

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED 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, and
2 54-52.1-05 of the North Dakota Century Code, relating to public employee uniform group
3 insurance plans for health benefits; and to provide for application.

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

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

7 **54-52.1-04. Board to contract for insurance - Budget section approval.**

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

- 22 a. The economy to be effected.
23 b. The ease of administration.

- 1 c. The adequacy of the coverages.
- 2 d. The financial position of the carrier, with special emphasis on the solvency of the
- 3 carrier.
- 4 e. The reputation of the carrier and any other information available tending to show
- 5 past experience with the carrier in matters of claim settlement, underwriting, and
- 6 services.
- 7 f. The price and contract guarantees.
- 8 2. The board may reject any or all bids received under this section. If the board rejects all
- 9 bids received, the board shall again solicit bids as provided in this section.
- 10 3. For a bid for hospital benefits coverage, medical benefits coverage, or prescription
- 11 drug benefits coverage, excluding Medicare part D prescription drug coverage, the
- 12 board may not accept one or more bids of a contract with the carriers unless the
- 13 budget section has approved the bids.
- 14 a. Under this subsection, after the board identifies which bids of carriers, if any, the
- 15 board determines best serve the interests of the state and the state's eligible
- 16 employees, the board shall forward a recommendation and all the bids to the
- 17 budget section, including a report on the factors the board considered and how
- 18 the board reached its recommendation. The board may recommend rejection of
- 19 one or more bids received under this section. As authorized under section
- 20 54-35-02.9, upon receipt of the board's recommendation, the budget section shall
- 21 determine which bid, if any, will best serve the interests of eligible employees and
- 22 the state. In identifying and determining which bid, if any, will best serve the
- 23 interests of eligible employees and the state, the budget section shall give
- 24 adequate consideration to the following factors:
- 25 (1) The economy to be affected.
- 26 (2) The ease of administration.
- 27 (3) The adequacy of the coverages.
- 28 (4) The financial position of the carrier, with special emphasis on the solvency
- 29 of the carrier.

1 (5) The reputation of the carrier and any other information available tending to
2 show past experience with the carrier in matters of claim settlement,
3 underwriting, and services.

4 (6) The price and contract guarantees.

5 b. The budget section may reject any or all bids received under this subsection. If
6 the budget section rejects all bids received, the board again shall solicit bids as
7 provided in this section. If the budget section does not reject all bids received, the
8 board shall enter a contract with the bidder selected by the budget section under
9 this subsection.

10 c. In preparing a bid proposal and evaluating a bid under this subsection, the
11 budget section may use the services of a consultant on a contract basis so the
12 bids received may be compared uniformly and evaluated properly.

13 4. When the board requests bids for hospital benefits coverage, medical benefits
14 coverage, or prescription drug benefits coverage, excluding Medicare part D for
15 prescription drug coverage, the board shall include a request for a bid for a self-
16 insurance health plan. Under sections 54-52.1-04.1 and 54-52.1-04.2, following
17 approval by the budget section, the board may contract for health benefits coverage
18 through a health maintenance organization or establish a self-insurance health plan.

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

21 **54-52.1-04.1. Health maintenance organization contract - Membership option.**

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

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

1 **54-52.1-04.2. Self-insurance health plan.**

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

17 **SECTION 4. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is

18 amended and reenacted as follows:

19 **54-52.1-05. Provisions of contract - Term of contract - Renewal of contract.**

- 20 1. Each uniform group insurance contract entered by the board must be consistent with
- 21 ~~the provisions of this chapter,~~ must be signed for the state of North Dakota by the
- 22 chairman of the board, and must include the following:
- 23 a. As many optional coverages as deemed feasible and advantageous by the
- 24 board.
- 25 b. A detailed statement of benefits offered, including maximum limitations and
- 26 exclusions, and such other provisions as the board may deem necessary or
- 27 desirable.
- 28 2. The initial term or the renewal term of a uniform group insurance contract through a
- 29 contract for insurance, health maintenance organization, or self-insurance health plan
- 30 for hospital benefits coverage, medical benefits coverage, or prescription drug benefits
- 31 coverage may not exceed two years.

- 1 a. The board may renew a contract subject to this subsection without soliciting a bid
2 under section 54-52.1-04 if the board ~~determines~~recommends and the budget
3 section approves the renewal in the same manner as provided for approving a
4 contract under subsection 3 of section 54-52.1-04. In making a recommendation
5 or determination, the board and budget section shall determine whether the
6 carrier's performance under the existing contract meets the ~~board's~~ expectations
7 of the board and the budget section, the proposed premium renewal amount
8 does not exceed the ~~board's~~ expectations of the board and the budget section,
9 and renewal best serves the interests of the state and the state's eligible
10 employees.
- 11 b. In making a recommendation or determination under this subsection, the board
12 or budget section, respectively, shall:
- 13 (1) Use the services of a consultant to ~~concurrently and independently~~ prepare
14 concurrently and independently a renewal estimate the board and the
15 budget section shall consider in determining the reasonableness of the
16 proposed premium renewal amount.
- 17 (2) Review the carrier's performance measures, including payment accuracy,
18 claim processing time, member service center metrics, wellness or other
19 special program participation levels, and any other measures the board
20 determines and budget section determine relevant to making the
21 determination and shall consider these measures in determining the ~~board's~~
22 satisfaction with the carrier's performance.
- 23 (3) Consider any additional information the board ~~determines~~and the budget
24 section determine relevant to making the determination.
- 25 c. ~~The~~Under this subsection, the board may recommend and the budget section
26 may determine the carrier's performance under the existing contract does not
27 meet the board's expectations, the proposed premium renewal amount exceeds
28 the ~~board's~~ expectations, or renewal does not best serve the interests of the state
29 or the state's eligible employees, and the board ~~therefore~~ may recommend or the
30 budget section may decide to solicit a bid under section 54-52.1-04.

- 1 d. In making a recommendation to the budget section under this subsection, the
2 board shall provide a recommendation that includes a report on the factors the
3 board considered and how the board reached its recommendation.
4 e. Renewal of a contract for Medicare part D prescription drug coverage is not
5 subject to budget section approval under this subsection.

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