

# NDPERS BOARD MEETING

## Agenda

Due to public health considerations, and in accordance with Executive Order 2020-16, a meeting room will not be available to the public.

Conference Call #: 701.328.0950  
Conference ID: 703 906 278#

**Tuesday, November 10, 2020**

**Time: 8:30 AM**

### **I. MINUTES**

- A. September 30, 2020 Special Meeting
- B. October 15, 2020 Special Meeting
- C. October 19, 2020 Special Meeting
- D. October 27, 2020

### **II. PRESENTATIONS**

- A. (15 minutes) Voya Group Life Insurance Plan Update

### **III. RETIREMENT**

- A. 401(a) and 457 Recordkeeping Contract Amendment – Rebecca (Board Action)

### **IV. GROUP INSURANCE**

- A. Life Insurance Plan Contract Amendment – Rebecca (Board Action)
- B. Health Plan RFP/Contract – Scott (Board Action) **\*Executive Session**

### **V. MISCELLANEOUS**

- A. Topics for 2021 Presentations – Scott (Information)
- B. 2021 Board Meeting Schedule – Scott (Information)
- C. Operating Guidelines – Scott (Board Action)
- D. Contract Procurement Policy – Scott (Board Action)
- E. Operations Update – Derrick (Information)
- F. Office Space Consideration – Scott (Board Action)
- G. Legislation – Scott (Board Action)

### **VI. MEMBER \*\* EXECUTIVE SESSION**

- A. Hardship Withdrawal Case # 647 – MaryJo (Board Action)

\*Executive Session pursuant to N.D.C.C. § 44-04-19.1(9) to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator regarding a pending claim, litigation, adversarial administrative proceedings, or contracts, which are currently being negotiated or for which negotiation is reasonably likely to occur in the immediate future. An executive session may be held under this subsection only when an open meeting would have an adverse fiscal effect on the bargaining or litigating position of the public entity. A record revealing negotiation strategy or instruction under this section is exempt.

\*\*Executive Session pursuant to N.D.C.C. §44-04-19.2, §44-04-19.2(1) and/or §54-52-26 to discuss confidential records or confidential member information.

Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Scott A. Miller**  
Executive Director  
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# Memorandum

**TO:** NDPERS Board

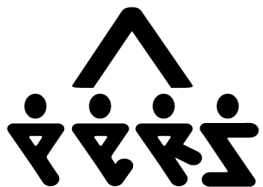
**FROM:** Rebecca

**DATE:** November 10, 2020

**SUBJECT:** Voya Financial Life Insurance Plan Overview

Ruth Bahnemann from Voya Financial will be at the meeting to provide the Board with an overview (Attached) of Voya Financial and the NDPERS group life insurance plan.

We're a  
different  
kind of  
company



**NORTH DAKOTA  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

**11/10/20**



# Agenda

- About Voya
- Relationship milestones
- Financial Experience review
- Claims Analysis
- Updates & Value Added Services
- Questions

# Dedicated to customer service

## Your Voya Employee Benefits Team



Ruth Bahnemann  
National Account Executive  
(612) 342-7050  
[ruth.bahnemann@voya.com](mailto:ruth.bahnemann@voya.com)

*34 years with Voya Financial. Coordinates all aspects of NDPERS' ongoing service.*



Ted Holt  
Senior Sales Consultant  
(972) 419-5783  
[ted.holt@voya.com](mailto:ted.holt@voya.com)

*15 years of employee benefits experience. Responsible for pricing, plan changes and renewals.*



Brittany Neilson  
National Account Client Specialist  
(484)354-8408  
[brittany.neilson@voya.com](mailto:brittany.neilson@voya.com)

*15 years of employee benefits experience. Manages the day-to-day service of NDPERS w/Ruth.*

# Corporate values

**“Our values define us. They are our compass and filter through which we make every decision.”**

**- Rod Martin, Voya Financial Chief Executive Officer**



ReliaStar Life Insurance Company, a member of the Voya® family of companies

# Our four pillars of corporate responsibility



## Empowering Our People

50%

Gender parity among Board Members

124,800

Employee Training Hours



52% Employees Acted/Planned to Act to Improve Financial Wellness<sup>2</sup>

50%

Gender parity among Voya's workforce



## Serving Our Clients



91% Customer Satisfaction for Retirement Business<sup>3</sup>

55

ESG Engagements with Clients

100%

Employees Trained on Cybersecurity

30%

Increased Savings for myOrangeMoney Users<sup>4,5</sup>



## Investing in Communities

175,000

Student Nonprofit Beneficiaries

41,000+

Employee Volunteer Hours

\$5.9M

Employee Donations with Foundation Matching Gifts



3,900+ Unique Nonprofit Organizations Served<sup>6</sup>



## Protecting the Environment<sup>7</sup>

51%

Energy Reduction

83%

Paper Use Reduction



141% Electricity Offset

13m

Disposable Cups Diverted from Landfill<sup>8</sup>

Data taken from Voya Financial Fact Sheet, Quarter 2 2020

2. Based on April 2018 survey data of employees who participated in Voya's [Financial Wellness Experience](#)

3. Based on June-July 2018 survey data

4. Based on data from 4/1/18 through 3/31/19

5. Voya Plan Participant myOrangeMoney users save 30% more than non-users

6. Nonprofit beneficiaries of volunteerism hours and donations

7. Performance as compared to 2007 baseline

8. Since 2008, due to our *Bring Your Own Mug* program

# Continuous Improvement

## Continuous Improvement principles promote:

- Holistic focus on performance and organizational health
- Sense of transparency, improved performance, problem solving and teamwork
- Emphasis on value for our customers, employees and company
- **Voice of the customer** is the foundation for our strategies



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# Passionate about what's possible – our cultural values & recognition


We are passionate about doing the right thing, the right way and making a genuine difference in the lives of our customers.






# We're here to do the right thing for your employees

 **97%**  
positive experience  
with our claims process\*  
**\*Over 12,000  
customers surveyed**

 **97%**  
positive experience  
with our call center  
experience survey\*  
**\*Over 92,096  
customers surveyed**

 **486,184**  
calls in 2019

\*Voya Employee Benefits Claims Center survey results, effective 01/01/2018 – 12/31/2018.

# COVID-19 Resource Center

Voya Employee Benefits | COVID-19 Resource Center



FAQS

RESOURCES

CONTACT US

## COVID-19 Resource Center



**The novel coronavirus pandemic has had an unprecedented impact on workplaces around the world.**  
We've created this site to provide you with up-to-date information about how Voya Employee Benefits is responding.

### What's New:

- Share a free digital EAP toolkit with your employees to help them navigate this challenging time. Find it on the [Resources page](#).
- Stay on top of leave law changes with regular updates, plus a summary of the Families First Coronavirus Leave Act. Get the latest on the [Resources page](#).
- Visit our [FAQ section](#) to get quick answers to your product-specific questions.



In the midst of this crisis, you can be assured of the following commitments:

# Overview of the relationship

ReliaStar Life Insurance Company, a member of the Voya® family of companies

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- 7/1/1989 – 6/30/2005 – ReliaStar/ING proudly insured the active and retiree population of NDPERS.
- 7/1/2011 – NDPERS came back to Voya.
  - Increased active employee basic life benefit to \$3,500 from \$1,300
- 1/1/2017 – North Dakota department of insurance approves Voya’s new life insurance contract “GAT-2.”
- 4/1/2017 – RFP to renew/retain NDPERS beyond initial six year contract.
- 8/1/2017 – NDPERS transitioned to our enhanced GAT-2 contract.
  - Increased coverage to \$7,000 for active employees with no rate impact.
  - Rate guarantee to 7/1/20.
  - Added portability to continued life coverage after leaving employment.
  - Added Continuous Confinement to the Accelerated Death Benefit.
- 1/1/2018 - Increased the maximum amount of supp life coverage to \$400,000.
  - Added additional dependent life options.
- 4/1/2019 – Extended the rate guarantee to 7/1/2021
- 10/2020 – Extended the rate guarantee to 7/1/2023

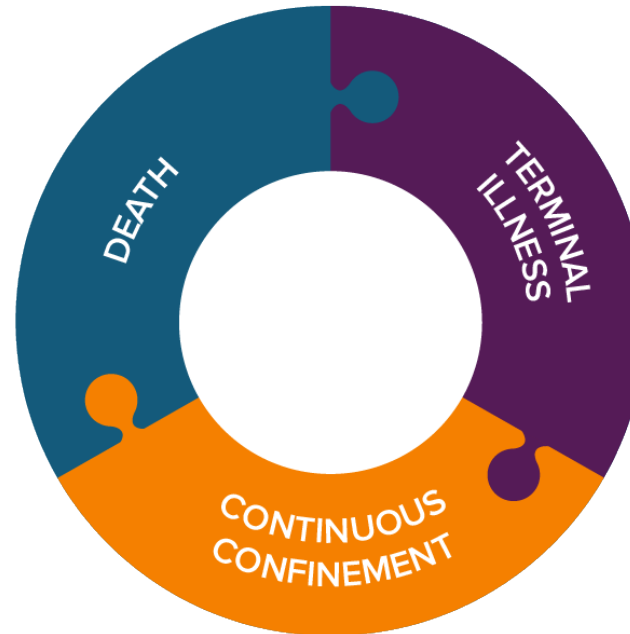
# Our life insurance pays three ways

**\$97,445**

Median annual  
nursing-home cost,  
private room, 2017\*

**52%**

Percentage of people  
turning age 65 who will need  
some type of long-term care  
services in their lifetimes\*\*



Terminal illness (life  
expectancy of 12  
months or less)

75% of policy up to \$200,000

A medical condition that is reasonably expected to require **continuous confinement** in a care facility for the remainder of your life.

\*\*Nguyen, Vivian and the AARP Public Policy Institute. (2017, March). Fact Sheet: Long-Term Support and Services. Retrieved from:  
<https://www.aarp.org/content/dam/aarp/ppi/2017-01/Fact%20Sheet%20Long-Term%20Support%20and%20Services.pdf>

\*\*\*Receipt of the accelerated benefit may be taxable, or may adversely affect your eligibility for Medicaid or other government benefits. You should consult your personal tax advisor to assess the impact of this benefit.

# Claim experience and analysis

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# Group Life claim experience

Claims Incurred 1/1/18 – 9/30/20

## Basic Life

Experience Period	Premium Paid	Paid Claims by Incurred Date	Conversion & Port Charges	Waiver Face Amount	Number of Lives	Volume
01/2018 to 12/2018	\$221,729.08	\$696,849.74	\$0.00	\$27,100.00	22,099	136,385,425
01/2019 to 12/2019	\$222,897.15	\$459,296.16	\$700.00	\$44,600.00	22,004	134,777,592
01/2020 to 09/2020	\$168,473.44	\$244,627.26	\$0.00	\$37,600.00	22,129	136,386,122
<b>Totals</b>	<b>\$613,099.67</b>	<b>\$1,400,773.16</b>	<b>\$700.00</b>	<b>\$37,600.00</b>	<b>22,077</b>	<b>135,849,713</b>

## Basic AD&D

Experience Period	Premium Paid	Paid Claims by Incurred Date	Conversion & Port Charges	Waiver Face Amount	Number of Lives	Volume
01/2018 to 12/2018	\$8,924.31	\$7,003.92	\$0.00	\$0.00	22,101	136,367,375
01/2019 to 12/2019	\$9,099.03	\$16,621.69	\$0.00		22,017	134,758,192
01/2020 to 09/2020	\$6,923.59	\$15,313.14	\$0.00	\$0.00	22,134	136,370,011
<b>Totals</b>	<b>\$24,946.93</b>	<b>\$38,938.75</b>	<b>\$0.00</b>		<b>22,084</b>	<b>135,831,859</b>

## Dependent Life

Experience Period	Premium Paid	Paid Claims by Incurred Date	Conversion & Port Charges	Waiver Face Amount	Number of Lives	Volume
01/2018 to 12/2018	\$647,498.32	\$678,508.10	\$700.00	\$0.00	12,626	321,308,750
01/2019 to 12/2019	\$675,105.14	\$1,375,121.88	\$0.00		12,742	342,643,250
01/2020 to 09/2020	\$532,506.90	\$858,639.93	\$0.00	\$0.00	12,595	352,789,000
<b>Totals</b>	<b>\$1,855,110.36</b>	<b>\$2,912,269.91</b>	<b>\$700.00</b>		<b>12,654</b>	<b>338,913,667</b>

# Group Life claim experience - continued

Claims Incurred 1/1/18 – 9/30/20

## Supplemental Life

Experience Period	Premium Paid	Paid Claims by Incurred Date	Conversion & Port Charges	Waiver Face Amount	Number of Lives	Volume
01/2018 to 12/2018	\$2,481,841.59	\$1,778,175.53	\$0.00	\$345,200.00	11,962	1,336,714,775
01/2019 to 12/2019	\$2,623,505.36	\$1,696,150.64	\$0.00	\$541,900.00	11,825	1,370,954,308
01/2020 to 09/2020	\$2,092,804.06	\$1,480,756.83	\$0.00	\$591,900.00	11,829	1,408,387,283
<b>Totals</b>	<b>\$7,198,151.01</b>	<b>\$4,955,083.00</b>	<b>\$0.00</b>	<b>\$591,900.00</b>	<b>11,872</b>	<b>1,372,018,789</b>

## Supplemental AD&D

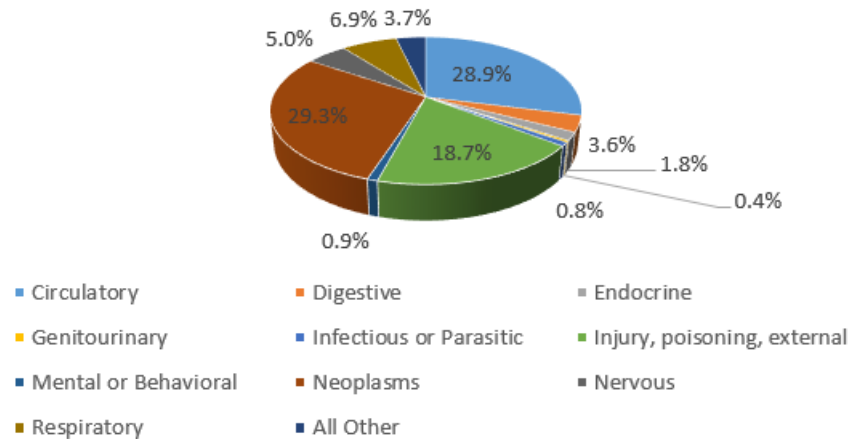
Experience Period	Premium Paid	Paid Claims by Incurred Date	Conversion & Port Charges	Waiver Face Amount	Number of Lives	Volume
01/2018 to 12/2018	\$160,714.02	\$193,108.16	\$0.00	\$0.00	11,968	1,336,548,213
01/2019 to 12/2019	\$164,988.83	\$193,158.30	\$0.00		11,758	1,365,093,417
01/2020 to 09/2020	\$127,746.60	\$196,231.71	\$0.00	\$0.00	11,825	1,408,120,367
<b>Totals</b>	<b>\$453,449.45</b>	<b>\$582,498.17</b>	<b>\$0.00</b>		<b>11,850</b>	<b>1,369,920,665</b>

# Group Life claims by diagnosis – All claims

Claims Incurred 1/1/18 – 9/30/20

Diagnostic Category	Payment %
Circulatory	28.9%
Digestive	3.6%
Endocrine	1.8%
Genitourinary	0.4%
Infectious or Parasitic	0.8%
Injury, poisoning, external	18.7%
Mental or Behavioral	0.9%
Neoplasms	29.3%
Nervous	5.0%
Respiratory	6.9%
All Other	3.7%
<b>Totals:</b>	<b>100.0%</b>

Payment %- Active and Retiree

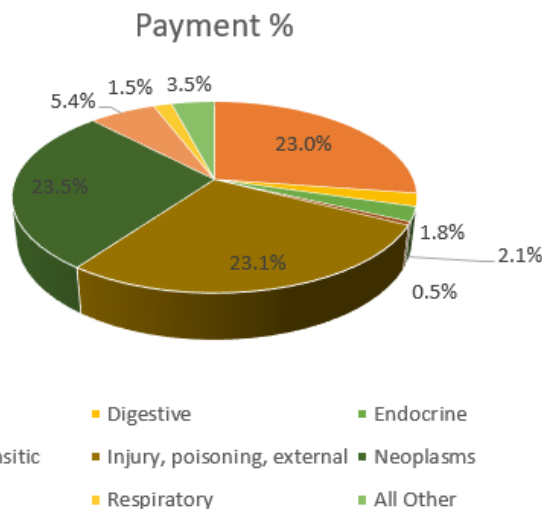


- Almost 50% of the life insurance claims were for Neoplasms (cancer) and Circulatory (Heart issues and Strokes).
- The five most common occurring cancer claims were Lung, Pancreas, Breast, Prostate and Colon cancer.

# Group Life claims by diagnosis – Active

Claims Incurred 1/1/18 – 9/30/20

Diagnostic Category	Payment %
Circulatory	23.0%
Digestive	1.8%
Endocrine	2.1%
Infectious or Parasitic	0.5%
Injury, poisoning, external	23.1%
Neoplasms	23.5%
Nervous	5.4%
Respiratory	1.5%
All Other	3.5%

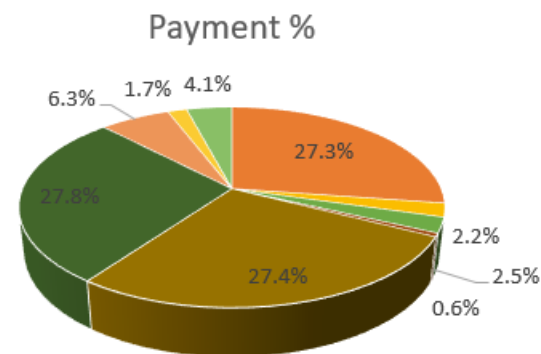


- Nearly 50% of the life insurance claims were for Neoplasms (cancer) and Circulatory (Heart issues and Strokes).
- Accidents made up a large percentage of claims too.
- These three categories made up almost 70% of all active death claims.

# Group Life claims by diagnosis – Retirees

Claims Incurred 1/1/18 – 9/30/20

Diagnostic Category	Payment %
Circulatory	27.3%
Digestive	2.2%
Endocrine	2.5%
Infectious or Parasitic	0.6%
Injury, poisoning, external	27.4%
Neoplasms	27.8%
Nervous	6.3%
Respiratory	1.7%
All Other	4.1%



- Circulatory
- Digestive
- Endocrine
- Infectious or Parasitic
- Injury, poisoning, external
- Neoplasms
- Nervous
- Respiratory
- All Other

- Over 50% of the life insurance claims were for Neoplasms (cancer) and Circulatory (Heart issues and Strokes).
- Accidents made up a large percentage of claims too.
- These three categories made up over 80% of all retiree death claims.

# Value Added Services

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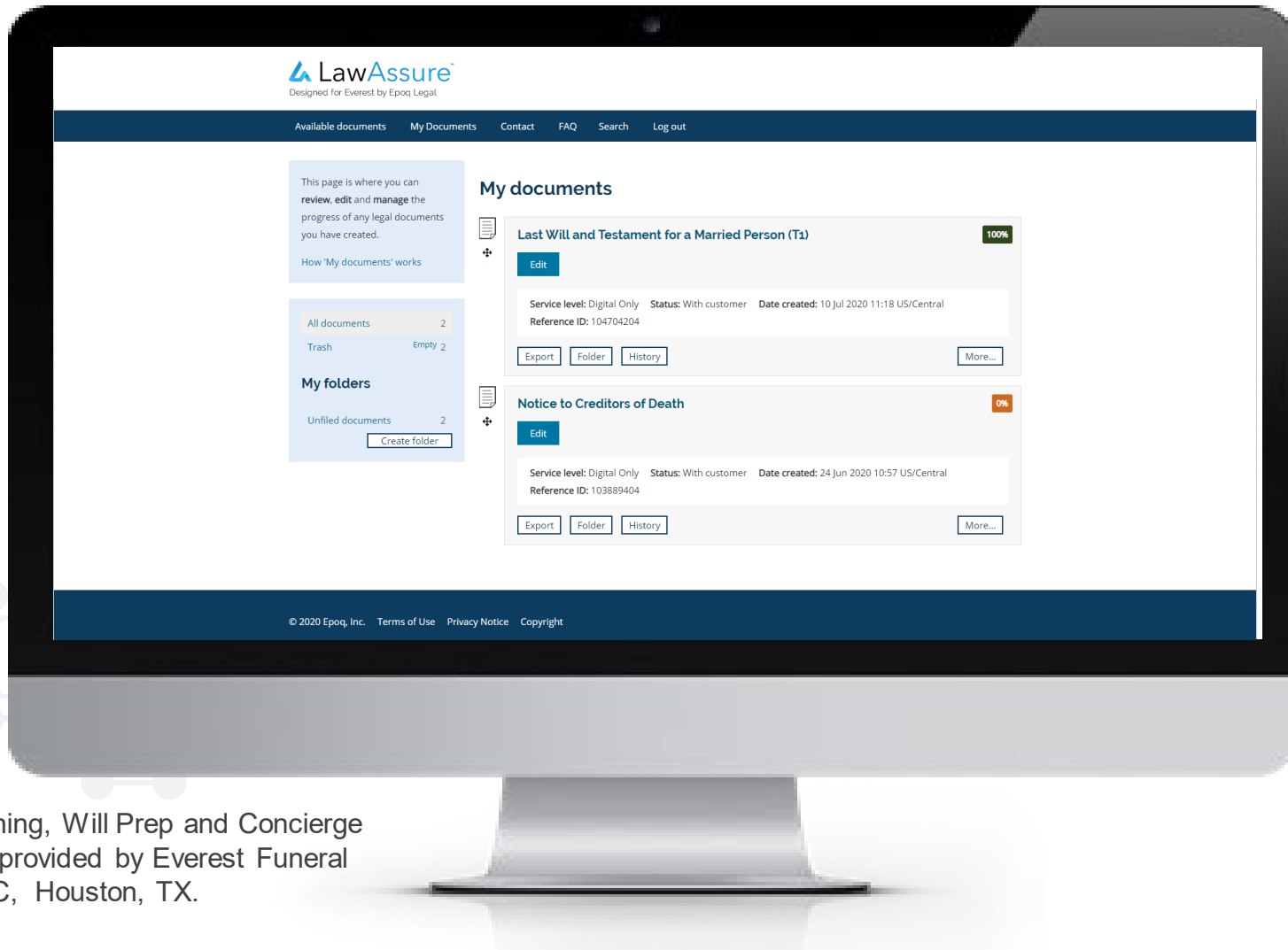


# Funeral Planning, Will Prep and Concierge Service

PRE-PLANNING SERVICES	AT-NEED SERVICES
<ul style="list-style-type: none"><li>• <b>PriceFinder<sup>SM</sup> Research Reports</b> – Detailed, local funeral home price comparisons</li><li>• Online planning tools</li><li>• Will Prep – easily create customized legal documents</li></ul>	<ul style="list-style-type: none"><li>• 24/7 advisor assistance to discuss funeral planning issues</li><li>• <b>Expedited life insurance claim process – 2 business days (with funeral director’s Statement of Death)</b></li></ul>


Funeral Planning, Will Prep and Concierge Services are provided by Everest Funeral Package, LLC, Houston, TX.

# NEW for 2021 - Will Prep service is a click away



Funeral Planning, Will Prep and Concierge Services are provided by Everest Funeral Package, LLC, Houston, TX.

# PriceFinder™ report

 EVEREST FUNERAL CONCIERGE	TRADITIONAL FUNERAL SERVICE				
	DaWise-Perry Funeral Services	Bismarck Funeral Home	Eastgate Funeral Service	Parkway Funeral Service	Weigel Funeral & Cremation Service
	4614 Memorial Highway Harden, ND 58554 (701)663-3239	1723 Lockport Street Bismarck, ND 58503 (701)223-4055	2502 E. Divide Avenue Bismarck, ND 58501 (701)223-7322	2330 Tyler Perry Bismarck, ND 58503 (701)223-1100	309 4th Ave NW Harden, ND 58554 (701)663-5331
FUNERAL HOME SERVICES - Actual prices provided by the funeral home**					
Basic Services of Director & Staff	\$2,095	\$2,490	\$2,695	\$2,695	\$3,255
Embalming	\$700	\$1,145	\$995	\$995	\$695
Dressing & Casketing	\$225	\$290	\$190	\$190	\$205
Facilities & Staff for Visitation	\$350	\$500	\$475	\$475	\$395
Facilities & Staff for Chapel Service	\$550	\$500	\$490	\$490	\$495
Transfer Vehicle to Funeral Home	\$245	\$300	\$450	\$450	\$195
Hearse	\$215	\$275	\$140	\$140	\$195
Utility/ Flower Vehicle	\$95	Included	\$90	\$90	\$120
Lead Car	Not Available	Included	Not Available	Not Available	Included
<b>SUB-TOTAL:</b>	<b>\$4,475</b>	<b>\$5,500</b>	<b>\$5,525</b>	<b>\$5,525</b>	<b>\$5,555</b>
Prices below are for budgeting purposes only and reflect national averages					
FUNERAL MERCHANDISE - See Appendix A for more detailed information					
Average price for a steel casket	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Average price for a concrete burial vault	\$1,495	\$1,495	\$1,495	\$1,495	\$1,495
<b>SUB-TOTAL:</b>	<b>\$3,895</b>	<b>\$3,895</b>	<b>\$3,895</b>	<b>\$3,895</b>	<b>\$3,895</b>
OTHER FUNERAL COSTS					
Professional Fees	\$400	\$400	\$400	\$400	\$400
Flowers	\$300	\$300	\$300	\$300	\$300
Obituary	\$500	\$500	\$500	\$500	\$500
Police Escorts	\$375	\$375	\$375	\$375	\$375
Death Certificates, Stationery	\$200	\$200	\$200	\$200	\$200
<b>SUB-TOTAL:</b>	<b>\$1,775</b>	<b>\$1,775</b>	<b>\$1,775</b>	<b>\$1,775</b>	<b>\$1,775</b>
<b>TOTAL:</b>	<b>\$10,145</b>	<b>\$11,170</b>	<b>\$11,195</b>	<b>\$11,195</b>	<b>\$11,225</b>

Funeral Planning and Concierge Services are provided by Everest Funeral Package, LLC, Houston, TX.

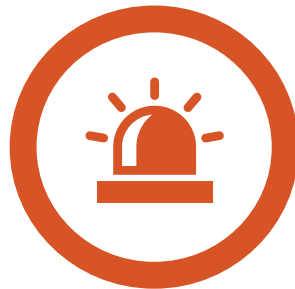


# Voya Travel Assistance



## Pre-trip information

- Passport requirements
- Immunization
- Exchange rates



## Emergency services

- Translation services
- Emergency travel arrangements
- Legal assistance



## Medical assistance

- Physician referral
- Rx/eyeglass replacement
- Coordination of ER medical services



## Emergency Transportation

- Repatriation
- Return of vehicle/travel companion
- Visit of family member/friend

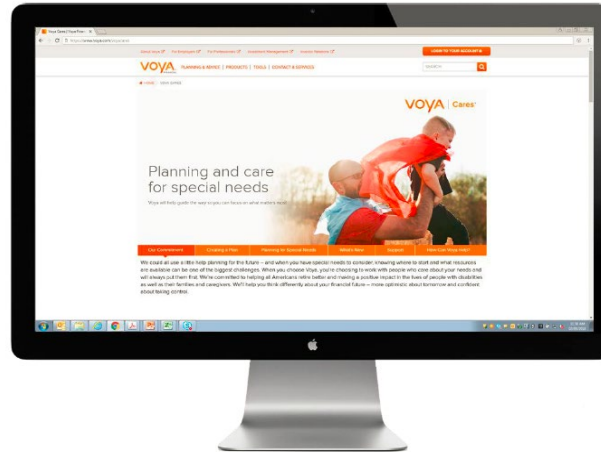
Voya Travel Assistance services are provided by Europ Assistance USA, Bethesda, MD.

# Holistic support for employers & employees



## Education

- Case studies
- Articles & white papers
- Community support



[www.Voyacares.com](http://www.Voyacares.com)



## Guidance

- Planning resources
- Checklists & action plans
- Key considerations



EMPLOYEE FINANCIAL  
WELLNESS



RETIREMENT  
READINESS



ENGAGEMENT AND  
PRODUCTIVITY



EMPLOYEE  
RETENTION

# Questions?

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**North Dakota**  
**Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
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**Scott A. Miller**  
Executive Director  
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1-800-803-7377

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Fax: (701) 328-3920    Email [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov)    Website <https://ndpers.nd.gov>

# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** November 10, 2020

**SUBJECT:** 401(a) and 457 Companion Plan Contract Amendment

At the September meeting, the Board approved renewing the 401(a) and 457 Companion Plan recordkeeping services with TIAA. Attachment 1 is the contract amendment drafted by NDPERS legal staff and reviewed by representatives of TIAA.

Since the Board took this action, staff have been notified by Melissa Thorpe, TIAA Client Relationship Manager, of a change to their National Contact Center hours. The notice requested our signature on an amendment to the Recordkeeping and Service Level Agreement (Attachment 2) and indicated:

*“Our National contact center is currently staffed 6 days a week. In November, this will change to Monday – Friday (we are eliminating Saturday).”*

*“To clarify: from a SLA (service level agreement) perspective we are inserting that last sentence (“Future NCC hours and days of availability are subject to change...”) We aren’t changing the actual hours in the legal qualifiers in the event that for some reason we need to resume taking calls on Saturdays which would warrant sending out another round of RKA amendments.*

*In terms of the NCC discontinuing Saturday hours – that was done because the call volumes don’t warrant remaining open on Saturdays. Participants will still have 24-hour access to their account as well as digital tools like the chat bots on TIAA.org. This is also in alignment with two of our biggest competitors, Vanguard and Fidelity, neither of whom are open on Saturdays (they may have other areas that do take calls on Saturdays, like the TIAA Bank does, but their Participant Services groups are open Mon-Fri).”*

Melissa will be attending the Board meeting via telephone should there be any questions related to this change.

**Board Action Requested**

Approve the contract amendment for the 401(a) and 457 Companion Plan Contract Amendment and the amendment to the Recordkeeping Agreement. Also, approve Scott Miller signing both documents on behalf of the Board as the Executive Director.

## Second Addendum to Agreement for Services

This Second Addendum is between the State of North Dakota, acting through its North Dakota Public Employees Retirement System (EMPLOYER), and Teachers Insurance and Annuity Association (TIAA).

EMPLOYER and TIAA entered into an Agreement for Services (Agreement), effective from July 1, 2017 to June 30, 2019, the term of which was extended by Addendum to June 30, 2021. In its proposal to EMPLOYER, with an effective term of July 1, 2021 until June 30, 2023, TIAA offered to continue services with no rate increase. The EMPLOYER reviewed the offer, considered the matter, and passed a motion to accept the proposal.

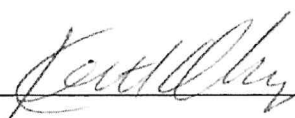
EMPLOYER and TIAA therefore agree as follows:

- 1) TIAA will continue to provide services, with no rate increase, through June 30, 2023.
- 2) All other terms of the Agreement remain in effect.

The undersigned execute this Second Addendum to Agreement for Services on the most recent date below.

Teachers Insurance and Annuity Association

State of North Dakota through its  
Public Employee Retirement System

Signature: 

Signature: \_\_\_\_\_

Printed: Keith Oberg

Printed: \_\_\_\_\_

Title: Director, Offer Delivery

Title: \_\_\_\_\_

Date: October 16, 2020

Date: \_\_\_\_\_

**Amendment No. 5 to the  
Record Keeping Services Agreement  
Between Teachers Insurance and Annuity Association of America (TIAA)  
And State of North Dakota through its Public Employees Retirement System**

**Effective as of the date signed by the last party to execute this Amendment** (the “Effective Date”), the Record Keeping Services Agreement (“Agreement”), dated **July 17, 2017**, between Teachers Insurance and Annuity Association of America (“TIAA”) and **State of North Dakota through its Public Employees Retirement System** (“Employer”) is hereby amended as follows:

1. All references in the Agreement in regards to the availability of the National Contact Center (“NCC”) to respond to calls are hereby updated to reflect the following: **Monday through Friday (excluding holidays observed by TIAA) from 8 a.m. to 10 p.m. Eastern Time and Saturdays from 9 a.m. to 6 p.m. Eastern Time. Future NCC hours and days of availability are subject to change at TIAA’s sole discretion with advance notice to plan sponsors and participants.**

*Except as expressly modified by this Amendment, all terms and conditions of the Agreement remain in full force and effect.*

[Signature page follows]

IN WITNESS WHEREOF, the duly authorized representatives of TIAA and the Employer have caused this Amendment to be executed as of the dates below, but effective as of the Effective Date stated above.

Teachers Insurance and Annuity Association of America

By: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name:

Title:

**State of North Dakota through its Public Employees Retirement System**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name:

Title:



**North Dakota  
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# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca Fricke

**DATE:** November 10, 2020

**SUBJECT:** Life Insurance Plan Contract Amendment

At the September meeting, the Board approved the contract renewal for the NDPERS group life insurance plan with Voya Financial. The renewal was approved for the July 1, 2021 through June 30, 2023 contract period. The attached is the contract amendment drafted by NDPERS legal staff and approved by representatives from ReliaStar Life Insurance Company. ReliaStar Life Insurance Company is the contracting entity for Voya Financial.

## **Board Action Requested**

Approve the contract amendment for the NDPERS group life insurance plan for the July 1, 2021 through June 30, 2023 contract period.

## Second Addendum to Agreement for Services

This Second Addendum is between the State of North Dakota, acting through its North Dakota Public Employees Retirement System (STATE), and ReliaStar Life Insurance Company (CONTRACTOR).

NDPERS and CONTRACTOR entered into an Agreement for Services (Agreement), effective July 1, 2017, the term of which was extended by Addendum to June 30, 2021. In its Renewal Offer to NDPERS, with an effective term of July 1, 2021 until June 30, 2023, and incorporated into this Amendment as Exhibit A, CONTRACTOR offered to continue services with no rate increase. The NDPERS Board reviewed the offer, considered the matter, and passed a motion to accept the proposal.

NDPERS and CONTRACTOR therefore agree as follows:

- 1) CONTRACTOR will continue to provide services, with no rate increase, through June 30, 2023.
- 2) All other terms of the Agreement remain in effect.

The undersigned execute this Second Addendum to Agreement for Services on the most recent date below.

ReliaStar Life Insurance Company

State of North Dakota through its  
Public Employee Retirement System

Signature: \_\_\_\_\_

Printed: Andrew Frend

Title: SVP

Date: 10/27/2020

Signature: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** November 10, 2020

**SUBJECT:** Health Plan RFP

This is a placeholder for any decisions that need to be made or discussions to take place as we proceed with the contracting process. One decision the Board should make at the November meeting is how we should implement the \$12 million “retention credit” from SHP. That is, make a formal decision regarding spreading the \$12 million over both actives and retirees.

**Board Action:** Formalize how to use the \$12 million retention credit.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** November 10, 2020

**SUBJECT:** 2021 Presentation Topics

Over the past couple of years we have provided the Board with educational presentations that followed a theme. In 2019, we had each of the internal managers/supervisors give the Board a presentation of what their division did within NDPERS. That was to help inform the Board of the ridiculous breadth of work we do within the office. In 2020, we had our vendors give the Board presentations on what they do for us and how they fit within the programs we administer. I am looking for input from the Board on what it would like for education for 2021. Given the new members on the Board we could repeat our manager/supervisor presentations. Or we could look at something new. Please think about what you would like for 2021 and we will discuss it at this time.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott Miller

**DATE:** November 10, 2020

**SUBJECT:** 2021 Board Meeting Schedule

Following are the proposed meeting dates for 2021. All meetings are scheduled to be held on the second Tuesday of the month, with the exception of August and October.

Executive Order 2016-16 “suspends the requirements that a meeting room be available to the public and that a speaker phone or monitor be provided at a physical location under N.D.C.C. §44-04-19 when members of a governing body are attending a meeting via remote means”. Providing Executive Order 2016-16 is rescinded, meetings will be held at the North Dakota Association of Counties (NDACo) conference room located at 1661 Capitol Way. If not, we will continue holding Board Meetings by teleconference or Teams Meetings.

- January 12 NDACo
- February 9 NDACo
- March 9 NDACo
- April 13 NDACo
- May 11 NDACo
- June 8 NDACo
- July 13 NDACo
- August 17 NDACo (3<sup>rd</sup> Tuesday)
- September 7 NDACo
- October 26 NDACo (4<sup>th</sup> Tuesday)
- November 9 NDACo
- December 14 NDACo

This is the Board’s second review of the dates. Please review and let us know if one of the dates should be changed. Once the dates are finalized, Jan will post the dates with the Secretary of State’s office and set these meetings up on your Outlook calendars.



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott Miller

**DATE:** November 10, 2020

**SUBJECT:** Operating Guidelines

Attached is an updated NDPERS Operating Guidelines document. This Guideline was last presented to the Board in September 2017. At that time it was an informational item and the Board never formally approved the Guidelines.

The policy was updated after the Board requested education on what Staff is responsible for versus what the Board is responsible for. We believe reviewing this document will help address those concerns. The revisions are attached (everything not in black font are updates) so you can see what staff is recommending changing before formally approving the updates.

## **Board Action Requested**

Approve the attached Operating Guidelines for staff.

NDPERS Operating Guidelines

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Operating Guidelines

## GENERAL

	Board	Executive Director
Rules	Must approve all rules	Proposes, drafts and implements
Benefit Structure	Must approve all program design features <u>not set by statute</u>	Proposes and drafts changes; implements
Legislation	Must approve <u>NDPERS sponsored bills. Provide direction on non-NDPERS sponsored bills</u>	Proposes; drafts and represents Board's position
Plan Documents	<u>Must approve 457 and 401(a) plan documents, and the flex plan document.</u>	Proposes; drafts, and implements
<u>Summary Plan Descriptions/COI</u>	<u>Approve health insurance COI</u>	<u>Receive and review from carrier for all insurance plans</u>
<u>Member Booklets, Newsletters, Retirement Handbook and Other Member Material</u>		<u>Draft, Approve, Update,</u>

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## FINANCE

	Board	Executive Director
Emergency Commission (i.e. line item transfers or transfers from contingency)	Approves	Proposes
Budget Preparation and Submittal to OMB	Approves	Proposes and represents agency before Legislature and OMB
Budgeted Expenses		Approves as long as expenses do not exceed the approved budget. Must report the status of the budget <u>semi-annually at the Board meeting</u> . Director must assure the rate of expenditures for salaries and operating is consistent with Section 54-27-10 NDCC. Arrangements for office space must be reviewed by the Board before committing the Agency.
Consulting Service Contracts		Approves (i.e. temp services, EAP, Printing, Etc.)
• On Budget		
• Off Budget	Approves all contracts over \$10,000. <u>Contract process will follow NDPERS Contract</u>	Approves if under \$10,000; must report all contracts to the Board at the earliest opportunity. <u>Contract process will follow NDPERS Contract Procurement Policy.</u>

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	Board	Executive Director
	<u>Procurement Policy.</u>	
<b>Contracts with Political Subs</b> <ul style="list-style-type: none"> <li>• Retirement</li> <li>• Health</li> <li>• Life</li> <li>• Deferred Compensation</li> </ul>	Approves standard agreement	Approves as long as consistent with standard agreement
<b>Uniform Group Insurance Contract</b>	Approves and must be signed by Chairman (54-52.1-05 NDCC)	Recommends
<b>PPO Contracts</b>	Approves guidelines and standard agreement	Negotiates and approves if consistent with guidelines and the arrangement is equal to, or more stringent than, a standard agreement; must advise Board of status and terms.
<b>Travel</b>	<p>Approves all out of state Board travel; the Chairman will review for approval any requests for Board travel that occurs prior to the reconvening of the full Board.</p> <p>Approves all staff travel outside the continental United States <u>or travel offered by an outside vendor</u></p>	Approves all staff travel (including the Executive Director's) within the continental United States and in-state Board travel

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## PERSONNEL

	Board	Executive Director
<b>Personnel Policies</b>	Approves	Recommends and implements
<b>New FTE Positions</b>	Approves	Recommends
<b>Hiring</b>	Responsible for Executive Director	Responsible for filling authorized FTE and temporary assistance pursuant to OMB guidelines and available funds.
<b>Firing</b>	Responsible for Executive Director	Approves
<b>Overtime Authorization &amp; Severance Pay</b>	<u>Approves severance pay, subject to Section 54-14-04.3 NDCC.</u>	Approves <u>overtime</u> subject to available funds
<b>Leave of Absence</b>	Approves for Executive	Approves for staff

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<b>Job Evaluations</b>	Director Responsible for Executive Director. <u>Audit committee is responsible for the Chief Audit Officer Evaluation</u>	Approves staff evaluations; advises Board annually of increases
<b>Reclassifications</b>		Approves; must advise Board of any major changes
<b>Salary Increases</b>	Approves for Executive Director	Approves, subject to available funds and OMB guidelines
<b>Promotions</b>		Approves, subject to OMB Human Resources guidelines
<b>Educational Reimbursement</b>	Approves for Executive Director	Approves for staff



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott Miller

**DATE:** November 10, 2020

**SUBJECT:** Contract Procurement Policy

Attached is a draft Contract Procurement Policy. This is an internal policy staff has used when procuring services in the past. However, we are not aware of it ever being presented to the Board.

The policy was updated based on recommendations from Internal Audit after conducting an audit on our contracting process. The revisions are also attached (everything not in black font are updates) so you can see what staff is recommending changing before formally adopting Internal Audit's recommendations.

## **Board Action Requested**

Approve the attached Contract Procurement Policy.

## **Contract Procurement Policy**

The following positions and corresponding level of training will be required. OMB will notify NDPERS of recertification, if applicable.

- a. Admin Services Staff Members with Purchasing Authority– Level 1
- b. Admin Services Manager – Level 3
- c. IT Manager – Level 1
- d. Public Information Specialist – Level 1
- e. COO/CFO – Level 4
- f. CBO – Level 1
- g. Program Development & Research Manager – Level 4

### **The following shall be considered the policy for all contract procurements under \$10,000:**

At least, one NDPERS staff with at least current Level 1 OMB Procurement certification will be involved in the procurement process. The Executive Director shall not artificially fragment contracts to keep them below \$10,000 or any other dollar threshold. The Executive Director will disclose the new contract at the next Board meeting any time the Executive Director signs an agreement.

### **The following shall be considered the policy for all contract procurements over \$10,000:**

#### **I. General Policy Statement:**

It is NDPERS policy to procure services through full and fair competition. All procurement will be conducted in a manner that provides maximum open and free competition.

#### **II. Contracting Frequency:**

A. Special Projects: Whenever it is deemed necessary by the PERS Board, special contracts will be awarded through a competitive bidding process. The contract shall only be for the duration of the particular project. Selection of a special project consultant shall, as is possible, comply with the following policy for consulting contracts.

B. Ongoing Consulting Contracts: The following specific contracting areas shall be contracted for a period as established by the PERS Board. Specific areas for the hiring of the consultants are:

- 1. Retirement Actuarial Consulting
- 2. Group Health Insurance Consulting
- 3. Group Life Insurance Consulting
- 4. Deferred Compensation Consulting

5. Flexible Benefits Consulting
6. Retirement Disability Consulting
7. Investment Consulting

These contracts may be expanded or adjusted during the contract period to include special analysis or studies as determined by the Board.

C. Group Benefit Contracts: the following specific program areas shall have a contract period as established by the NDPERS Board or specified in statute.

1. Health Insurance
2. Medicare Part D
3. Life Insurance
4. Dental Insurance
5. Vision Insurance
6. Employee Assistance Program Services
7. Defined Contribution Retirement Services
  - a. 457 Deferred Compensation Program Services
  - b. 401(a) Defined Contribution Retirement Services
8. FlexComp Administrative Services
9. Retiree Health Insurance Credit Administrative Services

Evergreen Contracts: An evergreen contract has unlimited renewal periods and are not subject to standard RFP processes. The Board will approve the evergreen contract initially and will establish any on-going approval requirements at the time of approval.

### III. Procurement Process:

#### A.

1. Purchases at least \$10,000 but less than \$50,000 must have at least one NDPERS staff with at least current Level 2 OMB Procurement certification involved in the procurement process.
2. Purchases at least \$50,000 but less than \$100,000 must have at least one NDPERS staff with at least current Level 3 OMB Procurement certification involved in the procurement process.
3. Purchases \$100,000 and over must have at least one NDPERS staff with at least current Level 4 OMB Procurement certification involved in the procurement process.

- B. Proposals expected to be in excess of \$100,000 must be solicited through a Request for Proposal (RFP). Lower level proposals may also be solicited through the RFP process, however, this is not required. A new RFP will be issued no longer than every six years unless otherwise approved by the Board. The RFP shall state:
1. The work specifications.
  2. Review process.

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3. Terms & conditions.

- C. A professional listing of prospective bidders for each of the specific areas of contracting shall be maintained by PERS. A notice of RFP must be made available to firms on the respective bidders list. If it is determined practical, notice of the proposed procurement will be provided to other potential bidders. The notice of RFP may be advertised, mailed, emailed or posted to the NDPERS website to prospective bidders. The filing deadline must be a part of the RFP notice.
- D. Evaluation of proposals will be according to the procedure outlined in each specific RFP.
- E. The contract for the recommended consultant will be delivered to the Attorney General's Office for final review and approval prior to presentation to the Board.
- F. The PERS Board will make the final decision on hiring a consultant. Upon approval by the Board, the Executive Director may sign all approved contracts.

IV. Supervision of the Contract:

The Executive Director is responsible for the administration of all contracts and shall report to the Board any deficiencies or dissatisfaction.

[The weekly manager meeting status report will inventory all open contracts and will include the vendor, renewal period, and whether the contract requires financial review prior to renewal or rebid.](#)

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- V. The Board's Code of Ethical Responsibility is hereby incorporated by reference and shall be supplied to all [vendors](#).

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# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein

**DATE:** November 10, 2020

**SUBJECT:** Operations Update

We last reported to the Board with an operational update at our February 2020 meeting. There has been a lot of work done and progress made on projects of which the Board may not be aware. In order to keep the Board informed, we like to provide updates once or twice a year on the progress our office is making. Over the last eight months, we have completed the following initiatives:

- The COVID-19 pandemic was a situation unlike any other for NDPERS. In a three-day time period we went from believing it was inconceivable to ever even think about allowing staff to work remotely with the information we have, to sending 27 of our 35 staff home on a full-time basis. Meetings and training were held with each staff member as they left the office to ensure they knew how to use the equipment, the proper ways to access our systems/data, the importance of the confidential aspect of their work, and ensuring each one had separate space where they would be able to conduct their work privately before being allowed to go home.

New tools including e-fax, e-signature, web-based Avaya phone access, Adobe pro training and Teams training was provided to learn new features to accommodate members, expedite paperwork requests when possible, promote internal collaboration, and continue service to membership quickly while working remotely. This was also challenging as a quarter of our staff are new to their positions and are also learning their daily tasks.

Administrative Services staff contributed to the success of staff teleworking by very quickly developing a sound plan to manage the in-house printing of member correspondence and handling all outgoing mail for the staff working from home. It's been a great team effort resulting in very little member disruption.

Overall we are very proud of how our staff adapted to this new environment and how each one has treated their work while operating remotely.

- Every April a committee of staff members get together to review all of our Third Party Administrator's (TPA) System and Organization Controls (SOC) reports. These reports are designed to help capture any weaknesses in our TPA's internal control processes. SOC reports from ASIFlex, NDIT, Sagitec, Sanford, and TIAA were all reviewed, and I am happy to pass along that no material weaknesses were identified in any of the reports that staff reviewed.
- Electronic transmittal of confidential/sensitive information has always been a concern of both NDPERS and our membership. Functionality was developed to allow employers the ability to upload documents on behalf of their organization or their employees directly in our Employer Self Service (ESS) portal. Our administrative services team monitors the folder each day, scans the documents, and initiates the workflows for the staff working remotely to process.
- Effective August 31, 2020, the mobile app was officially discontinued. Staff is currently working with NDIT to upgrade the servers that host our business system application from Windows 2010 to Windows 2019. These new servers are also seeing enhancements in the amount of RAM & CPU that are dedicated to each of them to make all of our portals as efficient as possible. These upgrades result in monthly savings from the server cost of hosting our mobile app and will give our members and employers a more robust platform to enjoy. The test servers are in the process of being converted, with production server upgrades happening shortly after the annual enrollment window closes.
- At the March 2020 Board Meeting, the Board authorized the transfer of \$148,000 to upgrade the internal business system application to the same MVVM platform that now houses our member and employer portals. This project was completed in August, and now all three legs of our business system reside on the same upgraded platform.
- In September, each staff member was given the opportunity to submit an evaluation of their direct supervisor, as well as the Chief Benefits Officer and the Chief Operating/Financial Officer. This survey was similar to the survey staff did on behalf of the Executive Director earlier this year. Comments and areas for improvement were discussed with each supervisor and will be incorporated into annual evaluations that take place in March each year.

- In the coming months you will be presented with an amended HR Policy Manual for consideration/approval. This will include significant updates to Chapter 2 – Use of NDPERS' Property as well as an Office 365 Policy. The Office 365 Policy includes discussion around what staff can and cannot do regarding cloud storage capabilities and is a policy that staff has been working on for nearly 2 years to ensure we are comfortable with the contents of the policy that will be presented to you.
- Each year we offer our membership retirement education seminars. One event is a Pre-Retirement Education Program (PREP) and is a session for members retiring in the next 5 years. Another event is a Financial Essentials Workshop (FEW) and is a session for new hires and mid-career employees. The sessions were originally scheduled for May and were delayed because of the COVID pandemic. In early October we held our first virtual seminars through a Teams Live Event.

Over 700 individuals joined the Live Event for PREP and the FEW had over 400 individuals join. The attendance far exceeded past in-person attendance for a single Bismarck or Fargo event. The feedback received was very positive with members emphasizing the flexibility and portability the virtual sessions provided.

- The Public Pension Coordinating Council (PPCC) is a coalition of three national associations that represent public retirement systems and administrators, including the National Association of State Retirement Administrators (NASRA), the National Council on Teacher Retirement (NCTR), and the National Conference on Public Employees Retirement Systems (NCPERS).

The PPCC established the Public Pension Standards to reflect minimum expectations for public retirement system management, administration, and funding. The Standards serve as a benchmark to measure public defined benefit plans. All public retirement systems and the state and local governments sponsoring them are encouraged to meet the standards.

We submitted our annual application for their review in October 2020, and we are pleased to announce we did receive the Recognition Award for Administration in 2020, which is attached for your review.

In addition to finalizing the health plan contract, staff is also currently working on the following projects:

- Business system updates are being developed to accommodate the Board's direction of limiting new enrollees to 457 providers that did not agree to the amendment to serve as a fiduciary of the participants the providers oversee. This upgrade will be ready for production well in advance of the January 1, 2021 deadline.
- Business system updates are also currently being developed to accommodate the new actuarial table factors and interest rate reduction to service purchases and member account balances. This update will be in production well in advance of the January 1, 2021 deadline.

- Over the last 18 months staff has been coordinating with the University System Office about converting to the Debit ACH process that exists in ESS to ensure the accuracy of their reporting. The Universities present reporting challenges because they pay semi-monthly but they are also on a delayed payroll. With insurance, in particular, this creates challenges to ensure accuracy of reporting because they've finalized their payroll a full 2 weeks before we've ever billed them for the coverage. The University System Office has successfully converted to our Debit ACH process. Valley City, Dickinson State, and Bismarck State College are currently working on a similar transition.
- When we had our last operational update, we reported on an MSS enhancement being designed where members have the opportunity to apply for retirement benefits online. Our goals for this project are to streamline the benefit application process for the member, ensure the accuracy of information feeding into PERSLink, and freeing up staff time by eliminating the data entry element when receiving paper applications in our office. The wizards are currently being reviewed by staff and are anticipated to go live early next year.
- The Office of Management & Budget (OMB) is in the process of hiring another payroll processor, and began reaching out to agencies with less than 50 employees to gauge interest in beginning to centralize payroll with this new position. This was a recommendation NDPERS presented to the Governor two years ago as part of our strategy review session prior to the budgeting process. NDPERS did sign up to participate in this payroll centralization effort, and are excited at the efficiencies this process will also create from a monthly processing perspective in our accounting department.
- There are tables that exist in PERSLink that have not been archived since we went live ten years ago. Staff has been working with Sagitec on identifying tables that have information that may no longer be relevant, information that is outdated based on records retention policies, and information that is permanent but may need to be stored and accessed in a different manner than staff is currently accessing the information.
- Staff is currently in the process of developing a platform that will allow us to discontinue the use of the Mainframe, which was the business system we moved away from back in October 2010. Since then, we've been paying a monthly fee to continue accessing data that resides in the Mainframe. Our IT division has scoped out the data that staff accesses and will be coordinating with NDIT to develop a new interface that staff can use to access the data and allow us to permanently be removed from the Mainframe on an ongoing basis.
- At the Board Planning Meeting, we discussed our concerns with the ND Login process and how it impacts our members from a security and customer experience perspective. NDIT is working on a redesign of the ND Login process and we were able to have our IT Manager secure a seat on the task force to offer input and ensure our concerns are satisfied with the new process. This is currently scheduled to be completed early next year.

- Annual enrollment took place from October 19 through November 6 for the 2021 plan year. Given the efforts made to transition members to using our MSS employee portal to make their elections in previous years, there was little disruption in our annual enrollment processes due to COVID-19.
- At the Board Planning Meeting as well as at the March 2020 Board Meeting, staff discussed a possible business system upgrade to help streamline our communication efforts. Sagitec performed a detailed analysis of this upgrade and how it would integrate with our customized system. Two of the main efficiencies gained would be to group batch printing by member and embed correspondence or forms into the correspondence staff generates. Sagitec developed a way to recognize these two efficiencies without the effort of the communication engine upgrade and are in the process of upgrading our system as part of our existing monthly contract.

Given we were able to recognize the two biggest efficiencies of the offering outside of the upgrade, it is not a project staff will be pursuing at this time. It speaks volumes to have a business partner that has our best interests at heart.

Looking to the future, staff has identified the following goals and initiatives to work towards:

- Our IT division is in the process of trying to procure laptops for staff that currently don't have a laptop as part of their permanent setup. Recognizing teleworking/hoteling capabilities will be part of our "new norm," management is trying to be proactive in acquiring the hardware needed to make this transition as smooth as possible in advance of the new biennium.
- As part of the budgeting process, staff recommended updating our website to be under the NDIT umbrella to give us a more robust platform and move away from the fees of having to pay MABU any time we need functionality added. Staff will be exploring utilizing NDIT interns for this conversion process and will begin once the annual enrollment process is completed. RIO/TFFR went through a similar conversion on their website, which is now live as well.
- One exciting capability with the upgrade to MVVM is the functionality to develop "surveys" for members and employers inside our portals. We view this as an opportunity to help streamline our Board election process. The base functionality is currently being developed and staff will have the opportunity to customize the process to meet our business needs.

This is informational only and does not require any Board action.



Public Pension Coordinating Council

***Recognition Award for Administration  
2020***

Presented to

***North Dakota Public Employees Retirement System***

In recognition of meeting professional standards for  
plan administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'.

Alan H. Winkle  
Program Administrator



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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott Miller

**DATE:** November 10, 2020

**SUBJECT:** Office Space Consideration

Every budgeting process we take a look at our current office space to make sure it still suits our needs and we also examine office space elsewhere to see if there are other spaces that would better fit our needs. Staff has begun reviewing office space availability, currently focusing on state-owned buildings to see if space is available that could meet our needs and lower the rent we are currently appropriated.

When the Board approved the 2021-2023 budget that was submitted to the Office of Management and Budget it included reducing our current office space to allow some staff to work remotely and/or rotate through the office. Staff is moving forward under the assumption that if we were to find alternate office space this consideration is still in effect when analyzing our needs.

If staff were to become aware of office space that may suit our needs, and is a space that will also offer lower rent than what we were preparing to budget for, we would like to know if the Board would like to be presented with the consideration for approval or if you would like to delegate the decision to Staff.

## **Board Action Requested**

Provide direction to staff on how to proceed with office space consideration analysis.



**North Dakota  
Public Employees Retirement System**  
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Bismarck, North Dakota 58502-1657

**Scott A. Miller**  
Executive Director  
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# Memorandum

**TO:** NDPERS Board

**FROM:** Scott

**DATE:** November 10, 2020

**SUBJECT:** Legislation

The Employee Benefits Programs Committee took action on several bills at its last meeting:

Bill 49 – establish health insurance minimums in the event the ACA is eliminated – delayed for additional analysis

Bill 93 – would remove the NDPERS Part D plan from the HB 1374 requirements –  
**favorable recommendation**

Bill 135 – establishes Health Plan participation for former state employees who were subject to a reduction in force – delayed for amendment and additional analysis

Bill 148 – removes the uniform group insurance plan decision-making from the NDPERS Board and transfers it to the Employee Benefits Programs Committee (EBPC) –  
**unfavorable recommendation**

Bill 170 – cleans up some unclear language regarding stop loss insurance acquisition –  
**favorable recommendation**

Bill 183 – requires certain health insurance policies to cover insulin – delayed for additional analysis

The Committee also took jurisdiction of the following additional bill that would affect PERS:

Bill 202 - provides an increase in the employer contribution for the PERS retirement plans and provides for a cash infusion

The deadline to pre-file bills is coming up in December. I'll need Board approval of the bills it would like to submit. The following are the bills we have proposed to the Committee:

Bill 87 – 1.95% employer contribution increase (PERS) – **no recommendation**

Bill 88 – 2% employer contribution increase (PERS) – **no recommendation**

Bill 89 – 5.12% employer contribution increase (PERS) – **favorable recommendation**

Bill 90 – 2% and 2% employer contribution increase to the Highway Patrol plan (PERS/HP) – **favorable recommendation**

Bill 91 – Penalty for violating PERS statutory processes (PERS) – **favorable recommendation**

Bill 92 – Technical corrections (PERS) – **favorable recommendation**

Bill 93 – would remove the NDPERS Part D plan from the HB 1374 requirements (PERS) – **favorable recommendation**

Bill 94 – Deferred compensation plan administrative expense assessment (PERS) – **favorable recommendation**

Bill 95 – 1% employer and 1% employee contribution increases (PERS) – **favorable recommendation**

**Board Action Requested:** Determine which bills to submit for consideration by the Legislative Assembly

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

Senator Mathern

1 A BILL for an Act to create and enact chapter 26.1-36.8 of the North Dakota Century Code,  
2 relating to requirements of health insurance policies; to provide for application; and to provide a  
3 contingent effective date.

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

5 **SECTION 1.** Chapter 26.1-36.8 of the North Dakota Century Code is created and enacted  
6 as follows:

7 **26.1-36.8-01. Definitions.**

8 As used in this chapter:

- 9 1. "Affiliation period" means a period that begins on a policyholder or dependent's  
10 enrollment date, runs concurrently with any waiting period under the health insurance  
11 policy, must expire before coverage is effective, and during which the policy provider  
12 need not provide benefits for medical care and may not charge any premium to the  
13 policyholder or dependent.
- 14 2. "Commissioner" means the commissioner of insurance.
- 15 3. "Cost-sharing" means any copayment, coinsurance, or deductible required by, or on  
16 behalf of, a covered individual in order to receive a specific health care item or service  
17 covered by a health insurance policy.
- 18 4. "Drug" has the same meaning as provided under section 19-02.1-01.
- 19 5. "Health insurance policy" means any individual insurance policy, group insurance  
20 policy, or other health benefit plan subject to the requirements of chapter 26.1-36.
- 21 6. "Pharmacy benefits manager" has the same meaning as provided under section  
22 19-03.6-01.
- 23 7. "Pre-existing condition exclusion" means a limitation or exclusion of benefits related to  
24 a condition based on the fact the condition was present before the enrollment date for

1 coverage, regardless of whether any medical diagnosis, care, or treatment was  
2 recommended or received before the enrollment date.

3 8. "Premium adjustment percentage" for any calendar year means the percentage by  
4 which the average per capita premium for health insurance policies in this state in the  
5 previous calendar year, as determined by the commissioner not later than October first  
6 of such preceding calendar year, exceeds such average per capita premium for 2020.

7 **26.1-36.8-02. Required policy provisions - Rules.**

8 1. The commissioner shall adopt rules that set minimum policy coverage standards  
9 applicable to a health insurance policy subject to this chapter. In addition to other  
10 requirements provided by law, the standards must require a policy regulated under this  
11 chapter to provide as benefits to all enrollees coverage for:

12 a. Ambulatory patient services;

13 b. Emergency services;

14 c. Hospitalization;

15 d. Maternity and newborn care;

16 e. Mental health and substance use disorder services, including behavioral health  
17 treatment;

18 f. Drugs;

19 g. Rehabilitative and habilitative services and devices;

20 h. Laboratory services;

21 i. Preventative and wellness services and chronic disease management; and

22 j. Pediatric services, including oral and vision care.

23 2. A health insurance policy subject to this chapter may not establish lifetime or annual  
24 limits on the dollar value of benefits described in subsection 1 for any covered  
25 individual.

26 3. A health insurance policy subject to this chapter which offers coverage for a child or  
27 stepchild of a policyholder must continue to offer such coverage, at the option of the  
28 policyholder, until the unmarried child or stepchild reaches the age of twenty-six.

**26.1-36.8-03. Limitations on pre-existing condition exclusions for health insurance policies.**

1. A health insurance policy issuer may not impose a pre-existing condition exclusion and may not deny enrollment to a individual on the basis of a pre-existing condition.
2. A health insurance policy issuer may:
  - a. Restrict enrollment in a health insurance policy to open enrollment and special enrollment periods in accordance with other provisions of this chapter.
  - b. Impose an affiliation period on any health insurance policy that is not provided through the individual market. An affiliation period may not exceed ninety days and may not apply to emergency services.
  - c. Use other alternatives approved by the commissioner to address adverse selection.

**26.1-36.8-04. Fairness in cost-sharing and ratemaking - Rules.**

1. A health insurance policy issuer may not require cost-sharing in an amount greater than the cost-sharing limit amount.
  - a. For plan years beginning in calendar year 2021, the cost-sharing limit amount is eight thousand one hundred fifty dollars for self-only coverage and sixteen thousand three hundred dollars for other than self-only coverage.
  - b. For plan years beginning after calendar year 2021, the cost-sharing limit is equal to the dollar amount applicable to the previous calendar year, increased by the product of that amount and the premium adjustment percentage as determined by the commissioner for the calendar year.
2. In calculating an insured's contribution to an applicable cost-sharing requirement, including the annual limitation on cost-sharing subject to subsection 1:
  - a. An insurer shall include any cost-sharing amounts paid by the insured or on behalf of an enrollee by another person; and
  - b. A pharmacy benefits manager shall include any cost-sharing amounts paid by the insured or on behalf of the insured by another person.
3. Premium rates charged for any health insurance policy subject to this chapter must be reasonable in relation to the benefits available under the policy, as determined by the commissioner.

- 1       4. A health insurance policy subject to this chapter may charge different premium rates  
2       for each individual covered by that policy; however, the premium rates may vary only  
3       in relation to:
- 4       a. Whether the policy covers an individual or a family;  
5       b. Rating area, as established pursuant to subsection 6;  
6       c. Age, except that such rate may not vary by more than three to one for adults; and  
7       d. Tobacco use, except that such rate may not vary by more than one and one-half  
8       to one.
- 9       5. With respect to family coverage under an individual or group health insurance policy,  
10      the rating variations permitted under this section must be applied based on the portion  
11      of the premium attributable to each family member covered under the policy.
- 12      6. The commissioner shall adopt rules to establish:
- 13      a. One or more geographic rating areas within the state and the permissible age  
14      bands within which premium rates may vary; and  
15      b. Minimum standards for ratemaking and cost-sharing, in accordance with  
16      accepted actuarial principles and practices.

17      **26.1-36.8-05. Rules - Application.**

- 18      1. The commissioner shall adopt rules addressing any standard or practice necessary to  
19      effectuate the purposes of this chapter.
- 20      2. Unless a rule provides a different application date, a rule adopted under this chapter  
21      applies beginning six months after the date the rule becomes final.

22      **26.1-36.8-06. Conflict of laws.**

- 23      1. A health insurance policy subject to this chapter remains subject to every other  
24      requirement and provision of this title which is not inconsistent with this chapter.
- 25      2. If a provision of this chapter conflicts with another provision of this title, the provision of  
26      this chapter controls, unless the application of this chapter would result in a reduction  
27      of coverage.

28      **SECTION 2. APPLICATION.** This Act applies to a health insurance policy delivered,  
29      executed, issued, amended, adjusted, or renewed in this state on or after six months following  
30      finalization of the rules adopted under chapter 26.1-36.8. This chapter does not abridge or

1 otherwise affect a health insurance policy already in effect at the time this chapter becomes  
2 applicable until that policy is renewed, amended, or adjusted.

3 **SECTION 3. CONTINGENT EFFECTIVE DATE.** This Act becomes effective three months  
4 after the insurance commissioner certifies to the legislative council that a court of competent  
5 jurisdiction has ruled all or a significant portion of the federal Patient Protection and Affordable  
6 Care Act is unconstitutional and the judgment of that court has become final and definitive.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 3 of section 54-52.1-04.16, relating to the  
2 public employees retirement system's uniform group insurance program part D contracts with  
3 pharmacy benefit managers.

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

5 **SECTION 1. AMENDMENT.** Subsection 3 of section 54-52.1-04.16 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 3. ~~If~~Except for Medicare part D, if the board contracts directly with a pharmacy benefits  
8 manager or provides prescription drug coverage through a self-insurance plan, the  
9 contract must provide the pharmacy benefits manager shall disclose to the board and  
10 the board's auditor all rebates and any other fees that provide the pharmacy benefits  
11 manager with sources of income under the contract, including under related contracts  
12 the pharmacy benefits manager has with third parties, such as drug manufacturers.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

Representative Keiser

1 A BILL for an Act to amend and reenact section 54-52.1-02 of the North Dakota Century Code,  
2 relating to the public employees retirement system uniform group insurance program benefits;  
3 and to provide for application.

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

5 **SECTION 1. AMENDMENT.** Section 54-52.1-02 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **54-52.1-02. Uniform group insurance program created - Formation into subgroups.**

8 In order to promote the economy and efficiency of employment in the state's service, reduce  
9 personnel turnover, and offer an incentive to high-grade individuals to enter and remain in the  
10 service of state employment, there is created a uniform group insurance program. The uniform  
11 group must be composed of eligible and retired employees and former eligible employees of at  
12 least twenty-five years who have separated from employment due to a reduction in force and be  
13 formed to provide hospital benefits coverage, medical benefits coverage, and life insurance  
14 benefits coverage in the manner set forth in this chapter. The uniform group may be divided into  
15 the following subgroups at the discretion of the board:

- 16 1. Medical and hospital benefits coverage group consisting of active eligible employees  
17 and, retired employees not eligible for Medicare, ~~except for employees who first retire~~  
18 ~~after July 1, 2015, and are not eligible for Medicare on their retirement~~ and former  
19 eligible employees of at least twenty-five years who separated from employment due  
20 to a reduction in force who are not eligible for Medicare. In determining premiums for  
21 coverage under this subsection for retired employees and separated employees due  
22 to reduction in force not eligible for Medicare, the rate for a non-Medicare retiree or  
23 separated employee due to reduction in force single plan is one hundred fifty percent  
24 of the active member single plan rate, the rate for a non-Medicare retiree or separated

employee due to reduction in force family plan of two people is twice the non-Medicare retiree or separated employee due to reduction in force single plan rate, and the rate for a non-Medicare retiree or separated employee due to reduction in force family plan of three or more persons is two and one-half times the non-Medicare retiree or separated employee due to reduction in force single plan rate.

2. In addition to the coverage provided in subsection 1, another coverage option may be provided for retired employees not eligible for Medicare, ~~except for employees who first retire after July 1, 2015, and are not eligible for Medicare on their retirement and former eligible employees of at least twenty-five years who separated from employment due to a reduction in force who are not eligible for Medicare,~~ provided the option does not increase the implicit subsidy as determined by the governmental accounting standards board's other postemployment benefit reporting procedure. In offering this additional option, the board may have an open enrollment but thereafter enrollment for this option must be as specified in section 54-52.1-03.

3. Retired Medicare-eligible employee group medical and hospital benefits coverage.

4. Active eligible employee life insurance benefits coverage.

5. Retired employee life insurance benefits coverage.

6. Terminated employee continuation group medical and hospital benefits coverage.

7. Terminated employee conversion group medical and hospital benefits coverage.

8. Dental benefits coverage.

9. Vision benefits coverage.

10. Long-term care benefits coverage.

11. Employee assistance benefits coverage.

12. Prescription drug coverage.

**SECTION 2. APPLICATION.** This Act applies to an employee who retires or separates from employment due to a reduction in force after July 31, 2021. The public employees retirement system board shall offer a limited enrollment period for former employees who retired or separated from employment due to a reduction in force after June 30, 2015, and before August 1, 2021, or the surviving spouse of such former employee.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

Representative Kasper

1 A BILL for an Act to amend and reenact sections 54-52.1-04, 54-52.1-04.1, 54-52.1-04.2,  
2 54-52.1-04.7, 54-52.1-04.8, and 54-52.1-05 of the North Dakota Century Code, relating to  
3 public employee uniform group insurance plans; to provide for application; and to declare an  
4 emergency.

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

6 **SECTION 1. AMENDMENT.** Section 54-52.1-04 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-52.1-04. Board to contract for insurance - Approval by employee benefits**  
9 **programs committee.**

10 1. The board shall receive bids for the providing of hospital benefits coverage, medical  
11 benefits coverage, life insurance benefits coverage for a specified term, and employee  
12 assistance program services; and may receive bids separately for all or part of the  
13 prescription drug benefits coverage component of medical benefits coverage; ~~and~~  
14 ~~shall accept one or more bids of and contract with the carriers the board determines~~  
15 ~~best serve the interests of the state and the state's eligible employees.~~ Solicitations  
16 must be made not later than ninety days before the expiration of an existing uniform  
17 group insurance contract. Bids must be solicited by advertisement in a manner  
18 selected by the board which will provide reasonable notice to prospective bidders. ~~In~~  
19 ~~preparing bid proposals and evaluating bids, the board may utilize the services of~~  
20 ~~consultants on a contract basis in order that the bids received may be uniformly~~  
21 ~~compared and properly evaluated~~

22 2. After the board identifies which bids of carriers, if any, the board determines best serve  
23 the interests of the state and the state's eligible employees, the board shall forward a  
24 recommendation and all the bids to the employee benefits programs committee. The

board may recommend rejection of one or more bids received under this section.

Upon receipt of the board's recommendation, the employee benefits programs committee shall determine which bid, if any, will best serve the interests of eligible employees and the state. In identifying and determining which bid, if any, will best serve the interests of eligible employees and the state, the board and the employee benefits programs committee shall give adequate consideration to the following factors:

- a. The economy to be effected.
- b. The ease of administration.
- c. The adequacy of the coverages.
- d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
- e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.
- f. The price and contract guarantees.

~~2.3.~~ The ~~board~~employee benefits programs committee may reject any or all bids received under this section. If the ~~board~~employee benefits programs committee rejects all bids received, the board again shall ~~again~~ solicit bids as provided in this section. If the committee does not reject all bids received, the board shall enter a contract with the bidder selected by the committee under this section.

~~3.4.~~ In preparing a bid proposal and evaluating a bid under this section, the board and the employee benefits programs committee may use the services of a consultant on a contract basis so the bids received may be compared uniformly and evaluated properly. The board may not enter a contract for consultant services under this subsection unless the employee benefits programs committee has approved the selection of the consultant.

5. Under sections 54-52.1-04.1 and 54-52.1-04.2, following approval by the employee benefits programs committee, the board may contract for health benefits coverage through a health maintenance organization or establish a self-insurance health plan.

1       **SECTION 2. AMENDMENT.** Section 54-52.1-04.1 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **54-52.1-04.1. Health maintenance organization contract - Membership option.**

4       Notwithstanding the provisions of section 54-52.1-04, but subject to approval by the  
5 employee benefits programs committee, the board may contract with one or more health  
6 maintenance organizations to provide eligible employees the option of membership in a health  
7 maintenance organization. If ~~the board~~ makes such a contract, the board may not require ~~that~~  
8 the health maintenance organization be federally qualified if the health maintenance  
9 organization has a certificate of authority issued by the North Dakota insurance commissioner.  
10 The contract or contracts must be included in the uniform group insurance program.

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

13       **54-52.1-04.2. Self-insurance health plan.**

- 14       1. This section applies to a self-insurance health plan for:
- 15           a. Health insurance and prescription drug benefits coverage;
  - 16           b. Health insurance benefits coverage, excluding all or part of prescription drug
  - 17               benefits coverage; or
  - 18           c. All or part of prescription drug benefits coverage.
- 19       2. Except for prescription drug coverage under subdivision c of subsection 1, a  
20 self-insurance health plan established by the board under this section must be  
21 provided under an administrative services only (ASO) contract or a third-party  
22 administrator (TPA) contract under the uniform group insurance program. The board  
23 may not establish a self-insurance health plan unless the ~~board~~employee benefits  
24 programs committee determines the self-insurance health plan best serves the  
25 interests of the state and the state's eligible employees. ~~Except for prescription drug~~  
26 ~~coverage under subdivision c of subsection 1, if the board~~If the employee benefits  
27 programs committee determines it is in the best interest of the plan, individual  
28 stop-loss coverage insured by a carrier authorized to do business in this state may be  
29 made part of a self-insurance health plan.

30       **SECTION 4. AMENDMENT.** Section 54-52.1-04.7 of the North Dakota Century Code is  
31 amended and reenacted as follows:

1       **54-52.1-04.7. Uniform group insurance program - Vision and dental plans.**

2       The board may establish a dental plan, a vision plan, or both, for eligible employees. The  
3       board shall receive bids for the plan or plans pursuant to section 54-52.1-04. The  
4       ~~board~~employee benefits programs committee may reject any or all bids and provide a plan of  
5       self-insurance. Premiums for this coverage must be paid by the eligible employee. Any refund,  
6       rebate, dividend, experience rating allowance, discount, or other reduction of premium must be  
7       credited as provided by section 54-52.1-06.

8       **SECTION 5. AMENDMENT.** Section 54-52.1-04.8 of the North Dakota Century Code is  
9       amended and reenacted as follows:

10      **54-52.1-04.8. Uniform group insurance program - Long-term care plan.**

11      The board may establish a long-term care plan for eligible employees. The board shall  
12      receive bids for the plan under section 54-52.1-04. The ~~board~~employee benefits programs  
13      committee may reject any or all bids and provide a plan of self-insurance. Premiums for this  
14      plan must be paid by the eligible employee. Any refund, rebate, dividend, experience rating  
15      allowance, discount, or other reduction of premium must be credited as provided by section  
16      54-52.1-06.

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

19      **54-52.1-05. Provisions of contract - Term of contract - Renewal of contract.**

- 20      1. Each uniform group insurance contract entered by the board must be approved by the  
21      employee benefits programs committee, must be consistent with the ~~provisions of this~~  
22      chapter, must be signed for the state of North Dakota by the chairman of the board,  
23      and must include the following:
- 24          a. As many optional coverages as deemed feasible and advantageous by the  
25             board.
- 26          b. A detailed statement of benefits offered, including maximum limitations and  
27             exclusions, and such other provisions as the board may deem necessary or  
28             desirable.
- 29      2. The initial term or the renewal term of a uniform group insurance contract through a  
30      contract for insurance, health maintenance organization, or self-insurance health plan

for hospital benefits coverage, medical benefits coverage, or prescription drug benefits 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~~recommends and the employee benefits programs committee approves the renewal in the same manner as provided for approving a contract under section 54-52.1-04. In making a recommendation or determination, the board and employee benefits programs committee shall determine whether the carrier's performance under the existing contract meets the ~~board's~~ expectations of the board and the employee benefits programs committee, the proposed premium renewal amount does not exceed the ~~board's~~ expectations of the board and the employee benefits programs committee, and renewal best serves the interests of the state and the state's eligible employees.

b. In making a recommendation or determination under this subsection, the board or employee benefits programs committee, respectively, shall:

(1) Use the services of a consultant to ~~concurrently and independently~~ prepare concurrently and independently a renewal estimate the board and the employee benefits programs committee shall consider in determining the reasonableness of the proposed premium renewal amount. The board may not enter a contract for consultant services under this subsection unless the employee benefits programs committee has approved the selection of the consultant.

(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~~and employee benefits programs committee determine 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~~and the employee benefits programs committee determine relevant to making the determination.

- 1           c.   The board may recommend and the employee benefits programs committee may  
2           determine the carrier's performance under the existing contract does not meet  
3           the board's expectations, the proposed premium renewal amount exceeds the  
4           board's expectations, or renewal does not best serve the interests of the state or  
5           the state's eligible employees, and the board therefore may recommend or the  
6           employee benefits programs committee may decide to solicit a bid under section  
7           54-52.1-04.

8           **SECTION 7. APPLICATION.** This Act applies to contracts entered or renewed on or after  
9           the effective date of this Act.

10          **SECTION 8. EMERGENCY.** This Act is declared to be an emergency measure.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

Employee Benefits Programs Committee

1 A BILL for an Act to amend and reenact section 54-52.1-04.2 of the North Dakota Century  
2 Code, relating to public employee uniform group insurance for health benefits; to provide for  
3 application; and to declare an emergency.

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

5 **SECTION 1. AMENDMENT.** Section 54-52.1-04.2 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **54-52.1-04.2. Self-insurance health plan.**

8 1. This section applies to a self-insurance health plan for:

- 9 a. Health insurance and prescription drug benefits coverage;  
10 b. Health insurance benefits coverage, excluding all or part of prescription drug  
11 benefits coverage; or  
12 c. All or part of prescription drug benefits coverage.

13 2. Except for prescription drug coverage under subdivision c of subsection 1, a  
14 self-insurance health plan established by the board under this section must be  
15 provided under an administrative services only (ASO) contract or a third-party  
16 administrator (TPA) contract under the uniform group insurance program. The board  
17 may not establish a self-insurance health plan unless the board determines the self-  
18 insurance health plan best serves the interests of the state and the state's eligible  
19 employees. ~~Except for prescription drug coverage under subdivision c of subsection 1,~~  
20 ~~if~~if the board determines it is in the best interest of the plan, individual stop-loss  
21 coverage insured by a carrier authorized to do business in this state may be made part  
22 of a self-insurance health plan.

23 **SECTION 2. APPLICATION.** This Act applies to self-insurance health plans effective on or  
24 after the effective date of this Act.

1       **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

Senator Mathern

1 A BILL for an Act to create and enact section 26.1-36-09.16 of the North Dakota Century Code,  
2 relating to accident and health insurance coverage of diabetes drugs and supplies; to amend  
3 and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to public  
4 employees self-insurance health plans; to provide for application; to provide an effective date;  
5 and to declare an emergency.

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

7 **SECTION 1.** Section 26.1-36-09.16 of the North Dakota Century Code is created and  
8 enacted as follows:

9 **26.1-36-09.16. Insulin drug and supply cost-sharing limitations and formulary**  
10 **limitations.**

11 1. As used in this section:

12 a. "Insulin drug" means a prescription drug that contains insulin and is used to treat  
13 a form of diabetes mellitus. The term does not include an insulin pump, an  
14 electronic insulin-administering smart pen, or a continuous glucose monitor, or  
15 supplies needed specifically for the use of such electronic devices. The term  
16 includes insulin in the following categories:

17 (1) Rapid-acting insulin;

18 (2) Short-acting insulin;

19 (3) Intermediate-acting insulin;

20 (4) Long-acting insulin;

21 (5) Premixed insulin product;

22 (6) Premixed insulin/GLP-1 RA product; and

23 (7) Concentrated human regular insulin.

b. "Medical supplies for insulin dosing and administration" means supplies needed for proper insulin dosing, as well as supplies needed to detect or address medical emergencies in an individual using insulin to manage diabetes mellitus. The term does not include an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor, or supplies needed specifically for the use of such electronic devices. The term includes:

(1) Blood glucose meters;

(2) Blood glucose test strips;

(3) Lancing devices and lancets;

(4) Ketone testing supplies, such as urine strips, blood ketone meters, and blood ketone strips;

(5) Glucagon, injectable or nasal forms;

(6) Insulin pen needles; and

(7) Insulin syringes.

c. "Pharmacy or distributor" means a pharmacy or medical supply company, or other medication or medical supply distributor filling a covered individual's prescriptions.

d. "Policy" means an accident and health insurance policy, contract, or evidence of coverage on a group, individual, blanket, franchise, or association basis.

2. An insurer may not deliver, issue, execute, or renew a policy that provides coverage for an insulin drug or medical supplies for insulin dosing and administration unless the policy complies with this section.

3. The policy must provide cost-sharing for a thirty-day supply of:

a. Prescribed insulin drugs which may not exceed twenty-five dollars per pharmacy or distributor, regardless of the quantity or type of insulin drug used to fill the covered individual's prescription needs.

b. Prescribed medical supplies for insulin dosing and administration, the total of which may not exceed twenty-five dollars per pharmacy or distributor, regardless of the quantity or manufacturer of supplies used to fill the covered individual's prescription needs.

- 1       4. A policy may not allow a pharmacy benefits manager or the pharmacy or distributor to  
2       charge, require the pharmacy or distributor to collect, or require a covered individual to  
3       make, a cost-sharing payment for a covered insulin drug or medical supplies for insulin  
4       dosing and administration in an amount that exceeds the amount of the cost-sharing  
5       payment for the prescribed insulin drugs or prescribed medical supplies for insulin  
6       dosing and administration under subsection 3.
- 7       5. A policy may not allow for the use of a formulary to determine coverage of an insulin  
8       drug or medical supplies for insulin dosing and administration.
- 9       6. Subsection 3 does not require a policy to implement cost-sharing and does not  
10      prevent the implementation of cost-sharing in an amount less than the amount  
11      specified under subsection 3. Subsection 3 does not limit cost-sharing on an insulin  
12      pump, an electronic insulin-administering smart pen, or a continuous glucose monitor.  
13      This section does not limit whether a policy classifies an insulin pump, an electronic  
14      insulin-administering smart pen, or a continuous glucose monitor as a drug or as a  
15      medical device or supply.

16       **SECTION 2. AMENDMENT.** Section 26.1-36.6-03 of the North Dakota Century Code is  
17      amended and reenacted as follows:

18       **26.1-36.6-03. Self-insurance health plans - Requirements.**

- 19       1. The following policy provisions apply to a self-insurance health plan or to the  
20       administrative services only or third-party administrator, and are subject to the  
21       jurisdiction of the commissioner: 26.1-36-03, 26.1-36-03.1, 26.1-36-05, 26.1-36-10,  
22       26.1-36-12, 26.1-36-12.4, 26.1-36-12.6, 26.1-36-13, 26.1-36-14, 26.1-36-17,  
23       26.1-36-18, 26.1-36-19, 26.1-36-23, 26.1-36-29, 26.1-36-37.1, 26.1-36-38, 26.1-36-39,  
24       26.1-36-41, 26.1-36-44, and 26.1-36-46.
- 25       2. The following health benefit provisions applicable to a group accident and health  
26       insurance policy under chapter 26.1-36 apply to a self-insurance health plan and are  
27       subject to the jurisdiction of the commissioner: 26.1-36-06, 26.1-36-06.1, 26.1-36-07,  
28       26.1-36-08, 26.1-36-08.1, 26.1-36-09, 26.1-36-09.1, 26.1-36-09.2, 26.1-36-09.3,  
29       26.1-36-09.5, 26.1-36-09.6, 26.1-36-09.7, 26.1-36-09.8, 26.1-36-09.9, 26.1-36-09.10,  
30       26.1-36-09.11, 26.1-36-09.12, 26.1-36-09.13, 26.1-36-09.14, 26.1-36-09.15,

1            26.1-36-09.16, 26.1-36-11, 26.1-36-12.2, 26.1-36-20, 26.1-36-21, 26.1-36-22,  
2            26.1-36-23.1, and 26.1-36-43.

3            **SECTION 3. APPLICATION.** This Act applies to a policy delivered, issued, executed, or  
4 renewed after June 30, 2021.

5            **SECTION 4. EFFECTIVE DATE.** This Act becomes effective July 1, 2021.

6            **SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

Representative Lefor

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-06 and subsection 2 of  
2 section 54-52.6-09 of the North Dakota Century Code, relating to increased employer  
3 contributions under the public employees retirement system defined benefit and defined  
4 contribution plans; to provide for a transfer; and to provide a statement of legislative intent.

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

6 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century  
7 Code is amended and reenacted as follows:

8 1. Each governmental unit shall contribute an amount equal to ~~four~~six and  
9 twelve-hundredths percent of the monthly salary or wage of a participating member.  
10 Governmental unit contributions increase by one percent of the monthly salary or  
11 wage of a participating member beginning with the monthly reporting period of  
12 January 2012; ~~with an additional increase of one percent, beginning with the reporting~~  
13 ~~period of January 2013; and with an additional increase of one percent, beginning with~~  
14 ~~the monthly reporting period of January 2014; and with an additional increase of~~  
15 two percent, beginning with the monthly reporting period of January 2022. For a  
16 participating member who first enrolls after December 31, 2019, the governmental unit  
17 shall contribute an additional amount equal to one and fourteen-hundredths percent of  
18 the monthly salary or wage of the participating member.

19 **SECTION 2. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota  
20 Century Code is amended and reenacted as follows:

21 2. The employer shall contribute an amount equal to ~~four~~six and twelve-hundredths  
22 percent of the monthly salary or wage of a participating member. Employer  
23 contributions increase by one percent of the monthly salary or wage of a participating  
24 member beginning with the monthly reporting period of ~~January 2012; with an~~

1 additional increase of one percent, beginning with the monthly reporting period of  
2 January 2013; and with an additional increase of one percent, beginning with the  
3 monthly reporting period of January 2014; and with an additional increase of  
4 two percent, beginning with the monthly reporting period of January 2022. For  
5 members first enrolled after December 31, 2019, the employer contribution includes  
6 an additional increase of one and fourteen-hundredths percent. If the employee's  
7 contribution is paid by the employer under subsection 3, the employer shall contribute,  
8 in addition, an amount equal to the required employee's contribution. Monthly, the  
9 employer shall pay such contribution into the participating member's account from the  
10 employer's funds appropriated for payroll and salary or any other funds available for  
11 such purposes. If the employer fails to pay the contributions monthly, the employer is  
12 subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due  
13 for each month of delay or fraction of a month after the payment became due. In lieu  
14 of assessing a civil penalty or one percent per month, or both, interest at the actuarial  
15 rate of return may be assessed for each month the contributions are delinquent. If  
16 contributions are paid within ninety days of the date the contributions became due,  
17 penalty and interest to be paid on delinquent contributions may be waived.

18 **SECTION 3. TRANSFER TO PUBLIC EMPLOYEES RETIREMENT SYSTEM FUND -**

19 **INTENT.** The office of management and budget shall transfer the sum of \$50,000,000 from the  
20 general fund to the public employees retirement system fund on July 1, 2021. It is the intent of  
21 the sixty-seventh legislative assembly that the funds transferred be derived from legacy fund  
22 earnings transferred to the general fund during the biennium beginning July 1, 2021, and ending  
23 June 30, 2023.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 1 of  
2 section 54-52-06, subsection 6 of section 54-52.6-02, and subsection 2 of section 54-52.6-09 of  
3 the North Dakota Century Code, relating to increased employer and employee contributions  
4 under the public employees retirement system defined benefit and defined contribution plans;  
5 and to provide a penalty.

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

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may  
10 elect to participate in the public employees retirement system and receive credit for  
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an  
12 amount equal to eight and twelve-hundredths percent times the temporary employee's  
13 present monthly salary. The amount required to be paid by a temporary employee  
14 increases by two percent times the temporary employee's present monthly salary  
15 beginning with the monthly reporting period of January 2012, and with an additional  
16 two-percent increase of two percent, beginning with the reporting period of  
17 January 2013, ~~and~~; with an additional increase of two percent, beginning with the  
18 monthly reporting period of January 2014; and with an additional increase of one and  
19 ninety-five hundredths percent, beginning with the monthly reporting period of January  
20 2022.

21 **SECTION 2. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century  
22 Code is amended and reenacted as follows:

23 1. Each governmental unit shall contribute an amount equal to four and  
24 twelve-hundredths percent of the monthly salary or wage of a participating member.

Governmental unit contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; ~~and with an additional increase of one percent, beginning with the monthly reporting period of January 2014;~~ and with an additional increase of one and ninety-five hundredths percent, beginning with the monthly reporting period of January 2022. For a participating member who first enrolls after December 31, 2019, the governmental unit shall contribute an additional amount equal to one and fourteen-hundredths percent of the monthly salary or wage of the participating member.

**SECTION 3. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota Century Code is amended and reenacted as follows:

6. A participating member who becomes a temporary employee may still participate in the defined contribution retirement plan upon filing an election with the board within one hundred eighty days of transferring to temporary employee status. The participating member may not become a member of the defined benefit plan as a temporary employee. The temporary employee electing to participate in the defined contribution retirement plan shall pay monthly to the fund an amount equal to eight and twelve-hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012; ~~and;~~ with an additional increase of two percent, beginning with the monthly reporting period of January 2013; ~~and;~~ with an additional increase of two percent, beginning with the monthly reporting period of January 2014; and with an additional increase of one and ninety-five hundredths percent, beginning with the monthly reporting period of January 2022. The temporary employee also shall ~~also~~ pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary employee's contributions. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee.

1       **SECTION 4. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       2.   The employer shall contribute an amount equal to four and twelve-hundredths percent  
4           of the monthly salary or wage of a participating member. Employer contributions  
5           increase by one percent of the monthly salary or wage of a participating member  
6           beginning with the monthly reporting period of January 2012; with an additional  
7           increase of one percent, beginning with the monthly reporting period of January 2013;  
8           and with an additional increase of one percent, beginning with the monthly reporting  
9           period of January 2014; and with an additional increase of one and ninety-five  
10          hundredths percent, beginning with the monthly reporting period of January 2022. For  
11          members first enrolled after December 31, 2019, the employer contribution includes  
12          an additional increase of one and fourteen-hundredths percent. If the employee's  
13          contribution is paid by the employer under subsection 3, the employer shall contribute,  
14          in addition, an amount equal to the required employee's contribution. Monthly, the  
15          employer shall pay such contribution into the participating member's account from the  
16          employer's funds appropriated for payroll and salary or any other funds available for  
17          such purposes. If the employer fails to pay the contributions monthly, the employer is  
18          subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due  
19          for each month of delay or fraction of a month after the payment became due. In lieu  
20          of assessing a civil penalty or one percent per month, or both, interest at the actuarial  
21          rate of return may be assessed for each month the contributions are delinquent. If  
22          contributions are paid within ninety days of the date the contributions became due,  
23          penalty and interest to be paid on delinquent contributions may be waived.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 1 of  
2 section 54-52-06, subsection 6 of section 54-52.6-02, and subsection 2 of section 54-52.6-09 of  
3 the North Dakota Century Code, relating to increased employer and employee contributions  
4 under the public employees retirement system defined benefit and defined contribution plans;  
5 and to provide a penalty.

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

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may  
10 elect to participate in the public employees retirement system and receive credit for  
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an  
12 amount equal to eight and twelve-hundredths percent times the temporary employee's  
13 present monthly salary. The amount required to be paid by a temporary employee  
14 increases by two percent times the temporary employee's present monthly salary  
15 beginning with the monthly reporting period of January 2012, ~~and;~~ with an additional  
16 two percent increase of two percent, beginning with the reporting period of  
17 January 2013, ~~and;~~ with an additional increase of two percent, beginning with the  
18 monthly reporting period of January 2014; and with an additional increase of two  
19 percent, beginning with the monthly reporting period of January 2022.

20 **SECTION 2. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century  
21 Code is amended and reenacted as follows:

22 1. Each governmental unit shall contribute an amount equal to four and  
23 twelve-hundredths percent of the monthly salary or wage of a participating member.  
24 Governmental unit contributions increase by one percent of the monthly salary or

1 wage of a participating member beginning with the monthly reporting period of  
2 January 2012; with an additional increase of one percent, beginning with the reporting  
3 period of January 2013; ~~and with an additional increase of one percent, beginning with~~  
4 ~~the monthly reporting period of January 2014; and with an additional increase of two~~  
5 ~~percent, beginning with the monthly reporting period of January 2022.~~ For a  
6 participating member who first enrolls after December 31, 2019, the governmental unit  
7 shall contribute an additional amount equal to one and fourteen-hundredths percent of  
8 the monthly salary or wage of the participating member.

9 **SECTION 3. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota  
10 Century Code is amended and reenacted as follows:

- 11 6. A participating member who becomes a temporary employee may still participate in  
12 the defined contribution retirement plan upon filing an election with the board within  
13 one hundred eighty days of transferring to temporary employee status. The  
14 participating member may not become a member of the defined benefit plan as a  
15 temporary employee. The temporary employee electing to participate in the defined  
16 contribution retirement plan shall pay monthly to the fund an amount equal to eight  
17 and twelve-hundredths percent times the temporary employee's present monthly  
18 salary. The amount required to be paid by a temporary employee increases by two  
19 percent times the temporary employee's present monthly salary beginning with the  
20 monthly reporting period of January 2012; ~~and; with an additional increase of two~~  
21 ~~percent, beginning with the monthly reporting period of January 2013; and; with an~~  
22 ~~additional increase of two percent, beginning with the monthly reporting period of~~  
23 ~~January 2014; and with an additional increase of two percent, beginning with the~~  
24 ~~monthly reporting period of January 2022.~~ The temporary employee shall also pay the  
25 required monthly contribution to the retiree health benefit fund established under  
26 section 54-52.1-03.2. This contribution must be recorded as a member contribution  
27 pursuant to section 54-52.1-03.2. An employer may not pay the temporary employee's  
28 contributions. A temporary employee may continue to participate as a temporary  
29 employee until termination of employment or reclassification of the temporary  
30 employee as a permanent employee.

1       **SECTION 4. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       2.   The employer shall contribute an amount equal to four and twelve-hundredths percent  
4           of the monthly salary or wage of a participating member. Employer contributions  
5           increase by one percent of the monthly salary or wage of a participating member  
6           beginning with the monthly reporting period of January 2012; with an additional  
7           increase of one percent, beginning with the monthly reporting period of January 2013;  
8           and with an additional increase of one percent, beginning with the monthly reporting  
9           period of January 2014; and with an additional increase of two percent, beginning with  
10          the monthly reporting period of January 2022. For members first enrolled after  
11          December 31, 2019, the employer contribution includes an additional increase of one  
12          and fourteen-hundredths percent. If the employee's contribution is paid by the  
13          employer under subsection 3, the employer shall contribute, in addition, an amount  
14          equal to the required employee's contribution. Monthly, the employer shall pay such  
15          contribution into the participating member's account from the employer's funds  
16          appropriated for payroll and salary or any other funds available for such purposes. If  
17          the employer fails to pay the contributions monthly, the employer is subject to a civil  
18          penalty of fifty dollars and, as interest, one percent of the amount due for each month  
19          of delay or fraction of a month after the payment became due. In lieu of assessing a  
20          civil penalty or one percent per month, or both, interest at the actuarial rate of return  
21          may be assessed for each month the contributions are delinquent. If contributions are  
22          paid within ninety days of the date the contributions became due, penalty and interest  
23          to be paid on delinquent contributions may be waived.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 1 of  
2 section 54-52-06, subsection 6 of section 54-52.6-02, and subsection 2 of section 54-52.6-09 of  
3 the North Dakota Century Code, relating to increased employer and employee contributions  
4 under the public employees retirement system defined benefit and defined contribution plans;  
5 and to provide a penalty.

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

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may  
10 elect to participate in the public employees retirement system and receive credit for  
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an  
12 amount equal to eight and twelve hundredths percent times the temporary employee's  
13 present monthly salary. The amount required to be paid by a temporary employee  
14 increases by two percent times the temporary employee's present monthly salary  
15 beginning with the monthly reporting period of January 2012, ~~and;~~ with an additional  
16 two percent increase of two percent, beginning with the reporting period of  
17 January 2013, ~~and;~~ with an additional increase of two percent, beginning with the  
18 monthly reporting period of January 2014; and with an additional increase of five and  
19 twelve hundredths percent, beginning with the monthly reporting period of January  
20 2022.

21 **SECTION 2. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century  
22 Code is amended and reenacted as follows:

23 1. Each governmental unit shall contribute an amount equal to four and  
24 twelve-hundredths percent of the monthly salary or wage of a participating member.

Governmental unit contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; ~~and with an additional increase of one percent, beginning with the monthly reporting period of January 2014;~~ and with an additional increase of five and twelve hundredths percent, beginning with the monthly reporting period of January 2022. For a participating member who first enrolls after December 31, 2019, the governmental unit shall contribute an additional amount equal to one and fourteen hundredths percent of the monthly salary or wage of the participating member.

**SECTION 3. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota Century Code is amended and reenacted as follows:

6. A participating member who becomes a temporary employee may still participate in the defined contribution retirement plan upon filing an election with the board within one hundred eighty days of transferring to temporary employee status. The participating member may not become a member of the defined benefit plan as a temporary employee. The temporary employee electing to participate in the defined contribution retirement plan shall pay monthly to the fund an amount equal to eight and twelve hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012; ~~and;~~ with an additional increase of two percent, beginning with the monthly reporting period of January 2013; ~~and;~~ with an additional increase of two percent, beginning with the monthly reporting period of January 2014; and with an additional increase of five and twelve hundredths percent, beginning with the monthly reporting period of January 2022. The temporary employee also shall ~~also~~ pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary employee's contributions. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee.

1       **SECTION 4. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       2.   The employer shall contribute an amount equal to four and twelve hundredths percent  
4           of the monthly salary or wage of a participating member. Employer contributions  
5           increase by one percent of the monthly salary or wage of a participating member  
6           beginning with the monthly reporting period of January 2012; with an additional  
7           increase of one percent, beginning with the monthly reporting period of January 2013;  
8           and with an additional increase of one percent, beginning with the monthly reporting  
9           period of January 2014; and with an additional increase of five and twelve hundredths  
10          percent, beginning with the monthly reporting period of January 2022. For members  
11          first enrolled after December 31, 2019, the employer contribution includes an  
12          additional increase of one and fourteen hundredths percent. If the employee's  
13          contribution is paid by the employer under subsection 3, the employer shall contribute,  
14          in addition, an amount equal to the required employee's contribution. Monthly, the  
15          employer shall pay such contribution into the participating member's account from the  
16          employer's funds appropriated for payroll and salary or any other funds available for  
17          such purposes. If the employer fails to pay the contributions monthly, the employer is  
18          subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due  
19          for each month of delay or fraction of a month after the payment became due. In lieu  
20          of assessing a civil penalty or one percent per month, or both, interest at the actuarial  
21          rate of return may be assessed for each month the contributions are delinquent. If  
22          contributions are paid within ninety days of the date the contributions became due,  
23          penalty and interest to be paid on delinquent contributions may be waived.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact section 39-03.1-10 of the North Dakota Century Code,  
2 relating to contributions to the highway patrolmen's retirement system by the state.

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

4 **SECTION 1. AMENDMENT.** Section 39-03.1-10 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **39-03.1-10. Contributions by the state.**

7 The state shall contribute to the fund a sum equal to sixteen and seventy-hundredths  
8 percent of the monthly salary or wage of a participating member. State contributions increase by  
9 one percent of the monthly salary or wage of a participating member beginning with the monthly  
10 reporting period of January 2012, ~~and;~~ with an additional increase of one percent, beginning  
11 with the reporting period of January 2013, ~~and;~~ with an additional increase of one percent,  
12 beginning with the monthly reporting period of January 2014; with an additional increase of  
13 two percent, beginning with the monthly reporting period of January 2022; and with an  
14 additional increase of two percent, beginning with the monthly reporting period of January 2023.  
15 If the member's contribution is paid by the state under subsection 2 of section 39-03.1-09, the  
16 state shall contribute, in addition, an amount equal to the required member's contribution. The  
17 state shall pay the associated employer contribution for those members who elect to exercise  
18 their rights under subsection 3 of section 39-03.1-10.1.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 2 of section 54-52-06, section 54-52.1-06,  
2 and subsection 2 of section 54-52.6-09 of the North Dakota Century Code, relating to public  
3 employees retirement system penalties for late payments or failures to follow required  
4 processes; and to provide a penalty.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 54-52-06 of the North Dakota Century  
7 Code is amended and reenacted as follows:

8 2. For those members who elect to exercise their rights under section 54-52-17.14, the  
9 employing governmental unit, or in the case of a member not presently under covered  
10 employment the most recent employing governmental unit, shall pay the associated  
11 employer contribution. If the employee's contribution is paid by the governmental unit  
12 under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition,  
13 an amount equal to the required employee's contribution. Each governmental unit  
14 shall pay the contribution monthly, or in the case of an election made pursuant to  
15 section 54-52-17.14 a lump sum, into the retirement fund from the governmental unit's  
16 funds appropriated for payroll and salary or any other funds available for these  
17 purposes. Any governmental unit failing to pay the contributions monthly, or in the  
18 case of an election made pursuant to section 54-52-17.14 a lump sum, or failing to  
19 otherwise comply with the board's established wage reporting or payroll reporting  
20 process requirements. is subject to a civil penalty of fifty dollars and, as interest, one  
21 percent of the amount due for each month of delay or fraction thereof a month after  
22 the payment became due. In lieu of assessing a civil penalty or one percent per  
23 month, or both, interest at the actuarial rate of return may be assessed for each month  
24 the contributions are delinquent. If contributions are paid within ninety days of the date

1 the contributions became due, penalty and interest to be paid on delinquent  
2 contributions may be waived.

3 **SECTION 2. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **54-52.1-06. State contribution - Penalty.**

6 1. Each department, board, or agency shall pay to the board each month from its funds  
7 appropriated for payroll and salary amounts a state contribution in the amount as  
8 determined by the primary carrier of the group contract for the full single rate monthly  
9 premium for each of its eligible employees enrolled in the uniform group insurance  
10 program and the full rate monthly premium, in an amount equal to that contributed  
11 under the alternate family contract, including major medical coverage, for hospital and  
12 medical benefits coverage for spouses and dependent children of its eligible  
13 employees enrolled in the uniform group insurance program pursuant to section  
14 54-52.1-07. The board ~~then~~ shall then pay the necessary and proper premium amount  
15 for the uniform group insurance program to the proper carrier or carriers on a monthly  
16 basis.

17 2. Any refund, rebate, dividend, experience rating allowance, discount, or other reduction  
18 of premium amount must be credited at least annually to a separate fund of the  
19 uniform group insurance program to be used by the board to reimburse the  
20 administrative expense and benefit fund of the public employees retirement program  
21 for the costs of administration of the uniform group insurance program. ~~In the event~~

22 3. ~~If an enrolled eligible employee is not entitled to receive salary, wages, or other~~  
23 ~~compensation for a particular calendar month, that employee may make direct~~  
24 ~~payment of the required premium to the board to continue the employee's coverage,~~  
25 ~~and the employing department, board, or agency shall provide for the giving of a timely~~  
26 ~~notice to the employee of that person's~~employee's right to make such payment at the  
27 time the right arises.

28 4. A governmental unit that fails to pay the contributions by the board's established due  
29 date is subject to a civil penalty of fifty dollars and, as interest, one percent of the  
30 amount due for each month of delay or fraction of a month after the payment became  
31 due.

1       **SECTION 3. AMENDMENT.** Subsection 2 of section 54-52.6-09 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       2.   The employer shall contribute an amount equal to four and twelve hundredths percent  
4           of the monthly salary or wage of a participating member. Employer contributions  
5           increase by one percent of the monthly salary or wage of a participating member  
6           beginning with the monthly reporting period of January 2012; with an additional  
7           increase of one percent, beginning with the monthly reporting period of January 2013;  
8           and with an additional increase of one percent, beginning with the monthly reporting  
9           period of January 2014. For members first enrolled after December 31, 2019, the  
10          employer contribution includes an additional increase of one and fourteen hundredths  
11          percent. If the employee's contribution is paid by the employer under subsection 3, the  
12          employer shall contribute, in addition, an amount equal to the required employee's  
13          contribution. Monthly, the employer shall pay such contribution into the participating  
14          member's account from the employer's funds appropriated for payroll and salary or  
15          any other funds available for such purposes. If the employer fails to pay the  
16          contributions monthly, or fails to otherwise comply with the board's established wage  
17          reporting or payroll reporting process requirements, the employer is subject to a civil  
18          penalty of fifty dollars and, as interest, one percent of the amount due for each month  
19          of delay or fraction of a month after the payment became due. In lieu of assessing a  
20          civil penalty or one percent per month, or both, interest at the actuarial rate of return  
21          may be assessed for each month the contributions are delinquent. If contributions are  
22          paid within ninety days of the date the contributions became due, penalty and interest  
23          to be paid on delinquent contributions may be waived.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact section 39-03.1-10, subsection 2 of section  
2 39-03.1-11.2, subsection 8 of section 54-52-17, subsection 10 of section 54-52-26, subsection 2  
3 of section 54-52-28, subsection 2 of section 54-52.1-03.2, subsection 1 of section 54-52.1-03.3,  
4 and subsection 2 of section 54-52.6-21 of the North Dakota Century Code, relating to public  
5 employees retirement system unpaid benefit payments, missing member confidentiality  
6 requirements, compliance with Internal Revenue Code distribution requirements, insurance  
7 programs for which retiree health insurance credit moneys may be used, and clarification of  
8 eligibility for retiree health insurance credit payments.

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

10 **SECTION 1. AMENDMENT.** Section 39-03.1-10 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **39-03.1-10. Contributions by the state.**

13 The state shall contribute to the fund a sum equal to sixteen and seventy-hundredths  
14 percent of the monthly salary or wage of a participating member. State contributions increase by  
15 one percent of the monthly salary or wage of a participating member beginning with the monthly  
16 reporting period of January 2012, and with an additional increase of one percent, beginning  
17 with the reporting period of January 2013; and with an additional increase of one percent,  
18 beginning with the monthly reporting period of January 2014. If the member's contribution is  
19 paid by the state under subsection 2 of section 39-03.1-09, the state shall contribute, in  
20 addition, an amount equal to the required member's contribution. The state shall pay the  
21 associated employer contribution for those members who elect to exercise their rights under  
22 ~~subsection 3 of section 39-03.1-10.~~ 39-03.1-10.3.

23 **SECTION 2. AMENDMENT.** Subsection 2 of section 39-03.1-11.2 of the North Dakota  
24 Century Code is amended and reenacted as follows:

2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirements under section 401(a)(9)(G), and the regulations issued under that provision to the extent applicable to governmental plans. Accordingly, benefits must be distributed or begin to be distributed no later than a member's required beginning date, and the required minimum distribution rules override any inconsistent provision of this chapter. For a member who attains age seventy and one-half before January 1, 2020, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment. For a member who attains age seventy and one-half after December 31, 2019, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy-two or terminates employment.

**SECTION 3. AMENDMENT.** Subsection 8 of section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

8. The surviving spouse of a member receiving retirement benefits must be the member's primary beneficiary unless there is no surviving spouse or the surviving spouse designates an alternate beneficiary in writing. If a member receiving retirement benefits or the member's surviving spouse receiving retirement benefits dies before the total amount of benefits paid to either or both equals the amount of the member's account balance at retirement, the difference must be paid to the named beneficiary of the recipient or, if there is no named beneficiary, to the recipient's estate. A benefit payment owed to the member, surviving spouse, or alternate beneficiary which was not paid before the death of the member, surviving spouse, or alternate beneficiary must be paid to the named beneficiary of the recipient or, if there is no named beneficiary, to the recipient's estate.

**SECTION 4. AMENDMENT.** Subsection 10 of section 54-52-26 of the North Dakota Century Code is amended and reenacted as follows:

10. The general public, but only after the board has been unable to locate the member for a period in excess of ~~two years~~one year, and limited to the member's name and the fact that the board has been unable to locate the member.

1       **SECTION 5. AMENDMENT.** Subsection 2 of section 54-52-28 of the North Dakota Century  
2 Code is amended and reenacted as follows:

- 3       2.   The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code,  
4           including the incidental death benefit requirements under section 401(a)(9)(G), and the  
5           regulations issued under that provision to the extent applicable to governmental plans.  
6           Accordingly, benefits must be distributed or begin to be distributed no later than a  
7           member's required beginning date, and the required minimum distribution rules  
8           override any inconsistent provision of this chapter. AFor a member who attains age  
9           seventy and one-half before January 1, 2020, the member's required beginning date is  
10          April first of the calendar year following the later of the calendar year in which the  
11          member attains age seventy and one-half or terminates employment. For a member  
12          who attains age seventy and one-half after December 31, 2019, the member's  
13          required beginning date is April first of the calendar year following the later of the  
14          calendar year in which the member attains age seventy-two or terminates  
15          employment.

16       **SECTION 6. AMENDMENT.** Subsection 2 of section 54-52.1-03.2 of the North Dakota  
17 Century Code is amended and reenacted as follows:

- 18       2.   All moneys deposited in the fund established under subsection 1, not otherwise  
19           appropriated, are hereby appropriated to the board for the purpose of making  
20           investments for the fund and to make contributions toward hospital and medical  
21           benefits coverage and prescription drug coverage under any health insurance program  
22           and for any dental, vision, and long-term care benefits coverage under the uniform-  
23           groupany insurance program for eligible retired employees or surviving spouses of  
24           eligible retired employees and their dependents as elected.

25       **SECTION 7. AMENDMENT.** Subsection 1 of section 54-52.1-03.3 of the North Dakota  
26 Century Code is amended and reenacted as follows:

- 27       1.   The following individuals are entitled to receive credit for hospital benefits coverage,  
28           medical benefits coverage, and prescription drug coverage under any health insurance  
29           program and for any dental, vision, and long-term care benefits coverage under any  
30           insurance program:

- a. A member or surviving spouse ~~receiving retirement benefits under~~of the highway patrolmen's retirement system is eligible for the credit beginning on the date retirement benefits are effective.
- b. If the member first enrolled before January 1, 2020, a member or surviving spouse ~~receiving retirement benefits under~~of the public employees retirement system is eligible for the credit beginning on the date retirement benefits are effective.
- c. A member or surviving spouse ~~receiving retirement benefits under~~of the retirement program established by job service North Dakota under section 52-11-01 is eligible for the credit beginning on the date retirement benefits are effective.
- d. A retired judge or surviving spouse ~~receiving retirement benefits under~~of the retirement program established under chapter 27-17 is eligible for the credit beginning on the date retirement benefits are effective.
- e. If the former participating member first enrolled before January 1, 2020, a former participating member of the defined contribution retirement plan receiving retirement benefits, or the surviving spouse of a former participating member of that retirement plan who was eligible to receive or was receiving benefits, under section 54-52.6-13, is eligible as determined by the board pursuant to the board's rules.

**SECTION 8. AMENDMENT.** Subsection 2 of section 54-52.6-21 of the North Dakota Century Code is amended and reenacted as follows:

2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code and the regulations issued under that provision to the extent applicable to governmental plans. Accordingly, benefits must be distributed or begin to be distributed no later than a member's required beginning date, and the required minimum distribution rules override any inconsistent provision of this chapter. AFor a member who attains age seventy and one-half before January 1, 2020, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment. For a member who attains age seventy and one-half after December 31,

- 1           2019, the member's required beginning date is April first of the calendar year following
- 2           the later of the calendar year in which the member attains age seventy-two or
- 3           terminates employment.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 3 of section 54-52.1-04.16, relating to the  
2 public employees retirement system's uniform group insurance program part D contracts with  
3 pharmacy benefit managers.

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

5 **SECTION 1. AMENDMENT.** Subsection 3 of section 54-52.1-04.16 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 3. ~~If~~Except for Medicare part D, if the board contracts directly with a pharmacy benefits  
8 manager or provides prescription drug coverage through a self-insurance plan, the  
9 contract must provide the pharmacy benefits manager shall disclose to the board and  
10 the board's auditor all rebates and any other fees that provide the pharmacy benefits  
11 manager with sources of income under the contract, including under related contracts  
12 the pharmacy benefits manager has with third parties, such as drug manufacturers.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(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 payment of administrative expenses for the public employees  
3 retirement system deferred compensation plan; and to provide a continuing appropriation.

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

5 **SECTION 1.** A new section to chapter 54-52.2 of the North Dakota Century Code is created  
6 and enacted as follows:

7 **Administrative expenses - Continuing appropriation.**

8 A participating member shall pay the administrative expenses of the plan in a manner  
9 determined by the board. The board, or vendor contracted for by the board, may charge  
10 reasonable administrative expenses and deduct those expenses from a participating member's  
11 account in the deferred compensation plan established under this chapter. The board also may  
12 pay the administrative expenses of the plan from fines and fees collected from a vendor in a  
13 manner determined by the board. The board shall deposit vendor fines and fees and any money  
14 deducted from a participating member's account in an administrative expenses account with the  
15 state treasurer. The board may use funds from the payroll clearing account established under  
16 section 54-52.3-03 and the administrative expenses account to pay for consulting expenses. All  
17 money in the payroll clearing account and the administrative expenses account are  
18 appropriated to the board on a continuing basis for the purpose of retaining a consultant as  
19 required for the administration of this chapter.

Sixty-seventh  
Legislative Assembly  
of North Dakota

**BILL NO.**

Introduced by

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 2 of  
2 section 54-52-05, subsection 1 of section 54-52-06, subsection 6 of section 54-52.6-02, and  
3 section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and  
4 employee contributions under the public employees retirement system defined benefit and  
5 defined contribution plans; and to provide a penalty.

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

7 **SECTION 1. AMENDMENT.** Subsection 1 of section 54-52-02.9 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 1. Within one hundred eighty days of beginning employment, a temporary employee may  
10 elect to participate in the public employees retirement system and receive credit for  
11 service after enrollment. Monthly, the temporary employee shall pay to the fund an  
12 amount equal to eight and twelve hundredths percent times the temporary employee's  
13 present monthly salary. The amount required to be paid by a temporary employee  
14 increases by two percent times the temporary employee's present monthly salary  
15 beginning with the monthly reporting period of January 2012, ~~and;~~ with an additional  
16 two percent increase of two percent, beginning with the reporting period of  
17 January 2013, ~~and;~~ with an additional increase of two percent, beginning with the  
18 monthly reporting period of January 2014; and with an additional increase of  
19 two percent, beginning with the monthly reporting period of January 2022.

20 **SECTION 2. AMENDMENT.** Subsection 2 of section 54-52-05 of the North Dakota Century  
21 Code is amended and reenacted as follows:

22 2. Each member must be assessed and required to pay monthly four percent of the  
23 monthly salary or wage paid to the member, and such assessment must be deducted  
24 and retained out of such salary in equal monthly installments commencing with the

1 first month of employment. Member contributions increase by one percent of the  
2 monthly salary or wage paid to the member beginning with the monthly reporting  
3 period of January 2012; ~~and;~~ with an additional increase of one percent, beginning  
4 with the monthly reporting period of January 2013; ~~and;~~ with an additional increase of  
5 one percent, beginning with the monthly reporting period of January 2014; and with an  
6 additional increase of one percent, beginning with the monthly reporting period of  
7 January 2022.

8 **SECTION 3. AMENDMENT.** Subsection 1 of section 54-52-06 of the North Dakota Century  
9 Code is amended and reenacted as follows:

- 10 1. Each governmental unit shall contribute an amount equal to four and  
11 twelve-hundredths percent of the monthly salary or wage of a participating member.  
12 Governmental unit contributions increase by one percent of the monthly salary or  
13 wage of a participating member beginning with the monthly reporting period of  
14 January 2012; with an additional increase of one percent, beginning with the reporting  
15 period of January 2013; ~~and~~ with an additional increase of one percent, beginning with  
16 the monthly reporting period of January 2014; and with an additional increase of  
17 one percent, beginning with the monthly reporting period of January 2022. For a  
18 participating member who first enrolls after December 31, 2019, the governmental unit  
19 shall contribute an additional amount equal to one and fourteen hundredths percent of  
20 the monthly salary or wage of the participating member.

21 **SECTION 4. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota  
22 Century Code is amended and reenacted as follows:

- 23 6. A participating member who becomes a temporary employee may still participate in  
24 the defined contribution retirement plan upon filing an election with the board within  
25 one hundred eighty days of transferring to temporary employee status. The  
26 participating member may not become a member of the defined benefit plan as a  
27 temporary employee. The temporary employee electing to participate in the defined  
28 contribution retirement plan shall pay monthly to the fund an amount equal to eight  
29 and twelve hundredths percent times the temporary employee's present monthly  
30 salary. The amount required to be paid by a temporary employee increases by two  
31 percent times the temporary employee's present monthly salary beginning with the

1 monthly reporting period of January 2012; ~~and;~~ with an additional increase of two  
2 percent, beginning with the monthly reporting period of January 2013; ~~and;~~ with an  
3 additional increase of two percent, beginning with the monthly reporting period of  
4 January 2014; and with an additional increase of two percent, beginning with the  
5 monthly reporting period of January 2022. The temporary employee ~~also~~ shall ~~also~~  
6 pay the required monthly contribution to the retiree health benefit fund established  
7 under section 54-52.1-03.2. This contribution must be recorded as a member  
8 contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary  
9 employee's contributions. A temporary employee may continue to participate as a  
10 temporary employee until termination of employment or reclassification of the  
11 temporary employee as a permanent employee.

12 **SECTION 5. AMENDMENT.** Section 54-52.6-09 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **54-52.6-09. Contributions - Penalty.**

- 15 1. Each participating member shall contribute monthly four percent of the monthly salary  
16 or wage paid to the participant, and this assessment must be deducted from the  
17 participant's salary in equal monthly installments commencing with the first month of  
18 participation in the defined contribution retirement plan established under this chapter.  
19 Participating member contributions increase by one percent of the monthly salary or  
20 wage paid to the participant beginning with the monthly reporting period of  
21 January 2012; with an additional increase of one percent, beginning with the reporting  
22 period of January 2013; ~~and~~ with an additional increase of one percent, beginning with  
23 the monthly reporting period of January 2014; and with an additional increase of  
24 one percent, beginning with the monthly reporting period of January 2022.
- 25 2. The employer shall contribute an amount equal to four and twelve hundredths percent  
26 of the monthly salary or wage of a participating member. Employer contributions  
27 increase by one percent of the monthly salary or wage of a participating member  
28 beginning with the monthly reporting period of January 2012; with an additional  
29 increase of one percent, beginning with the monthly reporting period of January 2013;  
30 ~~and~~ with an additional increase of one percent, beginning with the monthly reporting  
31 period of January 2014; and with an additional increase of one percent, beginning with

1        the monthly reporting period of January 2022. For members first enrolled after  
2        December 31, 2019, the employer contribution includes an additional increase of one  
3        and fourteen hundredths percent. If the employee's contribution is paid by the  
4        employer under subsection 3, the employer shall contribute, in addition, an amount  
5        equal to the required employee's contribution. Monthly, the employer shall pay such  
6        contribution into the participating member's account from the employer's funds  
7        appropriated for payroll and salary or any other funds available for such purposes. If  
8        the employer fails to pay the contributions monthly, the employer is subject to a civil  
9        penalty of fifty dollars and, as interest, one percent of the amount due for each month  
10       of delay or fraction of a month after the payment became due. In lieu of assessing a  
11       civil penalty or one percent per month, or both, interest at the actuarial rate of return  
12       may be assessed for each month the contributions are delinquent. If contributions are  
13       paid within ninety days of the date the contributions became due, penalty and interest  
14       to be paid on delinquent contributions may be waived.

- 15       3. Each employer, at its option, may pay the employee contributions required by this  
16       section for all compensation earned after December 31, 1999. The amount paid must  
17       be paid by the employer in lieu of contributions by the employee. If the employer  
18       decides not to pay the contributions, the amount that would have been paid will  
19       continue to be deducted from the employee's compensation. If contributions are paid  
20       by the employer, they must be treated as employer contributions in determining tax  
21       treatment under this code and the federal Internal Revenue Code. Contributions paid  
22       by the employer may not be included as gross income of the employee in determining  
23       tax treatment under this code and the federal Internal Revenue Code until they are  
24       distributed or made available. The employer shall pay these employee contributions  
25       from the same source of funds used in paying compensation to the employee. The  
26       employer shall pay these contributions by effecting an equal cash reduction in the  
27       gross salary of the employee or by an offset against future salary increases or by a  
28       combination of a reduction in gross salary and offset against future salary increases.  
29       Employee contributions paid by the employer must be treated for the purposes of this  
30       chapter in the same manner and to the same extent as employee contributions made  
31       before the date on which employee contributions were assumed by the employer. An

- 1 employer shall exercise its option under this subsection by reporting its choice to the
- 2 board in writing.

## **VI. MEMBER**

### **A. Hardship Withdrawal Case #647**

**Material for the Executive Session will be sent under separate cover.**