

## **State / Local Government Collaboration Working Group Meeting Summary**

Association of Minnesota Counties (AMC)  
League of Minnesota Cities (LMC)  
Minnesota School Boards Association (MSBA)  
Minnesota Association of Townships (MAT)  
State of Minnesota

**Thursday, June 22, 2006 8:30 a.m. – 10:30 a.m.**

Minnesota Counties Insurance Trust Building, 100 Empire Drive, St. Paul, MN

### **Attendees:**

**AMC:** Bob Fenwick, Jim Mulder, Mary Kummer, Laurie Klupacs.

**LMC:** Jim Miller, Sarah Dirksen, Erin Rian.

**MSBA:** Bob Meeks, John Sylvester.

**MAT:** Loren Ingebretsen, David Fricke, Dan Greensweig.

**State of Minnesota:** Dan McElroy.

### **Guests:**

Bert McKary, Minnesota Service Co-ops,

Julie Ring, Local Public Health Association of Minnesota,

Robyn Sykes, Executive Director, Minnesota Counties Insurance Trust.

Karen Clayton Ebert, Staff Counsel, Minnesota Counties Insurance Trust.

Joan Grotjahn, Office Manager, Minnesota Counties Insurance Trust.

The League of Minnesota Cities and the Association of Minnesota Counties co-chaired this meeting. Jim Mulder called the meeting to order and welcomed the group. After individual introductions, the group began discussion of the topic: Health and Health Purchasing. Observations by group: according to the 2000 census, approx. 360,000 public sector jobs in MN - of that 280,000 includes cities/counties/districts; If we don't do something now, in 20 years health purchasing will be 100% of the budget; Price of health purchasing is draining budgets; counties have an added angle of providing public health services.

Susan McDonald of Governor Pawlenty's Health Cabinet and Lorna Smith of Dept of Employee Relations presented from the state perspective. Employee health care costs are consuming more of the budgets of local units of government, including state government. There is no silver bullet; the solution is many small innovations; the PEIP (*pronounced peep*) proposal and Minnesota Advantage Health Plan. The PEIP Proposal is an enhancement of an existing state administered insurance pool to better meet the current needs of local units of government; the Minnesota Advantage Health Plan is a tiered health benefit set for state employees, soon to be offered to local units of government.

PEIP is the Public Employee Insurance Program, a voluntary program serving local units of government since 1990. Susan McDonald presented details of what PEIP currently provides and the costs. The Governor proposed a new plan for PEIP to provide local governments a more cost effective and empowering employee health insurance plan.

The Minnesota Advantage Health Plan were the state compares cost vs. quality. Impacts of Advantage to-date are more cost-conscious consumers with employees making wiser choices and competition with health care providers with clinics being more efficient. Advantage's next steps are to expand disease management and health improvement programs (5% of population was taking 50% of cost), use alternatives and options i.e. Minute Clinic for minor ailments to reduce costs not emergency room, make this model available to local units of government through PEIP.

The disease management piece involves state employees doing a health assessment and in turn receive a slight reduction on their co-pay. This piece moves them from thinking as victims to thinking about their health; raises awareness and gives some control i.e. smoking, weight, high blood pressure, etc.; stay health not wait until one has a disease = cheaper.

Group comments/observations:

School Districts cannot get into the program; the only way to get in is by employee decision. Susan McDonald acknowledges the access problem and said State is providing this as an option.

The PEIP Advantage Plan is a proposal for common plan design not common pool.

Another proposal brought up by group: Education Minnesota proposal – statewide mandatory participation for all public districts governed by a board comprised of 14 members who determine benefits; School districts and employees negotiate who pays and pick from several plans offered. ED MN seems to be selling it as a statewide collective bargaining tool; majority of school districts are against a mandatory pool.

Impact of two scenarios discussed:

- Chisholm Housing Authority – in 2003 or 2004; benefit language tied to post employment retirement benefits; one is covered under the benefit plan in place at the time of contract / employment.
- West St. Paul – West St. Paul had two identical plans with different networks; benefits were identical so eliminated one of the networks; went to court and court ruled in favor of unions.

The State prefers voluntary plan over involuntary plan, is looking at other states and their health insurance pools, needs to build reserves before it can take many people. The State encourages holding providers accountable and demands competition; being smarter purchasers; providers are being evaluated.

Open issue: can local governments come into PEIP? If the state opens employee insurance pool to outsiders then the state becomes an insurance company and is subject to Federal regulations, etc.

Cities / Counties have one pool and School Boards have another pool. Townships come under “other governmental units” in City/County pool.

LMC staff briefly compared HRA to HSA to VEBA.

LMC and AMC both have salary surveys that identify the benefits piece.

Government is a purchaser of health care plus has a role as health provider.

The State's main focus is not to go the legislative route at this point but to do what they can do now under current laws.

There seems to be a disconnect between who pays, who benefits and who decides.

Action Steps:

**Suggestion:**

**Create a proposal that we (all four associations) agree to and that Cal Ludeman can bring to the Governor.**

**Suggestion:**

**Collaboration Working Group should create a joint letter to legislative candidates and be aggressive on educating the legislature on this issue. MSBA is going to put together a communication for each candidate as they file so they hear more than one side of this issue. AMC and LMC will receive a copy of this MSBA communication to help educate citizens.**

Watch political arena over the summer. Realizing that strategies then depend on who is Governor and who controls House and Senate this fall, the group will wait and see what happens in the election

**Suggestion:**

**Need a fundamental change to PEIP = Governing body needs to make the decision, not employee decision.**

**Suggestion:**

**Continue ongoing discussion of this issue; Keep this Health Purchasing topic on the table for Fall/Winter as well as Joint Legislative Conference.**

Next meeting:

Wednesday, August 30 from 8:30 a.m. to 10:30 a.m. at LMC (League of Minnesota Cities, 145 University Avenue West in St. Paul. The State of Minnesota's Dan McElroy will chair the meeting. Topic: Pension Issues – broadly defined not just one niche. Invite PERA, TRA, MSRS, State Auditor, Legislative Commission Staff, Dept of Finance.

Group adjourned.