

**Sixty-sixth Legislative Assembly of North Dakota  
In Regular Session Commencing Thursday, January 3, 2019**

SENATE BILL NO. 2045  
(Government and Veterans Affairs Committee)  
(At the request of the Public Employees Retirement System)

AN ACT to create and enact a new section to chapter 54-52.2 of the North Dakota Century Code, relating to contributions to the deferred compensation plan; and to amend and reenact subsection 7 of section 39-03.1-08.2 and sections 54-52.1-03.3 and 54-52.1-04.2 of the North Dakota Century Code, relating to the highway patrolmen's retirement system, the retiree health credit, and prescription coverage under a self-insured plan.

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

**SECTION 1. AMENDMENT.** Subsection 7 of section 39-03.1-08.2 of the North Dakota Century Code is amended and reenacted as follows:

7. In addition to service credit identified in this section, a vested contributor may purchase up to five years of service credit.

**SECTION 2. AMENDMENT.** Section 54-52.1-03.3 of 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 individuals are entitled to receive credit for hospital ~~and~~benefits coverage, medical benefits coverage, and prescription drug coverage under any health insurance program and toward dental, vision, and long-term care benefits coverage under the ~~uniform group~~any insurance program ~~under subsection 2:~~
  - a. A member or surviving spouse ~~of~~receiving retirement benefits under the highway patrolmen's retirement system is eligible for the credit beginning on the date retirement benefits are effective.
  - b. A member or surviving spouse ~~of~~receiving retirement benefits under the public employees retirement system is eligible for the credit beginning on the date retirement benefits are effective.
  - c. A member or surviving spouse ~~of~~receiving retirement benefits under the retirement program established by job service North Dakota under section 52-11-01 ~~receiving retirement benefits~~ is eligible for the credit beginning on the date retirement benefits are effective.
  - d. A retired judge or surviving spouse receiving retirement benefits under the retirement program established under chapter 27-17 is eligible for the credit beginning on the date retirement benefits are effective.
  - e. A former participating member of the defined contribution retirement plan receiving retirement benefits, or the surviving spouse of a former participating member of that retirement plan who was eligible to receive or was receiving benefits, under section 54-52.6-13, is eligible as determined by the board pursuant to its rules.
2. The board shall calculate the allowable monthly credit toward hospital ~~and~~benefits coverage, medical benefits coverage, and prescription drug coverage under any health insurance program and toward dental, vision, and long-term care benefits coverage under the ~~uniform group~~any insurance program ~~for a person eligible under subsection 1 in an amount equal to~~

five dollars 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 spouse of that member, or a former participating member of the defined contribution retirement plan who is receiving a periodic distribution and would not meet the normal retirement provisions of the public employees retirement system, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year ~~prior to~~before attaining the age of sixty-five and an additional reduction factor of six percent shall ~~apply~~applies for each year the member terminates employment ~~prior to~~before attaining the age of sixty-four. For a member of the highway patrolmen's retirement system receiving an early retirement benefit or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year ~~prior to~~before attaining the age of fifty-five and an additional reduction factor of six percent shall ~~apply~~applies for each year the member terminates employment ~~prior to~~before attaining the age of fifty-four. For a member of the retirement program established by job service North Dakota under section 52-11-01 receiving an early retirement benefit or a discontinued service annuity under the plan provisions of that retirement program or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year ~~prior to~~before attaining the age of sixty-five and an additional reduction factor of six percent applies for each year the member terminates employment ~~prior to~~before attaining the age of sixty-four.

3. The board shall apply the credit allowable under subsection 2 as elected by the eligible participant to the payment of monthly premiums required of each ~~person~~individual eligible under subsection 1 for hospital benefits coverage ~~and~~and medical benefits coverage, and prescription drug coverage under any health insurance program and ~~for~~for dental, vision, and long-term care benefits coverage under the ~~uniform group~~any insurance program. The board shall allow spouses who each have credit under subsection 2 to combine ~~their~~the spouses' credits and shall apply the combined credit to the required monthly premiums as elected pursuant to this subsection. However, if the allowable credit under any circumstance exceeds the monthly premium in effect for selected coverage, that amount of the credit which exceeds the premium is forfeited and may not be used for any other purpose.
4. ~~The board may, as~~As an alternative to the calculation of the allowable monthly credit under subsection 2, ~~the board may~~ provide actuarially reduced benefit options for the member and the member's surviving spouse, including a one hundred percent joint and survivor option or a fifty percent joint and survivor option.

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

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

1. The board may establish a self-insurance plan for providing:
  - a. Health insurance benefits coverage;
  - b. Health insurance benefits coverage excluding all or part of prescription drug coverage; or
  - c. All or part of prescription drug coverage.
2. ~~Any~~Except for prescription drug coverage under subdivision c of subsection 1, a self-insurance plan under this section must be provided under an administrative services only (ASO) contract or a third-party administrator (TPA) contract under the uniform group insurance program, and may be established only if ~~it is determined by the board that~~determines an administrative services only or third-party administrator plan is less costly than the lowest bid

submitted by a carrier for underwriting the plan with equivalent contract benefits. Upon establishing a self-insurance plan, the board shall solicit bids for an administrative services only or third-party administrator contract only every other biennium, and the board is ~~authorized to~~ may renegotiate an existing administrative services only or third-party administrator contract during the interim. ~~In addition~~ Except for prescription drug coverage under subdivision c of subsection 1, individual stop-loss coverage insured by a carrier authorized to do business in this state must be made part of any self-insured plan. All bids under this section are due no later than January first, and must be awarded no later than March first, preceding the end of each biennium. All bids under this section must be opened at a public meeting of the board.

**SECTION 4.** A new section to chapter 54-52.2 of the North Dakota Century Code is created and enacted as follows:

**Employer contribution.**

Employer contributions to the deferred compensation program established under this chapter are authorized as permitted under the Internal Revenue Code.

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President of the Senate

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Speaker of the House

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-sixth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2045.

Senate Vote:    Yeas 46            Nays 0            Absent 1

House Vote:    Yeas 89            Nays 0            Absent 5

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Secretary of the Senate

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2019.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2019.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

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Secretary of State