

Sixty-first  
Legislative Assembly  
of North Dakota

**SENATE BILL NO.**

Introduced by

Senator Dever

1 A BILL for an Act to create and enact section 26.1-18.1-03.1 of the North Dakota Century Code,  
2 relating to bond requirements for qualified programs of all inclusive care or the elderly; to  
3 amend and reenact section 26.1-18.1-01 of the North Dakota Century Code, relating to the  
4 regulation of qualified programs of all-inclusive care for the elderly; and to provide an expiration  
5 date.

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

7 **SECTION 1. AMENDMENT.** Section 26.1-18.1-01 of the North Dakota Century Code  
8 is amended and reenacted as follows:

9 **26.1-18.1-01. Definitions.**

- 10 1. "Basic health care services" means the following medically necessary services:  
11 preventive care, emergency care, inpatient and outpatient hospital and physician  
12 care, diagnostic laboratory, and diagnostic and therapeutic radiological services.
- 13 2. "Capitated basis" means fixed per member per month payment or percentage of  
14 premium payment wherein the provider assumes the full risk for the cost of  
15 contracted services without regard to the type, value, or frequency of services  
16 provided. For purposes of this definition, capitated basis includes the cost  
17 associated with operating staff model facilities.
- 18 3. "Carrier" means a health maintenance organization, an insurer, a nonprofit hospital  
19 and medical service corporation, or other entity responsible for the payment of  
20 benefits or provision of services under a group contract.
- 21 4. "Copayment" means an amount an enrollee must pay in order to receive a specific  
22 service which is not fully prepaid.

- 1           5. "Deductible" means the amount an enrollee is responsible to pay out of pocket
- 2           before the health maintenance organization begins to pay the costs associated
- 3           with treatment.
- 4           6. "Enrollee" means an individual who is covered by a health maintenance
- 5           organization.
- 6           7. "Evidence of coverage" means a statement of the essential features and services
- 7           of the health maintenance organization coverage which is given to the subscriber
- 8           by the health maintenance organization or by the group contractholder.
- 9           8. "Extension of benefits" means the continuation of coverage under a particular
- 10          benefit provided under a contract following termination with respect to an enrollee
- 11          who is totally disabled on the date of termination.
- 12          9. "Grievance" means a written complaint submitted in accordance with the health
- 13          maintenance organization's formal grievance procedure by or on behalf of the
- 14          enrollee regarding any aspect of the health maintenance organization relative to
- 15          the enrollee.
- 16          10. "Group contract" means a contract for health care services which by its terms limits
- 17          eligibility to members of a specified group. The group contract may include
- 18          coverage for dependents.
- 19          11. "Group contractholder" means the person to which a group contract has been
- 20          issued.
- 21          12. "Health maintenance organization" means any person that undertakes to provide
- 22          or arrange for the delivery of basic health care services to enrollees on a prepaid
- 23          basis, except for enrollee responsibility for copayments or deductibles or both.
- 24          However, a qualified program of all-inclusive care for the elderly is not a health
- 25          maintenance organization.
- 26          13. "Health maintenance organization producer" means an insurance producer, as
- 27          defined in section 26.1-26-02, who solicits, negotiates, effects, procures, delivers,
- 28          renews, or continues a policy or contract for health maintenance organization
- 29          membership, or who takes or transmits a membership fee or premium for such a
- 30          policy or contract, other than for that person, or a person who advertises or
- 31          otherwise holds out to the public as such.

- 1           14. "Individual contract" means a contract for health care services issued to and  
2           covering an individual. The individual contract may include dependents of the  
3           subscriber.
- 4           15. "Insolvent" or "insolvency" means that the organization has been declared  
5           insolvent and placed under an order of liquidation by a court of competent  
6           jurisdiction.
- 7           16. "Managed hospital payment basis" means agreements wherein the financial risk is  
8           primarily related to the degree of utilization rather than to the cost of services.
- 9           17. "Net worth" means the excess of total admitted assets over total liabilities, but the  
10          liabilities do not include fully subordinated debt.
- 11          18. "Participating provider" means a provider as defined in subsection 20 who, under  
12          an express or implied contract with the health maintenance organization or with its  
13          contractor or subcontractor, has agreed to provide health care services to enrollees  
14          with an expectation of receiving payment, other than copayment or deductible,  
15          directly or indirectly from the health maintenance organization.
- 16          19. ~~"Person" means any natural or artificial person including individuals, partnerships,~~  
17          ~~associations, trusts, or corporations.~~
- 18          20. "Provider" means any physician, hospital, or other person licensed or otherwise  
19          authorized to furnish health care services.
- 20          20. "Qualified program for all-inclusive care for the elderly" means a program that:  
21           a. Is sponsored by a religious or charitable organization that is itself or is  
22           controlled by an entity organized under section 501(c)(3) of the Internal  
23           Revenue Code [26 U.S.C. 501(c)(3)];  
24           b. Has been approved by the centers for medicare and medicaid services of the  
25           United States department of health and human services to operate, and is  
26           currently operating as, a program of all-inclusive care for the elderly; and  
27           c. Has revenues from private pay sources which do not exceed ten percent of  
28           the program's total revenues.
- 29          21. "Replacement coverage" means the benefits provided by a succeeding carrier.
- 30          22. "Subscriber" means an individual whose employment or other status, except family  
31          dependency, is the basis for eligibility for enrollment in the health maintenance

1 organization, or in the case of an individual contract, the person in whose name the  
2 contract is issued.

3 23. "Uncovered expenditures" means the costs to the health maintenance organization  
4 for health care services that are the obligation of the health maintenance  
5 organization, for which an enrollee may also be liable in the event of the health  
6 maintenance organization's insolvency and for which no alternative arrangements  
7 have been made that are acceptable to the commissioner.

8 **SECTION 2.** Section 26.1-18.1-03.1 of the North Dakota Century Code is created and  
9 enacted as follows:

10 **26.1-18.1-03.1. Bond or insurance requirement.** A qualified program of all-inclusive  
11 care for the elderly that operates in this state shall maintain a surety bond, not to exceed five  
12 hundred thousand dollars. or proof of insurance satisfactory to the commissioner for the use  
13 and benefit of the commissioner for covered persons who have remitted premiums or other  
14 moneys to the plan.

15 **SECTION 3. EXPIRATION DATE.** This Act is effective through July 31, 2011, and  
16 after that date is ineffective.