

HOUSE RESEARCH

Bill Summary

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Overview

Makes a variety of changes in laws governing the Public Employees Insurance Program (PEIP). Provides that initial participation in the program is for a three-year (rather than two-year) term with a two-year term for renewal, but allows for modification of participation requirements. Provides that school districts eligible for PEIP must request bids from the program at least once every four years, but are not required to purchase coverage. Appropriates money from the health care access fund to the Department of Employee Relations.

PEIP is a group insurance plan, administered by the Department of Employee Relations, that units of local government are authorized to join. PEIP is completely separate from the state employee group insurance plan (SEGIP).

The bill originally changed the name of PEIP to the Public Buyers Group. The State Government Finance Committee amended the bill to retain PEIP as the name.

Section

- 1 Intent.** Amends the intent statement for the program.
- 2 Public employees insurance program.** Specifies actions DOER may take in administering PEIP. These include:
 - adopting alternative plan designs, including various enrollee cost-sharing

Section

arrangements;

- developing and administering separately-rated programs (including a program for school district employees) within the program;
- implementing demonstration or pilot programs;
- implementing strategies to control health care costs and improve health care outcomes, including certain specified strategies and outcomes;
- administering innovative health benefit designs, including certain specified designs;
- temporarily suspending or limiting new group entrants;
- participating in broader health care initiatives;
- administering a Web site and related capabilities

3 Health improvement programs. As part of PEIP, authorizes DOER to administer disease management and other programs, strategies, and incentives to improve the health of members.

4 Labor-management committee. Changes various time periods from 30 days to 60 days. Provides that all employees represented by a union who participate in the employer's health plan must be included in PEIP if the union chooses to be covered by PEIP. (The same requirement already applies for non-union employees.) Provides that the governor, rather than the commissioner of DOER, appoints the labor management committee for the program. Clarifies that the committee may make recommendations to the commissioner.

5 Public employee participation. Provides that initial participation in the program is for a three-year term, rather than the two-year term specified in current law, but retains the two-year term for renewal. Changes the one-year premium increase that permits an employer to leave early from 50 percent to 35 percent plus the increase in the consumer price index. Permits a group that leaves PEIP to return in sooner than two years with approval of the commissioner. Allows DOER to modify participation requirements as part of a demonstration or pilot effort. Authorizes DOER to explore various discounts, incentives, and penalties for public employers, based on length of continuous membership in the program. Specifies notice requirements for changes in program terms and incentives. Requires an annual report to the governor and the legislature on participation requirements and incentives.

6 Participating employer rights to data. Provides that participating employers shall not be refused utilization or claims data needed to seek alternative bids for insurance coverage. Provides that participating employers must not be charged for this data.

7 School district's bids. Provides that school districts eligible for PEIP must request bids from the program at least once every four years, but are not required to purchase coverage through the program. Other public employers are encouraged to seek bids at least once every four years.

8 Coverage. Eliminates obsolete language. Adds dental and life insurance as coverages available to dependents

Section

- 9** **Premiums.** Permits rating a specific employer separately for premium purposes if this would be beneficial to the program.
- 10** **Continuation.** Permits spouses of deceased or former employees to stay in PEIP if the employee's group leaves PEIP. Subject to approval of the commissioner, permits reenrollment of continuation enrollees who drop continuation coverage.
- 11** **Report.** Requires DOER to report biennially to the governor and the legislature on specified topics related to administration of the program.
- 12** **Exemption.** Specifies that this law and other laws do not limit DOER in developing and testing innovative benefit designs for PEIP.
- 13** **Reinsurance.** Permits PEIP to participate in a reinsurance pool.
- 14** **Appropriation.** Appropriates money to DOER from the health care access fund for one-time administrative costs of PEIP. The amounts are \$60,000 for fiscal year 2006 and \$2,260,000 in fiscal year 2007.