A bill for an act

relating to insurance; creating a statewide health insurance purchasing pool for school district employees; appropriating money; amending Minnesota Statutes 2006, section 13.203; proposing coding for new law in Minnesota Statutes, chapter 179A.

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

Section 1. Minnesota Statutes 2006, section 13.203, is amended to read:

13.203 SERVICE COOPERATIVE AND SCHOOL EMPLOYEE INSURANCE BOARD CLAIMS DATA.

(a) Claims experience and all related information received from carriers and claims administrators participating in a group health or dental plan, including any long-term disability plan, offered through the Minnesota service cooperatives to Minnesota school districts and other political subdivisions or through the Minnesota School Employee Insurance Pool created under section 179A.50, and survey information collected from employees and employers participating in these plans and programs~~, except when the executive director of a Minnesota service cooperative determines that release of the data will not be detrimental to the plan or program,~~ are classified as nonpublic data ~~not on individuals~~.

(b) Data that are classified as nonpublic data under paragraph (a) may be disclosed if the executive director of a Minnesota service cooperative or the Minnesota School Employee Insurance Pool determines that release of the data will not be detrimental to the plan or program.

Sec. 2. **[179A.50] SCHOOL EMPLOYEE INSURANCE PLAN.**

Subdivision 1. **Definitions.** For purposes of this section:

(1) "board" or "board of directors" means the board of directors of the Minnesota School Employee Insurance Pool;

(2) "eligible employee" means an individual who is insurance eligible under a collective bargaining agreement or under the personnel policy of an eligible employer;

(3) "eligible employer" means a school district as defined in section 120A.05, a service cooperative as defined in section 123A.21, an intermediate district as defined in section 136D.01, a cooperative center for vocational education as defined in section 123A.22, a regional management information center as defined in section 123A.23, an education unit organized under section 471.59, or a charter school organized under section 124D.10;

(4) "health plan" means a health plan as defined in section 62A.011; and

(5) "pool" or "Minnesota School Employee Insurance Pool" means the Minnesota School Employee Insurance Pool, a public corporation.

Subd. 2. **Creation of pool.** (a) The Minnesota School Employee Insurance Pool is created as a public corporation that is governed by and subject to the provisions of chapter 317A, except as otherwise provided in this section. As provided in section 15.082, the state is not liable for obligations of this public corporation.

(b) The pool shall create and administer the Minnesota School Employee Insurance Plan as described in this section.

(c) Insurance plans and offerings must be effective no later than July 1, 2010.

Subd. 3. **Board of directors.** (a) The Minnesota School Employee Insurance Pool shall be governed by a board of directors that consists of:

(1) seven members representing statewide affiliates of exclusive representatives of eligible employees, appointed by exclusive representatives, as provided in paragraph (b); and

(2) seven members representing eligible employers, appointed by the Minnesota School Boards Association.

(b) The seven members of the board who represent statewide affiliates of exclusive representatives of eligible employees are appointed as follows: four members appointed by Education Minnesota and one member each appointed by the Service Employees International Union, the Minnesota School Employees Association, and the American Federation of State, County, and Municipal Employees.

(c) Appointing authorities must make their initial appointments no later than August 1, 2008, by filing a notice of the appointment with the executive director of the Legislative Coordinating Commission. Notices of subsequent appointments must be filed with the

board. An entity entitled to appoint a board member may replace the board member at any time.

(d) Board members are eligible for compensation and expense reimbursement from the pool under section 15.0575, subdivision 3.

(e) The board must arrange for one or more methods of dispute resolution so as to minimize the likelihood of deadlocks.

(f) The board shall establish governance requirements, which may include staggered terms, term limits, quorum, a plan of operation, and audit provisions.

Subd. 4. **Design and nature of plan.** (a) Health coverage offered through the Minnesota School Employee Insurance Pool shall be made available by the pool to all eligible employees of eligible employers, as defined in subdivision 1.

(b) If an eligible employer provides health coverage or money to purchase health coverage to eligible employees, the coverage must be provided or purchased only through the health plans offered by the pool.

(c) Nothing in this section affects the right of each eligible employer to determine, through collective bargaining under the Public Employment Labor Relations Act:

(1) the employer's eligibility requirements regarding the terms and conditions under which employees, dependents, retirees, and other persons are eligible for health coverage through the employer;

(2) how much of the premium charged for the health coverage will be paid by the employer and how much will be paid by the eligible person; and

(3) which health plans offered by the pool will be made available by the eligible employer.

(d) The pool must initially offer at least six health plans. One plan must provide coverage without a deductible and without other enrollee cost-sharing other than reasonable co-payments for nonpreventive care. One plan must be a high-deductible health plan that qualifies under federal law for use with a health savings account. The other four plans must have levels of enrollee cost-sharing that are between the two plans just described. The pool may establish more than one tier of premium rates for any specific plan. Plans and premium rates may vary across geographic regions established by the pool. Any health plan purchased through the pool must comply with all applicable insurance laws, and must provide the optimal combination of coverage, cost, choice, and stability in the judgment of the pool. The pool shall investigate the feasibility of offering coverage through more than one health plan company.

(e) The pool must offer only health plans that are fully insured through a health carrier, as defined in section 62A.011, subdivision 2, licensed in this state.

(f) Any health plan offered through the pool must include disease management and consumer education, including wellness programs and measures encouraging the wise use of health coverage, to the extent determined to be appropriate by the pool.

(g) Upon request by the pool, entities that are providing or have provided coverage to employees of eligible employers within two years before the effective date of this section, shall provide to the pool at no charge nonidentifiable aggregate claims data for that coverage. The information must include data relating to employee group benefit sets, demographics, and claims experience. Notwithstanding section 13.203, Minnesota service cooperatives must also comply with this paragraph.

(h) Effective July 1, 2010, a contract entered into between an eligible employer and an eligible employee or the exclusive representative of an eligible employee may not contain provisions that establish cash payment in lieu of health coverage to an eligible employee, unless the employee has been receiving a cash-in-lieu payment on or before June 30, 2010. Nothing in this section prevents an eligible employee who otherwise qualifies for payment of cash in lieu of insurance on June 30, 2009, from continuing to receive the payment.

(i) All premiums paid for health coverage provided through the pool must be used by the pool solely for premiums for health plan coverage provided through the pool, the cost of operation of the pool, and the benefit of eligible employees and eligible employers in connection with the health coverage offered through the pool.

(j) Notwithstanding paragraph (d), the pool and the commissioner of finance may enter into a mutually beneficial agreement whereby the pool's health plans would be coordinated with the plan offered by the commissioner under section 43A.23 or 43A.316, but would not be merged with either of those plans. The agreement may contain provisions that vary from those of paragraph (d) to conform to the benefit sets or other terms under section 43A.23 or 43A.316. The agreement may also provide that the pool and the commissioner will jointly solicit bids for use of provider networks, claims processing, and other administrative services. If an agreement is entered into, persons covered through the pool must continue to be rated separately for premium purposes from persons covered under section 43A.23 or 43A.316. An agreement under this paragraph must not result in the pool becoming self-insured or in the pool sharing risk with a plan offered by the commissioner. The pool must continue to transfer its risk to a health plan company authorized to do business in this state.

Subd. 5. **Report.** The pool shall submit a written report to the legislature by January 15, 2010, in compliance with sections 3.195 and 3.197, on a final design for the pool that complies with subdivision 4 and on governance requirements for the board, which may

include staggered terms, term limits, quorum, a plan of operation, and audit provisions. The report must include any legislative changes necessary to ensure conformance with all applicable insurance and other laws.

Subd. 6. **Periodic evaluation.** (a) Beginning December 15, 2010, and for the next two years, the pool must submit an annual written report to the legislature, in compliance with sections 3.195 and 3.197, summarizing and evaluating the performance of the pool during the previous fiscal year of operation.

(b) Beginning in 2013 and in each odd-numbered year thereafter, the pool must submit to the legislature a biennial written report summarizing and evaluating the performance of the pool during the preceding two fiscal years.

Subd. 7. **Applicability of data practices laws.** The pool and its board are government entities that are subject to chapter 13.

Sec. 3. **INITIAL MEETING; MINNESOTA SCHOOL EMPLOYEE INSURANCE POOL.**

The executive director of the Legislative Coordinating Commission, or the executive director's designee, shall convene the first meeting of the board of directors of the Minnesota School Employee Insurance Pool no later than 30 days after all board members have been appointed. The board shall elect a chair or cochairs from among its members at its first meeting.

Sec. 4. **APPROPRIATION.**

$4,000,000 is appropriated for fiscal year 2009 from the general fund to the commissioner of finance to be disbursed as a loan for start-up costs to the Minnesota School Employee Insurance Pool. The pool must repay the loan to the general fund in ten equal installments paid at the end of each fiscal year, beginning with the 2011 fiscal year. On July 1, 2008, the commissioner of finance shall cancel $4,000,000 of the balance in the budget reserve account in Minnesota Statutes, section 16A.152, to the general fund.

Sec. 5. **EFFECTIVE DATE.**

This act is effective July 1, 2008.