MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

2244

2005 SENATE HUMAN SERVICES

SB 2244

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2244

Senate Human Services Committee

☐ Conference Committee

Hearing Date January 26, 2005

Tape Number	Side A	Side B	Meter #
1	x		00-1330
Committee Clerk Signature *Cathy Mironuk*			

Minutes:

Chairman Lee opened the public hearing on SB 2244. All members were present.

Senator Brown was the prime sponsor of this bill, and introduced it. It is relating to eligibility

for coverage under the comprehensive health association of North Dakota.

Rod St. Aubyn, Blue Cross Blue Shield of North Dakota. See written testimony (Attachment

1)

Chairman Lee: So the items that are being added are just clarifying what is not part of the

policy.

St. Aubyn: That is already in practice right now.

Michael Fix, Director of the Life and Health Division, Insurance Department

The thing in question from the previous legislation was whether preexisting conditions did not

apply to HIPAA eligible individuals. Cathy Rogly, who is the administrator of CHAND, said it

doesn't apply so it isn't in the statute. So Frank Wheelen, with CMS, said he understood that,

but it would be cleaner if it was in the statute. So it is just a housekeeping change.

Mr. Fix explained the Trade Adjustment Reform Act for the committee and some COBRA

issues. CHAND membership has increased since 1982 with 78 contracts to 1,845 in 2003.

Chairman Lee asked Mr. St. Aubyn to provide the contributions of various insurance providers in

North Dakota for CHAND.

There was no further testimony on SB 2244.

Chairman Lee closed the public hearing on SB 2244.

Senator Brown moved DO PASS on SB 2244, seconded by Senator Dever.

Vote: 5 yeas, 4 nays, 0 absent. Carrier: Senator Warner.

Sen. Dever reminded the committee that legislation was passed last session for correcting typing

errors.

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. $B2244$

Senate __Human Services__ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken __Do Pass__

Motion Made By __u. Brown__ Seconded By __Dever__

Senators	Yes	No	Senators	Yes	No
Sen. Judy Lee - Chairman	✓		Sen. John Warner	✓	
Sen. Dick Dever - Vice Chairman	✓				
Sen. Richard Brown	✓				
Sen. Stanley Lyson	✓				

Total   (Yes) ___5___ No ___0___

Absent ___0___

Floor Assignment __Sen. Warner__

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

REPORT OF STANDING COMMITTEE (410)
January 26, 2005 12:53 p.m.

Module No: SR-17-1095
Carrier: Warner
Insert LC: .   Title: .

REPORT OF STANDING COMMITTEE
SB 2244: Human Services Committee (Sen. J. Lee, Chairman) recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).   SB 2244 was placed on the Eleventh order on the calendar.

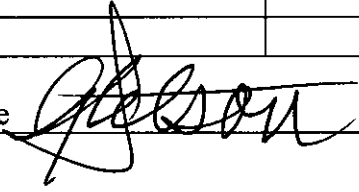2005 HOUSE HUMAN SERVICES

SB 2244

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2244

House Human Services Committee

❑ Conference Committee

Hearing Date February 28, 2005

Tape Number	Side A	Side B	Meter #
Number 1	x		124-965
Committee Clerk Signature			

Minutes:

Chairman Price opened hearing on SB 2244.

Rod St. Aubyn, Blue Cross Blue Shield (BCBSND). See attached testimony..

Rep. Porter: On page 2, # 10, on the Medicare supplemental, is there a need out there for an individual that may not be insurable, has Medicare, but has no way to pay the liability of the 20%, after Medicare pays?

R. St. Aubyn: If you go to page 3, line 2 there is a plan available. On page 2, line 8 is the definition, it is not considered health insurance coverage for qualification for CHAND. If that is the only health insurance you have, it doesn't limit you from getting it.

Chairman Price: CHAND does have a Medicare supplement.

Rep. Porter: I was just concerned if someone is 64 1/2 and turn 65, become Medicare eligible, if there was no supplement coverage available.

Rep. Devlin: Page 6, the 30 days seem to be a short period of time, is there any flexibility at all, or am I missing something?

R. St. Aubyn: I don't think there is any problem, is it at the option of the program. They do send notification several times. If the person just does not respond, they can refuse. If you would like to make it 60 or 45 days, it can be changed.

Chairman Price: That is in there for that reason, a woman and her son in one case, not every state has this coverage, we are one of the first to establish this program. So if they move to another state, they certainly do not want to loose it.

Rep. Kaldor: On the Section 2 changes, relative to the 180 day and such, is it your intent, that people who receive a rejection letter, make application to CHAND immediately or as soon as possible or to wait until the very last moment.

R. St. Aubyn: Yes, that is exactly right. The intent is really to have them apply as soon as they are eligible. We just want to clean up the discrepancy between the 90 days and 180 days creating that window of opportunity. A person can always say, I'm not going to apply for it until I need it. But the whole concept of health insurance, is try to get into a pool to hold down the costs.

Chairman Price: Anyone else to testify in favor? Any opposition?
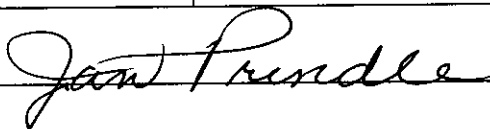
Close hearing on SB 2244.

House Human Services Committee

❑ Conference Committee

Hearing Date **16 March 2005**

Tape Number	Side A	Side B	Meter #
2	X		696 - 1150
Committee Clerk Signature	*Jean Prindle*		

Minutes:

Chairman Price opened discussion of SB 2244. I have been holding this bill simply for the

reason that we thought we might have to put something on it and needed a vehicle for some

changes to the cost/benefit analysis process but we think we can do it by rule. This is CHAND

bill that we have in front of us. Are there any questions on it?

Rep. Weisz: Could you refresh on the 183 days?

Chairman Price: That has to do with the residency piece of it. Remember we did group reform

it had to be with health insurance portability act. What we've found, and I serve on the CHAND

board as does Senator Lee, is that some of these people that have health problems or people that

are leaving the state are getting pretty smart at "gaming" the system and our CHAND is paying

for some people that have been out of the state for years. We keep trying to tighten it up. There

is a mother and son that lived in AZ but kept a post office box here. We had better CHAND

coverage than they could get down there. They didn't come back for treatment. They just filed

the insurance claim. What are your wishes on this bill?

Rep. Weisz: I move Do Pass

Rep. Porter: I second.

A roll call vote was taken.

Yes: 12   No: 0   Absent: 0

Representative Price will Carry the Bill.

Date: 3/14/05

Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CAll
BILL/RESOLUTION NO. SB 2244

House   **Human Services**   **Committee**

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken _Do Pass_____

Motion Made By   Rep. _Weisz_   Seconded By   Rep _Porter_

Representatives	Yes	No	Representatives	Yes	No
Chairman C.S.**Price**			Rep.L. **Kaldor**		
V Chrm.G.**Kreidt**			Rep.L. **Potter**		
Rep. V. **Pietsch**			Rep.S. **Sandvig**		
Rep.J.O. **Nelson**					
Rep.W.R. **Devlin**					
Rep.T. **Porter**					
Rep.G. **Uglem**					
Rep C. **Damschen**					
Rep.R. **Weisz**					

Total   **Yes**   12   **No**   0

Absent   0

Floor Assignment   Rep. _Price_

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

REPORT OF STANDING COMMITTEE

SB 2244: Human Services Committee (Rep. Price, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2244 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2244

Testimony on SB 2244
Senate Human Services Committee
January 26, 2004

Madam Chair and Committee Members, for the record I am Rod St. Aubyn, representing Blue Cross Blue Shield of North Dakota (BCBSND). BCBSND administers the Comprehensive Health Association of North Dakota (CHAND) program for the state of North Dakota. CHAND is the high-risk pool for our states residents. Many states have such programs. The premiums are capped at a rate, which are no more than 135% of the average cost of an individual health plan similar to the CHAND policy. Typically, the applicants to CHAND are those who have no group coverage (guaranteed issue) and cannot medically qualify for individual products in the marketplace. Typically, the claims exceed available premiums; so all health insurers in ND must make up the difference based on a prorated formula in comparison to their total annual premium volume. The Insurance Commissioner serves as Chairman of the CHAND Board.

During the 2003 session, several changes were made to the CHAND statute to conform to the National Association of Insurance Commissioners' (NAIC) model act for these types of high-risk programs. During this rewrite, it has been discovered that several areas have inadvertently been left out. These changes are not significant and do not really change the way the program has been operating. However, we had one other issue that we needed a "legislative fix." As a result, it was decided to make all the corrections at the same time. I will try to explain each change.

Section 1 on pages 1 & 2, just adds further clarification what is not considered "Health insurance coverage". These terms are in the Model Act and are actually how we currently administer the program anyway.

You will see several deletions of "for one hundred eighty three days" in the description of a resident. (Page 2, lines 18 & 19 and Page 3, line 24). These have been deleted because the definition within the CHAND Chapter already defines a resident as follows:

"Resident" means an individual who has been a legal resident of this state for a minimum of one hundred eighty-three days. However, for a federally defined eligible individual, there is no minimum length of residency requirement.

Section 2 corrects a possible loophole that exists in the current law. A person could apply for an individual policy from a company and be medically rejected. That letter of rejection is currently good for 183 days. This individual can elect to apply to CHAND any time within that 183-day period. He/she could elect to have the effective date be retroactive back to the date of receiving the rejection letter. However the applicant would have to pay for the premium for that retroactive time. Currently, there is a preexisting waiting period for the first 180 days following the effective date or 90 days immediately preceding the application date. An applicant could "game" the system by using the dates to their advantage. The applicant could get a letter of rejection and not apply for the CHAND policy. They could simply wait to see if they need the coverage. If they had

major surgery on day 181 after the rejection, they could then apply for CHAND, pay for the premiums for the past 181 days, have CHAND pay for the cost of the surgery. It was decided by the CHAND Board to make all these dates (valid rejection letter and waiting periods) consistent by making them 180 days. You will find these changes on page 2, line 21, page 3, line26, and page 5, line 12.

On page 5, lines 21 and 22 were added at the suggestion of CMS during the 2003 Session to explain that the preexisting condition limitations do not apply to the Trade Adjustment Assistance Reform Act of 2002 applicant. It was recently discovered that this same situation applies to the HIPAA applicant as well. That is why the change is being recommended on page 5, line 22.

The changes suggested in Section 3, are items inadvertently missed from the model act.

Madam Chair and Committee members, I hope this satisfactorily explains the changes we are suggesting for the CHAND statute. The CHAND Board urges your support of these changes. I would be willing to try to answer any questions you may have.