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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3811

March 4, 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; specifying maximum financial reserves for nonprofit health
1.3 plan companies; creating the Minnesota health fund; appropriating money;
1.4 proposing coding for new law in Minnesota Statutes, chapters 16A; 60A.

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

1.6 Section 1. **[16A.74] MINNESOTA HEALTH FUND.**

1.7 Subdivision 1. **Creation of fund.** A Minnesota health fund is created in the state
1.8 treasury. The fund is a direct appropriated special revenue fund. The commissioner shall
1.9 deposit to the credit of the fund money made available to the fund. Notwithstanding
1.10 section 11A.20, after June 30, 1997, all investment income and all investment losses
1.11 attributable to the investment of the Minnesota health fund not currently needed shall
1.12 be credited to the Minnesota health fund.

1.13 Subd. 2. **Purpose of fund.** The purpose of the Minnesota health fund is to provide
1.14 health care services that are not delivered nor in any way related to nonprofit health
1.15 services corporations and health maintenance organizations. Notwithstanding any law to
1.16 the contrary, funds shall be distributed from the Minnesota health fund as follows:

1.17 (a) Beginning January 1, 2010, funds in the Minnesota health fund are dedicated to
1.18 the commissioner of health for purposes of grants to community health boards to convene,
1.19 coordinate, and lead locally developed programs targeted at achieving measurable health
1.20 improvement goals. Funding to each community health board shall be distributed based
1.21 on a per capita formula, with a base allocation of \$50,000 to each community health board
1.22 that receives funding. By January 15, 2012, the commissioner of health shall recommend
1.23 whether additional funding should be distributed to community health boards based on

2.1 health disparities demonstrated in the population served and shall recommend an ongoing
2.2 funding source for this purpose.

2.3 (b) Beginning January 1, 2012, and thereafter, funds in the Minnesota health fund
2.4 at the beginning of each calendar year shall be distributed as community reinvestment
2.5 in Minnesota health care programs, which may include provider rate enhancements or
2.6 increased benefits.

2.7 Subd. 3. **Prohibition on nonhealth care transfers from fund.** Notwithstanding
2.8 any law to the contrary, money in the Minnesota health fund shall be appropriated only for
2.9 purposes that are consistent with subdivision 2.

2.10 Sec. 2. **[60A.7671] LIMIT ON RESERVES OF CERTAIN HEALTH INSURERS.**

2.11 (a) Notwithstanding any other law to the contrary, a nonprofit health services
2.12 corporation operating under chapter 62C and a health maintenance organization operating
2.13 under chapter 62D must not have reserves that exceed the product of its authorized control
2.14 level risk-based capital and 5.0 and administrative expenses in connection therewith,
2.15 during the most current calendar year. The amounts shall be determined from a financial
2.16 statement and certified audit filed annually and subject to verification of an examination
2.17 by the commissioner.

2.18 (b) For purposes of this section, "reserves" includes claims reserves, premium
2.19 reserves, and contract reserves as described in sections 60A.762 to 60A.766.

2.20 (c) If reserves exceeded the maximum required under this section by more than
2.21 \$10,000 at any time during the previous calendar year, an entity regulated under this
2.22 chapter shall transfer all reserves in excess of the maximum to the Minnesota health fund
2.23 on January 2 of each calendar year pursuant to section 16A.74.

2.24 (d) Nothing in this section changes the requirements of county-based purchasing
2.25 for purposes of section 256B.692.

2.26 **EFFECTIVE DATE.** This section is effective January 1, 2009.

2.27 Sec. 3. **APPROPRIATION.**

2.28 (a) \$..... is appropriated from the Minnesota health fund in fiscal year 2010 for the
2.29 University of Minnesota to investigate and report on the costs and savings to the state's
2.30 overall health care system of a single payer health plan in Minnesota.

2.31 (b) \$..... is appropriated from the Minnesota health fund in fiscal year 2010
2.32 for administrative expenses incurred by the commissioners of health and commerce
2.33 in providing the University of Minnesota with any proprietary or otherwise protected

3.1 information on health insurance financing that is deemed necessary by the university for
3.2 the completion of its study of a single payer health plan in Minnesota.

3.3 (c) \$..... is appropriated from the Minnesota health fund in fiscal year 2010 for a
3.4 five-year pilot program expansion of county-based purchasing in the counties of Big Stone,
3.5 Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse,
3.6 which conforms to the specific description of the program submitted to the commissioner
3.7 of health pursuant to Laws 2007, chapter 147, article 15, section 18, subdivision 2.