

Sixty-second  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2110**

Introduced by

Industry, Business and Labor Committee

(At the request of the Public Employees Retirement System Board)

1 A BILL for an Act to amend and reenact sections 54-52.1-02, 54-52.1-04, 54-52.1-04.2, and  
2 54-52.1-04.3 of the North Dakota Century Code, relating to subgroups, receiving bids for  
3 prescription drug coverage, self-insurance for prescription drug coverage, and contingency  
4 reserve fund requirements under the uniform group insurance program.

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

6 **SECTION 1. AMENDMENT.** Section 54-52.1-02 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-52.1-02. Uniform group insurance program created - Formation into subgroups.**

9 In order to promote the economy and efficiency of employment in the state's service, reduce  
10 personnel turnover, and offer an incentive to high-grade ~~men and women~~ individuals to enter  
11 and remain in the service of state employment, there is hereby created a uniform group  
12 insurance program. The uniform group must be composed of eligible and retired employees and  
13 be formed to provide hospital benefits coverage, medical benefits coverage, and life insurance  
14 benefits coverage in the manner set forth in this chapter. The uniform group may be divided into  
15 the following subgroups at the discretion of the board:

16 1. Medical and hospital benefits coverage group consisting of active eligible employees  
17 and retired employees not eligible for medicare. In determining premiums for coverage  
18 under this subsection for retired employees not eligible for medicare, the rate for a  
19 non-medicare retiree single plan is one hundred fifty percent of the active member  
20 single plan rate, the rate for a non-medicare retiree family plan of two people is twice  
21 the non-medicare retiree single plan rate, and the rate for a non-medicare retiree  
22 family plan of three or more persons is two and one-half times the non-medicare  
23 retiree single plan rate.

1       2. In addition to the coverage provided in subsection 1, another coverage option may be  
2       provided for retired employees not eligible for medicare, provided the option does not  
3       increase the implicit subsidy as determined by the governmental accounting standards  
4       board's other postemployment benefit reporting procedure. In offering this additional  
5       option, the board may have an open enrollment but thereafter enrollment for this  
6       option must be as specified in section 54-52.1-03.

7       3. Retired medicare-eligible employee group medical and hospital benefits coverage.

8       3.4. Active eligible employee life insurance benefits coverage.

9       4.5. Retired employee life insurance benefits coverage.

10      5.6. Terminated employee continuation group medical and hospital benefits coverage.

11      6.7. Terminated employee conversion group medical and hospital benefits coverage.

12      7.8. Dental benefits coverage.

13      8.9. Vision benefits coverage.

14      9.10. Long-term care benefits coverage.

15      10.11. Employee assistance benefits coverage.

16      11.12. ~~Retired medicare-eligible employee group prescription~~ Prescription drug coverage.

17       **SECTION 2. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is  
18      amended and reenacted as follows:

19       **54-52.1-04. Board to contract for insurance.**

20       The board shall receive bids for the providing of hospital benefits coverage, medical  
21      benefits coverage, life insurance benefits coverage for a specified term, and employee  
22      assistance program services; may receive bids separately for ~~retired medicare-eligible-~~  
23      ~~employee group prescription drug coverage;~~ and shall accept ~~the bid~~ one or more bids of and  
24      contract with the ~~carrier~~ carriers that in the judgment of the board best serves the interests of the  
25      state and its eligible employees. Solicitations must be made not later than ninety days before  
26      the expiration of an existing uniform group insurance contract. Bids must be solicited by  
27      advertisement in a manner selected by the board that will provide reasonable notice to  
28      prospective bidders. In preparing bid proposals and evaluating bids, the board may utilize the  
29      services of consultants on a contract basis in order that the bids received may be uniformly  
30      compared and properly evaluated. In determining which bid, if any, will best serve the interests

1 of eligible employees and the state, the board shall give adequate consideration to the following  
2 factors:

- 3 1. The economy to be effected.
- 4 2. The ease of administration.
- 5 3. The adequacy of the coverages.
- 6 4. The financial position of the carrier, with special emphasis as to its solvency.
- 7 5. The reputation of the carrier and any other information that is available tending to  
8 show past experience with the carrier in matters of claim settlement, underwriting, and  
9 services.

10 The board may reject any or all bids and, in the event it does so, shall again solicit bids as  
11 provided in this section. The board may establish a plan of self-insurance for providing health  
12 insurance benefits coverage only under an administrative services only (ASO) contract or a  
13 third-party administrator (TPA) contract.

14 **SECTION 3. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16 **54-52.1-04.2. Self-insurance plan for hospital and medical benefits coverage.**

- 17 1. The board may establish a self-insurance plan for providing health:
  - 18 a. Health insurance benefits coverage;
  - 19 b. Health insurance benefits coverage excluding all or part of prescription drug  
20 coverage; or
  - 21 c. All or part of prescription drug coverage.
- 22 2. Any self-insurance plan under this section must be provided under an administrative  
23 services only (ASO) contract or a third-party administrator (TPA) contract under the  
24 uniform group insurance program, and may be established only if it is determined by  
25 the board that an administrative services only or third-party administrator plan is less  
26 costly than the lowest bid submitted by a carrier for underwriting the plan with  
27 equivalent contract benefits. Upon establishing a self-insurance plan, the board shall  
28 solicit bids for an administrative services only or third-party administrator contract only  
29 every other biennium, and the board is authorized to renegotiate an existing  
30 administrative services only or third-party administrator contract during the interim. In  
31 addition, individual stop-loss coverage insured by a carrier authorized to do business

1 in this state must be made part of any self-insured plan. All bids under this section are  
2 due no later than January first, and must be awarded no later than March first,  
3 preceding the end of each biennium. All bids under this section must be opened at a  
4 public meeting of the board.

5 **SECTION 4. AMENDMENT.** Section 54-52.1-04.3 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **54-52.1-04.3. Contingency reserve fund - Continuing appropriation.**

8 The board shall establish under a self-insurance plan a contingency reserve fund to provide  
9 for adverse fluctuations in future charges, claims, costs, or expenses of the uniform group  
10 insurance program. The board shall determine the amount necessary to provide a balance in  
11 the contingency reserve fund ~~equal to~~between one and one-half months and three and one-half  
12 months of claims paid based on the average monthly claims paid during the twelve-month  
13 period immediately preceding March first of each year. The board also shall determine the  
14 amount necessary to provide an additional balance in the contingency reserve fund between  
15 one month and one and one-half months for claims incurred but not yet reported. The board  
16 may arrange for the services of an actuarial consultant to assist the board in making the  
17 ~~determination~~these determinations. Upon the initial changeover from a contract for insurance  
18 pursuant to section 54-52.1-04 to a self-insurance plan pursuant to section 54-52.1-04.2, the  
19 board must have a plan in place which is reasonably calculated to meet the funding  
20 requirements of this chapter within sixty months. All moneys in the contingency reserve fund,  
21 not otherwise appropriated, are appropriated for the payment of claims and other costs of the  
22 uniform group insurance program during periods of adverse claims or cost fluctuations.