



SF 4764 (Nelson); HF 4630 (Cha): Health Care Savings Plan; authorizing county commissioners to participate

Prepared by: Susan Lenczewski, Executive Director

Date: April 11, 2026

Introduction

- Affected Plan:** Health Care Savings Plan (HCSP), administered by the Minnesota State Retirement System (MSRS)
- Law Amended:** Minnesota Statutes, section 352.98, subdivision 3
- Brief Description:** The bill adds language that would permit county commissioners to participate in the HCSP.
- Amendment:** S4764-1A

Background

County Commissioners for Olmsted County would like to participate in the Health Care Savings Plan, but have not been permitted to do so. They have asked for a change in the law to permit them to participate.

According to information available on the MSRS website, the HCSP, administered by MSRS, is available to all governmental employees who work for a city, county, school district, other political subdivision, or the State of Minnesota, if the employer elects to participate. Employees are automatically enrolled and must contribute to the HCSP if required by the collective bargaining agreement that covers the employee or by the personnel policy of the employee's employer. After the employee leaves employment, the employee may access the employee's and employer's contributions to reimburse eligible medical expenses paid by the employee and the employee's spouse and children up to age 26. An administrative fee is charged to help pay for the cost of plan services.

Section 352.98 is the statute that governs the HCSP, but provides only an outline of the program. The details are provided in a plan document available through the MSRS website. Eligibility to participate in the HCSP is defined at page 7 of the plan document:

Like any other collectively bargained benefit, employer participation is voluntary. Employee eligibility requirements and contributions to the Plan are determined as follows:

- Union Employees. Amounts to be deposited into the account and employee eligibility requirements must be negotiated or agreed to by both the bargaining unit and the

employer and written into a collective bargaining agreement or Memorandum of Understanding (MOU). Once contributions are approved and established in the agreement, employees who meet the eligibility requirements must participate as set out in the agreement.

- Non-Union Employees. Amounts to be deposited into the account and employee eligibility requirements must be agreed to by the employer and included in a written personnel policy. Once contributions are approved and established in the personnel policy, employees who meet the eligibility requirements must participate as set out in the policy.

Employee participation is mandatory. Individual employees who meet the eligibility requirements set out in the bargaining agreement or personnel policy cannot opt out of the Plan except in limited circumstances as described in “Exemption Rules” on page 12.

Section 352.98, subdivision 3, states that contributions to the HCSP must be defined in a personnel policy or a collective bargaining agreement.

County commissioners are elected officials. We understand that they are typically not covered by the county’s personnel policy. They are not covered by collective bargaining agreements. Therefore, under the language of the statute and the plan document, county commissioners are not permitted to participate in the HCSP.

Notwithstanding the fact that neither governing law nor the plan document permits elected officials who are not covered by a county’s personnel policy or a collective bargaining agreement, we have learned that, at least in Olmsted County, the elected county attorney and sheriff have been permitted to participate. Participation of these elected officials is documented in a “participation document.” The participation document does not currently permit county commissioners to participate, but governing law and the plan document do not permit participation via a “participation document,” so even if county commissioners were mentioned in this document, their participation would not comply with governing law or the plan document.

Summary of the Bill and Amendment

SF 4764/HF 4630

The bill consists of one section and an effective date. Section 1 adds language to Minnesota Statutes, section 352.98, subdivision 3, paragraph (a), that would permit county commissioners to make contributions to the HCSP. New language inserted at the end of paragraph (a) describes the process by which they would inform the county of the percentage of salary they wish to contribute and then the county would make the contributions and reimburse itself from the county commissioners’ salary.

MSRS objected to this new language. Accordingly, Amendment S1764-1A was prepared and reviewed and found acceptable by MSRS.

Amendment S4764- 1A

The amendment deletes all of the new language inserted in paragraph (a) of Section 352.98, subdivision 3. The remaining text in paragraph (a), as revised by the amendment, will read as follows, upon enactment:

Contributions to the plan must be defined in a personnel policy, a collective bargaining agreement, participation plan, or resolution of the governing body of a public employer or political subdivision.

Effective date

The bill's effective date is the day following final enactment.

Follow- up by MSRS

The eligibility requirements set forth in the HCSP plan document available on the MSRS website will not be in compliance with Section 352.98, subdivision 3, paragraph (a), if the bill, as amended, becomes law. MSRS will need to take action to amend the plan document to comply with the law change.

Optimally, MSRS would inform counties and cities that elected officials not covered by a personnel policy can now participate in the HCSP if the governing body adopts a resolution or participation plan providing for their participation.

Follow- up by Olmsted and other counties

If enacted, the bill, as amended, will bring the participation of the county attorney and sheriff, pursuant to their participation document, into compliance with the law. County commissioners can be added to that participation document and the county can specify which commissioners will participate and the percentage of salary or amount to be contributed from each paycheck.

Other counties would also be able to adopt participation plans or simply a resolution that will allow elected officials, including county commissioners, to participate in the HCSP. The participation plan or resolution would specify which elected officials are authorized to participate and the percentage of salary or amount to be contributed from each paycheck.