

TESTIMONY OF REBECCA FRICKE

Senate Bill 2158 – Study of Dissolution of the Comprehensive Health Association of North Dakota (CHAND)

Good morning, my name is Rebecca Fricke. I am the Chief Benefits Officer of the North Dakota Public Employees Retirement System, or NDPERS. I am here to testify in a neutral position regarding Senate Bill 2158.

NDPERS understands that we are being included in this study to help determine if the Comprehensive Health Association of North Dakota (CHAND) should be dissolved and if so, where participants of CHAND would be transitioned to for their health insurance coverage. NDPERS is included as a possible option.

NDPERS is a governmental plan, including non-governmental individuals in the health plan raises the question of whether it would jeopardize this government plan status. The federal Department of Labor (DOL) has stated that if a benefit arrangement is extended to cover more than a de minimis number of private sector individuals, the Department may not consider it a governmental plan under Title 1 of ERISA. If that were to happen, then the entire regulatory scheme under ERISA would apply to our group health plan. We have not researched what that would do to our plan, but it may significantly raise its costs and will certainly increase the difficulty of administering the plan. The DOL has not provided guidance on what is a de minimis number of private sector individuals as it relates to plans like ours.

Given the intent of SB 2158 is for a study to be conducted, of which NDPERS would be a participant, we only provide this information so the Committee understands the possible implication should legislation move forward in the future to dissolve CHAND and place the participants under the NDPERS health insurance plan.