

CHAPTER 353F

PRIVATIZED PUBLIC HOSPITAL, PERA PENSION BENEFITS

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353F.01 PURPOSE AND INTENT.

The purpose of this chapter is to ensure, to the extent possible, that persons employed at public medical facilities and other public employing units who are privatized and consequently are excluded from retirement coverage by the Public Employees Retirement Association will be entitled to receive future retirement benefits under the general employees retirement plan of the Public Employees Retirement Association commensurate with the prior contributions made by them or made on their behalf upon the privatization of the medical facility or other public employing unit.

History: 1999 c 222 art 1 s 1

353F.02 DEFINITIONS.

Subdivision 1. **Generally.** As used in this chapter, unless the context clearly indicates otherwise, each of the terms in the following subdivisions has the meaning indicated.

Subd. 2. **Allowable service.** "Allowable service" has the meaning provided in section 353.01, subdivision 16, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred.

Subd. 3. **Effective date.** "Effective date" means the date that the operation of the medical facility or other public employing unit is assumed by another employer or the date that the medical facility or other public employing unit is purchased by another employer and active membership in the Public Employees Retirement Association consequently terminates.

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) the City of Cannon Falls Hospital;
- (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- (4) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;
- (5) the Dassel Lakeside Community Home;
- (6) the Douglas County Hospital, with respect to the Mental Health Unit;
- (7) the Fair Oaks Lodge, Wadena;

- (8) the Glencoe Area Health Center;
- (9) Hutchinson Area Health Care;
- (10) the Lakefield Nursing Home;
- (11) the Lakeview Nursing Home in Gaylord;
- (12) the Luverne Public Hospital;
- (13) the Oakland Park Nursing Home;
- (14) the RenVilla Nursing Home;
- (15) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;
- (16) the St. Peter Community Health Care Center;
- (17) the Waconia-Ridgeview Medical Center;
- (18) the Weiner Memorial Medical Center, Inc.;
- (19) the Wheaton Community Hospital; and
- (20) the Worthington Regional Hospital.

[See Note.]

Subd. 5. **Other public employing unit.** "Other public employing unit" means:

- (1) Metro II, a joint powers organization formed under section 471.59; and
- (2) the St. Paul Civic Center authority.

Subd. 6. **Terminated medical facility or other public employing unit employee.**

"Terminated medical facility or other public employing unit employee" means a person who:

- (1) was employed on the day before the effective date by the medical facility or other public employing unit; or
- (2) terminated employment with the medical facility or other public employing unit on the day before the effective date; and
- (3) was a participant in the general employees retirement plan of the Public Employees Retirement Association at the time of termination of employment with the medical facility or other public employing unit.

Subd. 7. **Years of allowable service.** "Years of allowable service" means the total number of years of allowable service under section 353.01, subdivision 18, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred.

History: 1999 c 222 art 1 s 2; 2000 c 461 art 8 s 1; 2002 c 392 art 5 s 1; 1Sp2003 c 12 art 5 s 1; 2004 c 267 art 12 s 1; 1Sp2005 c 8 art 6 s 1; 2006 c 271 art 5 s 2,4,5; 2007 c 134 art 5 s 1; 2008 c 349 art 5 s 26; art 7 s 1,2; 2009 c 169 art 4 s 20; 2010 c 359 art 5 s 17

NOTE: Subdivision 4 with respect to Clearwater County Memorial Hospital is effective the first day of the month following certification to Clearwater County by the executive director of the Public Employees Retirement Association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized Clearwater Health Services employees under Laws 2006, chapter 271, article 5, section 2, does not exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as calculated by the consulting

actuary retained under section 356.214. The cost of the actuarial calculations must be borne by the current employer or by the entity which is the employer following the privatization. Laws 2006, chapter 271, article 5, section 5.

353F.025 CERTIFICATION AND DECERTIFICATION OF MEDICAL FACILITIES AND OTHER PUBLIC EMPLOYING UNITS.

Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a governmental subdivision may submit a resolution from the governing body to the executive director of the Public Employees Retirement Association which supports providing coverage under this chapter for employees of that governmental subdivision who are privatized, and which states that the governing body will pay for actuarial calculations, as further specified in paragraph (c).

(b) The governing body must also provide a copy of any applicable purchase or lease agreement and any other information requested by the executive director to allow the executive director to verify that under the proposed employer change, the new employer does not qualify as a governmental subdivision under section 353.01, subdivision 6, making the employees ineligible for continued coverage as active members of the general employees retirement plan of the Public Employees Retirement Association.

(c) Following receipt of a resolution and a determination by the executive director that the new employer is not a governmental subdivision, the executive director shall direct the consulting actuary retained under section 356.214 to determine whether the general employees retirement plan of the Public Employees Retirement Association, if coverage under this chapter is provided, is expected to receive a net gain or a net loss if privatization occurs. A net gain is expected if the actuarial liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss is expected if the actuarial accrued liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date, as defined in section 353F.02, subdivision 3.

Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected due to the privatization, or if paragraph (c) applies, the executive director shall forward a recommendation and supporting documentation to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Governmental Operations, Reform, Technology and Elections Committee of the house of representatives, the chair of the State and Local Government Operations and Oversight Committee of the senate, and the executive director of the Legislative Commission on Pensions and Retirement. The recommendation must be in the form of an addition to the definition of "medical facility" under section 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5, whichever is applicable. The recommendation must be forwarded to the legislature before January 15 for the recommendation to be considered in that year's legislative session. The recommendation may be included as part of public pension administrative legislation under section 356B.05.

(b) If a medical facility or other public employing unit listed under section 353F.02, subdivision 4 or 5, fails to privatize within one year of the final enactment date of the legislation adding the entity to the applicable definition, its inclusion under this chapter is voided, and the

executive director shall include in the subsequent proposed legislation under paragraph (a) a recommendation that the applicable entity be stricken from the definition.

(c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive director shall forward a recommendation that the privatization be included as an addition under paragraph (a) if the chief clerical officer of the applicable governmental subdivision submits a resolution from the governing body specifying that a lump sum payment will be made to the executive director equal to the net loss, plus interest. The interest must be computed using the applicable preretirement interest rate assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from which the actuarial accrued liability data was used to determine the net loss in the actuarial study under subdivision 1, to the date of payment, with annual compounding. Payment must be made on or after the effective date defined under section 353F.02.

Subd. 3. **Date of application.** For any privatization added to this chapter after May 28, 2008, the first date of coverage is the effective date as defined in section 353F.02, subdivision 3.

History: 2008 c 349 art 5 s 27; 2010 c 359 art 5 s 18,19

353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.

Notwithstanding any provision of chapter 353 to the contrary, a terminated medical facility or other public employing unit employee is eligible to receive a retirement annuity under section 353.29 of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, without regard to the requirement specified in section 353.01, subdivision 47.

History: 1999 c 222 art 1 s 3; 2010 c 359 art 1 s 47

353F.04 AUGMENTATION INTEREST RATES FOR TERMINATED MEDICAL OR OTHER PUBLIC EMPLOYING UNIT FACILITY EMPLOYEES.

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a terminated medical facility or other public employing unit employee is subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, except that the rate of augmentation is as specified in paragraph (b) or (c), whichever is applicable.

(b) This paragraph applies if the legislation adding the medical facility or other employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area Health Care or before January 1, 2007, for all other medical facilities and all other employing units. For a terminated medical facility or other public employing unit employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually.

(c) If paragraph (b) is not applicable, the augmentation rate is four percent compounded annually until January 1, following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is six percent compounded annually.

Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do not apply if the terminated medical facility or other public employing unit employee:

- (1) becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3; or
- (2) begins receipt of a retirement annuity while employed by the employer which assumed operations of the medical facility or other public employing unit or purchased the medical facility or other public employing unit.

History: 1999 c 222 art 1 s 4; 2006 c 271 art 5 s 3; 2007 c 134 art 5 s 2

353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR EARLY RETIREMENT PURPOSES.

(a) For the purpose of determining eligibility for early retirement benefits provided under section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, and notwithstanding any provision of chapter 353, to the contrary, the years of allowable service for a terminated medical facility or other public employing unit employee who transfers employment on the effective date and does not apply for a refund of contributions under section 353.34, subdivision 1, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, or any similar provision, includes service with the successor employer to the medical facility or other public employing unit following the effective date. The successor employer shall provide any reports that the executive director of the Public Employees Retirement Association may reasonably request to permit calculation of benefits.

(b) To be eligible for early retirement benefits under this section, the individual must separate from service with the successor employer to the medical facility. The terminated eligible individual, or an individual authorized to act on behalf of that individual, may apply for an annuity following application procedures under section 353.29, subdivision 4.

History: 1999 c 222 art 1 s 5

353F.051 CONTINUATION OF DISABILITY COVERAGE.

Subdivision 1. **Eligibility.** A terminated medical facility or other public employing unit employee who is totally and permanently disabled under Minnesota Statutes 1998, section 353.01, subdivision 19, and who had a medically documented preexisting condition of the disability before the termination of coverage, may apply for a disability benefit.

Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is entitled to receive a disability benefit calculated under Minnesota Statutes 1998, section 353.33, subdivision 3. The disability benefit must be augmented under Minnesota Statutes 1998, section 353.71, subdivision 2, from the date of termination to the date the disability benefit begins to accrue.

Subd. 3. **Applicability of general law.** Except as otherwise provided, Minnesota Statutes 1998, section 353.33, applies to a person who qualifies for disability under subdivision 1.

History: 1Sp2001 c 10 art 9 s 2

353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD PROVISION.

Notwithstanding any provisions of law to the contrary, subdivisions within section 353.32 of the edition of Minnesota Statutes published in the year before the year in which a privatization occurred, applicable to the surviving spouse or dependent children of a former member as defined

in section 353.01, subdivision 7a, apply to the survivors of a terminated medical facility or other public employing unit employee.

History: *2004 c 267 art 9 s 16*

353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

The reemployed annuitant earnings limitations of section 353.37 apply to any service by a terminated medical facility or other public employing unit employee as an employee of the successor employer to the medical facility.

History: *1999 c 222 art 1 s 6*

353F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 353 to the contrary, terminated medical facility or other public employing unit employees may receive a refund of employee accumulated contributions plus interest at the rate of six percent per year compounded annually in accordance with section 353.34, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, at any time after the transfer of employment to the successor employer to the medical facility or other public employing unit. If a terminated medical facility employee has received a refund from a pension plan enumerated in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those enumerated plans and complies with section 356.30, subdivision 2.

History: *1999 c 222 art 1 s 7*

353F.08 COUNSELING SERVICES.

The medical facility or other public employing unit and the executive director of the Public Employees Retirement Association shall provide terminated medical facility or other public employing unit employees with counseling on their benefits available under the general employees retirement plan of the Public Employees Retirement Association during the 90 days following privatization.

History: *1999 c 222 art 1 s 8*