

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Wednesday, January 26, 2005
Brynhild Haugland Room, State Capitol
Bismarck, North Dakota

Senator Karen K. Krebsbach, Chairman, called the meeting to order at 3:45 p.m.

Members present: Senators Karen K. Krebsbach, Richard L. Brown, Ralph L. Kilzer, Carolyn Nelson; Representatives Al Carlson, Jim Kasper

Members absent: Representatives Bill Amerman, Francis J. Wald

Others present: See Appendix A

It was moved by Senator Brown, seconded by Senator Kilzer, and carried on a voice vote that the minutes of the January 13, 2005, meeting be approved as distributed.

SENATE BILL NO. 2264

Chairman Krebsbach called on Mr. Sparb Collins, Executive Director, Public Employees Retirement System, who reviewed Senate Bill No. 2264 [50753.0100]. Mr. Collins said the bill amends the definition of wages and salaries for purposes of the Public Employees Retirement System to include payments for overtime earned by employees of the Mill and Elevator Association. He distributed a fiscal note for the bill, the technical comments prepared by the Public Employees Retirement System actuarial consultant for the bill, and two amendments relating to the bill. Copies of these materials are attached as Appendix B. He said the fiscal note indicates the cost of the proposal to be \$213,000 in other funds for the 2005-07 biennium and \$213,000 in other funds for the 2007-09 biennium. He said The Segal Company, the actuarial consultant for the Public Employees Retirement System, determined that the cost of the bill is .04 percent of payroll. He said the Public Employees Retirement System fund has no margin to support long-term benefit improvements and thus new enhancements need to be supported by an increase in contributions. Consequently, he said, the Public Employees Retirement System Board proposes that the employer contribution be increased from 4.12 to 4.16 percent to fund the enhancement. He said the cost of this additional contribution requirement for the 2005-07 biennium is estimated to be \$86,507 from the general fund and \$312,378 from other funds. Thus, he said, the Public Employees Retirement System is proposing an amendment to increase appropriations to state agencies to fund this benefit enhancement.

Chairman Krebsbach called on Ms. Chris Runge, Executive Director, North Dakota Public Employees Association, and Secretary Treasurer, North Dakota AFL-CIO. Ms. Runge said the North Dakota Public Employees Association and the AFL-CIO supports the proposal. She said the situation is unique to the Mill and Elevator Association as a large proportion of the compensation of employees at the mill is comprised of overtime. She said this overtime compensation is not included in the employees' wages and salaries for purposes of the Public Employees Retirement System and thus retirement benefits for mill employees are much lower than they otherwise would be if this income were included as wages and salaries for purposes of calculating retirement benefits.

Chairman Krebsbach called on Ms. Karlene Fine, Executive Secretary, Industrial Commission, who addressed the committee. A copy of her written comments concerning the bill is attached as Appendix C.

In response to a question from Representative Kasper, Ms. Fine said the average wage for a miller is \$66,589 and the average wage for a bagger is \$48,617. She said if this legislation becomes law, the Mill and Elevator Association would consider reducing the overtime and adding a fourth shift.

SENATE BILL NO. 2169

Chairman Krebsbach called on Senator Judy Lee who reviewed Senate Bill No. 2169 [50347.0200]. Senator Lee said the bill provides health insurance coverage for colorectal cancer screening.

Chairman Krebsbach called on Mr. Tom Tupa. He said he was speaking on behalf of Ms. Deb Knuth and the American Cancer Society. He said the American Cancer Society supports the bill.

Chairman Krebsbach called on Mr. Collins who reviewed a fiscal note and a proposed amendment for the bill. A copy of these materials is attached as Appendix D. Mr. Collins said the colorectal cancer screening provisions contained in the bill were not included in the health insurance bid submitted by Blue Cross Blue Shield of North Dakota and thus the Public Employees Retirement System requested Blue Cross Blue Shield of North Dakota to identify the additional cost of adding this coverage to the uniform group health insurance system. He said Blue Cross

Blue Shield of North Dakota indicated that the proposal would require an additional premium of \$3.60 per contract per month based upon an average cost of \$1,100 for the screening. He said the utilization assumptions follow the American Medical Association clinical recommendations of a colonoscopy once every 10 years beginning at age 50, flexible sigmoidoscopy every five years beginning at age 50, double-contrast barium enema every five years beginning at age 50, and fecal occult blood testing every year beginning at age 50. He said the board identified general fund costs of \$322,435 for the 2005-07 biennium and \$857,185 in other funds. He said the amendment includes an appropriation to each state agency to cover the cost of the additional health premiums necessary to provide for the enhanced benefit.

Chairman Krebsbach called on Mr. Rod St. Aubyn, Blue Cross Blue Shield of North Dakota, Fargo. Mr. St. Aubyn said the bill establishes mandatory screening benefits for the detection of colorectal cancer. Under the current plan, he said, the uniform group health insurance plan provides a fecal occult blood test every other year beginning at age 50. He said Blue Cross Blue Shield of North Dakota provides plans with various coverages to provide a choice and opposes mandating coverages.

In response to a question from Representative Carlson, Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota is changing its plans to include an annual fecal occult blood test beginning at age 50, based upon the recommendation of the United States Preventative Services Task Force.

HOUSE BILL NO. 1381

Chairman Krebsbach called on committee counsel who reviewed House Bill No. 1381 [50447.0100]. Committee counsel said the bill provides for medical benefits coverage under the uniform group health insurance system for outpatient prescription drugs or devices for health services to an individual covered under the policy for outpatient hormone replacement therapy, contraceptives, infertility therapy, and osteoporosis treatment and management.

Chairman Krebsbach recognized Mr. Collins who presented a fiscal note and proposed amendments for the bill. A copy of these materials is attached as Appendix E. Mr. Collins said outpatient prescription drugs for hormone replacement therapy and osteoporosis treatment and management are already covered by the uniform group health insurance program, so that these provisions would not have an added cost to the plan. He said the additional cost to the plan to cover outpatient prescription drugs for contraceptives and infertility therapy through the regular drug benefit is estimated at \$4.50 per contract per month. He said infertility drugs are covered under the current benefit, but the Public Employees Retirement System assumes that the infertility drugs would be processed

under the drug benefit rather than under the infertility benefit and they would no longer accumulate toward the \$20,000 lifetime infertility maximum. He said the fiscal note reveals a general fund cost of \$403,000 and a cost of \$1,071,000 in other funds. He said the amendment includes an appropriation to state agencies to defray the cost of the additional health insurance premiums necessary to fund the benefits contained in the bill.

In response to a question from Senator Nelson, Mr. St. Aubyn said Viagra is covered under all of the health insurance plans of Blue Cross Blue Shield of North Dakota because it is used to treat a medical condition. He said birth control pills are only covered if they are prescribed to treat a medical condition. So in effect, he said, coverage for Viagra and birth control pills are provided under the same conditions.

SENATE BILL NO. 2233

Chairman Krebsbach called on Senator Dennis Bercier who reviewed Senate Bill No. 2233 [50006.0100]. Senator Bercier said the bill provides health insurance coverage and public employees health insurance coverage for diabetes treatment and education.

Chairman Krebsbach called on Mr. Mark Zander. Mr. Zander said he was recently diagnosed with diabetes and said the education coverage provisions contained in the bill would be very beneficial to diabetics. He said education is an important part of treating and living with diabetes and the education provisions in the bill would reduce the overall cost of treating the disease.

Chairman Krebsbach called on Mr. Darian Schaubert, American Diabetes Association. A copy of his written comments concerning the bill is attached as Appendix F. He said the American Diabetes Association supports the bill.

Chairman Krebsbach called on Ms. Kris Blee, Licensed Registered Dietitian and Certified Diabetes Educator, Medcenter One Health Systems. A copy of her written comments is attached as Appendix G.

Chairman Krebsbach called on Ms. Maysil Malard, Certified Diabetes Educator, Medcenter One Health Systems. A copy of her written comments is attached as Appendix H.

Chairman Krebsbach called on Mr. Collins who reviewed the fiscal note and proposed amendments to Senate Bill No. 2233. A copy of these materials is attached as Appendix I.

Mr. Collins said the estimated additional cost in premium to the Public Employees Retirement System would be 20 cents per contract per month for the 2005-07 biennium. He said the amendment appropriates funds to state agencies to defray the cost of additional health insurance premiums necessary to fund the benefit enhancement contained in Senate Bill No. 2233.

In response to a question from Representative Carlson, Mr. Collins said most costs relating to diabetes treatment and education are already covered in the current uniform group health insurance plan.

In response to a question from Representative Krebsbach, Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota favors the education aspects of the proposal but opposes mandating the coverage for every health policy offered in North Dakota.

COMMITTEE ACTIONS

It was moved by Representative Carlson, seconded by Senator Brown, and carried on a voice vote that the committee assume jurisdiction over the bills and amendments submitted to the committee.

It was moved by Representative Kasper, seconded by Senator Brown, and carried on a roll call vote that Senate Bill No. 2264 be given an unfavorable recommendation. Senators Krebsbach, Brown, Kilzer, and Nelson and Representatives Carlson and Kasper voted "aye." No negative votes were cast.

It was moved by Senator Brown, seconded by Representative Carlson, and carried on a roll call vote that the amendment proposed by the Mill and Elevator Association to Senate Bill No. 2264 be given an unfavorable recommendation. Senators Krebsbach, Brown, and Kilzer and Representatives Carlson and Kasper voted "aye." Senator Nelson voted "nay."

It was moved by Senator Nelson, seconded by Representative Kasper, and carried on a roll call vote that the amendments proposed by the Public Employees Retirement System to Senate Bill No. 2264 be given no recommendation. Senators Krebsbach, Brown, Kilzer, and Nelson and Representatives Carlson and Kasper voted "aye." No negative votes were cast.

It was moved by Representative Carlson, seconded by Senator Brown, and carried on a roll call vote that Senate Bill No. 2169 be given an unfavorable recommendation. Senators Krebsbach, Brown, and Kilzer and Representatives Carlson and Kasper voted "aye." Senator Nelson voted "nay."

It was moved by Representative Carlson, seconded by Senator Brown, and carried on a roll call vote that the amendments to Senate Bill No. 2169 proposed by the Public Employees Retirement System Board be given no recommendation. Senators Krebsbach, Brown, Kilzer, and Nelson and Representatives Carlson and Kasper voted "aye." No negative votes were cast.

It was moved by Senator Brown, seconded by Representative Kilzer, and carried on a roll call vote that House Bill No. 1381 be given an unfavorable recommendation. Senators Krebsbach, Brown, Kilzer, and Nelson and Representatives Carlson and Kasper voted "aye." No negative votes were cast.

It was moved by Representative Carlson, seconded by Representative Kasper, and carried on a roll call vote that the amendments to House Bill No. 1381 proposed by the Public Employees Retirement System Board be given no recommendation. Senators Krebsbach, Brown, Kilzer, and Nelson and Representatives Carlson and Kasper voted "aye." No negative votes were cast.

It was moved by Representative Kasper, seconded by Representative Carlson, and carried on a roll call vote that Senate Bill No. 2233 be given an unfavorable recommendation. Senators Krebsbach, Brown, and Kilzer and Representatives Carlson and Kasper voted "aye." Senator Nelson voted "nay."

It was moved by Representative Carlson, seconded by Senator Kilzer, and carried on a roll call vote that the amendments to Senate Bill No. 2233 proposed by the Public Employees Retirement System Board be given no recommendation. Senators Krebsbach, Brown, Kilzer, and Nelson and Representatives Carlson and Kasper voted "aye." No negative votes were cast.

No further business appearing, Chairman Krebsbach adjourned the meeting at 6:00 p.m.

Jeffrey N. Nelson
Committee Counsel

ATTACH:9