Employer Technical and Policy Proposals, and Economic Proposals
May 5, 2021

The employer reserves the right to introduce additional proposals at a later date.

TECHNICAL AND POLICY PROPOSALS

E1. Insurance provision will automatically transition to the new benefit set. (At p 55)

LANGUAGE

Section 1. State Employee Group Insurance Program (SEGIP).

During the life of this Agreement, the Employer agrees to offer a Group Insurance Program that includes health, dental, life, and disability coverages equivalent to existing coverages, subject to the provisions of this Article.

All insurance eligible employees will be provided access to an electronic summary of benefits (SOB) or certificate of coverage (COC) for each insurance product. These documents shall be provided no less than biennially and prior to the beginning of the insurance year.

This Chapter is effective January 1, 2022. Unless a new labor agreement or memorandum of understanding is in effect on October 1, 2021, this chapter will be superseded and replaced by the employee insurance provisions provided in the Commissioner's Plan on January 1, 2024

REASON

The purpose of this provision is to ensure the insurance section can be implemented in time for Open Enrollment. Providing state employees in some unions one program and those in other unions another program will add complexity and cost eroding the dollars available for the actual benefits.

It is also in keeping with the purpose of the Joint Labor Management Committee for Insurance Benefits. All unions participating in the JLM have agreed to bargain for benefits with the employer as a single group. By having one benefit set we can contain costs and provide state employees with the best set of benefits that we can. Together we are all responsible for this program.

When some groups do not sign the MOU by September 1, SEGIP is put in a very difficult spot. We must have the benefits identified in time for Open Enrollment. By Sept we must send our printed documents to the printers and we need this time to prepare both the Open Enrollment webpages and set the Self Service elections. We also begin training on the new benefits for agency HR offices so that they can provide employees with factual and accurate information.

This provision ensures that state employees have clear and timely Open Enrollments.

E2. Revision of the spouse coverage language. (At page 56)

LANGUAGE

Section 2. Eligibility for Group Participation.

Spouse Certification

C. **Dependents.** Eligible dependents for the purposes of this Article are as follows:

1. Spouse. Spouse. The spouse of an eligible employee (if legally married under Minnesota law). For the purposes of health or other insurance coverage, if that spouse works full-time for an organization employing more than one hundred (100) people and elects to receive either credits or cash
(1) in place of health insurance or health coverage or towards some other benefit in place of health insurance, or
(2) is enrolled in a high deductible health insurance plan (as defined by the IRS) that includes a contribution to a health savings account (HAS) through their employing organization, they are not eligible to be a covered dependent for purposes of this Article.

When both spouses work for the State, or another organization participating in the State Employee Group Insurance Program, a spouse may be covered as a dependent by the other but when covered as a dependent they may not carry their own coverage (members may only be covered once).

REASON

This change updates the language around a spouse and clarifies when a spouse may or may not be covered as a dependent.

The language around eligibility removed outdated language that limited the dollar value of the coverage and clarifies that the issue is receiving cash or credit in place of coverge. That practice incents employers to pay employees to take coverage through another employer transferring that cost onto the employer.

The language also clarifies that it pertains to other coverage such as dental and vision.

This change also allows us to streamline the spouse certification language making it easier for employees to cover their spouse.

This process also cleans up the existing language on employee's ability to be covered by the spouse when both are working for employer participating in SEGIP.

E3. Update language around a child with a disability. (At page 57)

LANGUAGE

Section 2. Eligibility for Group Participation

C. **Dependents.** Eligible dependents for the purposes of this Article are as follows:

1. ~~**Disabled**~~ **Child with a Disability.** A ~~disabled~~ dependent child with a disability is an eligible employee's child or grandchild regardless of marital status, who was covered and then disabled prior to the limiting age or any other limiting term required for dependent coverage and who continues to be incapable of self-sustaining employment by reason of developmental disability, mental illness or disorder, or physical disability, and is chiefly dependent upon the employee for support and maintenance, provided proof of such incapacity and dependency must be furnished to the health carrier by the employee or enrollee within thirty one (31) days of the child's attainment of the limiting age or any other limiting term required for dependent coverage. The disabled dependent with a disability is eligible to continue coverage as long as theys~~/he~~ continues to be disabled and dependent, unless coverage terminates under the contract.

REASON

This change came from the disability community. It updates how we speak about a "child with a disability" as opposed to a "disabled child." This puts the emphasis on child and not disability. We also clean up some missed pronoun changes.

E4. Incentive language update.(At page 69)

LANGUAGE

Section 6. Basic Coverages.

A. **Employee and Family Health Coverage.**

2. **Coverage Under the Minnesota Advantage Health Plan.**

b. Incentive. Employees will receive a $70 first-dollar credit to their individual deductible (regardless of whether the employee is enrolled in single or family coverage), conditional upon completion of qualifying activities in the State of Wellbeing program by the deadline.

REASON

This change is technical and is intended to update the language in the contract to reflect the current incentive. There is no intent to change the incentive.

E5. Eliminate the required referral to an eye doctor in certain circumstances. (At page 69)

LANGAGE

Section 6. Basic Coverages.

A. Employee and Family Health Coverage.

2. Coverage Under the Minnesota Advantage Health Plan.

d. Services Not Requiring Authorization by a Primary Care Physician Within the Primary Care Clinic. 1) **Eye Exams**. Limited to one (1) routine examination per year for which no copay applies. Eye injury or illness at an in-network provider will be covered as an office visit based on the benefit level in which the individual as enrolled.

REASON

This provision came to our attention as we conducted an audit of a health plan. We found that a member must have a referral to visit an eye doctor if they had their annual exam and then an eye issue arose.

E6. Pilot program authority for clinical programs. (At page 72)

LANGUAGE

Section 6. Basic Coverages.

A. Employee and Family Health Coverage.

5. Health Promotion and Health Education. Both parties to this Agreement recognize the value and importance of health promotion and health education programs. Such programs can assist employees and their dependents to maintain and enhance their health, and to make appropriate use of the health care system. To work toward these goals:

a. Develop Programs.

1) Programs. The Employer will develop and implement health promotion, health education programs, and other programs, subject to the availability of resources. Each Appointing Authority will develop a health promotion and health education program consistent with the Minnesota Management & Budget policy. Upon request of any exclusive representative in an agency, the Appointing Authority shall jointly meet and confer with the exclusive representative(s) and may include other interested exclusive representatives. Agenda items shall include but are not limited to smoking cessation, weight loss, stress management, health education/self-care, and education on related benefits provided through the health plan administrators serving state employees.

2) **Pilot Programs.** The Employer may develop voluntary pilot programs to test the acceptability of various risk management programs, programs that seek to control costs, programs that streamline the delivery of services, or that enhance services to members. Incentives for participation in such programs may include changes to the benefits outlined in this Article. Implementation of such pilot programs is subject to the review and approval of the Joint Labor-Management Committee on Plans.

REASON

This language clarifies that program such as Advantage Value Diabetes is allowed. The existing language implies that these pilot programs are only health promotions related. However, we have been using it beyond that point. This proposed language clearly states that it applies to all benefits.

As we go forward, we are interested in developing additional programs that We have researched a number of possible programs that seem to have value but require to be negotiate into the contract. That process is not necessarily timely, and it limits the flexibility needed with pilot programs. These are all the same reasons we have the existing pilot program.

An example of the types of programs we are now speaking about is total hip and knee replacement program. This program would identify centers of excellence, sites that agree to a certain fee for these services. Members using these sites will not pay out of pocket costs.

E7. Temporary plan changes due to a state or national emergency. LANGUAGE

SEGIP and the unions recognize that certain natural disasters and other major emergencies may disrupt or seriously threaten to disrupt the State of Minnesota creating a time when state employees are especially needed to provide services. If the State or a federal government agency declares a state of emergency or otherwise invokes emergency authority by declaration, rules, regulations or similar official statements, the terms of the programs administered by SEGIP may be changed for the period of the declared emergency and for up to a 30 day run out period.

These changes may include changes to programs administered by SEGIP including but not limited to benefit design, enrollment and eligibility, billing, and administration as well as waiver of out-of-network restrictions, changes to out of pocket costs, extension of time frames for enrollment and billing, and other protocols reasonably required to provide Members with access to benefits.

These changes must be agreed to by both SEGIP and the Joint Labor Management Committee. Nothing in this provision prohibits SEGIP from making changes authorized under another authority including but not limited to a state or federal law, regulation, order or rule.

REASON

The purpose of this language is to ensure we can provide the necessary coverage when another emergency like this pandemic comes along. This language is intended to allow changes to all benefits be made as needed and with agreement from both the employer and the JLM.

During this pandemic we have gotten along without this language. We were fortunate that the federal government passed provisions that gave us what we need. For example, the required employers to provide COVID testing without OOP. We could allow hospitalized members to be moved to a different hospital without paying ambulance charges. This was an issue when the hospitals were full and moving patients around to handle the levels.

What this language will not allow are changes beyond what is required or allowed under law. For

example, we could not agree to let DCEA balances carry over into the next year because that is not allowed under federal regulation. That is a change that only the federal government can make.

ECONOMIC PROPOSALS

E8: Transparent emergency room benefit design (at page 90)

LANGUAGE

Section 6. Basic Coverages.

A. Employee and Family Health Coverage

4) Advantage Benefit Chart for Service Incurred During Plan Years 2020 and 2021.

Hospital Services* Emergency Room Copay ER Subject to Deductible	~~$100~~ $150 ~~$100~~ $175 ~~$100~~ $250 ~~25% coins~~ $500 ~~Y~~ N ~~Y~~ N ~~Y~~ N ~~Y~~ N			

REASON

The purpose of this proposal is to incentivize members to seek care at the most appropriate site while maintaining affordable access for emergency room visits.

Members have a variety of options, in addition to their primary care clinic, they can go to urgent care, convenience care, virtual care, and, the most expensive, emergency rooms. In 2019, approximately 30% of SEGIP emergency room visits were unnecessary or preventable and some of these visits could have been managed by the less costly convenience care or virtual care sites. The Advantage Plan benefit design for emergency room visits has not changed since 2013.

Under this proposal the cost of an ER Visit becomes more transparent. Members will know up front how much they will pay when they go to an emergency room.

This proposal is estimated to result in 18-month savings of: $795 thousand for the bargained population, $1.05 million for the total population.

E9: Set the plan actuarial value (AV) at ongoing 92%

LANGUAGE

Section 6. Basic Coverages.

A. Employee and Family Health Coverage

4) Advantage Benefit Chart for Service Incurred

The actuarial value of the Advantage Plan will be reset to approximately 92 percent each even numbered year.

5) Advantage Benefit Chart for Service Incurred During Plan Years 2020 and 2021. **REASON**

An evergreen Actuarial Value (AV) of a 92% for the medical plan design will keep the program on its historic spending proportions. Under this proposal the cost sharing components of the health plan will be adjusted to maintain an AV of 92% in every even-numbered year to coincide with the bargaining and rate-setting cycle. This will help ensure the Advantage Plan remains a financially viable employee insurance benefit.

Under this 92% evergreen model the Advantage plan will still be very generous. Exchanges are legally prohibited from selling plans with an AV above 92%. The platinum plan, the most generous plans available through the Exchanges, are set at a 90% AV.

This proposal is estimated to result in 18-month savings of: $9.9M for the bargained population, $13.3M for the total population.

E10: Increase employee paid share of health premium (at page 85)

LANGUAGE

Section 4. Amount of Employer Contribution.

A. **Contribution Formula - Health Coverage.**

1. Employee Coverage. For employee health coverage for the 2020 and 2021 plan years, the Employer contributes an amount equal to ninety-three percent (93%) of the employee-only premium of the Minnesota Advantage Health Plan (Advantage).

2. Dependent Coverage. For dependent health coverage for the 2020 and 2021 plan years, the Employer contributes an amount equal to eighty-three percent (83%) of the dependent premium of Advantage

REASON

Under this proposal employees pay a greater share of the medical premium. The single employee contribution will increase from 5% to 7% and 15% to 17% coverage for dependent coverage. This will help ensure the Advantage Plan remains a financially viable employee insurance benefit.

Even with this increased premium share the benefits offered by the state will still be competitive. Comparing the Advantage's forecasted 2022 premium calculated with this premium share increase, the

Advantage premium will still be lower than the MN Private sector, the US Private sector and state governments. That premium is still better than most other local Minnesota government employers. We believe, that even with this proposal, the Advantage Plan is still a good buy for employees.

If member premium contribution percentages remain the same for 2022, agencies will pay an estimated $36 million in additional premium contributions. With this slightly increased premium share, agencies will pay an additional $11.3 million.