

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Thursday, January 26, 2017, and Monday, January 30, 2017
Harvest Room, State Capitol
Bismarck, North Dakota

Senator Karen K. Krebsbach, Chairman, called the meeting to order at 8:00 a.m. Thursday, January 26, 2017.

Members present: Senators Karen K. Krebsbach, Dick Dever, Ralph Kilzer, Carolyn C. Nelson, Erin Oban, Nicole Poolman; Representatives Pamela Anderson, Randy Boehning, Jason Dockter, Gary Kreidt, Vernon Laning, Mary Schneider

Members absent: Representative Ron Guggisberg

Others present: Thomas Beadle, State Representative, Fargo
See [Appendix A](#) for additional persons present.

It was moved by Senator Nelson, seconded by Senator Oban, and carried on a voice vote that the minutes of the October 26, 2016, meeting be approved as distributed.

Chairman Krebsbach explained to the committee that as she became aware of 2017 House Bill Nos. 1403, 1406, and 1434, which appear to impact the Public Employees Retirement System (PERS) health plan, she asked PERS to request the preparation of actuarial reports. She said under North Dakota Century Code Section 54-35-02.4, she called a meeting of the Employee Benefits Programs Committee so the committee can take jurisdiction over the bills and receive the actuarial reports, related technical comments, and comments by interested persons.

Chairman Krebsbach called on Mr. Sparb Collins, Executive Director, Public Employees Retirement System, to comment regarding House Bill No. 1406 [[17.0790.01000](#)], which affects the term and design of the PERS health plan. He distributed technical comments ([Appendix B](#)) on the bill which were prepared by the PERS consultant, Deloitte Consulting, LLP. He explained the current term of the PERS health plan is from July 1 through June 30 for a 2-year period, and House Bill No. 1406 would require the term to be from January 1 to December 31 for a 2-year period. He said the bill also requires the PERS Board to make plan design changes to remain within the most recent appropriation for uniform group health insurance program benefits coverage. He stated the bill raises concerns regarding the health plan's grandfathered status under the federal Affordable Care Act. He said the changes made in the bill could result in a premium increase of \$76 per month.

Mr. Josh Johnson, Employee Benefits Consultant, Deloitte Consulting, LLP, said the health plan would see an initial premium increase of approximately 3 percent due to changes in the term of the plan.

In response to a question from Senator Kilzer, Mr. Collins said the current health plan deductible for a single plan is \$400, but was recommended to be increased to \$500 by Governor Dalrymple. He said the deductible for a family plan is currently \$1,200 and is recommended to be increased to \$1,500.

Chairman Krebsbach called on Mr. Johnson to comment regarding House Bill No. 1434 [[17.0261.01000](#)], which relates to insurance coverage for autism-related services. He distributed technical comments ([Appendix C](#)) on the bill which were prepared by Deloitte Consulting, LLP. He said the bill would have a material actuarial impact on the health plan. He said Sanford Health estimates the mandated autism coverage will increase plan costs by \$1.88 per contract per month. He said PERS staff estimated the cost increase to total \$723,541 for the 2017-19 biennium based on the number of full-time equivalent positions included in Governor Dalrymple's executive budget.

In response to a question from Senator Nelson, Representative Thomas Beadle, Fargo, provided background information regarding House Bill No. 1434.

In response to a question from Chairman Krebsbach, Ms. Jennifer S.N. Clark, Counsel, Legislative Council, explained the House Human Services Committee voted on House Bill No. 1434 and determined the bill would mandate coverage for all insurers. She said Section 54-03-28 requires mandated health insurance coverage of certain services to be applied only to the PERS plan for 2 years prior to being applied to all insurers; however, the Legislative Assembly could provide an exemption from this provision.

In response to a question from Senator Nelson, Mr. Collins said limiting the mandate in law to just the PERS health plan would not prevent other insurers from offering coverage for the autism services.

Senator Nelson suggested the Legislative Assembly consider repealing Section 54-03-28, which requires insurance mandates to be applied to the PERS plan for 2 years before it can be applied to all insurers.

Ms. Beth Mauch, Fargo, presented testimony ([Appendix D](#)) in support of House Bill No. 1434.

Chairman Krebsbach expressed concern whether the services being mandated are currently available in North Dakota.

Mr. Eric Monson, Chief Executive Officer, Anne Carlsen Center, said it is unknown how many children who would be eligible for the mandated services are not currently receiving services. He said the Anne Carlsen Center is expanding available autism services and would be able to serve additional clients.

Ms. Kirsten Dvorak, Executive Director, The Arc of Bismarck, presented testimony ([Appendix E](#)) in support of House Bill No. 1434.

Ms. Jen Werder, Bismarck, submitted testimony ([Appendix F](#)) in support of House Bill No. 1434.

Chairman Krebsbach called on Mr. Johnson to comment regarding House Bill No. 1403 [[17.0720.01000](#)], which relates to public employee health benefits transparency. He distributed technical comments ([Appendix G](#)) on the bill which were prepared by Deloitte Consulting, LLP. He said the bill requires the contract between the PERS health insurer and the pharmacy benefits manager and other information be disclosed to the PERS Board if a pharmacy benefits manager is utilized. He said the bill would not have a material actuarial impact on the health plan.

In response to a question from Senator Nelson, Mr. Collins said the PERS Board has taken a neutral position on House Bill No. 1403.

It was moved by Senator Poolman, seconded by Senator Oban, and carried on a roll call vote that the committee take jurisdiction over House Bill Nos. 1403, 1406, and 1434 for purposes of Section 54-35-02.4. Senators Krebsbach, Dever, Kilzer, Nelson, Oban, and Poolman and Representatives Anderson, Boehning, Dockter, Kreidt, Laning, and Schneider voted "aye." No negative votes were cast.

The committee recessed at 9:00 a.m.

Chairman Krebsbach reconvened the committee at 4:05 p.m. on Monday, January 30, 2017.

Chairman Krebsbach said the committee has taken jurisdiction over House Bill Nos. 1403, 1406, and 1434 and needs to consider a favorable recommendation, unfavorable recommendation, or no recommendation for each.

In response to a question from Chairman Krebsbach, Mr. Collins said PERS currently uses a pharmacy benefits manager through the Sanford Health plan contract. He said the bill would require a few items be added to the current contract.

It was moved by Senator Poolman, seconded by Senator Nelson, and carried on a roll call vote that the committee give House Bill No. 1403 no recommendation. Senators Dever, Kilzer, Nelson, Oban, and Poolman and Representatives Boehning, Dockter, Kreidt, and Laning voted "aye." Senator Krebsbach voted "nay."

It was moved by Representative Kreidt, seconded by Representative Boehning, and failed on a roll call vote that the committee give House Bill No. 1406 a favorable recommendation. Representatives Boehning, Dockter, Kreidt, and Laning voted "aye." Senators Krebsbach, Dever, Kilzer, Nelson, Oban, and Poolman voted "nay."

It was moved by Senator Oban, seconded by Senator Poolman, and carried on a roll call vote that the committee give House Bill No. 1406 an unfavorable recommendation. Senators Krebsbach, Dever, Kilzer, Nelson, Oban, and Poolman and Representative Laning voted "aye." Representatives Boehning, Dockter, and Kreidt voted "nay."

In response to a question from Senator Dever, the Legislative Council staff said the House Human Services Committee has determined House Bill No. 1434 is a mandate for health insurance coverage of services. He said current law requires mandated coverage of services to be applied to the PERS health plan for 2 years prior to being applied to other insurers, but the Legislative Assembly could provide an exemption from this provision.

In response to a question from Representative Boehning, Mr. Collins said the bill includes a section of legislative intent stating the bill is not a mandate. He said if that section remains, the PERS health plan contract will not be amended to include coverage of the services until the 2019-21 biennium.

It was moved by Representative Kreidt, seconded by Senator Kilzer, and carried on a roll call vote that the committee give House Bill No. 1434 an unfavorable recommendation. Senators Krebsbach, Dever, Kilzer, Nelson, Oban, and Poolman and Representatives Dockter, Kreidt, and Laning voted "aye." Representative Boehning voted "nay."

Chairman Krebsbach requested the Legislative Council staff to prepare committee reports to be attached to each bill.

No further business appearing, Chairman Krebsbach adjourned the meeting at 4:30 p.m.

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Fiscal Analyst

ATTACH:7