

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 54-52.2 of the North Dakota
2 Century Code, relating to contributions to the deferred compensation plan; and to amend and
3 reenact subsection 7 of section 39-03.1-08.2 and sections 54-52.1-03.3 and 54-52.1-04.2 of the
4 North Dakota Century Code, relating to the highway patrolmen's retirement system, the retiree
5 health credit, and prescription coverage under a self-insured plan.

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

7 **SECTION 1. AMENDMENT.** Subsection 7 of section 39-03.1-08.2 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 7. In addition to service credit identified in this section, a vested contributor may
10 purchase up to five years of service credit.

11 **SECTION 2. AMENDMENT.** Section 54-52.1-03.3 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-52.1-03.3. Eligibility for retiree health benefits - Fixed contribution and reduction**
14 **factors.**

15 1. The following individuals are entitled to receive credit for hospital ~~and~~benefits
16 coverage, medical benefits coverage, and prescription drug coverage under any
17 health insurance program and for any dental, vision, and long-term care benefits
18 coverage under ~~the uniform group~~any health insurance program under ~~subsection 2:~~

19 a. A member or surviving spouse of receiving retirement benefits under the highway
20 patrolmen's retirement system is eligible for the credit beginning on the date
21 retirement benefits are effective.

22 b. A member or surviving spouse of receiving retirement benefits under the public
23 employees retirement system is eligible for the credit beginning on the date
24 retirement benefits are effective.

- 1 c. A member or surviving spouse ~~of receiving retirement benefits under the~~
2 retirement program established by job service North Dakota under section
3 52-11-01 ~~receiving retirement benefits~~ is eligible for the credit beginning on the
4 date retirement benefits are effective.
- 5 d. A retired judge or surviving spouse receiving retirement benefits under the
6 retirement program established under chapter 27-17 is eligible for the credit
7 beginning on the date retirement benefits are effective.
- 8 e. A former participating member of the defined contribution retirement plan
9 receiving retirement benefits, or the surviving spouse of a former participating
10 member of that retirement plan who was eligible to receive or was receiving
11 benefits, under section 54-52.6-13, is eligible as determined by the board
12 pursuant to its rules.
- 13 2. The board shall calculate the allowable monthly credit toward hospital ~~and~~benefits
14 coverage, medical benefits coverage, and prescription drug coverage under any
15 health insurance program and toward dental, vision, and long-term care benefits
16 coverage under ~~the uniform group~~any insurance program ~~for a person eligible~~ under
17 subsection 1 in an amount equal to five dollars multiplied by the member's or
18 deceased member's number of years of credited service under the highway
19 patrolmen's retirement system, the public employees retirement system, the retirement
20 program established by job service North Dakota under section 52-11-01, or the
21 judges' retirement program established under chapter 27-17. For a member of the
22 public employees retirement system receiving an early retirement benefit or the
23 surviving spouse of that member, or a former participating member of the defined
24 contribution retirement plan who is receiving a periodic distribution and would not meet
25 the normal retirement provisions of the public employees retirement system, the
26 allowable monthly credit must be reduced by three percent if the member terminates
27 employment within one year ~~prior to~~before attaining the age of sixty-five and an
28 additional reduction factor of six percent ~~shall apply~~applies for each year the member
29 terminates employment ~~prior to~~before attaining the age of sixty-four. For a member of
30 the highway patrolmen's retirement system receiving an early retirement benefit or the
31 surviving spouse of that member, the allowable monthly credit must be reduced by

1 three percent if the member terminates employment within one year ~~prior to~~before
2 attaining the age of fifty-five and an additional reduction factor of six percent shall
3 ~~apply~~applies for each year the member terminates employment ~~prior to~~before attaining
4 the age of fifty-four. For a member of the retirement program established by job
5 service North Dakota under section 52-11-01 receiving an early retirement benefit or a
6 discontinued service annuity under the plan provisions of that retirement program or
7 the surviving spouse of that member, the allowable monthly credit must be reduced by
8 three percent if the member terminates employment within one year ~~prior to~~before
9 attaining the age of sixty-five and an additional reduction factor of six percent applies
10 for each year the member terminates employment ~~prior to~~before attaining the age of
11 sixty-four.

12 3. The board shall apply the credit allowable under subsection 2 as elected by the
13 eligible participant to the payment of monthly premiums required of each
14 ~~person~~individual eligible under subsection 1 for hospital benefits coverage and
15 medical benefits coverage, and prescription drug coverage under any health insurance
16 program and for dental, vision, and long-term care benefits coverage under ~~the~~
17 ~~uniform group~~an any insurance program. The board shall allow spouses who each
18 have credit under subsection 2 to combine ~~their~~the spouses' credits and shall apply
19 the combined credit to the required monthly premiums as elected pursuant to this
20 subsection. However, if the allowable credit under any circumstance exceeds the
21 monthly premium in effect for selected coverage, that amount of the credit which
22 exceeds the premium is forfeited and may not be used for any other purpose.

23 4. ~~The board may, as~~As an alternative to the calculation of the allowable monthly credit
24 under subsection 2, the board may provide actuarially reduced benefit options for the
25 member and the member's surviving spouse, including a one hundred percent joint
26 and survivor option or a fifty percent joint and survivor option.

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

29 **54-52.1-04.2. Self-insurance plan for hospital and medical benefits coverage.**

- 30 1. The board may establish a self-insurance plan for providing:
31 a. Health insurance benefits coverage;

1 b. Health insurance benefits coverage excluding all or part of prescription drug
2 coverage; or

3 c. All or part of prescription drug coverage.

4 2. ~~Any~~Except for prescription drug coverage under subdivision c of subsection 1, a
5 self-insurance plan under this section must be provided under an administrative
6 services only (ASO) contract or a third-party administrator (TPA) contract under the
7 uniform group insurance program, and may be established only if ~~it is determined by~~
8 the board ~~that~~determines an administrative services only or third-party administrator
9 plan is less costly than the lowest bid submitted by a carrier for underwriting the plan
10 with equivalent contract benefits. Upon establishing a self-insurance plan, the board
11 shall solicit bids for an administrative services only or third-party administrator contract
12 only every other biennium, and the board ~~is authorized to~~may renegotiate an existing
13 administrative services only or third-party administrator contract during the interim. ~~In~~
14 ~~addition~~Except for prescription drug coverage under subdivision c of subsection 1,
15 individual stop-loss coverage insured by a carrier authorized to do business in this
16 state must be made part of any self-insured plan. All bids under this section are due no
17 later than January first, and must be awarded no later than March first, preceding the
18 end of each biennium. All bids under this section must be opened at a public meeting
19 of the board.

20 **SECTION 4.** A new section to chapter 54-52.2 of the North Dakota Century Code is created
21 and enacted as follows:

22 **Employer contribution.**

23 Employer contributions to the deferred compensation program established under this
24 chapter are authorized as permitted under the Internal Revenue Code.