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## **EMPLOYEE BENEFITS PROGRAMS COMMITTEE**

Thursday, September 12, 2024  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative Austen Schauer, Chairman, called the meeting to order at 9:30 a.m.

**Members present:** Representatives Austen Schauer, Josh Boschee, Clayton Fegley, Patrick Hatlestad\*, Corey Mock\*; Senators Brad Bekkedahl, Sean Cleary, Kyle Davison\*, Judy Estenson, Kristin Roers\*

**Members absent:** Representatives Jorin Johnson, Jim Kasper; Senator Larry Luick

**Others present:** Senator Jeff Barta, Grand Forks  
Jon Godfread, Insurance Commissioner; Megan Houn, Blue Cross Blue Shield of North Dakota; and Dylan Wheeler\*, Sanford Health Plan

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

*\*Attended remotely*

**It was moved by Senator Estenson, seconded by Representative Boschee, and carried on a voice vote that the minutes of the June 17, 2024, meeting be approved as distributed.**

### **HUMAN RESOURCE MANAGEMENT SERVICES**

Mr. Lynn Hart, Classification and Compensation Manager, Human Resource Management Services Division, Office of Management and Budget, provided a report ([Appendix B](#)) as required under North Dakota Century Code Section 54-06-31 regarding state employee recruitment and retention bonus programs. He noted:

- 14 agencies made 468 recruitment bonus payments totaling \$1,184,732.
- The Department of Corrections and Rehabilitation made 247 recruitment bonus payments totaling \$140,983.
- The Department of Health and Human Services made 135 recruitment bonus payments totaling \$910,627.
- 3 agencies made 273 referral bonus payments totaling \$290,700.
- 14 agencies made 117 retention bonus payments totaling \$655,029.

### **PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Mr. Derrick Hohbein, Chief Operating and Financial Officer, Public Employees Retirement System, presented information ([Appendix C](#)) regarding the status of the closure of the main system defined benefit retirement plan and an update on transitioning to the new defined contribution (DC) retirement plan. He noted:

- Public Employees Retirement System (PERS) representatives met with developers working on political subdivision employer payroll development regarding the transition to the new DC retirement plan.
- The new DC retirement plan document has been finalized, along with the deferred compensation plan and deferred compensation companion plan documents.
- Enrollment forms for the new DC retirement plan and deferred compensation plans have been finalized and the in-plan annuity options for the fund lineups have been approved.
- Testing was successfully completed on the state's central payroll reporting platform for the new DC retirement plan matching provisions, deferred compensation plan matching provisions, spillover provisions, and the actuarially determined employer contribution.

- The PERS Board has approved the administrative rule changes necessary to implement the new DC retirement plan and the effective date of the changes will align with the transition to the new plan on January 1, 2025.

### **BILL DRAFT ACTUARIAL REPORTS AND RECOMMENDATIONS**

The committee received technical comments (Appendices [D](#) and [E](#)), actuarial information, and comments by interested persons relating to bill drafts over which the committee took jurisdiction, which affect, actuarially or otherwise, the retirement programs of state employees or employees of any political subdivision, and health and retiree health plans of state employees or employees of any political subdivision pursuant to Section 54-35-02.4. The bill drafts included:

- Bill Draft No. 41 [[25.0041.01000](#)], which revises the definition of correctional officer and expands eligibility for the public safety retirement plan to include dispatchers and emergency medical services personnel.
- Bill Draft No. 45 [[25.0045.01000](#)], which expands eligibility for the public safety retirement plan to include correctional officers employed by a governmental unit, dispatchers, and medical services personnel, and limits application.
- Bill Draft No. 118 [[25.0118.01000](#)], which provides for health benefit plans to include benefits for insulin drug and medical supplies for insulin dosing and administration.
- Bill Draft No. 138 [[25.0138.01000](#)], which provides for step therapy protocol exceptions.
- Bill Draft No. 142 [[25.0142.01000](#)], which provides the PERS health benefits coverage for state employees and retirees must be compliant with the federal Patient Protection and Affordable Care Act.

Ms. Rebecca Fricke, Executive Director, Public Employees Retirement System, provided technical comments and presented the actuarial report ([Appendix F](#)) relating to Bill Draft No. 41.

Committee members discussed the impact the bill draft would have on the recruitment and retention of employees.

**It was moved by Senator Estenson, seconded by Senator Bekkedahl, and carried on a roll call vote that the committee give an unfavorable recommendation on Bill Draft No. 41 [[25.0041.01000](#)].** Representatives Fegley and Hatlestad and Senators Bekkedahl, Davison, Estenson, and Roers voted "aye." Representatives Schauer, Boschee, and Mock and Senator Cleary voted "nay."

Ms. Fricke provided technical comments and presented the actuarial report ([Appendix G](#)) relating to Bill Draft No. 45. She noted the bill draft expands membership in the public safety plan but is limited to new hires and would not permit those currently enrolled to transfer into the public safety plan.

**It was moved by Senator Bekkedahl, seconded by Senator Estenson, and carried on a roll call vote that the committee give no recommendation on Bill Draft No. 45 [[25.0045.01000](#)].** Representatives Boschee, Fegley, and Hatlestad and Senators Bekkedahl, Cleary, Davison, Estenson, and Roers voted "aye." Representatives Schauer and Mock voted "nay."

Ms. Fricke provided technical comments and presented the actuarial report ([Appendix H](#)) and recommendation ([Appendix I](#)) of the PERS Board relating to Bill Draft No. 118. She noted:

- The bill draft would place a \$25 per month out-of-pocket limitation on insulin drugs and diabetic supplies.
- High-deductible plans are exempt from the out-of-pocket limitation until the deductible has been met.
- In the PERS pilot program, the use of insulin and diabetic supplies did not change significantly after inclusion of the out-of-pocket limitation.
- The financial impact is estimated to be around 0.14 percent of the premium.
- The PERS Board recommends the insulin and diabetic supplies out-of-pocket limitation of \$25 per month continue beyond the 2023-25 biennium for PERS health plans.

Mr. Dylan Wheeler, Head of Government Affairs, Sanford Health Plan, provided comments regarding the tracking of diabetic supply costs.

In response to a question from a committee member, Mr. Wheeler provided additional information ([Appendix J](#)) regarding the composition of the health insurance market and how state legislation may affect certain health insurance markets.

Ms. Andrea Pfennig, Director of Government Affairs, Greater North Dakota Chamber, provided comments regarding the bill draft. She noted chamber members support the free market system and oppose mandates increasing business burdens or costs.

Ms. Megan Houn, Vice President of Government Affairs and Public Policy, Blue Cross Blue Shield of North Dakota, provided comments regarding the bill draft. She reviewed insurance plans that would be impacted by the bill draft.

Mr. Jon Godfread, Insurance Commissioner, provided comments regarding essential health benefits under the Patient Protection and Affordable Care Act and the authority of the Insurance Department.

**It was moved by Senator Bekkedahl, seconded by Representative Boschee, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 118 [25.0118.01000].** Representatives Schauer, Boschee, Fegley, and Hatlestad and Senators Bekkedahl, Cleary, and Davison voted "aye." Representative Mock and Senators Estenson and Roers voted "nay."

Ms. Fricke provided technical comments and presented the actuarial report ([Appendix K](#)) relating to Bill Draft No. 138.

Senator Jeff Barta, Grand Forks, provided comments regarding the bill draft. He noted the bill draft intends to address difficulties encountered in step therapy protocols by providing exceptions in certain situations and standardizing the response time for requests.

**It was moved by Senator Davison, seconded by Representative Boschee, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 138 [25.0138.01000].** Representatives Schauer, Boschee, Fegley, Hatlestad, and Mock and Senators Bekkedahl, Davison, Estenson, and Roers voted "aye." No negative votes were cast.

Chairman Schauer noted consideration of Bill Draft No. 142 would be delayed until the committee's next meeting.

No further business appearing, Chairman Schauer adjourned the meeting at 11:55 a.m.

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Beth Dittus  
Counsel

ATTACH:11