

SENATE BILL NO.

Introduced by

Senator Mathern

1 A BILL for an Act to amend and reenact sections 54-52.1-03.2 and 54-52.1-03.3 of the North
2 Dakota Century Code, relating to retiree health benefits for members of the legislative
3 assembly.

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

5 **SECTION 1. AMENDMENT.** Section 54-52.1-03.2 of the North Dakota Century Code
6 is amended and reenacted as follows:

7 **54-52.1-03.2. Retiree health benefits fund - Appropriation.**

8 1. The board shall establish a retiree health benefits fund account with the Bank of
9 North Dakota for the purpose of prefunding and providing hospital benefits
10 coverage and medical benefits coverage under the uniform group insurance
11 program for retired eligible employees or surviving spouses of retired eligible
12 employees and their dependents as provided in this chapter. The state shall
13 contribute monthly to the retiree health benefits fund an amount equal to one and
14 fourteen hundredths percent of the monthly salaries and wages of all participating
15 members of the highway patrolmen's retirement system under chapter 39-03.1,
16 and one and fourteen hundredths percent of the monthly salaries of all supreme or
17 district court judges who are participating members of the public employees
18 retirement system under chapter 54-52. Each governmental unit that contributes to
19 the public employees retirement system fund under section 54-52-06 or the
20 retirement plan under chapter 54-52.6 shall contribute monthly to the retiree health
21 benefits fund an amount equal to one and fourteen hundredths percent of the
22 monthly salaries or wages of all participating members of the public employees
23 retirement system under chapter 54-52 or chapter 54-52.6, except for nonteaching
24 employees of the superintendent of public instruction who elect to participate in the

1 public employees retirement system pursuant to section 54-52-02.13 and
2 employees of the state board for career and technical education who elect to
3 participate in the public employees retirement system pursuant to section
4 54-52-02.14. For nonteaching employees of the superintendent of public
5 instruction who elect to participate in the public employees retirement system
6 pursuant to section 54-52-02.13, the superintendent of public instruction shall
7 contribute monthly to the retiree health benefits fund an amount equal to three and
8 twenty-four hundredths percent of the monthly salaries or wages of those
9 nonteaching employee members, beginning on the first of the month following the
10 transfer under section 54-52-02.13 and continuing thereafter for a period of eight
11 years, after which time the superintendent of public instruction shall contribute one
12 and fourteen hundredths percent of the monthly salary or wages of those
13 nonteaching employee members. For employees of the state board for career and
14 technical education who elect to participate in the public employees retirement
15 system pursuant to section 54-52-02.14, the state board for career and technical
16 education shall contribute monthly to the retiree health benefits fund an amount
17 equal to two and ninety-nine hundredths percent of the monthly salary or wages of
18 those employee members, beginning on the first of the month following the transfer
19 under section 54-52-02.14 and continuing thereafter for a period of eight years,
20 after which time the state board for career and technical education shall contribute
21 one and fourteen hundredths percent of the monthly salary or wages of those
22 employee members. The employer of a national guard security officer or firefighter
23 shall contribute monthly to the retiree health benefits fund an amount equal to one
24 and fourteen hundredths percent of the monthly salaries or wages of all national
25 guard security officers or firefighters participating in the public employees
26 retirement system under chapter 54-52. Job service North Dakota shall reimburse
27 monthly the retiree health benefits fund for credit received under section
28 54-52.1-03.3 by members of the retirement program established by job service
29 North Dakota under section 52-11-01. For members of the legislative assembly,
30 the legislative assembly shall contribute monthly to the retiree health benefits fund
31 an amount determined by the board sufficient to actuarially fund participation by

- 1 eligible members of the legislative assembly. The board, as trustee of the fund and
2 in exclusive control of its administration, shall:
- 3 a. Provide for the investment and disbursement of moneys of the retiree health
4 benefits fund and administrative expenditures in the same manner as moneys
5 of the public employees retirement system are invested, disbursed, or
6 expended.
- 7 b. Adopt rules necessary for the proper administration of the retiree health
8 benefits fund, including enrollment procedures.
- 9 2. All moneys deposited in the fund established under subsection 1, not otherwise
10 appropriated, are hereby appropriated to the board for the purpose of making
11 investments for the fund and to make contributions toward hospital and medical
12 benefits coverage for eligible retired employees or surviving spouses of eligible
13 retired employees and their dependents under the uniform group insurance
14 program.
- 15 3. If a member terminates employment because of death, permanent and total
16 disability, or any voluntary or involuntary reason prior to retirement, the member or
17 the member's designated beneficiary is entitled to the member's account balance
18 at termination. If a member's account balance is withdrawn, the member
19 relinquishes all rights to benefits under the retiree health benefits fund.

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

22 **54-52.1-03.3. Eligibility for retiree health benefits - Fixed contribution and**
23 **reduction factors.**

- 24 1. The following persons are entitled to receive credit for hospital and medical
25 benefits coverage under subsection 2:
- 26 a. A member or surviving spouse of the highway patrolmen's retirement system
27 is eligible for the credit beginning on the date retirement benefits are effective
28 unless the premium is billed to the employer.
- 29 b. A member or surviving spouse of the public employees retirement system is
30 eligible for the credit beginning on the date retirement benefits are effective
31 unless the premium is billed to the employer.

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

- 1 of sixty-four. For a member of the highway patrolmen's retirement system
2 receiving an early retirement benefit or the surviving spouse of that member, the
3 allowable monthly credit must be reduced by three percent if the member
4 terminates employment within one year prior to attaining the age of fifty-five and an
5 additional reduction factor of six percent shall apply for each year the member
6 terminates employment prior to attaining the age of fifty-four. For a member of the
7 retirement program established by job service North Dakota under section
8 52-11-01 receiving an early retirement benefit or a discontinued service annuity
9 under the plan provisions of that retirement program or the surviving spouse of that
10 member, the allowable monthly credit must be reduced by three percent if the
11 member terminates employment within one year prior to attaining the age of
12 sixty-five and an additional reduction factor of six percent applies for each year the
13 member terminates employment prior to attaining the age of sixty-four. For a
14 former member of the legislative assembly, or the surviving spouse of that
15 member, the allowable monthly credit is an amount equal to fifty percent of the
16 allowable monthly credit for a person eligible under subdivision b of subsection 1,
17 not to exceed twenty-five years of credited service.
- 18 3. The board shall apply the credit allowable under subsection 2 to the payment of
19 monthly premiums required of each person eligible under subsection 1 for hospital
20 benefits coverage and medical benefits coverage under the uniform group
21 insurance program. The board shall allow spouses who each have credit under
22 subsection 2 to combine their credits and shall apply the combined credit to the
23 required monthly premiums under the uniform group insurance program. However,
24 if the allowable credit under any circumstance exceeds the monthly premium in
25 effect for selected coverage, that amount of the credit which exceeds the premium
26 is forfeited and may not be used for any other purpose.
- 27 4. The board may, as an alternative to the calculation of the allowable monthly credit
28 under subsection 2, provide actuarially reduced benefit options for the member and
29 the member's surviving spouse including a one hundred percent joint and survivor
30 option, a fifty percent joint and survivor option, or a five-year or ten-year certain
31 option.