



2025 Insurance Bargaining Management Proposals

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Recap of financial presentation

- Labor/management collaboration has produced a strong, effective health plan
- Over the past 25 years, the Advantage Plan's tiered network has been successful at containing medical costs
- In terms of member out-of-pocket costs and premium contribution, SEGIP compares very favorably to other employer health plans
- 2024 and 2025 have seen much higher plan spending than expected

Future premium increases

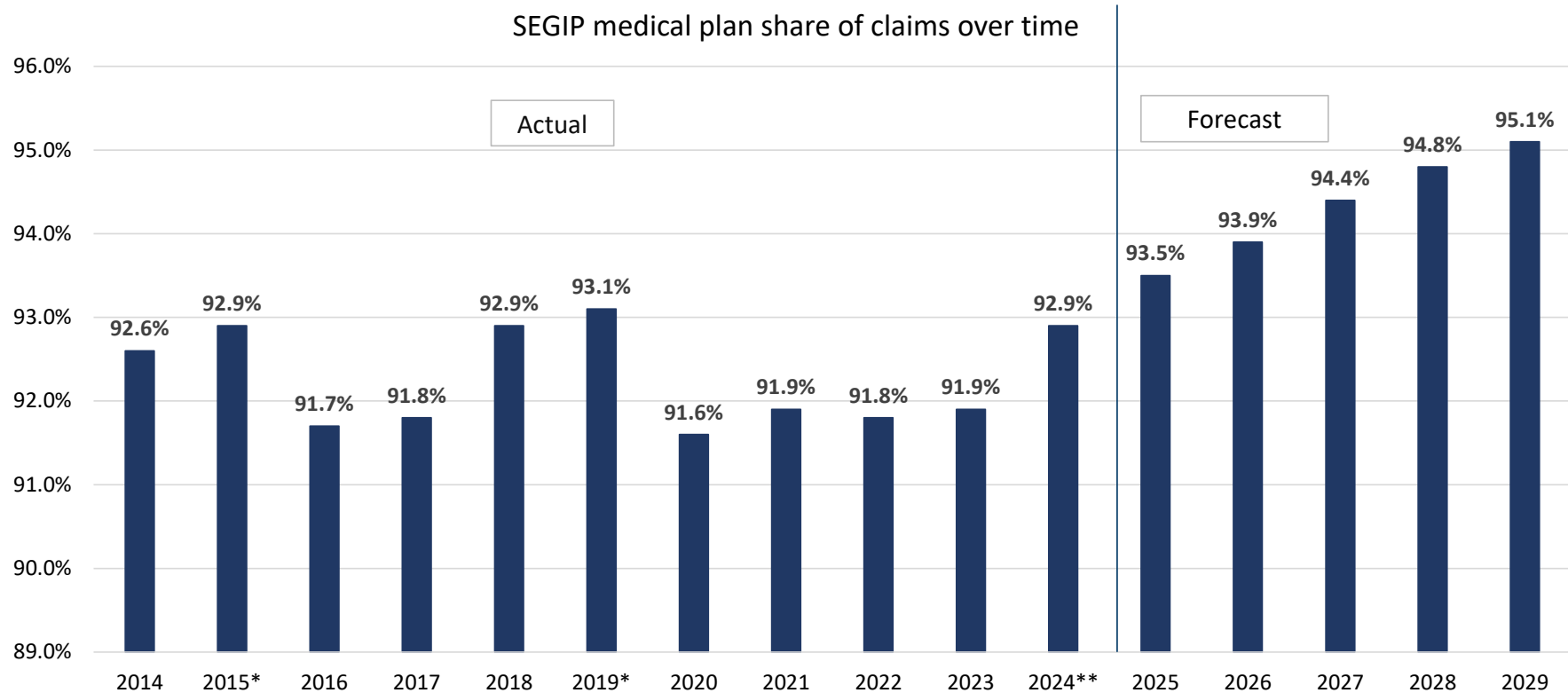
- Premium increase forecasted for 2026: 16.8%
 - This figure is subject to change between now and August
- In the near future, health care costs are projected to go up much more than in recent past
- Currently, employees only pay for a small amount of that annual increase
 - Without bargained changes, member cost-sharing stays the same
 - But premiums can (and must) go up each year to fund the plan – not bargained
 - The proportion of employer/employee contribution to the premium **is** bargained
- An increase to member cost-sharing shifts some responsibility off the plan
 - Which means less premium revenue needs to be collected
 - Which means lower premium increase necessary for the year the cost-sharing changes take effect

Projected increase in agency spending

\$290 million

That is the additional amount that state agencies are projected to spend on medical insurance premium contributions for the bargained population over the 18-month bargained period (status quo benefits).

Plan actuarial value over time



*Benefit design changes made during collective bargaining that take effect the following year.

**2024 is preliminary and subject to change

***Actuarial values are net of rebates and calculated by calendar year

Economic proposals

S1

Modify medical plan design

- Reduce plan actuarial value to approximately 90%, by increasing member cost sharing.
- 18-month savings to agencies: \$130 million
- Results in a projected 8.4% premium increase in 2026*

	Cost Level 1		Cost Level 2		Cost Level 3		Cost Level 4	
Description of Services	Member Responsibility							
First Dollar Deductible								
Single / Family	\$250 / \$500	\$500 / \$1000	\$400 / \$800	\$1000 / \$2000	\$750 / \$1500	\$1500 / \$3000	\$1500 / \$3000	\$3000 / \$6000
Coinsurance (Ancillary)	5% Coins	10% Coins	5% Coins	20% Coins	20% Coins	30% Coins	25% Coins	35% Coins
LAB/RAD Coinsurance	10% Coins	20% Coins	10% Coins	20% Coins	20% Coins	30% Coins	25% Coins	35% Coins
Subject to Deductible?	Y		Y		Y		Y	
Out-of-Pocket Maximum								
Single / Family	\$1700 / \$3400	\$2000 / \$4000	\$1700 / \$3400	\$2500 / \$5000	\$2400 / \$4800	\$3000 / \$6000	\$3600 / \$7200	\$5000 / \$10000
Preventive Services	Covered		Covered		Covered		Covered	
Professional Services								
Office Visit - Routine Care	\$35	\$45	\$40	\$60	\$70	\$90	\$90	\$115
Subject to Deductible?	Y		Y		Y		Y	
Office Visit - Mental Health	\$0	\$0	\$0	\$0	\$50	\$50	\$70	\$70
Subject to Deductible?	N		N		Y		Y	
Office Visit - Other	\$35	\$45	\$40	\$60	\$70	\$90	\$90	\$115
Convenience Clinics	\$0		\$0		\$0		\$0	
Hospital Services								
Outpatient Surgery Copay	\$60	\$95	\$120	\$300	\$250	30% coins	25% coins	35% coins
Inpatient Hospital Copay	\$100	\$175	\$200	\$400	\$500	30% coins	25% coins	35% coins
Emergency Room Copay	\$100	\$125	\$125	\$350	\$150	\$500	\$350	\$750
ER Subject to Deductible?	N		N		N		N	
Durable Medical Equipment	20% coins	25% coins	20% coins	25% coins	20% coins	30% coins	25% coins	35% coins
DME Subject to Deductible?	N		N		N		Y	
CT/MRI Scans	10% coins	15% coins	15% coins	20% coins	25% coins	35% coins	30% coins	35% coins
Prescription Drugs								
Tier 1 Copay	\$18	\$30	\$18	\$30	\$18	\$30	\$18	\$30
Tier 2 Copay	\$30	\$75	\$30	\$75	\$30	\$75	\$30	\$75
Tier 3 Copay	\$55	\$150	\$55	\$150	\$55	\$150	\$55	\$150
Specialty Coinsurance	n/a	10% coins	n/a	10% coins	n/a	10% coins	n/a	10% coins
Rx First Dollar Deductible								
Single / Family	\$0 / \$0	\$250 / \$500	\$0 / \$0	\$250 / \$500	\$0 / \$0	\$250 / \$500	\$0 / \$0	\$250 / \$500
Rx Out-of-Pocket Maximum								
Single / Family	\$1050 / \$2100	\$1500 / \$3000	\$1050 / \$2100	\$1500 / \$3000	\$1050 / \$2100	\$1500 / \$3000	\$1050 / \$2100	\$1500 / \$3000

S2

Modify employee share of medical premium

- Increase employee contribution to single premium from **5%** to **13%**
- Increase employee contribution to dependent premium from **15%** to **20%**
 - 18-month savings to agencies: \$106 million

Current 2025 monthly employee premium contributions vs hypothetical contributions under S2

Coverage type	2025 – current	2025 – under S2	Difference
Single	\$41.84	\$108.78	+\$66.94
Family	\$285.42	\$433.56	+\$148.14

Combined effect of the two economic proposals

- S1 and S2 in combination would save agencies \$236 million on the bargained population over the 18-month bargained period
- Recall that the projected agency “new money” is \$290 million
- Even if these two economic proposals were fully implemented, that would still leave over \$50 million that agencies would have to spend on insurance benefits over the bargained period

Non-economic proposals

S3

Simplify shared aspects of insurance article

10+ different labor agreements means 10+ slightly different insurance articles – confusing!

- Can be hard to find relevant passages (insurance article has a different number across almost all contracts – 17, 19, 27, 35, etc.)
- Can be hard to ensure the documents meet accessibility standards
- Despite the different formatting and section labeling, most of the insurance article actually has the exact same substance across all of the agreements

S3

Simplify shared aspects of insurance article

Our proposal:

- Basic eligibility and employer contribution (sections 2 and 3) have some differences across bargaining units and agencies – keep as-is
- Pull out everything else (sections 4-7) into a separate document

Advantages:

- Allows for the creation of an accessible document
- One-stop shop for insurance benefit details for employees
- Reduces administrative complexity and potential mistakes

S3

Simplify shared aspects of insurance article

Mock-up of MMB contracts webpage with potential Insurance Addendum addition

<https://mn.gov/mmb/employee-relations/labor-relations/labor/>

The mock-up shows the Minnesota Management and Budget website. The header includes the MMB logo and a navigation bar with links like Accounting, Budget, Forecasts and Updates, Employee Relations, Debt Management, COVID-19 Response Funds, and Results First. A 'Minnesota Careers' button is also present. Below the header, a breadcrumb trail reads: Home > Employee Relations > Labor Relations > Labor Contracts and Pay Plans.

The main content area is titled 'Salary Plans' with the subtitle 'Class lists and salary range assignments.' It features a grid of links to various salary plans, each with a brief description:

- AFSCME**: American Federation of State, County, & Municipal Employees, Unit 8 Correctional Officers and Unit 25 Radio Communications Operators.
- Commissioner's Plan**: Covers all Non-Manual Classified and Unclassified Employees and Medical Specialists.
- Managerial Plan**: Positions identified by the Commissioner of Minnesota Management & Budget as managerial.
- MAPE**: Minnesota Association of Professional Employees.
- MGEC**: Minnesota Government Engineer's Council.
- MLEA**: Minnesota Law Enforcement Association.
- MMA**: Middle Management Association.
- MNA**: Minnesota Nurse's Association.
- SRSEA**: State Residential Schools Education Association.
- Minnesota State**: Minnesota State Colleges and Universities.
- Class List and Range Assignment**: Class List and Range Assignment.
- Insurance Addendum**: Insurance benefit provisions standard across all salary plans. (This link is highlighted with a blue box in the original image.)

On the left side of the 'Salary Plans' section, there is a sidebar titled 'Employee Relations' with a list of links: Employee Benefits - SEGIP, Career Paths and Families, Compensation, Equal Opportunity, ADA, Diversity, and Inclusion, Hiring and Selection, Labor Relations, Laws, Policies, and Rules, Payroll, State HR Systems, and Military Resources.

S4

Placeholder for proposal that ensures one benefit set



Technical proposals

Technical changes

S5 – Update year references

S6 – Clarify dependent definition

S7 – Correct grandchild dependent reference

S8 – Clarify coverage effective dates reference for out of area

S9 – Continuation of increase to Basic Life and AD&D Maximum

S10 – Remove outdated references

Thank you