

2008 HEALTH CARE REFORM BILL

SF 3780(Berglin)/HF 3924(Huntley)

CHAPTER 358, LAWS 2008

Signed by the Governor: May 29, 2008

SECTION	STATUTE	SUBJECT	EFFECTIVE
ARTICLE 4		HEALTH INSURANCE PURCHASING AND AFFORDABILITY REFORM	
10	New 62U.07	Section 125 Plans. Beginning July 1, 2009, Minnesota law requires employers that 1) do not offer health insurance benefits to their employees and 2) have 11 or more full-time equivalent employees to establish and maintain a Section 125 plan to allow their employees to purchase health coverage with pre-tax dollars. This is not a requirement for employers to offer or contribute to health insurance benefits. Employers may "opt out" of this requirement by certifying to the Commissioner of Commerce that they have received education and information on the advantages of Section 125 plans and have chosen not to establish such a plan.	<u>7-1-09</u>
ARTICLE 5		APPROPRIATIONS	
		Section 125 Plan Employer Incentives. Small employers (those with 2 to 50 employees) may apply for a grant of \$350 from the state to offset the cost of establishing a Section 125 plan. \$1,000,000 from the Health Care Access Fund is appropriated to the Commissioner of Health to be transferred to the Department of Employment and Economic Development for the purpose of funding the employer incentives grants.	<u>7-1-09</u>

17.1 ARTICLE 4

17.2 HEALTH INSURANCE PURCHASING AND AFFORDABILITY REFORM

29.22 Sec. 10. [62U.07] SECTION 125 PLANS.

29.23 Subdivision 1. Definitions. For purposes of this section, the following terms have
29.24 the meanings given them.

29.25 (a) "Employee" means an employee currently on an employer's payroll other than a
29.26 retiree or disabled former employee.

29.27 (b) "Employer" means a person, firm, corporation, partnership, association, business
29.28 trust, or other entity employing one or more persons, including a political subdivision of
29.29 the state, filing payroll tax information on the employed person or persons.

29.30 (c) "Section 125 Plan" means a cafeteria or premium-only plan under section 125 of
29.31 the Internal Revenue Code that allows employees to pay for health coverage premiums
29.32 with pretax dollars.

29.33 (d) "Small employer" means an employer with two to 50 employees.

30.1 Subd. 2. Section 125 Plan requirement. (a) Effective July 1, 2009, all employers
30.2 with 11 or more current full-time equivalent employees in this state shall establish and
30.3 maintain a Section 125 Plan to allow their employees to purchase individual market or
30.4 employer-based health coverage with pretax dollars. Nothing in this section requires
30.5 employers to offer or purchase group health coverage for their employees. The following
30.6 employers are exempt from the Section 125 Plan requirement:

30.7 (1) employers that offer a health plan as defined in section 62A.011, subdivision
30.8 3, that is group coverage;

30.9 (2) employers that provide self-insurance as defined in section 62E.02; or
30.10 (3) employers that have no employees who are eligible to participate in a Section
30.11 125 Plan.
30.12 (b) Notwithstanding paragraph (a), an employer may opt out of the requirement to
30.13 establish a Section 125 Plan by sending a form to the commissioner of commerce. The
30.14 commissioner of commerce shall create a check-box form for employers to opt out. The
30.15 form must contain a check box indicating the employer is choosing to opt out and a check
30.16 box indicating that the employer certifies they have received education and information
30.17 on the advantages of Section 125 Plans. The commissioner of commerce shall make the
30.18 form available through their Web site by April 1, 2009.
30.19 Subd. 3. **Employer requirements.** (a) Employers that do not offer a health plan as
30.20 defined in section 62A.011, subdivision 3, that is group coverage and are required to offer
30.21 or choose to offer a Section 125 Plan shall:
30.22 (1) allow employees to purchase an individual market health plan for themselves
30.23 and their dependents;
30.24 (2) allow employees to choose any insurance producer licensed in accident and health
30.25 insurance under chapter 60K to assist them in purchasing an individual market health plan;
30.26 (3) upon an employee's request, deduct premium amounts on a pretax basis in an
30.27 amount not to exceed an employee's wages, and remit these employee payments to the
30.28 health plan; and
30.29 (4) provide notice to employees that individual market health plans purchased by
30.30 employees through payroll deduction are not employer-sponsored or administered.
30.31 (b) Employers shall be held harmless from any and all claims related to the
30.32 individual market health plans purchased by employees under a Section 125 Plan.
30.33 Subd. 4. **Section 125 Plan employer incentives.** (a) The commissioner of
30.34 employment and economic development shall award grants to eligible small employers
30.35 that establish Section 125 Plans.
30.36 (b) In order to be eligible for a grant, a small employer must:
31.1 (1) not have offered health insurance to employees through a group health insurance
31.2 plan as defined in section 62A.10 or through a self-insured plan as defined in section
31.3 62E.02 in the 12 months prior to applying for grant funding under this section;
31.4 (2) have established a Section 125 Plan within 90 days prior to applying for grant
31.5 funding under this section, and must not have offered a Section 125 Plan to employees
31.6 for at least a nine-month period prior to the establishment of the Section 125 Plan under
31.7 this section; and
31.8 (3) certify to the commissioner that the employer has established a Section 125 Plan
31.9 and meets the requirements of subdivision 3.
31.10 (c) The amount of the grant awarded to a small employer under this section shall
31.11 be \$350.

33.24 **ARTICLE 5**

33.25 **APPROPRIATIONS**

40.7 **Section 125 Employer Incentives.**
40.8 \$1,000,000 from the health care access
40.9 fund is appropriated to the commissioner of
40.10 health to be transferred to the Department of
40.11 Employment and Economic Development
40.12 for grants authorized under Minnesota
40.13 Statutes, section 62U.07. This appropriation
40.14 is available until expended.

2010 OMNIBUS STATE BUDGET BILL
HF 1(Carlson)/SF 1(Cohen)
CHAPTER: 2010 1st Special Session Chapter 1, LAWS 2010
Signed by the Governor: May 21, 2010

SECTION	STATUTE	SUBJECT	EFFECTIVE
ARTICLE 25		HEALTH AND HUMAN SERVICES APPROPRIATIONS	
Sec. 4 Subd. 3	Laws 2008, Chapter 358, Art. 5, Sec. 4 Subd. 3, and Laws 2008, Chapter 358, Article 4	Health Care Reform. Funds appropriated for health reform activities are available until expended. This provision shall not expire.	<u>7-1-10</u>
Sec. 4 Subd. 3	Laws 2008, Chapter 358, Art. 5, Sec. 4 Subd. 3	Section 125 Plans. The remaining balance from the Laws 2008, chapter 358, article 5, section 4, subdivision 3, appropriation for Section 125 Plan Employer Incentives is canceled.	<u>7-1-10</u>

ARTICLE 25
HEALTH AND HUMAN SERVICES APPROPRIATIONS

Sec. 4. **COMMISSIONER OF HEALTH**
Subd. 3. Policy, Quality, and Compliance
Health Care Reform. Funds appropriated in Laws 2008, chapter 358, article 5, section 4, subdivision 3, for health reform activities to implement Laws 2008, chapter 358, article 4, are available until expended. Notwithstanding any contrary provision in this article, this provision shall not expire.

Section 125 Plans. The remaining balance from the Laws 2008, chapter 358, article 5, section 4, subdivision 3, appropriation for Section 125 Plan Employer Incentives is canceled.