

SENATE BILL NO. 2073

Presented by: **Jon Godfread**
 Insurance Commissioner
 North Dakota Insurance Department

Before: **House Industry, Business and Labor**
 Representative Mike Lefor, Chairman

Date: **March 3rd, 2021**

TESTIMONY

Good Morning, Chairman Lefor and members of the committee. My name is Jon Godfread, I am the North Dakota Insurance Commissioner, and I appear before you in support of Senate Bill No. 2073.

Senate Bill 2073 comes to this committee after a unanimous vote from the Senate Chamber.

This bill is intended to repeal an old section of our insurance title, 26.1-36-49, and to create an entirely new chapter under NDCC § 26.1-36.8 on short-term limited-duration plans. Last session, as some of you may remember, we expanded the definition of short-term limited duration plans so that consumers were able to have a policy up to a year. This allowed a consumer to purchase one of these policies while they wait for an open enrollment period to purchase a traditional major medical policy.

These types of plans are designed to be a type of gap coverage for a person that needs some sort of basic medical coverage in the event they lose their comprehensive major medical coverage. These plans are not comprehensive in nature and typically have limited benefits for a limited time.

The new provisions of this new chapter remove some sections of the current law that also negatively impacted the products availability to consumers, such as required recorded calls. We

implemented administrative rules in 2020 that put additional requirements and disclosures in place that we feel protect the consumer and therefore a recorded call is not needed.

In addition to an individual market existing for a consumer we realized that there may be a need for a more robust group market for associations. This bill creates a new section, 26.1-36.8-03, which allows companies to create products that resemble major medical plans that are in the market right now and can be sold to associations. We hope by doing this it broadens options for associations to purchase a group type policy for its individual members.

These sections create and allow for underwriting and renewal criteria, along with rating criteria consistent with the Affordable Care Act (ACA) market on page 3 lines 12 through 19. Page 3 line 20 through page 4 line 3 also requires plans to offer, at a minimum, nine of the ten essential health benefits as described under the ACA. We have excluded pediatric dental and vision.

Essentially, this would create plans similar to what is being offered in other states, namely Iowa. This would create a comprehensive Association Short Term Plan, that would be limited to 364 days and allow for up to 3 renewals of that plan. These plans would be available to associations of at least 25 members.

The remaining section on page 4 is from language in the original statute, which is being repealed in §26.1-36-49, which will require the Department to continue to review marketing materials, in addition to the requirement that a producer's signature and identification number be included on the application for insurance. Repealing §26.1-36-49 and replacing it with the language in this bill, effectively removes the requirement for our agents to record phone calls with consumers, which has shown to be a significant burden on our agent community. We are comfortable with this removal as the disclosures we have added in our administrative code effectively inform the consumer of the products they are purchasing.

In conclusion, I respectfully request a "do pass" recommendation from this committee on Senate Bill No. 2073. I am happy to take any questions.

26.1-36-49. Short-term limited-duration health insurance plans.

1. As used in this section, "short-term limited-duration health insurance plan" means health insurance coverage provided pursuant to an insurance policy or group certificate of insurance that has an expiration date specified in the policy which is no longer than six months after the original effective date of the policy and, taking into account any renewals or extensions, has a duration of not more than twelve months in total. **–MOVED Pg 2 Ln 20-23 of SB 2073**

2. To the extent other state laws do not conflict with this section, any policy or rider advertised, marketed, or offered as a short-term limited-duration health insurance plan must comply with this section and all other applicable state insurance laws. **–Not Necessary.**

3. An insurer issuing a policy or certificate under this chapter shall provide, at the insured's option, for renewal or continuation of coverage. The renewal or continuation of coverage period may not extend for more than twelve months from the original effective date of the policy. **– MOVED Pg 2 Ln 25-26 of SB 2073**

4. An insured may not be subject to additional underwriting at renewal or continuation of coverage and shall remain within the same risk class as of the original effective date of the policy. **–MOVED Pg 2 Ln 27-29 of SB 2073**

5. An insurer shall provide a notice of termination of the policy or certificate to the insured at least fifteen days before renewal or end of the policy term. **–MOVED PG 3 Ln 1-3 of SB 2073 & Pg 4 Ln 4-5 (to cover association STLDI)**

6. All marketing materials related to the offering or sale of a short-term limited-duration health insurance plan must be filed with and approved by the commissioner before the plan is offered for sale in this state. **–MOVED PG 4 LN 7-9 of SB 2073**

7. Sale of a policy for short-term limited-duration health insurance plan is only allowed through a licensed and properly appointed insurance producer. An insurance producer's signature and identification number must be included on the prospective insured's application. **– BEING REMOVED – COVERD IN ADMINSTRATIVE RULE**

8. A phone call made to a prospective insured relating to the marketing or sale of a short-term limited-duration health insurance plan must be recorded and maintained by the producer or the insurer for a period of no less than one year after the termination date of the policy **–CHANGED UPDATED – PG 4 Ln 10-13 of SB 2073**