

HOUSE RESEARCH

Bill Summary

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Overview

This bill requires guaranteed issue in the individual (non-group) health insurance market, effective January 1, 2012. It does not affect the existing right of the insurer to use preexisting condition limitations and to charge higher premiums to high-risk applicants to the extent permitted under current law. It permits insurers to buy reinsurance for policies they issue to high risk enrollees from the state's high-risk pool, the Minnesota Comprehensive Health Association ("MCHA"). Beginning on January 1, 2012, MCHA will provide reinsurance only, except that policies MCHA issued prior to that date can remain in effect.

- 1** **Guaranteed issue and renewal.** Requires guaranteed issue in the individual market, beginning January 1, 2012.
- 2** **Ceding risk to MCHA.** Permits health insurers to transfer ("cede") risk to MCHA for coverage issued in the individual market, but only at the time the insurer issues the policy. This would typically be a transfer of some portion of the risk associated with the policy. Requires MCHA to accept the ceded risk. Provides that the ceding of risk does not affect the premium the insurer charges the enrollee, which would remain subject to the current premium rating bands. Provides that the risk ceded remains subject to any preexisting condition limitation imposed by the insurer at the time the policy was issued, unless the enrollee qualifies for a waiver of the preexisting condition limitation under one of MCHA's current pre-ex waiver options, referenced in section 8 of this bill. Prohibits insurers from compensating or otherwise treating insurance agents or sales representatives differently depending upon whether the insurer cedes the risk to MCHA.
- 3** **Portability and conversion of coverage.** Protects individuals who are enrolled in MCHA or regular private sector coverage as of December 31, 2011, apply afterwards for other private sector coverage, and whose risk under the new coverage is ceded to MCHA, by giving them credit for continuous coverage against any new preexisting condition limitation that might otherwise apply based upon MCHA assuming the risk. Provides that prior continuous health coverage under a public program that does not use pre-ex limitations qualifies as continuous coverage for purposes of risk ceded to MCHA.
- 4** **Guaranteed issue not required.** Makes a change to conform to section 1.

- 5 **General powers.** Amends MCHA's current reinsurance authority, which has never been used, to flesh out the nature of the reinsurance permitted in this bill, including the responsibilities of MCHA and the ceding insurer in servicing the policy. Retains existing language permitting MCHA to assess its "members" (insurers) for losses incurred by MCHA in providing the reinsurance. Removes irrelevant language that has never been used.
- 6 **Enrollment.** Ends insurance enrollment in MCHA by new enrollees effective January 1, 2012. Permits continuing enrollment of persons already covered by MCHA prior to that date. New risk will be transferred to MCHA only through insurers ceding risk under (reinsuring) their policies.
- 7 **Application; contents.** Cross-references the preceding section of this bill, to clarify the new limit of the current law as amended in that preceding section.
- 8 **Preexisting conditions.** Tidies up existing law by putting all of the current MCHA exceptions to preexisting condition limitations in one place. This relates to paragraph (c) of section 2 of this bill.