

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2391

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2391

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2391

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date February 5, 2001.

Tape Number	Side A	Side B	Meter #
1		x	48.3 to end
2	x		0 to 16.6
(Feb 06/01) 3	x		6.3 to 19.9
Committee Clerk Signature <i>Deus E Perry</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2391 relating to the expansion of the uniform group insurance program to allow participation by certain nonprofit corporations; to provide a continuing appropriation; and to provide an effective date.

SENATOR TIM MATHERN: Sponsor of this bill. This bill would permit non profit organizations to use the NDPERS plan for their employees. Written testimony attached, including testimony from JEFF PEDERSON, Pres., Friendship Inc., in favor of this bill.

SENATOR T. MATHERN: This bill would give these facilities one more way to provide insurance to their employees which would promote a higher employee retention rate. Were not for this organizations the state would have to provide this services.

SENATOR ESPEGARD: If the bill passes, set as a separate group, I suspect their premiums would be as high as those paid today by them. Have you done a study?

S T. MATHERN: Anytime one new group is brought into NDPERS the same issue is brought up. Sometimes different rates are set to accommodate them. The rates for the state and political subdivisions are lower than the ones they have now. So far every time we have added people it works. There is no guarantee the rates will be lower, we provide the possibility, they develop the program.

SENATOR ESPEGARD: What is the position of NDPERS?

S T. MATHERN: I believe there will be a rate increase, but there is also an increase in the private market.

JON LARSON, Pres. Enable, Inc.. In favor. Nearly all agencies that serve people with developmental disabilities are faced with rising premiums. This bill would help them.

BRENDA DUSSET, ND Assn. of Nonprofit Organizations, in favor. Inability to pay health insurance for employees is a big problem. We suggest that all 501c3 organizations be included in PERS.

SENATOR KLEIN: Have you tried to get insurance for your pool of organizations?

B . DUSSET: We talked with the Blues when we had 65 participants, now we have 210 and as we grow might be able to do it, so far not being able to.

SENATOR MUTCH: Have any attempts be made to obtain actuarial advice on either bill (2391 and 2198)?

SENATOR T. MATHERN: Both bills were submitted to the interim employee benefit subcommittee, submitted to actuarial company that serves NDPERS. The bill before you has all the changes recommended by the actuary. As to what the rates will be, that would be done if the bill passes not now.

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Senate Industry, Business and Labor Committee  
Bill/Resolution Number SB 2391  
Hearing Date February 05/01.

SENATOR ESPEGARD: When a new group is started, NDPERS doesn't set the premiums.

They would be set in consultation with the underwriter and are usually higher for a new group.

SENATOR TOLLEFSON: There is the possibility this might not work, not competitive.

S. T. MATHERN: Yes, there is. The same was said about teachers, the school board and county employees, it worked.

Hearing concluded.

Committee reconvened. (Tape 3-A-6.3 to 19.9). All members present.

DAN ULMER, Blue Cross/Blue Shield: This bill is similar to 2198, narrower language.

SENATOR ESPEGARD: Why wouldn't the uninsured join a bank group? The issue is cost, not getting the insurance.

D ULMER: Bottom line is insurance is available if you have the money.

ROD ST AUBYN: The issues is opening up PERS to other groups.

SENATOR KLEIN: Motion: do not pass. SENATOR ESPEGARD: Seconded.

Roll call vote: 5 yes; 2 no. Carrier: SENATOR ESPEGARD.

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/30/2001

Bill/Resolution No.: SB 2391

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

No fiscal effect is anticipated

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Sparb Collins	<b>Agency:</b>	Public Employees Retirement System
<b>Phone Number:</b>	328-3901	<b>Date Prepared:</b>	01/30/2001

Date:

Roll Call Vote #: /

## 2001 SENATE STANDING COMMITTEE ROLL CALL VOTES

**BILL/RESOLUTION NO.** 2391

## Senate Industry, Business and Labor

Committee

☐ Subcommittee on \_\_\_\_\_  
or \_\_\_\_\_

☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DIOF

Motion Made By Sen. Levin Seconded By Sen. Esp. and

[illegible]

Total (Yes) 5 No 2

Absent \_\_\_\_\_

Floor Assignment Sen Enrango

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 7, 2001 1:29 p.m.

**Module No: SR-22-2613**  
**Carrier: Espegard**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2391: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends**  
**DO NOT PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2391 was  
placed on the Eleventh order on the calendar.



2001 TESTIMONY

SB 2391

Senate Bill 2391, Industry Business and Labor Committee

I am Senator Tim Mathern from Fargo. I am sponsoring Senate Bill 2391 to address the problems that non profit organizations, that house and serve persons with disabilities, have in attracting and retaining staff.

We formed these organizations during the years of deinstitutionalization when we down sized the Grafton State School and the facility in Dunseith. These organizations have facilities throughout the state. Attached find a map showing their locations. Essentially this bill permits these organizations to use the NDPERS plan for their employees. This will be of great benefit to them. Note the attachments showing the family PERS plan for \$349.72 per month and one of the group homes family plan at \$621 per month. This bill is similar to SB 2198 having all the protections in place to guard the soundness of the PERS plan so I will not provide those details.

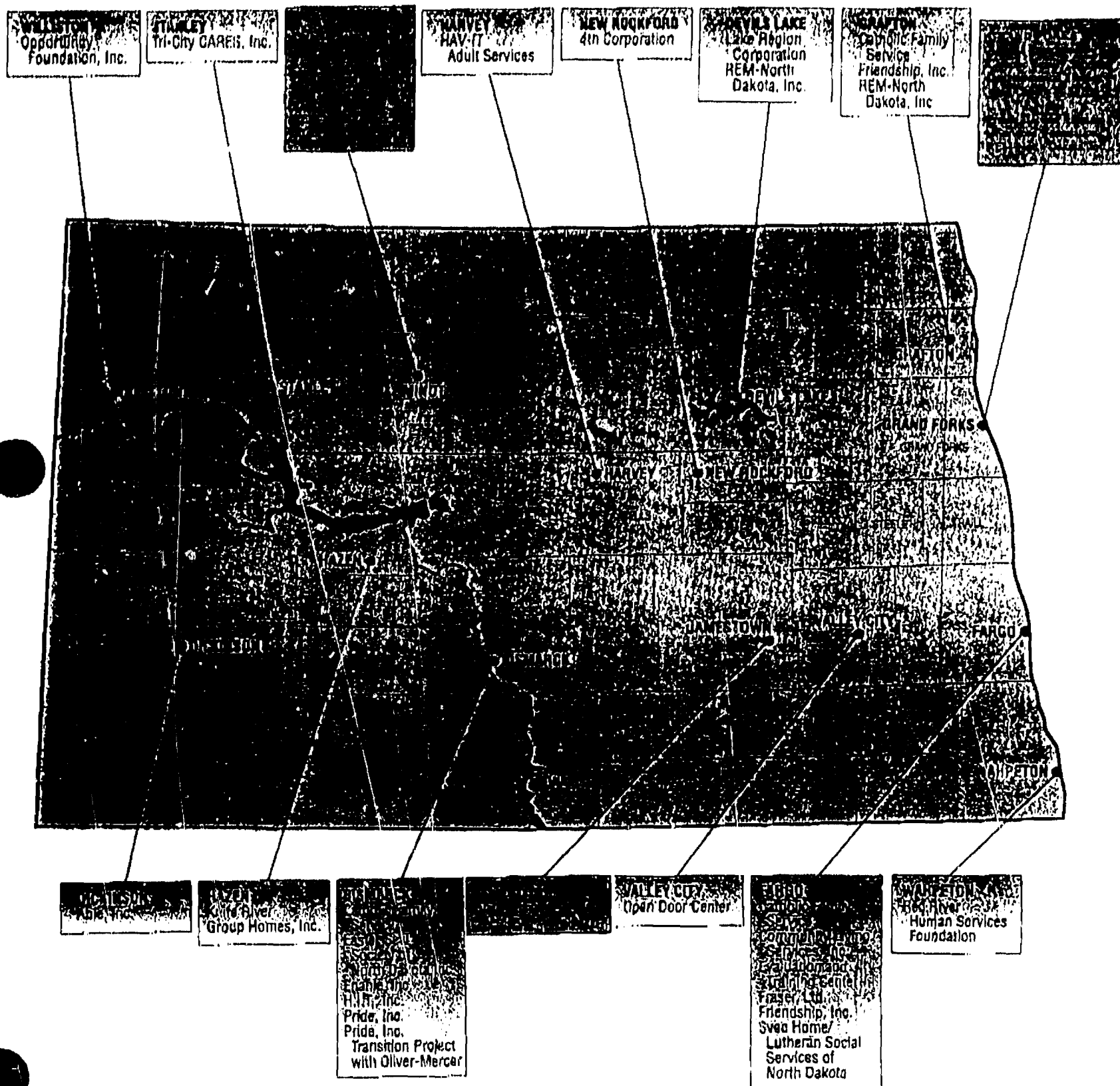
Also attached find the testimony of Mr. Jeff Pederson which I will review with you now as he is unable to attend the hearing.

Mr. Chairman and members of the Committee, these facilities serve the most vulnerable members of our society. Let us help them do it better by offering them the use of the PERS plan which will help them keep the staff they need and not hurt our program in the least.

I ask for a Do Pass recommendation on SB2391. Thank you.



NORTH DAKOTA ASSOCIATION OF COMMUNITY FACILITIES



From Cheryl Masset - NDPERS  
2-2-2001

NDPERS current rates effective until June 30, 2001

Active State Employee Rate (Per contract per month single or family)	\$349.72
EPO/Basic Option Rate (New Political Subdivision Joining NDPERS) (single policy)	\$171.42 *
EPO/Basic Option Rate (New Political Subdivision Joining NDPERS) (family policy)	\$427.94 *
Retired State Employee Rate (Medicare Eligibility, must carry Parts A & B of Medicare) (single policy) (No lapse in coverage)	\$157.54
Retired State Employee Rate (Medicare Eligibility, must carry Parts A & B of Medicare) (family policy) (No lapse in coverage)	\$308.62

\* The subscriber and all eligible dependents on the contract must affiliate with an EPO provider

NDACF -- North Dakota Association of Community Facilities represents 28 provider organizations in the state of North Dakota. We provide services to people with developmental disabilities and other mental health issues.

The 28 provides employ over 2,000 people in providing services to over 3,000 individuals throughout North Dakota.

Friendship, Inc. -- Friendship, Inc. contracts with North Dakota Blue Cross and Blue Shield for health insurance our current rates are as follows:

Single - \$239.00 per month

Single with dependent - \$240.00 per month

Family - \$621.00 per month

Friendship is only able to cover \$239.00 on any of the above coverages and the employee must pick up the remaining cost.

Approximately 64% of our employees enroll in the health insurance program we offer.

**TESTIMONY ON SB2391  
SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE  
FEBRUARY 5, 2001**

Chairman Mutch and members of the Senate Industry, Business and Labor Committee, good morning. My name is Jeff Pederson and I am the President/Chief Executive Officer of Friendship, Inc. Friendship, Inc. is one of the largest non-profit providers of services for people with developmental disabilities in North Dakota. We serve approximately 220 individuals and employ 300 full and part time staff in the communities of Fargo, Grafton and Park River, North Dakota. I apologize I am unable to be here today as a previous engagement has interfered with my ability to testify in person. Thank you, however, for the opportunity to submit written testimony.

I am testifying today in favor of Senate Bill 2391 which would allow non-profit providers of services to people with developmental disabilities, people with chronic mental illness and people who have physical disabilities to have access to the uniform group insurance programs as an option.

Over the past three bienniums our health care costs have increased on average over 17% per year! Our annual budget has increased at a rate of 2% per year! We are unable to keep pace with the rising cost of health insurance. As a result, we have implemented several options to stay within our budgeted dollars from the Department of Human Services. We have dropped full coverage on family plans, increased deductibles, lowered coverage's, switched insurance companies and have implemented employee contribution programs.

As a provider of developmental disabilities services, it has become increasingly difficult to attract and retain employees. Our turnover rates exceed 45% per year and we find ourselves competing with everyone in the market for staff

Including Hardees and McDonald's who often pay more and provide better benefits.

The North Dakota Association of Community Facilities has begun to address these concerns through House Bill 1012 by asking for an increase in fringe benefit cost of an additional 6.4%. No action has been taken to date.

The proposal included in SB2391 would allow providers an option to obtain health insurance coverage for a reasonable rate should the current private market rates continue to escalate. We are asking for your support in providing us this alternative. If we can decrease cost, improve retention and recruitment of staff by offering a good health plan and stretch our budgeted dollars, we can greatly impact quality of services to some of the states most vulnerable citizens.

Please support SB2391. I would be happy to talk with any member if I can be of further assistance. My telephone number (701) 235-8217.

Thank You!