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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **177**

January 17, 2007

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The bill was read for the first time and referred to the Committee on Health and Human Services

1.1 A bill for an act
1.2 relating to health; establishing the fair share health care fund; requiring large
1.3 employers to report information on health care costs; requiring certain large
1.4 employers to make payments to the fair share health care fund; requiring the
1.5 designation and provision of subsidies for approved health coverage options;
1.6 proposing coding for new law in Minnesota Statutes, chapters 16A; 175.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. **[16A.726] ESTABLISHMENT OF FAIR SHARE HEALTH CARE**
1.9 **FUND.**

1.10 The fair share health care fund is established in the state treasury to finance coverage
1.11 for uninsured workers. The fund may be used to support the operations of the medical
1.12 assistance and MinnesotaCare programs, and to help uninsured workers and their
1.13 dependents obtain health care or coverage through approved health coverage options, as
1.14 designated by the commissioner of labor and industry under section 175.45. The fund
1.15 is a direct appropriated special revenue fund. The commissioner shall deposit to the
1.16 credit of the fund money made available to the fund. Notwithstanding section 11A.20, all
1.17 investment income and all investment losses attributable to the investment of the fair share
1.18 health care fund not currently needed shall be credited to the fair share health care fund.

1.19 **EFFECTIVE DATE.** This section is effective January 1, 2008.

1.20 Sec. 2. **[175.40] DEFINITIONS.**

1.21 Subdivision 1. **Applicability.** For purposes of sections 175.40 to 175.45, the
1.22 following definitions apply.

1.23 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of labor and
1.24 industry.

2.1 Subd. 3. **Employee.** "Employee" means a person who performs services for hire for
 2.2 an employer, and includes all individuals employed at any site owned or operated by an
 2.3 employer. "Employee" does not include an independent contractor.

2.4 Subd. 4. **Employer.** "Employer" has the meaning provided in section 177.23,
 2.5 subdivision 6, except that "employer" does not include the federal or state governments,
 2.6 or any political subdivision of the state.

2.7 Subd. 5. **Health care expenditures.** "Health care expenditures" means the amount
 2.8 paid by an employer to provide health care benefits or reimburse employees for their
 2.9 health care costs, including but not limited to payments for medical care, prescription
 2.10 drugs, vision care, and medical savings accounts.

2.11 Subd. 6. **Salaries.** "Salaries" means the periodic compensation of employees, before
 2.12 deductions for deferred compensation, supplemental retirement plans, or other voluntary
 2.13 salary reduction programs, and also means "wages" and includes net income from fees.

2.14 Subd. 7. **Wages.** "Wages" has the meaning provided in section 177.23, subdivision
 2.15 4.

2.16 **EFFECTIVE DATE.** This section is effective January 1, 2008.

2.17 **Sec. 3. [175.41] EMPLOYER REPORTING REQUIREMENT.**

2.18 Subdivision 1. **Applicability.** This section applies to all employers with 10,000
 2.19 or more employees in the state.

2.20 Subd. 2. **Reporting requirement.** On January 1, 2008, and each January 1
 2.21 thereafter, an employer shall submit to the commissioner, on a form and in the manner
 2.22 approved by the commissioner:

2.23 (1) the employer's definition of full-time employee and part-time employee;

2.24 (2) the number of full-time and part-time employees of the employer in the state as
 2.25 of January 1 of the previous year;

2.26 (3) the number of full-time and part-time employees eligible to receive health care
 2.27 expenditures, and the number of full-time and part-time employees receiving health care
 2.28 expenditures from the employer;

2.29 (4) the amount spent by the employer in the previous calendar year on health care
 2.30 expenditures for employees in the state; and

2.31 (5) the percentage of payroll that was spent by the employer in the previous calendar
 2.32 year on health care expenditures for employees in the state.

2.33 Subd. 3. **Additional requirements.** The information required shall:

2.34 (1) be designated in a report signed by the principal executive officer or an individual
 2.35 performing a similar function; and

3.1 (2) include an affidavit under penalty of perjury that the information required under
 3.2 subdivision 2 was reviewed by the signing officer, was based on the officer's knowledge,
 3.3 and does not contain any untrue statement of a material fact or omit a material fact
 3.4 necessary to make the statement.

3.5 Subd. 4. **Exemption.** When calculating the percentage of payroll under subdivision
 3.6 2, clause (5), or the amount spent on health care expenditures under subdivision 2, clause
 3.7 (4), an employer may exempt wages and salaries paid to an employee who is enrolled in
 3.8 or eligible for Medicare.

3.9 **EFFECTIVE DATE.** This section is effective January 1, 2008.

3.10 **Sec. 4. [175.42] REPORT AND MINIMUM PERCENTAGES.**

3.11 Subdivision 1. **Commissioner's report.** On or before March 15 of each year, the
 3.12 commissioner shall report to the legislature on:

3.13 (1) the name of each nonprofit and for-profit employer with 10,000 or more
 3.14 employees in the state;

3.15 (2) the employer's definition of full-time employee and part-time employee;

3.16 (3) the number of full-time and part-time employees;

3.17 (4) the number of full-time and part-time employees eligible to receive health care
 3.18 expenditures;

3.19 (5) the number of full-time and part-time employees receiving health care
 3.20 expenditures from the employer;

3.21 (6) the source of health care benefits for those eligible full-time and part-time
 3.22 employees not receiving health care expenditures through an employer subject to reporting;

3.23 (7) the percent of total wages and salaries each nonprofit and for-profit employer
 3.24 with 10,000 or more employees in the state spends on health care expenditures;

3.25 (8) the average percent of total wages and salaries for-profit employers with 10,000
 3.26 or more employees in the state spend on health care expenditures; and

3.27 (9) the average percent of total wages and salaries nonprofit employers with 10,000
 3.28 or more employees in the state spend on health care expenditures.

3.29 Subd. 2. **Minimum percentages.** (a) This subdivision applies to employers with
 3.30 10,000 or more employees in the state.

3.31 (b) The minimum percentage for-profit employers shall spend on health care
 3.32 expenditures is 10 percent, for purposes of determining whether an employer must make a
 3.33 payment under section 175.43 based on health care expenditures reported for calendar
 3.34 year 2006. The percentage determined in subdivision 1, clause (8), shall become the
 3.35 minimum percentage for-profit employers shall spend on health care expenditures, for

4.1 purposes of determining whether an employer must make a payment under section 175.43
4.2 based on health care expenditures reported for calendar years 2007 and beyond.

4.3 (c) The minimum percentage nonprofit employers shall spend on health care
4.4 expenditures is 8 percent, for purposes of determining whether an employer must make a
4.5 payment under section 175.43 based on health care expenditures reported for calendar
4.6 year 2006. The percentage determined in subdivision 1, clause (9), shall become the
4.7 minimum percentage nonprofit employers shall spend on health care expenditures, for
4.8 purposes of determining whether an employer must make a payment under section 175.43
4.9 based on health care expenditures reported for calendar years 2007 and beyond.

4.10 **EFFECTIVE DATE.** This section is effective January 1, 2008.

4.11 **Sec. 5. [175.43] PAYMENT TO THE fair share health care fund.**

4.12 Subdivision 1. **Applicability.** This section applies to all employers with 10,000
4.13 or more employees in the state.

4.14 Subd. 2. **For-profit employers.** An employer that is not organized as a nonprofit
4.15 organization and does not spend at least the minimum percentage of total wages and
4.16 salaries on health care expenditures, as specified in section 175.42, subdivision 2,
4.17 paragraph (b), shall pay to the commissioner an amount equal to the difference between
4.18 what the employer spends for health care expenditures and an amount equal to the
4.19 minimum percentage.

4.20 Subd. 3. **Nonprofit employers.** An employer that is organized as a nonprofit
4.21 organization and does not spend at least the minimum percentage of total wages and
4.22 salaries on health care expenditures, as specified in section 175.42, subdivision 2,
4.23 paragraph (c), shall pay to the commissioner an amount equal to the difference between
4.24 what the employer spends for health care expenditures and an amount equal to the
4.25 minimum percentage.

4.26 Subd. 4. **Additional requirement.** An employer may not deduct any payment made
4.27 under subdivision 2 or 3 from the wages of an employee.

4.28 Subd. 5. **Payment timeline; deposit of payment.** An employer shall make the
4.29 payment required under this section to the commissioner on a periodic basis as determined
4.30 by the commissioner. The commissioner shall deposit payments received under this
4.31 section into the fair share health care fund.

4.32 **EFFECTIVE DATE.** This section is effective January 1, 2008.

4.33 **Sec. 6. [175.44] PENALTIES FOR LATE REPORTING AND NONPAYMENT.**

5.1 Subdivision 1. **Late reporting.** Failure to report in accordance with section 175.41
5.2 shall result in the imposition by the commissioner of a civil penalty of \$1,000 for each
5.3 day that the report is not timely filed. The penalties shall be deposited in the fair share
5.4 health care fund.

5.5 Subd. 2. **Nonpayment.** Failure to make the payment required under section 175.43
5.6 shall result in the imposition by the secretary of a civil penalty of \$500,000. The penalties
5.7 shall be deposited in the fair share health care fund.

5.8 **EFFECTIVE DATE.** This section is effective January 1, 2008.

5.9 Sec. 7. **[175.45] APPROVED HEALTH COVERAGE OPTIONS.**

5.10 Subdivision 1. **Designation.** The commissioner of labor and industry, in consultation
5.11 with the commissioners of health, human services, and commerce, shall designate
5.12 approved health coverage options for workers and dependents, including, but not limited
5.13 to, workers whose employers have paid assessments to the fair share health care fund.
5.14 Workers and dependents purchasing an approved health coverage option shall be eligible
5.15 for subsidy payments from the fair share health care fund. In making this designation, the
5.16 commissioners shall consider the extent to which a coverage option provides coverage that
5.17 is affordable and accessible, and the extent to which the coverage option is community
5.18 rated, guaranteed issued, and has benefits actuarially equivalent to the Federal Employees
5.19 Health Benefit Plan standard Blue Cross Blue Shield Option.

5.20 Subd. 2. **Subsidy program.** The commissioners shall develop a program to provide
5.21 subsidies for workers and dependents purchasing an approved coverage option, and shall
5.22 present recommendations and draft legislation to implement the program to the legislature
5.23 by December 15, 2008.

5.24 **EFFECTIVE DATE.** This section is effective January 1, 2008.