

1.1 A bill for an act

1.2 relating to local government; requiring an adjustment in continuation health
1.3 insurance premiums charged for certain disabled retired local government
1.4 employees; amending Minnesota Statutes 2008, section 471.61, subdivision 2b.

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

1.6 Section 1. Minnesota Statutes 2008, section 471.61, subdivision 2b, is amended to read:

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

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

1.15 (b) Until the former employee reaches age 65, the former employee and dependents
1.16 must be pooled in the same group as active employees for purposes of establishing
1.17 premiums and coverage for hospital, medical, and dental insurance. However, a former
1.18 employee under the age of 65 who is enrolled in Medicare Parts A and B due to the former
1.19 employee's disability and for whom Medicare's obligation to pay claims is primary, and
1.20 the former employee's dependents, must be pooled in the same group for purposes of this
1.21 paragraph as former employees who have reached age 65.

1.22 (c) A former employee may receive dependent coverage only if the employee
1.23 received dependent coverage immediately before leaving employment. This subdivision
1.24 does not require dependent coverage to continue after the death of the former employee.

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2.1 For purposes of this subdivision, "dependent" has the same meaning for former employees
2.2 as it does for active employees in the unit of local government.

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

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

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

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

2.18 (h) A former employee who initially selects dependent coverage may later drop
2.19 dependent coverage while retaining individual coverage. A former employee may not
2.20 drop individual coverage and retain dependent coverage.

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

2.23 (j) Unless otherwise provided by a collective bargaining agreement, if retired
2.24 employees were not permitted to remain in the active employee group prior to August
2.25 1, 1992, a public employer may assess active employees through payroll deduction for
2.26 all or part of the additional premium costs from the inclusion of retired employees in the
2.27 active employee group. This paragraph does not apply to employees covered by section
2.28 179A.03, subdivision 7.

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

2.32 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to
2.33 coverage in existence on or after that date.