2019 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HCR 3027

2019 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union Room, State Capitol

HCR 3027
2/14/2019
#32781

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Carmen Hart typed by Jeanette Cook

Explanation or reason for introduction of bill/resolution:

Directing the Legislative Management to consider studying the expansion of the PERS uniform group insurance health benefits for long-term state employees who separate from employment due to reduction in force or retirement

Minutes:

Chairman Kasper opened the hearing on HCR 3027.

Rep. George Keiser appeared in support. A state employee's position was being eliminated. She was told that she would be losing her job. After that, they came out with a RIF, then there was a voluntary reduction in force. She accepted a voluntary RIF with some salary and for every number of years of service she'd get certain amount toward health insurance. COBRA would allow her to extend her current health insurance, but then there was about a year and one-half period that she wasn't eligible for state health insurance. She had to buy commercial health insurance. When she turned 65 she was eligible to come back on the state health insurance plan. Prior to passage of the ACA, the state's policy was to allow those people to stay in the plan. After that the decision was made, that we no longer covered persons in that donut hole. We do not underwrite for that specific group. I think that this an important enough issue that the legislature should have some input. We have an existing donut hole that wasn't there and is there now. We need to take care of our state employees. I think it should be studied, and the legislature should weigh in versus the PER's board.

Rep. B. Koppelman: What is a long-term state employee, and what is a donut hole?

Rep. Keiser: The study should define where that line is drawn. Her suggestion was 25 years of service.

Rep. Laning: Is a person affected by this going to be responsible for paying their insurance premium?

Rep. Keiser: That is correct, but they do get a credit of $5.00 per year for up to 20 years. That will be applied to the premium, and the difference would have to be paid.

Rep. Rohr: In your business would you do the same for your employees?

Rep. Keiser: In my business I don't do that, but we also don't RIF employees. The state employees have a benefit package. It is very important to them.

There was no further support for HCR 3027.
There was no opposition to HCR 3027.

Scott Miller, Executive Director of ND PERS, appeared to answer questions.

Rep. Schauer: How often does this come up and is this a hole we need to fix?

Mr. Miller: We did provide health insurance coverage to what we call pre-Medicare retirees. You had to be a retiree to access that. You still can, but in the 2013 legislative session the assembly reacted to a change in how the government accounting standard's board requires the state to report what are called subsidies. The pre-Medicare retiree rate was heavily subsidized by the state. Under statute the rate was two times the premium for a single employee. That wouldn't come anywhere close to that actual amount. In 2011 the subsidy we had to report was $65 million. In 2013 the legislative assembly made a change that required us to have a premium for the retirees that did not include a subsidy. That amount was an extraordinary premium. The board then looked at the premiums on the marketplace. They were cheaper than the board could even offer. Sanford priced out for us a single pre-Medicare retiree for $1600 a month at this point. On the marketplace you can get the same coverage for $1000. So, it hasn't been offered. We have made the $5.00 per year portable. There is a donut hole, but this is the reason.

Chairman Kasper: Could you provide us a chart of the premium projection.

Rep. B. Koppelman: If it is $1600, why does the PERS board have to make a policy not to allow a person to purchase it? What is the reason to close off the access to that?

Rebecca Fricke, PERS: The way the law currently is, (2013) it gave individual wanting to retire early who wanted to have the option to continue with the pre-Medicare premium the opportunity to do so. We do have less than 1000 in that pre-Medicare group. It continues to come down. The way the law currently is, if the board did make the decision to open it back up, the state would no longer be able to do the subsidy, and instead of charging about $900 to the grandfathered individuals, they would all have to pay $1600. So, when the board examined that, it was decided that the legislative assembly had made decisions, we publicized that to give people opportunity to retire, but not adversely impact the grandfathered individuals with the change. It was decided not to open it back up. The board did just review that last fall.

Rep. B. Koppelman: What do you believe is the average length of time that the subsidized individuals were subsidized?

Rebecca Fricke: It varies in length, depending on when you started working for the state and when you retire.

Rep. B. Koppelman: Would there be any issues with letting individuals into the group and paying the unsubsidized rate?

Rebecca Fricke: I don't believe there is an issue with doing that, it is just the way the law is currently written. It basically closed the pre-Medicare option. If you were to provide legislation that would specify the grandfathered group and the other group, I'm not aware of issues. Quoting the $900 is painful now; so to quote $1,600 would be even greater. It also become a rub to the state employees that are now working. That would be their entire pension.

Chairman Kasper: Are you tracking the claims on that group: the claims vs. the loss ratios?

Rebecca Fricke: I do believe that we do, but the premium is set in statute. We can track the claims; we just can charge the appropriate premium. This resolution is broader that what we have been discussing now, which has just been individuals that retire and begin drawing a benefit. It also allows long term terminated employees, which would have to be addressed.

Chairman Kasper: What is the current policy now for employees who retire pre-age 65?

Scott Miller: You have to be taking a health insurance benefit from PERS, and it is $5 per month per year of employment.

Chairman Kasper: Will you give us an outline of those rules, please.

Rep. B. Koppelman: Are we paying more as a state for health insurance for the same coverage for our employees than what the market rate is for that coverage? It seems like we are from your examples.

Scott Miller: I don't have the specific answer for that. Sanford told me yesterday that our plan is akin to a Gold Plan that would available on the marketplace.

Closed the hearing on HCR 3027.

Rep. Louser moved a DO PASS on HCR 3027.
Rep. Schaur seconded the motion.

Vice Chair Steiner: I am going to resist the motion; it concerns me that this will push in a direction that I don't support.

Rep. Rohr: I am going to resist too. This resolution includes long term employees as well.

Rep. Schauer: I need to support this. It is the least that we can do for people that have worked 20-30 years.

A roll call vote was taken: Aye 7 Nay 7 Absent 0
The motion failed.

Rep. Rohr moved a DO NOT PASS on HCR 3027.
Seconded by Rep. B Koppelman.
A roll call vote was taken: Aye 8 Nay 6 Absent 0
The motion carried.
Rep. Vetter will carry HCR 3027.

Date: 2-14-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3027

House Government and Veterans Affairs Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☑ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Louser Seconded By Rep. Schauer

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper		X	Rep. Pamela Anderson	X	
Vice Chair Vicky Steiner		X	Rep. Mary Schneider	X	
Rep. Jeff Hoverson		X			
Rep. Craig Johnson	X				
Rep. Daniel Johnston		X			
Rep. Karen Karls	X				
Rep. Ben Koppelman		X			
Rep. Vernon Laning	X				
Rep. Scott Louser	X				
Rep. Karen Rohr		X			
Rep. Austen Schauer	X				
Rep. Steve Vetter		X			

Total (Yes) 7 No 7

Absent 2

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2-14-17
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 3027

House Government and Veterans Affairs Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Rohr Seconded By Rep. B. Koppelman

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper	X		Rep. Pamela Anderson		X
Vice Chair Vicky Steiner	X		Rep. Mary Schneider		X
Rep. Jeff Hoverson	X				
Rep. Craig Johnson		X			
Rep. Daniel Johnston	X				
Rep. Karen Karls		X			
Rep. Ben Koppelman	X				
Rep. Vernon Laning	X				
Rep. Scott Louser		X			
Rep. Karen Rohr	X				
Rep. Austen Schauer		X			
Rep. Steve Vetter	X				

Total (Yes) 8 No 6

Absent 0

Floor Assignment Rep. Vetter

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3027: Government and Veterans Affairs Committee (Rep. Kasper, Chairman) recommends **DO NOT PASS** (8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HCR 3027 was placed on the Eleventh order on the calendar.

2019 SENATE GOVERNMENT AND VETERANS AFFAIRS

HCR 3027

2019 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

HCR3027
3/28/2019
#34343

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Pam Dever

Explanation or reason for introduction of bill/resolution:
Directing Legislative Management to consider studying the expansion of the PERS uniform group insurance health benefits for long-term state employees who separate from employment due to reduction in force or retirement.

Minutes: Att # 1 – Lori Laschkewitsch,

Chairman Davison: Open the hearing on HCR3027.

Rep. George Keiser, Dist. 47, Bismarck: Before the Affordable Care Act, we did cover these employees in the PERS plan. The PERZ board met and decided to exclude this group from coverage. I had a constituent come to me and ask this be changed. She had worked for the state for 27 years. There was a movement in force reduction. Department were asked to cut. Her department came to her and told her that her position would be eliminated. (2.04) The department said they will have a voluntary buyout. She had a difficult decision to make. She had 5 ½ years before she wanted to retire. She could take the reduction in force, go on employment, and take that money. She also looked at the voluntary buyout, and weighed both options. They would cover under COBRA, her health insurance for a period of time. On COBRA they can stay on the state plan, but if there is the donut hole, which occurred for her, she did not hit the age of 65. She had a year and half she had to be outside of the state plan because COBRA expired. She could come back to the plan at age 65. You need that rule, 83 or whatever, the state gives you a certain number of dollars for each year you work. You take that since it is yours, and you can apply it to the PERS plan is you stay in it, or you can go out and buy insurance in private area or the exchange. (4.07) You still get that credit to help pay the premium. The PERS plan said we have not underwritten this pool directly, so there is an exposure to us in including them. This bill asks legislative management to study this because it is a policy questions. They need to study that small group. This is their money not the state's. (6.40) It came out of the House an even vote, and them one member changed their vote. I fought this on the floor because they did not address whose money is it. (8.09)

Sen. Kristin Roers: If this person was a reduction in force, not retirement, they are paying the full premium?

Rep. Keiser: Once I am out of the state, you pay full premium. And I get the credits that apply to my bill.

Sen. Kristin Roers: I was victim of a force reduction at age 25. Would this apply regardless of years of service and age?

Rep. Keiser: They would not pay that premium at that age. It is a big premium. This is for long term employees, as it ways in the bill. Why should a state win in a RIF, and then say we are taking this action?

Chairman Davison: If you are 57 years old and had 30 years, and you get RIF, I think the rule is 85. The person met the rule and their donut hole is they get 18 months of COBRA. The donut is between 57 ½ and the 18 months so they are 59. The donut is between 65 and 59. Are you suggesting the PERS still pay the health insurance?

Rep. Keiser: No, the people still pay it. This is to make an option to stay in under the price they had when employed. The PERS board said, no. (12.07)

Sen. Shawn Vedaa: What would be the reason they would not let them continue paying?

Rep. Keiser: As a sub-group, it has never been underwritten. But they do get to come back in when they are older and sicker at the existing rate. (13.08)

Chairman Davison: Any more in favor? Agency?

Lori Laschkewitch: I am support. (see att # 1) I am retired from the state. (14.18) A breast cancer diagnosis has created a preexisting condition. This causes a big problem. (15.15)

Chairman Davison: More in support? Agency?

Scott Miller, PERS: (15.33) I was coming to answer questions. I want to clarify a few things. The only insurance coverage for those that leave state jobs, previously could have is COBRA for 18 months. If they were not receiving retirement benefits, there would have been no insurance coverage except COBRA. To get the pre Medicare retiree insurance that we have, you had to be taking your retiree benefit from the state. The folks that get RIFFed at age 55 they have the COBRA. If they don't meet the rule, they could not be on our health plan under Code. We still offer a pre Medicare retiree plan, but several sessions ago, the assembly changed the statute as far as underwriting that plan. For years, the rates for that plan were a multiple of what we were charging for active employees. IT was not underwritten. That was creating a subsidy. The state was subsidizing those insurance rates for pre Medicare retirees. If they are underwritten, they are much more expensive. The state had to start reporting the liabilities. In 2011, the liability was over $65 million. The state looked at that and hard to justify especially with the OFA coming on shortly thereafter. The Code was changed to prohibit PERS from offering a pre Medicare retiree to new retirees that was not subsidized. The folks who were on it, stayed on it, but any new could not. The liability is down to $3.6 million. We do have the authority to offer an underwritten pre Medicare retiree health plan to that group. But when OCA came into effect, the board looked and found the premium is 60% higher than you can get on the market.

Chairman Davison: When you talk about the pre Medicare retiree plan is what?

Scott: That is the only plan that we have in Code that we are able to offer who are receiving the retirement benefit from PERS. (19.17)

Chairman Davison: That is different than our regular health plan?

Scott: It is the same plan, but a different pool of people. (19.18)

Chairman Davison: What prevents them from being part of the regular pool?

Scott: Under statute they are split up to a separate group. If the statute was changed, then they would be underwritten in their group. Out grandfathered plan that we have for current employees would apply to them, but the under writing would occur to create a premium that state would not be subsidizing.

Chairman Davison: So the premium that we used is the same that we would charge the people that retire, regardless of what the underwriter said?

Scott: Do not understand. You can get a gold coverage in the market place for $1,000 to $1,100 per month. Our unsubsidized premium is about $1,600 per month for single person. Given that difference, the board did not understand why people would want the larger cost. We are watching what is happening with Affordable Health, because there has been a change. If that is overturned, the board will look at offering a different plan. (22.51)

Sen. Erin Oban: I am confused between what is in Code and what the board did. I thought you said they we changed something that impacts the donut of state people, but we protected ourselves as legislators?

Scott: I was not here. That was in 2013 session. The Code was changed to stop offering the subsidized to pre Medicare retirees and begin offering a fully underwritten plan to those people. It did grandfather in current people and members of the legislature. (23.55) We are not against the study.

Chairman Davison: Any opposition? Any more testimony? The hearing is closed.

Sen. Erin Oban: I think this is a good discussion to have. I move a DO PASS on HCR3027.

Sen. Richard Marcellais: I second.

Chairman Davison: Take roll: **YES -- 7 NO -- 0 -0-absent**.
HCR3027 PASSED. Sen. Erin Oban will carry the bill.

Done (27.45)

3-28-19

Date:
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES HCR 3027
BILL/RESOLUTION NO.

Senate Government and Veterans Affairs Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Oban Seconded By Sen Marcellais

Senators	Yes	No	Senators	Yes	No
Chair Davison	✓		Sen. Oban	✓	
Vice Chair Meyer	✓		Sen. Marcellais	✓	
Sen. Elkin	✓				
Sen. K. Roers	✓				
Sen. Vedaa	✓				

Total (Yes) 7 No 0

Absent ~0~

Floor Assignment Sen. Oban

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3027: Government and Veterans Affairs Committee (Sen. Davison, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3027 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HCR 3027

HCR 3027
3-28-19
att #1
p81

House Concurrent Resolution 3027
Senate Government & Veterans Affairs
Senator Davison, Chair
March 28, 2019

Good Morning Mr. Chairman and members of the Government and Veterans Affairs Committee,

My name is Lori Laschkewitsch and I am in support of House Concurrent Resolution 3027. I have recently retired after 33 years of service with the State of North Dakota. My husband will soon retire with 35 years of service, also with the State.

Currently, after our COBRA (Consolidated Omnibus Budget Reconciliation Act) time frame expires we will have to obtain health insurance from another source. This may not be a big issue for some retirees, but for me, a breast cancer diagnosis has created a pre-existing condition. With the uncertainty of changes to the Affordable Care Act this could become a major problem for us.

It would seem that after dedicating 33 years of service to the State of North Dakota that it would be reasonable to allow retired State employees to stay on the State plan at their own cost. I urge you to pass HCR 3027 and at least take a look at making this an option for retirees.

Thank You.