Overview

This bill affects the small employer health coverage market (50 or fewer employees). This bill would permit greater variation in what may be sold in that market without complying with all otherwise applicable state laws, including a two-year pilot project for insurers and HMOs with less than three percent of the Minnesota market. The bill also modifies the definition of "health carrier" and the exemption from the expanded provider network requirement.

Section

1. **Health carrier.** Includes accountable provider networks in the definition of health carrier.

2. **Alternative benefits plan.** Would permit insurers and HMOs to offer health plans in the small employer market that vary from the two lower cost/lower benefit plans now permitted in the small employer market, by having different copayments and deductibles and by paying on a basis other than medical expenses incurred. This latter variation could involve, for instance, paying a flat dollar amount for each day in the hospital or a flat dollar amount upon a diagnosis of cancer. Under current law, insurers and HMOs may offer to small employers either one of the two standardized plans mentioned above, or any other plan that meets general Minnesota health plan requirements.

3. **Plan variations.** A conforming change to the preceding section, exempting the new variations permitted under the preceding section from full compliance with insurance and HMO laws, on the same basis as the current two specified plans.

4. **Provider acceptance required.** Makes a conforming change related to section 5.

5. **Exemption.** Provides that the exemption for health plan companies with fewer than 50,000 enrollees from the expanded provider network requirement is to be determined based on a health plan company's enrollment in its commercial health plan products. This means that enrollment in public sector coverage, such as Medical Assistance and MinnesotaCare, would not be considered for this purpose.
Small employer alternative benefit plans; pilot project. Requires the commissioner of commerce to operate a pilot project to permit insurers and HMOs with less than three percent of the Minnesota market to offer certain health plans to small employers, if certain conditions are met. These health plans need not comply with state laws regulating what must be covered. The conditions are different copays and deductibles, minimum loss ratios of 71 percent for employers with fewer than 10 employees and 75 percent for other employers (this matches the current requirement for insurers with less than three percent of the Minnesota market), compliance with those small employer insurance reform requirements for which this section does not provide an exemption, and approval by the commissioner of commerce. Provides an August 1, 2003, sunset for this section.