

This Document can be made available
in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2347

02/20/2012 Authored by Gruenhagen, Gottwalt and Lohmer

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

03/14/2012 Adoption of Report: Pass as Amended and re-referred to the Committee on Health and Human Services Reform

1.1 A bill for an act
1.2 relating to insurance; expanding the small employer health insurance market;
1.3 amending Minnesota Statutes 2010, section 62L.02, subdivision 26; proposing
1.4 coding for new law in Minnesota Statutes, chapter 62L.

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

1.6 Section 1. Minnesota Statutes 2010, section 62L.02, subdivision 26, is amended to read:

1.7 Subd. 26. **Small employer.** (a) "Small employer" means, with respect to a calendar
1.8 year and a plan year, a person, firm, corporation, partnership, association, or other entity
1.9 actively engaged in business in Minnesota, including a political subdivision of the state,
1.10 that employed an average of no fewer than two nor more than 50 current employees on
1.11 business days during the preceding calendar year and that employs at least two current
1.12 employees on the first day of the plan year. If an employer has only one eligible employee
1.13 who has not waived coverage, the sale of a health plan to or for that eligible employee
1.14 is not a sale to a small employer and is not subject to this chapter and may be treated as
1.15 the sale of an individual health plan. A small employer plan may be offered through a
1.16 domiciled association to self-employed individuals and small employers who are members
1.17 of the association, even if the self-employed individual or small employer has fewer than
1.18 two current employees. Entities that are treated as a single employer under subsection (b),
1.19 (c), (m), or (o) of section 414 of the federal Internal Revenue Code are considered a single
1.20 employer for purposes of determining the number of current employees. Small employer
1.21 status must be determined on an annual basis as of the renewal date of the health benefit
1.22 plan. The provisions of this chapter continue to apply to an employer who no longer meets
1.23 the requirements of this definition until the annual renewal date of the employer's health
1.24 benefit plan. If an employer was not in existence throughout the preceding calendar year,

2.1 the determination of whether the employer is a small employer is based upon the average
2.2 number of current employees that it is reasonably expected that the employer will employ
2.3 on business days in the current calendar year. For purposes of this definition, the term
2.4 employer includes any predecessor of the employer. An employer that has more than 50
2.5 current employees but has 50 or fewer employees, as "employee" is defined under United
2.6 States Code, title 29, section 1002(6), is a small employer under this subdivision.

2.7 (b) Where an association, as defined in section 62L.045, comprised of employers
2.8 contracts with a health carrier to provide coverage to its members who are small employers,
2.9 the association and health benefit plans it provides to small employers, are subject to
2.10 section 62L.045, with respect to small employers in the association, even though the
2.11 association also provides coverage to its members that do not qualify as small employers.

2.12 (c) If an employer has employees covered under a trust specified in a collective
2.13 bargaining agreement under the federal Labor-Management Relations Act of 1947,
2.14 United States Code, title 29, section 141, et seq., as amended, or employees whose health
2.15 coverage is determined by a collective bargaining agreement and, as a result of the
2.16 collective bargaining agreement, is purchased separately from the health plan provided
2.17 to other employees, those employees are excluded in determining whether the employer
2.18 qualifies as a small employer. Those employees are considered to be a separate small
2.19 employer if they constitute a group that would qualify as a small employer in the absence
2.20 of the employees who are not subject to the collective bargaining agreement.

2.21 (d) The definition provided in this subdivision shall not change or be changed to
2.22 include employers that have more than 50 current employees, except by legislation
2.23 enacted under the laws of this state.

2.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.25 Sec. 2. **[62L.085] LARGER SMALL EMPLOYERS.**

2.26 **Subdivision 1. Definitions.** "Larger small employer" means an employer that would
2.27 meet the definition of small employer as defined in section 62L.02, subdivision 26, except
2.28 that it has more than 50 but fewer than 101 eligible employees, as that term is defined in
2.29 section 62L.02, subdivision 13.

2.30 **Subd. 2. Premium rate increase.** A health carrier, as defined in section 62L.02,
2.31 subdivision 16, must comply with section 62L.08, subdivision 2a, in regard to renewal
2.32 premium increases for coverage of larger small employers, except that the adjustment
2.33 limit of 15 percent specified in section 62L.08, subdivision 2a, paragraph (a), clause (2), is
2.34 20 percent for purposes of such premium increases under this subdivision.

- 3.1 **EFFECTIVE DATE.** This section is effective for coverage offered, issued, or
- 3.2 renewed on or after January 1, 2013.