

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3887

(SENATE AUTHORS: PRATT and Klein)

DATE	D-PG	OFFICIAL STATUS
02/26/2026	6400	Introduction and first reading Referred to State and Local Government
03/05/2026	6499a	Comm report: To pass as amended
	6514	Second reading
03/18/2026	6822	Special Order
	6822	Third reading Passed
04/28/2026		Returned from House with amendment Senate concurred and repassed bill Third reading Passed as amended

1.1 A bill for an act

1.2 relating to local government; allowing watershed districts, watershed management

1.3 organizations, and towns to self-insure for certain employee health benefits; making

1.4 technical changes; amending Minnesota Statutes 2024, section 471.617,

1.5 subdivisions 1, 2, 4, 4a.

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

1.7 Section 1. Minnesota Statutes 2024, section 471.617, subdivision 1, is amended to read:

1.8 Subdivision 1. **If more than 100 employees; conditions.** A statutory or home rule

1.9 charter city, county, town, school district, watershed district, watershed management

1.10 organization, or instrumentality thereof which has more than 100 employees, may by

1.11 ordinance or resolution self-insure for any employee health benefits including long-term

1.12 disability, but not for employee life benefits. Any self-insurance plan shall provide all

1.13 benefits which are required by law to be provided by group health insurance policies.

1.14 Self-insurance plans must be certified as provided by section 62E.05 and must be filed and

1.15 certified by the Department of Commerce before they are issued or delivered to any person

1.16 in this state.

1.17 Sec. 2. Minnesota Statutes 2024, section 471.617, subdivision 2, is amended to read:

1.18 Subd. 2. **Jointly.** Any two or more statutory or home rule charter cities, counties, towns,

1.19 school districts, watershed districts, watershed management organizations, or instrumentalities

1.20 thereof which together have more than 100 employees may jointly self-insure for any

1.21 employee health benefits including long-term disability, but not for employee life benefits,

1.22 subject to the same requirements as an individual self-insurer under subdivision 1.

1.23 Self-insurance pools under this section are subject to section 62L.045. A self-insurance pool

2.1 established and operated by one or more service cooperatives governed by section 123A.21
 2.2 to provide coverage described in this subdivision qualifies under this subdivision, but the
 2.3 individual school district members of such a pool shall not be considered to be self-insured
 2.4 for purposes of section 471.6161, subdivision 8, paragraph (g). The commissioner of
 2.5 commerce may adopt rules pursuant to chapter 14, providing standards or guidelines for
 2.6 the operation and administration of self-insurance pools.

2.7 Sec. 3. Minnesota Statutes 2024, section 471.617, subdivision 4, is amended to read:

2.8 Subd. 4. **Exclusive representative.** (a) No statutory or home rule charter city ~~or~~, county
 2.9 ~~or~~, town, school district, watershed district, watershed management organization, or
 2.10 instrumentality of any of them shall adopt a ~~self-insured~~ self-insured health benefit plan for
 2.11 any employees represented by an exclusive representative certified pursuant to section
 2.12 179A.12 without prior notification and consultation on ten days' written notice to the
 2.13 exclusive representative and agreement by the exclusive representative that represents the
 2.14 largest number of employees to be included in the plan.

2.15 (b) Prior to a decision to dissolve any self-insurance, trust fund, or dedicated insurance
 2.16 fund created by a single statutory or home rule charter city, county, town, school district,
 2.17 watershed district, watershed management organization, or instrumentality of any of them,
 2.18 either by ordinance or resolution, the employer must provide 30 days' written notice to each
 2.19 exclusive representative of employees and each individual currently receiving health benefits,
 2.20 and also obtain approval for the proposed action by the exclusive representative that
 2.21 represents the largest number of employees included in the plan. All assets from the trust
 2.22 fund must be audited before closure, and remaining assets must be dedicated for use for
 2.23 health insurance benefits for all individuals currently receiving health benefits. This paragraph
 2.24 does not apply to joint self-insurance trusts or pools.

2.25 (c) The assets or liabilities of a joint self-insurance trust or pool that is dissolved must
 2.26 be distributed to members of the joint trust or pool in accordance with the joint trust or pool
 2.27 agreement, if any.

2.28 Sec. 4. Minnesota Statutes 2024, section 471.617, subdivision 4a, is amended to read:

2.29 Subd. 4a. **May choose, pay for insurance.** A statutory or home rule charter city, county,
 2.30 town, school district, watershed district, watershed management organization, or
 2.31 instrumentality of any of these entities with a self-insurance health benefit plan, may, upon
 2.32 request of the exclusive representative of its employees as certified pursuant to section

- 3.1 179A.12, allow the employees of the exclusive representative to enroll, at their own expense,
- 3.2 in the health insurance benefit plan.