

HOUSE BILL NO. 1539

Introduced by

Representatives Weisz, Lefor, M. Ruby, Vigesaa

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to amend and reenact subsection 5 of section 15-39.1-05.2, sections
2 15-39.1-10.11 and 15-39.1-35, subsection 5 of section 18-11-15, and sections 39-03.1-29,
3 54-52-23, 54-52.1-04.16, and 54-52.1-08.2 of the North Dakota Century Code, relating to duties
4 of the employee benefits programs committee; and to repeal sections 54-35-02.3 and
5 54-35-02.4 of the North Dakota Century Code, relating to the employee benefits programs
6 committee.

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

8 **SECTION 1. AMENDMENT.** Subsection 5 of section 15-39.1-05.2 of the North Dakota
9 Century Code is amended and reenacted as follows:

10 5. Shall submit to the legislative ~~management's employee benefits programs-~~
11 ~~committee~~management any necessary or desirable changes in statutes relating to the
12 administration of the fund.

13 **SECTION 2. AMENDMENT.** Section 15-39.1-10.11 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **15-39.1-10.11. Postretirement adjustments.**

16 An individual who on June 30, 2001, is receiving monthly benefits from the fund on an
17 account paid under this chapter or under former chapter 15-39 is entitled to receive a monthly
18 increase equal to an amount determined by taking two dollars per month multiplied by the
19 member's number of years of service credit plus one dollar per month multiplied by the number
20 of years since the member's retirement. In addition, an individual who is receiving monthly
21 benefits from the fund on an account paid under this chapter or under former chapter 15-39 is
22 entitled to receive a seventy-five hundredths of one percent increase of the individual's current
23 monthly benefit with the increased benefit payable each month thereafter beginning on July 1,
24 2001. An individual who on June 30, 2002, is receiving monthly benefits from the fund on an

1 account paid under this chapter or under former chapter 15-39 is entitled to receive a
2 seventy-five hundredths of one percent increase of the individual's current monthly benefit with
3 the increased benefit payable each month thereafter beginning on July 1, 2002. This annual
4 benefit adjustment is conditioned on an actuarial test performed annually by the board's
5 actuarial consultant to determine the actuarial adequacy of the statutory contribution rate. The
6 board shall report the results of the actuarial test annually to the ~~employee benefits programs-~~
7 ~~committee~~legislative management. If the actuarial valuation indicates a shortfall between the
8 actuarially determined benchmark contribution rate and the statutory rate, the board may
9 reduce or suspend the conditional annual benefit adjustment. The actuarial adequacy test fails if
10 one or more of the following are true:

- 11 1. The shortfall is greater than six-tenths of one percent in any year; or
- 12 2. The shortfall is greater than three-tenths of one percent in any two consecutive years.

13 **SECTION 3. AMENDMENT.** Section 15-39.1-35 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **15-39.1-35. Savings clause - Plan modifications.**

16 If the board determines that any section of this chapter does not comply with applicable
17 federal statutes or rules, the board shall adopt appropriate terminology with respect to that
18 section as will comply with those federal statutes or rules, subject to the approval of the
19 ~~employee benefits programs committee~~legislative management. Any plan modifications made
20 by the board pursuant to this section are effective until the effective date of any measure
21 enacted by the legislative assembly providing the necessary amendments to this chapter to
22 ensure compliance with the federal statutes or rules.

23 **SECTION 4. AMENDMENT.** Subsection 5 of section 18-11-15 of the North Dakota Century
24 Code is amended and reenacted as follows:

- 25 5. With the consent of the governing body of the city involved, upon the advice of its
26 actuary that the pension schedule can be implemented on an actuarially sound basis
27 and notification to the legislative management's ~~employee benefits programs-~~
28 ~~committee~~management, and in substitution for the pension payment schedule
29 provided in subsection 1, 3, or 4, a firefighters relief association shall pay a monthly
30 service pension to members of the association with the following qualifications, the
31 following amount:

	Years of service	Years of age	Percent of first-class firefighter's monthly salary on January first during year the pension is paid
1			
2			
3			
4			
5	10	50	20%
6	11	50	22%
7	12	50	24%
8	13	50	26%
9	14	50	28%
10	15	50	30%
11	16	50	32%
12	17	50	34%
13	18	50	36%
14	19	50	38%
15	20	50	40%
16	21	51	43%
17	22	52	46%
18	23	53	49%
19	24	54	52%
20	25	55	55%
21	26	56	58%
22	27	57	61%
23	28	58	64%
24	29	59	67%
25	30	60	70%

26 **SECTION 5. AMENDMENT.** Section 39-03.1-29 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **39-03.1-29. Savings clause - Plan modifications.**

29 If the board determines that any section of this chapter does not comply with applicable
30 federal statutes or rules, the board shall adopt appropriate terminology with respect to that
31 section as will comply with those federal statutes or rules, subject to the approval of the

1 ~~employee benefits programs committee~~legislative management. Any plan modifications made
2 by the board pursuant to this section are effective until the effective date of any measure
3 enacted by the legislative assembly providing the necessary amendments to this chapter to
4 ensure compliance with the federal statutes or rules.

5 **SECTION 6. AMENDMENT.** Section 54-52-23 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52-23. Savings clause - Plan modifications.**

8 If the board determines that any section of this chapter does not comply with applicable
9 federal statutes or rules, the board shall adopt appropriate terminology with respect to that
10 section as will comply with those federal statutes or rules, subject to the approval of the
11 ~~employee benefits programs committee~~legislative management. Any plan modifications made
12 by the board pursuant to this section are effective until the effective date of any measure
13 enacted by the legislative assembly providing the necessary amendments to this chapter to
14 ensure compliance with the federal statutes or rules.

15 **SECTION 7. AMENDMENT.** Section 54-52.1-04.16 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **54-52.1-04.16. Prescription drug coverage - Performance audits.**

18 1. Except for Medicare part D, prescription drug coverage, the board may not enter or
19 renew a contract for prescription drug coverage unless the contract authorizes the
20 board during the term of the contract to conduct a performance audit of the
21 prescription drug coverage and any related pharmacy benefits management services.

22 The contract must provide:

23 a. The board must have full access to data regarding:

24 (1) The total dollars paid to the pharmacy benefits manager by the carrier and
25 the board;

26 (2) The total amount of dollars paid to the pharmacy benefits manager by the
27 carrier which were not subsequently paid to a licensed pharmacy in the
28 state; and

29 (3) Payments made to all pharmacy providers.

30 b. The board must have full access to data regarding the average reimbursement,
31 by drug ingredient cost, dispensing fee, and any other fee paid by a pharmacy

- 1 benefits manager to licensed pharmacies with which the pharmacy benefits
2 manager shares common ownership or control or is affiliated.
- 3 c. The board must have full access to data regarding the average reimbursement,
4 by drug ingredient cost, dispensing fee, and any other fee paid by a pharmacy
5 benefits manager to pharmacies licensed in the state.
- 6 d. The board must have full access to data regarding any direct and indirect fees,
7 charges, or recoupment, or any kind of assessments imposed by the pharmacy
8 benefits manager on pharmacies licensed with which the pharmacy benefits
9 manager shares common ownership or control or is affiliated.
- 10 e. The board must have full access to data regarding any direct and indirect fees,
11 charges, or recoupment, or any kind of assessments imposed by the pharmacy
12 benefits manager, on pharmacies licensed in the state.
- 13 f. The contract must provide that all drug rebates, financial incentives, fees, and
14 discounts must be disclosed to the board.
- 15 2. The board shall use an independent auditor who has no conflict of interest with the
16 carrier, pharmacy benefits manager, or board. The board's auditor, the insurance
17 department, and the ~~employee benefits programs committee~~legislative management
18 may access any information the board may access under this section. All information
19 accessed by the board, board's auditor, insurance department, or ~~employee benefits~~
20 ~~programs committee~~legislative management which is a trade secret is a confidential
21 record. This subsection does not limit the information required to be disclosed to the
22 board under subsection 1.
- 23 3. Except for Medicare part D, if the board contracts directly with a pharmacy benefits
24 manager or provides prescription drug coverage through a self-insurance plan, the
25 contract must provide the pharmacy benefits manager shall disclose to the board and
26 the board's auditor all rebates and any other fees that provide the pharmacy benefits
27 manager with sources of income under the contract, including under related contracts
28 the pharmacy benefits manager has with third parties, such as drug manufacturers.
- 29 4. Anything the board has access to under this section, the insurance department and
30 ~~employee benefits programs committee~~ has legislative management have access to.

1 **SECTION 8. AMENDMENT.** Section 54-52.1-08.2 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **54-52.1-08.2. Uniform group insurance program - Compliance with federal**
4 **requirements - Group purchasing arrangements.**

5 If the board determines that any section or the phraseology of any section of this chapter
6 does not comply with applicable federal statutes or rules, the board shall adopt appropriate
7 terminology with respect to that section to comply with the federal statutes or rules, subject to
8 the approval of the legislative ~~management's employee benefits programs-~~
9 ~~committee~~management. The board may assume responsibility for group purchasing
10 arrangements as provided by federal law. Any plan modifications made by the board under this
11 section are effective until the effective date of any measure enacted by the legislative assembly
12 providing the necessary amendments to this chapter to ensure compliance with the federal
13 statutes or rules.

14 **SECTION 9. REPEAL.** Sections 54-35-02.3 and 54-35-02.4 of the North Dakota Century
15 Code are repealed.