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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

03/15/2012 Adoption of Report: Pass as Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to insurance; permitting certain entities to administer unified personal
1.3 health premium accounts; proposing coding for new law as Minnesota Statutes,
1.4 chapter 62V; repealing Minnesota Statutes 2010, section 62L.12, subdivisions
1.5 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. Dependent.** "Dependent" means an individual's spouse or tax dependent.

1.12 **Subd. 4. Health insurance.** "Health insurance" means:

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

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

1.20 **Subd. 5. Trustee.** "Trustee" means an entity that has trust powers under state or
1.21 federal law.

1.22 **Subd. 6. Unified personal health premium account or account.** "Unified personal
1.23 health premium account" or "account" means a trust account created for the purpose of
1.24 receiving funds from multiple sources for the payment of, or reimbursement for, health
1.25 insurance premiums.

2.1 Subd. 7. 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 4.

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 individuals and employers and non-tax-preferred contributions from
3.22 individuals and 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 4, 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. **REPEALER.**

4.6 Minnesota Statutes 2010, section 62L.12, subdivisions 3 and 4, are repealed.

4.7 Sec. 6. **EFFECTIVE DATE.**

4.8 This act is effective the day following final enactment.