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Sixty-eighth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1321

Introduced by

Representatives Kasper, Dockter, Lefor, Louser, D. Ruby, M. Ruby, Steiner, Vigesaa, Weisz

Senator Hogue

A BILL for an Act to create and enact section 54-52.1-05.2 of the North Dakota Century Code, relating to public employees retirement system contracts for health benefits coverage; to amend and reenact sections 54-52-03, 54-52.1-04, and 54-52.1-05 of the North Dakota Century Code, relating to retirement board membership and public employees retirement system contracts for health benefits coverage; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52-03 of the North Dakota Century Code is amended and reenacted as follows:

54-52-03. Governing authority.

1. A state agency is hereby created to constitute the governing authority of the system to consist of a board of ~~nine~~eleven individuals known as the retirement board. No more than one elected member of the board may be in the employ of a single department, institution, or agency of the state or in the employ of a political subdivision. An employee of the public employees retirement system or the state retirement and investment office may not serve on the board.

~~1. Two~~

2. Six members of the legislative assembly must be appointed ~~by the chairman of the legislative management~~ to serve on the board.

~~a. If the same political party has the greatest number of members in both the house and senate, one member must be from that majority party and one member from the political party with the next greatest number of members in the house and senate.~~

~~b. If the same political party does not have the greatest number of members in both the house and senate, one member must be from the majority party in the house and one member must be from the majority party in the senate.~~

~~2. One member~~The majority leader of the house of representatives shall appoint three members of the house of representatives and the majority leader of the senate shall appoint three members of the senate. The members appointed under this subsection shall serve a term of two years.

3. Three members of the board must be appointed by the governor to serve a term of five years. ~~The~~Each appointee under this subsection must be a North Dakota citizen who is not a state or political subdivision employee and who by experience is familiar with money management. The governor shall appoint one citizen member ~~is~~to serve as chairman of the board.

~~3. One member of the board must be appointed by the attorney general from the attorney general's legal staff and shall serve a term of five years.~~

~~4. The state health officer appointed under section 23-01-05 or the state health officer's designee is a member of the board.~~

~~5. Three~~

4. Two board members must be elected by and from among the active participating members, members of the retirement plan established under chapter 54-52.6, members of the retirement plan established under chapter 39-03.1, and members of the job service North Dakota retirement plan. Employees who have terminated their employment for whatever reason are not eligible to serve as elected members of the board under this subsection. Board members must be elected to a five-year term pursuant to an election called by the board. Notice of board elections must be given to all active participating members. The time spent in performing duties as a board member may not be charged against any employee's accumulated annual or any other type of leave.

~~6. One board member must be elected by and from among those individuals who are receiving retirement benefits under this chapter. The board shall call the election and must give prior notice of the election to the individuals eligible to participate in the~~

~~election pursuant to this subsection. The board member shall serve a term of five years.~~

~~7.~~5. The members of the board are entitled to receive one hundred forty-eight dollars per day compensation and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due the chairman or a member, plus an allowance for expenses they may incur through service on the board.

~~8.~~6. A board member shall serve ~~a five-year term and~~ until the board member's successor qualifies. Each board member is entitled to one vote, and ~~five~~six of the ~~nine~~eleven board members constitute a quorum. ~~Five~~Six votes are necessary for resolution or action by the board at any meeting.

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

54-52.1-04. Board to contract for life insurance, Medicare part D, employee assistance program services, dental plans, vision plans, and long-term care plans.

1. The board shall receive bids for the providing of ~~hospital benefits coverage, medical benefits coverage,~~ any life insurance benefits coverage for a specified term, Medicare part D prescription drug coverage, a dental plan, a vision plan, a long-term care plan, and employee assistance program services; ~~may receive bids separately for all or part of the prescription drug benefits coverage component of medical benefits coverage;~~ and shall accept one or more bids of and contract with the carriers the board determines best serve the interests of the state and the state's eligible employees. Solicitations must be made not later than ninety days before the expiration of an existing uniform group insurance contract. Bids must be solicited by advertisement in a manner selected by the board which will provide reasonable notice to prospective bidders. In preparing bid proposals and evaluating bids, the board may utilize the services of consultants on a contract basis in order that the bids received may be uniformly compared and properly evaluated. In determining which bid, if any, will best serve the interests of eligible employees and the state, the board shall give adequate consideration to the following factors:

   a. The economy to be effected.

b. The ease of administration.

c. The adequacy of the coverages.

d. The financial position of the carrier, with special emphasis on the solvency of the carrier.

e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.

2. The board may reject any or all bids received under this section. If the board rejects all bids received, the board shall again solicit bids as provided in this section.

~~3. Under sections 54-52.1-04.1 and 54-52.1-04.2 the board may contract for health benefits coverage through a health maintenance organization or establish a self-insurance health plan.~~

SECTION 3. AMENDMENT. Section 54-52.1-05 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-05. Provisions of contract - Term of contract.

1. Each uniform group insurance contract entered by the board must be consistent with the provisions of this chapter, must be signed for the state of North Dakota by the chairman of the board, and must include the following:
   a. As many optional coverages as deemed feasible and advantageous by the board.
   b. A detailed statement of benefits offered, including maximum limitations and exclusions, and such other provisions as the board may deem necessary or desirable.
2. The ~~initial~~ term ~~or the renewal term~~ of a uniform group insurance contract through a contract for insurance, health maintenance organization, or self-insurance health plan for hospital benefits coverage, medical benefits coverage, or prescription drug benefits coverage may not exceed two years.
   ~~a.~~ The board may not renew a contract subject to this subsection ~~without soliciting a bid under section 54-52.1-04 if the board determines the carrier's performance under the existing contract meets the board's expectations, the proposed~~

~~premium renewal amount does not exceed the board's expectations, and renewal best serves the interests of the state and the state's eligible employees.~~

~~b. In making a determination under this subsection, the board shall:~~

~~(1) Use the services of a consultant to concurrently and independently prepare a renewal estimate the board shall consider in determining the reasonableness of the proposed premium renewal amount.~~

~~(2) Review the carrier's performance measures, including payment accuracy, claim processing time, member service center metrics, wellness or other special program participation levels, and any other measures the board determines relevant to making the determination and shall consider these measures in determining the board's satisfaction with the carrier's performance.~~

~~(3) Consider any additional information the board determines relevant to making the determination.~~

~~c. The board may determine the carrier's performance under the existing contract does not meet the board's expectations, the proposed premium renewal amount exceeds the board's expectations, or renewal does not best serve the interests of the state or the state's eligible employees and the board therefore may decide to solicit a bid under section 54-52.1-04~~.

This subsection does not apply to a contract for Medicare part D prescription drug coverage, vision plans, dental plans, or long-term care plans. A contract for coverage under this subsection is subject to section 54-52.1-05.2.

SECTION 4. Section 54-52.1-05.2 of the North Dakota Century Code is created and enacted as follows:

54-52.1-05.2. Health insurance benefits coverage - Legislative assembly - Exceptions.

1. The board shall receive bids for the providing of hospital benefits coverage, medical benefits coverage, and prescription drug benefits coverage; may receive bids separately for all or part of the prescription drug benefits coverage component of medical benefits coverage; and subject to approval of the legislative assembly shall accept one or more bids with the carriers.

2. Solicitations must be made no later than ninety days before the expiration of an existing uniform group insurance contract. Bids must be solicited by advertisement in a manner selected by the board which will provide reasonable notice to prospective bidders. In preparing bid proposals and evaluating bids, the board may utilize the services of consultants on a contract basis in order that the bids received may be uniformly compared and properly evaluated. In reviewing bids, the board shall determine which bid or bids best serve the interests of the state and the state's eligible employees. In determining which bid, if any, will best serve the interests of eligible employees in the state, the board shall give adequate consideration to the following factors:
   a. The economy to be effected.
   b. The ease of administration.
   c. The adequacy of the coverages.
   d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
   e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.
3. The board may reject any or all bids received under this section. If the board rejects all bids received, the board again shall solicit bids as provided under this section.
4. Under sections 54-52.1-04 and 54-52.1-04.2 the board may contract for health benefits coverage through a health maintenance organization or establish a self-insurance health plan.
5. The board may not enter a contract for hospital benefits coverage, medical benefits coverage, or prescription drug benefits coverage unless this board action has been authorized by the legislative assembly by passage of a bill.
   a. Before the board enters a contract under this section, the board shall introduce a bill seeking legislative authorization for the board's proposed action relating to the contract. The bill introduced by the board must include an emergency clause.
   b. The standing committees to which the bill is referred may hold a joint hearing on the bill introduced by the board under this subsection. If the bill passes the house

of introduction after the joint hearing, the members of the joint committee from the second house may report the bill to that house and another hearing is not necessary unless the bill was amended in the first house.

c. If the legislative assembly authorizes the board's proposed action by passage of the bill by a majority vote of both houses of the legislative assembly and filing of the bill with the secretary of state, the board may enter the contract.

d. If the legislative assembly does not authorize the board's proposed action, the board again shall solicit bids as provided under this section and may not enter a contract unless the board has received authorization of the legislative assembly by a bill that has passed both houses of the legislative assembly and has been filed with the secretary of state.

6. This section does not apply to a contract for Medicare part D, prescription drug coverage, a vision plan, a dental plan, or a long-term care plan. A bill introduced under this section is not subject to jurisdiction of the employee benefits programs committee under section 54-35-02.4.

SECTION 5. EFFECTIVE DATE. Section 1 of this Act becomes effective June 1, 2023, and sections 2, 3, and 4 of this Act become effective August 1, 2023.

SECTION 6. EMERGENCY. This Act is declared to be an emergency measure.