

HEALTH INSURANCE PLAN RENEWAL PROCESS

This memorandum provides information regarding North Dakota Century Code Section 54-52.1-05, which identifies the process the Public Employees Retirement System Board is to use when considering renewal of the 2-year uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage.

Section 6 of Senate Bill No. 2022, as approved by the 64th Legislative Assembly, amended Section 54-52.1-05 to add the following uniform group insurance contract renewal provisions:

2. The initial term or the renewal term of a fully insured uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage may not exceed two years.
 - a. The board may 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 and the proposed premium renewal amount does not exceed the board's expectations.
 - 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. If the board determines the carrier's performance under the existing contract does not meet the board's expectations or the proposed premium renewal amount exceeds the board's expectations and the board determines to solicit a bid under section 54-52.1-04, the board shall specify its reasons for the determination to solicit a bid.

Senate Bill No. 2022, as originally approved by the Senate, did not contain any language to amend Section 54-52.1-05. The House approved Senate Bill No. 2022, as amended, with a section amending Section 54-52.1-05 to state the following:

2. The term of a uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage may not exceed two years. A contract subject to this subsection may not be renewed without solicitation of a bid under section 54-52.1-04.

The Senate did not concur with the amendments approved by the House and a conference committee was formed. The conference committee approved amending Section 54-52.1-05 to limit the uniform group insurance contract to 2 years, the same as the House amendment; however, the Senate rejected the conference committee amendment.

In June 2016 a new conference committee was formed. The conference committee voted 5-1 to approve an amendment [15.8155.02030], prepared for Senator Wardner. The amendment provided the process for the group insurance contract to allow for renewal after 2 years (the provisions in current law referenced above). The conference committee version of Senate Bill No. 2022 was approved by the Senate with a vote of 38 "yeas" and 6 "nays," and subsequently approved by the House with a vote of 73 "yeas" and 16 "nays."