

FISCAL NOTE
Requested by Legislative Council
01/31/2017

Amendment to: HB 1407

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$260,000	\$0	\$688,139
Appropriations	\$0	\$0	\$0	\$0	\$0	\$428,139

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would require the PERS Health plan to go out for a full bid every 2 years instead of 6. Two areas would be effected. We would need additional support in the bid process every 2 years and contingency authority for staffing in case the plan became self-insured.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill creates the fiscal impact. Pursuant to NDCC if the plan goes to bid the request for proposal (RFP) is for a bundled (Medical & Rx) and unbundled fully insured proposal and self-insured proposal. Consequently PERS bids the plan for actives, retirees and Part-D plan services. Pursuant to statute PERS may only select a self-insured proposal if it is lower cost that a fully insured plan. As amended this bill would be effective for the 2019-2021 contract.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures are associated with consulting services to assist with the preparation, distribution, analysis, actuarial and other work efforts associated with a full bid process identified in the NDCC. Last time PERS used an actuarial/technical consultant and Pharmacy consultant. The cost for the actuarial/technical consultant was about \$200,000 and the pharmacy consultant approximately \$60,000. This cost is for a complex bid review. A less complex review could cost less.

PERS would request contingent appropriation authority and 2 FTE so a self-funded plan could be fully considered. PERS has included this in its budget request for the last full bid and the renewal in case the plan moved from fully insured to self-insured. Requested dollars needed for this is \$428,139 per biennium.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The appropriations are not included in the executive budget. PERS would request contingent appropriation authority and 2 FTE so a self-funded plan could be fully considered. PERS has included this in its budget request for the last full bid and the renewal in case the plan moved from fully insured to self-insured. Requested dollars needed for this is \$428,139 per biennium. As amended this bill would be effective for the 2019-2021 contract.

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Date Prepared: 01/23/2017