

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 573
Version: Fourth engrossment

DATE: April 18, 2013

Authors: Ward, J.E., and others

Subject: Health insurance for school employees

Analyst: Tom Pender (651) 296-1885

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

This bill would require health insurance for public school employees to be obtained through the Public Employees Insurance Plan (PEIP, pronounced “peep”), subject to some exceptions. PEIP is a health insurance pool for local government employees administered by the state department of management and budget.

Section

- 1** **Definitions.** Provides definitions of “school employee” and “school employer” for purposes of this bill.
- 2** **Labor-Management Committee.** Strikes language in existing law that describes a potential labor-management committee that has never been created. Replaces it with a Labor-Management Committee to deal solely with issues involving the new health insurance pool for school employers and employees created in this bill as an expansion of PEIP. Specifies the membership of the committee, which would consist of seven members representing school employers and seven representing school employees.
- 3** **Public employee participation.** Requires that beginning January 1, 2014, school employers, whether fully-insured or self-insured (also called “self-funded”), must provide health coverage to their employees through PEIP, beginning when a school employer’s existing insurance arrangement terminates on or after that date. Prohibits school employers and school employees from choosing the PEIP HAS High Deductible plan. If an existing insurance arrangement expires after the enactment of this bill but before December 31, 2013, a subsequent contract must be limited to one year.

Section

Provides several provisions dealing with situations in which a school employer may opt out of obtaining coverage through PEIP as follows:

(1) the school board of a school employer (not including a service cooperative) with 1,000 or more insured lives on the date of enactment of this act, and each union that represents employees of that school employer, shall jointly determine whether the employees represented by the union will opt out of coverage through the PEIP program. Requires notice to the commissioner of a decision to opt out at least 30 days prior to the otherwise required entrance into the program. Specifies what must be in the notice. Clauses (2) to (7) below apply only to employees of the school employers described in this clause (1).

(2) permits non-union school employees to enter PEIP.

(3) makes unions and nonrepresented employees of school employers who do not enroll in PEIP at their first opportunity ineligible to enter PEIP for four years. If they enter PEIP after that four-year period, they may be pooled and rated separately (charged higher premiums) for four years.

(4) makes the decision of a school board and its union, if any, to not opt out, irrevocable.

(5) permits school employers to opt out only if the total insured lives after applying clauses (2) to (4) is more than 1,000 insured lives or if the school receives a bid from a source of coverage that is less expensive for equivalent coverage.

(6) specifies what happens to unused reserves from individual employer self-insured plans.

(7) provides that school employers who leave a service cooperative plan will receive a prorated share of the reserves to distribute as in clause (6).

- 4 Nonidentifiable aggregate claims.** Requires entities that have been providing health insurance to school employees to provide to the commissioner (of management and budget) nonidentifiable aggregate claims data for that coverage. Specifies what the data must include in order to permit the commissioner to evaluate the insurance risks of those employees.
- 5 School employee start-up funding; administration of ongoing revenues and expenses.** Permits the commissioner of MMB to impose a reserves surcharge in the first three years of school employee enrollment, at the commissioner's discretion.
- 6 Startup Funding.** Requires the commissioner of management and budget to use reserves in the PEIP insurance trust fund to pay startup costs and to provide reserves. Requires the commissioner to impose an enrollment fee on the first three months of coverage under the school employee insurance program to reimburse the PEIP insurance trust fund for those startup costs plus foregone interest.