Overview

This bill deals with a wide range of subjects involving state regulation of health coverage and health care providers. In general, the bill simplifies, reduces, or eliminates state regulation.

Section

1 **Portability and conversion of coverage.** Increases the maximum premium that may be charged for conversion health coverage from 90 percent of the MCHA rate to the full MCHA rate, for equivalent coverage. "MCHA" refers to the Minnesota comprehensive health association, which is a high-risk pool that provides health coverage to people who cannot get individual coverage in the regular market, due to preexisting health conditions. The MCHA premium rate is required to be set by the commissioner of commerce somewhere between 101 and 125 percent of the regular market premium rate for healthy people. Conversion health coverage is an individual health insurance policy or health maintenance organization (HMO) contract that state law requires be made available to people who lose their eligibility for group health coverage. Usually, eligibility for conversion coverage requires first completing an 18-month continuation coverage period.

2 **Health maintenance contract.** Eliminates restrictions on deductibles and out-of-pocket costs for HMO contracts. Permits them to have a lifetime maximum benefit limit.

3 **Accreditation.** Permits an HMO to be deemed to meet requirements for HMOs in statute and in health department rules if the HMO maintains accreditation by a national organization that requires standards at least as strict as those required by Minnesota law.

4 **Notice of provider termination.** Requires HMOs to notify the commissioner of health within ten days after termination of a contract between the HMO and a health care provider. (This is worded to apply regardless of which side terminates the contract.) This new provision replaces an existing subdivision, which is repealed in this bill.

5 **Major medical coverage.** Current law classifies health coverage as "qualified" or
unqualified," depending upon whether it meets certain requirements. It is legal to sell an unqualified plan, if the insurer first offers the customer a qualified plan or a similar major medical plan. This section eliminates the requirement that a qualified plan or similar major medical plan be offered if the unqualified plan being sold has a lifetime maximum benefit limit of at least $1,000,000.

6 **Consumer advisory board.** Sunsets this board as of June 30, 2000, instead of June 30, 2001.

7 **Cooperation; public health.** Requires HMOs and community integrated service networks (CISNs) to work together with public health agencies on public health goals. This replaces an existing law, which is repealed in this bill.

8 **Product variety permitted.** Permits insurers and HMOs to sell coverage with any policy deductible, copayment, and coinsurance provisions. Permits them to sell coverage that is structured on a per diem, fixed indemnity, or non-expense-incurred basis. Provides that this section overrides any other provision of state insurance laws.

9 **Repealer.** Repeals current laws authorizing a department of administration prescription drug purchasing arrangement, specifying certain HMO reporting requirements (replaced by section 4 of this bill), requiring reporting of capital expenditures by health care providers, requiring health plan companies to file "action plans," and requiring HMOs to participate in public health activities (replaced by section 7 of this bill).