NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Tuesday, September 21, 2010
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Bette B. Grande, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Bette B. Grande, David Drovdal, Ralph Metcalf, Francis J. Wald, Lisa Wolf; Senators Ray Holmberg, Ralph L. Kilzer, Carolyn Nelson

Member absent: Senator Karen K. Krebsbach

Others present: Jim Kasper, State Representative, Fargo

See Appendix A for additional persons present.

It was moved by Senator Holmberg, seconded by Representative Wolf, and carried on a voice vote that the minutes of the July 21, 2010, meeting be approved as distributed.

At the request of Chairman Grande, committee counsel distributed a report dated July 19, 2010, entitled *Pensions and Retirement Plan Enactments in 2010 State Legislatures* prepared by the National Conference of State Legislatures and a 10-state retirement comparison for Midwestern states prepared by Human Resource Management Services. Copies of these documents are on file in the Legislative Council office.

TEACHERS' FUND FOR RETIREMENT

Employee Benefits Programs Committee Bill No. 54

Chairman Grande recognized Mr. Chris Conradi, Senior Consultant, Gabriel Roeder Smith and Company, Irving, Texas. Mr. Conradi reviewed Employee Benefits Programs Committee Bill No. 54 [10054.0100] and the technical analysis (Appendix B) for the bill. He said the bill will make a number of changes to the Teachers' Fund for Retirement (TFFR) designed to deal with the underfunded situation of TFFR. He said the bill makes changes to both contribution rates and benefits. He said the bill would increase the current employer contribution rate from 8.75 percent of salary to 10.75 percent of salary on July 1, 2012, and to 12.75 percent on July 1, 2014. He said the bill also would increase the member contribution rate from 7.75 percent of salary to 9.75 percent of salary on July 1, 2012, and to 11.75 percent on July 1, 2014. He said the member and employer rates would revert to 7.75 percent once the plan reaches a 90 percent funding ratio or once the actuarial value of assets divided by the actuarial accrued liability is at least .90. He said the bill also makes changes to eligibility requirements for a normal unreduced retirement, early retirement, and disability benefits. He said the bill does not completely restore funding, and Gabriel Roeder Smith and Company estimates the bill will return TFFR to a 70 percent funding level within 30 years. He noted that there are potential constitutional issues with the proposal.

In response to a question from Representative Wald whether any states have reduced benefits in the last several years, Mr. Conradi said precedents in other states may have limited relevance in North Dakota as this issue is a question under North Dakota law. However, he said, several states have cut benefits--some for future hires as well as current members. He said three states--Colorado, Minnesota, and South Dakota--are in court on the issue of whether a public retirement system may cut retiree benefits. He said the TFFR Board of Trustees was well aware of this issue and tried to protect members closer to retirement in crafting proposals to deal with the underfunded status of TFFR.

Chairman Grande recognized Mr. Greg Burns, Executive Director, North Dakota Education Association. Mr. Burns said the North Dakota Education Association supports Employee Benefits Programs Committee Bill No. 54, and a copy of his written comments is attached as Appendix C. He said the North Dakota Education Association believes the proposal is essential to achieving a sustainable and viable TFFR. He also said the proposal will help in attracting and retaining educators in North Dakota. He said the North Dakota Education Association will not bring a legal action to challenge the constitutionality of the proposal or represent a member who does.

In response to a question from Representative Wald, Ms. Fay Kopp, Deputy Executive Director, Retirement and Investment Office, said TFFR issues approximately 66,000 checks per month, 90 percent of which are issued to North Dakota addresses.

Chairman Grande recognized Mr. Doug Johnson, Executive Director, North Dakota Council of Educational Leaders. Mr. Johnson said the North Dakota Council of Educational Leaders supports the proposal.

Chairman Grande recognized Ms. Bev Nielson, Assistant to the Executive Director, North Dakota School Boards Association. Ms. Nielson said the North Dakota School Boards Association's Board of Directors and Government Affairs Committee support increases in employer contributions provided they are accompanied by employee contributions and benefit reductions.

Employee Benefits Programs Committee Bill No. 55

At the request of Chairman Grande, Mr. Conradi reviewed Employee Benefits Programs Committee Bill No. 55 [10055.0100] and reviewed the technical analysis (Appendix D) for the bill. He said the bill is identical to Employee Benefits Programs Committee Bill No. 54, except it contains a $75 million general fund appropriation to TFFR for the purpose of reducing the unfunded actuarial accrued liability of TFFR.

In response to a question from Representative Wald, Mr. Conradi said the $75 million is an appropriation and not a loan that must be repaid at some future time.

Chairman Grande recognized Mr. Burns who said the North Dakota Education Association supports the proposal.

In response to a question from Representative Wolf, Mr. Burns said the members of the North Dakota Education Association overwhelmingly support the proposal.

Chairman Grande recognized Mr. Johnson. He said the North Dakota Council of Educational Leaders has no position on the proposal but agreed the proposal needs to be put forward for discussion purposes.

Chairman Grande recognized Ms. Nielson. She said the North Dakota School Boards Association has concerns with the proposal. She said school districts must be funded to a level to allow them to pay the increased employer contributions called for in the proposal.

Employee Benefits Programs Committee Bill No. 56

At the request of Chairman Grande, Mr. Conradi reviewed Employee Benefits Programs Committee Bill No. 56 [10056.0100]. He said the bill contains the administrative changes for TFFR and reviewed the technical comments (Appendix E) for the bill. He said the bill changes the definition of beneficiary and salary and revises references to minimum required distributions, maximum benefit limits, death benefits, and rollovers by beneficiaries.

Employee Benefits Programs Committee Bill No. 39

Chairman Grande recognized Representative Drovdal. He reviewed Employee Benefits Programs Committee Bill No. 39 [10039.0100]. He said the bill creates a new tier for new employees under TFFR. Under the new tier, he said, normal retirement is at age 65 with early retirement available at age 62 with reduction factors based on the federal Social Security schedule. He said he had introduced the bill for discussion purposes because of the underfunded status of TFFR.

Chairman Grande recognized Mr. Conradi who reviewed the technical comments (Appendix F) for the bill.

Chairman Grande recognized Mr. Burns. He said the North Dakota Education Association is opposed to creating a third tier for members under TFFR. He said the reduction factors contained in the bill for early retirement are too drastic, and Employee Benefits Programs Committee Bill No. 54 is the best option. He said the North Dakota Education Association is opposed to this proposal.

Chairman Grande recognized Ms. Kopp. She said the July 1, 2011, effective date is too aggressive as TFFR will need more time to implement the proposal if enacted. She proposed that the effective date be delayed until July 1, 2012, to give TFFR adequate time to prepare for implementation of the proposal.

Employee Benefits Programs Committee Bill No. 40

Chairman Grande recognized Representative Drovdal. He reviewed Employee Benefits Programs Committee Bill No. 40 [10040.0100]. He said the bill reduces the multiplier for new hires under TFFR to that in effect before the most recent increase or from 2 percent to 1.88 percent.

Chairman Grande recognized Mr. Conradi who reviewed the technical comments (Appendix G) for the bill.

Chairman Grande recognized Mr. Burns. A copy of his written comments concerning Employee Benefits Programs Committee Bill No. 40 is attached as Appendix H. He said the North Dakota Education Association opposes Employee Benefits Programs Committee Bill No. 40. He said the North Dakota Education Association uses four criteria to judge efforts to fix the TFFR funding shortfall. He said these include preservation of the defined benefit for current and future teachers, avoidance of drastic benefit changes, minimization of contribution increases, and maintenance of the 2 percent multiplier.

Chairman Grande recognized Mr. Johnson. He said the North Dakota Council of Educational Leaders supports a 2 percent multiplier for TFFR and thus is in opposition to Employee Benefits Programs Committee Bill No. 40.

Chairman Grande recognized Ms. Kopp. She said if the bill is enacted, the effective date should be delayed until July 1, 2012, in order to give TFFR sufficient time to implement the proposal.

In response to a question from Senator Kilzer, Ms. Kopp said benefit changes alone are not sufficient to restore TFFR's funding status, but contribution increases are also required. In response to a further question from Senator Kilzer, Ms. Kopp said increasing the multiplier from 1.88 percent to 2 percent by the Legislative Assembly did not create the unfunded liability problems for TFFR. She said the current funding problems were directly caused by the downturn in the investment climate.

Employee Benefits Programs Committee Bill No. 2

Chairman Grande recognized Mr. Conradi who reviewed the technical and actuarial analysis

(Appendix I) for Employee Benefits Programs Committee Bill No. 2 [10002.0200]. A copy of the PowerPoint presentation used by Mr. Conradi is attached as Appendix J. He said Employee Benefits Programs Committee Bill No. 2 closes membership in the current defined benefit plan to future hires and creates a new defined contribution plan for all future hires. He noted that without changes, TFFR is projected to run out of money in fiscal year 2039. He said if Employee Benefits Programs Committee Bill No. 2 is enacted, this will actually make the situation worse as TFFR assets will run out in fiscal year 2030. He said two things account for this. First, he said, the closed defined benefit plan receives fewer contributions under Employee Benefits Programs Committee Bill No. 2. Second, he said, the 5.93 percent of each future hire's salary now going to help fund the unfunded actuarial accrued liability would be lost to the defined benefit plan. Because of this, he said, total liability for future benefits, including liability for future hires whether under the defined benefit or defined contribution plan, increases.

Mr. Conradi noted that Employee Benefits Programs Committee Bill No. 2 also has a negative impact on defined benefit reporting. If the defined benefit plan is closed, he said, the annual required contribution must use level dollar amortization. Also, he noted, defined benefit plans tend to provide larger benefits for career employees while providing smaller benefits to those who terminate early in their careers. Because defined contribution plans allow lump sum distributions, he said, some people spend their distribution on current consumption. Also, he noted, individually managed defined contribution accounts typically perform worse than professionally managed defined benefit plans. He said defined contribution plans carry no direct financial risk for employers, but these risks do not disappear as they are shifted to members. Also, he noted, there is a longevity risk under a defined contribution plan, i.e., the member risks running out of money before death. He said defined benefit plans are better at retaining employees, and defined benefit plans provide better death and disability benefits for most members, especially younger vested members. Finally, he said, a defined contribution plan has no mechanism for providing cost-of-living adjustments or other postretirement payments.

On a technical note, Mr. Conradi said, Gabriel Roeder Smith and Company is recommending that the proposal contain a delayed effective date in order to provide the Retirement and Investment Office and TFFR time to select consultants and vendors; prepare member and employer communication materials; and establish policies, procedures, and programming.

In response to a question from Representative Wald, Mr. Conradi said the Alaska and Michigan state employees retirement programs have enacted defined contribution options. However, he said, in states that allow employee elections, only 10 percent to 15 percent elect to participate in the defined contribution plan. He also noted that Utah has recently enacted a hybrid plan.

Chairman Grande recognized Mr. Burns. He said the North Dakota Education Association opposes Employee Benefits Programs Committee Bill No. 2. A copy of his written comments is attached as Appendix K. He also distributed a copy of the October 2008 issue brief prepared by the National Institute on Retirement Security entitled *Look Before You Leap: The Unintended Consequences of Pension Freezes* (Appendix L).

Chairman Grande recognized Mr. Johnson. He said the North Dakota Council of Educational Leaders is opposed to Employee Benefits Programs Committee Bill No. 2.

Chairman Grande recognized Ms. Kopp. She said if Employee Benefits Programs Committee Bill No. 2 is enacted, several scenarios should be clarified. These items include prior service, retired teachers who are later reemployed, the implementation timeline, and an appropriation to cover the additional $150,000 to $200,000 startup and implementation costs.

Chairman Grande recognized Ms. Nielson. She said the North Dakota School Boards Association believes that if Employee Benefits Programs Committee Bill No. 2 is enacted, the state, and not the school districts, should fund those who remain in the defined benefit plan. She noted that Employee Benefits Programs Committee Bill No. 54 is a good compromise.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Employee Benefits Programs Committee Bill No. 80

Chairman Grande recognized Ms. Kim Nicholl, National Public Sector Retirement Practice Leader, The Segal Company, Greenwood Village, Colorado. Ms. Nicholl reviewed Employee Benefits Programs Committee Bill No. 80 [10080.0200] and the technical comments (Appendix M) prepared by The Segal Company for the bill. A copy of the PowerPoint presentation used by Ms. Nicholl is attached as Appendix N. She said the bill closes participation in the Public Employees Retirement System (PERS) hybrid and Highway Patrolmen's retirement system plans and establishes a new defined contribution plan for employees hired after July 31, 2011. She said if the statutory contribution rate were adjusted to achieve full funding, the increase would be greater under the proposed legislation than under the current plan. Using current statutory contribution rates, she said, assets are exhausted earlier under the proposed plan. She said main system assets would be exhausted in 2031 versus 2039 under the current plan. She said Highway Patrolmen's plan assets would be exhausted in 2040, as opposed to 2072 under the current plan.

Chairman Grande recognized Mr. Sparb Collins, Executive Director, Public Employees Retirement System. Mr. Collins presented an analysis (Appendix O) of comparability and equity issues related to Employee Benefits Programs Committee Bill No. 80 and considerations.

Chairman Grande recognized Mr. Stuart Savelkoul, Executive Director, North Dakota Public Employees Association. He said the North Dakota Public Employees Association is opposed to establishing a defined contribution plan for all new state employees.

Chairman Grande recognized Mr. Burns. He said the North Dakota Education Association has approximately 500 members in PERS. He said the North Dakota Education Association is opposed to establishing a defined contribution plan for all new state employees.

Employee Benefits Programs Committee Bill No. 51

Chairman Grande recognized Mr. Brad Ramirez, Consulting Actuary, The Segal Company, Greenwood Village, Colorado. Mr. Ramirez reviewed Employee Benefits Programs Committee Bill No. 51 [10051.0100] and the technical comments (Appendix P) for the bill. He said the proposed legislation would increase the member contribution rate mandated by statute for the Highway Patrolmen's retirement system, main system, judges' retirement system, and defined contribution plan by 2 percent of the member's monthly salary beginning January 2012, plus an additional 2 percent increase in member contribution rates each calendar year thereafter through January 2015. He said member contributions for peace officers and correctional officers in the hybrid plan employed by political subdivisions increase 1 percent instead of 2 percent over the same period.

Chairman Grande recognized Mr. Burns. He said the North Dakota Education Association is opposed to Employee Benefits Programs Committee Bill No. 51. He said increasing member contributions will force lower-paid employees out of the workforce.

Employee Benefits Programs Committee Bill No. 52

Chairman Grande recognized Mr. Ramirez. He reviewed Employee Benefits Programs Committee Bill No. 52 [10052.0100] and the technical comments (Appendix Q) for the bill. He said the proposed legislation would increase the employer contribution rate mandated by statute for the Highway Patrolmen's retirement system, main system, judges' retirement system, and defined contribution plan by 2 percent of the member's monthly salary beginning January 2012, plus an additional 2 percent increase in employer contribution rates each calendar year thereafter through January 2015.

Employee Benefits Programs Committee Bill No. 53

Chairman Grande recognized Mr. Ramirez. He reviewed Employee Benefits Programs Committee Bill No. 53 [10053.0100] and presented the technical comments (Appendix R) for the bill. He said the bill would increase both employer contribution rates and member contribution rates in the Highway Patrolmen's retirement system, main system, judges' retirement system, and defined contribution plan by 1 percent of the member's monthly salary beginning January 2012, plus an additional 1 percent increase in both employer and member contribution rates each calendar year thereafter through January 2015. He said the bill also increases member contribution rates for peace officers and correctional officers in the hybrid plan employed by political subdivisions for which the member contribution rate would increase by .5 percent annually instead of 1 percent, over the same time period, and for temporary employees in the hybrid plan and defined contribution plan, for which the member contribution rate would increase by 2 percent annually, instead of 1 percent, over the same period.

Chairman Grande recognized Mr. Collins. He said PERS had identified an additional change that needs to take place in Employee Benefits Programs Committee Bill No. 53 and presented an amendment (Appendix S). Under the amendment, he said, peace officer contributions would increase by 1 percent of the member's monthly salary beginning with the monthly reporting period of January 2012, and increase annually thereafter by an additional 1 percent, with the final increase taking place beginning with the reporting period of January 2015.

Employee Benefits Programs Committee Bill No. 59

Chairman Grande recognized Mr. Ramirez who reviewed Employee Benefits Programs Committee Bill No. 59 [10059.0100] and the technical comments (Appendix T) for the bill. He said the bill makes a number of administrative changes in the statutes relating to the plans administered by the PERS Board.

Chairman Grande recognized Mr. Collins. He said in a recent Internal Revenue Service review of PERS, the Internal Revenue Service recommended that PERS specifically identify which federal statutes it is in compliance with rather than general references to the Internal Revenue Code. He presented an amendment (Appendix U), which accomplishes this requirement.

UNIFORM GROUP INSURANCE PROGRAM

Employee Benefits Programs Committee Bill No. 60

Chairman Grande recognized Mr. Peter Roverud, Senior Manager, Deloitte Consulting LLP, Minneapolis, Minnesota. Mr. Roverud reviewed Employee Benefits Programs Committee Bill No. 60 [10060.0200] and the technical comments (Appendix V) for the bill. He said the bill would allow another lower-cost coverage option for retired employees not eligible for Medicare, allow the PERS Board to receive separate bids for prescription drug coverage, allow the board to consider self-insurance of the health insurance benefits as well as part or all of the prescription drug coverage, and establish a target range of contingency reserve funds and a timeline to meet the reserve requirement.

In response to a question from Representative Grande, Mr. Collins said the bill requires the board to determine the amount necessary to provide a balance of the contingency reserve fund equal to three and one-half months of claims paid based on the average monthly claims paid during the 12-month period immediately preceeding March 1 of each year. Without this provision, he said, the board would not be able to implement a self-insurance option under the uniform group health insurance program. He said the purpose of the bill is to allow the board to benefit from the most competitive bidding process and pricing for health insurance coverage.

Chairman Grande recognized Representative Kasper. He said he was testifying as an individual and not a member of the Legislative Assembly. He said North Dakota has everything to gain and nothing to lose with passage of this bill as it will allow a more competitive environment for the selection of health insurance providers.

Chairman Grande recognized Mr. Rod St. Aubyn, Director, Government Relations, Blue Cross Blue Shield of North Dakota, Fargo. Mr. St. Aubyn said every pharmacy benefits manager must register with the Insurance Commissioner and report on the rebates it receives. Also, he said, spread pricing is not permitted. He said Blue Cross Blue Shield of North Dakota does not have a position on the bill as it is a question of public policy.

Employee Benefits Programs Committee Bill No. 1

Chairman Grande recognized Mr. Ramirez who reviewed Employee Benefits Programs Committee Bill No. 1 [10001.0200] and the technical comments (Appendix W) for the bill. He said the bill would allow members of the Legislative Assembly to participate in the retiree health benefits fund. He said the bill would not have a significant actuarial cost impact on the fund.

Chairman Grande recognized Senator Holmberg. He noted that state employees have been paying into the retiree health benefits fund for some time, and it may prove to be unpopular to allow legislators to participate and essentially benefit from previous contributions made by state employees.

Employee Benefits Programs Committee Bill No. 9

Chairman Grande recognized Mr. Roverud who reviewed Employee Benefits Programs Committee Bill No. 9 [10009.0100] and the technical comments (Appendix X) for the bill. He said the bill would require PERS to provide coverage for the diagnosis and treatment for an autism-specific disorder in an eligible individual. He said Deloitte Consulting LLP estimates that approximately 85 PERS members would receive treatment for autism spectrum disorder at a cost to the plan of $25,000 to $35,000. He said this equates to a per member permanent cost of $3.08 to $4.31 or approximately $2,125,000 to $2,975,000 annually. One concern, he said, is the Patient Protection and Affordable Care Act ban on annual and lifetime limits for coverage. He said Deloitte Consulting LLP does not believe the federal Act will allow for annual or lifetime limits on the coverage of autism spectrum disorder.

Chairman Grande recognized Mr. Nick Gates, Dickinson. A copy of Mr. Gates' written testimony is attached as Appendix Y. He said North Dakota is one of only five states that does not cover autism spectrum disorders which may cost as much as $3.2 million per person for raising an autistic child. He said the bill would be a tremendous benefit for families with autistic children and bring the opportunity for autism treatment to North Dakota.

Chairman Grande recognized Ms. Lorri Unumb, Senior Policy Advisor, Autism Speaks, Columbia, South Carolina. Ms. Unumb discussed insurance coverage for autism in North Dakota (Appendix Z).

Chairman Grande recognized Mr. St. Aubyn. A copy of his written comments is attached as Appendix AA. He said Blue Cross Blue Shield of North Dakota has a number of concerns with the bill. He said many who are performing autism treatment services are not credentialed professionals or licensed within the state. Historically, he said, Blue Cross Blue Shield of North Dakota does not credential nonlicensed individuals in the interest of quality care. He noted several sections of the bill may conflict with the recently enacted Patient Protection and Affordable Care Act, and enactment of the bill may run afoul of that Act's "grandfathering" provisions.

Employee Benefits Programs Committee Bill No. 36

Chairman Grande recognized Mr. Roverud who reviewed Employee Benefits Programs Committee Bill No. 36 [10036.0200] and the technical comments (Appendix BB) for the bill. He said the bill extends the benefits of the uniform group insurance program to certain non-public sector employers and employees. One concern, he said, is whether enactment would cause the PERS group health insurance plan to lose its "grandfathered plan" status under the Patient Protection and Affordable Care Act.

Employee Benefits Programs Committee Bill No. 38

At the request of Chairman Grande, Mr. Roverud reviewed Employee Benefits Programs Committee Bill No. 38 [10038.0100] and the technical comments (Appendix CC) for the bill. He said the bill authorizes the Department of Human Services, to negotiate with state and federal entities to purchase PERS health insurance coverage for each Medicaid-eligible person in lieu of Medicaid coverage. He noted that the statutes governing PERS would need to be modified to allow offering this coverage.

At the request of Chairman Grande, committee counsel distributed written comments (Appendix DD) prepared by the Department of Human Services for the bill.

Employee Benefits Programs Committee Bill No. 68

Chairman Grande recognized Mr. Roverud who reviewed Employee Benefits Programs Committee Bill No. 68 [10068.0100] and the technical comments (Appendix EE) for the bill. He said the bill would enable the establishment of member-run health insurance entities. He said the bill does not directly affect PERS but could establish an alternative member-run nonprofit entity that would be an additional alternative for PERS and its members to consider.

Employee Benefits Programs Committee Bill No. 103

Chairman Grande recognized Mr. Roverud who reviewed Employee Benefits Programs Committee Bill No. 103 [10103.0100] and the technical comments (Appendix FF) for the bill. He said the bill will allow for the implementation and administration of a consumer-directed health savings account option, as well as allow the PERS Board to adopt incentives to encourage participation in this option. He said additional guidance is needed or clarification of how the bill should be implemented. Also, he said, the possibility exists that if PERS were to offer this plan within the next two years, it may lose its "grandfathered" status under the Patient Protection and Affordable Care Act.

REVIEW OF LEGISLATIVE MEASURES AND PROPOSALS SUBMITTED TO THE EMPLOYEE BENEFITS PROGRAMS COMMITTEE AFFECTING PUBLIC EMPLOYEES RETIREMENT PROGRAMS AND HEALTH AND RETIREE HEALTH PLANS

Employee Benefits Programs Committee Bill No. 217

At the request of Chairman Grande, committee counsel reviewed Employee Benefits Programs Committee Bill No. 217 [10217.0100]. He said the bill requires an individual who moves from the profession of teaching to administrator within a school district to complete eight years as an administrator before any years as an administrator may be counted for purposes of determining final average salary under TFFR.

Chairman Grande recognized Representative Wald. He said he had submitted the bill at the request of a constituent who was concerned with individuals who moved from the profession of teaching to administrator for a minimum number of years to enhance their final average salary under TFFR. He said this creates a "spiking" effect under TFFR, and the bill is designed to mitigate this scenario.

In response to a question from Representative Wolf, Ms. Kopp said TFFR staff will review its records in an attempt to determine how often this may happen and review the results with the committee at its next meeting.

It was moved by Representative Wald, seconded by Representative Metcalf, and carried on a voice vote that the committee accept jurisdiction over Employee Benefits Programs Committee Bill No. 217.

UNIFORM GROUP HEALTH INSURANCE PROGRAM AND FEDERAL HEALTH CARE REFORM LEGISLATION

Chairman Grande recognized Mr. Collins who reviewed the effect of federal health care reform legislation on PERS. A copy of the PERS analysis is attached as Appendix GG.

At the request of Chairman Grande, Mr. Collins presented an update (Appendix HH) of the uniform group health insurance plan. He said the goals of PERS are to bend the health care trend, increase wellness activities in the plan, support the efforts of Blue Cross Blue Shield of North Dakota, and conserve funds where appropriate. He said the existing state premium is $825.66, and the anticipated 2011-13 premium is $886.62. He said this two-year increase is 7.38 percent, or approximately 3.7 percent per year, which is the third lowest since the 1977-79 biennium.

COMMITTEE DISCUSSION

Chairman Grande requested TFFR and PERS prepare actuarial information for Employee Benefits Programs Committee Bill Nos. 54 and 53 respectively with normal retirement at age 65 with a carve-out for employees within 10 years of retirement to determine the actuarial effect of this requirement on the proposals.

No further business appearing, Chairman Grande adjourned the meeting at 4:35 p.m.

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Jeffrey N. Nelson
Committee Counsel

ATTACH:34