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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 4280

03/28/2018

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

1.1 A bill for an act
1.2 relating to insurance; health; changing requirements for short-term individual
1.3 health insurance; amending Minnesota Statutes 2016, section 62A.65, subdivision
1.4 7; repealing Minnesota Statutes 2016, section 62A.65, subdivisions 5, 7a.

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

1.6 Section 1. Minnesota Statutes 2016, section 62A.65, subdivision 7, is amended to read:

1.7 Subd. 7. **Short-term coverage.** (a) For purposes of this section, "short-term coverage"
1.8 means an individual health plan that:

1.9 (1) is issued to provide coverage for a period of ~~185~~ 365 days or less, ~~except that the~~
1.10 ~~health plan may permit coverage to continue until the end of a period of hospitalization for~~
1.11 ~~a condition for which the covered person was hospitalized on the day that coverage would~~
1.12 ~~otherwise have ended; and~~

1.13 ~~(2) is nonrenewable, provided that the health carrier may provide coverage for one or~~
1.14 ~~more subsequent periods that satisfy clause (1), if the total of the periods of coverage do~~
1.15 ~~not exceed a total of 365 days out of any 555-day period, plus any additional days covered~~
1.16 ~~as a result of hospitalization on the day that a period of coverage would otherwise have~~
1.17 ~~ended;~~

1.18 ~~(3)~~ (2) does not cover any preexisting conditions for the first six months of coverage,
1.19 including ones that originated during a previous identical policy or contract with the same
1.20 health carrier where coverage was continuous between the previous and the current policy
1.21 or contract; ~~and.~~

1.22 ~~(4) is available with an immediate effective date without underwriting upon receipt of~~
1.23 ~~a completed application indicating eligibility under the health carrier's eligibility~~

2.1 ~~requirements, provided that coverage that includes optional benefits may be offered on a~~
2.2 ~~basis that does not meet this requirement.~~

2.3 (b) Short-term coverage is not subject to ~~subdivisions~~ subdivision 2 and 5. Short-term
2.4 coverage may exclude as a preexisting condition any injury, illness, or condition for which
2.5 the covered person had medical treatment, symptoms, or any manifestations before the
2.6 effective date of the coverage, ~~but dependent children born or placed for adoption during~~
2.7 ~~the policy period must not be subject to this provision.~~

2.8 (c) ~~Notwithstanding subdivision 3, and section 62A.021, a health carrier may combine~~
2.9 ~~short-term coverage with its most commonly sold individual qualified plan, as defined in~~
2.10 ~~section 62E.02, other than short-term coverage, for purposes of complying with the loss~~
2.11 ~~ratio requirement.~~

2.12 (d) ~~The 365-day coverage limitation provided in paragraph (a) applies to the total number~~
2.13 ~~of days of short-term coverage that covers a person, regardless of the number of policies,~~
2.14 ~~contracts, or health carriers that provide the coverage. A written application for short-term~~
2.15 ~~coverage must ask the applicant whether the applicant has been covered by short-term~~
2.16 ~~coverage by any health carrier within the 555 days immediately preceding the effective date~~
2.17 ~~of the coverage being applied for. Short-term coverage issued in violation of the 365-day~~
2.18 ~~limitation is valid until the end of its term and does not lose its status as short-term coverage,~~
2.19 ~~in spite of the violation. A health carrier that knowingly issues short-term coverage in~~
2.20 ~~violation of the 365-day limitation is subject to the administrative penalties otherwise~~
2.21 ~~available to the commissioner of commerce or the commissioner of health, as appropriate.~~

2.22 Sec. 2. **REPEALER.**

2.23 Minnesota Statutes 2016, section 62A.65, subdivisions 5 and 7a, are repealed.

62A.65 INDIVIDUAL MARKET REGULATION.

Subd. 5. **Portability and conversion of coverage.** (a) For plan years beginning on or after January 1, 2014, no individual health plan may be offered, sold, issued, or renewed, to a Minnesota resident that contains a preexisting condition limitation, preexisting condition exclusion, or exclusionary rider. An individual age 19 or older may be subjected to an 18-month preexisting condition limitation during plan years beginning prior to January 1, 2014, unless the individual has maintained continuous coverage as defined in section 62L.02. The individual must not be subjected to an exclusionary rider. During plan years beginning prior to January 1, 2014, an individual who is age 19 or older and who has maintained continuous coverage may be subjected to a onetime preexisting condition limitation of up to 12 months, with credit for time covered under qualifying coverage as defined in section 62L.02, at the time that the individual first is covered under an individual health plan by any health carrier. Credit must be given for all qualifying coverage with respect to all preexisting conditions, regardless of whether the conditions were preexisting with respect to any previous qualifying coverage. The individual must not be subjected to an exclusionary rider. Thereafter, the individual who is age 19 or older must not be subject to any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under an individual health plan by any health carrier, except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage as defined in section 62L.02. The prohibition on preexisting condition limitations for children age 18 or under does not apply to individual health plans that are grandfathered plans. The prohibition on preexisting condition limitations for adults age 19 and over beginning for plan years on or after January 1, 2014, does not apply to individual health plans that are grandfathered plans.

(b) A health carrier must offer an individual health plan to any individual previously covered under a group health plan issued by that health carrier, regardless of the size of the group, so long as the individual maintained continuous coverage as defined in section 62L.02. If the individual has available any continuation coverage provided under sections 62A.146; 62A.148; 62A.17, subdivisions 1 and 2; 62A.20; 62A.21; 62C.142; 62D.101; or 62D.105, or continuation coverage provided under federal law, the health carrier need not offer coverage under this paragraph until the individual has exhausted the continuation coverage. The offer must not be subject to underwriting, except as permitted under this paragraph. A health plan issued under this paragraph must be a qualified plan as defined in section 62E.02 and must not contain any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider, except for any unexpired limitation or exclusion under the previous coverage. The individual health plan must cover pregnancy on the same basis as any other covered illness under the individual health plan. The offer of coverage by the health carrier must inform the individual that the coverage, including what is covered and the health care providers from whom covered care may be obtained, may not be the same as the individual's coverage under the group health plan. The offer of coverage by the health carrier must also inform the individual that the individual, if a Minnesota resident, may be eligible to obtain coverage from (i) other private sources of health coverage, or (ii) the Minnesota Comprehensive Health Association, without a preexisting condition limitation, and must provide the telephone number used by that association for enrollment purposes. The initial premium rate for the individual health plan must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2. In no event shall the premium rate exceed 100 percent of the premium charged for comparable individual coverage by the Minnesota Comprehensive Health Association, and the premium rate must be less than that amount if necessary to otherwise comply with this section. Coverage issued under this paragraph must provide that it cannot be canceled or nonrenewed as a result of the health carrier's subsequent decision to leave the individual, small employer, or other group market. Section 72A.20, subdivision 28, applies to this paragraph.

Subd. 7a. **Short-term coverage; applicability.** Notwithstanding subdivision 3, paragraph (g), and subdivision 7, paragraph (c), short-term coverage is not subject to section 62A.021.