Sixty-third
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

(At the request of the Public Employees Retirement System Board)

A BILL for an Act to amend and reenact sections 54-52.1-02, 54-52.1-03.2, and 54-52.1-03.3 of the North Dakota Century Code, relating to benefit coverage and health benefits credit for retired employees not eligible for medicare and retired employees eligible for medicare under the uniform group insurance program; and to provide a contingent effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52.1-02 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-02. Uniform group insurance program created - Formation into subgroups.

In order to promote the economy and efficiency of employment in the state's service, reduce personnel turnover, and offer an incentive to high-grade individuals to enter and remain in the service of state employment, there is created a uniform group insurance program. The uniform group must be composed of eligible and retired employees and be formed to provide hospital benefits coverage, medical benefits coverage, and life insurance benefits coverage in the manner set forth in this chapter. The uniform group may be divided into the following subgroups at the discretion of the board:

1. Medical and hospital benefits coverage group consisting of active eligible employees and retired employees not eligible for medicare<u>, except for employees who first retire after the effective date of this Act and are not eligible for medicare on their retirement</u>. In determining premiums for coverage under this subsection for retired employees not eligible for medicare, the rate for a non-medicare retiree single plan is one hundred fifty percent of the active member single plan rate, the rate for a non-medicare retiree family plan of two people is twice the non-medicare retiree single plan rate, and the rate for a non-medicare retiree family plan of three or more persons is two and one-half times the non-medicare retiree single plan rate.

2. In addition to the coverage provided in subsection 1, another coverage option may be provided for retired employees not eligible for medicare, <u>except for employees who first retire after the effective date of this Act and are not eligible for medicare on their retirement,</u> provided the option does not increase the implicit subsidy as determined by the governmental accounting standards board's other postemployment benefit reporting procedure. In offering this additional option, the board may have an open enrollment but thereafter enrollment for this option must be as specified in section 54-52.1-03.
3. Retired medicare-eligible employee group medical and hospital benefits coverage.
4. Active eligible employee life insurance benefits coverage.
5. Retired employee life insurance benefits coverage.
6. Terminated employee continuation group medical and hospital benefits coverage.
7. Terminated employee conversion group medical and hospital benefits coverage.
8. Dental benefits coverage.
9. Vision benefits coverage.
10. Long-term care benefits coverage.
11. Employee assistance benefits coverage.
12. Prescription drug coverage.

SECTION 2. AMENDMENT. Section 54-52.1-03.2 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.2. Retiree health benefits fund - Appropriation.

1. The board shall establish a retiree health benefits fund account with the Bank of North Dakota for the purpose of prefunding and providing hospital benefits coverage and medical benefits coverage <u>and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage</u> under the uniform group insurance program for retired eligible employees or surviving spouses of retired eligible employees and their dependents as provided in this chapter. The state shall contribute monthly to the retiree health benefits fund an amount equal to one and fourteen hundredths percent of the monthly salaries and wages of all participating members of the highway patrolmen's retirement system under chapter 39-03.1, and one and fourteen hundredths percent of the monthly salaries of all supreme or district

1 court judges who are participating members of the public employees retirement
2 system under chapter 54-52. Each governmental unit that contributes to the public
3 employees retirement system fund under section 54-52-06 or the retirement plan
4 under chapter 54-52.6 shall contribute monthly to the retiree health benefits fund an
5 amount equal to one and fourteen hundredths percent of the monthly salaries or
6 wages of all participating members of the public employees retirement system under
7 chapter 54-52 or chapter 54-52.6, except for nonteaching employees of the
8 superintendent of public instruction who elect to participate in the public employees
9 retirement system pursuant to section 54-52-02.13 and employees of the state board
10 for career and technical education who elect to participate in the public employees
11 retirement system pursuant to section 54-52-02.14. For nonteaching employees of the
12 superintendent of public instruction who elect to participate in the public employees
13 retirement system pursuant to section 54-52-02.13, the superintendent of public
14 instruction shall contribute monthly to the retiree health benefits fund an amount equal
15 to three and twenty-four hundredths percent of the monthly salaries or wages of those
16 nonteaching employee members, beginning on the first of the month following the
17 transfer under section 54-52-02.13 and continuing thereafter for a period of eight
18 years, after which time the superintendent of public instruction shall contribute one and
19 fourteen hundredths percent of the monthly salary or wages of those nonteaching
20 employee members. For employees of the state board for career and technical
21 education who elect to participate in the public employees retirement system pursuant
22 to section 54-52-02.14, the state board for career and technical education shall
23 contribute monthly to the retiree health benefits fund an amount equal to two and
24 ninety-nine hundredths percent of the monthly salary or wages of those employee
25 members, beginning on the first of the month following the transfer under section
26 54-52-02.14 and continuing thereafter for a period of eight years, after which time the
27 state board for career and technical education shall contribute one and fourteen
28 hundredths percent of the monthly salary or wages of those employee members. The
29 employer of a national guard security officer or firefighter shall contribute monthly to
30 the retiree health benefits fund an amount equal to one and fourteen hundredths
31 percent of the monthly salaries or wages of all national guard security officers or

firefighters participating in the public employees retirement system under chapter 54-52. Job service North Dakota shall reimburse monthly the retiree health benefits fund for credit received under section 54-52.1-03.3 by members of the retirement program established by job service North Dakota under section 52-11-01. The board, as trustee of the fund and in exclusive control of its administration, shall:

a. Provide for the investment and disbursement of moneys of the retiree health benefits fund and administrative expenditures in the same manner as moneys of the public employees retirement system are invested, disbursed, or expended.

b. Adopt rules necessary for the proper administration of the retiree health benefits fund, including enrollment procedures.

2. All moneys deposited in the fund established under subsection 1, not otherwise appropriated, are hereby appropriated to the board for the purpose of making investments for the fund and to make contributions toward hospital and medical benefits coverage and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage under the uniform group insurance program for eligible retired employees or surviving spouses of eligible retired employees and their dependents ~~under the uniform group insurance program~~as elected.

3. If a member terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance at termination. If a member's account balance is withdrawn, the member relinquishes all rights to benefits under the retiree health benefits fund.

SECTION 3. AMENDMENT. Section 54-52.1-03.3 of the North Dakota Century Code is amended and reenacted as follows:

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

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

a. A member or surviving spouse of the highway patrolmen's retirement system is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

b. A member or surviving spouse of the public employees retirement system is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

c. A member or surviving spouse of the retirement program established by job service North Dakota under section 52-11-01 receiving retirement benefits is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

d. A retired judge or surviving spouse receiving retirement benefits under the retirement program established under chapter 27-17 is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

e. A former participating member of the defined contribution retirement plan receiving retirement benefits, or the surviving spouse of a former participating member of that retirement plan who was eligible to receive or was receiving benefits, under section 54-52.6-13, is eligible as determined by the board pursuant to its rules.

2. The board shall calculate the allowable monthly credit toward hospital and medical benefits coverage <u>and prescription drug coverage under any health insurance program and dental, vision, and long-term care benefits coverage under the uniform group insurance program</u> for a person eligible under subsection 1 in an amount equal to five dollars multiplied by the member's or deceased member's number of years of credited service under the highway patrolmen's retirement system, the public employees retirement system, the retirement program established by job service North Dakota under section 52-11-01, or the judges' retirement program established under chapter 27-17. For a member of the public employees retirement system receiving an early retirement benefit or the surviving spouse of that member, or a former participating member of the defined contribution retirement plan who is receiving a periodic distribution and would not meet the normal retirement provisions of the public

employees retirement system, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent shall apply for each year the member terminates employment prior to attaining the age of sixty-four. For a member of the highway patrolmen's retirement system receiving an early retirement benefit or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of fifty-five and an additional reduction factor of six percent shall apply for each year the member terminates employment prior to attaining the age of fifty-four. For a member of the retirement program established by job service North Dakota under section 52-11-01 receiving an early retirement benefit or a discontinued service annuity under the plan provisions of that retirement program or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent applies for each year the member terminates employment prior to attaining the age of sixty-four.

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

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

1 option, or a fifty percent joint and survivor option~~, or a five-year or ten-year certain~~
2 ~~option~~.

3 **SECTION 4. CONTINGENT EFFECTIVE DATE.** This Act becomes effective on July 1,
4 2015, the effective date for the implementation of state health care exchanges as specified
5 under section 1321 of the Patient Protection and Affordable Care Act of 2010 [Pub. L. 111-148]
6 in effect on March 23, 2010, as modified by the Health Care and Education Reconciliation Act of
7 2010 [Pub. L. 111-152] in effect on March 30, 2010, or no later than the first day of the fourth
8 month after a date subsequently designated by the United States department of health and
9 human services for the implementation of state health care exchanges.