

**Subject** Requiring HMOs to be domestic, nonprofit corporations

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## Overview

Under current law, a health maintenance organization (HMO) operating in Minnesota must be a foreign or domestic corporation or a local governmental unit. This bill requires a health maintenance organization to be a nonprofit corporation organized in Minnesota or a local governmental unit.

## Summary

Section	Description
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| 1 | <b>Health maintenance organization.</b><br>Amends § 62D.02, subd. 4. Amends the definition of health maintenance organization for chapter 62D (governing regulation of HMOs by the commissioner of health) to provide a health maintenance organization is a nonprofit corporation organized under chapter 317A or a local governmental unit (current law allows a health maintenance organization to be a local governmental unit or a foreign or domestic corporation and does not require it to be nonprofit). |
| 2 | <b>Certificate of authority.</b><br>Amends § 62D.03, subd. 1. Allows a nonprofit corporation, rather than any foreign or domestic corporation as provided in current law, to apply to the commissioner of health for a certificate of authority for a health maintenance organization, and to establish and operate a health maintenance organization.  |
| 3 | <b>Authority granted.</b><br>Amends § 62D.05, subd. 1. Specifies that a corporation must be a nonprofit corporation in order to operate as a health maintenance organization.   |
| 4 | <b>Governing body composition; enrollee advisory body.</b><br>Amends § 62D.06, subd. 1. Makes a conforming change to requirements for the governing body of a health maintenance organization organized as a corporation, to require the corporation to be a nonprofit corporation.   |

Section	Description
5	<p><b>Unreasonable expenses.</b></p> <p>Amends § 62D.19. Adds the purpose of safeguarding a health maintenance organization’s underlying nonprofit status to the purposes a health maintenance organization must not incur or pay an unreasonably high amount for a good or service in relation to the value of the good or service.</p>
6	<p><b>Health maintenance organization.</b></p> <p>Amends § 62E.02, subd. 3. Makes a conforming change to the definition of health maintenance organization in chapter 62E, to specify it is a nonprofit corporation.</p>
7	<p><b>Transition.</b></p> <p>Provides a health maintenance organization that has a certificate of authority but that is not a nonprofit corporation or a local governmental unit:</p> <ul style="list-style-type: none"><li>▪ must not offer, sell, issue, or renew health maintenance contracts after August 1, 2024;</li><li>▪ may otherwise continue to operate as an HMO until December 31, 2025; and</li><li>▪ must provide notice to HMO enrollees by October 1, 2024, of the date the HMO will cease to operate in Minnesota, and any plans to transition enrollees to another insurer.</li></ul> <p>Prohibits the commissioner of health from issuing or renewing a certificate of authority to an HMO on or after August 1, 2024, unless the HMO meets the requirements in chapter 62D to operate as an HMO in effect on or after August 1, 2024.</p>



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