

## STATE EMPLOYEE HEALTH INSURANCE PREMIUM INFORMATION

### HEALTH INSURANCE PREMIUMS

The 1963 Legislative Assembly enacted North Dakota Century Code Chapter 52-12 which authorized state agencies, either individually or jointly with other agencies, to enter a group hospitalization and medical care plan and group life insurance plan for each agency's employees. The agencies were required to pay \$5 per month for each participating employee's insurance premium. An employee could elect to participate in either a single or family plan. The 1971 Legislative Assembly repealed Chapter 52-12 and enacted Chapter 54-52.1 establishing the uniform group insurance program. The program was placed under the authority of the Public Employees Retirement Board. The board was required to solicit bids and contract for the provision of insurance benefits coverage with an insurance carrier determined by the board.

Until 1993, the health insurance program charged premiums based on each employee's election of a single or family plan. Beginning in the 1993-95 biennium, the Retirement Board began to charge a combination rate that is a blended rate per employee whether a single or family plan is chosen. The blended rate enables agencies to budget the same premium rate for all employees; therefore, an agency's budget is not adversely affected if an employee electing to receive single health insurance coverage quits and is replaced by an employee electing to receive family coverage. The schedule below shows the premiums charged since the program began in 1963.

Biennium	Single Plan	Percentage Change	Family Plan	Percentage Change	Combination Rate	Percentage Change
1963-65	\$5.00		\$21.00			
1965-67	\$8.55	71.0%	\$21.50	2.4%		
1967-69	\$10.75	25.7%	\$25.00	16.3%		
1969-71	\$14.45	34.4%	\$34.90	39.6%		
1971-73	\$15.95	10.4%	\$41.90	20.1%		
1973-75	\$14.46	(9.3%)	\$41.90	0.0%		
1975-77	\$19.50	34.9%	\$59.95	43.1%		
1977-79	\$25.50	30.8%	\$67.42	12.5%		
1979-81	\$34.84	36.6%	\$87.40	29.6%		
1981-83	\$42.68	22.5%	\$107.07	22.5%		
1983-85	\$50.28	17.8%	\$140.28	31.0%		
1985-87	\$60.00	19.3%	\$168.00	19.8%		
1987-89	\$68.28	13.8%	\$191.28	13.9%		
1989-91	\$99.82	46.2%	\$280.39	46.6%		
1991-93	\$108.00	8.2%	\$304.00	8.4%		
1993-95					\$254.00	
1995-97					\$265.00	4.3%
1997-99					\$301.00	13.6%
1999-2001					\$349.72	16.2%
2001-03					\$409.09	17.0%
2003-05					\$488.70	19.5%
2005-07					\$553.95	13.4%
2007-09					\$658.08	18.8%
2009-11					\$825.66	25.5%
2011-13					\$886.62	7.4%
2013-15					\$981.69	10.7%

From 1963 through 1969, the state contributed \$5 per month toward the cost of health insurance for state employees. State employees paid any additional amount for single or family coverage. During the 1969-71 biennium, the state contributed \$7.50 per month. For the period 1973 through 1979, the state paid the cost of a single health insurance plan. Employees choosing a family plan paid any additional cost. Since 1979, the state has paid the full cost of either a single or family plan for eligible state employees.

As of March 2014, there were approximately 15,071 active state health contracts. Based on this number, total funding required for a biennium for health insurance premiums is \$355,081,200.

### ESTIMATED FISCAL IMPACT TO REQUIRE STATE EMPLOYEES TO PAY A PORTION OF HEALTH INSURANCE PREMIUMS

For the 2013-15 biennium, state agencies are charged a blended rate of \$981.69 per month for a state employee's health insurance premium. The blended rate is based upon a single health insurance plan rate of \$472.74 per month and a family health insurance plan rate of \$1,139.34. As of March 2014, there were 3,384 employees with a single plan and 11,687 employees with a family plan. The schedule below details the

monthly cost to state employees if they were required to pay a percentage of their health insurance premiums based on 2013-15 biennium premium rates.

<b>Monthly Premium<sup>1</sup></b>	<b>1 Percent of Premium</b>	<b>2 Percent of Premium</b>	<b>3 Percent of Premium</b>	<b>4 Percent of Premium</b>	<b>5 Percent of Premium</b>
Single plan - \$472.74	\$4.73	\$9.45	\$14.18	\$18.91	\$23.64
Family plan - \$1,139.34	\$11.39	\$22.79	\$34.18	\$45.57	\$56.97

<sup>1</sup>Reflects monthly premiums for the 2013-15 biennium.

The table below details the estimated biennial amounts that would be paid by state employees if they were required to pay a percentage of health insurance premiums based on 2013-15 biennium premium rates.

<b>Estimated Total Biennial Amounts to Be Paid by State Employees for Health Insurance Based on Percentage of Premium Paid</b>						
	<b>Number of Plans</b>	<b>1 Percent</b>	<b>2 Percent</b>	<b>3 Percent</b>	<b>4 Percent</b>	<b>5 Percent</b>
Single plan	3,384	\$384,152	\$767,491	\$1,151,643	\$1,535,795	\$1,919,946
Family plan	11,687	3,194,758	6,392,322	9,587,080	12,781,838	15,979,401
<b>Total</b>	15,071	\$3,578,910	\$7,159,813	\$10,738,723	\$14,317,633	\$17,899,347