

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Monday, January 25, 1999  
Brynhild Haugland Room, State Capitol  
Bismarck, North Dakota

Representative Francis J. Wald, Chairman, called the meeting to order at 4:00 p.m.

**Members present:** Representatives Francis J. Wald, Al Carlson, Glen Froseth, Jim Poolman, Sally M. Sandvig; Senators Karen K. Krebsbach, Ed Kringstad, Elroy N. Lindaas, Carolyn Nelson

**Others present:** Sparb Collins, North Dakota Public Employees Retirement System, Bismarck  
John Andrist, State Senator, Crosby

Chairman Wald recognized Senator John Andrist. He reviewed a bill draft relating to participation in the uniform group insurance program. He said under the proposal if an employee who is eligible to participate in the uniform group insurance program at the family plan rate has medical and hospital benefits coverage under a health insurance plan provided to another member of the eligible employee's family and the eligible employee does not enroll in the uniform group insurance program, the eligible employee is entitled to receive a monthly payment equal to 60 percent of the family plan rate. Also, he said, under the proposal if an employee who is eligible to participate in the uniform group insurance program at the family plan rate elects to participate at the single plan rate and forego family coverage, the eligible employee is entitled to receive a monthly payment equal to one-half of the difference between the family plan rate and the single plan rate. To be eligible to receive the 60 percent monthly payment, he said, an eligible employee would have to provide evidence as determined by the Public Employees Retirement System Board on an annual basis that the eligible employee is receiving health and medical benefits coverage under a health insurance plan provided to a member of the eligible employee's family. He said each department, board, or agency would be required to make the payment to an eligible employee who elects not to participate in the uniform group insurance program or who elects to participate at the single plan rate rather than at the family plan rate from funds appropriated for payroll and salary. He said the bill may result in substantial savings to the uniform group insurance program.

Senator Nelson noted that the proposal only applies to employees who are eligible to participate in the uniform group insurance program at the family

plan rate and does not provide any advantage for single employees.

At the request of Chairman Wald, Mr. Sparb Collins, Executive Director, Public Employees Retirement System, addressed the committee. He said the real cost of the uniform group insurance program is not the sum total of premiums paid but actual experience loss or the amount of benefits divided by the number of policies, which is used to determine the premium. He said approximately 80 percent of expenses is incurred by approximately 30 percent of the contracts. He said if employees are encouraged not to participate in the uniform group insurance program, it will not necessarily result in lower health insurance costs but may result in increased premiums because the total cost will be divided by fewer premiums.

In response to a question from Representative Wald, Mr. Collins said the actuarial review will include a section containing technical comments addressing whether there are any Internal Revenue Code compliance problems with the proposal.

In response to a question from Representative Wald, Mr. Collins said under the present plan, each state agency is billed the premium for its employees who participate in the uniform group insurance program.

Chairman Wald recognized Representative Poolman. He said one alternative would be for the committee to recommend that the sponsor introduce a study resolution to study this issue.

In response to Representative Poolman's comments, Senator Nelson said introduction of a study resolution does not guarantee that the Legislative Council will prioritize the resolution and conduct the study. She said the sponsor could submit the bill to the interim Employee Benefits Programs Committee, which would lead to a study of the proposal.

In response to a question from Senator Nelson, committee counsel said that if Senator Andrist decides not to introduce the proposal, then it is not necessary for the committee to take jurisdiction over the proposal.

No further business appearing, Chairman Wald adjourned the meeting at 4:45 p.m.

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Jeffrey N. Nelson  
Counsel