

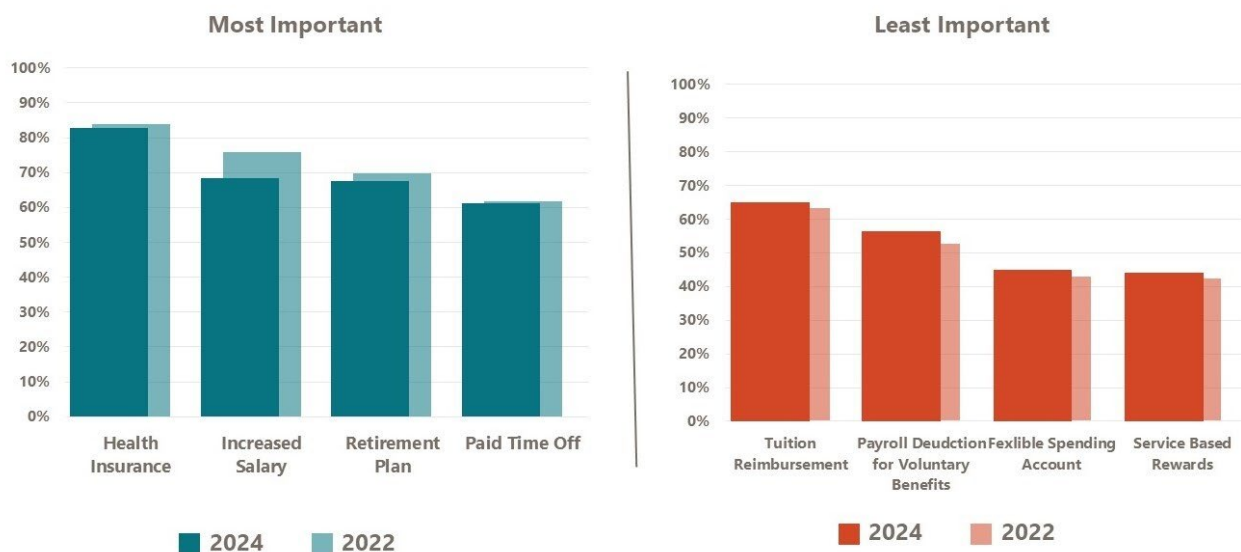
TESTIMONY OF

Molly Herrington, Chief People Officer, Human Resource Management Services

Good afternoon, Chairman Warrey and committee members. My name is Molly Herrington, Chief People Officer and Director of Human Resource Management Services (HRMS) Division of the Office of Management and Budget (OMB). OMB opposes SB 2160.

Although we agree that the expanded coverages offered through an ACA compliant plan would be a benefit to consumers who need these services, we struggle with burdening future legislatures with ongoing costs. We do not have data on how many employees prefer an ACA compliant plan over the grandfathered plan. Funding increases for this current biennium are planned to be covered through PERS reserves, but we are concerned with how future costs will be covered long term and the risk that costs would be paid by employees. If increased costs are pushed to employees, this would significantly dilute the strength of our total rewards package.

Based on a total rewards survey conducted in both 2022 and 2024, we have solid data showing that fully-paid health insurance is the most important benefit to state employees.



We do see value in offering a third healthcare plan option that is ACA compliant to allow those who want ACA coverage to have access. This would also give us visibility into the actual desire for an ACA compliant plan over the current grandfathered plan. A third healthcare plan could be offered as an option where employees electing this coverage would be required to pay the premium differential. The coverage for other employees electing to stay with the existing state health plan would be unaffected.

In conclusion, I appreciate the legislature's desire to make the enhanced coverage through an ACA compliant plan, and I encourage the committee to consider offering it as a third plan, but not a replacement of our grandfathered plan. This is a critical element of the state's total rewards package that significantly impacts our ability to recruit and retain top talent to serve the citizens of North Dakota.

Thank you for your consideration. Chairman Warrey and committee members, this concludes my testimony.