

Minnesota

Minnesota Department of Insurance
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Summary of Important Regulations

MEWA Regulations	Yes
TPA Regulations	Yes
Stop-Loss Regulations	No
UR Regulations	Yes

NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Health Insurance Reserves Model Regulation	None	None
Comprehensive Health Ins. Cost Containment Model Act	None	Minn. Stat. §§ 62E.01 to 62E.16 Minn. Ins. Reg. §§ 2740, 2100 to 2740.9986
Standardized Health Claims Form Model Regulation	None	None
Small Employer Health Insurance Availability Model Law	Minn. Stat. §§ 62L.01 to 62L.23	Minn. Stat. § 62A-65
Model Regulation To Eliminate Unfair Sex Discrimination	None	Minn. Stat. § 62E.08
Health Information Privacy Model Law	None	None
Preferred Provider Arrangements Model Law	None	Minn. Stat. § 62E.101
Utilization Review Model Law	None	None
Managed Care Plan Network Adequacy Model Law	None	None
Third Party Administrator Law	None	Minn Ins. Reg. § 2767.0100 to 2767.0900
Stop-loss Insurance Model Law Minnesota	Minn. Stat. §§ 60A.235 2	None

to 60A.236

NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Jurisdiction of Health Care Providers Model Law	None	None
Standard Group Health Model Law	None	Minn. Stat. §§ 62A.10 to 62A.11
Group Health Insurance Mandatory Conversion Law	None	Minn. Stat. § 62E.16; § 62A.21
Group Coverage Discontinuance/ Replacement Model Regulation	Minn. Ins. Reg. §§ 2755.0100 to 2755.0500	None
Premium Rates and Renewability of Coverage-Small Groups	None	Minn. Stat. §§ 62L.01 to 62L.23
Group Coordination of Benefits Model Law	Minn. Ins. Reg. §§ 2742.0100 to 2742.0500; Dept. of Health Regulation 4685.0950	None
Model Regulation for Certification of Health Plans	None	None
Off-Label Drug Use Model Law	None	Minn. Stat. § 62Q.525
Group Health Mandatory Drug/ Alcohol Dependency Law	None	Minn. Stat. § 62A.149
Model Newborn Children's Law	None	Minn. Stat. § 62A.042 § 62C.14
Health Examination Benefits	None	Minn. Stat. § 62A.047
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Availability Law

NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Accident and Sickness Insurance Minimum Standards Model Law	None	None
Agents and Brokers Licensing Model Law	None	Minn Stat. §§ 60K.01 to 60K.18
MEWA Licensing Model Law	Minn. Stat. §§ 62H.11 to 62H.17	None
Managing General Agents Law	Minn. Stat. §§ 60H.01 to 60H.09	None
Health Maintenance Organization Model Law	Minn. Stat. §§ 62D.01 to 62D.30	Minn. Stat. §§62Q.51
Insurance Information and Privacy Protection Law	Minn. Stat. §§72A.49 to 72A.505	None
Unfair Trade Practices Law	Minn Stat. §§ 72A.17 to 72A.32	None
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Physical or Mental Impairment	None	Minn. Stat. § 72A.20(8)
Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Total or Partial Blindness	Minn. Ins. Reg. § 2700.3200	None

NAIC Model Laws or Regulations

<u>Name of Model Law/Regulation</u>	<u>Model/Similar</u>	<u>Related</u>
Unfair Discrimination against Subjects of Domestic Abuse in Health Benefit Plans Model Law	None	Minn. Stat. § 72A.20
Unfair Claims Settlement Practices Law	Minn. Stat. § 72A.20	None
Improper Termination Practices Law	None	None
Employee Leasing Registration Model Law	Minn. Stat. § 79.255	None
Private Employer Workers' Compensation Group Self- Insurance Model Law	None	Minn. Stat. § 79A.19 to 79A.32 Minn. Ins. Reg. §§ 2780.2100 to 2780.3400
Public Employee Workers' Compensation Group Self- Insurance Model Law	None	None
Twenty Four Hour Coverage Pilot Project Model Law	None	Minn. Stat. § 176.1812

State-Mandates

Benefits That Must Be Covered

- Alcoholism treatment
- Ambulatory surgery
- Bone marrow transplants
- Breast reconstruction
- Cervical cancer screening
- Cleft palate
- Dental anesthesia
- Diabetic supplies, education
- Drug abuse treatment
- Elimination of portwine stains
- Formula for PKU
- Hair prostheses
- Lyme disease
- Mammography screening
- Maternity care
- Mental health, general
- Mental health, parity
- Minimum maternity stays
- Off-label drug use
- TMJ disorders
- Well-child care

Benefits That Must Be Offered

None

Persons Who Must Be Offered Coverage

- Adopted children
- Continuation/dependents
- Continuation/employees
- Conversion to non-group
- Dependent students
- Handicapped dependents
- Newborns
- Non-custodial children

Providers Who Must Be Covered

- Chiropractors

- Dentists
- Licensed Health Professionals
- Nurses
- Nurse (Anesthetists)
- Nurse Midwives
- Nurse Practitioners
- Nurse Psychiatric
- Optometrists
- Osteopaths
- Physical Therapists
- Podiatrist
- Psychologists

Coordination of Benefits

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|----------------------------|-----|
| • Birthday Rule? | Yes |
| • Divorced/Separated Rule? | Yes |
| • Joint Custody Rule? | No |
| • Active v. Inactive Rule? | Yes |
| • Longer v. Shorter Rule? | Yes |
| • Managed Care Rule? | No |
| • COBRA Rule? | No |
| • Preservation Rule? | Yes |

Patient's Bill of Rights Legislation

None

High Risk Health Pool

Yes—125% Cap

External Grievance System

Yes – all health care plans

Basis of Filing Grievance

Any denial

Status of Decision of Grievance Panel

Binding

Prompt Payment of Health Claim Requirement

Yes – 30 days

Commentary

- Maternity benefits to unmarried women and minor female dependents to the same extent that it provides to married women, including the wives of employees choosing dependent family coverage.
- Surgical and nonsurgical treatment of temporomandibular joint disorder and craniomandibular disorder, if the treatment is administered and prescribed by a physician or dentist.

- Conditions attributable to diethylstilbestrol, unless the individual was diagnosed with this kind of cancer prior to coverage under the policy.
- Reconstructive surgery incidental, or following surgery, resulting from injury, sickness, or other diseases; or when performed on a covered dependent because of congenital disease or anomaly that has resulted in a functional defect.
- Prenatal care services, defined as the comprehensive package of medical and psychosocial support provided through pregnancy, labor, deliver, and the postpartum period including risk assessment, surveillance, prenatal education, use of specialized skills and technology when needed, observation of the mother and infant, preparation for discharge, and follow-up during the postpartum period. The policy must specifically exempt reasonable and customary charges for prenatal care services from a deductible, copayment, or other coinsurance or dollar limitation requirement.
- Routine screening procedures for cancer including mammograms and pap smears when ordered or provided by a physician.
- A special dietary treatment for phenylketonuria when recommended by a physician.

MEWA Regulation

Minnesota has MEWA legislation.¹ The statute refers to joint self-insurance, but it means essentially the same thing as a MEWA. The essentials of the statute are as follows:

- Does not apply to governmental plans; there must be a minimum of three employers and 250 participants.
- The MEWA must have specific and aggregate stop-loss coverage. Such stop-loss is subject to approval by the Insurance Commissioner. The stop-loss must be noncancellable for a two-year period.
- The MEWA may not offer any services (administration, utilization review, marketing, e.g.) unless such service vendors are licensed with the state of Minnesota.
- Minnesota-mandated benefits must be met.
- MEWA funds must be trustee; trustees must be plan participants; trustees must serve without compensation and be bonded; trustees must file reports with the Minnesota Insurance Department.
- Rules to govern MEWAs are to be promulgated by the Insurance Commissioner.
- There is a 2% revenue fee which is based upon the most recently completed plan year's claims paid.
- MEWAs, under qualified IRC §501(c)(9) trust form, in existence March 1, 1983 are grandfathered in as exempt MEWAs.

TPA Regulations

Minnesota enacted an administrative statute in 1985.² There are not criminal penalties that result from a violation.

- Fees and taxes—initial fee is \$101; renewal fee (two-year period) is also \$101.
- Records—six-year retention.
- Bond—the rule of bond amount depends on commingling:
 1. Commingled: average daily balance subject to a \$100,000-\$1 million minimax.
 2. Not commingled: average daily balance subject to a \$250,000-\$2 million minimax.

- Minnesota permits its TPAs to serve all lines of coverage—individual, workers’ compensation, and other property and liability coverage.
- Regulation—the application for registration must be supported by (a) financials for the past three years that are certified (b) resumes, and (c) copy of fidelity bond. List of self-funded employer clients must also be attached.

The Insurance Commissioner may revoke or suspend the TPA’s license for these reasons:

- It is in the public interest.
- Misrepresentation, fraudulent or deceptive practices, unfavorable litigation, incompetence, or violations.

Stop-Loss Regulation

None

Utilization Firm Regulations

Agency Responsible ³	Dept. of Health
Requirements	Registration
Exemptions	None
Waivers	None
Comments	Any chiropractic review must be done by a chiropractor .

Miscellaneous

State Premium Taxes

Commercial insurers are taxed at 2%; Blue Cross or HMOs are not taxed at all.

Small Group Reform

Insurers in the small employer market must offer both a deductible-type and a copayment-type health plan to employers with two to 49 employees.⁴

A small employer that offers such a plan must keep records verifying the continuing eligibility of employees and their dependents and documenting any waiver of coverage by an eligible employee or dependent and must provide this information to the insurer on request.

A small employer may not discourage employees or applicants that have an adverse health status or claims experience from applying for coverage under such a plan by, for example, directing them to seek coverage from another carrier or the Minnesota Comprehensive Health Association.

MSA Legislation

No action.

Continuation of Coverage and Conversion of Benefits⁵

Termination of Employment. Minnesota law requires group health plans to allow covered group members and dependents to continue coverage in the event that a covered employee is terminated from employment, except

for termination due to gross misconduct, or if the employee's hours are reduced below the minimum required by the plan. Coverage must be allowed to continue for up to 18 months or until the employee becomes covered under another group plan.

Death of Covered Employee. Minnesota law requires that continuation coverage be extended to the spouse and dependents of an employee who was covered by a group policy if normal coverage ends due to that employee's death.

Conversion Rights. Minnesota requires group health plans to allow continuation coverage as described above to also allow conversion to individual coverage for employees, surviving spouses, and dependents flowing any period of continuation of group coverage, without proof of insurability. Beneficiaries must be notified of their conversion rights and may be required to pay for the policy. Such converted policies may not treat pregnancy differently than any other illness.

Employers Surety Bond or Other Deposits⁶

Employers which provide a self-funded health benefit and that purchase stop-loss insurance, or any other such insurance, must file with the Commissioner a surety bond or other security. The amount of the bond or security must be equal to 25% of the projected annual medical and hospital expenses or \$1,000, whichever is greater. This requirement does not apply to the state or its subdivisions, or to a joint self-funded plan approved by the commissioner.

Minnesota Comprehensive Health Insurance Act⁷

The Minnesota Comprehensive Health Insurance Act requires every employer that offers health coverage to offer the state-qualified plan. Self-funders must report annually to the Insurance Department. Self-funders must participate in the Comprehensive Health Association. Some Minnesota employers have challenged this law through litigation.

Fair Information Reporting Act

MEWAs, insurance companies, HMOs, and others are subject to the Minnesota Insurance Fair Information Reporting Act. This statute gives an insured or applicant for insurance protection in keeping medical information private. This protection includes access to information collected by insurers or insurance agents (TPAs are included in the definition of insurer), the right to certain notices and prior authorization when information corrected or deleted from an insurer's file.

Endnotes

- ¹ Minn. Stat. §§ 62H.01 *et. seq.*
 - ² Minn. Code Admin. Stat. §§ 1.9260 to 1.9764 (1985).
 - ³ Minn Stat. §§ 62M.01 *et. seq.*
 - ⁴ Min. Stat. §§ 62L.01 to 62L.23.
 - ⁵ Minn. Stat. §§ 62A.17 *et. seq.*
 - ⁶ Minn. Stat. § 62A.28.
 - ⁷ Minn. Stat. § 62E.01.
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