

House Bill 1584
North Dakota Senate Industry and Business Committee
March 31, 2025
AHIP Testimony

Thank you for the opportunity to speak before you today. My name is Alex Kelsch, and I am testifying on behalf of America's Health Insurance Plans (AHIP).¹

AHIP appreciates the opportunity to comment on HB 1584. AHIP is opposed to HB 1584 because we are concerned several provisions in HB 1584, due to the definitional change of "covered entity," are preempted by ERISA.

The Employee Retirement Income Security Act of 1974 (ERISA) was enacted to incentivize employers to offer robust coverage to employees across the country, which is the leading source of affordable, comprehensive, and high-quality health coverage in the U.S.

As an exhibit to this testimony, AHIP has provided a legal analysis by the Groom Law Group to the committee supporting this position, which includes a discussion of the ERISA and its legal landscape, a description of the specific provisions included in HB 1584 that conflict with it, and the basis for federal preemption.

AHIP strongly opposes any attempt to regulate ERISA self-funded plans beyond the limits allowed under federal preemption law. Should the proposed policies be enacted, this bill could jeopardize the cost-saving, uniform standards North Dakota's self-insured ERISA employers rely on to provide affordable health insurance coverage to their employees.

A key feature of ERISA is that it established uniform standards that apply to all employees and their beneficiaries – including those residing in different states. These uniform standards enable health plans and employers to provide affordable, consistent and equitable coverage to all of their employees and their dependents.

Today, more than half of Americans receive their health insurance through employer coverage that is governed by ERISA, which affords employers consistency and uniformity of health plan administration. This encourages health care coverage that improves the health and financial stability of employees and their families. In North Dakota, nearly 500,000 residents (65% of the state's population) are covered by employer insurance. Of those North Dakota employers that provide coverage to their employees, 57% of those employers offer self-insured ERISA plans to roughly 282,000 North Dakotans.²

AHIP supports a single, cost-saving national standard of regulation for employer-provided health care coverage – one that gives employers the option to assume financial risk

¹ AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.

² https://www.ahip.org/documents/2023-AHIP_StateDataBook-ND.pdf

and allows employers to choose specifically tailored and uniform benefits for their employees regardless of where they live. This ensures more affordable coverage that is easier to administer and understand.

The alternative proposed by this bill is a slippery slope that could pave the way for a 50-state patchwork of complicated and inconsistent mandates for employer provided coverage. Imposing varied state-by-state mandates could lead to:

- Increased costs for North Dakota employers;
- Increased costs for employees, families and consumers;
- A more complicated health insurance system;
- More red tape and bureaucracy in the health care system;
- Inequal access to care as employees in different states would have different “tiers” of health insurance coverage.

Thank you for your consideration of our concerns. To protect North Dakota employers from these results and increased health care costs, AHIP urges you to not to pass HB 1584.