

Subject Managed Care Paybacks

Authors Liebling

Analyst Randall Chun

Date February 23, 2021

Overview

Managed care and county-based purchasing plans under contract with DHS to serve MA enrollees are required, by contract, to meet a medical loss ratio requirement (MLR). The MLR is the proportion of capitation payments that must be used to pay for medical benefits. The MLR varies by rate cell and plan; the average MLR across plans is about 90 percent. This bill requires plans to pay the commissioner, by October 1, 2021, an amount that is the greater of: (1) the amount required to be paid to meet the MLR requirement in contract; or (2) an amount equal to the percentage reduction in MA fee-for-service claims between 2019 and 2020, multiplied against the capitation payments received by the plan in 2020.

Summary

Section	Description
---------	-------------

1	Capitation payment payback.
----------	------------------------------------

(a) Directs the commissioner to determine the total amount paid by DHS for MA fee-for-service claims in calendar year 2019 and calendar year 2020. Further directs the commissioner, after controlling for factors other than utilization, to determine the percentage difference in total MA fee-for-service spending between calendar year 2019 and calendar year 2020.

(b) If the amount paid out in calendar year 2020 was less than the amount paid out in calendar year 2019, directs the commissioner to require each managed care and county-based purchasing plan under contract in calendar year 2020 to pay the commissioner the greater of: (1) an amount equal to the percentage decrease from calendar year 2019 to calendar year 2020 multiplied against the total MA capitation payments received by the plan in calendar year 2020; or (2) the amount the plan is required to pay based on the medical loss ratio specified in the plan's contract with the commissioner. Specifies that a payment under clause (1) is in lieu of any medical loss ratio payment required under contract.

Section	Description
---------	-------------

(c) Requires the commissioner to inform each managed care and county-based purchasing plan of the amount the plan is required to pay under paragraph (b), by July 1, 2021. Requires the plan to pay the amount owed to the commissioner by October 1, 2021. Specifies the procedures to be followed if the plan disputes the amount specified by the commissioner.

(d) Requires amounts collected by the commissioner to be deposited in the general fund.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155