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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **3129**

03/16/2016 Authored by Kresha, Peterson, Albright, Loon and Marquart
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform
03/24/2016 Adoption of Report: Amended and re-referred to the Committee on Education Finance
04/06/2016 Adoption of Report: Amended and re-referred to the Committee on State Government Finance

1.1 A bill for an act
1.2 relating to school district insurance; regulating coverage; amending Minnesota
1.3 Statutes 2014, sections 471.6161, subdivision 8; 471.617, subdivision 2.

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

1.5 Section 1. Minnesota Statutes 2014, section 471.6161, subdivision 8, is amended to read:

1.6 Subd. 8. **School districts; group health insurance coverage.** (a) Any entity
1.7 providing group health insurance coverage to a school district must provide the school
1.8 district with school district-specific nonidentifiable aggregate claims records for the most
1.9 recent 24 months within 30 days of the request.

1.10 (b) School districts shall request proposals for group health insurance coverage as
1.11 provided in subdivision 2 from a minimum of three potential sources of coverage. ~~One of~~
1.12 ~~these requests must go to an administrator governed by chapter 43A.~~ Entities referenced
1.13 in subdivision 1 must respond to requests for proposals received directly from a school
1.14 district. School districts that are self-insured must also follow these provisions, except
1.15 as provided in paragraph (f). School districts must make requests for proposals at least
1.16 150 days prior to the expiration of the existing contract but not more frequently than once
1.17 every 24 months. The request for proposals must include the most recently available
1.18 24 months of nonidentifiable aggregate claims data. The request for proposals must be
1.19 publicly released at or prior to its release to potential sources of coverage.

1.20 (c) School district contracts for group health insurance must not be longer than ~~two~~
1.21 five years unless the exclusive representative of the largest employment group and the
1.22 school district agree otherwise, except that contracts for group health insurance negotiated
1.23 in connection with a service cooperative, governed by section 123A.21, must not be
1.24 longer than four years.

2.1 (d) All initial proposals shall be sealed upon receipt until they are all opened no less
2.2 than 90 days prior to the plan's renewal date in the presence of up to three representatives
2.3 selected by the exclusive representative of the largest group of employees. Section 13.591,
2.4 subdivision 3, paragraph (b), applies to data in the proposals. The representatives of
2.5 the exclusive representative must maintain the data according to this classification and
2.6 are subject to the remedies and penalties under sections 13.08 and 13.09 for a violation
2.7 of this requirement.

2.8 (e) A school district, in consultation with the same representatives referenced in
2.9 paragraph (d), may continue to negotiate with any entity that submitted a proposal under
2.10 paragraph (d) in order to reduce costs or improve services under the proposal. Following
2.11 the negotiations any entity that submitted an initial proposal may submit a final proposal
2.12 incorporating the negotiations, which is due no less than 75 days prior to the plan's
2.13 renewal date. All the final proposals submitted must be opened at the same time in the
2.14 presence of up to three representatives selected by the exclusive representative of the
2.15 largest group of employees. Notwithstanding section 13.591, subdivision 3, paragraph (b),
2.16 following the opening of the final proposals, all the proposals, including any made under
2.17 paragraph (d), and other data submitted in connection with the proposals are public data.
2.18 The school district may choose from any of the initial or final proposals without further
2.19 negotiations and in accordance with subdivision 5, but not sooner than 15 days after
2.20 the proposals become public data.

2.21 (f) School districts that are self-insured shall follow all of the requirements of this
2.22 section, except that:

2.23 (1) their requests for proposals may be for third-party administrator services, where
2.24 applicable;

2.25 (2) these requests for proposals must be from a minimum of three different sources,
2.26 which may include both entities referenced in subdivision 1 and providers of third-party
2.27 administrator services;

2.28 ~~(3) for purposes of fulfilling the requirement to request a proposal for group~~
2.29 ~~insurance coverage from an administrator governed by chapter 43A, self-insured districts~~
2.30 ~~are not required to include in the request for proposal the coverage to be provided;~~

2.31 ~~(4) a district that is self-insured on or before the date of enactment, or that is~~
2.32 ~~self-insured with more than 1,000 insured lives, or a district in which the school board~~
2.33 ~~adopted a motion on or before May 14, 2014, to approve a self-insured health care plan~~
2.34 ~~to be effective July 1, 2014, may, but need not, request a proposal from an administrator~~
2.35 ~~governed by chapter 43A;~~

3.1 ~~(5)~~ (3) requests for proposals must be sent to providers no less than 90 days prior to
3.2 the expiration of the existing contract; and

3.3 ~~(6)~~ (4) proposals must be submitted at least 60 days prior to the plan's renewal date
3.4 and all proposals shall be opened at the same time and in the presence of the exclusive
3.5 representative, where applicable.

3.6 (g) Nothing in this section shall restrict the authority granted to school district boards
3.7 of education by section 471.59, ~~except that districts will not be considered self-insured for~~
3.8 ~~purposes of this subdivision solely through participation in a joint powers arrangement.~~

3.9 (h) An entity providing group health insurance to a school district under a multiyear
3.10 contract must give notice of any rate or plan design changes applicable under the contract
3.11 at least 90 days before the effective date of any change. The notice must be given to the
3.12 school district and to the exclusive representatives of employees.

3.13 (i) The exclusive representative of the largest group of employees shall comply
3.14 with this subdivision and must not exercise any of their abilities under section 43A.316,
3.15 subdivision 5, notwithstanding anything contained in that section, or any other law to the
3.16 contrary.

3.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.18 Sec. 2. Minnesota Statutes 2014, section 471.617, subdivision 2, is amended to read:

3.19 Subd. 2. **Jointly.** Any two or more statutory or home rule charter cities, counties,
3.20 school districts, or instrumentalities thereof which together have more than 100 employees
3.21 may jointly self-insure for any employee health benefits including long-term disability, but
3.22 not for employee life benefits, subject to the same requirements as an individual self-insurer
3.23 under subdivision 1. Self-insurance pools under this section are subject to section 62L.045.
3.24 A self-insurance pool established and operated by one or more service cooperatives
3.25 governed by section 123A.21 to provide coverage described in this subdivision qualifies
3.26 under this subdivision, ~~but the individual school district members of such a pool shall not~~
3.27 ~~be considered to be self-insured for purposes of section 471.6161, subdivision 8, paragraph~~
3.28 ~~(f).~~ The commissioner of commerce may adopt rules pursuant to chapter 14, providing
3.29 standards or guidelines for the operation and administration of self-insurance pools.