

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Funding Summary

	Base Budget	Final Legislative Action	Comparison to Base Budget
Insurance Department			
Salaries and wages	\$8,149,998	\$8,076,281	(\$73,717)
Operating expenses	1,566,675	2,369,359	802,684
Capital assets		100,000	100,000
Fire department grants	<u>18,818,030</u>	<u>20,728,540</u>	<u>1,910,510</u>
Total all funds	\$28,534,703	\$31,274,180	\$2,739,477
Less estimated income	<u>28,534,703</u>	<u>31,274,180</u>	<u>2,739,477</u>
General fund	\$0	\$0	\$0
FTE	41.00	38.00	(3.00)
Bill total			
Total all funds	\$28,534,703	\$31,274,180	\$2,739,477
Less estimated income	<u>28,534,703</u>	<u>31,274,180</u>	<u>2,739,477</u>
General fund	\$0	\$0	\$0
FTE	41.00	38.00	(3.00)

House Bill No. 1010 - Insurance Department - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$8,149,998	(\$333,157)	\$7,816,841
Operating expenses	1,566,675	(59,316)	1,507,359
Capital assets		100,000	100,000
Fire department grants	<u>18,818,030</u>		<u>18,818,030</u>
Total all funds	\$28,534,703	(\$292,473)	\$28,242,230
Less estimated income	<u>28,534,703</u>	<u>(292,473)</u>	<u>28,242,230</u>
General fund	\$0	\$0	\$0
FTE	41.00	(3.00)	38.00

Department 401 - Insurance Department - Detail of House Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Salary and Benefit Adjustments²	Adjusts FTE Positions³	Adjusts Funding for Operating Expenses⁴	Adds One-Time Funding for an Office Remodel⁵	Total House Changes
Salaries and wages	\$95,794	\$177,949	(\$606,900)			(\$333,157)
Operating expenses				(\$59,316)		(59,316)
Capital assets					\$100,000	100,000
Fire department grants						
Total all funds	\$95,794	\$177,949	(\$606,900)	(\$59,316)	\$100,000	(\$292,473)
Less estimated income	<u>95,794</u>	<u>177,949</u>	<u>(606,900)</u>	<u>(59,316)</u>	<u>100,000</u>	<u>(292,473)</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(3.00)	0.00	0.00	(3.00)

¹ Funding is adjusted for base payroll changes, including \$5,998 from other funds for a workload adjustment and \$89,796 for the cost-to-continue July 1, 2020, salary increases.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250 for both years, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	Other Funds
Salary increase	\$176,042
Health insurance increase	<u>1,907</u>
Total	\$177,949

³ Salaries and wages and FTE positions are adjusted as follows:

Description	FTE Positions	Other Funds
Adds insurance adjuster position	1.00	\$115,276
Removes producer licensing division director position	(1.00)	(236,127)
Removes senior insurance form rate analyst position	(1.00)	(224,627)
Removes insurance company financial analyst position	(1.00)	(210,711)
Removes office assistant position	(1.00)	(115,171)
Increases funding for a supervising examiner position	<u>0</u>	<u>64,460</u>
Total	(3.00)	(\$606,900)

⁴ Funding for operating expenses is reduced by \$59,316 from other funds, including an increase of \$56,366 to provide a total of \$200,000 for travel, an increase of \$3,856 for Microsoft Office 365 licensing expenses, and decreases in other miscellaneous operating expenses, including rent.

⁵ One-time funding of \$100,000 from other funds is added to remodel office space in the Capitol for the Insurance Department.

A section is added amending North Dakota Century Code Section 26.1-01-09 to provide the statutory changes necessary to increase the Insurance Commissioner's salary by 1.5 percent per year from the current salary of \$110,582 to \$112,241 for the 1st year and to \$113,925 for the 2nd year of the biennium.

House Bill No. 1010 - Insurance Department - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$8,149,998	\$7,816,841	\$193,837	\$8,010,678
Operating expenses	1,566,675	1,507,359	907,000	2,414,359
Capital assets		100,000		100,000
Fire department grants	<u>18,818,030</u>	<u>18,818,030</u>	(18,818,030)	
Total all funds	\$28,534,703	\$28,242,230	(\$17,717,193)	\$10,525,037
Less estimated income	<u>28,534,703</u>	<u>28,242,230</u>	(17,717,193)	<u>10,525,037</u>
General fund	\$0	\$0	\$0	\$0
FTE	41.00	38.00	0.00	38.00

Department 401 - Insurance Department - Detail of Senate Changes

	Adjusts Funding for Salary Increases¹	Adds Funding to Adjust FTE Position²	Adds Funding for Temporary Employees³	Adds Funding for Travel⁴	Provides Continuing Appropriation Authority⁵	Adds One- Time Funding for a Study⁶
Salaries and wages	\$6,633	\$79,204	\$108,000			
Operating expenses				\$45,000		\$200,000
Capital assets						
Fire department grants					(18,818,030)	
Total all funds	\$6,633	\$79,204	\$108,000	\$45,000	(18,818,030)	\$200,000
Less estimated income	<u>6,633</u>	<u>79,204</u>	<u>108,000</u>	<u>45,000</u>	<u>(18,818,030)</u>	<u>200,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for the State Flexibility to Stabilize the Market Grant^z	Total Senate Changes
Salaries and wages		\$193,837
Operating expenses	\$662,000	907,000
Capital assets		
Fire department grants		(18,818,030)
Total all funds	\$662,000	(\$17,717,193)
Less estimated income	<u>662,000</u>	<u>(17,717,193)</u>
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding is adjusted to provide salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Funding of \$79,204 from special funds is added to change a legal assistant position to an attorney position.

³ Funding of \$108,000 from special funds is added for five temporary employees to assist during Medicare Part D open enrollment.

⁴ Funding of \$45,000 from special funds is added to provide a total of \$245,000 for travel. The House provided \$200,000 from special funds for travel.

⁵ Funding for payments to fire districts and the North Dakota Firefighter's Association is removed to reflect continuing appropriation authority provided in this amendment. The Insurance Commissioner estimates \$18,818,030 will be deposited in the insurance tax distribution fund during the 2021-23 biennium pursuant to this amendment, the same amount as deposited in the fund during the 2019-21 biennium. Of that amount, \$17,783,038 (94.5 percent) will be distributed to fire districts and \$1,034,992 (5.5 percent) will be distributed to the North Dakota Firefighter's Association during the 2021-23 biennium.

⁶ One-time funding of \$200,000 from special funds is added for the Insurance Commissioner to conduct a study of the availability, cost, and risks associated with insurance coverage in the lignite coal industry, as provided in Senate Bill No. 2287.

⁷ One-time funding of \$662,000 from federal funds is added for the state flexibility to stabilize the market grant program, which is intended to provide added flexibility in the private health insurance market through the implementation of market reforms.

This amendment also:

- Removes the section identifying the appropriation from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Adds sections to provide continuing appropriation authority from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association. These sections also provide for the Insurance Commissioner to calculate the amounts to be deposited in and distributed from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Adds a section to provide for examinations of health carriers by the Insurance Commissioner or any of the Insurance Commissioner's examiners.
- Changes the section adjusting the Insurance Commissioner's annual salary to provide for a 1.5 percent increase on July 1, 2021, and a 2 percent increase on July 1, 2022. The House had increased the Insurance Commissioner's salary by 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and maximum monthly increase of \$250.
- Adds a section to provide for a Legislative Management study of medication optimization.

House Bill No. 1010 - Insurance Department - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$8,149,998	\$7,816,841	\$259,440	\$8,076,281	\$8,010,678	\$65,603
Operating expenses	1,566,675	1,507,359	862,000	2,369,359	2,414,359	(45,000)
Capital assets		100,000		100,000	100,000	
Fire department grants	18,818,030	18,818,030	1,910,510	20,728,540		20,728,540
Total all funds	\$28,534,703	\$28,242,230	\$3,031,950	\$31,274,180	\$10,525,037	\$20,749,143
Less estimated income	28,534,703	28,242,230	3,031,950	31,274,180	10,525,037	20,749,143
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	41.00	38.00	0.00	38.00	38.00	0.00

Department 401 - Insurance Department - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases ¹	Adds Funding for Salaries ²	Increases Funding for Fire District Payments ³	Adds One-Time Funding for a Study ⁴	Adds Funding for the State Flexibility to Stabilize the Market Grant ⁵	Total Conference Committee Changes
Salaries and wages	\$6,633	\$252,807				\$259,440
Operating expenses				\$200,000	\$662,000	862,000
Capital assets						
Fire department grants			\$1,910,510			1,910,510
Total all funds	\$6,633	\$252,807	\$1,910,510	\$200,000	\$662,000	\$3,031,950
Less estimated income	6,633	252,807	1,910,510	200,000	662,000	3,031,950
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding is adjusted to provide salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022. The House provided salary increases of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Funding of \$252,807 from other funds is added for salary equity and workload adjustments. Neither the House version nor the Senate version included this funding. The Senate version added \$79,204 to convert a position to an attorney, \$108,000 for temporary salaries, and \$45,000 for travel. Those increases are not included in this amendment.

³ Funding of \$1,910,510 is added from the insurance tax distribution fund to provide a total of \$20,728,540 for payments to fire departments (\$19,588,470) and the North Dakota Firefighter's Association (\$1,140,070). The House provided \$18,818,030 for payments to fire departments and the North Dakota Firefighter's Association and the Senate provided continuing appropriation authority for the payments. This increase will result in a general fund revenue reduction of \$1,910,510.

⁴ One-time funding of \$200,000 from the strategic investment and improvements fund is added for the Insurance Commissioner to conduct a study of the availability, cost, and risks associated with insurance coverage in the lignite coal industry, as provided in Senate Bill No. 2287. The Senate also added \$200,000 from other funds for the study, but did not specify the source of funds.

⁵ One-time funding of \$662,000 from federal funds is added for the state flexibility to stabilize the market grant program, which is intended to provide added flexibility in the private health insurance market through the implementation of market reforms, the same as provided by the Senate. The House did not provide funding for this purpose.

This amendment also:

- Adds a section to provide for examinations of health carriers by the Insurance Commissioner or any of the Insurance Commissioner's examiners, the same as the Senate version.
- Changes the section adjusting the Insurance Commissioner's annual salary to provide for a 1.5 percent increase on July 1, 2021, and a 2 percent increase on July 1, 2022, the same as the Senate version. The House had increased the Insurance Commissioner's salary by 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and maximum monthly increase of \$250.

- Adds a section to provide for a Legislative Management study of medication optimization, the same as the Senate version.
- Adds a section to provide for a Legislative Management study of fire-related insurance lines. The Senate did not include this section.