spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual health maintenance contract. Effective January 1, 1985, enrollees who have become nonresidents of the health maintenance organization's service area shall be given the option, to be arranged by the health maintenance organization, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3. This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.

A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse, or a dependent in lieu of the optional coverage otherwise required by this subdivision.

The individual policy or contract shall be renewable at the option of the individual as long as the individual is not covered under another qualified plan as defined in section 62E.02, subdivision 4~~, up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended~~. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry and shall apply equally to all similar policies issued by the insurer.

Sec. 2. Minnesota Statutes 1988, section 62A.21, subdivision 2b, is amended to read:

Subd. 2b. **CONVERSION PRIVILEGE.** Every policy described in subdivision 1 shall contain a provision allowing a former spouse and dependent children of an insured, without providing evidence of insurability, to obtain from the insurer at the expiration of any continuation of coverage required under subdivision 2a or sections 62A.146 and 62A.20, conversion coverage providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. A policy providing reduced benefits at a reduced premium rate may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The individual policy shall be renewable at the option of the former spouse as long as the former spouse is not covered under another qualified plan as defined in section 62E.02, subdivision 4~~, up to age 65 or to the day before the date of eligibility for coverage under Title XVIII of the Social Security Act, as amended~~. Any revisions in the table of rate for the individual policy shall apply to the former spouse's original age at entry, and shall apply equally to all similar policies issued by the insurer.

Sec. 3. Minnesota Statutes 1989 Supplement, section 62A.31, subdivision 2, is amended to read:

Subd. 2. **GENERAL COVERAGE.** For a policy to meet the requirements of this section it must contain (1) a designation specifying whether the policy is an extended basic Medicare supplement plan or a basic Medicare supplement plan, (2) a caption stating that the commissioner has established two categories of Medicare supplement insurance and minimum standards for each, with the extended basic Medicare supplement being the most comprehensive and the basic Medicare supplement being the least comprehensive, and (3) the policy must provide the ~~minimum~~ coverage prescribed in sections 62A.315 and 62A.316. ~~for the supplement specified, provided that an annual deductible of not more than $200 is permissible for those covered charges not paid by Medicare or otherwise included in section 62A.315 or 62A.316.~~

Sec. 4. Minnesota Statutes 1989 Supplement, section 62A.315, is amended to read:

62A.315 **EXTENDED BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.**

The extended basic Medicare supplement plan must have a level of coverage so that it will be certified as a qualified plan pursuant to chapter 62E, and will provide:

(1) coverage for all of the Medicare part A inpatient hospital deductible ~~amount~~ and coinsurance amounts, and 100 percent of all Medicare part A eligible expenses for hospitalization not covered by Medicare for the calendar year;

(2) coverage for the daily copayment amount of Medicare part A eligible expenses for the ~~first eight days per~~ calendar year incurred for skilled nursing facility care;

(3) coverage for the 20 percent copayment amount of Medicare eligible expenses excluding outpatient prescription drugs under Medicare part B regardless of hospital confinement ~~up to the maximum out-of-pocket amount~~ for Medicare part B and coverage of the Medicare deductible amount;

(4) 80 percent of usual and customary hospital and medical expenses, supplies, and prescription drug expenses, ~~including home intravenous (IV) therapy drugs and immunosuppressive therapy drugs,~~ not covered by Medicare's eligible expenses; ~~and~~

(5) coverage for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells as defined under federal regulations under Medicare parts A and B, unless replaced in accordance with federal regulations~~.~~; and

(6) 100 percent of the cost of immunizations.

Sec. 5. Minnesota Statutes 1989 Supplement, section 62A.316, is amended to read:

62A.316 **BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.**

(a) The basic Medicare supplement plan must have a level of coverage that~~, at a minimum,~~ will provide:

(1) coverage for all of the Medicare part A inpatient hospital coinsurance amounts, and 100 percent of all Medicare part A eligible expenses for hospitalization not covered by Medicare for the calendar year, after satisfying the Medicare part A deductible;

(2) coverage for the daily copayment amount of Medicare part A eligible expenses for the ~~first eight days per~~ calendar year incurred for skilled nursing facility care;

~~(2)~~ (3) coverage for the 20 percent copayment amount of Medicare eligible expenses excluding outpatient prescription drugs under Medicare part B regardless of hospital confinement ~~up to the maximum out-of-pocket amount~~ for Medicare part B after the Medicare deductible amount;

~~(3)~~ (4) coverage for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells as defined under federal regulations under Medicare parts A and B, unless replaced in accordance with federal regulations;

~~(4) coverage for the copayment amount of Medicare eligible expenses for covered home intravenous (IV) therapy drugs, as determined by the Secretary of Health and Human Services, subject to the Medicare outpatient prescription drug deductible amount, if applicable; and~~

~~(5) coverage for the copayment amount of Medicare eligible expenses for outpatient drugs used in immunosuppressive therapy subject to the Medicare outpatient prescription drug deductible, if applicable.~~ and

(5) 100 percent of the cost of immunizations.

(b) Only the following optional benefit riders may be added to this plan:

(1) coverage for all of the Medicare part A inpatient hospital deductible amount; ~~and~~

(2) a minimum of 80 percent of usual and customary eligible medical expenses and supplies not covered by Medicare part B eligible expenses. This does not include outpatient prescription drugs~~.~~;

(3) coverage for all of the Medicare part B annual deductible; and

(4) coverage for at least 50 percent, or the equivalent of 50 percent, of usual and customary prescription drug expenses.

Nothing in this section prohibits the plan from requiring that services be

received from providers designated as preferred providers or participating providers in order to receive coverage under optional benefit riders.

Sec. 6. Minnesota Statutes 1988, section 62A.36, subdivision 1, is amended to read:

Subdivision 1. **MINIMUM LOSS RATIOS.** Notwithstanding ~~the provisions of~~ section 62A.02, subdivision 3, relating to loss ratios, medicare supplement policies shall be ~~expected~~ required to return to Minnesota policyholders in the form of aggregate benefits under the policy, ~~as estimated~~ for ~~the entire period for which rates are computed to provide coverage~~ each year excluding the year of issuance and the first year thereafter, on the basis of incurred claims experience and earned premiums ~~for such period~~ in Minnesota and in accordance with accepted actuarial principles and practices:

(a) At least 75 percent of the aggregate amount of premiums collected in the case of group policies, and

(b) At least 65 percent of the aggregate amount of premiums collected in the case of individual policies.

Sec. 7. Minnesota Statutes 1988, section 62A.36, is amended by adding a subdivision to read:

Subd. 1a. **SUPPLEMENT TO ANNUAL STATEMENTS.** Each insurer that has Medicare supplement policies in force in this state shall, as a supplement to the annual statement required by section 60A.13, submit, in a form prescribed by the commissioner, data showing its incurred claims experience, its earned premiums, and the aggregate amount of premiums collected and losses incurred for each Medicare policy form in force. If the data submitted does not confirm that the insurer has satisfied the loss ratio requirements of this section, the commissioner shall notify the insurer in writing of the deficiency. The insurer shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the insurer fails to file amended rates within the prescribed time, the commissioner shall order that the insurer's filed rates for the nonconforming policy be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The insurer's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the insurer from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

Sec. 8. Minnesota Statutes 1988, section 62A.36, is amended by adding a subdivision to read:

Subd. 1b. **PENALTIES.** Each sale of a policy that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

Sec. 9. Minnesota Statutes 1988, section 62C.142, subdivision 2, is amended to read:

Subd. 2. **CONVERSION PRIVILEGE.** Every subscriber contract, other than a contract whose continuance is contingent upon continued employment or membership, which contains a provision for termination of coverage of the spouse upon dissolution of marriage shall contain a provision allowing a former spouse and dependent children of a subscriber, without providing evidence of insurability, to obtain from the corporation at the expiration of any continuation of coverage required under subdivision 2a or section 62A.146, or upon termination of coverage by reason of an entry of a valid decree of dissolution which does not require the insured to provide continued coverage for the former spouse, an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the corporation within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate fee. A subscriber contract providing reduced benefits at a reduced fee may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The individual subscriber contract shall be renewable at the option of the former spouse as long as the former spouse is not covered under another qualified plan as defined in section 62E.02, subdivision 4~~, up to age 65 or to the day before the date of eligibility for coverage under Title XVIII of the Social Security Act, as amended~~. Any revisions in the table of rate for the individual subscriber contract shall apply to the former spouse's original age at entry, and shall apply equally to all similar contracts issued by the corporation.

Sec. 10. Minnesota Statutes 1988, section 62D.101, subdivision 2, is amended to read:

Subd. 2. **CONVERSION PRIVILEGE.** Every health maintenance contract, as described in subdivision 1 shall contain a provision allowing a former spouse and dependent children of an enrollee, without providing evidence of insurability, to obtain from the health maintenance organization at the expiration of any continuation of coverage required under subdivision 2a or sections 62A.146 and 62D.105, an individual health maintenance contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the health maintenance organization within 30

days following notice of the expiration of the continued coverage and upon payment of the appropriate fee. A contract providing reduced benefits at a reduced fee may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The individual health maintenance contract shall be renewable at the option of the former spouse as long as the former spouse is not covered under another qualified plan as defined in section 62E.02, subdivision 4, ~~up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended~~. Any revisions in the table of rate for the individual contract shall apply to the former spouse's original age at entry, and shall apply equally to all similar contracts issued by the health maintenance organization.

Sec. 11. **EFFECTIVE DATES.**

Sections 1 to 6 and 8 to 10 are effective the day following final enactment. The first supplement to an annual report required to be filed under section 7 must be for annual statements required to be submitted on or after January 1, 1991.

Presented to the governor April 3, 1990

Signed by the governor April 6, 1990, 10:30 a.m.

CHAPTER 404—H.F.No. 1984

An act relating to insurance; accident and health; providing for coordination of benefits between group and individual contracts; amending Minnesota Statutes 1989 Supplement, section 62A.046.

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

Section 1. Minnesota Statutes 1989 Supplement, section 62A.046, is amended to read:

62A.046 **COORDINATION OF BENEFITS.**

(1) No group contract providing coverage for hospital and medical treatment or expenses issued or renewed after August 1, 1984, which is responsible for secondary coverage for services provided, may deny coverage or payment of the amount it owes as a secondary payor solely on the basis of the failure of another group contract, which is responsible for primary coverage, to pay for those services.

(2) A group contract which provides coverage of a claimant as a dependent of a parent who has legal responsibility for the dependent's medical care pursuant to a court order under section 518.171 must make payments directly to the