

Subject Nonprofit health maintenance organizations

Authors Cantrell and others

Analyst Larie Ann Pampuch

Date March 4, 2019

Overview

Health maintenance organizations were required to be operated as nonprofit corporations under chapter 317A (the Minnesota Nonprofit Corporation Act) from 1973 until this requirement was removed in 2017. This bill reinstates this requirement and provides transition language for entities other than nonprofit corporations that have issued health maintenance contracts while the requirement was not in effect.

Summary

| Section | Description |
|---------|--|
| 1 | <p>Health maintenance organization.</p> <p>Requires health maintenance organizations to operate as nonprofit corporations organized under chapter 317A.</p> <p>Effective date. This section is effective January 1, 2020.</p> |
| 2 | <p>Certificate of authority.</p> <p>Makes conforming changes.</p> <p>Effective date. This section is effective January 1, 2020.</p> |
| 3 | <p>Authority granted.</p> <p>Makes conforming changes.</p> <p>Effective date. This section is effective January 1, 2020.</p> |
| 4 | <p>Governing body composition; enrollee advisory board.</p> <p>Makes conforming changes.</p> <p>Effective date. This section is effective January 1, 2020.</p> |
| 5 | <p>Net earnings.</p> <p>Requires a nonprofit health maintenance organization to use their net earnings to provide comprehensive health care. Prohibits an organization from paying net earnings as a</p> |

| Section | Description |
|---------|--|
| | <p>dividend or rebate to a person for any reason other than providing comprehensive health care. An exception to this is that the organization can make certain payments to health care providers. Requires the commissioner of health to revoke an organization's certificate of authority if it violates this subdivision.</p> <p>Effective date. This section is effective the day following final enactment.</p> |
| 6 | <p>Unreasonable expenses. Makes conforming changes.</p> <p>Effective date. This section is effective January 1, 2020.</p> |
| 7 | <p>Health maintenance organization. Makes conforming changes.</p> <p>Effective date. This section is effective January 1, 2020.</p> |
| 8 | <p>Transition.</p> <p>(a) After January 1, 2020, requires the commissioner of health to issue new certificates of authority to health maintenance organizations only if they are organized as nonprofit corporations or local government units. Provides that a certificate of authority that is issued to a different type of entity before January 1, 2020, expires 30 days after the last date on which the health maintenance contract issued by that organization expires.</p> <p>(b) Prohibits a health maintenance organization that is an entity other than a nonprofit corporation or local unit of government to offer health maintenance contracts after September 30, 2019.</p> |



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155