HOUSE RESEARCH

Bill Summary

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Subject: Small employer flexible benefit health plans

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Overview

This bill follows up on a law enacted in 2005. That law permits health insurers to offer group health plans to small employers that exclude coverage of any or all benefits mandated by state law (usually called "mandates"). So far, no health insurer has chosen to do that. This bill adds a new subdivision (d) to that 2005 law, requiring insurers to do so. This would be what is called in the insurance world a "mandated offer." The insurer would still be free to sell other coverage, and the small employer would be free to buy other coverage, but the insurer (actually usually the agent on behalf of the insurer) would be required to first offer the employer the reduced mandate coverage described in this bill.

Section

1 **Small employer flexible benefit plans.** Requires a health plan company (for-profit insurer, health maintenance organization, Blue Cross Blue Shield, etc.) that is at least ten percent of the Minnesota market for health coverage to offer small employers two "flexible benefits plans," permitted by the 2005 law. One must eliminate mandated benefits sufficient to result in about a five percent premium reduction, and the other must achieve about a ten percent reduction. The health plan company may select the mandated benefits that are not included, except for a few that are required under federal law. This bill's requirement to offer these plans applies only if the health plan company sells policies in the Minnesota small employer market; it does not require health plan companies to enter that market. Requires the commissioner of commerce to determine whether a health plan submitted for approval under this act qualifies for the five percent or ten percent standard.

Section

(The 2005 law gives the commissioner of commerce approval authority for flexible benefits plans, even for health maintenance organizations, which are otherwise regulated by the commissioner of health.)

Makes the act effective January 1, 2009 . (Between passage of this bill and that date, the health plan companies would develop the plans and submit them to the commissioner for approval, and the commissioner would determine actuarially whether they meet the five percent or ten percent standard.)