

Health Care Reform Impact on the North Dakota Insurance Department

What we are doing:

- Tracking and analyzing market reforms that began 90 days after the March 23, 2010 signing of the Act and continue to be implemented:
 - Excessive waiting periods
 - Lifetime limits
 - Rescissions
 - Extension of dependent coverage
 - Temporary high-risk pool decision
 - Pre-existing condition exclusions for under age 19
 - Coverage of preventative health services
- Reviewing additional policy filings necessary to bring health plans into compliance with new policy provisions as of September 23
- Reviewing rate filings initiated by changes to policies and grandfathered/non-grandfathered benefit levels
- Identifying staffing and training needs, both short term and long term (technical, legal, administrative, information technology)
- Preparing for new regulatory and consumer assistance responsibilities
- Continuing oversight and regulation of existing grandfathered plans as well as all new plans issued under reform provisions
- Working with legislative committees and members to report on the progress of implementing federal health care reform; identify required state law changes; draft legislation
- Applying for grants – rate review and Exchange planning
- Reporting quarterly on grants – financial and progress reports, grant officer updates bi-monthly
- Fulfilling grant activity requirements
- Satisfying the requirements for the web portal
- Establishing internal processes to monitor and provide input into development of federal regulations, NAIC standards
- Evaluating internal needs to ensure coordination of implementation activities across programs
- Reaching out to other state agencies to discuss Exchange needs and status of interoperability amongst various information technology systems
- Holding public stakeholder meetings to discuss implementation, obtain input on legislation and regulatory changes and new filing requirements
- Requested a three year medical loss ratio (MLR) adjustment to phase in requirement of 80% for individual insurance plans in 2014.
- Communicating regularly with stakeholders about health care reform news and activities
- Maintaining web page for regular updates on health care reform activities, summary documents and Q&As.
- Continuing to monitor regulatory provisions and directives issued by Secretary of HHS and other federal agencies
- Responding to many requests for consumer and business outreach through public presentations
- Responding to requests for information and assistance through our consumer hotline
- Created an interagency Exchange policy working group to coordinate Exchange efforts

Implementation challenges ahead:

- Substantial research and analysis yet to be completed for the Exchange
- Additional HHS regulations and guidance are still coming and will need to be implemented
- Implementation and long-term management of varying regulatory requirements for grandfathered plans, Exchange plans, non-Exchange plans, multi-state plans and plans within each market segment (individual, small group and large group)
- Several important decisions on the Exchange are still ahead:
 - Who will run the Exchange — state or federal government? And where will it be placed — state, quasi, non-profit?
 - If North Dakota runs the Exchange, how will it be governed? – Board of Directors? Advisory Group? Make-up? Chair? Industry on or off?
 - One Exchange or two?
 - Does the existing non-Exchange market continue to exist?
 - What role do agents and brokers play in the Exchange?
- ND will likely have to coordinate with an “Innovator” state to build the Exchange IT system or risk certification by January 1, 2013.
- Massive public education and information effort coordinated across state agencies will be required for the Exchange.
- Coordinating efforts between state agencies will need to continue.
- Staff resources must be located and trained appropriately within timeframes.
- Long-term fiscal planning will be required to make the Exchange self funding by 2015.

SB 2010 North Dakota Insurance Department Appropriation

Department request—\$18,556,282

Source: Insurance Regulatory Trust Fund and federal grant dollars (special funds)

- Includes \$6,990,000 in fire district and ND Fire Association grant dollars; does not include salary or fringe benefit increases
- Optional budget included 9 FTE and optional operating/IT costs for health care reform
 - FTEs requested: Company Financial Analyst (2), Company Financial Examiner, Research Analyst, Form/Rate Filing Analyst, Health Insurance Counselor/Investigator (2), Actuary and Human Resource Director
 - FTEs would perform additional duties required by health care reform including rate and form review, consumer assistance, oversight of plans, monitor reform regulatory changes, work on state and national level to track reform and impact, and additional administrative duties

Executive recommendation—\$18,437,148

Source: Insurance Regulatory Trust Fund and federal grant dollars (special funds)

- Includes \$6,990,000 in fire district and ND Fire Association grant dollars; does not include salary or fringe benefit increases
- Included 5 FTEs and salary for a temp
- FTEs included: Company Financial Analyst, Company Financial Examiner, Research Analyst, Form/Rate Filing Analyst, Health Insurance Counselor/Investigator

Final version—\$17,401,730

Includes 0 FTEs

Source: Insurance Regulatory Trust Fund and federal grant dollars (special funds)

- \$7,040,000 in fire district and ND Fire Association grant dollars

Federal grant dollars—\$1,384,452

- The Department has been awarded one grant for \$1 million for health insurance rate review enhancement.
- The Department could apply for an additional grant of \$1 million in the second part of the biennium.
- The grant may be spent on staff, IT software and operating expenses, which are mostly contracted entities costs
- The contracts would analyze historical industry assumptions in rate requests; the development of a data system to enable more detailed rate review; the development of team capabilities for rate review; the ability for SERFF to capture required federal data and purchasing IT software used in rate review.



North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

HB 1126 Proposed Health Insurance Exchange Bill

Department request—\$32,764,517

Source: Insurance Regulatory Trust Fund and federal grant dollars (special funds)

- Included 4 FTE and additional operating/IT costs
 - FTEs would analyze the options for an exchange, work with consultants, provide information to federal government, state officials and consumers, track other state and national level data, work with other ND agencies in planning, liaise with insurance companies and other stakeholders
 - FTE costs—\$602,697
 - Operating costs—\$2,161,820
 - IT development costs—\$30,000,000

Final version—\$1,000,000

Includes 0 FTEs

Source: Federal grant dollars (special funds)

Federal grant dollars—\$1,000,000

- The Department has been awarded one grant for \$1 million for health insurance exchange planning.
- The \$1 million was to be expended primarily on contracted entities.
- The contracts would analyze the information technology needs and costs of the exchange; the potential design structure of the exchange; educating the public and tracking the federal implementation.
- States may apply for additional grant funds for exchange planning and establishment