HOUSE RESEARCH

Bill Summary

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Background

The bill involves the Minnesota Comprehensive Health Association (abbreviated MCHA and pronounced "em-cha"). MCHA is the high-risk pool that state law requires the insurance-HMO industry to operate. MCHA is required to provide health insurance to Minnesota residents who get turned down for coverage in the regular private market due to pre-existing health conditions. Enrollees pay premiums to MCHA set by the commissioner of commerce; state law requires the premiums to be between 101 percent and 125 percent of the premiums charged to healthy people for similar coverage in the regular private market. State law requires the insurance-HMO industry to assess itself to cover the difference between MCHA's expenses for claims and administration and the premiums paid to MCHA by MCHA enrollees (often called the MCHA deficit).

1 **State funding; effect on premium rates of members.** Amends Laws 1997, chapter 225, article 3, section 22, which requires the premium rates charged by insurers and HMOs in the small employer and individual markets to reflect reduced MCHA assessments due to state appropriations. Eliminates an obsolete reference to a repealed statute. Clarifies the heading and language.

2 **Appropriation; Minnesota Comprehensive Health Association.** MCHA is now receiving $15 million per year of state funding from the health care access fund to partially offset its deficit, thereby reducing the need for assessments on the insurance-HMO industry. This section would continue that $15 million and add to it up to an additional $20 million per year, using money from the general fund. After applying the $15 million against the deficit, 50 percent of the remaining deficit would be funded by the state, up to a limit of $20 million of additional state funding per year.

3 **Repealer.** Repeals a sunset provision enacted in 1997. 1997 legislation currently forbids the Medical Assistance (MA) and General Assistance Medical Care (GAMC) programs from keeping their recipients in MCHA by paying MCHA premiums for them. MA and GAMC would have an incentive to do this, because if an MA or GAMC recipient generates high medical

expenses, it would cost MA or GAMC less to pay MCHA premiums and have MCHA pay the medical expenses. The 1997 legislation forbidding this practice was enacted with a two-year sunset, and this section repeals that June 30, 1999, sunset. This would make the 1997 legislation permanent.

4 **Revisor instruction.** Directs the revisor of statutes to codify section 1.