State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE NO. 2694

February 4, 2010
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The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight

A bill for an act

relating to health care; increasing the surcharge on health maintenance organizations and making related changes; increasing managed care payment rates; establishing the general assistance medical care account; providing credits towards the HealthPartners' assessment for the Minnesota Comprehensive Health Association; appropriating money; amending Minnesota Statutes 2008, sections 256.9657, subdivision 3; 256B.69, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256D.

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

Section 1. Minnesota Statutes 2008, section 256.9657, subdivision 3, is amended to read:

Subd. 3. **Surcharge on HMOs and community integrated service networks.** (a) Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D and each community integrated service network licensed by the commissioner under chapter 62N shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization or community integrated service network as reported to the commissioner of health according to the schedule in subdivision 4.

(b) Effective March 1, 2010, to June 30, 2011: (1) the surcharge under paragraph (a) is increased to 4.0 percent; and (2) each county-based purchasing plan authorized under section 256B.692 shall pay to the commissioner a surcharge equal to 3.4 percent of the total premium revenues of the plan, as reported to the commissioner of health, according to the payment schedule in subdivision 4. Notwithstanding section 256.9656, money collected under this paragraph in excess of the amount collected under paragraph (a) shall be deposited in the account established in section 256D.032.

(c) For purposes of this subdivision, total premium revenue means:

(1) premium revenue recognized on a prepaid basis from individuals and groups for provision of a specified range of health services over a defined period of time which is normally one month, excluding premiums paid to a health maintenance organization or community integrated service network from the Federal Employees Health Benefit Program;

(2) premiums from Medicare wrap-around subscribers for health benefits which supplement Medicare coverage;

(3) Medicare revenue, as a result of an arrangement between a health maintenance organization or a community integrated service network and the Centers for Medicare and Medicaid Services of the federal Department of Health and Human Services, for services to a Medicare beneficiary, excluding Medicare revenue that states are prohibited from taxing under sections 1854, 1860D-12, and 1876 of title XVIII of the federal Social Security Act, codified as United States Code, title 42, sections 1395mm, 1395w-112, and 1395w-24, respectively, as they may be amended from time to time; and

(4) medical assistance revenue, as a result of an arrangement between a health maintenance organization or community integrated service network and a Medicaid state agency, for services to a medical assistance beneficiary.

If advance payments are made under clause (1) or (2) to the health maintenance organization or community integrated service network for more than one reporting period, the portion of the payment that has not yet been earned must be treated as a liability.

~~(c)~~ (d) When a health maintenance organization or community integrated service network merges or consolidates with or is acquired by another health maintenance organization or community integrated service network, the surviving corporation or the new corporation shall be responsible for the annual surcharge originally imposed on each of the entities or corporations subject to the merger, consolidation, or acquisition, regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N.

~~(d)~~ (e) Effective July 1 of each year, the surviving corporation's or the new corporation's surcharge shall be based on the revenues earned in the second previous calendar year by all of the entities or corporations subject to the merger, consolidation, or acquisition regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N until the total premium revenues of the surviving corporation include the total premium revenues of all the merged entities as reported to the commissioner of health.

~~(e)~~ (f) When a health maintenance organization or community integrated service network, which is subject to liability for the surcharge under this chapter, transfers, assigns, sells, leases, or disposes of all or substantially all of its property or assets, liability for the surcharge imposed by this chapter is imposed on the transferee, assignee, or buyer of the health maintenance organization or community integrated service network.

~~(f)~~ (g) In the event a health maintenance organization or community integrated service network converts its licensure to a different type of entity subject to liability for the surcharge under this chapter, but survives in the same or substantially similar form, the surviving entity remains liable for the surcharge regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N.

~~(g)~~ (h) The surcharge assessed to a health maintenance organization or community integrated service network ends when the entity ceases providing services for premiums and the cessation is not connected with a merger, consolidation, acquisition, or conversion.

EFFECTIVE DATE. This section is effective March 1, 2010.

Sec. 2. Minnesota Statutes 2008, section 256B.69, is amended by adding a subdivision to read:

Subd. 5k. **Temporary rate modifications.** For services rendered effective May 1, 2010, to June 30, 2011, the total payment made to managed care plans under the medical assistance program shall be increased by 5.14 percent. This increase shall be paid from the account established in section 256D.032.

EFFECTIVE DATE. This section is effective March 1, 2010.

Sec. 3. **[256D.032] GENERAL ASSISTANCE MEDICAL CARE ACCOUNT.**

The general assistance medical care account is created in the special revenue fund. Money deposited into the account is subject to appropriation by the legislature.

EFFECTIVE DATE. This section is effective March 1, 2010.

Sec. 4. **MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION ASSESSMENT MODIFICATION; TRANSFER.**

Subdivision 1. **Minnesota Comprehensive Health Association assessment modification.** For the purpose of the annual assessment allocation required in Minnesota Statutes, section 62E.11, the Minnesota Comprehensive Health Association shall credit $..... to HealthPartners' assessment for calendar year 2010 and $..... to HealthPartners'

assessment for calendar year 2011, upon receipt by the association of the transfers specified in subdivision 2.

Subd. 2. **Transfer.** $..... in fiscal year 2011 and $..... in fiscal year 2012 shall be transferred from the general assistance medical care account established in Minnesota Statutes, section 256D.032, to the commissioner of commerce for disbursement upon receipt to the Minnesota Comprehensive Health Association, to compensate for the loss in the association's assessments created by the credits specified in subdivision 1.

Sec. 5. **APPROPRIATION.**

$..... for the period from March 1, 2010, to June 30, 2010, and $..... for fiscal year 2011 is appropriated from the account established in Minnesota Statutes, section 256D.032, to the commissioner of human services for the managed care plan rate increase in Minnesota Statutes, section 256B.69, subdivision 5k. The commissioner may transfer these appropriations to the medical assistance account in the general fund and pay the rate increases from the medical assistance account.

EFFECTIVE DATE. This section is effective March 1, 2010.