

HOUSE RESEARCH

Bill Summary

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Overview

Changes procedures for determining if local government employers participate in the Public Employees Insurance Program (PEIP) to require both employee and employer approval. PEIP is an insurance pool administered by Minnesota Management and Budget that offers local government employers the option to purchase benefits.

Also, amends the law governing insurance continuation for former local government employees by striking a requirement that former employees under age 65 be pooled with active employees.

- 1 Public employee participation.** Under current law, each exclusive representative determines whether the employees it represents will participate in PEIP. This section strikes that language, and provides instead that a decision to participate in PEIP is not final until:

- (1) approved by a majority of all insurance eligible employees of the eligible employer;
- (2) the exclusive representative and the employer compare PEIP to current coverage; and
- (3) the employer approves the decision to opt into PEIP.

Provides that all or none of the insurance-eligible employees must participate in PEIP.

Strikes current language stating that participation generally is for a two-year term, and provides that participation is automatically renewed for a one-year term unless the exclusive representative gives notice of withdrawal. Requires PEIP to allow participating entities to solicit bids and other information from competing sources without penalty. Authorizes PEIP to prohibit an entity from participating in coverage for up to a year if the entity leaves the program.

- 2 Insurance continuation.** Under current law, a unit of local government must allow former employees who have met age and service requirements necessary to receive a public pension to continue participation in the employer's group insurance program under specified conditions. This section strikes the requirement that until the former employee reaches age 65, the former employee must be pooled in the same group as active employees.

- 3** **Coordination.** Current law requires that a unit of local government that funds all or part of the cost of health care benefits for a retired employee must provide for coordination with Medicare. This section extends the Medicare coordination requirement to other employees who are allowed to continue health insurance coverage through the unit of local government (i.e., at the employees' own expense).