# SENATE
## STATE OF MINNESOTA
## EIGHTY-SEVENTH LEGISLATURE

# S.F. No. 126

**(SENATE AUTHORS: HANN)**

| DATE | D-PG | OFFICIAL STATUS |
|---|---|---|
| 01/27/2011 | 117 | Introduction and first reading<br>Referred to Health and Human Services |

A bill for an act

relating to health insurance; requiring guaranteed issue in the individual market; requiring MCHA to reinsure ceded risk on certain health plans; ending additional enrollment in MCHA; amending Minnesota Statutes 2010, sections 62A.65, subdivision 2, by adding a subdivision; 62E.10, subdivision 7; 62E.11, subdivision 1; 62E.14, subdivision 1; repealing Minnesota Statutes 2010, section 62A.65, subdivision 6.

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

Section 1. Minnesota Statutes 2010, section 62A.65, subdivision 2, is amended to read:

Subd. 2. **Guaranteed issue and renewal.** No individual health plan may be offered, sold, issued, or renewed to a Minnesota resident unless ~~the health plan provides that the plan is~~ on a guaranteed issue basis. The health plan must be guaranteed renewable at a premium rate that does not take into account the claims experience or any change in the health status of any covered person that occurred after the initial issuance of the health plan to the person. The premium rate upon renewal must also otherwise comply with this section. A health carrier must not refuse to renew an individual health plan, except for nonpayment of premiums, fraud, or misrepresentation.

Sec. 2. Minnesota Statutes 2010, section 62A.65, is amended by adding a subdivision to read:

Subd. 2a. **Ceding risk to MCHA.** A health carrier may cede risk to the Minnesota Comprehensive Health Association with respect to any individual health plan issued by the carrier under section 62E.10, subdivision 7.

Sec. 3. Minnesota Statutes 2010, section 62E.10, subdivision 7, is amended to read:

Subd. 7. **General powers.** The association may:

(a) Exercise the powers granted to insurers under the laws of this state;

(b) Sue or be sued;

(c) Enter into contracts with insurers, similar associations in other states or with other persons for the performance of administrative functions including the functions provided for in clauses (e) and (f);

(d) Establish administrative and accounting procedures for the operation of the association; and

(e) Provide for the reinsuring of risks incurred as a result of issuing the coverages required by ~~sections 62E.04 and 62E.16~~ law by members of the association. ~~Each member which elects to reinsure its required risks shall determine the categories of coverage it elects to reinsure in the association. The categories of coverage are:~~

~~(1) individual qualified plans, excluding group conversions;~~

~~(2) group conversions;~~

~~(3) group qualified plans with fewer than 50 employees or members; and~~

~~(4) major medical coverage.~~

~~A separate election may be made for each category of coverage. If a member elects to reinsure the risks of a category of coverage, it must reinsure the risk of the coverage of every life covered under every policy issued in that category.~~ A member electing to reinsure risks of ~~a category of coverage~~ health coverage issued shall enter into a contract with the association establishing a reinsurance plan for the risks. This contract may include provision for ~~the~~ rules for ceding of risk, reinsurance thresholds, reinsurance premiums, and pooling of members' risks reinsured through the association ~~and~~. It may provide for assessment of each member reinsuring risks for losses and operating and administrative expenses incurred, or estimated to be incurred in the operation of the reinsurance plan. This reinsurance plan shall be approved by the commissioner before it is effective. Members electing to administer the risks which are reinsured in the association shall comply with the benefit determination guidelines, claim processing standards, and accounting procedures established by the association. The fee charged by the association for the reinsurance of risks shall not be less than 110 percent of the total anticipated expenses incurred by the association for the reinsurance~~; and~~.

~~(f) Provide for the administration by the association of policies which are reinsured pursuant to clause (e). Each member electing to reinsure one or more categories of coverage in the association may elect to have the association administer the categories of coverage on the member's behalf. If a member elects to have the association administer the categories of coverage, it must do so for every life covered under every policy issued~~

~~in that category. The fee for the administration shall not be less than 110 percent of the total anticipated expenses incurred by the association for the administration.~~

Sec. 4. Minnesota Statutes 2010, section 62E.11, subdivision 1, is amended to read:

Subdivision 1. **Enrollment.** Upon certification as an eligible person in the manner provided by section 62E.14, an eligible person may enroll in the comprehensive health insurance plan by payment of the state plan premium to the writing carrier. Effective January 1, 2012, no further enrollment may be accepted into the comprehensive health insurance plan.

Sec. 5. Minnesota Statutes 2010, section 62E.14, subdivision 1, is amended to read:

Subdivision 1. **Application, contents.** Subject to section 62E.11, subdivision 1, the comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person shall enroll by submission of an application to the writing carrier. The application must provide the following:

(a) name, address, age, list of residences for the immediately preceding six months and length of time at current residence of the applicant;

(b) name, address, and age of spouse and children if any, if they are to be insured;

(c) evidence of rejection, a requirement of restrictive riders, a rate up, or a preexisting conditions limitation on a qualified plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least one association member within six months of the date of the application, or other eligibility requirements adopted by rule by the commissioner which are not inconsistent with this chapter and which evidence that a person is unable to obtain coverage substantially similar to that which may be obtained by a person who is considered a standard risk;

(d) if the applicant has been terminated from individual health coverage which does not provide replacement coverage, evidence that no replacement coverage that meets the requirements of section 62D.121 was offered, and evidence of termination of individual health coverage by an insurer, nonprofit health service plan corporation, or health maintenance organization, provided that the contract or policy has been terminated for reasons other than (1) failure to pay the charge for health care coverage; (2) failure to make co-payments required by the health care plan; (3) enrollee moving out of the area served; or (4) a materially false statement or misrepresentation by the enrollee in the application for the terminated contract or policy; and

(e) a designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan. Upon ceasing to be a resident of Minnesota a person is no longer eligible to purchase or renew coverage under the state plan, except as required by state or federal law with respect to renewal of Medicare supplement coverage.

Sec. 6. **REPEALER.**

Minnesota Statutes 2010, section 62A.65, subdivision 6, is repealed.

Sec. 7. **EFFECTIVE DATE.**

Sections 1 to 6 are effective January 1, 2012.

**62A.65 INDIVIDUAL MARKET REGULATION.**

Subd. 6. **Guaranteed issue not required.** Nothing in this section requires a health carrier to initially issue a health plan to a Minnesota resident, except as otherwise expressly provided in subdivision 4 or 5.