

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 8

- 01/10/2011 Authored by null
The bill was read for the first time and referred to the Committee on Health and Human Services Reform
- 01/20/2011 Adoption of Report: Pass as Amended and re-referred to the Committee on Commerce and Regulatory Reform
- 02/07/2011 Adoption of Report: Pass and re-referred to the Committee on Health and Human Services Finance
- 02/28/2011 Adoption of Report: Pass as Amended and re-referred to the Committee on Ways and Means
- 04/06/2011 Adoption of Report: Pass and Read Second Time
- 04/28/2011 Calendar For The Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
- 04/28/2012 Read Third Time as Amended by Conference and repassed by the House
Read Third Time as Amended by Conference and repassed by the Senate

1.1 A bill for an act
 1.2 relating to insurance; permitting certain entities to administer unified personal
 1.3 health premium accounts; proposing coding for new law as Minnesota Statutes,
 1.4 chapter 62V; repealing Minnesota Statutes 2010, section 62L.12, subdivisions
 1.5 3, 4.

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

1.7 Section 1. **[62V.01] DEFINITIONS.**

1.8 **Subdivision 1. Scope of definitions.** For purposes of this act, the terms defined
 1.9 in this section have the meanings given.

1.10 **Subd. 2. Commissioner.** "Commissioner" means the commissioner of commerce.

1.11 **Subd. 3. Dependent.** "Dependent" means an individual's spouse or tax dependent.

1.12 **Subd. 4. Health insurance.** "Health insurance" means an individual health plan, as
 1.13 defined in section 62A.011, subdivision 3, including coverage issued by the Minnesota
 1.14 Comprehensive Health Association under sections 62E.08 to 62E.19.

1.15 **Subd. 5. Trustee.** "Trustee" means an entity that has trust powers under state or
 1.16 federal law.

1.17 **Subd. 6. Unified personal health premium account or account.** "Unified personal
 1.18 health premium account" or "account" means a trust account created for the purpose of
 1.19 receiving funds from multiple sources for the payment of, or reimbursement for, health
 1.20 insurance premiums.

1.21 **Subd. 7. Unified personal health premium account administrator or**
 1.22 **administrator.** "Unified personal health premium account administrator" or
 1.23 "administrator" means an entity that has the authority to administer a unified personal
 1.24 health premium account.

2.1 Sec. 2. **[62V.02] REGISTRATION REQUIRED.**

2.2 (a) Only a private-sector entity or individual registered with the commissioner as
2.3 a unified personal health premium account administrator may administer an account on
2.4 behalf of a resident of this state.

2.5 (b) To register under this section, a private sector entity or individual must be:

2.6 (1) a licensed insurance producer, as defined in section 60K.31, subdivision 6, under
2.7 the insurance authority described in section 60K.38, subdivision 1, paragraph (b), clause
2.8 (1), (2), or (5);

2.9 (2) a licensed vendor of risk management services or entity administering a
2.10 self-insurance or insurance plan under section 60A.23, subdivision 8; or

2.11 (3) a federally or state-chartered bank or credit union.

2.12 (c) An applicant for registration under this section shall pay a fee of \$250 for initial
2.13 registration and \$50 for each three-year renewal.

2.14 Sec. 3. **[62V.03] REQUIREMENTS; ADMINISTRATION OF UNIFIED**
2.15 **PERSONAL HEALTH PREMIUM ACCOUNT.**

2.16 Subdivision 1. Nature of arrangements. (a) Administrators of a unified personal
2.17 health premium account under contract with an employer must conduct business in
2.18 accordance with a written contract.

2.19 (b) Administrators may conduct business directly with individuals in accordance
2.20 with a written agreement.

2.21 (c) The written agreement between a unified personal health premium account
2.22 administrator and its customer must specify the services to be provided to the customer,
2.23 the payment for each service including administrative costs, and the timing and method of
2.24 each payment or type of payment.

2.25 (d) An administrator must separately disclose to the beneficiary of the account in
2.26 writing any payment from an insurer, financial institution, or other business entity received
2.27 in connection with the administration of the account.

2.28 (e) An administrator may administer unified personal health premium accounts
2.29 separately or in conjunction with other employee benefit services, including services
2.30 that facilitate and coordinate tax-preferred payments for health care and coverage under
2.31 Internal Revenue Code, sections 105, 106, and 125.

2.32 (f) An administrator shall create and maintain records of receipts, payments, and
2.33 other transactions, sufficient to enable the individual to benefit from tax advantages
2.34 available to the individual under Internal Revenue Code, sections 105, 106, 125, and other
2.35 relevant sections, and under Minnesota income tax law, for health insurance paid by or on

3.1 behalf of the individual. The administrator shall identify and notify the account holder and
3.2 contributors of any applicable tax subsidies and tax credits for which the account holder or
3.3 contributor qualifies in connection with the account or items paid for through the account.
3.4 The records and procedures must be capable of segregating funds to maintain restrictions
3.5 on the funds received from contributors.

3.6 (g) Individual insurance market products paid for through the account under this
3.7 section are not an employer-sponsored plan subject to state or federal group insurance
3.8 market requirements.

3.9 Subd. 2. **Trust account requirements.** (a) Contributions to an individual's account
3.10 may be made by the individual, the individual's employer or former employer, the
3.11 individual's family members or dependents, charitable organizations, or any other source.

3.12 (b) Tax-preferred contributions under Internal Revenue Code, sections 105 and 106,
3.13 must be maintained in a separate account.

3.14 (c) A trust created and trustees appointed under this act shall:

3.15 (1) have the powers granted under, and shall comply with, the provisions of chapter
3.16 501B that are relevant to a trust created for purposes of this act;

3.17 (2) allow for financial contributions from multiple sources;

3.18 (3) make funds available for the payment of premiums on any type of health
3.19 insurance included in section 62V.01, subdivision 4, from any insurance company, subject
3.20 to any restriction under paragraph (b);

3.21 (4) permit the administrator to draw funds from the account for the payment or
3.22 reimbursement of health insurance premiums under a written agreement with the owner
3.23 of the account;

3.24 (5) segregate funds to maintain restrictions on the funds received from contributors;
3.25 and

3.26 (6) guarantee that funds contributed by an employer will remain available to the
3.27 account holder after the account holder's term of employment with the employer ends.

3.28 **Sec. 4. REPEALER.**

3.29 Minnesota Statutes 2010, section 62L.12, subdivisions 3 and 4, are repealed.

3.30 **Sec. 5. EFFECTIVE DATE.**

3.31 This act is effective the day following final enactment.

62L.12 PROHIBITED PRACTICES.

Subd. 3. **Agent's licensure.** An agent licensed under chapter 60K or section 62C.17 who knowingly and willfully breaks apart a small group for the purpose of selling individual health plans to eligible employees and dependents of a small employer that meets the participation and contribution requirements of section 62L.03, subdivision 3, is guilty of an unfair trade practice and subject to disciplinary action, including the revocation or suspension of license, under section 60K.43 or 62C.17. The action must be by order and subject to the notice, hearing, and appeal procedures specified in section 60K.43. The action of the commissioner is subject to judicial review as provided under chapter 14. This section does not apply to any action performed by an agent that would be permitted for a health carrier under subdivision 2.

Subd. 4. **Employer prohibition.** A small employer shall not encourage or direct an employee or applicant to:

- (1) refrain from filing an application for health coverage when other similarly situated employees may file an application for health coverage;
- (2) file an application for health coverage during initial eligibility for coverage, the acceptance of which is contingent on health status, when other similarly situated employees may apply for health coverage, the acceptance of which is not contingent on health status;
- (3) seek coverage from another health carrier, including, but not limited to, MCHA; or
- (4) cause coverage to be issued on different terms because of the health status or claims experience of that person or the person's dependents.