



January 15, 2020

Senator Mary Kiffmeyer, Chair  
Senate State Government Finance Committee  
3103 Minnesota Senate Building  
St. Paul, MN 55155

Senator Jim Carlson  
Senate State Government Finance Committee  
2207 Minnesota Senate Building  
St Paul, MN 55155

Senator Dan Hall, Chair  
Senate Local Government Division  
3111 Minnesota Senate Bldg.  
St. Paul, MN 55155

Senator Patricia Torres Ray  
Senate Local Government Division  
2225 Senate Office Building  
St. Paul, MN 55155

Representative Michael Nelson, Chair  
House State Government Finance Committee  
585 State Office Building  
St. Paul, MN 55155

Representative Tony Albright  
House State Government Finance Committee  
259 State Office Building  
St. Paul, MN 55155

Representative Mike Frieberg, Chair  
House Government Operations Committee  
509 State Office Building  
St Paul, MN 55155

Dear Members of the Minnesota Legislature:

This is the third 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, 2019.

### **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. Before 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 used here does not include a health reimbursement account (HRA), a health savings account (HSA); a flexible saving account (FSA, including the state’s MDEA); 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 877 employees opted out of employee medical coverage under this provision during 2019. Table 1 details the number of employees, by agency, opting out of medical coverage based on this language.

<b>Agency</b>	<b>January 1 - December 31, 2019</b>
Administration Dept	7
Administrative Hearings	1
Agriculture Dept	10
Arts Board	1
Attorney General	15
Bureau of Mediation Services	2
Chiropractors Board	1
Commerce Dept	8
Corrections Dept	46
Cosmetologist Exam Board	2
Dentistry Board	2
Disability Council	1
Education Department	9
Employ & Econ Development Dept	36
Gambling Control Board	3
Governor’s Office	1

<b>Agency</b>	<b>January 1 - December 31, 2019</b>
Health Department	32
Housing Finance Agency	5
Human Services Dept	127
Labor & Industry Dept	4
Latino Affairs Council	1
LCC-Leg Coordinating Comm	4
Lottery	2
Medical Practice Board	1
Military Affairs Dept	14
Mn Zoological Garden	2
Mn Management & Budget	8
Mn State	228
Mn State Academies	2
Mn State Retirement System	1
MN.IT Services Office	43
MNsure	2
Natural Resources Dept	27
Nursing Home Admin Board	1
Office of Higher Education	1
Ombud Mental Health & Dev Dis	1
Peace Officers Board (POST)	1
Perpich Ctr For Arts Education	4
Podiatric Medicine Board	1
Pollution Control Agency	17
Prof Educator Licensing Std Bd	1
Psychology Board	2
Public Safety Dept	33
Public Utilities Comm	2
Revenue Dept	43
Senate	14
Social Work Board	1
State Auditor	1
Transportation Dept	79
Veterans Affairs Dept	25
Water & Soil Resources Board	2
<b>Total</b>	<b>877</b>

*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.

<b>Reason</b>	<b>January 1 - December 31, 2019</b>
COBRA	1
Legislator	2
Medicaid	12
Medicare	26
Non-SEGIP Employer/Group	638
Other	79
Tricare	95
VA	24
<b>Total</b>	<b>877</b>

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

During calendar year 2019, employees opting out of state employee health coverage under M.S. 43A.24, subd. 1a, resulted in a \$5 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 2019, the single contribution was \$617.24. Table 3 illustrates that change as well as the number of waived months by agency and the split between general fund and other funds.

<b>Executive branch agency</b>	<b>January 1 - December 31, 2019</b>			
	<b>Total</b>	<b>Agency GF reduction</b>	<b>Agency other fund reduction</b>	<b>Waived months</b>
Administration Dept	\$48,145	\$7,962	\$40,182	78
Administrative Hearings	\$7,407	\$0	\$7,407	12
Agriculture Dept	\$53,700	\$21,634	\$32,066	87
Arts Board	\$7,407	\$1,333	\$6,074	12
Attorney General	\$91,352	\$75,149	\$16,203	148
Bureau of Mediation Services	\$14,814	\$14,814	\$0	24

## January 1 - December 31, 2019

Executive branch agency	Total	Agency GF reduction	Agency other fund reduction	Waived months
Chiropractors Board	\$7,407	\$0	\$7,407	12
Commerce Dept	\$51,231	\$35,059	\$16,172	83
Corrections Dept	\$238,563	\$216,651	\$21,295	386
Cosmetologist Exam Board	\$14,814	\$14,814	\$0	24
Dentistry Board	\$8,024	\$0	\$8,024	13
Disability Council	\$7,407	\$7,407	\$0	12
Education Department	\$51,231	\$24,936	\$26,294	83
Employ & Econ Development Dept	\$219,120	\$12,876	\$206,245	355
Gambling Control Board	\$15,740	\$0	\$15,740	26
Governor's Office	\$617	\$309	\$309	1
Health Department	\$166,655	\$11,974	\$154,680	270
Housing Finance Agency	\$33,948	\$0	\$33,948	55
Human Services Dept	\$699,333	\$463,640	\$235,693	1,133
Labor & Industry Dept	\$27,776	\$0	\$27,776	45
Latino Affairs Council	\$1,543	\$1,543	\$0	2
LCC-Leg Coordinating Comm	\$18,209	\$18,209	\$0	30
Lottery	\$14,814	\$0	\$14,814	24
Medical Practice Board	\$7,407	\$0	\$7,407	12
Military Affairs Dept	\$91,043	\$11,419	\$79,624	148
Mn Zoological Garden	\$14,814	\$7,407	\$7,407	24
Mn Management & Budget	\$46,293	\$14,814	\$31,479	75
Mn State	\$1,291,883	\$0	\$1,291,883	2,093
Mn State Academies	\$8,641	\$8,641	\$0	14
Mn State Retirement System	\$3,086	\$0	\$3,086	5
MN.IT Services Office	\$251,217	\$2,160	\$249,056	407
MNsure	\$8,950	\$0	\$8,950	14
Natural Resources Dept	\$161,408	\$40,303	\$121,105	262
Nursing Home Admin Board	\$7,407	\$0	\$7,407	12
Office of Higher Education	\$7,407	\$2,963	\$4,444	12
Ombud Mental Health & Dev Dis	\$7,407	\$7,407	\$0	12
Peace Officers Board (POST)	\$7,407	\$7,407	\$0	12

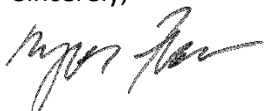
January 1 - December 31, 2019

Executive branch agency	Total	Agency GF reduction	Agency other fund reduction	Waived months
Perpich Ctr For Arts Education	\$24,381	\$24,381	\$0	40
Podiatric Medicine Board	\$7,407	\$0	\$7,407	12
Pollution Control Agency	\$96,598	\$0	\$96,598	156
Prof Educator Licensing Std Bd	\$7,407	\$7,407	\$0	12
Psychology Board	\$10,493	\$0	\$10,493	17
Public Safety Dept	\$189,493	\$35,954	\$149,218	307
Public Utilities Comm	\$11,728	\$11,728	\$0	19
Revenue Dept	\$245,662	\$245,662	\$0	398
Senate	\$68,205	\$68,205	\$0	110
Social Work Board	\$7,407	\$0	\$7,407	12
State Auditor	\$7,407	\$7,407	\$0	12
Transportation Dept	\$457,683	\$0	\$457,683	742
Veterans Affairs Dept	\$137,645	\$49,688	\$87,957	223
Water & Soil Resources Board	\$11,419	\$648	\$10,771	18
<b>Total</b>	<b>\$4,996,558</b>	<b>\$1,481,910</b>	<b>\$3,509,710</b>	<b>8,095</b>

Table 3 - Executive branch agency reduction from opt out

Note: the sum of reductions may not equal the total due to rounding.

Sincerely,



Myron Frans, Commissioner