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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **2163**

March 25, 2009

Authored by Loeffler

The bill was read for the first time and referred to the Committee on Commerce and Labor

April 1, 2009

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

May 18, 2009

Pursuant to Rule 4.20, re-referred to the Committee on Commerce and Labor

March 17, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act
1.2 relating to insurance; expanding the small employer health insurance market;
1.3 creating a process for developing a standard application form for small employer
1.4 health coverage; amending Minnesota Statutes 2009 Supplement, section
1.5 62L.02, subdivision 26.

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

1.7 Section 1. Minnesota Statutes 2009 Supplement, section 62L.02, subdivision 26, is
1.8 amended to read:

1.9 Subd. 26. **Small employer.** (a) "Small employer" means, with respect to a calendar
1.10 year and a plan year, a person, firm, corporation, partnership, association, or other entity
1.11 actively engaged in business in Minnesota, including a political subdivision of the state,
1.12 that employed an average of no fewer than two nor more than ~~50~~ 75 current employees on
1.13 business days during the preceding calendar year and that employs at least two current
1.14 employees on the first day of the plan year. If an employer has only one eligible employee
1.15 who has not waived coverage, the sale of a health plan to or for that eligible employee
1.16 is not a sale to a small employer and is not subject to this chapter and may be treated as
1.17 the sale of an individual health plan. A small employer plan may be offered through a
1.18 domiciled association to self-employed individuals and small employers who are members
1.19 of the association, even if the self-employed individual or small employer has fewer than
1.20 two current employees. Entities that are treated as a single employer under subsection (b),
1.21 (c), (m), or (o) of section 414 of the federal Internal Revenue Code are considered a single
1.22 employer for purposes of determining the number of current employees. Small employer
1.23 status must be determined on an annual basis as of the renewal date of the health benefit
1.24 plan. The provisions of this chapter continue to apply to an employer who no longer meets
1.25 the requirements of this definition until the annual renewal date of the employer's health

2.1 benefit plan. If an employer was not in existence throughout the preceding calendar year,
2.2 the determination of whether the employer is a small employer is based upon the average
2.3 number of current employees that it is reasonably expected that the employer will employ
2.4 on business days in the current calendar year. For purposes of this definition, the term
2.5 employer includes any predecessor of the employer. An employer that has more than ~~50~~
2.6 75 current employees but has ~~50~~ 75 or fewer employees, as "employee" is defined under
2.7 United States Code, title 29, section 1002(6), is a small employer under this subdivision.

2.8 (b) Where an association, as defined in section 62L.045, comprised of employers
2.9 contracts with a health carrier to provide coverage to its members who are small employers,
2.10 the association and health benefit plans it provides to small employers, are subject to
2.11 section 62L.045, with respect to small employers in the association, even though the
2.12 association also provides coverage to its members that do not qualify as small employers.

2.13 (c) If an employer has employees covered under a trust specified in a collective
2.14 bargaining agreement under the federal Labor-Management Relations Act of 1947,
2.15 United States Code, title 29, section 141, et seq., as amended, or employees whose health
2.16 coverage is determined by a collective bargaining agreement and, as a result of the
2.17 collective bargaining agreement, is purchased separately from the health plan provided
2.18 to other employees, those employees are excluded in determining whether the employer
2.19 qualifies as a small employer. Those employees are considered to be a separate small
2.20 employer if they constitute a group that would qualify as a small employer in the absence
2.21 of the employees who are not subject to the collective bargaining agreement.

2.22 **EFFECTIVE DATE.** This section is effective August 1, 2011.

2.23 Sec. 2. **CREATION OF UNIFORM HEALTH COVERAGE APPLICATION**
2.24 **FORM.**

2.25 The commissioner of commerce, in consultation with the commissioner of health,
2.26 employers, and health plan companies, shall develop and recommend to the legislature
2.27 a uniform health coverage application form for consideration for adoption by the 2011
2.28 legislature as the form required for use in this state in applying for coverage in the small
2.29 employer market.

2.30 **EFFECTIVE DATE.** This section is effective July 1, 2010.