



January 15, 2019

Representative Michael Nelson, Chair
State Government Finance

Senator Mary Kiffmeyer, Chair
State Government Finance and Policy and Elections

Representative Tony Albright, GOP Lead
State Government Finance

Senator Jim Carlson, Ranking Minority Member
State Government Finance and Policy and Elections

RE: Calendar Year 2018 SEGIP Opt Out Report

Dear Members of the Minnesota Legislature:

This is the second annual statutorily required report on executive branch employees opting out of medical coverage under Minnesota Statute 43A.24, subdivision 1a. This report covers the period of January 1 through December 31, 2018.

Background

Under M.S. 43A.24, subd. 1a, certain employees eligible for state-paid hospital, medical, and dental benefits may decline those benefits if they complete a form and provide proof of other coverage. Previous to the enactment of this statute, all employees could opt out of dental coverage and they could opt out of medical coverage if they were:

- Offered a partial or no employer contribution; or
- Covered through another SEGIP member's medical coverage; or
- On an unpaid leave of absence; or
- Not eligible for the full employer contribution towards medical coverage under the applicable labor agreement or compensation plan.

This report addresses the result of employees who could not have opted out without the authority of M.S. 43A.24, subd 1a. These are employees who were offered the full employer contribution through the applicable labor agreement or compensation plan, and who completed a waiver form and provided proof of other medical coverage.

To administer this requirement, the term "other medical coverage" is defined to include:

- COBRA coverage
- Most Medicaid coverage
- Medicare Part A coverage and Medicare Advantage plans
- Retiree coverage
- Other group health insurance coverage, including employer groups, and self-insured group plans
- Health insurance provided through a student health plan or a Basic Health Program standard health plan

- TRICARE coverage
- Comprehensive health care programs offered by the Department of Veterans Affairs

This definition of medical coverage does not include a health reimbursement account (HRA) or a health savings account (HSA) that are not paired with a high deductible health plan (HDHP); a flexible saving account (FSA); disability coverage; long-term care insurance; automobile coverage; or other insurance coverage that does not primarily cover both hospital and medical costs.

Results

A total of 636 employees opted out of employee medical coverage under this provision during 2018. Table 1 details the number of employees, by agency, opting out of medical coverage based on this language.

Agency	January 1 – December 31, 2018
Administration Department	8
Administrative Hearings	1
Agriculture Department	8
Arts Board	1
Attorney General	16
Bureau of Mediation Services	2
Commerce Department	3
Corrections Department	36
Cosmetologist Exam Board	1
Dentistry Board	1
Disability Council	1
Education Department	9
Employ & Econ Development Depart	21
Gambling Control Board	2
Governor's Office	2
Health Department	21
Housing Finance Agency	4
Human Services Department	100
Labor & Industry Department	2
Lottery	2
Military Affairs Department	12
Minnesota Zoological Garden	2
MN Management & Budget	3
MN St Colleges & Universities	170
MN State Academies	2
MN.IT Services Office	31
MNsure	1
Natural Resources Department	18
Office of Higher Education	1
Ombud Mental Health & Dev Dis	1
Peace Officers Board (POST)	1
Perpich Ctr For Arts Education	2

Agency	January 1 – December 31, 2018
Pollution Control Agency	11
Prof Educator Licensing Std Board	1
Psychology Board	1
Public Safety Department	25
Public Utilities Comm	1
Revenue Department	28
Social Work Board	1
Transportation Department	61
Veterans Affairs Department	20
Water & Soil Resources Board	2
Total	636

Table 1 – Total number of executive branch employees opting out of medical coverage by agency

We track the types of other medical coverage employees chose over that offered through their state employment. Table 2 illustrates that, of the employees opting out of medical coverage under M.S. 43A.24, subd. 1a, most are taking group coverage offered through another employer, while the rest are divided among Medicare, TRICARE, coverage offered through the U.S. Department of Veterans Affairs (VA), and other forms of health insurance.

Reason	January 1 - December 31, 2018
COBRA	1
Legislator	1
Medicaid	7
Medicare	18
Non-SEGIP Employer/Group	476
Other	49
TRICARE	64
VA	20
Total	636

Table 2 – Total number of employees opting out of medical coverage by proof of other coverage

During calendar year 2018, employees opting out of state employee health coverage under M.S. 43A.24, subd. 1a, resulted in a \$3.3 million change in executive branch spending. This calculation is based on the monthly single medical coverage contribution that an executive branch agency paid during the applicable calendar year multiplied by the number of member months coverage was waived. During 2018, the single contribution was \$599.26. Table 3 illustrates that change as well as the number of waived months by agency and the split between general fund and other funds.

Executive branch agency	January 1 - December 31, 2018			
	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Administration Department	\$41,049	\$4,438	\$36,612	68.5
Administrative Hearings	\$5,393	\$0	\$5,393	9
Agriculture Department	\$44,944	\$11,590	\$33,355	75
Arts Board	\$300	\$54	\$246	0.5
Attorney General	\$68,615	\$67,117	\$1,498	114.5
Bureau of Mediation Services	\$13,184	\$13,184	\$0	22
Commerce Department	\$17,379	\$14,083	\$3,296	29
Corrections Department	\$166,295	\$160,302	\$5,993	277.5
Cosmetologist Exam Board	\$7,191	\$7,191	\$0	12
Dentistry Board	\$7,191	\$0	\$7,191	12
Disability Council	\$7,191	\$7,191	\$0	12
Education Department	\$54,533	\$19,776	\$34,757	91
Employ & Econ Development	\$122,249	\$7,191	\$115,058	204
Gambling Control Board	\$14,382	\$0	\$14,382	24
Governor's Office	\$13,184	\$13,184	\$0	22
Health Department	\$100,076	\$7,730	\$92,346	167
Housing Finance Agency	\$27,566	\$0	\$27,566	46
Human Services Department	\$492,292	\$303,016	\$189,276	821.5
Labor & Industry Department	\$8,390	\$0	\$8,390	14
Lottery	\$3,895	\$0	\$3,895	6.5
Military Affairs Department	\$71,612	\$12,584	\$59,027	119.5
MN Zoological Garden	\$10,787	\$7,191	\$3,596	18
MN Management & Budget	\$14,382	\$3,596	\$10,787	24
MN St Colleges & Universities	\$887,204	\$0	\$887,204	1,480.50
MN State Academies	\$9,888	\$7,191	\$2,697	16.5
MN.IT Services Office	\$169,291	\$5,693	\$163,598	282.5
MNsure	\$7,191	\$0	\$7,191	12
Natural Resources Department	\$98,878	\$11,858	\$87,020	165
Office of Higher Education	\$7,191	\$2,876	\$4,315	12
Ombud Mental Health & Dev Dis	\$5,693	\$5,693	\$0	9.5
Peace Officers Board (POST)	\$3,596	\$0	\$3,596	6
Perpich Ctr For Arts Education	\$11,686	\$11,686	\$0	19.5
Pollution Control Agency	\$49,739	\$0	\$49,739	83
Prof Educator Licensing Std Board	\$7,191	\$7,191	\$0	12
Psychology Board	\$7,191	\$0	\$7,191	12
Public Safety Department	\$148,017	\$32,000	\$116,017	247
Public Utilities Commission	\$7,191	\$7,191	\$0	12
Revenue Department	\$140,227	\$140,227	\$0	234
Social Work Board	\$4,195	\$0	\$4,195	7
Transportation Department	\$325,099	\$0	\$325,099	542.5
Veterans Affairs Department	\$94,683	\$35,956	\$58,727	158
Water & Soil Resources Board	\$14,382	\$0	\$14,382	24

	January 1 - December 31, 2018			
Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Total	\$3,310,613	\$926,980	\$2,383,035	5,525

Table 3 – Executive branch agency reduction from opt out

Note: the sum of general fund reduction and other fund reduction may not always equal the total due to rounding.

Sincerely,



Myron Frans
Commissioner