

This Document can be made available in alternative formats upon request

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2683

03/05/2012 Authored by Gottwalt, Abeler, Hoppe and Davids  
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act  
1.2 relating to insurance; permitting certain entities to administer unified personal  
1.3 health premium accounts; creating a task force; proposing coding for new law  
1.4 as Minnesota Statutes, chapter 62V; repealing Minnesota Statutes 2010, section  
1.5 62L.12, subdivisions 3, 4.

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

1.7 Section 1. 62V.01 DEFINITIONS.

1.8 Subdivision 1. Scope of definitions. For purposes of this act, the terms defined  
1.9 in this section have the meanings given.

1.10 Subd. 2. Commissioner. "Commissioner" means the commissioner of commerce.

1.11 Subd. 3. Health insurance. "Health insurance" means:

1.12 (1) individual health insurance; fully insured or self-insured group health coverage;  
1.13 and individual and group policies that cover cancer, accidents, critical illness, hospital  
1.14 confinement/medical bridge, short-term disability, long-term care, individual medical,  
1.15 and high deductible health plans including those that are compatible with health savings  
1.16 accounts; and

1.17 (2) any other coverages identified under sections 60A.06, subdivision 1, clause  
1.18 (5)(a); 62Q.01, subdivisions 4a and 6; and 62Q.188.

1.19 Subd. 4. Trustee. "Trustee" means an entity that has trust powers under state or  
1.20 federal law.

1.21 Subd. 5. Unified personal health premium account or account. "Unified personal  
1.22 health premium account" or "account" means a trust account created for the purpose of  
1.23 receiving funds from multiple sources for the payment of, or reimbursement for, health  
1.24 insurance premiums.

2.1            Subd. 6. **Unified personal health premium account administrator or**  
2.2 **administrator.** "Unified personal health premium account administrator" or  
2.3 "administrator" means an entity that has the authority to administer a unified personal  
2.4 health premium account.

2.5            Sec. 2. **[62V.02] REGISTRATION REQUIRED.**

2.6            (a) Only a private-sector entity or individual registered with the commissioner as  
2.7 a unified personal health premium account administrator may administer an account on  
2.8 behalf of a resident of this state.

2.9            (b) To register under this section, a private sector entity or individual must be:

2.10           (1) a licensed insurance producer, as defined in section 60K.31, subdivision 6, under  
2.11 the insurance authority described in section 60K.38, subdivision 1, paragraph (b), clause  
2.12 (1), (2), or (5);

2.13           (2) a licensed vendor of risk management services or entity administering a  
2.14 self-insurance or insurance plan under section 60A.23, subdivision 8; or

2.15           (3) a federally or state-chartered bank or credit union.

2.16           (c) An applicant for registration under this section shall pay a fee of \$250 for initial  
2.17 registration and \$50 for each three-year renewal.

2.18           Sec. 3. **[62V.03] REQUIREMENTS; ADMINISTRATION OF UNIFIED**  
2.19 **PERSONAL HEALTH PREMIUM ACCOUNT.**

2.20           Subdivision 1. **Nature of arrangements.** (a) Administrators of a unified personal  
2.21 health premium account under contract with an employer must conduct business in  
2.22 accordance with a written contract.

2.23           (b) Administrators may conduct business directly with individuals in accordance  
2.24 with a written agreement.

2.25           (c) The written agreement between a unified personal health premium account  
2.26 administrator and its customer must specify the services to be provided to the customer,  
2.27 the payment for each service including administrative costs, and the timing and method of  
2.28 each payment or type of payment.

2.29           (d) An administrator may administer unified personal health premium accounts  
2.30 separately or in conjunction with other employee benefit services, including services  
2.31 that facilitate and coordinate tax-preferred payments for health care and coverage under  
2.32 Internal Revenue Code, sections 105, 106, and 125.

2.33           (e) An administrator shall create and maintain records of receipts, payments, and  
2.34 other transactions, sufficient to enable the individual to benefit from tax advantages

3.1 available to the individual under Internal Revenue Code, sections 105, 106, 125, and other  
 3.2 relevant sections, and under Minnesota income tax law, for health insurance paid by or on  
 3.3 behalf of the individual. The administrator shall identify and notify the account holder and  
 3.4 contributors of any applicable tax subsidies and tax credits for which the account holder or  
 3.5 contributor qualifies in connection with the account or items paid for through the account.  
 3.6 The records and procedures must be capable of segregating funds to maintain restrictions  
 3.7 on the funds received from contributors.

3.8 (f) Individual insurance market products paid for through the account under this  
 3.9 section are not an employer-sponsored plan subject to state or federal group insurance  
 3.10 market requirements.

3.11 Subd. 2. **Trust account requirements.** (a) Contributions to an individual's account  
 3.12 may be made by the individual, the individual's employer or former employer, the  
 3.13 individual's family members or dependents, charitable organizations, or any other source.

3.14 (b) A contributor to the account may restrict the use of funds the contributor  
 3.15 contributes to the payment of premiums for one or more of the types of health insurance  
 3.16 included in section 62V.01, subdivision 3.

3.17 (c) A trust created and trustees appointed under this act shall:

3.18 (1) have the powers granted under, and shall comply with, the provisions of chapter  
 3.19 501B that are relevant to a trust created for purposes of this act;

3.20 (2) allow for financial contributions from multiple sources, including tax-preferred  
 3.21 contributions from employers and non-tax-preferred contributions from individuals or  
 3.22 other sources;

3.23 (3) restrict funds to be used exclusively for the benefit of the individual account  
 3.24 holder or the individual's tax dependents;

3.25 (4) make funds available for the payment of premiums on any type of health  
 3.26 insurance included in section 62V.01, subdivision 3, from any insurance company, subject  
 3.27 to any restriction under paragraph (b);

3.28 (5) grant the unified personal health premium account administrator authority to  
 3.29 direct payments to insurance companies or to reimburse account owners for qualified  
 3.30 health insurance premium expenses;

3.31 (6) segregate funds to maintain restrictions on the funds received from contributors;  
 3.32 and

3.33 (7) guarantee that funds contributed by an employer will remain available to the  
 3.34 account holder after the account holder's term of employment with the employer ends.

3.35 **Sec. 4. [62V.04] COORDINATION WITH HEALTHY MINNESOTA PROGRAM.**

4.1 The commissioner of human services shall enter into agreements under which  
4.2 unified personal health premium account administrators may receive public funds for  
4.3 use as subsidies toward payment of premiums for health coverage provided to eligible  
4.4 individuals who have a trust account for that purpose.

4.5 **Sec. 5. ESTABLISHMENT OF MARKETPLACE WEBSITE TASK FORCE.**

4.6 Subdivision 1. **Purpose.** The Marketplace Website Task Force is established to  
4.7 design and facilitate implementation of an operable private sector Web site by July 1,  
4.8 2013, that provides standardized comparative information on, and the ability to purchase,  
4.9 health insurance products.

4.10 Subd. 2. **Membership.** The Marketplace Website Task Force consists entirely of  
4.11 private sector representatives. The task force shall include 14 members: four appointed by  
4.12 the senate majority leader; three appointed by the senate minority leader; four appointed  
4.13 by the speaker of the house; and three appointed by the minority leader in the house of  
4.14 representatives. The appointments must be made by June 1, 2012. The Marketplace  
4.15 Website Task Force shall include representatives with knowledge of: individual health  
4.16 plans; small employer health plans; health care provider issues; broker services; health  
4.17 law; and information technology. The Marketplace Website Task Force must include at  
4.18 least five consumer representatives of small business and individuals that purchase health  
4.19 insurance in the fully insured marketplace.

4.20 Subd. 3. **Meetings and procedures.** The Marketplace Website Task Force shall  
4.21 convene as soon as is practicable following appointment of its members and elect a chair  
4.22 at its first meeting. Subsequent meetings shall occur at the call of the chair as often as is  
4.23 necessary to achieve the goal of designing and facilitating implementation of the operable  
4.24 Web site by July 1, 2013. Members of the task force must serve without compensation or  
4.25 reimbursement of expenses from the task force.

4.26 **Sec. 6. REPEALER.**

4.27 Minnesota Statutes 2010, section 62L.12, subdivisions 3 and 4, are repealed.

4.28 **Sec. 7. EFFECTIVE DATE.**

4.29 This act is effective the day following final enactment.

**62L.12 PROHIBITED PRACTICES.**

Subd. 3. **Agent's licensure.** An agent licensed under chapter 60K or section 62C.17 who knowingly and willfully breaks apart a small group for the purpose of selling individual health plans to eligible employees and dependents of a small employer that meets the participation and contribution requirements of section 62L.03, subdivision 3, is guilty of an unfair trade practice and subject to disciplinary action, including the revocation or suspension of license, under section 60K.43 or 62C.17. The action must be by order and subject to the notice, hearing, and appeal procedures specified in section 60K.43. The action of the commissioner is subject to judicial review as provided under chapter 14. This section does not apply to any action performed by an agent that would be permitted for a health carrier under subdivision 2.

Subd. 4. **Employer prohibition.** A small employer shall not encourage or direct an employee or applicant to:

(1) refrain from filing an application for health coverage when other similarly situated employees may file an application for health coverage;

(2) file an application for health coverage during initial eligibility for coverage, the acceptance of which is contingent on health status, when other similarly situated employees may apply for health coverage, the acceptance of which is not contingent on health status;

(3) seek coverage from another health carrier, including, but not limited to, MCHA; or

(4) cause coverage to be issued on different terms because of the health status or claims experience of that person or the person's dependents.