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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. 2238

March 19, 2007

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The bill was read for the first time and referred to the Committee on Health and Human Services

1.1 A bill for an act  
1.2 relating to insurance; creating a statewide health insurance program for school  
1.3 district employees; appropriating money; proposing coding for new law in  
1.4 Minnesota Statutes, chapter 62A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [62A.662] SCHOOL EMPLOYEE INSURANCE PROGRAM.

1.7 Subdivision 1. Definitions. For purposes of this section:

1.8 (a) "Eligible employee" means a person who is insurance eligible under a collective  
1.9 bargaining agreement or under the personnel policy of an eligible employer.

1.10 (b) "Eligible employer" means a school district as defined in section 120A.05; a  
1.11 service cooperative as defined in section 123A.21; an intermediate district as defined  
1.12 in section 136D.01; a cooperative center for vocational education as defined in section  
1.13 123A.22; a regional management information center as defined in section 123A.23; an  
1.14 education unit organized under section 471.59; or a charter school organized under section  
1.15 124D.10.

1.16 (c) "Health plan" means: (1) a health plan as defined in section 62A.011, subdivision  
1.17 3, but not including a multiple employer welfare arrangement operating under chapter  
1.18 62H; or (2) health coverage offered: (i) under a self-insured arrangement under section  
1.19 471.617, subdivision 1 or 2; (ii) by a health care network cooperative under chapter 62R;  
1.20 or (iii) by an accountable provider network under chapter 62T.

1.21 (d) "Health plan parameter" means a variable feature, such as enrollee cost-sharing,  
1.22 benefits covered, provider network, or other feature of a health plan that may vary among  
1.23 health plans available within a health plan platform.

2.1 (e) "Health plan platform" means a category, framework, or type of health plan,  
2.2 within which health plan parameters may be specified in order to determine the specific  
2.3 content of a health plan.

2.4 (f) "VEBA plan" means a voluntary employees' beneficiary association authorized  
2.5 under section 501(c)(9) of the Internal Revenue Code, which uses a health reimbursement  
2.6 arrangement.

2.7 Subd. 2. **Creation of board.** (a) The Minnesota School Employee Insurance Board  
2.8 is created as a public corporation subject to the provisions of chapter 317A, except as  
2.9 otherwise provided in this section. As provided in section 15.082, the state is not liable for  
2.10 obligations of this public corporation. No eligible employer is liable for debts, liabilities,  
2.11 or obligations of this public corporation.

2.12 (b) The board shall create and make recommendations regarding the Minnesota  
2.13 school employee insurance program as described in this section.

2.14 (c) Insurance coverage must be effective July 1, 2009.

2.15 (d) If the board does not recommend coverage by December 15, 2010, the board  
2.16 expires and this section expires on that date.

2.17 Subd. 3. **Board of directors.** (a) The School Employee Insurance Board consists of:

2.18 (1) seven members representing exclusive representatives of eligible employees,  
2.19 appointed by exclusive representatives, as provided in paragraph (b);

2.20 (2) seven members representing eligible employers, appointed by the Minnesota  
2.21 School Boards Association; and

2.22 (3) the commissioner of commerce.

2.23 (b) The seven members of the board who represent statewide affiliates of exclusive  
2.24 representatives of eligible employees are appointed as follows: four members appointed  
2.25 by Education Minnesota and one member each appointed by the Service Employees  
2.26 International Union, the Minnesota School Employees Association, and the American  
2.27 Federation of State, County and Municipal Employees.

2.28 (c) Appointing authorities must make their initial appointments no later than August  
2.29 1, 2007, by filing a notice of the appointment with the commissioner of commerce.

2.30 Notices of subsequent appointments must be filed with the board. An entity entitled to  
2.31 appoint a board member may replace the board member at any time.

2.32 (d) Board members are eligible for compensation and expense reimbursement under  
2.33 section 15.0575, subdivision 3.

2.34 (e) The board shall establish governance requirements, which may include staggered  
2.35 terms, term limits, quorum, a plan of operation, and audit provisions.

3.1 (f) All decisions of the board must be approved by at least a majority of all the  
3.2 members appointed to represent exclusive representatives of eligible employees and by at  
3.3 least a majority of all the members appointed to represent eligible employers.

3.4 Subd. 4. **Design and nature of plans.** (a) Six health plan platforms, which may  
3.5 provide eligible employers a choice of health plan parameters, shall be recommended by  
3.6 the board to all eligible employers, as defined in subdivision 1, provided that the eligible  
3.7 employer chooses to obtain coverage in the form of one of the health plan platforms  
3.8 recommended by the board. The board shall recommend acceptable sets of parameters  
3.9 for each platform. These parameters must not be more restrictive than necessary to  
3.10 define major aspects of coverage. The health plan platforms may be offered by any  
3.11 entity permitted under Minnesota law to offer a health plan, as defined in subdivision 1,  
3.12 paragraph (c).

3.13 (b) Nothing in this section affects the right of each eligible employer to determine,  
3.14 through collective bargaining under the Public Employer Labor Relations Act:

3.15 (1) the employer's eligibility requirements regarding the terms and conditions under  
3.16 which employees, dependents, retirees, and other persons are eligible for health coverage  
3.17 from the employer;

3.18 (2) how much of the premium charged for the insurance will be paid by the employer  
3.19 and how much will be paid by the eligible person; and

3.20 (3) which health plan or plans, if any, based upon health plan parameters  
3.21 recommended by the board, will be made available by the eligible employer.

3.22 (c) The board must initially recommend at least six health plan platforms. One  
3.23 platform must provide coverage without a deductible and without other enrollee  
3.24 cost-sharing other than reasonable co-payments for nonpreventive care. One platform  
3.25 must qualify as a high-deductible health plan under federal law for use with a health  
3.26 savings account. One platform must include a VEBA plan, as defined in subdivision 1,  
3.27 paragraph (f). The other three platforms must have levels of enrollee cost-sharing that  
3.28 are between the first two platforms described in this paragraph. Plans and premium rates  
3.29 may vary across geographic regions. The health plans based upon the platforms must  
3.30 comply with chapters 62A, 62C, 62D, 62E, 62J, 62L, 62M, 62Q, 72A, and 471, and must  
3.31 provide the optimal combination of coverage, cost, choice, and stability in the judgment  
3.32 of the board. All health plan platforms and health plans offered must be approved by  
3.33 the commissioner of commerce.

3.34 (d) The eligible employer may determine whether it wishes to purchase a health  
3.35 plan that is fully insured through a health carrier licensed in this state, self-insured, or  
3.36 a combination of those two alternatives.

4.1 (e) The health plans must include disease management and consumer education,  
4.2 including wellness programs and measures encouraging the wise use of health coverage,  
4.3 to the extent determined to be appropriate by the board.

4.4 (f) Upon request of the board, health plan companies and other entities that are  
4.5 providing or have provided health coverage to employees of eligible employers within  
4.6 two years before the effective date of this section shall provide to the board at no charge  
4.7 nonidentifiable aggregate claims data for that coverage. The information must include  
4.8 data relating to employee group benefit sets, demographics, and claims experience.  
4.9 Notwithstanding section 13.203, Minnesota service cooperatives must also comply with  
4.10 this paragraph.

4.11 (g) Effective July 1, 2009, a contract entered into between an eligible employer and  
4.12 an eligible employee or the exclusive representative of an eligible employee may not  
4.13 contain provisions that establish cash payment in lieu of health insurance to an eligible  
4.14 employee if the employee is not receiving the payment on or before June 30, 2009.  
4.15 Nothing in this section prevents an eligible employee who otherwise qualifies for payment  
4.16 of cash in lieu of insurance on June 30, 2009, from continuing to receive this payment.

4.17 Subd. 5. **Report.** The board shall report to the legislature by January 15, 2009,  
4.18 on a final design for the health plan platforms that complies with subdivision 4 and on  
4.19 governance requirements for the board, which may include staggered terms, term limits,  
4.20 quorum, and a plan of operation and audit provisions. The report must include any  
4.21 legislative changes necessary to ensure conformance with chapters 62A, 62C, 62D, 62E,  
4.22 62J, 62L, 62M, 62Q, 72A, and 471.

4.23 Subd. 6. **Progress dependent upon funding.** The board shall carry out its  
4.24 obligations to the extent permitted by financial and other resources available to the board  
4.25 for that purpose. The board may seek and accept gifts and grants.

4.26 Subd. 7. **Periodic evaluation.** (a) Beginning January 15, 2011, and for the next two  
4.27 years, the board must submit an annual report to the commissioner of commerce and the  
4.28 legislature, in compliance with sections 3.195 and 3.197, summarizing and evaluating the  
4.29 performance of the program during the previous year of operation.

4.30 (b) Beginning in 2013 and in each odd-numbered year thereafter, the board must  
4.31 submit to the legislature a biennial report summarizing and evaluating the performance of  
4.32 the program during the preceding two fiscal years.

4.33 **Sec. 2. STUDY REQUIRED.**

4.34 The legislative auditor shall conduct a study to determine the impact of the cash in  
4.35 lieu provisions under section 1, subdivision 4, paragraph (g), on the Public Employees

5.1 Retirement Association and the Teachers Retirement Association. In addition, the study  
5.2 shall analyze the added financial burden to school districts and their employees due to  
5.3 employees opting for cash in lieu of insurance. Such options by employees may result  
5.4 in adverse selection on a school district's health plan and insurance pool. This study  
5.5 must be completed by December 31, 2007, and its findings reported to the legislature  
5.6 by March 1, 2008.

5.7       Sec. 3. **APPROPRIATION.**

5.8             The base appropriation for the program created in section 1 for fiscal year 2008 is  
5.9 \$1,000,000 as a onetime appropriation to the commissioner of commerce for start-up  
5.10 and operational costs.

5.11       Sec. 4. **EFFECTIVE DATE.**

5.12             Sections 1 to 3 are effective July 1, 2007.