

2740.4400 OPERATIONS OF WRITING CARRIER.

Subpart 1. **Administrative and claims payment functions.** The writing carrier shall perform all administrative and claims payment functions relating to the state plan.

A. The writing carrier shall establish a premium billing procedure for collection of premiums from insured persons.

(1) Billings shall be made on a periodic basis as determined by the board.

(2) The amount of the premium shall be as determined from time to time by the board pursuant to Minnesota Statutes, section 62E.08.

B. The writing carrier shall perform all necessary functions to assure timely payment of benefits to covered persons under the state plan.

(1) The writing carrier shall make available information relating to the proper manner of submitting a claim for benefits under the state plan and shall distribute forms upon which submissions shall be made.

(2) The writing carrier shall evaluate the eligibility of the claim for payment under the state plan.

(3) The writing carrier shall determine the usual and customary charges for professional services, supplies, or institutional care for which a claim is made under the state plan policy or contract.

(4) The writing carrier shall exercise reasonable efforts to advise covered persons, within 60 business days of receipt of a properly completed and executed proof of loss, whether the submitted claim was accepted or rejected by the writing carrier, unless sooner settled.

(5) The writing carrier may establish an appeals procedure approved by the board to review claims that are denied in whole or in part. When a claim or any portion thereof is denied, the writing carrier shall inform the covered person of the existence of the procedure, including the right to appeal to the commissioner within a reasonable period of time.

Subp. 2. **Monthly reports.** The writing carrier shall submit monthly reports to the commissioner and the board on the operation of the state plan. The content and form of the report shall be as determined by the board and approved by the commissioner.

Subp. 3. **Claims expenses.** The writing carrier shall pay claims expenses from the premium payments received from or on behalf of covered persons under the state plan. If the writing carrier's payments for claims expenses exceed the portion of the state plan premiums allocated by the board for payment of claims expenses, the association shall provide to the writing carrier additional funds for payment of claims expenses. Not less

than 85 percent of the state plan premium, as determined by the board, shall be used to pay claims expenses, and not more than 15 percent of the state plan premium shall be used to pay agent referral fees (authorized by Minnesota Statutes, section 62E.15, subdivision 3) and to pay the writing carrier's direct and indirect expenses, as defined and authorized in Minnesota Statutes, section 62E.13, subdivision 7 and described in subpart 5.

Subp. 4. **Direct and indirect expense reimbursement.** The writing carrier shall be paid from time to time as provided in the association's contract with the writing carrier for its direct and indirect expenses incurred in the performance of its services from the state plan premiums received in an amount not to exceed the lesser of:

A. 15 percent of the state plan premium, less agent referral fees payable under part 2740.3900, subpart 3;

B. direct and indirect operating and administrative expenses incurred in the performance of its services; or

C. an amount agreed upon by the board and the writing carrier.

Subp. 5. **Direct and indirect expenses.** Direct and indirect expenses shall include that portion of the writing carrier's actual administrative, printing, claims administration, management, building overhead expenses, and other actual operating and administrative expenses approved by the board as allocable to the administration of the state plan.

Subp. 6. **Cost accounting method.** The board shall approve cost accounting methods of the writing carrier, which shall be consistent with generally accepted accounting principles.

Subp. 7. **Audits.** The board shall have the authority to conduct periodic audits to verify the accuracy of financial data and reports submitted by the writing carrier.

Statutory Authority: *MS s 62E.09*

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