

15.8155.05000

Sixty-fourth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED SENATE BILL NO. 2022**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of various state
2 retirement and investment agencies; to provide various transfers; to create and enact section
3 54-52.1-05.1 of the North Dakota Century Code, relating to the terms of public employees
4 retirement system contracts for uniform group health insurance benefits coverage; to amend
5 and reenact subsection 17 of section 54-52-01 and sections 54-52-03 and 54-52.1-05 of the
6 North Dakota Century Code, relating to the public employees retirement system board and
7 disclosure of information by uniform group health insurance benefits coverage carriers; and to
8 limit the use of health insurance program reserves.

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

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
11 as may be necessary, are appropriated out of any moneys from special funds derived from
12 income, to the retirement and investment agencies listed in this section for the purpose of
13 defraying their expenses, for the biennium beginning July 1, 2015, and ending June 30, 2017,
14 as follows:

15 Subdivision 1.

16 RETIREMENT AND INVESTMENT OFFICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
17			
18			
19	Salaries and wages	\$568,047	\$4,340,551
20	Accrued leave payments	(71,541)	0
21	Operating expenses	17,550	990,874
22	Contingencies	<u>0</u>	<u>82,000</u>
23	Total special funds	\$514,056	\$5,413,425
24	Full-time equivalent positions	0.00	19.00

1 Subdivision 2.

2 PUBLIC EMPLOYEES RETIREMENT SYSTEM

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
5 Salaries and wages	\$5,016,339	\$1,399,021	\$6,415,360
6 Accrued leave payments	103,217	(103,217)	0
7 Operating expenses	2,280,894	397,169	2,678,063
8 Contingencies	<u>250,000</u>	<u>0</u>	<u>250,000</u>
9 Total special funds	\$7,650,450	\$1,692,973	\$9,343,423
10 Full-time equivalent positions	33.00	1.50	34.50

11 Subdivision 3.

12 BILL TOTAL

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
15 Grand total special funds	\$12,549,819	\$2,207,029	\$14,756,848
16 Full-time equivalent positions	52.00	1.50	53.50

17 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

18 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 19 items approved by the sixty-third legislative assembly for the 2013-15 biennium and the
 20 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
22 Public employees retirement system - temporary salaries	<u>\$0</u>	<u>\$100,000</u>
23 Total special funds	<u>\$0</u>	<u>\$100,000</u>

24 The 2015-17 one-time funding amounts are not part of the entity's base budget for the 2017-19
 25 biennium. The public employees retirement system shall report to the appropriations
 26 committees of the sixty-fifth legislative assembly on the use of the one-time funding for the
 27 biennium beginning July 1, 2015, and ending June 30, 2017.

28 **SECTION 3. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the respective
 29 boards, the retirement and investment office and the public employees retirement system may
 30 transfer from their respective contingencies line items in subdivisions 1 and 2 of section 1 of this

1 Act to all other line items. The agencies shall notify the office of management and budget of
2 each transfer made pursuant to this section.

3 **SECTION 4. AMENDMENT.** Subsection 17 of section 54-52-01 of the North Dakota
4 Century Code is amended and reenacted as follows:

5 17. "Retirement board" or "board" means the ~~seven persons designated by this chapter as~~
6 ~~the governing authority for the retirement system created under section 54-52-03.~~

7 **SECTION 5. AMENDMENT.** Section 54-52-03 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-52-03. Governing authority.**

10 A state agency is hereby created to constitute the governing authority of the system to
11 consist of a board of ~~seven persons~~nine individuals known as the retirement board. No more
12 than one elected member of the board may be in the employ of a single department, institution,
13 or agency of the state or in the employ of a political subdivision. ~~No~~An employee of the public
14 employees retirement system or the state retirement and investment office may not serve on the
15 board.

16 1. Two members of the legislative assembly must be appointed by the chairman of the
17 legislative management to serve on the board.

18 a. If the same political party has the greatest number of members in both the house
19 and senate, one member must be from that majority party and one member from
20 the political party with the next greatest number of members in the house and
21 senate.

22 b. If the same political party does not have the greatest number of members in both
23 the house and senate, one member must be from the majority party in the house
24 and one member must be from the majority party in the senate.

25 2. One member of the board must be appointed by the governor to serve a term of five
26 years. The appointee must be a North Dakota citizen who is not a state or political
27 subdivision employee and who by experience is familiar with money management.
28 The citizen member is chairman of the board.

29 ~~2.3.~~ One member of the board must be appointed by the attorney general from the
30 attorney general's legal staff and shall serve a term of five years.

1 ~~3.4.~~ The state health officer appointed under section 23-01-05 or the state health officer's
2 designee is a member of the board.

3 ~~4.5.~~ Three board members must be elected by and from among the active participating
4 members, members of the retirement plan established under chapter 54-52.6,
5 members of the retirement plan established under chapter 39-03.1, and members of
6 the job service North Dakota retirement plan. Employees who have terminated their
7 employment for whatever reason are not eligible to serve as elected members of the
8 board under this subsection. Board members must be elected to a five-year term
9 pursuant to an election called by the board. Notice of board elections must be given to
10 all active participating members. The time spent in performing duties as a board
11 member may not be charged against any employee's accumulated annual or any
12 other type of leave.

13 ~~5.6.~~ One board member must be elected by and from among those ~~persons~~individuals who
14 are receiving retirement benefits under this chapter. The board shall call the election
15 and must give prior notice of the election to the ~~persons~~individuals eligible to
16 participate in the election pursuant to this subsection. The board member shall serve a
17 term of five years.

18 ~~6.7.~~ The members of the board are entitled to receive one hundred forty-eight dollars per
19 day compensation and necessary mileage and travel expenses as provided in
20 sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due
21 the chairman or a member, plus an allowance for expenses they may incur through
22 service on the board.

23 ~~7.8.~~ A board member shall serve a five-year term and until the board member's successor
24 qualifies. Each board member is entitled to one vote, and ~~four~~five of the ~~seven~~nine
25 board members constitute a quorum. ~~Four~~Five votes are necessary for resolution or
26 action by the board at any meeting.

27 **SECTION 6. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **54-52.1-05. Provisions of contract - Term of contract.**

2 1. Each uniform group insurance contract entered into by the board must be consistent
3 with the provisions of this chapter, must be signed for the state of North Dakota by the
4 chairman of the board, and must include the following:

5 1. a. As many optional coverages as deemed feasible and advantageous by the
6 board.

7 2. b. A detailed statement of benefits offered, including maximum limitations and
8 exclusions, and such other provisions as the board may deem necessary or
9 desirable.

10 2. The initial term or the renewal term of a fully insured uniform group insurance contract
11 for hospital benefits coverage, medical benefits coverage, or prescription drug
12 coverage may not exceed two years.

13 a. The board may renew a contract subject to this subsection without soliciting a bid
14 under section 54-52.1-04 if the board determines the carrier's performance under
15 the existing contract meets the board's expectations and the proposed premium
16 renewal amount does not exceed the board's expectations.

17 b. In making a determination under this subsection, the board shall:

18 (1) Use the services of a consultant to concurrently and independently prepare
19 a renewal estimate the board shall consider in determining the
20 reasonableness of the proposed premium renewal amount.

21 (2) Review the carrier's performance measures, including payment accuracy,
22 claim processing time, member service center metrics, wellness or other
23 special program participation levels, and any other measures the board
24 determines relevant to making the determination and shall consider these
25 measures in determining the board's satisfaction with the carrier's
26 performance.

27 (3) Consider any additional information the board determines relevant to
28 making the determination.

29 c. If the board determines the carrier's performance under the existing contract
30 does not meet the board's expectations or the proposed premium renewal
31 amount exceeds the board's expectations and the board determines to solicit a

1 bid under section 54-52.1-04, the board shall specify its reasons for the
2 determination to solicit a bid.

3 **SECTION 7.** Section 54-52.1-05.1 of the North Dakota Century Code is created and
4 enacted as follows:

5 **54-52.1-05.1. Health insurance benefits coverage - Insured and provider data**
6 **disclosure.**

7 Except as necessary for treatment, payment, or health care operations, a carrier providing
8 health insurance benefits coverage under this chapter may not disclose identifiable or
9 unidentifiable insured or provider data or information to a related or unrelated health care
10 delivery entity. The board may establish exceptions to the disclosure limitations under this
11 section for the limited purpose of addressing public interest and benefit activities or for the
12 limited purpose of addressing research, public health, or health care operations. An exception
13 established by the board under this section may not be more permissive than allowed under
14 state and federal privacy laws.

15 **SECTION 8. HEALTH INSURANCE RESERVE FUNDS - LIMITATIONS.** Notwithstanding
16 any other provision of law, during the 2015-17 biennium, the public employees retirement
17 system board may not spend any moneys in the fund created under section 54-52.1-06 or from
18 any other source for the purpose of reducing any increase in uniform group insurance premium
19 amounts beyond the rates used by the sixty-fourth legislative assembly for developing 2015-17
20 state agency budgets.