

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 3M



ROLL NUMBER

DESCRIPTION

2168

2001 SENATE HUMAN SERVICES

SB 2168

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2168

Senate Human Services Committee

☐ Conference Committee

Hearing Date January 16, 2001

Tape Number	Side A	Side B	Meter #
2	X		29.6
January 23, 2001 2	X		8.1
Committee Clerk Signature <i>Carol Kladajichuk</i>			

Minutes:

The hearing was opened on SB 2168.

DAVID ZENTNER, Director of Medical Services, Dept of Human Services, introduced bill and the dept. supports it. (Written testimony)

SUSAN ANDERSON, ND Insurance Dept., supports bill. This just clarifies the Dept does not pay any tax on premium. SENATOR KILZER: How much would the tax have been?

SUSAN ANDERSON: I don't have the figures with me but they would have to pay 1 1/2 % of premium paid. About 4 Million for premium times 1.75.

DAN ULMER, Blue Cross Blue Shield. The answer is somewhere around \$5,000. They support the bill.

The hearing was closed on SB 2168.

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Senate Human Services Committee

Bill/Resolution Number SB 2168

Hearing Date January 16, 2001

Discussion resumed on SB 2168 on January 23, 2001, Tape 2, Side A, Meter 8.1. SENATOR

MATHERN moved a DO PASS. SENATOR FISCHER seconded it. Discussion reviewed bill.

Roll call vote carried 6-0. SENATOR FISCHER will carry the bill.

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/26/2000

Bill/Resolution No.: SB 2168

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This proposed bill is to clarify the exemption from insurance premium tax for a stock or mutual insurance company, a nonprofit service corporation, or a health maintenance organization, with respect to service fees collected by a third-party administrator for certain payments provided by the Department of Human Services. The proposed bill does not have a fiscal impact on the Department of Human Services.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Brenda Weisz	Agency:	Department of Human Services
Phone Number:	328-2397	Date Prepared:	01/03/2001

Date: 1/23/01

Senate HUMAN SERVICES Committee

**Legislative Council Amendment Number** \_\_\_\_\_

Motion Made By Sen Mathun Seconded By Sen Fischer

[illegible]

Absent 0

**If the vote is on an amendment, briefly indicate intent:**

**REPORT OF STANDING COMMITTEE (410)**  
**January 23, 2001 4:18 p.m.**

**Module No: SR-11-1477**  
**Carrier: Fischer**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2168: Human Services Committee (Sen. Lee, Chairman) recommends DO PASS**  
**(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2168 was placed on the**  
**Eleventh order on the calendar.**

2001 HOUSE HUMAN SERVICES

SB 2168



2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2168

House Human Services Committee

☐ Conference Committee

Hearing Date February 12, 2001

Tape Number	Side A	Side B	Meter #
Tape 1	A		5118 to end
Committee Clerk Signature <i>Corinne Easton</i>			

Minutes:

Chairman Price, Vice Chairman Devlin, Rep. Dosch, Rep. Galvin, Rep. Klein, Rep. Pollert, Rep. Porter, Rep. Tieman, Rep. Weiler, Rep. Weisz, Rep. Cleary, Rep. Metcalf, Rep. Niemeier, Rep. Sandvig

Chairman Price: Opened the hearing on SB 2168.

Rod St. Aubyn: Department of Human Services. On this particular bill it is a problem we ran into with CHIPS insurance policy. Blue Cross Blue Shield has been hired by the department to administer the CHIPS program. We found out is that the state needs to pay premium tax, basically on CHIPS. Which didn't make a lot of sense. Here it is a state agency and they are having to pay tax for there own program. The Insurance Department retreated a little bit, and they said maybe they were wrong in their determination, so they were exempting the CHIPS from paying a premium tax. This is more for clarification so that the Insurance Department

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House Human Services Committee

Bill/Resolution Number SB 2168

Hearing Date February 12, 2001

doesn't disagree with us at this point. I think the Department of Human Services would prefer to have this in statute so that is clear (that later on it is not questioned).

Chairman Price: Haven't we been down this road before. Was it on CHAND, or on the aids premium?

Rod St. Aubyn: I don't know, but Sue from the department may be able to expand on this.

Dave Zentner: Director of Medical Services for the Department of Human Services. (See support in written testimony.) While this issue apparently has been resolved at this time, the department has offered a change that will clarify that premium or policy fee payments made by the department on behalf of eligible recipients will not be subject to the insurance premium tax. The proposed working change will make it clear that such payments are indeed exempt from the tax. The department supports this bill and recommends a DO PASS.

Chairman Price: What about the premiums we are paying for Aids patients?

Dave Zentner: We do, but we're paying the actual premium for a group policy or a single policy. It is not being paid on our behalf, we're making the payment for the particular insurance group.

Susan Anderson: Legal Counsel for the North Dakota Insurance Department. I am here today in support of SB 2168. This bill was put in two sessions ago. The situation has arisen that we had to take another look at the statute for clarification purposes. We think that the suggested working here does clarify any problem that we did have and so we support the Bill.

Chairman Price: Closed SB 2168.

**COMMITTEE WORK:**

CHAIRMAN PRICE: Discussion on SB 2168.

REP. PORTER: DO PASS.

REP. CLEARY: Second.

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House Human Services Committee

Bill/Resolution Number SB 2168

Hearing Date February 12, 2001

CHAIRMAN PRICE: Clerk will take the roll for a **DO PASS**.

**14 YES   0 NO   0 ABSENT   CARRIED BY REP. TIEMAN**

Date: 2-12-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2168

House Human Services Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS

Motion Made By Porter Seconded By Cleary

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price, Chairman	✓		Rep. Audrey Cleary	✓	
Rep. William Devlin, V, Chairman	✓		Rep. Ralph Metcalf	✓	
Rep. Mark Dosch	✓		Rep. Carol Niemeier	✓	
Rep. Pat Galvin	✓		Rep. Sally Sandvig	✓	
Rep. Frank Klein	✓				
Rep. Chet Pollert	✓				
Rep. Todd Porter	✓				
Rep. Wayne Tieman	✓				
Rep. Dave Weiler	✓				
Rep. Robin Weisz	✓				

Total (Yes) 14 No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Rep. Tieman

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 12, 2001 11:35 a.m.

**Module No: HR-25-3028**  
**Carrier: Tleman**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2168: Human Services Committee (Rep. Price, Chairman) recommends DO PASS**  
**(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2168 was placed on the**  
**Fourteenth order on the calendar.**

2001 TESTIMONY

SB 2168

**TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE  
REGARDING SENATE BILL 2168  
JANUARY 16, 2001**

Chairman Lee, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you to provide information and support this bill.

The 1999 Legislative Assembly authorized the Department to implement a separate State Children's Health Insurance Program that required us to contract with an insurance carrier to provide services to eligible children. The Noridian Mutual Health Insurance Company was awarded to contract to provide those services.

At the time the contract was signed, it was assumed that current language contained in Section 50-06-19 of the North Dakota Century Code was sufficient to ensure that the premium payments made to Noridian would not be subject to the insurance premium tax.

After the program was implemented, there was some discussion between the Department of Human Services, Noridian and the State Insurance Commissioners Office as to whether the current language actually exempted these premium payments from the tax. Eventually, the Insurance Commissioners Office did conclude that the current language did indeed exempt these payments from the insurance premium tax.

While this issue apparently has been resolved at this time, the Department has offered a change that will clarify that premium or policy fees payments made by Department on behalf of eligible recipients will not be subject to the insurance premium tax.

The proposed wording change will make it clear that such payments are indeed exempt from the tax. The Department supports this bill and recommends a do pass.

I would be happy to answer any questions you may have.

*VERDIAAN; FAS Dept supports*



**TESTIMONY BEFORE THE HOUSE HUMAN SERVICES COMMITTEE**  
**REGARDING SENATE BILL 2168**  
**FEBRUARY 12, 2001**

Chairman Price, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you to provide information and support this bill.

The 1999 Legislative Assembly authorized the Department to implement a separate State Children's Health Insurance Program that required us to contract with an insurance carrier to provide services to eligible children. The Noridian Mutual Health Insurance Company was awarded to contract to provide those services.

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