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ROLL NUMBER

DESCRIPTION

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10/17/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2195

Senate Human Services Committee

☐ Conference Committee

Hearing Date 01/21/03

Tape Number	Side A	Side B	Meter #
Tape 1	x		5300-end
Tape 1		x	0-1900
Committee Clerk Signature <i>Donna Kramer</i>			

Minutes:

SB 2195 Called to order by Senator Brown. All senators present.

Senator Lee introduced bill and explains that it brings North Dakota state law into compliance with federal law concerning our high risk insurance pool which is CHAND.

Chuck Johnson, Legal Counsel Attorney with the Insurance Department (written testimony attached)

Senator Erbele: What are the situations that put people in the high risk category?

Johnson: Those individuals that do apply with a private insurer and are denied because of preexisting health condition, whether heart problem, diabetes, previous stroke, etc. and then are referred to CHAND.

Senator Polovitz: What does CHAND stand for?

Johnson: Comprehensive Health Association of North Dakota, originated in the early 90's, the board is made up of Senator Lee, Rep. Price, the commissioner, Rob Backman the director of

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01/21/03
Date

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Senate Human Services Committee

Bill/Resolution Number SB 2195

Hearing Date 01/21/03

OMB, Dr. Welle, the head of the health dept., and two members from private industry, BCBS and one other company.

Senator Lee: All of the people who provide coverage in ND are involved with this, and the pool for which these payments for services come in an assessment against these companies which is proportional to the amount of business they do in ND.

Senator Fairfield: This bill is to get in compliance with federal standards, is this totally just to be in compliance with federal and could you explain it to me.

Johnson: This is only to bring us in compliance with federal laws, with just a few deletions that I went over in my testimony.

Senator Lee: Could you tell us the approx. number of people who are reaching that million dollar level.

Johnson: There are 1 to 2 and a few others that are around the 800,000 mark. Not many at all.

Ulmer: There are less than 10 approaching the million dollar mark. What this bill really does is bring it into current practice. The board oversees it. There have been times when people have exhausted their million dollar max on their existing policy and all that is left is CHAND. The big question is whether or not you want to have Medi cal recipients access to CHAND. The CHAND board had a discussion on that, the problem it is fairly expensive. What this bill says in Section 14 is that no, they should be Medicaid recipients.

Senator Fischer: Why wouldn't Medicaid access CHAND?

Ulmer: Dept of Human Services has a rule that says if you can buy insurance that is cheaper than providing benefits, if you are under Medicaid they would just pay for whatever particular benefits

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Senate Human Services Committee
Bill/Resolution Number SB 2195
Hearing Date 01/21/03

these people need, but if you can buy insurance it is cheaper to buy the insurance or buy the benefits.

Senator Fischer: CHAND could be cheaper than providing the services?

Ulmer: Yes

Senator Brown: Medicaid pays the premium if they are on Medicaid and flops over to CHAND?

Ulmer: Yes

Senator Lee: Further testimony...

SB 2195 Closed

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01/17/03
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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2195

Senate Human Services Committee

☐ Conference Committee

Hearing Date February 5, 2003

Tape Number:	Side A	Side B	Meter #
3	X		846 - 6040
Committee Clerk Signature <i>Donna Kramer</i>			

Minutes:

SENATOR JUDY LEE called the committee discussion on SB 2195 to review the amendments.

VANCE MAGNUSON, of the Insurance Department, had rewritten a set of amendments for the bill. References made had to be checked by their Legal Counsel. He reviewed each page and amendment. The committee discussed the amendments as he reviewed. (Meter # 846 - 4600)

INTERN TALISA NEMEC suggested the Legislative Council to facilitate and reconcile the amendments.

SENATOR LEE stated that if the committee was comfortable with the concept of what we are doing, we could go on. She explained as what the bill entailed. There are things to be done to bring the bill into compliance. (Meter # 4710 - 5044)

SENATOR LEE suggested that the committee act on it ... subject to review the amendments.

(Meter #5072 - 5150)

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10/17/03
Date

Page 2

Senate Human Services Committee

Bill/Resolution Number SB 2195

Hearing Date February 5, 2003

SENATOR POLOVITZ made motion to approve amendments as amended and consolidated by
Legislative Council.

SENATOR BROWN seconded the motion.

Roll call was held. 5 yeas 0 nays 1 absent.

SENATOR BROWN moved to do pass as amended and rereferred.

SENATOR POLOVITZ seconded the motion.

Roll call was held. 5 yeas 0 nays and 1 absent.

SENATOR LEE to be the carrier. (Meter # 6040)

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10/17/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2195

Senate Human Services Committee

☐ Conference Committee

Hearing Date 02/12/03

Tape Number	Side A	Side B	Meter #
1	x		5581 - end
1		x	0 - 1959
Committee Clerk Signature <i>Donna Kramer</i>			

Minutes:

Senator Lee opened the discussion on SB 2195. All members were present.

When Senator Lee and Senator Brown were proofing the amendments, some questions came up regarding several changes that deleted the board and added the commissioner in several areas.

Rod St. Aubyn, representing Blue Cross Blue Shield appeared before the committee to answer questions.

The committee reviewed amendments .0203 and .0204.

Senator Polovitz asked for a refresher about why we have this bill.

Mr. St. Aubyn said the legislation updates the CHAND legislation to current practice. Senator Lee is a member of the CHAND board. Other members are the insurance commissioner, state health officer, director of OMB, one representative appointed by the speaker of the house (Representative Price) and one individual from each of the three participating insurance companies with the highest annual premium volume. The law has not been updated in a while.

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10/17/03
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Senate Human Services Committee

Bill/Resolution Number SB 2195

Hearing Date 02/12/03

Senator Lee said it is also because of some compliance issues with federal requirements.

Mr. St. Aubyn said the insurance commissioner recommended some amendments. He said current legislation already includes the insurance commissioner in the board membership and this amendment essentially gives him veto power. This is really a policy decision of the legislature.

Mr. St. Aubyn went through the amendments and compared .0203 with .0204 and discussed the proposed changes and the reasons for them. (meter # side A 6165 - side B 1231).

Senator Polovitz asked why we are giving more authority to the board and taking it away from the insurance commissioner?

Senator Judy Lee said the board has the authority now. The bill, as written by the insurance commissioner, gave more authority to the insurance commissioner. She is not sure that was the intent of the bill but that is the result.

Senator Polovitz said sometimes time is of the essence in making some of these decisions.

Senator Judy Lee said the board has functioned well in the past.

Mr. St. Aubyn said the insurance commissioner serves as the chairman of the board.

Senator Judy Lee asked if there is any concern among the committee? Which amendment does the committee prefer?

Senator Fairfield asked if we take out the 12 1/2% cap would we be suggesting it should be higher?

Senator Lee said Mr. St. Aubyn said the lead player is at 8%.

Senator Lee confirmed this is not an existing limit now.

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Date

02/17/03

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Senate Human Services Committee

Bill/Resolution Number SB 2195

Hearing Date 02/12/03

It was moved by Senator Fischer, seconded by Senator Brown and passed on a roll call vote to reconsider SB 2195 and re-amend with amendment .0204. Voting yes were Senators Erbele, Fischer, Polovitz, Fairfield, Brown and Lee. No negative votes were cast.

It was moved by Senator Brown, seconded by Senator Polovitz and passed on a roll call vote that the Senate Human Services Committee reconsider SB 2195 and make a Do Pass As Amended action on the bill. Voting yes were Senators Erbele, Fischer, Polovitz, Fairfield, Brown and Lee.

There were no negative votes cast. Senator Lee will carry the bill to the floor.

Senator Lee moved on to other business of the Senate Human Services Committee.

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10/17/03
Date

FISCAL NOTE
Requested by Legislative Council
02/14/2003

Amendment to: SB 2195

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

Engrossed SB 2195 will not impact the general fund or the Insurance Department budget.

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.

N/A

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.

N/A

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.

N/A

Name:	Charles E. Johnson	Agency:	Insurance Department
Phone Number:	328-4984	Date Prepared:	02/18/2003

Deanne Hall
Operator's Signature

02/17/03
Date

FISCAL NOTE
Requested by Legislative Council
01/15/2003

Bill/Resolution No.: SB 2195

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

This bill involves the North Dakota high-risk health insurance program referred to as CHAND. The first proposed change is a cost-savings measure which will extend the lifetime maximum benefit limit of \$1,000,000 currently in place for the standard products to include the over age 65 and disabled products. It is difficult to determine how many CHAND members will exceed the lifetime maximum limit or what the financial impact will be to the general fund. However, by including the over age 65 and disabled products, the program and State are assured that the total dollars paid by the program for any one individual will not exceed \$1,000,000. This change most probably will result in less expense for CHAND, which will result in a positive impact on the general fund at some time in the future when an individual reaches the \$1 million maximum, but it is impossible to predict the year or the amount of any savings.

The second proposed cost-savings change excludes from CHAND those individuals that are eligible for medical benefits from other sources, such as: the state's Medicaid program; inmates or residents of a public institution; or, those that receive reimbursement from or have premiums paid for by a government-sponsored program, government agency, health care provider, nonprofit charitable organization, or an employer. The language was adopted from the NAIC Model Health Plan for Uninsurable Individuals Act. It follows the lead of the Minnesota high-risk plan, Minnesota Comprehensive Health Association (MCHA). As with the first cost saving change, it is impossible to predict how many persons will be impacted, or to estimate the savings the change will have on CHAND.

The third proposal is the addition of a \$2,500 deductible plan with an out-of-pocket maximum of \$5,000. It is not actuarially feasible to determine the impact to the state's fund for several reasons. Once a year, CHAND enrollees have the ability to change between coverage options. Because CHAND does not have medical underwriting, the relatively healthy of the sick can opt for coverage with higher out-of-pocket costs and lower premiums until there is a need for more coverage and lower out-of-pocket cost. This is referred to as adverse selection. By receiving lower premiums initially, depending on the claims costs, CHAND could incur considerable losses on an individual; therefore, increasing the amount of any needed assessment. This impact is also impossible to predict.

It should be noted that CHAND's operations impact the general fund when CHAND's claims and expenses exceed its premium income. The health insurance companies operating in North Dakota are assessed to cover the deficiency, but are allowed a credit

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01/17/03
Date

against their premium tax in the amount of the assessment. Thus, assessments will eventually impact the general fund. It is difficult to predict when an assessment will occur and how much it will be.

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.

N/A

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.

N/a

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.

N/A

Name:	Charles E. Johnson	Agency:	Insurance Department
Phone Number:	328-2440	Date Prepared:	01/17/2003

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01/17/03
Date

Roll Call Vote #:

02-05-03

2195

Committee



Approve amendments as Legislative Council

Sen. Polovitz Seconded By Sen. Brown

Seconded By *Sen. Brown*

[illegible]

4

No

0

1

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

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Roll Call Vote #:

BILL/RESOLUTION NO. 2195

Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

Seconded By

[illegible]**Total (Yes)**

No

Absent

Floor Assignment

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

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10/17/03
Date

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Date _____

PROPOSED AMENDMENTS TO SENATE BILL NO. 2195

Page 2, line 18, overstrike "membership in", remove the overstrike over "the", and remove "an"

Page 2, line 19, overstrike "association"

Page 2, replace lines 22 through 27 with:

- "5. "Credible coverage" means, with respect to an individual, coverage of the individual provided under:
- a. A group health plan;
 - b. Health insurance;
 - c. Part A or part B of title XVIII of the federal Social Security Act [42 U.S.C. 1395 et seq.], relating to health insurance for the aged and disabled;
 - d. Title XIX of the federal Social Security Act [42 U.S.C. 1396 et seq.], relating to grants to states for medical assistance programs, with the exception of coverage consisting solely of benefits under section 1928 of the federal Social Security Act (Pub. L. 103-66; 107-637; 42 U.S.C. 1396s), relating to the program for distribution of pediatric vaccines;
 - e. Chapter 55 of United States Code title 10 [10 U.S.C. 1071 et seq.], relating to armed forces medical and dental care;
 - f. A medical care program of the Indian health service or of a tribal organization;
 - g. A state health benefits risk pool;
 - h. A public health plan as defined in federal regulations;
 - i. A health plan offered under chapter 89 of United States Code title 5 [5 U.S.C. 8901 et seq.], relating to government employee health insurance; or
 - j. A benefit plan under section 5(e) of the federal Peace Corps Act [Pub. L. 87-293; 75 Stat. 613; 22 U.S.C. 2504(e)].

Page 4, line 21, remove "the"

Page 5, line 11, remove the overstrike over "commissioner"

Page 5, line 12, remove "board"

Page 5, line 14, remove "over"

Page 7, line 2, after "of" Insert "subsection 10 of"

Page 11, line 6, after "of" Insert "not less than"

Page 12, remove lines 7 through 21

Page 12, line 24, replace "Over age" with "Age"

Page 12, line 25, after the first "medicare" Insert "basic"

Page 12, line 26, replace "must include over age sixty-five supplement one; over age" with "and standard supplemental plan must be offered to"

Page 12, line 27, remove "sixty-five supplement six; disabled supplement one; and disabled supplement six for"

Page 12, line 28, after the period Insert "Supplemental plans issued by the association must be developed by the lead carrier and approved by the board."

Page 16, line 25, after the period Insert "Not more than twelve and one-half percent may be used for payment of the lead carrier's direct and indirect expenses."

Page 17, line 15, replace "director" with "commissioner"

Page 19, line 28, replace "An" with "A standard" and remove "A"

Page 20, line 12, replace "An" with "A Health Insurance Portability and Accountability Act of 1996" and remove "B"

Page 20, line 26, replace "b" with "a"

Page 21, line 3, remove "over"

Page 21, line 23, replace "reduce" with "reduced"

Page 23, line 14, replace "is" with "if"

Renumber accordingly

Page No. 2

30382.0203

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Date

10/17/03

PROPOSED AMENDMENTS TO SENATE BILL NO. 2195

Page 2, line 18, overstrike "membership in", remove the overstrike over "the", and remove "an"

Page 2, line 19, overstrike "association"

Page 2, replace lines 22 through 27 with:

- "5. "Credible coverage" means, with respect to an individual, coverage of the individual provided under:
- a. A group health plan;
 - b. Health insurance;
 - c. Part A or part B of title XVIII of the federal Social Security Act [42 U.S.C. 1395 et seq.], relating to health insurance for the aged and disabled;
 - d. Title XIX of the federal Social Security Act [42 U.S.C. 1396 et seq.], relating to grants to states for medical assistance programs, with the exception of coverage consisting solely of benefits under section 1928 of the federal Social Security Act [Pub. L. 103-66; 107-637; 42 U.S.C. 1396s], relating to the program for distribution of pediatric vaccines;
 - e. Chapter 55 of United States Code title 10 [10 U.S.C. 1071 et seq.], relating to armed forces medical and dental care;
 - f. A medical care program of the Indian health service or of a tribal organization;
 - g. A state health benefits risk pool;
 - h. A public health plan as defined in federal regulations;
 - i. A health plan offered under chapter 89 of United States Code title 5 [5 U.S.C. 8901 et seq.], relating to government employee health insurance; or
 - j. A benefit plan under section 5(e) of the federal Peace Corps Act [Pub. L. 87-293; 75 Stat. 613; 22 U.S.C. 2504(e)].

Page 4, line 21, remove "the"

Page 5, line 11, remove the overstrike over "commissioner"

Page 5, line 12, remove "board"

Page 5, line 14, remove "over"

Page 7, line 2, after "of" Insert "subsection 10 of"

Page 11, line 6, after "of" Insert "not less than"

Page 12, remove lines 7 through 21

Page 12, line 24, replace "Over age" with "Age"

Page 12, line 25, after the first "medicare" Insert "basic"

Page 12, line 26, replace "must include over age sixty-five supplement one; over age" with "and standard supplemental plan must be offered to"

Page 12, line 27, remove "sixty-five supplement six; disabled supplement one; and disabled supplement six for"

Page 12, line 28, after the period Insert "Supplemental plans issued by the association must be developed by the lead carrier and approved by the board."

Page 17, line 15, replace "director" with "commissioner"

Page 18, line 3, overstrike "of twenty-five dollars"

Page 19, line 28, replace "An" with "A standard" and remove "A"

Page 20, line 12, replace "An" with "A Health Insurance Portability and Accountability Act of 1996" and remove "B"

Page 20, line 26, replace "b" with "a"

Page 21, line 3, remove "over"

Page 21, line 23, replace "reduce" with "reduced"

Page 23, line 14, replace "is" with "if"

Renumber accordingly

Page No. 2

30382.0204

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Date

10/17/03

JB
2-12-03
1 of 2

PROPOSED AMENDMENTS TO SENATE BILL NO. 2195

Page 2, line 18, overstrike "membership in", remove the overstrike over "the", and remove "an"

Page 2, line 19, overstrike "association"

Page 2, replace lines 22 through 27 with:

- "5. "Credible coverage" means, with respect to an individual, coverage of the individual provided under:
- a. A group health plan;
 - b. Health insurance;
 - c. Part A or part B of title XVIII of the federal Social Security Act [42 U.S.C. 1395 et seq.], relating to health insurance for the aged and disabled;
 - d. Title XIX of the federal Social Security Act [42 U.S.C. 1396 et seq.], relating to grants to states for medical assistance programs, with the exception of coverage consisting solely of benefits under section 1928 of the federal Social Security Act [Pub. L. 103-66; 107-637; 42 U.S.C. 1396s], relating to the program for distribution of pediatric vaccines;
 - e. Chapter 55 of United States Code title 10 [10 U.S.C. 1071 et seq.], relating to armed forces medical and dental care;
 - f. A medical care program of the Indian health service or of a tribal organization;
 - g. A state health benefits risk pool;
 - h. A public health plan as defined in federal regulations;
 - i. A health plan offered under chapter 89 of United States Code title 5 [5 U.S.C. 8901 et seq.], relating to government employee health insurance; or
 - j. A benefit plan under section 5(e) of the federal Peace Corps Act [Pub. L. 87-293; 75 Stat. 613; 22 U.S.C. 2504(e)]."

Page 4, line 21, remove "the"

Page 5, line 11, remove the overstrike over "commissioner"

Page 5, line 12, remove "board"

Page 5, line 14, remove "over" and after "sixty-five" insert "and over"

Page 7, line 2, after "of" Insert "subsection 10 of"

2 of 2

Page 11, line 6, after "of" Insert "not less than"

Page 12, remove lines 7 through 21

Page 12, line 24, replace "Over age" with "Age" and after "sixty-five" Insert "and over"

Page 12, line 25, after the first "medicare" Insert "basic"

Page 12, line 26, replace "must include over age sixty-five supplement one; over age" with "and standard supplemental plan must be offered to"

Page 12, line 27, remove "sixty-five supplement six; disabled supplement one; and disabled supplement six for"

Page 12, line 28, after the period Insert "Supplemental plans issued by the association must be developed by the lead carrier and approved by the board."

Page 17, line 15, replace "director" with "commissioner"

Page 17, line 16, after "basis" Insert an underscored comma

Page 18, line 3, overstrike "of twenty-five dollars"

Page 19, line 28, replace "An" with "A standard" and remove "A"

Page 20, line 12, replace "An" with "A Health Insurance Portability and Accountability Act of 1996" and remove "B"

Page 20, line 26, replace "b" with "a"

Page 21, line 3, remove "over" and after "sixty-five" Insert "and over"

Page 21, line 23, replace "reduce" with "reduced"

Page 23, line 14, replace "is" with "if"

Renumber accordingly

Page No. 2

30382.0205

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Operator's Signature

Date

Date: _____
Roll Call Vote #: (1)

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2195

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Reconsider Amendment - Reamend

Motion Made By Sen. Fischer ^{2 additions} Seconded By Sen. Brown

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee - Chairman	✓				
Senator Richard Brown - V. Chair.	✓				
Senator Robert S. Erbele	✓				
Senator Tom Fischer	✓				
Senator April Fairfield	✓				
Senator Michael Polovitz	✓				

Total (Yes) 6 No 0

Absent _____

Floor Assignment _____

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

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Deanna Hall
Operator's Signature

10/17/03
Date

Date: 02-12-03
Roll Call Vote #: (2)

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2195

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended.

Motion Made By Sen. Brown Seconded By Sen. Polovitz

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee - Chairman	✓				
Senator Richard Brown - V. Chair.	✓				
Senator Robert S. Erbele	✓				
Senator Tom Fischer	✓				
Senator April Fairfield	✓				
Senator Michael Polovitz	✓				

Total (Yes) 6 No 0

Absent _____

Floor Assignment Senator Lee

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

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Deanne Hall
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10/17/03
Date

REPORT OF STANDING COMMITTEE (410)
February 13, 2003 8:41 a.m.

Module No: SR-28-2525
Carrier: J. Lee
Insert LC: 30382.0205 Title: .0300

REPORT OF STANDING COMMITTEE

SB 2195: Human Services Committee (Sen. J. Lee, Chairman) recommends
AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS**
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2195 was placed on the Sixth
order on the calendar.

Page 2, line 18, overstrike "membership in", remove the overstrike over "the", and remove "an"

Page 2, line 19, overstrike "association"

Page 2, replace lines 22 through 27 with:

- "5. "Credible coverage" means, with respect to an individual, coverage of the individual provided under:
- a. A group health plan;
 - b. Health insurance;
 - c. Part A or part B of title XVIII of the federal Social Security Act [42 U.S.C. 1395 et seq.], relating to health insurance for the aged and disabled;
 - d. Title XIX of the federal Social Security Act [42 U.S.C. 1396 et seq.], relating to grants to states for medical assistance programs, with the exception of coverage consisting solely of benefits under section 1928 of the federal Social Security Act [Pub. L. 103-66; 107-637; 42 U.S.C. 1396s], relating to the program for distribution of pediatric vaccines;
 - e. Chapter 55 of United States Code title 10 [10 U.S.C. 1071 et seq.], relating to armed forces medical and dental care;
 - f. A medical care program of the Indian health service or of a tribal organization;
 - g. A state health benefits risk pool;
 - h. A public health plan as defined in federal regulations;
 - i. A health plan offered under chapter 89 of United States Code title 5 [5 U.S.C. 8901 et seq.], relating to government employee health insurance; or
 - j. A benefit plan under section 5(e) of the federal Peace Corps Act [Pub. L. 87-293; 75 Stat. 613; 22 U.S.C. 2504(e)]."

Page 4, line 21, remove "the"

Page 5, line 11, remove the overstrike over "commissioner"

Page 5, line 12, remove "board"

Page 5, line 14, remove "over" and after "sixty-five" insert "and over"

Page 7, line 2, after "of" insert "subsection 10 of"

REPORT OF STANDING COMMITTEE (410)
February 13, 2003 8:41 a.m.

Module No: SR-28-2525
Carrier: J. Lee
Insert LC: 30382.0205 Title: .0300

Page 11, line 6, after "of" insert "not less than"

Page 12, remove lines 7 through 21

Page 12, line 24, replace "Over age" with "Age" and after "sixty-five" insert "and over"

Page 12, line 25, after the first "~~medicare~~" insert "basic"

Page 12, line 26, replace "must include over age sixty-five supplement one; over age" with "and standard supplemental plan must be offered to"

Page 12, line 27, remove "sixty-five supplement six; disabled supplement one; and disabled supplement six for"

Page 12, line 28, after the period insert "Supplemental plans issued by the association must be developed by the lead carrier and approved by the board."

Page 17, line 15, replace "director" with "commissioner"

Page 17, line 16, after "basis" insert an underscored comma

Page 18, line 3, overstrike "of twenty-five dollars"

Page 19, line 28, replace "An" with "A standard" and remove "A"

Page 20, line 12, replace "An" with "A Health Insurance Portability and Accountability Act of 1996" and remove "B"

Page 20, line 26, replace "b" with "a"

Page 21, line 3, remove "over" and after "sixty-five" insert "and over"

Page 21, line 23, replace "reduce" with "reduced"

Page 23, line 14, replace "is" with "if"

Renumber accordingly

2003 HOUSE HUMAN SERVICES

SB 2195

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12/17/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2195

House Human Services Committee

☐ Conference Committee

Hearing Date March 5, 2003

Tape Number	Side A	Side B	Meter #
1	x		0.4 - 23.5
Committee Clerk Signature <i>Sharm Singh</i>			

Minutes:

Sen. J. Lee appeared as prime sponsor with written testimony stating the engrossed version is simple house keeping or clean-up matters.

Rep. Price: Did you leave the new deductibles in or are they out?

Answer: We put in the particular \$2500 deductible (higher deductible so they would have lower monthly premium) but it doesn't say that, its done in a different way.

Chuck Johnson, Legal Counsel for ND Insurance Dept. appeared to explain the bill with written testimony.

Rep. Kreidt: The million Dollar cap is that set by federal guidelines or does the State determine that? What does happen to an individual that does reach that cap?

Answer: Million ddollar cap is set by the State, and those individuals that reach the million dollar cap, would qualify for other Social Services benefits, Medicaid, etc.

Rep. Weisz: Sen. Lee said some counties were going on CHAND instead of Medicaid.

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Operator's Signature

10/17/03
Date

Page 2

House Human Services Committee

Bill/Resolution Number SB 2195

Hearing Date March 5, 2003

Answer: It's cheaper for Counties to pay 135% premium and have CHAND pay for all the treatment.

Rep. Price: Explain the out-of-state treatment centers that are paying premiums.

Mr. Johnson: Treatment facilities that are out of state are finding that if they pay the premium they get reimbursed at a higher rate than they would under some of the other health care plans that are available. Those providers actually pay the premiums for their patients, so the patient can qualify under CHAND.

Rep. Price: Instead of taking the ND Medicaid rate they will pay the premium and get a higher rate and that will affect our insurance pool.

Rod St. Aubyn of North Dakota Blue Cross/Blue Shield presented amendments to the committee. Also mentioning that Sen. J. Lee had mentioned the \$25.00 referral fee and indicated there was a couple of different issues there. The discussion in the Senate Human Services committee was do we want to specify the 12.5% and specify the \$25.00 referral fee or should that really be a board decision. So they rejected that amendment and struck out the \$25.00 referral fee.

Closed hearing.

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10/17/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2195

House Human Services Committee

☐ Conference Committee

Hearing Date March 11, 2003

Tape Number	Side A	Side B	Meter #
1		x	10.6 - 24.4
Committee Clerk Signature <i>Sharon Penraw</i>			

Minutes: Committee Work

Rep. Price: Proposed amendments are on page 6 in section 4, Mr. St. Aubyn has asked that on lines 14 and line 17 to clean up some language. Subsection 4 it states the commissioner shall fill vacancies in the board, that makes it appear that he can fill all of them, however the commissioner himself is a member of the board, the State Health Officer, Director of OMB, Legislators, but the intent was that he is able to fill the vacancy on lines 16, 17 and 18, its the carriers. So we need to make that the amendment so that it just addresses those 3 particular positions.

Rod St. Aubyn, BC/BS stating the language will be either the commissioners will fill vacancies of the 3 participating member insurance companies of the association.

Rep. Price: we need to clarify its the same for removal too. Page 6, line 26 & 27, the intent is that the commissioner can only fill or remove board members that are coming from each of the three participating members that are addressed up in section 1. The second piece is on line 14,

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12/17/03
Date

Page 2

House Human Services Committee

Bill/Resolution Number SB 2195

Hearing Date March 11, 2003

the request has been that the Senator is appointed by the Senate Majority Leader, just like, you could say one-third appointed by the majority leader of the Senate. Page 14, line 7 & line 17, on line 7 you have to remove the overstrike on the #2 because we do need that and on page 17, line 17 insert "and" and remove and Commissioner. The Commissioner already serves on the board so he doesn't need to get two reports.

Rep. Niemeier: page 6 where we amended Majority Leader in place of the President of the Senate, were okay with the Representatives being appointed by the Speaker of the House?

Answer: That wasn't proposed, we are just addressing Senate Majority Leader by the Senate.

Rep. Devlin moves all the amendments, second by Rep. Potter. Vote: 13-0-0 Passed

Rep. Potter and Rep. Devlin agree that in the Senate to have a member of the Executive Branch

Rep. Devlin made a motion for DO PASS As Amended, second by Rep. Potter.

Vote: 13 - 0 - 0 Rep. Price to carry the bill.

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10/17/03
Date

30382.0301
Title.0400

Adopted by the Human Services Committee
March 11, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2195

Page 6, line 14, replace "president" with "majority leader"

Page 6, line 26, replace "in the board. The commissioner" with "and"

Page 6, line 27, after "remove" insert "any" and replace "members" with "member representing one of the three participating member insurance companies"

Page 14, line 7, remove the overstrike over "2."

Page 17, line 17, replace the first underscored comma with "and" and remove ", and commissioner"

Renumber accordingly

*Do Concur
on SB 2195*

Page No. 1

30382.0301

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Operator's Signature

12/17/03
Date

Date: March ¹¹, 2003
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2195

House _____ HUMAN SERVICES _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Rep Devlin Seconded By Rep Potter

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price - Chair	✓		Rep. Sally Sandvig	✓	
Rep. Bill Devlin, Vice-Chair	✓		Rep. Bill Amerman	✓	
Rep. Robin Weisz	✓		Rep. Carol Niemeier	✓	
Rep. Vonnie Pietsch	✓		Rep. Louise Potter	✓	
Rep. Gerald Uglem	✓				
Rep. Chet Pollert	✓				
Rep. Todd Porter	✓				
Rep. Gary Kreidt	✓				
Rep. Alon Wieland	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep. Price

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

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Operator's Signature

10/17/03
Date

REPORT OF STANDING COMMITTEE (410)
March 12, 2003 8:19 a.m.

Module No: HR-44-4527
Carrier: Price
Insert LC: 30382.0301 Title: .0400

REPORT OF STANDING COMMITTEE

SB 2195, as engrossed: Human Services Committee (Rep. Price, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2195 was placed on the Sixth order on the calendar.

Page 6, line 14, replace "president" with "majority leader"

Page 6, line 26, replace "in the board. The commissioner" with "and"

Page 6, line 27, after "remove" insert "any" and replace "members" with "member representing one of the three participating member insurance companies"

Page 14, line 7, remove the overstrike over "2."

Page 17, line 17, replace the first underscored comma with "and" and remove ", and commissioner"

Renumber accordingly

2003 TESTIMONY

SB 2195

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Operator's Signature

10/17/03
Date

SENATE BILL 2195

Presented by: Chuck Johnson
Legal Counsel
North Dakota Insurance Department

Before: Human Services Committee
Senator Judy Lee, Chairman

Date: January 21, 2003

Ms. Chairman and members of the Committee.

Good morning. My name is Chuck Johnson, Legal Counsel for the North Dakota Insurance Department. I appear here in an attempt to explain the provisions of this bill.

The bill was drafted at the request of the CHAND Board in an effort to address some issues that have arisen during the administration of the CHAND program. CHAND offers health insurance to those high risk individuals that do not qualify for medical insurance in the private market.

Section 1. Updates a reference to CHAND in the premium tax law.

Section 2. Defines an "unfair referral" to CHAND as an unfair insurance business practice, for which a company can be penalized.

Section 3. Updates certain definitions and adds others.

Section 4. Describes the makeup of the CHAND Board. This section existed as part of 26.1-08-03 and is part of a redrafting of some of the CHAND sections.

Deanne Hall
Operator's Signature

12/1/03
Date

- Section 5. Defines the duties of the Commissioner and the Board. This section replaces 26.1-08-02 as part of the redrafting of certain CHAND sections.
- Section 6. Defines the operation of the association. This section also existed as part of 26.1-08-03 and is part of a redrafting of certain CHAND sections.
- Section 7. Describes the benefits that the CHAND policy must provide. It removes most of the specific references to benefits that presently exist in the law and replaces them with more general wording that leaves more of the plan benefit determinations up to the CHAND Board.
- Section 8. Renames the 'medicare' supplement' plans as 'Age 65' supplement' plans and 'disabled' plans. Federal law provides that Medicare Supplement Plans must be guaranteed renewable, and therefore cannot be terminated if a policyholder reaches a benefit maximum, such as \$1 million. The change will allow CHAND to limit lifetime benefits to \$1 million. Actually the change was recommended by CMS (formerly HCFA). It noted that CHAND was a government sponsored association and not a private insurer. The Medicare regulations apply only to private insurers. CMS felt that the reference to Medsup plans might be misleading to individuals when, in fact, the plans are sold by the state high risk plan.
- Section 9. Provides that the CHAND benefit plans must be approved by the Board before being filed with and approved by the Commissioner.
- Section 10. Redrafts the manner in which the CHAND premiums are determined and reflects current practice. It maintains the limit of 135% of the cost of similar coverage throughout the state.

- Section 11. Rewords the existing law that describes the plan's participating members and functions.
- Section 12. Rewords the existing law relating to the administration of the plan.
- Section 13. Rewords the existing law relating to disseminating information concerning the plan.
- Section 14. Describes the conditions under which an individual qualifies for participation in the plan. It excludes from membership, an individual that is eligible for health care benefits under the state's medical assistance program. It also excludes from membership those individuals whose premiums are paid for or reimbursed under any government-sponsored program, government agency, health care provider, nonprofit charitable organization, or the individual's employer, among others.
- Section 15. Provides that the coverage will terminate when benefits reach \$1 million, or if the individual qualifies for benefits under the state's medical assistance plan, among others.
- Section 16. Provides that the CHAND association is exempt from premium tax.
- Section 17. Corrects a reference to the CHAND law in the income tax credit section.
- Section 18. Repeals the existing sections of the CHAND law relating to the makeup of the Board, the powers of the Board and the powers of the Commissioner.

Technical Corrections Amendment to SB 2195

page 2 line 18 remove "membership in" & "an" ; remove strike through "the"

page 2 line 19 remove "association"

Should read: ...means the charge for the benefit plan based on the benefits provided in ...

page 2 lines 23 - 27 should be replaced with the following language

5. "Credible coverages" means, with respect to an individual, coverage of the individual provided under a group health plan; health insurance; Part A or Part B of Title XVIII of the Social Security Act; Title XIX of the Social Security Act, other than coverage consisting solely of benefits under section 1928; Chapter 55 of Title 10, United States Code; a medical care program of the Indian Health Service or tribal organization; a state health benefits risk pool; a health plan offered under Chapter 89 of Title 5, United States Code; a public health plan as defined in federal regulations; or, A health benefit plan under Section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e)).

page 12 remove lines 7 - 21

lines 24 - 30 should be replaced with the following language

26.1-08-06.1. Age sixty-five and disabled supplement plans.

A basic supplemental plan and standard supplemental plan ~~to~~ must be offered to individuals who are eligible for medicare by reason of age or disability. Supplemental plans issued by the association must be developed by the lead carrier and approved by the board. Any coverage or combination of coverages through the association may not exceed a maximum benefit of one million dollars for an individual.

page 18 line 3 remove "of twenty-five dollars"

page 19 line 28 replace "An applicant A:" with "A Standard Applicant:"

page 20 line 12 replace "An applicant B:" with "A HIPAA Applicant:"

page 20 line 26 replace "b" with "a"

page 21 line 3 remove "over"

page 4 line 22 remove the second "the" in the line (right before "benefit plans")
page 7 line 2 add "subsection 10" following "of" and before "section" - not sure if this has to be

done or not - please check.

page 11 line 6 add "not less than" as follows: The coverage must include a limitation of not less

than three thousand dollars per individual on

page 12 line 25 should read "The supplement plans"

page 16 line 25 add back in the language " Not more than twelve and one-half percent may be

used for payment of the lead carrier's direct and indirect expenses."

(I

think it was just missed the first time around.)

page 17 line 15 change "director" to "commissioner"

page 21 line 25 change "reduce" to "reduced"

page 23 line 15 change "is" to "if"

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Date

SB 2195

Human Services Committee
March 5, 2003

SB 2195 concerns the Comprehensive Health Association of ND which is the high-risk pool that makes health insurance coverage available to citizens who have been denied coverage by insurance providers. The primary purpose of this bill is to put the state statute, which has not been updated for several years, in compliance with federal rules. One significant change is in Section 14 which describes the conditions under which an individual qualifies for participation in the plan. It excludes from membership an individual who is eligible for Medicaid. It also excludes individuals whose premiums are paid for or reimbursed under any government-sponsored program or agency, health care provider, nonprofit charitable organization, or the individual's employer, among others. This was to stop the practice which recently has been used in which counties are paying CHAND premiums, rather than using Medicaid, and to prevent not-for-profits from another state, for example, from paying CHAND premiums so that the person can get certain treatments in that other state.

Section 15 limits benefits to \$1 million or if the person qualifies for Medicaid.

CHAND is an important program which ND has provided to give health insurance coverage to citizens who otherwise could not purchase it. This bill brings state law up to date and makes the changes I previously mentioned.

I support SB 2195 and ask for your favorable review.

People who will follow me will go over the details of the bill

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Deanne Hall
Operator's Signature

10/17/03
Date

ENGROSSED SENATE BILL 2195

Presented by: Charles E. Johnson
Legal Counsel
North Dakota Insurance Department

Before: House Human Services Committee
Representative Clara Price, Chairman

Date: March 5, 2003

TESTIMONY

Ms. Chairman and members of the committee:

Good morning. My name is Chuck Johnson, Legal Counsel for the North Dakota Insurance Department. I appear here in an attempt to explain the provisions of this bill.

The bill was drafted at the request of the CHAND Board in an effort to address some issues that have arisen during the administration of the CHAND program. CHAND offers health insurance to those high risk individuals that do not qualify for medical insurance in the private market.

Section 1. Updates a reference to CHAND in the premium tax law.

Section 2. Defines an "unfair referral" to CHAND as an unfair insurance business practice, for which a company can be penalized.

Section 3. Updates certain definitions and adds others.

Section 4. Describes the makeup of the CHAND Board. This section existed as part of 26.1-08-03 and is part of a redrafting of some of the CHAND sections.

- Section 5. Defines the duties of the Commissioner and the Board. This section replaces 26.1-08-02 as part of the redrafting of certain CHAND sections.
- Section 6. Defines the operation of the association. This section also existed as part of 26.1-08-03 and is part of a redrafting of certain CHAND sections.
- Section 7. Describes the benefits that the CHAND policy must provide. It removes most of the specific references to benefits that presently exist in the law and replaces them with more general wording that leaves more of the plan benefit determinations up to the CHAND Board.
- Section 8. The change in this section was recommended by CMS (formerly HCFA). It noted that CHAND was a government sponsored association and not a private insurer. The Medicare regulations apply only to private insurers. CMS felt that the reference to Medicare supplement plans might be misleading to individuals when, in fact, the plans are sold by the state high risk plan. The changes to this section rename the supplement plans as "Age 65" and "disabled" plans. Federal law provides that Medicare supplement plans must be guaranteed renewable and, therefore, cannot be terminated if a policyholder reaches a benefit maximum, such as \$1 million. The change will allow CHAND to limit lifetime benefits to \$1 million.
- Section 9. Provides that the CHAND benefit plans must be approved by the Board before being filed with and approved by the Commissioner.
- Section 10. Redrafts the manner in which the CHAND premiums are determined to reflect current practice. The CHAND premiums will remain at 135% of the cost of similar coverage throughout the state.

- Section 11. Rewords the existing law that describes the plan's participating members and functions.
- Section 12. Rewords the existing law relating to the administration of the plan.
- Section 13. Rewords the existing law relating to disseminating information concerning the plan.
- Section 14. Describes the circumstances under which an individual is excluded from the plan. It excludes from membership an individual that is eligible for health care benefits under the state's medical assistance program. It also excludes from membership those individuals whose premiums are paid for or reimbursed under any government-sponsored program, government agency, health care provider, nonprofit charitable organization, or the individual's employer, among others.
- Section 15. Provides that the coverage will terminate when benefits reach \$1 million, or if the individual qualifies for benefits under the state's medical assistance plan, among others.
- Section 16. Provides that the CHAND association is exempt from premium tax.
- Section 17. Corrects a reference to the CHAND law in the income tax credit section.
- Section 18. Repeals the existing sections of the CHAND law relating to the makeup of the Board, the powers of the Board and the powers of the Commissioner.

Submitted by Rod St. Aubyn, BCPSND
March 5, 2003

Proposed Amendments to Engrossed Senate Bill No. 2195

Page 14, line 7, remove the overstrike over 2.

Page 17, line 17, after "companies" remove ", board, and commissioner" and insert "and board"

Renumber accordingly

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Deanne Hall

Date

10/17/03