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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3721

March 3, 2008

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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 insurance; requiring certain health insurers to offer small employers
1.3 the option to purchase certain flexible benefits plans; amending Minnesota
1.4 Statutes 2006, section 62L.056.

1.5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

1.6 Section 1. Minnesota Statutes 2006, section 62L.056, is amended to read:

1.7 **62L.056 SMALL EMPLOYER FLEXIBLE BENEFITS PLANS.**

1.8 (a) Notwithstanding any provision of this chapter, chapter 363A, or any other law
1.9 to the contrary, a health carrier may offer, sell, issue, and renew a health benefit plan
1.10 that is a flexible benefits plan under this section to a small employer if the following
1.11 requirements are satisfied:

1.12 (1) the health benefit plan must be offered in compliance with this chapter, except as
1.13 otherwise permitted in this section;

1.14 (2) the health benefit plan to be offered must be designed to enable employers and
1.15 covered persons to better manage costs and coverage options through the use of co-pays,
1.16 deductibles, and other cost-sharing arrangements;

1.17 (3) the health benefit plan must be issued and administered in compliance with
1.18 sections 62E.141; 62L.03, subdivision 6; and 62L.12, subdivisions 3 and 4, relating
1.19 to prohibitions against enrolling in the Minnesota Comprehensive Health Association
1.20 persons eligible for employer group coverage;

1.21 (4) the health benefit plan may modify or exclude any or all coverages of benefits
1.22 that would otherwise be required by law, except for maternity benefits and other benefits
1.23 required under federal law;

2.1 (5) each health benefit plan must be approved by the commissioner of commerce,
2.2 but the commissioner may not disapprove a plan on the grounds of a modification or
2.3 exclusion permitted under clause (4); and

2.4 (6) prior to sale of the health benefit plan, the small employer must be given a
2.5 written list of the coverages otherwise required by law that are modified or excluded in the
2.6 health benefit plan. The list must include a description of each coverage in the list and
2.7 indicate whether the coverage is modified or excluded. If a coverage is modified, the list
2.8 must describe the modification. The list may, but need not, also list any or all coverages
2.9 otherwise required by law that are included in the health benefit plan and indicate that
2.10 they are included. The insurer must require that a copy of this written list be provided,
2.11 prior to the effective date of the health benefit plan, to each employee who is eligible for
2.12 health coverage under the employer's plan.

2.13 (b) The definitions in section 62L.02 apply to this section as modified by this section.

2.14 (c) An employer may provide a health benefit plan permitted under this section to its
2.15 employees, the employees' dependents, and other persons eligible for coverage under the
2.16 employer's plan, notwithstanding chapter 363A or any other law to the contrary.

2.17 (d) Any health carrier that issues or renews health benefit plans in this state and
2.18 is assessed at least ten percent of the total annual amount assessed by the Minnesota
2.19 Comprehensive Health Association must offer to each small employer to whom the
2.20 health carrier offers to issue or renew a health benefit plan the option to purchase one of
2.21 two flexible benefits plans approved by the commissioner of commerce for that health
2.22 carrier under this section. The two flexible benefits plans that the health carrier must
2.23 offer must have premium reductions, due solely to exclusions or modifications permitted
2.24 under paragraph (a), clause (4), of:

2.25 (1) approximately five percent; and

2.26 (2) approximately ten percent, respectively.

2.27 When a health carrier submits a flexible benefits plan to the commissioner of
2.28 commerce for approval under this section, the commissioner shall, upon request of the
2.29 health carrier, determine whether the flexible benefits plan qualifies under clause (1) or (2).

2.30 **EFFECTIVE DATE.** This section is effective January 1, 2009, and applies to
2.31 issuance or renewal of coverage on or after that date.