

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2/20

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Yubereca d. Lee

Date

10-16-03

2003 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2120

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yubereva, J. Lee
Operator's Signature

10-16-03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2120

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-14-03

Tape Number	Side A	Side B	Meter #
1	xx		1068-3250
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the hearing on SB 2120. All Senators present.

SB 2120 relating to small employer carrier health reinsurance program and to the small employer carrier health reinsurance program, was introduced at the request of the Insurance Commissioner.

Testimony in support of SB 2120

Michael Fix, Director of the Life and Health Division and Actuary ND Insurance Dept., testified in support of the bill. See attached testimony. He stated that the reinsurance program is not serving it's intended function. The carriers are not using it, therefore the Insurance Dept. would propose in this bill to get rid of it.

Terry Weis, Chairman of the Board of the North Dakota Small Employer Health Reinsurance Program gave testimony in favor of SB 2120. See attached testimony.

Neutral Testimony on SB 2120

Robert Lamp, representing the Automobile Dealers Assoc. of ND and the ND Implement Dealers Assoc., gave neutral testimony in regards to SB 2120. See attached testimony.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yvonne J. Lee
Operator's Signature

10-16-03
Date

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number 2120

Hearing Date 1-14-03

Dan Ulmer of Blue Cross Blue Shield wanted to go on record that they are neutral as well.

No opposing testimony.

The hearing was closed.

Senator Klein moved a DO PASS. Senator Every seconded.

Roll Call Vote: 7 Yes. 0 No. 0 Absent.

Carrier: Senator Mutch

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yvonne J. Lee
Operator's Signature

10-16-03
Date

FISCAL NOTE
Requested by Legislative Council
01/03/2003

Bill/Resolution No.: SB 2120

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.

SB 2120 proposes to eliminate the Small Employer Health Reinsurance Program. The program expenses net of income have been paid by the small employer health insurance carriers, so there will be no impact on the Insurance Department budget or the general fund.

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:	328-4640	Date Prepared:	01/07/2003

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Y. Heredia
Operator's Signature

10-16-03
Date

Roll Call Vote #:

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES

Senate LBL 2/20 Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Klein Seconded By Everly

[illegible]

Total (Yes) 107 No 0

Absent

Floor Assignment Mutch

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature Y. Theresa J. Lee Date 10-16-03

REPORT OF STANDING COMMITTEE (410)
January 14, 2003 1:25 p.m.

Module No: SR-06-0537
Carrier: Mutch
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2120: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2120 was placed
on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-06-0537

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yubereca J. Lee
Operator's Signature

10-16-03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2120

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Cherese A. Lee
Operator's Signature

10-16-03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2120

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date March 4, 2003

Tape Number	Side A	Side B	Meter #
1	x		0.0-13.4
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chairman Keiser** opened the hearing on SB 2120.

Terry Wels, Chairman of the Board, North Dakota Small Employer Health Reinsurance Program, testified in support of SB 2120. (See attached)

Rep. Kasper: What are you repealing? What effect will it have on the market in the state of ND?

What constitutes a small group? So is the whole group being reinsured or just individuals? What

is the reason for the lack of success for the program? Are there not enough groups being written?

If this section is repealed, would small group business just go on without reinsurance or is there an alternative bill or a study group, where are we at if we repeal?

Wels: The Small Employer Group Health Reinsurance Program. Administrative costs run \$20,000 per year, the bulk of it has been assessed to Blue Cross Blue Shield. A small group is 2 to 50 employees. Just individuals are assigned to the program. The \$50,000 deductible is the problem. Only three people have used it. This program will just go away, everything will go on just as it has for years in our state.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yvonne J. Lee
Operator's Signature

10-16-03
Date

Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number SB 2120
Hearing Date March 4, 2003

Rep. Kasper: So this is really just a repealer to get Blue Cross Blue Shield off of a risk?

Wels: This is a lowering of total expenses. The program was intended to have a positive effect by inviting companies into the state to insure small groups. The mandates of the program discouraged that. We're not here to reduce costs for Blue Cross Blue Shield, we want to do away with an unnecessary program.

Rep. Johnson: Only three people in ten years have used this. Is anybody being covered right now? Would repeal of this put anybody in limbo?

Wels: No one is using it at this time.

Rep. Ruby: All small companies are charged a percentage to pay into this fund? Even if they are not participating in the pool?

Wels: Yes, depending on the percentage of business, the market share they have in ND, they are accessed that percentage.

Rep. Ruby: So this could result in a higher premium savings for small business?

Wels: It would reduce the amount of exposure for those companies doing business in ND.

Chairman Kelser: Where are these people going now if they are not using this program? And does the repealer eliminate the board too?

Wels: Some employers can't get insurance because of high risk individuals, they take that risk on their own. Yes, the board is eliminated in the repealer.

Rep. Kasper: Do you have statistics on how many small groups are being insured in the state in the 2-50 employee range?

Wels: The ND Insurance Department is here and they can answer that.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yubereca J. Lee
Operator's Signature

10-16-03
Date

Page 3
House Industry, Business and Labor Committee
Bill/Resolution Number SB 2120
Hearing Date March 4, 2003

Michael Fix, Director of Life and Health Division & Actuary ND Insurance Department,
testified in support of SB 2120. (See attached) Two individuals were reinsured in 1995, one in
1996 and none since then.

Rep. Severson: This is model legislation that was enacted in 1993, have other states repealed
this?

Fix: I don't know.

Chairman Kelser: Is there a problem in North Dakota relative to this?

Fix: I don't believe so. Companies are either abrogating the risk themselves or finding
reinsurance on their own.

Bob Lamp, Executive Vice President, Auto Dealers Association of North Dakota, testified in
support of SB 2120. I am appearing only for one purpose, having taking your advice and looked
at these repealers. I want to be on the record that we have clarified that we can continue to offer
our program exclusively to our members. (See attached)

Rep. Kasper: Is your plan written under the small group guidelines, are you an ERISA
(Employment Retirement Income Security Act) plan, or are you small and large groups?

Lamp: The bulk are in the 2-50 range. We are an ERISA plan, we meet the standards of any
health plan. We are underwritten by Blue Cross Blue Shield and our plan is exclusively for the
members of our organization

As there was no one else present to testify either in support of or in opposition to SB 2120, the
hearing was closed.

Rep. Klein moved a Do Pass. **Rep. Severson** seconded the motion. Results of the roll call vote
were 14-0-0.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and
were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute
(ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the
document being filmed.

Yubereca d. Lee
Operator's Signature

10-16-03
Date

Date: 3/4/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2120

House INDUSTRY BUSINESS & LABOR Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Klein Seconded By Severson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Boe	✓	
Vice-Chair Severson	✓		Ekstrom	✓	
Dosch	✓		Thorpe	✓	
Froseth	✓		Zaiser	✓	
Johnson	✓				
Kasper	✓				
Klein	✓				
Nottestad	✓				
Ruby	✓				
Tieman	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Johnson

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yubereca d. Lee
Operator's Signature

10-16-03
Date

REPORT OF STANDING COMMITTEE (410)
March 4, 2003 11:04 a.m.

Module No: HR-38-3827
Carrier: N. Johnson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2120: Industry, Business and Labor Committee (Rep. Kelsner, Chairman) recommends
DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2120 was placed
on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-38-3827

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yubereca J. Lee
Operator's Signature

10-16-03
Date

2003 TESTIMONY

SB 2120

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yuberead J. Lee
Operator's Signature

10-16-03
Date

SENATE BILL NO. 2120

Presented by: Michael Fix
Director of the Life and Health Division and Actuary
North Dakota Insurance Department

Before: Industry, Business and Labor Committee
Senate Duane Mutch, Chairman

Date: January 14, 2003

TESTIMONY

*Same testimony
given to
House*

Mr. Chairman and members of the committee:

Good morning. My name is Michael Fix, and I am the Director of the Life and Health Division and Actuary for the North Dakota Insurance Department. I appear here in support of Senate Bill No. 2120.

Senate Bill No. 2120 repeals the establishment of the small employer carrier reinsurance program and is recommended by its Board of Directors.

In 1993, the North Dakota Legislature enacted a version of the NAIC Small Employer Health Insurance Availability Model Act. The purpose of the Act was to promote the availability of health insurance to small employers. The Act accomplished its purpose by requiring all insurers participating in the small employer market in the state to adhere to certain market and pricing standards.

Additionally, the Act provided for a reinsurance mechanism that is supposed to provide a safety net for carriers in the small employer market who now must accept new risks that they previously did not accept.

[The reinsurance program is not serving its intended function. It is not being used by the carriers. There were two individuals reinsured in 1995, one in 1996, and none since then.

Carriers have indicated no desire to use the reinsurance program.

As a result, the Board of Directors for the reinsurance program recommends that the program be eliminated. We support that recommendation, and it will be accomplished by the passage of this bill, Senate Bill No. 2120.

Thank you.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yvonne J. Lee
Operator's Signature

10-16-03
Date

**TESTIMONY SUPPORTING SB 2120
BY**

TERRY WEIS

January 14, 2003

10:00 AM

**Senate Industry, Business and Labor Committee
Duane Mutch Chairman**

*Same
testimony
given to
House*

Good morning, Mr. Chairman and members of the Senate Industry, Business and Labor Committee.

For the record, my name is Terry Weis and I am here on behalf of the North Dakota Small Employer Health Reinsurance Program, where I serve as Chairman of the Board.

This program was adopted by a number of states around the country in hopes of spreading the high risk individuals that are being insured by any of the Insurance Companies doing business in North Dakota. By limiting the amount that any one Company would have for an individual that has a higher than normal risk, the hope was that more companies would want to do business in our state.

The program works as follows:

1. The Insurance Company enrolls an insured and pays a premium to the Program
2. The Insurance Company pays claims up to the Program deductible (\$50,000)
3. The Program pays any claims over the deductible
4. The Program at the annual meeting determines the amount needed to pay the claims and administrate the program. That amount is assessed to each Insurance Company doing business in the State of North Dakota in the Small Group Market (2-50 enrollees) all costs for this program are paid by the Insurance Companies.

Although the concept was good the entire Small Employer Health Reinsurance Program has been dismal at best. The board has made attempts at changing the Program to enhance the benefits to the Insurance Companies, however that did little to change the effectiveness of the Program.

At the last Board meeting, the Board voted to recommend to Insurance Commissioner Poolman that the North Dakota Small Employer Health Reinsurance Program be eliminated.

**SENATE BILL 2120 WOULD ELIMINATE THE PROGRAM AS
RECOMMENDED BY THE BOARD OF DIRECTORS**

THE BOARD SUPPORTS 2120

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yuberead J. Lee
Operator's Signature

10-16-03
Date

TESTIMONY
SENATE BILL 2120
JANUARY 14, 2003

*Same testimony given
to House*

- Mr. Chairman, members of the Senate Industry, Business and Labor Committee, my name is Bob Lamp representing the Automobile Dealers Association of North Dakota and the North Dakota Implement Dealers Association.
- I am appearing to express concern about one of the sections of the NDCC that is being proposed for repeal in Senate Bill 2120. That section, 26.1-36.3-07, is on page 12, line 18.
- Since 1949, the automobile and implement dealers' associations have offered a health insurance program for its dealers and their employees. Over the years, these associations have been able to maintain a viable health insurance plan.
- With small employer employee health insurance reform legislation in 1993 and 1995, a concern arose regarding the exclusivity of the plan for members of our associations. It was unclear whether the automobile and implement dealers' pool (or other association pools) could restrict other non-member small businesses from coming into their insurance pool.
- To clarify the intent of the legislation, section 26.1-36.3-07, subsection 15, was added and contains a provision which states in part, "Nothing in this chapter and section 26.1-36.3-07.2 may be construed to require an industry wide trade association plan operating under a master group policy to market, offer or sell a health benefit plan to employers who are not members of the association".
- If section 26.1-36.3-07 of the NDCC is repealed, it could change the opportunity for associations like ours to offer health insurance exclusively for its members.
- We have visited with representatives of the Insurance Department about this issue. They have indicated the intent is not to change the status of association group plans. It is their feeling that Section 26.1-36.3-06, subsection 6, addresses the question of access to plans for association members only.
- If that is the case, it removes our objection to the repeal of Section 26.1-36.3-07 and clarifies the intent of Senate Bill 2120 as it relates to trade association health care plans.
- Thank you Mr. Chairman for this opportunity to appear before your committee.

Robert L. Lamp
Executive Vice President
Automobile Dealers Association of North Dakota
North Dakota Implement Dealers Association

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yubereva d. Foo
Operator's Signature

10-16-03
Date