

## Agency Purpose

The Department of Employee Relations (DOER) is the human resource management agency of Minnesota state government. As the personnel, insurance benefits, and labor relations office, it assists all other agencies in issues relating to state employment.

The mission of DOER is accomplished, in part, through a partnership with state agency human resource professionals who are committed to the continuous improvement of human resource products and services that support state government in providing service to all citizens.

## Core Functions

DOER is governed by M.S. 43A, which gives the department responsibility for three main functions:

- ◆ administering the state's merit system and provide a wide variety of human resource products and services to 120 state agencies, boards, and commissions so they are able to achieve their missions;
- ◆ negotiating and administering labor agreements and develop and administer compensation plans covering 37,300 state executive branch employees; and
- ◆ developing, implementing, and managing employee, retiree, and dependent insurance benefits for over 120,000 covered lives and workers' compensation benefits for more than 57,000 employees of the executive, legislative, and judicial branches and of quasi-state agencies, such as the Minnesota Historical Society and the Minnesota State Fair.

## Operations

**Labor Relations and Compensation** represents the state executive branch in negotiating and administering collective bargaining agreements and compensation plans and in arbitrating employee grievances.

**Human Resource Management (HRM)** ensures that a diverse pool of qualified job applicants is available to meet state agency needs; provides consultation and resources in job analysis, recruitment, selection, affirmative action, ADA, and workforce planning; and develops and manages human resource information systems that support and enhance selection/recruiting and access to employment data. HRM assists state agencies in creating a workplace that attracts and supports diversity.

**The Center for Health Care Purchasing Improvement** assists the state in developing and implementing best practices for health care performance measurement and health care purchasing, to promote greater transparency of health care costs and quality, and greater accountability for health care results and improvement.

**Information Systems** provides comprehensive information technology management, which supports the state's payroll, human resources, and employee insurance systems to ensure that they are cost effective and value added.

## At A Glance

- ◆ Negotiates and administers eight bargaining agreements and two compensation plans affecting 37,300 state executive branch employees.
- ◆ Develops and enhances the state's human resource information systems. This biennium included moving the employee information system to a more efficient technology platform that reduces the growth in operating costs, implementing new hire on-boarding to automate employment forms and integrate with employee systems, developing a web-based tracking system to manage applicant and job vacancy information more efficiently, and migrating the workers' compensation claims system to a Windows environment.
- ◆ Processes an average of 6,000 applicant resumes per month, with more than 90% submitted through web-based self-service. The median time to fill state jobs is 45 days.
- ◆ Develops and manages health, dental, and life insurance and other benefits for state employees, retirees, and their families, totaling over 120,000 covered lives. At 7.5% of total premiums (of which DOER receives 1%), the cost of administering health benefits remains well below the industry standard of 10-15%. In 2006, the Advantage Health Plan had a 0% increase in premium growth.
- ◆ Minnesota became the first state in the nation to participate in the national pay for performance program for health care known as Bridges to Excellence.
- ◆ Continues to expand disease management programs to address the health conditions which claims data show are most prevalent among employees.
- ◆ As of July 2006, 89 public sector employer groups in Minnesota participate in the Public Employees Insurance Program.
- ◆ In FY 2005, 2,718 workers' compensation claims were filed, a 3.1% decline compared with the previous year.

**State Employee Group Insurance Program (SEGIP)** develops and manages insurance benefits for eligible state employees, retirees, and their dependents to help attract and retain a strong and productive workforce.

**Public Employee Insurance Program (PEIP)** offers local units of government group health, dental, and life insurance for their eligible employees, retirees, and their dependents.

**Workers' Compensation** provides workers' compensation benefits to state employees, represents state agencies in workers' compensation court cases, and works with agencies to address workplace safety and health issues.

### **Budget**

Approximately 1% of DOER's budget is from the General Fund. The other 99% is composed of revenues and expenditures for the various insurance and state employee benefit programs that the department operates.

The General Fund portion of the budget covers operating expenses for approximately 40% of the agency programs and staff including Human Resource Management and parts of Labor Relations and Compensation, Information Systems, and other internal administrative services.

Sources other than the General Fund support the remaining agency operations including the State Employee Group Insurance Program (SEGIP), the Public Employees Insurance Program (PEIP), the Workers' Compensation Program, and various pre-tax expense account programs.

The non-General Fund dollars used to operate these programs come from a variety of sources. SEGIP benefits are funded by premiums collected from state agencies, employees, and self-paid participants and by an administrative fee charged to participating employers. PEIP is funded by premiums paid by participating local units of government and their employees. State agency fees and reimbursements for claims costs generate the revenue for the Workers' Compensation Program. Pre-Tax Program revenue consists of employee contributions and agency fees for medical, dental, transit, and dependent care expense reimbursement accounts.

The number of full-time employees, as of the third quarter of FY 2006 is 138.8, with 54.6 supported by the General Fund and the remainder by the other sources described above.

### **Contact**

Department of Employee Relations  
200 Centennial Building  
658 Cedar Street  
Saint Paul, Minnesota 55155  
Commissioner's Office: (651) 259-3600  
Home Page: <http://www.doer.state.mn.us/>

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,667	5,656	5,656	5,656	11,312
<b>Forecast Base</b>	<b>5,667</b>	<b>5,656</b>	<b>5,656</b>	<b>5,656</b>	<b>11,312</b>
Change		0	0	0	0
% Biennial Change from 2006-07					-0.1%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,271	6,057	5,656	5,656	11,312
<b>Open Appropriations</b>					
General	535	582	634	691	1,325
<b>Statutory Appropriations</b>					
Misc Special Revenue	24,642	25,754	25,915	26,058	51,973
State Employees Insurance	521,315	574,211	634,603	710,482	1,345,085
Miscellaneous Agency	20,264	21,493	22,493	23,493	45,986
<b>Total</b>	<b>572,027</b>	<b>628,097</b>	<b>689,301</b>	<b>766,380</b>	<b>1,455,681</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	10,624	11,219	11,495	11,855	23,350
Other Operating Expenses	561,365	616,878	677,806	754,525	1,432,331
Capital Outlay & Real Property	38	0	0	0	0
<b>Total</b>	<b>572,027</b>	<b>628,097</b>	<b>689,301</b>	<b>766,380</b>	<b>1,455,681</b>
 <b><u>Expenditures by Program</u></b>					
Human Resource Mgmt	6,375	7,382	6,968	6,976	13,944
Employee Insurance Division	565,652	620,715	682,333	759,404	1,441,737
<b>Total</b>	<b>572,027</b>	<b>628,097</b>	<b>689,301</b>	<b>766,380</b>	<b>1,455,681</b>
 <b>Full-Time Equivalents (FTE)</b>	 <b>138.5</b>	 <b>143.3</b>	 <b>145.3</b>	 <b>145.3</b>	

**Program Description:**

The purpose of the Human Resource Management Program is to provide centralized personnel and labor relations services for the executive branch and development and ongoing enhancement and support of state government human resource information systems, as well as administrative services internal to DOER.

**Budget Activities Included:**

- ⇒ Administration
- ⇒ Agency and Applicant Services
- ⇒ Health Care Purchasing Improvement
- ⇒ Human Resource Technology and Analytics
- ⇒ Labor Relations and Compensation

EMPLOYEE RELATIONS DEPT  
 Program: HUMAN RESOURCE MGMT

Program Summary

*Dollars in Thousands*

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Direct Appropriations by Fund</u></b>					
<b>General</b>					
Current Appropriation	5,667	5,656	5,656	5,656	11,312
<b>Forecast Base</b>	<b>5,667</b>	<b>5,656</b>	<b>5,656</b>	<b>5,656</b>	<b>11,312</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	5,271	6,057	5,656	5,656	11,312
<b>Statutory Appropriations</b>					
Misc Special Revenue	1,104	1,325	1,312	1,320	2,632
<b>Total</b>	<b>6,375</b>	<b>7,382</b>	<b>6,968</b>	<b>6,976</b>	<b>13,944</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,032	5,272	5,228	5,398	10,626
Other Operating Expenses	1,343	2,110	1,740	1,578	3,318
<b>Total</b>	<b>6,375</b>	<b>7,382</b>	<b>6,968</b>	<b>6,976</b>	<b>13,944</b>
<b><u>Expenditures by Activity</u></b>					
Hr Technology & Analytics	576	625	722	656	1,378
Administration	3,411	3,981	3,413	3,405	6,818
Health Care Purchasing	0	173	171	176	347
Labor Relations & Compsatn	1,085	1,216	1,227	1,256	2,483
Agency & Applicant Services	1,303	1,387	1,435	1,483	2,918
<b>Total</b>	<b>6,375</b>	<b>7,382</b>	<b>6,968</b>	<b>6,976</b>	<b>13,944</b>
<b>Full-Time Equivalents (FTE)</b>	<b>61.2</b>	<b>64.1</b>	<b>62.8</b>	<b>62.8</b>	

# EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: HR TECHNOLOGY & ANALYTICS

Narrative

## Activity Description

The Human Resource (HR) Technology and Analytics activity is responsible for utilization of technology for state hiring and employment through research, development, and enhancement of statewide systems including SEMA4 HR functionality; Resumix and related software for job applicants, new hires, hiring managers, and supervisors; and WebEx and Captivate (web-based training and communication tools). In addition, this activity analyzes applicant, employee, and other personnel data to identify workforce issues and trends on a statewide and individual agency level.

## Activity at a Glance

- ◆ Provides training, documentation, and support for over 2,000 designated SEMA4 users who serve state agencies and up to 52,100 employees of the executive, legislative, and judicial branches.
- ◆ Supports 170 recruitment system users in the executive and judicial branches, several thousand hiring managers and supervisors, and approximately 165,000 applicants for job openings since 2002.

## Population Served

HR Technology and Analytics serves:

- ◆ state employees in the executive, legislative, and judicial branches of state government;
- ◆ the judicial branch and all 90 executive branch state agencies served by the statewide SEMA4 personnel data system; and
- ◆ state executive and judicial branch job seekers (approximately 165,000 since 2002).

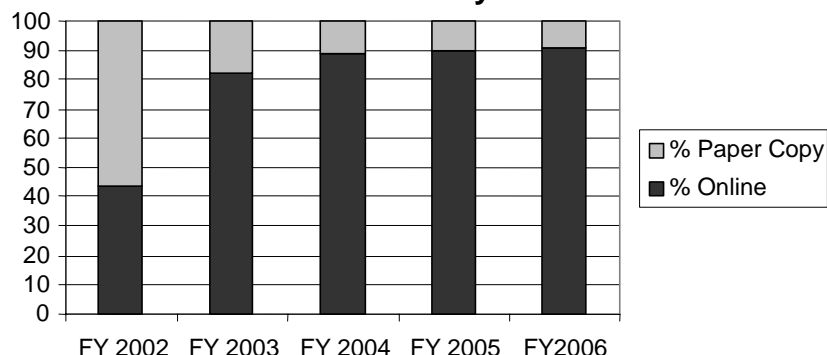
## Services Provided

- ◆ Identify, develop, and implement changes and enhancements to the HR component of SEMA4 and coordinate major SEMA4 changes with other analysts in DOER, the Department of Finance, and the Office of Enterprise Technology;
- ◆ ensure data integrity through auditing of employee and applicant data;
- ◆ evaluate and revise the staffing process and research new assessment, recruitment, and selection tools to meet agency needs in today's labor market;
- ◆ develop and analyze staffing metrics to identify trends on an agency and statewide basis; and
- ◆ train agency users to ensure consistency, best practices, and appropriate use of available technology.

## Key Measures

- ⇒ Successful creation and online delivery of training and communication modules for state employees and agency HR offices through WebEx and Captivate.
- ⇒ Implementation of web-based automated on-boarding tools to assist executive branch agencies in orientation, data collection, forms completion, and system integration for newly hired employees.
- ⇒ Increased use of self-service technology as measured by the percentage of resumes received, the usage of training and communication provided through WebEx and Captivate, and the number of employee data changes submitted using the self-service option.

## Resumes Received by Fiscal Year



## EMPLOYEE RELATIONS DEPT

**Program:** HUMAN RESOURCE MGMT

**Activity:** HR TECHNOLOGY & ANALYTICS

Narrative

### **Activity Funding**

This activity is financed by a General Fund appropriation.

### **Contact**

Department of Employee Relations

Human Resource Management Division Manager

Phone: (651) 259-3620

EMPLOYEE RELATIONS DEPT  
 Program: HUMAN RESOURCE MGMT  
 Activity: HR TECHNOLOGY & ANALYTICS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	524	537	647	581	1,228
<b>Statutory Appropriations</b>					
Misc Special Revenue	52	88	75	75	150
<b>Total</b>	<b>576</b>	<b>625</b>	<b>722</b>	<b>656</b>	<b>1,378</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	479	500	516	533	1,049
Other Operating Expenses	97	125	206	123	329
<b>Total</b>	<b>576</b>	<b>625</b>	<b>722</b>	<b>656</b>	<b>1,378</b>
<b>Full-Time Equivalents (FTE)</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	



## EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: ADMINISTRATION

Narrative

### Activity Description

The Department of Employee Relations (DOER) Administration activity provides the agency's operational infrastructure and internal organizational services.

### Population Served

DOER Administration supports the agency's staff members who provide widely varied services to:

- ◆ employees of state government and quasi-state agencies;
- ◆ the judicial and legislative branches and all 90 executive branch state agencies served by the statewide SEMA4 employee information system; and members of the general public.

### Activity at a Glance

- ◆ Provides technical support for statewide human resource information systems including SEMA4 (human resources, payroll, and benefits), Resumix (applicant data and hiring support), and GenComp (Workers' Compensation claims) that serve up to 57,000 employees of the executive, legislative, and judicial branches and quasi-state agencies such as the Minnesota Historical Society and the Minnesota State Fair.

### Services Provided

⇒ Information Systems Division:

- ◆ develops and implements information technology and web-based projects to assist operations within DOER and throughout the entire state agency human resource system;
- ◆ manages, supports, operates, and provides technical support for the department's applications including SEMA4 (human resources, payroll, and benefits), Resumix (applicant data and hiring support), Authoria (self-service and customer service support), and GenComp (Workers' Compensation);
- ◆ manages the SEMA4 technical staff of the Department of Finance (DOF) in the dual agency support of SEMA4; and
- ◆ analyzes, purchases, maintains, and upgrades desktop personal computer technology for all DOER employees and the agency's network, computer servers, and technology infrastructure to support a wide variety of business functions.

⇒ The Human Resource Management Division provides department-wide operational support including human resources, mail, information processing, and reception services; and administers the statewide Combined Charities and Vacation Donation Programs.

⇒ Fiscal Services administers the agency's budget, accounting, purchasing, and payroll operations.

⇒ Communications supplies web page and graphic design services for the agency.

### Key Measures

- ⇒ Implement and support expansion of direct electronic service delivery including automated on-boarding for new hires, personalized employee benefit and HR policy information delivery (Authoria), increased employee access to maintain personnel data (SEMA4); and shared internal and external records access (imaging).
- ⇒ Successfully complete and support the technology requirements for DOER's state employee insurance enrollment, including call center, online enrollment, and electronic delivery of general and individualized information to enrollees and customer service staff.
- ⇒ Continue to keep DOER statewide systems software up to date.

### Activity Funding

This activity is financed by an appropriation from the General Fund. The Combined Charities Program is also supported by registration fees paid by charitable organizations pursuant to M.S. 309.501, subd. 3. The Insurance Administration Fund within the Employee Insurance Division finances SEMA4 system upgrades and ongoing costs related to insurance benefits processing.

## EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: ADMINISTRATION

Narrative

### Contact

Department of Employee Relations  
Chief Information Officer,  
(651) 259-3699

Department of Employee Relations  
Human Resource Management Division Manager  
(651) 259-3620

Department of Employee Relations  
Fiscal Services  
(651) 259-3777

Department of Employee Relations  
Communications  
(651) 259-3602

EMPLOYEE RELATIONS DEPT  
 Program: HUMAN RESOURCE MGMT  
 Activity: ADMINISTRATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	2,619	3,064	2,484	2,467	4,951
<b>Statutory Appropriations</b>					
Misc Special Revenue	792	917	929	938	1,867
<b>Total</b>	<b>3,411</b>	<b>3,981</b>	<b>3,413</b>	<b>3,405</b>	<b>6,818</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	2,463	2,392	2,241	2,312	4,553
Other Operating Expenses	948	1,589	1,172	1,093	2,265
<b>Total</b>	<b>3,411</b>	<b>3,981</b>	<b>3,413</b>	<b>3,405</b>	<b>6,818</b>
<b>Full-Time Equivalents (FTE)</b>	<b>25.7</b>	<b>25.0</b>	<b>23.5</b>	<b>23.5</b>	

## EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: HEALTH CARE PURCHASING IMPROVEMENT

Narrative

### Activity Description

The Center for Health Care Purchasing Improvement supports the state in its efforts to be a more prudent and efficient purchaser of quality health care services as described in M.S. 43A.312. The Center provides dedicated staffing and expertise and coordinates other resources to aid state agencies in the development and implementation of best practices for health care performance measurement and purchasing, to promote greater transparency of health care costs and quality and greater accountability for results and improvement. The Center was established in legislation passed in 2006.

### Activity at a Glance

- ◆ Provides and coordinates enterprise-wide health care planning, consulting, implementation, and evaluation services for state agencies with direct health care purchasing responsibilities for more than 780,000 Minnesotans, at annual state costs of more than \$4 billion.

### Population Served

- ⇒ Department of Employee Relations (DOER) Commissioner and DOER health care managers.
- ⇒ Governor's Health Cabinet (commissioners of DOER, Human Services, Labor and Industry, Health, Finance, and Commerce) and other state agencies with health care purchasing responsibilities (Corrections, Administration).
- ⇒ State agency health care purchasing and administration staff.
- ⇒ Minnesota Comprehensive Health Association.

### Services Provided

With the authorization of the DOER commissioner and in consultation with the commissioners of appropriate state agencies, the Center may:

- ◆ initiate projects to develop plan designs for state health care purchasing and conduct policy audits of state programs to measure conformity to state statute or other purchasing initiatives or objectives;
- ◆ require reports or surveys to evaluate the performance of current health care purchasing strategies;
- ◆ calculate fiscal impacts, including net savings and return on investment, of health care purchasing strategies and initiatives;
- ◆ support the Administrative Uniformity Committee and other groups or activities to advance agreement on health care administrative process streamlining;
- ◆ consult with the Health Economics Unit of the Department of Health regarding assessments of the health care marketplace and with the Departments of Health and Commerce regarding regulatory issues and legislative initiatives;
- ◆ work with the Department of Human Services and the Centers for Medicare and Medicaid Services to address federal requirements and conformity issues for health care purchasing;
- ◆ assist the Minnesota Comprehensive Health Association in health care purchasing strategies;
- ◆ convene medical directors of agencies engaged in health care purchasing for advice, collaboration, and exploring possible synergies;
- ◆ participate with other task forces, study activities, and similar efforts with regard to health care performance measurement and performance-based purchasing; and
- ◆ assist in seeking external funding through grants or other funding opportunities.

### Key Measures

Measures will include:

- ⇒ Development and implementation of common health care performance measures.
- ⇒ Development and adoption of common incentives and rewards for health care quality and quality improvement.
- ⇒ Conformity with major national and regional health care measures and performance incentives.

## EMPLOYEE RELATIONS DEPT

**Program:** HUMAN RESOURCE MGMT

**Activity:** HEALTH CARE PURCHASING IMPROVEMENT

Narrative

### **Activity Funding**

This activity is financed by an appropriation from the General Fund.

### **Contact**

Director

Center for Health Care Purchasing Improvement

(651) 259-3763.

EMPLOYEE RELATIONS DEPT  
 Program: HUMAN RESOURCE MGMT  
 Activity: HEALTH CARE PURCHASING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
Direct Appropriations					
General	0	173	171	176	347
<b>Total</b>	<b>0</b>	<b>173</b>	<b>171</b>	<b>176</b>	<b>347</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	0	140	144	149	293
Other Operating Expenses	0	33	27	27	54
<b>Total</b>	<b>0</b>	<b>173</b>	<b>171</b>	<b>176</b>	<b>347</b>
<b>Full-Time Equivalents (FTE)</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	

## EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: LABOR RELATIONS & COMPENSATION

Narrative

### Activity Description

Labor Relations and Compensation performs the duties assigned to the Department of Employee Relations (DOER) commissioner under the Public Employment Labor Relations Act (PELRA), including contract negotiations with the state employee unions. In addition, it administers the state's compensation system, and monitors local government subdivisions to ensure their compliance with the Local Government Pay Equity Act.

### Population Served

Labor Relations and Compensation works with and represents the management of 90 state agencies and boards, impacting about 37,300 executive branch state employees, and works closely with legislative committees. In addition, the Bureau's Local Government Pay Equity Program works with more than 1,500 local governments to achieve compliance with state statute.

### Services Provided

Labor Relations:

- ◆ negotiates and oversees collective bargaining with the exclusive representatives for executive branch state employees assigned to 13 bargaining units (except the faculty agreements for the Minnesota State Colleges and Universities);
- ◆ presents management's positions in interest arbitration for essential bargaining units that do not have the right to strike;
- ◆ advises state agency management in their relationships with the exclusive representatives for state employees; and sets statewide policy for management's relationship with labor;
- ◆ implements major portions of collective bargaining agreements, interprets collective bargaining agreements, and advises agency management on contract administration;
- ◆ trains supervisors and managers in contract administration;
- ◆ administers grievances appealed to arbitration by exclusive representatives;
- ◆ provides investigation services and assistance to state agencies on sensitive allegations of employee misconduct; and
- ◆ oversees the Drug and Alcohol Testing Program for the 2,500 state employees required to have a Commercial Driver's License to perform their jobs.

Compensation:

- ◆ establishes an overall framework for compensation and benefits other than insurance (vacation, sick leave, holidays, expense reimbursement, severance pay, etc.);
- ◆ provides policy development and research services to executive branch management in the areas of compensation and related programs;
- ◆ estimates the fiscal impact of collective bargaining proposals, and provides policy and technical direction in the negotiation of collective bargaining agreements;
- ◆ develops or approves compensation plans for unrepresented employees of the constitutional officers and all executive branch agencies;
- ◆ administers the compliance process for the Local Government Pay Equity Act, ensuring that all political subdivisions (including cities, counties, school districts, and others) report to DOER to confirm elimination of sex-based wage inequities; and
- ◆ reviews reports received from local governments to determine compliance, assess penalties, and inform the legislature of the compliance status of local government units.

### Activity at a Glance

- ◆ Serves 37,300 of the executive branch's 52,100 state employees.
- ◆ Negotiates eight collective bargaining agreements biennially, impacting about 35,100 executive branch state employees.
- ◆ Oversees and administers two unrepresented employee plans, impacting about 2,200 executive branch state workers.

# EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: LABOR RELATIONS & COMPENSATION

Narrative

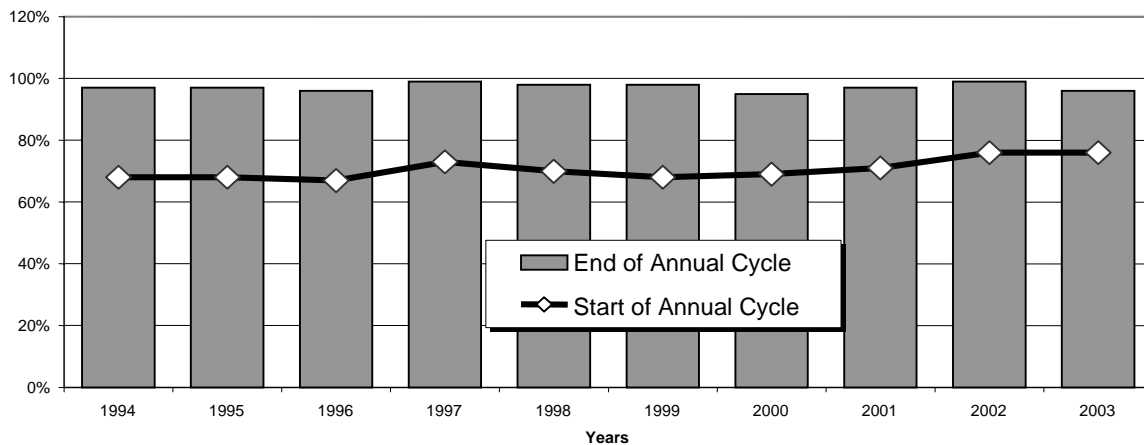
## Key Measures

- ⇒ Success in settling labor contracts within the budget parameters set forth by the administration and the legislature.
- ⇒ Continue to increase the knowledge of supervisors and human resources personnel on labor relations issues with the goal of reducing employee grievances.

Grievance Status	FY 2003	FY 2004	FY 2005	FY 2006
New appeals to arbitration	349	327	382	316
Arbitrated	16	5	20	13
Settled	110	93	91	54
Withdrawn	309	229	283	219
Active at year end	569	455	452	519
Annual Total	349	330	382	316

- ⇒ Reduction in the annual number of pay equity non-compliance determinations within Minnesota's local government units.

## % of Local Governments In Compliance



Note: Reporting was temporarily suspended by the legislature so no jurisdictions reported in January 2004 and 2005.

## Activity Funding

The activity is financed by an appropriation from the General Fund.

## Contact

Department of Employee Relations  
Deputy Commissioner for Labor Relations  
(651) 259-3770

Department of Employee Relations  
Compensation Manager  
Phone: (651) 259-3759

Labor Relations and Compensation page on the DOER web site:  
[www.doer.state.mn.us/lab-rel/LR\\_Totalcomp.HTM](http://www.doer.state.mn.us/lab-rel/LR_Totalcomp.HTM)



EMPLOYEE RELATIONS DEPT  
 Program: HUMAN RESOURCE MGMT  
 Activity: LABOR RELATIONS & COMPSATN

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	837	896	919	949	1,868
<b>Statutory Appropriations</b>					
Misc Special Revenue	248	320	308	307	615
<b>Total</b>	<b>1,085</b>	<b>1,216</b>	<b>1,227</b>	<b>1,256</b>	<b>2,483</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	807	860	899	928	1,827
Other Operating Expenses	278	356	328	328	656
<b>Total</b>	<b>1,085</b>	<b>1,216</b>	<b>1,227</b>	<b>1,256</b>	<b>2,483</b>
<b>Full-Time Equivalent (FTE)</b>	<b>10.4</b>	<b>10.8</b>	<b>11.0</b>	<b>11.0</b>	

## EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: AGENCY AND APPLICANT SERVICES

Narrative

### Activity Description

Agency and Applicant Services provides all state agencies with direction, development, and maintenance of the applicant process, hiring, and agency training to maximize state agency efforts to attract, hire, and retain a diverse and skilled workforce.

### Population Served

Agency and Applicant Services serves human resource (HR) personnel, managers, supervisors, and lead workers in all 90 executive branch agencies. In addition, Agency and Applicant Services works with members of the general public interested in employment with the state of Minnesota.

### Activity at a Glance

- ◆ Serves human resource personnel, managers, supervisors, and lead workers in all 90 executive branch agencies.
- ◆ Serves members of the general public who are interested in employment with the state of Minnesota.

### Services Provided

Agency and Applicant Services supports agencies in making their hiring decisions by providing oversight and consultation as needed to the many state agency HR offices. Agency and Applicant Services retains responsibility for classification and hiring services to agencies that do not have the resources needed to handle HR functions and where statewide coordination of services is necessary. Agency and Applicant Services is responsible for the following:

Consult and coordinate with state agency HR personnel, managers, and supervisors to:

- ◆ improve and coordinate HR functions on a statewide basis in collaboration with the Human Resource Directors Partnership (HRDP) and the Alliance for Cooperation and Collaboration in Employment and State Service (ACCESS);
- ◆ develop selection criteria, design and develop the selection process, and advertise vacant positions;
- ◆ recruit applicants and market the state as an employer;
- ◆ assist agency management and employees with strategic staffing, workforce planning, and redeployment; and
- ◆ classify and evaluate state positions.

Provide services to applicants by:

- ◆ processing resumes quickly and accurately and maintaining the integrity of the Resumix applicant database;
- ◆ answering questions regarding application materials and the selection process; and
- ◆ maintaining telephone access to information on state jobs.

Support state diversity, equal employment opportunity, Americans with Disabilities Act (ADA), and affirmative action by:

- ◆ providing executive branch state agencies with services to assure their compliance with state and federal laws governing affirmative action, ADA, and equal employment opportunity;
- ◆ working with state agencies to increase representation of protected group employees in all job classifications and help them develop plans to effectively attract and retain a diverse workforce;
- ◆ training state agencies to ensure consistency and best practices in affirmative action, recruitment, and diversity; and
- ◆ offering electronic delivery of services and web-based self-service workforce diversity resources including online training, forms, reference materials, and reporting.

### Key Measures

⇒ Every executive branch state agency has an approved affirmative action plan in place that meets legal requirements and coordinates with the agency's workforce plan.

## EMPLOYEE RELATIONS DEPT

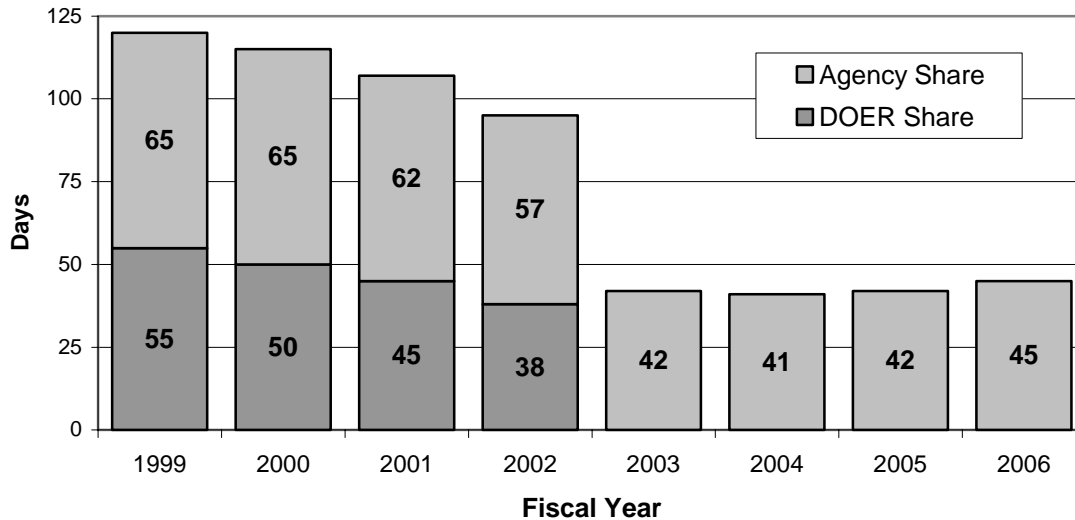
Program: HUMAN RESOURCE MGMT

Activity: AGENCY AND APPLICANT SERVICES

Narrative

⇒ The median time to fill state agency vacancies (from the date the position is open until a job offer is accepted) remains below the nation-wide median of 48 days. The Department of Employee Relations designs, maintains, and enhances the selection systems that are used by agencies to do their hiring. The speed and ease of these systems have allowed agencies to decrease their time-to-fill below national averages.

### Median Number of Days to Fill Vacancies



### Activity Funding

This activity is financed by an appropriation from the General Fund.

### Contact

Department of Employee Relations  
Human Resource Management Division Manager  
(651) 259-3620

State employment home page: <http://www.doer.state.mn.us/employment.htm>  
Job Information Line: (651) 296-2616 or 1 (800) 657-3974

EMPLOYEE RELATIONS DEPT  
 Program: HUMAN RESOURCE MGMT  
 Activity: AGENCY & APPLICANT SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	<b>Current</b>		<b>Forecast Base</b>		<b>Biennium</b>
	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>2008-09</b>
<b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
General	1,291	1,387	1,435	1,483	2,918
<b>Statutory Appropriations</b>					
Misc Special Revenue	12	0	0	0	0
<b>Total</b>	<b>1,303</b>	<b>1,387</b>	<b>1,435</b>	<b>1,483</b>	<b>2,918</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	1,283	1,380	1,428	1,476	2,904
Other Operating Expenses	20	7	7	7	14
<b>Total</b>	<b>1,303</b>	<b>1,387</b>	<b>1,435</b>	<b>1,483</b>	<b>2,918</b>
<b>Full-Time Equivalents (FTE)</b>	<b>19.1</b>	<b>20.3</b>	<b>20.3</b>	<b>20.3</b>	

**Program Description**

The purpose of the Employee Insurance Division (EID) is to administer employee insurance benefits for the state of Minnesota's eligible state employees, retirees, and dependents.

**Budget Activities Included:**

- ⇒ State Employee Group Insurance Program (SEGIP)
- ⇒ Workers' Compensation Program
- ⇒ Public Employees Insurance Program (PEIP)
- ⇒ Insurance Division Non-Operating

**EMPLOYEE RELATIONS DEPT**

Program: EMPLOYEE INSURANCE DIVISION

Program Summary

*Dollars in Thousands*

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
<b>Open Appropriations</b>					
General	535	582	634	691	1,325
<b>Statutory Appropriations</b>					
Misc Special Revenue	23,538	24,429	24,603	24,738	49,341
State Employees Insurance	521,315	574,211	634,603	710,482	1,345,085
Miscellaneous Agency	20,264	21,493	22,493	23,493	45,986
<b>Total</b>	<b>565,652</b>	<b>620,715</b>	<b>682,333</b>	<b>759,404</b>	<b>1,441,737</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	5,592	5,947	6,267	6,457	12,724
Other Operating Expenses	560,022	614,768	676,066	752,947	1,429,013
Capital Outlay & Real Property	38	0	0	0	0
<b>Total</b>	<b>565,652</b>	<b>620,715</b>	<b>682,333</b>	<b>759,404</b>	<b>1,441,737</b>
<b><u>Expenditures by Activity</u></b>					
Employee Insurance Administrat	7,966	9,798	7,938	8,514	16,452
Peip	14,704	15,000	16,800	19,200	36,000
Workers Compensation	2,979	3,056	3,149	3,226	6,375
Insurance Div Non-Operatng	540,003	592,861	654,446	728,464	1,382,910
<b>Total</b>	<b>565,652</b>	<b>620,715</b>	<b>682,333</b>	<b>759,404</b>	<b>1,441,737</b>
<b>Full-Time Equivalent (FTE)</b>	<b>77.3</b>	<b>79.2</b>	<b>82.5</b>	<b>82.5</b>	

**Activity Description**

The State Employee Group Insurance Program (SEGIP) administers the state of Minnesota's comprehensive employee insurance benefits package.

**Population Served**

SEGIP provides benefits to eligible employees, retirees, and dependents in all three branches of state government, Minnesota State Colleges and Universities, and certain quasi-state agencies. This activity covers over 120,000 individuals statewide.

**Services Provided**

Current employee insurance benefits administered through SEGIP include health, dental, life, long and short-term disability, and long-term care coverage, as well as pre-tax accounts. To administer these benefits, SEGIP provides the following services:

- ◆ planning, design, and implementation of benefits;
- ◆ actuarial and audit services;
- ◆ support of the collective bargaining process;
- ◆ policy analysis;
- ◆ billing and enrollment;
- ◆ vendor selection and contract management;
- ◆ customer service; and
- ◆ health risk services.

**Activity at a Glance**

- ◆ SEGIP is the largest single employer group health purchaser in the state, serving all three branches of state government, Minnesota State Colleges and Universities, and quasi-state agencies such as the Minnesota Historical Society.
- ◆ SEGIP provides employee insurance to state employees, retirees, and dependents – over 120,000 covered lives statewide.
- ◆ The overall cost of administering SEGIP health benefits is approximately 7.5% of total premium costs versus the industry standard of 10-15%. SEGIP receives 1% for internal administrative costs and the remainder is health plan fees.
- ◆ In 2006, the Advantage Health Plan experienced a 0% increase in premium growth.
- ◆ In 2006, the state of Minnesota became the first state in the country to participate in the National Bridges to Excellence Program providing pay for performance in health care.

The Minnesota Advantage Health Plan is a cost-tiered employee health benefits plan serving 120,000 members of SEGIP. The program creates new levels of competition and incentives for efficiency in the health care market. In 2006, the Minnesota Advantage Health Plan experienced a 0% increase in premium growth.

**Historical Perspective**

The state of Minnesota is the largest single employer group health purchaser in the state, and it has long played a leading role in benefits design, purchasing, and administration. In 1989, SEGIP helped pioneer the health care delivery and financing concept of "managed competition" among competing health plans. Beginning in FY 2000, SEGIP's health benefits program became fully self-insured. In 2002, it successfully implemented a new employee health benefits concept known as Advantage. Advantage's innovative use of a tiered cost structure provides important signals and incentives to the health care system to contain costs and improve value, while maintaining choices, options, and a large network of available health care providers statewide.

In addition to more than a decade of health insurance purchasing landmarks, SEGIP added optional employee long-term care insurance in 2001 and implemented a disease management function in 2003 to improve employee health and productivity while reducing claims costs. SEGIP has also increased the use of technology to more effectively and efficiently process transactions and serve customers. After SEGIP partnered with the Department of Employee Relations' (DOER's) human resources and the Department of Finance's payroll staff to add benefits administration capabilities to the state's computer system in 2003, they were an active participant in moving the employee information system to a more efficient platform that slows the growth of operating costs.

## EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: EMPLOYEE INSURANCE ADMINISTRAT

Narrative

### Key Measures

- ⇒ The 2006 Advantage employee health benefits program experienced a 0% increase in premium growth.
- ⇒ The overall cost of administering health benefits remains well below the industry standard of 10-15% of total premium costs, at approximately 7.5% with 1% to SEGIP for internal administrative costs and the remainder to health plans.
- ⇒ The percentage of employees using online insurance enrollment has increased from 38% in 1997 to 98% in 2004.
- ⇒ The implementation of a successful health appraisal in 2005 with 73% employee participation.
- ⇒ The implementation of disease management programs for several prevalent health conditions including heart disease, diabetes, asthma, and 16 chronic complex conditions. An expanded disease management program negotiated for 2005 health plan contracts addresses the next tier of high cost/prevalent conditions. These 11 conditions include low back pain, acid related disorders, and osteoarthritis. In 2006, depression was added to the list of disease management programs available for state employees and their dependents.
- ⇒ The development and implementation of an integrated medical and behavioral case management approach for SEGIP participants to coordinate services for both.
- ⇒ The state of Minnesota, along with six large private employers--3M, Carlson Companies, Medtronic, Wells Fargo, GE, and Honeywell--known as the Champions of Change, rewarded nine provider groups for meeting or exceeding a minimum standard of care for diabetics in an effort known as Bridges to Excellence. Bridges to Excellence is a national program that provides pay for performance in health care.

### Activity Funding

SEGIP insurance and claims costs are funded primarily through premiums collected from state agencies and other participating groups, and from employees and retirees. These are principally pass-through funds to insurance carriers, third party administrators, and other vendors.

SEGIP's administrative revenues are collected primarily through direct, per employee charges to state agencies and other groups.

### Contact

State Employee Group Insurance Program Manager  
(651) 259-3710

Department of Employee Relations  
Employee Insurance Division Director  
(651) 259-3700

Or visit the SEGIP Main Page at: [www.doer.state.mn.us/ei-segip/SEGIP.HTM](http://www.doer.state.mn.us/ei-segip/SEGIP.HTM)



EMPLOYEE RELATIONS DEPT  
 Program: EMPLOYEE INSURANCE DIVISION  
 Activity: EMPLOYEE INSURANCE ADMINISTRAT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Misc Special Revenue	1,304	1,372	1,398	1,396	2,794
State Employees Insurance	6,662	8,426	6,540	7,118	13,658
<b>Total</b>	<b>7,966</b>	<b>9,798</b>	<b>7,938</b>	<b>8,514</b>	<b>16,452</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	3,228	3,347	3,575	3,682	7,257
Other Operating Expenses	4,738	6,451	4,363	4,832	9,195
<b>Total</b>	<b>7,966</b>	<b>9,798</b>	<b>7,938</b>	<b>8,514</b>	<b>16,452</b>
<b>Full-Time Equivalents (FTE)</b>	<b>43.1</b>	<b>43.5</b>	<b>45.8</b>	<b>45.8</b>	

## EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: PEIP

Narrative

### Activity Description

The Public Employees Insurance Program (PEIP) is a statewide health-dental-life insurance pool managed by the Department of Employee Relations (DOER) and offered to local units of government. The program provides Minnesota's public employers with the option to purchase an affordable, uniform package of health care and other benefits for employees, their dependents, and retirees.

### Population Served

PEIP is available to local units of government within Minnesota including counties, cities, townships, school districts, and other jurisdictions.

### Services Provided

The availability of PEIP helps public sector employers obtain competitive health insurance rates. In some cases, PEIP provides the lowest bid. In other cases, PEIP offers a bid that competing insurers will then attempt to match or improve upon in order to be selected. In these instances, even when PEIP is ultimately not the successful bidder, it helps local units of government negotiate with other carriers to obtain the best rates possible. In addition, PEIP offers public sector employers and their employees a choice of health plans wherever possible, while the majority of employers in the state now contract with a single carrier or health plan for health insurance.

### Historical Perspective

PEIP was launched in 1989. In 1998, PEIP experienced a noticeable downturn in enrollment when the program was perceived as no longer being competitive in the market. This was addressed by altering the program design from an insured model to a self-insured model. After peaking in FY 2001, membership has steadily declined as premium rates have risen to meet anticipated claims and costs. In an effort to continue to meet market demands and best serve Minnesota's public employers, DOER is currently developing the PEIP Advantage Health Plan, patterned after the highly successful Minnesota Advantage Health Plan provided to state employees.

### Key Measures

⇒ PEIP's viability and overall impact in the market are determined to a large extent by the number of participating employee groups and the number of individuals covered by the program. Because the program is not mandatory, membership fluctuates. At present, approximately 5,200 employees, retirees and dependents are covered under PEIP. This table shows participating groups and employees for the past eight years:

PEIP	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
# of groups	73	95	129	137	137	123	107	89
% change vs. previous year	4%	30%	36%	6%	0%	(10%)	(13%)	(17%)
# of employees	2,265	2,680	4,158	3,926	3,632	2,950	2,304	1,671
% change vs. previous year	17%	18%	55%	(6%)	(7%)	(19%)	(22%)	(27%)

### Activity Funding

PEIP is funded by employer group premiums. Premiums collected in excess of expenses are used to minimize the rates charged to employer groups. Premium investment income is used to offset administrative expenses.

### Contact

PEIP Manager, (651) 259-3747  
DOER Employee Insurance Division Director, (651) 259-3700

### Activity at a Glance

- ◆ As of July 2006, 89 public sector employer groups in Minnesota participated in PEIP. These include 15 school districts, 43 cities, 12 townships, three counties, and 16 other units of government (watershed districts, Human Resources Administration, etc.).
- ◆ The average number of employees per group is 18, with groups as large as 306 members and as small as one member.

EMPLOYEE RELATIONS DEPT  
 Program: EMPLOYEE INSURANCE DIVISION  
 Activity: PEIP

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
State Employees Insurance	14,704	15,000	16,800	19,200	36,000
<b>Total</b>	<b>14,704</b>	<b>15,000</b>	<b>16,800</b>	<b>19,200</b>	<b>36,000</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	164	193	192	198	390
Other Operating Expenses	14,540	14,807	16,608	19,002	35,610
<b>Total</b>	<b>14,704</b>	<b>15,000</b>	<b>16,800</b>	<b>19,200</b>	<b>36,000</b>
<b>Full-Time Equivalents (FTE)</b>	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	

# EMPLOYEE RELATIONS DEPT

Program: **EMPLOYEE INSURANCE DIVISION**

Activity: **WORKERS COMPENSATION**

Narrative

## Activity Description

The purpose of Minnesota's self-insured workers' compensation activity is to provide workers' compensation benefits to state employees.

## Population Served

The workers' compensation activity covers approximately 57,000 employees in the executive, legislative, and judicial branches of state government and in quasi-state agencies, such as the Minnesota Historical Society and the Minnesota State Fair.

## Activity at a Glance

- ◆ Serves approximately 57,000 employees in the executive, legislative, and judicial branches of state government and in quasi-state agencies such as the Minnesota State Fair.
- ◆ In FY 2005, 2,718 claims were filed.
- ◆ The rate of new claims declined 3.1% in FY 2005 compared to the prior year.

## Services Provided

The workers' compensation activity provides services through four distinct units: claims management, legal services, disability management, and safety/industrial hygiene.

- ⇒ The claims management unit works with injured employees, agencies, the Department of Labor and Industry, rehabilitation and vocational specialists, medical providers and others to determine compensability, administer, and resolve state employee workers' compensation claims.
- ⇒ The legal services unit represents state agencies in workers' compensation court cases.
- ⇒ The disability management unit works with injured employees, agencies, rehabilitation and vocational specialists, medical providers and others to help state workers who have been hurt or disabled on the job to return to active employment as quickly and safely as possible.
- ⇒ The safety/industrial hygiene unit works with the statewide safety committee and individual safety committees in each agency to address widely varied workplace safety and health issues. These include materials handling, air quality, hazardous materials, blood-borne pathogens, biological hazards, office ergonomics, etc.

## Historical Perspective

With cooperation from the statewide safety committee and individual agency safety committees, the Safety and Industrial Hygiene Unit has played a critical role in reducing the occurrence of workplace injuries over the past five years.

The active involvement of properly trained state agency personnel, in cooperation with the workers' compensation activity, has reduced the number of claims involving the loss of time from work during the past five years. The use of a certified managed care plan under contract with the workers' compensation activity has helped to control workers' compensation costs for state agencies.

Starting in FY 2003, the alternative cost allocation account was implemented to fund workers' compensation costs in small to medium-sized agencies. This account helps to stabilize costs and provide a long-term strategic funding option for participating agencies.

## Key Measures

- ⇒ In FY 2005, 2,718 claims were filed. The rate of new claims declined 3.1% in FY 2005. Table 1 contains a breakdown of these claims.

Table 1

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2001-05	FY 2004-05
	<b>Claims Reported</b>					<b>% Change</b>	
Lost Time	675	672	607	647	568	(15.9)%	(12.2)%
Medical Only	2,640	2,446	2,029	2,158	2,150	(18.6)%	(0.4)%
Totals	3,315	3,118	2,636	2,805	2,718	(18.0)%	(3.1)%

**EMPLOYEE RELATIONS DEPT****Program: EMPLOYEE INSURANCE DIVISION****Activity: WORKERS COMPENSATION**

Narrative

⇒ Benefit costs increased 7% in FY 2005. Table 2 contains a breakdown of benefit costs for FY 2001-05.

Table 2

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2001-05	FY 2004-05
	<b>Benefit Costs</b>					<b>% Change</b>	
Indemnity	\$7,497	\$7,149	\$6,967	\$7,522	\$7,522	0.3%	0.0%
Medical	5,785	6,557	7,262	7,236	8,596	48.6%	18.8%
Expenses	620	607	638	635	545	(12.0)%	(14.1)%
Rehabilitation	1,194	881	935	1,005	986	(17.4)%	(1.9)%
EE Atty Fees	428	480	527	554	495	15.6%	(10.6)%
Totals	\$15,524	\$15,674	\$16,329	\$16,952	\$18,144	16.9%	7.0%

**Activity Funding**

⇒ Workers' Compensation is funded through an administrative fee assessed to all state agencies based on the numbers of employees, open claims, and transactions for each agency. In FY 2001, the annual fee was \$2.7 million. In FY 2002, the annual fee was increased to \$2.9 million. In FY 2004, the annual fee was reduced to \$2.5 million.

Table 3

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Administrative Costs	\$2.7 million	\$2.9 million	\$2.9 million	\$2.5 million	\$2.5 million	\$2.5 million	\$2.5 million

⇒ The agency receives a General Fund appropriation to pay the state's annual Workers' Compensation Reinsurance Association (WCRA) premium.

**Contact**

Department of Employee Relations  
 Workers' Compensation Program Manager  
 Phone: (651) 259-3810

Department of Employee Relations  
 Employee Insurance Division Director  
 Phone: (651) 259-3700

Workers' Compensation Activity's annual reports online: [www.doer.state.mn.us/deptwide/wkr-comp.htm](http://www.doer.state.mn.us/deptwide/wkr-comp.htm)

EMPLOYEE RELATIONS DEPT  
 Program: EMPLOYEE INSURANCE DIVISION  
 Activity: WORKERS COMPENSATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Misc Special Revenue	2,979	3,056	3,149	3,226	6,375
<b>Total</b>	<b>2,979</b>	<b>3,056</b>	<b>3,149</b>	<b>3,226</b>	<b>6,375</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	2,200	2,407	2,500	2,577	5,077
Other Operating Expenses	779	649	649	649	1,298
<b>Total</b>	<b>2,979</b>	<b>3,056</b>	<b>3,149</b>	<b>3,226</b>	<b>6,375</b>
<b>Full-Time Equivalents (FTE)</b>	<b>31.9</b>	<b>33.2</b>	<b>34.2</b>	<b>34.2</b>	

## EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: INSURANCE DIV NON-OPERATNG

Narrative

### Activity Description

The Department of Employee Relations (DOER) is authorized by Minnesota statute to administer the state's employee insurance benefit and workers' compensation programs. The Insurance Division maintains Non-Operating accounts for the actual revenues and expenditures for insurance benefits and claims costs associated with these programs. These accounts are primarily pass-through funds paid by agencies and employees.

### Services Provided

From the Non-Operating accounts, payments are made to third party administrators, insurance carriers, and other vendors who are under contract to pay claims and provide networks and related services. Benefit costs funded through this activity include:

- ⇒ Employee insurance program - premiums contributed by agencies and employees for health, dental, life, long-term care, and long and short-term disability benefits.
- ⇒ Workers' compensation - funds paid by agencies to cover workers' compensation claim payments and the per employee fee passed through to agencies for certified managed care services.
- ⇒ Pre-tax programs - pass-through employee contributions allowing pre-tax expenditures for medical, dental, transit, and dependent care expenses.
- ⇒ Workers' Compensation Reinsurance Association (WCRA) - statutorily required premium payment on behalf of all state agencies.

Funds are primarily payments collected from state agencies, other participating groups, employees, and retirees which are then passed through to insurance carriers, third party administrators, and other vendors. In addition, the funds are used to pay workers' compensation claims and employee pre-tax benefits.

The Insurance Division non-operating revenues and expenditures are provided in the table below. Excess revenues and investment earnings for insurance and pre-tax accounts are applied to the respective program and help to minimize future increases. The differences between workers' compensation revenues and expenditures are due to administrative fees and the timing of claims payments and various third party reimbursements. The WCRA expenditures consist of General Fund appropriations for required state government premiums.

### Activity Funding

	FY 2003		FY 2004		FY 2005		FY 2006	
	Revenue	Expended	Revenue	Expended	Revenue	Expended	Revenue	Expended
<b>(Dollars in thousands)</b>								
Insurance (Fund 550)	\$438,754	\$436,135	\$482,454	\$459,812	\$505,184	\$471,367	\$541,653	\$500,563
Workers' Comp (Fund 200)	23,219	18,431	21,927	19,626	24,447	20,768	23,385	19,256
Wk Comp Managed Care (Fund 200)	1,170	1,134	1,118	1,078	1,133	1,125	1,218	1,227
Pre-Tax (Fund 200)	14,203	14,375	17,038	15,936	19,592	19,528	20,847	20,265
WCRA (Fund 100)	-0-	318	-0-	362	-0-	493	-0-	535
<b>Total Budget Activity</b>	<b>\$476,176</b>	<b>\$469,259</b>	<b>\$521,419</b>	<b>\$495,736</b>	<b>\$549,223</b>	<b>\$512,156</b>	<b>\$585,885</b>	<b>\$540,619</b>

### Contact

State Employee Group Insurance Program Manager  
(651) 259-3710

Workers' Compensation Program Manager  
(651) 259-3810

Employee Insurance Division Director  
(651) 259-3700

Or visit the SEGIP Main Page at: [www.doer.state.mn.us/ei-segip/SEGIP.HTM](http://www.doer.state.mn.us/ei-segip/SEGIP.HTM)

EMPLOYEE RELATIONS DEPT  
 Program: EMPLOYEE INSURANCE DIVISION  
 Activity: INSURANCE DIV NON-OPERATNG

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<b><u>Expenditures by Fund</u></b>					
<b>Open Appropriations</b>					
General	535	582	634	691	1,325
<b>Statutory Appropriations</b>					
Misc Special Revenue	19,255	20,001	20,056	20,116	40,172
State Employees Insurance	499,949	550,785	611,263	684,164	1,295,427
Miscellaneous Agency	20,264	21,493	22,493	23,493	45,986
<b>Total</b>	<b>540,003</b>	<b>592,861</b>	<b>654,446</b>	<b>728,464</b>	<b>1,382,910</b>
<b><u>Expenditures by Category</u></b>					
Other Operating Expenses	539,965	592,861	654,446	728,464	1,382,910
Capital Outlay & Real Property	38	0	0	0	0
<b>Total</b>	<b>540,003</b>	<b>592,861</b>	<b>654,446</b>	<b>728,464</b>	<b>1,382,910</b>



EMPLOYEE RELATIONS DEPT

Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2006	Budgeted FY2007	Current Law		Biennium 2008-09
			FY2008	FY2009	
<b><u>Non Dedicated Revenue:</u></b>					
<b>Total Non-Dedicated Receipts</b>	0	0	0	0	0
<b><u>Dedicated Receipts:</u></b>					
<b>Departmental Earnings (Inter-Agency):</b>					
Misc Special Revenue	1,170	1,170	1,170	1,170	2,340
State Employees Insurance	4,718	4,710	4,710	4,710	9,420
<b>Departmental Earnings:</b>					
Misc Special Revenue	4	4	4	4	8
State Employees Insurance	599	689	688	694	1,382
<b>Other Revenues:</b>					
Misc Special Revenue	22,379	23,301	23,744	23,746	47,490
State Employees Insurance	10,888	7,565	7,690	7,690	15,380
<b>Other Sources:</b>					
Misc Special Revenue	2,523	1,660	1,660	1,660	3,320
State Employees Insurance	550,189	574,574	633,173	709,593	1,342,766
Miscellaneous Agency	20,846	21,493	22,493	23,493	45,986
<b>Total Dedicated Receipts</b>	<b>613,316</b>	<b>635,166</b>	<b>695,332</b>	<b>772,760</b>	<b>1,468,092</b>
<b>Agency Total Revenue</b>	<b>613,316</b>	<b>635,166</b>	<b>695,332</b>	<b>772,760</b>	<b>1,468,092</b>