

A bill for an act

relating to insurance; requiring school districts to obtain employee health coverage through the public employees insurance program; amending Minnesota Statutes 2008, sections 43A.316, subdivisions 9, 10, by adding subdivisions; 62E.02, subdivision 23; 62E.10, subdivision 1; 62E.11, subdivision 5; 297I.05, subdivision 5.

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

Section 1. Minnesota Statutes 2008, section 43A.316, is amended by adding a subdivision to read:

Subd. 3a. **Health improvement programs.** The commissioner, with the approval of the school employee insurance committee, is authorized to plan, develop, purchase, administer, and evaluate disease management and other programs, strategies, and incentives to improve the health and health outcomes of members.

Sec. 2. Minnesota Statutes 2008, section 43A.316, subdivision 9, is amended to read:

Subd. 9. **Insurance trust fund.** (a) The insurance trust fund in the state treasury consists of deposits of the premiums received from employers participating in the program and transfers before July 1, 1994, from the excess contributions holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related ~~service~~ costs, including costs incurred under chapters 62E and 297I in connection with the school employee insurance program. Premiums paid by employers to the fund are exempt from the taxes imposed by chapter 297I, except as described in paragraph (b). The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The State Board of Investment shall

H.F. No. 866, as introduced - 86th Legislative Session (2009-2010) [09-1666]

invest the money according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.

(b) Notwithstanding paragraph (a), premium revenues collected from the school employee insurance program, described in subdivisions 12 and 13, are not exempt from the taxes imposed under section 297I.05, subdivision 5, paragraph (b).

Sec. 3. Minnesota Statutes 2008, section 43A.316, subdivision 10, is amended to read:

Subd. 10. **Exemption.** (a) The public employee insurance program and, where applicable, the employers participating in it are exempt from chapters 60A, 62A, 62C, 62D, 62E, and 62H, section 471.617, subdivisions 2 and 3, and the bidding requirements of section 471.6161.

(b) Notwithstanding paragraph (a), the school employee insurance program, described in subdivisions 12 and 13, is a contributing member of the Minnesota Comprehensive Health Association and must pay assessments made by the association on the premium revenue attributed to the school employee insurance program, prorated as provided in section 62E.11, subdivision 5, paragraph (b).

Sec. 4. Minnesota Statutes 2008, section 43A.316, is amended by adding a subdivision to read:

Subd. 11. **Definitions.** (a) For purposes of subdivisions 11 to 14, the terms defined in this subdivision have the meanings given.

(b) "Eligible employee" means an employee of a school employer, a dependent of such an employee, a retiree, or other person, who is eligible for health insurance coverage under the school employer's plan.

(c) "School Employee Insurance Committee" means the committee created in subdivision 14.

(d) "School employer" means a school district as defined in section 120A.05, service cooperative as defined in section 123A.21, intermediate district as defined in section 136D.01, Cooperative Center for Vocational Education as defined in section 123A.22, regional management information center as defined in section 123A.23, or an education unit organized under a joint powers agreement under section 471.59.

Sec. 5. Minnesota Statutes 2008, section 43A.316, is amended by adding a subdivision to read:

Subd. 12. **School employee insurance program.** The commissioner shall develop and administer within the public employees insurance program a separately rated and

administered program for eligible employees of school employers, to be called the school employee insurance program. The initial offerings shall be the PEIP Advantage, Advantage Value, and Advantage HSA plans offered by the public employee insurance program. Health coverage offered through the school employee insurance program shall be made available beginning January 1, 2011.

Sec. 6. Minnesota Statutes 2008, section 43A.316, is amended by adding a subdivision to read:

Subd. 13. **Enrollment; school employee insurance program.** A school employer that provides health coverage to eligible employees or contributes money to pay for all or part of the cost of health coverage for eligible employees, must purchase such coverage through the school employee insurance program under subdivision 12.

Sec. 7. Minnesota Statutes 2008, section 43A.316, is amended by adding a subdivision to read:

Subd. 14. **School Employee Insurance Committee.** (a) Notwithstanding any other provision of law, all plan design decisions, including all pilot or demonstration programs in which school employees participate, must first be developed by the School Employee Insurance Committee in consultation with the commissioner or the commissioner's designee and other consultants as the committee sees fit. This paragraph does not apply to the initial offerings specified in subdivision 12.

(b) The committee must be composed of 14 members who represent school district employees and employers in equal number. The employee representatives shall be appointed as follows: four shall be appointed by Education Minnesota, one shall be appointed by the Service Employees International Union, one shall be appointed by the American Federation of State, County, and Municipal Employees, and one shall be appointed by the Minnesota School Employees Association. The seven school employer representatives who serve on the School Employee Insurance Committee must be appointed by the Minnesota School Boards Association. Members of the committee shall be appointed no later than August 1, 2009, and shall serve at the will of the appointing organization.

(c) The School Employee Insurance Committee members are eligible for compensation and expense reimbursement under section 15.0575, subdivision 3. In addition, the actual salary lost by a committee member or cost charged by an employer of a committee member for time missed while performing the duties of a committee member must be reimbursed to the committee member.

H.F. No. 866, as introduced - 86th Legislative Session (2009-2010) [09-1666]

Sec. 8. Minnesota Statutes 2008, section 43A.316, is amended by adding a subdivision to read:

Subd. 15. **Reinsurance.** The commissioner may, on behalf of the program, participate in an insured or self-insured reinsurance pool.

Sec. 9. Minnesota Statutes 2008, section 62E.02, subdivision 23, is amended to read:

Subd. 23. **Contributing member.** "Contributing member" means those companies regulated under chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance; health maintenance organizations regulated under chapter 62D; nonprofit health service plan corporations regulated under chapter 62C; community integrated service networks regulated under chapter 62N; fraternal benefit societies regulated under chapter 64B; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; ~~and~~ joint self-insurance plans regulated under chapter 62H; and the school employee insurance program created under section 43A.316. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents for coverage by a health maintenance organization ~~or,~~ a community integrated service network, or the school employee insurance program shall be considered to be accident and health insurance premiums.

Sec. 10. Minnesota Statutes 2008, section 62E.10, subdivision 1, is amended to read:

Subdivision 1. **Creation; tax exemption.** There is established a Comprehensive Health Association to promote the public health and welfare of the state of Minnesota with membership consisting of all insurers; self-insurers; fraternal; joint self-insurance plans regulated under chapter 62H; the Minnesota employees insurance program established in section 43A.317, effective July 1, 1993; the school employee insurance program created under section 43A.316, subdivision 12; health maintenance organizations; and community integrated service networks licensed or authorized to do business in this state. The Comprehensive Health Association is exempt from the taxes imposed under chapter 297I and any other laws of this state and all property owned by the association is exempt from taxation.

Sec. 11. Minnesota Statutes 2008, section 62E.11, subdivision 5, is amended to read:

Subd. 5. **Allocation of losses.** (a) Each contributing member of the association shall share the losses due to claims expenses of the comprehensive health insurance plan for plans issued or approved for issuance by the association, and shall share in the operating

and administrative expenses incurred or estimated to be incurred by the association incident to the conduct of its affairs. Claims expenses of the state plan which exceed the premium payments allocated to the payment of benefits shall be the liability of the contributing members. Contributing members shall share in the claims expense of the state plan and operating and administrative expenses of the association in an amount equal to the ratio of the contributing member's total accident and health insurance premium, received from or on behalf of Minnesota residents as divided by the total accident and health insurance premium, received by all contributing members from or on behalf of Minnesota residents, as determined by the commissioner. Payments made by the state to a contributing member for medical assistance, MinnesotaCare, or general assistance medical care services according to chapters 256, 256B, and 256D shall be excluded when determining a contributing member's total premium.

(b) In making the allocation of losses provided in paragraph (a), the association's assessment against the school employee insurance program must be based on premiums received from school employers that, on May 1, 2009, were receiving health care coverage from a contributing member. For purposes of this calculation, premiums of the program used must be net of rate credits and retroactive rate refunds on the same basis as the premiums of other association members.

Sec. 12. Minnesota Statutes 2008, section 297I.05, subdivision 5, is amended to read:

Subd. 5. **Health maintenance organizations, nonprofit health service plan corporations, ~~and~~ community integrated service networks, and the school employee insurance program.** (a) A tax is imposed on health maintenance organizations, community integrated service networks, and nonprofit health care service plan corporations. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the organization, network, or corporation or its agents in Minnesota, in cash or otherwise, in the calendar year.

(b) A tax is imposed on the school employee insurance program created under section 43A.316, subdivision 12. The rate of tax shall be the rate specified in paragraph (a) and shall be assessed upon gross premiums less return premiums received in the calendar year from school employers that, on May 1, 2009, were receiving health care coverage from an entity that is required to pay the tax under paragraph (a).

(c) The commissioner shall deposit all revenues, including penalties and interest, collected under this chapter from health maintenance organizations, community integrated service networks, ~~and~~ nonprofit health service plan corporations, and the school employee insurance program in the health care access fund. Refunds of overpayments of tax

H.F. No. 866, as introduced - 86th Legislative Session (2009-2010) [09-1666]

6.1 imposed by this subdivision must be paid from the health care access fund. There is
6.2 annually appropriated from the health care access fund to the commissioner the amount
6.3 necessary to make any refunds of the tax imposed under this subdivision.

6.4 Sec. 13. **EFFECTIVE DATE.**

6.5 Sections 1 to 12 are effective for coverage to begin January 1, 2011.