

Chapter: 13

Session: 2017 Regular Session

Topic: Minnesota premium security plan

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Overview

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

Article 1: Minnesota Premium Security Plan

Section

- 1 **Board of directors; organization.** Provides that there are 13 members of the MCHA board, two directors will be chosen by the commissioner of human services, one of whom must represent hospitals and one of whom must represent health care providers.
- 2 **[62E.21] 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 corporation, or health maintenance organization selling individual market health plans that meet certain other requirements, and “board” as the board of directors of MCHA.
- 3 **[62E.22] Duties of commissioner.** The commissioner of commerce requires eligible health carriers to calculate the amount they would have charged for a benefit year if MPSP did not exist and include this information in their rate filing. This information will be part of the commissioner’s rate review.

Section**4 [62E.23] Minnesota premium security plan.**

Subd. 1. Administration of plan. Provides that the MCHA is Minnesota's reinsurance entity. 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 percent and 80 percent; 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 or reject payment parameters 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. Data. Classifies different types of data collected or maintained by MCHA.

5 [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 submit to the commissioner of commerce a report summarizing MPSP operations.

Subd. 3. Legislative auditor. Provides that MPSP is subject to audit by the legislative auditor.

Subd. 4. Independent external audit. Requires the board to engage an independent certified public accountant or CPA firm to complete an audit with certain requirements, and creates a program to remedy issues found in the audit.

Subd. 5. Actions on audit findings. Requires that an audit which finds issues be remedied with a certain process.

Section

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[62E.25] Accounts.

Subd. 1. Premium security plan account. Creates the premium security plan account in the special revenue fund and appropriate its funds annually to the commissioner of commerce for grants to MCHA for the start-up and operation of MPSP. All investment income and losses are to be credited to the premium security plan account.

Subd. 2. Deposits. Provides that funds received by the commissioner of commerce or other state agency pursuant to the state innovation waiver shall be deposited in the premium security plan account, except as required by subdivision 3.

Subd. 3. Basic health plan trust account. Provides that funds received by the commissioner of commerce or other state agency pursuant to the state innovation waiver that are attributable to the basic health program shall be deposited in the basic health plan trust account in the federal fund.

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Minnesota comprehensive health association termination. Clarifies that Laws 2013, chapter 9, section 15, which gave the commissioner of commerce authority to develop and implement the termination of coverage provided by MCHA does not apply to MPSP.

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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. The waiver must state that the operation of MPSP is contingent on approval of the waiver.

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.

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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.

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Premium security plan contingent on federal waiver. Provides that if the state innovation waiver is not approved, MCHA and the board shall not administer MPSP and provide reinsurance payments to eligible health carriers.

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Payment parameters for 2018. Sets the payment parameters for benefit year 2018 at: an attachment point of \$50,000; a coinsurance rate of 80 percent; and a reinsurance cap of \$250,000. Allows the board to alter these payment parameters if necessary to secure the state innovation waiver.

Section

- 12** **Deposit of funds.** Requires MCHA to deposit all money, including monetary reserves, into the premium security plan account within ten days of the effective date of this act. Allows MCHA to retain funds necessary to fulfill medical needs and contractual obligations for former MCHA enrollees until December 31, 2018.
- 13** **Disposition and settlements.** Gives the board the authority to settle and dispose of all funds held by the association to the extent funds are not transferred pursuant to section 12, and to settle and make determinations regarding litigation pending on the effective date of this act.
- 14** **Legislative working group.** Creates a legislative working group consisting of the chairs and ranking minority members of certain senate and house committees. The working group will advise the board on the adoption of payments parameters and other reinsurance plan issues for benefit year 2019. The commissioner of commerce will provide technical assistance, and serve as a resource for the working group regarding certain items.
- 15** **Minnesota premium security plan funding.** Creates a tiered funding mechanism for the operation and administrative costs and reinsurance payments of MPSP. Requires MCHA to transfer funds not used by June 30, 2021, to the commissioner of commerce to be deposited in the general fund or health care access fund, depending on the funds' source. Limits spending on MPSP by MCHA to \$271 million for benefit year 2018 and \$271 million for benefit year 2019.
- 16** **Transfers.** Transfers \$200 million in fiscal year 2018 and \$200 million in fiscal year 2019 from the health care access fund to the premium security plan account. This is a onetime transfer. Transfers \$71 million in fiscal year 2018 and \$71 million in fiscal year 2019 from the general fund to the premium security plan account. This is a onetime transfer.
Effective: This section is effective upon federal approval of the state innovation waiver.
- 17** **Transfer; 2018.** Transfers \$750,000 in fiscal year 2018 from the health care access fund to the premium security plan account. This is a onetime transfer.
- 18** **Appropriation.** Appropriates \$155,000 in fiscal year 2018 from the general fund to the commissioner of commerce to prepare and submit the state innovation waiver.
- 19** **Effective date.** Sections 1 to 15, 17, and 18 became effective April 5, 2017.

Article 2: Health Policy

- 1** **Health care provider system access.** Requires health carriers that actively market individual health plans in a county to also offer at least one individual health plan with a provider network that includes in-network access to more than a single health care provider system. This subdivision applies only to the year in which the health carrier actively markets an individual health plan.
Effective. This section is effective January 1, 2018, and applies to individual health plans offered, issued, or renewed on or after that date.
- 2** **Eligible individual.** Clarifies that "eligible individual" means a Minnesota resident who receives **an advance** premium tax credit. Makes technical changes.
Effective: This section is effective retroactively from January 27, 2017.

Section

- 3** **Data practices.** Clarifies that certain requirements relating to public government data does not apply to data maintained by the legislative auditor.
Effective: This section is effective retroactively from January 27, 2017.
- 4** **Data sharing.** Allows the commissioner of human services and board of directors of MNsure to share or disseminate certain data relating to public program enrollment and public program enrollment coverage to the commissioner of management and budget. Allows the commissioner of management and budget to share certain data with health carriers, to the extent necessary to determine an enrollee's eligibility for the premium subsidy program. Puts limits on health carriers use and maintenance of data under this subdivision.
Effective: This section is effective retroactively from January 27, 2017.
- 5** **Audits.** Corrects reference.
Effective: This section is effective retroactively from January 27, 2017.
- 6** **Effective date.** Changes the effective date of Laws of 2017, chapter 2, article 2, section 13, to January 1, 2018.
Effective: This section is effective retroactively from January 27, 2017.