

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED HOUSE BILL NO. 1023**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the public employees
2 retirement system; to provide for a transfer; to provide for solicitations of bids for the public
3 employee health benefits coverage; to provide for a study; to create and enact sections
4 54-35-02.9 and 54-35-02.10 and a new subsection to section 54-52-04 of the North Dakota
5 Century Code, relating to the public employee health care coverage committee and the
6 authority of the retirement board; to amend and reenact sections 54-35-02.4 and 54-52.1-08.2
7 of the North Dakota Century Code, relating to the employee benefits programs committee; and
8 to provide an expiration date.

9 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
11 as may be necessary, are appropriated out of any moneys from special funds derived from
12 income to the public employees retirement system for the purpose of defraying the expenses of
13 the public employees retirement system, for the biennium beginning July 1, 2017, and ending
14 June 30, 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
17 Salaries and wages	\$6,315,360	\$809	\$6,316,169
18 Operating expenses	2,753,643	(61,422)	2,692,221
19 Contingencies	<u>250,000</u>	<u>0</u>	<u>250,000</u>
20 Total special funds	\$9,319,003	(\$60,613)	\$9,258,390
21 Full-time equivalent positions	34.50	0.00	34.50

22 **SECTION 2. HEALTH INSURANCE INCREASE.** The salaries and wages line item in
23 section 1 of this Act includes the sum of \$95,431 from other funds for increases in employee
24 health insurance premiums from \$1,130 to \$1,241 per month.

1 **SECTION 3. ONE-TIME FUNDING.** The following amounts reflect the one-time funding
2 items approved by the sixty-fourth legislative assembly as adjusted for the 2015-17 biennium:

3 <u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
4 Public employees retirement system - temporary salaries	\$100,000	\$0
5 Desktop support services	<u>77,370</u>	<u>0</u>
6 Total special funds	\$177,370	\$0

7 **SECTION 4. APPROPRIATION LINE ITEM TRANSFERS.** The public employees
8 retirement system office may transfer from their contingencies line item in section 1 of this Act
9 to all other line items. The agency shall notify the office of management and budget of each
10 transfer made pursuant to this section.

11 **SECTION 5. LEGISLATIVE INTENT - ELECTRONIC DISTRIBUTION OF MATERIALS.** It
12 is the intent of the sixty-fifth legislative assembly that the public employees retirement system
13 office create operating efficiencies when feasible by discontinuing the distribution of paper
14 materials, including newsletters and benefit statements. It is further the intent of the sixty-fifth
15 legislative assembly that the public employees retirement system office develop procedures to
16 electronically distribute materials or provide access to materials through member self-service
17 website applications.

18 **SECTION 6. PUBLIC EMPLOYEE HEALTH INSURANCE PLANS - SOLICITATION OF**
19 **BIDS AND CONTRACTING.**

- 20 1. During the 2017-18 interim, in consultation with the public employee health care
21 coverage committee and based on the recommendations of the legislative
22 management, the retirement board shall design requests for proposals and shall solicit
23 bids under section 54-52.1-04 for hospital, medical, and prescription drug benefits
24 coverage for the active employee plan for the 2019-21 biennium. The board's primary
25 bid must be for a self-insurance plan under section 54-52.1-04.2, and in accordance
26 with section 54-52.1-04.2, the solicitation for bids must include a request for proposals
27 for a fully insured plan or hybrid fully insured plan, or both.
- 28 2. Notwithstanding contrary provisions of law, in response to bids received under
29 subsection 1, the board shall select the carrier or carriers and shall contract for the
30 plan or plans that best serve the interests of the state and its eligible employees. In
31 considering the interests of the state and its employees, the board's considerations

1 must include consideration of flexibility of plan design, employee out-of-pocket costs,
2 and premium. Except as otherwise provided by the sixty-sixth legislative assembly, the
3 contract entered by the board under this subsection is effective for a term of two years
4 and is subject to renewal and rebidding as provided under chapter 54-52.1.

- 5 3. A uniform group insurance program contract for hospital, medical, and prescription
6 drug benefits coverage for active employees in effect for the period July 1, 2017,
7 through June 30, 2019, terminates on June 30, 2019, after which the plan entered
8 under subsection 2 becomes effective. Notwithstanding any law to the contrary, the
9 uniform group insurance program contract for hospital, medical, and prescription drug
10 benefits coverage for active employees entered by the retirement board which
11 becomes effective July 1, 2017, is not subject to renewal for an additional two-year
12 term for the 2019-21 biennium.

13 **SECTION 7. PUBLIC EMPLOYEE HEALTH CARE COVERAGE COMMITTEE STUDY -**
14 **REPORTS.**

- 15 1. During the 2017-18 interim, the public employee health care coverage committee shall
16 study, review, and make recommendations regarding the terms of the retirement
17 board's requests for proposals for hospital, medical, and prescription drug benefits
18 coverage for active employees for the 2019-21 biennium as required under section 6
19 of this Act. In making recommendations, the committee shall consider the interests of
20 the state and its eligible employees, including flexibility of plan design, employee
21 out-of-pocket costs, and premium.
- 22 2. Before July 1, 2018, and then again before the end of the interim, the committee shall
23 report its findings and recommendations, together with any legislation required to
24 implement the recommendations, to the legislative management, and the legislative
25 management shall report the findings and recommendations to the retirement board,
26 the public employees retirement system, and the sixty-sixth legislative assembly.

27 **SECTION 8. AMENDMENT.** Section 54-35-02.4 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **54-35-02.4. Employee benefits programs committee - Powers and duties.**

- 30 1. The employee benefits programs committee shall consider and report on these
31 legislative measures and proposals over which ~~it takes~~ the committee exercises

1 jurisdiction and which affect, actuarially or otherwise, the retirement programs of state
2 employees or employees of any political subdivision, ~~and health and retiree health~~
3 ~~plans of state employees or employees of any political subdivision~~ and the uniform
4 group insurance program. The committee shall make a thorough review of ~~any~~
5 measure or proposal over which ~~it takes under its~~ the committee exercises jurisdiction,
6 including an actuarial review. The committee shall take jurisdiction over any measure
7 or proposal that authorizes an automatic increase or other change in benefits beyond
8 the ensuing biennium which would not require legislative approval. The committee
9 ~~must~~shall include in the report of the committee a statement that the proposal would
10 allow future changes without legislative involvement. The committee shall report its
11 findings and recommendations, along with any necessary legislation, to the legislative
12 management and to the legislative assembly.

13 2. To carry out its responsibilities, the committee, or its designee, may:

14 a. Enter contracts, including retainer agreements, with an actuary or actuarial firm
15 for expert assistance and consultation. Each retirement, insurance, or retiree
16 insurance program shall pay, from its retirement, insurance, or retiree health
17 benefits fund, as appropriate, and without the need for a prior appropriation, the
18 cost of any actuarial report required by the committee which relates to that
19 program.

20 b. Call on personnel from state agencies or political subdivisions to furnish such
21 information and render such assistance as the committee may from time to time
22 request.

23 c. Establish rules for its operation of the committee, including the submission and
24 review of proposals and the establishing of standards for actuarial review.

25 3. The committee may solicit draft measures and proposals from interested persons
26 during the interim between legislative sessions, and may also study measures and
27 proposals referred to ~~it~~ the committee by the legislative assembly or the legislative
28 management.

29 4. ~~A copy of the committee's report concerning any legislative measure shall, if that~~
30 ~~measure~~ if a legislative proposal over which the committee exercised jurisdiction is
31 introduced for consideration by a legislative assembly, a copy of the related committee

1 report must be appended to the copy of that measure ~~which is~~ referred to a standing
2 committee.

3 5. A legislative measure affecting a public employees retirement program, ~~public-~~
4 ~~employees health insurance program, or public employee retiree health insurance-~~
5 ~~program~~ or uniform group insurance program may not be introduced in either house
6 unless ~~the measure~~ is accompanied by a report from the committee. A majority of the
7 members of the committee, acting through the chairman, has sole authority to
8 determine whether ~~any~~ legislative measure affects a program.

9 6. ~~Any~~An amendment made during a legislative session to a legislative measure
10 ~~affecting~~which would affect a public employees retirement program, ~~public employees-~~
11 ~~health insurance program, or public employee retiree health insurance~~ or uniform
12 group insurance program may not be considered by a standing committee unless it is
13 accompanied by a report from the employee benefits programs committee.

14 7. Any legislation enacted in contravention of this section is invalid and of no force and
15 effect, and any benefits provided under such legislation must be reduced to the level
16 current prior to enactment.

17 8. As used in this section, the term "uniform group insurance plan" does not include a
18 uniform group insurance plan for hospital, medical, or prescription drug benefits
19 coverage. The scope of the subject matter over which this committee has jurisdiction
20 does not include legislative proposals or measures over which the public employee
21 health care coverage committee has jurisdiction under section 54-35-02.10.

22 **SECTION 9.** Section 54-35-02.9 of the North Dakota Century Code is created and enacted
23 as follows:

24 **54-35-02.9. Public employee health care coverage committee - Appointment.**

25 1. During each interim, the public employee health care coverage committee must be
26 appointed as follows:

27 a. Four members of the senate appointed by the majority leader of the senate;

28 b. Two members of the senate appointed by the minority leader of the senate;

29 c. Four members of the house of representatives appointed by the majority leader
30 of the house of representatives;

1 d. Two members of the house of representatives appointed by the minority leader of
2 the house of representatives; and

3 e. No more than four nonvoting members appointed by the governor.

4 2. The legislative management shall designate the chairman of the committee. The
5 committee shall operate according to the statutes and procedure governing the
6 operation of other legislative management interim committees. However, a committee
7 member appointed by the governor is not entitled to per diem and is entitled to
8 mileage and expenses as provided by law for state officers and employees which is to
9 be paid by the governor or by the employing agency if that member is an employee of
10 the state.

11 3. The committee shall meet at least quarterly during the interim between regular
12 legislative sessions.

13 **SECTION 10.** Section 54-35-02.10 of the North Dakota Century Code is created and
14 enacted as follows:

15 **54-35-02.10. Public employee health care coverage committee - Powers and duties -**
16 **Standing committees - Legislative management.**

- 17 1. During the interim between regular legislative sessions, the public employee health
18 care coverage committee shall:
- 19 a. Receive from the public employees retirement system quarterly reports on the
20 activities of the retirement board and the public employees retirement system
21 relating to the health care coverage, including the status of and any implemented
22 or proposed changes to the health care coverage. The quarterly report must
23 include status reports on contracts and contract negotiations relating to the health
24 care coverage.
- 25 b. Monitor the health care coverage, which may include receipt of public or
26 aggregate utilization data, wellness initiative reports, and customer satisfaction
27 surveys.
- 28 c. Investigate the feasibility and desirability of making changes to the health care
29 coverage and related contracts for future bienniums and prepare and recommend
30 legislation to pursue any recommended changes.
- 31 d. Study the health care coverage contract bidding and renewal process.

- 1 e. Receive reports regarding the impact of federal law on the health care coverage
2 and the impact federal law may have on any proposed changes to the health
3 care coverage.
- 4 f. Before each regular legislative session, receive from the public employees
5 retirement system the executive budget proposals relating to the health care
6 coverage for the upcoming biennium.
- 7 g. Consider and report on legislative proposals sponsored by the executive branch,
8 judicial branch, and legislative management as provided under subsection 2.
- 9 h. Conduct studies as directed by the legislative assembly or the legislative
10 management.
- 11 i. Report to the legislative management the committee's findings and
12 recommendations, along with any legislation necessary to implement the
13 committee's recommendations. During the interim, the committee may make
14 multiple reports to the legislative management.
- 15 2. During the interim between regular legislative sessions, the committee may solicit draft
16 legislative proposals from the executive branch, judicial branch, and legislative
17 management. A legislative measure affecting the health care coverage may not be
18 submitted by the executive branch, judicial branch, or legislative management for
19 introduction in either house unless the measure is accompanied by a report from the
20 committee. A majority of the members of the committee, acting through the chairman,
21 has sole authority to determine whether a legislative proposal affects the health care
22 coverage.
- 23 a. If the committee determines a legislative proposal affects the health care
24 coverage, either actuarially or otherwise, the committee shall conduct a thorough
25 review of the proposal and shall prepare a report with the committee's
26 recommendation regarding the legislative proposal. The review may include an
27 actuarial report or other report of a third party.
- 28 b. If a legislative proposal for which the committee conducts a review under this
29 subsection is introduced for consideration by the legislative assembly, a copy of
30 the related committee report must be appended to the copy of that measure
31 referred to a standing committee.

- 1 3. To carry out the committee's responsibilities, the committee may:
- 2 a. Through the legislative management, enter a contract with an actuary or actuarial
- 3 firm or other expert for expert assistance and consultation. The committee shall
- 4 notify the public employees retirement system of a contract entered under this
- 5 subsection and, without need for a prior appropriation, the public employees
- 6 retirement system shall pay the cost of the third-party assistance provided under
- 7 the contract.
- 8 b. Direct the public employees retirement system to provide the committee with an
- 9 actuarial report or other analysis. Without the need for a prior appropriation, the
- 10 public employees retirement system shall pay the cost of the report or analysis.
- 11 c. Call on personnel from state agencies or political subdivisions to furnish the
- 12 information and render the assistance the committee may from time to time
- 13 request.
- 14 d. Establish rules for operation of the committee, including the submission and
- 15 review of legislative proposals and the establishing of standards for actuarial
- 16 review.
- 17 4. During a legislative session, if a standing committee takes action on a legislative
- 18 measure sponsored by a legislator or recommends an amendment to a legislative
- 19 measure which would affect the health care coverage, the standing committee shall
- 20 consider the impact, actuarially or otherwise, of the amendment or measure and may
- 21 request the public employees retirement system provide an actuarial report or other
- 22 analysis of the impact of the measure or amendments. If the public employees
- 23 retirement system provides an analysis or other report under this subsection, the
- 24 public employees retirement system may pay for the analysis or other report in the
- 25 same manner as provided under subdivision b of subsection 3.
- 26 5. Upon receipt of findings and recommendations of the committee, the legislative
- 27 management may make recommendations to the retirement board and the public
- 28 employees retirement system.
- 29 6. This section does not require the retirement board or the public employees retirement
- 30 system to disclose to the committee confidential or exempt information or records.
- 31 However, upon request of the committee, the retirement board or public employees

1 retirement system shall provide the committee with aggregate information as
2 appropriate.

3 7. As used in this section, the term "health care coverage" means a uniform group
4 insurance plan for hospital, medical, or prescription drug benefits coverage for an
5 eligible employee which is provided under section 54-52.1-02.

6 **SECTION 11.** A new subsection to section 54-52-04 of the North Dakota Century Code is
7 created and enacted as follows:

8 The board shall establish policies and implement procedures to make and collect
9 payments in the most cost-effective manner, including the use of electronic transfer of
10 funds.

11 **SECTION 12. AMENDMENT.** Section 54-52.1-08.2 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-52.1-08.2. Uniform group insurance program - Compliance with federal**
14 **requirements - Group purchasing arrangements.**

15 If the board determines that ~~any~~any section or the phraseology of ~~any~~any section of this chapter
16 does not comply with applicable federal statutes or rules, the board shall adopt appropriate
17 terminology with respect to that section to comply with the federal statutes or rules, subject to
18 the approval of the legislative management's employee benefits programs committee. If the
19 board seeks the approval of the employee benefits programs committee under this section, the
20 board shall notify the public employee health care coverage committee. The board may assume
21 responsibility for group purchasing arrangements as provided by federal law. ~~Any~~A plan
22 ~~modification~~modification made by the board under this section ~~are~~is effective until the effective
23 date of any measure enacted by the legislative assembly providing the necessary amendments
24 to this chapter to ensure compliance with the federal statutes or rules.

25 **SECTION 13. EXPIRATION DATE.** Section 8, 9, 10, and 12 of this Act are effective through
26 July 31, 2019, and after that date are ineffective.