

HOUSE BILL NO. 1475

Introduced by

Representatives Carlson, Belter, Kasper, Keiser, Onstad

Senators Klein, Schneider, Wardner

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to create and enact sections 54-52.1-05.1 and 54-52.1-05.2 of the North
2 Dakota Century Code, relating to the public employees retirement system uniform group
3 insurance program health insurance benefits coverage policy and contract; to amend and
4 reenact sections 54-52.1-04 and 54-52.1-05 of the North Dakota Century Code, relating to the
5 uniform group insurance program health insurance benefits coverage policy and contract; to
6 provide a statement of legislative intent; to provide for an exception; and to declare an
7 emergency.

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

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

11 **54-52.1-04. Board to contract for insurance.**

- 12 1. The board shall receive bids for the providing of hospital benefits coverage, medical
13 benefits coverage, life insurance benefits coverage for a specified term, and employee
14 assistance program services; may receive bids separately for prescription drug
15 coverage; and shall accept one or more bids of and contract with the carriers that in
16 the judgment of the board best serves the interests of the state and its eligible
17 employees. ~~Solicitations~~
- 18 2. Except as provided under section 54-52.1-04.2, a solicitation for health insurance
19 benefits coverage must be made not later than ninety daysno less than six months
20 before the expiration of anthe existing uniform group insurance health insurance
21 benefits coverage contract and for all other contracts under this chapter must be made
22 no less than ninety days before the expiration of the existing uniform group insurance
23 contract. Bids must be solicited by advertisement in a manner selected by the board
24 thatwhich will provide reasonable notice to prospective bidders. In preparing bid

1 proposals and evaluating bids, the board may utilize the services of consultants on a
2 contract basis in order that the bids received may be uniformly compared and properly
3 evaluated.

4 3. In determining which bid, if any, will best serve the interests of eligible employees and
5 the state, the board shall give adequate consideration to the following factors:

6 1-a. The economy to be effected.

7 2-b. The ease of administration.

8 3-c. The adequacy of the coverages.

9 4-d. The adequacy of the in-state and out-of-state network.

10 e. The financial position of the carrier, with special emphasis as to its solvency.

11 5-f. The reputation of the carrier and any other information that is available tending to
12 show past experience with the carrier in matters of claim settlement,
13 underwriting, and services.

14 4. The board may reject any or all bids and, in the event it does so, shall again solicit
15 bids as provided in this section. ~~The~~ if the board solicits bids under this subsection, it
16 may be necessary for the board to expedite the bidding process. If the board
17 expedites the bidding process under this subsection, the board shall notify the
18 legislative management of the expedited process and shall keep the legislative
19 management apprised of the status of the expedited process.

20 5. As provided under section 54-52.1-04.2, the board may establish a plan of
21 self-insurance for providing health insurance benefits coverage only under an
22 administrative services only (ASO) contract or a third-party administrator (TPA)
23 contract.

24 **SECTION 2. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **54-52.1-05. Provisions of contract - Report to legislative management.**

27 1. Each uniform group insurance contract entered into by the board must be consistent
28 with the provisions of this chapter, must be signed for the state of North Dakota by the
29 chairman of the board, and must include the following:

30 1-a. As many optional coverages as deemed feasible and advantageous by the
31 board.

- 1 2-b. A detailed statement of benefits offered, including maximum limitations and
2 exclusions, and such other provisions as the board may deem necessary or
3 desirable.
- 4 c. A provision that a determination by the board that the carrier violated the terms of
5 the contract will result in termination of the contract which is effective one
6 hundred eighty days following that determination and that the termination is final
7 and is not appealable.
- 8 2. A contract entered by the board under this section for health insurance benefits
9 coverage must be entered no less than three months before the expiration of the
10 existing contract. No less than sixty days before entering a contract under this
11 subsection, the board shall make a written report to the legislative management
12 notifying the legislative management of the status of the solicitation, bidding, and
13 selection of a carrier, including receipt of any material the board may have received
14 from a consultant to assist the board in evaluating the bids.
- 15 3. This section applies to all policies that become effective after June 30, 2015.

16 **SECTION 3.** Section 54-52.1-05.1 of the North Dakota Century Code is created and
17 enacted as follows:

18 **54-52.1-05.1. Provisions of health insurance benefits coverage.**

- 19 1. The board contract for health insurance benefits coverage under this chapter must
20 provide that for the duration of the term of that contract:
- 21 a. The contract must require the carrier process in-house its claims under the
22 contract for in-state medical and hospital benefits.
- 23 b. The contract must provide:
- 24 (1) The carrier may not share identifiable or unidentifiable insured or provider
25 data or information with a related or unrelated health care delivery entity.
- 26 (2) The carrier may not directly market to the insured a health care delivery
27 entity or health care provider.
- 28 c. The contract and related policy must provide adequate in-state and out-of-state
29 network coverage.
- 30 2. If the board enters a contract for health insurance benefits coverage under this chapter
31 with a carrier that has common ownership with a health care delivery entity, annually

1 the insurance commissioner shall review the carrier's negotiated provider discount
2 rates to ensure the rates the carrier has with the related health care delivery entity are
3 no more favorable than negotiated rates the carrier has with other similarly situated
4 providers.

5 3. This section applies to all policies that become effective after June 30, 2015.

6 **SECTION 4.** Section 54-52.1-05.2 of the North Dakota Century Code is created and
7 enacted as follows:

8 **54-52.1-05.2. Health insurance benefits coverage - New carrier - Report to legislative**
9 **management.**

10 1. This section applies if the board enters a contract for health insurance benefits
11 coverage under this chapter which results in a new carrier. For the duration of the term
12 of that contract, the contract and related policy:

13 a. Must provide for a seamless transition from the existing coverage to the new
14 coverage.

15 b. May not disrupt existing nor impede future provider relationships with insureds.

16 c. Must provide adequate in-state and out-of-state network coverage.

17 (1) If the carrier's in-state network coverage has fewer providers than the
18 previous carrier's in-state network, the difference in covered providers may
19 not exceed five percent of the state's providers.

20 (2) If the carrier's out-of-state network coverage has fewer providers than the
21 previous carrier's out-of-state network, the difference in covered providers
22 may not exceed ten percent of the out-of-state providers. If the carrier does
23 not meet this threshold level of required providers, until the carrier meets
24 that threshold, the insured's liability for out-of-network services may not
25 exceed what the insured's liability would have been if the services had been
26 provided in-network.

27 (3) Adequate network coverage must include:

28 (a) A billing process that allows an in-network and an out-of-network
29 provider to submit claims directly to the carrier; and

30 (b) An insured's unobstructed access to and choice of in-network
31 providers.

- 1 d. May not result in the insured being financially liable due to balance billing if in that
2 instance the insured would not have been financially liable due to balance billing
3 under the previous carrier.
- 4 e. May not require an insured choose an in-state provider or receive a referral to
5 see a specialist.
- 6 f. May not have a process for prior approval before benefits are available for
7 services which is more restrictive than the previous policy or which covers more
8 services than the previous policy.
- 9 g. May not have a process for preauthorization before services are provided which
10 is more restrictive than the previous policy or which covers more services than
11 the previous policy.
- 12 2. Under this section, if a contract with a new carrier is renewed without soliciting bids,
13 the contract and policy requirements under this section continue. If the contract is
14 rebid, the contract and policy requirements under this section apply to the existing
15 carrier and any new carrier unless before the solicitation, the board provides the
16 legislative management a report on the proposed changes to the contract and related
17 policy.
- 18 3. This section applies to all policies that become effective after June 30, 2015.

19 **SECTION 5. UNIFORM GROUP INSURANCE PROGRAM HEALTH INSURANCE POLICY**

20 **ELEMENTS - DELAY - LEGISLATIVE INTENT.** If the board determines compliance with this
21 Act would result in an increase of more than five percent in the price of the uniform group
22 insurance program health insurance policy as bid, the public employee retirement system board
23 shall initiate an expedited rebidding process for the contract and the carrier providing coverage
24 at the time of that determination may continue under the existing contract until a new contract is
25 finalized, but not to exceed nine months beyond the date the board made the determination.

26 **SECTION 6. EMPLOYEE BENEFITS PROGRAMS COMMITTEE - EXCEPTION.** This Act
27 and any amendments to this Act are not subject to the requirements of section 54-35-02.4.

28 **SECTION 7. EMERGENCY.** This Act is declared to be an emergency measure.