

CHAPTER 397—S.F.No. 884

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CHAPTER 398—S.F.No. 3626

An act relating to insurance; adjusting aspects of eligibility and coverage in the comprehensive health association; requiring a study of premium rates; requiring an annual report; amending Minnesota Statutes 1998, sections 62E.05, subdivision 2; 62E.08; 62E.10, by adding a subdivision; 62E.101; 62E.13, subdivision 2; 62E.15, by adding a subdivision; and 62E.18; Minnesota Statutes 1999 Supplement, section 62E.12.

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

Section 1. Minnesota Statutes 1998, section 62E.05, subdivision 2, is amended to read:

Subd. 2. **ANNUAL REPORT.** (a) All health plan companies, as defined in section 62Q.01, shall annually report to the commissioner responsible for their regulation. The following information shall be reported to the appropriate commissioner on February 1 of each year:

(1) the number of individuals and groups who received coverage in the prior year through the qualified plans; and

(2) the number of individuals and groups who received coverage in the prior year through each of the unqualified plans sold by the company.

(b) The state of Minnesota or any of its departments, agencies, programs, instrumentalities, or political subdivisions, shall report in writing to the association and to the commissioner of commerce no later than September 15 of each year regarding the number of persons and the amount of premiums, deductibles, copayments, or coinsurance that it paid for on behalf of enrollees in the comprehensive health association. This report must contain only summary information and must not include any individually identifiable data. The report must cover the 12-month period ending the preceding June 30.

Sec. 2. Minnesota Statutes 1998, section 62E.08, is amended to read:

62E.08 STATE PLAN PREMIUM.

Subdivision 1. **ESTABLISHMENT.** The association shall establish the following maximum premiums to be charged for membership in the comprehensive health insurance plan:

(a) the premium for the number one qualified plan shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

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(1) ~~number one \$1,000 annual deductible individual qualified plans of insurance in force in Minnesota;~~

(2) ~~individual health maintenance organization contracts of coverage with a \$1,000 annual deductible which are in force in Minnesota and which are, or are adjusted to be, actuarially equivalent to number one individual qualified plans; and~~

(3) ~~individual policies and individual health maintenance organization contracts of coverage which are in force in Minnesota; are not qualified under section 62E.06, are, or are adjusted to be, actuarially equivalent to number one individual qualified plans, and do not fall under clause (2) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles;~~

(b) the premium for the number two qualified plan shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

(1) ~~number two \$500 annual deductible individual qualified plans of insurance in force in Minnesota;~~

(2) ~~individual health maintenance organization contracts of coverage with a \$500 annual deductible which are in force in Minnesota and which are, or are adjusted to be, actuarially equivalent to number two individual qualified plans; and~~

(3) ~~individual policies and individual health maintenance organization contracts of coverage which are in force in Minnesota, are not qualified under section 62E.06, are, or are adjusted to be, actuarially equivalent to number two individual qualified plans, and do not fall under clause (2) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles;~~

(c) the premium for the plan with a \$2,000 annual deductible shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

(1) \$2,000 annual deductible individual plans in force in Minnesota; and

(2) individual health maintenance organization contracts of coverage with a \$2,000 annual deductible which are in force in Minnesota; or

(3) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles.

(d) The premium for each type of qualified Medicare supplement plan required to be offered by the association pursuant to section 62E.12 shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

(1) qualified Medicare supplement plans in force in Minnesota;

(2) health maintenance organization Medicare supplement contracts of coverage which are in force in Minnesota and which are, or are adjusted to be, actuarially

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equivalent to qualified Medicare supplement plans; and

(3) ~~Medicare supplement policies and health maintenance organization Medicare supplement contracts of coverage which are in force in Minnesota, are not qualified under section 62E.07, are, or are adjusted to be, actuarially equivalent to qualified Medicare supplement plans, and do not fall under clause (2) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles; and~~

~~(d)~~ (e) the charge for health maintenance organization coverage shall be based on generally accepted actuarial principles.

The list of insurers and health maintenance organizations whose rates are used to establish the premium for coverage offered by the association pursuant to paragraphs (a) to (e) ~~(d)~~ shall be established by the commissioner on the basis of information which shall be provided to the association by all insurers and health maintenance organizations annually at the commissioner's request. This information shall include the number of individuals covered by each type of plan or contract specified in paragraphs (a) to (e) ~~(d)~~ that is sold, issued, and renewed by the insurers and health maintenance organizations, including those plans or contracts available only on a renewal basis. The information shall also include the rates charged for each type of plan or contract.

In establishing premiums pursuant to this section, the association shall utilize generally accepted actuarial principles, provided that the association shall not discriminate in charging premiums based upon sex. In order to compute a weighted average for each type of plan or contract specified under paragraphs (a) to (e) ~~(d)~~, the association shall, using the information collected pursuant to this subdivision, list insurers and health maintenance organizations in rank order of the total number of individuals covered by each insurer or health maintenance organization. The association shall then compute a weighted average of the rates charged for coverage by all the insurers and health maintenance organizations by:

(1) multiplying the numbers of individuals covered by each insurer or health maintenance organization by the rates charged for coverage;

(2) separately summing both the number of individuals covered by all the insurers and health maintenance organizations and all the products computed under clause (1); and

(3) dividing the total of the products computed under clause (1) by the total number of individuals covered.

The association may elect to use a sample of information from the insurers and health maintenance organizations for purposes of computing a weighted average. If the association so elects, the sample of information from insurers and health maintenance organizations shall, at a minimum, include information from those insurers and health maintenance organizations which, according to their order of ranking from the largest number of individuals covered to the smallest number, account for at least the first 51 percent of all individuals covered. In no case, however, may a sample used by the

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association to compute a weighted average include information from fewer than the two insurers or health maintenance organizations highest in rank order.

Subd. 2. **SELF-SUPPORTING.** Subject to subdivision 1, the schedule of premiums for coverage under the comprehensive health insurance plan shall be designed to be self-supporting and based on generally accepted actuarial principles.

Subd. 3. **DETERMINATION OF RATES.** Premium rates under this section must be determined annually. These rates are effective July 1 of each year and must be based on a survey of approved rates of insurers and health maintenance organizations in effect, or to be in effect, on April 1 of the same calendar year. These rates may be trended to July 1 in order to reflect economic and inflationary changes.

Subd. 4. **SMOKERS RATES.** The association may establish smoker and nonsmoker premium rates that are based on generally accepted actuarial principles.

Sec. 3. Minnesota Statutes 1998, section 62E.10, is amended by adding a subdivision to read:

Subd. 10. **COST CONTAINMENT GOALS.** (a) By July 1, 2001, the association shall investigate managed care delivery systems, and if cost effective, enter into contracts with third-party entities as provided in section 62E.101.

(b) By July 1, 2001, the association shall establish a system to annually identify individuals insured by the Minnesota comprehensive health association who may be eligible for private health care coverage, medical assistance, state drug programs, or other state or federal programs and notify them about their eligibility for these programs.

(c) The association shall endeavor to reduce health care costs using additional methods consistent with effective patient care. At a minimum, by July 1, 2001, the association shall:

(1) develop a focused chronic disease management and case management program;

(2) develop a comprehensive program of preventive care; and

(3) implement a total drug formulary program.

Sec. 4. Minnesota Statutes 1998, section 62E.101, is amended to read:

62E.101 MANAGED CARE DELIVERY METHOD.

The association may form a preferred provider network or contract with an existing provider network, health maintenance organization, or nonprofit health service plan corporation to deliver the services and benefits provided for in the plans of health coverage offered. If the association does not contract with an existing provider network, health maintenance organization, or nonprofit health service plan corporation, the association may adopt a provider payment schedule and negotiate provider payment rates subject to the approval of the commissioner.

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Sec. 5. Minnesota Statutes 1999 Supplement, section 62E.12, is amended to read:

62E.12 MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.

(a) The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan and a number two qualified plan, except that the maximum lifetime benefit on these plans shall be \$2,800,000; and an extended basic Medicare supplement plan and a basic Medicare supplement plan as described in sections 62A.31 to 62A.44 and 62E.07. The association may also offer a plan that is identical to a number one and number two qualified plan except that it has a \$2,000 annual deductible and a \$2,800,000 maximum lifetime benefit.

(b) The requirement that a policy issued by the association must be a qualified plan is satisfied if the association contracts with a preferred provider network and the level of benefits for services provided within the network satisfies the requirements of a qualified plan. If the association uses a preferred provider network, payments to nonparticipating providers must meet the minimum requirements of section 72A.20, subdivision 15. They

(c) The association shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier.

(d) Notwithstanding the provisions of section 62E.06 and unless those charges are billed by a provider that is part of the association's preferred provider network, the state plan shall exclude coverage of services of a private duty nurse other than on an inpatient basis and any charges for treatment in a hospital located outside of the state of Minnesota in which the covered person is receiving treatment for a mental or nervous disorder, unless similar treatment for the mental or nervous disorder is medically necessary, unavailable in Minnesota and provided upon referral by a licensed Minnesota medical practitioner.

Sec. 6. Minnesota Statutes 1998, section 62E.13, subdivision 2, is amended to read:

Subd. 2. **SELECTION OF WRITING CARRIER.** The association may select policies and contracts, or parts thereof, submitted by a member or members of the association, or by the association or others, to develop specifications for bids from any entity which wishes to be selected as a writing carrier to administer the state plan. The selection of the writing carrier shall be based upon criteria established by the board of directors of the association and approved by the commissioner. The criteria shall outline specific qualifications that an entity must satisfy in order to be selected and, at a minimum, shall include the entity's proven ability to handle large group accident and health insurance cases, efficient claim paying capacity, and the estimate of total charges for administering the plan. The association may select separate writing carriers for the two types of qualified plans and the \$2,000 deductible plan, the qualified medicare supplement plan, and the health maintenance organization contract.

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Sec. 7. Minnesota Statutes 1998, section 62E.15, is amended by adding a subdivision to read:

Subd. 2a. ANNUAL VERIFICATION. The association may annually verify the uninsurability of each policyholder to insure that only eligible persons are enrolled in the plan.

Sec. 8. Minnesota Statutes 1998, section 62E.18, is amended to read:

62E.18 HEALTH INSURANCE FOR RETIRED EMPLOYEES NOT ELIGIBLE FOR MEDICARE.

A Minnesota resident who is age 65 or over and is not eligible for the health insurance benefits of the federal Medicare program is entitled to purchase the benefits of a qualified plan, one or two, or the \$2,000 annual deductible plan if available, offered by the Minnesota comprehensive health association without any of the limitations set forth in section 62E.14, subdivision 1, paragraph (c), and subdivision 3.

Sec. 9. STUDY OF MCHA PREMIUM RATES.

The Minnesota comprehensive health association shall submit to the legislature and the commissioner of commerce, by November 15, 2000, a study regarding the impact of increasing the maximum premium range of the plans that the association offers to above 125 percent of the weighted average of rates charged in the individual market for similar plans. The study must also include an analysis of:

(1) the feasibility of establishing a sliding scale premium program for policyholders; and

(2) the plan's annual out-of-pocket expense limitation.

Sec. 10. EFFECTIVE DATE.

Sections 1 to 9 are effective the day following final enactment.

Presented to the governor April 11, 2000

Signed by the governor April 14, 2000, 2:43 p.m.

CHAPTER 399—S.F.No. 1495

An act relating to commerce; enacting revised article 9 of the Uniform Commercial Code as adopted by the National Conference of Commissioners on Uniform State Laws; amending Minnesota Statutes 1998, sections 336.1-105; 336.1-201; 336.2-103; 336.2-210; 336.2-326; 336.2-502; 336.2-716; 336.2A-103; 336.2A-303; 336.2A-307; 336.2A-309; 336.4-210; 336.7-503; 336.8-103; 336.8-106; 336.8-110; 336.8-301; 336.8-302; and 336.8-510; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 1998, sections 336.9-101; 336.9-102; 336.9-103; 336.9-104; 336.9-105; 336.9-106; 336.9-107; 336.9-108; 336.9-109; 336.9-110; 336.9-112; 336.9-113; 336.9-114; 336.9-115; 336.9-116; 336.9-201; 336.9-202; 336.9-204; 336.9-205; 336.9-206; 336.9-207; 336.9-208; 336.9-301; 336.9-302;

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