HOUSE RESEARCH

Bill Summary

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Section

Article 1: Health Insurance Choice

Overview

This article provides for purchase of health insurance by Minnesota residents "across state lines," allowing sale of products in Minnesota that do not comply with all of Minnesota's otherwise-applicable health insurance laws

1 **Citation and purpose.** Says this new chapter of law may be cited as the "Health Insurance Choice Act."

2 **Definitions.** Defines ten terms used in this article. The definition of "foreign health plan" is a health plan that has been filed for use in another state in the United States. (It does not refer to a foreign country. In insurance terminology, "domestic" means this state, "foreign" means another state in the United States, and "alien" means a jurisdiction outside of the United States.)

3 **Foreign health plans to Minnesota residents.**

Subd. 1. Eligibility. (a) Permits sale in Minnesota of a health plan (an insurance policy, HMO contract, etc.), approved for sale in another state if:

(1) it complies with all the relevant laws of its home state;

(2) it has been approved in its home state;

(3) the company is licensed to provide insurance coverage in Minnesota; and

(4) the company participates in the Minnesota Life and Health Insurance Guaranty Association, which assesses its member companies when necessary to compensate

Minnesota residents who are victims of a life or health insurance company becoming insolvent. (All life and health insurance companies who do business in Minnesota are required to be members of the guaranty association.)

(b) The out-of-state company is not required to file the policy for approval with the Minnesota insurance regulators (Department of Commerce or Department of Health).

(c) Requires the commissioner of commerce, in consultation with the commissioner of health, to write rules that identify the states whose health insurers will be permitted to sell health coverage in Minnesota. Specifies four criteria to be used for that purpose in evaluating other states.

Subd. 2. Exemption. Exempts out-of-state health plans from Minnesota's health insurance laws, except as otherwise specified in this article.

4 **Certificate of authority to offer foreign health plans.**

Subd. 1. Issuance of certificate. Requires an out-of-state insurer that wants to do business in this state to file a special application form with the commissioner of commerce. Requires the commissioner to issue the certificate "upon application" unless the commissioner determines that the insurer will not sell products that comply with this article, is in a hazardous financial condition, or has not adopted procedures to comply with laws governing confidentiality of its records.

Subd. 2. Validity. Makes the certificate of authority good for three years.

Subd. 3. Rulemaking authority. Requires the commissioner to adopt rules on renewals of certificates of authority, and on fees for initial application and renewal. Says the fees should be no greater than reasonably necessary to cover the costs.

Subd. 4. Applicability of certain statutory requirements. Says a health insurer offering coverage under this chapter must comply with Minnesota laws prohibiting unfair trade practices, maintain adequate financial reserves, pay taxes and assessment imposed on health insurers that sell individual health coverage in this state, and applicable requirements for maintaining eligibility to do insurance business in the state.

5 **Required disclosure.** Requires out-of-state insurers, when selling an out-of-state health plan, to disclose to the purchaser the differences between the health plan the company is offering and what would be required under Minnesota law, including which state's laws govern which features of the health plan. Prohibits selling an out-of-state health plan unless the commissioner of commerce has approved these disclosures.

6 **Revocation of certificate of authority; marketing materials.** Permits the commissioner of commerce to deny permission for an out-of-state insurer to do business, or continue to do business, in Minnesota, if the insurer violates this article. Requires the commissioner to provide the right to appeal. Requires the commissioner to develop fair marketing standards for out-of-state insurers, consistent with those of in-state insurers. Requires that the marketing rules not discriminate against out-of-state insurers.

7 **Rules.** Requires the commissioner of commerce to adopt rules to implement this chapter. The rules must not in any way require insurers to do anything that conflicts with their home

state laws, must not be stricter than what is required for Minnesota insurers, and must not require an out-of-state health plan to be counter-signed by an insurance agent or broker who lives in Minnesota.

Article 2: Flexible Benefit Plans

Overview

This article permits the sale of "flexible benefit plans" which would be health coverage that may choose which benefits to provide regardless of state laws that mandate that specific conditions or treatments be covered.

1 Flexible benefits plans.

Subd. 1. Definitions. Says the terms used in this article are used as defined in section 62Q.01, except that "health plan" includes individual and group coverage. [In 62Q.01, it includes individual and group coverage, "unless otherwise specified."]

Subd. 2. Flexible benefits plans. Permits a health plan company (for-profit insurance company, Blue Cross Blue Shield, health maintenance organization, etc.) to sell a "flexible benefits plan" that does not cover, or covers in a different way or to a different extent, benefits that are otherwise mandated to be covered under state law. The flexible benefits plan must comply with other aspects of state insurance law; must contain copays, deductibles, and other enrollee cost-sharing arrangements; must cover benefits mandated under federal law; and the health plan and its premium charges must be approved by the commissioner of commerce or health, whichever is appropriate for the type of health plan company. Approval may not be denied on the basis that the health plan does not cover a state-mandated benefit. Requires that the prospective purchaser be given a list of otherwise-mandated benefits that are either not covered by the health plan, or covered to a different extent or in a different way.

Subd. 3. Employer health plan. Says that a flexible benefits health plan under this article may be sold to an employer for coverage of the employer's employees and other person eligible for coverage under the employer's plan, without violating the Minnesota Human Rights Act or any other state law that might otherwise apply.

Article 3: Provider Tiering

Overview

This article establishes a tiering system for Minnesota health care program providers and requires the commissioner to seek federal approval to allow the use of incentives for enrollees choosing high-performing providers.

1 Primary care provider tiering. Amends § 256B.0754, by adding subd. 3. (a) Requires the commissioner to establish a tiering system for all providers participating in Minnesota health care programs. Requires the system to differentiate providers based on their ability to provide cost-effective, quality care and to incorporate provider peer grouping measures established under § 62U.04. Requires tier assignments to be established annually and be statistically valid. Allows the commissioner to set quality standards for providers

designated as high-performing providers.

(b) Allows the commissioner to adjust rates to providers within each tier on an annual basis. Requires adjustments to be cost-neutral, adjusted for the number of enrollees, and compared to payments made during the previous year. Provides that adjustments shall not include the rate paid for care coordination services to health care homes. States that providers designated as high-performing providers are ineligible for rate increases, unless the provider also meets the cost and quality criteria associated with the tier level.

(c) Classifies health care homes, rural health clinics, and federally qualified health centers as high-performing providers.

(d) States the providers reimbursed on a cost basis are not subject to rate adjustments under this section.

(e) Allows the commissioner to phase-in the tiering system by service type. Requires the system to first be implemented with primary care providers.

States that the section is effective one year from the public release of provider peer grouping measures, or upon federal approval, whichever is later.

2 **Provider tiering patient incentives.** Amends § 256B.0754, by adding subd. 4. Directs the commissioner to seek federal approval to allow enrollee incentives for choosing high-performing providers. Allows enrollee credits for prescription drug copays to be included as an incentive. Allows enrollees that choose a high-performing provider as their primary care provider to be eligible for the credit for their enrollment period, and allows credits in the next enrollment period if they continue to designate a high-performing primary care provider. States that this section is effective upon federal approval.

3 **Repealer.** Repeals § 256B.032 (requires the commissioner to establish performance thresholds for providers included in the peer grouping system, and allows the commissioner, beginning January 1, 2012, to prohibit enrollment of providers with scores on the combined cost and quality measure below the 10th percentile).

Article 4: MinnesotaCare Modern Benefit Plan

Overview

This article establishes the MinnesotaCare modern benefit plan as a voluntary option for adults in families with incomes greater than 133 percent of FPG. Under the program, the state would make contributions to enrollee health savings accounts and provide premium discounts.

1 **Selection of vendors.** Amends § 256L.12, subd. 1. Requires the commissioner to consider proposals by vendors to provide services to adults who qualify for the MinnesotaCare modern benefit plan, using existing criteria for vendor selection. Limits the number of vendors selected to a maximum of three.

2 **MinnesotaCare modern benefit plan.** Adds § 256L.29.

Subd. 1. Eligibility. Beginning January 1, 2012, or upon federal approval, allows

adults in families with incomes greater than 133 percent of FPG, who are not pregnant, to voluntarily enroll in the MinnesotaCare modern benefit plan. States that all other MinnesotaCare provisions continue to apply unless otherwise specified.

Subd. 2. Covered services; deductible; co-payments. States that the MinnesotaCare modern benefit plan includes all covered services and co-payments of the standard MinnesotaCare program. Provides that adults enrolled in the MinnesotaCare modern benefit plan are subject to an annual $1,200 deductible. States that all covered services and co-payments are subject to the annual deductible. Allows enrollees to use their health saving account (HSA) to pay for covered services and co-payments.

Subd. 3. Enrollment. (a) Allows adults to enroll during an annual open enrollment period. Provides that benefits begin each year on January 1, following the open enrollment period.

(b) Prohibits adults who are disenrolled from the MinnesotaCare modern benefit plan from re-enrolling, until the next annual open enrollment period. States that upon disenrollment, unused HSA funds do not roll over to the next calendar year.

Subd. 4. MinnesotaCare modern health savings accounts (HSAs). Requires the commissioner, beginning January 1, 2012, or upon federal approval, to establish an HSA for each adult enrolled in the MinnesotaCare modern benefit plan. The HSA is available to the enrollee to pay for covered services and co-payments up to the amount of the annual deductible. Requires the state to contribute $700 each calendar year toward each enrollee's HSA. Provides that funds remaining in an HSA at the end of a calendar year are available to the enrollee for the following calendar year. States that enrollees are responsible for the costs of health services incurred in excess of the state's contribution, up to the amount of the annual deductible.

Subd. 5. Premium discount for MinnesotaCare modern enrollees. Provides that each adult enrolled in the MinnesotaCare modern benefit plan shall qualify for a monthly premium discount of $19, beginning January 1, 2012, or upon federal approval. Requires the discount to be applied to the family premium, beginning with the premium for the first month of coverage.