

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SECOND REGULAR SESSION, 2025

S. B. NO. 24-54

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A BILL FOR AN ACT

To authorize continued government health insurance premium contributions for certain CNMI government employees who have reached the Social Security Normal Retirement Age and were former members of the CNMI Retirement Fund Defined Benefit Plan; to allow them to separate from government employment without losing health insurance coverage; to establish a fair cost-sharing mechanism; and for other purposes.

**BE IT ENACTED BY THE TWENTY-FOURTH NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.**

2           The Legislature finds that a substantial number of long-serving employees of the  
3 Commonwealth government were members of the former CNMI Retirement Fund  
4 Defined Benefit (DB) Program. When the Fund approached insolvency, litigation was  
5 filed in the *Betty Johnson, et al. v. CNMI Retirement Fund, et al.* case in the United States  
6 District Court for the Northern Mariana Islands.

7           Under the Stipulation and Settlement Agreement in that case, DB members were  
8 allowed to either remain in the Fund or withdraw their contributions and terminate  
9 membership. Many employees, facing uncertainty, chose to withdraw their contributions.  
10 Consequently, they forfeited future pension benefits and now rely solely on federal Social  
11 Security benefits for retirement income.

12           The Legislature further finds that many of these employees have now reached or  
13 exceeded the Normal Retirement Age under the Social Security Act but remain employed  
14 by the Commonwealth primarily to retain government health insurance coverage, since  
15 separation from service would terminate their eligibility.

16           It is therefore the intent of this Act to:

- 1 1. Allow eligible employees who have reached Social Security Normal Retirement  
2 Age and were former DB members affected by the *Johnson* settlement to separate  
3 from service without losing access to health insurance; and
- 4 2. Establish a sustainable cost-sharing mechanism for the continuation of such  
5 coverage, recognizing the employees' long years of public service and the  
6 government's fiscal responsibilities.

7 **Section 2. Enactment.** Subject to the codification by the Commonwealth Law  
8 Revision, the following is enacted to read:

9 "Section 101. Short Title. Health Insurance Coverage Act of 2025.

10 Section 102. Definitions.

11 For purposes of this Act:

12 (a) "Eligible employee" means a current employee of the Commonwealth  
13 government, including its autonomous agencies and public corporations, who:

14 (1) Was formerly a member of the CNMI Retirement Fund Defined Benefit  
15 Plan before the *Johnson* Settlement;

16 (2) Withdrew his or her retirement contributions pursuant to the *Johnson*  
17 ~~Stipulation and Settlement Agreement or related court order~~; and

18 (3) Has attained the Normal Retirement Age as defined under the Social  
19 Security Act (42 U.S.C. § 416(I)).

20 (b) "Health insurance program" means the group health insurance plan offered to  
21 Commonwealth government employees and related laws and regulations.

22 Section 103. Continuation of Government Health Insurance Contribution.

23 (a) Any eligible employee who separates from Commonwealth government  
24 service after the effective date of this Act may elect to remain enrolled in the  
25 government's group health insurance program.

26 (b) The Commonwealth government shall continue to pay the employer's share of  
27 the health insurance premium for such employee, in the same proportion as for active  
28 government employees, subject to available appropriations.

1 (c) The separating employee shall be responsible for paying the employee's share  
2 of the premium, which shall be remitted directly to the Office of Personnel Management  
3 (~~OPM~~) or deducted from the retiree's Social Security benefits if administratively feasible.

4 (d) The Office of Personnel Management, in coordination with the Department of  
5 Finance, shall promulgate rules to verify eligibility, establish payment procedures, and  
6 coordinate with the insurance carrier.

7 (e) Optional Cost-Sharing Adjustment.

8 (1) The Office of Personnel Management may, by regulation and with the  
9 approval of the Governor, adjust the government's share of the premium for  
10 retirees under this program to ensure fiscal sustainability.

11 (2) The government's contribution shall not be reduced below eighty  
12 percent (80%) of the total premium cost unless otherwise authorized by law.

13 (3) The retiree shall bear the remaining share, provided that no eligible  
14 employee shall be denied participation solely due to financial hardship.

15 Section 104. Funding.

16 The Commonwealth government shall fund the employer's share of the health  
17 insurance premiums for eligible retirees under this Act through appropriations made to  
18 the Office of Personnel Management for personnel benefits, or through such other  
19 appropriations as the Legislature may provide.

20 Section 105. Administration and Rulemaking.

21 Within ninety (90) days of the effective date of this Act, the Director of Personnel  
22 Management shall promulgate regulations necessary to implement this Act. Such  
23 regulations shall include:

24 (a) Application and eligibility verification procedures;

25 (b) Coordination with the health insurance carrier;

26 (c) Payment collection mechanisms; and

27 (d) Fiscal reporting requirements."

28 **Section 3. Severability.** If any provision of this Act or the application of any  
29 such provision to any person or circumstance should be held invalid by a court of

1 competent jurisdiction, the remainder of this Act or the application of its provisions to  
2 persons or circumstances other than those to which it is held invalid shall not be affected  
3 thereby.

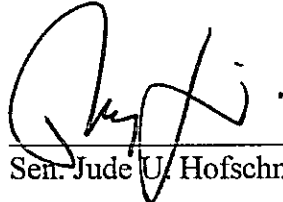
4 **Section 4. Savings clause.** This Act and any repealer contained herein shall not  
5 be construed as affecting any existing right acquired under contract or acquired under  
6 statutes repealed or under any rule, regulation or order adopted under the statutes.  
7 Repealers contained in this Act shall not affect any proceeding instituted under or  
8 pursuant to prior law. The enactment of this Act shall not have the effect of terminating,  
9 or in any way modifying, any liability, civil or criminal, which shall already be in  
10 existence at the date this Act becomes effective.

11 **Section 5. Effective Date.** This Act shall take effect upon its approval by the  
12 Governor or becoming law without such approval.

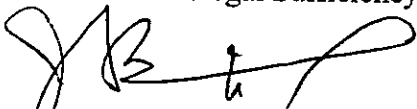
Prefiled:

Date: 12/1/2025

Introduced By:

  
Sen. Jude U. Hofschneider

Reviewed for Legal Sufficiency by:

  
Senate Legal Counsel