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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 3853

May 14, 2010

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to human services; changing provisions for medical assistance; amending
1.3 Minnesota Statutes 2008, section 256B.69, by adding a subdivision.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2008, section 256B.69, is amended by adding a
1.6 subdivision to read:

1.7 Subd. 5k. **Limits on net income and administrative costs; enabling expansion**
1.8 **of prepaid medical assistance.** (a) Notwithstanding any other law to the contrary, the
1.9 total net income received by a managed care plan for providing covered services under the
1.10 medical assistance program must not exceed six percent of the total revenues the managed
1.11 care plan receives from the program. For purposes of this paragraph, "net income" means
1.12 total revenues received by the managed care plan under the program minus expenses and
1.13 other adjustments, all as required to be defined for purposes of the managed care plan's
1.14 annual statement of revenue, expenses, and net income, prepared using the appropriate
1.15 National Association of Insurance Commissioners Blank and related instructions for
1.16 health maintenance organizations, as required and amended by Minnesota Rules, part
1.17 4685.1940. The managed care plan shall refund any amounts of net income in excess of
1.18 six percent to the commissioner, no later than 30 days after the end of each month.

1.19 (b) For services rendered under paragraph (a), allowable administrative costs for a
1.20 managed care plan are the per-enrollee dollar amount allowed in 2009.

1.21 (c) The commissioner shall deposit in the general fund all savings in costs to the
1.22 state achieved under this subdivision.

1.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.