

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 977**

(SENATE AUTHORS: DAHMS and Sheran)

| DATE       | D-PG | OFFICIAL STATUS  |
|------------|------|--|
| 03/04/2013 | 473  | Introduction and first reading<br>Referred to State and Local Government |

A bill for an act

1.1 relating to insurance; regulating service cooperative refunds; requiring local  
 1.2 government employees to approve participation in or withdrawal from the public  
 1.3 employees insurance program; amending Minnesota Statutes 2012, sections  
 1.4 43A.316, subdivision 5; 123A.21, by adding a subdivision; 471.611, subdivision  
 1.5 2.  
 1.6

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

1.8 Section 1. Minnesota Statutes 2012, section 43A.316, subdivision 5, is amended to read:

1.9 Subd. 5. **Public employee participation.** (a) Participation in the program is subject  
 1.10 to the conditions in this subdivision.

1.11 ~~(b) Each exclusive representative for an eligible employer determines whether the~~  
 1.12 ~~employees it represents will participate in the program. The exclusive representative shall~~  
 1.13 ~~give the employer notice of intent to participate at least 30 days before the expiration date~~  
 1.14 ~~of the collective bargaining agreement preceding the collective bargaining agreement that~~  
 1.15 ~~covers the date of entry into the program. The exclusive representative and the eligible~~  
 1.16 ~~employer shall give notice to the commissioner of the determination to participate in the~~  
 1.17 ~~program at least 30 days before entry into the program. Entry into the program is governed~~  
 1.18 ~~by a schedule established by the commissioner. If an exclusive representative of eligible~~  
 1.19 ~~employees gives notice to their eligible employer that the employees it represents desire to~~  
 1.20 ~~participate in the program, that determination does not become final for any insurance~~  
 1.21 ~~eligible employees unless (1) the eligible employer and the exclusive representative of~~  
 1.22 ~~the employees of an appropriate bargaining unit certified under section 179A.12 agree to~~  
 1.23 ~~the change, and (2) it is approved by a majority of all insurance eligible employees of the~~  
 1.24 ~~appropriate bargaining unit. If enrolling in the program is approved then either all or none~~  
 1.25 ~~of the insurance eligible employees of the appropriate bargaining unit must participate in~~

2.1 the program, except as provided by section 471.611, subdivision 2. Entry into the program  
 2.2 is governed by a schedule established by the commissioner.

2.3 (c) Employees not represented by exclusive representatives, including retirees who  
 2.4 continue insurance coverage through the eligible employer, may become members of the  
 2.5 program upon a determination of an eligible employer to include these employees in the  
 2.6 program. Either all or none of the employer's unrepresented employees must participate.  
 2.7 The eligible employer shall give at least 30 days' notice to the commissioner before  
 2.8 entering the program. Entry into the program is governed by a schedule established by  
 2.9 the commissioner.

2.10 ~~(d) Participation in the program is for a two-year term. Participation is automatically~~  
 2.11 ~~renewed for an additional two-year term unless the exclusive representative, or the~~  
 2.12 ~~employer for unrepresented employees, gives the commissioner notice of withdrawal~~  
 2.13 ~~at least 30 days before expiration of the participation period. A group that withdraws~~  
 2.14 ~~must wait two years before rejoining. An exclusive representative, or employer for~~  
 2.15 ~~unrepresented employees, may also withdraw if premiums increase 50 percent or more from~~  
 2.16 ~~one insurance year to the next. Participation is automatically renewed for an additional~~  
 2.17 one-year term unless the exclusive representative, or the employer for unrepresented  
 2.18 employees, gives the commissioner notice of withdrawal at least 30 days before expiration  
 2.19 of the participation period. The program must permit participating entities to solicit bids  
 2.20 and other information from competing sources of health coverage without penalty. The  
 2.21 program must provide each enrolled entity with the entity's monthly claims data upon  
 2.22 request. The program may prohibit the entity from participating in program coverage for a  
 2.23 period of up to one year, if the entity leaves the program and obtains other health coverage.

2.24 (e) The exclusive representative shall give the employer notice of intent to withdraw  
 2.25 to the commissioner at least 30 days before the expiration date of a collective bargaining  
 2.26 agreement that includes the date on which the term of participation expires.

2.27 (f) Each participating eligible employer shall notify the commissioner of names of  
 2.28 individuals who will be participating within two weeks of the commissioner receiving  
 2.29 notice of the parties' intent to participate. The employer shall also submit other information  
 2.30 as required by the commissioner for administration of the program.

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

2.32 Sec. 2. Minnesota Statutes 2012, section 123A.21, is amended by adding a subdivision  
 2.33 to read:

2.34 **Subd. 13. Insurance premium refunds.** A service cooperative may not refund any  
 2.35 portion of a health insurance premium paid by a member entity without first providing

3.1 written notice of the refund to any applicable exclusive representative of employees of  
3.2 the member entity receiving the refund.

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

3.4 Sec. 3. Minnesota Statutes 2012, section 471.611, subdivision 2, is amended to read:

3.5 Subd. 2. **Coordination.** A unit of local government that funds all or part of the  
3.6 cost of health care benefits for a retired employee, or that allows a retired employee to  
3.7 continue health insurance coverage through the unit of local government, must provide  
3.8 for coverage to be coordinated with applicable benefits provided through the federally  
3.9 sponsored Medicare program.

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