

Date: January 4, 2024

To: Members of the Minnesota Legislature

From: Commissioner Erin Campbell *EC*

Subject: Annual SEGIP Opt-Out Report for Calendar Year 2023 (mandated in M.S. 43A.24, subd. 1a)

Members of the Minnesota Legislature:

This is the seventh 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, 2023.

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 1,136 employees opted out of employee medical coverage under this provision during 2023. 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, 2023
Administration Dept	12
Administrative Hearings	1
Agriculture Dept	14
Animal Health Board	1
Architecture, Engineering Bd	1
Attorney General's Office	16
Commerce Dept	18
Corrections Dept	65
Cosmetologist Exam Board	1
Dentistry Board	2
Disability Council	1
Education Department	15
Emergency Medical Services Bd	1
Employ & Econ Development Dept	45
Exec for LT Svcs & Supports Bd	1
Explore Minnesota	2
Gambling Control Board	3
Governors Office	8
Health Department	74
Housing Finance Agency	8
Human Rights Dept	4
Human Services Dept	116
Investment Board	2
LCC-Leg Coordinating Comm	3
Labor & Industry Dept	19
Lottery	4
MN St Colleges & Universities	272
MNsure	3
Military Affairs Dept	21
Minnesota IT Services	68
Minnesota Zoological Garden	9
Mn Management & Budget	7
Mn State Academies	1
Natural Resources Dept	45
Nursing Board	2
Office of Higher Education	1
Ombud Mental Hlth & Dev Dis	1

Agency	January 1 - December 31, 2023
Perpich Ctr For Arts Education	3
Pharmacy Board	1
Pollution Control Agency	18
Prof Educator Licensing Std Bd	1
Psychology Board	2
Public Safety Dept	54
Public Utilities Comm	2
Revenue Dept	35
Secretary of State	4
Social Work Board	1
Transportation Dept	119
Veterans Affairs Dept	28
Water & Soil Resources Board	1
Total	1,136

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, 2023
Medicaid	20
Medicare	31
Non-SEGIP Employer/Group	733
Other	192
Tricare	118
VA	42
Total	1,136

During calendar year 2023, employees opting out of state employee health coverage under M.S. 43A.24, subd. 1a, resulted in a \$8.4 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 2023, the single contribution was \$731.54. 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 CY2023

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Administration Dept	\$69,496	\$28,402	\$41,094	95.0
Administrative Hearings	\$8,778	\$0	\$8,778	12.0

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Agriculture Dept	\$112,291	\$25,063	\$87,229	153.5
Animal Health Board	\$8,778	\$8,778	\$0	12.0
Architecture, Engineering Bd	\$2,195	\$2,195	\$0	3.0
Attorney General's Office	\$115,583	\$106,805	\$8,778	158.0
Commerce Dept	\$137,895	\$66,150	\$71,746	188.5
Corrections Dept	\$490,498	\$457,578	\$32,919	670.5
Cosmetologist Exam Board	\$8,778	\$8,778	\$0	12.0
Dentistry Board	\$17,557	\$0	\$17,557	24.0
Disability Council	\$8,778	\$8,778	\$0	12.0
Education Department	\$115,218	\$52,012	\$63,205	157.5
Emergency Medical Services Bd	\$6,950	\$6,950	\$0	9.5
Employ & Econ Development Dept	\$311,636	\$48,999	\$262,637	426.0
Exec for LT Svcs & Supports Bd	\$8,778	\$0	\$8,778	12.0
Explore Minnesota	\$9,144	\$9,144	\$0	12.5
Gambling Control Board	\$23,775	\$0	\$23,775	32.5
Governors Office	\$54,866	\$54,866	\$0	75.0
Health Department	\$535,487	\$65,618	\$469,869	732.0
Housing Finance Agency	\$70,228	\$0	\$70,228	96.0
Human Rights Dept	\$35,114	\$35,114	\$0	48.0
Human Services Dept	\$891,016	\$655,752	\$235,263	1,218.0
Investment Board	\$17,557	\$0	\$17,557	24.0
LCC-Leg Coordinating Comm	\$17,923	\$17,923	\$0	24.5
Labor & Industry Dept	\$145,211	\$10,973	\$143,016	198.5
Lottery	\$35,114	\$0	\$35,114	48.0
MN St Colleges & Universities	\$2,000,762	\$0	\$2,000,762	2,735.0
MNsure	\$26,335	\$0	\$26,335	36.0
Military Affairs Dept	\$150,331	\$16,825	\$133,506	205.5
Minnesota IT Services	\$491,961	\$0	\$491,961	672.5
Minnesota Zoological Garden	\$75,714	\$58,596	\$17,118	103.5
Mn Management & Budget	\$54,866	\$19,752	\$35,114	75.0
Mn State Academies	\$8,778	\$0	\$8,778	12.0
Natural Resources Dept	\$353,700	\$87,048	\$266,651	483.5
Nursing Board	\$10,242	\$0	\$10,242	14.0
Office of Higher Education	\$8,778	\$5,267	\$3,511	12.0
Ombud Mental Hlth & Dev Dis	\$5,121	\$5,121	\$0	7.0
Perpich Ctr For Arts Education	\$22,312	\$22,312	\$0	30.5
Pharmacy Board	\$2,560	\$0	\$2,560	3.5
Pollution Control Agency	\$158,013	\$17,557	\$140,456	216.0
Prof Educator Licensing Std Bd	\$8,778	\$8,778	\$0	12.0

Executive branch agency	Total	Agency GF reduction	Agency Other Fund reduction	Waived Months
Psychology Board	\$14,997	\$0	\$14,997	20.5
Public Safety Dept	\$387,716	\$98,173	\$280,765	530.0
Public Utilities Comm	\$17,557	\$17,557	\$0	24.0
Revenue Dept	\$232,995	\$226,770	\$10,044	318.5
Secretary of State	\$28,896	\$20,117	\$8,778	39.5
Social Work Board	\$8,778	\$0	\$8,778	12.0
Transportation Dept	\$876,019	\$0	\$876,019	1,197.5
Veterans Affairs Dept	\$156,550	\$55,926	\$100,623	214.0
Water & Soil Resources Board	\$8,778	\$702	\$8,076	12.0
Total	\$8,369,183	\$2,330,381	\$6,042,621	11,440.5

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