HOUSE RESEARCH

Bill Summary

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Background

This bill involves the Public Employees Insurance Plan, abbreviated "PEIP" and pronounced "peep." PEIP is a health insurance pool available to local governmental units (cities, school districts, counties, towns, etc.) to provide group health coverage to their employees. It is administered by the state department of Minnesota Management and Budget (MMB). Each collective bargaining unit of a local government has the power to decide whether the employer-provided health coverage of its members will be through PEIP.

Insurance premiums paid for PEIP are not assessed to provide funding to the Minnesota Comprehensive Health Association ("MCHA" pronounced "em-cha"). MCHA is a private-sector nonprofit corporation created in state law that provides health coverage to people who cannot get coverage in the private-sector insurance market due to preexisting conditions or other reasons. MCHA assessments on private-sector health insurance provide funding to subsidize premiums paid by MCHA enrollees.

This bill would place a moratorium on new enrollment in PEIP until January 1, 2015. This would reduce the MCHA assessment percentage that would otherwise be made on private-sector health insurance coverage, because the assessment would be made on a larger base.

1 **Public employee participation.** Paragraph (b) would establish a moratorium on new enrollment in PEIP until 2015 by local government employees who are represented by a union. Paragraph (c) would do the same thing in regard to local government employees not represented by a union. In both cases, a city that has received a formal written bid from PEIP as of the date this bill becomes law would be exempt from the moratorium, if the city enters PEIP based on that bid. Makes the bill effective the day following final enactment.