

**TESTIMONY**  
**House Industry, Business and Labor Committee**  
**HOUSE BILL 1155**  
**January 18, 2021**

Chairman Lefor, members of the House Industry, Business and Labor Committee, I am Maggie Anderson. I am a resident of Bismarck (District 47) and I retired from North Dakota State Government service in 2019, in order to be a full-time family caregiver for my mother. I worked thirty years for the State of North Dakota and at the time of my retirement was employed by the Department of Human Services. I appear today to support House Bill 1155.

House Bill 1155 is not an expansion of coverage; rather, it is a restoration of coverage that existed prior to July 2015. That coverage was sunsetted, effective July 1, 2015, because during the 2013 Legislative Session, through House Bill 1058, the Public Employee Retirement System (PERS) proposed to end the coverage for “pre-Medicare” retirees. It was proposed in conjunction with a change that allows a broader use of the retiree health insurance credit (RHIC). Prior to the change that was adopted in 2013 and became effective July 1, 2015, retirees could only use the RHIC for a PERS-sponsored coverage. The portability of the RHIC is an important provision and HB 1155 is not proposing any change to the portability added in 2015.

HB 1155 proposes to amend Subsection 1 of 54-52.1-02 and would allow qualifying former state employees who are under age 65 to remain (or re-enroll) on the group plan. The changes are proposed on page 1, lines 17 through 20 and lines 21 through 24.

Subsection 1 is “subsidized” coverage and currently includes active employees and “pre-Medicare” retirees who retired prior to July 1, 2015. While the coverage would be restored, non-Medicare retiree individuals impacted by this bill would be responsible for payment of the monthly premiums. The methodology for establishing the premium rates is specified on page 2 of the bill, lines 1 through 7.

**This bill does not propose changes to:**

Coverage for active state employees

Coverage for a former/retired state employee who is (or whose spouse is) age 65 or over

Coverage for current or former state legislators

Coverage for former state employees (under 65), who retired prior to July 2015

**How many people are impacted by the proposed bill?**

We are not able to estimate if there will be a future Voluntary Separation Incentive Program (VSIP), or if there is, how many individuals would be eligible and how many would select the pre-Medicare coverage through PERS. However, we can quantify the number of individuals from two VSIP opportunities offered (2017 and 2018). There are 80 individuals who (as of July 1, 2021) will be under 65 and meet the criteria in this bill. For these two VSIP groups, the average years of service for 2017 was 32.6 years and for 2018 was 34.7.

It is because of these years of service, that we are requesting a restoration under Subsection 1 (subsidized coverage), rather than proposing coverage under Subsection 2. Individuals impacted by this bill, as defined within the bill, provided a minimum of 25 years of service to the State of North Dakota.

**Why are we requesting the coverage be restored vs. securing coverage through the private market?**

1. Legislative Oversight of the Plan (including benefits and out of pocket costs)
2. PERS Administration of the Plan
3. Continuity of coverage

**A little bit about data:**

PERS provided a great deal of data to Legislative Council, at the request of Representative Keiser. From the data provided, the number of individual monthly contracts for those who retired in 2015 (in anticipation of the sunset) saw a high of 174 and now has decreased (as of June 2020) to 44 individuals. For this same period, the number of legislative members in the health plan has remained more consistent, with a high of 82 and a low of 68. I share this information, not because it is an actuarial analysis, but it should offer some comparisons for the groups that impact the *other post-employment benefits (OPEB)*. Since the known VSIP pool is a finite 80 individuals (and there is no certainty that all 80 would enroll for the coverage) – the known total number of individuals who impact the OPEB would be lower than it was when the coverage was sunsetted for retiring state employees in 2015:

**2015**

174 (2015 retirees) + 80 (legislators) = 254

**Current**

44 (remaining 2015 retirees) + 68 (legislators) = 112

**Proposed in HB 1155:**

80 (VSIP) + 44 (remaining 2015 retirees) + 68 (legislators) = 192

Just as the 174 individuals (who retired in 2015) has decreased and is now at 44 – the known 80 individuals impacted by HB 1155 would also decrease each year, and as such, so should the OPEB.

Lori Laschkewitsch is going to provide information on cost comparisons to private plans and speak about the importance of continuity of coverage.

Thank you for your time. I would be happy to respond to any questions that you may have.