

**CHAPTER 4685**  
**DEPARTMENT OF HEALTH**  
**HEALTH MAINTENANCE ORGANIZATIONS**

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**4685.0100 DEFINITIONS.**

*[For text of subps 1 to 9, see M R 1985]*

Subp. 9a. **NAIC Blank.** "NAIC Blank" means the 1985 version of the National Association of Insurance Commissioners' Blank for Health Maintenance Organizations (1985) published by the Brandon Insurance Service Company, Nashville, Tennessee. The NAIC Blank is incorporated by reference and is available for inspection at Ford Law Library, 117 University Avenue, Saint Paul, Minnesota 55155. The NAIC Blank is subject to annual changes by the publisher, but health maintenance organizations must use the 1985 version.

Subp. 9b. **Member.** "Member" means enrollee, as defined by Minnesota Statutes, section 62D.02, subdivision 6. "Member" also means "subscriber," and the terms may be used interchangeably.

*[For text of subps 10 to 15, see M.R. 1985]*

**Statutory Authority:** *MS s 62D 08 subd 3; 62D.20; 62D.21*

**History:** *10 SR 2159*

**ANNUAL REPORTS****4685.1910 UNIFORM REPORTING.**

Beginning April 1, 1986, health maintenance organizations shall submit as part of the annual report a completed 1985 NAIC Blank, subject to the amendments in parts 4685.1930, 4685.1940, and 4685.1950.

**Statutory Authority:** *MS s 62D 08 subd 3; 62D.20, 62D.21*

**History:** *10 SR 2159*

**4685.1920 ANNUAL REPORT FORMS.**

By December 1, the commissioner shall notify health maintenance organizations of the manner in which the NAIC Blank may be obtained and provide a copy of those portions of the annual report to be completed as supplemental to the NAIC Blank.

**Statutory Authority:** *MS s 62D.08 subd 3; 62D 20; 62D.21*

**History:** *10 SR 2159*

**4685.1930 NAIC BLANK FOR HEALTH MAINTENANCE ORGANIZATIONS, GENERAL INFORMATION, DEFINITIONS, AND INSTRUCTIONS.**

Subpart 1. **Filing date.** The GENERAL INFORMATION, DEFINITIONS, AND INSTRUCTIONS section is amended by requiring the submission of the annual report on or before April 1 of each year.

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**Subp. 2. Instructions for Report #2.** The instructions paragraph for Report #2: STATEMENT OF REVENUE AND EXPENSES in the GENERAL INFORMATION, DEFINITIONS, AND INSTRUCTION section is amended to require:

A. all revenue from the health maintenance organization's operations outside of Minnesota, and from business other than the operation of a health maintenance organization, conducted by the health maintenance organization, to be reported only under line 9, Other Revenue;

B. all nonadministrative expenses of these accounts to be reported only under line 19a, Other Expenses;

C. all administrative expenses of these accounts to be reported only under line 25a, Additional Administrative Expenses; and

D. health maintenance organizations, beginning with the annual report filed in 1987, to report revenue and expenses in the line items described by the definitions as amended and printed on Report #2, as amended.

**Subp. 3. Premium.** The definition of premium as used on line 1 of Report #2: STATEMENT OF REVENUES AND EXPENSES is amended in the GENERAL INFORMATION, DEFINITIONS, AND INSTRUCTIONS section to include only revenues from the health maintenance organization's Minnesota health maintenance contracts.

**Subp. 4. Other revenue.** The definition of Other Revenue as used on line 9 of Report #2: STATEMENT OF REVENUE AND EXPENSES is amended in the GENERAL INFORMATION, DEFINITIONS, AND INSTRUCTIONS section to include, in addition, revenue from the health maintenance organization's operations outside of Minnesota and from business other than the operation of a health maintenance organization, conducted by the health maintenance organization.

**Subp. 5. Reinsurance expenses.** The definition of Reinsurance Expenses as used on line 17 of Report #2: STATEMENT OF REVENUE AND EXPENSES is amended in the GENERAL INFORMATION, DEFINITIONS AND INSTRUCTIONS section to include, in addition, expenditures to insurance companies or nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract. These expenditures include premiums paid for indemnification against the risks incurred in providing nonelective emergency and out of area services and premiums paid for coverage which supplements the minimum coverage required of a health maintenance organization.

**Subp. 6. Other expenses and additional revenues.** GENERAL INFORMATION, DEFINITIONS, AND INSTRUCTIONS section for Report #2: STATEMENT OF REVENUES AND EXPENSES is amended by adding the following definitions:

A. Other expenses. Nonadministrative costs of the health maintenance organization's operations outside of Minnesota and of business other than the operation of a health maintenance organization, conducted by the health maintenance organization; and

B. Additional administrative expenses. Administrative costs of the health maintenance organization's operations outside of Minnesota and of business other than the operation of a health maintenance organization, conducted by the health maintenance organization.

**Statutory Authority:** *MS, s 62D.08 subd 3, 62D.20; 62D.21*

**History:** *10 SR 2159*

### 4685.1940 NAIC BLANK FOR HEALTH MAINTENANCE ORGANIZATIONS, REPORT #2: STATEMENT OF REVENUE AND EXPENSES.

**Subpart 1. Separate statements.** The NAIC Blank for health maintenance

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organizations is amended by requiring the submission of a separate STATEMENT OF REVENUE AND EXPENSES for each of the following:

- A. the health maintenance organization's total operations; and
- B. each demonstration project, as described under Minnesota Statutes, section 62D.30.

Subp. 2. **Other expenses.** Report #2: STATEMENT OF REVENUE AND EXPENSES is amended by adding line 19a, Other Expenses.

Subp. 3. **Additional administrative expenses.** Report #2: STATEMENT OF REVENUE AND EXPENSES is amended by adding line 25a, Additional Administrative Expenses.

**Statutory Authority:** *MS s 62D.08 subd 3; 62D.20; 62D.21*

**History:** *10 SR 2159*

## 4685.1950 NAIC BLANK FOR HEALTH MAINTENANCE ORGANIZATIONS, REPORT #4: ENROLLMENT AND UTILIZATION TABLE.

Subpart 1. **Additional columns.** Report #4: ENROLLMENT AND UTILIZATION TABLE is amended by adding the following columns:

- A. 9a, Total Ambulatory Encounters for Period for Mental health; and
- B. 9b, Total Ambulatory Encounters for Period for Chemical Dependency.

Subp. 2. **Total members at end of period.** The Report #4: ENROLLMENT AND UTILIZATION TABLE is amended by requiring the itemization of Cumulative Member Months for Period by gender and five-year age increments, and Total Members at End of Period by gender, by five-year age increments, and by geographic area, for the health maintenance organization's Minnesota health maintenance contract enrollment and each demonstration project.

Subp. 3. **Type of service.** Report #4: ENROLLMENT AND UTILIZATION TABLE is amended by requiring the itemization of Total Patient Days Incurred, Annualized Hospital Days per 1,000 Enrollees, and Average Length of Stay by five-year age increments and by the following types of service for Minnesota health maintenance contracts and each demonstration project:

- A. medical/surgical, in a hospital;
- B. obstetrical/gynecological, in a hospital;
- C. mental health, in a hospital or other health care facility;
- D. chemical dependency, in a hospital or other health care facility; and
- E. other services provided in health care facilities other than hospitals.

**Statutory Authority:** *MS s 62D 08 subd 3; 62D.20; 62D 21*

**History:** *10 SR 2159*

## 4685.1960 AUDITED REPORT.

The following sections of the NAIC Blank must be audited by a public accountant certified under Minnesota Statutes, section 326.19 and retained by the health maintenance organization for purposes other than performing day to day accounting operations:

- A. BALANCE SHEET ASSETS;
- B. BALANCE SHEET LIABILITIES AND NET WORTH;
- C. STATEMENTS OF REVENUE AND EXPENSES;
- D. STATEMENT OF CHANGES IN FINANCIAL POSITION AND NET WORTH, AND
- E. SUPPORTING SCHEDULES.

The certified public accountant shall state whether the audit was conducted

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according to generally accepted auditing standards, and shall express an opinion as to whether the sections audited are in conformity with generally accepted accounting principles applied on a consistent basis.

**Statutory Authority:** *MS s 62D.08 subd 3, 62D 20, 62D.21*

**History:** *10 SR 2159*

### 4685.1970 FINANCIAL DISCLOSURE.

**Subpart 1. Principal officer.** As provided by Minnesota Statutes, section 62D.03, subdivision 4, "principal officer" means an employee whose annual wages, expense reimbursements, and other payments exceed \$60,000, if such employee performs the duties of:

- A. president;
- B. vice-president,
- C. secretary;
- D. treasurer;
- E. executive director;
- F. chief executive officer;
- G. chief operating officer;
- H. chief financial officer;
- I. medical director; or
- J. general counsel.

**Subp. 2. Disclosure of contractual and financial arrangement.** The disclosure of contractual and financial arrangements under Minnesota Statutes, section 62D.03, subdivision 4, must include a detailed description of the obligations to be met by and compensation to be received by each party to the contract or arrangement.

**Subp. 3. Disclosure of wages, expense reimbursements, and other payments.** The disclosure of wages, expense reimbursements, and other payments under Minnesota Statutes, section 62D.08, subdivision 3, to persons identified in Minnesota Statutes, section 62D.03, subdivision 4, clause (c) must include items taxable as income to such persons under Minnesota Statutes, chapter 290, if the items are received for:

A. direct services rendered in any capacity to the health maintenance organization; or

B. indirect services rendered in any capacity for the health maintenance organization. Indirect services are services essential to the operation of the health maintenance organization, including administration, management, and the provision of medical care, regardless of whether the individual providing the services is compensated by the health maintenance organization or the major participating entity.

**Subp. 4. Allocation.** If the actual compensation for the services listed in subpart 3, items A and B, is unknown, the health maintenance organization shall calculate an allocation of the wages, expense reimbursements, and other payments for the persons identified in Minnesota Statutes, section 62D.03, subdivision 4. The allocation must be based on:

- A. time;
- B. number of enrollees;
- C. gross revenues;
- D. dollar volume of claims processed; or
- E. number of claims processed.

The health maintenance organization shall indicate in the annual report the allocation basis or bases chosen.

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**Statutory Authority:** *MS s 62D.08 subd 3, 62D 20, 62D 21*

**History:** *10 SR 2159*

### 4685.2150 EXTENSION OF REPORTING DEADLINE.

Subpart 1. **Good cause.** An extension of the reporting deadline may be granted if the health maintenance organization demonstrates that its delinquency is due to circumstances which it could not reasonably have anticipated or avoided.

Subp. 2. **Procedure.** In order to be granted an extension, health maintenance organizations shall request an extension of a specific time period in writing at least three working days prior to April 1. If the annual report is not filed by the last day of the extension period, the fine imposed by Minnesota Statutes, section 62D.08, subdivision 4, accrues beginning on the following day.

Subp. 3. **Automatic extension.** If the commissioner fails to have the annual report form available for inspection by December 1 as required by part 4685.1920, item A, good cause shall be deemed to exist for health maintenance organizations to have an automatic extension of time in which to file the annual reports. The extension must equal the number of days the commissioner is overdue in having the annual report form available for inspection.

**Statutory Authority:** *MS s 62D.08 subd 3; 62D.20, 62D 21*

**History:** *10 SR 2159*

### 4685.2800 FEES.

Every filing submitted to the commissioner by a health maintenance organization subject to Minnesota Statutes, sections 62D.01 to 62D.29 (the Health Maintenance Act of 1973) shall be accompanied by the following fees:

A. for filing an application for a certificate of authority, \$1,500;

B. for filing each annual report, \$50;

C. for filing each amendment to a certificate of authority, including the filings required under Minnesota Statutes, section 62D.08, subdivision 1, \$50,

D. for each examination, the costs, including staff salaries and fringe benefits and indirect costs, incurred in preparing for and conducting the examination and preparing the subsequent report. The commissioner shall provide the health maintenance organization an itemized statement at the time of billing.

For the purpose of this item, indirect costs include costs attributable to:

(1) supplies;

(2) professional and technical services,

(3) electronic data processing,

(4) variable telephone usage;

(5) correspondence delivery;

(6) travel and subsistence; and

(7) general overhead, including building rental, telephone systems, executive office services, personnel services, administrative services, and financial management.

The fee charged for the examination must be calculated by totalling staff salaries, fringe benefits, and the costs described in subitems (1) to (6) and adding the percentage of general overhead, described in subitem (7), attributable to the specific examination; and

E. for all other filings, \$100. These filings include:

(1) requests for waiver of open enrollment;

(2) demonstration project applications; and

(3) expense and revenue reports required under Minnesota Statutes, section 62D 03, subdivision 4, clause (g).

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**Statutory Authority:** *MS s 62D.08 subd 3; 62D.20; 62D.21*

**History:** *10 SR 2159*

- 4685.3500 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.3600 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.3700 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.3800 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.3900 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4000 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4100 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4200 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4300 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4400 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4500 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4600 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4700 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4800 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.4900 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.5000 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.5100 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.5200 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.5300 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.5400 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.5500 [Repealed, 1 Sp 1985 c 14 art 19 s 38]
- 4685.5600 [Repealed, 1 Sp 1985 c 14 art 19 s 38]