

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 834

DATE: April 27, 2011

Version: As introduced

Authors: Hoppe and others

Subject: Public Employees Insurance Program (PEIP)

Analyst: Tom Pender (651) 296-1885

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Overview

This bill makes changes in how state law treats the Public Employee Insurance Program (abbreviated PEIP, pronounced "peep"). PEIP is a statewide program administered by the state Department of Management and Budget ("MMB") It provides health insurance to local government employees whose collective bargaining units choose to get their employee health coverage through PEIP. This bill deals with certain cost advantages provided by state law to PEIP as compared to some other types of private sector employee health coverage.

- 1 Insurance trust fund.** Requires that the insurance trust fund through which PEIP is funded pay costs, assessments, and taxes applied to PEIP in this bill, on the same basis as private sector health insurance. This would require that the local government employers and/or employees pay higher insurance premiums to cover those costs. Requires MMB to maintain a reserve for the PEIP program equal to at least two months of claims costs.
- 2 Exemption.** Makes PEIP subject to some insurance laws and a competitive bidding law from which it is now exempt. Makes PEIP a member of the state's health insurance high risk pool (the Minnesota Comprehensive Health Association, abbreviated MCHA), which would require PEIP to pay assessments that MCHA assesses on its members (about 2.5 percent of premiums). Exempts premiums received from groups already in PEIP now.
- 3 Contributing member.** Conforms with previous section regarding MCHA membership of PEIP.
- 4 Creation and membership; tax exemption.** Conforms to preceding two sections.
- 5 Other entities.** Imposes the two-percent insurance premiums tax on PEIP. Exempts groups already in PEIP. This tax does not now apply to PEIP.
- 6 Repealer.** Conforms to preceding section making premium tax apply to PEIP.