



January 28, 2022

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

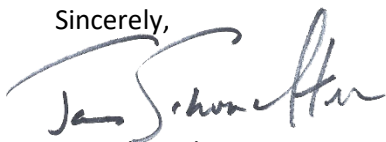
Senator Jim Carlson, Ranking Minority Member
State Government Finance and Policy and
Elections Committee
2207 Minnesota Senate Building
St. Paul, MN 55155

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 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, 2021.

Sincerely,



Jim Schowalter, Commissioner

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

Annual SEGIP Opt-Out Report for Calendar Year 2021 (M.S. 43A.24, subd. 1a)

This is the fifth 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, 2021.

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 844 employees opted out of employee medical coverage under this provision during 2021. Table 1 details the number of employees, by agency, opting out of medical coverage based on this language.

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

Agency	January 1 - December 31, 2021
Accountancy Board	1
Administration Dept	7
Administrative Hearings	1
Agriculture Dept	12
Attorney General	9
Chiropractors Board	1
Commerce Dept	11
Corrections Dept	34
Cosmetologist Exam Board	2
Dentistry Board	2
Disability Council	1
Education Department	6
Employ & Econ Development Dept	38
Gambling Control Board	3
Governors Office	3
Health Department	53
Housing Finance Agency	8
Human Rights Dept	2
Human Services Dept	102
Labor & Industry Dept	6
Lottery	2
Medical Practice Board	2
Military Affairs Dept	16
Minnesota Zoological Garden	11
Mn Management & Budget	7
MN St Colleges & Universities	206
Mn State Academies	1
MN.IT Services Office	46
MNsure	3
Natural Resources Dept	37
Office of Higher Education	1
Peace Officers Board - POST	1
Perpich Ctr For Arts Education	1
Pollution Control Agency	15
Prof Educator Licensing Std Bd	1
Psychology Board	1
Public Safety Dept	35

Agency	January 1 - December 31, 2021
Public Utilities Comm	2
Racing Commission	1
Revenue Dept	32
Secretary of State	3
Transportation Dept	94
Veterans Affairs Dept	23
Water & Soil Resources Board	1
Total	844

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.

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

Reason	January 1 - December 31, 2021
COBRA	1
Medicaid	19
Medicare	20
Non-SEGIP Employer/Group	599
Other	99
Tricare	78
VA	28
Total	844

During calendar year 2021, employees opting out of state employee health coverage under M.S. 43A.24, subd. 1a, resulted in a \$5.9 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 2021, the single contribution was \$696.30. Table 3 illustrates that change as well as the number of waived months by agency and the split between general fund and other funds.

Table 3: Executive branch agency fund reduction from opt out in CY2021

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Accountancy Board	\$2,089	\$2,089	\$0	3.0
Administration Dept	\$36,904	\$9,156	\$27,748	53.0
Administrative Hearings	\$8,356	\$0	\$8,356	12.0
Agriculture Dept	\$74,852	\$23,563	\$51,289	107.5
Attorney General	\$45,956	\$40,734	\$5,222	66.0

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Chiropractors Board	\$8,356	\$0	\$8,356	12.0
Commerce Dept	\$76,593	\$24,928	\$51,665	110.0
Corrections Dept	\$231,172	\$206,105	\$25,067	332.0
Cosmetologist Exam Board	\$16,711	\$16,711	\$0	24.0
Dentistry Board	\$16,711	\$0	\$16,711	24.0
Disability Council	\$2,089	\$2,089	\$0	3.0
Education Department	\$38,993	\$14,622	\$24,370	56.0
Employ & Econ Development Dept	\$273,646	\$59,732	\$213,914	393.0
Gambling Control Board	\$25,067	\$0	\$25,067	36.0
Governors Office	\$14,622	\$14,622	\$14,622	21.0
Health Department	\$366,950	\$27,991	\$338,959	527.0
Housing Finance Agency	\$58,489	\$0	\$58,489	84.0
Human Rights Dept	\$9,748	\$9,748	\$0	14.0
Human Services Dept	\$692,818	\$453,563	\$239,256	995.0
Labor & Industry Dept	\$42,474	\$0	\$42,474	61.0
Lottery	\$10,444	\$0	\$10,444	15.0
Medical Practice Board	\$12,882	\$0	\$12,882	18.5
Military Affairs Dept	\$109,319	\$11,489	\$97,830	157.0
Minnesota Zoological Garden	\$71,719	\$68,586	\$3,133	103.0
Mn Management & Budget	\$48,045	\$0	\$48,045	69.0
MN St Colleges & Universities	\$1,441,341	\$0	\$1,441,341	2,070.0
Mn State Academies	\$8,356	\$8,356	\$0	12.0
MN.IT Services Office	\$327,261	\$16,015	\$311,246	470.0
MNsure	\$24,719	\$0	\$24,719	35.5
Natural Resources Dept	\$277,824	\$60,676	\$225,286	399.0
Office of Higher Education	\$8,356	\$3,342	\$5,013	12.0
Peace Officers Board - POST	\$8,356	\$8,356	\$0	12.0
Perpich Ctr For Arts Education	\$8,356	\$8,356	\$0	12.0
Pollution Control Agency	\$104,445	\$0	\$104,445	150.0
Prof Educator Licensing Std Bd	\$8,356	\$8,356	\$0	12.0
Psychology Board	\$8,356	\$0	\$8,356	12.0
Public Safety Dept	\$226,994	\$40,385	\$178,253	326.0
Public Utilities Comm	\$16,711	\$16,711	\$0	24.0
Racing Commission	\$5,222	\$0	\$5,222	7.5
Revenue Dept	\$244,401	\$238,970	\$22,142	351.0
Secretary of State	\$16,015	\$7,659	\$8,356	23.0

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Transportation Dept	\$691,078	\$0	\$691,078	992.5
Veterans Affairs Dept	\$144,482	\$31,333	\$113,149	207.5
Water & Soil Resources Board	\$8,356	\$585	\$7,771	12.0
Total	\$5,873,987	\$1,434,828	\$4,470,275	8,436.0

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