

Sixty-ninth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with House Amendments**

ENGROSSED SENATE BILL NO. 2160

Introduced by

Senators Davison, Bekkedahl, Sorvaag

Representatives Bosch, Stemen

1 A BILL for an Act to amend and reenact sections 54-52.1-01, 54-52.1-02, and 54-52.1-03.1 of
2 the North Dakota Century Code, relating to health insurance benefits coverage provided by the
3 uniform group insurance program; to provide an appropriation; to provide for a statement of
4 legislative intent; and to provide an effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 54-52.1-01 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-52.1-01. Definitions.**

9 As used in this chapter, ~~unless the context otherwise requires:~~

10 1. "Board" means the public employees retirement board.

11 2. "Carrier" means:

12 a. ~~For the hospital~~health insurance benefits coverage, an insurance company
13 authorized to do business in the state, or a nonprofit hospital service association,
14 or a prepaid group practice hospital or medical care plan authorized to do
15 business in the state, or the state if a self-insurance health plan is used for
16 providing hospital or medical benefits coverage.

17 b. ~~For the medical benefits coverage, an insurance company authorized to do~~
18 ~~business in the state, or a nonprofit medical service association, or a prepaid~~
19 ~~group practice medical care plan authorized to do business in the state, or the~~
20 ~~state if a self-insurance health plan is used for providing medical benefits~~
21 ~~coverage.~~

e. For the life insurance benefits coverage, an insurance company authorized to do business in the state.

3. "Department, board, or agency" means ~~the departments~~ a department, boardsboard, ~~agencies~~ agency, or ~~associations~~ association of this state. The term includes the state's charitable, penal, and higher educational institutions; the Bank of North Dakota; the state mill and elevator association; and counties, cities, district health units, and school districts.

4. "Eligible employee" means every permanent employee who is employed by a governmental unit, as that term is defined in section 54-52-01. "Eligible employee" includes members of the legislative assembly, judges of the supreme court, paid members of state or political subdivision boards, commissions, or associations, full-time employees of political subdivisions, elective state officers as defined by section 54-06-01, and disabled permanent employees who are receiving compensation from the North Dakota workforce safety and insurance fund. As used in this subsection, "permanent employee" means one whose services are not limited in duration, who is filling an approved and regularly funded position in a governmental unit, and who is employed at least seventeen and one-half hours per week and at least five months each year or for those first employed after August 1, 2003, is employed at least twenty hours per week and at least twenty weeks each year of employment. For purposes of sections 54-52.1-04.1, 54-52.1-04.7, 54-52.1-04.8, and 54-52.1-11, "eligible employee" includes retired and terminated employees who remain eligible to participate in the uniform group insurance program pursuant to applicable state or federal law.

5. "Health insurance benefits coverage" means ~~hospital~~:

a. A nongrandfathered health plan sponsored by a large employer which meets the applicable requirements of 42 U.S.C. chapter 6A, subchapter XXV, without regard to 42 U.S.C. 18011, including benefits provided under the uniform group insurance program's grandfathered preferred provider organization plan;

b. Hospital benefits coverage ~~or medical~~;

c. Medical benefits coverage; ~~i~~ or both

d. Both hospital and medical benefits coverage.

- 1 6. "Health maintenance organization" means an organization certified to establish and
2 operate a health maintenance organization in compliance with chapter 26.1-18.1.
- 3 7. "Hospital benefits coverage" means a plan that either provides coverage for, or pays,
4 or reimburses expenses for hospital services incurred in accordance with the uniform
5 contract.
- 6 8. "Life insurance benefits coverage" means a plan that provides both term life insurance
7 and accidental death and dismemberment insurance in amounts determined by the
8 board, with a minimum of one thousand dollars provided for the term life insurance
9 portion of the coverage.
- 10 9. "Medical benefits coverage" means a plan that either provides coverage for, or pays,
11 or reimburses expenses for medical services in accordance with the uniform contract.
- 12 10. "Member contribution" means the payment by the member into the retiree health
13 benefits fund pursuant to sections 54-52-02.9 and 54-52-17.4.
- 14 11. "Member's account balance" means the member's contributions plus interest at the
15 rate set by the board.
- 16 12. "Nongrandfathered health plan" means a plan that does not qualify as a grandfathered
17 plan under the Patient Protection and Affordable Care Act [Pub. L. 111-148], as
18 amended by the Health Care and Education Reconciliation Act of 2010 [Pub. L.
19 111-152].
- 20 13. "Self-insurance health plan" means a plan of self-insurance providing health insurance
21 benefits coverage under section 54-52.1-04.2.
- 22 ~~13.~~ 14. "Temporary employee" means a governmental unit employee who is not filling an
23 approved and regularly funded position in an eligible governmental unit and whose
24 services may or may not be limited in duration.

25 **SECTION 2. AMENDMENT.** Section 54-52.1-02 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **54-52.1-02. Uniform group insurance program created - Formation into subgroups.**

28 In order to promote the economy and efficiency of employment in the state's service, reduce
29 personnel turnover, and offer an incentive to high-grade individuals to enter and remain in the
30 service of state employment, there is created a uniform group insurance program.

- 31 1. The uniform group insurance program must be:

- 1 a. ~~Be~~ composed of eligible and retired employees and ~~be formed to provide hospital-~~
2 ~~benefits coverage, medical benefits coverage,;~~
- 3 b. Except as provided in subsection 2 of section 54-52.1-03.1, provide coverage as
4 defined in subdivision a of subsection 5 of section 54-52.1-01; and
- 5 c. Provide life insurance benefits coverage ~~in the manner set forth in this chapter.~~
- 6 2. The board may divide the uniform group ~~may be divided~~ into the following subgroups
7 ~~at the discretion of the board:~~
- 8 1. ~~Medical and hospital~~
- 9 a. Health insurance benefits coverage group consisting of active eligible employees
10 and retired employees not eligible for Medicare, except for employees who first
11 retire after July 1, 2015, and are not eligible for Medicare on their retirement. In
12 determining premiums for coverage under this ~~subsection~~subdivision for retired
13 employees not eligible for Medicare, the rate for a non-Medicare retiree single
14 plan is one hundred fifty percent of the active member single plan rate, the rate
15 for a non-Medicare retiree family plan of two people is twice the non-Medicare
16 retiree single plan rate, and the rate for a non-Medicare retiree family plan of
17 three or more persons is two and one-half times the non-Medicare retiree single
18 plan rate.
- 19 2. b. In addition to the coverage provided in ~~subsection 1~~subdivision a, another
20 coverage option may be provided for retired employees not eligible for Medicare,
21 except for employees who first retire after July 1, 2015, and are not eligible for
22 Medicare on their retirement, provided the option does not increase the implicit
23 subsidy as determined by the governmental accounting standards board's other
24 postemployment benefit reporting procedure. In offering this additional option, the
25 board may have an open enrollment but thereafter enrollment for this option must
26 be as specified in section 54-52.1-03.
- 27 3. c. Retired Medicare-eligible employee group ~~medical and hospital~~health insurance
28 benefits coverage.
- 29 4. d. Active eligible employee life insurance benefits coverage.
- 30 5. e. Retired employee life insurance benefits coverage.

- 1 6. f. Terminated employee continuation group ~~medical and hospital~~health insurance
- 2 benefits coverage.
- 3 7. g. Terminated employee conversion group ~~medical and hospital~~health insurance
- 4 benefits coverage.
- 5 8. h. Dental benefits coverage.
- 6 9. i. Vision benefits coverage.
- 7 10. j. Long-term care benefits coverage.
- 8 11. k. Employee assistance benefits coverage.
- 9 12. l. Prescription drug coverage.

10 **SECTION 3. AMENDMENT.** Section 54-52.1-03.1 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **54-52.1-03.1. Certain political subdivisions authorized to join uniform group**
13 **insurance program - Employer contribution.**

14 1. If eligible under federal law, a political subdivision may extend the benefits of the
15 uniform group insurance program under this chapter to its permanent employees,
16 subject to ~~minimum~~ requirements established by the board and as follows:

17 a. A minimum period of participation of sixty months. If the political subdivision
18 withdraws from participation in the uniform group insurance program, before
19 completing sixty months of participation, unless federal or state laws or rules are
20 modified or interpreted in a way that makes participation by the political
21 subdivision in the uniform group insurance program no longer allowable or
22 appropriate, the political subdivision shall make payment to the board in an
23 amount equal to any expenses incurred in the uniform group insurance program
24 that exceed income received on behalf of the political subdivision's employees as
25 determined under rules adopted by the board.

26 b. The Garrison Diversion Conservancy District, and district health units required to
27 participate in the public employees retirement system under section 54-52-02,
28 shall participate in the uniform group insurance program under the same ~~terms-~~
29 ~~and conditions~~premium structures as state agencies.

30 c. A retiree who has accepted a retirement allowance from a participating political
31 subdivision's retirement plan may elect to participate in the uniform group under

1 this chapter without meeting minimum requirements at age sixty-five, when the
2 employee's spouse reaches age sixty-five, upon the receipt of a benefit, when the
3 political subdivision joins the uniform group insurance plan if the retiree was a
4 member of the former plan, or when the spouse terminates employment. If a
5 retiree or surviving spouse does not elect to participate at the times specified in
6 this ~~section~~subdivision, the retiree or surviving spouse must meet the minimum
7 requirements established by the board.

8 d. Each retiree or surviving spouse shall pay directly to the board the premiums in
9 effect for the coverage then being provided. The board may require
10 documentation that the retiree has accepted a retirement allowance from an
11 eligible retirement plan other than the public employees retirement system.

12 2. For purposes of this section, the uniform group insurance program must provide health
13 insurance benefits coverage as defined in section 54-52.1-01.

14 **SECTION 4. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - HEALTH**
15 **INSURANCE PREMIUM POOL.** There is appropriated out of any moneys in the general fund in
16 the state treasury, not otherwise appropriated, the sum of \$1,442,991, or so much of the sum as
17 may be necessary, and from other funds derived from federal funds and special funds, not
18 otherwise appropriated, the sum of \$1,851,509, or so much of the sum as may be necessary, to
19 the office of management and budget for the purpose of a health insurance premium pool,
20 which the office of management and budget shall use to distribute appropriation authority to
21 state agencies for paying a portion of health insurance premium cost increases related to this
22 Act, for the biennium beginning July 1, 2025, and ending June 30, 2027.

23 **SECTION 5. LEGISLATIVE INTENT.** It is the intent of the sixty-ninth legislative assembly
24 that the public employees retirement system use an estimated amount of \$3,294,500, or so
25 much of the sum as may be necessary, from the health insurance reserve fund established in
26 section 54-52.1-06 for a portion of the state employer share of any increase in premiums for
27 health benefits resulting from the provisions of this Act for the period beginning with the effective
28 date of this Act and ending June 30, 2027.

29 **SECTION 6. EFFECTIVE DATE.** Sections 1 through 3 of this Act become effective on
30 January 1, 2027.