Background Information on
MSRS Health Care Savings Plan

The Minnesota State Retirement System (MSRS) Health Care Savings Plan, coded as Minnesota Statutes, Section 352.98, was enacted in 2001 (1st Spec. Sess. Laws 2001, Ch. 10, Art. 7, Sec. 1). As initially enacted, the plan was titled the Postretirement Health Care Savings Plan to be used solely during retirement. The plan was not limited to members of MSRS plans; all Minnesota public employees were authorized to participate. Participation in the plan and contributions to the plan are determined through a personnel policy or collective bargaining agreement of a public employer. MSRS established one or more trusts, to be used to invest the account assets and to maintain the accounts, as authorized under the Internal Revenue Code for purposes of providing tax-free treatment of both contributions and withdrawals, enabling covered employees to save for health care costs. MSRS was authorized to charge uniform fees to cover operating costs and to contract with other public or private entities to provide investment services, recordkeeping, and other administrative services.

The plan has been amended several times. The revisions are as follows:

- In 2004 (Laws 2004, Ch. 267, Art. 11, Sec. 1) the plan name was changed to the Health Care Savings Plan, rather than the Post-Retirement Health Care Savings Plan, and authority was expanded by allowing assets to be used to pay active employee healthcare costs, presumably under conditions specified in collective bargaining agreements and plan documents.

- In 2007 (Laws 2007, Ch. 134, Art. 2, Sec. 9), a subdivision which authorized MSRS to set up an advisory committee to help establish the plan was repealed, since that group had service its purpose and was no longer needed.

- In 2008 (Laws 2008, Ch. 349, Art. 5, Sec. 8-12) various clarifying language was added. The plan was intended to be available for all Minnesota public employees, and the definition of public employee was clarified to include members of defined contribution plans, members of police and paid fire plans and, for purposes of this plan, volunteer firefighters. The section was also revised by clarifying that the MSRS executive director was the plan's chief administrative officer, operating on behalf of the MSRS board.

- In 2012 (Laws 2012, Ch. 286, Art. 4), language was added stating that in the event of the death of the participant and all dependents, any remaining account balance must be used by a person named by the estate's legal representative, to be used for that person's health care expenses. The other addition was language specifying that any collected fees must be deposited in an account, and the executive director is authorized to keep in the account sufficient amounts to cover one year's expected expenses. Any amounts in excess of that limit are to be returned to plan participant accounts.