

SENATE BILL NO.

Introduced by

Senator Mathern

1 A BILL for an Act to create and enact a new subsection to section 54-52-04, a new subsection
2 to section 54-52.1-01, and five new sections to chapter 54-52.1 of the North Dakota Century
3 Code, relating to the expansion of the uniform group insurance program to allow participation by
4 permanent and temporary employees of private sector employers and by any other person who
5 is otherwise without health insurance coverage; to amend and reenact section 54-52.1-02 of the
6 North Dakota Century Code, relating to subgroups under the uniform group insurance program;
7 to provide an appropriation; to provide a continuing appropriation; and to provide an effective
8 date.

9 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

10 **SECTION 1.** A new subsection to section 54-52-04 of the North Dakota Century Code
11 is created and enacted as follows:

12 The board shall operate the uniform group insurance program as a governmental
13 benefit plan. The board shall apply to the federal government to receive exempt
14 status under the Employee Retirement Income Security Act to allow for the
15 expansion of the uniform group insurance program under sections 3, 4, 5, 6, 7, and
16 8 of this Act.

17 **SECTION 2.** A new subsection to section 54-52.1-01 of the North Dakota Century Code
18 is created and enacted as follows:

19 "Private sector employer" means a person or entity other than a state or local
20 governmental agency, department, or board who regularly pays to one or more
21 employees wages or salary that is reportable to the internal revenue service for
22 income tax purposes.

23 **SECTION 3. AMENDMENT.** Section 54-52.1-02 of the North Dakota Century Code is
24 amended and reenacted as follows:

1 **54-52.1-02. Uniform group insurance program created - Formation into**
2 **subgroups.** In order to promote the economy and efficiency of employment in the state's
3 service, to reduce personnel turnover, and to offer an incentive to high-grade men and women
4 to enter and remain in the service of state employment, to provide access to health care for
5 every citizen of the state, to attract a highly qualified workforce to the state, and to promote the
6 general health and well-being of the people of North Dakota, there is hereby created a uniform
7 group insurance program. The uniform group must be composed of eligible and retired public
8 employees, permanent employees of private sector employers, temporary employees of private
9 sector employers, and private citizens and be formed to provide hospital benefits coverage,
10 medical benefits coverage, and life insurance benefits coverage in the manner set forth in this
11 chapter. The uniform group may be divided into the following subgroups at the discretion of the
12 board:

- 13 1. Medical and hospital benefits coverage group consisting of active eligible
14 employees and retired employees not eligible for medicare. In determining
15 premiums for coverage under this subsection for retired employees not eligible for
16 medicare, the rate for a non-medicare retiree single plan is one hundred fifty
17 percent of the active member single plan rate, the rate for a non-medicare retiree
18 family plan of two people is twice the non-medicare retiree single plan rate, and the
19 rate for a non-medicare retiree family plan of three or more persons is two and
20 one-half times the non-medicare retiree single plan rate.
- 21 2. Retired medicare-eligible employee group medical and hospital benefits coverage.
- 22 3. Active eligible employee life insurance benefits coverage.
- 23 4. Retired employee life insurance benefits coverage.
- 24 5. Terminated employee continuation group medical and hospital benefits coverage.
- 25 6. Terminated employee conversion group medical and hospital benefits coverage.
- 26 7. Dental benefits coverage.
- 27 8. Vision benefits coverage.
- 28 9. Long-term care benefits coverage.
- 29 10. Employee assistance benefits coverage.
- 30 11. Private sector employee and private citizen group medical and hospital benefits
31 coverage.

1 **SECTION 4.** A new section to chapter 54-52.1 of the North Dakota Century Code is
2 created and enacted as follows:

3 **Permanent employees of private sector employers authorized to join uniform**
4 **group insurance program - Employer contribution.** A private sector employer in this state
5 may extend the benefits of the uniform group insurance program under this chapter to its
6 permanent employees, subject to minimum requirements established by the board and a
7 minimum period of participation of sixty months. If a participating employer withdraws from
8 participation in the uniform group insurance program before completing sixty months of
9 participation, that employer shall make payment to the board in an amount equal to any
10 expenses incurred in the uniform group insurance program which exceed income received on
11 behalf of the employees as determined under rules adopted by the board. A participating
12 employer may determine the amount of the employer's monthly contribution toward the total
13 monthly premium amount for each employee required to be paid by each eligible participating
14 employee. The board may apply medical underwriting requirements and risk-adjusted
15 premiums to an employer seeking to obtain coverage under this section and to deny coverage
16 if, in the board's sole discretion, the risk created by the employer is undesirable for the uniform
17 group insurance program. Section 54-52.1-10 does not apply to the provisions of this section.
18 For purposes of this section, the board may define the term "permanent employee" by rule.

19 **SECTION 5.** A new section to chapter 54-52.1 of the North Dakota Century Code is
20 created and enacted as follows:

21 **Participation by temporary employees of private sector employers.** Subject to
22 minimum requirements established by the board, a temporary employee of a private sector
23 employer participating in the uniform group insurance program pursuant to section 4 of this Act
24 may elect to participate in the uniform group insurance program by completing the necessary
25 enrollment forms. The board may use risk-adjusted premiums for individual insurance contracts
26 to implement this section. A temporary employee participating in the uniform group insurance
27 program under this section shall pay monthly to the board the premiums in effect for the
28 coverage being provided. The board may deny coverage if, in the board's sole discretion, the
29 risk created by the individual is undesirable for the uniform group insurance program. Section
30 54-52.1-10 does not apply to the provisions of this section.

1 **SECTION 6.** A new section to chapter 54-52.1 of the North Dakota Century Code is
2 created and enacted as follows:

3 **Participation by private citizens.** Subject to minimum requirements established by
4 the board, a person who is a resident of this state and who does not have health insurance
5 coverage through a private insurer or through a public benefits plan provided by a governmental
6 entity may elect to participate in the uniform group insurance program by completing the
7 necessary enrollment forms. The board may use risk-adjusted premiums for individual
8 insurance contracts to implement this section. For purposes of this section, "resident" means a
9 person who has actually lived within this state or maintained a home in this state for at least six
10 months immediately preceding the date on which the person applies to participate in the
11 uniform group insurance plan. A person may only be a resident of one state at a time. A
12 person participating in the uniform group insurance program under this section shall pay
13 monthly to the board the premiums in effect for the coverage being provided. The board may
14 deny coverage if, in the board's sole discretion, the risk created by the individual is undesirable
15 for the uniform group insurance program. Section 54-52.1-10 does not apply to the provisions
16 of this section.

17 **SECTION 7.** A new section to chapter 54-52.1 of the North Dakota Century Code is
18 created and enacted as follows:

19 **Use of agents authorized.** The board may use, and pay commissions to, insurance
20 agents licensed under chapter 26.1-26 to sell health insurance for coverage under sections 3,
21 4, 5, and 6 of this Act. The board may adopt rules to implement the provisions of this section.

22 **SECTION 8.** A new section to chapter 54-52.1 of the North Dakota Century Code is
23 created and enacted as follows:

24 **Acceptance of moneys - Continuing appropriation.** The board may accept grants,
25 donations, legacies, and devises for the purpose of implementing this chapter. All of these
26 moneys, not otherwise appropriated, are appropriated to the board for the purpose of
27 implementing this chapter.

28 **SECTION 9. APPROPRIATION.** There is appropriated out of any moneys received by
29 the North Dakota public employees retirement system board in the form of insurance premiums,
30 grants, donations, legacies, and devises, not otherwise appropriated, the sum of \$300,000, or
31 so much of the sum as may be necessary, to the public employees retirement system for the

1 purpose of expanding the uniform group insurance program, for the biennium beginning July 1,
2 2005, and ending June 30, 2007. The board is authorized three additional full-time equivalent
3 positions to implement this Act.

4 **SECTION 10. EFFECTIVE DATE.** Sections 2, 3, 4, 5, 6, and 7 of this Act become
5 effective when the board receives notification from the federal government of the uniform group
6 insurance program's exempt status under the Employee Retirement Income Security Act to
7 allow for the expansion of the uniform group insurance program as required under section 1 of
8 this Act, the board determines that utilizing medical underwriting requirements and risk-adjusted
9 premiums does not violate the Health Insurance Portability and Accountability Act, and the
10 board enters a contract with an insurer to provide coverage pursuant to this Act. The board
11 shall notify the legislative council of the effective date of this Act.