MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

1510

2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1510

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1510

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: 2685

Committee Clerk Signature

Minutes:

Rep. Schneider: Currently here in the National Guard we do have healthcare coverage when you are deployed on active duty overseas. When you are back on the job and in the classroom you don't have any healthcare coverage. What this bill would do is buy the same healthcare coverage that we as legislators have to our ND National Guard troops. In the National Guard two years ago the federal congress did pass legislation that would allow you to buy into the federal Tricare plan. That was kind of expensive and not typical for working families to afford. What this coverage would really do is recognize our ND National Guard soldiers as public serving. Currently all public employees receive full healthcare coverage. Certainly our National Guard soldiers should too. This bill would actually provide something of substance for our men and women that put themselves in harms way. It would help them and their families.

Rep. Dahl: The fiscal note for this bill doesn't really say anything.

Rep. Schneider: I admit that there was been some problems with the drafting of this legislation. Our committee may have to amend this. We are still waiting on a fiscal note.

Rep. Haas: I think that Sparb Collins will be able to answer that question.

Sen. Mathern: Testimony attached.

Rep. Kasper: On page 1 of the bill line 10, can you explain what that means?

Sen. Mathern: There are certain provisions by federal government rules of statute that give the state authority to operate government plans. That is the wording that reflects that. It basically says that we are as a state taking advantage of both special considerations that the federal government gives that are different then other plans. I don't know the detail of this but there are special considerations that aren't available to others. This says that we would use that position.

Rep. Kasper: I think this is absolutely imperative that this committee finds out exactly what that means. If you are suggesting in this bill that we move away from the PERS plan as it is, to a federal government type of plan, it would be a major change.

Sen. Mathern: There is no question about that. Mr. Collins is very experienced in that area. The other thing that I would like to note is the amendment that is probably necessary in this bill. I have a copy of that.

Rep. Weiler: Do we have any idea of the number of people we are talking about?

Sen. Mathern: At this point I don't know that number but I would suggest that the AG could tell us exactly how many families this would involve. They keep track of that everyday. It depends on the recruitment and what is presently going on in terms of soldiers killed etc. I would think that it will come up in the Fiscal note. I suspect that we have a unique situation now, in that the soldiers are eligible for Tricare and that we would be using that program also.

Rep. Dahl: Under this bill any member of the National Guard can be on this plan if they are not on active duty? Do they have to be on active duty before they can be eligible?

Sen. Mathern: I believe the intent is so every guard member can be eligible for this. In fact while they are on active duty they would be covered already by a military health care plan. This is really making sure that they have coverage while they are not on that plan. I thought I would

mention the amendment. It establishes an effective date. There are some questions that if this program is offered, that there would be old age persons taking the plan that would provide a negative consequence to the ND PERS program. The bill with this amendment would suggest that the board could use the risk adjusted premium to make sure that the premiums reflect the risk so that the entire program would not be negatively effected. So this bill authorizes the board to actually do risk adjustments, to do the underwriting. That feature has a question into it as to whether or not it would violate the health insurance equitability. That is the issue. This amendment clarifies that ND PERS would have to first of all make an application for a request to the federal government and say that they are going to have this program and these features. They want to make sure it is ok they do that. If the federal government says yes it is ok, then this bill would go into effect. However if that were denied, then they would have a problem. The intent of the amendment is to make sure that we are in fact not creating a new risk for the present pool, and that we get permission to move ahead with the criteria as we move ahead with it.

Rep. Haas: The criteria is really in the risk adjusted premiums. They are really designed to address the issue of adverse selection, is that correct?

Sen. Mathern: That is correct.

Rep. Froseth: That was one of my questions. Another one is if you know the long term effects of injuries or diseases that an active National Guard member might acquire during their service that would carry on in their lifetime. Are they still covered by the federal health insurance or would they become a responsibility of this group plan.

Sen. Mathern: The intent of this bill and the amendments are to make sure that every responsibility that we have as government related to military injury has continued coverage by a veteran's administration program. And that this pool, the NDPERS, not assume responsibility

that relates to the military service. The responsibilities that pertain to military still pertains to that.

Rep. Kasper: On page 1 line 17 you add to attract a highly qualified workforce to the state and to promote the general health and well being of the people of ND. Can you share with us how that pertains to adding the National Guard into the health plan. What was your intent with that language.

Sen. Mathern: I believe that men and women that are trained in the guard are not only guard members. They are often times leaders in our communities, businesses, and lives. We want those people to live here. One of our intentions is that we would encourage those people to have businesses here, stay here, and work here. One of the ways that we can accomplish that is to make sure that they have a health care plan available. The intent is to make sure that these trained people stay in our state, participate in our economy, we thank them for their service but we also need them for our general economy.

Rep. Kasper: You are aware that our National Guard members, except when they are on active duty, are part time soldiers and full time citizens, most of them working in the work force. As you said a lot of them are leaders, which I agree with. Which would mean that they would be involved with a company or companies where they are covered in the private sector for their health insurance? Are you aware of how many uninsured National Guard members there are, other than college students that are in the workforce?

Sen. Mathern: I do not know that number. I have been meeting with the Chamber of Commerce in Fargo. They tell me the number one issue for businesses are health insurance. Even if they are employed and a leader, our businesses are having a difficult time maintaining health care benefits. Many companies are developing plans that are very robust. The PERS

plan is a robust plan that would be better for that Guard family. I don't know the number. I know that it is a problem for each employer in the state to pay these plans.

Sen. Mathern: I believe that there is some work necessary on this bill. I think that there was some struggle between matching the interim committee with the bill that Rep. Schneider wanted to draft. I would appreciate very much anything you could do to get that in order.

Rep. Haas: We aren't going to act on this bill until after the Employee Benefits Committee meets again.

Bob Hanson: *I'm here today on behalf of the administrative committee. Our administrative committee took a stand on this and we support this bill. We feel that this is something that would really help the soldiers and our nation.*

Colonel Thiele: Testimony attached.

Colonel Thiele: First of all I want to say that I think we are all on the same page on the importance of healthcare for our military members. Going into our legislative planning process our number one priority was health care for our members. We have begun the process to determine what the overall cost would be giving the funding situation. The information you have in front of you is TRICARE select. It allows all of our guard members to secure health care coverage. For us the number one issue was those who don't have it. They are able to secure coverage now as Tier 2. If I'm a guard member I can now purchase a family plan for about $450/month which is very difficult to beat. Having said that we are always open to discussion on how we can improve that process and health care coverage. Right now we are probably too early in the process. So far those soldiers that are using Tricare it has been a positive experience. They are satisfied with it. The health care providers participate. Moving forward I think the debate can be people. Going to the PERS program is one option. The intent of this is so the state will fund this. The fiscal note doesn't reflect that. I can tell you from our

initial analysis. If you are talking residents you are talking in the ball park of probably just under 4,000. I don't know what the annual or monthly costs in ND is for premiums. It is probably not less than $500. With that I am here to answer questions.

Rep. Amerman: You believe that this would be something that they look at very seriously before they got out of the guards?

Colonel Thiele: As I pointed out one of our critical elements was most guard members need healthcare. I think most everyone can understand how important it is to secure healthcare. I used the sample of a young farmer out in ND trying to raise a family. Healthcare coverage is punitive. These are guard members and if we can secure health care for them, I think we have a guard member for life.

Rep. Potter: When a member of the National Guard as well as the regular army, when they come back from Iraq and so, what is the difference between what is offered for army soldiers and National Guard?

Colonel Thiele: If you are an active component in the military, whichever branch, you have 100% healthcare coverage. I was active duty and there are pros and cons to that. Speaking of Guard reserve members, when you are mobilized, you have 100% coverage. When you come back, depending on the length of your tour, you are going to become eligible to secure coverage on what they call Tier 1. That is the lowest. It is 28% of the premium. For our soldiers that are deployed to Iraq or Afghanistan if their assignment was a year or longer, they are eligible for that for up to four years. So if I'm mobilized I have coverage for the entire time frame, and then I can secure coverage at that low rate for an addition of four years. Now I commend transition to Tier 2 which is the second rate.

Sparb Collins: Testimony attached.

Rep. Kasper: I was visiting with you a bit ago. Would you share with the committee what the monthly premiums currently are and what the government budgets for premiums in the next biennium are?

Sparb Collins: When this group came in with what we call the pre Medicare Retiree's. Those are people right before age 65. If I were to retire before age 65 I go into the pre Medicare. For a single rate today it is around $390/month. Then we have the second rate which is family. That is around $781. Then we have a third rate. This is for a family of 3 or more that is $977 a month. As we know these rates will finalize as soon as your considerations are taken care of. The governor's budget proposes altering the plan design. With that altered design the rates would be the following. For a singles it would be $475/month, a family of 2 would be about $946, and a family of 3 would be $1,180.

Rep. Kasper: Those are monthly numbers. I just want it for the record that it is monthly. It is a rough calculation with the $500 a month premium and I think your numbers would be higher than what the average number of people fall into. It would certainly be higher. The $500 average monthly premium, you are looking at a $24 million cost. If we go to the $700 we are well over $30 million to cover the $4,000 the National Guard members get.

Rep. Haas: It seems like we had some conflicting information that whether or not this was supposed to be paid for by the state and then the questions on the fiscal note. The fiscal note that we have is still correct in your opinion?

Sparb Collins: It is my understanding that we need to take a look at that. Right now the state is only required to pay the premium for state employees.

Rep. Schneider: What is the healthcare plan that we use as legislators?

Sparb Collins: Legislators are in the same plan. This is identical to this bill. We really have two basic plans. One for active employees and one for pre – Medicare people and retiree's.

Rep. Schneider: Is there any problems that underwrite or prevent the selection for legislators or employees?

Sparb Collins: In the group setting the employer pays a significant amount of the premium. When we offer in that group incentive, we get probably almost everyone taking the plan. When you go into the individual setting and you offer it to them, they have to pay it out of their own pockets. A different profile is electing the coverage. They take a look at it. The significance of that is with health insurance, 80% of our expense goes to 20% of our members. That means if 80% of our members only consume 20% of the dollar. The concern with new settings is that the costs come more out of our pocket. Most people in the plan don't cost us that.

Rep. Schneider: I just want to point out that this nullifies National Guard members.

Rep. Kasper: The way I read this bill, on page 1 line 10 it says the board shall operate on. I'm assuming that means the PERS Board, is that correct?

Sparb Collins: Yes.

Rep. Kasper: Then on page 2 line 23 it says the board shall provide coverage for the member, the member's spouse, and the member's dependents. Then over on page 3 beginning on line 5, the board may accept grants, donations, legacies, and devises for the purpose of implementing this chapter. All of these monies, not otherwise appropriated, are appropriated to the board for the purpose of implementing the chapter. That tells me we are appropriating the money to fund the benefits.

Sparb Collins: I would be happy to have our attorney take a look at that. That was the assumption that was brought forth dealing with the fiscal note.

Rep. Haas: We would appreciate that clarification. Like I said earlier we have a week to get that. We will not act on this bill until next week.

Rep. Amerman: The grants and donations under the section that Rep. Kasper just read, is

that something that you can do now? To you have an idea where some of these grants come from?

Sparb Collins: At this point the only source of income we really have is the sub premium. Have we gone out and sought finance actively? We have a continuing appropriation for the premiums.

Rep. Haas: Is there any more testimony on HB 1510? If not we will close the hearing on HB 1510.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1510

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3143

Committee Clerk Signature Morgan Rennick

Minutes:

Rep. Haas: I will open the floor for pre motion discussion.

Rep. Schneider: I do have an amendment that I had legislative council draft. It clarified some of the language. There was some confusion with regards to who was paying for what. Just a little bit of history. When we first started getting into this bill the idea was to allow the National Guard to combine into the PERS plan. What we found out was a couple of years ago the federal system passed legislation that would allow National Guard to combine in with the federal Tricare plan. Really the costs between the two is similar enough that there won't be a big problem with that. We started going down that path to see if the state would provide some funding. I also got a letter from the legislative council on the cost differences between the two. Really what the amendment does is it hopefully makes it straightforward and turns it to a buying option. At the same time it provides some incentive from the state to increase active healthcare for the National Guard. That is really what this bill is about. How do we get our National Guard troops those healthcare options? Funding it completely would be ideal but that is not realistic. What this bill would do is provide $200 for family membership of National Guard troops and $100 off the PERS for a single person. The other letter I passed around from the legislative council you can see that the cost of buying the PERS is $553 for a family plan. With

these $200 appropriations from the state it would knock this down to $353. So if you are a National Guard member going to school, working, or having a family, you have this option of buying into this. That is what the bill does. The appropriation is $1.8 million and if assuming 25% membership, I don't even think it would be that high. I think most of our National Guard troops already have some sort of health care coverage through their employers. Really what this does is address the needs for the troops that can't afford that healthcare.

Rep. Haas: Are there any questions for Rep. Schneider?

Rep. Weiler: Is there a fiscal note on this? I see the appropriation.

Rep. Schneider: There is not a fiscal note. Once the $1.8 million is gone it's gone.

Rep. Haas: But isn't this a general fund appropriations?

Rep. Schneider: Right.

Rep. Haas: So if this amendment passes there would have to be an immediate fiscal note to be re referred to appropriations.

Rep. Weiler: So this is going to create a first come first serve, correct?

Rep. Schneider: Assuming 25% enrollment. We struggled with what number to use. 25% is 1,000 people. I don't think it is going to be that high. I think most of our troops do have some sort of healthcare coverage. Let's say you are working and going to the guards on weekends and your employer doesn't offer health insurance. If you go to Blue Cross and try to buy a plan of your own, you are going to be paying $700-$800. If you go to Tricare it's $450. That is really what I am trying to do is increase health care coverage.

Rep. Weiler: My concern with this is if we look at the bill as it was presented to us, $553 per person, if all of the individuals would take advantage of this program the fiscal note is going to be upwards of around $26 million. Now what we are doing here is going to take $200 a month which is about 40% of what the premium is, but the fiscal note is down to $1.8 million. I

understand the 25% coverage but if we get a bunch of National Guard members wanting to get on the PERS plan we are going to have a lot of them being turned away. I think this is going to create a big problem with my estimations.

Rep. Schneider: The reason the fiscal note dropped so dramatically is because it is truly a buy in option. We don't know what number or percentage would even take advantage of this plan. It could be 4,000 troops and it could only be 200 of them. The idea is to increase and give them more options and give them coverage.

Rep. Weiler: Under the current plan that they are offered, is it the Tricare plan?

Rep. Schneider: Right.

Rep. Weiler: How much of that do they pay?

Rep. Schneider: $450 for the family plan.

Rep. Weiler: Under this plan they would pay $350. With all things being equal between the two plans, I think you would have a lot more than 25% jumping ship to the PERS plan. There would be a lot more wanting to do that because they could save $1,200 a year. Now this $1.8 million is going to run out. You are going to have a lot of National Guard members asking why they can't do it either. This is just going to create a bigger problem.

Rep. Schneider: Perhaps what the committee needs is an answer to how many troops may buy into the National Guard. That would probably give us a good idea. If the number is 500 that will buy into it, you are right on them jumping ship for a better deal. Then we could probably adjust the fiscal note.

Rep. Kasper: This approach creates a couple of other problems. The ones who decide to buy into the plan are getting an extra $200 a month of benefits from the state. The ones who don't are being shorted $200 a month. Now you are creating an inequity of benefits on equal rank. Secondly, the Tricare plan is a better plan than the PERS plan. It is cheaper and it is better.

Even though we are giving this care of $200, if I were covered under the Tricare plan I would stay there. I think there are a lot of problems with the approach. The thought is fine but the approach to this dilemma is wrong.

Rep. Haas: Would you want to move the amendment?

Rep. Schneider: Yes but I want to respond to Rep. Kasper. The PERS plan is what we have as legislators. This Tricare plan is also very good. A $100 difference for a working family would choose the PERS plan.

Rep. Kasper: I sell group insurance. My first blush look at this is the Tricare plan is substantially better than the PERS plan, although the PERS plan is good. It is substantially better.

Rep. Haas: I have a motion on the floor, is there a second?

Rep. Wolf: I second that.

Rep. Weiler: Rep. Kasper said the Tricare plan is better but you said you think for the $200 they would choose the PERS plan and I agree with that. That is the reason why I think the fact that you are going to cut it off at $1.8 million is going to create all kinds of problems. Let's say 50% of the people want to jump ship from the Tricare to the PERS. If we have an appropriation of only $1.8 million, how are we going to decide the other half of the people that don't get to jump ship? There is going to be some unfairness here. That is why we are going to try to largely increase the appropriation.

Rep. Potter: Between the Tricare and the PERS, do we know what the difference is? We have **Rep. Kasper** saying the PERS plan is better but then I understand the Tricare plan is better and I don't have the foggiest idea if one is better than the other or not.

Rep. Haas: I think everyone got the handout from Colonel Thiele if you would refer back to that.

Rep. Schneider: What I would request is to move the amendment. It is a lot better and clarifies the language of the original bill. Then what I would like to do is make a couple of phone calls and see how many guard members are on Tricare. If we can find out how many people are on Tricare that would be pretty reflective on how many people would buy into this plan. It may or may not be a better deal. At least we will get some sort of an idea.

Rep. Haas: Is there any further discussion on the amendment?

Rep. Weiler: If there is 4,000 National Guard members and 2,000 of them are on Tricare and 2,000 are on some other plan, this gives all 4,000 of them the ability to jump into the PERS plan does it not? Or do you have to be in Tricare first?

Rep. Kasper: Regardless of how many are on Tricare I simply don't like the concept of allowing some people to receive the benefits and others not to receive them. Regardless, I am going to resist this amendment.

Rep. Amerman: They do make good points. If it is used up some of them are going to be left out. The original bill they could have all been in there with a larger appropriation. If we put this amendment on there and give it a do pass, what happens?

Rep. Haas: One thing I do need to mention before we vote on the amendment is that all bills of this nature that deal with healthcare systems have to go and be considered by the employee benefits committee. The reason we delayed action on this bill is because it was last week Friday afternoon that the employee benefits committee met. I don't know if all of you have received a copy of the report of that committee, but they gave this bill and unfavorable recommendation which means based on their analysis and the interest that they took, they did not think this bill was a good idea. I will add that they did not consider it with the amendment. They considered the bill in it's original form. With that information is there any further discussion on the amendment.

Rep. Grande: If you check in your binders there is the employee benefits committee report.

Rep. Haas: We will take a voice vote, all in favor say 'aye' all opposed say 'no'. The amendment fails.

Rep. Haas: Is there a discussion on the bill?

Rep. Grande: I realize I was absent from the bill but I have followed up with Rep. Klein and his committee. My question initially is did the National Guard or Adjutant General have any desire to have this offered? Did they feel the need for this?

Rep. Haas: No they did not.

Rep. Kasper: They testified neutral for this bill.

Rep. Grande: But it was not on the request of the Adjutant General?

Rep. Haas: No, but they also said they were happy with Tricare.

Rep. Schneider: National Guard did testify in the neutral manner but one of their major issues is health care for their troops. Any plan to increase that would be helpful. The Colonel said he would take the original bill when it was fully funded.

Rep. Grande: Fully funded? Who wouldn't stand in line for free healthcare?

Rep. Kasper: This is such a major decision that the guards and all those it effects should be involved whether or not this policy should be adopted. Even though free insurance would not be turned down by anyone, the fact of the matter is that it is a huge policy change for the state. I appreciate the concept of the bill sponsors but I think it is just too much too quick. This is something that could be looked at in the interim.

Rep. Grande: Thank you for bringing that up. This bill should have been, if done properly, submitted before July 1 of this year and gone through the proper channels if it was going to be brought into the legislative body. Failure to do so leaves us in the bind of not having the proper money available and the proper information in front of us. All legislators are made aware of

that. Senator Mathern has done many bills and is very well aware of the procedures. You were supposed to have the proper reports in front of us so we could support and do something like this, it should have been done earlier.

Rep. Schneider: Senator Mathern did take it through the proper channels.

Rep. Grande: No he didn't, not the proper channels.

Rep. Schneider: I believe there is a report on that.

Rep. Grande: This came through the initial committee?

Rep. Haas: No not this bill, it was another issue very similar to this. What are your wishes?

Rep. Kasper: I move a do not pass.

Rep. Weiler: I second that.

Rep. Haas: Is there any further discussion on the bill? If not we will take a roll call vote on a do not pass motion on HB 1510. The do not pass motion passes with a vote of 9-4-0. Is there a volunteer to carry this bill?

Rep. Grande: I will.

FISCAL NOTE

Requested by Legislative Council
01/16/2007

Bill/Resolution No.: HB 1510

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill will allow members of the national guard to particpate in the PERS Health Plan

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill does not have a direct effect on the plan, however over time adverse selection against the plan could occur which could effect our health trend causing it to be higher. Higher trends would effect future premiums.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	J. Sparb Collins	**Agency:**	NDPERS
Phone Number:	701-328-3901	**Date Prepared:**	01/23/2007

70707.0201
Title.

Prepared by the Legislative Council staff for
Representative Schneider
January 26, 2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1510

Page 1, line 5, remove "and"

Page 1, line 6, after "appropriation" insert "; and to provide an effective date"

Page 3, after line 8, insert:

"**SECTION 5. EFFECTIVE DATE.** Sections 2 and 3 of this Act become effective when the board determines that utilizing medical underwriting requirements and risk-adjusted premiums does not violate the Health Insurance Portability and Accountability Act and the board enters a contract with an insurer to provide coverage pursuant to this Act. The board shall notify the legislative council of the effective date of this Act."

Renumber accordingly

70707.0204
Title.

Prepared by the Legislative Council staff for
Representative Schneider
February 6, 2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1510

Page 1, line 5, after the semicolon insert "to provide an appropriation;"

Page 1, line 11, after the underscored period insert "The board shall apply to the federal government to receive exempt status under the Employee Retirement Income Security Act to allow for the expansion of the uniform group insurance program under sections 2, 3, and 4 of this Act."

Page 2, line 21, replace "A" with "Subject to minimum requirements established by the board, a"

Page 2, line 22, after "state" insert "and who does not have health insurance coverage through a private insurer"

Page 2, line 23, after "program" insert "by completing the necessary enrollment forms. The board may use risk-adjusted premiums for individual insurance contracts to implement this section"

Page 2, line 24, after the underscored period insert "To the extent funds are available, the board shall pay two hundred dollars per month of the equivalent rate of a state employee with family coverage for each member electing the family plan and one hundred dollars per month of the equivalent rate of a state employee with single coverage for each member electing the single plan. However, this rate is only available for non-medicare contracts."

Page 3, after line 8, insert:

"**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $1,800,000, or so much of the sum as may be necessary, to the public employees retirement system for the purpose of paying a portion of national guard member uniform group insurance premiums as provided in this Act, for the period beginning July 1, 2008, and ending June 30, 2009."

Renumber accordingly

Date: 2-8-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number HB 1510

Action Taken move amendment

Motion Made By Rep. Schneider Seconded By Rep. Wolf

Representatives	Yes	No	Representatives	Yes	No
Rep. C. B Haas Chairman			Rep. Bill Amerman		
Rep. Bette Grande VC			Rep. Louise Potter		
Rep. Randy Boehning			Rep. Jasper Schneider		
Rep. Stacey Dahl			Rep. Lisa Wolf		
Rep. Glen Froseth					
Rep. Karen Karls					
Rep. Jim Kasper					
Rep. Lisa Meier					
Rep. Dave Weiler					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Rep.

If the vote is on an amendment, briefly indicate intent:

Davis

Date: 2-8-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number HB 1510

Action Taken Do not pass

Motion Made By Rep Kasper Seconded By Rep Weiler

Representatives	Yes	No	Representatives	Yes	No
Rep. C. B Haas Chairman	X		Rep. Bill Amerman		X
Rep. Bette Grande VC	X		Rep. Louise Potter		X
Rep. Randy Boehning	X		Rep. Jasper Schneider		X
Rep. Stacey Dahl	X		Rep. Lisa Wolf		X
Rep. Glen Froseth	X				
Rep. Karen Karls	X				
Rep. Jim Kasper	X				
Rep. Lisa Meier	X				
Rep. Dave Weiler	X				

Total (Yes) 9 No 4

Absent 0

Floor Assignment Rep. Grande

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1510: Government and Veterans Affairs Committee (Rep. Haas, Chairman) recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1510 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1510

EMPLOYEE BENEFITS PROGRAMS COMMITTEE
REPORT TO THE 60TH LEGISLATIVE ASSEMBLY
REGARDING HOUSE BILL NO. 1510

Date: February 2, 2007

Sponsor: Representative Jasper Schneider

Proposal: Expands the uniform group insurance program to include members of the North Dakota National Guard.

Actuarial Analysis: The bill is not anticipated to have any state fiscal effect since it is anticipated that National Guard members would pay the premium cost. The actuarial concerns are with expanding eligibility which could result in adverse selection that may increase plan costs. A second concern is that a governmental plan could lose its governmental status if nongovernmental employers are allowed.

Committee Report: Unfavorable recommendation.

Gallagher Benefit Services, Inc.
A Subsidiary of Arthur J. Gallagher & Co.

January 31, 2007

Mr. Sparb Collins
Executive Director
North Dakota Public Employees Retirement System

Re: Review of Proposed House Bill 1510: A bill relating to expansion of the uniform group insurance program to allow participation by members of the ND National Guard under the program.

Dear Sparb,

The following summarizes the above referenced bill and our professional comments on the financial and technical impact of the proposed legislation.

Overview of Proposed Bill

The Bill proposes the following changes the State Century Code:

- Section 1: Confirms that NDPERS will continue to operate its group insurance program as a "governmental benefit plan."
- Section 2: Expands the participants eligible to participate in the NDPERS group insurance program to include "members of the North Dakota National Guard."
- Section 3: Indicates that a member of the ND National Guard who is a State resident "may elect to participate" in the insurance plan along with eligible dependents. Coverage under the NDPERS plan would be "secondary and supplemental to any military health benefits being provided."
- Section 4: Confirms that NDPERS may accept "grants, donations, legacies and devices for the purpose of implementing [the Bill]."

Expected Financial Impact

From a group health benefits actuarial and underwriting perspective, generally our concerns with provisions that expand participation are as follows.

- Allowing National Guard members to individually elect coverage in the uniform group insurance plan creates a significant potential for "adverse selection" against the program. Individuals would be allowed to elect coverage based on personal or family medical need without any financial protection to the program. Insured health plans, such as NDPERS', must comply with HIPAA portability requirements, which severely limit the ability to restrict coverage for new applicants regardless of their health status.

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- Generally, group coverages require an employer-employee relationship (which is a traditional requirement of group insurance) and a minimum employer contribution. The absence of these two conditions further increases the potential for adverse selection against the program, which ultimately affects the program costs.

NDPERS' insurance carriers would need to determine if they are willing to underwrite additional risks created by this proposed bill. If they were not willing to accept the additional risk under the current premium structure, they would then determine if rates would need to be increased for the State and covered employees.

Technical Comments

The proposed bill would potentially permit non-governmental employees to join the uniform group insurance program, which currently only permits governmental entities to participate. Including non-governmental employees in the program raises the question whether it would jeopardize its government plan status.

At PERS request, our Compliance Department previously researched the question relating to allowing National Guardsmen to enroll in the NDPERS benefit plan. In an effort to address the impact of this legislation, we have identified five (5) Department of Labor Advisory Opinion letters that address the question whether the status of the Plan as a "governmental plan" under section 3(32) of ERISA would be adversely affected if it were to extend benefits to certain private sector employees.

The common areas of response in Department of Labor's five Advisory Opinions regarding coverage of private sector individuals under governmental plans are as follows.

ERISA section 4(b)(1) provides that Title I of ERISA does not apply to any employee benefit plan that is a "governmental plan" as defined in ERISA section 3(32). Section 3(32) of ERISA defines the term "governmental plan," in pertinent part, as "a plan established or maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing."

In the Advisory Opinion letters provided, the DOL consistently indicates that a plan's governmental status would not be adversely affected by participation of a de minimis number of private sector employees. However, if a benefit arrangement is extended to cover more than a de minimis number of private sector employees, the Department may not consider it a governmental plan under Title 1 of ERISA.

The specific circumstances in each of the cases provided do not allow for any direct comparison to the proposed NDPERS legislation; however, it appears that if the number of non-governmental participants meets the de minimis test cited above, your non-ERISA status would remain. For your reference the Advisory Opinion Letters used in our research are as follows:

2005-21A ERISA Sec.3 (32), 2005-17A ERISA Sec.3 (32), 95-27A ERISA Sec.3 (32), 2002-11A ERISA Sec.3 (32), and 2000-08A ERISA Sec.3 (32)

The DOL Advisory Opinion Letters for these cases and others can be accessed from their website at www.dol.gov/ebsa/regs/Aos/main.html. Advisory Opinion Letters are not necessarily

conclusive. However, it appears likely that the number of National Guard members electing coverage under this proposed bill could be considered de minimis relative to the total covered population under the uniform program. To ensure continuation of its governmental plan status, NDPERS could seek a waiver from the federal government. At this time, however, we are not aware of any formal process to obtain such a waiver. Consequently, neither the outcome of such an effort nor the timeframe required for its accomplishment can be predicted.

For reserve and National Guard members called to active duty for more than 30 days, they and their eligible family members receive the same TRICARE (federal health plan for the armed forces) benefits as active duty service members and their families. For Guard members not on active duty, once they qualify under TRICARE rules with their assigned unit, they have the ability to purchase one of several medical plan options for which they must pay a monthly premium. It is beyond the scope of this analysis to compare costs and coverages of the various TRICARE medical options available to National Guard members to those offered by NDPERS.

Gallagher Benefit Services, Inc. is not licensed to provide legal advice. If NDPERS desires to have a qualified legal opinion concerning this proposed piece of legislation, we suggest that it consult qualified employee benefits legal counsel.

We appreciate the opportunity to provide input on this proposed bill. Please let me know if we can provide any further assistance.

Sincerely,

William F Robinson, Jr

William F. Robinson, Jr.
Area Vice President

House Bill 1510
Government and Veteran's Affairs Committee
February 2, 2007

Chairman Haas and Members of the Committee,

My name is Tim Mathern. I am the Senator from District 11 in Fargo. I speak in support of HB 1510.

After our troops were being called up for the war in Iraq I learned from friends and relatives that they and their families were receiving excellent health care benfits during active duty. I also learned that many could not afford their own insurance after they were off active duty. During the 05 Legislative Session I spoke with Adjutant General Haugen and noted the option about making these families eligible for the state health insurance program. As an interim report was necessary I could not introduce such a bill in the 05 session but I introduced such a bill to the Retirement and Benifits Committee of the interim which makes 1510 possible.

The interim committee released a report which I presume you have a copy of. In the meantime Guard members became eligible for the federal health care plan. Though that is a positive option, Representative Schneider suggested a better plan yet, that being the state of North Dakota paying for the premium.

Mr. Chairman and members of the committee, the NDPERS health care plan has excellent benefits, is well managed, and has many cost containment features. I think it would be great if we offered this plan for our men and women in the Guard. It is one more step toward all North Dakotans having access to health care. If we do not address health care access issues in our state I am afraid someday it will be taken over by a national plan. Other states are taking the initiative to develop a program and some day we will do the same. See attached Forum article of January 21, 2007.

Members of the Committee, I ask for a due pass on HB1510. This bill is good for our Guard families who serve for us and good for the larger health care policy agenda for North Dakota.

Thank you.

Support for universal health care grows

By Robert Tanner
AP National Writer

Health care for all – an elusive goal that has tantalized presidents and governors for decades – is roaring back this year with ambitious proposals in a handful of prominent states.

The promise: Cover millions of uninsured adults and children. Improve the quality of care at hospitals and doctors' offices. Rein in rising costs that are eating up workers' wages, company profits and state budgets.

The problem: Someone's got to pay. And getting those with a stake in health care – doctors, insurers, hospitals, workers, employers, government – to agree on who and how much won't be easy.

The most influential effort is undoubtedly in California, the nation's most populous state, where GOP Gov. Arnold Schwarzenegger this month introduced a bold plan that would provide health-care coverage for 6.5 million residents without insurance.

With less fanfare, Pennsylvania has proposed a similar step and a half-dozen more states are actively debating the idea. All are building on a Massachusetts program that began this year – it likens health insurance to car insurance, making it a requirement for everyone.

If successful, the states could carve out a long-sought path for universal health care, a goal that's been politically dead since the Clinton administration. But that's a big "if" – passage won't be easy and the programs ar[illegible]heap.

The Asso[illegible]ess looked at proposals in front of state legislatures to break down the contentious issue.

Why issue is hot now

It's been talked about and debated for years, but wide agreement is emerging over the problem of health care's rising costs, which swallow wage increases and have threatened to overtake state spending on primary education. Businesses say they're at a disadvantage with global competitors.

The system can't survive another few years on the same track without collapsing, said Pennsylvania Gov. Ed Rendell, a Democrat.

"If California, Pennsylvania and Massachusetts prove it's doable – and Maine has already to some extent – it will create an unstoppable momentum," he said.

Maine brought the issue back in 2003, with a law seeking to provide universal coverage.

Massachusetts' law last year – guaranteeing universal coverage – jump-started the action in state capitols.

In the past month, governors, legislative leaders and blue-ribbon commissions have declared universal coverage an attainable goal in Iowa, Kansas, Minnesota, New Mexico, Oregon, Washington state and Wisconsin. Massachusetts and Vermont are to put their programs into effect this year, while Maine is tweaking its existing system. Many more are considering significant expansions.

How it would work

The overall goal is to get everyone, or nearly everyone, health insurance. The plans also aim to cut costs by improving efficiency, and to improve the quality of care. The plans being discussed would accomplish that in the following ways.

▶ All would build on the existing public and private insurance system to provide insurance and health-care access to most or all the uninsured in their states – now some 46 million people nationwide.

▶ All aim to expand existing Medicaid programs to cover more of the poor and working poor who don't have insurance. They would require employers who don't provide insurance to do so. They seek some financial contributions or savings from doctors and insurers.

▶ They would establish a state mechanism that creates an insurance product, or sets up a marketplace, so that small businesses and individuals can get reasonably priced insurance.

▶ Some plans mandate that every individual must have insurance – not unlike mandatory auto insurance for every driver – with financial help for those too poor to buy it outright.

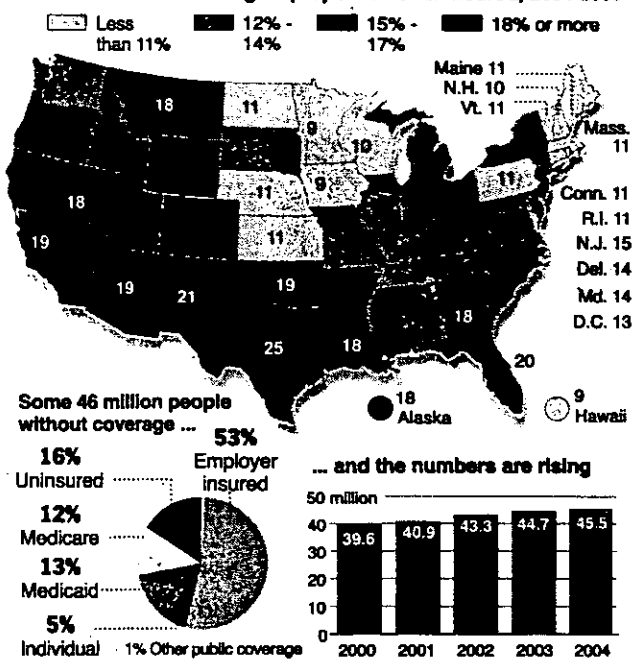
The biggest barrier

The biggest stumbling block is money. Who pays?

In California, doctors and hospitals are already unhappy with Schwarzenegger's plan to levy a 2 percent fee on doctors and a 4 percent fee on hospitals. He would cap profits for insurers by requiring that 85 percent of revenue be

Number of uninsured Americans increases

With an increasing number of uninsured Americans each year several states are considering universal health coverage.



Source: Kaiser Commission on Medicaid and the Uninsured AP

ed to treating patients: That idea alone sent the stock of health insurer Wellpoint Inc., with 34 million members, down 3.5 percent.

"He made enemies of every doctor and hospital in California when he did that," said Helen Darling, president of the National Business Group on Health, a consortium of companies trying to lower health costs.

In California, Pennsylvania, Massachusetts and Maine, state leaders said they were spreading the pain to every player, so every critic should stay on board.

"That's always been the biggest challenge in health care reform. There is no pain-free solution," said Drew Altman, president of the Henry J. Kaiser Family Foundation, a Washington-based health group.

Chance of success

The next few months will determine whether enthusiasts like Rendell or Schwarzenegger win the argument.

In Minnesota, GOP Gov. Tim Pawlenty warns that simply focusing on getting everyone insurance ignores deeper problems, even as some leaders of the Legislature's new Democratic majority say this is the year for universal health care.

"Many policymakers around the country are so fixated on more access, they're losing sight of the need to simultaneously focus on cost and quality," Pawlenty said. "Expanding access to a broken system is no solution. ... In the long run, that will be a failure."

He wants universal coverage, he insisted, but warns that government can't end up with the bill. His plan would broaden coverage to more uninsured children and have the state create a marketplace where insurers can provide a more affordable product. It wouldn't mandate that everyone get coverage.

There are even deeper philosophical differences in other parts of the country, particularly more conservative states which have emphasized cutting Medicaid costs rather than expanding coverage.

But the new ideas are even getting an airing there.

In Florida, where the biggest health care change under former Gov. Jeb Bush emphasized cutting costs of Medicaid, the new surgeon general talked enthusiastically of Massachusetts' universal health coverage law – and new GOP Gov. Charlie Crist said he wouldn't rule out considering something along those lir

OBITUARIES BIRTHS COURT ROUNDUP

HB 1510 – In Support Thereof

Thank you Mr. Chairman, members of the House Government & Veterans Affairs Committee. I am writing in support of HB 1510. I am a 25 year old National Guard soldier/veteran currently deployed in Iraq since March 2006. I apologize I can not be there in person to present myself and tell my complete story.

I'm very proud to be from Fargo, North Dakota and so are the numerous other soldiers this letter is representing. The availability of health coverage is an issue that many of my fellow soldiers struggle with everyday, home or away. We do have health care coverage while we are on active duty, but not all of us are fortunate enough to have coverage when we return to home station.

In my "other life" I am a college student working on my BA in advertising and also working part-time to pay the bills. As a guard soldier, I do have the option of buying into TRICARE for several hundred dollars a month but that money isn't available after the tuition and rent are paid. I deeply value my commitment to the state and country and with health care on the rise, everyone in my position could benefit from this bill. The majority of us our student's, where our incomes are limited and saving money is vital for our growth in any sector either private or civilian.

The passage of HB 1510 would be a tremendous benefit to the folks who put themselves in harms way for all of our benefit. I respectfully urge the committee to recognize our North Dakota national guard soldiers for the public servants that they are and for all the work the do again, either home or away. Please consider how much time and effort we put in to the war effort and if plausible make our return home safe with the passage of the bill named above.

Sincerely,
Spc. Christopher J. Deery
Supply specialist, Iraq

TRICARE

FACT SHEETS

UPDATED OCTOBER 2, 2006

TRICARE Reserve Select (TRS)
Tier 2 Coverage for Selected Reserve Members

TRICARE Reserve Select (TRS) is the premium-based health plan available for purchase by qualified members of the Selected Reserve. TRS offers comprehensive health coverage similar to TRICARE Standard and TRICARE Extra. Purchasing TRS is a two-step process. Members must qualify with their Reserve Component before they can purchase TRS coverage. Once qualified, members may purchase Tier 2 member-only or member and family coverage. Covered members and family members may access care from any TRICARE-authorized provider, hospital or pharmacy—TRICARE network or non-network. TRS covered members may access care from a military treatment facility on a space-available basis only. TRS members and their covered family members pay the same TRICARE cost-share and deductibles as active duty family members.

Step 1—Qualifying for TRS

Since the exact procedures for Step 1 may vary by Reserve Component, members should contact their Reserve Component unit or personnel office without delay for specific qualification procedures. The Reserve Component will validate the member's qualifications for TRS. A member of the Selected Reserve may qualify to purchase TRS coverage at the Tier 2 premium rate if he or she meets the following conditions.

- Is one of the following:
  a. An eligible unemployment compensation recipient as determined by state law.
  b. An employee whose employer does not offer a health plan to anyone working for the employer.
  c. In a category of employees not offered an employer-sponsored health benefit plan based on hours, duties, employment agreement, or such other characteristic, other than membership in the Selected Reserve.
  d. Self-employed as reported to the IRS (not including Selected Reserve Income).

- Does one of the following to qualify under Tier 2:
  a. Qualifies during the annual open season.
  b. Submits documentation sufficient to verify they experienced a qualifying life event (such as a change in family composition, change in family employment, or change in family health plan coverage) or
  c. Qualifies as a new accession in the Selected Reserve.

- Executes a Service Agreement for service in the Selected Reserve from the begin date of TRS coverage to the end date of coverage.

- Is a member of the Selected Reserve on the start date of TRS coverage.

Step 2—Purchasing TRS

To purchase TRS coverage, Selected Reserve members must:

1. Login to the Guard-Reserve portal and print a personalized TRS request form (application to purchase TRS), which is available only online. The Reserve Component must enter the member's qualification in the Defense Enrollment Eligibility Reporting System. After the qualifying information has been entered, National Guard and Reserve members may print a TRS request form.

2. Complete the TRS request form according to the instructions on the form.

3. Submit the completed TRS request form with the correct one-month premium payment to the

TRICARE regional contactor by the applicable deadline. (Please visit www.tricare.osd.mil/reserve/reserveselect/TRS-Step2.cfm for additional information about deadlines.)

The TRICARE regional contractor will not process the request form if the member fails to enclose the correct payment or if the form is incomplete or inaccurate. The contractor will notify the member if the request form has errors. Any delays in processing the form may cause the member to miss applicable deadlines and the opportunity to purchase coverage. Request forms received by the regional contractor outside of the annual "open season," unless for a qualifying life event or new accession, will be returned to the member along with any premium payments received.

Qualified members newly assigned to the Selected Reserve have up to 60 days from the date of accession into the Selected Reserve to submit a completed TRS request form and premium payment to their TRICARE regional contractor. The effective date of coverage will be in accordance with the 20th of the month rule.

Selected Reserve members who experience a qualifying life event have up to 60 days from the date of the event for the regional contactor to receive their completed request form and correct premium payment. The effective date of coverage and premium payment will be the date of the qualifying life event.

After processing the request form, the contractor will send a welcome letter, TRS Handbook and a TRS wallet card for each family member covered under Tier 2. The wallet card contains telephone numbers and information to assist members with their health care coverage.

When Coverage Begins

Period of Coverage	TRS Tier 2
2006	Oct. 1, thru Dec. 31, 2006. The TRS request form must be post marked by Sept. 25, 2006. Service Agreement must indicate Oct. 1, 2006 coverage.
2007 and Beyond	Jan. 1 thru Dec. 31 annually. The TRS request form must be post marked by Nov. 25.
Qualifying Life Event	Coverage begins on the date of the qualifying life event and continues for the remainder of the calendar year. The TRS request form must be postmarked or received within 60 days of the qualifying life event.
New Accessions	***The 20th of the month rule applies to new accessions into the Selected Reserve.** Coverage begins in accordance with the 20th of the month rule and continues for the remainder of the calendar year. TRS request form must be submitted within 60 days of accession into the Selected Reserves. ** TRS request form and first month's premium payment received by the 20th of the month results in coverage starting the first day of the following month. For example, if the member's TRS request form is received on May 15, coverage begins June 1.* ** TRS request form and first month's premium payments received after the 20th of the month will result in coverage starting the first day of the second full month. For example, if the member's TRS request form is received on May 28, coverage begins July 1.*

Tier 2 Premiums and Payment

Monthly Tier 2 premiums for calendar year 2006 are $145.29 for member-only coverage and $451.42 for member and family coverage. Premiums are adjusted annually on Jan. 1 and will be posted on the TRICARE Web site www.tricare.osd.mil/reserve/reserveselect.

The servicing TRICARE regional contractor will bill members for premiums by the 10th day of the month. Premium payments are due in advance to the contractor by the 30th day of the month for the following month. Failure to pay premiums on time will result in termination of coverage. Members also will be required to pay any overdue amounts and may reapply for TRS coverage during the next open season.

For assistance with the TRS request form, premium billing and payments, accessing health services or covered benefits, members may contact their TRICARE regional contractor. Contact information for the regional contractor can be found at www.tricare.osd.mil by clicking their region on the map.

Changes to Tier 2 Coverage (Qualifying Life Events)

After Tier 2 coverage begins, members may request certain actions outside of the open season period if they experience a qualifying life event. Members may submit a request to purchase new coverage, terminate coverage, or change type of coverage. A qualifying life event may occur as a result of a change in family composition such as marriage, birth or adoption of a child, placement by court order of a child as a legal ward in the member's home, divorce or annulment, death of a spouse or family member, or the aging out of a child. A loss of coverage from a government or non-government sponsored health plan may also count as a qualifying life event.

Another type of qualifying life event is associated with a change in employment status when the Reserve Component member or family member gains or loses employment that provides health coverage, becomes reemployed after a break in employment, returns to pay status after employer-sponsored coverage terminates during a leave-without-pay status, becomes employed or reemployed after serving on active duty as a member of a Reserve component, or changes employment status that creates a change in the employer's contribution to the health plan premiums, such as moving from full-time to part-time status. The effective date of the change is the date of the qualifying life event. Members have 60 days from the date of the qualifying life event to process their TRS request form. The start date for coverage is the date of the qualifying life event. Premiums are due from that date forward.

TRS Coverage for Newborns

Newborns born to members already under TRS member-only coverage are covered automatically for 60 days from birth. Members who desire to maintain newborn coverage beyond the initial 60 days must register the child in the Defense Enrollment Eligibility Reporting System (DEERS). They also must submit a TRS Request Form with the new premium payment amount for member and family member coverage to their regional contractor.

Newborns born to members already under TRS member and family coverage are covered automatically for the first 365 days after birth. To continue coverage after the first year, the member must register the child in DEERS and submit a TRS Request form to their TRICARE regional contractor to renew coverage.

Other TRICARE Benefits and TRS

Selected Reserve Component members may be called or ordered back to active duty at any time. For members called or ordered to active duty for 30 days or less, their TRS Tier 2 coverage and premiums continue uninterrupted. For members who return to active duty for more than 30 days, they and their eligible family members will receive the same TRICARE benefit as active duty service members and their family members. (*If the active duty period is in support of a contingency operation, the members and their eligible family members also may qualify for the early (90 day) TRICARE benefit as well.*)

Selected Reserve members are not required to make TRS premium payments while they are covered by a non-premium TRICARE benefit. TRS coverage and Tier 2 premium payments will resume either on the day following the members' release from active duty, the day after coverage under the Transitional Assistance Management Program ends, whichever is later, or the day after coverage by a non-premium TRICARE benefit ends if the coverage was stopped in the same calendar year. Otherwise, members may qualify and purchase coverage under the rules for a qualifying life event or open season.

Tier 2 Survivor Benefits

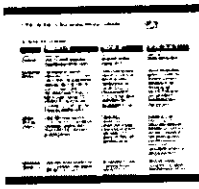
There are no TRS survivor benefits under Tier 2 coverage. Survivors and eligible family members of a Selected Reserve member will remain covered under Tier 2 through last day of the month in which the member's death occurs, at which time TRS coverage for these family members will end.

Access to Care Overseas

TRS coverage is available outside the 50 United States. The TRICARE South regional contractor, Humana Military Healthcare Services Inc., handles TRS overseas enrollment, premium billing and collection, claims processing and customer service support for these areas. Additional information is available at www.humana-military.com.

Customer Service Support

Health Net Federal Services, www.hnfs.net/bene/home, provides customer service support for TRS members in the TRICARE North region. TriWest Healthcare Alliance, www.triwest.com, provides customer service support for members in the TRICARE West region, and Humana Military Healthcare Services Inc., www.humana-military.com, provides customer service support for members in the TRICARE South region and overseas. For more information on TRS and Tier 2 coverage, Reserve Component members may visit www.tricare.osd.mil/reserve/reserveselect.



TRICARE Reserve Select Flyer

TRICARE

Published Date:5/31/2006 **Content Updated Date:**8/8/2006

TRICARE Reserve Select

TRICARE Reserve Select (TRS) is a premium-based health plan qualified National Guard/Reserve members may purchase. Reserve Affairs determines if you and your family qualify for TRS and will identify your premium tier. To see if you qualify, visit the Guard-Reserve Portal at https://www.dmdc.osd.mil/Guard-ReservePortal or contact your Service point-of-contact (POC). Visit www.tricare.osd.mil/reserve/reserveselect/TRS-Poc.cfm for a list of Service POCs.

Coverage

- Individual or family plans available
- Similar coverage as TRICARE Standard and TRICARE Extra
- Access care from any TRICARE-authorized provider or hospital
- Military treatment facility (MTF) care on a space-available basis
- Prescription drug coverage including MTF, mail order, network and non-network pharmacy options

When you purchase TRS, you will receive a *TRICARE Reserve Select Handbook* with details about covered services, how to get care and who to contact when you need assistance.

For more information, visit www.tricare.osd.mil/reserve/reserveselect.

Costs and Fees

Monthly Premiums	TRS premiums are adjusted annually on Jan. 1. Monthly premium rates are determined by your premium tier. • Tier 1: 28% of the total premium amount • Tier 2: 50% of the total premium amount • Tier 3: 85% of the total premium amount For specific amounts, visit www.tricare.osd.mil/reserve/reserveselect. Premiums are due monthly. Failure to pay your premiums in a timely manner will result in termination of coverage at the end of the month for the member and any covered family members.
Annual Deductible	The amount you must meet each fiscal year before TRICARE cost-sharing begins: • Sponsor rank E-4 and below: $50/individual or $100/family • Sponsor rank E-5 and above: $150/individual or $300/family
Cost-Shares	The amount you will pay for outpatient services after your annual deductible is met: • Care from TRICARE network provider: 15% • Care from a non-network provider: 20% For details about inpatient costs, visit www.tricare.osd.mil/tricarecost.
Catastrophic Cap	The maximum out-of-pocket expense you'll pay per family each fiscal year (Oct. 1-Sept. 30). The TRS catastrophic cap is **$1,000**. Monthly premium payment amounts do not apply to the TRS catastrophic cap.

TRICARE Reserve Select Premium Tiers

To qualify for one of the three TRS premium tiers, National Guard/Reserve members must meet all of the qualifications listed below:

Tier 1 (Contingency Operations)	Tier 2 (Certified
28% of total premium	

amount	Qualifications) 50% of total premium amount	Tier 3 (Service Agreement) 85% of total premium amount
1. Called or ordered to active duty for a period of more than 30 consecutive days in support of a contingency operation on or after Sept. 11, 2001 2. Served continuously on active duty for 90 days or more under that active duty order **OR** served less than 90 days solely due to an injury, illness, or disease incurred or aggravated while deployed 3. Released from that active duty after April 26, 2005 4. Signs a service agreement within 90 days after release from active duty to serve in the Selected Reserve 5. Will be a member of the Selected Reserve on the start date of TRS coverage ***Note:*** *Members of the Individual Ready Reserve have until one year after the last day of qualifying active duty or the last day (180th day) of Transitional Assistance Management Program coverage to occupy a position in the Selected Reserve.*	1. Does not qualify for Tier 1 2. Signs a service agreement to serve in the Selected Reserve for a period of time that extends through the TRS coverage 3. Will be a member of the Selected Reserve on the start date of TRS coverage 4. Meets one of the following criteria: •Eligible for unemployment compensation •No employer-sponsored health plan •Self-employed 5. Qualifies during open season or submits sufficient documentation establishing a qualifying life event (see the back of this flyer for details) ***Note:*** *Members of the Individual Ready Reserve have until one year after the last day of qualifying active duty or the last day (180th day) of Transitional Assistance Management Program coverage to occupy a position in the Selected Reserve.*	1. Does not qualify for Tier 1 or Tier 2 2. Signs a service agreement to serve in the Selected Reserve for a period of time that extends through the TRS coverage 3. Will be a member of the Selected Reserve on the start date of TRS coverage 4. Qualifies during open season or submits sufficient documentation establishing a qualifying life event (see the back of this flyer for details) ***Note:*** *Members of the Individual Ready Reserve have until one year after the last day of qualifying active duty or the last day (180th day) of Transitional Assistance Management Program coverage to occupy a position in the Selected Reserve.*
National Guard/Reserve member released from active duty in support of a contingency operation	**Drilling Guardsmen/Reservists No employer-sponsored insurance**	**Drilling Guardsmen/Reservists With employer-sponsored insurance**