

**Legislative Coordinating Commission
Subcommittee on Employee Relations
Tuesday, August 28, 2007
2:00 p.m.
Room 112, Capitol**

Present:

Sen. James Metzen
Sen. Don Betzold
Sen. Gen Olson
Sen. Lisa Scheid
Rep. Karla Bigham
Rep. Chris DeLaForest
Rep. Debra Hilstrom

Excused:

Sen. Betsy Wergin
Rep. Morrie Lanning
Rep. Leon Lillie

Sen. Metzen called the meeting to order at 2:08 p.m.

Approval of the Minutes

Rep. Bigham moved approval of the May 3, 2007, meeting minutes. **MOTION APPROVED.**

Review of changes to the State Employees Group Insurance Program

Sen. Metzen welcomed Patricia Anderson, Commissioner of the Department of Employee Relations (DOER). Ms. Anderson introduced Paul Larson, Deputy Commissioner of DOER and Nathan Morocco, Manager of the State Employee Group Insurance of DOER. Ms. Anderson, Mr. Larson, and Mr. Morocco answered questions throughout the meeting.

Ms. Anderson spoke to wage adjustments in the new contracts; salaries will increase 3.25% on July 1st of each year for those below the top of their salary range, the shift differential will increase by five cents and for those employees represented by MAPE, one percent of each employee's gross income will be contributed to a Health Care Savings Plan.

Mr. Morocco gave a brief overview of the insurance plan design changes. Insurance premiums will increase 6.7% and office visit co-pays will increase \$2.00. While many employees received health assessments in the last two years, the follow-up coaching was not well received; therefore, the plan design changes attempt to improve employee participation in follow-up coaching. Other highlights in the plan design changes include a new pharmaceutical benefit manager, Navitus, resulting in a savings of \$5 million; a new three-tier drug program; a new diabetes program offering free medicine, syringes, test strips and other supplies; and innovative Health IT and e-prescribing programs.

Sen. Scheid requested clarification of the diabetes program, specifically whether it is a mail order program and how the cost can go from being very expensive to free. Mr. Morocco responded that it is not a mail order program, but a Canadian retail program. In addition, Mr. Morocco noted that it is a new model to which employers are turning because it helps employees' compliance with medication, encourages employees to manage their health and drastically decreases other health care costs like emergency room visits, etc.

Mr. Morocco noted further changes to the plan design include coverage of over-the-counter drugs, greater focus on chronic conditions and disease management, and a no-fee smoking cessation program.

Rep. Hilstrom questioned whether an employee would receive the \$5 dollar office co-pay reduction if the employee did not participate in the health assessment and follow up coaching. Mr. Morocco confirmed that the employee must complete the assessment and agree to the follow up coaching, or the employee would not receive this benefit.

Sen. Olson questioned the credibility of the health assessment results. Mr. Morocco replied he could provide information on how the health assessment provides a quality program at a later date. Currently, the plan design changes are aimed at keeping employees healthy, aware of and engaged in their own healthcare.

Mr. Morocco went on to note a change in the death benefit, whereby, instead of receiving a \$5,000 benefit at death, a \$250 employer contribution will be made to the employee's Health Care Savings Plan upon retirement. This change provides a benefit for the living employee rather than a benefit to a beneficiary upon death of the employee.

Several members noted they would like to see improvements made to the health assessment that makes the employee more comfortable with the process and utilizes a more accurate and realistic questionnaire for more useful assessment results.

Sen. Olson inquired about changes to the dental plan. Mr. Morocco stated that the Blue Plus Dental Plan will no longer be available.

Sen. Betzold inquired about the 3.25% wage increase, noting that only 3% was appropriated. Mr. Larson and Ms. Anderson explained that while 3% was appropriated, savings through employees at the top of their salary range retiring and new employees starting at lower salaries will make up the remaining .25%. Employees will see the full 3.25% increase.

Sen. Betzold asked if the increased co-pay effectively negates the wage increase. Mr. Larson replied that if an employee's health and lifestyle have not changed, the wage increase will not be negated.

Review/interim approval of state collective bargaining agreements

Both AFSCME and AFSCME Unit 8 saw the same 3.25% across the board wage increases. Changes to the AFSCME contract focus on job safety, job posting, clarified eligibility and payment of severance.

Sen. Metzen stated that the state should participate more in encouraging employees to save through deferred compensation; the current contribution of \$175 is not enough and should be raised to \$300 or \$400. Mr. Larson responded that any such increase would be a cost to the state.

Mr. Larson introduced Carolyn Trevis, Assistant State Negotiator, DOER. Ms. Trevis highlighted changes to the MAPE contract. The new contract addresses concerns about employees saving for the future through the contribution of one percent of gross earnings to a Health Care Savings Plan, planning ahead for rising health care costs and allowing for deposit of unused vacation time in the Health Care Savings Plan upon separation. Ms. Trevis also noted the new contract encourages employees to work past age 55 by allowing employees to work longer while retaining full retirement benefits.

Some members questioned the effect of contract changes on MnSCU employees. Ms. Trevis stated that a MnSCU representative would be better able to address those concerns.

Sen. Scheid moved approval of the resolution providing interim approval of the state collective bargaining agreements, SER-1.

Rep. Bigham seconded the motion. **MOTION APPROVED.**

Sen. Metzen thanked Ms. Anderson, Mr. Larson, Mr. Morocco, and Ms. Trevis for their presentations.

There being no further business, Sen. Metzen adjourned the meeting at 3:12 p.m.

Sen. James Metzen.