Division of State Demonstrations and Waivers
Center for Medicaid and State Operations
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Mail Stop: S2-01-16
Baltimore, MD 21244-1850

Re: Minnesota's Prepaid Medical Assistance Project Plus (PMAP+) §1115 Waiver (Project No. 11-W00039/5)

Dear Ms. Pigatt-Canty:

This letter concerns the PMAP+ §1115 waiver amendment request submitted on September 30, 2009 and currently under CMS review. On December 31, 2009 Minnesota received questions from CMS regarding the amendment request. Attached please find Minnesota's response to these questions.

An updated copy of the waiver and expenditure authorities and the special terms and conditions has also been enclosed with this letter. The enclosed waiver and expenditure authorities and the special terms and conditions have been modified slightly to assure that the language in these documents accurately reflects the state's intent and the authorities necessary to implement the proposed changes. The modifications are summarized below:

- **Asset Methodology Relating to Bank Accounts Used to Pay Personal Expenses.** In the September 30, 2009 submission, Minnesota indicated that we intended to seek State Plan authority to require self-employed applicants and enrollees to segregate liquid assets excluded under the \$200,000 exclusion for capital or operating assets of a trade or business. Upon further review, Minnesota believes that it may be more appropriate to seek waiver authority instead of seeking a State Plan amendment. Therefore, Minnesota has enclosed proposed language at item 13 of the expenditure authorities and paragraph 23(d) of the special terms and conditions to effectuate this change.
- **Coverage of Adults without Children and DSH.** Modifications to the amendment seeking authority to apply certain managed care expenditures against the State's DSH allotment were made at item 6 of the Title XIX waivers, item 12 of the expenditure authorities, and paragraphs 17(c), 47 and 51 of the special terms and conditions. These changes were made for the purpose of clarifying that payment add-ons for inpatient services under the Medical Assistance fee for service program will have priority over claims for DSH matching funds for capitation payments for adults without children.

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We look forward to working with CMS toward final approval of the proposed amendments. If you have questions regarding this correspondence, please contact Gretchen Ulbee, at [REDACTED] or Jan Kooistra, at (651) 431-2188.

Sincerely,



Ann Berg
Deputy Medicaid Director

Enclosure

cc: Charles Friedrich

State Response March 29, 2010

Elimination of MinnesotaCare premiums and insurance barriers for MinnesotaCare Children with income equal to or less than 200 % FPG

- 1. What insurance barriers is the State eliminating (is it just the wait time before individuals are eligible to enroll)?**

Under this amendment MinnesotaCare children with income at or below 200% are not subject to the following insurance barriers:

- The requirement that an applicant or enrollee must not otherwise be insured for 4 months prior to application as described in paragraph 19(b) of the PMAP+ special terms and conditions
- The requirement that an applicant or enrollee must not have had access to employer-sponsored insurance coverage from a current employer for 18 months prior to application as described in paragraphs 19(c) and (d) of the PMAP+ special terms and conditions.

- 2. Will premiums for children with incomes at or above 200 percent of FPL be affected by this change?**

This amendment will have no impact on the premiums for MinnesotaCare children with income above 200 percent of FPL. Children with gross family incomes equal to 200% of the federal poverty guidelines will not be required to pay premiums and will be exempt from the MinnesotaCare insurance barriers.

Automatic MinnesotaCare Eligibility for Children Residing in Foster Care/Juvenile Correction

- 3. What is the current eligibility policy the State is using for this group of children? and what is the State proposing to change?**

Currently, a child leaving foster care or a juvenile residential correctional facility must meet MinnesotaCare eligibility criteria. Under this amendment, a child who is residing in foster care or a juvenile residential correctional facility on his or her 18th birthday and who submits an application for MinnesotaCare, is covered under MinnesotaCare the first day of the month following the date of termination from foster care or release from a juvenile residential correctional facility. Requirements relating to income limits, insurance barriers and premiums are not applicable until the month the enrollee turns 21.

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4. Why has the State decided not to do annual redeterminations for this group?

The paper work requirements for MinnesotaCare eligibility determinations and renewals present barriers for this group in terms of accessing and maintaining health care coverage. This amendment is intended to remove these barriers and facilitate continuity of care for this group of children that is expected to continue to meet the income limits and insurance barrier requirements under MinnesotaCare.

5. How did the State calculate the budget neutrality impact of this amendment? How many children would this amendment make eligible for the demonstration?

Please refer to Attachment 2 for enrollment and average payment estimates for this amendment.

Elimination of Minnesota Comprehensive Health Association Exclusion for MinnesotaCare Children with incomes over 275%

6. Please clarify what the current eligibility policy is for these children? and what is the State proposing to change? Would the eligibility change result in a loss of eligibility for some children?

Currently, a child in a family with income that exceeds 275 percent of the federal poverty guidelines (FPG) remains eligible for MinnesotaCare if 10 percent of their annual income is less than the premium for an annual policy with a \$500 deductible through the Minnesota Comprehensive Health Association (MCHA). Children who are no longer eligible under this exemption must be given a 12-month notice prior to disenrollment. Children in these families must pay full premium. Because the premium paid covers the full cost of care, no costs are incurred by the Medicaid program for these children.

The proposed amendment is in response to actions taken by the 2009 Minnesota State Legislature making all children in families with income greater than 275% FPL eligible for state-funded MinnesotaCare. Children over 275% FPG who were previously enrolled in federally-funded MinnesotaCare under the MCHA provision will continue to have the option to enroll in MinnesotaCare under the state-funded program. Because their premiums cover the full cost of care, there is no need for waiver eligibility.

7. How many children with family incomes above 275% receive coverage under this provision?

There are currently 150 MinnesotaCare children over 275% FPG enrolled in MinnesotaCare who are eligible under this provision.

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- 8. How do the benefits for these children differ between the waiver and the State's high risk pool?**

Both programs offer a comprehensive benefit set. However, there is a \$5,000,000 lifetime maximum under MCHA.

- 9. See Attachment D - Why does the State believe making these children ineligible for the waiver will not have an impact on budget neutrality?**

The premiums paid by children at this income level cover the cost of care. No costs are actually incurred by the Medicaid program for this small group of children.

Income Verification and Renewals for MinnesotaCare Children

- 10. Is the State requesting to do passive redeterminations for these children?**

No. State law does not direct us to use the pre-printed form associated with the automatic redetermination process.

- 11. What will the State do if it can't determine the child's income?**

The State will assume no change in income has occurred and the child will remain eligible unless the State determines that there has been a change in income requiring a premium payment.

- 12. Is the State only using its verification of the child's family income to determine the premium payment or is the State using the information to complete the required annual redetermination of the child's eligibility?**

Under this amendment the State is determining whether there has been a change in income such that a premium payment is required to remain enrolled. If a premium payment is required, the State will notify the family and that the children will be disenrolled if payment is not received effective the first day of the calendar month following the calendar month for which the premium is due.

- 13. The PMAP+ overview document references that the Commissioner can use information in "subd. 2" to verify family income. What does this reference mean?**

This is in reference to a subdivision within the state law governing the MinnesotaCare program. Specifically, Minnesota Statutes, section 256L.05, subdivision 2 pertains to income verification and provides:

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Subd. 2. **Commissioner's duties.** The commissioner or county agency shall use electronic verification as the primary method of income verification. If there is a discrepancy between reported income and electronically verified income, an individual may be required to submit additional verification. In addition, the commissioner shall perform random audits to verify reported income and eligibility. The commissioner may execute data sharing arrangements with the Department of Revenue and any other governmental agency in order to perform income verification related to eligibility and premium payment under the MinnesotaCare program.

Chiropractic Services

14. Will chiropractic services be available to all waiver populations or just selected ones?

Chiropractic services are currently covered under Minnesota's Medicaid and MinnesotaCare programs. The MinnesotaCare Program includes the waiver populations under the federally-funded MinnesotaCare program and populations under the state-funded MinnesotaCare program. The chiropractic services currently covered under Minnesota's Medicaid and MinnesotaCare programs include chiropractic manipulative treatment and x-rays. The proposed waiver amendment would apply to the following PMAP+ waiver MEGs: MinnesotaCare Children, MinnesotaCare Pregnant Women and MinnesotaCare Caretaker Adults. It would not apply to the MA One Year Olds MEG.

15. Please provide a description of the proposed chiropractic services to be provided to PMAP+ enrollees.

The chiropractic services currently covered under Minnesota's Medicaid and MinnesotaCare programs include chiropractic manipulative treatment and x-rays. Under this amendment chiropractic services covered under the MinnesotaCare program will also include medically necessary exams.

16. Are chiropractic services covered in Minnesota's Medicaid State plan?

The chiropractic services covered under Minnesota's Medicaid state plan include chiropractic manipulative treatment and x-rays.

Exemption from Insurance Barrier for Recipients of State COBRA subsidy

17. How many individuals are receiving this subsidy?

There were about 1300 unduplicated cases (about 2900 enrollees) who received COBRA subsidies in the quarter ending 12-31-2009.

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18. How many individuals were used in the calculation of the budget neutrality estimate?

Please refer to Attachment 2 for enrollment and average payment estimates for this amendment.

Elimination of Farm Depreciation Income Add-back

19. Please explain why the circumstances of self-employed farmers are sufficiently unique to justify this exception.

This amendment is intended to address the needs of family farmers who are income poor. Farming requires investment in equipment and assets subject to large amounts of depreciation. The depreciation income add-back penalizes self-employed farmers in this position, as it prevents eligibility in situations where the family has very little cash available for basic needs. . This situation is not commonly found in other self-employed occupations.

Coverage Effective Date for Newly Adopted Children

20. What are the impacted Medicaid eligibility groups? and what is the State's current eligibility policy for these groups?

Current policy is that MinnesotaCare coverage for newly adopted children begins on the date of placement. In practice, however, system limitations make it difficult for workers to begin coverage mid-month. The amendment is intended to reflect current practice.

21. What is the State proposing to the change from the current policy?

This is a technical amendment to clarify that MinnesotaCare coverage for newly adopted children begins on the first day of the month of placement.

22. Is the State requesting presumptive eligibility for these children? If not, please confirm that there will be an eligibility determination made for these children before they receive coverage.

This amendment does not affect eligibility determination procedures. This amendment affects only the date that coverage begins. Generally, no separate eligibility determination is necessary. This amendment applies to children who are being adopted by families who are eligible for MinnesotaCare.

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23. What is the budget neutrality impact of this amendment?

There is no fiscal impact associated with this amendment because it did not expand eligibility. The amendment clarifies current practice.

Sponsor Deeming for Qualified Noncitizen Pregnant Women and Children

24. Please confirm that the State has submitted a Medicaid State plan amendment for this item to CMS for review? If a State plan amendment has been submitted, please include a copy with your response.

The effective date of state legislation authorizing this change is July 1, 2010. A Medicaid state plan amendment has not yet been submitted for this item. The State intends to submit a Medicaid state plan amendment in accordance with the effective date specified in state law.

25. Is the State proposing to have this eligibility standard the same between the State plan and the waiver?

Yes

26. See Attachment D - Why does the State believe that this will not have a budget neutrality impact? How many additional individuals will be eligible to enroll?

This amendment is expected to be budget neutral due to the small number of potential MinnesotaCare enrollees impacted by this change. We have little available data on this population.

Asset Methodology Related to Bank Accounts Used to Pay Personal Expenses

27. Please confirm that the State has submitted a Medicaid State plan amendment for this item to CMS for review? If a State plan amendment has been submitted, please include a copy with your response.

The effective date of state legislation authorizing this change is January 1, 2011. A Medicaid state plan amendment has not been submitted for this item. Upon further review, Minnesota believes that it may be more appropriate to seek waiver authority in lieu of a state plan amendment. Therefore, Minnesota has attached modified language in item 13 of the expenditure authorities and paragraph 23(d) of the special terms and conditions to effectuate this change.

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28. Is the State proposing to have this eligibility standard the same between the State plan and the waiver?

Yes, this standard would apply in Medical Assistance and MinnesotaCare.

Public Assistance Eligibility for Catastrophic Survivors

29. Has the State submitted this request as a Medicaid State plan amendment? If yes what is the status of the Medicaid SPA? If a State plan amendment has been submitted, please include a copy with your response.

A Medicaid state plan amendment for this item was approved by CMS on November 24, 2008. A copy is included as Attachment 1.

MinnesotaCare Grace Month

30. How does this amendment request interact with the request on “Income Verification and Renewals for MinnesotaCare Children”?

This amendment related to the grace month pertains to the nonpayment of premiums by MinnesotaCare enrollees. The amendment related to income verification pertains to children in families with income equal to or below 275% of FPG who fail to submit timely renewal forms and related documentation necessary for verification of continued eligibility in a timely manner.

31. How does this differ from current policy on premium payment?

Current policy states that nonpayment of the premium results in disenrollment effective for the calendar month for which the premium was due.

32. The PMAP+ Overview document mentions “256L.05, sub3b” What does this reference mean?

This is in reference to a subdivision within the state law governing the MinnesotaCare program. Specifically, Minnesota Statutes, section 256L.05, subdivision 3b pertains to reapplication for MinnesotaCare and provides:

Subd. 3b. Reapplication. Beginning January 1999, families and individuals must reapply after a lapse in coverage of one calendar month or more and must meet all eligibility criteria.

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MinnesotaCare Rolling Month Eligibility

33. How does this amendment request interact with request on “Income Verification and Renewals for MinnesotaCare Children”?

The amendment related to income verification and renewals for children applies to MinnesotaCare children in families with income equal to or below 275% of FPG who fail to submit renewal forms. Under this amendment, MinnesotaCare children in families with income equal to or below 275% of FPG who fail to submit renewal forms and related documentation necessary for verification of continued eligibility in a timely manner shall remain eligible.

The amendment relating to a rolling month of eligibility applies to all other MinnesotaCare enrollees who fail to submit renewal forms. Under this amendment, MinnesotaCare enrollees (with the exception of children in families with income equal to or below 275% FPG) who fail to submit renewal forms remain eligible for an additional month before being disenrolled. The enrollee remains responsible for the MinnesotaCare premium for the rolling month.

34. What is the State’s rationale for this amendment? and would this apply to all MinnesotaCare enrollees?

Failure to renew in a timely manner results in a gap in coverage for adults who, but for the paperwork, in most cases would remain eligible for MinnesotaCare. The rolling month provides an additional period of time to finalize paperwork and outstanding documentation needed to complete the eligibility determination process with no break in coverage. This amendment applies to all adults age 21 and over who are enrolled in MinnesotaCare.

Increased Income Limit for MinnesotaCare Caretaker Adults

35. How is this requested change reflected in budget neutrality projections?

Please refer to Attachment 2 for enrollment and average payment estimates for this amendment.

36. How many additional MinnesotaCare Caretaker Adults will become eligible for waiver?

Please refer to Attachment 2 for enrollment and average payment estimates for this amendment.

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Two Month Extended Medical Assistance eligibility for children under 19 and Automatic MinnesotaCare eligibility for former Medical Assistance Children

37. What is the State's rationale for this amendment?

The intent of this amendment is to avoid a lapse in coverage that can occur between the time that a child becomes ineligible for Medical Assistance and the time that the premium payment process is completed for MinnesotaCare eligibility.

38. When would eligibility redeterminations be conducted? Would it differ if a child's family member is already enrolled in MinnesotaCare?

In cases where only the child is enrolled in MinnesotaCare, eligibility redeterminations would be conducted 12 months from the first month of MinnesotaCare eligibility. If the child's family is already enrolled in MinnesotaCare the eligibility redeterminations would be conducted in accordance with the family's MinnesotaCare eligibility period.

39. How many children would be impacted by this amendment?

Please refer to Attachment 2 for enrollment and average payment estimates for this amendment.

Coverage of Adults without Children and DSH

40. Is the State requesting a DSH diversion?

The State is requesting authority to claim DSH matching funds for expenditures for capitation payments for health coverage of adults without children enrolled in a state-funded health care program. The State is not seeking to expand its Medicaid program to include adults without children.

41. What is the State's historical DSH spending? Please provide 5 years of past DSH allotments and amounts spent.

State's Estimated Historical DSH Allotments and Expenditures (as of 9/30/09)

	Federal Share DSH Allotment	State DSH Expenditure
FFY 2005	45,070,872	35,427,088
FFY 2006	52,282,212	44,140,189
FFY 2007	60,647,366	38,241,646
FFY 2008	70,350,945	59,597,369
FFY 2009	73,446,387	61,545,564

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42. Minnesota historically has not spent its entire DSH allotment. Please explain why Minnesota has not used its entire DSH allotment in the past.

Historically, Minnesota had limited disproportionate share hospital payments to hospitals with Medicaid utilization rates that were at or above the statewide average. The state funded the General Assistance Medical Care (GAMC) program which provided both ambulatory and inpatient hospital care for childless adults under 75 percent of poverty, but the state did not make a DSH claim for GAMC expenditures.

In 2005, the Minnesota legislature directed DHS to seek approval from CMS to claim unused federal DSH allotment funding for all inpatient hospital expenditures in the GAMC program. Because the GAMC program covers a comprehensive set of medical services, most of the GAMC beneficiaries were enrolled in managed care plans with capitation rates paid for with state funding. At the time, CMS' opinion was that hospital costs for GAMC managed care enrollees were legitimately characterized as uncompensated care for purposes of DSH but that a waiver was required in order to obtain DSH funds, because the capitation payments comprised a mix of hospital and non-hospital expenditures.

Given CMS' opinion, Minnesota sought DSH funding only for the fee-for-service GAMC hospital expenditures. This change increased the claim on the DSH allotment each year but did not completely exhaust the allotment in the initial years. Although GAMC hospital expenditures would have grown such that our entire DSH allotment would have been spent within a few years without further changes to the DSH payment methodology, the Minnesota legislature elected to enact an additional change to the DSH payment methodology in order to exhaust the allotment.

Effective July 1, 2006 Minnesota added a third DSH payment to the state plan that certified the uncompensated care costs at our largest safety net hospital, Hennepin County Medical Center (HCMC), as the non-federal share of a DSH payment that would draw down all of the federal funds remaining in Minnesota's DSH allotment each year.

43. Does Minnesota's current Medicaid State plan support making DSH payment adjustments up to the DSH allotment?

No. Because the GAMC program is unfunded effective April 1, 2010, the existing state plan mechanisms will not fully use the DSH allotment. The state funding associated with the fee for service GAMC DSH payment and the patients that were supported by it will be shifted to the state-funded MinnesotaCare program. Because MinnesotaCare expenditures are predominantly through capitation payments, we are requesting a waiver for purposes of DSH revenue.

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44. How many adults are in GAMC? What are the historical expenditures for this population?

**Minnesota General Assistance Medical Care
Recipient and Cost Projections
Total program**

Fiscal Year	Monthly Average Adults without Children	Monthly Average Cost Per Eligible	Total Annual Payments
2000	23,347	\$455.96	\$127,742,692
2001	24,592	\$456.53	\$134,724,635
2002	29,886	\$508.09	\$182,219,069
2003	37,340	\$553.44	\$247,986,698
2004	34,957	\$585.54	\$245,623,745
2005	36,797	\$535.54	\$236,578,753
2006	39,199	\$613.93	\$288,785,153
2007	33,824	\$692.46	\$281,062,136
2008	28,853	\$759.13	\$262,835,029
2009	31,964	\$751.20	\$288,133,272

45. What is the proposed benefit set for the childless adults?

The benefit set is the same as the benefit provided to the MinnesotaCare Caretaker Adults under the waiver, except that inpatient hospital stays are subject to a 10% copay.

46. What is the proposed cost sharing for the childless adults?

The cost sharing is the same as the cost sharing for MinnesotaCare Caretaker Adults under the waiver, except that inpatient hospital stays are subject to a 10% copay.

Budget Neutrality – Attachments B and C

47. Is the budget neutrality sheet for the amendment request in calendar years or fiscal years?

The budget neutrality sheets included in the September 30, 2009 amendment request are provided in PMAP+ §1115 waiver years, which aligns with the State's fiscal year.

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48. What is the budget neutrality impact (without the rebase) of the amendments?

Attachment B of our September 30, 2009 amendment request provides a budget neutrality forecast for the scenario in which the requested amendments, with the exclusion of the rebase on the budget neutrality caps, are approved.

Attachment D- Fiscal Projections of Proposed Amendments

49. Why do some of the amendment requests not have estimates in 2010? Is this because the State plans to implement amendments at different times? Please provide a desired effective date for each change requested.

The State does plan to implement amendments at different times. The State's projected implementation date for each amendment takes into account the time required to secure federal approval as well as the time required to complete the systems development and modifications necessary to implement. The summary table submitted as Attachment A of our September 30, 2009 amendment request has been revised to include the State's projected implementation date for each amendment. Please refer to Attachment 3 for a copy of the revised summary table.

50. Please provide details for how the State calculated the costs of the proposed amendments? and what were the member months and PMPMs used to calculate these estimates? Please provide all back up data for calculations and the waiver impact for all amendment requests.

Please refer to Attachment 2 for enrollment and average payment estimates for the waiver amendments.

State Response to additional CMS questions received:

1. Do all of Minnesota's Medicaid state plan groups have a 12 month eligibility redetermination? If not, which groups have a 12 month renewal, which groups have a 6 month renewal, etc?

Generally we have 6-month eligibility periods for MA. Enrollees are required to submit renewals for 6-month redeterminations.

There are populations that are exempt from the 6-month renewal requirements. These are:

- People who submit monthly renewals for another public programs, such as a cash program.
- People who receive MA automatically, such as recipients of Group Residential Housing (GRH) or Minnesota Supplemental Assistance (MSA)
- People who receive only unvarying unearned income, such as RSDI, pensions, Veteran's benefits, etc.

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- People whose only source of income is from an excluded income source, such as SSI
- People who report no income

At the end of the 6-month eligibility period, workers review information in the case file to approve MA for the second 6-month period, for enrollees exempt from 6-month renewals.

Some populations are exempt from renewals altogether (6-month and annual). These include pregnant women, people receiving Transitional MA, children receiving IV-E or state adoption assistance, and auto newborns.

MinnesotaCare enrollees have annual renewals only.

- 2. What data can Minnesota provide to support the value of waiving premiums for children on MinnesotaCare under 200% FPG? Is there data showing that a high number of kids drop off due to nonpayment of premiums?**

Please refer to Attachment 2 for enrollment and average payment estimates for the waiver amendments displaying the projected number of children impacted by this amendment.

- 3. If children on MinnesotaCare under 200% FPG fail to pay the premium, are they automatically considered for Medicaid eligibility?**

We are following the corrective action criteria set out by CMS in the 2008 PMAP+ waiver renewal. Each month we identify MinnesotaCare enrollees (families with children) whose coverage was cancelled due to nonpayment of premiums. We mail these individuals and families a letter telling them they may qualify for MA and inviting them to request an MA eligibility determination by returning the letter. We determine MA eligibility for individuals and families who return the letters.

- 4. Regarding the request to provide two months of extended MA for those kids whose income prevents them from being on MA, what number or percentage of kids does Minnesota believe would be affected by this? Does Minnesota have data relating to how many of those children have income that is too high for MA because they have gotten jobs that offer employer sponsored insurance?**

Please refer to Attachment 2 for enrollment and average payment estimates for the waiver amendments displaying the projected number of children impacted by this amendment.