

## PROPOSED AMENDMENTS TO

### 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; and to provide an effective date.~~ for an Act to create and  
4 enact a new section to chapter 54-52.1 of the North Dakota Century Code, relating to public  
5 employees retirement system health benefits; to amend and reenact section 54-52.1-06 of the  
6 North Dakota Century Code, relating to state employee contributions for enhanced coverage;  
7 and to provide for a legislative management study.

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

9 ~~— **SECTION 1. AMENDMENT.** Section 54-52.1-01 of the North Dakota Century Code is~~  
10 ~~amended and reenacted as follows:~~

11 ~~— **54-52.1-01. Definitions.**~~

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

13 ~~— 1. "Board" means the public employees retirement board.~~

14 ~~— 2. "Carrier" means:~~

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

- 1 ~~\_\_\_\_\_ b. For the medical benefits coverage, an insurance company authorized to do~~  
2 ~~business in the state, or a nonprofit medical service association, or a prepaid~~  
3 ~~group practice medical care plan authorized to do business in the state, or the~~  
4 ~~state if a self-insurance health plan is used for providing medical benefits~~  
5 ~~coverage.~~
- 6 ~~\_\_\_\_\_ c. For the life insurance benefits coverage, an insurance company authorized to do~~  
7 ~~business in the state.~~
- 8 ~~\_\_\_\_\_ 3. "Department, board, or agency" means the departments, a department, boards, board,~~  
9 ~~agencies, agency, or associations, association of this state. The term includes the state's~~  
10 ~~charitable, penal, and higher educational institutions; the Bank of North Dakota; the~~  
11 ~~state mill and elevator association; and counties, cities, district health units, and school~~  
12 ~~districts.~~
- 13 ~~\_\_\_\_\_ 4. "Eligible employee" means every permanent employee who is employed by a~~  
14 ~~governmental unit, as that term is defined in section 54-52-01. "Eligible employee"~~  
15 ~~includes members of the legislative assembly, judges of the supreme court, paid~~  
16 ~~members of state or political subdivision boards, commissions, or associations,~~  
17 ~~full-time employees of political subdivisions, elective state officers as defined by~~  
18 ~~section 54-06-01, and disabled permanent employees who are receiving~~  
19 ~~compensation from the North Dakota workforce safety and insurance fund. As used in~~  
20 ~~this subsection, "permanent employee" means one whose services are not limited in~~  
21 ~~duration, who is filling an approved and regularly funded position in a governmental~~  
22 ~~unit, and who is employed at least seventeen and one-half hours per week and at~~  
23 ~~least five months each year or for those first employed after August 1, 2003, is~~  
24 ~~employed at least twenty hours per week and at least twenty weeks each year of~~  
25 ~~employment. For purposes of sections 54-52.1-04.1, 54-52.1-04.7, 54-52.1-04.8, and~~  
26 ~~54-52.1-11, "eligible employee" includes retired and terminated employees who~~  
27 ~~remain eligible to participate in the uniform group insurance program pursuant to~~  
28 ~~applicable state or federal law.~~
- 29 ~~\_\_\_\_\_ 5. "Health insurance benefits coverage" means hospital;~~
- 30 ~~\_\_\_\_\_ a. A nongrandfathered health plan sponsored by a large employer which meets the~~  
31 ~~applicable requirements of 42 U.S.C. chapter 6A, subchapter XXV, without regard~~

- 1 ~~to 42 U.S.C. 18011, including benefits provided under the uniform group~~  
2 ~~insurance program's grandfathered preferred provider organization plan;~~  
3 ~~b. Hospital benefits coverage or medical;~~  
4 ~~c. Medical benefits coverage,; or both~~  
5 ~~d. Both hospital and medical benefits coverage.~~  
6 ~~6. "Health maintenance organization" means an organization certified to establish and~~  
7 ~~operate a health maintenance organization in compliance with chapter 26.1-18.1.~~  
8 ~~7. "Hospital benefits coverage" means a plan that either provides coverage for, or pays,~~  
9 ~~or reimburses expenses for hospital services incurred in accordance with the uniform~~  
10 ~~contract.~~  
11 ~~8. "Life insurance benefits coverage" means a plan that provides both term life insurance~~  
12 ~~and accidental death and dismemberment insurance in amounts determined by the~~  
13 ~~board, with a minimum of one thousand dollars provided for the term life insurance~~  
14 ~~portion of the coverage.~~  
15 ~~9. "Medical benefits coverage" means a plan that either provides coverage for, or pays,~~  
16 ~~or reimburses expenses for medical services in accordance with the uniform contract.~~  
17 ~~10. "Member contribution" means the payment by the member into the retiree health~~  
18 ~~benefits fund pursuant to sections 54-52-02.9 and 54-52-17.4.~~  
19 ~~11. "Member's account balance" means the member's contributions plus interest at the~~  
20 ~~rate set by the board.~~  
21 ~~12. "Nongrandfathered health plan" means a plan that does not qualify as a grandfathered~~  
22 ~~plan under the Patient Protection and Affordable Care Act [Pub. L. 111-148], as~~  
23 ~~amended by the Health Care and Education Reconciliation Act of 2010 [Pub. L. 111-~~  
24 ~~152].~~  
25 ~~13. "Self-insurance health plan" means a plan of self-insurance providing health insurance~~  
26 ~~benefits coverage under section 54-52.1-04.2.~~  
27 ~~13.14. "Temporary employee" means a governmental unit employee who is not filling an~~  
28 ~~approved and regularly funded position in an eligible governmental unit and whose~~  
29 ~~services may or may not be limited in duration.~~  
30 ~~**SECTION 2. AMENDMENT.** Section 54-52.1-02 of the North Dakota Century Code is~~  
31 ~~amended and reenacted as follows:~~

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

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

~~1. The uniform group insurance program must be:~~

~~a. Be composed of eligible and retired employees and be formed to provide hospital benefits coverage, medical benefits coverage,;~~

~~b. Except as provided in subsection 2 of section 54-52.1-03.1, provide coverage as defined in subdivision a of subsection 5 of section 54-52.1-01; and~~

~~c. Provide life insurance benefits coverage in the manner set forth in this chapter.~~

~~2. The board may divide the uniform group may be divided into the following subgroups at the discretion of the board:~~

~~1. Medical and hospital~~

~~a. Health insurance benefits coverage group consisting of active eligible employees and retired employees not eligible for Medicare, except for employees who first retire after July 1, 2015, and are not eligible for Medicare on their retirement. In determining premiums for coverage under this subsectionsubdivision for retired employees not eligible for Medicare, the rate for a non-Medicare retiree single plan is one hundred fifty percent of the active member single plan rate, the rate for a non-Medicare retiree family plan of two people is twice the non-Medicare retiree single plan rate, and the rate for a non-Medicare retiree family plan of three or more persons is two and one-half times the non-Medicare retiree single plan rate.~~

~~2. b. In addition to the coverage provided in subsection 1subdivision a, another coverage option may be provided for retired employees not eligible for Medicare, except for employees who first retire after July 1, 2015, and are not eligible for Medicare on their retirement, provided the option does not increase the implicit subsidy as determined by the governmental accounting standards board's other postemployment benefit reporting procedure. In offering this additional option, the board may have an open enrollment but thereafter enrollment for this option must be as specified in section 54-52.1-03.~~

1 ~~3. c. Retired Medicare-eligible employee group medical and hospital health insurance~~  
2 ~~benefits coverage.~~

3 ~~4. d. Active eligible employee life insurance benefits coverage.~~

4 ~~5. e. Retired employee life insurance benefits coverage.~~

5 ~~6. f. Terminated employee continuation group medical and hospital health insurance~~  
6 ~~benefits coverage.~~

7 ~~7. g. Terminated employee conversion group medical and hospital health insurance~~  
8 ~~benefits coverage.~~

9 ~~8. h. Dental benefits coverage.~~

10 ~~9. i. Vision benefits coverage.~~

11 ~~10. j. Long-term care benefits coverage.~~

12 ~~11. k. Employee assistance benefits coverage.~~

13 ~~12. l. Prescription drug coverage.~~

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

16 ~~**54-52.1-03.1. Certain political subdivisions authorized to join uniform group**~~  
17 ~~**insurance program - Employer contribution.**~~

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

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

30 ~~b. The Garrison Diversion Conservancy District, and district health units required to~~  
31 ~~participate in the public employees retirement system under section 54-52-02,~~

1 shall participate in the uniform group insurance program under the same terms  
2 and conditions premium structures as state agencies.

3 ~~c.~~ A retiree who has accepted a retirement allowance from a participating political  
4 subdivision's retirement plan may elect to participate in the uniform group under  
5 this chapter without meeting minimum requirements at age sixty-five, when the  
6 employee's spouse reaches age sixty-five, upon the receipt of a benefit, when the  
7 political subdivision joins the uniform group insurance plan if the retiree was a  
8 member of the former plan, or when the spouse terminates employment. If a  
9 retiree or surviving spouse does not elect to participate at the times specified in  
10 this section subdivision, the retiree or surviving spouse must meet the minimum  
11 requirements established by the board.

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

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

18 ~~**SECTION 4. EFFECTIVE DATE.** This Act becomes effective on January 1, 2026.~~

19 **SECTION 1.** A new section to chapter 54-52.1 of the North Dakota Century Code is created  
20 and enacted as follows:

21 **Enhanced coverage option - State employees.**

22 1. The board shall develop and implement, for eligible state employee members of the  
23 uniform group insurance program, an enhanced coverage option which meets the  
24 applicable requirements of 42 U.S.C. chapter 6A, subchapter XXV, without regard to  
25 42 U.S.C. 18011, and includes benefits provided under the uniform group insurance  
26 program's grandfathered preferred provider organization plan.

27 2. By January 1, 2026, the board shall make the enhanced coverage option available to  
28 eligible employees of the state.

29 **SECTION 2. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is  
30 amended and reenacted as follows:

**54-52.1-06. State contribution - State employee contribution for enhanced coverage -**

**Penalty.**

1. Each department, board, or agency shall pay to the board each month from its funds appropriated for payroll and salary amounts, and from applicable employee contributions under subsection 2, a state contribution in the amount as determined by the primary carrier of the group contract for the full single rate monthly premium for each of its eligible employees enrolled in the uniform group insurance program and the full rate monthly premium, in an amount equal to that contributed under the alternate family contract, including major medical coverage, for hospital and medical benefits coverage for spouses and dependent children of its eligible employees enrolled in the uniform group insurance program pursuant to section 54-52.1-07. The board then shall pay the necessary and proper premium amount for the uniform group insurance program to the proper carrier or carriers on a monthly basis.
2. Beginning January 1, 2026, an eligible state employee who elects to participate in the enhanced coverage option under section 1 of this Act must be assessed and required to pay fifty dollars each month toward the monthly premium amount, to be collected by the employer and remitted to the board.
3. Any refund, rebate, dividend, experience rating allowance, discount, or other reduction of premium amount must be credited at least annually to a separate fund of the uniform group insurance program to be used by the board to reimburse the administrative expense and benefit fund of the public employees retirement program for the costs of administration of the uniform group insurance program.
- ~~3.4.~~ If an enrolled eligible employee is not entitled to receive salary, wages, or other compensation for a particular calendar month, that employee may make direct payment of the required premium to the board to continue the employee's coverage, and the employing department, board, or agency shall provide for the giving of a timely notice to the employee of that employee's right to make such payment at the time the right arises.
- ~~4.5.~~ A governmental unit that fails to pay the contributions by the board's established due date is subject to a civil penalty of fifty dollars and, as interest, one percent of the

1 amount due for each month of delay or fraction of a month after the payment became  
2 due.

3 **SECTION 3. LEGISLATIVE MANAGEMENT STUDY - STATE EMPLOYEE TOTAL**

4 **REWARDS COMPENSATION SYSTEM.** During the 2025-26 interim, the legislative  
5 management shall consider studying the classified state employee total rewards compensation  
6 system, including a review of the development and determination of pay grade, classifications,  
7 and health care benefit options. The study must include a review of the history of changes to  
8 classification and pay grade levels; comparisons between state employee compensation levels  
9 and similar private sector jobs; the use of equity funding and bonuses to retain employees; the  
10 payment of prevailing wages on state projects; wage levels in awarding contracts for state  
11 projects; the impact to state employees of moving from a grandfathered health plan to a  
12 nongrandfathered health plan based on utilization and services that would be covered at  
13 one hundred percent under a nongrandfathered health plan and which currently are being paid  
14 by employees through cost-shares under the grandfathered health plan; and premium rate  
15 structure for single and family coverage and the impact of any proposed changes. The  
16 legislative management shall report its findings and recommendations, together with any  
17 legislation required to implement the recommendations, to the seventieth legislative assembly.