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S.F. No. 4837 - Oversight of health maintenance organization transactions by the commissioner of health authorization (as amended by the A-1 Amendment)

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Bill Overview

S.F. 4837 applies several statutes in existing law relating to oversight of material insurance transactions, which statutes currently only apply to stock insurers, to health maintenance organizations and nonprofit health service plan corporations. The bill provides the Department of Health with regulatory oversight over these transactions as they apply to health maintenance organizations and nonprofit health service plan corporations. S.F. 4837 also expands situations in which pre-transaction notice must be provided to the attorney general under Minn. Stat. § 317A.811. In particular, Minnesota nonprofit health maintenance organizations and nonprofit health service plan corporations must provide notice to the attorney general upon any transfer of at least ten percent of the corporation's assets, as well as upon a dissolution, merger, consolidation, or conversion.

Section Summaries

Section 1 (adds Minn. Stat. § 62D.085)

Subdivision 1 (Insurance provisions applicable to health maintenance organizations)

This subdivision applies several statutes in existing law to health maintenance organizations ("HMOs"). These statutes are currently only applicable to stock insurers and are subject to regulatory oversight by the Department of Commerce. This section of the bill gives the Department of Health oversight over the statutes when they are applied to HMOs. The statutes that would be applied to health maintenance organizations pursuant to this subdivision include the following:

- Minn. Stat. §§ 60A.135 – 60A.137 (relating to reports on insurer material acquisitions, divestitures, and reinsurance agreements);

- Minn. Stat. §§ 60A.16 (relating to insurer mergers and consolidations);
- Minn. Stat. § 60A.161 (relating to insurer domestications and conversions);
- Minn. Stat. § 60D.17 (relating to change of control of insurers in an insurance holding company system);
- Minn. Stat. § 60D.18 (relating to change of control of insurers operating, but not domesticated, in Minnesota); and
- Minn. Stat. § 60D.20 (relating to material affiliated transactions within an insurance holding company system).

Paragraph (b) of this subdivision provides that all regulations implementing Minn. Stat. §§ 60D.17, 60D.18, and 60D.20 are applicable to HMOs in the same manner as those regulations apply to stock insurers.

Subdivision 2 (Notice on transfers) This subdivision requires an acquiror of all or substantially all of a domestic nonprofit HMO's assets to file a statement with the commissioner of health in the same manner as if the asset transfer constituted an "acquisition of control" under section 60D.17 (relating to change of control of insurers in an insurance holding company system). This subdivision subjects the asset transfer to the same approval requirements as an acquisition of control of a stock insurer under section 60D.17, except that the commissioner of health holds the approval authority instead of the commissioner of commerce.

Section 2 (amends Minn. Stat. § 317A.811, subdivision 1) Existing law requires certain Minnesota nonprofits to provide the attorney general with notice prior to their dissolution, merger, consolidation, conversion, or transfer of all or substantially all their assets. The attorney general may then utilize the office's investigatory authority and right to seek equitable remedies if, in the attorney general's opinion, the transaction would violate state law, including laws relating to the proper use of assets held by nonprofit corporations. This section of the bill expands this notice requirement to nonprofit Minnesota HMOs and nonprofit health service plan corporations that transfer at least ten percent of their assets.

Section 3 (amends Minn. Stat. § 317A.811, subdivision 2) This section requires a Minnesota nonprofit HMO or nonprofit health service plan corporation to wait until the expiration of a 45-day waiting period from the provision of notice to complete the transaction, unless the attorney general waives all or part of the waiting period. This section further permits the attorney general to hold a public hearing relating to the transaction, and establishes general notice requirements for such a hearing.

Section 4 (amends Minn. Stat. § 317A.811, subdivision 4) This section requires a Minnesota nonprofit HMO or nonprofit health service plan corporation to deliver to the attorney general a list of persons to whom the assets were transferred or conveyed, after the transaction giving rise to the notice requirement is complete.