

House Research Act Summary

CHAPTER: 213 (S.F. 247/H.F. 371) **VETOED** **SESSION:** 2012 Regular Session

TOPIC: Public Employees Insurance Program and Service Cooperatives

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Overview

This act was vetoed by the governor, so it will not go into effect.

Changes procedures for determining whether local government employees participate in the Public Employees Insurance Program (PEIP), to require both employee and employer approval. (Current law requires only employee approval.) PEIP (pronounced "peep") is an insurance pool administered by Minnesota Management and Budget that offers local government employee collective bargaining units the option to receive health insurance through PEIP.

Prohibits service cooperatives from giving refunds of health insurance premiums to member-employers without notifying the union representing the employees. Service cooperatives are organizations that offer employee health insurance to school districts and other local government entities that are members of the service cooperative.

Also, amends a law governing health insurance continuation for retired local government employees. That change is not specific to PEIP.

- 1 Public employee participation.** Under current law, each "exclusive representative" (bargaining unit) determines whether the employees it represents will receive their health coverage through PEIP. It does not matter whether the employer agrees or whether other bargaining units of that employer make the same decision. 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 that bargaining unit; and
 - (2) the employer approves the decision.

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

Permits retired local government employees who have health coverage as part of their former employer's insurance plan to be enrolled in PEIP if the former employer chooses to do so.

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 PEIP coverage for up to a year if the entity leaves the program.

- 2 **Insurance premium refunds.** Prohibits service cooperatives from refunding any portion of a health insurance premium paid by a member of the service cooperative (employer) without written notice to the exclusive representative (union) of affected employees of the member-employer.
- 3 **Coordination.** This section applies to local government retiree health coverage generally and is not limited to PEIP. 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 means that Medicare is "primary" (pays first), and that the retiree coverage applies only to expenses Medicare does not pay.) This section extends the Medicare coordination requirement to retired employees who are allowed to continue health insurance coverage through the unit of local government, but do not receive an employer contribution toward the premium.