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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1302

03/02/2015 Authored by Murphy, E., and Davids

The bill was read for the first time and referred to the Committee on Education Innovation Policy

1.1 A bill for an act
1.2 relating to insurance; amending provisions relating to health coverage for school
1.3 district employees; amending Minnesota Statutes 2014, section 471.6161,
1.4 subdivisions 3, 8.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 471.6161, subdivision 3, is amended to read:

1.7 Subd. 3. **Selection of carrier.** (a) The political subdivision shall make benefit
1.8 and cost comparisons and evaluate the proposals using the written criteria. The political
1.9 subdivision may negotiate with an entity referenced in subdivision 1 on benefits,
1.10 premiums, and other contract terms. Any entity providing group insurance coverage to the
1.11 political subdivision must provide the political subdivision with aggregate claims records
1.12 for the appropriate period. The political subdivision must prepare a written rationale for
1.13 its decision before entering into a contract with an entity referenced in subdivision 1.

1.14 (b) School districts shall post the written rationale described in paragraph (a) on the
1.15 school district Web site for 60 days, beginning the day after the contract is executed. The
1.16 written rationale must include a description of the negotiation of the contract between the
1.17 school district and entity, and the reasons the entity is the best qualified to provide coverage.

1.18 (c) The Department of Education shall post the written rationale prepared by a
1.19 school district under paragraph (b) on its Web site for 60 days, beginning upon receipt of
1.20 notice from the school district that the written rationale has been prepared.

1.21 Sec. 2. Minnesota Statutes 2014, section 471.6161, subdivision 8, is amended to read:

1.22 Subd. 8. **School districts; group health insurance coverage.** (a) Any entity
1.23 providing group health insurance coverage to a school district must provide the school

2.1 district with school district-specific nonidentifiable aggregate claims records for the most
2.2 recent 24 months within 30 days of the request.

2.3 (b) School districts shall request proposals for group health insurance coverage
2.4 as provided in subdivision 2 from ~~a minimum of three potential sources of coverage.~~
2.5 ~~One of these requests must go to~~ all of the entities that are doing business, as of the date
2.6 the requests are sent, in the county in which any part of that school district is located.
2.7 These requests for proposals include requests to an administrator governed by chapter
2.8 43A. Entities referenced in subdivision 1 must respond to requests for proposals received
2.9 directly from a school district. School districts that are self-insured must also follow these
2.10 provisions, except as provided in paragraph (f). School districts must make requests for
2.11 proposals at least 150 days prior to the expiration of the existing contract but not more
2.12 frequently than once every 24 months. The request for proposals must include the most
2.13 recently available 24 months of nonidentifiable aggregate claims data. The request for
2.14 proposals must be publicly released at or prior to its release to potential sources of coverage.

2.15 (c) School district contracts for group health insurance must not be longer than
2.16 two years unless the exclusive representative of the largest employment group and the
2.17 school district agree otherwise.

2.18 (d) All initial proposals shall be sealed upon receipt until they are all opened no less
2.19 than 90 days prior to the plan's renewal date in the presence of up to three representatives
2.20 selected by the exclusive representative of the largest group of employees. Section 13.591,
2.21 subdivision 3, paragraph (b), applies to data in the proposals. The representatives of
2.22 the exclusive representative must maintain the data according to this classification and
2.23 are subject to the remedies and penalties under sections 13.08 and 13.09 for a violation
2.24 of this requirement. A school district shall not allow an interested person as defined in
2.25 section 471.895, subdivision 1, paragraph (c), to view the proposals until such time as
2.26 the proposals become public data.

2.27 (e) A school district, in consultation with the same representatives referenced in
2.28 paragraph (d), may continue to negotiate with any entity that submitted a proposal under
2.29 paragraph (d) in order to reduce costs or improve services under the proposal. Following
2.30 the negotiations any entity that submitted an initial proposal may submit a final proposal
2.31 incorporating the negotiations, which is due no less than 75 days prior to the plan's
2.32 renewal date. All the final proposals submitted must be opened at the same time in the
2.33 presence of up to three representatives selected by the exclusive representative of the
2.34 largest group of employees. Notwithstanding section 13.591, subdivision 3, paragraph (b),
2.35 following the opening of the final proposals, all the proposals, including any made under
2.36 paragraph (d), and other data submitted in connection with the proposals are public data.

3.1 The school district may choose from any of the initial or final proposals without further
3.2 negotiations and in accordance with subdivision 5, but not sooner than 15 days after
3.3 the proposals become public data.

3.4 (f) School districts that are self-insured shall follow all of the requirements of this
3.5 section, except that:

3.6 (1) their requests for proposals may be for third-party administrator services, where
3.7 applicable;

3.8 (2) these requests for proposals must be from a minimum of three different sources,
3.9 which may include both entities referenced in subdivision 1 and providers of third-party
3.10 administrator services;

3.11 (3) for purposes of fulfilling the requirement to request a proposal for group
3.12 insurance coverage from an administrator governed by chapter 43A, self-insured districts
3.13 are not required to include in the request for proposal the coverage to be provided;

3.14 (4) a district that is self-insured on or before the date of enactment, or that is
3.15 self-insured with more than 1,000 insured lives, or a district in which the school board
3.16 adopted a motion on or before May 14, 2014, to approve a self-insured health care plan
3.17 to be effective July 1, 2014, may, but need not, request a proposal from an administrator
3.18 governed by chapter 43A;

3.19 (5) requests for proposals must be sent to providers no less than 90 days prior to
3.20 the expiration of the existing contract; and

3.21 (6) proposals must be submitted at least 60 days prior to the plan's renewal date
3.22 and all proposals shall be opened at the same time and in the presence of the exclusive
3.23 representative, where applicable.

3.24 (g) Nothing in this section shall restrict the authority granted to school district boards
3.25 of education by section 471.59, except that districts will not be considered self-insured for
3.26 purposes of this subdivision solely through participation in a joint powers arrangement.

3.27 School district employees who are also board members serving on a board created pursuant
3.28 to section 471.59, or employees of the board, shall not have access to initial or final
3.29 proposals under paragraphs (d) and (e) until such time as the proposals become public data.

3.30 (h) An entity providing group health insurance to a school district under a multiyear
3.31 contract must give notice of any rate or plan design changes applicable under the contract
3.32 at least 90 days before the effective date of any change. The notice must be given to the
3.33 school district and to the exclusive representatives of employees. If the rate increase is
3.34 higher than eight percent, then:

3.35 (1) the school district must seek a proposal within five days of receiving such notice
3.36 from an administrator governed by chapter 43A;

4.1 (2) exclusive representatives are deemed to have met the requirements of section
4.2 43A.316, subdivision 5, paragraph (b);

4.3 (3) if an exclusive representative determines that the represented employees must
4.4 participate, the school district must transfer its insurance contributions for the represented
4.5 employees to the public employees insurance program under section 43A.316, upon the
4.6 beginning of the plan year; and

4.7 (4) the school district must not transfer to the represented employees any penalties
4.8 or cost increases that are assessed by the entity that was providing group health insurance
4.9 coverage due to a transfer of insurance contributions to the public employees insurance
4.10 program.

4.11 Sec. 3. **EFFECTIVE DATE.**

4.12 Section 1 is effective the day following final enactment. Section 2 is effective the
4.13 day following final enactment and applies to requests for proposals for group health
4.14 insurance coverage issued on or after that date.