

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 1954**

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DATE  
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D-PG

Introduction and first reading  
Referred to Commerce and Consumer Protection Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to health insurance; requesting the legislative auditor to study and report  
1.3 on disparities in certain health insurance rates; appropriating money.

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

1.5 Section 1. **STUDY AND REPORT ON DISPARITIES BETWEEN GEOGRAPHIC**  
1.6 **RATING AREAS IN INDIVIDUAL AND SMALL GROUP MARKET HEALTH**  
1.7 **INSURANCE RATES.**

1.8 Subdivision 1. Study and recommendations. (a) As permitted by the availability of  
1.9 resources, the legislative auditor is requested to study disparities between Minnesota's nine  
1.10 geographic rating areas in individual and small group market health insurance rates and  
1.11 recommend ways to reduce or eliminate rate disparities between the geographic rating areas  
1.12 and provide for stability of the individual and small group health insurance markets in the  
1.13 state. In the study, if conducted, the legislative auditor shall:

1.14 (1) identify the factors that cause higher individual and small group market health  
1.15 insurance rates in certain geographic rating areas, and determine the extent to which each  
1.16 identified factor contributes to the higher rates;

1.17 (2) identify the impact of referral centers on individual and small group market health  
1.18 insurance rates in southeastern Minnesota, and identify ways to reduce the rate disparity  
1.19 between southeastern Minnesota and the metropolitan area, taking into consideration the  
1.20 patterns of referral center usage by patients in those regions;

1.21 (3) determine the extent to which individuals and small employers located in a geographic  
1.22 rating area with higher health insurance rates than surrounding geographic rating areas have

2.1 obtained health insurance in a lower-cost geographic rating area, identify the strategies that  
2.2 individuals and small employers use to obtain health insurance in a lower-cost geographic  
2.3 rating area, and measure the effects of this practice on the rates of the individuals and small  
2.4 employers remaining in the geographic rating area with higher health insurance rates; and

2.5 (4) develop proposals to redraw the boundaries of Minnesota's geographic rating areas,  
2.6 and estimate the effect each proposal would have on rates in each of the proposed rating  
2.7 areas. The legislative auditor shall examine at least three options for redrawing the boundaries  
2.8 of Minnesota's geographic rating areas, at least one of which must reduce the number of  
2.9 geographic rating areas. All options for redrawing Minnesota's geographic rating areas  
2.10 considered by the legislative auditor must be designed:

2.11 (i) with the purposes of reducing or eliminating rate disparities between geographic  
2.12 rating areas and providing for stability of the individual and small group health insurance  
2.13 markets in the state;

2.14 (ii) with consideration of the composition of existing provider networks and referral  
2.15 patterns in regions of the state; and

2.16 (iii) in compliance with the requirements for geographic rating areas in Code of Federal  
2.17 Regulations, title 45, section 147.102(b), and other applicable federal law and guidance.

2.18 (b) Health carriers that cover Minnesota residents, health systems that provide care to  
2.19 Minnesota residents, and the commissioners of health and commerce shall cooperate with  
2.20 any requests for information from the legislative auditor that the legislative auditor determines  
2.21 necessary to conduct the study. Data submitted by health carriers to the legislative auditor  
2.22 shall be limited to data on geographic rating areas that health carriers submitted to the  
2.23 commissioner of commerce for the 2014 rate and form filings for the individual and small  
2.24 group markets. The legislative auditor may disclose data submitted by health carriers only  
2.25 in aggregate form. Nothing in this section allows the release of private data on individuals  
2.26 or nonpublic data, as those terms are defined in Minnesota Statutes, section 13.02.

2.27 (c) The legislative auditor may recommend one or more proposals for redrawing  
2.28 Minnesota's geographic rating areas if the legislative auditor determines that the proposal  
2.29 would reduce or eliminate individual and small group market health insurance rate disparities  
2.30 between the geographic rating areas and provide for stability of the individual and small  
2.31 group health insurance markets in the state.

2.32 Subd. 2. **Contract.** The legislative auditor may contract with another entity for technical  
2.33 assistance in conducting the study and developing recommendations according to subdivision  
2.34 1.

3.1 Subd. 3. **Report.** The legislative auditor is requested to complete the study and  
 3.2 recommendations by January 1, 2020, and to submit a report on the study and  
 3.3 recommendations by that date to the chairs and ranking minority members of the legislative  
 3.4 committees with jurisdiction over health care and health insurance.

3.5 Sec. 2. **APPROPRIATION; STUDY AND REPORT ON DISPARITIES BETWEEN**  
 3.6 **GEOGRAPHIC RATING AREAS IN INDIVIDUAL AND SMALL GROUP MARKET**  
 3.7 **HEALTH INSURANCE RATES.**

3.8 \$..... in fiscal year 2020 is appropriated from the general fund to the Office of the  
 3.9 Legislative Auditor for the legislative auditor to study and report on disparities between  
 3.10 geographic rating areas in individual and small group market health insurance rates under  
 3.11 section 1.