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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3818

02/28/2022

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The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to health insurance; requiring the commissioner of commerce to evaluate
1.3 geographic rating areas; requiring reports; appropriating money.

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

1.5 Section 1. STUDY AND REPORT ON DISPARITIES BETWEEN GEOGRAPHIC
1.6 RATING AREAS IN INDIVIDUAL AND SMALL GROUP MARKET HEALTH
1.7 INSURANCE RATES.

1.8 Subdivision 1. Study and recommendations. (a) The commissioner of commerce must
1.9 (1) study disparities between Minnesota's nine geographic rating areas in individual and
1.10 small group market health insurance rates, and (2) recommend ways to reduce or eliminate
1.11 rate disparities between the geographic rating areas and provide stability for the individual
1.12 and small group health insurance markets in Minnesota.

1.13 (b) As part of the study, the commissioner of commerce must:

1.14 (1) identify the factors that cause higher individual and small group market health
1.15 insurance rates in certain geographic rating areas, and determine the extent to which each
1.16 identified factor contributes to the higher rates;

1.17 (2) identify the impact of referral centers on individual and small group market health
1.18 insurance rates in southeastern Minnesota, and identify ways to reduce the rate disparity
1.19 between southeastern Minnesota and the metropolitan area, taking into consideration the
1.20 patterns of referral center usage by patients in those regions;

1.21 (3) determine the extent to which individuals and small employers located in a geographic
1.22 rating area with higher health insurance rates than surrounding geographic rating areas have

2.1 obtained health insurance in a lower-cost geographic rating area, identify the strategies that
2.2 individuals and small employers use to obtain health insurance in a lower-cost geographic
2.3 rating area, and measure the effects of this practice on the rates of the individuals and small
2.4 employers remaining in the geographic rating area with higher health insurance rates; and

2.5 (4) develop proposals to redraw the boundaries of Minnesota's geographic rating areas
2.6 and calculate the effect each proposal would have on rates in each of the proposed rating
2.7 areas. The commissioner of commerce must examine at least three options for redrawing
2.8 the boundaries of Minnesota's geographic rating areas, at least one of which must reduce
2.9 the number of geographic rating areas and at least one which must be based on the first
2.10 three digits of area zip codes. The commissioner shall not take into consideration the
2.11 requirements of Minnesota Statutes, section 62A.65, subdivision 3, paragraph (b), clause
2.12 (2), when developing the proposals required by this section. All options for redrawing
2.13 Minnesota's geographic rating areas considered by the commissioner of commerce must be
2.14 designed:

2.15 (i) to reduce or eliminate rate disparities between geographic rating areas and provide
2.16 for stability of the individual and small group health insurance markets in Minnesota;

2.17 (ii) after considering the composition of existing provider networks and referral patterns
2.18 in regions of Minnesota; and

2.19 (iii) in compliance with the requirements for geographic rating areas in Code of Federal
2.20 Regulations, title 45, section 147.102(b), and other applicable federal law and guidance.

2.21 (c) Health carriers that cover Minnesota residents, health systems that provide care to
2.22 Minnesota residents, and the commissioner of health must cooperate with any requests for
2.23 information from the commissioner of commerce that the commissioner of commerce
2.24 determines is necessary to conduct the study.

2.25 (d) The commissioner of commerce may recommend one or more proposals for redrawing
2.26 Minnesota's geographic rating areas if the commissioner of commerce determines that the
2.27 proposal would reduce or eliminate individual and small group market health insurance rate
2.28 disparities between the geographic rating areas and provide stability for the individual and
2.29 small group health insurance markets in Minnesota.

2.30 Subd. 2. **Contract.** The commissioner of commerce may contract with another entity
2.31 for technical assistance in conducting the study and developing recommendations according
2.32 to subdivision 1.

3.1 Subd. 3. **Report.** The commissioner of commerce must complete the study and
 3.2 recommendations by January 1, 2023, and submit a report on the study and recommendations
 3.3 by that date to the chairs and ranking minority members of the legislative committees with
 3.4 jurisdiction over health care and health insurance.

3.5 Sec. 2. **APPROPRIATION; STUDY AND REPORT ON DISPARITIES BETWEEN**
 3.6 **GEOGRAPHIC RATING AREAS IN INDIVIDUAL AND SMALL GROUP MARKET**
 3.7 **HEALTH INSURANCE RATES.**

3.8 \$..... in fiscal year 2023 is appropriated from the general fund to the commissioner of
 3.9 commerce to study and report on disparities between geographic rating areas in individual
 3.10 and small group market health insurance rates under section 1.