

SENATE BILL NO. 2022 - HOUSE AND SENATE DIFFERENCES

Senate Bill No. 2022 is the appropriations bill for the state retirement and investment agencies, including the Retirement and Investment Office (RIO) and Public Employees Retirement System (PERS).

BUDGET-RELATED DIFFERENCES

Retirement and Investment Office

The only difference between the House and Senate versions is the health insurance premium increase, which is to be adjusted to the revised amount similarly to all other agency budgets.

Public Employees Retirement System

The major differences between the House and Senate versions include:

1. Chief Financial Officer position
2. Benefits support position
3. Temporary salaries

Other differences include funding for salary and health insurance adjustments, which is to be adjusted to revised amounts similarly to all other agency budgets.

Conference Committee Action

When Senate Bill No. 2022 was in Conference Committee, the conferees came to a tentative agreement on the budget differences.

[Appendix A](#) is a schedule showing the Senate version, House version, and tentative Conference Committee agreement on the RIO budget.

[Appendix B](#) is a schedule showing the Senate version, House version, and tentative Conference Committee agreement on the PERS budget.

[Appendix C](#) is the Statement of Purpose of Amendment for the tentative Conference Committee agreement on the RIO and PERS budgets.

SENATE BILL NO. 2022 WITH HOUSE AMENDMENTS - SUMMARY OF HEALTH INSURANCE-RELATED PROVISIONS

As amended by the House, this bill also changes the membership of the PERS Board (Sections 3 and 4), provides for regulation of the PERS health insurance benefits coverage of prescription drug coverage (Section 5), and changes the law relating to the PERS uniform group health insurance policies and contracts (Sections 6 through 10). The following is a summary of the provisions of the bill added to the appropriation.

SECTION 3. This section amends subsection 17 of North Dakota Century Code Section 54-52-01, which is the definition of "retirement board" as used in Chapter 54-52. The amendment accounts for the change to the PERS Board in Section 4.

SECTION 4. This section amends Section 54-52-03 to change the membership of the PERS Board and increases the number of board members from seven to nine.

- The amendment adds to the board:

The Majority Leader of the House of Representatives or a designee;

The Majority Leader of the Senate or a designee; and

Two members of the Legislative Assembly appointed by the Chairman of the Legislative Management. The members appointed by the Chairman of the Legislative Management must consist of one member from the majority party and one member from the minority party.

- The amendment removes from the board:

The member appointed by the Attorney General from the Attorney General's legal staff; and

The State Health Officer.

SECTION 5. This section creates a new section of law specific to PERS uniform group health insurance for prescription drug coverage, addressing transparency and accessibility of pharmacy benefits.

Subsection 1 directs the PERS Board, once every two years, to direct the State Auditor to select a firm to complete a financial and health care analysis of the prescription drug coverage under the health benefits coverage. Subdivisions a through e set out specific elements that must be included in the analysis, including brand drug and generic drug cost information, specialty drug pharmacy drug costs, third-party financial benefits, evaluation of program effectiveness, and evaluation and recommendations regarding refill practices.

Subsection 2 provides that upon request of the PERS Board, the health benefits coverage carrier or pharmacy benefits manager must provide the items specified in subdivisions a and b, including a copy of the prescription drug coverage contract and information regarding drug programs.

Subsection 3 directs the PERS Board to present this analysis report to the Legislative Audit and Fiscal Review Committee.

SECTION 6. This section amends Section 54-52.1-05, which sets out the requirements of a uniform group insurance contract.

Under subsection 2, limitations on the terms of a contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage are established, providing:

- The term of the contract may not exceed two years; and
- The contract may not be renewed without solicitation of a bid.

SECTION 7. This section creates a new section of law, specific to PERS Board contracts for health insurance benefits coverage.

Subsection 1 addresses insured and provider privacy, providing a contract for health insurance benefits coverage must provide that except as necessary for treatment, payment, and operations, the health insurance carrier may not disclose identifiable or unidentifiable insured or provider data or information with a related or an unrelated health care delivery entity.

Subsection 2 addresses the situation if the PERS Board enters a contract for health insurance benefits coverage with a carrier that has common ownership with a health care delivery entity. If this occurs, this provision would set requirements for the carrier's negotiated provider discount rates.

- For in-state providers that are critical access hospitals that do not have common ownership with the carrier, the rates may not be less than the rates the carrier has with a related health care delivery entity that is a critical access hospital.
- For in-state providers, other than critical access hospitals, the rates for providers that do not have common ownership with the carrier may not be less than the rates the carrier has with a related health care delivery entity that is not a critical access hospital.

SECTION 8. This section would not be codified in Century Code, and would apply through the end of the 2015-17 biennium. If the PERS Board determines it is necessary to rebid the health insurance benefits contract, the carrier providing coverage at the time of that determination may continue under the existing contract until a new contract is finalized, but not to exceed nine months beyond the date the PERS Board makes that determination.

SECTION 9. This section would not be codified in Century Code, and would apply through the end of the 2015-17 biennium. This section provides the PERS Board may not spend any money in the fund created under Section 54-52.1-06 or any other accumulated reserves under the uniform group insurance program for the purpose of reducing any increase in uniform group insurance premium amounts beyond the rates used by the 64th Legislative Assembly for developing 2015-17 state agency budgets.

SECTION 10. This section provides Sections 7, 8, and 9 of this bill are declared to be an emergency measure and are effective upon filing of the bill with the Secretary of State.

Retirement and Investment Office - Budget No. 190
Senate Bill No. 2022
Base Level Funding Changes

	Senate Version				House Version				Conference Committee Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	19.00	\$0	\$4,899,369	\$4,899,369	19.00	\$0	\$4,899,369	\$4,899,369	19.00	\$0	\$4,899,369	\$4,899,369
2015-17 Ongoing Funding Changes												
Base payroll changes			\$230,338	\$230,338			\$230,338	\$230,338			\$230,338	\$230,338
Salary increase - Performance			148,434	148,434			148,434	148,434			148,434	148,434
Salary increase - Market equity				0				0				0
Retirement contribution increase				0				0				0
Health insurance increase			82,038	82,038			67,734	67,734			67,734	67,734
Employee base level salary adjustment			50,000	50,000			50,000	50,000			50,000	50,000
Increased operating expenses			17,550	17,550			17,550	17,550			17,550	17,550
Total ongoing funding changes	0.00	\$0	\$528,360	\$528,360	0.00	\$0	\$514,056	\$514,056	0.00	\$0	\$514,056	\$514,056
One-time funding items												
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$528,360	\$528,360	0.00	\$0	\$514,056	\$514,056	0.00	\$0	\$514,056	\$514,056
2015-17 Total Funding	19.00	\$0	\$5,427,729	\$5,427,729	19.00	\$0	\$5,413,425	\$5,413,425	19.00	\$0	\$5,413,425	\$5,413,425

Other Sections in Senate Bill No. 2022

Public Employees Retirement System - Budget No. 192
Senate Bill No. 2022
Base Level Funding Changes

	Senate Version				House Version				Conference Committee Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	33.00	\$0	\$7,650,450	\$7,650,450	33.00	\$0	\$7,650,450	\$7,650,450	33.00	\$0	\$7,650,450	\$7,650,450
2015-17 Ongoing Funding Changes												
Base payroll changes			\$429,614	\$429,614			\$429,614	\$429,614			\$429,614	\$429,614
Salary increase - Performance			225,151	225,151			213,889	213,889			225,151	225,151
Salary increase - Market equity								0				0
Retirement contribution increase								0				0
Health insurance increase			155,441	155,441			122,991	122,991			128,339	128,339
Remove 2013-15 funding for retirement plan election			(22,000)	(22,000)			(22,000)	(22,000)			(22,000)	(22,000)
General operating expenses			134,470	134,470			134,470	134,470			134,470	134,470
PERSlink system refinements			147,000	147,000			147,000	147,000			147,000	147,000
Chief Financial Officer position	1.00		216,069	216,069	0.00		0	0	1.00		216,069	216,069
Benefits support position	0.50		51,346	51,346	0.00		0	0	0.50		51,346	51,346
Temporary support position			302,352	302,352			102,352	102,352			122,352	122,352
Portability of retiree health credit								0			43,052	43,052
Website redesign			90,080	90,080			90,080	90,080			90,080	90,080
Secure reception area			27,500	27,500			27,500	27,500			27,500	27,500
Self-funded health insurance								0				0
Total ongoing funding changes	1.50	\$0	\$1,757,023	\$1,757,023	0.00	\$0	\$1,245,896	\$1,245,896	1.50	\$0	\$1,592,973	\$1,592,973
One-time funding items												
Temporary salaries				\$0				\$0			\$100,000	\$100,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$100,000	\$100,000
Total Changes to Base Level	1.50	\$0	\$1,757,023	\$1,757,023	0.00	\$0	\$1,245,896	\$1,245,896	1.50	\$0	\$1,692,973	\$1,692,973
2015-17 Total Funding	34.50	\$0	\$9,407,473	\$9,407,473	33.00	\$0	\$8,896,346	\$8,896,346	34.50	\$0	\$9,343,423	\$9,343,423

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2022 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Retirement and Investment Office						
Total all funds	\$4,899,369	\$5,427,729	(\$14,304)	\$5,413,425	\$5,413,425	\$0
Less estimated income	4,899,369	5,427,729	(14,304)	5,413,425	5,413,425	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Public Employees Retirement System						
Total all funds	\$7,650,450	\$9,407,473	(\$64,050)	\$9,343,423	\$8,896,346	\$447,077
Less estimated income	7,650,450	9,407,473	(64,050)	9,343,423	8,896,346	447,077
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill total						
Total all funds	\$12,549,819	\$14,835,202	(\$78,354)	\$14,756,848	\$14,309,771	\$447,077
Less estimated income	12,549,819	14,835,202	(78,354)	14,756,848	14,309,771	447,077
General fund	\$0	\$0	\$0	\$0	\$0	\$0

Senate Bill No. 2022 - Retirement and Investment Office - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$3,772,504	\$4,354,855	(\$14,304)	\$4,340,551	\$4,340,551	
Operating expenses	973,324	990,874		990,874	990,874	
Contingencies	82,000	82,000		82,000	82,000	
Accrued leave payments	71,541					
Total all funds	\$4,899,369	\$5,427,729	(\$14,304)	\$5,413,425	\$5,413,425	\$0
Less estimated income	4,899,369	5,427,729	(14,304)	5,413,425	5,413,425	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	19.00	19.00	0.00	19.00	19.00	0.00

Department No. 190 - Retirement and Investment Office - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Total Conference Committee Changes
Salaries and wages	(\$14,304)	(\$14,304)
Operating expenses		
Contingencies		
Accrued leave payments		
Total all funds	(\$14,304)	(\$14,304)
Less estimated income	(14,304)	(14,304)
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

Senate Bill No. 2022 - Public Employees Retirement System - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$5,016,339	\$6,479,410	(\$64,050)	\$6,415,360	\$5,988,402	\$426,958
Operating expenses	2,280,894	2,678,063		2,678,063	2,657,944	20,119
Contingencies	250,000	250,000		250,000	250,000	
Accrued leave payments	103,217					
Total all funds	\$7,650,450	\$9,407,473	(\$64,050)	\$9,343,423	\$8,896,346	\$447,077
Less estimated income	7,650,450	9,407,473	(64,050)	9,343,423	8,896,346	447,077
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	33.00	34.50	0.00	34.50	33.00	1.50

Department No. 192 - Public Employees Retirement System - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Reduces Temporary Salaries ²	Adds Portability of Retiree Health Credit ³	Adds One-Time Funding for Temporary Salaries ⁴	Total Conference Committee Changes
Salaries and wages	(\$27,102)	(\$180,000)	\$43,052	\$100,000	(\$64,050)
Operating expenses					
Contingencies					
Accrued leave payments					
Total all funds	(\$27,102)	(\$180,000)	\$43,052	\$100,000	(\$64,050)
Less estimated income	(27,102)	(180,000)	43,052	100,000	(64,050)
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month including FTE adjustments made by the conference committee.

² Funding is reduced for additional temporary support. The Senate increased temporary salaries \$302,352 and the House included a temporary salaries increase of \$102,352.

³ Funding is added for additional workload due to the portability of retiree health credit. This funding was not included in the House version, but was included in the temporary salary increase provide by the Senate.

⁴ One-time funding is added for temporary salaries. Neither the Senate nor the House versions included funding for one-time temporary salaries.