



EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Tuesday, January 5, 2021
Pioneer Room, State Capitol
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 8:30 a.m.

Members present: Representatives Mike Lefor, Jason Dockter, LaurieBeth Hager, Emily O'Brien, Matthew Ruby, Austen Schauer, Paul J. Thomas; Senators Howard C. Anderson, Jr., Brad Bekkedahl, Dick Dever, Karen K. Krebsbach, Richard Marcellais, Kristin Roers

Members absent: None

Others present: See [Appendix A](#) for additional persons present.

ACTUARIAL REVIEWS

Chairman Lefor called on Mr. Scott Miller, Executive Director, Public Employees Retirement System, for technical comments and presentation of the actuarial reports on each of the three bill drafts over which the committee took jurisdiction under North Dakota Century Code Section 54-35-02.4. Mr. Miller provided a single presentation ([Appendix B](#)) providing technical comments on the three bill drafts.

Bill Draft No. 135

Chairman Lefor called on Mr. Miller for technical comments and to present the actuarial report ([Appendix C](#)) on Bill Draft No. 135 [[21.0135.03000](#)], which provides for continued eligibility for Public Employees Retirement System (PERS) health benefits following separation from employment in certain circumstances.

Chairman Lefor called on Ms. Maggie Anderson to testify regarding the bill draft. Ms. Anderson testified in support of the bill draft, stating she is seeking restoration of this benefit that was taken away in approximately 2013. She said she separated from employment with the state under the voluntary separation of employment program (VSIP) after more than 25 years of employment.

In response to a question from Senator Anderson, Ms. Anderson said the bill draft would apply to approximately 90 state employees who have separated under the VSIP, as well as future separations.

In response to a question from Senator Bekkedahl, Senator Dever said in 2013 the Legislative Assembly closed the health benefit plan for pre-Medicare retirees who separated from the state in part to coincide with the federal Affordable Care Act (ACA).

Mr. Miller said the ACA allowed pre-Medicare retirees to get coverage on the marketplace. He said at the time the plan was closed, the other postemployment benefits liability was growing and the retiree health insurance credit was made portable.

Ms. Anderson said the PERS health benefits plan is better than most on the marketplace. She said she has confidence in the state and PERS to administer the PERS health benefits plan. Additionally, she said, the PERS plan has a smaller out-of-pocket liability than most plans on the marketplace.

It was moved by Senator Anderson, seconded by Representative Hager, and carried on a roll call vote that the committee give a report of no recommendation on Bill Draft No. 135. Representatives Lefor, Dockter, Hager, O'Brien, Ruby, and Thomas and Senators Anderson, Bekkedahl, Dever, Krebsbach, Marcellais, and Roers voted "aye." Representative Schauer voted "nay."

Bill Draft No. 183

Chairman Lefor called on Mr. Miller for technical comments and to present the actuarial report ([Appendix D](#)) on Bill Draft No. 183 [[21.0183.01000](#)], which provides maximum out-of-pocket costs for diabetes drugs and supplies for health insurance policies.

In response to a question by Representative Ruby, Ms. Rebecca Fricke, Chief Benefits Officer, Public Employees Retirement System, said the amount of a copayment under the PERS health benefits plan varies based on numerous factors, such as whether the drug is on the drug formulary or whether the drug is brand name or generic. She said the details regarding the plan's copayment provisions are part of the plan design and are not codified.

Senator Roers said although she appreciates the intent of the bill draft, she does not think she can support the bill draft.

It was moved by Senator Roers, and seconded by Representative Docker that the committee give an unfavorable recommendation on Bill Draft No. 183.

Senator Anderson said the bill draft encourages patients to seek the most expensive option. He said treating diabetes differently from other conditions may be a slippery slope.

Senator Dever said he will resist the motion. He said this bill draft will be changed so he will be the prime sponsor. He said there are serious problems with people being unable to pay for insulin and this is a matter of life or death.

In response to a question from Senator Roers, Ms. Megan Houn, Director, Government Relations, Blue Cross Blue Shield of North Dakota, said there has been a national movement to cap copayments on insulin. She said the carriers have looked at this issue and Blue Cross Blue Shield of North Dakota just implemented a \$5 copayment amount for a list of preventative drugs. She said she thinks all North Dakota insurers are pursuing a similar approach.

In response to a question from Representative Schauer, Ms. Houn said prescription drugs are a large part of the health insurance spend; however, this new program for \$5 copayments should help address this issue.

Senator Anderson said the bill should address coinsurance as well as copayments.

Representative Hager said diabetes is affecting peoples' lives from a very young age. She said there is a national movement for the states to address the issue of the high cost of insulin.

Chairman Lefor said he will resist the motion. He said families are faced with huge out-of-pocket expenses related to the treatment of diabetes. He said he views this as a unique situation and is not concerned about this being a slippery slope.

The motion failed on a roll call vote. Representatives Dockter, Ruby, and Thomas and Senators Anderson and Roers voted "aye." Representatives Lefor, Hager, O'Brien, and Schauer and Senators Dever, Bekkedahl, Krebsbach, and Marcellais voted "nay."

It was moved by Representative Dockter, seconded by Senator Roers, and carried on a roll call vote that the committee give a report of no recommendation on Bill Draft No. 183. Representatives Dockter, O'Brien, Ruby, and Thomas and Senators Anderson, Bekkedahl, Krebsbach, and Roers voted "aye." Representatives Lefor, Hager, and Schauer and Senators Dever and Marcellais voted "nay."

Bill Draft No. 566

Chairman Lefor called on Representative Ruby to testify ([Appendix E](#)) on Bill Draft No. 566 [[21.0566.01000](#)], which provides for revision of the PERS employer retirement contribution based on the health of the fund.

Chairman Lefor called on Mr. Miller for technical comments and to present the actuarial report ([Appendix F](#)) on the bill draft.

It was moved by Representative Dockter and seconded by Representative Schauer that the committee give a favorable recommendation on Bill Draft No. 566.

Chairman Lefor said he supports keeping this issue of funding the PERS retirement plan and moving this discussion forward.

Senator Anderson said the issue of the stabilization reserve account raised in the actuarial report can be addressed through amendments. He said he supports funding the retirement plan through bonding and the legacy fund.

Representative Ruby said under this bill draft it is not necessary to amend the contribution law every 2 years.

The motion carried on a roll call vote. Representatives Lefor, Dockter, Hager, O'Brien, Ruby, Schauer, and Thomas and Senators Anderson, Bekkedahl, Dever, Krebsbach, Marcellais, and Roers voted "aye." No negative votes were cast.

No further business appearing, Chairman Lefor adjourned the meeting at 9:40 a.m.

Jennifer S. N. Clark
Senior Counsel

ATTACH:6