

Introduced by

(At the request of the Public Employees Retirement System Board)

1 A BILL for an Act to amend and reenact sections 54-52.1-02, 54-52.1-04, 54-52.1-04.2, and  
2 54-52.1-04.3 of the North Dakota Century Code, relating to subgroups, receiving bids for  
3 prescription drug coverage, self-insurance for prescription drug coverage, and contingency  
4 reserve fund requirements under the uniform group insurance program.

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

6 **SECTION 1. AMENDMENT.** Section 54-52.1-02 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-52.1-02. Uniform group insurance program created - Formation into**  
9 **subgroups.** In order to promote the economy and efficiency of employment in the state's  
10 service, reduce personnel turnover, and offer an incentive to high-grade ~~men and women~~  
11 individuals to enter and remain in the service of state employment, there is ~~hereby~~ created a  
12 uniform group insurance program. The uniform group must be composed of eligible and retired  
13 employees and be formed to provide hospital benefits coverage, medical benefits coverage,  
14 and life insurance benefits coverage in the manner set forth in this chapter. The uniform group  
15 may be divided into the following subgroups at the discretion of the board:

16 1. Medical and hospital benefits coverage group consisting of active eligible  
17 employees and retired employees not eligible for medicare. In determining  
18 premiums for coverage under this subsection for retired employees not eligible for  
19 medicare, the rate for a non-medicare retiree single plan is one hundred fifty  
20 percent of the active member single plan rate, the rate for a non-medicare retiree  
21 family plan of two people is twice the non-medicare retiree single plan rate, and the  
22 rate for a non-medicare retiree family plan of three or more persons is two and  
23 one-half times the non-medicare retiree single plan rate.

- 1           2. In addition to the coverage provided in subsection 1, another coverage option may  
2           be provided for retired employees not eligible for medicare, provided the option  
3           does not increase the implicit subsidy as determined by the governmental  
4           accounting standards board's other postemployment benefit reporting procedure.  
5           In offering this additional option, the board may have an open enrollment but  
6           thereafter enrollment for this option must be as specified in section 54-52.1-03.
- 7           3. Retired medicare-eligible employee group medical and hospital benefits coverage.
- 8       ~~3.~~ 4. Active eligible employee life insurance benefits coverage.
- 9       4. 5. Retired employee life insurance benefits coverage.
- 10      ~~5.~~ 6. Terminated employee continuation group medical and hospital benefits coverage.
- 11      ~~6.~~ 7. Terminated employee conversion group medical and hospital benefits coverage.
- 12      ~~7.~~ 8. Dental benefits coverage.
- 13      ~~8.~~ 9. Vision benefits coverage.
- 14      ~~9.~~ 10. Long-term care benefits coverage.
- 15      ~~10.~~ 11. Employee assistance benefits coverage.
- 16      ~~11.~~ 12. ~~Retired medicare-eligible employee group prescription~~ Prescription drug coverage.

17           **SECTION 2. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19           **54-52.1-04. Board to contract for insurance.** The board shall receive bids for the  
20 providing of hospital benefits coverage, medical benefits coverage, life insurance benefits  
21 coverage for a specified term, and employee assistance program services; may receive bids  
22 separately for ~~retired medicare-eligible employee group~~ prescription drug coverage; and shall  
23 accept the bid of and contract with the carrier that in the judgment of the board best serves the  
24 interests of the state and its eligible employees. Solicitations must be made not later than  
25 ninety days before the expiration of an existing uniform group insurance contract. Bids must be  
26 solicited by advertisement in a manner selected by the board that will provide reasonable notice  
27 to prospective bidders. In preparing bid proposals and evaluating bids, the board may utilize  
28 the services of consultants on a contract basis in order that the bids received may be uniformly  
29 compared and properly evaluated. In determining which bid, if any, will best serve the interests  
30 of eligible employees and the state, the board shall give adequate consideration to the following  
31 factors:

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

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

12           **SECTION 3. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code  
13   is amended and reenacted as follows:

14           **54-52.1-04.2. Self-insurance plan for hospital and medical benefits coverage.**

- 15           1.    The board may establish a self-insurance plan for providing ~~health~~:
  - 16                 a.    Health insurance benefits coverage;
  - 17                 b.    Health insurance benefits coverage excluding all or part of prescription drug  
18                         coverage; or
  - 19                 c.    All or part of prescription drug coverage.
- 20           2.    Any self-insurance plan under this section must be provided under an  
21                 administrative services only (ASO) contract or a third-party administrator (TPA)  
22                 contract under the uniform group insurance program, and may be established only  
23                 if it is determined by the board that an administrative services only or third-party  
24                 administrator plan is less costly than the lowest bid submitted by a carrier for  
25                 underwriting the plan with equivalent contract benefits. Upon establishing a  
26                 self-insurance plan, the board shall solicit bids for an administrative services only  
27                 or third-party administrator contract only every other biennium, and the board is  
28                 authorized to renegotiate an existing administrative services only or third-party  
29                 administrator contract during the interim. In addition, individual stop-loss coverage  
30                 insured by a carrier authorized to do business in this state must be made part of  
31                 any self-insured plan. All bids under this section are due no later than January

1 first, and must be awarded no later than March first, preceding the end of each  
2 biennium. All bids under this section must be opened at a public meeting of the  
3 board.

4 **SECTION 4. AMENDMENT.** Section 54-52.1-04.3 of the North Dakota Century Code  
5 is amended and reenacted as follows:

6 **54-52.1-04.3. Contingency reserve fund - Continuing appropriation.** The board  
7 shall establish under a self-insurance plan a contingency reserve fund to provide for adverse  
8 fluctuations in future charges, claims, costs, or expenses of the uniform group insurance  
9 program. The board shall determine the amount necessary to provide a balance in the  
10 contingency reserve fund ~~equal to~~ between one and one-half months and three and one-half  
11 months of claims paid based on the average monthly claims paid during the twelve-month  
12 period immediately preceding March first of each year. The board also shall determine the  
13 amount necessary to provide an additional balance in the contingency reserve fund between  
14 one month and one and one-half months for claims incurred but not yet reported. The board  
15 may arrange for the services of an actuarial consultant to assist the board in making ~~the~~  
16 ~~determination~~ these determinations. Upon the initial changeover from a contract for insurance  
17 pursuant to section 54-52.1-04 to a self-insurance plan pursuant to section 54-52.1-04.2, the  
18 board must have a plan in place which is reasonably calculated to meet the funding  
19 requirements of this chapter within sixty months. All moneys in the contingency reserve fund,  
20 not otherwise appropriated, are appropriated for the payment of claims and other costs of the  
21 uniform group insurance program during periods of adverse claims or cost fluctuations.