

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Tuesday, June 12, 2018
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Mike Lefor, Randy Boehning, Jason Dockter, Vernon Laning, Alisa Mitskog; Senators Brad Bekkedahl, Dick Dever, Karen K. Krebsbach, Gary A. Lee, Carolyn C. Nelson

Members absent: Representatives Mark S. Owens, Roscoe Streytle; Senator Oley Larsen

Others present: See [Appendix A](#)

It was moved by Senator Nelson, seconded by Representative Laning, and carried on a voice vote that the minutes of the October 26, 2017, and May 2, 2018, meetings be approved as distributed.

Chairman Lefor reviewed the committee's statutory duty to review the bill drafts on the agenda to determine whether the bill drafts affect, actuarially or otherwise, the retirement or health programs of state or political subdivision employees. He said if a bill draft affects a program, the committee is directed to take jurisdiction and conduct a thorough review, including an actuarial review.

Chairman Lefor said at the next meeting the committee will receive the reports on bill drafts over which the committee has taken jurisdiction. He said at that time, the committee will consider the merits of the bill drafts and will make a recommendation on each of the bill drafts. In addition to acting on proposed bill drafts, he said, the committee will receive annual reports on the actuarial adequacy of statutory contribution rates for the state retirement funds. He said the committee likely will schedule a day and one-half meeting this fall to complete the committee's charges.

The committee considered whether to take jurisdiction over nine bill drafts affecting the Public Employees Retirement System (PERS) and one bill draft affecting the Teachers' Fund for Retirement (TFFR). Chairman Lefor said the committee received testimony on these bill drafts at the May 2, 2018, committee meeting.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chairman Lefor called on Mr. Scott Miller. Mr. Miller said he has been hired as the Executive Director of PERS. He reviewed his professional experience and said this position with PERS is his dream job. He said he is happy to be home in North Dakota.

The committee considered whether to take jurisdiction over Bill Draft No. 128 [[19.0128.01000](#)], which provides if health benefits are provided through a self-insurance plan, PERS is not required to provide prescription drug coverage through a third-party administrator and is not required to provide stop-loss coverage for prescription drug coverage. The bill draft also clarifies only vested members of the Highway Patrolmen's retirement system are qualified to purchase service credit and that retiree health benefits are able to be used for any dental, vision, and long-term care benefits.

It was moved by Representative Laning, seconded by Senator Bekkedahl, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 128 [[19.0128.01000](#)]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee considered whether to take jurisdiction over Bill Draft No. 131 [[19.0131.01000](#)], which provides for an increase in employee and employer contribution for the main retirement fund and the defined contribution plan.

Senator Dever said this is not the first time PERS has attempted to complete the 4th year of the recovery plan.

It was moved by Senator Dever, seconded by Senator Nelson, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 131 [19.0131.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee considered whether to take jurisdiction over Bill Draft No. 130 [19.0130.01000], for new hires, which decreases the retirement multiplier from 2 to 1.75 percent until the main retirement fund is at 100 percent funding, at which time the multiplier reverts to 2 percent.

In response to a question from Representative Dockter, Ms. Sharon Schiermeister, Interim Executive Director, Public Employees Retirement System, said as a result of 2017 legislation, PERS has developed a tiered system under which benefits vary based on the date of hire.

It was moved by Senator Krebsbach, seconded by Representative Mitskog, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 130 [19.0130.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee considered whether to take jurisdiction over Bill Draft No. 129 [19.0129.01000], which for new hires, reallocates the 1.14 percent employer contribution currently allotted to the retiree health insurance credit fund to the general pool of funds in the main plan.

It was moved by Senator Dever, seconded by Representative Laning, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 129 [19.0129.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee considered whether to take jurisdiction over Bill Draft No. 135 [19.0135.01000], which for future terminations, provides final average salary is the higher of two alternative calculations.

It was moved by Senator Nelson, seconded by Senator Bekkedahl, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 135 [19.0135.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee considered whether to take jurisdiction over Bill Draft No. 117 [19.0117.01000], which provides contracts for the provision of health benefits coverage may not exceed 2 years and may not be renewed, and updates the law relating to self-insurance plans for health benefits coverage.

Chairman Lefor called on Ms. Lisa Carlson, Senior Director of Market Strategy, Sanford Health Plan, for comments ([Appendix B](#)) regarding the bill draft.

In response to a question from Senator Nelson, the Legislative Council staff said under section 4 of this bill draft, the PERS Board is not allowed to renew a uniform group insurance contract for health benefits. She said the bill draft does not address whether after rebid, the contract can be issued to the previous carrier.

Senator Dever said an actuarial report has been conducted previously on this concept.

Ms. Schiermeister said during the 2017 legislative session, similar language was considered.

It was moved by Representative Boehning, seconded by Representative Laning, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 117 [19.0117.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee considered whether to take jurisdiction over Bill Draft No. 19 [19.0019.01000], which provides if a state employee elects family health benefits coverage, the employee pays the difference between the cost of the individual coverage and the family coverage.

It was moved by Senator Bekkedahl, seconded by Representative Boehning, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 19 [19.0019.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee considered whether to take jurisdiction over Bill Draft No. 20 [19.0020.01000], which revises the duties of the Employee Benefits Programs Committee.

Senator Nelson said a positive vote to take jurisdiction does not reflect a committee member's intent to support the bill if it comes to a vote on the floor.

Chairman Lefor said he supports giving PERS, TFFR, and the actuary an opportunity to testify on the substance of the bill draft.

Representative Laning and Senator Krebsbach said a benefit of taking jurisdiction of the bill draft is that it allows the committee to make a recommendation regarding the substance of the bill draft.

It was moved by Representative Boehning, seconded by Representative Laning, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 20 [19.0020.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl and Lee voted "aye." Senators Dever, Krebsbach, and Nelson voted "nay."

The committee considered whether to take jurisdiction over Bill Draft No. 146 [19.0146.02000], which provides for a health savings account alternative to the traditional health benefits coverage for state employees and provides for a report to the Employee Benefits Programs Committee.

It was moved by Senator Dever, seconded by Senator Bekkedahl, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 146 [19.0146.02000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

TEACHERS' FUND FOR RETIREMENT

The committee considered whether to take jurisdiction over Bill Draft No. 126 [19.0126.01000], which updates North Dakota Century Code provisions relating to TFFR to remain in compliance with the federal Internal Revenue Code.

It was moved by Senator Nelson, seconded by Senator Krebsbach, and carried on a roll call vote that the committee take jurisdiction over Bill Draft No. 126 [19.0126.01000]. Representatives Lefor, Boehning, Dockter, Laning, and Mitskog and Senators Bekkedahl, Dever, Krebsbach, Lee, and Nelson voted "aye." No negative votes were cast.

The committee requested the actuarial reports on Bill Draft Nos. 129 [19.0129.01000], 130 [19.0130.01000], and 131 [19.0131.01000] include an analysis of each bill draft separately and in combination.

Ms. Schiermeister said this request will be made of the PERS consultants.

No further business appearing, Chairman Lefor adjourned the meeting at 1:50 p.m.

Jennifer S. N. Clark
Counsel

ATTACH:2