

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

MINNESOTA STATE REGULATION

Notice of filing by the Commissioner of Administration

We have received on this date, stamped and filed 2 copies of Rules and Regulations pertaining to the Department of Commerce - Insurance Division
(Agency or Board)

Regulation No. Ins 176-178 (new)

Subject: Health maintenance Organization

Department of Administration
Publication, Central Services Division
Documents Section
140 Centennial Office Building
St. Paul, Minnesota 55155
Telephone: (612) 296-2874

FILED
RICHARD L. BRUBACHER
Commissioner of Administration

JUL 8 1974 4:25 PM

BY Eda Staudenmaier
AUTH. SIGNATURE EJ

Stamped and filed with the Secretary of State 7-8-74

Rev. 9-72

ADMIN 1000

STATE OF MINNESOTA

DEPARTMENT Attorney General

Office Memorandum

TO : **Jim Perrigo**
Special Assistant Attorney General
Insurance Division

DATE: **July 10, 1974**

FROM : Michael B. Miller
Special Assistant Attorney General

SUBJECT: Rules and Regulations - **Ins 176 - 178**

Enclosed directly following this memorandum are the rules and regulations you have submitted for approval. These rules and regulations have been approved by the Attorney General, filed with the Secretary of State and with the Department of Administration.

Upon receipt and before transmittal to your agency, it is IMPERATIVE that you recheck these rules and regulations as to:

1. Are the stamps of the Attorney General, Secretary of State and Department of Administration affixed to the last page of the rules and/or regulations;

2. Are all rules and/or regulations submitted covered by these stamps;

3. Are all pages of the rules and/or regulations included in the approved set?

Directly following the approved rules and/or regulations is a complete set of required documents and transcript which MUST be retained with the approved rules and/or regulations by you or your agency.

Also enclosed are additional documents and transcripts not retained by the Secretary of State; these should also be retained with the rules and/or regulations by you or your agency.

If you have any questions in this regard, please contact me.

MBM/sr

Enclosures

ADMIN. 1000
3

STATE OF MINNESOTA

DEPARTMENT of COMMERCE (Insurance)

Office Memorandum

TO : MIKE MILLER
Special Assistant Attorney General

DATE: June 18, 1974

FROM : JAMES M. PERRIGO
Special Assistant Attorney General

SUBJECT: HEALTH MAINTENANCE ORGANIZATIONS - INSURANCE RULES

Transmitted herewith for approval are the adopted insurance rules relating to HMO's. The hearing on these rules was held last December; but due to a misunderstanding between myself and the Board of Health, they have not been submitted for approval.

The only notable change between the rules as proposed and the rules as adopted is the deletion of Rule 177 pertaining to open enrollment. A 1974 statutory amendment places the responsibility for rule-making for open enrollment in the hands of the Board of Health.

aso

Enclosures

RECEIVED

JUN 18 1974

Dept. of Administration
Office of Commissioner

HEALTH MAINTENANCE ORGANIZATION
INSURANCE DIVISION RULES AS ADOPTED

Chapter Ten: Regulations on Health Maintenance Organizations

Minn. Reg. Ins 176-178

Ins 176 Authority and Purpose.

These regulations are promulgated pursuant to the authority granted by Laws of Minnesota, 1973, Chapter 670, Section 10, Subd. 4, and Section 19, and by Minnesota Statutes, Section 15.0412, for the purpose of setting forth rules and procedural standards which the Commissioner deems necessary to carry out the provisions of the Act.

Ins 177 Licensing Agents, Examinations

(a) Pursuant to Minnesota Statutes, Section 62D.22, Subd. 8, and in accordance with Minnesota Statutes 1971, Section 60A.17, and Agents' License Regulations of the Insurance Division, Section 20, the Commissioner shall conduct written examinations for the licensing of health maintenance organization agents, solicitors and brokers. Such examinations shall be designed to determine:

(1) The abilities and qualifications of each license applicant to protect the rights of health maintenance organizations, enrollees, providers association with health maintenance organizations and the general public relative to solicitations for enrollment in health maintenance

organizations; and

(2) Each license applicant's familiarity with enrollee obligations, rights and duties under health maintenance contracts and evidences of coverage, health service benefits thereunder, charges for and limitations upon services, and the authorized forms of solicitation and advertising of health maintenance organization services.

(b) Upon application in writing, affirmatively showing the reason or reasons therefor, the Commissioner may conduct special examinations for purposes of authorizing solicitation or advertising limited in scope or duration or for particular requirements of health maintenance organization agent, solicitor and broker license applicants.

Ins 178 Unreasonable Expenses

(a) Determinations.

Not less frequently than once every three years, the Commissioner shall determine whether any expense a health maintenance organization incurs or pays is unreasonably high in relation to the value of any service or good provided to it. In making such determinations, the Commissioner shall, to the extent possible, give due consideration to:

(1) The expense incurred or paid by other health maintenance organizations and other health care delivery systems for the same or similar service or good;

(2) The cost of such service or good to the supplier thereof;

(3) The impact of such expense upon the finance solvency of the health maintenance organization;

(4) All pertinent cost/service data obtained or obtainable by the Board from the health maintenance organization pursuant to Sections 62D.03, 62D.04, 62D.08, 62D.10 and 62D.14 of the Act;

(5) Guidelines developed and published pursuant to Minnesota Statutes 1971, Section 145.61, Subd. 5(e);

(6) Pertinent data available from any rating organization approved by the Commissioner; and

(7) Such other information and information collection techniques as the Commissioner may employ which show the real cost or fair market value of such service or good.

(b) Enforcement.

Upon a finding that a health maintenance organization is incurring or paying for any expense which is unreasonably high in relation to the value of the service or good provided, the Commissioner may:

(1) Exercise the enforcement authority granted him pursuant to Minnesota Statutes 1971, Sections 72A.17 through 72A.32;

(2) Issue an order pursuant to Section 62D.18 of the Act;

(3) Report such finding to the Board and recommend the exercise of any authority available to the Board pursuant to

Sections 62D.15 through 62D.17 of the Act; or

(4) Exercise such other statutory power as is available to him and which he deems appropriate.

FILED
RICHARD L. BRUBACHER
Commissioner of Administration
JUL 8 1974 4:25 pm
BY Eda Standenmaier (EJ)
AUTH. SIGNATURE

APPROVED AS TO FORM AND LEGALITY
July 8 19 74
WARREN SPANNAUS, ATTORNEY GENERAL
BY Michael B Miller
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUL 8 - 1974 4:00 pm
Arlen I. Erdahl
Secretary of State

STATE OF MINNESOTA

COUNTY OF HENNEPIN

BEFORE THE MINNESOTA STATE BOARD OF HEALTH AND THE DEPARTMENT OF COMMERCE

IN THE MATTER OF PROPOSED RULES RELATING TO HEALTH MAINTENANCE ORGANIZATIONS

ORDER ADOPTING RULES

The above entitled matter came on for hearing before the Insurance Commissioner of the State of Minnesota and the State Board of Health on the 12th day of December, 1973 at 9:30 a.m. in the Board Room, Minnesota Health Department, Minneapolis, Minnesota, after proper notice required by Minn. Stat., Section 15.0412 was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, and applicable statutory standards of criteria, and having confirmed the need for the above captioned rules,

NOW, THEREFORE, IT IS ORDERED that these rules identified as Ins Rules 176, 177 and 178 are adopted this 17th day of May, 1974 pursuant to authority vested in me by Minn. Stat. Sections 15.0412 and 62D.19.

Dated: 6/17, 1974.

STATE OF MINNESOTA
INSURANCE DIVISION

Burton W. Heaton

BERTON W. HEATON
COMMISSIONER OF INSURANCE

STATE OF MINNESOTA
COUNTY OF HENNEPIN

BEFORE THE MINNESOTA
STATE BOARD OF HEALTH

In the Matter of Proposed
Rules Relating to Health
Maintenance Organizations

ORDER FOR HEARING

To effectively implement Minn. Stat. §§ 62D.01 - .29, the Minnesota State Board of Health and the Department of Commerce deem it necessary to consider adoption of the proposed rules captioned above pursuant to the authority vested in them by the above-referenced statute.

NOW, THEREFORE, IT IS ORDERED this 3 day of November, 1973, that a public hearing on the proposed rules captioned above be held in the Board Room, Minnesota Health Department, 717 Delaware Street S.E., Minneapolis, Minnesota, on December 12, 1973, commencing at 9:30 A.M., and continuing until all representatives of associations or other interested groups or persons have had an opportunity to be heard.

IT IS FURTHER ORDERED, that notice of said hearing be given to all representatives of associations or other interested groups or persons who have registered their names with the Secretary of State for that purpose and all persons who are presently members of the Minnesota Legislature.

STATE OF MINNESOTA
BOARD OF HEALTH

WARREN R. LAWSON, M.D.
Secretary and Executive Officer

DEPARTMENT OF COMMERCE

EDWARD J. DRISCOLL
Commissioner of Commerce

STATE OF MINNESOTA

COUNTY OF HENNEPIN

BEFORE THE MINNESOTA

STATE BOARD OF HEALTH

AND THE

DEPARTMENT OF COMMERCE

In the matter of Proposed
Rules Relating to Health
Maintenance Organizations

NOTICE OF HEARING

Notice is hereby given that a public hearing will be held pursuant to Minn. Stat. § 15.0412 subd. 4 (1971) in the above-entitled matter, in the Board Room, Minnesota Department of Health Building, 717 Delaware Street S.E., Minneapolis, Minnesota, on Wednesday, December 12, 1973, commencing at 9:30 A.M., and continuing until all representatives or other interested groups of persons have had an opportunity to be heard concerning adoption of the proposed rules captioned above by submitting either oral or written data, statements, or arguments. Statements or briefs may be submitted without appearing at the hearing.

The Board and the Department of Commerce propose to adopt rules relating to Health Maintenance Organizations with specific attention given to the following matters: the content of applications for a Certificate of Authority to operate a Health Maintenance Organization; the requirements for issuance of a Certificate; the methods to be used to evaluate quality; the organization of the Health Maintenance Organization, including the composition and method of selecting the governing body, alternate ways of affording enrollees the opportunity to participate in the organization and the manner of resolving enrollee complaints; the content of the annual reports to the State Board of Health; the manner of terminating an enrollee's coverage; the information required in an application for a planning grant from the State Board of Health; open enrollment requirements; examination and licensing of agents; and the determination by the Insurance Commissioner as to whether any expenses are unreasonably high.

Copies of the proposed rules are now available and may be obtained directly at or by writing to Kent Peterson, Minnesota Department of Health, Division of Health Facilities, 717 Delaware Street S.E., Minneapolis, Minnesota 55440. Copies will also be available at the door on the date of the hearing.

A copy of the procedural rules for the hearing is attached and made a part hereof.

Testimony or other evidence to be submitted for consideration should be pertinent to the matter at hand and may be presented either orally or in writing at the public hearing or by mailing a statement to the Secretary and Executive Officer of the Board at the Department of Health Building, address as above or the Commissioner of Commerce, Metro Square Building, 7th and Robert Street, St. Paul, Minnesota 55101. If the person submitting a statement cannot be present to read his statement at the time of the hearing, the statement will be entered into the record. For those wishing to submit written statements or exhibits, it is requested that at least three (3) copies of such statement, exhibit or summary be furnished at the hearing. The record will remain open for receipt of briefs or other written material relative to the proposed rules for twenty (20) days subsequent to the hearing.

It is suggested that to save time and avoid duplication, those organizations or associations having a common viewpoint or interest in these proceedings join together where possible and present a single statement in behalf of such interestes.

Dated: November 2, 1973

STATE OF MINNESOTA
BOARD OF HEALTH

s/ Warren R. Lawson, M.D.
WARREN R. LAWSON, M.D.
Secretary and Executive Officer

DEPARTMENT OF COMMERCE

s/ Edward J. Driscoll
EDWARD J. DRISCOLL
Commissioner of Commerce

Gilbert bond
25% cotton

MINNESOTA STATE BOARD OF HEALTH

PROCEDURAL RULES FOR HEARING

The purpose of the hearing is to allow interested parties to express their views and present facts bearing upon the proposed regulations. So as to provide for an orderly presentation of evidence, the following rules will be in effect during the hearing specified in the attached Notice of Hearing:

1. Any one wishing to be heard should indicate by signing the speaking sheet, listing his name, address, and the group which he represents. The speaking sheet will be available at the main entrance to the hearing room. It is requested that each group select one speaker only to present their views.

2. The first time the witness makes a statement he should spell his name and identify the group he is representing. Prior to making any subsequent statements he should state his name and the group which he represents. He may be sworn upon his request but it is not required. If he elects not to be sworn, that may be considered in determining the weight to be given to his testimony.

3. By giving testimony, a witness, including one who may also be a member of the panel, subjects himself to questioning by the panel. However, he is subject to cross-examination by non-members of the panel only if he affirmatively consents to being so examined. A refusal to be cross-examined may be considered in determining the weight to be given to his testimony.

4. All parties interested in introducing any written matter may do so by having it marked as an exhibit and then introduced for the record. Unsworn written matter may be received, but the fact that it is unsworn may be considered in determining the weight to be given it.

REGULATIONS FOR THE CERTIFICATION AND REGULATION OF HEALTH MAINTENANCE ORGANIZATIONS

Foreword

As authorized by Minnesota Statutes, Chapter 62D, the State Board of Health has proposed the following regulations. It should be recognized that the Board may promulgate additions to any of these regulations as it is deemed necessary. As the extent of development of health maintenance organizations in Minnesota increases, methods of regulating these organizations become more refined, and the Board becomes more experienced in regulation of health maintenance organizations, these regulations will be changed.

MHD 297. Definitions.

All terms used herein which are defined in Minnesota Statutes, Chapter 62D, shall have the meanings attributed to them therein. For the purposes of these regulations, the terms defined below shall have the meanings given to them.

(a) "Accepted Actuarial Principles" means those prevailing statistical rules relating to the calculation of risks and premiums or prepayment charges of health maintenance organizations, prepaid group practice plans or commercial health insurance carriers.

(b) "Act" means the Health Maintenance Act of 1973, Minnesota Laws 1973, Chapter 670, Minnesota Statutes, Chapter 62D.

(c) "Complaint" means any written enrollee grievance against a health maintenance organization or provider arising out of the provision of health care services, and which has been filed by an enrollee or his representative in accordance with MHD 299 and is not or is not yet the cause or subject of an enrollee election to litigate.

(d) "Health Maintenance Service" means all of the types of services defined below:

(1) "Emergency care" means professional health services immediately necessary to preserve life or stabilize health.

(2) "In-patient hospital care" means necessary hospital services affording residential treatment to patients. Such services shall include room and board, drugs and medicine, dressings, nursing care, x-rays, and laboratory examination, and other usual and customary hospital services.

(3) "In-patient physician care" means those health services performed, prescribed or supervised by physicians within a hospital, for registered bed patients therein; which services shall include diagnostic and therapeutic care.

(4) "Outpatient medical services" means ambulatory care including health supervision, preventive, diagnostic and therapeutic services, including diagnostic radiologic and other supportive treatment.

(5) "Preventive medical services" means health education, health supervision, immunization and early disease detection.

(6) Such other health care services as may be required by the Board or provided by the health maintenance organization.

(e) "Governing body" means the board of directors, or if otherwise designated in the basic organizational document and/or bylaws, those persons vested with the ultimate responsibility for the management of the health maintenance organization.

(f) "In area services" are those services provided within the geographical areas served by the health maintenance organization as described in its application for a certificate of authority and any subsequent changes therein filed with the Board.

(g) "Out of area health care services" are those services provided outside of the health maintenance organization's geographic service area, as such area is described in the health maintenance organization's application for a certificate of authority, and any subsequent changes therein filed with the Board.

(h) "Open enrollment" means the acceptance for coverage by health plans of group or non-group persons, without regard to underwriting restrictions.

(i) "Provide" means to send by United States postal service, by alternative carrier, or by other method to the place of residence or employment of each enrollee or, if such enrollee is a member of a specified group covered by a health maintenance contract, to the office of the authorized representative of any such group.

(j) "Formal procedural requirements" means those rules governing the conduct of administrative hearings applicable to and affecting the rights, duties and privileges of each party to a "contested case," as such term is defined and as such rules are set forth in Minnesota Statutes, Chapter 15.

(k) "Enrollee co-payment provisions" means those contract clauses requiring charges to enrollees, in addition to fixed prepaid sums, to supplement the cost of providing covered comprehensive health maintenance services.

(l) "Summary of current evidence of coverage" means written notice to be provided to enrollees by every health maintenance organization as prescribed in the Act. Such notice shall indicate changes in health maintenance contract coverage but need not necessarily be specific as to changes respecting the coverage of any individual enrollee.

MHD 298. Contents of Applications; Requirements for Issuance of Certificate.

Applications shall be submitted on forms provided by the Board which shall include, but not be limited to the matters covered in MHD 298.

(a) Disclosure in Applications

Each application for a certificate of authority shall include disclosure of the following:

(1) Any contractual or financial arrangements between members of the board of directors/principal officers and the health maintenance organization including:

(aa) A description of any obligations, specified by contract or otherwise, to be met by each party in accordance with any such arrangements; and

(bb) A listing of the dollar amounts of any consideration to be paid each party in accordance with any such arrangements.

(2) Any financial arrangements between members of the board of directors/principal officers and any provider or other person, which provider or other person also has a financial relationship with the health maintenance organization. This information shall be required only if any financial arrangements between members of the board of directors/principal officers and any provider/other person relate to the provider or other person's relationship with the health maintenance organization. The disclosure shall include:

(aa) A description of the obligations to be met by each party in accordance with any such arrangements; and

(bb) A listing of the dollar amounts of the consideration to be paid each party in accordance with any such arrangements.

(b) Insurance

(1) Each application for a certificate of authority shall attach pertinent documents, including copies of insurance contracts, in verification of compliance with Section 62D.04, Subdivision 1(f) of the Act with respect to assumption of risks and insurance against risks.

(2) A health maintenance organization may provide for the payment for the cost of emergency or out of area services in any of the following ways:

(aa) Through a policy of insurance.

(bb) Through direct reimbursement to enrollees for actual payment by enrollees.

(cc) Through direct payments to the emergency or out of area providers of services.

(c) Financial Responsibility

Each application shall state which option for demonstrating financial responsibility has been elected pursuant to Section 62D.04, Subdivision 1(e) of the Act and any pertinent documents which demonstrate financial responsibility shall be attached to the application. In making its determination of financial responsibility, the Board will apply the following guidelines as appropriate:

(1) Financial soundness can be demonstrated by showing the capacity of the applicant to produce a cash flow sufficient to cover normal operating expenses for sixty (60) days, plus all initial organizational and promotional expenses.

(2) The comparability to the charges for similar services used by other health maintenance organizations and other health delivery systems will be used in considering the proposed schedule of changes.

(3) Adequate working capital can be shown by the availability of an amount of money sufficient to cover normal operating expenses for sixty (60) days, plus any and all initial organizational and promotional expenses.

(4) A reasonable period of time for the continued availability of health care services is sixty (60) days.

(d) Comprehensive Health Maintenance Services

(1) Minimum Services

All health maintenance organizations shall provide comprehensive health maintenance services to enrollees. Such services shall include but need not be limited to:

(aa) Provisions for emergency in area health care services which shall:

(aa1) Be available twenty-four (24) hours a day, seven (7) days a week;

(aa2) Be provided either directly through health maintenance organization facilities or through arrangements with other providers;

(aa3) Be provided by a physician and other licensed and ancillary health personnel, as appropriate, readily available at all times;

(aa4) Be covered for enrollees requiring such services but who, for reasons of medical necessity and not convenience, are unable to obtain them directly from the health maintenance organization in which they are enrolled or from providers or

other persons with whom the health maintenance organization in which they are enrolled has arrangements for the provision of services.

(bb) Provisions covering out of area services which must include out of area emergency care;

(cc) All in-patient hospital care except as hereafter excluded;

(dd) All in-patient physician care except as hereafter excluded;

(ee) All out-patient medical services except as hereafter excluded; and

(ff) Procedures for providing preventive medical services.

(2) Permissible Limitations and/or Exclusions

Permissible limitations upon and/or exclusions from those comprehensive health maintenance services required in MHD 298 (d)(1) may include:

(aa) Limitations upon and/or exclusions of the provision of corrective appliances and artificial aids;

(bb) Limitations upon treatment of psychiatric conditions, except for diagnosis and referral;

(cc) Limitations upon and/or exclusions of cosmetic surgery;

(dd) Limitations upon and/or exclusion of dental services;

(ee) Limitations upon and/or exclusion of the provision of drugs and medicines, except during hospitalizations;

(ff) Limitations upon and/or exclusions of ambulance transportation;

(gg) Limitations upon and/or exclusions of hemodialysis or other procedures for treatment of chronic renal failure;

(hh) Limitations upon convalescent care;

(ii) Limitations upon and/or exclusions of custodial and/or domesciliary care; and/or

(jj) Limitations upon and/or exclusions of care for injuries incurred while on military duty.

(3) Reasonableness

Limitations under MHD 298 (d)(2) may include requirements for co-payment, restrictions as to the frequency or length of time a health maintenance service is provided, or such other limitations as the Board may approve. All limitations and/or exclusions must be reasonable and must be equitably applied. The express policy of the Board is to favor limitations rather than exclusions, and the Board may limit the extent of limitations and/or exclusions which may be included in any health care plan to ensure that comprehensive health care services are reasonably available to enrollees.

(4) Subrogation

The health maintenance organization may require an enrollee to reimburse it for the reasonable value of health maintenance services provided to an enrollee who is injured through the act or omission of a third person or in the course of employment when the enrollee collects damages or workman's compensation benefits for the diagnosis, care and treatment of his injury. The health maintenance organization may be subrogated to the enrollee's rights against the third person or the enrollee's employer to the extent of the reasonable value of the health maintenance services

provided including the right to bring suit in the enrollee's name.

(e) Availability and Accessibility

Applicants shall be in compliance with Section 62D.04, Subdivision 1(a) of the Act when, upon review of an application for a certificate of authority, the Board is satisfied that:

(1) Health care services will be provided directly by the applicant or through arrangements with other providers;

(2) Provider staff patterns and ratios of physicians, paramedical and ancillary health personnel to potential enrollees will be in accordance with accepted professional practices and will reasonably meet anticipated enrollee needs;

(3) The applicant will comply with the requirements set forth in MHD 298 (d)(1)(aa), regarding the provision of emergency services; and

(4) The applicant's geographic location and hours of operation will facilitate the reasonable delivery of health care services to potential enrollees.

(f) Quality Evaluation

Arrangements for an ongoing evaluation of the quality of health care shall include, but not necessarily be limited to, provisions for:

(1) Meeting the standards of quality review set forth in the Social Security Amendments of 1972, 42 U.S.C. 1320 a-1, at such time as they become applicable; and

(2) An ongoing internal peer review system.

(g) Statistics

The application shall detail procedures established to develop, compile, evaluate, and report statistics which shall

include the collection and maintenance of at least the following data:

(1) Operational statistics sufficient to meet the requirements of Section 62D.08, Subdivision 3(a) of the Act relating to annual financial reports;

(2) Gross utilization aggregates, including hospital bed days, outpatient visits, laboratory tests, and x-rays;

(3) Demographic characteristics, including the age and sex of enrollees;

(4) Enrollee mortality rates; and

(5) Enrollment statistics compiled in accordance with Section 62D.08, Subdivision 3(b) of the Act.

(h) Other Requirements

The Board may require such other information in applications for certificates of authority as it feels is necessary to make a determination on the application.

MHD 299. Governing Body; Consumer Members; Enrollee Participation; Complaint System.

(a) Selection of Governing Body

(1) Non-consumer members of the governing body shall be selected in accordance with procedures set forth in each health maintenance organization's basic organizational document and/or bylaws.

(2) The basic organizational document and/or bylaws shall provide a reasonable procedure by which all enrollees may participate in the nomination and election of consumers to the governing body. Such procedure must include notification to all enrollees.

(aa) of the time, place, and method by which such nomination and election is to be conducted at least two weeks prior to the nomination and election;

(bb) of the names of consumer nominees, a general description of their backgrounds and a description of the method by which a ballot may be cast;

(cc) of the results of such election, to be given not later than at the time of issuance of the next annual summary of information to enrollees.

(3) Consumer representatives on the governing body must be enrollees at the time of their election and during their term of office. Should a consumer representative be removed for failure to meet this qualification or for any other reason set forth in the bylaws, he may be replaced only until the next election by another consumer elected by the remaining consumer representatives on the governing body.

(4) The terms below which appear in Minn. Stat. § 62D.02 subd. 10 will be defined as follows in determining whether or not an enrollee is a consumer:

(aa) A "Licensed health professional" is any person licensed under Minnesota Statutes to provide or administer health services.

(bb) A "Health care facility" is any hospital, nursing home, or boarding care home required to be licensed as such under Minn. Stat. § 144.50 to 144.56 or 144.583.

(cc) A "Substantial financial interest in the provision of health care services" is a person's receipt or right to receive not less than twenty-five (25) percent of his gross annual income directly from the rendering of health service.

(dd) A "Substantial managerial interest in the provision of health care services" is a person's supervisory or administrative responsibilities as an employee of a health care facility.

(b) Enrollee Opinion

The Board will review the proposed mechanism for affording enrollees an opportunity to express their opinions on matters of policy and operation to see if it reasonably provides such an opportunity. Permissible alternatives to those mechanisms described in Section 62D.06, Subdivision 2 of the Act may include but are not limited to one or more of the following:

(1) Permitting enrollees to attend, after prior reasonable notice, and express their opinions at certain regular meetings of the governing body or special meetings called for the express purpose of affording enrollees an opportunity to express their opinions;

(2) Creating a special committee of the governing body which will hold meetings on at least a quarterly basis and which will be open to all enrollees to express their opinions;

(3) Designating a special administrative office within the health maintenance organization, responsible directly to the governing body, which will be open to enrollees to express their opinions on a regular basis;

(4) Creating Enrollee Councils, representing enrolled groups and groups of individual enrollees, which will be afforded a reasonable opportunity to meet with the governing body or its designee to express enrollee opinion; and

(5) Such other mechanisms as the Board may authorize or approve.

(c) Membership Fees

No health maintenance organization shall levy or require a fee to be paid by enrollees for the privilege of participating in the nomination and election of consumer board members or of participating in enrollee opinion mechanisms.

(d) Requirements for Complaint System

Health maintenance organization complaint system procedures for the resolution of written, enrollee complaints concerning the provision of health care services shall be considered reasonable and acceptable to the Board if they:

(1) Establish mechanisms through which written, enrollee complaints may be filed by and presented by the enrollee or his authorized representative, and considered and retained by the health maintenance organization;

(2) Provide for informal discussions, consultations or conferences between the enrollee complainant and a person with the authority to resolve or recommend the resolution of the complaint within thirty (30) days after it is filed;

(3) Provide for hearings:

(aa) At which any complaint not otherwise resolved shall be considered within ninety (90) days after it is filed;

(bb) At which a person or persons with authority to resolve or recommend the resolution of the complaint shall preside;

(cc) Which shall include the receipt of testimony, explanations or other information from enrollees, staff persons, administrators, providers or other persons, as is deemed necessary by the presiding person or persons for a fair appraisal of the complaint; and

(dd) From which concise, written notice of all findings shall be given the complainant within thirty (30) days of the conclusion of any such hearing.

(4) Provide for impartial arbitration of any complaint which is unresolved by the mechanisms set forth in MHD 299(d)(2) and/or (3) pursuant to a procedure approved by the Board subject to Minnesota Statutes, Chapter 572.

(5) Provide for giving notice to all enrollees of the existence and operation of said complaint system.

(6) Provide for any other procedures approved by the Board.

(e) Other Processing of Complaints

A health maintenance organization need not utilize those procedures described in MHD 299 (d) as to any written and filed enrollee complaint which is processed by the health maintenance organization's legal counsel or liability insurer, provided that such other processing:

(1) Fairly considers the rights of all parties to the complaint;

(2) Is accompanied by a concise written record of all findings and recommendations arising therefrom, a copy of which record shall be given the enrollee complainant within thirty (30) days of the conclusion of any such processing; and

(3) Results in the resolution of the complaint or an enrollee election to litigate within ninety (90) days of its filing.

(f) Records of Complaints

Every health maintenance organization shall maintain a record of each complaint filed with it during the prior three years. The record shall, where applicable, include:

(1) The complaint or a copy thereof and the date of its filing.

(2) A brief written summary of the outcome of all informal discussions, consultations or conferences held relative to each complaint and the date or dates on which each such informal discussion, consultation, or conference occurred.

(3) The date or dates of any hearing and a copy of the hearing findings given the enrollee complainant.

(4) The dates of commencement and conclusion of any other processing conducted in accordance with MHD 299(e); and a copy of the concise written record of all findings and recommendations arising therefrom.

(5) The date of submission of any complaint to arbitration; a copy of the arbitrator's decision; and the date of the decision.

(6) A brief written summary, including the filing date, of each complaint which becomes a subject of litigation; a brief written summary, with dates, of the findings or outcome of any prior processing held relative to the complaint; and a brief written statement describing the outcome of the complaint or claim as determined in litigation.

MHD 300. Annual Reports

In addition to all other information specified in the Act, every health maintenance organization shall include in its annual report to the Board the following:

(a) The results of any and all elections conducted during the preceding calendar year relative to consumer representation on the health maintenance organization's governing body; and

(b) A copy of the health maintenance organization's most recent information summary provided to its enrollees in accordance with Section 62D.09 of the Act.

(c) A description of any major changes in the geographical area or areas served by the health maintenance organization.

(d) A description of the method and results of the system to evaluate the quality of health services. Such evaluation shall include, but not necessarily be limited to, study of the quality of care for at least one disease condition or age group.

MHD 301. Other Provisions

(a) Termination of Coverage

(1) Justification

In addition to those reasons specified in Section 62D.12, Subdivision 2 of the Act, a health maintenance organization may, upon thirty (30) days notice, cancel or fail to renew the coverage of an enrollee if such enrollee:

(aa) Unreasonably and consistently refuses to accept medically indicated care;

(bb) Unreasonably and consistently refuses to comply with the procedures established for the provision of health maintenance services by the health maintenance organization;

(cc) Knowingly gives false, material information at the time of enrollment relative to his health status, provided such cancellation or non-renewal is made within six (6) months of the date of enrollment.

(2) Notice

(aa) Thirty (30) days notice of cancellation or non-renewal of the coverage of a specified group plan or of the

coverage of any individual therein which notice is given by a health maintenance organization to an authorized representative of any such group, shall be deemed to be notice to all affected enrollees in any such group and satisfy the notice requirement of the Act;

(bb) The notice requirement of Section 62D.12, Subdivision 2, of the Act shall not apply in the event of voluntary enrollee or group cancellation or non-renewal of coverage;

(cc) The notice requirement of Section 62D.12, Subdivision 2, of the Act shall not compel a health maintenance organization to provide health care services beyond a date for which payment therefore may not reasonably be expected to be received.

(b) Insurance Terminology

Except as it relates to the name of any health maintenance organization, Section 62D.12, Subdivision 3 of the Act shall not be construed to prohibit the use of the words cited or described therein if such usage is incidental to the text of any health maintenance organization contract or literature, enhances the accuracy or understanding thereof, and is not deceptive or misleading.

(c) Maximum Enrollment

The maximum number of enrollees permitted a health maintenance organization shall pertain to current enrollment at any single point in time.

(d) Enrollment Discrimination

A health maintenance organization which refuses to enroll recipients of medical assistance or medicare because of its good faith inability to qualify for such payments because of state or

federal requirements shall not be deemed to be discriminating against any such recipients.

(e) Certificate of Need

For the purpose of complying with Section 62D.22, Subdivision 6 of the Act, any health maintenance organization intending to modify the construction of or construct a health care facility as defined in MHD 299 (a)(4)(bb) shall be deemed to be an "applicant," as such term is defined in Section 201 (b), Minnesota State Planning Agency Certificate of Need Act Rules and Regulations, 1971.

MHD 302. Planning Grants; Applications.

(a) Applications shall be submitted on a form prescribed by the Board. Information required by the Board will include but need not be limited to:

(1) The health care needs of the proposed service area;

(2) The potential ability of the applicant to develop a viable and financially sound health maintenance organization;

(3) The potential availability and cooperation of providers; and

(4) The proposed organizational structure of the health maintenance organization.

(b) Applications shall be submitted on or before deadlines prescribed by the Board.

(c) Applications shall be submitted for review and comment to any areawide comprehensive health planning agency having jurisdiction over all or part of the proposed service area of the applicant.

Insurance 176 Authority and Purpose.

These regulations are promulgated pursuant to the authority granted by Laws of Minnesota, 1973, Chapter 670, Section 10, Subd. 4, and Section 19, and by Minnesota Statutes, Section 15.0412, for the purpose of setting forth rules and procedural standards which the Commissioner deems necessary to carry out the provisions of the Act.

Insurance 177 Open Enrollment for Health Plans

(a) Effective Date.

Open enrollment requirements shall be implemented by an existing health plan within a one year period commencing July 1, 1975. Health plans formed after the effective date of the Act, shall implement such requirements within a one year period to commence twenty-four (24) months after beginning operation as a health plan.

(b) Scope.

(1) The requirements of Section 62D.10, Subd. 2 of the Act shall apply to those health plans which offer non-group contracts.

(2) The requirements of Section 62D.10, Subd. 3 of the Act shall apply to those health plans which offer group contracts.

(3) Health plans offering non-group and group contracts shall be subjected to Section 62D.10, Sub. 2, of the Act, with respect to their non-group contracts and to Section 62D.10, Subd. 3, with respect to their group contracts.

(c) Notice.

(1) All health plans offering group plans shall provide for reasonable and timely notice of open enrollment provisions to prospective group enrollees or their representatives, including the dates of annual open enrollment and the manner in which to enroll. Such notice shall be given at least forty-five (45) days and not more than sixty (60) days prior to the commencement of each annual open enrollment period.

(2) All health plans offering individual enrollments shall advertise the dates of their open enrollment and the manner in which to enroll in at least one newspaper in the geographical area served by the plan. The advertisement shall run on at two occasions at least 45 days and at most 60 days before the beginning of the open enrollment period. The advertisement shall be of sufficient size to reasonably apprise readers of the availability of the open enrollment period.

(d) Waiver.

The requirements of Section 62D.10 may be waived or the imposition of necessary underwriting restrictions may be authorized upon a written application to the Commissioner stating the grounds for the request. The Commissioner shall determine whether or not compliance with the requirement for open enrollment:

(1) Contravene the maximum enrollment limitation of 500,000 enrollees imposed by the Act;

(2) Prevent a health plan from competing effectively with other health plans or with commercial health insurers for the enrollment of new members or for the retention of current members;

(3) Result in a health plan's incurring unreasonably high expenses in relation to the value of the benefits or services it provides;

(4) Jeopardize the availability or adequacy of a health plan's working capital and any required surpluses or reserves;

(5) Endanger the ability of a health plan to meet its current and future obligations to enrollees.

A copy of the application shall also be mailed to the State Board of Health.

In making his determination the Commissioner shall:

(1) Consider information supplied by a health plan in its application for the waiver or underwriting restrictions;

(2) Be permitted access to all health plan records pertinent to such application;

(3) Consider prevailing practices and standards relating to the financing and delivery of health care service in the community; and

(4) Consider any comments submitted by the State Board of Health or any interested party.

(a) Pursuant to Minnesota Statutes, Section 62D.22, Subd. 8, and in accordance with Minnesota Statutes 1971, Section 60A.17, and Agents' License Regulations of the Insurance Division, Section 20, the Commissioner shall conduct written examinations for the licensing of health maintenance organization agents, solicitors and brokers. Such examinations shall be designed to determine:

(1) The abilities and qualifications of each license applicant to protect the rights of health maintenance organizations, enrollees, providers associated with health maintenance organizations and the general public relative to solicitations for enrollment in health maintenance organizations; and

(2) Each license applicant's familiarity with enrollee obligations, rights and duties under health maintenance contracts and evidences of coverage, health service benefits thereunder, charges for and limitations upon services, and the authorized forms of solicitation and advertising of health maintenance organization services.

(b) Upon application in writing, affirmatively showing the reason or reasons therefor, the Commissioner may conduct special examinations for purposes of authorizing solicitation or advertising limited in scope or duration or for particular requirements of health maintenance organization agent, solicitor and broker license applicants.

(a) Determinations.

Not less frequently than once every three years, the Commissioner shall determine whether any expense a health maintenance organization incurs or pays is unreasonably high in relation to the value of any service or good provided to it. In making such determinations, the Commissioner shall, to the extent possible, give due consideration to:

(1) The expense incurred or paid by other health maintenance organizations and other health care delivery systems for the same or similar service or good;

(2) The cost of such service or good to the supplier thereof;

(3) The impact of such expense upon the financial solvency of the health maintenance organization;

(4) All pertinent cost/service data obtained or obtainable by the Board from the health maintenance organization pursuant to Sections 62D.03, 62D.04, 62D.08, 62D.10 and 62D.14 of the Act;

(5) Guidelines developed and published pursuant to Minnesota Statutes 1971, Section 145.61, Subd. 5(e);

(6) Pertinent data available from any rating organization approved by the Commissioner; and

(7) Such other information and information collection techniques as the Commissioner may employ which show the real cost or fair market value of such service or good.

(b) Enforcement.

Upon a finding that a health maintenance organization is incurring or paying for any expense which is unreasonably high in relation to the value of the service or good provided, the Commissioner may:

(1) Exercise the enforcement authority granted him pursuant to Minnesota Statutes 1971, Sections 72A.17 through 72A.32;

(2) Issue an order pursuant to Section 62D.18 of the Act;

(3) Report such finding to the Board and recommend the exercise of any authority available to the Board pursuant to Sections 62D.15 through 62D.17 of the Act; or

(4) Exercise such other statutory power as is available to him and which he deems appropriate.

STATE OF MINNESOTA

COUNTY OF HENNEPIN

In the matter of the Proposed
Rules Relating to Health
Maintenance Organizations

CERTIFICATE

I hereby certify that the attached 302 labels & 2 1/2 sheets general labels and Health Department and Insurance Division lists constitute the complete list of persons, associations, and other interested groups who as of 4:00 O'clock P.M., this 24th day of October, 1973, have requested pursuant to Minn. Stat. § 15.0412 subd. 4 (1971), that their names be placed on file with the Secretary of State for the purpose of receiving notice of public hearing on proposed rules on the subject captioned above.

SECRETARY OF STATE

ARLEN I. ERDAHL

By Arlen I. Erdahl
Carl Timm

STATE OF MINNESOTA

COUNTY OF HENNEPIN

In the Matter of the Proposed
Rules Relating to Health
Maintenance Organizations

AFFIDAVIT
OF MAILING

Charlotte D. Sommers, being first duly sworn, deposes and says:

That on the 2nd day of November, 1973, at the City of Minneapolis, County of Hennepin, State of Minnesota, she served the attached Notice of Hearing by depositing in the United States mail at said City of Minneapolis, a true and correct copy thereof, properly enveloped, with postage prepaid, to all persons and associations at the addresses listed on the attached Certificate of the Secretary of State as well as to all members of the Minnesota Legislature.

Charlotte D. Sommers

Subscribed and sworn to before
me this 6th day of NOVEMBER, 1973.

Christine A. Kuderka

CHRISTINE A. KUDERKA
Notary Public, Ramsey County, Mn.
My Commission Expires, Nov. 4, 1978

Insurance

Am. Reciprocal Ins. Ass'n. 910 Comm. Bldg., Kansas City 6, Mo. 65106
Anderson, Chas. A., Am. Nat'l. Ins. Co., P.O. Box 6182, Minneapolis, Minn. 55424
Associated Loan Co., Samuel H. Horiwitz, 30 E. Superior St., Duluth 55802
Ass'n of Cas. and Surety Executives, 60 John St., New York, N.Y. 10007
Bailey, James E., Suite 352 Executive Bldg., 1030 15th St., Washington D.C. 20005
Bankers Capital Life Insurance Co., 2800 Wayzata Blvd., Mpls., Minn. 55405
Barden, James J., Mortgate Associates, Inc., 125 E. Wells St., Milwaukee, Wis., 53201
Bardessono Insurance Agency, 210-11 Power Bldg., Hibbing, Minn. 55746
Capretz Insurance Agency, 219-A North Main St., Austin, Minn. 55912
Carleton Financial Computations, Inc., 1801 Commerce Dr., P.O. 576, So. Bend, Ind. 46628
Clem, Hon. Geo. I., Pine City 55063
Cole, Harold C., State Bank of New London, New London, 56273
Dickinson, A. James, 1200 NW Nat'l. Bk. Bldg., 55 E. 5th St., St. Paul 55101
Engberg Agency, 1931 Payne Ave., St. Paul 55117
Equity Securities Corporation, 7841 Wayzata Blvd., Ste. 201, Mpls. 55426
Fireman's Fund Insurance Co., 4020 MinnetonkaBlvd., Mpls. 55416
First Minnehaha National Bank, 2716 E. Lake St., Mpls. 55406
Hauenstein, Fred J., C.L. U., 901 Pioneer Bldg., St. Paul, 55101
Hof, Geo. M.North Am. Life & Cas. Co., 1750 Henn. Ave., Mpls. 55403
Investors Syndicate Life, 1000 Investors Bldg., Mpls. 55402
Investors Syndicate Life Ins. & Annuity Co., Att. Ge. Counsel, Inv. Bldg., Mpls. 55402
Jackman, Elden L., Mony 604 Black Bldg., P.O. Box 2047, Fargo., No. Dak. 58102
J.C. Penney Ins. Co., 1301 Ave. of the Americas, New York, N.Y. 10019
Lerner, Alan B., 650 Madison Ave., New York, N.Y. 10022
Lewis, Fred C., N.W. Bank of Commerce, Duluth 55802
Lewis-Thompson Agency, 212 S. 6th St., Mpls. 55402
Life Insurance Association of America, 277 Park Ave., New York, N.Y. 10017
Marsh & McLennan, N.W. Bank Bldg., Mpls. 55402
Pugh, Gerald H., Combined Ins. Co. of Am., 5050 Broadway, Chicago, Ill. 60640
McComos & Co., Inc., Box 47, Jenkintown, Pa. 19046
Miller, Jerrold T., 1000 Currie Ave., Mpls. 55403
Minnesota Bankers Association, 332 Baker Bldg., Mpls. 55402
National Assn. of Independent Insurers, Leo Doyle, 30 W. Monroe St., Chicago, 60603
North Central Life Ins. Co., Legal Dept., 275 E. 4th St., St. Paul 55101
Northwest Petroleum Ass'n., 512 Nicollet Mall, Room 917, Mpls., 55402
Northwest Insurance, 1011 Upper Midwest Bldg., Mpls. 55401
The Prudential Ins. Co. of America (Attn: Law Dept.) Box 1143, Mpls. 55440
Reinsurance Assn. of America, 1025 Connecticut Ave. N.W., Washington, D.C., 20036

INSURANCE cont'd.

Roney, E. L. , Stillwater Gazette, Stillwater 55082

Petschl, Walt, 150 Henn. Sq. Bldg, 2021 E. Henn. Ave., Mpls., 55413

Prim, C. H., Arkwright-Boston Ins. Co., P.O. Box 814, NW. St. Miami, Fla. 38147

Security Ins. Group, Underwriting Serv. Div., P.O. Box 420, Hartford, Conn. 06101

Seymour, Schulman & Associates, Inc., 269 NE 166th St., Miami, Fla. 33162

Simpson, Wendell K., Am. Life Convension, 211 E. Chicago Ave., Chicago 60611

State Capitol Credit Union, 95 Sherburne Street, St. Paul 55103

Suburban Credit Plan, Inc., 1551 W. Larpenteur Avenue, St. Paul 55113

Timmins, Martin V., Wisc. Life Ins. 709 N. Segoe Rd., Madison, Wisc. 53705

Welch, Vernon S., Savings & Loan League of Minn.,625 2nd Ave.S, Ste. 303, Minneapolis 55402

Wirt Wilson & Company, Attn: R.A.Thompson, Bldrs.Exch.Bldg.,Mpls. 55402

Wood-Nelson Co., 400 Bldrs.Exch.,Mpls. 55402

Yetzer, Vernon J., 4620 W. 77th Street, Suite 161, Mpls. 55435

HEALTH

Abrahamson, Dr. Dean E., 243 Space Science Center, Minneapolis 55455

Boutel, Robert, P. O. Box 1205, 103 3rd Ave S., St. Cloud 56301

Booth Cold Storage Co., St. Peter & Kellogg, St. Paul

Bush, John T., Box 611, Mayo Bldg., U of M, Mpls. 55455

Cassel, Dr. Carl V.E., Minn. State Dental Ass'n., 2236 Marshall Ave., St. Paul

Diversified Piping, Inc., Attn: W. C. Schultz, 1710 West #7, Hopkins 55343

Environment Reporter, 1231 25th St., N.W., Washington D. C.

Hawley, Lyle, Graco, PO Box 1441, Minneapolis 55440

Health Dept., Attn: Dir. Cleon LeMont, 111 4th Ave. S., St. Cloud 56301

Higgins, J.C., Brotherhood Rwy. Clerks, 2317 W. 7th St., Duluth

Kurtz, Mrs. Kirsten, Minn. Nurses Assn., 1821 Univ. Ave., St. Paul 55104

Merck & Co., Inc. Rahway, N.J., Attn: Off of Gen. Counsel

Minneapolis & Hennepin County Mental Health Clinic, 619 S. 5th St., Minneapolis 1

Minn. Dairy Queen Trade Ass'n., c/o Claude H. Allen, E-1405 1st Nat'l Bk.Bldg.,St

Minn. Nurses Assn.,Attn: Geraldine Wedel, 1821 Univ. Ave.Rm.152, St. Paul 55104

Minn. State Pharmaceutical Ass'n., 2388 University Ave., St. Paul 55104

Parke, Davis & Company, P. O. Box 118, Detroit 32, Michigan

Patrick, Peter, 101 Central Ave., S.E., Minneapolis

Planning and Advisory Comm. of Crow Wing County, Court House, Brainerd 56401

Roesler, Immanuel F., 6700 Portland Ave. S., Richfield 55423

Sanford, S. M., 7000 Portland Ave., Richfield, Minneapolis, Minn. 55423

Schneider, Dorothy, St. Paul Bur.Health, 555 Cedar St., St. Paul 55101

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NATIONAL BLDG
MPLS MN
55402

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[redacted]
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ST PAUL MN
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BRIGGS & MORGAN - B F FRIEL
2200 W 1ST NATL BK BLDG
ST PAUL MN
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BROWN D M GOODRIDGE PUB SCH
IND DIST #561
GOODRIDGE MN
56725

BRUBACHER RICHARD COMM ADM
208 ADM BLDG
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BUR.ENGR.IND.DIV. MR.KIBIGER
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CONCORDIA COLLEGE
DEAN
MOORHEAD MN
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CONSUMER SERVICES DEPT COMM
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418 AUDITORIUM
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BROOKLYN CTR MN
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PRESS RM STATE CAPITOL
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55404

EDINA FIRE D JAMES MCNELLIS
4801 W 50TH ST
EDINA MN
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ELDER DR JAMES B
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EMP HANDICAPPED PERSONS COMM
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EVANS CHAS.L. PRENTICE-HALL
ENGELWOOD CLIFFS
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EVERETT JERRY NW PETRO ASSN
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55402

FAEGRE & BENSON ATTN LIBR
1260 NW BANK BLDG
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55402

FINNEGAN J.R.
55 E. 4TH
ST.PAUL MN
55101

FLEMING FREDERICK A
1860 HIGHLAND PARKWAY
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FORBES GORDON MINN RRS ASSN
207 UNION DEPOT
ST PAUL MN
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EDINA MN
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MPLS MN
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HEAD & TRUHN
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56201

HUMAN RIGHTS DEPT
60 STATE OFF BLDG
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55101

HUTCHISON R.M. ANOKA CO.COMP
COURT HOUSE
ANOKA MN
55303

INS FED OF MINN
902 SOO LINE BLDG
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IUOE LOC 49 CHAS SWENSON
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LINDALL & JONATHAN DEVELOP.
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444 LAFAYETTE RD 5TH FL
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MANKATO STAT STUDENT SENATE
CENTENNIAL STUDENT UN
MANKATO MN
56001

MAUL WARREN E
320 S 4TH ST
MPLS MN
55415

MECCA R.F. NELSON
26 E EXCHANGE ST
ST PAUL MN
55101

MET OPEN SPACE INFOR PROJ
111 E FRANKLIN AVE SO
MPLS MN
55404

MET TFR MEN ASSN A ROSENTHAL
1821 UNIV AVE
ST PAUL MN
55104

MPLS TRIBUNE CITY DESK
425 PORTLAND AVE
MPLS MN
55415

MINN APT ASSN
GRIGGS-MIDWAY BLDG
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MINN ASSN COOPERATIVES
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MINN COUNCIL STATE EMP NO 6
475 RICE ST
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MINN ELECTRICAL ASSN INC
525 SO 7TH
MPLS MN
55415

MINN ENV CONTROL CITIZEN ASN
CENTRAL MANOR 26 E EXCH
ST PAUL MN
55101

MINN FOOD RETAILERS ASSN
555 WABASHA
ST PAUL MN
55101

MINN. HOTEL & MTR. ASSN
2001 UNIVERSITY AVE
ST PAUL MN

MINN LP GAS ASSN
7515 WAYZATA BLVD 106
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MINN.MTR.TRANSP. .J.N.DENN
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MINN RETAIL HARDWARE ASSN
3033 EXCELSIOR BLVD 313
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55416

MINN SCH BUS OPERATORS ASSN

FARIBAULT MN
55021

MINN STATE BAR ASSN
100 MINN FED BLDG
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55402

MINN ST BD PHAR P G GRUSSING
1965 FORD PKWY
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MINN STATE OPTOMETRIC ASSN
333 E HENNEPIN AVE
MPLS MN
55414

MINN STATE RETIREMENT SYSTEM
529 JACKSON ST
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MINN WATER RESOURCES BD
RM 206 555 WABASHA ST
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600 2ND ST
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2147 UNIV AVE
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55114

NELSON DONALD E NSP CO
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MPLS MN
55401

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RT 2 BOX 125
EMBARRASS MN
55732

NW COUNTRY ELEVATOR ASSN
802 GRAIN EXCH BLDG
MPLS MN
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277 W UNIV AVE
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TRACY MN
56175

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330 MINNESOTA BLDG
ST PAUL MN
55101

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1917 PINEHURST AVE
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55116

RENNER R.H. ST PAUL AREA CC
300 OSBORN BLDG.
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55102

RAMSEY CO MEDICAL SOCIETY
1500 LOWRY MEDICAL BLDG
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55102

904 CARGILL BLDG NC CTR
MPLS MN
55402

1260 NW NATL BK BLDG
ST PAUL MN
55101

SAN SIMEON DEVELOP CORP
OLD 1ST STATE BK BLDG
PAYNESVILLE MN

ST PAUL BUR HLTH DR P COX
555 CEDAR ST
ST PAUL MN
55101

ST PAUL FOOD RETAILERS ASSN
1220 ARCADE
ST PAUL MN
55106

SCHMIDT H W TCHRS RETIREMENT
302 CAPITOL SQ BLDG
ST PAUL MN
55101

SCHMIDT LARRY WCCO-TV NEWS
50 S 9TH ST
MPLS MN
55402

SCHNEIDER & NEESER
706 1ST ST SO PO BX 876
WILLMAR MN
56201

SCHROEDER ALFRED H
2172 CARROLL AVE
ST PAUL MN
55104

SENATE FINANCE COMMITTEE
113 STATE CAPITOL
ST PAUL MN
55101

SHABATURA EUGENE H
2833 LAKE AVE SO
DULUTH MN
55811

SHINER JOHN T.
297 GOODRICH AVE
ST PAUL MN
55102

SKELLY OIL CO R R WELLINGTON
PO BOX 436
KANSAS CITY MO

STATE BD. BARBER EXAMINERS
555 WABASHA
ST PAUL MN
55102

STATE BD VETERINARY EXAMINER
C/O DR A C SPANNAUS DVM
WACONIA MN

STUPKA & MOREM
MIDTOWN BLDG
AUSTIN MN
55912

SUMMIT NATL BANK D L MORRILL
205 AURORA AVE
ST PAUL MN
55103

SWANSON GERALD H
212 CITY HALL
ROCHESTER MN
55901

UNION STOCK YARDS
ATTN PRES
SO ST PAUL MN
55075

VERRILL JOHN E
DEPT SECONDARY ED UOF M
DULUTH MN
55812

VILLAGE OF WOODBURY-F.STRONG
561 TOWER DRIVE
NEWPORT MN
55055

WELK G V NORTHERN STATES
414 NICOLLET MALL
MPLS MN
55401

ALLEN CLAUDE H
1200 N W BK BLDG
ST PAUL MN
55101

ALTMAN MILTON
707 DEGREE OF HONOR BLD
ST PAUL MN
55101

ANCHOR BLOCK COMPANY
PO BOX 3360
ST PAUL MN
55165

ANDERSON HERBERT
418 6TH ST. SO.
VIRGINIA MN
55792

ARMOUR AND COMPANY
UNION STOCK YARDS
SO ST PAUL MN
55075

ARVER JOHN A
2467 CCHANCY
ST PAUL MN
55113

ASSN OF MINN COUNTIES
55 SHERBURNE AVE #203
ST PAUL MN
55103

AUTOMOBILE MFRS ASSN INC
55 SHERBURNE AVE
ST PAUL MN
55103

BARRETT FRED
ST LOUIS CO COURT HOUSE
DULUTH MN

BARKER KENT
8100 34TH AVE SO
MPLS MN
55420

BEECHER EVERETT
10 10 1ST ST SO
HOPKINS MN

BEMIDJI STATE COLLEGE
PLACEMENT BUR.J.C.BRADY
BEMIDJI MN
56601

BEST FLANAGAN ET AL
1ST NATL BANK BLDG
MPLS MN
55402

BEUTEL ROBERT
BOX 1205
ST CLOUD MN
56301

BROEKER JOHN M
2850 METRO DR SUITE 513
BLOOMINGTON MN
55420

BROOKS WILLIAM F JR
854 MIDLAND BK BLDG
MPLS MN
55401

BRUNING C.R.DEPT.CLINIC.EXP.
BURTON HALL
MPLS. MN
55455

BURGER ALBERT
600 DEGREE OF HONOR BLD
ST PAUL MN
55101

CARLSON CARL L
7516 80TH ST S
COTTAGE GROVE MN
55016

CENTRAL BUSINESS DATA
BENSON RADIO ARCADE BLD
BENSON MN
56215

CHAMBER OF COMMERCE
30 SO 1ST AVE EAST
ELY MN
55731

CHERCHES CHRIS CITY MGR
5005 MTKA BLVD
ST LOUIS PARK MN
55416

CHRISTIAN SCI COMM ON PUB
1821 UNIV AVE SUITE 271
ST PAUL MN
55104

COLEMAN NICHOLAS D
700 LINWOOD AVE
ST PAUL MN
55105

COLLIN LAURENCE
RT 2
ISANTI MN
55040

COX AND KING
600 BUILDERS EXCH
MPLS MN
55402

CROW WING CO PLANNING & A
COURT HOUSE
BRAINERD MN
56401

DANFORTH & ALLEN
731 NW BANK BLDG
MPLS MN
55402

DANKERS, KENNETH
1200 WEST FOURTH STREET
RED WING MN
55066

DAYTON CHAS SIERRA CLUB
400 ROANOKE
MPLS MN
55402

DIEHL JOHN
1100 1ST NATL BK BLDG
MPLS MN
55402

DOUGLASS BELL
525 OSBORN BLDG
ST PAUL MN
55102

DOYTON MAURICE, MET SEWER
350 METRO SQ BLDG
ST PAUL MN
55101

EBELING EDWARD H.
161 W. MAIN
PERHAM MN
56573

ELDRED R W ARMOUR & CO
UNION STOCK YARDS
SO ST PAUL MN
55075

ELMER EDWIN W
2901 PLEASANT AVE
MPLS MN
55408

ERNEST K LEHMANN & ASSOC.
1409 WILLOW ST.
MPLS MN
55403

ESSE KENNETH
4801 W 50TH ST
EDINA MN
55424

EWALD DOUGLAS MINN HOSP ASSN
2333 UNIV AVE SE
MPLS MN
55414

EWING MRS WM
42 ASTAR RD
BABBITT MN
55706

FELHABER R S
W 1ST NATL BANK BLDG
ST PAUL MN
55101

FINLEY JAMES F
920 MINN BLDG
ST PAUL MN
55101

FLETCHER RONALD
7900 XERXES AVE S
MPLS MN
55431

FITZGERALD DR BOB
3007 LYNDALE AVE SO
MPLS MN
55408

FRANKLIN ROBERT B MPLS TRIB
426 PORTLAND
MPLS MN
55415

FURLONG DR JOHN
RT 1
BOVEY MN
55709

GALVIN M J JR
W2162 1ST NATL BK BLDG
ST PAUL MN
55101

GAS HUT INC
4940 VIKING DR
MINNEAPOLIS MN
55435

GODIN RALPH J
3824 47TH AVE SO
MPLS MN
55406

GRANATH MARVIN -HONEYWELL
2701 4TH AVE SO
MPLS MN
55408

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56201

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700 SELLWOOD BLG
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55812

HESS DONALD MIDWEST PLANN
2101 HENN BLDG
MPLS MN
55405

HENN CO WELFARE BRD RM 26
COURT HOUSE
MPLS MN
55415

HILL JIM ASSOC. MILK PROD
7850 METRO PARKWAY
MINNEAPOLIS MN
55420

HOUSE APPROPRIATIONS COMM
RM 109 STATE CAPITOL
ST PAUL MN
55101

HOUSE ED STANDING SUB COM
RM 109 STATE CAPITOL
ST PAUL MN
55101

HUNT MRS CHAS L MECCA
26 E EXCH CENTRAL MANOR
ST PAUL MN
55101

HUNT JAMES P JR
11470 GALTIER DR
BURNSVILLE MN
55378

INGEBRIGTSEN DR K H
23 SE 4TH ST
MPLS MN
55414

INGVALSON VERN MN. FARM BU
3110 WOODDALE DR PO 337
OST PALL MN
55165

IVERSON DR JOS DEPT ED
ST OLAF COLLEGE
NORTHFIELD MN
55057

JENSEN CARL A
127 E MAIN ST
SLEEPY EYE MN
56085

JOHNSON M.D. FRUNDT & FRU

BLUE EARTH MN
56013

KANE ANTHONY
176 E FIFTH ST
ST PAUL MN
55101

KIMBALL ROBERT
647 CAPITOL SQ BLDG
ST PAUL MN
55101

KNOWLES, LARRY D
8025 33RD AVE N
CRYSTAL MN
55427

KNUTSON DR KEITH, BIOLOGY
ST CLOUD STATE
ST CLOUD MN
56301

LAKE SUPERIOR INDUSTRIAL
828 FIRST AM. BK. BLDG.
DULUTH MN
55802

LARSON HANS P DIV HOSP SERV
717 DELAWARE ST SE
MPLS MN
55440

LAUNDERERS&DRY CLEANERS A
W 1ST NATL BK BLDG
ST PAUL MN
55101

LOCKNER GARY
R R 1 BOX 23
BAUDETTE MN
56623

LOOS CALVIN J
6809 LYNDALE AVE SO
MPLS MN
55423

MCLELLAN LARKIN
215 ADM BLDG ST CAPITOL
ST PAUL MN
55101

MANTHEY T J PICKANDS MATHER
2000 UNION COMM BLDG
CLEVELAND OH
44115

MASTOR MATTSON HART ET AL
414 ROANOKE BLDG
MPLS MN
55402

MEIEROTTO, JOAN
1794 SO LEXINGTON
ST PAUL MN
55118

MERRITT GRANT POLLUTION C
OAK & DELAWARE
MPLS MN
55440

MILLER TOM
2311 PILLSBURY AVE S
MPLS MN
55404

MPLS STAR PRESS ROOM
STATE CAPITOL
ST PAUL MN
55101

MN. ASN. C&IND H.D.PETERSON
480 CEDAR ST.
ST.PAUL MN
55101

MINN AFL-CIO, L O LA SHO
414 AUDITORIUM ST
ST PAUL MN
55102

MINN. ASSN. PET RETAILERS
1115 2ND AVE. SO.
MINNEAPOLIS MN
55403

MINN AUTOMOBILE DEALERS A
GRIGGS MIDWAY BLDG
ST PAUL MN
55104

MINN DEPT HEALTH J C MCKASY
717 DELAWARE S E
MPLS MN
55440

MINN DENTAL HYGIENISTS
5041 YVONNE TERRACE
MPLS MN
55436

MINN ENV LAW INST INC
PO BOX 15076 COMM STA
MPLS MN
55415

MINN FARMERS UNION PRES O
1275 UNIV AVE
ST PAUL MN
55104

MINN HWYS MANAGEMENT SERVICE
410 HWY BLDG
ST PAUL MN
55101

MINN HOUSING INST N T CAR
7801 METRO PKWY
MPLS MN
55420

MINN PETROLEUM COUNCIL
446 BUILDERS EXCH BLDG
MPLS MN
55402

MINN POULTRY & HATCHERY A
BOX 158
MADELIA MN
56062

MINN RESTAURANT ASSN
2001 UNIVERSITY AVE.
ST PAUL MN 55
104

MINN RETAIL FEDERATION
7600 PARKLAWN STE 457
MPLS MN
55435

MINN SOCIETY ARCHITECTS AIA
NW NATL BK BLDG
ST PAUL MN
55101

MINN SCC CERTIFIED PUB AC
1102 WESLEY TEMPLE BLDG
MPLS MN
55403

MINN STATE CAPITOL EMP UNION
PO BOX 3215
ST PAUL MN
55165

MINN STATE MED ASSN
375 JACKSON ST
ST PAUL MN
55101

MINN.TURKEY GROWERS ASSN
2383 UNIV AVE
ST PAUL MN
55114

MINN ASSN WATERSHED DIST'
ADA MN
56510

MOFFITT R.C. DIR.ENV.CONTROL
MPLS.CITY HALL RM 301M
MPLS MN
55415

MOOD R BLOOMINGTON HLTH D
10200 PENN SC
BLOOMINGTON MN
55431

NASS GEO V HENN CO GEN HOSP
5TH AND PORTLAND AVE
MPLS MN
55415

NATL CAR RENTAL ATT D MIT
5501 GREEN VALLEY DR
MPLS MN
55437

NAT'L SOLID WASTES-R. GRASSO
1730 RHODE ISLAND AV.NW
WASHINGTON DC
20036

NCEC INC C/O DR DAHLBERG
CONCORDIA COLLEGE
MOORHEAD MN
56560

NIELSEN STOCK & BLACKBURN
415 730 BLDG
MPLS MN

NORTH CENTRAL ELEC ASSN
PO BOX 202
BATTLE LAKE MN
56515

NW BELL TEL CO LEGAL DEPT
224 S 5TH ST RM 2000
MPLS MN
55402

NYQUIST DEAN A
3707 53RD PL N
BROOKLYN CTR MN
55429

OCONNELL THOMAS
941 LAUREL
ST PAUL MN
55104

OCONNOR GREEN THOMAS ET A
845 NW BANK BLDG
MPLS MN
55402

OLD COLONY GAS & OIL COMPANY
17TH AVE N AT 2ND ST
MPLS MN
55411

OTTER TAIL POWER CO.
215 S. CASCADE ST.
FERGUS FALLS MN
56537

PAYNE COL ALVIN

DEGRAFF MN
56233

PAYNE WM B
2400 FIRST NATL BK BLDG
MPLS MN
55402

PHILLIPS LEGISLATIVE SERVICE
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ST PAUL MN
55103

POPOVICH PETER S
314 MINN BLDG
ST PAUL MN
55101

PRAUSE JOS.C.
2220 105TH AVE.N.W.
COON RAPIDS MN
55433

PULSCHER ROT SPRINGSTED I
813 OSBORN BLDG
ST PAUL MN
55102

RANALLO CLARENCE
800 CENTRAL AVE N E
MPLS MN
55413

RED OWL STORES INC
215 E EXCELSIOR AVE
HOPKINS MN
55343

RICHARDSON THOS
7851 METRO PKWY S 103
MPLS MN
55420

RICHARDS MONTGOMERY ET AL
1430 RAND TOWER
MPLS MN
55402

RCCHE T E
5007 FREMONT AVE S
MPLS MN
55419

ROSS ALFRED
6356 WAKE RD
LINO LAKES MN
55014

SATHRE, HARVEY
77 SHERBURNE
ST PAUL MN
55103

ST PAUL ASSN PLBG HTG MEC
614 AM NATL BK
ST PAUL MN

SCARBORCUGH WILLIAM
DIV.ED. U.M.
MORRIS MN
56267

SCHAPS NICHOLAS
100 DAIN TOWER
MPLS MN
55402

SCHNEIDER MAHLON
GREEN GIANT
LESUEUR MN
56058

SCHWINN RCBT.P.
1400 SCO LINE BLDG.
MPLS. MN
55402

SEARS ROEBUCK & CO
2929 ELLIOT AVE D 703MW
MPLS MN
55401

SENATE CCUN OFF J ST MARI
STATE CAPITOL
ST PAUL MN
55101

SHAW ROBERT M
616 MOBIL OIL BLDG
MPLS MN
55402

SHELL OIL CO. W.A. ROQUET
ONE SHELL PLAZA BX 2463
HOUSTON TX
77001

SMERIKA WN.
BOISE CASCADE PAPERS
INTL FALLS MN
56649

STANSFIELD ARLENE LAND O
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MPLS MN
55440

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ST PAUL MN
55101

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MPLS MN
55422

TWIN CITY RETAIL DRUGGIST
2388 UNIV AVE
ST PAUL MN
55104

VAN CLEVE JCHN H
2101 HENN AVE
MPLS MN
55405

VOGEL HOWARD G
814 FLOUR EXCH BLDG
MPLS MN
55415

VOLDNESS PERRY
IDS 8TH & MARQUETTE
MPLS MN
55402

WELLS G W INS FED OF MINN
RT 4 BOX 194
WAYZATA MN
55391

WEST & GCWAN
ATTORNEYS AT LAW
PINE ISLAND MN
55963

WM.MITCHEL COLLEGE LAW LIB.
2100 SUMMIT AVE.
ST.PAUL MN
55105

WIS FEEDER PIG MARKET CO-
FRANCIS CREEK WI

WYANT CLINTON W ATTY
ATKIN MN
56431

WEST MIDWAY-SO.ST ANTH.PK.AS
898 RAYMOND AVE.
ST PAUL MN
55114

WHITLOCK A G
ECON LAB OSBORN BLDG
ST PAUL MN
55102

WOLKERSTORTER THEODORE
676 17TH AVE NW
NEW BRIGHTON MN
55112

WOZNIAK D D
828 MINN BLDG
ST PAUL MN
55101

ZATARGA A E CPA
1800 MIDWEST PLAZA BLDG
MPLS MN
55402

STATE OF MINNESOTA

COUNTY OF HENNEPIN

BEFORE THE STATE BOARD OF HEALTH AND DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules of the State Insurance Division Governing Health Maintenance Organizations

FINDINGS OF FACT

The above-entitled matter came on for hearing before the Insurance Commissioner of the State of Minnesota on the 12th day of December, 1973, at 9:30 A.M. in the Board Room, Minnesota Department of Health, after proper notice required by M.S. 1971, Section 15.0412, was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, I find the following:

1. That examinations of agents, solicitors, and brokers dealing with enrollees or prospective enrollees of a health maintenance organization, required by Minn. Stat., §§ 60A.17 and 62D.22, Subd.8, should be designed to determine the abilities and qualifications of each applicant to protect the rights of those with whom he deals relative to enrollment in health maintenance organizations.

2. That there is a need for special examinations to meet particular requirements of applicants or to authorize limited solicitation or advertising.

3. That each health maintenance organization requires review at least once every three years to determine whether any expense incurred by it is unreasonably high in relation to the value of any service or good provided to it and that the matters listed in Ins Rule 178(a) are proper matters of inquiry as to the reasonableness of such expenses.

4. That to adequately enforce the provisions of Minn. Stat., § 62D.19 the Commissioner must have the enforcement authority granted in Minn. Stat. § 72A.17 through 72A.32 and in Minn. Stat. § 62D.18 as well as any other statutory enforcement powers available to him.

Dated: June 17th, 1974.

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance

STATE OF MINNESOTA

COUNTY OF HENNEPIN

BEFORE THE MINNESOTA STATE BOARD OF HEALTH AND THE DEPARTMENT OF COMMERCE

IN THE MATTER OF PROPOSED RULES RELATING TO HEALTH MAINTENANCE ORGANIZATIONS

STATEMENT OF NEED

Pursuant to Laws of Minnesota, Chapter 670, and Minnesota Statutes, §15.0412, the Commissioner of Insurance proposes Insurance Rules 176 through 179 and recommends their adoption for the following reasons:

Rule 176 - Authority and Purpose. This rule merely states the authority and general purposes of the rules that follow. It is self-explanatory and needs no supporting data.

Rule 178 - Licensing Agents - Examinations. This rule establishes the subject matter with which license applicants will be expected to be familiar. In promulgating Rule 178 (a) (1) it is the Commissioner's intention that, in order to ensure that each licensee be able to protect the general public relative to solicitations for enrollment in health maintenance organizations, a part of the examination will test the applicant's knowledge of ordinary accident and health insurance programs.

Subsection (b) will allow the Commissioner to conduct a special examination for one who would solicit on a very limited basis, perhaps only one specific group of potential enrollees.

Rule 179 - Unreasonable Expenses. This rule establishes necessary standards and source material which the Commissioner is to employ in determining whether an expense incurred by a health

maintenance organization is unreasonably high. It also provides embarrassment procedures when an expense is found to be unreasonably high. The rule is necessary to involvement. Minn. Stat. §62A.19.

Dated: May 7, 1974.

J. P. KOLESKI
Assistant Commissioner of Insurance

STATE OF MINNESOTA

COUNTY OF HENNEPIN

BEFORE THE MINNESOTA STATE BOARD OF HEALTH AND THE DEPARTMENT OF COMMERCE

IN THE MATTER OF PROPOSED RULES RELATING TO HEALTH MAINTENANCE ORGANIZATIONS

STATEMENT OF COMPLIANCE WITH MANUAL OF RULE MAKING PROCEDURES

I, Special Assistant Attorney General James M. Perrigo, do hereby declare that I have examined the proposed rules and all related documents and that, based on them and my personal familiarity with the applicable procedures, the Manual of Rule Making Procedures has been followed.

James M. Perrigo

JAMES M. PERRIGO
Special Assistant Attorney General

Dated: May 22, 1974.