

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to create and enact a new subsection to section 54-52.1-02 and a new
2 section to chapter 54-52.1 of the North Dakota Century Code, relating to prescription drug
3 coverage under the uniform group insurance program and creation of a new trust; and to
4 amend and reenact section 54-06-14, subsection 7 of section 54-52.1-01, subsection 3 of
5 section 54-52.1-03.3, and sections 54-52.1-03.4 and 54-52.1-04 of the North Dakota Century
6 Code, relating to employer payment of unused sick and annual leave and minimum life
7 insurance benefits coverage, the retiree health benefits fund, employer payment of a temporary
8 employee's health insurance premium, temporary employee eligibility, and bids for prescription
9 drug coverage under the uniform group insurance program.

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

11 **SECTION 1. AMENDMENT.** Section 54-06-14 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-06-14. Annual leave and sick leave for state employees.** Annual leave and sick
14 leave must be provided for all persons in the permanent employment of this state who are not
15 employed under a written contract of hire setting forth the terms and conditions of their
16 employment, within the limitations, terms, and provisions of this section. Annual leave for an
17 employee entitled to it must be within a range of a minimum of one working day per month of
18 employment to a maximum of two working days per month of employment, based on tenure of
19 employment, to be fixed by rules adopted by the employing unit. Sick leave for an employee
20 entitled to it must be within a range of a minimum of one working day per month of employment
21 to a maximum of one and one-half working days per month of employment, based on tenure of
22 employment, to be fixed by rules adopted by the employing unit. Annual leave must be
23 compensated for on the basis of full pay for the number of working days' leave credited to the
24 employee. Sick leave must be compensated for on the basis of full pay for absence due to

1 illness on working days during tenure of employment. An employee with at least ten continuous
2 years of state employment is entitled to have a lump sum payment equal to one-tenth of the
3 pay attributed to the employee's unused sick leave accrued under this section paid on the
4 employee's behalf into the trust established by section 7 of this Act. An employer payment of
5 unused annual leave must be paid on the employee's behalf into the trust established under
6 section 7 of this Act. An employee's years of state employment must be deemed continuous if,
7 under the official personnel policy of an agency, unit, or entity, the employee's work is
8 terminated because of a reduction in force and the employee is reinstated in any agency, unit,
9 or entity within two years, or if the employee is placed on voluntary leave status without pay and
10 the leave lasts no longer than two years for education purposes, or one year for any other
11 voluntary leave without pay. The pay attributed to the accumulated, unused sick leave must be
12 computed on the basis of the employee's salary or wage at the time the employee leaves the
13 employ of the state and at the rate of one hour of pay for each hour of unused sick leave. The
14 agency, unit, or entity that last employed the employee shall make the lump sum payment from
15 funds appropriated by the legislative assembly to that agency, unit, or entity for salaries and
16 wages. ~~Any~~ A state agency, unit, or entity which employs persons subject to this section shall
17 ~~formulate and~~ adopt rules governing the granting of annual leave and sick leave which will
18 effectuate the purpose of this section and best suit the factors of employment of that employing
19 unit. Each employing unit shall file with the office of management and budget a copy of the
20 rules adopted, including any amendments or additions to the rules.

21 **SECTION 2. AMENDMENT.** Subsection 7 of section 54-52.1-01 of the North Dakota
22 Century Code is amended and reenacted as follows:

23 7. "Life insurance benefits coverage" means a plan which provides both term life
24 insurance and accidental death and dismemberment insurance in amounts
25 determined by the board, with a minimum of ~~one~~ five thousand dollars provided for
26 the term life insurance portion of the coverage.

27 **SECTION 3.** A new subsection to section 54-52.1-02 of the North Dakota Century Code
28 is created and enacted as follows:

29 Retired medicare-eligible employee group prescription drug coverage.

30 **SECTION 4. AMENDMENT.** Subsection 3 of section 54-52.1-03.3 of the North Dakota
31 Century Code is amended and reenacted as follows:

1 3. The board shall apply the credit allowable under subsection 2 to the payment of
2 monthly premiums required of each person eligible under subsection 1 for hospital
3 benefits coverage and medical benefits coverage under the uniform group
4 insurance program. The board shall allow spouses who each have credit under
5 subsection 2 to combine their credits and shall apply the combined credit to the
6 required monthly premiums under the uniform group insurance program. However,
7 if the allowable credit under any circumstance exceeds the monthly premium in
8 effect for selected coverage, that amount of the credit which exceeds the premium
9 is forfeited and may not be used for any other purpose.

10 **SECTION 5. AMENDMENT.** Section 54-52.1-03.4 of the North Dakota Century Code
11 is amended and reenacted as follows:

12 **54-52.1-03.4. Participation by employees of certain political subdivisions and**
13 **temporary employees.** An employee of a county, city, school district, district health unit, or
14 park district that is not participating in the uniform group insurance program pursuant to section
15 54-52.1-03.1 and is not eligible for any other employee group health plan may elect to
16 participate in the uniform group insurance program by completing the necessary enrollment
17 forms and qualifying under the medical underwriting requirements established by the board.
18 The board may use risk-adjusted premiums for individual insurance contracts to implement the
19 provisions of this section allowing employees of a county, city, school district, district health unit,
20 or park district to participate in the uniform group insurance program. The county, city, school
21 district, district health unit, or park district employee participating in the uniform group insurance
22 program under this section shall pay monthly to the board the premiums in effect for the
23 coverage being provided. A temporary employee employed before August 1, 2007, may elect
24 to participate in the uniform group insurance program by completing the necessary enrollment
25 forms and qualifying under the medical underwriting requirements of the program. A temporary
26 employee employed on or after August 1, 2007, is only eligible to participate in the uniform
27 group insurance program if the employee is employed at least twenty hours per week and at
28 least twenty weeks each year of employment. The temporary employee or the temporary
29 employee's employer shall pay monthly to the board the premiums in effect for the coverage
30 being provided. A political subdivision, department, board, or agency may ~~not~~ make a
31 contribution for coverage under this section. ~~The board may employ one additional employee~~

1 ~~to implement the provisions of this section relating to participation by employees of a county,~~
2 ~~city, school district, district health unit, or park district in the uniform group insurance program.~~

3 **SECTION 6. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **54-52.1-04. Board to contract for insurance.** The board shall receive bids for the
6 providing of hospital benefits coverage, medical benefits coverage, life insurance benefits
7 coverage for a specified term, and employee assistance program services; may receive bids
8 separately for retired medicare-eligible employee group prescription drug coverage; and shall
9 accept the bid of and contract with the carrier that in the judgment of the board best serves the
10 interests of the state and its eligible employees. Solicitations must be made not later than
11 ninety days before the expiration of an existing uniform group insurance contract. Bids must be
12 solicited by advertisement in a manner selected by the board that will provide reasonable notice
13 to prospective bidders. In preparing bid proposals and evaluating bids, the board may utilize
14 the services of consultants on a contract basis in order that the bids received may be uniformly
15 compared and properly evaluated. In determining which bid, if any, will best serve the interests
16 of eligible employees and the state, the board shall give adequate consideration to the following
17 factors:

- 18 1. The economy to be effected.
- 19 2. The ease of administration.
- 20 3. The adequacy of the coverages.
- 21 4. The financial position of the carrier, with special emphasis as to its solvency.
- 22 5. The reputation of the carrier and any other information that is available tending to
23 show past experience with the carrier in matters of claim settlement, underwriting,
24 and services.

25 The board may reject any or all bids and, in the event it does so, shall again solicit bids as
26 provided in this section. The board may establish a plan of self-insurance for providing health
27 insurance benefits coverage only under an administrative services only (ASO) contract or a
28 third-party administrator (TPA) contract.

29 **SECTION 7.** A new section to chapter 54-52.1 of the North Dakota Century Code is
30 created and enacted as follows:

1 **Trust - Qualified health care expenses.** The board may establish a plan that serves
2 an integral governmental function and satisfies Internal Revenue Code section 501(c)(9) or 115,
3 by which the state may contribute to a plan established under a qualified tax-exempt trust
4 administered by the board to assist public employees, their dependents, and their beneficiaries
5 with paying for qualified health care expenses. Under the plan, employer contributions,
6 investment earnings, and payments for qualified health care expenses are tax-exempt. Assets
7 of the plan must be received and maintained in a trust for the exclusive benefit of employees,
8 their dependents, and their beneficiaries.