

CHAPTER 62L

SMALL EMPLOYER INSURANCE REFORM

62L.02	Definitions.	62L.055	Small employer alternative benefit plans; pilot project.
62L.03	Availability of coverage.	62L.14	Board of directors.
62L.05	Small employer plan benefits.		

62L.02 DEFINITIONS.

[For text of subs 1 to 15, see M.S.1998]

Subd. 16. **Health carrier.** “Health carrier” means an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan corporation licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network operating under chapter 62N; an accountable provider network regulated under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in United States Code, title 29, section 1002(40), as amended. Any use of this definition in another chapter by reference does not include a community integrated service network, unless otherwise specified. For the purpose of this chapter, companies that are affiliated companies or that are eligible to file a consolidated tax return must be treated as one health carrier, except that any insurance company or health service plan corporation that is an affiliate of a health maintenance organization located in Minnesota, or any health maintenance organization located in Minnesota that is an affiliate of an insurance company or health service plan corporation, or any health maintenance organization that is an affiliate of another health maintenance organization in Minnesota, may treat the health maintenance organization as a separate health carrier.

[For text of subs 17 to 23, see M.S.1998]

Subd. 24. **Qualifying coverage.** “Qualifying coverage” means health benefits or health coverage provided under:

- (1) a health benefit plan, as defined in this section, but without regard to whether it is issued to a small employer and including blanket accident and sickness insurance, other than accident-only coverage, as defined in section 62A.11;
- (2) part A or part B of Medicare;
- (3) medical assistance under chapter 256B;
- (4) general assistance medical care under chapter 256D;
- (5) MCHA;
- (6) a self-insured health plan;
- (7) the MinnesotaCare program established under section 256L.02;
- (8) a plan provided under section 43A.316, 43A.317, or 471.617;
- (9) the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) or other coverage provided under United States Code, title 10, chapter 55;
- (10) coverage provided by a health care network cooperative under chapter 62R or by a health provider cooperative under section 62R.17;
- (11) a medical care program of the Indian Health Service or of a tribal organization;
- (12) the federal Employees Health Benefits Plan, or other coverage provided under United States Code, title 5, chapter 89;
- (13) a health benefit plan under section 5(e) of the Peace Corps Act, codified as United States Code, title 22, section 2504(e);
- (14) a health plan; or

(15) a plan similar to any of the above plans provided in this state or in another state as determined by the commissioner.

[For text of subs 25 to 29, see M.S.1998]

History: 1999 c 177 s 52; 1999 c 181 s 1

62L.03 AVAILABILITY OF COVERAGE.

[For text of subs 1 to 4, see M.S.1998]

Subd. 5. **Cancellations and failures to renew.** (a) No health carrier shall cancel, decline to issue, or fail to renew a health benefit plan as a result of the claim experience or health status of the persons covered or to be covered by the health benefit plan. For purposes of this subdivision, a failure to renew does not include a uniform modification of coverage at time of renewal, as described in subdivision 1.

(b) A health carrier may cancel or fail to renew a health benefit plan:

(1) for nonpayment of the required premium;

(2) for fraud or misrepresentation by the small employer with respect to eligibility for coverage or any other material fact;

(3) if the employer fails to comply with the minimum contribution percentage required under subdivision 3; or

(4) for any other reasons or grounds expressly permitted by the respective licensing laws and regulations governing a health carrier, including, but not limited to, service area restrictions imposed on health maintenance organizations under section 62D.03, subdivision 4, paragraph (m), to the extent that these grounds are not expressly inconsistent with this chapter.

(c) A health carrier may fail to renew a health benefit plan:

(1) if eligible employee participation during the preceding calendar year declines to less than 75 percent, subject to the waiver of coverage provision in subdivision 3;

(2) if the health carrier ceases to do business in the small employer market under section 62L.09; or

(3) if a failure to renew is based upon the health carrier's decision to discontinue the health benefit plan form previously issued to the small employer, but only if the health carrier permits each small employer covered under the prior form to switch to its choice of any other health benefit plan offered by the health carrier, without any underwriting restrictions that would not have been permitted for renewal purposes.

(d) A health carrier need not renew a health benefit plan, and shall not renew a small employer plan, if an employer ceases to qualify as a small employer as defined in section 62L.02. If a health benefit plan, other than a small employer plan, provides terms of renewal that do not exclude an employer that is no longer a small employer, the health benefit plan may be renewed according to its own terms. If a health carrier issues or renews a health plan to an employer that is no longer a small employer, without interruption of coverage, the health plan is subject to section 60A.082.

(e) A health carrier may cancel or fail to renew the coverage of an individual employee or dependent under a health benefit plan for fraud or misrepresentation by the eligible employee or dependent with respect to eligibility for coverage or any other material fact.

[For text of subd 6, see M.S.1998]

History: 1999 c 177 s 53

62L.05 SMALL EMPLOYER PLAN BENEFITS.

[For text of subs 1 to 4, see M.S.1998]

Subd. 4a. **Alternative benefit plan.** In addition to the small employer benefit plans described in subdivisions 1 to 4, a health carrier may offer to a small employer a benefit plan that differs from those plans in the following respects:

(1) the plan may include different copayments and deductibles; and

(2) the plan may offer coverage on a per diem, fixed indemnity, or nonexpense incurred basis.

Subd. 5. **Plan variations.** (a) No health carrier shall offer to a small employer a health benefit plan that differs from the small employer plans described in subdivisions 1 to 4a, unless the health benefit plan complies with all provisions of chapters 62A, 62C, 62D, 62E, 62H, 62N, 62Q, and 64B that otherwise apply to the health carrier, except as expressly permitted by paragraph (b).

(b) As an exception to paragraph (a), a health benefit plan is deemed to be a small employer plan and to be in compliance with paragraph (a) if it differs from one of the two small employer plans described in subdivisions 1 to 4 only by providing benefits in addition to those described in subdivision 4, provided that the health benefit plan has an actuarial value that exceeds the actuarial value of the benefits described in subdivision 4 by no more than two percent. "Benefits in addition" means additional units of a benefit listed in subdivision 4 or one or more benefits not listed in subdivision 4.

[For text of subs 6 to 12, see M.S.1998]

History: 1999 c 177 s 54; 1999 c 181 s 2,3

62L.055 SMALL EMPLOYER ALTERNATIVE BENEFIT PLANS; PILOT PROJECT.

(a) Notwithstanding any provision of this chapter or other law to the contrary, the commissioner of commerce shall develop a pilot project by January 1, 2000, to authorize health carriers to offer alternative health benefit plans to small employers if the following requirements are satisfied:

(1) the health carrier is assessed less than three percent of the total amount assessed by the Minnesota comprehensive health association;

(2) the health plans must be offered in compliance with this chapter, except as otherwise permitted in this section;

(3) the health plans to be offered must be designed to enable employers and covered persons to better manage costs and coverage options through the use of copays, deductibles, and other cost-sharing arrangements;

(4) the health plans must be issued and administered in compliance with sections 62E.141; 62L.03, subdivision 6; and 62L.12, subdivisions 3 and 4, relating to prohibitions against enrolling in the Minnesota comprehensive health association persons eligible for employer group coverage;

(5) the health plans must meet a 71 percent loss ratio for small employers with fewer than ten employees, and a 75 percent loss ratio for all other plans;

(6) the health plans may alter or eliminate coverages that would otherwise be required by law, other than the requirement that care provided for covered services by osteopaths, optometrists, and chiropractors, or registered nurses meeting the requirements of section 62A.15, subdivision 3a, be reimbursed on a nondiscriminatory basis; and

(7) each health plan must be approved by the commissioner of commerce.

(b) The definitions in section 62L.02 apply to this section as modified by this section.

(c) This section expires August 1, 2003.

History: 1999 c 181 s 4

62L.14 BOARD OF DIRECTORS.

[For text of subs 1 to 6, see M.S.1998]

Subd. 7. **Compensation.** Public directors may be reimbursed by the association for reasonable and necessary expenses incurred by them in performing their duties as directors and may be compensated by the association at a rate of up to \$55 per day spent on authorized association activities.

[For text of subs 8 and 9, see M.S.1998]

History: 1999 c 177 s 55