

State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 294

01/22/2015 Authored by Loonan, Atkins, Sanders and Davids
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

03/12/2015 Adoption of Report: Placed on the General Register as Amended
Read Second Time

04/30/2015 Calendar for the Day
Read Third Time
Passed by the House and transmitted to the Senate

1.1 A bill for an act
1.2 relating to insurance; regulating health plan contracts and stop loss coverage;
1.3 amending Minnesota Statutes 2014, sections 60A.235, subdivision 3; 60A.236.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2014, section 60A.235, subdivision 3, is amended to read:

1.6 Subd. 3. **Health plan policies issued as stop loss coverage.** (a) An insurance
1.7 company or health carrier issuing or renewing an insurance policy or other evidence of
1.8 coverage, that provides coverage to an employer for health care expenses incurred under
1.9 an employer-sponsored plan provided to the employer's employees, retired employees,
1.10 or their dependents, shall issue the policy or evidence of coverage as a health plan if the
1.11 policy or evidence of coverage:

1.12 (1) has a specific attachment point for claims incurred per individual that is lower
1.13 ~~than \$20,000; or~~ less than the greater of \$6,500 or twice the individual maximum
1.14 out-of-pocket expense in the plan; or

1.15 (2) ~~has an aggregate attachment point, for groups of 50 or fewer, that is lower than~~
1.16 ~~the greater of:~~

1.17 (i) ~~\$4,000 times the number of group members;~~

1.18 (ii) ~~120 percent of expected claims; or~~

1.19 (iii) ~~\$20,000; or~~

1.20 (3) (2) has an aggregate attachment point for groups of 51 or more that is lower than
1.21 110 percent of expected claims.

1.22 (b) An insurer shall determine the number of persons in a group, for the purposes
1.23 of this section, on a consistent basis, at least annually. Where the insurance policy or
1.24 evidence of coverage applies to a contract period of more than one year, the dollar

2.1 amounts set forth in paragraph (a), ~~clauses~~ clause (1) ~~and (2)~~, must be multiplied by the
2.2 length of the contract period expressed in years.

2.3 ~~(e) The commissioner may adjust the constant dollar amounts provided in paragraph~~
2.4 ~~(a), clauses (1), (2), and (3), on January 1 of any year, based upon changes in the medical~~
2.5 ~~component of the Consumer Price Index (CPI). Adjustments must be in increments of~~
2.6 ~~\$100 and must not be made unless at least that amount of adjustment is required. The~~
2.7 ~~commissioner shall publish any change in these dollar amounts at least six months before~~
2.8 ~~their effective date.~~

2.9 ~~(d)~~ (c) A policy or evidence of coverage issued by an insurance company or health
2.10 carrier that provides direct coverage of health care expenses of an individual, including a
2.11 policy or evidence of coverage administered on a group basis, is a health plan regardless
2.12 of whether the policy or evidence of coverage is denominated as stop loss coverage.

2.13 **EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to
2.14 coverage offered, sold, issued, or renewed on or after that date.

2.15 Sec. 2. Minnesota Statutes 2014, section 60A.236, is amended to read:

2.16 **60A.236 STOP LOSS REGULATION; SMALL EMPLOYER COVERAGE.**

2.17 A contract providing stop loss coverage, issued or renewed to a small employer, as
2.18 defined in section 62L.02, subdivision 26, or to a plan sponsored by a small employer,
2.19 must include a claim settlement period no less favorable to the small employer or plan than
2.20 coverage of all the following: (1) claims incurred during the contract period regardless
2.21 of when the claims are; and (2) paid by the plan during the contract period or within one
2.22 month after expiration of the contract period.