

House Research Act Summary

CHAPTER: 109

SESSION: 2003 Regular Session

TOPIC: Minnesota Comprehensive Health Association (MCHA)

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Overview

This bill involves the Minnesota Comprehensive Health Association (abbreviated MCHA, which is pronounced “m-cha”). MCHA is a private organization of health insurers created in state law and to which all health insurers doing business in the state must belong. MCHA provides health insurance to persons who are unable to get health coverage in the regular private market, due to a preexisting health condition. MCHA premiums are required by state law to be between 101 percent and 125 percent of what is charged in the regular private individual market to healthy persons for equivalent coverage. MCHA’s premiums cover about half of its costs, and state law requires MCHA to assess its members (insurance companies) to cover the rest of its costs. MCHA is regulated by the department of commerce.

This bill makes four changes in MCHA’s laws. It permits MCHA to offer higher deductible policies as an option, clarifies when an application for MCHA coverage is effective, permits MCHA to extend its contract with its “writing carrier,” and provides MCHA eligibility, with a waiver of MCHA’s six-month preexisting condition limitation, to persons who qualify for the new federal health insurance credit under the federal Trade Act of 2002. There are also a few technical changes.

Section

- 1 Loss ratio standards.** Corrects an error in 2002 legislation. The effect is to make the 60 percent minimum loss ratio requirement for for-profit health insurers apply to regular health coverage, and not to other accident and health coverages, such as long-term care insurance, travel accident insurance, dental-only coverage, and so on.

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- 2 Establishment.** Conforms with a change made later in this bill, permitting MCHA to offer policies with annual deductibles of \$5,000 and \$10,000, in addition to the policies now offered by MCHA.
- 3 Approval of state plan premiums.** A technical correction related to legislation enacted in 2000.
- 4 Minimum benefits of comprehensive health insurance plan.** Permits MCHA to offer, with the approval of the commissioner of commerce, policies that have annual deductibles of \$5,000 and \$10,000.
- 5 Selection of writing carrier.** A conforming change to section 4.
- 6 Extension of writing carrier contract.** Permits MCHA to extend its contract with its writing carrier (Blue Cross and Blue Shield of Minnesota) for an additional period not to exceed three years, if the commissioner approves.
- 7 Enrollment by an eligible person.**

Subd. 1. Application, contents. Changes terminology from certificate to application. Clarifies a reference to an applicant's previous terminated coverage. Clarifies that Medicare Supplement policyholders may renew their coverage after they are no longer a Minnesota resident, which is a provision required under federal law.

Subd. 2. Writing carrier's response. Clarifies that insurance is effective when MCHA receives the application and first month's premium, unless a different effective date is specified in this section for the applicant's situation.

Subd. 3. Preexisting conditions. Clarifies that an application is not effective until MCHA receives it.

Subd. 3a. Waiver of preexisting conditions. Clarifies issue of when an application is effective.

Subd. 4. Waiver of preexisting condition for Medicare supplement plan enrollees. Clarifies when an application is effective.

Subd. 4a. Waiver of preexisting conditions for Minnesota residents. Clarifies when an application is effective.

Subd. 4b. Waiver of preexisting conditions for persons covered by retirement plans. Clarifies when an application is effective.

Subd. 4c. Waiver of preexisting conditions for persons whose coverage is terminated or who exceed the maximum lifetime benefit. Clarifies when an application is effective. Adds a new category of eligibility for MCHA coverage, without MCHA's six-month preexisting condition limitation, for persons who are eligible for the new federal tax credit for health insurance premiums under the federal Trade Act of 2002. These are persons whose health coverage through an employer was lost due to international trade or who are 55 years old or older and are receiving benefits from the federal Pension Benefits Guarantee Corporation.

Subd. 4e. Waiver of preexisting conditions; persons covered by publicly funded health programs. Clarifies when an application is effective.

Subd. 5. Terminated employees. Clarifies when an application is effective.

Subd. 6. Termination of individual policy or contract. Clarifies when an application is effective. Clarifies a reference to the applicant's previous terminated

Section

coverage.

Subd. 7. Terminations of conversion policies. Clarifies when an application is received.

8 Health insurance for retired employees not eligible for Medicare. Conforms to the change permitting MCHA to offer the \$5,000 and 10,000 annual deductible policies.

9 Effective date. Provides an immediate effective date for all sections.