



February 17, 2021

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

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

Senator Jim Carlson, Ranking Minority Member
State Government Finance and Policy and
Elections Committee
2207 Minnesota Senate Building
St. Paul, MN 55155

Representative Jim Nash, Minority Lead
State Government Finance and Elections
Committee
349 State Office Building
St. Paul, MN 55155

Dear Members of the Minnesota Legislature:

This is the fourth 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, 2020.

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 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 855 employees opted out of employee medical coverage under this provision during 2020. Table 1 details the number of employees, by agency, opting out of medical coverage based on this language.

Agency	January 1 - December 31, 2020
Administration Dept	5
Administrative Hearings	1
Agriculture Dept	13
Attorney General	12
Behavioral Health & Therapy Bd	1
Bureau of Mediation Services	2
Chiropractors Board	1
Commerce Dept	9
Corrections Dept	42
Cosmetologist Exam Board	2
Dentistry Board	1
Education Department	8
Employ & Econ Development Dept	33
Exec for LT Svcs & Supports Bd	1
Gambling Control Board	4
Governor's Office	1
Health Department	59

Agency	January 1 - December 31, 2020
Housing Finance Agency	6
Human Rights Dept	3
Human Services Dept	87
Labor & Industry Dept	2
Latino Affairs Council	1
Lottery	3
Medical Practice Board	1
Military Affairs Dept	13
Minnesota Zoological Garden	5
Mn Management & Budget	9
MN St Colleges & Universities	238
Mn State Academies	3
MN State Retirement System	1
MN.IT Services Office	45
MNsure	3
Natural Resources Dept	31
Office of Higher Education	1
Peace Officers Board - POST	1
Perpich Ctr For Arts Education	3
Podiatric Medicine Board	1
Pollution Control Agency	8
Prof Educator Licensing Std Bd	1
Psychology Board	1
Public Safety Dept	35
Public Utilities Comm	2
Revenue Dept	29

Agency	January 1 - December 31, 2020
Secretary of State	2
Social Work Board	1
Transportation Dept	100
Veterans Affairs Dept	22
Water & Soil Resources Board	2
Total	855

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, 2020
COBRA	1
Medicaid	11
Medicare	25
Non-SEGIP Employer/Group	584
Other	119
Tricare	85
VA	30
Total	855

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

During calendar year 2020, employees opting out of state employee health coverage under M.S. 43A.24, subd. 1a, resulted in a \$5.8 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 2020, the single contribution was \$665.68. Table 3 illustrates that change as well as the number of waived months by agency and the split between general fund and other funds.

January 1 - December 31, 2020

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Administration Dept	\$39,608	\$7,988	\$31,620	59.50
Administrative Hearings	\$7,988	\$0	\$7,988	12.00
Agriculture Dept	\$94,194	\$26,707	\$67,487	141.50
Attorney General	\$82,877	\$68,898	\$13,979	124.50
Behavioral Health & Therapy Bd	\$7,988	\$0	\$7,988	12.00
Bureau of Mediation Services	\$15,976	\$15,976	\$0	24.00
Chiropractors Board	\$7,988	\$0	\$7,988	12.00
Commerce Dept	\$70,562	\$31,154	\$39,408	106.00
Corrections Dept	\$295,895	\$273,594	\$22,300	444.50
Cosmetologist Exam Board	\$15,976	\$15,976	\$0	24.00
Dentistry Board	\$7,988	\$0	\$7,988	12.00
Education Department	\$50,592	\$27,359	\$23,232	76.00
Employ & Econ Development Dept	\$200,370	\$15,817	\$184,553	301.00
Exec for LT Svcs & Supports Bd	\$7,988	\$0	\$7,988	12.00
Gambling Control Board	\$30,288	\$0	\$30,288	45.50
Governor's Office	\$7,988	\$7,988	\$0	12.00
Health Department	\$338,165	\$26,128	\$312,038	508.00
Housing Finance Agency	\$37,944	\$0	\$37,944	57.00
Human Rights Dept	\$19,970	\$19,970	\$0	30.00
Human Services Dept	\$608,432	\$411,490	\$196,941	914.00
Labor & Industry Dept	\$15,976	\$0	\$15,976	24.00
Latino Affairs Council	\$7,988	\$7,988	\$0	12.00
Lottery	\$19,970	\$0	\$19,970	30.00
Medical Practice Board	\$3,994	\$0	\$3,994	6.00

January 1 - December 31, 2020

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Military Affairs Dept	\$95,525	\$9,486	\$86,039	143.50
Minnesota Zoological Garden	\$30,954	\$22,966	\$7,988	46.50
Mn Management & Budget	\$61,243	\$14,645	\$46,598	92.00
MN St Colleges & Universities	\$1,603,623	\$0	\$1,603,623	2,409.00
Mn State Academies	\$23,964	\$15,976	\$7,988	36.00
MN State Retirement System	\$7,988	\$0	\$7,988	12.00
MN.IT Services Office	\$307,877	\$0	\$307,877	462.50
MNsure	\$23,964	\$0	\$23,964	36.00
Natural Resources Dept	\$236,316	\$55,134	\$188,962	355.00
Office of Higher Education	\$7,988	\$3,195	\$4,793	12.00
Peace Officers Board - POST	\$7,988	\$7,988	\$0	12.00
Perpich Ctr For Arts Education	\$19,970	\$19,970	\$0	30.00
Podiatric Medicine Board	\$7,988	\$0	\$7,988	12.00
Pollution Control Agency	\$56,916	\$0	\$56,916	85.50
Prof Educator Licensing Std Bd	\$7,988	\$7,988	\$0	12.00
Psychology Board	\$7,988	\$0	\$7,988	12.00
Public Safety Dept	\$238,646	\$34,283	\$204,364	358.50
Public Utilities Comm	\$15,976	\$15,976	\$0	24.00
Revenue Dept	\$226,997	\$226,997	\$15,976	341.00
Secretary of State	\$15,643	\$0	\$15,643	23.50
Social Work Board	\$7,988	\$0	\$7,988	12.00
Transportation Dept	\$668,676	\$7,988	\$667,078	1,004.50
Veterans Affairs Dept	\$130,473	\$59,578	\$70,895	196.00
Water & Soil Resources Board	\$15,976	\$1,757	\$14,219	24.00

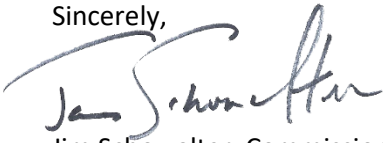
January 1 - December 31, 2020

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Total	\$5,825,366	\$1,460,964	\$4,394,549	8,751.00

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,



Jim Schowalter, Commissioner

cc: Helen Roberts, House Fiscal Analyst
Andrew Erickson, Senate Fiscal Analyst
Legislative Reference Library