

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2022

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of various state
2 retirement and investment agencies; ~~and~~ to provide various transfers; to create and enact
3 section 54-52.1-05.1 of the North Dakota Century Code, relating to the terms of public
4 employees retirement system contracts for uniform group health insurance benefits coverage;
5 to amend and reenact subsection 17 of section 54-52-01 and sections 54-52-03 and 54-52.1-05
6 of the North Dakota Century Code, relating to the public employees retirement system board
7 and disclosure of information by uniform group health insurance benefits coverage carriers; and
8 to limit the use of health insurance program reserves.

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

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
11 as may be necessary, are appropriated out of any moneys from special funds derived from
12 income, to the retirement and investment agencies listed in this section for the purpose of
13 defraying their expenses, for the biennium beginning July 1, 2015, and ending June 30, 2017,
14 as follows:

15 Subdivision 1.

16 RETIREMENT AND INVESTMENT OFFICE

	Base Level	Adjustments or Enhancements	Appropriation
17			
18	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
19	\$3,772,504	\$582,351	\$4,354,855
20	<u>\$3,772,504</u>	<u>\$568,047</u>	<u>\$4,340,551</u>
21	Accrued leave payments	71,541 (71,541)	0
22	Operating expenses	973,324 17,550	990,874
23	Contingencies	82,000 0	82,000
24	Total special funds	\$4,899,369	\$5,427,729

1	<u>Total special funds</u>	<u>\$4,899,369</u>	<u>\$514,056</u>	<u>\$5,413,425</u>
2	Full-time equivalent positions	19.00	0.00	19.00
3	Subdivision 2.			
4	PUBLIC EMPLOYEES RETIREMENT SYSTEM			
5			Adjustments or	
6		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
7	Salaries and wages	\$5,016,339	\$1,463,071	\$6,479,410
8	<u>Salaries and wages</u>	<u>\$5,016,339</u>	<u>\$1,399,021</u>	<u>\$6,415,360</u>
9	Accrued leave payments	103,217	(103,217)	0
10	Operating expenses	2,280,894	397,169	2,678,063
11	<u>Operating expenses</u>	<u>2,280,894</u>	<u>397,169</u>	<u>2,678,063</u>
12	Contingencies	<u>250,000</u>	<u>0</u>	<u>250,000</u>
13	Total special funds	\$7,650,450	\$1,757,023	\$9,407,473
14	Full-time equivalent positions	33.00	1.50	34.50
15	<u>Total special funds</u>	<u>\$7,650,450</u>	<u>\$1,692,973</u>	<u>\$9,343,423</u>
16	<u>Full-time equivalent positions</u>	<u>33.00</u>	<u>1.50</u>	<u>34.50</u>

17 Subdivision 3.

18	BILL TOTAL			
19			Adjustments or	
20		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21	Grand total special funds	\$12,549,819	\$2,285,383	\$14,835,202
22	Full-time equivalent positions	52.00	1.50	53.50
23	<u>Grand total special funds</u>	<u>\$12,549,819</u>	<u>\$2,207,029</u>	<u>\$14,756,848</u>
24	<u>Full-time equivalent positions</u>	<u>52.00</u>	<u>1.50</u>	<u>53.50</u>

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

29	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
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1	Public employees retirement system - temporary salaries	\$0	\$100,000
2	Total special funds	\$0	\$100,000

3 The 2015-17 one-time funding amounts are not part of the entity's base budget for the 2017-19
4 biennium. The public employees retirement system shall report to the appropriations
5 committees of the sixty-fifth legislative assembly on the use of the one-time funding for the
6 biennium beginning July 1, 2015, and ending June 30, 2017.

7 **SECTION 3. APPROPRIATION LINE ITEM TRANSFERS.** Upon approval of the respective
8 boards, the retirement and investment office and the public employees retirement system may
9 transfer from their respective contingencies line items in subdivisions 1 and 2 of section 1 of this
10 Act to all other line items. The agencies shall notify the office of management and budget of
11 each transfer made pursuant to this section.

12 **SECTION 4. AMENDMENT.** Subsection 17 of section 54-52-01 of the North Dakota
13 Century Code is amended and reenacted as follows:

14 17. "Retirement board" or "board" means the ~~seven persons designated by this chapter as~~
15 ~~the governing authority for the retirement system~~ created under section 54-52-03.

16 **SECTION 5. AMENDMENT.** Section 54-52-03 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **54-52-03. Governing authority.**

19 A state agency is hereby created to constitute the governing authority of the system to
20 consist of a board of ~~seven persons~~nine individuals known as the retirement board. No more
21 than one elected member of the board may be in the employ of a single department, institution,
22 or agency of the state or in the employ of a political subdivision. ~~No~~An employee of the public
23 employees retirement system or the state retirement and investment office may not serve on the
24 board.

25 1. Two members of the legislative assembly must be appointed by the chairman of the
26 legislative management to serve on the board.

27 a. If the same political party has the greatest number of members in both the house
28 and senate, one member must be from that majority party and one member from
29 the political party with the next greatest number of members in the house and
30 senate.

1 b. If the same political party does not have the greatest number of members in both
2 the house and senate, one member must be from the majority party in the house
3 and one member must be from the majority party in the senate.

4 2. One member of the board must be appointed by the governor to serve a term of five
5 years. The appointee must be a North Dakota citizen who is not a state or political
6 subdivision employee and who by experience is familiar with money management.
7 The citizen member is chairman of the board.

8 ~~2.3.~~ One member of the board must be appointed by the attorney general from the
9 attorney general's legal staff and shall serve a term of five years.

10 ~~3.4.~~ The state health officer appointed under section 23-01-05 or the state health officer's
11 designee is a member of the board.

12 ~~4.5.~~ Three board members must be elected by and from among the active participating
13 members, members of the retirement plan established under chapter 54-52.6,
14 members of the retirement plan established under chapter 39-03.1, and members of
15 the job service North Dakota retirement plan. Employees who have terminated their
16 employment for whatever reason are not eligible to serve as elected members of the
17 board under this subsection. Board members must be elected to a five-year term
18 pursuant to an election called by the board. Notice of board elections must be given to
19 all active participating members. The time spent in performing duties as a board
20 member may not be charged against any employee's accumulated annual or any
21 other type of leave.

22 ~~5.6.~~ One board member must be elected by and from among those persons who are
23 receiving retirement benefits under this chapter. The board shall call the election and
24 must give prior notice of the election to the persons eligible to participate in the
25 election pursuant to this subsection. The board member shall serve a term of five
26 years.

27 ~~6.7.~~ The members of the board are entitled to receive one hundred forty-eight dollars per
28 day compensation and necessary mileage and travel expenses as provided in
29 sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due
30 the chairman or a member, plus an allowance for expenses they may incur through
31 service on the board.

1 ~~7.8.~~ A board member shall serve a five-year term and until the board member's successor
2 qualifies. Each board member is entitled to one vote, and ~~four~~five of the ~~seven~~nine
3 board members constitute a quorum. ~~Four~~Five votes are necessary for resolution or
4 action by the board at any meeting.

5 **SECTION 6. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52.1-05. Provisions of contract - Term of contract.**

8 1. Each uniform group insurance contract entered ~~into~~ by the board must be consistent
9 with the provisions of this chapter, must be signed for the state of North Dakota by the
10 chairman of the board, and must include the following:

11 ~~1.~~ a. As many optional coverages as deemed feasible and advantageous by the
12 board.

13 ~~2.~~ b. A detailed statement of benefits offered, including maximum limitations and
14 exclusions, and such other provisions as the board may deem necessary or
15 desirable.

16 2. The initial term or the renewal term of a fully insured uniform group insurance contract
17 for hospital benefits coverage, medical benefits coverage, or prescription drug
18 coverage may not exceed two years.

19 a. The board may renew a contract subject to this subsection without soliciting a bid
20 under section 54-52.1-04 if the board determines the carrier's performance under
21 the existing contract meets the board's expectations and the proposed premium
22 renewal amount does not exceed the board's expectations.

23 b. In making a determination under this subsection, the board shall:

24 (1) Use the services of a consultant to concurrently and independently prepare
25 a renewal estimate the board shall consider in determining the
26 reasonableness of the proposed premium renewal amount.

27 (2) Review the carrier's performance measures, including payment accuracy,
28 claim processing time, member service center metrics, wellness or other
29 special program participation levels, and any other measures the board
30 determines relevant to making the determination and shall consider these

measures in determining the board's satisfaction with the carrier's performance.

(3) Consider any additional information the board determines relevant to making the determination.

c. If the board determines the carrier's performance under the existing contract does not meet the board's expectations or the proposed premium renewal amount exceeds the board's expectations and the board determines to solicit a bid under section 54-52.1-04, the board shall specify its reasons for the determination to solicit a bid.

SECTION 7. Section 54-52.1-05.1 of the North Dakota Century Code is created and enacted as follows:

54-52.1-05.1. Health insurance benefits coverage - Insured and provider data disclosure.

Except as necessary for treatment, payment, or health care operations, a carrier providing health insurance benefits coverage under this chapter may not disclose identifiable or unidentifiable insured or provider data or information to a related or unrelated health care delivery entity. The board may establish exceptions to the disclosure limitations under this section for the limited purpose of addressing public interest and benefit activities or for the limited purpose of addressing research, public health, or health care operations. An exception established by the board under this section may not be more permissive than allowed under state and federal privacy laws.

SECTION 8. HEALTH INSURANCE RESERVE FUNDS - LIMITATIONS. Notwithstanding any other provision of law, during the 2015-17 biennium, the public employees retirement system board may not spend any moneys in the fund created under section 54-52.1-06 or from any other source for the purpose of reducing any increase in uniform group insurance premium amounts beyond the rates used by the sixty-fourth legislative assembly for developing 2015-17 state agency budgets.