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October 25, 2010

Representative Bette Grande, Chair
 Legislative Employee Benefits Committee
 State Capital
 600 East Boulevard
 Bismarck, North Dakota 58505-0360

Dear Representative Grande:

**RE: REVIEW OF PROPOSED BILL 10068.0100 ENABLE THE ESTABLISHMENT OF MEMBER-RUN
 NONPROFIT HEALTH INSURANCE ISSUERS**

The following summarizes the proposed legislation as well as our assessment of the financial and technical impacts of the bill.

OVERVIEW OF PROPOSED BILL

As proposed, this bill would enable the establishment of member-run nonprofit health insurance entity.

EXPECTED FINANCIAL IMPACT

PERS currently purchases health insurance on a fully insured basis from Blue Cross Blue Shield of North Dakota. This bill does not directly effect PERS but could establish an alternative member-run nonprofit entity that would be an additional alternative for PERS and its members to consider. This bill should have no financial impact as member would continue to receive coverage from the PERS uniform group insurance program.

TECHNICAL COMMENTS

The Patient Protection and Affordable Care Act that was signed into law on March 23, 2010 calls for the creation of state-based health insurance exchanges by January 1, 2014. Health insurance exchanges represent a virtual marketplace where qualifying private citizens can purchase health insurance from private health insurance companies.

A state-based health insurance exchange (as required in the Patient Protection and Affordable Care Act) is similar to what is being proposed in this bill. It should be noted that PERS statute does presently provide that PERS may assume responsibility for group purchasing arrangements as provided by federal law (NDCC 54-52.1-08.2), it does not appear that this bill would conflict with the PERS statute. Since PERS is not directly effect by this bill we anticipate no costs to PERS.

Sincerely,

Patrick L. Pechacek, CEBS
 Director

cc: Sparb Collins, NDPERS

Peter Roverud
 Senior Manager