

Overview of Minnesota Legislation Related to the Small Group Health Insurance Market

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History of Minnesota's Small Employer Health Insurance Laws (Minnesota Statutes, chapter 62L)

- First version passed the legislature in 1991; was in a bill vetoed by the governor
- Different version enacted in May 1992, to be effective beginning July 1, 1993
- Amended in most years since then, with technical, clarifying, and substantive changes

History of Scope of Minnesota Small Employer Market

When Enacted	Effective Date	Scope of Market
May 1992	July 1, 1993	2-29 current employees
May 1994	July 1, 1995	2-49 current employees
May 1997	July 1, 1997	2-50 current employees

Minnesota Definitions Related to Employees

- “Employee” – Individual employed for at least 20 hours per week.
 - Includes sole proprietor or partner in a partnership if included in the employer’s health plan.
 - Includes disabled former employees receiving special continuation coverage and other retirees if included in the employer’s plan.
 - Excludes temporary, seasonal, or substitute employees.
- “Current employee” – “Employees” other than disabled former employees and retirees referenced above.
 - This is used as the base to specify employer size for small employer health insurance.
- “Eligible employee” – “Employee” who has satisfied all employer participation and eligibility requirements.

- “Eligible employee who has not waived coverage” – “Eligible employee” who has not waived employer coverage because the eligible employee is covered under another group health plan, Medicare, Medicaid, or MCHA.
- “Small employer” – A business that employed an average of 2-50 “current employees” during the past calendar year, has at least two “current employees” on the first day of the current plan year, and has at least two “eligible employees” who have not waived coverage. However:
 - (1) two or more related businesses that are treated as a single employer under the Internal Revenue Code are treated as a single employer for this definition;
 - (2) an employer that has more than 50 “current employees” but has 50 or fewer “employees” as that term is defined under the federal ERISA and HIPAA laws, is treated as a “small employer”; and
 - (3) if the employer has some employees whose health coverage is determined separately under a collective bargaining agreement and other who are not included in the collective bargaining agreement, the employees covered by collective bargaining do not count in determining whether the employer is a “small employer.”

End Result: An employer that qualifies as a “small employer” as defined above, is eligible for coverage in the small employer market if at least 75 percent of the small employer’s “eligible employees who have not waived coverage” participate, and if the employer pays at least 50 percent of the premium for each of those participants. The employer is not required to contribute toward the cost of covering dependents.