

**FIRST ENGROSSMENT  
with Conference Committee Amendments****ENGROSSED HOUSE BILL NO. 1099**

Introduced by

Government and Veterans Affairs Committee

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to create and enact a new subsection to section 54-52-04 of the North Dakota  
2 Century Code, relating to state retirement board authority over excess uniform group insurance  
3 program funds; to amend and reenact subsection 4 of section 54-52.1-01, subsection 3 of  
4 section 54-52.1-03, and sections 54-52.1-03.3, 54-52.1-06, and 54-52.1-11 of the North Dakota  
5 Century Code, relating to the definition of eligible employee, retiree eligibility for the group  
6 health insurance program and retiree health benefits, and excess funds and confidentiality of  
7 records under the uniform group insurance program; and to provide a transfer.

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

9 **SECTION 1.** A new subsection to section 54-52-04 of the 1999 Supplement to the  
10 North Dakota Century Code is created and enacted as follows:

11 The board may use any amount credited to the separate uniform group insurance  
12 program fund created by section 54-52.1-06 in excess of the costs of  
13 administration of the uniform group insurance program to reduce the amount of  
14 premium amounts paid monthly by enrolled members of the uniform group  
15 insurance program, to reduce any increase in premium amounts paid monthly by  
16 enrolled members, or to provide increased insurance coverage to the members, as  
17 the board may determine.

18 **SECTION 2. AMENDMENT.** Subsection 4 of section 54-52.1-01 of the 1999  
19 Supplement to the North Dakota Century Code is amended and reenacted as follows:

20 4. "Eligible employee" means every permanent employee who is employed by a  
21 governmental unit, as that term is defined in section 54-52-01. "Eligible employee"  
22 includes members of the legislative assembly, judges of the supreme court, paid  
23 members of state or political subdivision boards, commissions, or associations,  
24 full-time employees of political subdivisions, elective state officers as defined by

subsection 2 of section 54-06-01, and disabled permanent employees who are receiving compensation from the North Dakota workers' compensation fund. As used in this subsection, "permanent employee" means one whose services are not limited in duration, who is filling an approved and regularly funded position in a governmental unit, and who is employed at least seventeen and one-half hours per week and at least five months each year. For purposes of sections 54-52.1-04.1, 54-52.1-04.7, 54-52.1-04.8, and 54-52.1-11, "eligible employee" includes retired and terminated employees who remain eligible to participate in the uniform group insurance program pursuant to applicable state or federal law.

**SECTION 3. AMENDMENT.** Subsection 3 of section 54-52.1-03 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3. A retiree who has accepted a periodic distribution from the defined contribution retirement plan pursuant to section 54-52.6-13 who the board determines is eligible for participation in the uniform group insurance program or has accepted a retirement allowance from the public employees retirement system, the highway patrolmen's retirement system, the teachers' insurance and annuity association of America - college retirement equities fund (TIAA-CREF) for service credit earned while employed by North Dakota institutions of higher education, the retirement system established by job service North Dakota under section 52-11-01, the judges' retirement system established under chapter 27-17, or the teachers' fund for retirement may elect to participate in the uniform group under this chapter without meeting minimum requirements at age sixty-five, when the member's spouse reaches age sixty-five, upon the receipt of a benefit, or when the spouse terminates employment. If a retiree or surviving spouse does not elect to participate at the times specified in this subsection, the retiree or surviving spouse must meet the minimum requirements established by the board. Subject to sections 54-52.1-03.2 and 54-52.1-03.3, each retiree or surviving spouse shall pay directly to the board the premiums in effect for the coverage then being provided.

**SECTION 4. AMENDMENT.** Section 54-52.1-03.3 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-52.1-03.3. Eligibility for retiree health benefits - Fixed contribution and  
reduction factors.**

1. The following persons are entitled to receive credit for hospital and medical benefits coverage under subsection 2:
  - a. A member of the highway patrolmen's retirement system receiving retirement benefits, or the surviving spouse of a member of the highway patrolmen's retirement system who was eligible to receive or was receiving retirement benefits, under section 39-03.1-11.
  - b. A member of the public employees retirement system receiving retirement benefits, or the surviving spouse of a member of the public employees retirement system who was eligible to receive or was receiving retirement benefits, under section 54-52-17.
  - c. A member of the retirement program established by job service North Dakota under section 52-11-01 receiving retirement benefits, or the surviving spouse of a member of that retirement program who was eligible to receive or was receiving retirement benefits, under the plan provisions of that retirement program.
  - d. A retired judge receiving retirement benefits under the retirement program established under chapter 27-17, or the surviving spouse of a retired judge who was eligible to receive or was receiving retirement benefits, under section 27-17-01.
  - e. A former participating member of the defined contribution retirement plan is eligible as determined by the board pursuant to its rules.
2. The board shall calculate the allowable monthly credit toward hospital and medical benefits coverage for a person eligible under subsection 1 in an amount equal to four dollars and fifty cents multiplied by the member's or deceased member's number of years of credited service under the highway patrolmen's retirement system, the public employees retirement system, the retirement program established by job service North Dakota under section 52-11-01, or the judges retirement program established under chapter 27-17. For a member of the public employees retirement system receiving an early retirement benefit or the surviving

1 spouse of that member, or a former participating member of the defined  
2 contribution retirement plan who is receiving a periodic distribution and would not  
3 meet the normal retirement provisions of the public employees retirement system.  
4 the allowable monthly credit must be reduced by three percent if the member  
5 terminates employment within one year prior to attaining the age of sixty-five and  
6 an additional reduction factor of six percent shall apply for each year the member  
7 terminates employment prior to attaining the age of sixty-four. For a member of  
8 the highway patrolmen's retirement system receiving an early retirement benefit or  
9 the surviving spouse of that member, the allowable monthly credit must be  
10 reduced by three percent if the member terminates employment within one year  
11 prior to attaining the age of fifty-five and an additional reduction factor of six  
12 percent shall apply for each year the member terminates employment prior to  
13 attaining the age of fifty-four. For a member of the retirement program established  
14 by job service North Dakota under section 52-11-01 receiving an early retirement  
15 benefit or a discontinued service annuity under the plan provisions of that  
16 retirement program or the surviving spouse of that member, the allowable monthly  
17 credit must be reduced by three percent if the member terminates employment  
18 within one year prior to attaining the age of sixty-five and an additional reduction  
19 factor of six percent applies for each year the member terminates employment  
20 prior to attaining the age of sixty-four.

21 3. The board shall apply the credit allowable under subsection 2 to the payment of  
22 monthly premiums required of each person eligible under subsection 1 for hospital  
23 benefits coverage and medical benefits coverage under the uniform group  
24 insurance program. However, if the allowable credit exceeds the monthly premium  
25 in effect for selected coverage, that amount of the credit which exceeds the  
26 premium is forfeited and may not be used for any other purpose.

27 4. The board may, as an alternative to the calculation of the allowable monthly credit  
28 under subsection 2, provide actuarially reduced benefit options for the member  
29 and the member's surviving spouse including a one hundred percent joint and  
30 survivor option, a fifty percent joint and survivor option, or a five-year or ten-year  
31 certain option.

1           **SECTION 5. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **54-52.1-06. State contribution.** Each department, board, or agency shall pay to the  
4 board each month from its funds appropriated for payroll and salary amounts a state  
5 contribution in the amount as determined by the primary carrier of the group contract for the full  
6 single rate monthly premium for each of its eligible employees enrolled in the uniform group  
7 insurance program and the full rate monthly premium, in an amount equal to that contributed  
8 under the alternate family contract, including major medical coverage, for hospital and medical  
9 benefits coverage for spouses and dependent children of its eligible employees enrolled in the  
10 uniform group insurance program pursuant to section 54-52.1-07. The board shall then pay the  
11 necessary and proper premium amount for the uniform group insurance program to the proper  
12 carrier or carriers on a monthly basis. Any refund, rebate, dividend, experience rating  
13 allowance, discount, or other reduction of premium amount must be credited at least annually  
14 to a separate fund of the uniform group insurance program to be used by the board to  
15 reimburse the administrative expense and benefit fund of the public employees retirement  
16 program for the costs of administration of the uniform group insurance program. ~~Any amount~~  
17 ~~credited to the separate fund in excess of the costs of administration of the program must be~~  
18 ~~held in the separate fund to be used by the board to reduce the amount of premium amounts~~  
19 ~~paid monthly by enrolled eligible employees, to reduce any increase in premium amounts paid~~  
20 ~~monthly by enrolled eligible employees or to provide increased insurance coverage, as the~~  
21 ~~board may determine.~~ In the event an enrolled eligible employee is not entitled to receive  
22 salary, wages, or other compensation for a particular calendar month, ~~he~~ that employee may  
23 make direct payment of the required premium to the board to continue ~~his~~ the employee's  
24 coverage, and the employing department, board, or agency shall provide for the giving of a  
25 timely notice to the employee of ~~his~~ that person's right to make such payment at the time ~~such~~  
26 the right arises.

27           **SECTION 6. AMENDMENT.** Section 54-52.1-11 of the North Dakota Century Code is  
28 amended and reenacted as follows:

29           **54-52.1-11. Confidentiality of employee records.** Information pertaining to an  
30 eligible employee's group medical records for claims, employee premium payments made,  
31 salary reduction amounts taken, history of any available insurance coverage purchased, and

1 amounts and types of insurance applied for under the supplemental life insurance coverage  
2 under this chapter is confidential and is not a public record. The information and records may  
3 be disclosed, under rules adopted by the board, only to:

- 4 1. A person to whom the eligible employee has given written consent to have the  
5 information disclosed.
- 6 2. A person legally representing the eligible employee, upon proper proof of  
7 representation, and unless the eligible employee specifically withholds consent.
- 8 3. A person authorized by a court order.
- 9 4. A person or entity to which the board is required to disclose information pursuant  
10 to federal statutes or regulations.
- 11 5. If involved in a dissolution proceeding, the member's spouse or former spouse,  
12 that person's legal representative, and the judge presiding over the member's  
13 dissolution proceeding.

14 **SECTION 7. TRANSFER BETWEEN UNIFORM GROUP INSURANCE PROGRAM**

15 **FUNDS.** For the biennium beginning July 1, 2001, and ending June 30, 2003, the executive  
16 director of the public employees retirement system shall transfer \$475,000 from the public  
17 employee life insurance program fund to the uniform group health insurance program fund for  
18 the purpose of increasing the health insurance reserve.