

PERSONNEL PLAN
For
MINNESOTA STATE COLLEGES AND
UNIVERSITIES ADMINISTRATORS

7/1/2005 – 6/30/2007

As approved by the Board of Trustees on October 19, 2005
and by the Legislative Subcommittee on Employee Relations on January 10, 2006

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1.00 APPLICATION

This Plan applies to all unclassified administrators of the Minnesota State Colleges and Universities as defined in Section 1.02 of this Plan, who are not covered under the terms of a collective bargaining agreement.

1.01 NON-DISCRIMINATION

The provisions of this Plan shall be applied equally without discrimination as to race, sex, creed, religion, color, national origin, age, disability, marital status, status with regard to public assistance, sexual orientation, or membership or activity in a local commission as defined by law. The Board is committed in accordance with its policies to ensuring an employment environment free of harassment and violence.

1.02 DEFINITIONS

Subd. 1 Minnesota State Colleges and Universities Administrators

"Administrators" are those unclassified employees in positions which meet the "managerial" definition outlined in Minnesota Statute §43A.02, Subd. 28. Administrators are staff who create or formulate, influence, or manage policy or direct the college/university system. Administrators make high level operating decisions in the college/university system or delegate such decisions to others.

Administrators include the Chancellor, presidents, vice presidents/deans, vice chancellors, associate vice chancellors, directors in the Office of the Chancellor, associate/assistant vice presidents/deans, deans/directors (academic/instructional programs), associate/assistant deans/directors (academic/instructional programs) and other titles where the position has the same responsibilities. Additionally, administrators may include employees who:

- (a) report directly to the Chancellor, president, vice president, vice chancellor, associate vice chancellor or directors in the Office of the Chancellor and who meet the test for "managerial employee"; or
- (b) meet the test for a "managerial employee," and are responsible for academic research, academic public service responsibilities including institutional relations, alumni and foundation activities; academic program administration or academic program outreach, including curriculum development and implementation, instruction, or direction of a program having direct contact with students about financial aids, admissions and registration, placement, campus student life and development, or related educational programs and services.

For purposes of this Personnel Plan, administrator positions are those assigned to salary ranges 1 to 14 as well as the presidents, vice chancellors and Chancellor. Assignment of positions to salary ranges shall be based upon assigned duties and responsibilities.

Subd. 2 Types of Appointments

- Continuing - employed in a position without a specified end date.
- Acting - assigned to fill a position when the incumbent is on leave or is otherwise unable to serve; or in the event of a presidential vacancy, assigned by the Chancellor to serve as president pending the start of an interim, continuing or contractual appointment by the Board of Trustees.
- Temporary - employed in a position with a specified start and end date.
- Interim - assigned to temporarily fill a vacant position pending the completion of a search or reorganization of all or part of the college/university or Office of the Chancellor, or under similar circumstances.

- Contractual - an appointment pursuant to Section 1.03 Subd. 1 (g) or Subd. 2 (g). These appointments have certain terms and conditions specified in the contract and are subject to renewal by the Board of Trustees.

Subd. 3 Supervisory Authority

For purposes of this Personnel Plan, supervisory authority for administrators in the Office of the Chancellor and college/university presidents resides with the Chancellor. Supervisory authority for campus administrators resides with the president. When used in this Plan, the phrase "Chancellor/president" shall mean the Chancellor for administrators in the Office of the Chancellor and presidents, and the president for campus administrators.

1.03 APPOINTMENTS/TERMS OF APPOINTMENTS

Subd. 1 Chancellor

- (a) The Chancellor is selected by and serves at the pleasure of the Board, which sets the terms and conditions of employment.
- (b) The Board sets the annual salary for the Chancellor within the approved range pursuant to Section 1.13, Subd. 3 of this Plan.
- (c) The Chancellor may hold academic rank and may retain faculty tenure or unlimited faculty status in a university/college, if applicable and approved by the Board, consistent with the provisions and procedures of the university/college.
- (d) Upon completion of service as Chancellor, the Board may appoint the Chancellor as a "Distinguished Senior Fellow for Academic Affairs." The Board shall determine specific duties and shall set the salary pursuant to Section 1.13, Subd. 3 of this Plan.
- (e) The Chancellor's employment may be terminated at any time. However, at the Board's discretion, upon notice of termination, the Chancellor may be reassigned up to twelve (12) months. In the event of reassignment, the Chancellor must perform the assigned duties until the date of separation from the Minnesota State Colleges and Universities.
- (f) The Board may choose to appoint a Chancellor utilizing a continuing, acting, interim or contractual appointment.
- (g) A contractual appointment must include:
 - Established term lengths not to exceed five (5) years; however, an initial contract with a Chancellor may not exceed three (3) years.
 - An annual salary and provision for any increases within the salary range.
 - Provisions related to termination of employment by the Board before expiration of the term of the contract, which may include payments in addition to any benefits earned under Section 1.08 of this Plan. However, such payments may not exceed one (1) year's salary and may not be made when termination is for just cause.

If the Board so chooses, the contract may include:

- Non-economic provisions.
- Additional remuneration not covered elsewhere in this Plan, which shall not exceed 30% of the base salary established under Section 1.13, Subd. 3 of this Plan. This may include compensation above the maximum salary limits established in Section 1.13, Subd. 3.

If the Board appoints a Chancellor utilizing a contractual agreement as defined in Section

1.02, Subd. 2 of this Plan, the Board is not precluded from exercising its power to terminate the Chancellor at any time.

Subd. 2 Vice Chancellors and Presidents

- (a) Vice chancellors and presidents shall be appointed and terminated according to policies established by the Board.
- (b) Annual salaries shall be set pursuant to Section 1.13, Subd. 4 of this Plan and in accordance with any process established in Board policy.
- (c) A vice chancellor or president may hold academic rank and may retain faculty tenure or unlimited faculty status in a university/college, if applicable and approved by the Chancellor and Board, consistent with the provisions and procedures of the university/college.
- (d) Upon completion of service as vice chancellor for academic affairs or president, the Board may appoint the individual as a “Distinguished Senior Fellow for Academic Affairs.” The Chancellor shall determine the specific duties and shall set the salary pursuant to Section 1.13, Subd. 4 and 5 of this Plan.
- (e) If the continuing appointment of a vice chancellor or president is terminated, s/he may be reassigned for up to twelve (12) months. However, s/he will receive three (3) months written notice of the effective date of termination. In the event of reassignment, the vice chancellor or president must perform the assigned duties until the date of separation from the Minnesota State Colleges and Universities.
- (f) The Board, upon the recommendation of the Chancellor, may choose to appoint a vice chancellor or president utilizing a continuing, acting, interim or contractual appointment.
- (g) A contractual appointment must include:
 - Established term lengths not to exceed five (5) years; however, an initial contract with a vice chancellor or president may not exceed three (3) years.
 - An annual salary and provision for any increases consistent with the Plan.
 - Provisions related to early termination of employment under the contract by the Board, which, for presidents, may include payments in addition to any benefits earned under Section 1.08 of this Plan. However, such payments may not exceed one (1) year’s salary and may not be made when termination is for just cause.

If the Board so chooses, the contract may include:

- Non-economic provisions.
- Additional remuneration not covered elsewhere in this Plan, which shall not exceed 30% of the base salary established under Section 1.13, Subd. 4 and 5 of this Plan. This may include compensation above the maximum salary limits established in Section 1.13, Subd. 4 and 5.

If the Board appoints a vice chancellor or president utilizing a contractual agreement as defined in Section 1.02, Subd. 2 of this Plan, the Board is not precluded from exercising its power to terminate the vice chancellor or president at any time.

Subd. 3 Administrators in Continuing, Acting, Interim, and Temporary Appointments

- (a) Employment At Will. Administrators serve at the pleasure of the Chancellor/president and no provision of this Plan shall be construed to alter the at-will nature of an administrator's employment.

Administrators in acting, interim and temporary appointments may be terminated without advance notice at any time, with or without cause.

- (b) Initial Continuing Appointments. The Chancellor/president may choose to provide written assurance of an initial period of continuing appointment of up to 18 months for an administrator not previously employed within the system. Such initial appointments may be terminated for just cause.

- (c) Notice Requirements For Involuntary Termination Of Continuing Appointments Due To Shortage of Funds, Reorganization or Other Reasons Not Reflecting On the Administrator.

Administrators in continuing appointments shall receive a minimum of three (3) months written notice of the effective date of their termination.

The Chancellor/president may develop a written procedure for the Office of the Chancellor/college/university that permits longer minimum notice periods for individual administrators in continuing appointments, not to exceed nine (9) months. Individual administrators shall have a minimum notice period of three (3) months unless the Chancellor/president has notified them in writing that they have a longer notice period. The Chancellor's/president's procedure on minimum notices and all associated commitments expire at the end of the Chancellor's/president's appointment to their current position. In the event a Chancellor/president leaves office, all continuing appointments that were under their control shall be subject to the three (3) month minimum notice requirement until the new Chancellor/president adopts a new procedure pursuant to this clause. Acting and interim Chancellors and presidents do not have the authority to adopt a procedure regarding minimum notice periods.

The Chancellor/president has the authority to reassign a continuing administrator on or after the date the notice of involuntary termination has been issued. The reassigned administrator must perform all assigned duties until the date of separation from the Minnesota State Colleges and Universities. Such reassignment shall not exceed nine months unless the Chancellor or the Chancellor's designee determines that a longer reassignment is warranted.

- (d) Termination for cause. The involuntary termination of an administrator's continuing

appointment for cause is not subject to the minimum notice requirements of this Plan.

- (e) Academic Rank and Faculty Tenure or Unlimited Faculty Status. Consistent with the provisions and procedures of the university/college for making decisions relative to these matters, administrators otherwise qualified may hold academic rank and may retain faculty tenure or unlimited faculty status in the college/university, if applicable and approved by the Chancellor or president(s).

College/University presidents may grant faculty tenure or unlimited faculty status to individuals employed as academic program deans as defined by the Chancellor's designee. The impact of such a tenure/unlimited status decision upon the terms and conditions of employment of members of the faculty bargaining unit shall be governed by the provisions of the applicable labor agreement between the Minnesota State Colleges and Universities and the certified exclusive faculty representative. Any variance from such contractual provisions must be obtained through collective bargaining negotiations conducted by or on behalf of the president.

Subd. 4 Assignment and Reassignment of Duties

The Chancellor/president shall define and redefine the duties of administrators under his/her supervision. The Chancellor/president may at any time reassign an administrator to another position within the college/university or Office of the Chancellor. Where a reassignment between a college/university and the Office of the Chancellor is concerned, the Chancellor and the president of the college/university shall consult with each other and the individual prior to such reassignment. Reassignment between colleges/universities must be approved by the presidents of the affected institutions and must be consistent with personnel policies and contractual provisions. Such reassignment does not constitute a vacancy.

Subd. 5. Discipline. In addition to the option of terminating an administrator's appointment, the Chancellor/president has the authority to take any other disciplinary actions he/she deems appropriate, including but not limited to reprimand or suspension with or without pay.

Subd.6. Outside Employment

An administrator may accept concurrent employment outside the Minnesota State Colleges and Universities System only with the prior written approval of the Chancellor/president. The Chancellor/president shall consider the provisions of Minnesota Statutes 43A.38 when reviewing any request.

1.04 EVALUATION

Subd. 1 Chancellor

- (a) The Chancellor shall be evaluated each year.
- (b) Any evaluation report prepared by or for the Board shall be deemed private and made available only to the Chancellor and the members of the Board.

Subd. 2 All Other Administrators

All other administrators shall be evaluated each fiscal year and a copy of the evaluation documentation shall be retained in the administrator's personnel file.

1.05 HOLIDAYS

Subd. 1 Observed Holidays

The following days shall be designated as holidays when they occur during an administrator's appointment:

Independence Day	New Year's Day
Labor Day	Martin Luther King Day
Veteran's Day*	Presidents' Day*
Thanksgiving Day	Memorial Day
Day after Thanksgiving*	Floating Holiday (see below)
Christmas Day	

* The Chancellor/president may designate an alternate day for the observance of the asterisked holidays.

When any of the above holidays falls on a Saturday, the preceding day shall be a holiday. When any of the above holidays falls on a Sunday, the following Monday shall be a holiday.

In order to receive a paid holiday, an eligible administrator must be in payroll status on the normal work day immediately preceding the holiday and the normal work day immediately following the holiday(s). Part-time administrators shall be paid for the number of hours s/he would have worked had there been no holiday.

Subd. 2 Floating Holidays

An administrator shall receive one floating holiday in fiscal year 2006. The scheduling of such a day shall be by mutual agreement between the Chancellor/president or designee and the administrator. The floating holiday shall be taken on or before June 30, 2006, or it is lost. Effective with fiscal year 2007, one day will be added to the vacation accrual schedule in Appendix A in lieu of a floating holiday.

Subd. 3 Religious Holidays

When a religious holiday not observed as one of those holidays listed above falls on an administrator's regularly scheduled work day, the administrator shall be entitled to that day off to observe the religious holiday.

Time to observe a religious holiday shall be taken without pay unless the administrator uses accumulated annual leave or, by mutual consent with the appointing authority, is able to work an equivalent number of hours at some other time during the fiscal year to compensate for the hours lost. An administrator shall notify his/her supervisor of his/her intention to observe a religious holiday in advance of the holiday.

1.06 LEAVES OF ABSENCE WITH PAY

Subd. 1 Annual Leave

- (a) Accrual. All full-time twelve (12) month administrators shall accrue annual leave with pay at the rates as set forth in Appendix A. Administrators employed for more than six months and less than twelve months shall be credited with one day of annual leave at the end of each full pay period worked during the appointment, not to exceed 22 days of leave accrual for the appointment. Administrators appointed for six months or less are not eligible to accrue annual leave.

Administrators who are employed less than full-time (normally 80 hours per payroll period) shall have their annual leave accrual rate prorated according to the portion of time worked.

For purposes of this section, continuous service shall include all continuous state service. Continuous service is broken by any separation from state employment. At the discretion of the Chancellor/president, a new administrator may be granted length of service credit for any prior employment the Chancellor/president determines to be related to employment in the Minnesota State Colleges and Universities. A current administrator may make a written request for such credit for prior related employment at any time, however, the change in accrual rate shall take effect with the first full pay period in the fiscal year the request is approved.

When appointment to an administrator position in the Minnesota State Colleges and Universities is the initial entry into state service or a move from a faculty position, full-time administrators shall be credited with ten (10) days of annual leave. Such credit shall be reduced proportionately as annual leave is accumulated. Administrators, who separate from their administrative position and who have used more of the ten (10) days than they would have accrued as provided in Appendix A, shall have their last paycheck reduced by the number of days of annual leave taken in excess of that earned.

An administrator who moves without a break in employment between positions in the classified and/or unclassified services, whether within the system or between the system and other state agencies, shall have his/her accumulated leave, to a maximum of 34 days, and length of service transferred. This provision shall also apply to administrators/managers who move from positions in the legislative or judicial branches.

- (b) Limits on Accrual. Annual leave may be accumulated to any amount provided that once during the fiscal year, each administrator's accumulation must be reduced to 34 days. If this is not accomplished prior to the end of the fiscal year, the administrator's accumulation shall automatically be reduced to 34 days as of June 30, and the amount of accumulation over 34 days will transfer to the administrator's bank of lapsed sick leave [see Subd. 2(b)] below. Saturdays, Sundays and legal holidays will not be counted as days of leave. In the event that the accumulation cannot be reduced to 34 days due to assigned job requirements, the Chancellor/president may extend the end of the fiscal year deadline for

up to a maximum of six (6) months. At the end of the agreed upon time frame (maximum of six [6] months), the accumulation shall be reduced and the excess transferred to lapsed sick leave. Effective in calendar year 2006, the deadline for reducing vacation balances to 34 days shall be moved from June 30, to the end of the last full pay period in September each year.

(c) Use of Annual Leave.

- (1) Beyond the ten (10) days credited pursuant to Subd. 1(a) above, new administrators may not take annual leave until they have been employed a sufficient length of time to have earned the number of days taken.
- (2) Annual leave may only be taken in one-half (1/2) day increments.
- (3) The administrator must obtain the prior approval of the Chancellor/president or their designees for the use of annual leave, unless the administrator is using annual leave to observe a religious holiday. The Chancellor and presidents may determine periods of annual leave for themselves at times best suited to their workload.

(d) Payment Upon Separation. Upon separation from state service, or if a change in employment results in the administrator being ineligible to accrue further annual leave, an administrator shall be paid for his/her accrued but unused balance of annual leave not to exceed 34 days.

(e) Conversion of Accumulated Annual Leave to a Minnesota State Colleges and Universities Approved 403(b) Account or to the Deferred Compensation (457) Plan Operated by the State Retirement System. Once in each fiscal year, with the approval of the Chancellor/president and based on the availability of funds, an administrator may convert a portion of his/her accumulated annual leave to a 403(b) account approved by the system or the 457 Plan operated by MSRS. Each administrator may convert up to one (1) day of annual leave for each three (3) days of annual leave used in the previous fiscal year, provided that the administrator shall not convert more than five (5) days per fiscal year.

This provision shall not be used in the pay period which includes the first of July. Contributions to the administrator's 403(b) or 457 account made through the conversion of annual leave days are subject to all of the rules and regulations of the respective program and IRS regulations.

Subd. 2 Sick Leave

All sick leave will accrue on a per pay period basis as follows:

(a) Accrual

- (1) Except as noted in (2) below, 15 days of sick leave shall be credited to all new full-time administrators at the time of their employment to cover possible disability

during the first 30 pay periods of employment. Beginning with the 31st pay period of employment, each administrator shall be credited with one-half (1/2) additional day of sick leave for each succeeding pay period of employment completed. Administrators who separate from their administrative position before completing 30 pay periods of employment and who have used more sick leave days than they would have accrued at the rate of one-half (1/2) day for each pay period, shall have their last paycheck reduced by the number of days of sick leave taken in excess of that earned.

- (2) Employees accepting an administrator position in the Minnesota State Colleges and Universities under the provisions of Subd. 2 (a)(5) below shall not be credited with days as defined in Subd. 2 (a)(1) above, but shall be credited with any sick leave balance and accrual rates in effect at the time of their appointment in the Minnesota State Colleges and Universities.
 - (3) Administrators commencing employment on less than a full-time basis shall be given a pro-rata portion of the 15 day sick leave credit as described in Subd. 2 (a)(1) above. Beginning with the 31st pay period of employment, each part-time administrator will be credited with one-half (1/2) day of sick leave pro-rated by the fraction of time employed for each succeeding pay period of employment.
 - (4) Administrators specifically employed for a limited period of service not to exceed 15 months shall be credited with one-half (1/2) day of sick leave for each pay period of anticipated service rather than 15 days as described above. The amount of sick leave credited for part-time administrators so employed shall be pro-rated by the fraction of time employed.
 - (5) An administrator who moves without a break in employment between positions in the classified and/or unclassified services, whether within a system or between agencies, shall have his/her accumulated leave transferred. This provision shall also apply to employees who move to administrative positions from administrative or non-administrative positions covered by other plans or collective bargaining agreements or from positions in the legislative or judicial branches.
- (b) Limits on Accrual. Sick leave may be accrued up to a maximum of 125 days. Sick leave earned in excess of this amount will be considered lapsed but shall be recorded. Any administrator who has such lapsed sick leave recorded to his or her credit may, upon approval of the Chancellor/president, have the lapsed sick leave restored in the event of an extended illness. Such administrator shall supply medical information as may be required.
- (c) Use of Sick Leave. Sick leave may only be taken in one-half (1/2) day increments. The use of sick leave shall be approved, when appropriate, by the Chancellor/president or his/her designee. Administrators may use up five (5) days of sick leave for the birth or adoption of the administrator's child. Sick leave shall be granted for absences made necessary; 1) by reason of illness, or disability, including temporary disabilities caused or

contributed to by pregnancy, miscarriage, abortion, childbirth, and recovery therefrom; 2) by exposure to contagious disease which may endanger the individual or the public health; or 3) by illness in the immediate family making it necessary that the administrator be absent from his or her duties. In the case of absence for illness of members of the immediate family, the term "immediate family" shall be defined to include the spouse, brothers, sisters living in the administrator's household, or children, wards, parent or parents of the spouse. The Chancellor/president may extend these provisions to include other residents of the household. Leave taken under the Family Medical Leave Act shall be charged to sick leave as appropriate.

- (d) Reinstatement. An administrator who is eligible to accrue sick leave, who is reappointed to a position within the Minnesota State Colleges and Universities within four (4) years from the date of separation in good standing, shall have his or her sick leave balance and bank, if any, restored. However, any administrator being reappointed after receiving severance pay shall have his or her leave restored proportionately by deducting the days or fractions of days which were paid as severance. This provision shall also apply to administrators who are appointed to an unclassified position in the Minnesota State Colleges and Universities following separation in good standing from positions covered by other plans or collective bargaining agreements or from positions in the legislative or judicial branches, unless the previous accrual rates and maximum accumulations were greater than those provided in this Personnel Plan, in which case leave balances and banks shall be restored in amounts equal to what they would have accumulated under this regulation.

Subd. 3 Bereavement Leave

The use of a reasonable period of bereavement leave (not deducted from sick leave), up to five (5) days per occurrence, shall be granted in case of a death in the administrator's immediate family. The term "immediate family" shall include the spouse, parents, parents of the spouse, children, grandchildren, brothers, sisters, grandparents, or wards of the administrator. The use of sick leave for bereavement purposes shall be granted in case of the death of a regular member of the administrator's household, sister-in-law or brother-in-law or the following relatives of the spouse: children, grandchildren, grandparents or wards. Bereavement leave in all other cases may be granted, but shall be deducted from the administrator's annual leave.

Subd. 4 Military Leave of Absence

An administrator of the Minnesota State Colleges and Universities who is a member of the state or federal armed services is entitled to leave of absence with pay as defined in Minnesota Statute §192.26.

Subd. 5 Court-Related Leaves of Absence

An administrator in the Minnesota State Colleges and Universities shall be granted a leave of

absence with pay for:

- (a) appearance before a court, legislative committee, or other judicial or quasi-judicial body in response to a subpoena or other direction by proper authority for purposes related to the administrator's Minnesota State Colleges and Universities position.
- (b) attendance in court in connection with an administrator's official duty, such attendance including the time required in going to the court and returning to the administrator's place of work.

Subd. 6 Jury Duty Leave

Jury duty leave for time to serve on a jury, provided that when not impaneled for actual service but only on call for service, the administrator shall report to work.

Subd. 7 Voting Time Leave

Voting time leave, in accordance with Minnesota Statute §204C.04 for administrators eligible to vote in any statewide general election or any election to fill a vacancy in the United States Congress, provided that the leave is for a period of time long enough to vote during the morning of the election day.

Subd. 8 Emergency Leave

Emergency leave, in the event of a natural or man-made emergency, shall be granted pursuant to Minnesota State Colleges and Universities Board Policy 4.4, Weather/Emergency Closings.

Subd. 9 Leave for Bone Marrow and Organ Donation

An administrator undergoing a medical procedure to donate bone marrow, an organ or a partial organ to another person shall be granted paid leave not to exceed 5 days. If there is a medical determination that the administrator does not qualify as a donor, any paid leave of absence granted to the administrator prior to the medical determination is not forfeited.

Subd. 10, Investigatory Leave.

The Chancellor/president may place an administrator who is the subject of a disciplinary investigation on an investigatory leave with pay.

1.07 LEAVES OF ABSENCE WITHOUT PAY

Subd. 1. Personal Leaves of Absence.

The Chancellor/president may approve leaves of absence without pay and without employer paid benefits when deemed to be in the best interest of the college/university or system. No regular leave without pay shall extend for a period greater than one (1) year. No administrator shall have more than two (2) consecutive year long leaves without pay without the consent of the Chancellor. While on unpaid leave, an administrator shall have the right to continue insurance benefits, to the extent permitted by law at his/her own expense.

Subd. 2. Parental Leaves of Absence.

Leave of absence shall be granted to a natural or adoptive parent for a period of up to six months when requested in conjunction with the birth or adoption of the administrator's child. The leave shall commence on the date requested by the administrator but no later than six weeks after the birth or adoption; except that, in the case where the child must remain in the hospital longer than the mother, the leave may begin up to six weeks after the child leaves the hospital. Sick leave used with a medical practitioner's statement prior to the birth of the child will not reduce the duration of the leave of absence. Upon request, the Chancellor/president may grant extensions of the leave of absence, but in no case shall the leave absence exceed one year.

1.08 SEVERANCE

Subd. 1 Severance Pay

Administrators shall receive severance pay upon separation by reason of:

- (a) retirement at or after age 65;
- (b) death;
- (c) separation immediately following:
 - (1) ten (10) years of continuous state employment as a manager/administrator, or
 - (2) five (5) years of continuous employment as an administrator in the Minnesota State Colleges and Universities, or
 - (3) 20 years of continuous state employment;
- (d) retirement immediately following ten (10) years of continuous state employment with immediate entitlement at the time of retirement to receive a retirement benefit under a state retirement program.

Notwithstanding any other provision, severance pay shall not be made to an administrator under this Plan who is involuntarily terminated with cause pursuant to Section 1.03, subd. 3 (a) or (d).

Severance pay shall be a sum equal to 40% of the administrator's accumulated but unused sick leave balance at the time of separation, not to exceed 112 days, plus 12.5% of the administrator's accumulated and unused sick leave in excess of 112 days, times the administrator's regular daily rate of pay at the time of separation. Should an administrator have less than 112 days of regular sick leave accumulated, the difference may be transferred from lapsed sick leave for purposes of severance pay.

Administrators employed by the state universities on June 30, 1995, who elected to retain severance pay at 50% of his/her accumulated but unused sick leave balance, not to exceed 125 days times the regular daily rate of pay at the time of separation, shall continue to be eligible for this severance pay provision. Should an administrator electing this option have less than 125 days of regular sick leave accumulated, the difference may be transferred from lapsed sick leave for purposes of severance pay.

Severance payments received on or after the implementation date of this Plan shall be paid in cash if the severance payment is being made because of the death of the administrator, or if the gross amount of a severance payment to be paid under this subdivision is less than \$5,000.00. All other severance payments made after implementation of this Plan shall be transferred to a Post Retirement Health Care Savings Account established under Minnesota Statutes 352.98.

In the event an administrator who has received severance pay is subsequently reappointed within the Minnesota State Colleges and Universities, future severance pay for that individual shall be computed upon the unused sick leave balance accumulated since the time of reappointment.

Subd. 2. Severance Payments Per Employment Contracts.

In addition to severance pay benefits available under Subdivision 1, the terms of a contractual appointment may include severance pay up to six (6) months salary upon completion of the full term of a contractual appointment which is not renewed.

Subd. 3 Enhanced Separation Payment

As recommended by the president and certified by the Chancellor, administrators whose positions are permanently eliminated as a direct result of a consolidation shall be eligible to receive an enhanced separation payment equal to four percent (4%) of their annual base salary for each full year of employment up to a maximum of 20% of their annual base salary. Only positions eliminated and administrators actually separating from employment in the Minnesota State Colleges and Universities, during the twelve (12) months immediately preceding and the six (6) months immediately following a consolidation, may be considered in determining eligibility for this enhanced separation payment.

Administrators eligible for and electing to take or who have taken a legislative or other early separation incentive are not eligible for this enhanced separation payment. Administrators receiving this enhanced separation payment shall not be re-employed in the Minnesota State Colleges and Universities.

Subd. 4 Re-employment of Early Retirees

Administrators who have received an early separation incentive from the Minnesota State Colleges and Universities or one of its predecessor systems/institutions may be re-employed by the Minnesota State Colleges and Universities for limited periods, with prior written approval of the Chancellor/president.

1.09 INSURANCE

Except as otherwise provided below, the insurance benefits provided in the State Managerial Plan are applicable to administrators. A copy of the State Managerial Plan insurance article is attached as Appendix B.

Subd. 1 Eligibility for Participation in the State Employee Group Insurance Program

An administrator employed at least 50% time during a nine (9) month or longer appointment may elect to be covered by the benefits provided for in this Plan.

Subd. 2 Eligibility for State-Paid Benefits

To be eligible for the full employer contribution toward the premiums for health, dental and basic life insurance benefits, an administrator must be employed for at least 75% time during a nine (9) month or longer appointment. To be eligible for a partial employer contribution toward the premiums for health, dental and basic life insurance benefits, an administrator must be employed at least 50% time and less than 75% time during an appointment of nine (9) months or longer.

Subd. 3 Maintaining Eligibility for Employer Contribution During Leaves

An administrator eligible for basic coverage paid by the employer shall have such coverage maintained during the period of a sabbatical leave or leave without pay for educational or other purposes judged by the Chancellor to be of benefit to the Minnesota State Colleges and Universities.

Subd. 4 Amount of Employer Contribution

- (a) Full Contribution for Administrator Insurance Premiums: The employer shall contribute an amount equal to the total employee-only premium of the Minnesota Advantage Health Plan and 100% of the cost of basic life coverage and accidental death and dismemberment coverage. The employer shall also contribute an amount equal to the lesser of 90% of the employee-only premium of the State Dental Plan, or the actual employee-only premium of the dental plan chosen by the administrator, however, for calendar years 2006 and 2007, the minimum administrator contribution shall be five (5) dollars per month.
- (b) Full Contribution for Dependent Health and Dental Insurance: The employer shall contribute an amount equal to 85% of the dependent premium of the Minnesota Advantage Health Plan and an amount equal to the lesser of 50% of the dependent premium for the State Dental Plan, or the actual dependent premium of the dental plan chosen by the administrator.
- (c) Partial Employer Contributions For Health, Dental And Basic Life Insurance: Administrators who qualify for a partial employer contribution for health and dental insurance coverage shall, at the administrator's option, receive 75% of the full employer

contribution for both employee-only and dependent coverage. These administrators shall receive the full employer contribution for basic life insurance coverage.

- (d) Contribution for Administrators Involuntarily Terminated Due to Abolition of Position or Reorganization. An administrator with an employer contribution and who has been employed for at least three (3) years of continuous service shall remain eligible for an employer contribution for up to six (6) months from the date of separation if the position he/she occupies is abolished because of a reduction in force. In no event shall the employer contribution continue beyond the date at which the administrator reaches the age of 65.

1.10 EXPENSE REIMBURSEMENT

Except as otherwise provided below, the expense reimbursements for all administrators covered under this Plan are the same as those provided in the State Managerial Plan. A copy of the State Managerial Plan expense reimbursement language is attached as Appendix C.

The Chancellor/president may reimburse travel expenses for candidates invited to participate in employment interviews. In determining to reimburse travel expenses, the Chancellor/president shall consider the availability of qualified candidates, the needs of the system or institution, and the availability of funds. Any expenses paid are subject to the provisions of this Plan regarding types and maximum amounts of reimbursement.

Administrators in acting or interim positions may be considered in travel status for up to six (6) months. One or more extensions of up to an additional six (6) months may be granted by the Chancellor. The Chancellor or the president making the acting or interim appointment may establish lower limits on travel expenses than those contained in the State Managerial Plan for the duration of the acting or interim appointment.

1.11 RELOCATION EXPENSES

Subd. 1 Eligibility, Limits and Conditions

Administrators may be reimbursed for relocation expenses as indicated below. An administrator must have written approval from the approving authority, as indicated below, prior to incurring any relocation expenses. The approving authority shall establish an overall limit on total relocation reimbursement in writing, usually in the formal offer of employment. Once established, the limit shall not be lowered. This limit shall not exceed twenty (20) percent of the initial base salary. The approving authorities are as follows:

- (a) The Board of Trustees for the Chancellor
- (b) The Chancellor for Administrators in the Office of the Chancellor and Presidents
- (c) The President for Campus Administrators other than the President.

The Chancellor/president may reimburse an administrator for relocation expenses associated with an initial appointment. Authorization for relocation expenses must be made in writing on or before the date of hire. The written authorization must contain a specific monetary reimbursement limit. The Chancellor/president may limit both the type and amount of reimbursement. New administrators may receive reimbursement of expenses prior to their first day of employment.

Reimbursement for relocation expenses will be allowed only if a change in residence is completed within one (1) year from the date of appointment or reassignment unless other time extension arrangements have been approved by the Chancellor/president.

Some of the payments under these provisions are considered wages by the Internal Revenue Service and as such are subject to income tax withholding.

Subd. 2 Covered Expenses

Reimbursable expenses may include, but are not limited to, the following:

- (a) Travel Status. For up to six (6) months, a new administrator may be considered in travel status and receive expense reimbursement consistent with 1.10 of this Plan and Appendix C. Travel status for new administrators may be extended up to an additional six (6) months by the Chancellor/president.
- (b) Travel to Work Location. Four (4) round trips by the administrator's spouse and two (2) round trips by the administrator's dependents to the new work location with reimbursement consistent with 1.10 of this Plan and the State Managerial Plan (Appendix C).

Cost of travel of the administrator's spouse and dependents when moving to the new work location, consistent with 1.10 of this Plan and the State Managerial Plan (Appendix C).

- (c) Moving Expenses. The actual cost of moving and packing household goods may be reimbursed. The administrator shall obtain no less than two (2) bids for packing and/or moving household goods. Approval shall be obtained from the president for college/university administrators, and the Chancellor for administrators in the Office of the Chancellor and presidents, prior to making any commitment to a mover to either pack or ship the administrator's household goods. Payment shall be made for moving a house trailer if the trailer is the administrator's domicile.

- (d) Miscellaneous Expenses. Documented miscellaneous expenses directly related to the move may be reimbursed to the administrator. These expenses may include, but are not limited to, such items as: fees involved in the purchase of a house in the new location, disconnecting and connecting appliances and/or utilities, the cost of insurance for property damage during the move, the cost of moving vehicles, payment of loan origination fees not to exceed one percent (1%) of mortgage, or other direct costs associated with rental or purchase of another residence. An administrator shall not be reimbursed for improvements to a house or property being sold or purchased.

Neither the State of Minnesota nor the Minnesota State Colleges and Universities shall be responsible for the loss or damage to any administrator's household goods or personal effects.

Subd. 3 Realtor's Fees

The cost of the realtor's fees on the sale or purchase of the administrator's principal residence, but not both, or fees required to break a lease on an administrator's rented domicile may be reimbursed up to six percent (6%) of the selling price of the principal residence. A signed copy of the settlement statement showing that the employee paid the realtor's fees must accompany the request for reimbursement.

1.12 CAREER DEVELOPMENT AND TUITION WAIVER

Subd. 1 Courses, Tuition and Fees

- (a) Administrators employed on at least a 75% basis shall be entitled to enroll in courses offered by a college/university in the Minnesota State Colleges and Universities without payment of tuition or fees, except laboratory and special course fees. Such enrollment shall not exceed a total of 24 semester credit hours per fiscal year for any administrator.
- (b) To the extent that the administrator does not exercise the rights above, the administrator's spouse or dependents shall be eligible to take credits in an institution type which is similar to that in which the employee is employed (i.e., if employed in a community, technical or consolidated college, is entitled to tuition waiver in any community, technical or consolidated college; if employed in a state university, is entitled to tuition waiver in any state university), within the limits above, with waiver of tuition only.

The spouse or dependent(s) of an administrator in the Office of the Chancellor shall be entitled to enroll, on a space available basis, without payment of tuition as follows:

- (1) Administrators employed by the State University System on June 30, 1995 -- in courses offered by a state university.
- (2) Administrators employed by the Community College System or the Technical College Board or a technical college on June 30, 1995 -- in courses offered by a state community, technical or consolidated college.
- (3) Administrators not previously employed in one of the above systems -- shall select one type of institution (college or university) in which to exercise this right. This selection is offered on a one-time only basis and is not subject to change by the administrator.

Dependents shall be those persons meeting the Department of Employee Relations' definition of dependent for health insurance purposes.

Subd. 2 Professional Development

The Chancellor/president is authorized to fund professional development for administrators. This may include attendance at professional meetings, seminars, visits to post-secondary institutions or other relevant activities that will enhance professional knowledge and performance.

Subd. 3 Sabbatical Leave

An administrator is eligible for a sabbatical leave to secure additional education, training, or experience which will better prepare him/her to carry out his/her management responsibilities. A sabbatical leave may be granted for any period up to one (1) year at no pay, partial pay, or full pay. Administrators are not eligible for holiday pay or to accrue or use annual leave and sick leave while on sabbatical leave. Granting of a sabbatical leave is at the discretion of the

Chancellor. The administrator shall be eligible to retain state-paid insurance benefits for which s/he is otherwise eligible while on sabbatical leave. A sabbatical leave may be granted if the following criteria are met:

- (a) the administrator has at least six (6) years of service in the Minnesota State Colleges and Universities;
- (b) the administrator has submitted a plan to the president or appropriate vice chancellor or Chancellor showing how the leave will serve the purpose described above;
- (c) the president or vice chancellor has recommended approval of the plan to the Chancellor;
- (d) the Chancellor has granted prior approval of the plan;
- (e) the organization's functions and goals can be carried out during the administrator's absence;
- (f) funds are available for this purpose;
- (g) the administrator agrees, in writing, to return to employment in the system following completion of a paid sabbatical leave for the amount of time specified by the Chancellor at the time the leave was approved and agrees to repay the amount of sabbatical compensation if s/he does not return for the agreed upon time; and
- (h) the administrator agrees to prepare and deliver a written report at the end of the sabbatical, which shall be shared with other administrators.

1.13 SALARY ADMINISTRATION

Subd. 1 Purpose

The purpose of this policy is to establish salary ranges and to define other salary policies that affect administrators.

Subd. 2 Annual Base Salary

These salary ranges, and annual base salaries set within these ranges, are for the full fiscal year (July 1 - June 30) and shall not be added to or subtracted from to reflect fluctuations in the number of work days (260, 261 or 262) in a given year.

Subd. 3 Chancellor

The Board shall set the salary of the Chancellor within the range listed below. The salary range shall be subject to legislative approval pursuant to Minnesota Statute §15A.081, Subd. 7c.

<u>Effective Date</u>	<u>Minimum</u>	<u>Maximum</u>
January 1, 2001	\$197,000	\$250,000
July 1, 2002	\$197,000	\$270,000
July 1, 2003	\$197,000	\$270,000
July 1, 2004	\$204,880	\$280,800
July 1, 2005	\$219,000	\$300,000
July 1, 2006	\$234,000	\$320,000
July 1, 2007	\$248,000	\$340,000

Subd. 4 Presidents

(a) FY 2006 and FY 2007 Increases. The Chancellor shall determine the salary of presidents and vice chancellors within the salary ranges in (b) of this subdivision.

(b) FY 2006 Salary Ranges

	<u>Minimum</u>	<u>Maximum</u>
VI	\$155,466	\$248,749
V	\$146,943	\$235,111
IV	\$136,603	\$218,567
III	\$96,665	\$154,665
II	\$94,401	\$151,044
I	\$89,172	\$142,676

FY 2007 Salary Ranges

	<u>Minimum</u>	<u>Maximum</u>
VI	\$160,131	\$256,211
V	\$151,351	\$242,164
IV	\$140,701	\$225,124
III	\$99,565	\$159,305
II	\$97,233	\$155,574
I	\$91,847	\$146,956

Subd. 5 Salary Ranges and Increases for All Other Administrators

- (a) Fiscal Year 2006. Up to four (4.0) percent of aggregate base salaries may be used for merit increases to be effective no earlier than July 1, 2005. Merit increases may be granted either on the base or as a lump sum at the discretion of the Chancellor/president. Such salary increases shall not result in a salary above the maximum of the salary range to which the position is assigned.
- (b) Fiscal Year 2007. Up to three and one-half (3.5) percent of aggregate base salaries may be used for merit increases to be effective no earlier than August 23, 2006 . Merit increases may be granted either on the base or as a lump sum at the discretion of the Chancellor/president. Such salary increases shall not result in a salary above the maximum of the salary range to which the position is assigned.
- (c) Salary Ranges

Fiscal Year 2006

Range	Minimum	Q1	Midpoint	Q3	Maximum
14	\$113,354	\$130,358	\$147,363	\$164,376	\$181,372
13	\$105,447	\$121,265	\$137,084	\$152,910	\$168,721
12	\$98,089	\$112,804	\$127,519	\$142,241	\$156,949
11	\$91,246	\$104,934	\$118,622	\$132,317	\$145,999
10	\$84,879	\$97,613	\$110,346	\$123,085	\$135,812
9	\$78,958	\$90,803	\$102,647	\$114,498	\$126,337
8	\$73,449	\$84,468	\$95,486	\$106,510	\$117,523
7	\$68,325	\$78,575	\$88,824	\$99,079	\$109,324
6	\$63,558	\$73,093	\$82,628	\$92,167	\$101,697
5	\$59,124	\$67,993	\$76,862	\$85,736	\$94,601
4	\$55,000	\$63,250	\$71,501	\$79,756	\$88,003
3	\$51,161	\$58,836	\$66,511	\$74,190	\$81,861
2	\$47,592	\$54,732	\$61,871	\$69,014	\$76,150
1	\$44,272	\$50,913	\$57,554	\$64,199	\$70,837

Fiscal Year 2007

Range	Minimum	Q1	Midpoint	Q3	Maximum
14	\$116,754	\$134,269	\$151,784	\$169,307	\$186,813
13	\$108,610	\$124,903	\$141,196	\$157,497	\$173,782
12	\$101,032	\$116,188	\$131,344	\$146,508	\$161,657
11	\$93,984	\$108,082	\$122,181	\$136,287	\$150,379
10	\$87,426	\$100,541	\$113,656	\$126,778	\$139,887
9	\$81,327	\$93,527	\$105,727	\$117,933	\$130,127
8	\$75,653	\$87,002	\$98,351	\$109,705	\$121,048
7	\$70,374	\$80,932	\$91,489	\$102,051	\$112,603
6	\$65,465	\$75,286	\$85,107	\$94,932	\$104,748
5	\$60,897	\$70,033	\$79,168	\$88,308	\$97,439
4	\$56,650	\$65,148	\$73,647	\$82,149	\$90,643
3	\$52,696	\$60,602	\$68,507	\$76,416	\$84,317
2	\$49,020	\$56,373	\$63,727	\$71,084	\$78,434
1	\$45,600	\$52,440	\$59,281	\$66,125	\$72,962

Subd. 6 General Salary Administration Policies

- (a) Entry Appointment. Presidents may make entry appointments at salaries up to and including the midpoint of the salary range. Entry appointments beyond the midpoint of the salary range must have the prior approval of the Chancellor's designee.
- (b) Promotion. An individual promoted to a position assigned by the Chancellor's designee to a higher salary range may be granted a salary increase as follows:
 - (1) placement between the minimum and midpoint of the new salary range; or
 - (2) up to a maximum of ten percent (10%) if the increase would place the administrator above the midpoint of the new salary range.

The Chancellor or designee may grant larger increases based on the employment conditions that may make such action necessary.

With the exception of administrators who are below the minimum of the new salary range, nothing in the above language should be interpreted as requiring that a salary increase be granted upon promotion.

- (c) Lateral Transfer. An administrator who transfers to another position in the same salary range shall not have his/her salary changed.
- (d) Movement to a lower salary range. An administrator who voluntarily moves or is reassigned to a position in a lower salary range shall normally retain their current salary, unless the administrator's salary is above the maximum rate for the lower salary range.

The Chancellor/president has the discretion to reduce an administrator's salary to any rate in the lower salary range. The Chancellor or designee has the discretion to permit an administrator to retain their salary above the maximum for the lower range.

- (e) Counters to External Offers of Employment. The Chancellor may adjust the salary of any administrator who presents to him/her written evidence of an employment offer at a higher salary from an employer outside the system.
- (f) Review of Salary Range/Positions
 - (1) Position Descriptions. Position descriptions shall be reviewed by the administrator and his/her supervisor on a regular basis to determine if changes have occurred in the position or in the organizational structure. Revised or new position descriptions shall be approved by the Chancellor/president or designee, as appropriate.
 - (2) Review of Present Salary Range/Positions. The Chancellor or designee will assign positions to appropriate salary ranges. A request for position re-evaluation or salary range assignment review may be initiated at any time by an administrator or his/her supervisor. The procedure for handling requests for reviews shall be as set forth by the Chancellor or designee.
- (g) Payments Under Special Circumstances for Administrators. Administrators are paid for accomplishing their jobs, not for the hours worked. Further, since they normally have the ability to schedule their time to accomplish their goals and objectives, they are excluded from Fair Labor Standards Act coverage and are therefore not compensated for overtime.

However, if an administrator teaches a credit-generating course at another college/university within the system on an overload basis, the administrator will be compensated the normal rate paid for that course for part-time temporary faculty not covered under a collective bargaining agreement. Administrators who are *assigned* to teach a credit-generating course at their home college/university on an overload basis may, at the president's discretion, be compensated at the normal rate paid for that course for part-time temporary faculty not covered under a collective bargaining agreement. Under no circumstances may an administrator be compensated for teaching more than two (2) courses in a fiscal year without the express written approval of the Chancellor/president.

As approved by the president, administrators may receive additional compensation for work which is totally unrelated to their positions and incidental in nature, e.g., officiating at athletic contests, musical performances, non-credit teaching, but not including other instruction-related activities such as counseling, etc. In no case may the pay for such additional work exceed \$1,000 per fiscal year.

- (h) Exceptional Performance Awards. The Chancellor may adopt a program that provides lump-sum payments to those Administrators who have demonstrated exceptional performance. Expenditures for the program are subject to the availability of funds. In

each fiscal year, the total expenditure for this program is limited to no more than \$500 times the number of Administrators actively employed on the first day of the fiscal year.

Subd. 7 Salary Review and Adjustment

The Chancellor shall have the right to review and adjust administrator salaries where evidence is found of salary inequity based on gender, race, or other equity claims.

Subd. 8 Health/Dental Premium and Expense Accounts and Health Reimbursement Accounts

Insurance eligible administrators will have an option to pay for their portion of health and dental premiums on a pretax basis as permitted by law or regulation. Administrators may cover co-payments, deductibles, and other medical and dental expenses or expenses for services not covered by health or dental insurance as permitted by law or regulation, up to a maximum expenditure of \$5,000 per insurance year.

Effective with calendar year 2007, the Employer will make a lump-sum contribution of \$600 annually to a Health Reimbursement Arrangement (HRA) Account for administrators who are insurance eligible on November 1, 2006 and on the first day of the first full pay period in each November thereafter. Administrators who are not insurance eligible on that date will not qualify for the payment. The HRA account will be subject to the rules of the Minnesota State Colleges and Universities approved HRA Plan document.

Subd. 9 Dependent Care Expense Account

Insurance eligible administrators will have an option to participate in a dependent care reimbursement program for work-related dependent care expenses on a pretax basis as permitted by law or regulation.

Subd. 10 Supplemental Retirement

Pursuant to Minnesota Statute §354C.12, the employer shall deduct from the salary of full-time administrators a sum equal to five percent (5%) of the annual salary paid after the first \$6,000 up to a maximum of \$2,300 per fiscal year, to be paid into the Minnesota State Colleges and Universities Supplemental Retirement Account Plan (SRP). The employer shall make a contribution in an amount equal to the deductions made from the administrator's salary. Deductions shall begin in the administrator's third year of full-time employment in the system.

APPENDIX A

ANNUAL LEAVE ACCRUAL SCHEDULE FOR ADMINISTRATORS

Subd. 1 Chancellor, Presidents, Vice Chancellor for Academic Affairs

Seven (7) days at the end of the first full pay period, and one (1) day at the end of each of the remaining pay periods worked during each fiscal year of employment.

Subd. 2 Other Full-time Administrators

Shall be credited with annual leave on the following basis:

Length of Continuous State Service	Accrual Rate
0 through 5 years	One (1) day at the end of each of the first 22 full pay periods worked during each fiscal year of employment.
Year 6 through 12 years	One (1) day at the end of each pay period worked during each fiscal year of employment.
Year 13 through 20 years	Four (4) days at the end of the first full pay period and one (1) day at the end of each of the remaining pay periods worked during each fiscal year of employment.
Year 21 and after	Seven (7) days at the end of the first full pay period and one (1) day at the end of each of the remaining pay periods worked during each fiscal year of employment.

In Fiscal Year 2007, one day shall be added to the vacation accrual schedule in lieu of the Floating Holiday.

Effective with Fiscal Year 2004, changes in annual leave accrual rates shall take effect in the first full pay period of the fiscal year in which the administrator is anticipated to satisfy the continuous service requirement.

Administrators employed for less than full-time or employed for less than a full pay period at the beginning or end of their appointment shall have the annual leave pro-rated.

Appendix B
(from 2005-07 Managerial Plan)
Insurance

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Section 1. Manager Group Insurance Program (SEGIP). During the life of this Plan, the Employer shall provide a Group Insurance Program that includes health, dental, life, and disability coverages equivalent to existing coverages, subject to the provisions of this Chapter.

All insurance eligible managers will be provided with a Summary Plan Description (SPD) called "Your Employee Benefits". Such SPD shall be provided no less than biennially and prior to the beginning of the insurance year. New insurance eligible managers shall receive a SPD within thirty (30) days of their date of eligibility.

Section 2. Eligibility for Group Participation. This section describes eligibility to participate in the Group Insurance Program.

A. **Managers - Basic Eligibility.** Managers may participate in the Group Insurance Program if they are scheduled to work at least 1044 hours in any twelve consecutive months, except for: emergency, or temporary, or intermittent managers.

B. **Managers - Special Eligibility.** The following managers are also eligible to participate in the Group Insurance Program:

1. **Managers with a Work-related Injury/Disability.** A manager who was off the State payroll due to a work-related injury or a work-related disability may continue to participate in the Group Insurance Program as long as such a manager receives workers' compensation payments or while the workers' compensation claim is pending.
2. **Totally Disabled Managers.** Consistent with M.S. 62A.148, certain totally disabled managers may continue to participate in the Group Insurance Program.
3. **Retired Managers.** A manager who retires from State service, is not eligible for regular (non-disability) Medicare coverage, has five (5) or more years of allowable pension service, and is entitled at the time of retirement to immediately receive an annuity under a State retirement program, may continue to participate in the health and dental coverages offered through the Group Insurance Program.

Consistent with M.S. 43A.27, subdivision 3, a retired manager from State service who receives an annuity under a State retirement program may continue to participate in the health and dental coverages offered through the Group Insurance Program. Retiree coverage must be coordinated with Medicare.

C. **Dependents.** Eligible dependents for the purposes of this Chapter are as follows:

1. **Spouse.** The spouse of an eligible manager (if not legally separated). For the purpose of health insurance coverage, if that spouse works full-time for an organization employing more than 100 people and elects to receive either credits or cash (1) in

place of health insurance or health coverage or (2) in addition to a health plan with a seven hundred and fifty dollar (\$750) or greater deductible through his/her employing organization, s/he is not eligible to be a covered dependent for the purposes of this Chapter. If both spouses work for the State or another organization participating in the State's Group Insurance Program, neither spouse may be covered as a dependent by the other, unless one spouse is not eligible for a full Employer Contribution as defined in Section 3A.

2. **Children and Grandchildren.** An eligible manager's unmarried dependent children and unmarried dependent grandchildren: (1) through age eighteen (18); or (2) through age twenty-four (24) if the child or grandchild is a full-time student at an accredited educational institution; or (3) a handicapped child or grandchild, regardless of age or marital status, who is incapable of self-sustaining employment by reason of mental retardation, mental illness or physical disability and is chiefly dependent on the manager for support. The handicapped dependent shall be eligible for coverage as long as s/he continues to be handicapped and dependent, unless coverage terminates under the contract. Children or grandchildren who become handicapped after they are no longer eligible dependents under (1) and (2) above may not be considered eligible dependents unless they are continuing coverage as a dependent through the manager's prior Employer.

"Dependent Child" includes a manager's: (1) biological child, (2) child legally adopted by or placed for adoption with the manager, (3) foster child, and (4) step-child. To be considered a dependent child, a foster child must be dependent on the manager for his/her principal support and maintenance and be placed by the court in the custody of the manager. To be considered a dependent child, a step-child must maintain residence with the manager and be dependent upon the manager for his/her principal support and maintenance.

"Dependent Grandchild" includes a manager's: (1) grandchild placed in the legal custody of the manager, (2) grandchild legally adopted by the manager or placed for adoption with the manager, or (3) grandchild who is the dependent child of the manager's unmarried dependent child. Under (1) and (3) above, the grandchild must be dependent upon the manager for principal support and maintenance and live with the manager.

If both spouses work for the State or another organization participating in the State's Group Insurance Program, either spouse, but not both, may cover their eligible dependent children or grandchildren. This restriction also applies to two divorced, legally separated, or unmarried managers who share legal responsibility for their eligible dependent children or grandchildren.

- D. **Continuation Coverage.** Consistent with state and federal laws, certain managers, former managers, dependents, and former dependents may continue group health, dental, and/or life coverage at their own expense for a fixed length of time. As of the date of this Plan, state and federal laws allow certain group coverages to be continued if they would otherwise terminate due to:
 - a. termination of employment (except for gross misconduct);
 - b. layoff;
 - c. reduction of hours to an ineligible status;

- d. dependent child becoming ineligible due to change in age, student status, marital status, or financial support (in the case of a foster child or stepchild);
- e. death of manager;
- f. divorce or legal separation; or
- g. a covered manager's entitlement to or enrollment in Medicare.

Section 3. Eligibility for Employer Contribution. This section describes eligibility for an Employer Contribution toward the cost of coverage.

A. **Full Employer Contribution - Basic Eligibility.** The following managers covered by this Plan receive the full Employer Contribution:

- 1. Managers who are scheduled to work at least forty (40) hours weekly for a period of nine (9) months or more in any twelve (12) consecutive months.
- 2. Managers who are scheduled to work at least sixty (60) hours per pay period for twelve (12) consecutive months, but excluding part-time or seasonal managers serving on less than a seventy-five (75) percent basis.

B. **Partial Employer Contribution - Basic Eligibility.** The following managers covered by this Plan receive the full Employer Contribution for basic life coverage, and at the manager's option, a partial Employer Contribution for health and dental coverages. The partial Employer Contribution for health and dental coverages is seventy-five (75) percent of the full Employer Contribution for both employee only and dependent coverage.

- 1. **Part-time Managers.** Managers who hold part-time, unlimited appointments and who work at least fifty (50) percent of the time but less than seventy-five (75) percent of the time.
- 2. **Seasonal Managers.** Seasonal managers who are scheduled to work at least 1044 hours over a period of any twelve (12) consecutive months.

C. **Special Eligibility.** The following managers also receive an Employer Contribution:

- 1. **Managers on Layoff.** A classified manager who receives an Employer Contribution, who has three (3) or more years of continuous service, and who has been permanently laid off, remains eligible for an Employer Contribution and all other benefits provided under this Chapter for an extended benefit eligibility period of six (6) months from the date of layoff. Rehire to a non-certified or temporary position will not extend this period. In no event shall the Employer Contribution continue beyond the date at which the manager reaches the age of 65.
- 2. **Work-related Injury/Disability.** A manager who receives an Employer Contribution and who is off the State payroll due to a work-related injury or a work-related disability remains eligible for an Employer Contribution as long as such a manager receives workers' compensation payments. If such manager ceases to receive workers' compensation payments for the injury or disability and is granted a medical leave under Chapter 6, s/he shall be eligible for an Employer Contribution during that leave.

D. **Maintaining Eligibility for Employer Contribution.**

1. **General.** A manager who receives a full or partial Employer Contribution maintains that eligibility as long as the manager meets the Employer Contribution eligibility requirements, and appears on a State payroll for at least one full working day during each payroll period. This requirement does not apply to managers who receive an Employer Contribution while on layoff as described in Section 3C1, or while eligible for workers' compensation payments as described in Section 3C2.
2. **Unpaid Leave of Absence.** If a manager is on an unpaid leave of absence, then vacation leave, compensatory time, or sick leave cannot be used for the purpose of maintaining eligibility for an Employer Contribution by keeping the manager on a State payroll for one (1) working day per pay period.
3. **School Year Employment.** If a manager is employed on the basis of a school year and such employment contemplates absences from the State payroll during the summer months or vacation periods scheduled by the Appointing Authority which occur during the regular school year, the manager shall nonetheless remain eligible for an Employer Contribution, provided that the manager appears on the regular payroll for at least one working day in the payroll period immediately preceding such absences.
4. A manager who is on an approved FMLA leave or on a salary savings leave as provided elsewhere in this plan maintains eligibility for an Employer contribution.

Section 4. Amount of Employer Contribution. For managers eligible for an Employer Contribution as described in Section 3, the amount of the Employer Contribution will be determined as follows beginning on January 1, 2006. The Employer Contribution amounts and rules in effect on June 30, 2005 will continue through December 31, 2005.

A. **Contribution Formula - Health Coverage.**

1. **Manager Coverage.** For manager health coverage, the Employer contributes an amount equal to one hundred (100) percent of the manager-only premium of the Minnesota Advantage Health Plan (Advantage).
2. **Dependent Coverage.** For dependent health coverage for the 2006 and 2007 plan years, the Employer contributes an amount equal to the lesser of eighty five (85) percent of the dependent premium of Advantage.

B. **Contribution Formula - Dental Coverage.**

1. **Manager Coverage.** For manager dental coverage, the Employer contributes an amount equal to the lesser of ninety (90) percent of the manager premium of the State Dental Plan, or the actual manager premium of the dental plan chosen by the manager. However, for calendar years beginning January 1, 2006, and January 1, 2007, the minimum manager contribution shall be five dollars (\$5.00) per month.
2. **Dependent Coverage.** For dependent dental coverage, the Employer contributes an amount equal to the lesser of fifty (50) percent of the dependent premium of the State Dental Plan, or the actual dependent premium of the dental plan chosen by the manager.

C. **Contribution Formula - Basic Life Coverage.** For manager basic life coverage and accidental death and dismemberment coverage, the Employer contributes one-hundred (100)

percent of the cost.

- D. **Contribution Formula – Employer Costs.** The Employer contribution for the State Employee Group Insurance Program provided by the Employer for the 2006-2007 insurance years must not exceed in either year the amount the Employer paid for insurance in calendar year 2005 in the event the terms and conditions for the 2006-2007 SEGIP are not established in time for the 2006 insurance year open enrollment. The 2005 State plan design would remain in force until a new plan design is approved.

Section 5. Coverage Changes and Effective Dates.

A. When Coverage May Be Chosen.

1. **Newly Hired Managers.** A manager hired into an insurance eligible position must make his/her benefit elections by their initial effective date of coverage as defined in this Chapter, Section 5C. Insurance eligible managers will automatically be enrolled in basic life coverage. If managers eligible for a full Employer Contribution do not choose a health plan administrator and a primary care clinic by their initial effective date, they will be enrolled in a Benefit Level Two clinic (or Level One, if available) that meets established access standards in the health plan with the largest number of Benefit Level One and Two clinics in the county of the manager's residence at the beginning of the insurance year.
2. **Eligibility Changes.** Managers who become eligible for a full employer contribution must make their benefit elections within thirty (30) calendar days of becoming eligible. If managers do not choose a health plan administrator and a primary care clinic within this thirty (30) day timeframe, they will be enrolled in a Benefit Level Two clinic (or Level One, if available) that meets established access standards in the health plan with the largest number of Benefit Level One and Two clinics in the county of the manager's residence at the beginning of the insurance year.

If managers who become eligible for a partial Employer Contribution choose to enroll in insurance, they must do so within thirty (30) days of becoming eligible or during open enrollment.

A manager may change his/her health or dental plan if the manager changes to a new permanent work or residence location, and the manager's current plan is no longer available. If the manager has family coverage and if the new residence location is outside of the current plan's service area, the manager shall be permitted to switch to a new plan administrator and new Benefit Level within thirty (30) days of the residence location change. The election change must be due to and correspond with the change in status.

A manager who receives notification of a work location change between the end of an open enrollment period and the beginning of the next insurance year may change his/her health or dental plan within thirty (30) calendar days of the date of the relocation under the same provisions accorded during the last open enrollment period. A manager or retired manager may also change health or dental plans in any other situation in which the Employer is required by the applicable federal or state law to allow a plan change.

B. When Coverage May be Changed or Cancelled.

1. **Changes Due to a Life Event.** After the initial enrollment period and outside of any open enrollment period, a manager may elect to change health or dental coverage (including adding or canceling coverage) and any applicable manager contributions in the following situations (as long as allowed under the applicable provisions, regulations, and rules of the federal and state law in effect at the beginning of the plan year).

The request to change coverage must be consistent with a change in status that qualifies as a life event, and does not include changing health or dental plans, which may only be done under the terms of Section 5A above. Any election to add coverage must be made within thirty (30) days following the event, and any election to cancel coverage must be made within sixty (60) days following the event. (A manager and a retired manager may add dependent health or dental coverage following the birth of a child or dependent grandchild, or following the adoption of a child, without regard to the thirty (30) day limit.) These life events (for both managers and retired managers) are:

- a. A change in legal marital status, including marriage, death of a spouse, divorce, legal separation and annulment.
- b. A change in number of dependents, including birth, death, adoption, and placement for adoption.
- c. A change in employment status of the manager, or the manager's or retired manager's spouse or dependent, including termination or commencement of employment, a strike or lockout, a commencement of or return from an unpaid leave of absence, a change in worksite, and a change in working conditions (including changing between part-time and full-time or hourly and salaried) of the manager, the manager's or retired manager's spouse or dependent which results in a change in the benefits they receive under a cafeteria plan or a health or dental plan.
- d. A dependent ceasing to satisfy eligibility requirements for coverage due to attainment of age, student status, marital status, or other similar circumstances.
- e. A change in the place of residence of the manager, retired manager or their spouse or dependent.
- f. Significant cost or coverage changes (including coverage curtailment and the addition of a benefit package).
- g. Family Medical Leave Act (FMLA) leave.
- h. Judgments, decrees or orders.
- i. A change in coverage of a spouse or dependent under another Employer's plan.
- j. Open enrollment under the plan another Employer.

- k. Health Insurance and Portability and Accountability Act (HIPAA) special enrollment rights for new dependents and in the case of loss of other insurance coverage.
- l. A COBRA-qualifying event.
- m. Loss of coverage under the group health plan of a governmental or educational institution (a State's children's health insurance program, medical care program of an Indian tribal government, State health benefits risk pool, or foreign government group health plan).
- n. Entitlement to Medicare or Medicaid.
- o. Any other situations in which the group health or dental plan is required by the applicable federal or state law to allow a change in coverage.

2. **Canceling Dependent Coverage During Open Enrollment.** In addition to the above situations, dependent health or dependent dental coverage may also be cancelled for any reason during the open enrollment period that applies to each type of plan (as long as allowed under the applicable provisions, regulations and rules of the federal and state law in effect at the beginning of the plan year).

3. **Canceling Manager Coverage.** A part-time manager may also cancel manager coverage within sixty (60) days of when one of the life events set forth above occurs.

4. **Effective Date of Benefit Termination.** Medical, dental and life coverage termination will take effect on the first of the month following the loss of eligible manager or dependent status. Disability benefit coverage terminations will take effect on the day following loss of eligible manager status.

C. **Effective Date of Coverage.**

1. **Initial Effective Date.** The initial effective date of coverage under the Group Insurance Program is the thirty-fifth (35th) day following the manager's first day of employment, re-hire, or reinstatement with the State. The initial effective date of coverage for a manager whose eligibility has changed is the date of the change. A manager must be actively at work on the initial effective date of coverage, except that a manager who is on paid leave on the date State-paid life insurance benefits increase is also entitled to the increased life insurance coverage. In no event shall a manager's dependent's coverage become effective before the manager's coverage.

If a manager is not actively at work due to manager or dependent health status or medical disability, medical and dental coverage will still take effect. (Life and disability coverage will be delayed until the manager returns to work.)

2. **Delay in Coverage Effective Date.**

a. **Basic Life.** If a manager is not actively at work on the initial effective date of coverage, coverage will be effective on the first day of the manager's return to work.

The effective date of a change in coverage is not delayed in the event that, on the date the coverage change would be effective, a manager is on an unpaid leave of absence or layoff.

- b. **Medical and Dental.** If a manager is not actively at work on the initial effective date of coverage due to a reason other than hospitalization or medical disability of the manager or dependent, medical and dental coverage will be effective on the first day of the manager's return to work.

The effective date of a change in coverage is not delayed in the event that, on the date the coverage change would be effective, a manager is on an unpaid leave of absence or layoff.

- c. **Optional Life and Disability Coverages.** In order for coverage to become effective, the manager must be in active payroll status and not using sick leave on the first day following approval by the insurance company. If it is an open enrollment period, coverage may be applied for but will not become effective until the first day of the manager's return to work.

D. **Open Enrollment.**

- 1. **Frequency and Duration.** There shall be an open enrollment period for health coverage in each year of this Plan, and for dental coverage in the first year of this Plan. Each year of the Agreement, all managers shall have the option to complete a Health Assessment. Open enrollment periods shall last a minimum of fourteen (14) calendar days in each year of this Plan. Open enrollment changes become effective on January 1 of each year of this Plan. Subject to a timely plan settlement, the Employer shall make open enrollment materials available to managers at least fourteen (14) days prior to the start of the open enrollment period.

Open enrollment may be suspended at the discretion of the Commissioner if, by October 15 of any insurance year, this Chapter or a negotiated insurance article has not been approved in accordance with M.S. 43A.18, Subd. 2.

- 2. **Eligibility to Participate.** A manager eligible to participate in the State Employee Group Insurance Program, as described in Section 2A and 2B, may participate in open enrollment. In addition, a person in the following categories may, as allowed in Section 5E1 above, make certain changes: (1) a former manager or dependent on continuation coverage, as described in Section 2D, may change plans or add coverage for health and/or dental plans on the same basis as active managers; and (2) an early retiree, prior to becoming eligible for Medicare, may change health and/or dental plans as agreed to for active managers, but may not add dependent coverage.
- 3. **Materials for Manager Choice.** Each year prior to open enrollment, the Appointing Authority will give eligible managers the information necessary to make open enrollment selections. Managers will be provided a statement of their current coverage each year of the plan.

E. **Coverage Selection Prior to Retirement.** A manager who retires and is eligible to continue insurance coverage as a retired manager may change his/her health or dental plan during the sixty (60) calendar day period immediately preceding the date of retirement. The

manager may not add dependent coverage during this period. The change takes effect on the first day of the month following the date of retirement.

Section 6. Basic Coverages.

A. Manager and Dependent Health Coverage.

1. **Minnesota Advantage Health Plan (Advantage).** The health coverage portion of the State Employee Group Insurance Program is provided through the Minnesota Advantage Health Plan (Advantage), a self-insured health plan offering four (4) Benefit Level options. Provider networks and claim administration are provided by multiple plan administrators. Coverage offered through Advantage is determined by Section 6A2.
2. **Coverage Under the Minnesota Advantage Health Plan.** From July 1, 2005 through December 31, 2005, health coverage under the SEGIP will continue at the level in effect on June 30, 2005. Effective January 1, 2006, Advantage will cover eligible services subject to the copayments, deductibles and coinsurance coverage limits stated. Services provided through Advantage are subject to the managed care procedures and principles, including standards of medical necessity and appropriate practice, of the plan administrators. Coverage details are provided in the Advantage Summary of Benefits.
 - a. **Benefit Options.** Managers must elect a plan administrator and primary care clinic. Those elections will determine the Benefit Level through Advantage. Enrolled dependents must elect a primary care clinic that is available through the plan administrator chosen by the manager.
 - 1) **Plan Administrator.** Managers must elect a plan administrator during their initial enrollment in Advantage and may change their plan administrator election only during the annual open enrollment and when permitted under Section 5. Dependents must be enrolled through the same plan administrator as the manager.
 - 2) **Benefit Level.** The primary care clinics available through each plan administrator are assigned a Benefit Level. The Benefit Levels are outlined in the benefit chart below. Primary care clinics may be in different Benefit Levels for different plan administrators. Family members may be enrolled in clinics that are in different Benefits Levels. Managers and their dependents may change to clinics in different Benefit Levels during the annual open enrollment. Managers and their dependents may also elect to move to a clinic in a different Benefit Level within the same plan administrator up to two (2) additional times during the plan year. Unless the individual has a referral from his/her primary care clinic, there are no benefits for services received from providers in Benefit Levels that are different from that of the primary care clinic in which the individual has enrolled.
 - 3) **Primary Care Clinic.** Managers and each of their covered dependents must individually elect a primary care clinic within the network of providers offered by the plan administrator chosen by the manager. Managers and their dependents may elect to change clinics within their clinic's Benefit Level as often as the plan administrator permits and as outlined above.

4) **Advantage Benefit Chart for Services Incurred During Plan Years 2006 and 2007.**

<u>2006 and 2007 Benefit Provision</u>	<u>Benefit Level 1 The member pays:</u>	<u>Benefit Level 2 The member pays:</u>	<u>Benefit Level 3 The member pays:</u>	<u>Benefit Level 4 The member pays:</u>
<u>Deductible for all services except drugs and preventive care (S/F)</u>	<u>\$30/\$60</u>	<u>\$100/\$200</u>	<u>\$280/\$560</u>	<u>\$500/\$1000</u>
Office visit copay/urgent care (copay waived for preventive services) 1) Having taken health assessment 2) Not having taken health assessment	1) \$15 2) \$20	1) \$20 2) \$25	1) \$20 2) \$25	N/A – subject to Deductible and 30% Coinsurance to OOP maximum 1) \$30 2) \$35
Minute Clinic (deductible waived)	\$10	\$10	\$10	\$10
Emergency room copay	\$50	\$50	\$50	N/A – subject to Deductible and 30% Coinsurance to OOP maximum
Facility copays • Per inpatient admission • Per outpatient surgery	\$50 \$25	\$150 \$75	\$400 \$150	N/A – subject to Deductible and 30% Coinsurance to OOP maximum
Coinsurance for services <u>NOT</u> subject to copays	0% (100% coverage after payment of deductible)	0% (100% coverage after payment of deductible)	10% (90% coverage after payment of deductible)	30% for all services to OOP maximum after deductible
Coinsurance for durable medical equipment	20% (80% coverage after payment of 20% coinsurance)	20% (80% coverage after payment of 20% coinsurance)	20% (80% coverage after payment of 20% coinsurance)	30% for all services to OOP maximum after deductible
Copay for formulary/ non-formulary prescription drug plan	\$15 formulary \$30 non- formulary	\$15 formulary \$30 non- formulary	\$15 formulary \$30 non- formulary	\$15 formulary \$30 non- formulary

<u>2006 and 2007 Benefit Provision</u>	<u>Benefit Level 1 The member pays:</u>	<u>Benefit Level 2 The member pays:</u>	<u>Benefit Level 3 The member pays:</u>	<u>Benefit Level 4 The member pays:</u>
Maximum drug out-of-pocket limit (S/F)	\$650/\$1,300	\$650/\$1,300	\$650/\$1,300	\$650/\$1,300
Maximum non-drug out-of-pocket limit (S/F)	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000

- b. **Office Visit Copayments.** Each year of the Agreement, the level of the office visit copayment applicable to a manager and dependents is based upon whether the manager has completed the on-line Health Assessment during open enrollment.
- c. **Services received from, or authorized by, a primary care physician within the primary care clinic.** Under Advantage, the health care services outlined in the benefits charts above shall be received from, or authorized by a primary care physician within the primary care clinic. Preventive care, as outlined in the Summary of Benefits, is covered at one hundred (100) percent for services received from or authorized by the primary care clinic. The primary care clinic shall be selected from approved clinics in accordance with the Advantage administrative procedures. Unless otherwise specified in 6A2, services not received from, or authorized by, a primary care physician within the primary care clinic may not be covered. Unless the individual has a referral from his/her primary care clinic, there are no benefits for services received from providers in Benefit Levels that are different from that of the primary care clinic in which the individual has enrolled.
- d. **Services not requiring authorization by a primary care physician within the primary care clinic.**
- 1) **Eye Exams.** Limited to one (1) routine examination per year for which no copay applies.
 - 2) **Outpatient emergency and urgicenter services within the service area.** The emergency room copay applies to all outpatient emergency visits that do not result in hospital admission within twenty-four (24) hours. The urgicenter copay is the same as the primary care clinic office visit copay.
 - 3) **Emergency and urgently needed care outside the service area.** Professional services of a physician, emergency room treatment, and inpatient hospital services are covered at eighty percent (80%) of the first two thousand dollars (\$2,000) of the charges incurred per insurance year, and one-hundred percent (100%) thereafter. The maximum eligible out-of-pocket expense per individual per year for this benefit is four hundred dollars (\$400). This benefit is not available when the member's condition permits him or her to receive care within the network of the plan in which the individual is enrolled.
 - 4) **Ambulance.** The deductible and coinsurance for services not subject to copays

applies.

e. **Prescription drugs.**

1) **Copayments and annual out-of-pocket maximums.**

For each year of the contract:

Formulary copayment: Fifteen dollar (\$15) copayment per prescription or refill for a formulary drug dispensed in a thirty-four (34) day supply.

Non-formulary copayment: Thirty dollar (\$30) copayment per prescription or refill for a non-formulary drug dispensed in a thirty-four (34) day supply.

Out-of-pocket maximum: There is an annual maximum eligible out-of-pocket expense limit for prescription drugs of six hundred fifty dollars (\$650) per person or one thousand three hundred dollars (\$1,300) per family.

2) **Insulin.** Insulin will be treated as a prescription drug subject to a separate copay for each type prescribed.

3) **Brand Name Drugs.** If the subscriber chooses a brand name drug when a bioequivalent generic drug is available, the subscriber is required to pay the standard copayment plus the difference between the cost of the brand name drug and the generic. Amounts above the copay that an individual elects to pay for a brand name instead of a generic drug will not be credited toward the out-of-pocket maximum.

4) **Special Coverage for “Grandfathered Diabetic Group”.** For insulin dependent diabetics who have been continuously enrolled for health coverage insured or administered by Blue Cross Blue Shield through the SEGIP since January 1, 1991 and who were identified as having used these supplies during the period January 1, 1991 through September 30, 1991 (herein the “Grandfathered Diabetic Group”), diabetic supplies are covered as follows:

- Test tapes and syringes are covered at one hundred (100) percent for the greater of a thirty four (34) day supply or one hundred (100) units when purchased with insulin.

f. **Special Service networks.** The following services must be received from special service network providers in order to be covered. All terms and conditions outlined in the Summary of Benefits apply.

- 1) Mental health services – inpatient or outpatient.
- 2) Chemical dependency services – inpatient and outpatient.

- 3) Chiropractic services.
 - 4) Transplant coverage.
 - 5) Cardiac services.
 - 6) Home infusion therapy.
 - 7) Hospice.
- g. **Individuals whose permanent residence and principal work location are outside the State of Minnesota and outside of the service areas of the health plans participating in Advantage.** If these individuals use the plan administrator's national preferred provider organization in their area, services will be covered at Benefit Level Two. If a national preferred provider is not available in their area, services will be covered at Benefit Level Two through any other provider available in their area. If the national preferred provider organization is available but not used, benefits will be paid at the POS level described in paragraph "i" below. All terms and conditions outlined in the Summary of Benefits will apply.
- h. **Children living with an ex-spouse outside the service area of the manager's plan administrator.** Covered children living with former spouses outside the service area of the manager's plan administrator, and enrolled under this provision as of December 31, 2003, will be covered at Benefit Level Two benefits. If available, services must be provided by providers in the plan administrator's national preferred provider organization. If the national preferred provider organization is available but not used, benefits will be paid at the POS level described in paragraph "i" below.
- i. **Individuals whose permanent residence is outside the State of Minnesota and outside the service areas of the health plans participating in Advantage.** (This category includes managers temporarily residing outside Minnesota on temporary assignment or paid leave (including sabbatical leaves) and all dependent children (including college students) and spouses living out of area.) The point of service (POS) benefit described below is available to these individuals. All terms and conditions outlined in the Summary of Benefits apply. This benefit is not available for services received within the service areas of the health plans participating in Advantage.
- 1) **Deductible.** There is a three hundred fifty dollar (\$350) annual deductible per person, with a maximum deductible per family per year of seven hundred dollars (\$700).
 - 2) **Coinsurance.** After the deductible is satisfied, seventy percent (70%) coverage up to the plan out-of-pocket maximum designated below.
- j. **Lifetime maximums and non-prescription out-of-pocket maximums.** Coverage under Advantage is not subject to a per person lifetime maximum.
- k. **Minute Clinics.** Services received at Minute Clinics are subject to a ten dollar (\$10) copayment in each year of the Agreement. First dollar deductibles are waived for

Minute Clinic visits. (Note that prescriptions received as a result of a visit are subject to the drug copayment and out-of-pocket maximums described above at 6A2(4)e.)

3. **Benefit Level Two Health Care Network Determination.** Issues regarding the health care networks for the 2007 insurance year shall be negotiated in accordance with the following procedures:
 - a. At least twelve (12) weeks prior to the open enrollment period for the 2005 insurance year the Employer shall meet and confer with the Joint Labor/Management Committee on Health Plans in an attempt to reach agreement on the Benefit Level Two health care networks.
 - b. If no agreement is reached within five (5) working days, the Employer and the Joint Labor/Management Committee on behalf of all of the exclusive representatives shall submit a list of providers/provider groups in dispute to a mutually agreed upon neutral expert in health care delivery systems for final and binding resolution. The only providers/provider groups that may be submitted for resolution by this process are those for which, since the list for the 2006 insurance year was established, Benefit Level Two access has changed, or those that are intended to address specific problems caused by a reduction in Benefit Level Two access.

Absent agreement on a neutral expert, the parties shall select an arbitrator from a list of five (5) arbitrators supplied by the Bureau of Mediation Services. The parties shall flip a coin to determine who strikes first. One-half (1/2) of the fees and expenses of the neutral shall be paid by the Employer and one-half (1/2) by the Exclusive Representatives. The parties shall select a neutral within five (5) working days after no agreement is reached, and a hearing shall be held within fourteen (14) working days of the selection of the neutral.

- c. The decision of the neutral shall be issued within two (2) working days after the hearing.
4. **Coordination with Workers' Compensation.** When a manager has incurred an on-the-job injury or an on-the-job disability and has filed a claim for workers' compensation, medical costs connected with the injury or disability shall be paid by the manager's health plan, pursuant to M.S. 176.191, Subdivision 3.
5. **Health Promotion and Health Education.** Both parties to this Agreement recognize the value and importance of health promotion and health education programs. Such programs can assist managers and their dependents to maintain and enhance their health, and to make appropriate use of the health care system. To work toward these goals:
 - a. **Develop programs.**
 - 1) The Employer will develop and implement health promotion and health education programs, subject to the availability of resources. Each Appointing Authority will develop a health promotion and health education program consistent with the Department of Employee Relations policy. Upon request of any exclusive representative in an agency, the Appointing Authority shall jointly meet and confer with the exclusive representative(s) and may include other interested exclusive representatives. Agenda items shall include but are not

limited to smoking cessation, weight loss, stress management, health education/self-care, and education on related benefits provided through the health plan administrators serving state managers.

- 2) The Employer may develop voluntary pilot programs to test the acceptability of various risk management programs. Incentives for participation in such programs may include limited short-term improvements to the benefits outlined in this Chapter.
- b. **Health plan specification.** The Employer will require health plans participating in the Group Insurance Program to develop and implement health promotion and health education programs for State managers and their dependents.
- c. **Manager participation.** The Employer will assist managers' participation in health promotion and health education programs. Health promotion and health education programs that have been endorsed by the Employer (Department of Employee Relations) will be considered to be non-assigned job-related training pursuant to Administrative Procedure 21. Approval for this training is at the discretion of the Appointing Authority and is contingent upon meeting staffing needs in the manager's absence and the availability of funds. Managers are eligible for release time, tuition reimbursement, or a pro rata combination of both. Managers may be reimbursed for up to one hundred (100) percent of tuition or registration costs upon successful completion of the program. Managers may be granted release time, including the travel time, in lieu of reimbursement.
- d. **Health Promotion Incentives.** The Joint Labor-Management Committee on Health Plans shall develop a program which provides incentives for managers who participate in a health promotion program. The health promotion program shall emphasize the adoption and maintenance of more healthy lifestyle behaviors and shall encourage wiser usage of the health care system.

B. Manager and Family Dental Coverage.

1. **Coverage Options.** Eligible managers may select coverage under any one of the dental plans offered by the Employer, including health maintenance organization plans, the State Dental Plan, or other dental plans.
2. **Coverage Under the State Dental Plan.** The State Dental Plan will provide the following coverage:
 - a. **Copayments.** Effective January 1, 2006, the State Dental Plan will cover allowable charges for the following services subject to the copayments and coverage limits stated. Higher out-of-pocket costs apply to services obtained from dental care providers not in the State Dental Plan network. Services provided through the State Dental Plan are subject to the State Dental Plan's managed care procedures and principles, including standards of dental necessity and appropriate practice. The plan shall cover general cleaning two (2) times per plan year and special cleanings (root or deep cleaning) as prescribed by the dentist.

Service

In-Network

Out-of-Network

Diagnostic/Preventive	100%	50% after deductible
Fillings	60% after deductible	50% after deductible
Endodontics	60% after deductible	50% after deductible
Periodontics	60% after deductible	50% after deductible
Oral Surgery	60% after deductible	50% after deductible
Crowns	60% after deductible	50% after deductible
Prosthetics	50% after deductible	50% after deductible
Prosthetic Repairs	50% after deductible	50% after deductible
Orthodontics*	50% after deductible	50% after deductible

*Please refer to your Certificate of Coverage for information regarding age limitation for dependent orthodontic care.

- b. **Deductible.** An annual deductible of fifty dollars (\$50) per person and one hundred fifty dollars (\$150) per family applies to State Dental Plan non-preventative services received from in-network providers. An annual deductible of one hundred twenty-five dollars (\$125) per person applies to State Dental Plan basic and special services received from out of network providers. The deductible must be satisfied before coverage begins.
- c. **Annual Maximums.** State Dental Plan coverage is subject to a one thousand dollar (\$1,000) annual maximum benefit payable (excluding orthodontia) per person. "Annual" means per insurance year.
- d. **Orthodontia Lifetime Maximum.** Orthodontia benefits are available to eligible dependent children ages 8 through 18 subject to a two thousand four hundred dollar (\$2,400) lifetime maximum benefit.

C. **Income Protection Plan.**

- 1. **Basic Managerial Life, Accidental Death and Dismemberment (AD&D) Coverage, and Disability Insurance.** The Employer agrees to provide and pay for the following coverage in either Plan A or Plan B for all managers eligible for a full or partial Employer Contribution, as described in Section 3. Any premium paid by the State in excess of fifty thousand dollars (\$50,000) coverage is subject to a tax liability in accord with Internal Revenue Service regulations. A manager may decline coverage in excess of fifty thousand dollars (\$50,000) by filing a waiver in accord with Department of Finance procedures. The basic life insurance policy will include an accelerated benefits agreement providing for payment of benefits prior to death if the insured has a terminal condition.

Managers select coverage under either Plan A or Plan B below. Both plans provide employer paid life and AD&D coverage. Plan A also includes employer paid disability coverage.

Plan A: Employer paid life and AD&D coverage equal to one and one-half times annual salary and disability insurance with a one hundred and fifty (150) calendar day elimination period.

Managers may elect to purchase shorter elimination periods for disability insurance of thirty (30), sixty (60), ninety (90) or one hundred and twenty (120) days.

The disability benefit, after the elimination period, is sixty (60) percent of a manager's salary to a maximum of \$5,000/month.

Plan B: Employer paid life and AD&D coverage equal to two times annual salary.

Managers may elect to purchase disability insurance at the manager's own expense. Managers may elect to purchase shorter elimination periods of thirty (30), sixty (60), ninety (90), one hundred and twenty (120) or one hundred and fifty (150) days.

The disability benefit, after the elimination period, is sixty (60) percent of a manager's salary to a maximum of \$5,000/month.

Disability insurance elimination periods. Elimination periods can be changed once a year. The Group Benefits Plan brochure for the Managers Income Protection Plan contains information on when changes require evidence of insurability.

2. **Extended Benefits.** A manager who becomes totally disabled before age 70 shall be eligible for the extended benefit provisions of the life insurance policy until age 70. Employees who were disabled prior to July 1, 1983 and who have continuously received benefits shall continue to receive such benefits under the terms of the policy in effect prior to July 1, 1983.
3. **Additional Death Benefit.** Managers who retire on or after July 1, 1985, shall be entitled to a five hundred dollar (\$500) death benefit payable to a beneficiary designated by the manager, if at the time of death the manager is entitled to an annuity under a State retirement program. A five hundred dollar (\$500) cash death benefit shall also be payable to the designated beneficiary of a manager who becomes totally and permanently disabled on or after July 1, 1985, and who at the time of death is receiving a State disability benefit and is eligible for a deferred annuity under a State retirement program.

Section 7. Optional Coverages.

A. **Life Coverage.**

1. **Manager.** A manager may purchase up to five hundred thousand dollars (\$500,000) additional life insurance, in increments established by the Employer, subject to satisfactory evidence of insurability. Upon initial appointment to state service, a new manager may purchase up to two (2) times annual salary in optional employee life coverage by their initial effective date of coverage as defined in this Chapter, Section 5C without evidence of insurability. A manager who becomes eligible for insurance may purchase up to two (2) times annual salary in optional employee life coverage without evidence of insurability within thirty (30) days of the initial effective date as defined in this Chapter.
2. **Spouse.** A manager may purchase up to five hundred thousand dollars (\$500,000) life insurance coverage for his/her spouse, in increments established by the Employer, subject to satisfactory evidence of insurability. Upon initial appointment to state service, a new manager may purchase either five thousand dollars (\$5,000) or ten thousand dollars (\$10,000) in optional spouse life coverage by their initial effective date of coverage as defined in this Chapter, Section 5C without evidence of insurability. A manager who

becomes eligible for insurance may purchase either five thousand dollars (\$5,000) or ten thousand dollars (\$10,000) in optional spouse coverage without evidence of insurability within thirty (30) days of the initial effective date as defined in this Chapter.

3. **Children/Grandchildren.** A manager may purchase life insurance in the amount of ten thousand dollars (\$10,000) as a package for all eligible children/grandchildren (as defined in Section 2C of this Chapter). For a new manager, child/grandchild coverage requires evidence of insurability if application is made after the initial effective date of coverage as defined in this Chapter, Section 5C. A manager who becomes eligible for insurance may purchase child/grandchild coverage without evidence of insurability if application is made within thirty (30) days of the initial effective date as defined in this Chapter. Child/grandchild coverage commences fourteen (14) calendar days after birth.
4. **Accelerated Life.** The additional manager, spouse and child life insurance policies will include an accelerated benefits agreement providing for payment of benefits prior to death if the insured has a terminal condition.
5. **Waiver of Premium.** In the event a manager becomes totally disabled before age seventy (70), there shall be a waiver of premium for all life insurance coverage that the manager had at the time of disability.
6. **Paid Up Life Policy.** At age sixty-five (65) or the date of retirement, a manager who has carried optional life insurance for the five (5) consecutive years immediately preceding the date of the manager's retirement or age sixty-five (65), whichever is later, shall receive a post-retirement paid-up life insurance policy in an amount equal to fifteen (15) percent of the smallest amount of optional manager life insurance in force during that five (5) year period. The manager's post-retirement death benefit shall be effective as of the date of the manager's retirement or the manager age sixty-five (65), whichever is later. Managers who retire prior to age sixty-five (65) must be immediately eligible to receive a state retirement annuity and must continue their optional manager life insurance to age sixty-five (65) in order to remain eligible for the manager post-retirement death benefit.

A manager who has carried optional spouse life insurance for the five (5) consecutive years immediately preceding the date of the manager's retirement or spouse age sixty-five (65), whichever is later, shall receive a post-retirement paid-up life insurance policy in an amount equal to fifteen (15) percent of the smallest amount of optional spouse life insurance in force during that five (5) year period. The spouse post-retirement death benefit shall be effective as of the date of the manager's retirement or spouse age sixty-five (65), whichever is later. The manager must continue the full amount of optional spouse life insurance to the date of the manager's retirement or spouse age sixty-five (65), whichever is later, in order to remain eligible for the spouse post-retirement death benefit.

Each policy remains separate and distinct, and amounts may not be combined for the purpose of increasing the amount of a single policy.

B. **Disability Coverage.**

1. **Short-term Disability Coverage.** An employee who carries short-term disability and is promoted to a managerial position may continue the coverage in force at that time. The manager may decrease or cancel the coverage, but may not increase the coverage.

2. **Long-term Disability Coverage.** An employee who is promoted to a managerial position is eligible for long-term disability coverage only through the Income Protection Plan.
- C. **Accidental Death and Dismemberment Coverage.** A manager may purchase accidental death and dismemberment coverage that provides principal sum benefits in amounts ranging from five thousand dollars (\$5,000) to one hundred thousand dollars (\$100,000). Payment is made only for accidental bodily injury or death and may vary, depending upon the extent of dismemberment. A manager may also purchase from five thousand dollars (\$5,000) to twenty five thousand dollars (\$25,000) in coverage for his/her spouse, but not in excess of the amount carried by the manager.
- D. **Continuation of Optional Coverages During Unpaid Leave or Layoff.** A manager who takes an unpaid leave of absence or who is laid off may discontinue premium payments on short-term disability and optional employee, spouse and child life policies during the period of leave or layoff. If the manager returns within one (1) year, the manager shall be permitted to pick up all optionals held prior to the leave or layoff.

The limitations set forth above do not apply to Family Medical Leave Act (FMLA) leaves.

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Expense Reimbursement

General. The Appointing Authority may authorize payment of travel and other expenses and reimbursement of special expenses for managers in accord with the provisions of this Chapter, Chapter 8, and Administrative Procedure 4.4 for the effective conduct of the State's business. Such authorization must be granted prior to incurring the actual expenses.

Privately-Owned Vehicles and Aircraft. A manager shall be reimbursed for the use of privately-owned vehicles and aircraft under the situations and at the rates specified below. In all cases, mileage must be on the most direct route according to Department of Transportation records.

<u>Situation</u>	<u>Rate Per Mile</u>
<ul style="list-style-type: none">• Use of personal automobile when a State-owned vehicle is not available.	Federal IRS mileage reimbursement rate
<ul style="list-style-type: none">• Use of personal automobile when a State-owned vehicle is available and declined by the manager.	Federal IRS mileage reimbursement rate less \$0.07
<ul style="list-style-type: none">• Use of personal van or van-type vehicle specially equipped with a ramp, lift, or other level-changing device designed to provide wheelchair access.	Federal IRS mileage reimbursement rate plus \$0.09
<ul style="list-style-type: none">• Use of personal aircraft provided that the manager can demonstrate adequate liability coverage under the requirements of M.S. 360.59, subdivision 10, and the Appointing Authority has granted approval for the use of the aircraft.	Federal IRS mileage reimbursement rate
<ul style="list-style-type: none">• Use of personal motorcycle or similar two-wheel motorized vehicle.	\$0.15

In addition to mileage, actual parking fees and toll charges shall be reimbursed. At the sole discretion of the Appointing Authority, managers who normally are not required to travel on state business may be reimbursed for parking at their work location on an incidental basis when they are required to use their personal or a state vehicle for state business and no free parking is provided.

Managers shall not receive mileage reimbursement for commuting between a permanent work location and their home. For each position, the Appointing Authority may designate no more than two permanent work locations, which must be within 35 miles of each other. For purposes of expense reimbursement for trips to temporary work locations, the Appointing Authority shall designate one of the two permanent work locations as the primary location. The Appointing Authority must provide advance written notice of the two locations and the primary location to anyone being appointed to such a position.

When a manager does not report to the permanent work location during the day or makes business

calls before or after reporting to the permanent work location, the allowable mileage is: (1) the lesser of the mileage from the manager's residence to the first stop or from his/her permanent work location to the first stop, (2) all mileage between points visited on State business during the day, and (3) the lesser of the mileage from the last stop to the manager's residence or from the last stop to his/her permanent work location.

Managers accepting mobility assignments, as defined in Administrative Procedure 1.1, are not eligible for mileage reimbursement for the trip between their home and the mobility assignment.

Other Travel Expenses. Upon approval of the Appointing Authority, managers in travel status may be reimbursed for expenses described below in the amounts actually incurred not to exceed any maximum amounts specified below.

Where anticipated expenses total at least \$50.00, the Appointing Authority shall advance the manager the amount of the anticipated expenses upon the manager's request made a reasonable period of time prior to the travel date. If the amount advanced exceeds the actual expenses, the manager shall return the excess within two weeks of return from travel. The Appointing Authority may issue the manager a state-owned credit card in lieu of a travel advance.

Reimbursable expenses may include, but are not limited to, the following:

- Commercial transportation (air, taxi, rental car, etc.) provided that no air transportation shall be by first class unless authorized by an Appointing Authority; and that reimbursement for travel which includes more than one destination visited for State purposes and non-State purposes be in an amount equal to the cost of the air fare only to those destinations visited for State purposes.
- Meals including tax and a reasonable gratuity. Managers shall be reimbursed for meals under the following conditions:
 1. **Breakfast.** Breakfast reimbursements may be claimed if the manager leaves home before 6:00 a.m. or is away from home overnight.
 2. **Lunch.** Lunch reimbursements may be claimed if the manager is in travel status more than 35 miles away from his/her normal office or is away from home overnight.
 3. **Dinner.** Dinner reimbursements may be claimed if the manager cannot return home until after 7:00 p.m. or is away from home overnight.
 4. **Reimbursement Amount.** Except for the metropolitan areas listed below, the maximum reimbursement for meals including tax and gratuity shall be:

Breakfast	\$ 7.00
Lunch	9.00
Dinner	15.00

For the following metropolitan areas the maximum reimbursement shall be:

Breakfast	\$10.00
Lunch	12.00
Dinner	20.00

The metropolitan areas are:

Atlanta	Detroit	New York City
Baltimore	Hartford	Philadelphia
Boston	Houston	Portland, Oregon
Chicago	Kansas City	St. Louis
Cleveland	Los Angeles	San Diego
Dallas	Miami	San Francisco
Denver	New Orleans	Seattle
		Washington D.C.

See Appendix I for details related to the boundaries of the above-mentioned metropolitan areas. The higher meal reimbursement rates also include any location outside the 48 contiguous United States.

Managers who are in travel status for two or more consecutive meals shall be reimbursed for the actual costs of the meals including tax and a reasonable gratuity, up to the combined maximum amount for the reimbursable meals.

- Hotel and motel accommodations provided that managers exercise good judgment in incurring lodging costs and that charges are reasonable and consistent with the facilities available.
- All work-related long distance telephone calls provided that the manager does not have a State telephone credit card or is unable to bill the call to the office telephone number.
- Actual, personal telephone call charges. The maximum reimbursement for each trip shall be the result of multiplying the number of nights away from home by \$3.00.
- Reasonable costs of dry cleaning and laundry services, not to exceed \$16.00 each week after the first week a manager is in continued travel status.
- Reasonable costs and gratuities for baggage handling.
- Parking fees and toll charges.

Receipts. The Appointing Authority may require receipts for any reimbursement requested by a manager under the provisions of this or any other chapter in this Plan.