

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor April 22, 2003

Signed by the governor April 23, 2003, 3:30 p.m.

CHAPTER 20—H.F.No. 266

An act relating to human services; modifying the purchasing alliance stop-loss fund; amending Minnesota Statutes 2002, section 256.956, subdivisions 1, 2, 3, 4, 5, 9.

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

Section 1. Minnesota Statutes 2002, section 256.956, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, the following definitions apply:

(a) "Commissioner" means the commissioner of human services.

(b) "Health plan" means a policy, contract, or certificate issued by a health plan company to a qualifying purchasing alliance. Any health plan issued to the members of a qualifying purchasing alliance must meet the requirements of chapter 62L.

(c) "Health plan company" means:

- (1) a health carrier as defined under section 62A.011, subdivision 2;
- (2) a community integrated service network operating under chapter 62N; or
- (3) an accountable provider network operating under chapter 62T.

(d) "Qualifying employer" means an employer who:

- (1) is a member of a qualifying purchasing alliance;
- (2) has at least one employee but no more than ten employees at the time of initial membership to a qualifying purchasing alliance or is a sole proprietor or farmer;
- (3) did not offer employer-subsidized health care coverage to its employees for at least 12 months prior to joining the purchasing alliance; and
- (4) is offering health coverage through the purchasing alliance to all employees who work at least 20 hours per week unless the employee is eligible for Medicare.

For purposes of this subdivision, "employer-subsidized health coverage" means health coverage for which the employer pays at least 50 percent of the cost of coverage for the employee.

New language is indicated by underline, deletions by ~~strikeout~~.

(e) "Qualifying enrollee" means an employee of a qualifying employer or the employee's dependent covered by a health plan.

(f) "Qualifying purchasing alliance" means a purchasing alliance as defined in section 62T.01, subdivision 2, that:

(1) meets the requirements of chapter 62T;

(2) services a geographic area located in outstate Minnesota, ~~excluding the city of Duluth~~; and

(3) is organized and operating before May 1, 2001.

The criteria used by the qualifying purchasing alliance for membership must be approved by the commissioner of health. The commissioner of health shall approve any criteria needed in order to receive grants from other public or private entities. A qualifying purchasing alliance may begin enrolling qualifying employers after July 1, 2001, with enrollment ending by December 31, 2003. The commissioner of health may waive the requirement described in clause (3) if this requirement inhibits the commissioner's ability to obtain grants from other public or private entities.

Sec. 2. Minnesota Statutes 2002, section 256.956, subdivision 2, is amended to read:

Subd. 2. **CREATION OF ACCOUNT.** (a) A purchasing alliance stop-loss fund account is established in the general fund. The commissioner shall use the money to establish a stop-loss fund from which a health plan company may receive reimbursement for claims paid for qualifying enrollees. The account consists of money appropriated by the legislature. Money from the account must be used for the stop-loss fund.

(b) The commissioner may accept grants from public or private entities for the purpose of expanding the stop-loss fund. Any money received by the commissioner must be deposited in the account and distributed in accordance with this section.

Sec. 3. Minnesota Statutes 2002, section 256.956, subdivision 3, is amended to read:

Subd. 3. **REIMBURSEMENT.** (a) A health plan company may receive reimbursement from the fund for 90 percent of the portion of the claim that exceeds payments made, less any third-party recoveries, for claims incurred in a calendar year for a qualifying enrollee for services that in aggregate exceed \$30,000 but not of the portion that exceeds payments that exceed \$100,000 in a calendar year for a qualifying enrollee.

(b) Claims shall be reported and funds shall be distributed on a calendar-year basis. Claims incurred by a qualifying enrollee are eligible for reimbursement for a two-year period beginning from the date of enrollment. During this two-year period, claims shall be eligible for reimbursement only for the calendar year in which the claims were paid incurred.

New language is indicated by underline, deletions by strikeout.

(c) Once claims paid incurred on behalf of a qualifying enrollee reach \$100,000 in a given calendar year, no further claims may be submitted for reimbursement on behalf of that enrollee in that calendar year.

(d) If a health plan company collects third-party recoveries for a claim after the health plan company has received reimbursement for the claim from the stop-loss fund account, the health plan company must reimburse the account with the amount that would have been subtracted from the payment under this subdivision. The health plan company shall not be required to reimburse the account for more than the amount received by the health plan company for that claim as calculated under subdivision 5.

Sec. 4. Minnesota Statutes 2002, section 256.956, subdivision 4, is amended to read:

Subd. 4. **REQUEST PROCESS.** (a) Each health plan company must submit a request for reimbursement from the fund on a form prescribed by the commissioner. Requests for payment must be submitted no later than April 1 following the end of the calendar year for which the reimbursement request is being made, ~~beginning April 1, 2002.~~

(b) The commissioner may require a health plan company to submit claims data as needed in connection with the reimbursement request.

Sec. 5. Minnesota Statutes 2002, section 256.956, subdivision 5, is amended to read:

Subd. 5. **DISTRIBUTION.** (a) The commissioner shall calculate the total claims reimbursement amount for all qualifying health plan companies for the calendar year for which claims are being reported and shall distribute the stop-loss funds ~~on an annual basis~~ before June 30 of the following calendar year.

(b) In the event that the total amount requested for reimbursement by the health plan companies for a calendar year exceeds the funds available for distribution for claims paid by all health plan companies during the same calendar year, the commissioner shall provide for the pro rata distribution of the available funds. Each health plan company shall be eligible to receive only a proportionate amount of the available funds as the health plan company's total eligible claims paid compares to the total eligible claims paid by all health plan companies.

(c) In the event that funds available for distribution for claims paid by all health plan companies during a calendar year exceed the total amount requested for reimbursement by all health plan companies during the same calendar year, any excess funds shall be reallocated for distribution in the next calendar year and may carry over into the next biennium.

Sec. 6. Minnesota Statutes 2002, section 256.956, subdivision 9, is amended to read:

Subd. 9. **SUNSET.** This section shall expire January 1, 2005, or until all funds deposited in the account have been distributed, whichever is later.

New language is indicated by underline, deletions by ~~strikeout~~.

Presented to the governor April 22, 2003

Signed by the governor April 23, 2003, 3:30 p.m.

CHAPTER 21—H.F.No. 536

An act relating to insurance; regulating the joint underwriting association; modifying coverage; modifying the market assistance responsibilities of the association; amending Minnesota Statutes 2002, sections 62I.02, subdivisions 1, 3; 62I.03, by adding a subdivision; 62I.04; 62I.05; 62I.08; 62I.13, subdivisions 1, 2; 62I.14; 62I.16, subdivision 3; 62I.21; 62I.22, subdivision 1; repealing Minnesota Statutes 2002, sections 62I.09; 62I.10; 62I.11; 62I.13, subdivision 4.

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

Section 1. Minnesota Statutes 2002, section 62I.02, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** The Minnesota joint underwriting association is created to provide insurance coverage to any person or entity unable to obtain insurance through ordinary methods if the insurance is required by statute, ordinance, or otherwise required by law, or is necessary to earn a livelihood or conduct a business and serves a public purpose, including, but not limited to, liquor liability. Prudent business practice or mere desire to have insurance coverage is not a sufficient standard for the association to offer insurance coverage to a person or entity. For purposes of this subdivision, directors' and officers' liability insurance is considered to be a business necessity and not merely a prudent business practice. The association shall be specifically authorized to provide insurance coverage to day care providers, foster parents, foster homes, developmental achievement centers, group homes, and rehabilitation facilities for mentally, emotionally, or physically handicapped persons, and citizen participation groups established pursuant to the Housing and Community Redevelopment Act of 1974, Public Law Number 93-383. Because the activities of certain persons or entities present a risk that is so great, the association shall not offer insurance coverage to any person or entity the board of directors of the association determines is outside the intended scope and purpose of the association because of the gravity of the risk of offering insurance coverage. The association shall not offer environmental impairment pollution liability or product liability insurance, and completed operations insurance. The association shall not offer coverage for activities that are conducted substantially outside the state of Minnesota unless the insurance is required by statute, ordinance, or otherwise required by law. Every insurer authorized to write property and casualty insurance and personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 2. Minnesota Statutes 2002, section 62I.02, subdivision 3, is amended to read:

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