Sixty-fourth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2015

SENATE BILL NO. 2022
(Appropriations Committee)
(At the request of the Governor)

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

Subdivision 1.

RETIREMENT AND INVESTMENT OFFICE

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$3,772,504	$568,047	$4,340,551
Accrued leave payments	71,541	(71,541)	0
Operating expenses	973,324	17,550	990,874
Contingencies	82,000	0	82,000
Total special funds	$4,899,369	$514,056	$5,413,425
Full-time equivalent positions	19.00	0.00	19.00

Subdivision 2.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$5,016,339	$1,399,021	$6,415,360
Accrued leave payments	103,217	(103,217)	0
Operating expenses	2,280,894	397,169	2,678,063
Contingencies	250,000	0	250,000
Total special funds	$7,650,450	$1,692,973	$9,343,423
Full-time equivalent positions	33.00	1.50	34.50

Subdivision 3.

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
Grand total special funds	$12,549,819	$2,207,029	$14,756,848
Full-time equivalent positions	52.00	1.50	53.50

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:

One-Time Funding Description	2013-15	2015-17
Public employees retirement system - temporary salaries	$0	$100,000
Total special funds	$0	$100,000

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

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

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

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

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

54-52-03. Governing authority.

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

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

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

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

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

~~2.~~3. One member of the board must be appointed by the attorney general from the attorney general's legal staff and shall serve a term of five years.

~~3.~~4. The state health officer appointed under section 23-01-05 or the state health officer's designee is a member of the board.

~~4.~~5. Three board members must be elected by and from among the active participating members, members of the retirement plan established under chapter 54-52.6, members of the retirement plan established under chapter 39-03.1, and members of the job service North Dakota retirement plan. Employees who have terminated their employment for whatever reason are not eligible to serve as elected members of the board under this subsection. Board members must be elected to a five-year term pursuant to an election called by the board. Notice of board elections must be given to all active participating members. The time spent in performing duties as a board member may not be charged against any employee's accumulated annual or any other type of leave.

~~5.~~6. One board member must be elected by and from among those ~~persons~~individuals who are receiving retirement benefits under this chapter. The board shall call the election and must give prior notice of the election to the ~~persons~~individuals eligible to participate in the election pursuant to this subsection. The board member shall serve a term of five years.

~~6.~~7. The members of the board are entitled to receive one hundred forty-eight dollars per day compensation and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due the chairman or a member, plus an allowance for expenses they may incur through service on the board.

~~7.~~8. A board member shall serve a five-year term and until the board member's successor qualifies. Each board member is entitled to one vote, and ~~four~~five of the ~~seven~~nine board members constitute a quorum. ~~Four~~Five votes are necessary for resolution or action by the board at any meeting.

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

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

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

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

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

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

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

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

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

      (2) Review the carrier's performance measures, including payment accuracy, claim processing time, member service center metrics, wellness or other special program participation levels, and any other measures the board 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.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2022.

Senate Vote:	Yeas 38	Nays 6	Absent 3
House Vote:	Yeas 73	Nays 16	Absent 5

Secretary of the Senate

Received by the Governor at 12:45 P.M. on June 16, 2015.

Approved at 2:33 P.M. on June 16, 2015.

Governor

Filed in this office this 16th day of June, 2015,

at 3:15 o'clock p. M.

Secretary of State