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ARTICLE 2

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REINSURANCE

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Section 1. Minnesota Statutes 2024, section 62E.23, subdivision 1, is amended to read:

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Subdivision 1. **Administration of plan.** (a) The association is Minnesota's reinsurance entity to administer the state-based reinsurance program referred to as the Minnesota premium security plan.

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(b) The association may apply for any available federal funding for the plan. All funds received by or appropriated to the association shall be deposited in the premium security plan account in section 62E.25, subdivision 1. The association shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services and insurance within ten days of receiving any federal funds.

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(c) The association must collect or access data from an eligible health carrier that are necessary to determine reinsurance payments, according to the data requirements under subdivision 5, paragraph (c).

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(d) The board must not use any funds allocated to the plan for staff retreats, promotional giveaways, excessive executive compensation, or promotion of federal or state legislative or regulatory changes. This paragraph does not prohibit the association from providing technical assistance or information regarding the association or the Minnesota premium security plan.

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(e) For each applicable benefit year, the association must notify eligible health carriers of reinsurance payments to be made for the applicable benefit year no later than June 30 of the year following the applicable benefit year.

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(f) On a quarterly basis during the applicable benefit year, the association must provide each eligible health carrier with the calculation of total reinsurance payment requests.

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(g) ~~By August 15 of the year following the applicable benefit year, 2027, for benefit year 2026, the association must disburse all applicable reinsurance payments to an eligible health carrier. For benefit year 2027, the commissioner must transfer to the association the total amount of money necessary for the association to pay all applicable reinsurance payments to each eligible health carrier by August 15, 2028.~~

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(h) For benefit year 2027, the association must disburse applicable reinsurance payments to an eligible health carrier no later than August 31, 2028.

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Sec. 2. Minnesota Statutes 2025 Supplement, section 62E.23, subdivision 1a, is amended to read:

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Subd. 1a. **2028 assessment on group health carriers.** (a) An assessment is imposed in calendar year 2028 on group health carriers operating under the Minnesota premium security plan in benefit year 2027. This is a onetime assessment.

- 5.10 (b) By May 1, 2028, the association must provide each group health carrier with an
5.11 estimate of the carrier's assessment under paragraph (a).
- 5.12 (c) By June 30, 2028, the association must ~~notify each group health carrier of the carrier's~~
5.13 ~~assessment amount under paragraph (a). The association must determine~~ propose each
5.14 carrier's assessment amount, in consultation with the commissioner, based on the group
5.15 health carrier's portion of the total premiums for group health plans written in Minnesota
5.16 for benefit year 2027. The commissioner must approve the carrier's assessment amount.
5.17 ~~The association must establish the final~~ assessment amount for each group health plan ~~so~~
5.18 must ensure that the aggregate assessment amount collected from group health plans under
5.19 this subdivision equals the amount necessary for the appropriations and transfers under
5.20 section 62E.25, subdivision 1. By July 25, 2028, the association must notify each group
5.21 health carrier of the carrier's proposed assessment amount under paragraph (a).
- 5.22 (d) Subject to paragraph (e), each group health carrier must pay the assessment under
5.23 paragraph (a) to the ~~association~~ commissioner by August 1, 2028, for deposit in the premium
5.24 security plan account created under section 62E.25. A group health plan must pay the
5.25 assessment in the manner determined by the commissioner.
- 5.26 (e) A group health carrier may apply to the commissioner to defer all or part of the
5.27 assessment imposed under paragraph (a). The application must be submitted to the
5.28 commissioner by May 15, 2028. The commissioner may defer all or part of the assessment
5.29 if the commissioner determines the payment of the assessment places the group health
5.30 carrier in a financially impaired condition. The commissioner may deny an application for
5.31 deferral under this paragraph. No later than June 15, 2028, the commissioner must notify
5.32 the association and the group health carrier whether the assessment deferral is approved or
5.33 denied. If the commissioner approves the deferral request, the notice must include the amount
6.1 of and due date for the deferred portion of the assessment. If all or part of the assessment
6.2 is deferred, the association must include the amount deferred in the other group health
6.3 carriers' assessments in a proportionate manner consistent with this subdivision. ~~The A~~
6.4 group health carrier that receives a deferral is liable to the association ~~commissioner~~ for the
6.5 amount deferred and is prohibited from receiving or becoming entitled to a reinsurance
6.6 payment under the Minnesota premium security plan until the group health carrier has paid
6.7 the deferred assessment.
- 6.8 (f) If the association determines the assessment imposed under paragraph (a) exceeds
6.9 or is less than the amount necessary to operate and administer the Minnesota premium
6.10 security plan and issue reinsurance payments, the association must require group health
6.11 carriers to pay an additional amount or the association must issue a refund to the group
6.12 health carriers. The association must determine the accuracy of the assessment by ~~May 30~~
6.13 March 15, 2029.
- 6.14 (g) ~~By August 15, 2028, the association must remit the assessments collected under this~~
6.15 ~~subdivision to the commissioner for deposit in the premium security plan account created~~
6.16 ~~under section 62E.25.~~

- 6.17 Sec. 3. Minnesota Statutes 2025 Supplement, section 62E.23, subdivision 2, is amended
6.18 to read:
- 6.19 Subd. 2. **Payment parameters.** (a) The board must design and adjust the payment
6.20 parameters to ensure the payment parameters:
- 6.21 (1) will stabilize or reduce premium rates in the individual market;
- 6.22 (2) will increase participation in the individual market;
- 6.23 (3) will improve access to health care providers and services for those in the individual
6.24 market;
- 6.25 (4) mitigate the impact high-risk individuals have on premium rates in the individual
6.26 market;
- 6.27 (5) take into account any federal funding available for the plan;
- 6.28 (6) for benefit year 2027, take into account the assessment under subdivision 1a;
- 6.29 (7) ensure the premium security plan account created under section 62E.25, subdivision
6.30 1, has sufficient money to ensure MNSure's stable operation after taking into account the
6.31 Minnesota premium security plan's effect on MNSure's funding; and
- 6.32 (8) take into account the total amount available to fund the plan.
- 7.1 (b) The attachment point for the plan is the threshold amount for claims costs incurred
7.2 by an eligible health carrier for an enrolled individual's covered benefits in a benefit year,
7.3 beyond which the claims costs for benefits are eligible for reinsurance payments. The
7.4 attachment point shall be set by the board at \$50,000 or more, but not exceeding the
7.5 reinsurance cap.
- 7.6 (c) The coinsurance rate for the plan is the rate at which the association will reimburse
7.7 an eligible health carrier for claims incurred for an enrolled individual's covered benefits
7.8 in a benefit year above the attachment point and below the reinsurance cap. The coinsurance
7.9 rate shall be set by the board at a rate between 50 and 80 percent.
- 7.10 (d) The reinsurance cap is the threshold amount for claims costs incurred by an eligible
7.11 health carrier for an enrolled individual's covered benefits, after which the claims costs for
7.12 benefits are no longer eligible for reinsurance payments. The reinsurance cap shall be set
7.13 by the board at \$250,000 or less.
- 7.14 (e) The board may adjust the payment parameters to the extent necessary to secure
7.15 federal approval of the state innovation waiver request in Laws 2017, chapter 13, article 1,
7.16 section 8.
- 7.17 (f) For purposes of paragraph (a), clause (7), the ~~association~~ commissioner must consult
7.18 with the commissioner of management and budget and the board of directors of MNSure to
7.19 determine the amount of funding necessary to ensure MNSure's stable operation.

7.20 Sec. 4. Minnesota Statutes 2025 Supplement, section 297I.20, subdivision 7, is amended
7.21 to read:

7.22 Subd. 7. **Reinsurance credit.** Beginning with taxable years after December 31, 2028,
7.23 a taxpayer may claim a credit against the premiums tax imposed under this chapter equal
7.24 to the amount of the assessment paid by the taxpayer under section 62E.23 in the immediately
7.25 preceding calendar year. If the amount of the credit exceeds the liability for tax under this
7.26 chapter, the commissioner must refund the excess to the ~~insurance company taxpayer~~ taxpayer. An
7.27 amount sufficient to pay the refunds under this section is appropriated to the commissioner
7.28 from the general fund. The credit under this subdivision does not affect the calculation of
7.29 fire state aid under section 477B.03 and police state aid under section 477C.03. The
7.30 commissioner of commerce must annually provide to the commissioner a list of assessments
7.31 paid by taxpayers under section 62E.23 by March 1 of the calendar year following the
7.32 assessment.

8.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.2 31, 2028.