

TESTIMONY

Presented by: Rebecca L. Ternes
Deputy Commissioner
North Dakota Insurance Department

Before: Budget Section
Senator Tony Grindberg, Chairman

Date: March 13, 2012

Good afternoon, Chairman Grindberg and members of the Budget Section. My name is Rebecca Ternes and I am the Deputy Insurance Commissioner.

House Bill No. 1475

To start I wanted to update you on the Department's work as it relates to the appropriated FTEs in House Bill No. 1475 passed in the special session. The Department began advertising for the Actuary position almost immediately. Unfortunately, these positions are extremely difficult to fill and since we began advertising, our existing Life and Health Actuary, Mike Fix, retired, leaving us with two positions to fill. Because the actuarial work in life and health is so critical right now, we are in the process of procuring an actuarial consultant to assist us. We are just about to interview applicants for the Financial Analyst position and a Life and Health Analyst whom will also oversee the Product Filing Division.

External Review

The Department has drafted an external review process based on House Bill No. 1476 and it has been sent out to all stakeholders for comment. The comment period ended last week and the Department will be reviewing the four comments it received, making adjustments and finalizing the process.

In the meantime, the Department has signed contracts with eight independent review organizations (IROs) and is prepared to process a request at any time.

Updated Federal Regulations and Guidelines

Federal regulations were recently released by the U.S. Department of Health and Human

Services (HHS) on the Summary of Benefits and Coverage and Uniform Glossary, which are regulations surrounding the use of common terms in insurance policies.

On December 16, 2011, HHS issued a bulletin outlining the approach for rulemaking on essential health benefits (EHB). EHB requires insurance plans in the individual and small group markets, both inside and outside the Exchange, to provide a comprehensive package of coverage based on 10 categories listed by HHS.

The HHS Secretary has asked states (either the executive or legislative branch) to choose a benchmark plan from a list of the most sold plans in its state based on enrollment figures in the first quarter of 2012. The decision is to be made by October 1, 2012.

Essentially, this is a mandate decision and in North Dakota health insurance mandate decisions are made by the Legislature. Commissioner Hamm has written a letter to Secretary Sebelius asking for additional time to make the decision in North Dakota to ensure we have the time to analyze the choices for North Dakota and to allow the appropriate branch of government, the legislative branch, to make this very important decision.

Final regulations on the Health Benefit Exchange were scheduled to be released last week. We have not yet received them.

Update on Exchange Activity

States continue to work on a variety of legislation related to the Health Benefit Exchange. Most notably since your last meeting is the State of Wisconsin returning its Early Innovator grant. This grant was intended to encourage states to speed up the development of the information technology systems required for Exchanges.

Finally, we have been informed that HHS will extend the availability of funding for Exchange Establishment grants through November 2014.

That concludes my testimony. I would be happy to answer any questions. Thank you.