2740.0100 DEFINITIONS.

Subpart 1. **Scope.** All terms used herein that are defined in Minnesota Statutes, chapter 62E shall have the meanings attributed to them therein. For the purpose of Minnesota Statutes, chapter 62E and these rules, the terms defined herein shall have the meanings given to them.

Subp. 2. **Accident only coverage.** "Accident only coverage" means a policy designed to provide coverage solely upon the occurrence of an accidental injury or death.

Subp. 3. **Act.** "Act" means Minnesota Statutes, sections 62E.01 to 62E.16, as amended, which shall be cited as the Minnesota Comprehensive Health Insurance Act of 1976.

Subp. 4. **Actuarial equivalent.** "Actuarial equivalent" or "an actuarially equivalent benefit" means a benefit, the expected value of which when substituted for another benefit or benefits in a plan of health coverage will be the same as the benefit or benefits for which it was substituted, and which will result in the plan of health coverage after substitution of the actuarially equivalent benefit, being the actuarial equivalence of the original plan of health coverage. "Actuarial equivalence" shall be recognized for two plans where, employing the same set of assumptions for the same population, the expected value of benefits provided by the plans is equal. Expected value of benefits shall be measured by the probability of the claim for each benefit multiplied by the average expected amount of each of those benefits.

Subp. 5. **Administrative expenses of the pool.** "Administrative expenses of the pool" means the actual operating and administrative expenses of the association incurred directly in the operation of the reinsurance plan including fees to a reinsurance administrator.

Subp. 6. **Association.** "Association" means the Minnesota Comprehensive Health Association.

Subp. 7. **Board.** "Board" means the board of directors of the association.

Subp. 8. **Calendar year.** "Calendar year" means a 12-month period from January 1 to and including December 31.

Subp. 9. **Certificate of eligibility and enrollment form.** "Certificate of eligibility" or "certificate of eligibility and enrollment form" means the document entitled "certificate of eligibility and enrollment form" or any other document which is used to apply for coverage under the state plan.

Subp. 9a. **Child with a disability; dependent child of any age who is disabled.** "Child with a disability" or a "dependent child of any age who is disabled" means a child, married or unmarried, who is and has been continuously incapable of self-sustaining employment by reason of developmental disability or physical disability and is financially dependent upon the insured, provided proof of such incapacity and dependency is furnished

to the insurer or to the association within 31 days of the child's attainment of the limiting age and subsequently as may be required by the insurer or the association, but not more frequently than annually after the two-year period following the child's attainment of the limiting age.

Subp. 10. **Claims expenses; payment of benefits.** "Claims expenses" or "payment of benefits" means all payments to covered persons or providers including payments for hospital, surgical and medical care, and reasonable estimates, as determined by the association and approved by the commissioner, of the incurred but not reported claims of the state plan.

Subp. 11. **Close relative.** "Close relative" means the insured person's spouse, brother, sister, parent or child.

Subp. 12. **Commercial reinsurance; excess of loss reinsurance.** "Commercial reinsurance" or "excess of loss reinsurance" means reinsurance arranged by the association under which the pool pays premiums to a reinsurer which assumes part of the risk of the reinsurance plan.

Subp. 13. **Covered expenses.** "Covered expenses" means the usual and customary charges for the services and articles listed in Minnesota Statutes, section 62E.06, or, with respect to qualified plans, the actuarial equivalence thereof, when prescribed for a covered person by a physician and when the expenses are incurred during a period in which the policy or contract is in effect.

Subp. 14. **Covered person.** "Covered person" means the insured person or an insured dependent.

Subp. 15. **Dental care.** "Dental care" means those services which a person licensed to practice dentistry may provide as defined in Minnesota Statutes, section 150A.05, subdivision 1.

Subp. 16. [Renumbered Subp. 9a]

Subp. 17. **Employee welfare benefit plan.** "Employee welfare benefit plan" means any plan, fund, or program through which an employer provides, directly or indirectly, accident and health benefits to its employees through a trust, through the purchase of insurance, or through the provision of benefits for medical, surgical, or hospital care.

Subp. 18. **Financially dependent.** A person shall be considered "financially dependent" if that person is chiefly dependent upon the insured person for support and maintenance.

Subp. 19. **Free standing ambulatory surgical or medical center.** "Free standing ambulatory surgical center" or "free standing ambulatory medical center" means a surgical or medical center approved as such by the state of Minnesota.

Subp. 20. **Home health agency.** "Home health agency" means a public or private agency that specializes in giving nursing service and other therapeutic services in the insured person's home and is approved as such by the state of Minnesota.

Subp. 21. **Hospital.** "Hospital" means:

A. an institution which is operated pursuant to law and which is primarily engaged in providing on an inpatient basis for the medical care and treatment of sick and injured persons through medical, diagnostic, and surgical facilities, under the supervision of a staff of physicians and with 24-hour a day nursing service; or

B. an institution not meeting all the requirements of item A, but which is accredited as a hospital by the Joint Commission on Accreditation of Hospitals; but

C. in no event shall the term "hospital" include a nursing home or any institution or part thereof which is used principally as a convalescent facility, rest facility, nursing facility, or facility for the aged.

Subp. 22. **Hospital indemnity coverage.** "Hospital indemnity coverage" means coverage which provides a fixed dollar benefit on the occurrence of the condition precedent that the covered person was confined in a hospital.

Subp. 23. **Illness.** "Illness" means disease, injury, or a condition involving bodily or mental disorder of any kind, and including pregnancy.

Subp. 24. **Independent contractor.** "Independent contractor" means a person who exercises an independent employment and contracts to do certain work without being subject to the control of the employer except as to the results of the work.

Subp. 25. **Individual insured.** "Individual insured" means the covered employee or surviving spouse or surviving dependent of a covered employee as those terms are used in Minnesota Statutes, section 62A.17, subdivision 6.

Subp. 26. **Insured dependent.** "Insured dependent" means an eligible dependent originally named in the policy or contract schedule or otherwise insured subsequent to the effective date of the policy or contract.

Subp. 27. **Insured person.** "Insured person" means the person named in the policy or contract schedule.

Subp. 28. **Interim reinsurance assessment.** "Interim reinsurance assessment" means an assessment at any time other than at the end of a calendar year (or other fiscal year end as determined by the association) of participating members when pooling payments and payments by reinsurers for the year are not sufficient to fund paid and estimated obligations of the pool and administrative expenses of the pool.

Subp. 29. **Licensed and tested insurance agent or insurance agent.** "Licensed and tested insurance agent" or "insurance agent" means an insurance agent as defined in Minnesota Statutes, section 60A.02, subdivision 7, and licensed as such by the commissioner.

Subp. 30. **Losses.** "Losses" means all claims expenses.

Subp. 31. **Major medical expenses.** "Major medical expenses" as used in Minnesota Statutes, section 62E.04 means the covered expenses for services and articles listed in Minnesota Statutes, section 62E.06, subdivision 1, or the actuarial equivalence thereof, provided that the maximum lifetime benefit limit shall not be less than $250,000.

Subp. 32. **Net gains.** "Net gains" means the excess of premiums or contract charges over claims expenses, after the writing carrier's expenses and agent referral fees, not to exceed 15 percent of premiums or contract charges, have been paid as provided in part 2740.4400, subpart 4.

Subp. 33. **Nonqualified policy; unqualified policy or plan.** A "nonqualified policy" or "unqualified policy" or "unqualified plan" means a policy, contract, or plan which has not been certified by the commissioner as qualified pursuant to the terms of the act.

Subp. 34. **Nursing home.** "Nursing home" means an institution meeting the following requirements:

A. It is operated pursuant to law and is primarily engaged in providing the following services for persons convalescing from illness: room, board, and 24-hour a day nursing service by one or more professional nurses and such other nursing personnel as are needed to provide adequate medical care.

B. It provides such services under the full-time supervision of a proprietor or employee who is a physician or a registered nurse.

C. It maintains adequate medical records and has available the services of a physician under an established agreement if not supervised by a physician.

Subp. 35. **Operating and administrative expenses of association.** "Operating and administrative expenses of association" means expenditures reasonably necessary to the operation and administration of the association including but not limited to rents, stationery, telegraph and telephone charges, salaries and expenses of office employees, investigators or adjusters, and legal expenses, as well as expenses of directors of the board of the association relating to the conduct of or attendance at meetings. The operating and administrative expenses of the association do not include the operating and administrative expenses of the writing carrier.

Subp. 36. **Out-of-pocket expenses.** "Out-of-pocket expenses" means any cost or charge in a calendar year for a health service or article that is included in the list of covered

services and articles under the qualified plan, qualified Medicare supplement plan, policy or contract of major medical coverage, or state plan policy or contract under which the person is a covered person, and which is not paid or payable if claim were made under any plan of health coverage, Medicare, or other governmental program.

Subp. 37. **Participating members.** "Participating members" means insurer and fraternal members of the association that elect to reinsure risks of issuing certain coverages required under the act through the association under its reinsurance plan.

Subp. 38. **Per diem policies.** "Designed solely to provide payments on a per diem, fixed indemnity or nonexpense incurred basis" means policies that provide benefits upon the occurrence or existence of a condition precedent, without reference to expenses incurred or services provided, for hospital, surgical, or medical care.

Subp. 39. **Policies or contracts of accident and health insurance.** "Policies or contracts of accident and health insurance" means accident and health insurance policies as defined by Minnesota Statutes, section 62E.02, subdivision 11.

Subp. 40. **Pooling payment.** "Pooling payment" means the amount each participating member pays the association or its reinsurance administrator during a given period of time as determined by the association or its reinsurance administrator based on pooling rates and volume of policies and contracts reinsured by the participating member in each category.

Subp. 41. **Pooling rates.** "Pooling rates" means unit rates approved by the association and used as the basis for pooling payments.

Subp. 42. **Preexisting condition.** "Preexisting condition" means an injury, illness, or other physical or mental condition of a covered person that existed prior to the issuance of the covered person's policy or contract.

Subp. 43. **Preexisting conditions limitation.** "Preexisting conditions limitation" means a limitation excluding coverage for an injury, illness, or other physical or mental condition of an applicant that existed prior to the issuance of the applicant's policy or contract.

Subp. 44. **Professional services.** "Professional services" means only services rendered by a physician or at the physician's direction by a private duty, licensed, registered nurse or an allied health professional. Professional services shall not include a service rendered by a close relative.

Subp. 44a. **Qualified Medicare supplement plan.** "Qualified Medicare supplement plan" means a plan of health coverage meeting the requirements of Minnesota Statutes, sections 62A.31, 62E.02, subdivision 5, and 62E.07.

Subp. 45. **Reasonable benefits in relation to cost of covered services.** "Reasonable benefits in relation to cost of covered services" means reasonable benefits in relation to

premium charged for coverage under a policy as determined by the minimum anticipated loss ratio requirement of Minnesota Statutes, section 62A.02, subdivision 3.

Subp. 46. **Reimbursable services.** "Reimbursable services" means eligible services under Medicare.

Subp. 47. **Reinsurance administrator.** "Reinsurance administrator" means an entity with which the association contracts for administration of its reinsurance plan.

Subp. 48. **Reinsurance assessment.** "Reinsurance assessment" means a calendar year end (or other fiscal year end as determined by the association) assessment of participating members when pooling payments and payments by reinsurers for the year are not sufficient to fund paid and estimated obligations of the pool and administrative expenses of the pool.

Subp. 49. **Reinsurance plan.** "Reinsurance plan" means any mechanism by which the association undertakes to reinsure the risks which Minnesota Statutes, section 62E.10, subdivision 7 authorizes the association to reinsure.

Subp. 50. **Reinsurance pool; pool.** "Reinsurance pool" or "pool" means the pool or fund into which the association or the reinsurance administrator deposits pooling payments, interim reinsurance assessments and reinsurance assessments paid to the association or its reinsurance administrator by insurer or fraternal members wishing to reinsure certain risks, as well as claims paid by reinsurers under contract for commercial reinsurance with the association, and other receipts, and from which the association or its reinsurance administrator pays premiums for commercial reinsurance, administrative expenses of the pool, and reimbursement for claims paid by insurer or fraternal members that have reinsured all or any portion of risks covered under policies or contracts which have been reinsured pursuant to a reinsurance pooling agreement with the association.

Subp. 51. **Reinsurance pooling agreement.** "Reinsurance pooling agreement" means the agreement between the association and participating members which establishes a reinsurance plan.

Subp. 52. **Reinsurer.** "Reinsurer" means the commercial reinsurance company that contracts with the association to provide excess of loss coverage for the risks which participating members reinsure through the association.

Subp. 53. **Rejection.** "Rejection," for the purpose of state plan eligibility, means refusal by any association member, or any authorized representative, including any insurance agent, acting on behalf of any association member, to issue a qualified plan or a qualified Medicare supplement plan to a person who completes an application for coverage under such qualified plan, or a qualified Medicare supplement plan, as determined by the board.

Subp. 54. **Renewal date.** "Renewal date" means the date specified in a policy or contract on which renewal occurs. In the absence of a specified renewal date in a policy

or contract, renewal date shall be determined in reference to the anniversary date specified in the policy or contract and shall occur in intervals of no greater than 12 months duration as determined in reference to the date on which the policy or contract became effective. Renewal of a policy or contract shall be deemed to occur upon the expiration of a renewal date if coverage under the policy or contract is continued.

Subp. 55. **Resident of Minnesota.** "Resident of Minnesota" means a person who is an actual resident of Minnesota, having there his or her principal and permanent abode.

Subp. 56. **Restrictive rider.** "Restrictive rider" means a document or contractual provision adding certain conditions to the policy's or contract's coverage, the effect of which is to substantially reduce coverage from that received by a person who is considered a standard risk.

Subp. 56a. **Self-insurer.** "Self-insurer" means an entity defined by Minnesota Statutes, section 62E.02, subdivision 21, which is a "governmental plan" as defined by United States Code, title 29, section 1002(32) or a "church plan" as defined by United States Code, title 29, section 1002(33)(A) or which is otherwise exempt from or outside of the scope of the provisions of the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001 to 1381, as amended.

Subp. 57. **Student.** "Student" means any unmarried child under the age of 25 who during the calendar year is enrolled in and attends an educational institution as a full-time student and who is financially dependent upon an insured person.

Subp. 58. **Total cost of self-insurance.** "Total cost of self-insurance" includes any direct and indirect administrative expenses incurred that are related to the operation of a plan of self-insurance, plus the sum of any payment made to or on behalf of Minnesota residents for costs or charges for health benefits by a self-insurer under a plan of health coverage, which is not counted as premium by an insurer, except to the extent of such payments made for coverage of the types described in Minnesota Statutes, section 62E.02, subdivision 11, clauses (1) to (8).

Subp. 59. **Usual and customary charge.** "Usual and customary charge" for the purpose of the state plan means the normal charge, in absence of insurance, of the provider for a service or article, but not more than the prevailing charge in the area for a like service or article. A "like service" is of the same nature and duration, requires the same skill and is performed by a provider of similar training and experience. A "like article" is one that is identical or substantially equivalent. "Area" means the municipality or, in the case of a large city, a subdivision thereof, in which the service or article is actually provided or such greater area as is necessary to obtain a representative cross-section of charges for a like service or article.

Statutory Authority: *MS s 62E.09*

History: *10 SR 474; 17 SR 1279; L 2005 c 56 s 2*

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