

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 2313

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DATE	D-PG	OFFICIAL STATUS
03/08/2012	4240	Introduction and first reading Referred to Commerce and Consumer Protection
03/15/2012	4470a	Comm report: To pass as amended and re-refer to State Government Innovation and Veterans
03/19/2012	4636a	Comm report: To pass as amended
	4639	Second reading
03/28/2012		Motion did not prevail To strike from General Orders and re-refer to Health and Human Services Special Order: Amended Third reading Passed

A bill for an act
relating to insurance; permitting certain entities to administer unified personal
health premium accounts; creating a task force; amending Minnesota Statutes
2011 Supplement, section 256L.031, subdivision 4; proposing coding for new
law as Minnesota Statutes, chapter 62V; repealing Minnesota Statutes 2010,
section 62L.12, subdivisions 3, 4.

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

Section 1. **[62V.01] DEFINITIONS.**

Subdivision 1. **Scope of definitions.** For purposes of this act, the terms defined
in this section have the meanings given.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 3. **Health insurance.** "Health insurance" means:

(1) individual health insurance; fully insured or self-insured group health coverage;
and individual and group policies that cover cancer, accidents, critical illness, hospital
confinement/medical bridge, short-term disability, long-term care, individual medical,
and high deductible health plans including those that are compatible with health savings
accounts; and

(2) any other coverages identified under sections 60A.06, subdivision 1, clause
(5)(a); 62Q.01, subdivisions 4a and 6; and 62Q.188.

Subd. 4. **Trustee.** "Trustee" means an entity that has trust powers under state or
federal law.

Subd. 5. **Unified personal health premium account or account.** "Unified personal
health premium account" or "account" means a trust account created for the purpose of
receiving funds from multiple sources for the payment of, or reimbursement for, health
insurance premiums.

Subd. 6. Unified personal health premium account administrator or administrator. "Unified personal health premium account administrator" or "administrator" means an entity that has the authority to administer a unified personal health premium account.

Sec. 2. [62V.02] REGISTRATION REQUIRED.

(a) Only a private-sector entity or individual registered with the commissioner as a unified personal health premium account administrator may administer an account on behalf of a resident of this state.

(b) To register under this section, a private sector entity or individual must be:

(1) a licensed insurance producer, as defined in section 60K.31, subdivision 6, under the insurance authority described in section 60K.38, subdivision 1, paragraph (b), clause (1), (2), or (5);

(2) a licensed vendor of risk management services or entity administering a self-insurance or insurance plan under section 60A.23, subdivision 8; or

(3) a federally or state-chartered bank or credit union.

(c) An applicant for registration under this section shall pay a fee of \$250 for initial registration and \$50 for each three-year renewal.

Sec. 3. [62V.03] REQUIREMENTS; ADMINISTRATION OF UNIFIED PERSONAL HEALTH PREMIUM ACCOUNT.

Subdivision 1. Nature of arrangements. (a) Administrators of a unified personal health premium account under contract with an employer must conduct business in accordance with a written contract.

(b) Administrators may conduct business directly with individuals in accordance with a written agreement.

(c) The written agreement between a unified personal health premium account administrator and its customer must specify the services to be provided to the customer, the payment for each service including administrative costs, and the timing and method of each payment or type of payment.

(d) An administrator may administer unified personal health premium accounts separately or in conjunction with other employee benefit services, including services that facilitate and coordinate tax-preferred payments for health care and coverage under Internal Revenue Code, sections 105, 106, and 125.

(e) An administrator shall create and maintain records of receipts, payments, and other transactions, sufficient to enable the individual to benefit from tax advantages

available to the individual under Internal Revenue Code, sections 105, 106, 125, and other relevant sections, and under Minnesota income tax law, for health insurance paid by or on behalf of the individual. The administrator shall identify and notify the account holder and contributors of any applicable tax subsidies and tax credits for which the account holder or contributor qualifies in connection with the account or items paid for through the account. The records and procedures must be capable of segregating funds to maintain restrictions on the funds received from contributors.

(f) Individual insurance market products paid for through the account under this section are not an employer-sponsored plan subject to state or federal group insurance market requirements.

Subd. 2. **Trust account requirements.** (a) Contributions to an individual's account may be made by the individual, the individual's employer or former employer, the individual's family members or dependents, charitable organizations, or any other source.

(b) A contributor to the account may restrict the use of funds the contributor contributes to the payment of premiums for one or more of the types of health insurance included in section 62V.01, subdivision 3.

(c) A trust created and trustees appointed under this act shall:

(1) have the powers granted under, and shall comply with, the provisions of chapter 501B that are relevant to a trust created for purposes of this act;

(2) allow for financial contributions from multiple sources, including tax-preferred contributions from employers and non-tax-preferred contributions from individuals or other sources;

(3) restrict funds to be used exclusively for the benefit of the individual account holder or the individual's tax dependents;

(4) make funds available for the payment of premiums on any type of health insurance included in section 62V.01, subdivision 3, from any insurance company, subject to any restriction under paragraph (b);

(5) grant the unified personal health premium account administrator authority to direct payments to insurance companies or to reimburse account owners for qualified health insurance premium expenses;

(6) segregate funds to maintain restrictions on the funds received from contributors; and

(7) guarantee that funds contributed by an employer will remain available to the account holder after the account holder's term of employment with the employer ends.

Sec. 4. **[62V.04] COORDINATION WITH HEALTHY MINNESOTA PROGRAM.**

The commissioner of human services shall enter into agreements under which unified personal health premium account administrators may receive defined contributions under the healthy Minnesota contribution program in accordance with section 256L.031, for use as subsidies toward payment of premiums for health coverage provided to eligible individuals who have a trust account for that purpose.

Sec. 5. Minnesota Statutes 2011 Supplement, section 256L.031, subdivision 4, is amended to read:

Subd. 4. **Administration by commissioner.** (a) The commissioner shall administer the defined contributions. The commissioner shall:

(1) calculate and process defined contributions for enrollees; and

(2) pay the defined contribution amount to personal health premium account administrators as defined in section 62V.01, health plan companies or the Minnesota Comprehensive Health Association, as applicable, for enrollee health plan coverage.

(b) Nonpayment of a health plan premium shall result in disenrollment from MinnesotaCare effective the first day of the calendar month following the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage may not reenroll until four calendar months have elapsed.

Sec. 6. **HEALTH INSURANCE MARKETPLACE TASK FORCE.**

Subdivision 1. **Purpose.** The Health Insurance Marketplace Task Force is established to perform the duties set forth in subdivision 4.

Subd. 2. **Membership.** The Health Insurance Marketplace Task Force consists entirely of private sector representatives.

A working group of five senators, three appointed by the senate majority leader and two appointed by the senate minority leader, and five representatives, three appointed by the speaker of the house and two appointed by the house minority leader shall appoint membership of the task force by July 1, 2012, as follows:

(1) four members appointed from a pool of nominees proposed by the Chamber of Commerce representing both large and small employers, one of whom will be designated to convene the initial meeting of the task force;

(2) two members appointed from a pool of nominees proposed by the Minnesota Council of Health Plans;

(3) two members appointed from a pool of nominees proposed by nonhospital provider groups;

(4) two members appointed from a pool of nominees proposed by the Minnesota Hospital Association; and

(5) four members appointed from a pool of nominees proposed by the Minnesota Association of Health Underwriters.

The speaker of the house shall designate one of the legislative appointees to convene the working group.

Subd. 3. **Meetings and procedures.** The working group shall designate one of the task force members to convene the initial meeting of the task force. The initial meeting of the task force must be convened no later than August 1, 2012. At that meeting, a chair will be elected from the task force membership and a meeting schedule established. Members of the task force must serve without compensation or reimbursement of expenses from the task force.

Subd. 4. **Duties.** The task force shall:

(1) identify existing Internet-based tools for purchasing health insurance;

(2) evaluate their utility in aiding individuals and businesses in purchasing health insurance;

(3) develop recommendations, if necessary, to broaden or enhance the capacity of Internet-based purchasing tools; and

(4) report to the legislature by February 1, 2013, their recommendations, specifying what, if any, state action is needed to implement them.

Subd. 5. **Sunset.** The task force shall sunset on the day following submission of the report.

Sec. 7. **REPEALER.**

Minnesota Statutes 2010, section 62L.12, subdivisions 3 and 4, are repealed.

Sec. 8. **EFFECTIVE DATE.**

This act is effective the day following final enactment.

62L.12 PROHIBITED PRACTICES.

Subd. 3. **Agent's licensure.** An agent licensed under chapter 60K or section 62C.17 who knowingly and willfully breaks apart a small group for the purpose of selling individual health plans to eligible employees and dependents of a small employer that meets the participation and contribution requirements of section 62L.03, subdivision 3, is guilty of an unfair trade practice and subject to disciplinary action, including the revocation or suspension of license, under section 60K.43 or 62C.17. The action must be by order and subject to the notice, hearing, and appeal procedures specified in section 60K.43. The action of the commissioner is subject to judicial review as provided under chapter 14. This section does not apply to any action performed by an agent that would be permitted for a health carrier under subdivision 2.

Subd. 4. **Employer prohibition.** A small employer shall not encourage or direct an employee or applicant to:

(1) refrain from filing an application for health coverage when other similarly situated employees may file an application for health coverage;

(2) file an application for health coverage during initial eligibility for coverage, the acceptance of which is contingent on health status, when other similarly situated employees may apply for health coverage, the acceptance of which is not contingent on health status;

(3) seek coverage from another health carrier, including, but not limited to, MCHA; or

(4) cause coverage to be issued on different terms because of the health status or claims experience of that person or the person's dependents.