

Fifty-sixth
Legislative Assembly
of North Dakota

Introduced by

(At the request of the Teachers' Fund for Retirement)

1 A BILL for an Act to create and enact two new sections to chapter 15-39.1 and a new
2 subsection to section 21-10-06 of the North Dakota Century Code, relating to retiree health
3 benefits for teachers; to amend and reenact sections 15-39.1-29, 15-39.1-30, and subdivision b
4 of subsection 1 of section 57-15-14.2 of the North Dakota Century Code, relating to retiree
5 health benefits for teachers; to provide an appropriation; to provide a continuing appropriation;
6 and to provide for application.

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

8 **SECTION 1.** A new section to chapter 15-39.1 of the North Dakota Century Code is
9 created and enacted as follows:

10 Teachers' retiree health benefits fund - Continuing appropriation.

11 1. The public employees retirement system board shall establish a teachers' retiree
12 health benefits fund account with the Bank of North Dakota for the purpose of
13 prefunding and providing hospital benefits coverage and medical benefits coverage
14 for retired eligible teachers or surviving spouses of retired eligible teachers and
15 their dependents as provided in this chapter. The state shall contribute monthly to
16 the teachers' retiree health benefits fund an amount equal to one percent of the
17 monthly salaries and wages of each teacher employed in the state. The state
18 treasurer shall certify the state payments and remit the payments monthly to the
19 teachers' retiree health benefits fund. The public employees retirement system
20 board, as trustee of the teachers' retiree health benefits fund and in exclusive
21 control of its administration, shall:

22 a. Provide for the investment and disbursement of moneys of the teachers'
23 retiree health benefits fund and administrative expenditures in the same

manner as moneys of the teachers' fund for retirement are invested,
disbursed, or expended under section 15-39.1-26.

b. Adopt rules necessary for the proper administration of the teachers' retiree
health benefits fund, including enrollment procedures.

2. All moneys deposited in the teachers' retiree health benefits fund established
under subsection 1, not otherwise appropriated, are hereby appropriated to the
public employees retirement system board for the purpose of making investments
for the teachers' retiree health benefits fund and to make contributions toward
hospital and medical benefits coverage for eligible retired teachers or surviving
spouses of eligible retired teachers and their dependents under the uniform group
insurance program established pursuant to chapter 54-52.1.

3. Notwithstanding section 15-39.1-30, the teachers' fund for retirement board shall
provide any information and records requested by the public employees retirement
system board necessary for the administration of sections 1 and 2 of this Act.

4. Any teacher electing to purchase credit pursuant to section 15-39.1-15 or
15-39.1-24 shall also pay to the teachers' retiree health benefits fund one percent
times the teacher's present monthly salary times the number of months of credit
being purchased.

SECTION 2. A new section to chapter 15-39.1 of the North Dakota Century Code is
created and enacted as follows:

Eligibility for retiree health benefits - Fixed contribution and reduction factors.

1. Every person who is receiving monthly benefits from the teachers' fund for
retirement on an account paid under this chapter or under former chapter 15-39 is
entitled to receive credit for hospital and medical benefits coverage under
subsection 2.

2. The board of trustees of the teachers' fund for retirement shall calculate the
allowable monthly credit toward hospital and medical benefits coverage for a
person eligible under subsection 1 in an amount equal to two dollars and fifty cents
multiplied by the person's or deceased person's number of years of credited
service under this chapter or under former chapter 15-39. For a person receiving
an early retirement benefit under this chapter or former chapter 15-39 or the

1 surviving spouse of that person, the allowable monthly credit must be actuarially
2 reduced to account for benefit payments beginning prior to the normal retirement
3 date.

4 3. The public employees retirement system board shall apply the credit allowable
5 under subsection 2 to the payment of monthly premiums required of each person
6 eligible under subsection 1 for hospital benefits coverage and medical benefits
7 coverage under the uniform group insurance program established pursuant to
8 chapter 54-52.1. However, if the allowable credit exceeds the monthly premium in
9 effect for selected coverage, that amount of the credit which exceeds the premium
10 is forfeited and may not be used for any other purpose by the member.

11 **SECTION 3. AMENDMENT.** Section 15-39.1-29 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **15-39.1-29. Fraud against fund or teachers' retiree health benefits fund - Penalty.**

14 Any person who knowingly makes a false statement, or falsifies or permits to be falsified any
15 record or records of ~~this~~ the retirement fund or the teachers' retiree health benefits fund in any
16 attempt to defraud ~~such~~ the fund or the teachers' retiree health benefits fund as a result of ~~such~~
17 the act, is guilty of theft, and is punishable therefor under the laws of the state of North Dakota.
18 Should any change or error in records result in any person receiving from the fund or the
19 teachers' retiree health benefits fund more or less than that person would have been entitled to
20 receive had the records been correct, then, on the discovery of any ~~such~~ error, the board or the
21 public employees retirement system board shall correct ~~such~~ the error, and, as far as
22 practicable, shall adjust the payments in ~~such~~ a manner that the actuarial equivalent of the
23 benefit to which ~~such~~ the person was correctly entitled is paid.

24 **SECTION 4. AMENDMENT.** Section 15-39.1-30 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **15-39.1-30. Confidentiality of records.** Information pertaining to a teacher's
27 retirement assessments and accumulated interest, disability applications and benefits, ~~and~~
28 surviving spouse applications and benefits, and retiree health benefits under this chapter is
29 confidential and is not a public record. The information and records may be disclosed, under
30 rules adopted by the board or the public employees retirement system board in the case of a
31 teacher's retiree health benefits records, only to:

- 1 1. A person to whom the teacher has given written consent to have the information
- 2 disclosed.
- 3 2. A person legally representing the teacher, upon proper proof of representation, and
- 4 unless the teacher specifically withholds consent.
- 5 3. A person authorized by a court order.

6 **SECTION 5.** A new subsection to section 21-10-06 of the 1997 Supplement to the
7 North Dakota Century Code is created and enacted as follows:

8 Teachers' retiree health benefits fund.

9 **SECTION 6. AMENDMENT.** Subdivision b of subsection 1 of section 57-15-14.2 of the
10 North Dakota Century Code is amended and reenacted as follows:

- 11 b. The teachers' retirement fund as provided in section 15-39.1-28 and the
- 12 teachers' retiree health benefits fund as provided in section 1 of this Act.

13 **SECTION 7. APPROPRIATION.** There is hereby appropriated out of any moneys in
14 the teachers' retiree health benefits fund, not otherwise appropriated, the sum of \$50,000, or so
15 much of the sum as may be necessary, to the public employees retirement system board for the
16 purpose of defraying the expenses of administering the teachers' retiree health benefits fund,
17 for the biennium beginning July 1, 1999, and ending June 30, 2001.

18 **SECTION 8. APPROPRIATION.** There is hereby appropriated out of any moneys in
19 the general fund in the state treasury, not otherwise appropriated, the sum of \$6,000,000, or so
20 much of the sum as may be necessary, to the teachers' retiree health benefits fund for the
21 purpose of providing retiree health benefits for teachers, for the biennium beginning July 1,
22 1999, and ending June 30, 2001.

23 **SECTION 9. APPLICATION OF ACT.** This Act applies to state contributions made to
24 the teachers' retiree health benefits fund after September 1, 1999, and to allowable monthly
25 credits applied to monthly premiums for hospital benefits coverage and medical benefits
26 coverage after December 31, 1999.