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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3182

03/30/2023 Authored by Olson, L.; Davids; Urdahl and Virnig The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act
1.2 relating to state government; public employees insurance program modifications;
1.3 creating a Minnesota insurance pool committee; requiring a report; appropriating
1.4 money; amending Minnesota Statutes 2022, section 43A.316, subdivisions 5, 7.

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

1.6 Section 1. Minnesota Statutes 2022, section 43A.316, subdivision 5, is amended to read:

1.7 Subd. 5. Public employee participation. (a) Participation in the program is subject to
1.8 the conditions in this subdivision.

1.9 (b) Each exclusive representative for an eligible employer determines whether the
1.10 employees it represents will participate in the program. The exclusive representative shall
1.11 give the employer notice of intent to participate at least 30 days before the expiration date
1.12 of the collective bargaining agreement preceding the collective bargaining agreement that
1.13 covers the date of entry into the program. The exclusive representative and the eligible
1.14 employer shall give notice to the commissioner of the determination to participate in the
1.15 program at least 30 days before entry into the program. Entry into the program is governed
1.16 by a schedule established by the commissioner.

1.17 (c) Employees not represented by exclusive representatives may become members of
1.18 the program upon a determination of an eligible employer to include these employees in
1.19 the program. Either all or none of the employer's unrepresented employees must participate.
1.20 The eligible employer shall give at least 30 days' notice to the commissioner before entering
1.21 the program. Entry into the program is governed by a schedule established by the
1.22 commissioner.

2.1 (d) Participation in the program is for a two-year term. Participation is automatically
2.2 renewed for an additional two-year term unless the exclusive representative, or the employer
2.3 for unrepresented employees, gives the commissioner notice of withdrawal at least 30 days
2.4 before expiration of the participation period. A group that withdraws must wait two years
2.5 before rejoining. An exclusive representative, or employer for unrepresented employees,
2.6 may also withdraw if premiums increase ~~50~~ 15 percent or more from one insurance year to
2.7 the next.

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

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

2.15 Sec. 2. Minnesota Statutes 2022, section 43A.316, subdivision 7, is amended to read:

2.16 Subd. 7. **Premiums.** (a) The proportion of premium paid by the employer and employee
2.17 is subject to collective bargaining or personnel policies. If, at the beginning of the coverage
2.18 period, no collective bargaining agreement has been finalized, the increased dollar costs, if
2.19 any, from the previous year is the sole responsibility of the individual participant until a
2.20 collective bargaining agreement states otherwise. Premiums, including an administration
2.21 fee, shall be established by the commissioner. Each employer shall pay monthly the amounts
2.22 due for employee benefits including the amounts under subdivision 8 to the commissioner
2.23 no later than the dates established by the commissioner. If an employer fails to make the
2.24 payments as required, the commissioner may cancel program benefits and pursue other civil
2.25 remedies.

2.26 (b) The program must receive state money to support lower or stabilized premiums for
2.27 employers and employees. The money must be used to reduce the amount otherwise charged
2.28 to entities enrolled in the program. The program is required to pool all groups when
2.29 establishing premium renewal rates and the annual renewal rates issued to each group may
2.30 not differ by more than two percent. The state must contribute \$38,000,000 before the July
2.31 1, 2023, plan year; \$49,000,000 before the July 1, 2024, plan year; and \$63,000,000 before
2.32 the July 1, 2025, plan year.

3.1 Sec. 3. MINNESOTA INSURANCE POOL COMMITTEE.

3.2 Subdivision 1. Study and design committee. (a) The public employees insurance
3.3 program (PEIP) pool expansion study and design committee of 14 members consisting of
3.4 exclusive representatives of employees selected by these organizations:

3.5 (1) four from Education Minnesota;

3.6 (2) one from Service Employees International Union;

3.7 (3) one from American Federation of State, County, and Municipal Employees;

3.8 (4) one from Teamsters; and

3.9 (5) seven members representing other stakeholders.

3.10 All members must be appointed jointly by the speaker of the house of representatives, the
3.11 senate majority leader, and the governor.

3.12 (b) Appointments must be made no later than 30 days after the effective date of this
3.13 section.

3.14 (c) Committee members are eligible for compensation and expense reimbursement under
3.15 Minnesota Statutes, section 15.0575, subdivision 3.

3.16 Subd. 2. Collection of information. The committee established under subdivision 1
3.17 must collect and analyze information from health plans currently providing health coverage
3.18 to public employers, whether the health plan is insured or self-insured. Health plans providing
3.19 coverage to public or public-related employees must provide to the committee nonidentifiable
3.20 aggregate data to the extent permitted under applicable state and federal law. The information
3.21 must include data relating to employee group demographics and claims experience. Nothing
3.22 in this section requires disclosure of proprietary information or data classified as nonpublic
3.23 data or confidential data on individuals.

3.24 Subd. 3. Description of study. (a) The committee established under subdivision 1 must
3.25 study the feasibility and desirability of an expanded PEIP insurance pool. The study must
3.26 address the issues of costs, coverage provided, financial feasibility and solvency, and
3.27 management. The study must compare:

3.28 (1) purchase of fully insured coverage through a pooling arrangement;

3.29 (2) use of a multiple employer welfare arrangement under Minnesota Statutes, chapter
3.30 62H; and

3.31 (3) coverage otherwise available to public employers through existing sources.

4.1 (b) The study must consider health insurance pools of various sizes, including a pool
 4.2 that would include all eligible employees as one option. The study must consider the
 4.3 desirability and effects of the pool on employers of various sizes, financial resources, and
 4.4 geographic locations within the state. The study must consider the inclusion of nonpublic
 4.5 schools, home health care workers, daycare providers, and those employed by nursing homes
 4.6 in the pool. The study must consider any limitations on plan design and effects on regulation
 4.7 and costs resulting from the inclusion of nonpublic employees.

4.8 (c) The committee shall also submit a written report to the legislature recommending
 4.9 how to restructure PEIP to decrease health insurance costs for employees and employers
 4.10 statewide and to stabilize coverage and rates. In developing its recommendations, the
 4.11 committee must consider the stability of health insurance costs and the use of larger pooling.
 4.12 The committee may also consider the use and implementation of a statewide pool for all
 4.13 residents. The committee must identify and include in its report any statutory changes needed
 4.14 to implement the committee recommendations.

4.15 Subd. 4. **Plan design.** Using the information collected and analyzed under subdivisions
 4.16 2 and 3, the committee shall recommend specifications for a health insurance plan to serve
 4.17 covered employees, including the plan's structure, benefits, approximate premiums,
 4.18 governance, operations, solvency, and oversight. Any recommended plan must incorporate,
 4.19 as a key component, consumer education, including wellness programs and measures
 4.20 encouraging the wise use of health coverage, with the goal of premium reduction and cost
 4.21 containment. The recommendation must include the projected costs to implement the plan.

4.22 Subd. 5. **Work schedule.** By November 1, 2023, the committee must complete the
 4.23 collection and analysis of information under subdivisions 3 and 4 and submit an interim
 4.24 written report to the legislature. By January 15, 2024, the committee must complete its
 4.25 preparation of a plan design under subdivision 4 and submit its final written report to the
 4.26 legislature, including a detailed plan design. If the final report recommends legislation, the
 4.27 report must include a draft of the legislation. Both reports must be submitted in compliance
 4.28 with Minnesota Statutes, sections 3.195, subdivision 1, and 3.197.

4.29 Subd. 6. **Assistance to the committee.** (a) The committee, or the commissioner of
 4.30 management and budget on its behalf, may contract for actuarial, legal, and other services
 4.31 necessary to carry out its duties.

4.32 (b) The commissioner of management and budget shall provide staff assistance to the
 4.33 committee, including facilitating meetings; research and writing; data collection; providing
 4.34 or contracting for actuarial, legal, and other services; and other staff assistance as appropriate.

5.1 Subd. 7. **Expiration.** This section expires upon adjournment sine die of the 2024 regular
5.2 legislative session.

5.3 Sec. 4. **APPROPRIATION.**

5.4 \$..... in fiscal year 2024 is appropriated from the general fund to the commissioner of
5.5 management and budget for purposes of section 1. The base for this program is \$..... for
5.6 fiscal year 2024 only.

5.7 **EFFECTIVE DATE.** This section is effective July 1, 2023.

5.8 Sec. 5. **EFFECTIVE DATE.**

5.9 Sections 1 to 3 are effective the day following final enactment.