

NORTH DAKOTA LEGISLATIVE COUNCIL

Tentative Agenda

**EMPLOYEE BENEFITS PROGRAMS COMMITTEE**

Friday, June 4, 2004  
Harvest Room, State Capitol  
Bismarck, North Dakota

9:00 a.m.

Call to order

Roll call

Consideration of minutes of the January 15, 2004, committee meeting

Consideration of employee benefits programs committee bills:

**STATE INVESTMENT BOARD (SIB)**

Bill No. 51 Requires the executive director of the Retirement and Investment Office to conduct an employee criminal history record investigation for any individual first employed by the Retirement and Investment Office after July 31, 2005, who has unescorted physical access to the office or any security-sensitive area of the office as designated by the executive director (SIB)

**TEACHERS' FUND FOR RETIREMENT (TFFR)**

Bill No. 50 Revises the definition of salary for purposes of TFFR to incorporate changes in the federal Internal Revenue Code made through August 1, 2005; revises minimum distribution requirements for purposes of TFFR to incorporate changes in the federal Internal Revenue Code made through August 1, 2005; revises benefit limitations for purposes of TFFR to incorporate changes in the federal Internal Revenue Code made through August 1, 2005; provides that retired members who return to teaching are required to pay the required contributions on all salary unless the employer has elected to pick up all or a portion of its employees' contributions, in which case the employer and employee are required to pay the employee contribution based on the pickup methodology used by the employer; provides that a retired member who returns to teaching under the annual hour limit is not entitled to earn any additional service credit during the period of reemployment and is not entitled to receive a refund of any additional contributions paid and that retirement benefits may not be adjusted to reflect changes in the retired member's age or final average salary at the end of the period of reemployment; provides that the former payment elected by the retired member remains effective during and after the period of reemployment and that additional benefits normally available to active members, such as disability benefits, are not available to reemployed retired members; provides that members who return to active service in a critical shortage area or discipline are required to pay the required contributions on all salary received by the retired member unless the employer has elected to pick up all or a portion of its employees' contributions, in which case the employer and employee are required to pay the employee contribution based on the pickup methodology used by the employer and that the employer must pay the required employer contributions in a like manner; provides that a retired member who returns to active service in a critical shortage area or

discipline is not entitled to receive a refund of any additional contributions paid; revises the withdrawal provisions applicable to TFFR to incorporate changes in the federal Internal Revenue Code made through August 1, 2005; provides that the TFFR Board administer the plan in compliance with the federal Internal Revenue Code and regulations adopted pursuant to the code as they apply to governmental plans (TFFR)

### **PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

Bill No. 52 Revises the purchase of service credit provisions applicable to the Highway Patrolmen's retirement system for qualified military service; provides that permanent and total disability for purposes of the Highway Patrolmen's retirement system is based solely on a contributor's inability to perform the contributor's duties arising out of physical or mental impairment; for the Highway Patrolmen's retirement system provides that the joint and survivor 100 percent retirement payment option is the actuarial equivalent joint and survivor 100 percent option, the life with 10-year certain retirement benefit payment option is the actuarial equivalent life with 10-year certain option, adds an actuarially equivalent life with 20-year certain option, and eliminates the life with 5-year certain option; provides an actuarially equivalent partial lump sum distribution option with a 12-month maximum lump sum distribution for the Highway Patrolmen's retirement system; provides that the retirement board administer the Highway Patrolmen's retirement system plan in compliance with provisions of the federal Internal Revenue Code in effect through August 1, 2005; provides that information relating to beneficiaries under the Highway Patrolmen's retirement system may be disclosed to other beneficiaries of the same member; provides that information and records under the Highway Patrolmen's retirement system may be disclosed to the general public, but only after the board has been unable to locate the member for a period in excess of two years, and limited to the member's name and the fact that the board has been unable to locate the member; changes the definition of peace officer for purposes of PERS to require persons employed after August 1, 2005, be employed 32 hours or more per week and at least 20 weeks each year of employment; provides that participating members of the law enforcement retirement plan who begin employment after August 1, 2005, are ineligible to participate concurrently in any other retirement plan administered by PERS; requires the executive director to conduct an employee criminal history record investigation for any individual first employed by PERS after July 1, 2005, who has unescorted physical access to the office or any security-sensitive area of the office as designated by the executive director; provides that the life with 10-year certain option is the actuarially equivalent life with 10-year certain option, adds an actuarially equivalent life with 20-year certain option, and eliminates the life with 5-year certain option distribution option; provides an actuarially equivalent joint and survivor level Social Security option, with 50 percent or 100 percent options, which is available only to members who retire before attaining the age at which they may begin to receive unreduced Social Security benefits; adds an actuarially equivalent partial lump sum distribution option with a 12-month maximum lump sum distribution; revises the purchase of service credit provisions applicable to PERS for qualified military service; provides that the

retirement board administer the plan in compliance with the federal Internal Revenue Code in effect through August 1, 2005; revises the definition of eligible employee for purposes of the defined contribution plan to provide that if a participating member loses permanent employee status and becomes a temporary employee, the member may still participate in the defined contribution retirement plan; revises the military service provisions applicable to the defined contribution retirement plan; provides that a surviving spouse beneficiary may elect one or a combination of several of the methods of distribution currently provided for the defined contribution retirement plan but that a beneficiary who is not the surviving spouse may only choose a lump sum distribution of the accumulated balance; repeals provisions relating to prior service credit under the Public Employees Retirement System (PERS)

- Bill No. 53 Defines final average salary for purposes of the Highway Patrolmen's retirement system and the PERS main system for contributors who retire on or after July 1, 2009, as the average of the highest salary received by the contributor for any 36 months employed during the last 180 months of employment; defines final average salary, for an employee employed on August 1, 2005, as the average of the highest salary received by the contributor for any 36 months employed during the last 120 months of employment multiplied by one and three hundredths; provides that if the retirement board determines that the retirement fund has obtained a total return on investments of 11.2 percent or higher for the fiscal year ending June 30, 2005, or June 30, 2006, and that the retirement fund has the necessary margin to pay for the benefit, the board is required to authorize a payment to each retiree receiving benefit payments of 50 percent of the retiree's then current monthly benefit payment (PERS)

#### **UNIFORM GROUP INSURANCE PROGRAM**

- Bill No. 54 Allows the retirement board to receive money from third parties, including the federal government, pursuant to one or more federal programs and appropriates this money on a continuing basis for the board's use in paying benefits, premiums, or administrative expenses of the uniform group insurance program; allows the retirement board to negotiate the proposed bid price and specifications with any or all health insurance bidders; allows the retirement board to establish a plan of self-insurance for providing health insurance benefits coverage under a completely self-administered, self-insurance plan under the uniform group insurance program; provides that if the retirement board implements a self-administered, self-insurance program, the total amount of all premiums received for purposes of paying claims and administrative expenses is appropriated to the board on a continuing basis and that the board may employ whatever full-time equivalent staff is necessary to properly and efficiently implement and administer the program; allows the retirement board to develop a provider network by negotiating a contract with health care providers and associations (PERS)

- Bill No. 55 Increases the employer contribution to the retiree health benefits fund from 1 percent of the monthly salaries and wages of all participating members to 1.45 percent and increases the retiree health benefits fund credit from \$4.5 to \$5 (PERS)
- Bill No. 11 Requires the retirement board to contract with one or more nondomestic pharmacy benefits managers to facilitate the purchase of eligible Canadian prescription drugs by eligible employees and persons receiving retiree health benefits (Senator Mathern)
- Bill No. 22 Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the retirement board (Senator Mathern)
- Bill No. 43 Provides that for purposes of a provision allowing retirees who have accepted a retirement allowance from a political subdivision's retirement plan to elect to participate in the uniform group insurance program without meeting minimum requirements at age 65, when the employee's spouse reaches age 65, upon the receipt of a benefit, or when the spouse terminates employment, retirement allowance means a payment or payments to a participant of an employer-sponsored pension or retirement plan who terminated employment by retirement on or after achieving normal retirement age and who was vested in the employer plan at the time of retirement (Senator Wardner)

### **OLD-AGE AND SURVIVOR INSURANCE SYSTEM (OASIS)**

- Bill No. 56 Increases primary insurance benefits under the Old-Age and Survivor Insurance System fund from \$906.62 to \$933.28 on August 1, 2005, and \$959.94 on August 1, 2006; appropriates \$23,000 from the general fund to PERS to pay Old-Age and Survivor Insurance System benefits to remaining beneficiaries (PERS)

### **HEALTH INSURANCE STUDY**

- 11:00 a.m. Presentation by Mr. William F. Robinson, Jr., Area Vice President, Gallagher Benefit Services, Inc., Denver, Colorado, concerning health savings accounts
- 11:30 a.m. Presentation by Mr. Larry Brooks, Manager Marketing Support, and Mr. Pat Gulbranson, Project Analysis, Blue Cross Blue Shield of North Dakota, Fargo, concerning health savings accounts
- 12:00 noon Luncheon recess
- 1:00 p.m. Presentation by Mr. Doug Holloway, Deputy Commissioner, Insurance Department, concerning the use of health savings accounts in North Dakota
- 1:30 p.m. Presentation by Mr. Dick Hedahl, President, Hedahl's, Inc., concerning Hedahl's employee health insurance plan
- 2:00 p.m. Presentation by Mr. Chuck Klein, Director, Human Resources, City of Bismarck, concerning the City of Bismarck's employee health insurance plan
- 2:30 p.m. Comments by other interested persons in attendance concerning the health insurance study
- 3:00 p.m. Presentation by Mr. Sparb Collins, Executive Director, Public Employees Retirement System, of an update on the uniform group health insurance plan renewal process and selection of vendors for the 401A defined contribution retirement plan and the 457 deferred compensation plan

**INTERNAL REVENUE SERVICE LETTER RULING**

- 3:15 p.m. Presentation by Mr. Collins concerning letter rulings from the Internal Revenue Service that the sections allowing a member to purchase service credit with pretax or aftertax money does not jeopardize the qualified status of the Highway Patrolmen's retirement system or the Public Employees Retirement System
- 3:25 p.m. Staff directives
- 3:30 p.m. Adjourn

**Committee Members**

Senators Karen K. Krebsbach (Chairman), Richard Brown, Ralph L. Kilzer, Carolyn Nelson  
Representatives Bill Amerman, Al Carlson, Mike Grosz, Jim Kasper, Francis J. Wald