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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2265

02/15/2012 Authored by Lanning

The bill was read for the first time and referred to the Committee on Government Operations and Elections

1.1 A bill for an act  
1.2 relating to retirement health care; Minnesota State Retirement System health care  
1.3 savings plan; specifying that plan distributions must go to living persons; making  
1.4 other changes of an administrative nature; amending Minnesota Statutes 2010,  
1.5 section 352.98, subdivisions 3, 4, 5, 8.

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

1.7 Section 1. Minnesota Statutes 2010, section 352.98, subdivision 3, is amended to read:

1.8 Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a  
1.9 personnel policy or in a collective bargaining agreement of a public employer or political  
1.10 subdivision. The executive director may offer different types of trusts permitted under the  
1.11 Internal Revenue Code to best meet the needs of different employer units.

1.12 (b) Contributions to the plan by or on behalf of the participant must be held in trust  
1.13 for reimbursement of eligible health-related expenses for participants and their dependents  
1.14 following termination from public employment or ~~during active employment in other~~  
1.15 circumstances set forth in the plan document. The executive director shall maintain  
1.16 a separate account of the contributions made by or on behalf of each participant and  
1.17 the earnings thereon. The executive director shall make available a limited range of  
1.18 investment options, and each participant may direct the investment of the accumulations  
1.19 in the participant's account among the investment options made available by the executive  
1.20 director.

1.21 (c) This section does not obligate a public employer to meet and negotiate in good  
1.22 faith with the exclusive bargaining representative of any public employee group regarding  
1.23 an employer contribution to a postretirement or active employee health care savings plan  
1.24 authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent

of the legislature to authorize the state to incur new funding obligations for the costs of retiree health care or the costs of administering retiree health care plans or accounts.

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

Sec. 2. Minnesota Statutes 2010, section 352.98, subdivision 4, is amended to read:

Subd. 4. **Reimbursement for health-related expenses.** The executive director shall reimburse participants at least quarterly for eligible health-related expenses, as allowable by federal and state law, until the participant exhausts the accumulation in the participant's account. If a participant dies prior to exhausting the participant's account balance, the participant's spouse or dependents are eligible to be reimbursed for health care expenses from the account until the account balance is exhausted. If an account balance remains after the death of a participant and all of the participant's legal dependents, the remainder of the account must be paid to the participant's beneficiaries or, if none, to ~~the participant's estate~~ a living person or persons named by the personal representative of the estate. The person or persons named must use the account for reimbursement of allowable health care expenses.

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

Sec. 3. Minnesota Statutes 2010, section 352.98, subdivision 5, is amended to read:

Subd. 5. **Fees.** The executive director is authorized to charge uniform fees to participants to cover the ongoing cost of operating the plan. Any fees not needed must revert to participant accounts or be used to reduce plan fees in the following year ~~future~~.

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

Sec. 4. Minnesota Statutes 2010, section 352.98, subdivision 8, is amended to read:

Subd. 8. **Exemption from process.** Assets in a ~~health-care~~ health care savings plan account described in this section must be used for the reimbursement of ~~healthcare~~ health care expenses and are not assignable or subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

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