

1.1 A bill for an act
1.2 relating to local government; local government employer-sponsored hospital,
1.3 medical, and dental insurance; limiting required pooling to members of the Public
1.4 Employees Retirement Association police and fire and local government
1.5 correctional service retirement plans; creating an open appropriation from the
1.6 general fund to the public safety officer's benefit account; requiring employer
1.7 consent for participation in public employees insurance program; amending
1.8 Minnesota Statutes 2016, sections 43A.316, subdivision 5; 299A.42; 299A.465,
1.9 subdivision 4; 471.61, subdivision 2b; 471.617, subdivision 4; repealing Minnesota
1.10 Statutes 2016, section 471.6161, subdivision 5.

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

1.12 Section 1. Minnesota Statutes 2016, section 43A.316, subdivision 5, is amended to read:

1.13 Subd. 5. **Public employee participation.** (a) Participation in the program is subject to
1.14 the conditions in this subdivision.

1.15 (b) Each exclusive representative for an eligible employer determines whether the
1.16 employees it represents will participate in the program with the consent of the eligible
1.17 employer. The exclusive representative shall give the employer notice of intent to participate
1.18 at least 30 days before the expiration date of the collective bargaining agreement preceding
1.19 the collective bargaining agreement that covers the date of entry into the program. The
1.20 exclusive representative and the eligible employer shall give notice to the commissioner of
1.21 the determination to participate in the program at least 30 days before entry into the program.
1.22 Entry into the program is governed by a schedule established by the commissioner.

1.23 (c) Employees not represented by exclusive representatives may become members of
1.24 the program upon a determination of an eligible employer to include these employees in
1.25 the program. Either all or none of the employer's unrepresented employees must participate.

2.1 The eligible employer shall give at least 30 days' notice to the commissioner before entering
 2.2 the program. Entry into the program is governed by a schedule established by the
 2.3 commissioner.

2.4 (d) Participation in the program is for a two-year term. Participation is automatically
 2.5 renewed for an additional two-year term unless the exclusive representative with the consent
 2.6 of the eligible employer, or the employer for unrepresented employees, gives the
 2.7 commissioner notice of withdrawal at least 30 days before expiration of the participation
 2.8 period. A group that withdraws must wait two years before rejoining. An exclusive
 2.9 representative with the consent of the eligible employer, or employer for unrepresented
 2.10 employees, may also withdraw if premiums increase 50 percent or more from one insurance
 2.11 year to the next.

2.12 (e) The exclusive representative with the consent of the eligible employer, shall give
 2.13 the employer notice of intent to withdraw to the commissioner at least 30 days before the
 2.14 expiration date of a collective bargaining agreement that includes the date on which the
 2.15 term of participation expires.

2.16 (f) Each participating eligible employer shall notify the commissioner of names of
 2.17 individuals who will be participating within two weeks of the commissioner receiving notice
 2.18 of the parties' intent to participate. The employer shall also submit other information as
 2.19 required by the commissioner for administration of the program.

2.20 **EFFECTIVE DATE.** This section is effective the day following final enactment provided
 2.21 that existing participation may not be terminated before the conclusion of its two-year term.

2.22 Sec. 2. Minnesota Statutes 2016, section 299A.42, is amended to read:

2.23 **299A.42 PUBLIC SAFETY OFFICER'S BENEFIT ACCOUNT.**

2.24 The public safety officer's benefit account is created in the state treasury. Money in the
 2.25 account consists of money transferred and appropriated to that account. Money in the account
 2.26 that is not expended in the fiscal year in which it is transferred or appropriated does not
 2.27 revert to the general fund until claims for reimbursement under section 299A.465 that are
 2.28 submitted in that fiscal year are either paid or denied. A sum sufficient to discharge the
 2.29 duties imposed by sections 299A.41 to 299A.47 is annually appropriated from the general
 2.30 fund to the account.

2.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.1 Sec. 3. Minnesota Statutes 2016, section 299A.465, subdivision 4, is amended to read:

3.2 Subd. 4. **Public employer reimbursement.** A public employer subject to this section
3.3 may annually apply by August 1 for the preceding fiscal year to the commissioner of public
3.4 safety for reimbursement to ~~help~~ defray a ~~portion~~ of its costs of complying with this section.
3.5 The commissioner shall provide ~~an equal pro rata share to the public employer~~ reimbursement
3.6 out of the public safety officer's benefit account ~~based on the availability of funds for each~~
3.7 ~~eligible officer, firefighter, and qualifying dependents~~. Individual shares must not exceed
3.8 the actual costs of providing coverage under this section by a public employer.

3.9 **EFFECTIVE DATE.** This section is effective July 1, 2017, for employer costs incurred
3.10 on or after that date.

3.11 Sec. 4. Minnesota Statutes 2016, section 471.61, subdivision 2b, is amended to read:

3.12 Subd. 2b. **Insurance continuation.** A unit of local government must allow a former
3.13 employee and the employee's dependents to continue to participate indefinitely in the
3.14 employer-sponsored hospital, medical, and dental insurance group that the employee
3.15 participated in immediately before retirement, under the following conditions:

3.16 (a) The continuation requirement of this subdivision applies only to a former employee
3.17 who is receiving a disability benefit or an annuity from a Minnesota public pension plan
3.18 other than a volunteer firefighter plan, or who has met age and service requirements necessary
3.19 to receive an annuity from such a plan.

3.20 (b) Until the a former employee who is a member of the public employees police and
3.21 fire retirement plan or local government correctional service retirement plan of the Public
3.22 Employees Retirement Association reaches age 65, the former employee and dependents
3.23 must be pooled in the same group as active employees for purposes of establishing premiums
3.24 and coverage for hospital, medical, and dental insurance. However, a former employee
3.25 under the age of 65 who is enrolled in Medicare Parts A and B due to the former employee's
3.26 disability and for whom Medicare's obligation to pay claims is primary, and the former
3.27 employee's dependents, must be pooled in the same group for purposes of this paragraph
3.28 as former employees who have reached age 65.

3.29 (c) A former employee may receive dependent coverage only if the employee received
3.30 dependent coverage immediately before leaving employment. This subdivision does not
3.31 require dependent coverage to continue after the death of the former employee. For purposes
3.32 of this subdivision, "dependent" has the same meaning for former employees as it does for
3.33 active employees in the unit of local government.

4.1 (d) Coverage for a former employee and dependents may not discriminate on the basis
4.2 of evidence of insurability or preexisting conditions unless identical conditions are imposed
4.3 on active employees in the group that the employee left.

4.4 (e) The former employee must pay the entire premium for continuation coverage, except
4.5 as otherwise provided in a collective bargaining agreement or personnel policy. A unit of
4.6 local government may discontinue coverage if a former employee fails to pay the premium
4.7 within the deadline provided for payment of premiums under federal law governing insurance
4.8 continuation.

4.9 (f) An employer must notify an employee before termination of employment of the
4.10 options available under this subdivision, and of the deadline for electing to continue to
4.11 participate.

4.12 (g) A former employee must notify the employer of intent to participate within the
4.13 deadline provided for notice of insurance continuation under federal law. A former employee
4.14 who does not elect to continue participation does not have a right to reenter the employer's
4.15 group insurance program.

4.16 (h) A former employee who initially selects dependent coverage may later drop dependent
4.17 coverage while retaining individual coverage. A former employee may not drop individual
4.18 coverage and retain dependent coverage.

4.19 (i) This subdivision does not limit rights granted to former employees under other state
4.20 or federal law, or under collective bargaining agreements or personnel plans.

4.21 (j) Unless otherwise provided by a collective bargaining agreement, if retired employees
4.22 were not permitted to remain in the active employee group prior to August 1, 1992, a public
4.23 employer may assess active employees through payroll deduction for all or part of the
4.24 additional premium costs from the inclusion of retired employees in the active employee
4.25 group. This paragraph does not apply to employees covered by section 179A.03, subdivision
4.26 7.

4.27 (k) Notwithstanding section 179A.20, subdivision 2a, insurance continuation under this
4.28 subdivision may be provided for in a collective bargaining agreement or personnel policy.

4.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.30 Sec. 5. Minnesota Statutes 2016, section 471.617, subdivision 4, is amended to read:

4.31 Subd. 4. **Exclusive representative.** (a) No statutory or home rule charter city or county
4.32 or school district or instrumentality of any of them shall adopt a self insured health benefit

5.1 plan for any employees represented by an exclusive representative certified pursuant to
5.2 section 179A.12 without prior notification and consultation on ten days' written notice to
5.3 the exclusive representative ~~and agreement by the exclusive representative that represents~~
5.4 ~~the largest number of employees to be included in the plan.~~

5.5 (b) Prior to a decision to dissolve any self-insurance, trust fund, or dedicated insurance
5.6 fund created by a single statutory or home rule charter city, county, school district, or
5.7 instrumentality of any of them, either by ordinance or resolution, the employer must provide
5.8 30 days' written notice to each exclusive representative of employees and each individual
5.9 currently receiving health benefits, ~~and also obtain approval for the proposed action by the~~
5.10 ~~exclusive representative that represents the largest number of employees included in the~~
5.11 ~~plan.~~ All assets from the trust fund must be audited before closure, ~~and remaining assets~~
5.12 ~~must be dedicated for use for health insurance benefits for all individuals currently receiving~~
5.13 ~~health benefits.~~ This paragraph does not apply to joint self-insurance trusts or pools.

5.14 (c) The assets or liabilities of a joint self-insurance trust or pool that is dissolved must
5.15 be distributed to members of the joint trust or pool in accordance with the joint trust or pool
5.16 agreement, if any.

5.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.18 Sec. 6. **REPEALER.**

5.19 Minnesota Statutes 2016, section 471.6161, subdivision 5, is repealed.

5.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes: 17-3476

471.6161 GROUP INSURANCE; GOVERNMENTAL UNITS.

Subd. 5. **Collective bargaining.** The aggregate value of benefits provided by a group insurance contract for employees covered by a collective agreement shall not be reduced, unless the public employer and exclusive representative of the employees of an appropriate bargaining unit, certified under section 179A.12, agree to a reduction in benefits.