

Introduced by

Representative Kasper

1 A BILL for an Act to amend and reenact sections 54-52.1-04, 54-52.1-04.2, 54-52.1-04.3, and
2 54-52.1-05 of the North Dakota Century Code, relating to public employee uniform group
3 insurance health benefits coverage; and to provide a continuing appropriation.

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

5 **SECTION 1. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52.1-04. Board to contract for uniform group insurance.**

8 1. The board shall receive bids for the providing of hospital benefits coverage, medical
9 benefits coverage, life insurance benefits coverage for a specified term, and employee
10 assistance program services; may receive bids separately for prescription drug
11 coverage; and shall accept one or more bids of and contract with the carriers ~~that in~~
12 ~~the judgment of the board~~ determines best servesserve the interests of the state and
13 ~~its~~the state's eligible employees. Solicitations must be made not later than ninety days
14 before the expiration of an existing uniform group insurance contract. Bids must be
15 solicited by advertisement in a manner selected by the board ~~that~~which will provide
16 reasonable notice to prospective bidders. In preparing bid proposals and evaluating
17 bids, the board may utilize the services of consultants on a contract basis ~~in order~~
18 ~~that~~to provide the bids received may be uniformly compared and properly evaluated.
19 In determining which bid, if any, will best serve the interests of eligible employees and
20 the state, the board shall give adequate consideration to the following factors:

- 21 1. a. The economy to be effected.
22 2. b. The ease of administration.
23 3. c. The adequacy of the coverages.

- 1 4. ~~d.~~ The financial position of the carrier, with special emphasis ~~as to it~~ on the
2 solvency of the carrier.
- 3 ~~5.~~ e. The reputation of the carrier and any other information ~~that is~~ available tending to
4 show past experience with the carrier in matters of claim settlement,
5 underwriting, and services.
- 6 2. The board may reject any or all bids ~~and, in the event it does so,~~ received under this
7 section. If the board rejects all bids received, the board shall again solicit bids as
8 provided in this section. The
- 9 3. Under section 54-52.1-04.1 or 54-52.1-04.2, the board may contract with a health
10 maintenance organization or establish a plan of self-insurance for providing health-
11 insurance to provide hospital, medical, or prescription drug benefits coverage only-
12 under an administrative services only (ASO) contract or a third-party administrator-
13 (TPA) contract.
- 14 4. A contract and the terms of a contract entered by the board under this chapter are
15 subject to legislative appropriation and legislative changes.

16 **SECTION 2. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **54-52.1-04.2. Self-insurance plan for hospital and, medical, and prescription drug**
19 **benefits coverage.**

- 20 1. ~~The board may establish~~ This section applies to a self-insurance plan for providing:
21 a. ~~Health insurance~~ hospital, medical, and prescription drug benefits coverage;
22 b. ~~Health insurance~~ hospital and medical benefits coverage, excluding all or part of
23 prescription drug benefits coverage; or
24 e. ~~All~~ all or part of prescription drug benefits coverage. The board shall establish a
25 self-insurance plan under this section if so directed by the legislative assembly.
26 The board may establish a self-insurance plan under this section if the board
27 determines a self-insurance plan best serves the interests of the state and the
28 state's eligible employees.
- 29 2. ~~Any~~ A self-insurance plan established by the board under this section must ~~may~~ be
30 provided under an administrative services only (ASO) contract or a third-party
31 administrator (TPA) contract under the uniform group insurance program, ~~and may be~~

1 established only if it is determined by the board that an administrative services only or
2 third party administrator plan is less costly than the lowest bid submitted by a carrier
3 for underwriting the plan with equivalent contract benefits. Upon establishing,

4 3. If the board establishes a self-insurance plan, the board shall solicit bids for an
5 administrative services only or third party administrator contract only every other
6 biennium, and the board is authorized to renegotiate an existing administrative
7 services only or third party administrator contract during the interim. In addition, may
8 make individual stop-loss coverage insured by a carrier authorized to do business in
9 this state must be made part of any self-insuredthe plan. All bids under this section are
10 due no later than January first, and must be awarded no later than March first,
11 preceding the end of each biennium. If the board solicits bids under this section, the
12 board shall solicit bids for a contract for insurance or a health maintenance
13 organization, or both. The board may transition from a self-insurance plan to a contract
14 for insurance or a health maintenance organization if the board determines the
15 transition best serves the interest of the state and the state's eligible employees. All
16 bids received by the board under this section must be opened at a public meeting of
17 the board.

18 **SECTION 3. AMENDMENT.** Section 54-52.1-04.3 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **54-52.1-04.3. Self-insurance - Contingency reserve fund - Continuing appropriation -**
21 **Bank of North Dakota line of credit.**

22 The

23 1. If the board establishes a self-insurance plan under section 54-52.1-04.2, the board
24 shall establish under a self-insurance plan a contingency reserve fund to provide for
25 adverse fluctuations in future charges, claims, costs, or expenses of the uniform group
26 insurance program. TheAnnually, the board shall determine the amount necessary to
27 provide a balance in the contingency reserve fund between one and one-half months-
28 and three months of claims paid based on the average monthly claims paid during the
29 twelve-month period immediately preceding March first of each year. The. Annually,
30 the board also shall determine the amount necessary to provide an additional balance
31 in the contingency reserve fund between one month and one and one-half months for

- 1 claims incurred but not yet reported. The board may arrange for the services of an
2 actuarial consultant to assist the board in making these determinations.
- 3 2. Upon the initial changeover from a contract for insurance pursuant to section
4 54-52.1-04 or a health maintenance organization under section 54-52.1-04.1, to a
5 self-insurance plan pursuant to section 54-52.1-04.2, the board ~~must have~~shall
6 adopt a plan in place which is reasonably calculated to meet the funding requirements
7 of this chapter within sixty months. Such plan may include consideration of funds
8 extended to the board from the Bank of North Dakota. All moneys in the contingency
9 reserve fund, not otherwise appropriated, are appropriated for the payment of claims
10 and other costs of the uniform group insurance program during periods of adverse
11 claims or cost fluctuations. If the board transitions from a self-insurance plan to a
12 contract for insurance or a health maintenance organization, the board shall adopt a
13 plan reasonably calculated to meet the remaining liabilities of the self-insurance plan.
- 14 3. If the board transitions from a contract for insurance or a health maintenance
15 organization to a self-insurance plan, the Bank of North Dakota shall extend to the
16 board a line of credit not to exceed fifty million dollars at an annual rate not to exceed
17 three percent for a two-year term or four percent for a five-year term. The board shall
18 repay the line of credit from health insurance premium revenue or from other funds, as
19 appropriated by the legislative assembly. The board may access the line of credit, as
20 necessary, to provide adequate reserve funds, to purchase stop-loss coverage, and to
21 defray other expenditures of administration of the self-insurance plan.

22 **SECTION 4. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **54-52.1-05. Provisions of contract - Term of contract.**

- 25 1. Each uniform group insurance contract entered by the board must be consistent with
26 the provisions of this chapter, must be signed for the state of North Dakota by the
27 chairman of the board, and must include the following:
- 28 a. As many optional coverages as deemed feasible and advantageous by the
29 board.

- 1 b. A detailed statement of benefits offered, including maximum limitations and
2 exclusions, and such other provisions as the board may deem necessary or
3 desirable.
- 4 2. ~~The initial term or the renewal term of a fully insured uniform group insurance contract~~
5 ~~through a contract for insurance, health maintenance organization, or self-insurance~~
6 ~~plan~~ for hospital benefits coverage, medical benefits coverage, or prescription drug
7 coverage may not exceed two years.
- 8 a. The board may not renew a contract subject to this subsection ~~without soliciting~~
9 ~~a bid under section 54-52.1-04 if the board determines the carrier's performance~~
10 ~~under the existing contract meets the board's expectations and the proposed~~
11 ~~premium renewal amount does not exceed the board's expectations.~~
- 12 b. ~~In making a determination under this subsection, the board shall:~~
- 13 (1) ~~Use the services of a consultant to concurrently and independently prepare~~
14 ~~a renewal estimate the board shall consider in determining the~~
15 ~~reasonableness of the proposed premium renewal amount.~~
- 16 (2) ~~Review the carrier's performance measures, including payment accuracy,~~
17 ~~claim processing time, member service center metrics, wellness or other~~
18 ~~special program participation levels, and any other measures the board~~
19 ~~determines relevant to making the determination and shall consider these~~
20 ~~measures in determining the board's satisfaction with the carrier's~~
21 ~~performance.~~
- 22 (3) ~~Consider any additional information the board determines relevant to~~
23 ~~making the determination.~~
- 24 e. ~~If the board determines the carrier's performance under the existing contract~~
25 ~~does not meet the board's expectations or the proposed premium renewal~~
26 ~~amount exceeds the board's expectations and the board determines to solicit a~~
27 ~~bid under section 54-52.1-04, the board shall specify its reasons for the~~
28 ~~determination to solicit a bid.~~