

Sixty-first
Legislative Assembly
of North Dakota

SENATE BILL NO.

Introduced by

Senator Mathern

1 A BILL for an Act to create and enact a new subsection to section 54-52-04, a new subsection
2 to section 54-52.1-01, and five new sections to chapter 54-52.1 of the North Dakota Century
3 Code, relating to the expansion of the uniform group insurance program to allow participation by
4 permanent and temporary employees of private sector employers and by any other individual
5 who is otherwise without health insurance coverage; to amend and reenact section 54-52.1-02
6 of the North Dakota Century Code, relating to subgroups under the uniform group insurance
7 program; to provide an appropriation; to provide a continuing appropriation; and to provide an
8 effective date.

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

10 **SECTION 1.** A new subsection to section 54-52-04 is created:

11 The board shall operate the uniform group insurance program as a governmental
12 benefit plan. The board shall apply to the federal government to receive exempt
13 status under the Employee Retirement Income Security Act to allow for the
14 expansion of the uniform group insurance program under sections 3, 4, 5, 6, 7, and
15 8 of this Act.

16 **SECTION 2.** A new subsection to section 54-52.1-01 is created:

17 "Private sector employer" means a person, other than a state or local
18 governmental agency, department, or board, that regularly pays to one or more
19 employees wages or salary that is reportable to the internal revenue service for
20 income tax purposes.

21 **SECTION 3. AMENDMENT.** Section 54-52.1-02 is amended:

22 **54-52.1-02. Uniform group insurance program created - Formation into**

23 **subgroups.** In order to promote the economy and efficiency of employment in the state's
24 service, to reduce personnel turnover, and to offer an incentive to high-grade ~~men and women~~

1 individuals to enter and remain in the service of state employment, to provide access to health
2 care for every citizen of the state, to attract a highly qualified workforce to the state, and to
3 promote the general health and well-being of the people of North Dakota, there is hereby
4 created a uniform group insurance program. The uniform group must be composed of eligible
5 and retired public employees, permanent employees of private sector employers, temporary
6 employees of private sector employers, and private citizens and be formed to provide hospital
7 benefits coverage, medical benefits coverage, and life insurance benefits coverage in the
8 manner set forth in this chapter. The uniform group may be divided into the following
9 subgroups at the discretion of the board:

- 10 1. Medical and hospital benefits coverage group consisting of active eligible
11 employees and retired employees not eligible for medicare. In determining
12 premiums for coverage under this subsection for retired employees not eligible for
13 medicare, the rate for a non-medicare retiree single plan is one hundred fifty
14 percent of the active member single plan rate, the rate for a non-medicare retiree
15 family plan of two people is twice the non-medicare retiree single plan rate, and the
16 rate for a non-medicare retiree family plan of three or more persons is two and
17 one-half times the non-medicare retiree single plan rate.
- 18 2. Retired medicare-eligible employee group medical and hospital benefits coverage.
- 19 3. Active eligible employee life insurance benefits coverage.
- 20 4. Retired employee life insurance benefits coverage.
- 21 5. Terminated employee continuation group medical and hospital benefits coverage.
- 22 6. Terminated employee conversion group medical and hospital benefits coverage.
- 23 7. Dental benefits coverage.
- 24 8. Vision benefits coverage.
- 25 9. Long-term care benefits coverage.
- 26 10. Employee assistance benefits coverage.
- 27 11. Retired medicare-eligible employee group prescription drug coverage.
- 28 12. Private sector employee and private citizen group medical and hospital benefits
29 coverage.

30 **SECTION 4.** A new section to chapter 54-52.1 is created:

1 **Permanent employees of private sector employers authorized to join uniform**
2 **group insurance program - Employer contribution.** A private sector employer in this state
3 may extend the benefits of the uniform group insurance program under this chapter to its
4 permanent employees, subject to minimum requirements established by the board and a
5 minimum period of participation of sixty months. If a participating employer withdraws from
6 participation in the uniform group insurance program before completing sixty months of
7 participation, that employer shall make payment to the board in an amount equal to any
8 expenses incurred in the uniform group insurance program which exceed income received on
9 behalf of the employees as determined under rules adopted by the board. A participating
10 employer may determine the amount of the employer's monthly contribution toward the total
11 monthly premium amount for each employee required to be paid by each eligible participating
12 employee. The board may apply medical underwriting requirements and risk-adjusted
13 premiums to an employer seeking to obtain coverage under this section and to deny coverage
14 if, in the board's sole discretion, the risk created by the employer is undesirable for the uniform
15 group insurance program. Section 54-52.1-10 does not apply to this section. For purposes of
16 this section, the board may define the term "permanent employee" by rule.

17 **SECTION 5.** A new section to chapter 54-52.1 is created:

18 **Participation by temporary employees of private sector employers.** Subject to
19 minimum requirements established by the board, a temporary employee of a private sector
20 employer participating in the uniform group insurance program pursuant to section 4 of this Act
21 may elect to participate in the uniform group insurance program by completing the necessary
22 enrollment forms. The board may use risk-adjusted premiums for individual insurance contracts
23 to implement this section. A temporary employee participating in the uniform group insurance
24 program under this section shall pay monthly to the board the premiums in effect for the
25 coverage being provided. The board may deny coverage if, in the board's sole discretion, the
26 risk created by the individual is undesirable for the uniform group insurance program. Section
27 54-52.1-10 does not apply to this section.

28 **SECTION 6.** A new section to chapter 54-52.1 is created:

29 **Participation by private citizens.** Subject to minimum requirements established by
30 the board, an individual who is a resident of this state and who does not have health insurance
31 coverage through a private insurer or through a public benefits plan provided by a governmental

1 entity may elect to participate in the uniform group insurance program by completing the
2 necessary enrollment forms. The board may use risk-adjusted premiums for individual
3 insurance contracts to implement this section. For purposes of this section, "resident" means
4 an individual who has actually lived within this state or maintained a home in this state for at
5 least six months immediately preceding the date on which the individual applies to participate in
6 the uniform group insurance plan. An individual may only be a resident of only one state at a
7 time. An individual participating in the uniform group insurance program under this section shall
8 pay monthly to the board the premiums in effect for the coverage being provided. The board
9 may deny coverage if, in the board's sole discretion, the risk created by the individual is
10 undesirable for the uniform group insurance program. Section 54-52.1-10 does not apply to the
11 provisions of this section.

12 **SECTION 7.** A new section to chapter 54-52.1 is created:

13 **Use of agents authorized.** The board may use, and pay commissions to, insurance
14 agents licensed under chapter 26.1-26 to sell health insurance for coverage under sections 3,
15 4, 5, and 6 of this Act. The board may adopt rules to implement this section.

16 **SECTION 8.** A new section to chapter 54-52.1 is created:

17 **Acceptance of moneys - Continuing appropriation.** The board may accept grants,
18 donations, legacies, and devises for the purpose of implementing this chapter. All of these
19 moneys, not otherwise appropriated, are appropriated to the board for the purpose of
20 implementing this chapter.

21 **SECTION 9. APPROPRIATION.** There is appropriated out of any moneys received by
22 the North Dakota public employees retirement system board in the form of insurance premiums,
23 grants, donations, legacies, and devises, not otherwise appropriated, the sum of \$300,000, or
24 so much of the sum as may be necessary, to the public employees retirement system for the
25 purpose of expanding the uniform group insurance program, for the biennium beginning July 1,
26 2009, and ending June 30, 2011. The board is authorized three additional full-time equivalent
27 positions to implement this Act.

28 **SECTION 10. EFFECTIVE DATE.** Sections 2, 3, 4, 5, 6, and 7 of this Act become
29 effective when the board receives notification from the federal government of the uniform group
30 insurance program's exempt status under the Employee Retirement Income Security Act to
31 allow for the expansion of the uniform group insurance program as required under section 1 of

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- 1 this Act, the board determines that utilizing medical underwriting requirements and risk-adjusted
- 2 premiums does not violate the Health Insurance Portability and Accountability Act, and the
- 3 board enters a contract with an insurer to provide coverage pursuant to this Act. The board
- 4 shall notify the director of the legislative council of the effective date of this Act.