

Sixty-seventh
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1245

Introduced by

Representatives Kasper, Dockter, Keiser, B. Koppelman, Lefor, Louser, Meier, Pollert, D.
Ruby, Steiner

Senator Hogue

1 A BILL for an Act to amend and reenact sections 54-52.1-04, 54-52.1-04.1, 54-52.1-04.2,
2 54-52.1-04.7, 54-52.1-04.8, and 54-52.1-05 of the North Dakota Century Code, relating to
3 public employee uniform group insurance plans; to provide for application; and to declare an
4 emergency.

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

6 **SECTION 1. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-52.1-04. Board to contract for insurance - Approval by budget section.**

9 1. The board shall receive bids for the providing of hospital benefits coverage, medical
10 benefits coverage, life insurance benefits coverage for a specified term, and employee
11 assistance program services; and may receive bids separately for all or part of the
12 prescription drug benefits coverage component of medical benefits coverage; ~~and~~
13 ~~shall accept one or more bids of and contract with the carriers the board determines~~
14 ~~best serve the interests of the state and the state's eligible employees.~~ Solicitations
15 must be made not later than ninety days before the expiration of an existing uniform
16 group insurance contract. Bids must be solicited by advertisement in a manner
17 selected by the board which will provide reasonable notice to prospective bidders. ~~In~~
18 ~~preparing bid proposals and evaluating bids, the board may utilize the services of~~
19 ~~consultants on a contract basis in order that the bids received may be uniformly~~
20 ~~compared and properly evaluated~~

21 2. After the board identifies which bids of carriers, if any, the board determines best serve
22 the interests of the state and the state's eligible employees, the board shall forward a
23 recommendation and all the bids to the budget section. The board may recommend

rejection of one or more bids received under this section. Upon receipt of the board's recommendation, the budget section shall determine which bid, if any, will best serve the interests of eligible employees and the state. In identifying and determining which bid, if any, will best serve the interests of eligible employees and the state, the board and the budget section shall give adequate consideration to the following factors:

- a. The economy to be effected.
- b. The ease of administration.
- c. The adequacy of the coverages.
- d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
- e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.
- f. The price and contract guarantees.

2-3. The boardbudget section may reject any or all bids received under this section. If the boardbudget section rejects all bids received, the board again shall again solicit bids as provided in this section. If the budget section does not reject all bids received, the board shall enter a contract with the bidder selected by the budget section under this section.

3-4. In preparing a bid proposal and evaluating a bid under this section, the board and the budget section may use the services of a consultant on a contract basis so the bids received may be compared uniformly and evaluated properly. The board may not enter a contract for consultant services under this subsection unless the budget section has approved the selection of the consultant.

5. Under sections 54-52.1-04.1 and 54-52.1-04.2, following approval by the budget section, the board may contract for health benefits coverage through a health maintenance organization or establish a self-insurance health plan.

SECTION 2. AMENDMENT. Section 54-52.1-04.1 of the North Dakota Century Code is amended and reenacted as follows:

1 **54-52.1-04.1. Health maintenance organization contract - Membership option.**

2 Notwithstanding the provisions of section 54-52.1-04, but subject to approval by the budget
3 section, the board may contract with one or more health maintenance organizations to provide
4 eligible employees the option of membership in a health maintenance organization. If ~~the~~
5 board makes such a contract, the board may not require ~~that~~ the health maintenance
6 organization be federally qualified if the health maintenance organization has a certificate of
7 authority issued by the North Dakota insurance commissioner. The contract or contracts must
8 be included in the uniform group insurance program.

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

11 **54-52.1-04.2. Self-insurance health plan.**

- 12 1. This section applies to a self-insurance health plan for:
- 13 a. Health insurance and prescription drug benefits coverage;
- 14 b. Health insurance benefits coverage, excluding all or part of prescription drug
- 15 benefits coverage; or
- 16 c. All or part of prescription drug benefits coverage.
- 17 2. Except for prescription drug coverage under subdivision c of subsection 1, a
- 18 self-insurance health plan established by the board under this section must be
- 19 provided under an administrative services only (ASO) contract or a third-party
- 20 administrator (TPA) contract under the uniform group insurance program. The board
- 21 may not establish a self-insurance health plan unless the ~~board~~budget section
- 22 determines the self-insurance health plan best serves the interests of the state and the
- 23 state's eligible employees. ~~Except for prescription drug coverage under subdivision c~~
- 24 ~~of subsection 1, if the board~~If the budget section determines it is in the best interest of
- 25 the plan, individual stop-loss coverage insured by a carrier authorized to do business
- 26 in this state may be made part of a self-insurance health plan.

27 **SECTION 4. AMENDMENT.** Section 54-52.1-04.7 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **54-52.1-04.7. Uniform group insurance program - Vision and dental plans.**

30 The board may establish a dental plan, a vision plan, or both, for eligible employees. The
31 board shall receive bids for the plan or plans pursuant to section 54-52.1-04. The ~~board~~budget

1 section may reject any or all bids and provide a plan of self-insurance. Premiums for this
2 coverage must be paid by the eligible employee. Any refund, rebate, dividend, experience rating
3 allowance, discount, or other reduction of premium must be credited as provided by section
4 54-52.1-06.

5 **SECTION 5. AMENDMENT.** Section 54-52.1-04.8 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52.1-04.8. Uniform group insurance program - Long-term care plan.**

8 The board may establish a long-term care plan for eligible employees. The board shall
9 receive bids for the plan under section 54-52.1-04. The ~~board~~budget section may reject any or
10 all bids and provide a plan of self-insurance. Premiums for this plan must be paid by the eligible
11 employee. Any refund, rebate, dividend, experience rating allowance, discount, or other
12 reduction of premium must be credited as provided by section 54-52.1-06.

13 **SECTION 6. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **54-52.1-05. Provisions of contract - Term of contract - Renewal of contract.**

- 16 1. Each uniform group insurance contract entered by the board must be approved by the
17 budget section, must be consistent with ~~the provisions of~~ this chapter, must be signed
18 for the state of North Dakota by the chairman of the board, and must include the
19 following:
- 20 a. As many optional coverages as deemed feasible and advantageous by the
21 board.
 - 22 b. A detailed statement of benefits offered, including maximum limitations and
23 exclusions, and such other provisions as the board may deem necessary or
24 desirable.
- 25 2. The initial term or the renewal term of a uniform group insurance contract through a
26 contract for insurance, health maintenance organization, or self-insurance health plan
27 for hospital benefits coverage, medical benefits coverage, or prescription drug benefits
28 coverage may not exceed two years.
- 29 a. The board may renew a contract subject to this subsection without soliciting a bid
30 under section 54-52.1-04 if the board ~~determines~~recommends and the budget
31 section approves the renewal in the same manner as provided for approving a

1 contract under section 54-52.1-04. In making a recommendation or
2 determination, the board and budget section shall determine whether the carrier's
3 performance under the existing contract meets the board's expectations of the
4 board and the budget section, the proposed premium renewal amount does not
5 exceed the board's expectations of the board and the budget section, and
6 renewal best serves the interests of the state and the state's eligible employees.

7 b. In making a recommendation or determination under this subsection, the board
8 or budget section, respectively, shall:

9 (1) Use the services of a consultant to ~~concurrently and independently~~ prepare
10 concurrently and independently a renewal estimate the board and the
11 budget section shall consider in determining the reasonableness of the
12 proposed premium renewal amount. The board may not enter a contract for
13 consultant services under this subsection unless the budget section has
14 approved the selection of the consultant.

15 (2) Review the carrier's performance measures, including payment accuracy,
16 claim processing time, member service center metrics, wellness or other
17 special program participation levels, and any other measures the board
18 ~~determines~~and budget section determine relevant to making the
19 determination and shall consider these measures in determining the ~~board's~~
20 satisfaction with the carrier's performance.

21 (3) Consider any additional information the board ~~determines~~and the budget
22 section determine relevant to making the determination.

23 c. The board may recommend and the budget section may determine the carrier's
24 performance under the existing contract does not meet the board's expectations,
25 the proposed premium renewal amount exceeds ~~the board's~~ expectations, or
26 renewal does not best serve the interests of the state or the state's eligible
27 employees, and the board ~~therefore~~ may recommend or the budget section may
28 decide to solicit a bid under section 54-52.1-04.

29 **SECTION 7. APPLICATION.** This Act applies to contracts entered or renewed on or after
30 the effective date of this Act.

31 **SECTION 8. EMERGENCY.** This Act is declared to be an emergency measure.