

January 14, 2015

The Honorable Tom Saxhaug, Chair
Senate State Departments & Veterans Division
328 Capitol Building
St. Paul, MN 55155

The Honorable Sarah Anderson, Chair
House State Government Finance Committee
583 State Office Building
St. Paul, Minnesota 55155

The Honorable Roger Chamberlain
Ranking Minority Member
Senate State Departments & Veterans Division
129 State Office Building
St. Paul, MN 55155

The Honorable Sheldon Johnson
Ranking Minority Member
House State Government Finance Committee
259 State Office Building
St Paul, MN 55155

RE: Ongoing costs incurred by PEIP in compliance with HITA Laws 2014 Chapter 312, Art. 21 (4)

Dear Senators and Representatives,

Minnesota Laws 2014, chapter 312, requires the commissioner of Management and Budget to “report on the ongoing costs incurred by the public employees insurance program in compliance with requirements of health insurance transparency act.”

Effective July 1, 2014, with few exceptions, any Minnesota public school district intending to provide group health insurance coverage to its employees must request proposals for such coverage from the Minnesota Public Employees Insurance Program (PEIP) and at least two additional coverage providers.

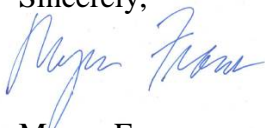
For the six-month period from July 1, 2014, through December 31, 2014, PEIP received and responded to requests from 20 school districts. Underwriting expenses incurred in responding to those 20 requests totaled \$39,074.25, an average of \$1,953.71 per proposal. Response time averaged fewer than 14 calendar days from the date the request was received to the date the proposal was delivered to the requestor.

Approximately 60% of the state’s public school districts have an insurance contract with an expiration date of June 30. Most of the remaining 40% of insurance contracts have expiration dates of August 31 through December 31.

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It is expected that all public school districts required to request a proposal for coverage from PEIP, will do so during the two-year period ending June 30, 2016, as their current coverage expires.

Sincerely,

A handwritten signature in blue ink, appearing to read "Myron Frans".

Myron Frans
Commissioner

cc: Eric Nauman, Senate Fiscal Staff
Kevin Lundeen, Senate Fiscal Staff
Bill Marx, House Fiscal Staff
Helen Roberts, House Fiscal Staff