April 2, 2025

Testimony for the House Health Policy and Finance Committee

HF 2406 (Backer)

Rep. Jeff Backer, Chairman

Mr. Chairman and committee members,

My name is Matt Dean, and I am a policy fellow with the Center of the American Experiment. American Experiment is a 501(c)(3) organization that works to create and advocate for policies that make Minnesota a freer, more prosperous and better-governed state.

I am here today to testify in favor of HF2406. Eliminating waste, fraud and abuse from our state's Medicaid programs is essential to their long-term sustainability. Even if there wasn't a single improper payment, the program's dramatic expansion over the past 15 years would demand reform just to continue to provide services. Next biennium total spend in HHS in Minnesota will exceed E12 spending for the first time, as the rapid growth continues to crowd out every other area of spending.

American Experiment applauds the work of this committee, the newly formed Fraud Prevention committee and efforts by the Walz administration to highlight the need to eliminate waste, fraud and abuse in Medicaid. Because the terms themselves can cause confusion and unnecessary political tussling, I'm going to group them as "improper payments."

As the state faces a $6 billion deficit in the out biennium, Medicaid eligibility determination integrity is the first place to look. If you care about reducing the deficit, look at MA eligibility determination integrity. If you care about preserving services for people with disabilities, look at MA eligibility determination integrity.

How big is the problem?

In 2016, the Legislative Auditor estimated that 80,000 Minnesotans were enrolled in programs they didn't qualify for, costing taxpayers $200 million in just five months. In 2019, A Star Tribune investigation outlined $225 million in flagged federal violations for improper payments for medical services. Then COVID-19 hit, and MA coverage grew to 1.4 million (about 30%).

Minnesota spends more on Medicaid than 47 other states, and twice the national average. Last month, the General Accounting Office released its annual report on federal spending. It estimated that $31 billion in improper payments were sent out in fiscal year 2024 (down from $50 billion in 2023). Minnesota represents 1.8% of all Medicaid enrollees, so that translates into about $560 million, or about $1.2 billion per biennium in improper payments for Medicaid in Minnesota. This does not include Medicare.

HF2406 is a good idea because Minnesotans should no longer be asked to pay for the healthcare of people who live in another state, are already on another program, or are dead. This verification process makes sense to normal people whose family coverage depends on premiums, deductibles, copays and verification.

HF2406 simply asks that a Medicaid enrollee acknowledge they are a Minnesota resident and want coverage to continue. Any removal would be subject to appeal and renewed coverage would be essentially automatic with Minnesota's presumptive eligibility. Any inconvenience caused to the enrollee in having to communicate with their provider is outweighed by the crippling costs of improper payments.

If the economic outlook continues downward in Minnesota, the MA sustainability will get a double-whammy of reduced revenue and exploding numbers of newly eligible enrollees. Minnesota can no longer afford to knowingly send checks out for improper payments.

Thank you Mr. Chair and members.

Matt Dean
Policy Fellow

April 2, 2025

MACSSA
Minnesota Association of County Social Service Administrators

Members of the House Health Finance and Policy Committee,

On behalf of the Minnesota Association of County Social Service Administrators (MACSSA), we write with concerns about HF 2604, which would direct the Department of Human Services (DHS) to develop a Medical Assistance (MA) verification form and withhold two percent of capitation payments to managed care organizations (MCOs) and county-based purchasers until verification forms are completed.

We write with two main concerns:

1. The devastating impacts this complex process could have on disenrolling individuals from MA and removing their access to health care.
2. The complexity of the proposed verification process is redundant and an added burden on our already stretched workforce.

Medical Assistance provides health insurance coverage for 1.4 million Minnesotans from low-income families, children, pregnant women, adults without children, seniors and people with disabilities. The state and counties work tirelessly to encourage and maintain MA enrollment because we know it is the lowest-cost public investment we can make to drive down more costly emergency care. Individuals already provide the proposed information to DHS to qualify for MA – this additional verification process seems unnecessary. And, for individuals without a home or permanent address, compliance with this process would be extremely challenging.

Counties also have concerns about the increased workload that this legislation could place on county eligibility workers. While the bill imagines that MCOs would manage these new verification forms, eligibility work happens at the county level. We foresee this process adding to already complex work. There are other ideas at the Legislature penalizing counties for not enrolling people (or keeping people enrolled) in MA – this proposal seems in conflict with those ideas.

We look forward to working with this committee to address policy concerns in ways that maintain quality health care for children and families, recognize county workforce challenges, and ensure that our health care systems operate in a transparent and cost-effective way.

Thank you for your time and consideration,

Matt Freeman, Executive Director
Minnesota Association of County Social Service Administrators

Legal Services Advocacy Project

March 31, 2025

The Honorable Jeff Backer, Co-Chair
Health Finance and Policy Committee
Minnesota House of Representatives
2nd Floor Centennial Office Building
St. Paul, MN 55155

The Honorable Robert Bierman, Co-Chair
Health Finance and Policy Committee
Minnesota House of Representatives
5th Floor Centennial Office Building
St. Paul, MN 55155

Re: HF 2604 (Verification of Coverage)

Dear Co-Chair Backer, Co- Chair Bierman, and Members of the Committee:

The Legal Services Advocacy Project (LSAP) respectfully writes to express our strong opposition to HF 2604, a bill that requires enrollees to submit a form to verify their enrollment in a specific Managed Care Organization (MCO) under the Medical Assistance program (MA) or be subject to disenrollment from MA. We believe this bill seeks to solve a problem we do not believe exists. *Further – and most importantly - it violates the federal Medicaid regulations*. Primarily, the bill would punish MA recipients for actions beyond their responsibility and control. Finally, we believe that the administrative costs to implement the proposal will be significant, with no benefit to the state.

The Proposal Violates Federal Law
Disenrollment of an otherwise eligible MA enrollee under the process outlined in this bill is a clear violation of federal regulation. Federal law sets forth safeguards for terminating coverage. Procedures outlined in the bill would conflict with those safeguards and would likely subject the state to costly litigation and possible federal penalties.

Enactment of this proposal would punish the enrollee for the perceived transgressions of the health plan. It places the burden of showing compliance on the one person who is totally innocent of any wrongdoing: the enrollee.

We already know that many MA enrollees struggle to complete the required paperwork for the MA program. Minnesota regularly sees an increase in people losing MA coverage during their renewal period because of minor and inadvertent mistakes, due to the complexity of the program. Adding an additional layer of verification to the process would increase unnecessary churn in the program. Churn has a huge cost to individuals; it removes health coverage from individuals who need it the most by interrupting appointments, treatments, and prescription drug coverage. And churn also has a significant cost to the state. Most importantly, this proposal places responsibilities on health plans that, if not fulfilled, result in harm to enrollees who played no part in the plan's failure. Such a result would be unduly harsh and patently unfair.

The Administrative Costs to Implement the Proposal are Significant, With No Benefit

In addition, the cost to administer this program would be significant with no commensurate benefit to the state. In Minnesota there are more than a million people enrolled in MA. The majority of these enrollees are enrolled in a health plan. If this bill goes into effect, the MCO will need to receive and process *hundreds of thousands* of signed enrollee statements and match them to each individual health plan enrollment. Then the Agency will have to provide notice to each enrollee subject to disenrollment. This will add another layer to an already overburdened system, costing the state and health plans a significant amount of wasteful time to administer. Additional and unnecessary costs would also mount up for appeals which will add additional cost and time to the state.

For all the reasons stated above, Legal Aid urges the committee to not advance this bill. Thank you for the opportunity to express our viewpoint.

Sincerely,

Staff Attorney