

Senator Wiklund from the Committee on Health and Human Services, to which was referred

S.F. No. 4837: A bill for an act relating to health carriers; providing for oversight of health maintenance organization transactions by the commissioner of health; establishing requirements for nonprofit health coverage entity conversion transactions; prohibiting certain conversion transactions; authorizing enforcement; classifying data; amending Minnesota Statutes 2022, sections 62D.02, by adding subdivisions; 62D.22, by adding a subdivision; 317A.811, subdivision 1; Minnesota Statutes 2023 Supplement, section 145D.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62C; 62D; 145D.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[62D.085] TRANSACTION OVERSIGHT.**

Subdivision 1. Insurance provisions applicable to health maintenance

organizations. (a) Health maintenance organizations are subject to sections 60A.135, 60A.136, 60A.137, 60A.16, 60A.161, 60D.17, 60D.18, and 60D.20 and must comply with the provisions of these sections applicable to insurers. For purposes of applying these sections to health maintenance organizations, "the commissioner" means the commissioner of health.

(b) Health maintenance organizations are subject to all regulations implementing sections 60D.17, 60D.18, and 60D.20 in Minnesota Rules, chapter 2720, and must comply with the provisions of these sections applicable to insurers, unless the commissioner of health adopts rules to implement this subdivision.

Subd. 2. Notice on transfers. No person may acquire all or substantially all of the assets of a domestic nonprofit health maintenance organization through any means unless, at the time the agreement is entered into, the person has filed with the commissioner and has sent to the health maintenance organization a statement containing the information required by section 60D.17, including its implementing regulations, and the agreement and acquisition have been approved by the commissioner of health in the manner prescribed for regulatory approval in section 60D.17. The acquisition of assets subject to this subdivision must be treated as an acquisition of control for purposes of applying section 60D.17 and its implementing regulations to this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2022, section 317A.811, subdivision 1, is amended to read:

Subdivision 1. **When required.** (a) Except as provided in subdivision 6, the following corporations shall notify the attorney general of their intent to dissolve, merge, consolidate, or convert, or to transfer all or substantially all of their assets:

2.1 (1) a corporation that holds assets for a charitable purpose as defined in section 501B.35,
2.2 subdivision 2; or

2.3 (2) a corporation that is exempt under section 501(c)(3) of the Internal Revenue Code
2.4 of 1986, or any successor section.

2.5 (b) Except as provided in subdivision 6, the following corporations shall notify the
2.6 attorney general of their intent to dissolve, merge, consolidate, convert, or transfer at least
2.7 ten percent of their assets:

2.8 (1) a corporation that is a nonprofit health service plan corporation operating under
2.9 chapter 62C; or

2.10 (2) a corporation that is a health maintenance organization operating under chapter 62D.

2.11 ~~(b)~~ (c) The notice must include:

2.12 (1) the purpose of the corporation that is giving the notice;

2.13 (2) a list of assets owned or held by the corporation for charitable purposes;

2.14 (3) a description of restricted assets and purposes for which the assets were received;

2.15 (4) a description of debts, obligations, and liabilities of the corporation;

2.16 (5) a description of tangible assets being converted to cash and the manner in which
2.17 they will be sold;

2.18 (6) anticipated expenses of the transaction, including attorney fees;

2.19 (7) a list of persons to whom assets will be transferred, if known, or the name of the
2.20 converted organization;

2.21 (8) the purposes of persons receiving the assets or of the converted organization; and

2.22 (9) the terms, conditions, or restrictions, if any, to be imposed on the transferred or
2.23 converted assets.

2.24 The notice must be signed on behalf of the corporation by an authorized person.

2.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.26 Sec. 3. Minnesota Statutes 2022, section 317A.811, subdivision 2, is amended to read:

2.27 Subd. 2. **Restriction on transfers.** (a) Subject to subdivision 3, a corporation described
2.28 in subdivision 1, paragraph (a), may not transfer or convey assets as part of a dissolution,
2.29 merger, consolidation, or transfer of assets under section 317A.661, and it may not convert

until 45 days after it has given written notice to the attorney general, unless the attorney general waives all or part of the waiting period.

(b) Subject to subdivision 3, a corporation described in subdivision 1, paragraph (b), may not transfer or convey assets as part of a dissolution, merger, consolidation, transfer of assets under section 317A.661, or transfer of at least ten percent of its assets and it may not convert until 45 days after it has given written notice to the attorney general, unless the attorney general waives all or part of the waiting period.

(c) For a notice given by a corporation described in subdivision 1, paragraph (b), the attorney general may hold a public hearing with respect to the purpose for which the corporation gave the notice. Such a hearing must be held within 30 days after the notice is given to the attorney general. The attorney general must give at least seven days' notice of the hearing to the corporation filing the statement and to the public. The attorney general may not waive all or part of the waiting period until the public hearing is held.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2022, section 317A.811, subdivision 4, is amended to read:

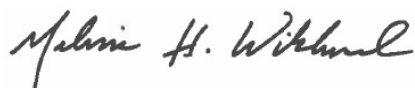
Subd. 4. **Notice after transfer.** When all or substantially all of the assets of a corporation described in subdivision 1, paragraph (a), or at least ten percent of the assets of a corporation described in subdivision 1, paragraph (b), have been transferred or conveyed following expiration or waiver of the waiting period, the board shall deliver to the attorney general a list of persons to whom the assets were transferred or conveyed. The list must include the addresses of each person who received assets and show what assets the person received.

EFFECTIVE DATE. This section is effective the day following final enactment."

Delete the title and insert:

"A bill for an act
relating to health carriers; providing for oversight of health maintenance
organization transactions by the commissioner of health; requiring notice to the
attorney general of certain transactions by health maintenance organizations and
nonprofit health service plan corporations; amending Minnesota Statutes 2022,
section 317A.811, subdivisions 1, 2, 4; proposing coding for new law in Minnesota
Statutes, chapter 62D."

And when so amended the bill do pass and be re-referred to the Committee on Judiciary and Public Safety. Amendments adopted. Report adopted.



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(Committee Chair)

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4.2

March 14, 2024.....
(Date of Committee recommendation)