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Overview

This bill creates the Minnesota Premium Security Plan (“MPSP”), which provides reinsurance for health carriers operating in the individual health insurance market in Minnesota. The bill relies on the board of directors and association that comprise the Minnesota Comprehensive Health Association (“MCHA”) to administer the plan.

Section

- 1 **Board of directors; organization.** Defines a “contributing member” to include an eligible health carrier, and “plan enrollee” to include an enrollee in an individual health plan.
- 2 **Allocation of losses.** Defines a “contributing member” to include an eligible health carrier, and “plan enrollee” to include an enrollee in an individual health plan. Provides that claims expenses of the plan which exceed funding allocated to reinsurance payments are the liability of the contributing member.
- 3 **Member assessments.** Allows MCHA to make a determination of each contributing member’s liability for MPSP.
- 4 **[62E.21] Title.** Provides that sections 62E.21 to 62E.25 can be cited as the “Minnesota Premium Security Plan Act.”
- 5 **[62E.22] Definitions.** Provides definitions for sections 62E.21 to 62E.25. Defines, among other terms, “eligible health carrier” as an insurance company, nonprofit health service plan

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corporation, or health maintenance organization selling individual market health plans that meet certain other requirements, and “board” as the board of directors of MCHA.

6 [62E.23] Minnesota premium security plan.

Subd. 1. Administration of plan. Provides that the MCHA is administrator of the MPSP. Allows MCHA to apply for any federal funding for the MPSP and requires all MPSP funds to be deposited in the premium security plan account. Prohibits the board from using MPSP funds for staff retreats and other prohibited actions/events. Requires MCHA to notify eligible health carriers by June 30 of the proposed reinsurance payments, to provide on a quarterly basis the proposed reinsurance payments, and to pay the reinsurance payments by August 15.

Subd. 2. Payment parameters. Requires the board to set the payment parameters, including attachment point, coinsurance rate, and reinsurance cap, to reach certain goals. Requires the board to set the attachment point at \$50,000 or more; the coinsurance rate at between 50% and 70%; and the reinsurance cap at \$250,000 or less.

Subd. 3. Operation. Requires the board to set the payment parameters for the next benefit year by January 15 of the year prior. Requires the commissioner to approve rates within 14 days of the board proposing them. Requires the board and commissioner, in consultation with the commissioner of management and budget, to revise the payment parameters if MPSP is not fully funded by July 1.

Subd. 4. Calculation of reinsurance payments. Provides the calculation for reinsurance payments.

Subd. 5. Eligible health carrier requests for reinsurance payments. Requires eligible health carriers to meet certain requirements in order to receive reinsurance payments.

Subd. 6. Audits and reports of eligible health carriers. Allows MCHA to audit eligible health carriers to ensure compliance with the act. Requires eligible carriers to take certain steps to remedy issues found by the audit.

Subd. 7. Data. Classifies different types of data collected or maintained by MCHA.

7 [62E.24] Accounting, reports, and audits of the association.

Subd. 1. Accounting. Requires the board to keep an accounting of certain items.

Subd. 2. Report. Requires the board to make public a report summarizing MPSP and submit an annual report to the legislature on the impact not fully funding MPSP would have on individual market premiums.

Subd. 3. Independent external audit. Requires the board to engage an independent qualified auditor to complete an audit with certain requirements, and creates a program to remedy issues found in the audit.

Subd. 4. Actions on audit findings. Requires that an audit which finds issues be remedied with a certain process.

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- 8** [62E.25] **Premium security plan account.** Creates the premium security plan account in the special revenue fund and appropriate its funds annually to MCHA for the operation of MPSP. All investment income and losses are to be credited to the premium security plan account.
- 9** **Health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks.** Deposits the 1% tax on gross premiums of certain health entities into the premium security plan account, instead of the health care access fund.
- 10** **Funds credited into the premium security plan account and into the general fund.** Deposits \$70 million annually into the premium security plan account instead of the general fund.
- 11** **State innovation waiver.**
- Subd. 1. Submission of waiver application.** Requires the commissioner to apply to the secretary of Health and Human Services for a state innovation waiver to implement MPSP for benefit years on or after January 1, 2018. Requires the state innovation waiver application to ensure that eligible Minnesotans continue to receive tax credits and cost sharing.
- Subd. 2. Consultation.** Requires the commissioner to consult with the commissioners of human services and health and the MNsure board when developing the waiver application.
- Subd. 3. Application timelines; notification.** Requires the commissioner to make the application available for public comment and submit to the secretary within certain dates. Requires the commissioner to notify the legislature and board of any federal actions regarding the waiver request.
- Subd. 4. Board review; contingent report.** Requires the board to review the final decision of the state innovation waiver and report to the legislature within a certain time period if the waiver is rejected.
- 12** **Costs related to implementation of this act.** Requires that any state agency that incurs costs to implement this act do so out of their existing appropriations.
- 13** **Payment parameters for 2018.** Allows the board to set payment parameters for MPSP within the limits of appropriated funds within 30 days following enactment, or 30 days of the appropriation of funds, whichever is later.
- 14** **Deposit of funds.** Requires MCHA to deposit all money, including monetary reserves, into the premium security plan account within 10 days of enactment of this act.
- 15** **Minnesota premium security plan funding; fiscal year 2018.** Provides a tiered funding mechanism for the operational and administrative costs and reinsurance payments of the association and MPSP.

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- 16** **Minnesota premium security plan funding; fiscal 2019 and thereafter.** Provides a tiered funding mechanism for the operational and administrative costs and reinsurance payments of the association and MPSP.
- 17** **Transfer.** Transfers \$80 million for the 2018-2019 biennium from the health care access fund to the premium security plan account.
- 18** **Repealer** Repeals Laws 2013, chapter 9, section 15.
- 19** **Effective date.** Sections 1 to 18 are effective the day following final enactment.