

Sixtieth  
Legislative Assembly  
of North Dakota

**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 three new sections to chapter 54-52.1 of the North Dakota Century  
3 Code, relating to expansion of the uniform group insurance program to allow participation by  
4 permanent employees of nonprofit organizations; to amend and reenact section 54-52.1-02 of  
5 the North Dakota Century Code, relating to subgroups under the uniform group insurance  
6 program; to provide an appropriation; to provide a continuing appropriation; and to provide an  
7 effective date.

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

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

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

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

18 "Nonprofit organization" means a nonprofit organization that is exempt from federal  
19 taxation under section 501(c)(3) of the Internal Revenue Code [26 U.S.C.  
20 501(c)(3)], which receives assistance from the state or federal government to  
21 provide a service and which regularly pays to one or more employees wages or  
22 salary that is reportable to the internal revenue service for 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:

**54-52.1-02. Uniform group insurance program created - Formation into**

**subgroups.** In order to promote the economy and efficiency of employment in the state's service, to reduce personnel turnover, and to offer an incentive to high-grade men and women employees to enter and remain in the service of state employment, to attract a highly qualified workforce to the state, and to promote the general health and well-being of the people of North Dakota, there is hereby created a uniform group insurance program. The uniform group must be composed of eligible and retired public employees and permanent employees of nonprofit organizations and be formed to provide hospital benefits coverage, medical benefits coverage, and life insurance benefits coverage in the manner set forth in this chapter. The uniform group may be divided into the following subgroups at the discretion of the board:

1. Medical and hospital benefits coverage group consisting of active eligible employees and retired employees not eligible for medicare. In determining premiums for coverage under this subsection for retired employees not eligible for medicare, the rate for a non-medicare retiree single plan is one hundred fifty percent of the active member single plan rate, the rate for a non-medicare retiree family plan of two people is twice the non-medicare retiree single plan rate, and the rate for a non-medicare retiree family plan of three or more persons is two and one-half times the non-medicare retiree single plan rate.
2. Retired medicare-eligible employee group medical and hospital benefits coverage.
3. Active eligible employee life insurance benefits coverage.
4. Retired employee life insurance benefits coverage.
5. Terminated employee continuation group medical and hospital benefits coverage.
6. Terminated employee conversion group medical and hospital benefits coverage.
7. Dental benefits coverage.
8. Vision benefits coverage.
9. Long-term care benefits coverage.
10. Employee assistance benefits coverage.
11. Nonprofit organization employee group medical and hospital benefits coverage.

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

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

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

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

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

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

29           **SECTION 7. APPROPRIATION.** There is appropriated out of any moneys received by  
30 the North Dakota public employees retirement system board in the form of insurance premiums,  
31 grants, donations, legacies, and devises, not otherwise appropriated, the sum of \$300,000, or

1 so much of the sum as may be necessary, to the public employees retirement system for the  
2 purpose of expanding the uniform group insurance program, for the biennium beginning July 1,  
3 2007, and ending June 30, 2009. The board is authorized three additional full-time equivalent  
4 positions to implement this Act.

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