

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 for health benefits; and to provide for  
4 application; ~~and to declare an 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 1. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is amended and reenacted as follows:

**54-52.1-04. Board to contract for insurance - Budget section approval.**

1. The board shall receive bids for the providing of hospital benefits coverage, medical benefits coverage, life insurance benefits coverage for a specified term, and employee assistance program services; may receive bids separately for all or part of the prescription drug benefits coverage component of medical benefits coverage; and except as otherwise provided under this section shall accept one or more bids of and contract with the carriers the board determines best serve the interests of the state and the state's eligible employees. Solicitations must be made not later than ninety days before the expiration of an existing uniform group insurance contract. Bids must be solicited by advertisement in a manner selected by the board which will provide reasonable notice to prospective bidders. In preparing bid proposals and evaluating bids, the board may utilize the services of consultants on a contract basis in order that the bids received may be uniformly compared and properly evaluated. In determining which bid, if any, will best serve the interests of eligible employees and the state, the board 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. The board may reject any or all bids received under this section. If the board rejects all bids received, the board shall again solicit bids as provided in this section.

3. For a bid for hospital benefits coverage, medical benefits coverage, or prescription drug benefits coverage, the board may not accept one or more bids of a contract with the carriers unless the budget section has approved the bids.

- a. Under this subsection, after the board identifies which bids of carriers, if any, the board determines best serve the interests of the state and the state's eligible

employees, the board shall forward a 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 budget section shall give adequate consideration to the following factors:

(1) The economy to be affected.

(2) The ease of administration.

(3) The adequacy of the coverages.

(4) The financial position of the carrier, with special emphasis on the solvency of the carrier.

(5) 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.

(6) The price and contract guarantees.

b. The budget section may reject any or all bids received under this subsection. If the budget section rejects all bids received, the board again shall 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.

c. In preparing a bid proposal and evaluating a bid under this subsection, 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.

4. 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:

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

Notwithstanding the provisions of section 54-52.1-04, but subject to approval by the budget section, the board may contract with one or more health maintenance organizations to provide

1 eligible employees the option of membership in a health maintenance organization. If ~~it~~the  
2 board makes such a contract, the board may not require ~~that~~ the health maintenance  
3 organization be federally qualified if the health maintenance organization has a certificate of  
4 authority issued by the North Dakota insurance commissioner. The contract or contracts must  
5 be included in the uniform group insurance program.

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

8 **54-52.1-04.2. Self-insurance health plan.**

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

24 ~~**SECTION 4. AMENDMENT.** Section 54-52.1-04.7 of the North Dakota Century Code is~~

25 ~~amended and reenacted as follows:~~

26 ~~**54-52.1-04.7. Uniform group insurance program - Vision and dental plans.**~~

27 ~~The board may establish a dental plan, a vision plan, or both, for eligible employees. The~~

28 ~~board shall receive bids for the plan or plans pursuant to section 54-52.1-04. The board~~budget

29 section ~~may reject any or all bids and provide a plan of self-insurance. Premiums for this~~

30 ~~coverage must be paid by the eligible employee. Any refund, rebate, dividend, experience rating~~

~~allowance, discount, or other reduction of premium must be credited as provided by section 54-52.1-06.~~

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

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

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

**SECTION 4. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is amended and reenacted as follows:

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

1. Each uniform group insurance contract entered by the board must be approved by the budget section, must be consistent with the provisions of this chapter, must be signed for the state of North Dakota by the chairman of the board, and must include the following:
  - a. As many optional coverages as deemed feasible and advantageous by the board.
  - b. A detailed statement of benefits offered, including maximum limitations and exclusions, and such other provisions as the board may deem necessary or desirable.
2. The initial term or the renewal term of a uniform group insurance contract through a contract for insurance, health maintenance organization, or self-insurance health plan for hospital benefits coverage, medical benefits coverage, or prescription drug benefits coverage may not exceed two years.
  - a. The board may renew a contract subject to this subsection without soliciting a bid under section 54-52.1-04 if the board determines recommends and the budget section approves the renewal in the same manner as provided for approving a contract under subsection 3 of section 54-52.1-04. In making a recommendation or determination, the board and budget section shall determine whether the

1 carrier's performance under the existing contract meets the board's expectations  
2 of the board and the budget section, the proposed premium renewal amount  
3 does not exceed the board's expectations of the board and the budget section,  
4 and renewal best serves the interests of the state and the state's eligible  
5 employees.

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

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

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

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

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

28 **SECTION 5. APPLICATION.** This Act applies to contracts entered or renewed on or after  
29 the effective date of this Act.

30 ~~—SECTION 6. EMERGENCY. This Act is declared to be an emergency measure.~~