



2.1 is normally one month, excluding premiums paid to a health maintenance organization  
2.2 or community integrated service network from the Federal Employees Health Benefit  
2.3 Program;

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

2.6 (3) Medicare revenue, as a result of an arrangement between a health maintenance  
2.7 organization or a community integrated service network and the Centers for Medicare  
2.8 and Medicaid Services of the federal Department of Health and Human Services, for  
2.9 services to a Medicare beneficiary, excluding Medicare revenue that states are prohibited  
2.10 from taxing under sections 1854, 1860D-12, and 1876 of title XVIII of the federal Social  
2.11 Security Act, codified as United States Code, title 42, sections 1395mm, 1395w-112, and  
2.12 1395w-24, respectively, as they may be amended from time to time; and

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

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

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

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

2.33 ~~(e)~~ (f) When a health maintenance organization or community integrated service  
2.34 network, which is subject to liability for the surcharge under this chapter, transfers,  
2.35 assigns, sells, leases, or disposes of all or substantially all of its property or assets, liability

3.1 for the surcharge imposed by this chapter is imposed on the transferee, assignee, or buyer  
3.2 of the health maintenance organization or community integrated service network.

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

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

3.12 **EFFECTIVE DATE.** This section is effective June 1, 2010.

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

3.15 Subd. 5k. **Payment rate modification.** For services rendered on or after August  
3.16 1, 2010, the total payment made to managed care and county-based purchasing plans  
3.17 under the medical assistance program and under MinnesotaCare for families with children  
3.18 shall be increased by 2.5 percent.

3.19 **EFFECTIVE DATE.** This section is effective August 1, 2010.