

SENATE  
STATE OF MINNESOTA  
NINETY-FOURTH SESSION

S.F. No. 2909

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DATE	D-PG	OFFICIAL STATUS
03/24/2025	1010	Introduction and first reading Referred to Education Policy
04/01/2025	1263	Author added Clark
04/02/2025	1280	Author added Johnson Stewart
03/09/2026	6578	Chief author stricken Mann Chief author added Kunesh
03/23/2026		Comm report: To pass as amended and re-refer to Commerce and Consumer Protection

1.1 A bill for an act

1.2 relating to insurance; regulating the public employees insurance program; requiring

1.3 participation by certain school employers; appropriating money; amending

1.4 Minnesota Statutes 2024, section 43A.316, subdivisions 2, 3, 5, 7, 8, by adding

1.5 subdivisions; proposing coding for new law in Minnesota Statutes, chapter 124D;

1.6 repealing Minnesota Statutes 2024, section 43A.316, subdivision 11.

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

1.8 Section 1. Minnesota Statutes 2024, section 43A.316, subdivision 2, is amended to read:

1.9 Subd. 2. **Definitions.** For the purpose of this section, the terms defined in this subdivision

1.10 have the meaning given them.

1.11 (a) **Commissioner.** "Commissioner" means the commissioner of management and

1.12 budget.

1.13 (b) **Employee.** "Employee" means:

1.14 (1) a person who is a public employee within the definition of section 179A.03,

1.15 subdivision 14, who is insurance eligible and is employed by an eligible employer;

1.16 (2) an elected public official of an eligible employer who is insurance eligible;

1.17 (3) a person employed by a labor organization or employee association certified as an

1.18 exclusive representative of employees of an eligible employer or by another public employer

1.19 approved by the commissioner, so long as the plan meets the requirements of a governmental

1.20 plan under United States Code, title 29, section 1002(32); or

1.21 (4) a person employed by a county or municipal hospital.

1.22 (c) **Eligible employer.** "Eligible employer" means:

2.1 (1) a public employer within the definition of section 179A.03, subdivision 15, that is  
2.2 a town, county, city, school district as defined in section 120A.05, service cooperative as  
2.3 defined in section 123A.21, intermediate district as defined in section 136D.01, Cooperative  
2.4 Center for Vocational Education as defined in section 123A.22, regional management  
2.5 information center as defined in section 123A.23, or an education unit organized under the  
2.6 joint powers action, section 471.59; or

2.7 (2) an exclusive representative of employees, as defined in paragraph (b);

2.8 (3) a county or municipal hospital; or

2.9 (4) another public employer approved by the commissioner.

2.10 (d) **Exclusive representative.** "Exclusive representative" means an exclusive  
2.11 representative as defined in section 179A.03, subdivision 8.

2.12 (e) **Program.** "Program" means the statewide public employees insurance program  
2.13 created by subdivision 3.

2.14 (f) **Educator group insurance program.** "Educator group insurance program" means  
2.15 the mandatory health insurance pool created from the school employee pool.

2.16 (g) **Retired school employee.** "Retired school employee" means a school employee  
2.17 who has separated from service with any school employer and has met the age and service  
2.18 requirements necessary to receive an annuity from a Minnesota public pension plan.

2.19 (h) **School employee.** "School employee" means an employee of a school employer,  
2.20 regardless of the number of hours worked or their status as a public employee under section  
2.21 179A.03, subdivision 14.

2.22 (i) **School employee pool.** "School employee pool" means a mandatory health insurance  
2.23 pool for all eligible school employees and other eligible employees or employers electing  
2.24 to be in the pool.

2.25 (j) **School employer.** "School employer" means a district as defined in section 120A.05,  
2.26 a service cooperative as defined in section 123A.21, an intermediate district as defined in  
2.27 section 136D.01, a cooperative center for vocational education as defined in section 123A.22,  
2.28 a regional management information center as defined in section 123A.23, a charter school  
2.29 under chapter 124D, or an education unit organized under a joint powers agreement under  
2.30 section 471.59.

3.1 Sec. 2. Minnesota Statutes 2024, section 43A.316, subdivision 3, is amended to read:

3.2 Subd. 3. **Public employee insurance program.** The commissioner shall be the  
3.3 administrator of the public employee insurance program and the educator group insurance  
3.4 program and may determine its funding, coverage, and administrative arrangements. The  
3.5 commissioner shall model the program programs after the plan established in section 43A.18,  
3.6 subdivision 2, ~~but~~. The commissioner shall offer individual school employers dependent  
3.7 coverage tiers that match the coverage when entering the school employee pool and any  
3.8 changes to dependent coverage tiers subsequently negotiated. The commissioner shall also  
3.9 offer a high-deductible plan compatible with health care savings accounts. The commissioner  
3.10 may modify that plan those plans and dependent coverage tiers pursuant to the requirements  
3.11 of subdivision 4a.

3.12 Sec. 3. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision to  
3.13 read:

3.14 Subd. 4a. **Educator group insurance program.** The labor management committee  
3.15 consists of 12 members appointed to represent participating school employees and retired  
3.16 school employees. The Minnesota Association of School Administrators; the Minnesota  
3.17 Association of School Business Officials; the Service Employees International Union; the  
3.18 American Federation of State, County, and Municipal Employees; and the Minnesota School  
3.19 Employees Association must each appoint one representative. Education Minnesota must  
3.20 appoint seven representatives, providing a diverse representation of the state, including a  
3.21 retiree. Committee members are eligible for expense reimbursement in the same manner  
3.22 and amount as authorized by the commissioner's plan adopted under section 43A.18,  
3.23 subdivision 2. A change to a cost-sharing plan may only be made with mutual agreement  
3.24 between the commissioner and the committee. The committee shall study issues relating to  
3.25 the insurance program, including but not limited to flexible benefits, utilization review,  
3.26 quality assessment, and cost efficiency. The committee continues to exist while the program  
3.27 remains in operation.

3.28 Sec. 4. Minnesota Statutes 2024, section 43A.316, subdivision 5, is amended to read:

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

3.31 (b) Each exclusive representative for ~~an~~ a nonschool eligible employer determines  
3.32 whether the employees it represents will participate in the program. The exclusive  
3.33 representative shall give the employer notice of intent to participate at least 30 days before

4.1 the expiration date of the collective bargaining agreement preceding the collective bargaining  
4.2 agreement that covers the date of entry into the program. The exclusive representative and  
4.3 the eligible employer shall give notice to the commissioner of the determination to participate  
4.4 in the program at least 30 days before entry into the program. Entry into the program is  
4.5 governed by a schedule established by the commissioner.

4.6 (c) Employees not represented by exclusive representatives may become members of  
4.7 the program upon a determination of ~~an~~ a nonschool eligible employer to include these  
4.8 employees in the program. Either all or none of the employer's unrepresented employees  
4.9 must participate. The eligible employer shall give at least 30 days' notice to the commissioner  
4.10 before entering the program. Entry into the program is governed by a schedule established  
4.11 by the commissioner.

4.12 ~~(d) Participation in the program is for a four-year term. Participation is automatically~~  
4.13 ~~renewed for an additional four-year term unless the exclusive representative, or the employer~~  
4.14 ~~for unrepresented employees, gives the commissioner notice of withdrawal at least 30 days~~  
4.15 ~~before expiration of the participation period. A group that withdraws must wait two years~~  
4.16 ~~before rejoining. An exclusive representative, or employer for unrepresented employees,~~  
4.17 ~~may also withdraw if premiums increase 20 percent or more from one insurance year to the~~  
4.18 ~~next.~~

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

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

4.26 (d) Participation by a nonschool employer in the program is permanent once elected.  
4.27 Nonschool exclusive representatives and eligible employers enrolled in the public employee  
4.28 insurance program after July 1, 2026, shall have the option to either remain enrolled and  
4.29 move to the mandatory school employee pool or permanently leave enrollment.

4.30 (e) All school employers shall submit to the administrators of the mandatory school  
4.31 employee pool the names and other required information regarding its school employees  
4.32 within two weeks of the employees starting work or becoming employed, whichever comes  
4.33 first. New coverage is effective on the first day of employment. Three months prior to entry  
4.34 into the program, school employers shall provide the program administrator with the names

5.1 and required information of current employees. Beginning January 1, 2027, or as soon  
 5.2 thereafter as contracts or agreements with providers that were in place upon enactment  
 5.3 expire, school employees shall receive insurance through the school employee pool.  
 5.4 Employees of school employers obligated by a health insurance contract expiring on or  
 5.5 before December 31, 2026, must begin participation in the program on January 1, 2027. In  
 5.6 the event an insurance contract expires after enactment and before December 31, 2026,  
 5.7 subsequent contracts must expire on December 31, 2026. A school employee participating  
 5.8 in the public employee insurance program must join the school employee pool on January  
 5.9 1, 2027, regardless of the length of the employee's remaining term.

5.10 (f) School employers with individual self-insured plans that have unused reserve funds  
 5.11 after all obligations have been met may negotiate with the exclusive representative regarding  
 5.12 the reserve amount (1) attributable to the proportionate number of insured lives covered by  
 5.13 that exclusive representative and (2) that must be dedicated for use for health insurance  
 5.14 benefits for all individuals currently receiving health benefits. Notwithstanding section  
 5.15 471.617, no notice or approval is required for school employers who dissolve a self-insured  
 5.16 plan under this section. If the school employer and the exclusive representative are unable  
 5.17 to come to an agreement, the remaining funds must be used to pay the employee's premium  
 5.18 portion to the school employee pool until the reserve funds are depleted. These funds shall  
 5.19 be used for a proportional premium payment at the time it is necessary to deplete the balance.

5.20 (g) School employers leaving a plan under section 123A.21 with a service cooperative  
 5.21 must receive a prorated share of the service cooperative reserves attributable to their portion  
 5.22 of membership in the plan and distribute them as required in paragraph (f).

5.23 Sec. 5. Minnesota Statutes 2024, section 43A.316, subdivision 7, is amended to read:

5.24 Subd. 7. **Premiums.** ~~The proportion of premium paid by the employer and employee is~~  
 5.25 ~~subject to collective bargaining or personnel policies. If, at the beginning of the coverage~~  
 5.26 ~~period, no collective bargaining agreement has been finalized, the increased dollar costs, if~~  
 5.27 ~~any, from the previous year is the sole responsibility of the individual participant until a~~  
 5.28 ~~collective bargaining agreement states otherwise.~~ Premiums, including an administration  
 5.29 fee, shall be established by the commissioner and shall not vary across eligible school  
 5.30 employers. Each employer shall pay monthly the amounts due for employee benefits  
 5.31 including the amounts under subdivision 8 to the commissioner no later than the dates  
 5.32 established by the commissioner. If an employer fails to make the payments as required,  
 5.33 the commissioner may ~~cancel program benefits and pursue other civil remedies, including~~  
 5.34 accessing funds allocated to the school employer by the Department of Education. Failure

6.1 to make payments is considered using funds contrary to their purpose under section 127A.42,  
 6.2 subdivision 2, clause (7), and the commissioner of education shall use section 127A.42 to  
 6.3 reduce necessary aid to pay to the educator group insurance program.

6.4 Sec. 6. Minnesota Statutes 2024, section 43A.316, subdivision 8, is amended to read:

6.5 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer participating  
 6.6 in the program who is receiving a public pension disability benefit or an annuity or has met  
 6.7 the age and service requirements necessary to receive an annuity under chapter 353, 353C,  
 6.8 354, 354A, 356, or 423, or Minnesota Statutes 2008, chapter 422A, and the former employee's  
 6.9 dependents, are eligible to participate in the program. This participation is at the person's  
 6.10 expense unless a collective bargaining agreement or personnel policy provides otherwise.  
 6.11 Premiums for these participants must be established by the commissioner.

6.12 The commissioner ~~may~~ must not provide policy exclusions for preexisting conditions  
 6.13 ~~only when there is a break in coverage between a participant's coverage under the~~  
 6.14 ~~employment-based group insurance program and the participant's coverage under this~~  
 6.15 ~~section.~~ An employer shall notify an employee of the option to participate under this  
 6.16 paragraph no later than the effective date of retirement. The retired employee or the employer  
 6.17 of a participating group on behalf of a current or retired employee shall notify the  
 6.18 commissioner within 30 days of the effective date of retirement of intent to participate in  
 6.19 the program according to the rules established by the commissioner.

6.20 (b) The spouse of a deceased employee or former employee may purchase the benefits  
 6.21 provided at premiums established by the commissioner if the spouse was a dependent under  
 6.22 the employee's or former employee's coverage under this section at the time of the death.  
 6.23 The spouse remains eligible to participate in the program ~~as long as the group that included~~  
 6.24 ~~the deceased employee or former employee participates in the program under the~~  
 6.25 requirements of section 62A.146. Coverage under this clause must be coordinated with  
 6.26 relevant insurance benefits provided through the federally sponsored Medicare program.

6.27 (c) The program benefits must continue in the event of strike permitted by section  
 6.28 179A.18, ~~if the exclusive representative chooses to have coverage continue and the employee~~  
 6.29 ~~pays the total monthly premiums when due~~ and the employer must continue to pay the total  
 6.30 monthly premiums due.

6.31 (d) A participant who discontinues coverage may not reenroll unless newly eligible  
 6.32 under this section.

7.1 Persons participating under these paragraphs shall make appropriate premium payments  
7.2 in the time and manner established by the commissioner.

7.3 Sec. 7. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision to  
7.4 read:

7.5 Subd. 12. **Nonidentifiable aggregate claims data from past coverage.** Upon request  
7.6 by the commissioner, entities that are providing or have provided coverage to eligible school  
7.7 employees shall provide to the commissioner at no charge nonidentifiable aggregate claims  
7.8 data for that coverage. Notwithstanding section 13.203, the information must include data  
7.9 relating to school employees' group benefit sets, demographics, claims experience, and any  
7.10 other data or information reasonably necessary to accurately and appropriately underwrite  
7.11 the risk of the school employees.

7.12 Sec. 8. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision to  
7.13 read:

7.14 Subd. 13. **Educator group insurance program start-up funding; administration of**  
7.15 **ongoing revenues and expenses.** The commissioner may impose a reserve surcharge in  
7.16 the first three years of school employee enrollment if the commissioner deems it actuarially  
7.17 necessary to supplement the existing public employee insurance program reserves available  
7.18 in the insurance trust fund under subdivision 9. These funds are available to support both  
7.19 the phasing out of the public employee insurance program and the implementation of the  
7.20 educator group insurance program.

7.21 Sec. 9. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision to  
7.22 read:

7.23 Subd. 14. **Eligibility.** (a) A school employee who is a public employee within the  
7.24 definition of section 179A.03, subdivision 14, is eligible for coverage in the school employee  
7.25 pool for the plan year, including school breaks. A school district employer must seek an  
7.26 opinion from the Office of the Attorney General on any dispute over eligibility under the  
7.27 authority of section 8.07. Notwithstanding any other laws to the contrary, the attorney  
7.28 general must provide this opinion without charge, and the parties must comply with the  
7.29 opinion until a party exercises their right to a resolution through a grievance process in the  
7.30 collective bargaining agreement. An attorney general opinion is admissible in any related  
7.31 arbitration proceeding.

8.1 (b) If an employee meets the hour requirement for a public employee under section  
8.2 179A.03, subdivision 14, when combining hours assigned by two or more separate school  
8.3 employers and is less than full-time with any employer, each employer shall pay a pro rata  
8.4 share of the cost of the employer contribution. A full-time employer shall pay the full  
8.5 employer contribution.

8.6 (c) An employee must receive notification of continuation rights as provided in other  
8.7 laws. This coverage must be considered employer sponsored for purposes of all continuation  
8.8 laws, including section 471.61, subdivision 2b, and no former employee has a right to force  
8.9 the continuation of a plan created prior to the school employee pool.

8.10 (d) An employee who waives coverage upon eligibility is not eligible to enroll until the  
8.11 next open enrollment period.

8.12 (e) School employees who are not also public employees as defined under section  
8.13 179A.03, subdivision 14, are permitted to purchase coverage from the school employee  
8.14 pool at their own expense or, if negotiated, with full or partial employer contribution.

8.15 (f) In the event an eligible employee goes on unpaid status for the remainder of the  
8.16 month, continuation premiums are not due until the next month.

8.17 (g) Employers and employees are permitted to agree to the continuation of employer-paid  
8.18 premiums postemployment.

8.19 Sec. 10. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision  
8.20 to read:

8.21 Subd. 15. **Contributions.** On behalf of school employees covered by subdivision 14,  
8.22 paragraph (a), the school district must contribute 85 percent of the costs for family premiums  
8.23 and 95 percent of the costs for single premiums for the highest value plan offered for school  
8.24 employer participants. If an eligible school employee chooses a high-deductible plan, the  
8.25 employer must contribute the equivalent of the 85 or 95 percent cost of the highest value  
8.26 plan toward the chosen plan, and any allotted contribution in excess of the high-deductible  
8.27 premium shall be made to the employee's health care savings account or health reimbursement  
8.28 arrangement. If such an account is not already in the parties' collective bargaining agreement,  
8.29 the parties shall negotiate to establish one. Failure to agree on an account results in the  
8.30 required contributions being made to an employee health care savings account with the  
8.31 Minnesota State Retirement System pursuant to chapter 352. All remaining costs must be  
8.32 paid by the employee unless the exclusive representative and employer agree that the  
8.33 employer will cover some or all of the cost as:

- 9.1 (1) premium contributions;  
9.2 (2) contributions to a health reimbursement arrangement or health savings account; or  
9.3 (3) a combination of premium contributions and contributions to a health reimbursement  
9.4 arrangement or health savings account.

9.5 Eligible employees who are married to another eligible employee may choose to have one  
9.6 family plan or two single plans. If they choose a family plan, 100 percent of the premium  
9.7 will be paid by the employers in equal shares.

9.8 Sec. 11. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision  
9.9 to read:

9.10 Subd. 16. **Health insurance revenue.** Funding for a service cooperative as defined in  
9.11 section 123A.21, an intermediate district as defined in section 136D.01, and a cooperative  
9.12 center for vocational education as defined in section 123A.22 shall be direct aid and shall  
9.13 be equal to the average of funding received per eligible staff member by the member districts  
9.14 for each of the entity's eligible staff members employed by the entity on October 1 of the  
9.15 previous school year.

9.16 Sec. 12. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision  
9.17 to read:

9.18 Subd. 17. **No effect on more generous plans or policies.** (a) Consistent with participation  
9.19 in the school employee pool, nothing in this section shall be construed to discourage  
9.20 employers from adopting or retaining health plan and related benefit policies that meet or  
9.21 exceed, and do not otherwise conflict with, the minimum standards and requirements  
9.22 provided in this section.

9.23 (b) Consistent with participation in the school employee pool, nothing in this section  
9.24 shall be construed to limit the right of parties to a collective bargaining agreement to bargain  
9.25 and agree with respect to health plan and related benefit policies or to diminish the obligation  
9.26 of an employer to comply with any contract, collective bargaining agreement, or any  
9.27 employment benefit program or plan that meets or exceeds, and does not otherwise conflict  
9.28 with, the minimum standards and requirements provided in this section. This specifically  
9.29 includes but is not limited to premium contributions and tax-favored accounts permitted by  
9.30 the Internal Revenue Service, including health reimbursement arrangements, health savings  
9.31 accounts, and section 125 flexible spending accounts, but does not include individual  
9.32 coverage health reimbursement arrangements or specific plan benefit structures.

10.1 (c) Consistent with participation in the school employee pool, nothing in this section  
 10.2 shall be construed to preempt, limit, or otherwise affect the applicability of any other law,  
 10.3 regulation, requirement, policy, or standard that provides for additional health plan and  
 10.4 related benefits or that extends other protections to employees.

10.5 (d) Consistent with participation in the school employee pool, nothing in this section  
 10.6 shall be construed or applied so as to create any power or duty in conflict with federal law.

10.7 Sec. 13. Minnesota Statutes 2024, section 43A.316, is amended by adding a subdivision  
 10.8 to read:

10.9 Subd. 18. **Broker commissions.** School employers shall not expend public resources  
 10.10 for broker commissions either as a direct fee or as an amount added to the insurer's rates  
 10.11 for assistance with implementation and ongoing use of health insurance benefits provided  
 10.12 under the school employee pool.

10.13 Sec. 14. **[124D.997] EDUCATOR GROUP INSURANCE PROGRAM AID.**

10.14 Subdivision 1. **Eligibility.** A school district or charter school is eligible to apply to the  
 10.15 commissioner for educator group insurance program aid under this section.

10.16 Subd. 2. **Certification; aid calculation.** (a) If a district determines that it will incur  
 10.17 additional employer premium costs attributable to the requirements of section 43A.316,  
 10.18 subdivision 15, it may certify the additional costs to the commissioner for approval, in the  
 10.19 form and manner determined by the commissioner. Aid for the district equals the amount  
 10.20 approved by the commissioner.

10.21 (b) A district that cannot demonstrate additional employer premium costs under paragraph  
 10.22 (a) is not eligible for aid under this section.

10.23 Subd. 3. **Eligible uses.** Aid under this section may be used for premium costs attributable  
 10.24 to the requirements of section 43A.316.

10.25 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year ... and later.

10.26 Sec. 15. **APPROPRIATIONS.**

10.27 Subdivision 1. **Department of Education.** The sums indicated in this section are  
 10.28 appropriated from the general fund to the Department of Education for the fiscal years  
 10.29 designated.

10.30 Subd. 2. **Educator group insurance program aid.** (a) For educator group insurance  
 10.31 program aid under Minnesota Statutes, section 124D.997:

11.1            \$            .....    .....    2026

11.2            \$            .....    .....    2027

11.3            (b) The 2026 appropriation includes \$0 for fiscal year 2025 and \$..... for fiscal year  
11.4    2026.

11.5            (c) The 2027 appropriation includes \$..... for fiscal year 2026 and \$..... for fiscal year  
11.6    2027.

11.7    Sec. 16. **REPEALER.**

11.8            Minnesota Statutes 2024, section 43A.316, subdivision 11, is repealed.

**43A.316 PUBLIC EMPLOYEES INSURANCE PROGRAM.**

Subd. 11. **Proposal from school district; response required.** Upon receipt of a request for a proposal from a school district pursuant to section 471.6161, subdivision 8, the public employees insurance program shall respond to the request within 60 days.