



Minnesota Small Employer Health Benefit Act (62L) & Small Group Health Insurance Market Working Group (Chapter 370, Laws 2010)



Small Employer Definition

- Current MN Small Employer Definition (62L.02, Subd. 26)
 - Actively Engaged in Business
 - Employed average of 2 -50 employees during *prior* year
 - Employs at least 2 employees on the first day of the plan year.
 - Small employer status determined annually on renewal.



Small Employer - Guarantee Issue

- Small Employer coverage guaranteed issue if the employer (62L.03)
 - Contributes at least 50% toward the cost of coverage, and
 - 75% of eligible employees who have not waived coverage participate on the plan.



Small Employer Coverage

- Restrictions Relating to Premium Rates (62L.08)
 - Total Adjustments limited to 25% above or below index rate for the following underwriting factors:
 - Health Status
 - Claims Experience
 - Industry of Employer
 - Duration of Coverage from Date of Issue
 - Additional adjustment allowed up to 50% above or below index rate based on Age



Small Employer Coverage

- Restrictions Relating to Premium Rates (62L.08)
 - Geographic variations permitted if each geographic region composed of no fewer than 7 counties
 - Gender based rating prohibited
 - Index Rates filed & approved by Department of Commerce



Small Employer Coverage

- Restrictions Relating to Premium Rates (62L.08)
 - Renewal Rates Limited to
 - % Change in Index Rate **PLUS**
 - Up to 15% adjustment due to claims experience, health status, and duration of coverage **PLUS**
 - Adjustment for change in coverage or change in case characteristics of the Employer



2010 Legislative Charge

Small Group Health Insurance Market Working Group reported on:

- Implementation Options in Expanding the Small Group Definition to 100 Employees
- Underwriting Concerns and Rating Requirements
- Implications of Size Change on Entire Market
- Costs for Employers, Brokers and Health Plans
- Migrating from Fully-Insured to Self-Insured
- Uniform Application Form
- Section 125 Plans
- Impacts of Federal Law



Questions?

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