

HOUSE BILL NO. 1058

Introduced by

Government and Veterans Affairs Committee

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

1 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
2 the North Dakota Century Code, relating to benefit coverage and health benefits credit for
3 retired employees not eligible for medicare and retired employees eligible for medicare under
4 the uniform group insurance program; and to provide a contingent effective date.

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

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

8 **54-52.1-02. Uniform group insurance program created - Formation into subgroups.**

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

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

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

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

21 **54-52.1-03.2. Retiree health benefits fund - Appropriation.**

- 22 1. The board shall establish a retiree health benefits fund account with the Bank of North
- 23 Dakota for the purpose of prefunding and providing hospital benefits coverage and
- 24 medical benefits coverage and prescription drug coverage under any health insurance
- 25 program and dental, vision, and long-term care benefits coverage under the uniform
- 26 group insurance program for retired eligible employees or surviving spouses of retired
- 27 eligible employees and their dependents as provided in this chapter. The state shall
- 28 contribute monthly to the retiree health benefits fund an amount equal to one and
- 29 fourteen hundredths percent of the monthly salaries and wages of all participating
- 30 members of the highway patrolmen's retirement system under chapter 39-03.1, and
- 31 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

- 1 firefighters participating in the public employees retirement system under chapter
2 54-52. Job service North Dakota shall reimburse monthly the retiree health benefits
3 fund for credit received under section 54-52.1-03.3 by members of the retirement
4 program established by job service North Dakota under section 52-11-01. The board,
5 as trustee of the fund and in exclusive control of its administration, shall:
- 6 a. Provide for the investment and disbursement of moneys of the retiree health
7 benefits fund and administrative expenditures in the same manner as moneys of
8 the public employees retirement system are invested, disbursed, or expended.
- 9 b. Adopt rules necessary for the proper administration of the retiree health benefits
10 fund, including enrollment procedures.
- 11 2. All moneys deposited in the fund established under subsection 1, not otherwise
12 appropriated, are hereby appropriated to the board for the purpose of making
13 investments for the fund and to make contributions toward hospital and medical
14 benefits coverage and prescription drug coverage under any health insurance program
15 and dental, vision, and long-term care benefits coverage under the uniform group
16 insurance program for eligible retired employees or surviving spouses of eligible
17 retired employees and their dependents under the uniform group insurance program
18 as elected.
- 19 3. If a member terminates employment because of death, permanent and total disability,
20 or any voluntary or involuntary reason prior to retirement, the member or the member's
21 designated beneficiary is entitled to the member's account balance at termination. If a
22 member's account balance is withdrawn, the member relinquishes all rights to benefits
23 under the retiree health benefits fund.

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

26 **54-52.1-03.3. Eligibility for retiree health benefits - Fixed contribution and reduction**
27 **factors.**

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

- 1 a. A member or surviving spouse of the highway patrolmen's retirement system is
2 eligible for the credit beginning on the date retirement benefits are effective
3 unless the premium is billed to the employer.
- 4 b. A member or surviving spouse of the public employees retirement system is
5 eligible for the credit beginning on the date retirement benefits are effective
6 unless the premium is billed to the employer.
- 7 c. A member or surviving spouse of the retirement program established by job
8 service North Dakota under section 52-11-01 receiving retirement benefits is
9 eligible for the credit beginning on the date retirement benefits are effective
10 unless the premium is billed to the employer.
- 11 d. A retired judge or surviving spouse receiving retirement benefits under the
12 retirement program established under chapter 27-17 is eligible for the credit
13 beginning on the date retirement benefits are effective unless the premium is
14 billed to the employer.
- 15 e. A former participating member of the defined contribution retirement plan
16 receiving retirement benefits, or the surviving spouse of a former participating
17 member of that retirement plan who was eligible to receive or was receiving
18 benefits, under section 54-52.6-13, is eligible as determined by the board
19 pursuant to its rules.
- 20 2. The board shall calculate the allowable monthly credit toward hospital and medical
21 benefits coverage and prescription drug coverage under any health insurance program
22 and dental, vision, and long-term care benefits coverage under the uniform group
23 insurance program for a person eligible under subsection 1 in an amount equal to five
24 dollars multiplied by the member's or deceased member's number of years of credited
25 service under the highway patrolmen's retirement system, the public employees
26 retirement system, the retirement program established by job service North Dakota
27 under section 52-11-01, or the judges' retirement program established under chapter
28 27-17. For a member of the public employees retirement system receiving an early
29 retirement benefit or the surviving spouse of that member, or a former participating
30 member of the defined contribution retirement plan who is receiving a periodic
31 distribution and would not meet the normal retirement provisions of the public

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

- 17 3. The board shall apply the credit allowable under subsection 2 as elected by the
18 eligible participant to the payment of monthly premiums required of each person
19 eligible under subsection 1 for hospital benefits coverage and medical benefits
20 coverage and prescription drug coverage under any health insurance program and
21 dental, vision, and long-term care benefits coverage under the uniform group
22 insurance program. The board shall allow spouses who each have credit under
23 subsection 2 to combine their credits and shall apply the combined credit to the
24 required monthly premiums ~~under the uniform group insurance program~~ as elected
25 pursuant to this subsection. However, if the allowable credit under any circumstance
26 exceeds the monthly premium in effect for selected coverage, that amount of the credit
27 which exceeds the premium is forfeited and may not be used for any other purpose.
- 28 4. The board may, as an alternative to the calculation of the allowable monthly credit
29 under subsection 2, provide actuarially reduced benefit options for the member and
30 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.