SENATE COUNSEL, RESEARCH, & FISCAL ANALYSIS

H.F. No. 4188 – Commerce Policy Omnibus Bill

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Date: April 27, 2026

Article 1 - Prescription Drug Affordability Advisory Council

Section 1 (amends section 62J.89, subdivision 1) makes conforming changes to remove references to the prescription drug affordability advisory council, which is being eliminated through a repealer in section 4 of this article.

Section 2 (amends section 62J.89, subdivision 2) makes conforming changes to remove references to the prescription drug affordability advisory council, which is being eliminated through a repealer in section 4 of this article.

Section 3 (amends section 62J.90, subdivision 2) makes conforming changes to remove references to the prescription drug affordability advisory council, which is being eliminated through a repealer in section 4 of this article.

Section 4 (Repealer) repeals section 62J.86, subdivision 2, and section 62J.88. Section 62J.86, subdivision 2 is the definition of “advisory council” for purposes of sections 62J.58 to 62J.95. Section 62J.88 is the statutory section establishing the advisory council.

Article 2 - Reinsurance

Section 1 (amends section 62E.23, subdivision 1) clarifies that the Minnesota Comprehensive Health Association may provide technical assistance regarding the association and Minnesota premium security plan. This section further modifies the reimbursement mechanics and timing for reinsurance payments to health carriers for benefit year 2027 and makes conforming changes.

Section 2 (amends section 62E.23, subdivision 1a) modifies the mechanics and timing for determining the assessment amounts imposed on health carriers that will fund the reinsurance program for benefit year 2027.

Section 3 (amends section 62E.23, subdivision 2) makes a conforming change to align with modifications in sections 1 and 2 of this article, to have the commissioner of commerce (rather than the Minnesota Comprehensive Health Association) consult with the commissioner of management and budget and the board of directors of MNsure to determine the amount of funding necessary to ensure MNsure's stable operation.

Section 4 (amends section 297I.20, subdivision 7) makes a technical change (replacing "insurance company" with "taxpayer") related to the reinsurance tax credits received by health carriers imposed a fee to fund the reinsurance program under section 62E.23.

Article 3 - Health Insurance

Section 1 [60A.071; Substantial Enrollment Growth; Notification] requires health insurers and nonprofit health service plan corporations to notify the commissioner of commerce if the entity experiences a significant increase in total enrollees across the entity or within a specific line of business. This section further authorizes the commissioner to issue a corrective order to address effects of the entity's anticipated business growth.

Section 2 (amends section 60A.50, subdivision 1) makes a conforming change in connection with the new statutory section included as section 3 of this article.

Section 3 [60A.593; Prohibited Activities] restricts officer and director salary increases, and preferential payments, for domestic health organizations with a total adjusted capital equal to or less than the organization's company action level RBC.

Section 4 (amends section 62A.31, subdivision 1u) provides individuals whose Medicare supplement policies have involuntarily ceased because the policy's issuer: (1) became insolvent, (2) substantially violated a material provision of the policy, or (3) materially misrepresented the policy's provisions when marketing the policy, with a guaranteed issue right to any Medicare supplement policy offered by any issuer. The section further provides a guaranteed issuance right for plan year 2027 to such individuals whose enrollment ceased in calendar year 2025.

Section 5 (amends section 62D.08) requires the commissioner of commerce to share nonpublic data submitted in a health maintenance organization's annual report with: (1) other state agencies; (2) federal regulatory agencies; and (3) the National Association of Insurance Commissioners, provided the requesting recipient agrees to maintain the data in a manner consistent with its classification under chapter 13.

Section 6 [62D.085; Substantial Enrollment Growth; Notice] requires health maintenance organizations to notify the commissioner of health if the entity experiences a significant increase in total enrollees across the entity or within a specific line of business. This section further authorizes the commissioner to issue a corrective order to address effects of the entity's anticipated business growth.

Section 7 (amends section 62J.40) requires any state agency that (1) purchases health care services; (2) provides oversight over health insurance rates; (3) collects health care taxes; or (4) regulates health care entities to provide nonpublic data requested by the commissioner of commerce to satisfy specified statutory duties with respect to monitoring the health care market.

Section 8 (amends section 62K.07, subdivision 2) requires the commissioner of commerce to share data reported under section 62K.07 on covered prescription drugs with the commissioner of health.

Section 9 (amends section 62M.02, subdivision 2a) creates a definition for the term "artificial intelligence," for purposes of the prohibition on artificial intelligence in utilization review set forth in section 10 of this article. The definition utilizes a cross-reference to 15 U.S.C. § 9401, which defines "artificial intelligence" to mean "a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations or decisions influencing real or virtual environments. Artificial intelligence systems use machine and human-based inputs to (A) perceive real and virtual environments; (B) abstract such perceptions into models through analysis in an automated manner; and (C) use model inference to formulate options for information or action."

Section 10 (amends section 62M.09, subdivision 3) clarifies that a utilization review organization is prohibited from exclusively using artificial intelligence to make an adverse determination for coverage of benefits. A clinician review is required for this purpose.

Section 11 (amends section 62Q.47) requires all health plans to reimburse clinical trainees in an amount that is at least as much as that paid to independently licensed mental health professionals, when the clinical trainee is providing an alcoholism, a mental health, or a chemical dependency service pursuant to Minn. Stat. 245I.04, subdivision 6 ("Clinical trainee qualifications").

Section 12 (amends section 62Q.545) clarifies coverage requirements for home care nursing services for certain individuals by prohibiting health plans from imposing quantity limits on such services. This section further creates a definition of home care nursing services and requires health plans to utilize that term in all policy documents and communications for any services that meet the definition.

Section 13 (amends section 62U.04, subdivision 13) requires the commissioner of health to make all-payer claims data available to the commissioner of commerce to perform health insurance oversight duties.

Section 14 (amends section 62W.06) Requires the commissioner of commerce to provide pharmacy benefit manager annual transparency reports, submitted pursuant to section 62W.06, subd. 2, to the commissioner of health.

Article 4 - Consumer Protection

Section 1 [45A.08; Suspected Fraud or Financial Exploitation; Trusted Contact Program] allows financial service providers to communicate with a customer through a trusted contact. Provides for certain limited liability.

Section 2 (amends section 53B.69, subdivision 10) amends the definition of "virtual currency kiosk."

Section 3 [53B.751; Virtual Currency Kiosks; Prohibition] prohibits virtual currency kiosks beginning August 1, 2026. Allows for new or existing customers to request a payout. Creates an exception for virtual currency kiosk operators who maintains means for customers to access, transfer, redeem, or otherwise transact a customer's money or virtual currency.

Section 4 (amends section 325E.21, subdivision 1b) amends the required proof of identification that a seller who is considered an entity may provide.

Section 5 (amends section 325E.21, subdivision 2c) modifies the required information that must be included on a scrap metal copper license application for an individual and an entity.

Section 6 [325E.91; Prohibition on Nudification Technology] prohibits access to nudification technology. Provides an exemption for website, applications, or software that require technical skill of a user to nudify an image or video. Provides for a civil action, damages, and penalties.

Section 7 [325F.7845; Pharmaceutical Advertising] prohibits television advertisements for the sale of prescription drugs to consumers. Provides enforcement by the attorney general.

Section 8 (amends section 325F.79) defines "advertisement" and "pet shop."

Section 9 (amends section 325F.791, subdivision 1) requires pet dealers to provide a copy of all available state or federal inspection reports for an animal's breeder.

Section 10 (amends section 325F.791, subdivision 5) allows purchasers to choose the veterinarian that examines a recently purchased animal.

Section 11 [325F.7915; Sale of Dogs and Cats Prohibited] prohibits the sale of cats and dogs. Establishes a grandfather clause for pet shops that sold or offered an animal for sale within one year before the effective date.

Section 12 (amends section 325F.792, subdivision 2) provides a civil fine for a violation of section 325F.7915 (prohibition on the sale of dogs and cats).

Section 13 [325M.40; Minor Access to Chatbots] prohibits a person from allowing minors to access chatbots and AI companions. Provides remedies and enforcement by the attorney general.

Section 14 [Transition Period] requires a person who makes a chatbot available to minors to begin decreasing services prior to the effective date.

Section 15 [Repealer] repeals several sections related to virtual currency kiosks.

Article 5 - Securities

Section 1 (amends section 80A.50) establishes crowdfunding regulations.

Section 2 (amends section 80A.66) requires broker-dealers to establish written supervisory procedures, business continuity and succession plans, and physical security and cybersecurity policies and procedures.

Section 3 [80A.691; Broker-dealers; Agents; Dishonest or Unethical Business Practices] requires broker-dealers to observe high standards and outlines what conduct is considered contrary to those standards.

Section 4 (amends section 80C.12, subdivision 1) makes technical changes.

Article 6 - Telecommunications

Section 1 (amends section 237.035) makes a conforming change.

Section 2 (amends section 237.036) strikes language authorizing the commission to regulate pay telephones.

Section 3 (amends section 237.069) strikes language requiring the Public Utilities Commission to adopt rules governing a telephone company's delay or denial of a customer's request to trace allegedly harassing calls. Requires a telecommunications carrier to be capable of allowing law enforcement agencies to intercept and access call-identifying information consistent with federal law.

Section 4 (amends section 237.07, subdivision 1) strikes language requiring telephone companies to keep price lists and rules available for public inspection at their offices.

Section 5 (amends section 237.11) strikes language requiring a telephone company to keep an office in Minnesota. Strikes language referring to obsolete language that this bill repeals.

Section 6 (amends section 237.164) strikes language requiring the commission to establish intrastate service discounts for schools and libraries in order to allow them to access federal discounts. Provides that a school or library is eligible to receive service discounts that are consistent with the federal E-rate discount program.

Section 7 (amends section 237.626, subdivision 1) strikes language stating that a promotion may take effect the day after the commission receives notice of it from a telephone company and that the notice must identify the consumers to whom the promotion is available.

Section 8 (amends section 237.626, subdivision 3) strikes language requiring a promotional offer to be available for resale to a qualifying carrier.

Section 9 (amends section 237.66, subdivision 4) requires a telephone company to notify a residential customer of the price of all available service options when service is initiated, when a service change is requested, and at any time the customer requests that information.

Section 10 (amends section 237.66, subdivision 5) provides that a telephone company may provide the notice required under section 9 above electronically if requested by the customer.

Section 11 (amends section 237.70, subdivision 7) strikes language requiring the commission to establish a uniform statewide credit for the Telephone Assistance Plan, a program that reduces telephone bills for income-qualified persons that all local providers must offer.

Section 12 (amends section 237.762, subdivision 5) strikes language requiring rate increases under a plan to be incorporated with a state universal service fund to delay an increase during the plan's initial three years.

Section 13 [Repealer] repeals several obsolete sections.

Article 7 - Insurance and Financial Products

Section 1 [48.741; Virtual-Currency Custody Services] establishes requirements for banks related to virtual currency services. Requires banks to conduct activity in safe and sound manner. Allows for services to be provided in a fiduciary or custodial capacity. Requires banks to segregate assets. Virtual currency custody services are subject to examination by the commissioner.

Section 2 (amends section 52.063, subdivision 3) makes a conforming change.

Section 3 (amends section 52.24, subdivision 1) makes a conforming change.

Section 4 (amends section 52.24, subdivision 1a) authorizes credit unions to obtain insurance from a credit union share insurance provider.

Section 5 (amends section 52.24, subdivision 2) makes a conforming change.

Section 6 [52.25; Virtual-Currency Custody Services] establishes requirements for credit unions related to virtual currency services. Requires credit unions to conduct activity in safe and sound manner. Allows for services to be provided in a fiduciary or custodial capacity. Requires credit unions to segregate assets. Virtual currency custody services are subject to examination by the commissioner.

Section 7 (amends section 53B.74) clarifies when a licensee engaged in virtual currency business activities may include virtual currency in the licensee's total assets for the calculation of the licensee's tangible net worth.

Section 8 [58.131; Residential Mortgage Loan Servicing Standards] establishes mortgage loan servicing standards.

Section 9 (amends section 58.14, subdivision 3) makes a conforming change.

Section 10 (amends section 58.14, subdivision 4) makes a conforming change.

Section 11 (amends section 58.14, subdivision 5) requires licensees to maintain specific business records.

Section 12 (amends section 58.14, subdivision 6) requires a servicer that services 500 residential mortgage loans in Minnesota to:

(1) record telephone conversations with a borrower; and
(2) maintain a recording of that conversation for 60 months.

Section 13 (amends section 58.18, subdivision 4) states that residential mortgage loans that are serviced by a residential mortgage servicer must comply with this section.

Section 14 (amends section 58B.02, subdivision 4a) defines "income-driven repayment program."

Section 15 (amends section 58B.02, subdivision 8a) amends the definition of "lender."

Section 16 (amends section 58B.02, subdivision 10) defines "written communication."

Section 17 (amends section 58B.03, subdivision 10) requires the annual report submitted by student loan lenders to include information from the previous calendar year.

Section 18 (amends section 58B.03, subdivision 11) requires the annual report submitted by student loan servicers to include information from the previous calendar year.

Section 19 (amends section 58B.051) makes a technical correction.

Section 20 (amends section 58B.06, subdivision 4) requires original student loan servicers to protect borrowers from negative consequences resulting from the sale, assignment, transfer, system conversion, or payment the borrower makes to the original loan servicer if a borrower's student loan servicer changes.

If a borrower's student loan servicer changes, the original and new student loan servicer must provide written notice to the borrower subject to the transfer.

The original student loan servicer must provide all necessary information regarding a borrower, borrower's account, and a borrower's student loan to the new student loan servicer.

Section 21 (amends section 58B.06, subdivision 6) clarifies the requirement for a student servicer to maintain records.

Section 22 [59E.01; Short Title] titles this act the Rental Home Marketplace Guarantees Act.

Section 23 [59E.02; Definitions] defines several terms.

Section 24 [59E.03; Requirements for Doing Business] establishes several different requirements for providers, including:

(1) Requiring providers to make the rental home marketplace guarantee terms available on the provider's website;
(2) Requiring providers to file an annual registration fee of $750 and a form with the commissioner;
(3) Requires providers to insure all rental home marketplace guarantees under a reimbursement insurance policy.

Section 25 [59E.04; Rental Home Marketplace Guarantees Are Not Insurance] states that a rental home marketplace guarantee is not insurance.

Section 26 [59E.05; Reimbursement Insurance Policy] provides that if a provider defaults or fails to perform under the rental home marketplace guarantee, the insurer that issued the policy must pay on behalf of the provider.

A provider is considered an agent of the insurer.

Section 27 [59E.06; Consumer Protection and Disclosures] provides several disclosures.

Providers must disclose that the rental home marketplace guarantee is not an insurance contract and the provider's obligations are backed by a reimbursement insurance policy.

The rental home marketplace guarantee must be written in clear, understandable language.

Section 28 [59E.07; Enforcement] provides the Commissioner of Commerce enforcement authority pursuant to the commissioner's powers under chapter 45.

Section 29 (amends section 60A.07, subdivision 12) requires an insurance company to accept an individual taxpayer identification number instead of a social security number.

Section 30 (amends section 60A.085) authorizes a policyholder to assume responsibility for notifying all covered persons in the event of cancellation.

Section 31 (amends section 60K.383):

Subdivision 1 defines "limited lines travel insurance producer" and "offer and disseminate" and amends the definitions of "travel insurance" and "travel retailer."

Subdivision 2 authorizes the commissioner to issue a limited lines travel insurance producer license to an individual or entity that has filed an application with the commissioner.

A travel retailer may offer and disseminate travel insurance on behalf of and under a limited lines travel insurance producer business entity license if:

1. The travel retailer provides a description of the insurance;
2. The limited lines travel insurance producer keeps a register of each travel retailer that offers travel insurance on the licensed business entity's behalf;
3. The limited lines travel insurance producer has a designated responsible producer;
4. There is compliance with the fingerprinting requirements;
5. All applicable fees have been paid; and
6. Employees and authorized representatives of the travel retailer complete training.

Travel retailers must provide a brochure or written material that has been approved by the travel insurer.

A travel retailer or authorized representative who is not licensed as an insurance producer is prohibited from evaluating or providing technical advice, or represent themselves as a licensed insurance producer.

Subdivision 3 includes technical and clarifying changes.

Subdivision 4 requires a limited lines travel insurance producer to use reasonable means to ensure compliance by the travel retailer with section 60K.383 and chapter 65C.

Subdivision 5 authorizes a person licensed in a major line of authority as an insurance producer is authorized to sell travel insurance.

Section 32 (amends section 65A.27, subdivision 1) makes a conforming change.

Section 33 [65A.304; Damage by Peace Officers; Mitigation] prohibits homeowner's insurance policies from excluding coverage for damage done to property from a peace officer's use of chemical irritants, smoke screens, or diversionary devices, when the damage occurs while the peace officer is executing a search warrant or apprehending a criminal.

Section 34 [65C.01; Scope and Purposes] establishes the scope of chapter 65C.

Section 35 [65C.02; Definitions] defines several terms related to travel insurance.

Section 36 [65C.04; Travel Protection Plans] establishes regulations for travel protection plans.

Section 37 [65C.05; Sales Practices] provides consumer protection requirements related to illusory travel insurance, marketing, opt outs, and other protections.

Section 38 [65C.06; Travel Administrators] regulates travel administrators.

Section 39 [65C.07; Policy] establishes requirements related to rates and filing.

Section 40 (amends section 72A.18, subdivision 2) amends the definition of "person" to include "insurance lead generators."

Section 41 (amends section 72A.18, subdivision 3) defines "insurance lead generator."

Section 42 (amends section 72A.18, subdivision 4) defines "lead-generating device."

Section 43 (amends section 72A.18, subdivision 5) defines "recording."

Section 44 (amends section 72A.20, subdivision 2) clarifies the types of advertising or postings that could constitute an unfair method of competition and an unfair and deceptive act or practice.

Section 45 (amends section 72A.20, subdivision 2a) requires a person to maintain business records that ensure data regarding complaints and marketing are accessible and retrievable for examination by the insurance commissioner.

Section 46 (amends section 80G.01, subdivision 5a) amends the definition of "Minnesota transactions."

Section 47 [82B.081; Notice to Commissioner] requires a licensee (real estate appraiser) to provider notice to the commissioner if the information in the license application changes.

The licensee must notify the commissioner of a final adverse decision or court order, a disciplinary action, and if the licensee is charged, adjudged guilty of, or enters a plea of guilty or nolo contendere.

Section 48 [82C.031; Notice to Commissioner] requires a licensee (appraisal management company) to provider notice to the commissioner if the information in the license application changes.

The licensee must notify the commissioner of a final adverse decision or court order, a disciplinary action, and if the licensee is charged, adjudged guilty of, or enters a plea of guilty or nolo contendere.

Section 49 (amends section 332.32) clarifies what the term "collection agency" does not include.

A collection agency does not include a residential mortgage servicer or a student loan servicer.

Section 50 (amends section 332.52, subdivision 3) makes a conforming change.

Section 51 (amends section 332A.04, subdivision 1) makes a conforming change.

Section 52 (amends section 332B.04, subdivision 1) makes a conforming change.

Section 53 [Repealer] repeals section 332A.02, subdivision 2 and section 332B.02, subdivision 2. Both sections define "accreditation."

Article 8 - Unclaimed Property

Section 1 (amends section 345.31, subdivision 10) defines "virtual currency."

Section 2 [345.382; Funds Held for the Prepayment of Funeral Related Expenses] states that funds held for the prepayment of funeral expenses are abandoned at the earliest of three years after the date of the death of the beneficiary, one year after the date the beneficiary did or should have attained age 105, if the holder does not know that the beneficiary is deceased, or 30 years after the contract was executed.

Section 3 [345.383; Exemption for Certain Property Held in Tax-Deferred Accounts] exempts property held in a section 529 or 529A account from sections 345.31 to 345.60.

Section 4 [345.384; Virtual Currency] presumes virtual currency is abandoned three years after the owner's last indication of interest in it. Explains what an "indication of interest" is.

Section 5 (amends section 345.43, subdivision 2b) requires a holder to liquidate virtual currency and remit the proceeds to the commissioner. Requires liquidation to occur within 30 days before filing a report with the commissioner. Requires a holder who can liquidate explain the reason why to the commissioner.

Article 9 - Miscellaneous

Section 1 (amends section 41A.09, subdivision 2a) makes a technical change.

Section 2 (amends section 46.044, subdivision 1) makes a technical change.

Section 3 (amends section 48.195) makes a technical change.

Section 4 (amends section 49.37) makes a technical change.

Section 5 (amends section 60A.13, subdivision 1) makes a technical and clarifying change related to report filings.

Section 6 (amends section 60A.13, subdivision 6) makes a technical change related to report filings.

Section 7 (amends section 62J.96, subdivision 4) provides that a violation of section 62J.96 ("Access to 340B drugs") constitutes an unfair trade practice and is enforceable by the attorney general.

Section 8 (amends section 72A.061, subdivision 5) authorizes the commissioner to grant an extension on a filing deadline upon written request.

Section 9 (amends section 239.761, subdivision 3) makes a technical change.

Section 10 (amends section 239.761, subdivision 4) makes a technical change.

Section 11 (amends section 239.761, subdivision 5) makes a technical change.

Section 12 (amends section 239.761, subdivision 6) makes a technical change.

Section 13 (amends section 239.761, subdivision 7) makes a technical change.

Section 14 (amends section 239.761, subdivision 8) makes a technical change.

Section 15 (amends section 239.761, subdivision 9) makes a technical change.

Section 16 (amends section 239.761, subdivision 10) makes a technical change.

Section 17 (amends section 239.761, subdivision 11) makes a technical change.

Section 18 (amends section 239.761, subdivision 12) makes a technical change.

Section 19 (amends section 239.761, subdivision 13) makes a technical change.

Section 20 (amends section 239.761, subdivision 14) makes a technical change.

Section 21 (amends section 239.761, subdivision 16) makes a technical change.

Section 22 (amends section 239.761, subdivision 17) makes a technical change.

Section 23 (amends section 239.77, subdivision 1) makes a technical change.

Section 24 (amends section 296A.01, subdivision 7) makes a technical change.

Section 25 (amends section 296A.01, subdivision 8) makes a technical change.

Section 26 (amends section 296A.01, subdivision 14) makes a technical change.

Section 27 (amends section 296A.01, subdivision 19) makes a technical change.

Section 28 (amends section 296A.01, subdivision 20) makes a technical change.

Section 29 (amends section 296A.01, subdivision 22) makes a technical change.

Section 30 (amends section 296A.01, subdivision 23) makes a technical change.

Section 31 (amends section 296A.01, subdivision 24) makes a technical change.

Section 32 (amends section 296A.01, subdivision 26) makes a technical change.

Section 33 (amends section 296A.01, subdivision 28) makes a technical change.

Section 34 (amends section 296A.01, subdivision 35) makes a technical change.

Section 35 (amends section 349.211, subdivision 2b) establishes the maximum value of a merchandise prize that may be awarded for a paddle ticket.

Section 36 (Repealer) repeals section 48.158, and section 62J.96, subdivision 3. Section 62J.96, subdivision 3, provides that the section expires July 1, 2027. By repealing this expiration provision, this section of the bill makes the statutory section's prohibition on manufacturers interfering with 340B drug delivery to contract pharmacies permanent.