



SB 2349
Testimony before the House Agriculture Committee
March 2, 2023
Oppose

I am Kristi Schlosser Carlson, and represent Farmers Union Service Association, a general insurance agency providing insurance products and services to rural America, including members of the North Dakota Farmers Union and other state Farmers Union organizations.

While we applaud any effort to find creative ways to address affordability and access to health insurance by farmers and ranchers – and we have searched for those options as well – we have a number of concerns about SB 2349 as it is written.

First, this bill completely exempts these health care coverage plans from the insurance code. Under the insurance code, the insurance commissioner regulates insurance companies, health plans, and insurance producers (agents) so they are transparent and accountable. It requires that health insurance plans are actuarially sound, which means there is assurance that the insurer will be able to pay claims. It sets standards for fair practices in marketing, sales, underwriting, benefits, and claims. But under this bill, there is no accountability to members or the insurance department and there are no standards.

This bill has been compared to laws other states. However, it is not the same. For example, South Dakota's statute includes a number of protections that have been described today, but none of those protections are actually in this bill. South Dakota requires that the plan is regulated like a self-funded plan, requires a contract with a third party administrator, requires that the product be sold by a licensed insurance producer, requires it to be reinsured by a carrier (and the carrier has to file actuarial statement with commissioner), and requires it to file with the insurance department. The North Dakota bill has none of that. You have heard this is similar to association health plans, but those plans are also regulated with standards in place.

Second, as you know, health insurance plans cannot medically underwrite applicants. However, because this bill says these plans are not "insurance," they will not have restrictions on the medical underwriting, which means they are allowed to cherry pick the healthiest applicants while keeping out those with pre-existing conditions. One outcome will be that healthy people will leave the insurance market, making the remaining pool more expensive for the rest of us.

As we have researched opportunities to provide affordable and accessible health insurance to farmers and ranchers, we have come to realize that limiting the number of people in a pool actually means the risk of the pool is more concentrated. In that way, this bill does not solve affordability concerns. However, we know that the Affordable Care Act premium tax credits and cost sharing reductions, which have been enhanced recently, have significantly helped our farmer and rancher members and others find affordable coverage that also promises the protections we want to assure our members.

For these reasons, we cannot support this bill as written.

I'd be happy to answer any questions.

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