

HOUSE RESEARCH

Bill Summary

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Section

Article 1

Health Plan Company Regulation

This article contains various provisions related to the regulation of health plan companies and health insurance policies. The article:

eliminates the requirement the health service plan corporations and HMOs be nonprofit (sections 1-5)

requires the commissioner of health to promote consumer awareness of health care costs (section 6)

requires the commissioner of health to recommend to the legislature methods to make information on health care costs, provider payments and quality available to patients (section 7)

eliminates the requirement that health plan companies cover autologous bone marrow transplants (section 9)

- 1 **Health service plan corporations act.** Amends § 62C.01. Makes changes that conform to the elimination of the requirement that health service plan corporations be nonprofit. Provides an immediate effective date.
- 2 **Service plan corporation.** Amends § 62C.02, subd. 6. Eliminates the requirement that service plan corporations be nonprofit. Provides an immediate effective date.
- 3 **Health maintenance organization.** Amends § 62D.02, subd. 4. Eliminates the requirement that HMOs be nonprofit, and also eliminates the requirement that HMOs be incorporated under the laws of this state. Provides an immediate effective date.
- 4 **Certificate of authority required.** Amends § 62D.03, subdivision 1. Makes a conforming

change related to elimination of the requirement that HMOs be nonprofit, domestic corporations. Provides an immediate effective date.

5 **Application review.** Amends § 62D.04, subd. 1. Adds a reference to the conflict of interest provisions that apply to for-profit corporations, in a provision dealing with review of applications for HMO certificates of authority. Provides an immediate effective date.

6 **Consumer cost awareness.** Requires the commissioner of health, in consultation with specified parties, to develop and promote policies to increase consumer awareness of health care costs. States that policies include, but are not limited to, nonsmoking and healthy lifestyle premium discounts and financial incentives, provision of information on employer health care premium contributions, and financial incentives for enrollees to report billing errors. Provides an immediate effective date.

7 **Cost and quality disclosure.** Requires the commissioner of health to assess options and develop recommendations on methods to make information on the expected costs of treatment, allowable payments for services, and quality of care available to patients, and report to the legislature by December 1, 2002. Specifies requirements for the report.

8 **Instruction to revisor.** Provides an instruction to the revisor related to elimination of the requirement that health service plan corporations be nonprofit.

9 **Repealer.** Repeals § 62A.309 (requirement that health plan companies cover autologous bone marrow transplantation), effective the day following final enactment.

Article 2

MinnesotaCare Provider Tax: Tobacco Tax

This article reduces the MinnesotaCare taxes to 1 percent from the current rate of 1.5 percent, and pays for this revenue loss by increasing the cigarette tax by 38 cents and increasing the tax on tobacco products proportionately. These changes in tax rates are effective January 1, 2003.

1 **Hospital tax.** Amends § 295.52, subd. 1. Reduces the MinnesotaCare tax on hospitals to 1 percent, effective January 1, 2003. (Under current law, the tax rate is 1.5 percent, and is scheduled to increase to 2 percent effective January 1, 2004.)

2 **Surgical center tax.** Amends § 295.52, subd. 1a. Reduces the MinnesotaCare tax on surgical centers to 1 percent, effective January 1, 2003. (Under current law, the tax rate is 1.5 percent, and is scheduled to increase to 2 percent effective January 1, 2004.)

3 **Provider tax.** Amends § 295.52, subd. 2. Reduces the MinnesotaCare tax on health care providers to 1 percent, effective January 1, 2003. (Under current law, the tax rate is 1.5 percent, and is scheduled to increase to 2 percent effective January 1, 2004.)

4 **Wholesale drug distributor tax.** Amends § 295.52, subd. 3. Reduces the MinnesotaCare tax on wholesale drug distributors to 1 percent, effective January 1, 2003. (Under current law, the tax rate is 1.5 percent, and is scheduled to increase to 2 percent effective January 1, 2004.)

5 **Rates; cigarettes.** Amends § 297F.05, subd. 1. Increases the tax on cigarettes by 38 cents per pack, effective January 1, 2003. (This raises the tax from 48 to 86 cents per pack.)

6 **Rates; tobacco products.** Amends § 297F.05, subd. 3. Increases the tax on tobacco products by a percentage equal to the increase in the cigarette tax, effective January 1, 2003.

7 **Price of stamps.** Amends § 297F.08, subd. 7. Adjusts the price paid by distributors for stamps, to reflect the increase in the tax rate. Provides a January 1, 2003 effective date.

8 **Deposit of proceeds.** Amends § 297F.10. Requires the portion of tax revenue resulting from the increase in the tax on cigarettes and tobacco products to be deposited in the health care access fund. Provides a January 1, 2003 effective date.

9 **Floor stocks tax.** Imposes a tax on floor stocks of cigarettes and tobacco products on hand as of

January 1, 2003, by amounts equal to the increase in the tax on cigarettes and tobacco products.

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Repealer; temporary rate for provider tax. Repeals section 295.52, subdivision 7 (setting MinnesotaCare tax rate at 1.5 percent through December 31, 2003), effective January 1, 2003.