

HOUSE BILL NO. 1071

Introduced by

Government and Veterans Affairs Committee

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to create and enact a new section to chapter 54-52.1 of the North Dakota
2 Century Code, relating to acceptance and expenditure of funds by the retirement board for the
3 uniform group insurance program from third parties; to amend and reenact sections 54-52.1-04
4 and 54-52.1-04.2 of the North Dakota Century Code, relating to bid negotiations for the health
5 insurance plan and self-insurance and the development of a uniform group insurance
6 program-specific health care provider network; and to provide a continuing appropriation.

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

8 **SECTION 1.** A new section to chapter 54-52.1 of the North Dakota Century Code is
9 created and enacted as follows:

10 **Acceptance and expenditure of third-party payments - Continuing appropriation.**

11 The board may receive moneys from third parties, including the federal government, pursuant
12 to one or more federal programs. All moneys received from third parties by the board are
13 appropriated to the board on a continuing basis for the board's use in paying benefits,
14 premiums, or administrative expenses under the uniform group insurance program.

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

17 **54-52.1-04. Board to contract for insurance.** The board shall receive bids for the
18 providing of hospital benefits coverage, medical benefits coverage, life insurance benefits
19 coverage for a specified term, and employee assistance program services, and shall accept the
20 bid of and contract with the carrier that in the judgment of the board best serves the interests of
21 the state and its eligible employees. Solicitations must be made not later than ninety days
22 before the expiration of an existing uniform group insurance contract. Bids must be solicited by
23 advertisement in a manner selected by the board that will provide reasonable notice to
24 prospective bidders. In preparing bid proposals and evaluating bids, the board may utilize the

1 services of consultants on a contract basis in order that the bids received may be uniformly
2 compared and properly evaluated. In determining which bid, if any, will best serve the interests
3 of eligible employees and the state, the board shall give adequate consideration to the following
4 factors:

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

12 The board may reject any or all bids ~~and, in the event it does so, shall again solicit bids as~~
13 ~~provided in this section~~ or, in the alternative, negotiate the proposed bid price and specifications
14 with any or all bidders. The board may establish a plan of self-insurance for providing health
15 insurance benefits coverage ~~only~~ under an administrative services only (ASO) contract ~~or,~~ a
16 third-party administrator (TPA) contract, or a completely self-administered, self-insurance plan
17 under the uniform group insurance program.

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

20 **54-52.1-04.2. Self-insurance plan for hospital and medical benefits coverage -**
21 **Continuing appropriation.** The board may establish a self-insurance plan for providing health
22 insurance benefits coverage under an administrative services only (ASO) contract or a
23 third-party administrator (TPA) contract under the uniform group insurance program, or the
24 board may completely self-administer a self-insurance plan under the uniform group insurance
25 program, if it is determined by the board that an administrative services only or third party
26 administrator plan determines one or more of these options is less costly than the lowest bid
27 submitted by contracting with a carrier for underwriting the plan with equivalent contract
28 benefits. ~~Upon establishing a self insurance plan, the board shall solicit bids for an~~
29 ~~administrative services only or third party administrator contract only every other biennium, and~~
30 ~~the board is authorized to renegotiate an existing administrative services only or third party~~
31 ~~administrator contract during the interim.~~ In addition, individual Individual stop-loss coverage

1 insured by a carrier authorized to do business in this state must be made part of any
2 self-insured plan. ~~All bids under this section are due no later than January first, and must be~~
3 ~~awarded no later than March first, preceding the end of each biennium. All bids under this~~
4 ~~section must be opened at a public meeting of the board. If the board implements a~~
5 self-administered, self-insurance program, there is appropriated to the board on a continuing
6 basis the total amount of all premiums received for purposes of paying claims and
7 administrative expenses of this section, and the board may employ whatever full-time
8 equivalent staff is necessary to properly and efficiently implement and administer the program.
9 Regardless of whether the board chooses to self-insure under one of these options, the board
10 may develop a provider network by negotiating and contracting with health care providers and
11 associations. A provider network developed under this section may only be used by the board
12 or an insurance company contracting with the board to provide health insurance coverage
13 pursuant to this chapter.