

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3123

(SENATE AUTHORS: ABELER)

DATE	D-PG	OFFICIAL STATUS
04/01/2025	1246	Introduction and first reading Referred to State and Local Government

1.1

A bill for an act

1.2

relating to state government; establishing a state employee group insurance program

1.3

utilization review pilot program; requiring reports.

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

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Section 1. STATE EMPLOYEE GROUP INSURANCE PROGRAM UTILIZATION

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REVIEW PILOT PROGRAM.

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Subdivision 1. Definitions. (a) For purposes of this section, the following terms have

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the meanings given.

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(b) "Enrollee" means an individual covered by a health plan offered through the state

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employee group insurance program.

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(c) "Health carrier" means a nonprofit health service plan corporation operating under

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Minnesota Statutes, chapter 62C, or health maintenance organization operating under

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Minnesota Statutes, chapter 62D, with which the commissioner of management and budget

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contracts for purposes of the state employee group insurance program.

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(d) "Health plan" means a health plan as defined in Minnesota Statutes, section 62A.011,

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subdivision 3, that is offered through the state employee group insurance program.

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(e) "Medically necessary care" has the meaning given in Minnesota Statutes, section

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62Q.53, subdivision 2.

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(f) "Prior authorization" has the meaning given in Minnesota Statutes, section 62M.02,

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subdivision 15.

(g) "Retrospective utilization review" means the evaluation, after the provision of a service or procedure or facility admission, of the necessity, appropriateness, and efficacy of the health care service or procedure or facility admission by an individual or entity other than the attending health care professional.

(h) "State employee group insurance program" means the state employee group insurance program under Minnesota Statutes, sections 43A.22 to 43A.31.

Subd. 2. Pilot program established. The commissioner of management and budget must establish and administer a utilization review pilot program under the state employee group insurance program between January 1, 2026, and December 31, 2030, to evaluate the efficacy, costs, and benefits of using retrospective utilization review as compared with using prior authorization to evaluate the necessity, appropriateness, and efficacy of health care services and procedures and facility admissions for enrollees. Under the pilot program, health plans must use retrospective utilization review, and may but are not required to use prior authorization, to evaluate the necessity, appropriateness, and efficacy of health care services and procedures and facility admissions for enrollees. Under the pilot program, retrospective utilization review and, if conducted, prior authorization must be conducted according to the requirements and timelines for utilization review in Minnesota Statutes, chapter 62M.

Subd. 3. Quality and payment audits. During the pilot program, health carriers must conduct quality and payment audits of retrospective utilization review determinations and prior authorization determinations made under the pilot program to evaluate the effects of the pilot program on enrollee access to medically necessary care and on payments to health care providers and facilities for health care services and procedures and facility admissions.

Subd. 4. Payment. (a) A health carrier may decline to pay a health care provider or facility for a health care service or procedure or facility admission for which an adverse determination is made and, if applicable, upheld on appeal.

(b) A health care provider or facility must not bill an enrollee or guarantor for, or otherwise seek to collect from an enrollee or guarantor, any amount for a health care service or procedure or facility admission for which the enrollee's health carrier made an adverse determination and that, if applicable, was upheld on appeal.

Subd. 5. Termination. The commissioner of management and budget may terminate the operation of the pilot program upon:

(1) a determination by the commissioner that the pilot program is having a significant negative impact on enrollee access to medically necessary care through the state employee

3.1 group insurance program or on costs to enrollees or the state for health care provided through
3.2 the state employee group insurance program; and

3.3 (2) provision of notice to health carriers and to the chairs and ranking minority members
3.4 of the legislative committees with jurisdiction over state government and health care, of the
3.5 commissioner's intent to terminate the operation of the pilot program. This notice must be
3.6 provided by July 1 of the calendar year prior to the year in which the commissioner intends
3.7 to terminate the pilot program.

3.8 Upon satisfaction by the commissioner of the requirements in clauses (1) and (2), the pilot
3.9 program shall cease operations on January 1 of the year following the year in which notice
3.10 was provided under clause (2).

3.11 Subd. 6. **Reports.** The commissioner of management and budget, in collaboration with
3.12 the commissioner of health, must:

3.13 (1) evaluate the impacts of the pilot program on the cost to enrollees and to the state for
3.14 health care provided under the state employee group insurance program and on enrollee
3.15 access to care and the quality of health care provided to enrollees;

3.16 (2) develop recommendations on whether to continue the pilot program or expand the
3.17 pilot program to other populations; and

3.18 (3) issue reports on these impacts and recommendations to the legislative committees
3.19 with jurisdiction over health care and state government by March 1, 2027, and March 1 of
3.20 each year thereafter through March 1, 2031.