



S.F. No. 3612 – Patient-Centered Care program establishment

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Bill Overview

S.F. 3612 establishes a Patient-Centered Care program under which the state directly pays health care providers for services provided to Medical Assistance (MA) and MinnesotaCare enrollees. The bill replaces the current managed care delivery model with a state-administered fee-for-service system supported by administrative services organizations (ASOs) that perform administrative functions without bearing financial risk. The bill also authorizes care coordination payments, community outreach grants, and data transparency requirements.

Section Summaries

Article 1: Patient-Centered Care

Section 1 (adds Minn. Stat. § 256.9632; Patient-Centered Care and Direct Payment for Medical Assistance and MinnesotaCare)

Subdivision 1. Program established. This subdivision establishes the Patient-Centered Care program to improve health outcomes, reduce costs, and increase transparency in public health care programs. It requires the commissioner of human services to pay providers directly for services provided to MA and MinnesotaCare enrollees, and authorizes the commissioner to contract with ASOs to perform claims processing, customer service, and grievance resolution functions. Counties using county-based purchasing (CBP) may serve as ASOs for their counties.

Subdivision 2. Definitions. This subdivision defines key terms including “administrative services organization” and “care coordination.”

Subdivision 3. Payment to providers. This subdivision requires the commissioner to pay licensed providers directly on a fee-for-service basis for services to MA and MinnesotaCare enrollees. It additionally provides for flat care coordination payments to

primary care providers to assist enrollees with care coordination, and prohibits the department of human services from shifting financial risk to other entities.

Subdivision 4. Community outreach. This subdivision authorizes grants to community health clinics, federally qualified health centers, and CBPs to fund outreach and care coordination activities for individuals unlikely to seek care, including people experiencing homelessness or mental illness.

Subdivision 5. Duties. This subdivision requires the commissioner to:

- Ensure timely access to medically necessary services;
- Recruit sufficient providers statewide;
- Conduct data analytics and utilization monitoring;
- Maintain a hotline and website for provider access;
- Operate a 24-hour nurse consultation helpline; and
- Conduct outreach to enrollees lacking preventive visits.

This subdivision also requires the commissioner to ensure reasonable provider reimbursement rates and collaborate with providers to improve care quality and reduce costs.

Subdivision 6. ASO data transparency. This subdivision requires ASO contracts to comply with public data laws and prohibits private entities from claiming proprietary rights over data generated through publicly funded programs. It directs the department of human services (DHS) to create a public data dashboard with quarterly updates and an annual report summarizing utilization trends and disparities.

Effective date. This section is effective the day following final enactment, with direct provider payments beginning January 1, 2027, when current managed care contracts expire.

Section 2 (adds Minn. Stat. § 256.9633; Contracting with Administrative Services Organizations)

Subdivision 1. Contracting for administrative functions. This subdivision allows DHS to contract with ASOs to perform administrative functions such as:

- Claims processing and reimbursement;
- Customer service and grievance resolution; and
- Administrative support for care coordination programs.

The subdivision further requires a statewide open provider network, meaning ASOs may not maintain separate provider networks and the department must accept any qualified licensed provider that agrees to program requirements.

Subdivision 2. Fraud prevention. This subdivision authorizes DHS' Office of Inspector General to access ASO records and data to investigate and prevent fraud. The inspector general must annually report audit findings to the Legislative Auditor.

Section 3. Appropriations. This section appropriates unspecified amounts from the general fund to the commissioner of human services for:

- Transitioning administrative infrastructure from the current managed care system to the Patient-Centered Care system and contracting with ASOs;
- Establishing and maintaining the care coordination fund;
- Expanding provider recruitment, training, and retention programs, particularly for culturally competent care and services in underserved communities;
- Care coordination services under the new Minn. Stat. § 256.9632, subdivision 1, paragraph (d); and
- Grants to community health clinics and CBPs for outreach, medical care, and care coordination services.

Article 2: Conforming Changes

This article makes conforming amendments to various statutes to align them with the new patient-centered care delivery system. These amendments primarily remove or modify references to managed care plans and integrated health partnership arrangements to align with the elimination of those programs through the repealers contained in section 15 of this article.

The article includes a section to repeal the following statutes:

- Minn. Stat. § 256B.0753 (Payment restructuring; care coordination payments); and
- Minn. Stat. § 256B.0755 (Integrated health partnership demonstration project).



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