

Chapter 26

2019 Regular Session

Subject NAIC Model Regulations and federal Medicare coverage conformity

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Overview

This act makes changes to conform state statute with National Association of Insurance Commissioners (NAIC) Model Regulations and with a federal law change regarding supplemental Medicare coverage.

Article 1: Annual Financial Reporting and Audit

Section	Description
1	<p>Definitions.</p> <p>Provides definition for affiliate, audited financial report, and internal audit function. Makes clarifying changes.</p>
2	<p>Requirements for audit committees.</p> <p>Requires an insurer's audit committee to oversee internal audit functions and grant persons performing the audit with the authority and resources to fulfill their responsibilities. Makes technical changes.</p>
3	<p>Internal audit function requirement.</p> <p>Exempts an insurer from the requirement that it file an annual audit of its financial activities performed by an independent certified public accountant if certain requirements are met. Requirements include a limitation on premiums written in a year and establishing internal audit and reporting functions.</p> <p>Effective date. This section is effective January 1, 2020. If an insurer that is currently exempt from this subdivision no longer qualifies for the exemption, it has one year from the year the threshold is exceeded to comply with this subdivision.</p>

Article 2: Insurance Holding Company Systems

Section	Description
1	<p>Groupwide supervisor. Defines groupwide supervisor.</p>
2	<p>Internationally active insurance group. Defines internationally active insurance group.</p>
3	<p>[62D.17] Groupwide supervision of internationally active insurance groups. Allows the commissioner of commerce to act as the groupwide supervisor for any internationally active insurance group. The commissioner may acknowledge another regulatory official as groupwide supervisor under certain circumstances, with the commissioner taking into account a list of factors. Authorizes the commissioner to collect information for an acknowledgement or decision of groupwide supervisor. Requires payment of reasonable expenses for administration of this section.</p>

Article 3: Risk-Based Capital Trend Test for Health Organizations

Section	Description
4	<p>Excess of capital. States that an excess of capital is useful for health organizations.</p>
5	<p>Definition. Provides that if a health organization has total adjusted capital at a certain level, a trend test is triggered.</p>

Article 4: Corporate Governance Annual Disclosure

Section	Description
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6	[60A.1391] Corporate governance annual disclosure.
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Subd. 1. Purpose and scope. States that the purpose of sections 60A.142 to 60A.149 is to provide the commissioner with a summary of an insurer's governance structure.

Subd. 2. Definitions. Provides definition for corporate governance annual disclosure, insurer, and senior management, among others.

Subd. 3. Disclosure and filing requirements. Requires an insurer to annually file with the commissioner of commerce a governance disclosure that is completed in compliance with certain organizational procedures.

Subd. 4. Contents of corporate governance annual disclosure. Requires an insurer to include certain information in the annual report, including information about the insurer's board of directors, committees, senior management, and risk management procedures.

Subd. 5. Confidentiality. Provides that all documents and information given to the commissioner are confidential and protected nonpublic data. Allows the commissioner to share information to certain parties, including third-party consultants and other regulatory agencies.

Subd. 6. NAIC and third-party consultants. Allows the commissioner to retain third-party consultants as necessary to review the corporate governance annual disclosures. Provides requirements for contracting with third-parties and confidentiality.

Subd. 7. Sanctions. Applies a \$1,000 per day penalty for each day the report required under this section is late, with exceptions.

Effective date. This section is effective January 1, 2020. The first filing of the disclosure is in 2020.

Article 5: Medicare Supplement Insurance

Section	Description
7	<p>Newly eligible individual.</p> <p>Defines a newly eligible individual as one who is eligible for Medicare on or after January 1, 2020, because the individual has attained age 65 or is entitled to benefits under Medicare due to disability or otherwise.</p>
8	<p>Policy requirements.</p> <p>Makes a technical change.</p>
9	<p>Medicare Part B deductible.</p> <p>Prohibits a Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>
10	<p>Extended basic Medicare supplement plan; coverage.</p> <p>Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>
11	<p>Basic Medicare supplement plan; coverage.</p> <p>Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>
12	<p>Medicare supplement plan with 50 percent coverage.</p> <p>Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>
13	<p>Medicare supplement plan with 75 percent coverage.</p> <p>Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>
14	<p>Medicare supplement plan with 50 percent Part A deductible coverage.</p> <p>Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>
15	<p>Medicare supplement plan with \$20 and \$50 co-payment Medicare Part B coverage.</p> <p>Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>
16	<p>Medicare supplement plan with high deductible coverage.</p> <p>Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual.</p>

Section	Description
17	Types of plans. Makes clarifying changes.
18	Qualified Medicare supplement plan. Prohibits this type of Medicare supplemental policy from providing coverage for any portion of the Medicare Part B deductible for a newly eligible individual. Clarifies other coverages.
19	Effective date. Sections 1 to 12 became effective May 18, 2019. The coverage requirements provided by this act in sections 1 to 12 apply to Medicare supplemental policies sold or issued on or after January 1, 2020, to a newly eligible individual.



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