

FISCAL NOTE
Requested by Legislative Council
12/21/2018

Amendment to: SB 2102

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$15,000		\$10,000
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2102 repeals chapter 26.1-53 relating to discount medical plans and replaces it with chapter 26.1-53.1. The new chapter modernizes the language and provides the state with more regulatory authority. It also includes a registration requirement for discount plan organizations.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill creates 26.1-53.1-03, requiring discount plan organizations to register with the state and submit an initial application fee of \$500. It also requires annual renewals of the registration with a \$250 fee.

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.*

It is estimated that 20 applications will be received in the first year, and 20 renewals will be received in each subsequent year, with the funds being deposited into the Insurance Regulatory Trust Fund.

- 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.*

This bill has no fiscal impact to expenditures.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This bill has no fiscal impact to appropriations.

Name: Melissa Seifert

Agency: Insurance Department

Telephone: 328-2930

Date Prepared: 12/26/2018

FISCAL NOTE
Requested by Legislative Council
12/21/2018

Bill/Resolution No.: SB 2102

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Revenues				\$15,000		\$10,000
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Cities			
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Townships			

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- 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.*

This bill has no fiscal impact to expenditures.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This bill has no fiscal impact to appropriations.

Name: Melissa Seifert

Agency: Insurance Department

Telephone: 328-2930

Date Prepared: 12/26/2018

2019 SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE

SB 2102

2019 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

SB 2102
1/7/2019
Job # 30490

- Subcommittee
 Conference Committee

Committee Clerk: Amy Crane

Explanation or reason for introduction of bill/resolution:

Relating to discount plans; relating to medical plans.

Minutes:

Att. # 1 – Helene Herauf

Chairman Klein: Opened the hearing on SB. All members were present.

Helene Herauf, Legal Counsel, North Dakota Insurance Department: See Attachment #1 on testimony in support of the bill.

(4:27)Vice Chairman Vedaa: Are there licensed insurance agents selling these products? Do you need to be licensed to sell these?

Helene: We don't know how many products are being sold. I don't believe that they would have to be licensed as an insurance agent because it's not an insurance product. We don't have any idea how many people who are selling in the state.

Vice Chairman Vedaa: Would this require those companies to put disclaimers in their advertisements to cover North Dakota?

Helene: If they are marketing in North Dakota, any marketing materials at all, the marketing limitations would have to be complied with.

Chairman Klein: How would we know who is selling these? Is it somebody out on main street or through the internet?

Helene: There's no way for us to know right now, speculatively I would have to say that I doubt that there's anyone just hanging out in downtown Bismarck selling these as part of their package.

Chairman Klein: There are complaints coming from where?

Helene: The complaints that we have been seeing are from larger, national corporations and companies that do this, this is their job this what they sell. So those are the complaints that we're getting.

Chairman Klein: Can you give me an example of a large major company? If somebody asked me who are these companies selling these sort of things in North Dakota?

Helene: I've been told I can tell you the name Unified life. There are a number of them and they're not all bad. We do have some companies that are acting poorly but I don't want to give you the names of some legitimate ones and have them lumped in with these poor ones as well.

Senator Kreun: What about the supplemental health insurance programs like dental and vision?

Helene: There is a bundled products component, so if something is bundled with, then the larger product must clearly identify what the discount plan component is separately from what the major med component is. So the discount plan components of the bill would apply to that part.

Senator Kreun: Okay that's the major medical, what about the supplemental medical programs that go with your major medical if you're on Medicare or Medicaid type scenario?

Helene: It would be the same, the discounted plan would have to be disclosed to you so that you would know

Senator Kreun: Its separated out so that.

Helene: Yes.

Chairman Klein: So we are repealing the old language in its entirety, the chapter is gone and we are just laying out all the new rules that identify what we're currently talking about here? So it's a fresh slate, we've cleaned it all up, there's gonna be no crossover?

Helene: Yes, we took the whole thing out and we're starting new with 53.1, we took the good parts of that pull and put it into this one and kind of pieced it. We looked at other bills, we looked at South Dakota, Iowa, the NEIC model and have tried to take the best of all laws and bills that we could.

Chairman Klein: Closed the hearing on SB 2102.

Senator Kreun: Moved a Do Pass.

Senator Roers: Seconded.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Kreun will carry the bill.

Date: 1/7
 Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2102**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Kreun Seconded By Roers

Senators	Yes	No	Senators	Yes	No
Chairman Klein	X		Senator Piepkorn	X	
Vice Chairman Vedaa	X				
Senator Burckhard	X				
Senator Kreun	X				
Senator Roers	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Kreun

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

REPORT OF STANDING COMMITTEE

SB 2102: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2102 was placed on the Eleventh order on the calendar.

2019 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2102

2019 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

SB 2102
3/12/2019
33583

- Subcommittee
 Conference Committee

Committee Clerk: Ellen LeTang

Explanation or reason for introduction of bill/resolution:

Discount medical plans.

Minutes:

Attachment 1, 2

Chairman Keiser: Opens the hearing on SB 2102.

Helene Herauf~Legal Counsel-ND Insurance Department: Attachment 1. Amendment on back of her testimony.

8:30

Rep Adams: Do you also require all the marketing materials for the major insurance companies?

Helene Herauf: Not all, but it's easier to understand for the major medical ones. There is a higher confusability for discount plans in the marketing industry.

Rep Adams: Is this the marketing material you would want (attachment 1) or is it ads on TV?

Helene Herauf: I do believe this would be ok.

Rep D Ruby: Are there any providers offering some kind of policy as well?

Helene Herauf: I believe there probably are providers that are offering discounts for their direct primary care. I believe that is what primary care is intended to do. I think it's different when a contract between a provider & a consumer. There is less likely going to be abuses.

Rep D Ruby: You mentioned that some people are under the assumption that they have major medical coverage, has the department had some examples happening in ND?

Helene Herauf: I do believe so but we have heard from other states.

Rep M Nelson: I see the discount plans defined & discount pharmacy plans. Are we including these discount plans?

Helene Herauf: Absolutely, we are.

Rep M Nelson: I ran into a lady who thought she had a pharmacy & didn't, this is the type of thing we are addressing?

Helene Herauf: Absolutely.

Rep Laning: The marketing materials, I see a heavy volume of mailings, is there electronic? How is it going to be handled?

Helene Herauf: Yes, we do intend to look at all the materials, including electronically. We want to protect consumers.

Rep Kasper: Page 11, line 6 & line 24, the law is saying the plan cannot pay to provide a single penny, is that correct?

Helene Herauf: Yes.

Rep Kasper: The provider isn't getting money from any member from the discount? They can't balance bill? In other words, the discount, there is a big decrease in a fee. They can't get any money from the plan's sponsor & they can't take any extra money from the member except the discounted price. Why would they accept a plan like this?

Helene Herauf: It similar to insurance. If they choose to become part of this discount plan program. They agree to a charge, it will be similar when they sign up with an insurer, except when they are with the insurer, they get the money from the insurer. If there was a discount plan, they would get that money from the consumer. If the consumer doesn't have insurance or a discount plan, they pay more.

Rep Kasper: That's not my questions. The normal charge is \$100. If you are a member of the discount plan, you only pay \$50. The dentist cannot receive any reimbursement from the plan & he cannot charge the customer more than the \$50 that the discount pays. So the dentist is taking \$50 loss to accept the discount price. Why would they do this?

Helene Herauf: It a way to get consumers to come through the door.

Rep Kasper: That's the assumption, but if they don't need more consumers?

Helene Herauf: Then they don't need to sign up to be part of the discount plan.

Rep Kasper: I find it hard to find the value added to join the plan.

Rep Laning: In review of the material, will the department be reviewing all the material prior?

Helene Herauf: Yes, we would review prior when they register & upon renewal.

Rep Laning: Do you see this as requiring more personnel in your department?

Helene Herauf: No, we do not.

Rep Kasper: Page 8, line 27, can you tell us what that section does?

Helene Herauf: It's the unfair methods & competition or deceptive acts/practices. You can't use prohibited practices.

Rep Schauer: I'm concerned that we are creating a law for a problem that doesn't exist at this point. Do you have any more information that it's a real issue?

Helene Herauf: Yes, it is a problem & we've had specific complaints.

Rep Kasper: The marketing piece from private, so I'm assuming that private agents are selling the product. Are they paid commission to the people who are marketing it for them?

Helene Herauf: I don't know the answer to that.

Chairman Keiser: In this bill you declare it, not an insurance product that eliminated the application of all the suitability sections of the law, I assume.

Helene Herauf: I believe so.

William Sherman~ND Dental Association: We want to thank the Insurance Department. To answer the question, we have not had an issue. We are not seeing a lot of coverage from these plans.

Rep Kasper: What is the value to the dentist. Why would a dentist accept a discount plan & when he might be cutting his fees by 50%? He's not getting any reimbursement & he is taking a lower price for service.

William Sherman: To attract patients if they are building a practice.

Rep Kasper: Would they sign a contract with the discount provider or is it a verbal agreement?

William Sherman: I don't know the nuances of these contracts.

Andy Askew~Consumer Health Alliance: We are in support but want to offer a friendly amendment. Introduces Allen Erenbaum.

Allen Erenbaum~Consumer Health Alliance: Attachment 2. Amendment in testimony.

40:00

Rep Kasper: Do you license sub-agents/marketers or a national association or both? Can you explain your relationship with the plan marketing & the plans themselves?

Allen Erenbaum: The consumer health alliance is the national trade association of discount health care companies. We are the industry trade group. Our member companies are a combination of those what we call “program operators” & “marketers. The program operators are the ones that would get registered under the bill. They put together the networks of providers & provide a full range of other services.

The selling is through marketing entities which can be anybody, including insurance agents.

Rep Kasper: The national marketing organization. They have distributors all across the US. The marketing organization would develop the discount plan, then offer it to the sub-distributor/agents to market the product to their customers. Is this how it works?

Allen Erenbaum: Yes.

Rep Kasper: I assume that there are commissions paid to the marketing organization. How does the compensation flow from the distributor that selling it to the customer & the marketing organization that designed the product?

Allen Erenbaum: The consumer will pay the discount organization; some will be remitted to the marketing organization or individual agent.

Rep Kasper: The billing end would be marketing organization & they will pay out the commissions.

Allen Erenbaum: Correct.

Rep Kasper: The marketing organization develops the sales material & provides it to these agents around the country. The agents don't develop their own sales material, it's the marketing organization because it's approved. Therefore, we are only talking about getting these types of marketing materials from the organization who developed the product. Why would that be so onerous?

Allen Erenbaum: If you are only selling two plans, it would not be onerous but that company is all one discount organization.

Rep Kasper: They are all the same except for the name of the company that is marketing it?

Allen Erenbaum: It's not completely the same. First, it's all approved by the discount organization. They are going to see everything & they are going to approve everything.

Rep Kasper: What is so onerous about them submitting that to the insurance department for review when they have it all?

Allen Erenbaum: We are talking about potentially, thousands of pages.

Rep Kasper: They are looking at thousands of pages & approving thousands of pages. Electronically, it could be quicker.

Allen Erenbaum: I would somewhat disagree in terms that they are approving everything.

Rep Kasper: One central location because they are marketing their product.

Allen Erenbaum: There is the volume & change of materials. They are updated constantly.

Rep Kasper: So, there is an electronic copy of it someplace? I am suggesting it's simple. These marketing organizations will get their various networks in the state & the people who sell the product & give the consumer the network for providers. Is VSP one of your clients or independent?

Allen Erenbaum: There are not part of our association but VSP is a provider to our discount plan network.

Rep Kasper: Where is it to the provider's benefit, to accept a discount, if they are already busy & don't need it?

Allen Erenbaum: There may not be, they don't have to sign up. We want only providers who want to participate.

Rep Kasper: Contract with the consumer, it's unilateral? Who do I go to, to discontinue the product?

Allen Erenbaum: Both, it depends on the nature of the plan. If it's a monthly payment plan, it's month to month or if it's annual, the statute requires a 30-day trial period.

Chairman Keiser: How do you handle adverse selection?

Allen Erenbaum: We do not restrict utilization. We don't know about the utilization of our plans.

Chairman Keiser: I have a root canal, have it done, then drop.

Allen Erenbaum: That is kinds of a risk that we take as plans. There is a processing fee to discourage them to do that which is non-refundable.

Rep Kasper: There is no risk to you because there is no money being paid to the provider. There is no skin of the organization because they are collecting a premium. The person who provides the services, the provider is getting paid at a discount. There can be no adverse selection because there is no insurance factor in there.

Allen Erenbaum: We as the company get the membership fee & we won't get that.

Rep Schauer: On this amendment you talk about a description of the proposed methods, how would that look. Is it an email sent to describing?

Allen Erenbaum: That language is from the NAIC model & other states have adopted that. It's essentially a marketing descriptive plan on how the companies market.

Chairman Keiser: Anyone else here to testify on SB 2102 in support, opposition, neutral position? Closes the hearing. What are the wishes of the committee?

Rep Bosch: Moves the amendment to remove lines 9 & 10.

Rep Schauer: Second.

Chairman Keiser: Further discussion?

Rep Kasper: I hope the committee resist the motion. This is not difficult thing for electronic transfer to get the material to the insurance department. The insurance department needs to keep a close eye on the marketing materials going out there. All the other insurance companies do provide the marketing materials to the insurance department. I hope that we would resist the motion.

Rep Richter: I'm going to agree with Rep Kasper. In the testimony he said that they have all the marketing material in one place & they submit it when it's requested. How is it different?

Rep Bosch: I hope we would consider it. There is not a problem that exist right now. To create all this work for something that we don't know exists. I don't know if it's necessary. I hope we would give it consideration.

Chairman Keiser: We will take the roll on the amendment in removing 9 & 10 on page 5.

Roll call was taken on SB 2102 amendment removing lines 9 & 10 on page 5 with 6 yes, 6 no, 2 absent. Motion failed due to a tie.

Chairman Keiser: Motion failed. Is there a motion on the Insurance Department's amendment?

Vice Chairman Lefor: Moves the amendment proposed by the Insurance Department.

Rep Richter: Second.

Chairman Keiser: Further discussion?

Voice Vote ~ motion carried.

Chairman Keiser: We have SB 2102 before us as amended, what are the wishes of the committee?

House Industry, Business and Labor Committee
SB 2102
Mar 12, 2019
Page 7

Vice Chairman Lefor: Moves a Do Pass as Amended.

Rep Kasper: Second.

Chairman Keiser: Further discussion?

Roll call was taken on SB 2102 for a Do Pass as Amended with 10 yes, 2 no, 2 absent & Rep Kasper is the carrier.

PROPOSED AMENDMENTS TO SB 2102

Page 5, replace lines 9 through 10 with “A description of the proposed methods of marketing, including, but not limited to, describing the use of marketers, use of the Internet, sales by telephone, and use of salespersons to market the discount plan;”

PROPOSED AMENDMENTS TO SENATE BILL NO. 2102

Page 2, line 2, after the period insert a new line ““Direct Primary Care” means any private contract between a provider and consumer for services associated with that provider.”

Page 2, line 10, after the semicolon insert a new line “Direct Primary Care;”

March 12, 2019

ck
1 of 1
3/12/19

PROPOSED AMENDMENTS TO SENATE BILL NO. 2102

Page 2, line 3, after the underscored period insert: ""Direct primary care" means any private contract between a provider and consumer for services associated with that provider.

5."

Page 2, line 11, after the underscored period insert: "Direct primary care;

d."

Page 2, line 12, replace "d." with "e."

Page 2, line 13, replace "5." with "6."

Page 2, line 20, replace "6." with "7."

Page 2, line 25, replace "7." with "8."

Page 3, line 2, replace "8." with "9."

Page 3, line 6, replace "9." with "10."

Page 3, line 13, replace "10." with "11."

Page 3, line 17, replace "11." with "12."

Page 3, line 24, replace "12." with "13."

Page 3, line 27, replace "13." with "14."

Page 3, line 30, replace "14." with "15."

Page 4, line 3, replace "15." with "16."

Page 4, line 6, replace "16." with "17."

Page 4, line 7, replace "17." with "18."

Page 4, line 10, replace "18." with "19."

Renumber accordingly

Date: Mar 12, 2019

Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2102

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or Description: removes lines 9 + 10, page 5

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions Reconsider _____

Motion Made by Rep Bosch Seconded By Rep Schauer

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser		X	Rep O'Brien	Ab	
Vice Chairman Lefor		X	Rep Richter		X
Rep Bosch	X		Rep D Ruby	X	
Rep C Johnson	X		Rep Schauer	X	
Rep Kasper		X	Rep Adams	X	
Rep Laning	X		Rep P Anderson	Ab	
Rep Louser		X	Rep M Nelson		X

Total (Yes) 6 No 6

Absent 2

Floor Assignment Motion failed due to a tie
removes lines 9 + 10, page 5

Date: Mar 12, 2019

Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB2102

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or Description: 19.8069.01001 + title .02000

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar
- Other Actions Reconsider

Motion Made by Rep Lefor Seconded By Rep Richter

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep O'Brien		
Vice Chairman Lefor			Rep Richter		
Rep Bosch			Rep D Ruby		
Rep C Johnson			Rep Schauer		
Rep Kasper			Rep Adams		
Rep Laning			Rep P Anderson		
Rep Louser			Rep M Nelson		

Total (Yes) _____ No _____

Absent _____

Floor Assignment voice vote - motion carried
Insurance dept's amendment

Date: Mar 12, 2019

Roll Call Vote #: 3

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2102

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions Reconsider _____

Motion Made by Rep Lefor Seconded By Rep Kasper

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep O'Brien	Ab	
Vice Chairman Lefor	X		Rep Richter	X	
Rep Bosch	X		Rep D Ruby		X
Rep C Johnson	X		Rep Schauer		X
Rep Kasper	X		Rep Adams	X	
Rep Laning	X		Rep P Anderson	Ab	
Rep Louser	X		Rep M Nelson	X	

Total (Yes) 10 No 2

Absent 2

Floor Assignment Rep Kasper

REPORT OF STANDING COMMITTEE

SB 2102: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). SB 2102 was placed on the Sixth order on the calendar.

Page 2, line 3, after the underscored period insert: ""Direct primary care" means any private contract between a provider and consumer for services associated with that provider.

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Page 2, line 11, after the underscored period insert: "Direct primary care;

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Re-number accordingly

2019 CONFERENCE COMMITTEE

SB 2102

2019 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

SB 2102
4/8/2019
Job #34587

- Subcommittee
 Conference Committee

Committee Clerk: Amy Crane

Explanation or reason for introduction of bill/resolution:

Relating to discount plans.

Minutes:

None.

Senator Kreun: opened the conference committee on SB 2102. Senators Kreun, Vedaa, Piepkorn were present. Representatives Kasper, Louser, P. Anderson were present.

Senator Kreun: The reason we're here is an amendment. Andrew Askew was representing one of the companies that we were in discussion with on the bill, and they feel on page 5 line 9, the marketing materials to be used in connection in the discount plan creates a hardship on the companies that he's representing. A lot of the materials would have to be redone. It would cost them a lot of funds. My understanding was I don't believe they have to pull and redo any of the marketing, they just have to send in what they have and then as things change, my understanding would be that they would be able just to email the insurance department, the changes.

Representative Kasper: You said page 5 line 9?

Senator Kreun: That's on the 1000 version.

Representative Kasper: Not on the 2002?

Senator Kreun: No I wasn't.

Representative Kasper: So what page would it be on the 2000 version?

Senator Vedaa: Page 5 line 14.

Representative Kasper: Okay, we had the same discussion in the house where they tried to amend it that way. Let me share with you the questioning I have for the gentleman who came in from the association. As you know, I'm in the insurance business. I asked him specifically, what is the process when these marketing plans are approved. Because what happens is these plans are developed by some marketing organization, generally a

marketing general agent and they develop the plans, the marketing materials and from what I understand they're sending it forward to the national headquarters. And once they develop a plan on the marketing material then they appoint subagents. And the subagents are all over the place. It's not an insurance product so you don't have to be licensed. But the fact of the matter is, this marketing agent who develops the plan, has complete control over the subagents, including improving their method of marketing and if they want to change the marketing material they have to send it up to this marketing general agent to get approval. The fact exists that this marketing information that they are saying is onerous, is available by email and is updated all the time. For them to make the statement that this is onerous, I thought was bologna because it's simply forwarding another button to the insurance department. We would be the first state that would require the marketing material to be sent to the insurance department and I feel it's okay. These types of plans haven't got much legs in North Dakota because our professionals, the dentists and optometrists are so busy, they generally don't subscribe to these plans. Be that as it may, the insurance department has decided it would like to be able to look at the marketing materials. It's for consumer safety, to be sure they're not giving misleading information. That's why we resisted the amendment in the house. I think it's not well advised to put that on.

Senator Piepkorn: I agree with you completely, it's not burdensome or onerous. Its consumer protection. It's all there, but its close. You have to keep an eye on it. Sometimes you think it's a good deal and then it turns out it's not. I think overseeing the marketing restrictions is a good thing.

Senator Kreun: I asked askew why is it such a hard thing, and I think he more or less accepted that it wasn't so hard.

Representative P. Anderson: In our committee wasn't it 8-7 or something? It was really close wasn't it?

Representative Kasper: It was 10-2-2.

Senator Kreun: I think we're in agreement, that this amendment that is being asked for probably will not enhance or improve anything. Just keep our public a little more informed. Another thing in South Dakota they have may instead of shall, so they can ask to have their materials sent. But I believe ours is shall. Either way I don't think it's an issue.

Representative Louser: In it saying all marketing material, are they concerned they might have some material that isn't able to be sent, phone messages or some direct text or something that they can't provide and they're concerned that the words all marketing material cannot be provided?

Senator Kreun: That is not what he indicated to me, that it was all marketing material. They just had an objection to sending the marketing material, that was his objection and it didn't have anything to say with all marketing material when I visited with him and I'm assuming you got almost the same reply during your conversations as well.

Representative Kasper: You're right it was just the objection to having to provide it. They didn't want to set a precedent for the other states.

Senator Kreun: The verbiage would then be we accede? Yes, we accede to the House amendments I believe would be correct.

Senator Piepkorn: I just want to make sure we make the right vote for the will of our committee.

Representative Anderson: A philosophical thing, I struggle a little bit with the whole idea. These aren't insurance products yet our insurance department will oversee them.

Representative Kasper: The reason the department indicated they wanted the oversight, is because, in some instances, they are or were being marketed as insurance. And so it was a consumer protection issue.

Senator Piepkorn: Moved to Accede to House Amendments.

Representative Kasper: second.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Kreun will carry the bill in the Senate. Representative Kasper will carry the bill in the House.

Hearing adjourned.

Date: 4/8/19
 Roll Call Vote #: 1

**2019 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2102 as (re) engrossed

Senate Industry, Business and Labor Committee

- Action Taken** **SENATE accede to House Amendments**
 SENATE accede to House Amendments and further amend
 HOUSE recede from House amendments
 HOUSE recede from House amendments and amend as follows
- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Piepkorn Seconded by: Kasper

Senators	4/8	Yes	No	Representatives	4/8	Yes	No
Senator Kreun	X	X		Representative Kasper	X	X	
Senator Vedaa	X	X		Representative Louser	X	X	
Senator Piepkorn	X	X		Representative P. Anderson	X	X	
Total Senate Vote		3		Total Rep. Vote		3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Kreun House Carrier Kasper

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted
 Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2102: Your conference committee (Sens. Kreun, Vedaa, Piepkorn and Reps. Kasper, Louser, P. Anderson) recommends that the **SENATE ACCEDE** to the House amendments as printed on SJ page 1068 and place SB 2102 on the Seventh order.

SB 2102 was placed on the Seventh order of business on the calendar.

2019 TESTIMONY

SB 2102

SENATE BILL NO. 2102

Presented by: Helene Herauf
Legal Counsel
North Dakota Insurance Department

Before: Industry, Business and Labor Committee
Senator Jerry Klein, Chairman

Date: 1/7/2019

TESTIMONY

Mr. Chairman and members of the committee. My name is Laney Herauf and I am legal counsel for the North Dakota Insurance Department. In the Insurance Department, we receive complaints from individuals who feel as if they've been wronged by their insurance community in some way. We investigate those complaints and attempt to determine if an agent or company has violated either the law as it currently exists or the contract associated with the insurance product. One issue that we've come across that has serious ramifications is the current discount medical plan section.

Discount medical plans are currently defined in code as "any card, program, device or mechanism that is not insurance, which purports to offer discounts or access to discounts from a provider without recourse to the discount medical plan." Essentially, these are your discount pharmaceutical plans, discount vision plans or the like. These products are not insurance.

An issue we've come across is people who believe these to be major medical plans, whether because they did not read the policy well enough to understand what they were getting, or worse, when someone selling this product either says or insinuates that this is a major medical plan. Then if this consumer has a major diagnosis or accident, they are not covered.

SB 2102 1/7/19 Attach. #1 pg 1

SB 2102 : 7/19 Attach # 1 pg. 2

The law is at currently stands is very reactive. We are able to take action after the bad act has occurred and if we can prove that the person selling the product misinformed the consumer as to what they were purchasing. We are not able to be proactive in protecting consumers by addressing issues with these plans.

The proposed legislation allows the Department to take a proactive stance regarding these products and how they are marketed and sold. It would require these entities to register with the Department so we're aware of who is operating within the state. As part of the registration process, along with other pieces of information, the Department is requesting that all marketing materials be submitted to the Department. South Dakota requires registration of these companies and they informed us that the main way they catch violators and bad actors is through the marketing material used. This material may have misleading or omitted information. It is not codified in South Dakota law that they obtain all marketing material, but they do have a provision in their law that says the commissioner may request additional information. After receiving the application, they informed us that they request all marketing materials and they advised that we obtain all marketing materials as well, based on their experience.

Per the bill, the marketing material must be truthful and not misleading in fact or implication. It also cannot use words such as "insurance", "health plan", "coverage", "copay", "copayments", "deductible" and other words outlined in section 26.1-53.1-19 that would imply that this product is a major medical plan or insurance.

As another consumer protection piece, this bill also lists out required disclosures that the organization or marketer must disclose in writing to any prospective member. Among other disclosures, they must state that this is a discount plan and not insurance coverage. This protects both the consumer and the agent. Should the consumer contact us complaining that they were unaware this was a discount medical plan and not a major medical plan, the agent need only provide this disclosure to the department to clear his or her name. It eliminates the "he said/she saids" that we hear so frequently and when the facts are in dispute, typically the Department is unable to resolve a case.

You will also notice that this bill changes the term from discount medical plan to discount plan. We felt that this helps clarify its purpose as well and helps avoid confusion with major medical plans.

In conclusion, this bill provides the Department tools essential to accomplish our core mission, which is consumer protection. I respectfully request a "do pass" recommendation from this committee and I am more than happy to take any questions you may have. Thank you.

SB 2102 1/7/19 Attach. # 1 pg 3.

SENATE BILL NO. 2102

Presented by: Helene Herauf
Legal Counsel
North Dakota Insurance Department

Before: Industry, Business and Labor Committee
Representative Keiser

Date: 3/12/2019

TESTIMONY

Mr. Chairman and members of the committee. My name is Helene Herauf and I am legal counsel for the North Dakota Insurance Department. In the Insurance Department, we receive complaints from individuals who feel as if they've been wronged by their insurance community in some way. We investigate those complaints and attempt to determine if an agent or company has violated either the law as it currently exists or the contract associated with the insurance product. One issue that we've come across that has caused some issues is the current discount medical plan section.

Discount medical plans are currently defined in code as "any card, program, device or mechanism that is not insurance, which purports to offer discounts or access to discounts from a provider without recourse to the discount medical plan." Essentially, these are your discount pharmaceutical plans, discount vision plans or the like. These products are not insurance.

An issue we've come across is people who believe these to be major medical plans, whether because they did not read the policy well enough to understand what they were getting, or worse, when someone selling this product either says or insinuates that this plan is a major medical health insurance plan. If this consumer subsequently has a major diagnosis or accident, they are not covered.

The law current law is very reactive. We may be able to take action after the bad act has occurred if we can prove that the person selling the product misinformed the consumer as to what they were purchasing. We are not able to be proactive in protecting consumers by addressing issues with these plans before the plan is marketed and sold.

The proposed legislation allows the Department to take a proactive stance regarding these products and how they are marketed and sold. It would require these entities to register with the Department so we're aware of who is selling these plans within the state. As part of the registration process, along with other pieces of information, the Department is requesting that all marketing materials be submitted to the Department upon registration and renewal.

South Dakota requires registration of these companies and they informed us that the main way they catch violators and bad actors is through the marketing material used. This material may have misleading or omitted information. It is not codified in South Dakota law that they obtain all marketing material, but they do have a provision in their law that says the commissioner may request additional information. After receiving the application, they informed us that they request all marketing materials and they recommended that we obtain all marketing materials as well, based on their experience.

We are asking that these companies submit any updated marketing materials to us upon renewal as well. This does take it one step further than South Dakota, who only request it upon application, but our belief is that it does not make sense to not follow up with these companies. Bad actors can submit their complaint marketing materials and then immediately upon receiving their registration, start marketing with misleading or false information that they were not required to pre-file with us. We feel it is very important to continually see the marketing materials as we believe that is a way that the bad actors are able to harm consumers and place them in either inappropriate products or products that don't perform as the consumer thinks they will.

Per the bill, the marketing material must be truthful and not misleading in fact or implication. It also cannot use words such as “insurance”, “health plan”, “coverage”, “copay”, “copayments”, “deductible” and other words outlined in section 26.1-53.1-19 that would imply that this product is a major medical plan or insurance.

As another consumer protection piece, this bill also lists out required disclosures that the organization or marketer must disclose in writing to any prospective member. Among other disclosures, they must state that this is a discount plan and not insurance coverage. This protects both the consumer and the agent. Should the consumer contact us complaining that they were unaware this was a discount medical plan and not a major medical plan, the agent need only provide this disclosure to the department to clear his or her name. It eliminates the “he said/she said” that we hear so frequently. When the facts are in dispute, typically the Department is unable to resolve a case.

You will also notice that this bill changes the term from discount medical plan to discount plan. This came to us as a suggestion from the Consumer Health Alliance and we agreed that this helps clarify its purpose as well and helps avoid confusion with major medical plans.

We’ve spoken with the Discount Plan industry on this bill. We worked closely with Mr. Allen Erenbaum and he provided us with six or seven suggestions on how to improve the bill or make it more workable for the industry. We incorporated all but one of his suggestions into the bill. The one we disagreed on was the marketing materials component. I believe that Mr. Erenbaum may be presenting you with an amendment today regarding the marketing materials. The Department has reviewed that amendment and cannot support it because we feel very strongly in the importance of the marketing material component.

Additionally, the Department does have an amendment to present. As written, we believe the definition of discount plan could include direct primary care. That was not

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Attachment 1

the intent. We do not want to get in between contracts written between providers and consumers for their services. To correct that, we defined "direct primary care" and provided a carve out, so this bill will not include that.

In conclusion, this bill provides the Department tools essential to accomplish our core mission, which is consumer protection. I respectfully request a "do pass" recommendation to both our amendment and the bill as amended from this committee and I am more than happy to take any questions you may have. Thank you.

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Attachment 1

Prepared by the North Dakota
Insurance Department
February 11, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2102

Page 2, line 2, after the period insert a new line ““Direct Primary Care” means any private contract between a provider and consumer for services associated with that provider.”

Page 2, line 10, after the semicolon insert a new line “Direct Primary Care;”



House Industry, Business, and Labor Committee

SB 2102

March 12, 2019

CONSUMER HEALTH ALLIANCE SUPPORTS SB 2102 WITHOUT BURDENSOME FILING REQUIREMENT

About the Consumer Health Alliance and Discount Plans

The Consumer Health Alliance (CHA) is the national trade association of the discount healthcare industry. CHA's mission is to educate consumers about the benefits of discount healthcare programs, promote consumer-friendly business practices by companies offering these programs, and work with policymakers to ensure that regulation of the industry is targeted, practical, and uniform.

Discount healthcare programs began operating about 30 years ago to make healthcare more affordable by offering access to discounts on healthcare services and products. As a result of the value and simplicity of these programs, CHA companies currently have over 27 million members across the United States.

Although some people may not be familiar with discount plans or how they work, a discount plan provides a way for people to save money on ancillary health care products and services that are typically not covered in a health insurance plan, such as dental, vision, and hearing care. Under a discount plan, a person pays a monthly or annual membership fee (typically less than \$10/month), or the discount benefits may be included with the purchase of another product. Discount plan members can then access various healthcare services through a network of credentialed providers at a pre-negotiated discounted price. For example, the Sanford Health Plan ADVANTAGE Discounts plan provides North Dakota members significant discounts on dental, vision care, and hearing care from its network of providers. Under this plan, members save almost 50% on the regular cost of dental services, such as checkups, cleanings, and other dental procedures. Attached to this testimony are samples of other discount plan brochures for the Committee's reference.

CHA Has Supported State Regulation Across the Country including North Dakota

CHA welcomes the opportunity to work with states on laws and regulations that apply appropriate consumer protections to discount health care programs. CHA worked closely with the National Association of Insurance Commissioners (NAIC) on the development of its 2006 model act regulating discount health care programs. CHA has also worked with legislatures and regulators in more than 25 states, including working with the North Dakota Insurance Department in 2005 to regulate the discount health care industry in North Dakota. The 2005 North Dakota statute imposed significant rules on our companies including prohibiting the use of

insurance terms; prohibiting paying providers; requiring multiple disclosures that the plan provides discounts, not insurance; requiring disclosure of the company administering the plan; requiring contracts with participating providers; requiring provider lists to be made available before purchase; and requiring refunds if consumers cancel during a 30-day trial period. Our companies have followed these rules and they have worked well to protect North Dakota consumers. Based upon our review, it appears that the Department has not received any complaints regarding discount plans in the last three years.

CHA Supports Almost All of SB 2102

SB 2102 is a comprehensive bill to regulate a relatively small industry. It builds on the 2005 law by requiring companies to register with the Insurance Department and file a surety bond, extensively regulates the companies' conduct including advertising, disclosures, refunds, member agreements, and provider contracts, and imposes penalties for violations.

CHA supports many of these provisions since they will enhance consumer protection and protect North Dakotans' access to affordable health care products and services through our companies. In particular, we have found that when other states have required registration or licensing, any bad actors abandon the market. So we commend the Insurance Commissioner for bringing the bill forward and appreciate the Department's willingness to discuss the legislation and make important modifications to the bill. There is, however, one remaining significant issue that CHA was unable to resolve prior to the bill's introduction: the requirement that discount programs submit all of their respective marketing materials to the Insurance Department for review.

Filing All Marketing Materials Would Burden Companies and the Insurance Department without Consumer Benefit

SB 2102 requires companies to file all marketing materials with their registration application and file annual changes in those materials. Although CHA companies have nothing to hide, they are strongly opposed to this filing requirement because it will impose a tremendous burden on some companies and the Insurance Department without providing the consumer protection the bill aims to provide. Said otherwise, this filing requirement will drastically increase the costs of doing business in North Dakota for the companies who conduct their respective businesses in accordance with all laws and regulations – not the bad actors who are unlikely to register with the Insurance Department in the first place.

Some discount plans operate on a wholesale model that makes available a range of discount benefits to third parties who market the discount plan. Marketers include virtually every conceivable entity--employers, associations, unions, insurers, state and local governments, faith-based groups, and direct to consumer marketers. Most of these plans are available to North Dakota residents, so they are within the scope of SB 2102. Several of our companies have contracts with hundreds of entities marketing nationwide. Each entity sells an average of three different plan configurations. Each plan uses multiple marketing methods which may include websites, brochures, postcards, radio ads, web ads, and more. Hundreds of marketers selling multiple plans using multiple marketing channels equals thousands of pages of marketing materials that would have be collected by a single company to present to the Insurance

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Attachment 2

Department. The Insurance Department would then be required to review these thousands of pages for several different companies.

Moreover, marketing materials change frequently, due to updates in products, pricing and marketing language. Because there is no practical way to separate out the materials that have changed since a prior submission, companies will need to submit all marketing materials each and every year to comply with the Department's registration requirements, which will only increase the cost of doing business in North Dakota.

Given the relatively small size of the North Dakota market, the increased costs of filing all marketing materials will make it far more expensive and difficult for discount plan organizations to offer their discount programs in North Dakota. As a result, North Dakotans may be at risk of losing access to savings on many health care products and services through discount plans.

Other States Protect Consumers Without Requiring Filing of All Materials

Only one other state requires our companies to file marketing materials as proposed by SB 2102. This requirement is not included in the NAIC model act and it has not been shown as an effective means of policing discount plans. For example, for many years, Florida required discount plan organizations to file their marketing materials. But after recognizing that the requirement constituted a burden on companies and the insurance department without consumer benefit, Florida repealed the filing requirement in 2017 without adversely impacting consumer protection. The only state that requires the filing of all marketing materials is Washington, which is a state with such restrictive licensure requirements that only one company can actively market there.

In other states, putting in place a registration requirement has solved the problem. States have found that bad actors will leave the state rather than submit to the Insurance Department's oversight. And if bad actors remain, the Insurance Department can pursue those companies for operating without a registration. We expect the same would happen in North Dakota.

Neighboring states provide a model for effective regulation of discount plans. South Dakota requires our companies to register, retain materials and provide them to the insurance department on request. Our companies did not provide marketing materials at registration and do not provide them on renewal. Last year, South Dakota's insurance department received just one consumer complaint requiring the Department to request marketing materials relating to a discount plan.

Montana requires our companies to register but does not impose a filing requirement as proposed in North Dakota. Instead, discount plans are required to provide samples of marketing materials upon their initial application for registration, and none at renewal. The only enforcement actions taken by Montana's insurance department that we are aware of since 2006 were against unregistered companies, not registered companies.

Minnesota does not require registration and therefore our companies file no marketing materials. We are not aware of significant consumer protection issues there.

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Attachment 2

SB 2102 Already Provides Safeguards for Marketing Discount Plans

Senate Bill 2102 already includes provisions to ensure that programs are marketed properly, including requiring our companies to have a written contract with all marketers and to approve all marketing in writing before use. The bill requires companies to retain all marketing materials for five years and to provide these materials to the Department upon request. It makes our companies responsible for any actions by marketers, and authorizes the Department to revoke a company's ability to do business in the state and to impose penalties for improper marketing practices.

These provisions are sufficient, particularly since there is no evidence that misleading marketing of discount plans is a problem. We asked the Department for records of complaints about discount plans over the last three years. We received five complaint forms, all of which were filed by September 2017 – and none of which mention discount plans. All five of the complaints concern insurance plans, including short-term plans and association health plans. While some of the insurance plans that are the subject of the complaints also include some discount benefits, no consumers complained about the discount benefits.

We understand that some alternative health insurance products can cause consumer confusion if not explained properly. But discount plans are not insurance like short term and association plans and they shouldn't be confused with those products. Therefore, CHA believes the Department should continue to work with the Legislative Assembly to advance legislation, such as SB 2118,¹ to increase oversight of these problematic insurance products and avoid imposing unnecessarily burdensome regulations on discount plans.

Conclusion

In sum, although CHA supports SB 2102's comprehensive approach to regulating discount plans, it is strongly opposed to the requirement that all marketing materials be provided in order to register a discount plan. Because CHA believes this filing requirement will unnecessarily burden our companies and the Insurance Department without providing the consumer protection the bill seeks to provide, CHA respectfully requests that the Committee amend SB 2102 so as to remove the filing requirement, which will align the language of SB 2102 more closely to that of the NAIC model act. Alternatively, CHA urges the Committee to replace the filing requirement with a provision that requires companies to submit a detailed description of their marketing methods and materials. Attached to this testimony are two friendly amendments that amend the bill as requested. The amendments have been submitted to the Department for its review and consideration. We kindly request that the Committee considers these amendments as it works to adopt a sensible and effective approach to regulating discount plans.

Thank you for your time and consideration,

¹ Senate Bill 2118 relates to short-term limited-duration health insurance plans and requires these plans to: (1) file their respective marketing materials with the Department for approval; (2) record their sales calls; and (3) allow only licensed agents to sell plans.

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Attachment 2

Allen Erenbaum
Consumer Health Alliance, President

Mar 12, 2019

Attachment 2

19.8069.01001

Prepared by Consumer Health Alliance

PROPOSED AMENDMENTS TO SB 2102

Page 5, remove lines 9 through 10

Renumber accordingly.

Discount Plan Application - NRLCA Dental Savings Plus Plan

Member Information

First Name: _____ MI: _____

Last Name: _____ DOB: _____

Street Address: _____

City: _____ ST: _____ Zip: _____

Daytime Phone: _____

Evening Phone: _____

E-mail Address: _____

Membership Fee

(Family members include: member, spouse and legal dependents.)

	Monthly	Annually
Member Only	\$5.95	\$59.00
Member + One	\$10.95	\$109.00
Member + Family	\$14.95	\$149.00

Family Members

(Date of birth required to add spouse and legal dependents.)

First Last MI DOB

Credit or Debit Card

Visa MasterCard Discover American Express

Name of Cardholder: _____

Credit/Debit Card Number: _____

Expiration Date: _____

Bank Draft

Name of Account Holder: _____

Checking Savings

Please include a voided check with this application.

Name of Bank: _____

City and State of Bank: _____

Routing Number (9 numbers at bottom of check):

Account Number:

Payment Authorization

Membership Terms and Conditions

I authorize Careington International Corporation to bill my credit/debit card or my checking account for this program; it will remain in force until I notify them in writing to cancel. Processing will be delayed on applications without a form of payment. Charges will appear as "Careington International" on your monthly statement. Please keep the brochure portion for your records. You will receive your welcome kit after we process your application.

Signature: _____ Date: _____

You can mail your application to:

Careington International Corporation, P.O. Box 2568, Frisco, Texas 75034-9929 or fax it to (888) 335-7330.

Agent Code

Group Code NRLCA - SPP

TERMS & CONDITIONS

Renewal Conditions: By joining a plan, you are authorizing Careington International Corporation (Careington) to bill your credit card or checking account for the plan you have selected. This charge shall renew until you notify Careington in writing of its cancellation. By joining you indicate you have read the terms and conditions of the plan. This plan will automatically renew at the end of your membership term, and your credit card or bank account will be automatically charged or drafted for the appropriate amount.

Termination Conditions: Careington reserves the right to terminate plan members from its plan for any reason, including non-payment. If Careington terminates the plan or your membership for a reason other than non-payment, you will receive a pro-rata refund of your membership fees.

Cancellation Conditions: You have the right to cancel within the first 30 days after effective date or receipt of membership materials (whichever is later) and receive a full refund, less the processing fee, if applicable. If for any reason during this time period you are dissatisfied with the plan and wish to cancel and obtain a refund, you must submit a written cancellation request. Careington will accept cancellation requests at any time and will stop collecting membership fees in a reasonable amount of time, but no later than 30 days after receiving a cancellation notice. Please send a cancellation letter and a request for refund with your name and member ID to Member Services, Careington International Corporation, P.O. Box 2568, Frisco, TX 75034 or fax to 888-335-7330. You may also submit cancellation requests by email: member@careington.com. When you cancel, you will continue to have access to the plan for the remainder of the period for which you have paid; your membership will terminate at the end of that period. The preceding sentence does not apply to quarterly, semi-annual or annual memberships in FL, ND and OK, where you will receive a pro-rata refund whenever you cancel.

Description of Services: Please see the enclosed materials for a specific description of the programs included in your plan.

Limitations, Exclusions & Exceptions: This plan is a discount membership program offered by Careington. Careington is not a licensed insurer, health maintenance organization or other underwriter of health care services. No portion of any provider's fees will be reimbursed or otherwise paid by Careington. Careington is not licensed to provide and does not provide health care services or items to individuals. You will receive discounts for services at certain health care providers who have contracted with the plan. You are obligated to pay for all health care services at the time of service. Savings are based upon the provider's normal fees. Actual savings will vary depending upon location and specific services or products purchased. Please verify such services with each individual provider. The plan's discounts may not be used in conjunction with any other discount plan or program. All listed or quoted prices are current prices by participating providers and subject to change without notice. Any procedures performed by a non-participating provider are not discounted. From time to time, certain providers may offer products or services to the general public at prices lower than the discounted prices available through this plan. In such event, members will be charged the lowest price. Discounts on professional services are not available where prohibited by law. This plan does not discount all procedures. Providers are subject to change without notice and services may vary in some states. It is the member's responsibility to verify that the provider participates in the plan. At any time Careington may substitute a provider network at its sole discretion. Careington cannot guarantee the continued participation of any provider. If the provider leaves the plan, you will need to select another provider. Providers contracted by Careington are solely responsible for the professional advice and treatment rendered to members and Careington disclaims any liability with respect to such matters.

Complaint Procedure: If you would like to file a complaint regarding your plan membership, you must submit your complaint in writing to: Careington International Corporation, P.O. Box 2568, Frisco, TX 75034. You have the right to request an appeal if you are dissatisfied with the complaint resolution. After completing the complaint resolution process, if you remain dissatisfied you may contact your state insurance department.

NRLCA

Savings Plus Plan

Starts at...
\$5.95 monthly

Administered by: **Careington**

Attachment
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Save on your dental, vision and hearing expenses with the NRLCA Savings Plus Plan.

Keeping you and your family healthy can be expensive and hard to do. The **NRLCA Savings Plus Plan** can help reduce your overall health care costs. Take advantage of discounts on dental, vision, LASIK and hearing care. This isn't insurance, so you can use it right away, and the program has unlimited usage. Simply become a member, show your member ID card to a participating health care professional and receive the discount off the regular-priced fee at the time of service. It is that easy! Here is what you get with the plan:

Sample Savings

Procedure Description	Regular Cost *	Plan Cost**	\$ Savings	% Savings
Adult Cleaning	\$126	\$57	\$69	55%
Child Cleaning	\$89	\$42	\$47	53%
Routine Checkup	\$73	\$29	\$44	60%
Four Bitewing X-rays	\$85	\$38	\$47	55%
Composite (White) Filling	\$201	\$90	\$111	55%
Crown (porcelain fused to noble metal)	\$1,424	\$726	\$698	49%
Complete Upper Denture	\$2,047	\$941	\$1,106	54%
Molar Root Canal	\$1,382	\$707	\$675	49%
Extraction (single tooth)	\$240	\$97	\$143	60%

* Regular cost is based on the national average of the 80th percentile usual and customary rates as detailed in the 2015 FairHealth Report in the Los Angeles, Orlando, Chicago and New York City metropolitan statistical areas.

** These fees represent the average of the assigned Maximum Care (DN14) fees in the Los Angeles, Orlando, Chicago and New York City metropolitan statistical areas. Prices subject to change.

Vision Discounts

VSP Vision Savings Pass is a discount vision program that offers savings on eye care and eyewear. Members receive Exclusive Member Extras and special offers in addition to access to discounts through trusted, private-practice VSP doctors on eye and contact lens exams, glasses, and sunglasses.

This plan is not insurance.

Not available in WA

Members save 20% to 40% off the retail price of eyewear with the EyeMed Vision Care Access Plan D discount program through the Access network. Members are eligible for discounts on exams, eyeglasses and contact lenses from more than 65,000 providers nationwide.

Disclosures:

THIS PLAN IS NOT INSURANCE and is not intended to replace health insurance. This plan does not meet the minimum creditable coverage requirements under M.G.L. c.111M and 956 CMR 5.00. This plan is not a Qualified Health Plan under the Affordable Care Act. This is not a Medicare prescription drug plan. The range of discounts will vary depending on the type of provider and service. The plan does not pay providers directly. Plan members must pay for all services but will receive a discount from participating providers. The list of participating providers is at www.careington.com/co/nrlca. A written list of participating providers is available upon request. You may cancel within the first 30 days after effective date or receipt of membership materials (whichever is later) and receive a full refund, less a nominal processing fee (nominal fee for MD residents is \$5, AR and TN residents will be refunded processing fee). Discount Plan Organization and administrator: Careington International Corporation, 7400 Gaylord Parkway, Frisco, TX 75034; phone 800-441-0380.

This plan is not available in Vermont or Washington.

Dental Discounts

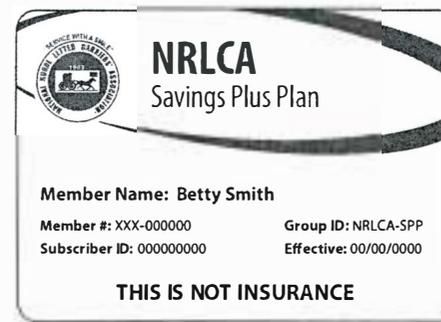
- Save 20% to 50% on most dental procedures including routine oral exams, unlimited cleanings and major work such as dentures, root canals and crowns through one of the largest dental networks nationally with a focus on neighborhood dentists.
- Members are able to take advantage of savings offered by leaders in the dental care industry.



How to Join

It is easy to join the plan. Here are your options:

1. Call (800) 400-8789 between 8:00 AM and 5:30 PM CT, Monday – Friday
 2. Visit: www.careington.com/co/nrlca
 3. Complete the application and mail it to: Careington International Corporation
Attn: Member Services
7400 Gaylord Parkway
Frisco, TX 75034
 4. Fax the application to: (888) 335-7330
- Careington is a leading provider of health care and lifestyle discount plans in the industry.
- Everyone is accepted
 - Unlimited plan usage, with no administrative forms to file
 - Membership can include family members
 - You can cancel in 30 days and receive a full refund.



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Hearing Care

- Save 40% off diagnostic services, including hearing exams and significant discounts on the price of hearing aid(s) at over 3,200 provider locations nationwide.



Prescription Drug Discounts

- Members are entitled to prescription savings from 15% to 60% off generic drugs and from 15% to 25% off brand-name drugs at over 60,000 participating pharmacies nationwide.
- **Mail-Order Pharmacy**
Members can save even more on maintenance medications through a convenient and money-saving mail service, MedVantx. Members receive savings on 90-day supplies of medications when ordered online, by phone or through the mail with the mail-order pharmacy.

Sign up for this membership benefit today!

To learn more and get these discounts:

- Visit Thrivent.com/healthdiscounts
- Or call toll-free 844-279-3195

Membership benefits are not guaranteed contractual benefits. The interpretation of the provisions of these benefits is at the sole discretion of Thrivent Financial. These benefits are reviewed and evaluated regularly. Thrivent Financial reserves the right to change, modify, discontinue, or refuse to provide any of the membership benefits or any part of them, at any time.

You should never purchase or keep any insurance or annuity products to be eligible for these non-guaranteed membership benefits. You should only purchase and keep insurance and annuity products that best meet the financial security needs of you and your family. Consider the cost, features and benefits of specific insurance and/or annuity products.

IMPORTANT INFORMATION about using the Health Discounts membership benefit

The Health Discounts membership benefit is not insurance and is not intended to replace insurance. These discounts are designed to help Thrivent members who do NOT have health insurance or a Medicare plan that covers dental, vision, hearing and/or prescription drugs.

The Health Discounts membership benefit is NOT Medicare Part D prescription drug coverage. If you are age 65 or older and wonder whether to use this discount card or enroll in Medicare Part D, please note that Medicare Part D may provide significantly greater savings toward the cost of your prescription drugs.

Having this discount will not prevent you from potentially being charged a late enrollment penalty if you enroll in Medicare Part D after your Initial Enrollment Period for Medicare Part D. If assessed, a late enrollment penalty will continue throughout the rest of your life.

If you already have health insurance coverage for dental, vision or hearing services and/or prescription drugs, or a Medicare plan (e.g., Medicare part D, Medicare Advantage) that provides coverage of prescription drugs, you may not want to use the Health Discounts card. In these cases, your health insurance or Medicare plan may provide a greater cost savings than the Health Discounts membership benefit. Lastly, using the Health Discounts card when you also have health insurance or Medicare prescription drug coverage may lead to billing errors.

The Health Discounts membership benefit is designed for Thrivent members who do not currently have health insurance or Medicare coverage for the health service(s) that the member wants to use.



Appleton, Wisconsin • Minneapolis, Minnesota
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Attachment 2
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Connecting faith & finances for good.™

HEALTH DISCOUNTS

Enjoy savings on dental, vision and hearing services, as well as prescription drugs.

Yours — free — as a membership benefit.

Health Discounts— a membership benefit created just for you!

To help you meet your health needs and be wise with money, you can take advantage of a package of discounts on selected health services. Yours—free—because you're a member of Thrivent Financial!

What discounts are available?

- Dental discounts including routine exams, cleanings and more.
- Vision discounts including eye exams, glasses and contacts.
- Hearing discounts including exams and hearing aids.
- Prescription drug discounts including both generic and brand name.

These health discounts are administered by Careington International Corporation, a licensed and established Discount Medical Plan Organization (DMPO), serving more than 8 million members nationwide.

Dental Discounts

Save 20% to 50% on most dental procedures, including routine oral exams, unlimited cleanings and major work such as dentures, root canals and crowns.

These services are provided through a national discount dental network known as the Maximum Care Discount Network. This network consists of more than 200,000 credentialed dental access points nationwide that provide services at reduced rates. The Maximum Care Discount Network combines the network management skills of Careington, which has owned and managed dental networks for 30 years, and DenteMax, one of the nation's largest leasable dental networks.



Sample Dental Savings*

Procedure Description	Regular Cost *	Plan Cost**	\$ Savings	% Savings
Adult Cleaning	\$122	\$56	\$66	54%
Child Cleaning	\$84	\$41	\$43	52%
Routine Checkup	\$73	\$29	\$44	61%
Four Bitewing X-rays	\$80	\$37	\$43	54%
Composite (White) Filling Code	\$182	\$89	\$93	51%
Crown (porcelain fused to noble metal)	\$1,317	\$710	\$607	46%
Complete Upper Denture	\$1,832	\$897	\$935	51%
Molar Root Canal	\$1,312	\$696	\$616	47%
Extraction (single tooth)	\$222	\$93	\$129	58%
Average Savings:				53%

*Regular cost is based on the national average of the 80th percentile usual and customary rates as detailed in the 2013 FairHealth Report in the Los Angeles, Orlando, Chicago and New York City metropolitan statistical areas.

**These fees represent the average of the assigned Careington Care Senes & DenteMax fees in the Los Angeles, Orlando, Chicago and New York City metropolitan statistical areas. Prices subject to change.

Vision Discounts with EyeMed

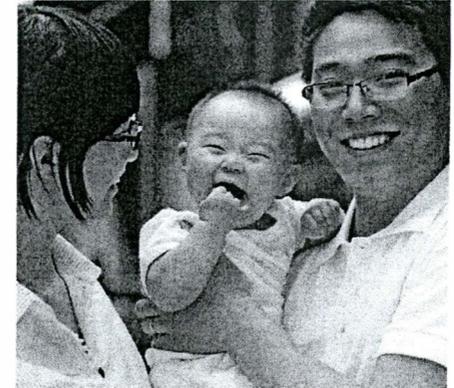
Members save 20% to 40% off the retail price of eyewear with the EyeMed Vision Care Access Plan D discount program through the Access network. Members are eligible for discounts on exams, eyeglasses and contact lenses from more than 65,000 providers nationwide.

Vision Discounts with VSP Choice Access

Members are able to save 15% to 35% off eye care with the VSP Choice Access® Plan. Members are eligible for savings on eye exams and eyeglasses at over 50,000 participating providers nationwide.

This plan is not insurance.

Not available in MT, VT and WA.



Disclosures:

THIS PLAN IS NOT INSURANCE and is not intended to replace health insurance. This plan does not meet the minimum creditable coverage requirements under M.G.L. c. 111M and 956 CMR 5.00. This plan is not a Qualified Health Plan under the Affordable Care Act. **THIS IS NOT A MEDICARE PRESCRIPTION DRUG PLAN.*** The plan provides discounts at certain health care providers for medical services. The range of discounts will vary depending on the type of provider and service. The plan does not make payments directly to the providers of medical services. Plan members are obligated to pay for all health care services but will receive a discount from those health care providers who have contracted with the discount medical plan organization. You may access a list of participating health care providers at Thrivent.com/healthdiscounts. Upon request the plan will make available a written list of participating health care providers. Discount Medical Plan Organization and administrator: Careington International Corporation, 7400 Gaylord Parkway, Frisco, TX 75034; phone 800-441-0380.

This plan is not available in Vermont. *Medicare statement applies to MD residents when pharmacy discounts are part of the plan.

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