



January 15, 2024

Senator Tou Xiong, Co-Chair
Senate State and Local Government Finance and
Policy Committee

Senator Andrew Lang, Co-Chair
Senate State and Local Government Finance and
Policy Committee

Representative Ginny Klevorn, Co-Chair
House State Government Finance and Policy
Committee

Representative Jim Nash, Co-Chair
House State Government Finance and Policy
Committee

RE: *Annual SEGIP Opt-Out Report for Calendar Year 2024*

Dear Legislative Leaders:

Pursuant to Laws of Minnesota 2017, chapter 4, article 2, section 26, please find the enclosed report, *Annual SEGIP Opt-Out Report for Calendar Year 2024*. You can direct any questions to Government Affairs Assistant Director Brooke Bordson at Brooke.Bordson@state.mn.us.

Sincerely,

Erin Campbell
Commissioner



Annual Report

SEGIP Opt-Out Report for Calendar Year 2024

January 15, 2025

Minnesota Management and Budget
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As requested by Minnesota Statute 3.197: This report cost less than \$1,000 to prepare, including staff time, printing and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording.

Introduction

This is the eighth 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, 2024.

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.

The data in this report focuses on employees who opted out that 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 is 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 1,285 employees opted out of employee medical coverage under this provision during 2024. 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, 2024
Administration Dept	13
Agriculture Dept	13
Arts Board	1
Attorney General's Office	21
Campaign Fin & Public Discl Bd	1
Cannabis Management Office	3
Children Youth & Families Dept	17
Commerce Dept	14
Corrections Dept	71
Cosmetologist Exam Board	3
Dentistry Board	1
Disability Council	1
Education Department	12
Emergency Medical Services Bd	2
Employ & Econ Development Dept	44
Explore Minnesota	2
Gambling Control Board	3
Governors Office	8
Health Department	61
Housing Finance Agency	9
Human Rights Dept	2
Human Services Dept	141
Investment Board	4
LCC-Leg Coordinating Comm	4
Labor & Industry Dept	20
Latino Affairs Council	1
Lottery	3
MN St Colleges & Universities	283
MN State Retirement System	1
MNsure	4
Military Affairs Dept	21
Minnesota IT Services	85
Minnesota Zoological Garden	7

Agency	January 1 - December 31, 2024
Mn Management & Budget	11
Mn State Academies	1
Natural Resources Dept	61
Nursing Board	1
Office of Higher Education	2
Ombud Mental Hlth & Dev Dis	3
Peace Officers Board - POST	2
Perpich Ctr For Arts Education	2
Pharmacy Board	2
Pollution Control Agency	33
Prof Educator Licensing Std Bd	3
Psychology Board	1
Public Safety Dept	69
Public Utilities Comm	3
Racing Commission	1
Revenue Dept	34
Secretary of State	6
Social Work Board	1
State Auditor	1
State Competency Attainment Bd	3
Tax Court	1
Transportation Dept	121
Veterans Affairs Dept	45
Water & Soil Resources Board	2
Total	1,285

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, 2024
Medicaid	30
Medicare	37
Non-SEGIP Employer/Group	753
Other	277
Tricare	133
VA	55
Total	1,285

During calendar year 2024, employees opting out of state employee health coverage under M.S. 43A.24, subd. 1a, resulted in a \$10 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 2024, the single contribution was \$753.48. 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 CY2024

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Administration Dept	\$101,343	\$28,331	\$73,012	134.5
Agriculture Dept	\$110,008	\$26,613	\$83,395	146.0
Arts Board	\$7,912	\$1,029	\$6,883	10.5
Attorney General's Office	\$163,128	\$156,347	\$6,781	216.5
Campaign Fin & Public Discl Bd	\$1,507	\$1,507	\$0	2.0
Cannabis Management Office	\$13,939	\$13,939	\$0	18.5
Children Youth & Families Dept	\$119,803	\$73,170	\$46,633	159.0
Commerce Dept	\$121,687	\$61,258	\$60,429	161.5
Corrections Dept	\$538,738	\$496,920	\$41,818	715.0
Cosmetologist Exam Board	\$12,056	\$12,056	\$0	16.0
Dentistry Board	\$9,042	\$0	\$9,042	12.0
Disability Council	\$9,042	\$9,042	\$0	12.0
Education Department	\$95,692	\$68,793	\$26,899	127.0
Emergency Medical Services Bd	\$15,446	\$15,446	\$0	20.5
Employ & Econ Development Dept	\$343,210	\$35,805	\$307,405	455.5
Explore Minnesota	\$15,070	\$15,070	\$0	20.0
Gambling Control Board	\$27,125	\$0	\$27,125	36.0
Governor's Office	\$67,813	\$58,771	\$9,042	90.0
Health Department	\$493,906	\$123,614	\$370,292	655.5
Housing Finance Agency	\$62,162	\$0	\$62,162	82.5
Human Rights Dept	\$18,084	\$18,084	\$0	24.0
Human Services Dept	\$1,095,183	\$808,371	\$286,812	1,453.5
Investment Board	\$25,995	\$0	\$25,995	34.5
LCC-Leg Coordinating Comm	\$36,167	\$36,167	\$0	48.0
Labor & Industry Dept	\$148,812	\$10,549	\$138,264	197.5
Latino Affairs Council	\$8,665	\$8,665	\$0	11.5
Lottery	\$18,084	\$0	\$18,084	24.0
MN St Colleges & Universities	\$2,242,356	\$0	\$2,242,356	2,976.0
MN State Retirement System	\$4,898	\$0	\$4,898	6.5
MNsure	\$31,646	\$0	\$31,646	42.0
Military Affairs Dept	\$163,882	\$61,409	\$102,473	217.5
Minnesota IT Services	\$664,193	\$9,042	\$655,151	881.5
Minnesota Zoological Garden	\$54,627	\$44,832	\$9,795	72.5
Mn Management & Budget	\$94,562	\$33,455	\$61,107	125.5
Mn State Academies	\$7,912	\$7,912	\$0	10.5
Natural Resources Dept	\$473,562	\$149,059	\$324,503	628.5

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Nursing Board	\$9,042	\$0	\$9,042	12.0
Office of Higher Education	\$17,707	\$14,090	\$3,617	23.5
Ombud Mental Hlth & Dev Dis	\$16,953	\$16,953	\$0	22.5
Peace Officers Board - POST	\$9,795	\$9,795	\$0	13.0
Perpich Ctr For Arts Education	\$18,084	\$18,084	\$0	24.0
Pharmacy Board	\$12,809	\$188	\$12,621	17.0
Pollution Control Agency	\$223,784	\$12,998	\$210,786	297.0
Prof Educator Licensing Std Bd	\$22,228	\$22,228	\$0	29.5
Psychology Board	\$9,042	\$0	\$9,042	12.0
Public Safety Dept	\$517,264	\$200,275	\$326,031	686.5
Public Utilities Comm	\$24,111	\$24,111	\$0	32.0
Racing Commission	\$9,042	\$0	\$9,042	12.0
Revenue Dept	\$261,834	\$251,628	\$11,788	347.5
Secretary of State	\$42,195	\$30,893	\$11,302	56.0
Social Work Board	\$3,391	\$0	\$3,391	4.5
State Auditor	\$1,130	\$1,130	\$0	1.5
State Competency Attainment Bd	\$14,693	\$14,693	\$0	19.5
Tax Court	\$1,130	\$1,130	\$0	1.5
Transportation Dept	\$965,961	\$3,956	\$962,006	1,282.0
Veterans Affairs Dept	\$353,759	\$87,328	\$266,431	469.5
Water & Soil Resources Board	\$10,925	\$640	\$10,285	14.5
Total	\$9,962,136	\$3,095,376	\$6,877,384	13,221.5

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