

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Monday, January 18, 1999
Pioneer Room, State Capitol
Bismarck, North Dakota

Representative Francis J. Wald, Chairman, called the meeting to order at 4:00 p.m.

Members present: Representatives Francis J. Wald, Al Carlson, Glen Froseth, Jim Poolman; Senators Karen K. Krebsbach, Ed Kringstad, Elroy N. Lindaas, Carolyn Nelson

Member absent: Representative Sally M. Sandvig

Others present: Tom Tupa, Independent State Employees Association, Bismarck

Weldee Baetsch, Association of Former Public Employees, Bismarck

Dan Ulmer, Blue Cross Blue Shield of North Dakota, Bismarck

Rod Larson, Blue Cross Blue Shield of North Dakota, Fargo

Sparb Collins, Kathy Allen, Deb Knudson; North Dakota Public Employees Retirement System, Bismarck

Howard Snortland, Association of Former Public Employees - Retired Teachers Association, Bismarck

Fay Kopp, Retirement and Investment Office/Teachers' Fund for Retirement, Bismarck

Scott Engmann, Retirement and Investment Office, Bismarck

Ray Holmberg, State Senator, Grand Forks

Bette Grande, State Representative, Fargo

Chairman Wald welcomed the new appointees, Representatives Al Carlson and Jim Poolman, to the committee meeting. He also announced that Legislative Council Chairman Gary J. Nelson had appointed Representative Sally M. Sandvig to the committee.

At the request of Chairman Wald, committee counsel reviewed the responsibilities of the committee. He said the committee is a statutory committee with continuing responsibility to review measures that are introduced during a legislative session that may affect a public employee retirement, retiree health, or health insurance program. He said the Legislative Council staff has identified two such measures that have been introduced and a third measure that came before the committee during the interim but which has been revised in preparation for introduction, and thus the committee should also review this proposal.

At the request of Chairman Wald, committee counsel reviewed 1999 House Bill No. 1292. He said

the bill provides that the Public Employees Retirement System Board shall provide medical benefits coverage for annual physical examinations for women. He said the annual physical examination would be required to include a papanicolaou test unless the test is not medically recommended and the woman agrees that the test need not be performed.

In response to a question from Senator Nelson, Mr. Sparb Collins, Executive Director, Public Employees Retirement System, said the present uniform group health insurance program covers an annual physical exam for women if a papanicolaou test is performed. However, he said, the health insurance program does not cover the physical examination if a papanicolaou test is not performed.

In response to a question from Senator Lindaas, Mr. Collins said the annual cost of the proposal, based on the assumption that an annual physical examination is an office call, would be approximately \$240,000 per year or \$480,000 per biennium.

In response to a question from Representative Poolman, Mr. Collins said if the bill is interpreted to include laboratory tests or other items in addition to the office call, the cost would increase proportionately.

It was moved by Representative Poolman, seconded by Representative Carlson, and carried that the committee take jurisdiction over 1999 House Bill No. 1292 and that the bill be given an unfavorable recommendation. Representatives Wald, Carlson, Froseth, and Poolman and Senators Krebsbach, Kringstad, Lindaas, and Nelson voted "aye." No negative votes were cast.

Chairman Wald recognized Senator Ray Holmberg. Senator Holmberg reviewed Senate Bill No. 2204. He said the bill allows persons who are certified to teach by the Education Standards and Practices Board and who are first employed by the Superintendent of Public Instruction after January 6, 2001, to elect to become participating members of the Public Employees Retirement System. He said he introduced the proposal at the request of several school superintendents and that the proposal is supported by school administrators in North Dakota. He said the bill is designed to allow school administrators who wish to join the Department of Public Instruction to participate in the Public Employees Retirement

System rather than the Teachers' Fund for Retirement. He said this would allow the Superintendent of Public Instruction to attract highly qualified school administrators to the department. Under current law, he said, if a school administrator were to leave a well-paying job for a lower-paying job in the Department of Public Instruction, it would adversely impact that person's retirement benefits. Under the proposal, he said, a school administrator could retire under the Teachers' Fund for Retirement and participate in the Public Employees Retirement System when the administrator joins the Department of Public Instruction.

In response to a question from Representative Wald, Mr. Scott Engmann, Executive Director, Retirement and Investment Office, said the anticipated actuarial impact of the proposal is little to none.

In response to a question from Representative Wald, Mr. Collins said the impact on the Public Employees Retirement System would be small because of the small number of employees able to take advantage of the provisions in the bill.

It was moved by Representative Poolman, seconded by Senator Kringstad, and carried that the Employee Benefits Programs Committee waive jurisdiction over 1999 Senate Bill No. 2204 for the purpose of allowing it to proceed during the 1999 Legislative Assembly because of the preliminary actuarial information that the bill would have a minimal impact on the Teachers' Fund for Retirement and the Public Employees Retirement System.

Chairman Wald recognized Senator Kringstad. Senator Kringstad reviewed Employee Benefits Programs Committee Bill No. 90. He said Employee Benefits Programs Committee Bill No. 90 provides

that persons receiving monthly benefits from the Teachers' Fund for Retirement are entitled to receive a monthly credit for hospital and medical benefits coverage of \$1.75 multiplied by the person's years of service. He said the program is funded by a state contribution equal to .65 percent of the salaries and wages of each teacher employed in the state and that the bill contains an appropriation of \$3,879,200 from the general fund to fund the teachers' retiree health benefits program. He said the bill is similar to one reviewed by the Employee Benefits Programs Committee during the interim which would have provided a credit of \$2.50, a state contribution equal to one percent of teachers' salaries and contained an appropriation of \$6 million from the general fund. He said the Employee Benefits Programs Committee gave that proposal no recommendation.

It was moved by Senator Nelson, seconded by Representative Poolman, and carried that the committee take jurisdiction over Employee Benefits Programs Committee Bill No. 90 and that the committee make no recommendation on the bill. Representatives Wald, Carlson, Froseth, and Poolman and Senators Krebsbach, Kringstad, Lindaas, and Nelson voted "aye." No negative votes were cast.

No further business appearing, Chairman Wald adjourned the meeting at 4:50 p.m.

Jeffrey N. Nelson
Counsel