



TESTIMONY

Matt Fischer, Division Director, Company Licensing & Examinations

Senate Industry and Business Committee

January 22, 2025

Good morning, Chairman Barta and members of the committee. My name is Matt Fischer and I am the Division Director of Company Licensing & Examinations with the North Dakota Insurance Department. I am here today in support of SB 2091.

During the 66th Legislative Assembly the Reinsurance Association of North Dakota (RAND) was created as an “invisible” reinsurance pool that was allowed under Section 1332 of the Affordable Care Act. RAND has been in effect for five years and the Insurance Department just renewed RAND for another five years. The RAND Board of Directors is made up of one Senator, one representative, the state health officer, one representative from each of the 4 largest health writers in North Dakota and two nonvoting members from the Department.

RAND is a reinsurance pool that is designed to assist insurance companies and share in some of the risk of higher claims. When a claim on an individual health insurance policy is over \$100,000 the insurance company is allowed to submit the claim to the Insurance Department and RAND will cover 75%, or the coinsurance, of the claim over this \$100,000 attachment point, but this reinsurance coverage stops if the claim exceeds \$1,000,000. Any claim that exceeds \$1,000,000 qualifies for a separate payment from the federal government.

RAND has been in effect for 5 years and in those 5 years, we have found some best practices that we feel will serve the consumers of ND, the health insurers and the Department better. The changes in this bill allow for some flexibility to the amounts allowed under RAND.

Section 1 of the bill provides flexibility to the RAND board to annually set the attachment point in which health insurers are able to submit for reimbursement from RAND but does not allow for the attachment point to go below the current \$100,000 or above \$1,000,000. This section would also provide the RAND Board with the flexibility to change the coinsurance percentage but does not allow for the coinsurance limit to exceed 75%.

This bill does include an Emergency Clause. The reason for this is that that health insurers need to begin the process of setting rates for the 2026 plan year during April/May timeframe. Therefore, it would potentially allow the RAND Board the opportunity to change these limits in time for the 2026 plan year.

I respectfully request a “do pass” recommendation from the committee on SB2091 and I am happy to take any questions.