

HOUSE RESEARCH

Bill Summary

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Overview

This bill would require all school districts, except for those individually self-insured or covered through a self-insured group plan as of January 1, 2010, to obtain employee health coverage through an expansion of an existing program for local government employees administered by Minnesota Management and Budget (MMB). That existing program is the Public Employees Insurance Program, abbreviated “PEIP” and pronounced “peep.” The school employee insurance program created in this bill would be a somewhat separate part of PEIP. This version of the Senate file is the House language as amended in the House Finance Committee

Section

- 1 Health improvement programs.** Permits Minnesota Management and Budget (MMB), with approval of the committee created in section 7, to develop and implement strategies to use disease management and other strategies to improve the health of enrollees.
- 2 Insurance trust fund.** Makes changes in description of payments out of the PEIP fund to conform to other sections of this bill.
- 3 Exemption.** Adds language to conform to sections 10 and 11, involving the membership of the school employee insurance program in the Minnesota Comprehensive Health Association (MCHA), explained in section 10 of this summary.
- 4 Definitions.** (b) Defines “eligible employee” as an employee of a “school employer” as defined below or a dependent, retiree, or other individual covered under the school employer’s plan. This definition defers to the plan of the school employer as to who is covered.

(c) Defines “School Employee Insurance Committee” as the group created in section 7.

(d) Defines “school employer” as a school district, service cooperative, or one of several

entities through which school districts provide some services jointly.

- 5 **School employee insurance program.** Requires MMB to develop and administer a separately rated and administered program to cover provide health coverage to school employees. The initial health coverages offered will be the ones now offered by PEIP. Requires the coverage for the school employee insurance program to be available beginning January 1, 2011.
- 6 **Enrollment; school employee insurance program.** Requires school employers that provide health coverage to employees to provide it through the program created in this bill. Provides an opt-out for school employers that are individually or group self-insured for health coverage as of January 1, 2010. Describes the procedures for the opt-out for coverage of those employees, which is to be decided at the local level by each union for its own unionized employees, and by the school district for non-union employees. (School districts often have different unions representing different types of employees, such as teachers, custodial workers, and food service workers.) Paragraph (f) provides that health coverage provided under the program to retirees and their dependents must not be reduced as compared to the coverage they would have otherwise had through their former employer.
- 7 **School Employee Insurance Committee.** Establishes a committee to develop and oversee coverage offered through PEIP for school employees. The committee would have seven members appointed by unions representing school employees, in proportion to the employees represented by those unions, and seven members appointed by the Minnesota School Boards Association. Makes members of the committee eligible for reimbursement of expenses, including any loss of pay for time missed from work.
- 8 **Reinsurance.** Permits MMB to buy reinsurance for the school employee insurance program, if MMB chooses to do so.
- 9 **Nonidentifiable aggregate claims data from past coverage.** Requires entities that have been providing health coverage to school districts to provide to PEIP non-identifiable aggregate claims data for that coverage. Requires that service cooperatives do this notwithstanding any existing laws permitting them provide such data only if it is in their interest to do so. (Service cooperatives are self-insured pools that provide health coverage to some local governmental units.)
- 10 **Contributing member.** Makes the school employee insurance program a member of the Minnesota Comprehensive Health Association, which is a high risk pool created by statute to provide subsidized health coverage for people rejected for coverage by insurers in the private market. Health insurers are required to be members and pay assessments imposed by MCHA to cover MCHA's losses. The school employee insurance program does not fit MCHA's current membership criteria, but this bill makes it a member in order to require it to pay assessments to hold MCHA harmless for the loss of MCHA's ability to assess some premiums now paid by school districts to insurers for health coverage that is subject to MCHA assessments.
- 11 **Creation and membership; tax exemption.** Conforming change involving the program's MCHA membership. (The reference to "tax exemption" in the headnote of the existing MCHA statute being amended here refers to MCHA's tax exemption, and not to the tax status of the school employee insurance program or to any of the other MCHA members

listed in the statute.)

- 12 Allocation of losses.** Provides that MCHA’s assessment on the school employee insurance program will be on the portion of the program’s premiums paid by school employers whose premiums paid to insurance companies are now subject to MCHA assessments. The concept is to hold MCHA harmless for the movement of some premiums that are now paid to MCHA members into the school employee insurance program. (The reference in the existing headnote to “losses” refers to MCHA’s losses, which it covers by assessing its members, and not to losses of the school employee insurance program.)
- 13 Health maintenance organizations, nonprofit health service plan corporations, community integrated service networks, and the school employee insurance program.** Provides that the school employee insurance program will be subject to the premiums tax that applies to nonprofit health plan companies, such as HMOs and Blue Cross. It will be assessed against the premiums paid to the school employees insurance program by employers that are now paying premiums to these nonprofit health plan companies. As with the MCHA assessment, the concept is to hold the relevant fund, in this case the health care access fund, harmless from the movement of school employers into the school employee insurance program.
- 14 Public employees insurance program.** Change to conform to sections 2 and 13, which make the portion of PEIP premiums attributable to the school employee insurance program subject to the tax currently imposed on premiums received by nonprofit health plan companies.
- 15 Appropriation.** (a) Appropriates money from the insurance trust fund to the MMB commissioner for fiscal years 2010 and 2011 for administration costs of this act, in the amounts of \$425,000 for fiscal year 2010 and \$541,000 in fiscal year 2011.
- (b) Requires the commissioner to impose an enrollment fee for the first three months of coverage under the program created in this act, in the amount of \$106,000 to cover the costs referenced in paragraph (a). Requires deposit of the enrollment fees into the insurance trust fund.
- 16 Effective date.** Makes this bill effective for coverage beginning January 1, 2011.