Good Morning Chairman Keiser and members of the Health Care Reform Review committee. For the record, I am Kathy Robley, CHAND Administrator. I am here today with Brad Bartle, VP of Actuarial and Membership Services at BCBSND. I was asked to appear before you today to provide an update on the Comprehensive Health Association of North Dakota, or CHAND.

CHAND was created by the Legislature in 1981. It offers health insurance to North Dakota residents who are unable to find adequate health insurance coverage due to medical conditions and pricing or have lost their employer sponsored group health coverage. BCBSND has provided administrative services to CHAND through a Lead Carrier agreement since 1981. The Lead Carrier administers CHAND in accordance with the governing legislation and direction of the CHAND Board of Directors. The CHAND Board consists of: the Commissioner of Insurance; a North Dakota Senator; a North Dakota Representative; the Director of the Office of Management and Budget; the State Health Officer; and, a representative of the three companies with the highest North Dakota accident and health premium volumes. Board members present today are: Commissioner Adam Hamm, Senator Judy Lee, Representative Nancy Johnson and Mr. Brad Bartle.

CHAND covers major medical and prescription drug expenses, subject to benefit plan limitations and exclusions. Individuals must apply for and meet CHAND eligibility requirements to qualify for benefits.

Approximately one half to two thirds of the program's costs are supported through subscriber premiums. The balance is covered by assessments to companies that write $100,000 in annual premiums on behalf of residents of North Dakota. Additionally, the association may apply for federal grants.

CHAND Applicants

CHAND offers four types of individual coverage: Traditional, HIPAA, TAARA and Supplement policies for Medicare individuals. Traditional coverage is for applicants who were: denied coverage for health reasons; offered coverage at a rate that exceeds CHAND's premium; offered a policy with restrictive riders; or, qualified due to one of the 18 catastrophic conditions included on the application. Spouses and dependents of CHAND subscribers are also eligible for CHAND coverage and may purchase a separate policy without meeting additional qualifications. Traditional enrollees may have other coverage in conjunction with CHAND but CHAND is always payer of last resort. An individual on Medicare may obtain coverage through CHAND on a Traditional or Supplement Policy. CHAND's Supplement plans have eligibility requirements that mirror the CHAND Traditional plan.

As part of the federal Health Insurance Portability and Accessibility Act (HIPAA) of 1996, every state could either adopt an acceptable state alternative mechanism for group-to-individual portability or accept the federal "fall-back" mechanism. CHAND was designated as the alternative program, providing North Dakota's resident with access to CHAND as a HIPAA qualified individual. HIPAA applicants are those individuals with 18 months of qualifying previous coverage, who have applied for CHAND coverage within 63 days of the termination of the qualifying previous coverage.

North Dakota also utilizes CHAND as an insurance vehicle for residents that are eligible for assistance with health premiums through the federal Trade Adjustment Assistance Reform Act (TAARA) of 2002. These individual are able to receive reimbursement of 65% of their health premiums on a monthly pre-tax basis or through a special federal income tax credit at year-end.

ACA Impact on CHAND

The Affordable Care Act has eliminated new enrollment in the Traditional plans for individuals who were denied coverage. Medicaid Expansion has attracted a handful of CHAND subscribers, however CHAND has already received requests to return to the program, primarily due to provider network restrictions. Enrollment has realized a small drop.

In addition to providing expansive in and out-of-state provider network arrangements, CHAND's total premium and benefits can be cost effective for some subscribers. CHAND also provides a benefit plan without copayments for office visits and other services and prescriptions are not formulary restricted. Cost sharing is divided 80/20 with a maximum out of pocket of three thousand dollars annually then the plan pays 100%. The exchange offers only high deductible and copayment health plans to individuals. ACA products provide no reimbursement for services received out-of-network. The restrictive provider networks for the exchange products and Medicaid Expansion are concerning for individuals, especially those experiencing significant illness or who are mid-treatment with out-of-network providers.

The program benefits are approved by the CHAND Board on an annual basis. For the last 30 plus years, the Board has consistently ensured that the medical needs of North Dakota's high risk pool enrollees have a solid health plan with benefits that allow individuals to have access to the services and prescriptions they need without significant costs beyond their premiums.

The Future of CHAND

I was also asked to address the future and necessity of CHAND going forward. I believe this is a topic best addressed by the CHAND Board, which I do not represent, in collaboration with the state legislature. In my experience, I feel that CHAND has a continuing role serving current members for many years.

Additionally, there are between 35 – 40 carriers in North Dakota who participate in funding CHAND through assessments. With changes to legislation, it is possible that CHAND could be utilized for other related purposes, such as a means for individuals receiving third party premium payments, thereby spreading the excess cost of care for high risk users across all carriers.

Thank you for your time today. Mr. Bartle and I would be happy to take any questions.