

Sixty-fifth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1436

Introduced by

Representatives Carlson, Bellew, Kasper, Keiser, Streyle, Vigesaa

Senators Bekkedahl, Casper, Laffen, Schaible

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to amend and reenact sections 54-35-02.4, 54-52.1-04, 54-52.1-04.2, and
2 54-52.1-04.3 of the North Dakota Century Code, relating to the employee benefits program
3 committee, public employee uniform group insurance health benefits coverage, and to provide
4 for a retirement board line of credit; to provide a continuing appropriation; to provide for
5 application; and to provide statements of legislative intent.

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

7 **SECTION 1. AMENDMENT.** Section 54-35-02.4 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-35-02.4. Employee benefits programs committee - Standing committees - Powers**
10 **and duties.**

11 1. ~~The~~During the interim between regular legislative sessions, the employee benefits
12 programs committee shall consider and report on ~~these~~ legislative measures and
13 proposals sponsored by the executive branch, judicial branch, and legislative
14 management over which ~~it~~the committee takes jurisdiction and which affect, actuarially
15 or otherwise, the retirement programs of state employees or employees of any political
16 subdivision, and health and retiree health plans of state employees or employees of
17 any political subdivision. The committee shall make a thorough review of ~~any~~a
18 measure or proposal over which ~~it~~the committee takes ~~under its~~ jurisdiction, including
19 an actuarial review. The committee shall take jurisdiction over any such measure or
20 proposal that authorizes an automatic increase or other change in benefits beyond the
21 ensuing biennium which would not require legislative approval. The committee
22 ~~must~~shall include in the report of the committee a statement ~~that~~ the proposal would
23 allow future changes without legislative involvement. The committee shall report its

- 1 findings and recommendations, along with any necessary legislation, to the legislative
2 management and to the legislative assembly.
- 3 2. To carry out its responsibilities, the committee, or its designee, may:
- 4 a. Enter contracts, including retainer agreements, with an actuary or actuarial firm
5 for expert assistance and consultation. Each retirement, insurance, or retiree
6 insurance program shall pay, from its retirement, insurance, or retiree health
7 benefits fund, as appropriate, and without the need for a prior appropriation, the
8 cost of any actuarial report required by the committee or a standing committee as
9 provided under subsection 6 which relates to that program.
- 10 b. Call on personnel from state agencies or political subdivisions to furnish such
11 information and render such assistance as the committee may from time to time
12 request.
- 13 c. Establish rules for its operation of the committee, including the submission and
14 review of proposals and the establishing of standards for actuarial review.
- 15 3. ~~The~~During the interim between regular legislative sessions, the committee may solicit
16 draft measures and proposals from ~~interested persons during the interim between~~
17 ~~legislative sessions~~the executive branch, judicial branch, and legislative management,
18 and may also study measures and proposals referred to ~~it~~the committee by the
19 legislative assembly or the legislative management.
- 20 4. ~~A copy of the committee's report concerning any legislative measure shall, if that~~If a
21 legislative measure or proposal over which the committee took jurisdiction under
22 subsection 1 is introduced for consideration by a legislative assembly, a copy of the
23 related committee report must be appended to the copy of that measure ~~which is~~
24 referred to a standing committee.
- 25 5. A legislative measure affecting a public employees retirement program, public
26 employees health insurance program, or public employee retiree health insurance
27 program may not be ~~introduced~~submitted by the executive branch, judicial branch, or
28 legislative management for introduction in either house unless ~~it~~the measure is
29 accompanied by a report from the committee. A majority of the members of the
30 committee, acting through the chairman, has sole authority to determine whether ~~any~~a
31 legislative measure affects a program.

- 1 6. ~~Any~~During a legislative session, if a standing committee recommends an amendment
2 ~~made during a legislative session to a legislative measure affecting~~which would affect
3 a public employees retirement program, public employees health insurance program,
4 or public employee retiree health insurance program ~~may not be considered by a~~
5 ~~standing committee unless it is accompanied by a report from the employee benefits-~~
6 ~~programs committee, the standing committee shall consider the impact, actuarially or~~
7 ~~otherwise, of the amendment and may request the affected program provide an~~
8 ~~analysis of the impact of the amendments. If an affected program provides an analysis~~
9 ~~under this subsection, the program may pay for the analysis in the same manner as~~
10 ~~provided under subdivision a of subsection 2.~~
11 7. ~~Any legislation enacted in contravention of this section is invalid and of no force and~~
12 ~~effect, and any benefits provided under such legislation must be reduced to the level~~
13 ~~current prior to enactment.~~

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

16 **54-52.1-04. Board to contract for insurance.**

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

1 administrator plan is less costly than the lowest bid submitted by a carrier for
2 underwriting the plan with equivalent contract benefits. Upon establishing,
3 3. If the board establishes a self-insurance plan, the board shall solicit bids for an term of
4 the contract for administrative services only or a third-party administrator contract only
5 every other biennium, and the board is authorized to must be for two years and the
6 board may renegotiate an existing administrative services only or third party
7 administrator contract during the interim. In addition, the contract for one additional
8 two-year term. The board shall solicit bids for the contract for administrative services
9 only or a third-party administrator at least once every four years. If the board
10 establishes a self-insurance plan, the board shall make individual stop-loss coverage
11 insured by a carrier authorized to do business in this state must be made part of any
12 self-insured the plan. All bids under this section are due no later than January first, and
13 must be awarded no later than March first, preceding the end of each biennium. If the
14 board solicits bids under this section, the board shall solicit bids for a contract for
15 insurance or a health maintenance organization, or both. The board may transition
16 from a self-insurance plan to a contract for insurance or a health maintenance
17 organization if the board determines the self-insurance plan costs more than the
18 lowest bid submitted for a contract or health maintenance organization plan with
19 comparable benefits. All bids received by the board under this section must be opened
20 at a public meeting of the board.

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

23 **54-52.1-04.3. Self-insurance - Contingency reserve fund - Continuing appropriation -**
24 **Bank of North Dakota line of credit.**

25 The

26 1. If the board establishes a self-insurance plan under section 54-52.1-04.2, the board
27 shall establish under a self-insurance plan a contingency reserve fund to provide for
28 adverse fluctuations in future charges, claims, costs, or expenses of the uniform group
29 insurance program. The Annually, the board shall determine the amount necessary to
30 provide a balance in the contingency reserve fund between one and one-half months
31 and three months of claims paid based on the average monthly claims paid during the

1 ~~preceding~~ twelve-month period immediately preceding March first of each year.

2 ~~The~~ Annually, the board also shall determine the amount necessary to provide an
3 additional balance in the contingency reserve fund between one month and one and
4 one-half months for claims incurred but not yet reported. The board may arrange for
5 the services of an actuarial consultant to assist the board in making these
6 determinations.

7 2. Upon the initial changeover from a contract for insurance ~~pursuant to~~ under section
8 54-52.1-04 ~~or a health maintenance organization under section 54-52.1-04.1,~~ to a
9 self-insurance plan ~~pursuant to~~ under section 54-52.1-04.2, the board ~~must have~~ shall
10 adopt a plan ~~in place which is~~ reasonably calculated to meet the funding requirements
11 of this chapter within sixty months. All moneys in the contingency reserve fund, not
12 otherwise appropriated, are appropriated for the payment of claims and other costs of
13 the uniform group insurance program during periods of adverse claims or cost
14 fluctuations. If the board transitions from a self-insurance plan to a contract for
15 insurance or a health maintenance organization, the board shall adopt a plan
16 reasonably calculated to meet the remaining liabilities of the self-insurance plan.

17 3. The Bank of North Dakota shall extend to the board a line of credit not to exceed fifty
18 million dollars at an annual rate not to exceed one and three-quarters percent. The
19 board shall repay the line of credit from health insurance premium revenue or from
20 other funds, as appropriated by the legislative assembly. The board may access the
21 line of credit, as necessary, to provide adequate reserve funds, to purchase stop-loss
22 coverage, and to defray other expenditures of administration of the self-insurance
23 plan.

24 **SECTION 5. SELF-INSURANCE HEALTH PLANS - APPLICATION - STATEMENT OF**
25 **LEGISLATIVE INTENT.**

26 1. The retirement board shall establish a self-insurance plan for hospital, medical, and
27 prescription drug benefits coverage under section 54-52.1-04.2. The self-insurance
28 plan becomes effective January 1, 2018, is effective for a term of eighteen months, is
29 subject to renewal and rebidding as provided under section 54-52.1-04.2, and must be
30 based on the same plan design and benefits as the coverage in effect on July 1, 2017.

- 1 2. A uniform group insurance program contract for hospital, medical, and prescription
2 drug benefits coverage in effect on the effective date of this Act terminates on
3 December 31, 2017, after which the self-insurance plan becomes effective.
- 4 3. Notwithstanding any law to the contrary, it is the intent of the sixty-fifth legislative
5 assembly that the uniform group insurance program contract for hospital, medical, and
6 prescription drug benefits coverage signed by the retirement board which becomes
7 effective July 1, 2017, be limited in duration to a six-month term.

8 **SECTION 6. HEALTH INSURANCE RESERVE FUND.** The retirement board shall use
9 available moneys in the fund created under section 54-52.1-06 for the purpose of financing the
10 self-insurance plan established under section 5 of this Act.

11 **SECTION 7. EXEMPTION.** This Act is not subject to review by the employee benefits
12 programs committee under section 54-35-02.4.