

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill establishes the fair share health care fund and requires large employers who do not spend more than specified percentages of wages on health care costs to make payments to the fair share health care fund.

#### Section

- 1 Fair share health care fund.** Adds § 16A.726. Establishes the fair share health care fund in the state treasury to finance MA and MinnesotaCare coverage for uninsured workers. Provides a July 1, 2006, effective date.
- 2 Citation; findings; purpose.** Adds § 175.40. Provides that these provisions may be cited as the "Fair Share Health Care Act." Provides findings and purpose statements. Provides a July 1, 2006, effective date.
- 3 Definitions.** Adds § 175.41. Defines the following terms - commissioner, employee, employer, health care costs, and wages. "Commissioner" is defined to be the commissioner of labor and industry. "Employer" is given the meaning provided in the state Fair Labor Standards act but excludes the federal and state governments and political subdivisions of the state. Provides a July 1, 2006, effective date.
- 4 Health care reporting requirements.** Adds § 175.42.

**Subd. 1. Information required.** Requires employers with more than 10,000 employees in the state to report to the commissioner, on or before July 1 of each year: (1) the average number of employees in the state during the previous calendar year and the number as of December 31; (2) the amount spent by the employer on health

## Section

care costs for employees in the state during the previous calendar year; and (3) the percentage of wages spent by the employer on health care costs for employees in the state during the previous calendar year.

**Subd. 2. Additional requirements.** Requires the information to be provided in a format approved by the commissioner, signed by the chief executive officer or a similar individual, and include an affidavit meeting specified criteria.

**Subd. 3. Exemption.** Allows an employer to exempt, when calculating the percentage of wages spent on health care costs, wages paid to any employee in excess of the median state household income and wages paid to an employee enrolled in or eligible for Medicare.

Provides a July 1, 2006, effective date.

### 5 **Payment to the fair share health care fund.** Adds § 175.43.

**Subd. 1. For-profit employers.** Requires a for-profit employer with more than 10,000 employees in the state that does not spend at least 10 percent of total wages for health care costs to pay the difference between what the employer spends and 10 percent of total wages to the fair share health care fund.

**Subd. 2. Nonprofit employers.** Requires a nonprofit employer with more than 10,000 employees in the state that does not spend at least 8 percent of total wages for health care costs to pay the difference between what the employer spends and 8 percent of total wages to the fair share health care fund.

**Subd. 3. Other employer requirements.** Prohibits an employer from deducting any payment made under this section from employee wages. Requires the employer to make the required payment on a periodic basis as determined by the commissioner.

Provides a July 1, 2006, effective date.

### 6 **Enforcement.** Adds § 175.44

**Subd. 1. Commissioner's duty.** Requires the commissioner to adopt rules.

**Subd. 2. Civil penalties.** Establishes a civil penalty of \$1,000 for each day an employer report is not timely filed under § 175.42 and a civil penalty of \$500,000 for failure to make a required payment to the fair share health care fund under § 175.43.

**Subd. 3. Criminal penalty.** Classifies violation of or an attempt to violate §§ 175.40 to 175.44, or advising another to violate those sections, as a misdemeanor punishable by up to one year in prison and a fine of up to \$10,000.

Provides a July 1, 2006, effective date.