



January 18, 2023

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2209 Minnesota Senate Building
St. Paul, MN 55155

Subject: Annual SEGIP Opt-Out Report for Calendar Year 2022 (mandated in M.S. 43A.24, subd. 1a)

Members of the Minnesota Legislature:

This is the sixth 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, 2022.

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 998 employees opted out of employee medical coverage under this provision during 2022. Table 1 details the number of employees, by agency, opting out of medical coverage based on this language.

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

Agency	January 1 - December 31, 2022
Administration Dept	6
Administrative Hearings	2
Agriculture Dept	15
Attorney General	13
Bureau of Mediation Services	1
Chiropractors Board	1
Commerce Dept	15
Corrections Dept	52
Cosmetologist Exam Board	1
Dentistry Board	1
Education Department	18
Employ & Econ Development Dept	34
Exec for LT Svcs & Supports Bd	1
Gambling Control Board	3
Governors Office	5
Health Department	66
Housing Finance Agency	9
Human Rights Dept	4
Human Services Dept	115
Investment Board	2
Iron Range Resources & Rehab	1
Labor & Industry Dept	13
LCC-Leg Coordinating Comm	3
Lottery	5
Military Affairs Dept	15
Minnesota IT Services	52
Minnesota Zoological Garden	7

Agency	January 1 - December 31, 2022
Mn Management & Budget	7
MN St Colleges & Universities	231
Mn State Academies	2
MNsure	2
Natural Resources Dept	44
Office of Higher Education	1
Peace Officers Board - POST	1
Perpich Ctr For Arts Education	3
Pollution Control Agency	23
Prof Educator Licensing Std Bd	2
Psychology Board	1
Public Safety Dept	47
Public Utilities Comm	2
Racing Commission	1
Revenue Dept	25
Secretary of State	4
Transportation Dept	112
Veterans Affairs Dept	27
Water & Soil Resources Board	3
Total	998

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.

Total number of employees opting out of medical coverage by proof of other coverage

Reason	January 1 - December 31, 2022
Medicaid	22
Medicare	23
Non-SEGIP Employer/Group	667
Other	141
Tricare	101
VA	44
Total	998

During calendar year 2022, employees opting out of state employee health coverage under M.S. 43A.24, subd. 1a, resulted in a \$7.2 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 2022, the single contribution was \$717.20. Table 3 illustrates that change as well as the number of waived months by agency and the split between general fund and other funds.

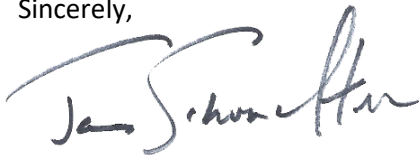
Executive branch agency fund reduction from opt out in CY2022

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Administration Dept	\$48,052	\$11,188	\$36,864	67.0
Administrative Hearings	\$17,213	\$0	\$17,213	24.0
Agriculture Dept	\$104,711	\$24,426	\$80,285	146.0
Attorney General	\$90,009	\$85,705	\$4,303	125.5
Bureau of Mediation Services	\$6,455	\$6,455	\$0	9.0
Chiropractors Board	\$8,606	\$0	\$8,606	12.0
Commerce Dept	\$95,746	\$43,821	\$51,925	133.5
Corrections Dept	\$326,326	\$301,941	\$149,536	455.0
Cosmetologist Exam Board	\$8,606	\$8,606	\$0	12.0
Dentistry Board	\$8,606	\$0	\$8,606	12.0
Education Department	\$123,717	\$57,484	\$66,233	172.5
Employ & Econ Development Dept	\$240,979	\$41,798	\$199,181	336.0
Exec for LT Svcs & Supports Bd	\$5,020	\$0	\$5,020	7.0
Gambling Control Board	\$18,289	\$0	\$18,289	25.5
Governors Office	\$35,860	\$35,860	\$32,274	50.0
Health Department	\$455,781	\$61,113	\$394,668	635.5
Housing Finance Agency	\$73,154	\$0	\$73,154	102.0
Human Rights Dept	\$34,426	\$33,995	\$430	48.0
Human Services Dept	\$801,112	\$548,622	\$252,490	1,117.0
Investment Board	\$13,268	\$0	\$13,268	18.5
Iron Range Resources & Rehab	\$1,076	\$0	\$1,076	1.5
Labor & Industry Dept	\$77,816	\$1,434	\$76,382	108.5
LCC-Leg Coordinating Comm	\$10,041	\$10,041	\$0	14.0
Lottery	\$27,254	\$0	\$27,254	38.0
Military Affairs Dept	\$115,111	\$17,213	\$97,898	160.5
Minnesota IT Services	\$407,728	\$17,213	\$390,515	568.5
Minnesota Zoological Garden	\$53,431	\$44,825	\$8,606	74.5
Mn Management & Budget	\$57,376	\$12,537	\$44,839	80.0
MN St Colleges & Universities	\$1,712,315	\$0	\$1,712,315	2,387.5
Mn State Academies	\$17,213	\$8,606	\$8,606	24.0
MNsure	\$17,213	\$0	\$17,213	24.0
Natural Resources Dept	\$322,023	\$75,428	\$254,978	449.0
Office of Higher Education	\$8,606	\$3,443	\$5,164	12.0
Peace Officers Board - POST	\$8,606	\$8,606	\$0	12.0
Perpich Ctr For Arts Education	\$25,819	\$25,819	\$0	36.0
Pollution Control Agency	\$170,694	\$5,020	\$165,673	238.0
Prof Educator Licensing Std Bd	\$17,213	\$17,213	\$0	24.0

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Psychology Board	\$8,606	\$0	\$8,606	12.0
Public Safety Dept	\$316,285	\$60,173	\$247,506	441.0
Public Utilities Comm	\$17,213	\$17,213	\$0	24.0
Racing Commission	\$2,869	\$0	\$2,869	4.0
Revenue Dept	\$192,210	\$187,906	\$12,910	268.0
Secretary of State	\$24,026	\$15,420	\$8,606	33.5
Transportation Dept	\$849,882	\$2,152	\$847,730	1,185.0
Veterans Affairs Dept	\$174,997	\$78,247	\$96,750	244.0
Water & Soil Resources Board	\$24,743	\$689	\$24,055	34.5
Total	\$7,176,303	\$1,870,212	\$5,471,900	10,006.0

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

Sincerely,



Jim Schowalter, Commissioner
Minnesota Management and Budget