



April 28, 2025

The Honorable Michelle Strinden
President of the Senate
Senate Chamber
State Capitol
Bismarck, ND 58505


Dear President Strinden:

This is to inform you that on April 28, 2025, I vetoed SB 2160.

Sincerely,


Kelly Armstrong
Governor

VETO

Received by:  Date: 4/28/25 Time: 3:47 PM



April 28, 2025

The Honorable Michelle Strinden
President of the Senate
North Dakota Senate Chambers
State Capitol
Bismarck, ND

Re: Senate Bill 2160

Dear President Strinden:

Pursuant to Article V, Section 9 of the North Dakota Constitution, I have vetoed Senate Bill 2160 and return it to the Senate.

Senate Bill 2160 permanently closes the door on a grandfathered health insurance plan for state employees. If we repeal our current health plan, an Affordable Care Act compliant, non-grandfathered plan must take its place. This new plan contained in Senate Bill 2160 includes mandatory added benefits that will result in increased costs passed on to our public employees as an out-of-pocket expense. Public employees did not ask for this. In fact, surveys conducted by OMB's Human Resource Management Services (HRMS) in 2022 and 2024 showed the current state health plan is the most valued benefit by our state employees, and one of the state's strongest and most useful recruitment and retention tools. Senate Bill 2160 disposes of that tool and replaces it with a more expensive alternative.

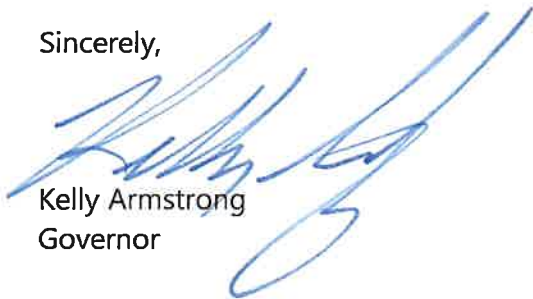
Senate Bill 2160's effective date of January 1, 2027, also underscores the cost of the new plan. By having a January 1, 2027, effective date, the \$6.5 million fiscal note for the 2025-2027 biennium is only for the last six months of the biennium. The cost for the full 2027-2029 biennium and subsequent biennia is an estimated \$25.8 million or more every two years. This higher price tag would either be passed on to the state or its employees.

PERS solicits bids for the new health insurance contract every six years. The next bid process will begin in the summer of 2026 for use in the 2027-2029 biennium. The bid process includes estimates for continuation of the current grandfathered plan, as well as non-grandfathered plans. The better route would be to compare the 2026 estimates for continuation of the current plan versus a non-grandfathered plan, so the 70th Legislative Assembly may make a better-informed decision for the future of North Dakota's public employees.

The current health plan is better for state employees and employees of political subdivisions. Currently, they pool together in the same grandfathered plan. If Senate Bill 2160 passes as enrolled, state employees and employees of political subdivisions will be in separate pools, resulting in higher costs for both. This is unacceptable.

For the reasons said above, Senate Bill 2160 is vetoed.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kelly Armstrong', is written over the printed name and title.

Kelly Armstrong
Governor

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

SENATE BILL NO. 2160
(Senators Davison, Bekkedahl, Sorvaag)
(Representatives Bosch, Stemen)

AN ACT to amend and reenact sections 54-52.1-01, 54-52.1-02, and 54-52.1-03.1 of the North Dakota Century Code, relating to health insurance benefits coverage provided by the uniform group insurance program; to provide an appropriation; to provide for a statement of legislative intent; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52.1-01 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-01. Definitions.

As used in this chapter, ~~unless the context otherwise requires:~~

1. "Board" means the public employees retirement board.
2. "Carrier" means:
 - a. ~~For the hospital health insurance benefits coverage, an insurance company authorized to do business in the state, or a nonprofit hospital service association, or a prepaid group practice hospital or medical care plan authorized to do business in the state, or the state if a self-insurance health plan is used for providing hospital or medical benefits coverage.~~
 - b. ~~For the medical benefits coverage, an insurance company authorized to do business in the state, or a nonprofit medical service association, or a prepaid group practice medical care plan authorized to do business in the state, or the state if a self-insurance health plan is used for providing medical benefits coverage.~~
 - e. For the life insurance benefits coverage, an insurance company authorized to do business in the state.
3. "Department, board, or agency" means ~~the departments~~ a department, boardsboard, agenciesagency, or associationsassociation of this state. The term includes the state's charitable, penal, and higher educational institutions; the Bank of North Dakota; the state mill and elevator association; and counties, cities, district health units, and school districts.
4. "Eligible employee" means every permanent employee who is employed by a governmental unit, as that term is defined in section 54-52-01. "Eligible employee" includes members of the legislative assembly, judges of the supreme court, paid members of state or political subdivision boards, commissions, or associations, full-time employees of political subdivisions, elective state officers as defined by section 54-06-01, and disabled permanent employees who are receiving compensation from the North Dakota workforce safety and insurance fund. As used in this subsection, "permanent employee" means one whose services are not limited in duration, who is filling an approved and regularly funded position in a governmental unit, and who is employed at least seventeen and one-half hours per week and at least five months each year or for those first employed after August 1, 2003, is employed at least twenty hours per week and at least twenty weeks each year of employment. For purposes of sections 54-52.1-04.1, 54-52.1-04.7, 54-52.1-04.8, and 54-52.1-11, "eligible employee" includes retired and terminated employees who remain eligible to participate in the uniform group insurance program pursuant to applicable state or federal law.

5. "Health insurance benefits coverage" means ~~hospital~~:
 - a. A nongrandfathered health plan sponsored by a large employer which meets the applicable requirements of 42 U.S.C. chapter 6A, subchapter XXV, without regard to 42 U.S.C. 18011, including benefits provided under the uniform group insurance program's grandfathered preferred provider organization plan;
 - b. Hospital benefits coverage ~~or medical~~;
 - c. Medical benefits coverage; ~~i~~ or both
 - d. Both hospital and medical benefits coverage.
6. "Health maintenance organization" means an organization certified to establish and operate a health maintenance organization in compliance with chapter 26.1-18.1.
7. "Hospital benefits coverage" means a plan that either provides coverage for, or pays, or reimburses expenses for hospital services incurred in accordance with the uniform contract.
8. "Life insurance benefits coverage" means a plan that provides both term life insurance and accidental death and dismemberment insurance in amounts determined by the board, with a minimum of one thousand dollars provided for the term life insurance portion of the coverage.
9. "Medical benefits coverage" means a plan that either provides coverage for, or pays, or reimburses expenses for medical services in accordance with the uniform contract.
10. "Member contribution" means the payment by the member into the retiree health benefits fund pursuant to sections 54-52-02.9 and 54-52-17.4.
11. "Member's account balance" means the member's contributions plus interest at the rate set by the board.
12. "Nongrandfathered health plan" means a plan that does not qualify as a grandfathered plan under the Patient Protection and Affordable Care Act [Pub. L. 111-148], as amended by the Health Care and Education Reconciliation Act of 2010 [Pub. L. 111-152].
13. "Self-insurance health plan" means a plan of self-insurance providing health insurance benefits coverage under section 54-52.1-04.2.
- ~~13.~~14. "Temporary employee" means a governmental unit employee who is not filling an approved and regularly funded position in an eligible governmental unit and whose services may or may not be limited in duration.

SECTION 2. AMENDMENT. Section 54-52.1-02 of the North Dakota Century Code is amended and reenacted as follows:

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

In order to promote the economy and efficiency of employment in the state's service, reduce personnel turnover, and offer an incentive to high-grade individuals to enter and remain in the service of state employment, there is created a uniform group insurance program.

1. The uniform group insurance program must ~~be~~:
 - a. Be composed of eligible and retired employees ~~and be formed to provide hospital benefits coverage, medical benefits coverage;~~
 - b. Except as provided in subsection 2 of section 54-52.1-03.1, provide coverage as defined in subdivision a of subsection 5 of section 54-52.1-01; and

- c. Provide life insurance benefits coverage ~~in the manner set forth in this chapter.~~
2. The board may divide the uniform group ~~may be divided~~ into the following subgroups ~~at the discretion of the board:~~
1. ~~Medical and hospital~~
- a. Health insurance benefits coverage group consisting of active eligible employees and 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. In determining premiums for coverage under this ~~subsection~~subdivision for retired employees not eligible for Medicare, the rate for a non-Medicare retiree single plan is one hundred fifty percent of the active member single plan rate, the rate for a non-Medicare retiree family plan of two people is twice the non-Medicare retiree single plan rate, and the rate for a non-Medicare retiree family plan of three or more persons is two and one-half times the non-Medicare retiree single plan rate.
2. b. In addition to the coverage provided in ~~subsection 1~~subdivision a, 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, 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. c. Retired Medicare-eligible employee group ~~medical and hospital~~health insurance benefits coverage.
4. d. Active eligible employee life insurance benefits coverage.
5. e. Retired employee life insurance benefits coverage.
6. f. Terminated employee continuation group ~~medical and hospital~~health insurance benefits coverage.
7. g. Terminated employee conversion group ~~medical and hospital~~health insurance benefits coverage.
8. h. Dental benefits coverage.
9. i. Vision benefits coverage.
10. j. Long-term care benefits coverage.
11. k. Employee assistance benefits coverage.
12. l. Prescription drug coverage.

SECTION 3. AMENDMENT. Section 54-52.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.1. Certain political subdivisions authorized to join uniform group insurance program - Employer contribution.

1. If eligible under federal law, a political subdivision may extend the benefits of the uniform group insurance program under this chapter to its permanent employees, subject to ~~minimum~~ requirements established by the board and as follows:

- a. A minimum period of participation of sixty months. If the political subdivision withdraws from participation in the uniform group insurance program, before completing sixty months of participation, unless federal or state laws or rules are modified or interpreted in a way that makes participation by the political subdivision in the uniform group insurance program no longer allowable or appropriate, the political subdivision shall make payment to the board in an amount equal to any expenses incurred in the uniform group insurance program that exceed income received on behalf of the political subdivision's employees as determined under rules adopted by the board.
 - b. The Garrison Diversion Conservancy District, and district health units required to participate in the public employees retirement system under section 54-52-02, shall participate in the uniform group insurance program under the same terms and ~~conditions~~premium structures as state agencies.
 - c. A retiree who has accepted a retirement allowance from a participating political subdivision's retirement plan may elect to participate in the uniform group under this chapter without meeting minimum requirements at age sixty-five, when the employee's spouse reaches age sixty-five, upon the receipt of a benefit, when the political subdivision joins the uniform group insurance plan if the retiree was a member of the former plan, or when the spouse terminates employment. If a retiree or surviving spouse does not elect to participate at the times specified in this ~~section~~subdivision, the retiree or surviving spouse must meet the minimum requirements established by the board.
 - d. Each retiree or surviving spouse shall pay directly to the board the premiums in effect for the coverage then being provided. The board may require documentation that the retiree has accepted a retirement allowance from an eligible retirement plan other than the public employees retirement system.
2. For purposes of this section, the uniform group insurance program must provide health insurance benefits coverage as defined in section 54-52.1-01.


SECTION 4. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - HEALTH INSURANCE PREMIUM POOL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,442,991, or so much of the sum as may be necessary, and from other funds derived from federal funds and special funds, not otherwise appropriated, the sum of \$1,851,509, or so much of the sum as may be necessary, to the office of management and budget for the purpose of a health insurance premium pool, which the office of management and budget shall use to distribute appropriation authority to state agencies for paying a portion of health insurance premium cost increases related to this Act, for the biennium beginning July 1, 2025, and ending June 30, 2027.


SECTION 5. LEGISLATIVE INTENT. It is the intent of the sixty-ninth legislative assembly that the public employees retirement system use an estimated amount of \$3,294,500, or so much of the sum as may be necessary, from the health insurance reserve fund established in section 54-52.1-06 for a portion of the state employer share of any increase in premiums for health benefits resulting from the provisions of this Act for the period beginning with the effective date of this Act and ending June 30, 2027.

SECTION 6. EFFECTIVE DATE. Sections 1 through 3 of this Act become effective on January 1, 2027.


President of the Senate


Speaker of the House



Secretary of the Senate


Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2160.

Senate Vote: Yeas 39 Nays 8 Absent 0

House Vote: Yeas 55 Nays 37 Absent 2


Secretary of the Senate

Received by the Governor at 2:30 P. M. on April 23rd, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this 1st day of May, 2025,
at 11:08 o'clock A M.


Secretary of State

Honorable Michael Howe
Secretary of State
Bismarck, North Dakota

I certify this Act, Senate Bill No. 2160, together with the objections of Governor Armstrong, was returned to the Senate, being the body in which it originated, on April 29, 2025; that the objections of the Governor were entered upon the Journal on April 29, 2025; that the Bill was taken up for reconsideration; that the motion for reconsideration failed on May 1, 2025, at 8:25 a.m.; and the roll was called and the Bill failed to pass, with less than two-thirds of the members-elect voting in the affirmative.

Vote:	Yeas	31
	Nays	15
	Absent and not voting	1



President of the Senate



Secretary of the Senate