

**FIRST ENGROSSMENT  
with House Amendments**

Sixty-first  
Legislative Assembly  
of North Dakota

**ENGROSSED SENATE BILL NO. 2318**

Introduced by

Senators Dever, Erbele, Heckaman, J. Lee

Representatives Kreidt, L. Meier

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

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

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

8 **26.1-18.1-01. Definitions.**

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

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

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

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

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

8           **26.1-18.1-03.1. Bond or insurance requirement.** A qualified program of all-inclusive  
9 care for the elderly that operates in this state shall maintain a surety bond, in the amount of two  
10 hundred fifty thousand dollars. Any surety bond issued under this section must authorize  
11 recovery by the commissioner on behalf of any person in this state that sustained damages as  
12 the result of unfair practices, conviction of fraud, or failure by a qualified program of all-inclusive  
13 care for the elderly to perform a contractual obligation owed to the person.