

OUTSIDE the Beltway

written by Dave Kirby



New Minnesota Stop-Loss Law Expands Self-Insurance Options



New Minnesota stop-loss insurance regulations enacted by the legislature are expected to make self-insurance of employee benefit plans less costly and more convenient for the state's small businesses. "The new law allows employers more options and possibly lowers their costs," reports SIIA Vice President of State Government Relations Adam Brackemyre, who led SIIA's advocacy of the new law that was pursued for eight years by state business organizations.

"The lessons for future government relations projects is to be persistent, set realistic goals and be ready to compromise,"

Brackemyre said of the campaign initiated in 2009 by the Minnesota Association of Health Underwriters (MAHU). The resulting regulations could comprise a model for future regulations in other states, he said.

The new regulation changed a stop-loss policy aggregate attachment point to 110 percent of expected claims for groups of 51 or fewer – leveling the playing field between large and small employers related to the level of stop-loss insurance they can access in the marketplace. Previously the aggregate attachment point for small employers was set at the greater of \$4,000 per group member or 120 percent of expected claims. The specific attachment point for claims incurred per individual remained unchanged at \$20,000. "It was apparent that the \$4,000 per group member attachment point presented significant financial challenges to smaller businesses," Brackemyre noted.

The other significant element of the law was to change stop-loss contract terms from 12-24 to 12-15, meaning the "run-out period" of claims submission and payment was reduced from 12 months following a 12-month period of claims incurrence to three months following a 12-month period. "This should also help reduce costs for plan sponsors," Brackemyre said, explaining that plan sponsors would now be less vulnerable to claims they didn't expect.

These significant changes in the rules governing Minnesota stop-loss insurance have been a continuing effort initiated by Dave Wiest, Legislative Chairman of MAHU, who is president and CEO of EMEX Benefit Systems, Inc. of Medina, Minnesota.

"In working with my clients I found the state stop-loss regulations to be unfairly restrictive and I brought that to the attention of MAHU leaders in 2009," Wiest recalls. *"Gradually, other members became interested in the issue and we began to push for corrective legislation."*

Wiest said that MAHU faced a long uphill educational campaign among the evolving membership of the legislature and the governor's office. "Lawmakers were not quick to understand the elements of self-funding or stop-loss insurance and how these serve to benefit a large portion of the state's business community," he said. "Some years we were just breaking through to a level of understanding of our issue as the legislative session ended."

Wiest said that MAHU went into successive legislative seasons in St. Paul with experienced lobbyist Tim Wilken but was seemingly outgunned by the legislative clout of the traditional insurance industry: "They never let up on the assertion that

self-insurance would ruin the small group market.

"But when the Chamber got involved it changed everything," Wiest said of the welcome participation on the issue by the Minnesota Chamber of Commerce along with the National Federation of Independent Business (NFIB). Wiest noted that the Chamber's and NFIB's vast membership of state employers weighed heavily with legislators.





Bentley Graves, director of health care and transportation policy for the Minnesota Chamber, said, *"We got involved in this issue because it's important to us that smaller employers in Minnesota have a level playing field and the coverage options they need. We viewed this legislation as a way to accomplish that. Our data for two years prior to 2016 showed that about one-third or 8,000 small employers left the fully-insured benefits market."*

"Even with our united effort and some Democratic support, we still lost out for seven years as bills failed to pass both houses or were vetoed by the governor," Wiest said. He described this year's compromise breakthrough when Gov. Mark Dayton (D) allowed the legislation to go forward with a stipulation that provides rebates for state health care exchange policy-holders ineligible for advance premium tax credits (APTC).

The revised stop-loss regulations have sparked new interest among stop-loss insurance carriers in entering the Minnesota market, and should bring increased interest by employers to sponsor self-insured health plans, according to Wiest. "Now our mission is to educate our industry here in Minnesota and through them, the employers," he said.

SIIA Chairman Jay Ritchie has communicated his encouragement of SIIA members in Minnesota to participate in educational events with MAHU. "Joining in state advocacy efforts strengthens self-insurance in the eyes of each state's government and business communities," he said. MAHU held its Tech Expo last month with industry exhibits and presentations on the new stop-loss law, and will begin offering sponsorships next month for its annual fall convention. Information is available at the organization's website www.emahu.org. ■

SIIA members who wish to join the state government relations advocacy team are invited to contact Adam Brackemyre at the Washington, DC, office, (202) 463-8161 or abrackemyre@siiia.org.