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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 2270

March 21, 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; authorizing a farm co-op health plan pilot project; amending
1.3 Minnesota Statutes 2006, section 62H.02.

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

1.5 Section 1. Minnesota Statutes 2006, section 62H.02, is amended to read:

1.6 **62H.02 REQUIRED PROVISIONS.**

1.7 (a) A joint self-insurance plan must include aggregate excess stop-loss coverage and
1.8 individual excess stop-loss coverage provided by an insurance company licensed by the
1.9 state of Minnesota.

1.10 (b) Aggregate excess stop-loss coverage must include provisions to cover incurred,
1.11 unpaid claim liability in the event of plan termination. ~~In addition,~~

1.12 (c) The plan of self-insurance must have participating employers fund an amount at
1.13 least equal to the point at which the excess or stop-loss insurer has contracted to assume
1.14 100 percent of additional liability.

1.15 (d) A joint self-insurance plan must submit its proposed excess or stop-loss insurance
1.16 contract to the commissioner of commerce at least 30 days prior to the proposed plan's
1.17 effective date and at least 30 days subsequent to any renewal date. The commissioner shall
1.18 review the contract to determine if they meet the standards established by sections 62H.01
1.19 to 62H.08 and respond within a 30-day period.

1.20 (e) Any excess or stop-loss insurance plan must contain a provision that the excess
1.21 or stop-loss insurer will give the plan and the commissioner of commerce a minimum of
1.22 180 days' notice of termination or nonrenewal. If the plan fails to secure replacement
1.23 coverage within 60 days after receipt of the notice of cancellation or nonrenewal, the
1.24 commissioner shall issue an order providing for the orderly termination of the plan.

2.1 (f) The commissioner may waive the requirements of this section and of any rule
 2.2 relating to the requirements of this section, if the commissioner determines that a joint
 2.3 self-insurance plan has established alternative arrangements that fully fund the plan's
 2.4 liability or incurred but unpaid claims. The commissioner may not waive the requirement
 2.5 that a joint self-insurance plan have excess stop-loss coverage.

2.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.7 Sec. 2. **AGRICULTURAL COOPERATIVE HEALTH PLAN FOR FARMERS.**

2.8 Subdivision 1. **Pilot project requirements.** The commissioner of commerce shall
 2.9 authorize a joint self-insurance pilot project administered by a trust sponsored by one
 2.10 or more agricultural cooperatives organized under Minnesota Statutes, chapter 308A,
 2.11 or under a federal charter for the purpose of offering health coverage to members of
 2.12 the cooperatives and their families, provided the project satisfies the requirements of
 2.13 Minnesota Statutes, chapter 62H, except as follows:

2.14 (1) Minnesota Statutes, section 62H.02, subdivision 1, paragraph (b), does not apply;

2.15 (2) the notice period required under Minnesota Statutes, section 62H.02, subdivision
 2.16 1, paragraph (e), is 90 days;

2.17 (3) the commissioner shall grant necessary waivers and approve an alternative
 2.18 arrangement that fully funds the plan's liability or incurred but unpaid claims under
 2.19 Minnesota Statutes, section 62H.02, subdivision 1, paragraph (f), unless the commissioner
 2.20 provides evidence demonstrating that the insolvency protection proposed is substantially
 2.21 less than that typically provided by self-insured group plans of a similar size in Minnesota;

2.22 (4) notwithstanding Minnesota Statutes, section 62H.04, paragraph (a), the joint
 2.23 self-insurance plan shall be considered a large group and not subject to the small group
 2.24 insurance requirements in Minnesota Statutes, chapter 62L, even if some employer
 2.25 groups enrolled in the plan would be defined as small employers, except that the joint
 2.26 self-insurance plan may elect to treat the sale of a health plan to or for an employer that
 2.27 has only one eligible employee who has not waived coverage as the sale of an individual
 2.28 health plan as allowed under Minnesota Statutes, section 62L.02, subdivision 26;

2.29 (5) Minnesota Statutes, section 297I.05, subdivision 12, paragraph (c), does not
 2.30 apply; and

2.31 (6) the trust must pay the assessment for the Minnesota comprehensive health
 2.32 association as provided under Minnesota Statutes, section 62E.11.

2.33 Subd. 2. **Evaluation and renewal.** The pilot project authorized under this section
 2.34 is for a period of four years from the date of initial enrollment. The commissioner shall
 2.35 grant an extension of four additional years if the trust provides evidence that it remains in

3.1 compliance with the requirements of this section and other applicable laws and rules. If the
3.2 commissioner determines that the operation of the trust has not improved access, expanded
3.3 health plan choices, or improved affordability of health coverage for farm families, or
3.4 that it has significantly damaged access, choice, or affordability for other consumers not
3.5 enrolled in the trust, the commissioner shall provide at least 180 days' advance written
3.6 notice to the trust and to the chairs of the senate and house finance and policy committees
3.7 with jurisdiction over health and insurance matters of the commissioner's intention not to
3.8 renew the pilot project at the expiration of a four-year period.

3.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.