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ROLL NUMBER

DESCRIPTION

1486

2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1486

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1486

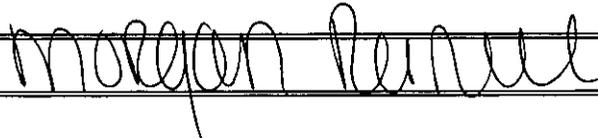
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3231

Committee Clerk Signature



Minutes:

Rep. Haas: This bill has to do with the public employee's health insurance for former legislators. We have two amendments that have been proposed. One amendment that was proposed and approved by the bill sponsor, and another one which puts a little bit of time criteria on who would be eligible for this. It says that in order to be eligible for this you would have to have been in the legislator for at least ten years. So someone who has been here for one term would not be eligible. If you recall the discussion about the other amendment with regards to Sparb Collins, if you will look at the amendment it clears up the language and reduces the rate. We had two rates. One rate was the equivalent state rate and the other was the combined state rate. If you look at the equivalent state rate one, it actually would be a non Medicare family plan of \$643. Once the person got to be over 65 or older, it drops to a Medicare family of \$341. Those are the two amendments. I think we can take those in one motion if that is alright, or would we like some pre motion discussion?

Rep. Wolf: I am really confused on this one. I don't understand how this all works. Is 5 years or more before the effective date of this, are we going back to everyone who was not here for the last 5 years?

Rep. Haas: Yes. That does mean that we will go back. And if we put the other amendment on,

we would have to go back to those five years and they would have had to serve at least ten years of legislative service to be eligible.

Rep. Wolf: What do you have now?

Rep. Haas: What we have now is fully paid health insurance by the state. My wife and I have a family plan. It is my understanding that the state would be paying the composite rate of \$553. There might be some people with single plans. There might be some that are over 65 that are on the Medicare family plan or single rate.

Rep. Grande: Currently you can purchase the Cobra for 18 months, then if you wish to continue you can purchase whichever qualified plan you want.

Rep. Wolf: Right now the limit is 10 years.

Rep. Haas: This is for former members, not active.

Rep. Wolf: Right, I understand that. Right now you don't have to have had serve 10 years to be qualified to get this. Say I don't get elected next term, I still have the option to purchase this for the rest of my life if I want to.

Rep. Amerman: She could still purchase it but she wouldn't get the reduced rate.

Rep. Weiler: I would like to make a motion to change the amendment.

Rep. Haas: Well let's change the amendment before we adopt it.

Rep. Weiler: The concern I have is 10 years. I think 8 years is plenty. If you run and get re-elected after a 4 year term, I think that is an accomplishment.

Rep. Haas: You would like to change that to 8?

Rep. Weiler: You could change that to 5 because that means that you got re-elected, but maybe you do need to serve the full second term. I just think the 10 years is a little too excessive.

Rep. Kasper: What is your reason for wanting to change the 5 to 10?

Rep. Haas: It's not changing the 5 to 10.

Rep. Kasper: On your amendment, page 1 line 14, it says that.

Rep. Haas: No.

Rep. Grande: The 5 year means that you have had to have been elected in 2002 to qualify. Anyone who does not serve from 2002-2007, but if you serve between there and had 8 years of service, then you can purchase it at the lower price. First you have to be able to go back 5 years and find out who in the last 5 years served more than 8 years. They would qualify for the reduced rate.

Rep. Haas: There are really 2 issues there. You must have served at least 8 years and then adopt that amendment. Then the 5 year thing is exactly as Rep. Grande explained it.

Rep. Amerman: If you're within those 5 years and you have the 8 years, you still have to have the insurance now. You cannot not have it now and go get it if we pass this.

Rep. Schneider: I have a problem with any type of requirement that encourages a set amount of time. I don't think it matters if we have been here one month or ten years. We are equal. We have all been elected by the public, all our votes count the same. I think this just encourages people to stay in the legislator even longer for self serving reasons. It probably encourages a more professional type of legislator then a citizen legislator. I don't see a need for a requirement at all.

Rep. Potter: This whole bill makes me somewhat nervous. The reason is that we don't offer anything like this to state employees. Some of them have worked for 20 years or longer in the state. It just makes me uncomfortable excepting something for myself that we don't offer for them.

Rep. Haas: There is one exception to that. Anybody who works for the state, not counting

legislators, you get \$4.35 per year of service, at the end of your retirement and take those times the years you worked which are an immediate deduction of your health insurance. There is a reduced benefit available to state employees on that basis. That is not available to legislators.

Rep. Karls: My father served in the Senate for many years back when they were making \$5/day. He financed his own campaign and it was a real hardship for him to do that. He is taking advantage of the Medicare part of it probably until he dies.

Rep. Haas: That is because it was available when he got out of legislature. What year was his final year?

Rep. Karls: 1999.

Rep. Haas: Right, that was my first year here and I remember him being here. He just continued on with the Medicare supplement after he retired?

Rep. Froseth: While you are on the states health plan and you have something catastrophic happen to you. You retire from this but your medical bills are huge. You can keep the state plan but you didn't. You might have a terrible time trying to find and insurance company that will take you. You could stay on this plan but you might be paying a tremendous amount but maybe you can't find another company that will take you.

Rep. Haas: Not saying whether or not you are going to vote for the amendment, is the committee favorable to change it from 10 years to 8 years?

Rep. Weiler: I have to agree with Rep. Schneider on that, I don't think we need to have any set number of years.

Rep. Haas: So what you are saying is that you would prefer not to have this amendment?

Rep. Kasper: We need have to Sparb come in and modify what the intent of the bill was.

Rep. Haas: They came to me after the bill was submitted and said they thought we should have a minimum length of legislative service before this would be made available. That is the only information that I have. I'm simply acting on the request of the bill sponsors.

Rep. Weiler: I appreciate that and can understand that. I'm just saying that I disagree. I don't think that there should be a requirement.

Rep. Haas: When Sparb made his comment, he was doing it not on the basis of this amendment requiring a minimum number of years of service. He made the statement that this pool is extremely small. There are very few people that are eligible for this. I don't think that is a concern.

Rep. Wolf: I agree with what Rep. Schneider and Rep. Weiler are saying but it makes me think of a situation that happened in Minot. A representative passed away during session. Her opponent took over and actually never served a session. She served in the interim. Under this without a time limit, she would then also be qualified for the insurance. Even though she has never actually served a term.

Rep. Weiler: That is a good question. Do we need to put in there that you need to be elected. I don't want to muddy the waters here.

Rep. Haas: But there could be a point where they have to serve a four year term.

Rep. Amerman: Are you sure that we don't need Sparb's amendments?

Rep. Haas: Oh yeah we need Sparb's. We are just talking about the requirements. In the mean time what are your wishes on the amendments brought by Sparb?

Rep. Froseth: I move the amendments.

Rep. Meier: I second that.

Rep. Haas: Is there any discussion on the amendment that Sparb gave us this morning? If not we will take a voice vote on that amendment. All in favor say 'aye' all opposed say 'no'. The amendment is carried.

Rep. Haas: what are your wishes on the years of service requirement?

Rep. Weiler: I would like to see what Jeff Nelson has to say.

Rep. Grande: They are checking the wording. What I am thinking is on line 14, members of the legislative assembly, then insert who were elected to serve in the legislator. Appointments would not be right. I think elected has to be a part of it. After the word assembly eliminate who.

Rep. Dahl: I think that is much better.

Rep. Haas: So what you are saying is that they need to serve in the session?

Rep. Grande: Yes. If you put in a session you get the insurance.

Rep. Kasper: I would like to see the full amendment, engrossed and all.

Rep. Grande: I will read the bill with the new amendments and wording. I will start on line 12. The member or former member of the legislative assembly or the persons spouse should pay the equivalent rate of a state employee with single or family coverage, however this rate will only be available to non Medicare contracts. Former members of the legislative assembly who have completed at least one legislative term in the assembly and service in the legislative assembly will get the coverage.

Rep. Haas: We have adopted Sparb's amendment with a voice vote.

Rep. Weiler: So you need to serve a full term? A full term is 4 years.

Rep. Grande: Do we want to state it as a legislative session or a legislative term.

Rep. Weiler: We don't need to get into that.

Rep. Grande: If we say legislative session we mean legislative session. We don't say anything about the special sessions.

Rep. Weiler: I move the amendment.

Rep. Boehning: I second that.

Rep. Haas: Is there any discussion?

Rep. Weiler: You have to complete a session.

Rep. Wolf: Right.

Rep. Haas: Sparb's amendment was designed primarily to get this equivalent rate rather than combine it. The combined rate would cost you much more.

Rep. Karls: What if a member during the current session passed away, how would this serve their surviving spouse?

Rep. Weiler: The way I understand it is if they are a freshman they don't get it because they didn't complete the session. If they are not a freshman and have served a session before they are completed. That is the way I see it. There are a thousand different scenarios that I came up with.

Rep. Haas: Is there any further discussion on the amendment. All in favor say 'aye' all opposed say 'no'. The amendment is carried. Do I hear a motion?

Rep. Meier: I move a do pass as amended.

Rep. Dahl: I Second that.

Rep. Haas: Is there any further discussion? If not I will take a roll call vote on a do pass as amended on HB 1486. The do pass motion passes with a vote of 12-1-0. Is there a volunteer to carry this bill?

Rep. Kasper: I will.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1486

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3130

Committee Clerk Signature

Morgan Rennie

Minutes:

Rep. Skarphol: *This is a piece of legislation in regards to employee benefits. The only reason I'm here is that after the collection cycle a very good friend came and talked about this. Some of them are having a level of difficulty on getting quality insurance. I think its appropriate for us for after a certain amount of years of service to provide one small benefit to those that have served for a period of time, and that is the ability to buy their health insurance along with the rest of the state employees for North Dakota. I would rather quickly draft a piece of legislation so we can discuss it. I would also ask of the committee to consider putting some type of restriction on the years of service that must be considered before they are eligible for this.*

Rep. Kasper: About your last statement, whether an individual serves ten sessions or one session here, they may be in the same boat. Once they are no longer here they could have a difficult time getting health insurance. I am just wondering why we would want to limit or require a certain amount of terms or sessions.

Rep. Skarphol: I do think that there is a kind of special category that you should be in to do this. The category is somewhat of a unique situation. I'm not entirely comfortable with doing that. Mr. Collins can explain it much better than I can. We are treading new ground if we do what my intent was.

Sparb Collins: Handout Attached.

Legislators in the statute are allowed at the time a legislator quits being a legislator, the statute allows them to continue in the state health insurance plan. When they come off the active group, you have the opportunity underneath the statute to continue on the health insurance plan. That is the eligibility window for legislators.

Rep. Haas: There is no 18 month limit?

Sparb Collins: Yes. You may continue on the plan as long as you like. If you don't take the plan or elect to continue at the time a legislator quits being a legislator, there is no additional way to get back in. So you can continue on and stay on the plan with no change or you can get off. That differs quite a bit. Everyone else on the plan, the only way they can continue on the plan is if they are getting a retirement annuity from one of the state funds. If you have an employee who terminates employment at age 35, they can't continue on the plan because they aren't part of the state, and aren't getting retirement. They do have a certain eligibility window that they can come back on it at the time they retire or a spouse retires. If you take a look down at the current rate and say a legislator elects to finish his term but is not longer going to be active, he decides to stay on the plan, under the current rate you would see they would get 18 months of COBRA at a rate of \$656. After that expires they would go into our category of pre Medicare. The rate for that is \$781.86. That statute determines how we calculated that rate. What this bill does is says that a legislator would have the opportunity to get the state rate. The state rate today is a composite rate. Instead of charging a single rate or family rate, they would charge the deposit rate. Taken literally, the bill would say that we would extend that \$553.94 rate to all of these categories. Literally, that doesn't really provide the outcome that is being suggested here because as you can see the rates go up. With talking to Rep. Skarphol, we came up with this amendment.

Rep. Haas: If in the case that Rep. Skarphol described to us, that person would probably be paying the \$553.94.

Sparb Collins: As the bill stands, yes. That really wasn't the intent. The intent was really to allow a legislator in particular, the pre Medicare legislator, in the Medicare category we are already going to be cheaper than the state rate because we pay separate so our rates aren't as high. The amendment says that instead of being the composite rate it would be the equivalent of the family rate that would be charged. What that then means is that we would convert the composite rate to what the single family rate would be and that is what we would charge the pre Medicare retirees. Going back again to that example, a legislator finishes their term and elects to continue on with their plan. What the rate would be when converted to a single family rate would be \$260.62, for a single. A family would be \$643.12. We would charge them \$643.12 for the 18 months of COBRA. When they would get to be off of the COBRA, instead of charging the rates that are set in statute now, we would charge them the equivalent rate which is \$643.12. It wouldn't apply to the Medicare rate as the bill says. The bottom line effect is that the rate we usually charge for a legislator that elect to continue on the plan would be equivalent to a single family rate of what they actually pay.

Rep. Grande: I got lost. Do we have the ability to do a single family? I thought we were kind of locked in on doing a combined to get the lower rate.

Sparb Collins: We have the opportunity to do that. This would just mean for that rate that it is the equivalent. You will see in the fiscal note that there really isn't much of a fiscal effect and the reason why that is there is so few people that are in this category.

Rep. Kasper: On your first handout you are using \$553.94 as a state rate. On the second handout you are at \$643. To do the comparison shouldn't you have used the \$553 or are you using the new rate, or why did we jump to that composite rate?

Sparb Collins: In the second one, it is the effect of the rate with the amendment I passed out. What we are doing is we are taking the composite rate and converting it to a single family rate and what that charges. If you take this composite rate for example, today, if we didn't bill the state of ND a composite rate, this would be the rate.

Rep. Haas: The \$643 COBRA rate and non Medicare family is for that person that is under 65?

Sparb Collins: Yes

Rep. Haas: When they become 65 or older does it go to \$341.88?

Sparb Collins: When they become 65 and older, underneath the amendment, they would be charged the rate, it excludes them.

Rep. Amerman: You said earlier that you can keep continuing service after your out of the legislator. This is something new? Is there something in there that says if I've been gone for awhile, can I then come back? I was just wondering if that is something that could happen. It says if their service is terminated five years or more before the date of this act, it sounds to me like they can come back.

Sparb Collins: As I interpret that it is to say that this rate would apply to the members of the assembly whose service went for five years.

Rep. Amerman: If I was terminated five years ago but I didn't stay continued, can I come back?

Rep. Haas: Your decision just has to be made in that five year window.

Sparb Collins: In order to stay on that plan with the provisions you need to just continue to be on it.

Rep. Potter: My understanding that is right now we can continue with the insurance. I don't understand if we can continue with the insurance, I just don't get the point of the bill.

Sparb Collins: We would not bill you the rates we would bill others, we would bill you a lower rate.

Rep. Haas: In other words the difference is the difference between the COBRA family and the difference between the non Medicare family, as amended. If you get out of the legislator and you stay in under the provisions of this bill, you pay less.

Rep. Froseth: I'm worried about us old guys. I don't quite understand the Medicare portion of this. You say that the Medicare rate would be \$361, the only Medicare for retired or anyone over 65 would be the supplemental rate?

Sparb Collins: Yes, you would just be billed the Medicare supplement rate. Which are the rates on the left hand side? As amended this bill wouldn't affect those rates.

Rep. Kasper: I'm having difficulty understanding the handout. Currently you are using this \$390 for the single and \$781 for the family and we have a composite rate of \$553.

Sparb Collins: Currently the rates we charge are under the current rate of this.

Rep. Kasper: I'm not talking about the rates we charge for legislators, I'm talking about the state composite rates.

Sparb Collins: The state composite rates only apply to the active state employees. If I was able to retire tomorrow I would get 18 months of COBRA and then I would go over to the family rate of \$781.86.

Rep. Kasper: My difficulty is that under the current state rate on your first handout is \$553, now under the second you are under \$643 for the composite rate. How did they differ?

Sparb Collins: That \$643 is no longer the composite rate. What we are doing then is we are taking this composite rate and changing it into a single family rate. If you change that to an equivalent single rate or family rate, it would be \$252.

Rep. Kasper: So that is the single family of the composite?

Sparb Collins: Yeah that is a good way to put it.

Rep. Schneider: If I retire tomorrow and wanting to continue on with the state plan, under current law what rate would I get?

Sparb Collins: Single family.

Rep. Schneider: Under current law today if you left after the legislative session, you would pay \$781, and under the new legislation it would say we would pay \$643.12? How come we are not offering that state rate right now, is there cost to the state?

Sparb Collins: Right now the way the statute sets up how we charge this. What the statute says is that we charge the pre Medicare group the rate.

Rep. Kasper: Let's go to your handout and lets walk through the rates. Lets take a family person that is a former legislator that qualifies and now we are going to start our first year's premium under this handout. With your amendments what would that rate be?

Sparb Collins: Under 65 or over?

Rep. Kasper: Under 65 but retired from the legislator and eligible for this.

Sparb Collins: Lets say that this took effect tomorrow. Let's say that they are from the state of ND.

Rep. Kasper: See that is the first choice isn't it? Do you want to go over?

Sparb Collins: What would happen right now is that they would continue.

Rep. Kasper: I want to know that the bill as amended, what would the rate be?

Sparb Collins: They would then get the family rate assuming they were coming off the COBRA rate.

Rep. Kasper: That rate then continues for how long?

Sparb Collins: That rate would continue to them until they turn 65.

Rep. Kasper: Lets assume the spouse turns 65 at the same time.

Sparb Collins: Then they would go to the Medicare family rate.

Rep. Kasper: Than that rate would continue until they get off the plan?

Sparb Collins: Well rates go up. Once they are there they would stay on that rate now unless their spouse passed away.

Rep. Haas: Is there any other testimony on HB 1486? If not we will close the hearing.

FISCAL NOTE

Requested by Legislative Council

02/13/2007

Amendment to: HB 1486

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2005-2007 Biennium | | 2007-2009 Biennium | | 2009-2011 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2005-2007 Biennium | | | 2007-2009 Biennium | | | 2009-2011 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1486 will establish a new non-Medicare premium for eligible legislators (as defined in the bill).

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The new premium for eligible legislators as proposed in HB 1486 will be equal to the state active rate for a single premium and family premium. Presently the rate is calculated pursuant to 54-52.1-02(1) of the NDCC which states "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". The effect of using the method outlined in this bill is the resulting rate for the single and family premium for this group would be lower. Since the bill applies to so few individuals this will not affect premiums for any other category of members including the state, consequently state revenues, expenditures or appropriations are not affected.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

| | |
|----------------------------|---------------------|
| Name: Sparb Collins | Agency: PERS |
|----------------------------|---------------------|

Phone Number: 328-3901

Date Prepared: 02/13/2007

FISCAL NOTE
Requested by Legislative Council
01/17/2007

Bill/Resolution No.: HB 1486

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2005-2007 Biennium | | 2007-2009 Biennium | | 2009-2011 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2005-2007 Biennium | | | 2007-2009 Biennium | | | 2009-2011 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would reduce the family rate for premedicare retirees and increase the rates for premedicare single retirees and Medicare retirees who are former legislators.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Overall the fiscal effect of this bill should be minimal since the rate reductions will be offset by rate increases.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

| | | | |
|----------------------|------------------|-----------------------|------------|
| Name: | J. Sparb Collins | Agency: | NDPERS |
| Phone Number: | 328-3901 | Date Prepared: | 01/24/2007 |

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1486

Page 1, line 13, after "the" insert "equivalent rate of a", replace "rate" with "with single or family coverage, however, this rate will only be available to non-Medicare contracts.", and replace "and former" with "Former"

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1486

Page 1, line 12, overstrike "or former member" and after the second "or" insert "former member of the legislative assembly with at least ten years of legislative service or"

Page 1, line 14, after the first "assembly" insert "who do not have at least ten years of legislative service or"

Renumber accordingly

Date: 2-8-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number HB 1486

Action Taken move amendment

Motion Made By Rep. Froseth Seconded By Rep. Meier

| Representatives | Yes | No | Representatives | Yes | No |
|-------------------------|-----|----|-----------------------|-----|----|
| Rep. C. B Haas Chairman | | | Rep. Bill Amerman | | |
| Rep. Bette Grande VC | | | Rep. Louise Potter | | |
| Rep. Randy Boehning | | | Rep. Jasper Schneider | | |
| Rep. Stacey Dahl | | | Rep. Lisa Wolf | | |
| Rep. Glen Froseth | | | | | |
| Rep. Karen Karls | | | | | |
| Rep. Jim Kasper | | | | | |
| Rep. Lisa Meier | | | | | |
| Rep. Dave Weiler | | | | | |
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Total (Yes) _____ No _____

Absent _____

Floor Assignment Rep

If the vote is on an amendment, briefly indicate intent:

Date: 2-8-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number HB 1486

Action Taken DO PASS AS AMENDED

Motion Made By Rep Meier Seconded By Rep. Dahl

| Representatives | Yes | No | Representatives | Yes | No |
|-------------------------|-----|----|-----------------------|-----|----|
| Rep. C. B Haas Chairman | X | | Rep. Bill Amerman | | X |
| Rep. Bette Grande VC | X | | Rep. Louise Potter | X | |
| Rep. Randy Boehning | X | | Rep. Jasper Schneider | X | |
| Rep. Stacey Dahl | X | | Rep. Lisa Wolf | X | |
| Rep. Glen Froseth | X | | | | |
| Rep. Karen Karls | X | | | | |
| Rep. Jim Kasper | X | | | | |
| Rep. Lisa Meier | X | | | | |
| Rep. Dave Weiler | X | | | | |
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Total (Yes) 12 No 1

Absent 0

Floor Assignment Rep. KASPER

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1486: Government and Veterans Affairs Committee (Rep. Haas, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (12 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1486 was placed on
the Sixth order on the calendar.

Page 1, line 13, after "the" insert "equivalent rate of a", replace "rate and former" with "with
single or family coverage, however, this rate may be available only to non-medicare
contracts. Former"

Page 1, line 14, after the first "assembly" insert "who have completed at least one legislative
session in the assembly and"

Renumber accordingly

2007 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1486

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1486**

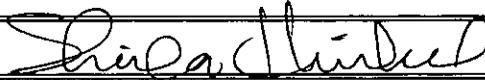
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **March 5, 2007**

Recorder Job Number: **4328**

Committee Clerk Signature



Uniform Group Health Insurance Program:

Representative Bob Skarphol – District 2 - In Favor

This bill is in process and is not reflecting exactly what I wanted in the bill. As legislators, we should have one small benefit when we leave this office and that is to be able to continue to buy the State's Blue Cross/Blue Shield insurance at the rate that the State pays. My intent was to include not only those who want to continue to receive it, but to allow those who have served and let it expire, get back into it. In its current form it would allow legislators who have been on the plan and continue to pay on the plan on the state rate. That was my goal in crafting this bill. If there are needed language changes, I would hope they can address those issues if this committee so wishes. Some think you have to serve a minimum number of terms before you would be eligible to do that, I don't have a problem with that. I wouldn't mind if it were 3 terms or 4 (sessions) to qualify. That was my intent of this legislation.

S Klein: Whether you were off and coming back or you retire at the end of the sessions, that you would have served more than, in the language it says "one term," then we would treat everyone kind of the same? We need to adjust terms?

Bob S: If you wish to adjust, it's not an issue with me.

The issue can buy it at the rate the state currently pays. Right now legislators can stay on the plan, but they pay a higher rate, but pay a higher rate than what the State pays.

S Klein: I talked to a member this morning that for a non-Medicare single those folks pay an additional \$130.00, a family, \$138, but a family with 3+, \$334 more than what we're paying. We would be doing that all, no fiscal effect because there are dollars passing through.

Bob S: Whoever the person or family is, they would pay the cost.

S Wanzek: I can speak from experience. It was my understanding when I left the Legislature in 2002, that I got 1 year of the state rate, then after that year, you could stay on but had to pay higher costs. The rates stayed fairly reasonable and within the year or so, took a big jump.

Bob S: I think it's 18 months, then it does go up.

S Wanzek: What you're wanting to do is make it permanent.

Bob S: Stay at that lower rate.

S Wanzek: If I wanted to stay on this rate permanently.

Bob S: Yes, if you wanted to.

S Andrist: I'm having difficulty understanding, why should we ever had to pay more than the cost of this? If you're going to make it available to us, why should it become profit benefit for the state in the first place? We are truly paying our own way on retirement. I have trouble wondering why it was set at 130% to begin with.

Bob S: I agree, it's one of those things in development.

S Hacker: Do you know how long ago that 130% was set? If it was 20 years ago...

Bob S: There is someone in this room that is more an expert than I am, and the reasons behind them as well. I did have a set of amendments drafted at the suggestion of Representative Wald that suggested that we have to provide insurability, but Mr. Collins

informed me that they cannot do that because of the type of entity that they are, based on Federal requirements.

S Klein: So we would adapt and are waiting for an amendments that would address your concerns and take those into consideration as we ponder the bill then?

Bob S: I would like to get them crafted with the help of Mr. Collins to get them to say what the intent was with this in the onset.

Questions? Support? Opposition?

Sparb Collins – Asked to come up for informational neutral testimony - Neutral

On the question of the rate, and when that was set. Prior to 1989, PERS at that time, the PERS plan was a self-funding plan and the rate for active employees on the plan and the rate for non-Medicare employees in the plan was exactly the same. During that time when the fund was self-funded, it ran into significant financial problems. It couldn't pay providers, going default, there were a lot of problems at that time. One of the things looked at, the non-Medicare retirees, people between 55 & 65, generally speaking, shouldn't be getting same rate as the active employees because the costs are higher than the active employees. They were broken out into a separate group and rated separately. In 1993, that rate method was adopted and put into statute. The statute today says for the non-Medicare retiree that their rate is we will find out what the rate is to the active state employees and for the non-Medicare retiree, we'll take it times 1.5 for a single rate for the non-Medicare retiree, that times 2 for a family rate and 2.5 for 3 or more for non-Medicare retiree. That is the same rate for Legislators, State Employees who retire, that's the rate that's charged to them. The rate is NOT sufficient to cover the group. There is an implicit subsidy that goes to that group. It's the age group of 55-65 or older range, you occur higher health care costs. Implicit liability has to show up on the financial statement same way you calculate a retirement. This bill would change for the

legislators that they would get a rate that would be set as the same as the active. There is no fiscal note because there is so few of them. Not going to cause to be re-shifted on to the active group, not going to cause waves. If you do the same thing for all of the all of the non-Medicare group, you would have a lot of changes.

S Hacker: You mentioned 55 years old, it would be open to anyone, as a 28 year old who was self-employed that was a legislator....

Sparb C: There is something a little different in the eligibility of this plan. A legislator at the time of termination may stay on this plan. You can elect to stay on the plan. A state employee or political subdivision employee doesn't have the same eligibility, they can only stay on the plan if they retire. If you're 27 years old, as a state employee, you get 18 months of clover, but you're DONE until you return. Reason why. Years ago the plan used to allow employees to stay on the plan forever. State employees only stay on the plan at the time they retire. They have to be 55 years old before qualifying.

S Heitkamp: You say there is no fiscal note because the number is so small, yet it has to have a negative effect on the fund.

Sparb: There will be an income loss.

TESTIMONY # 1 *Passed out and covered information*

The current rate applies to the non-Medicare group. Medicare rates are lower.

Rates will go up July 1 – 18%. If do for the entire group, income loss would be million and half.

S Andrist: Do I understand that the non-Medicare, we don't pay the penalty for those that qualify for Medicare age.

Sparb C: When you reach Medicare age, there is another set of rates that apply, they are below these rates.

S Andrist: They don't pay the 150%?

Sparb C: There is no explicit subsidy, we are a secondary payer, that's why the rates are lower.

S Andrist: I suspect it's worth noting, the typical state employee can control his time in retirement and would have that ability.

Sparb C: We as state employees have retiring health credits program from 1989 which passed helping retired employees. Retiring Health Credit program \$4.50 times years of service in the plan, if 10 years would be \$44.50 to help for insurance. This session, the Governor asked for \$5 and it was passed in the House.

Bob Skarphol returns to the podium

S Heitkamp: What is your reasoning? We're not full time, why us?

Bob S: We've had friends that lost elections. As a benefit in providing some service to the state of ND, I thought it appropriate that we be able to purchase our health insurance at the rate the state pays as opposed to the rate determined by this formula back in 1989. We're paying for the insurance, there would be no real fiscal impact on the state.

S Heitkamp: One question, can we get some younger people to run for the legislature? Get them more active. Do you believe as you have been here many years, that some of what we're doing perpetuates being in the Legislature longer instead of looking for the younger person who may be more in turn with what's going on out there in the world.

Bob S: I guess I haven't spent a lot of time thinking about it. Insurance is an major issue in staying. Insurance is only a side benefit.

S Heitkamp: If ;you're going to give more benefits, pay wise VS benefits, should we be focusing on pay V.S. benefits received. Most people in ND have jobs WITH benefits, that's a good thing.

Bob S: I'm aware of the pay issue in regard to the Legislators, I've never thought about whether or not they have the same type of insurance that we have in other states and continuing benefits after their years of service. I haven't looked into it.

S Klein: If we decide we could retire and still get a reasonable insurance rate, that couldn't be a bonus for someone saying, "Ok, I'll quit now because at least I can participate at the same level, I won't have to pay the high cost." I'm thinking why people would want to quit now, or find it easier to retire.

Bob S: I'm sure there are those that would consider that. Some are here because of the insurance, whether or not continuing to serve, there is still a cost associated with the insurance after you leave. The savings is \$130 a month.

S Wanzek: In reading the new language, "one session" in assembly *Reads from bill*

Bob S: There is a narrow window. If passed as is, wouldn't take effect until August 1. In Current he would have from August 1 – Dec 1 to pick up the insurance or it would no longer be available. To make it read as what I wanted to do, we need to make some changes.

S Wanzek: In the language, I read it a number of times, to me it's only those whose service was TERMINATED at least 5 years....

Bob S: I spent a fair amount of time on the phone with Mr. Nelson at the Legislative Council talking about that and he assures me that that's what that language does.

"Anybody prior to 2002 would not be eligible, and quite likely would probably be on Medicare." There would be a few exceptions to that.

S Hacker: *Read from the bill.* If I read this, I disagree.

S Heitkamp: I read it differently. What I read is what Jeff's got it up in council. You're throwing in where you cap it. If you're in for one session, you qualify. That's part one. The second part is so that we don't go back to the 70's.

S Klein: We're still struggling with this language, right?

Bob S: *Reads* Lines 12, 13, 14, & 15 need attention so you can understand this.

S Andrist: The interpretation needs to be better and make the working clear.

Bob S: I will get the language right and go through Mr. Nelson.

CLOSE

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1486 B**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **March 7, 2007**

Recorder Job Number: **4572**

Committee Clerk Signature



Uniform group insurance program:

S Klein: This would affect 6 legislators.

S Heitkamp: S Mathern and I have been having a sparing match over what's the best way to get more young people involved. I'm not convinced that a better health plan will do it, as much as a better health care will keep you here longer.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1486 C

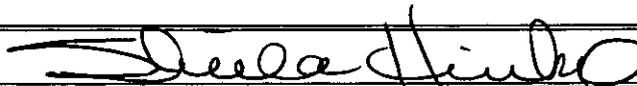
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **March 12, 2007**

Recorder Job Number: **4915**

Committee Clerk Signature



Uniform Group Insurance Program:

S Klein: Well, we don't like the bill anyway, we don't want to put any amendments on, it can go right to the 14th order.

Motion for a DO NOT PASS by S Hacker

Second by S Heitkamp

S Klein: I guess there are 6 people who are going to get beat up by the employee benefits committee, the public...

S Potter: I care more about them than I do myself.

S Klein: This would help make us pay for it, just like anybody else would, but at this phase, we would need to run it through the employee benefits committee, S. Wanzek, any comment?

S Heitkamp: The goal of every bill, to make it the BEST as what it can before it gets to the floor, I think some of S Matthern's amendments make it better in some of our opinion. If you think that you're going to carry the day with your side, and we'll carry the day with our side.

S Klein: I trust this bill won't have a very good vote.

S Heitkamp: Then let's vote.

S Wanzek: I'd probably be in favor of this bill if I wouldn't have lost my last election.

Vote for a DO NOT PASS on engrossed HB 1486 – 6-0-1 Passed

Carrier: S Potter

March 5, 2007

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1486

Page 1, line 1, after "54-52.1-03" insert "and sections 54-52.1-03.2 and 54-52.1-03.3"

Page 1, line 3, after "program" insert "and the retiree health benefits fund"

Page 1, after line 19, insert:

"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 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 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 percent of the monthly salaries of all supreme or district court judges who are participating members of the public employees retirement system under chapter 54-52, and one percent of the monthly salaries of all members of the legislative assembly. Each governmental unit that contributes to the public employees retirement system fund under section 54-52-06 or the retirement plan under chapter 54-52.6 shall contribute monthly to the retiree health benefits fund an amount equal to one percent of the monthly salaries or wages of all participating members of the public employees retirement system under chapter 54-52 or chapter 54-52.6, except for nonteaching employees of the superintendent of public instruction who elect to participate in the public employees retirement system pursuant to section 54-52-02.13. For nonteaching employees of the superintendent of public instruction who elect to participate in the public employees retirement system pursuant to section 54-52-02.13, the superintendent of public instruction shall contribute monthly to the retiree health benefits fund an amount equal to three and one-tenth percent of the monthly salaries or wages of those nonteaching employee members, beginning on the first of the month following the transfer under section 54-52-02.13 and continuing thereafter for a period of eight years, after which time the superintendent of public instruction shall contribute one percent of the monthly salary or wages of those nonteaching employee members. The employer of a national guard security officer or firefighter shall contribute monthly to the retiree health benefits fund an amount equal to one 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 for eligible retired employees or surviving spouses of eligible retired employees and their dependents under the uniform group insurance program.
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 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.
 - f. A member of the legislative assembly who has served four years in the legislative assembly or the surviving spouse of a member of the legislative assembly who has served four years in the legislative assembly is eligible for the credit beginning on the date of termination as a member of the legislative assembly.

2. The board shall calculate the allowable monthly credit toward hospital and medical benefits coverage for a person eligible under subsection 1 in an amount equal to four dollars and fifty cents 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, or as a member of the legislative assembly. 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 to the payment of monthly premiums required of each person eligible under subsection 1 for hospital benefits coverage and medical benefits coverage under the uniform group insurance program. However, if the allowable credit 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, and if the allowable credit exceeds more than one-half of the monthly premium in effect for selected coverage for a member of the legislative assembly or that member's surviving spouse, that amount of the credit which exceeds one-half of 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 option, a fifty percent joint and survivor option, or a five-year or ten-year certain option."

Renumber accordingly

REPORT OF STANDING COMMITTEE (410)
March 12, 2007 3:50 p.m.

Module No: SR-46-5046
Carrier: Potter
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1486, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO NOT PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1486 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HB 1486

**EMPLOYEE BENEFITS PROGRAMS COMMITTEE
REPORT TO THE 60TH LEGISLATIVE ASSEMBLY
REGARDING HOUSE BILL NO. 1486**

Date: February 2, 2007

Sponsor: Representative Bob Skarphol

Proposal: Allows a legislator or former legislator whose service in the Legislative Assembly terminated within the last five years to pay the state employee rate for health insurance premiums under the uniform group insurance program.

Actuarial Analysis: The actuarial analysis indicates the bill has a minimal actuarial impact on the uniform group insurance program.

Committee Report: Favorable recommendation.

HB 1486 - Comparison Health Rates

| State Combined Rate | Current Rate | State Rate | Change |
|---------------------------------|-----------------|---------------|-----------|
| COBRA Single | \$266.18 | \$553.94 | \$287.76 |
| COBRA Family | \$656.50 | \$553.94 | -\$102.56 |
| Non-Medicare Single | \$390.92 | \$553.94 | \$163.02 |
| Non-Medicare Family | \$781.86 | \$553.94 | -\$227.92 |
| Medicare Single | \$175.72 | \$553.94 | \$378.22 |
| Medicare Family | \$341.88 | \$553.94 | \$212.06 |
| Medicare One & One Non-Medicare | \$495.22 | \$553.94 | \$58.72 |

| State Single/Family Rate | Current Rate | HB1486 Rate | Change |
|-----------------------------|-----------------|----------------|-----------|
| Non-Medicare Single | \$390.92 | \$260.62 | -\$130.30 |
| Non-Medicare Family | \$781.86 | \$643.12 | -\$138.74 |
| Non-Medicare Family 3+ | \$977.32 | \$643.12 | -\$334.20 |

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