

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2684

(SENATE AUTHORS: HOUSLEY)

DATE
03/26/2019

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OFFICIAL STATUS
Introduction and first reading
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; allowing for sale of short-term care policies; amending
1.3 Minnesota Statutes 2018, section 62A.011, subdivision 3; proposing coding for
1.4 new law in Minnesota Statutes, chapter 62A.

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

1.6 Section 1. Minnesota Statutes 2018, section 62A.011, subdivision 3, is amended to read:

1.7 Subd. 3. **Health plan.** "Health plan" means a policy or certificate of accident and sickness
1.8 insurance as defined in section 62A.01 offered by an insurance company licensed under
1.9 chapter 60A; a subscriber contract or certificate offered by a nonprofit health service plan
1.10 corporation operating under chapter 62C; a health maintenance contract or certificate offered
1.11 by a health maintenance organization operating under chapter 62D; a health benefit certificate
1.12 offered by a fraternal benefit society operating under chapter 64B; or health coverage offered
1.13 by a joint self-insurance employee health plan operating under chapter 62H. Health plan
1.14 means individual and group coverage, unless otherwise specified. Health plan does not
1.15 include coverage that is:

1.16 (1) limited to disability or income protection coverage;

1.17 (2) automobile medical payment coverage;

1.18 (3) liability insurance, including general liability insurance and automobile liability
1.19 insurance, or coverage issued as a supplement to liability insurance;

1.20 (4) designed solely to provide payments on a per diem, fixed indemnity, or
1.21 non-expense-incurred basis, including coverage only for a specified disease or illness or
1.22 hospital indemnity or other fixed indemnity insurance, if the benefits are provided under a

2.1 separate policy, certificate, or contract for insurance; there is no coordination between the
 2.2 provision of benefits and any exclusion of benefits under any group health plan maintained
 2.3 by the same plan sponsor; and the benefits are paid with respect to an event without regard
 2.4 to whether benefits are provided with respect to such an event under any group health plan
 2.5 maintained by the same plan sponsor;

2.6 (5) credit accident and health insurance as defined in section 62B.02;

2.7 (6) designed solely to provide hearing, dental, or vision care;

2.8 (7) blanket accident and sickness insurance as defined in section 62A.11;

2.9 (8) accident-only coverage;

2.10 (9) a long-term care policy as defined in section 62A.46 or 62S.01 or a short-term care
 2.11 policy as defined in section 62A.58;

2.12 (10) issued as a supplement to Medicare, as defined in sections 62A.3099 to 62A.44, or
 2.13 policies, contracts, or certificates that supplement Medicare issued by health maintenance
 2.14 organizations or those policies, contracts, or certificates governed by section 1833 or 1876,
 2.15 section 1851, et seq.; or section 1860D-1, et seq., of title XVIII of the federal Social Security
 2.16 Act, et seq., as amended;

2.17 (11) workers' compensation insurance;

2.18 (12) issued solely as a companion to a health maintenance contract as described in section
 2.19 62D.12, subdivision 1a, so long as the health maintenance contract meets the definition of
 2.20 a health plan;

2.21 (13) coverage for on-site medical clinics; or

2.22 (14) coverage supplemental to the coverage provided under United States Code, title
 2.23 10, chapter 55, Civilian Health and Medical Program of the Uniformed Services
 2.24 (CHAMPUS).

2.25 **Sec. 2. [62A.58] SHORT-TERM CARE POLICY.**

2.26 **Subdivision 1. Definitions.** As used in this section, "short-term care policy" means any
 2.27 individual policy delivered or issued for delivery to any resident of Minnesota that is designed
 2.28 to provide, within the terms and conditions of the policy, benefits on an expense-incurred,
 2.29 indemnity, or prepaid basis for necessary care or treatment of an injury, illness, or loss of
 2.30 functional capacity provided by a certified or licensed health care provider in a setting other
 2.31 than an acute care hospital for a period not exceeding 300 days. A short-term care policy
 2.32 must provide benefits for confinement in a nursing home, an insured's own home, or both.

3.1 Short-term care policy does not include any policy that is offered primarily to provide
3.2 coverage described in section 62A.011, subdivision 3, clauses (1) to (8) or (10) to (14).

3.3 Subd. 2. **Filing required.** (a) A short-term care policy, including any application, rider,
3.4 or endorsement used in connection with the policy, must not be delivered or issued for
3.5 delivery to any resident in Minnesota until a copy of the form, the classification of risks,
3.6 and the premium rates have been filed with the commissioner.

3.7 (b) The commissioner must disapprove the use of a form at any time if the form does
3.8 not conform to the requirements of law, or if the form contains a provision or provisions
3.9 that are unfair or deceptive or encourage misrepresentation of the policy. If the commissioner
3.10 disapproves a form, the commissioner must (1) provide written notification to the insurer
3.11 that filed the form that the commissioner has disapproved the form and specify the reasons
3.12 for the disapproval, and (2) order that an insurer must not deliver or issue for delivery to
3.13 any person in Minnesota a policy on or containing a disapproved form.

3.14 Subd. 3. **Rates.** A rate filed under the provisions of subdivision 2 is not effective until
3.15 the rate has been approved by the commissioner.

3.16 Subd. 4. **Disclosure.** (a) An insurer must not deliver or issue for delivery any short-term
3.17 care policy without providing, at the time the purchase or sale of coverage is solicited or
3.18 applied for, full and fair written disclosure of the policy's benefits and limitations.

3.19 (b) At the time an applicant applies for a policy, the applicant must sign an
3.20 acknowledgment that the insurer has provided to the applicant the written disclosure required
3.21 under this subdivision. If the method of application does not allow for the required signature
3.22 at the time the application is submitted, the applicant must sign the acknowledgment no
3.23 later than the time the policy is delivered.

3.24 (c) Except for a short-term care policy for which no applicable premium rate revision
3.25 or rate schedule increases can be made, a disclosure under this subdivision must include:

3.26 (1) a statement in at least 12-point bold-face type that the policy does not provide
3.27 long-term care insurance coverage and is not a long-term care insurance policy;

3.28 (2) a statement that the policy may be subject to rate increases in the future;

3.29 (3) an explanation of potential future premium rate revisions and the policyholder's
3.30 option in the event of a premium rate revision; and

3.31 (4) the premium rate or rate schedule that applies to the applicant and is effective until
3.32 a company, society, corporation, or center files a request with the commissioner to revise
3.33 the premium rate or rate schedule.

4.1 (d) The commissioner must make rules to implement this section. Rules adopted under
4.2 this section must include but are not limited to: (1) the permissible loss ratio for a short-term
4.3 care policy, if any; (2) the permissible exclusionary periods for coverage under a short-term
4.4 care policy, if any; (3) the circumstances under which a short-term care policy is renewable;
4.5 and (4) the benefits payable under a short-term care policy in relation to other insurance
4.6 coverage that provides benefits to the insured.

4.7 **EFFECTIVE DATE.** This section is effective January 1, 2020.