

HOUSE BILL NO. 1321

Introduced by

Representatives Kasper, Dockter, Lefor, Louser, D. Ruby, M. Ruby, Steiner, Vigesaa, Weisz
Senator Hogue

1 A BILL for an Act to create and enact section 54-52.1-05.2 of the North Dakota Century Code,
2 relating to public employees retirement system contracts for health benefits coverage; and to
3 amend and reenact sections 54-52-03, 54-52.1-04, and 54-52.1-05 of the North Dakota Century
4 Code, relating to retirement board membership and public employees retirement system
5 contracts for health benefits coverage.

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

7 **SECTION 1. AMENDMENT.** Section 54-52-03 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-52-03. Governing authority.**

10 1. A state agency is hereby created to constitute the governing authority of the system to
11 consist of a board of ~~nine~~eleven individuals known as the retirement board. No more
12 than one elected member of the board may be in the employ of a single department,
13 institution, or agency of the state or in the employ of a political subdivision. An
14 employee of the public employees retirement system or the state retirement and
15 investment office may not serve on the board.

16 ~~4.~~ Two

17 2. Six members of the legislative assembly must be appointed ~~by the chairman of the~~
18 ~~legislative management~~ to serve on the board.

19 ~~a.~~ If the same political party has the greatest number of members in both the house
20 and senate, one member must be from that majority party and one member from
21 the political party with the next greatest number of members in the house and
22 senate.

- 1 b. ~~If the same political party does not have the greatest number of members in both~~
2 ~~the house and senate, one member must be from the majority party in the house~~
3 ~~and one member must be from the majority party in the senate.~~
- 4 2. The majority leader of the house of representatives shall appoint three members of
5 the house and the majority leader of the senate shall appoint three members of the
6 senate.
- 7 3. One member of the board must be appointed by the governor to serve a term of five
8 years. The appointee must be a North Dakota citizen who is not a state or political
9 subdivision employee and who by experience is familiar with money management.
10 The citizen member is chairman of the board.
- 11 3.4. One member of the board must be appointed by the attorney general from the
12 attorney general's legal staff and shall serve a term of five years.
- 13 4. ~~The state health officer appointed under section 23-01-05 or the state health officer's~~
14 ~~designee is a member of the board.~~
- 15 5. Three board members must be elected by and from among the active participating
16 members, members of the retirement plan established under chapter 54-52.6,
17 members of the retirement plan established under chapter 39-03.1, and members of
18 the job service North Dakota retirement plan. Employees who have terminated their
19 employment for whatever reason are not eligible to serve as elected members of the
20 board under this subsection. Board members must be elected to a five-year term
21 pursuant to an election called by the board. Notice of board elections must be given to
22 all active participating members. The time spent in performing duties as a board
23 member may not be charged against any employee's accumulated annual or any
24 other type of leave.
- 25 6. ~~One board member must be elected by and from among those individuals who are~~
26 ~~receiving retirement benefits under this chapter. The board shall call the election and~~
27 ~~must give prior notice of the election to the individuals eligible to participate in the~~
28 ~~election pursuant to this subsection. The board member shall serve a term of five~~
29 ~~years.~~
- 30 7. The members of the board are entitled to receive one hundred forty-eight dollars per
31 day compensation and necessary mileage and travel expenses as provided in

1 sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due
2 the chairman or a member, plus an allowance for expenses they may incur through
3 service on the board.

4 ~~8-7.~~ A board member shall serve a five-year term and until the board member's successor
5 qualifies. Each board member is entitled to one vote, and ~~nine~~six of the ~~eleven~~
6 board members constitute a quorum. ~~Five~~Six votes are necessary for resolution or
7 action by the board at any meeting.

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

10 **54-52.1-04. Board to contract for insurance.**

- 11 1. The board shall receive bids for the providing of hospital benefits coverage, medical
12 benefits coverage, life insurance benefits coverage for a specified term, and employee
13 assistance program services; may receive bids separately for all or part of the
14 prescription drug benefits coverage component of medical benefits coverage; and
15 shall accept one or more bids of and contract with the carriers the board determines
16 best serve the interests of the state and the state's eligible employees. Solicitations
17 must be made not later than ninety days before the expiration of an existing uniform
18 group insurance contract. Bids must be solicited by advertisement in a manner
19 selected by the board which will provide reasonable notice to prospective bidders. In
20 preparing bid proposals and evaluating bids, the board may utilize the services of
21 consultants on a contract basis in order that the bids received may be uniformly
22 compared and properly evaluated. In determining which bid, if any, will best serve the
23 interests of eligible employees and the state, the board shall give adequate
24 consideration to the following factors:
- 25 a. The economy to be effected.
 - 26 b. The ease of administration.
 - 27 c. The adequacy of the coverages.
 - 28 d. The financial position of the carrier, with special emphasis on the solvency of the
29 carrier.

- 1 e. The reputation of the carrier and any other information available tending to show
2 past experience with the carrier in matters of claim settlement, underwriting, and
3 services.
- 4 2. The board may reject any or all bids received under this section. If the board rejects all
5 bids received, the board shall again solicit bids as provided in this section.
- 6 3. Under sections 54-52.1-04.1 and 54-52.1-04.2 the board may contract for health
7 benefits coverage through a health maintenance organization or establish a
8 self-insurance health plan.
- 9 4. A contract for hospital benefits coverage, medical benefits coverage, or prescription
10 drug benefits coverage is subject to section 54-52.1-05.2.

11 **SECTION 3. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-52.1-05. Provisions of contract - Term of contract.**

- 14 1. Each uniform group insurance contract entered by the board must be consistent with
15 the provisions of this chapter, must be signed for the state of North Dakota by the
16 chairman of the board, and must include the following:
 - 17 a. As many optional coverages as deemed feasible and advantageous by the
18 board.
 - 19 b. A detailed statement of benefits offered, including maximum limitations and
20 exclusions, and such other provisions as the board may deem necessary or
21 desirable.
- 22 2. The initial term or the renewal term of a uniform group insurance contract through a
23 contract for insurance, health maintenance organization, or self-insurance health plan
24 for hospital benefits coverage, medical benefits coverage, or prescription drug benefits
25 coverage may not exceed two years.
 - 26 a. The board may renew a contract subject to this subsection without soliciting a bid
27 under section 54-52.1-04 if the board determines the carrier's performance under
28 the existing contract meets the board's expectations, the proposed premium
29 renewal amount does not exceed the board's expectations, and renewal best
30 serves the interests of the state and the state's eligible employees.
 - 31 b. In making a determination under this subsection, the board shall:

- 1 (1) Use the services of a consultant to concurrently and independently prepare
2 a renewal estimate the board shall consider in determining the
3 reasonableness of the proposed premium renewal amount.
- 4 (2) Review the carrier's performance measures, including payment accuracy,
5 claim processing time, member service center metrics, wellness or other
6 special program participation levels, and any other measures the board
7 determines relevant to making the determination and shall consider these
8 measures in determining the board's satisfaction with the carrier's
9 performance.
- 10 (3) Consider any additional information the board determines relevant to
11 making the determination.
- 12 c. The board may determine the carrier's performance under the existing contract
13 does not meet the board's expectations, the proposed premium renewal amount
14 exceeds the board's expectations, or renewal does not best serve the interests of
15 the state or the state's eligible employees and the board therefore may decide to
16 solicit a bid under section 54-52.1-04.
- 17 d. A contract for coverage under this subsection is subject to section 54-52.1-05.2.

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

20 **54-52.1-05.2. Health insurance benefits coverage - Legislative assembly - Exceptions.**

- 21 1. The board may not enter an initial or renewal contract for hospital benefits coverage,
22 medical benefits coverage, or prescription drug benefits coverage unless this board
23 action has been authorized by the legislative assembly. Before the board enters a
24 contract under this section, the board shall introduce legislation seeking legislative
25 authorization for the board's proposed action relating to the contract.
- 26 2. This section does not apply to a contract for Medicare part D, prescription drug
27 coverage. A bill introduced under this section is not subject to jurisdiction of the
28 employee benefits programs committee under section 54-35-02.4.