

Subject Establishment of a hospital assessment and directed payment program

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Date March 12, 2025

Overview

This bill directs the commissioner of human services to seek federal approval to establish an assessment on hospitals that participate in Medical Assistance (MA) and a directed payment program.

Summary

Section	Description
1	<p>Hospital assessment.</p> <p>Adds a subdivision to § 256.9657. Establishes an assessment on hospitals that participate in MA and provides that revenue from the assessment must be used by the commissioner to pay the nonfederal share of the directed payment program established under this act.</p> <p>Makes the section effective the later of January 1, 2026, or federal approval of the directed payment program.</p>
2	<p>Interaction with other directed payments.</p> <p>Adds a subdivision to § 256B.1973. Allows a provider that participates in a directed payment program established under § 256B.1973 to also participate in the hospital directed payment program established under this act. Prohibits a provider from receiving payments under both programs for the same provider classes.</p> <p>Makes the section effective the later of January 1, 2026, or federal approval of the directed payment program.</p>
3	<p>Hospital directed payment program.</p> <p>Establishes § 256B.1974. Creates a hospital directed payment program.</p> <p>Subd. 1. Definitions. Defines terms for use in the section.</p>

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Subd. 2. Federal approval required. Provides that the program is contingent on federal approval and that it must conform with existing law regarding when the commissioner may direct managed care expenditures.

Subd. 3. Commissioner's duties; state-directed fee schedule requirement. Sets out the commissioner's duties in administering the program, including determining the quarterly payment amounts that must be paid to health plans and requiring managed care organizations to make quarterly supplemental payments to hospitals.

Subd. 4. Health plan duties; submission of claims. Requires that health plans submit payment information to the commissioner for each claim paid to a provider for services provided to a MA enrollee. Provides that health plans must allow hospitals to review and validate the health plan's paid claims.

Subd. 5. Health plan duties; directed payment add-on. Requires each health plan to make directed payments to eligible providers in amounts equal to the payment amounts the plan received from the commissioner. Prohibits managed care plans from taking specified actions.

Subd. 6. Hospital duties; quarterly supplemental directed payment add-on. Prohibits hospitals that receive directed payments from taking specified actions.

Subd. 7. State minimum policy goals established. Provides that the directed payment program must align with the state's policy goals for MA enrollees. Directs the commissioner, in consultation with the Minnesota Hospital Association, to submit a methodology to the federal government that regularly measures progress toward the state policy goals.

Subd. 8. Administrative review. Directs the commissioner to consult with a committee established by the Minnesota Hospital Association to review payment amounts before making payments under this section. Provides that the committee members may not include any current employee or paid consultant of any hospital.

Makes the section effective the later of January 1, 2026, or federal approval of the directed payment program.

4 **Hospital directed payment program account.**

Establishes § 256B.1975. Creates a hospital directed payment program account in the special revenue fund. Provides that money in the account is annually appropriated to the commissioner for the hospital directed payment program. Prohibits transfers

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from the account to the general fund. Directs the commissioner to annually submit a report to the legislature on how the funding in the account is used.

Makes the section effective the later of January 1, 2026, or federal approval of the directed payment program.

5 Implementation of hospital assessment and directed payment program.

Directs the commissioner, in consultation with the Minnesota Hospital Association, to submit a request to the Centers for Medicare and Medicaid Services for federal approval to implement the hospital assessment and the hospital directed payment program. Specifies requirements related to submitting the request.

Makes the section effective immediately.



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