

Sixty-sixth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2045

Introduced by

Government and Veterans Affairs Committee

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to create and enact a new section to chapter 54-52.2 of the North Dakota  
2 Century Code, relating to contributions to the deferred compensation plan; and to amend and  
3 reenact subsection 7 of section 39-03.1-08.2 and sections 54-52.1-03.3 and 54-52.1-04.2 of the  
4 North Dakota Century Code, relating to the highway patrolmen's retirement system, the retiree  
5 health credit, and prescription coverage under a self-insured plan.

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

7 **SECTION 1. AMENDMENT.** Subsection 7 of section 39-03.1-08.2 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 7. In addition to service credit identified in this section, a vested contributor may  
10 purchase up to five years of service credit.

11 **SECTION 2. AMENDMENT.** Section 54-52.1-03.3 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **54-52.1-03.3. Eligibility for retiree health benefits - Fixed contribution and reduction**  
14 **factors.**

15 1. The following individuals are entitled to receive credit for hospital ~~and~~benefits  
16 coverage, medical benefits coverage, and prescription drug coverage under any  
17 health insurance program and for any dental, vision, and long-term care benefits  
18 coverage under ~~the uniform group~~any insurance program under ~~subsection 2:~~

19 a. A member or surviving spouse ~~of~~receiving retirement benefits under the highway  
20 patrolmen's retirement system is eligible for the credit beginning on the date  
21 retirement benefits are effective.

22 b. A member or surviving spouse ~~of~~receiving retirement benefits under the public  
23 employees retirement system is eligible for the credit beginning on the date  
24 retirement benefits are effective.

- 1           c. A member or surviving spouse ~~of receiving retirement benefits under the~~  
2           retirement program established by job service North Dakota under section  
3           52-11-01 ~~receiving retirement benefits~~ is eligible for the credit beginning on the  
4           date retirement benefits are effective.
- 5           d. A retired judge or surviving spouse receiving retirement benefits under the  
6           retirement program established under chapter 27-17 is eligible for the credit  
7           beginning on the date retirement benefits are effective.
- 8           e. A former participating member of the defined contribution retirement plan  
9           receiving retirement benefits, or the surviving spouse of a former participating  
10          member of that retirement plan who was eligible to receive or was receiving  
11          benefits, under section 54-52.6-13, is eligible as determined by the board  
12          pursuant to its rules.
- 13          2. The board shall calculate the allowable monthly credit toward hospital ~~and~~benefits  
14          coverage, medical benefits coverage, and prescription drug coverage under any  
15          health insurance program and toward dental, vision, and long-term care benefits  
16          coverage under ~~the uniform group~~any insurance program ~~for a person eligible~~ under  
17          subsection 1 in an amount equal to five dollars multiplied by the member's or  
18          deceased member's number of years of credited service under the highway  
19          patrolmen's retirement system, the public employees retirement system, the retirement  
20          program established by job service North Dakota under section 52-11-01, or the  
21          judges' retirement program established under chapter 27-17. For a member of the  
22          public employees retirement system receiving an early retirement benefit or the  
23          surviving spouse of that member, or a former participating member of the defined  
24          contribution retirement plan who is receiving a periodic distribution and would not meet  
25          the normal retirement provisions of the public employees retirement system, the  
26          allowable monthly credit must be reduced by three percent if the member terminates  
27          employment within one year ~~prior to~~before attaining the age of sixty-five and an  
28          additional reduction factor of six percent ~~shall apply~~applies for each year the member  
29          terminates employment ~~prior to~~before attaining the age of sixty-four. For a member of  
30          the highway patrolmen's retirement system receiving an early retirement benefit or the  
31          surviving spouse of that member, the allowable monthly credit must be reduced by

1 three percent if the member terminates employment within one year ~~prior to~~before  
2 attaining the age of fifty-five and an additional reduction factor of six percent shall  
3 ~~apply~~applies for each year the member terminates employment ~~prior to~~before attaining  
4 the age of fifty-four. For a member of the retirement program established by job  
5 service North Dakota under section 52-11-01 receiving an early retirement benefit or a  
6 discontinued service annuity under the plan provisions of that retirement program or  
7 the surviving spouse of that member, the allowable monthly credit must be reduced by  
8 three percent if the member terminates employment within one year ~~prior to~~before  
9 attaining the age of sixty-five and an additional reduction factor of six percent applies  
10 for each year the member terminates employment ~~prior to~~before attaining the age of  
11 sixty-four.

12 3. The board shall apply the credit allowable under subsection 2 as elected by the  
13 eligible participant to the payment of monthly premiums required of each  
14 ~~person~~individual eligible under subsection 1 for hospital benefits coverage and  
15 medical benefits coverage, and prescription drug coverage under any health insurance  
16 program and for dental, vision, and long-term care benefits coverage under ~~the~~  
17 ~~uniform group~~any insurance program. The board shall allow spouses who each have  
18 credit under subsection 2 to combine ~~their~~the spouses' credits and shall apply the  
19 combined credit to the required monthly premiums as elected pursuant to this  
20 subsection. However, if the allowable credit under any circumstance exceeds the  
21 monthly premium in effect for selected coverage, that amount of the credit which  
22 exceeds the premium is forfeited and may not be used for any other purpose.

23 4. ~~The board may, as~~As an alternative to the calculation of the allowable monthly credit  
24 under subsection 2, the board may provide actuarially reduced benefit options for the  
25 member and the member's surviving spouse, including a one hundred percent joint  
26 and survivor option or a fifty percent joint and survivor option.

27 **SECTION 3. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is  
28 amended and reenacted as follows:

29 **54-52.1-04.2. Self-insurance plan for hospital and medical benefits coverage.**

- 30 1. The board may establish a self-insurance plan for providing:  
31 a. Health insurance benefits coverage;

1           b. Health insurance benefits coverage excluding all or part of prescription drug  
2           coverage; or

3           c. All or part of prescription drug coverage.

4           2. ~~Any~~Except for prescription drug coverage under subdivision c of subsection 1, a  
5           self-insurance plan under this section must be provided under an administrative  
6           services only (ASO) contract or a third-party administrator (TPA) contract under the  
7           uniform group insurance program, and may be established only if ~~it is determined by~~  
8           the board ~~that~~determines an administrative services only or third-party administrator  
9           plan is less costly than the lowest bid submitted by a carrier for underwriting the plan  
10          with equivalent contract benefits. Upon establishing a self-insurance plan, the board  
11          shall solicit bids for an administrative services only or third-party administrator contract  
12          only every other biennium, and the board ~~is authorized to~~may renegotiate an existing  
13          administrative services only or third-party administrator contract during the interim. ~~In~~  
14          ~~addition~~Except for prescription drug coverage under subdivision c of subsection 1,  
15          individual stop-loss coverage insured by a carrier authorized to do business in this  
16          state must be made part of any self-insured plan. All bids under this section are due no  
17          later than January first, and must be awarded no later than March first, preceding the  
18          end of each biennium. All bids under this section must be opened at a public meeting  
19          of the board.

20          **SECTION 4.** A new section to chapter 54-52.2 of the North Dakota Century Code is created  
21          and enacted as follows:

22          **Employer contribution.**

23          Employer contributions to the deferred compensation program established under this  
24          chapter are authorized as permitted under the Internal Revenue Code.