

Sixty-seventh  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1010

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the insurance  
2 commissioner; ~~to provide an appropriation for the distribution of funds from the insurance tax~~  
3 ~~distribution fund~~; to create and enact a new section to chapter 26.1-36 of the North Dakota  
4 Century Code, relating to examinations of health carriers; to amend and reenact ~~section~~sections  
5 18-04-04, 18-04-04.1, 18-04-05, and 26.1-01-09 and subsection 1 of section 26.1-03-17 of the  
6 North Dakota Century Code, relating to the distribution of funds from the insurance tax  
7 distribution fund and the salary of the insurance commissioner; to provide a continuing  
8 appropriation; to provide for a legislative management study; and to provide for a report.

9 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
11 as may be necessary, are appropriated from special funds derived from federal funds and other  
12 income, to the insurance commissioner for the purpose of defraying the expenses of the  
13 insurance commissioner, for the biennium beginning July 1, 2021, and ending June 30, 2023,  
14 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
17 <del>Salaries and wages</del>	<del>\$8,149,998</del>	<del>(\$333,157)</del>	<del>\$7,816,841</del>
18 <del>Operating expenses</del>	<del>1,566,675</del>	<del>(59,316)</del>	<del>1,507,359</del>
19 <del>Capital assets</del>	<del>0</del>	<del>100,000</del>	<del>100,000</del>
20 <del>Total special funds</del>	<del>\$9,716,673</del>	<del>(\$292,473)</del>	<del>\$9,424,200</del>
21 <u>Salaries and wages</u>	<u>\$8,149,998</u>	<u>(\$139,320)</u>	<u>\$8,010,678</u>
22 <u>Operating expenses</u>	<u>1,566,675</u>	<u>847,684</u>	<u>2,414,359</u>
23 <u>Capital assets</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>

1 Total special funds \$9,716,673 \$808,364 \$10,525,037

2 Full-time equivalent positions 41.00 (3.00) 38.00

3 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**

4 **SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect one-time funding

5 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the

6 one-time funding items included in the appropriation in section 1 of this Act:

7	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
8	Office remodel	\$0	\$100,000
9	<del>Health care analysis</del>	<del>200,000</del>	<del>0</del>
10	<del>Total special funds</del>	<del>\$200,000</del>	<del>\$100,000</del>
11	<u>State flexibility to stabilize the market grant</u>	<u>0</u>	<u>662,000</u>
12	<u>Coal and fossil fuel industry insurance study</u>	<u>0</u>	<u>200,000</u>
13	<u>Health care analysis</u>	<u>200,000</u>	<u>0</u>
14	<u>Total special funds</u>	<u>\$200,000</u>	<u>\$962,000</u>

15 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget

16 for the 2023-25 biennium. The insurance commissioner shall report to the appropriations

17 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the

18 biennium beginning July 1, 2021, and ending June 30, 2023.

19 ~~**SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the insurance~~  
 20 ~~tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$18,818,030 or~~  
 21 ~~so much of the sum as may be necessary, to the insurance commissioner for the purpose of~~  
 22 ~~providing payments, in accordance with provisions of section 18-04-05, to North Dakota fire~~  
 23 ~~departments in the amount of \$17,989,505 and payments to the North Dakota firefighter's~~  
 24 ~~association in the amount of \$828,525 for the biennium beginning July 1, 2021, and ending~~  
 25 ~~June 30, 2023.~~

26 **SECTION 3. UNSATISFIED JUDGMENT FUND.** Section 1 of this Act includes

27 ~~\$26,344~~\$26,610 from the state unsatisfied judgment fund to pay unsatisfied judgment fund

28 administrative expenses for the biennium beginning July 1, 2021, and ending June 30, 2023.

29 **SECTION 4. AMENDMENT.** Section 18-04-04 of the North Dakota Century Code is  
 30 amended and reenacted as follows:

1       **18-04-04. Insurance companies to report fire, allied lines, homeowner's multiple peril,**  
2 **farmowner's multiple peril, and commercial multiple peril insurance premium collections**  
3 **- Form furnished by insurance commissioner.**

4       The insurance commissioner, ~~when~~at the time the commissioner forwards to an insurance  
5 company ~~which~~that is issuing policies for fire, allied lines, homeowner's multiple peril,  
6 farmowner's multiple peril, crop hail, and commercial multiple peril insurance in this state the  
7 form to be used in submitting ~~its~~the company's annual statement, shall forward a form  
8 containing the names of all cities and all rural fire protection districts or rural fire departments  
9 entitled to benefits under the provisions of this chapter. Every insurance company issuing  
10 policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail,  
11 and commercial multiple peril insurance within this state shall complete ~~such~~the form by  
12 showing ~~thereon~~ the amount of all premiums received by ~~it~~the company upon such policies  
13 issued on property within the corporate limits of each city shown on ~~such~~the form and on  
14 property within the boundaries of each rural fire protection district shown on ~~such~~the form or  
15 property within the boundaries of each rural fire department as certified by the state fire marshal  
16 during the year ending on the preceding thirty-first day of December and shall file the ~~same~~form  
17 as a part of ~~its~~the company's annual statement.

18       **SECTION 5. AMENDMENT.** Section 18-04-04.1 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20       **18-04-04.1. Insurance tax distribution fund.**

21       The insurance tax distribution fund is a special fund in the state treasury. The portion of  
22 revenue provided in section 26.1-03-17 must be deposited in the fund for disbursement as  
23 provided in this chapter and chapter 23-46, ~~subject to legislative appropriation.~~

24       **SECTION 6. AMENDMENT.** Section 18-04-05 of the North Dakota Century Code is  
25 amended and reenacted as follows:

26       **18-04-05. Amount due cities, rural fire protection districts, or rural fire departments -**  
27 **Transfer to firefighters death benefit fund - Disbursement to North Dakota firefighter's**  
28 **association - Payments by insurance commissioner - Continuing appropriation.**

29       1. The insurance commissioner shall disburse funds in the insurance tax distribution fund  
30 as provided under this section.

- 1       2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars  
2       per biennium, as may be necessary, to the firefighters death benefit fund for  
3       distribution under chapter 18-05.1.
- 4       3. The insurance commissioner shall compute and disburse funds to the North Dakota  
5       firefighter's association for uses authorized under chapter 18-03, ~~subject to legislative~~  
6       ~~appropriations.~~
- 7       4. The insurance commissioner shall compute and disburse the amounts due to the  
8       certified city fire departments, certified rural fire departments, or certified fire protection  
9       districts entitled to benefits under this chapter on or before December first of each  
10      year. ~~The insurance commissioner shall allocate one-half of the biennial legislative~~  
11      ~~appropriation for distribution under this subsection, to each eligible city not within a~~  
12      ~~certified fire protection district, each certified rural fire protection district organized~~  
13      ~~under this title, and each rural fire department certified by the state fire marshal, and~~  
14      ~~pay the amount allocated in December of each year.~~ The allocation must be made in  
15      proportion to the amount of insurance company premiums received by insurance  
16      companies pursuant to section 26.1-03-17 for ~~policies for fire, allied lines,~~  
17      ~~homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and~~  
18      ~~crop hail insurance~~ the lines of insurance identified under section 18-04-04 on property  
19      within the city of a certified city fire department, a certified rural fire protection district,  
20      or area served by ~~the~~ a certified rural fire department to the total of those premiums for  
21      those policies in the state.
- 22      5. Annually, the insurance commissioner shall determine the amount of insurance  
23      premium taxes collected from the insurance lines identified in section 18-04-04. Of this  
24      amount, annually the commissioner shall disburse five and one-half percent to the  
25      North Dakota firefighter's association and ninety-four and one-half percent to certified  
26      city fire departments, certified rural fire departments, and certified fire protection  
27      districts. Moneys authorized for disbursement under this section are appropriated from  
28      the insurance tax distribution fund to the insurance commissioner on a continuing  
29      basis for the purpose of this section.

30       **SECTION 7. AMENDMENT.** Section 26.1-01-09 of the North Dakota Century Code is  
31       amended and reenacted as follows:

1       **26.1-01-09. Salary of commissioner.**

2       The annual salary of the commissioner is ~~one hundred seven thousand eight hundred~~  
3 ~~eighty-five dollars through June 30, 2020~~one hundred twelve thousand two hundred forty-one  
4 dollars through June 30, 2022, and ~~one hundred ten thousand five hundred eighty-two~~one  
5 hundred thirteen thousand nine hundred twenty-fiveone hundred fourteen thousand four  
6 hundred eighty-six dollars thereafter.

7       **SECTION 8. AMENDMENT.** Subsection 1 of section 26.1-03-17 of the North Dakota  
8 Century Code is amended and reenacted as follows:

- 9       1. Before issuing the annual certificate required by law, the commissioner shall collect  
10 from every stock and mutual insurance company, nonprofit health service corporation,  
11 health maintenance organization, and prepaid legal service organization, except  
12 fraternal benefit and benevolent societies, doing business in this state, a tax on the  
13 gross amount of premiums, assessments, membership fees, subscriber fees, policy  
14 fees, service fees collected by any third-party administrator providing administrative  
15 services to a group that is self-insured for health care benefits, and finance and  
16 service charges received in this state during the preceding calendar year, at the rate of  
17 two percent with respect to life insurance, one and three-fourths percent with respect  
18 to accident and health insurance, and one and three-fourths percent with respect to all  
19 other lines of insurance. This tax does not apply to considerations for annuities. The  
20 total tax is payable on or before March first following the year for which the tax is  
21 assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on  
22 the next succeeding business day. Collections from this tax must be deposited in the  
23 insurance tax distribution fund under section 18-04-04.1 but not in an amount  
24 exceeding the amount computed under section 18-04-05 and one-half of the biennial  
25 amount appropriated for distribution under ~~section 18-04-05 and~~ chapter 23-46 in any  
26 fiscal year. Collections from this tax exceeding the sum of the amount deposited in the  
27 insurance tax distribution fund must be deposited in the general fund in the state  
28 treasury.

29       **SECTION 9.** A new section to chapter 26.1-36 of the North Dakota Century Code is created  
30 and enacted as follows:

**Examinations.**

1. As used in this section, the terms "health carrier" and "health benefit plan" have the same meaning as provided under section 26.1-36.3-01.
2. Whenever the commissioner, in the commissioner's sole discretion, deems it appropriate, but at least once every five years, the commissioner or any of the commissioner's examiners shall conduct a comprehensive examination of a health carrier with a market share of twenty-five percent or more of health benefit plan covered lives in this state. The examination must be conducted in accordance with an examination conducted under chapter 26.1-03. In determining the scope of the comprehensive examination, the commissioner shall consider the criteria set forth in the market conduct handbook adopted by the national association of insurance commissioners and adopted by the commissioner which is in effect when the examination is initiated and any other matters deemed appropriate by the commissioner.

**SECTION 10. LEGISLATIVE MANAGEMENT STUDY - MEDICATION OPTIMIZATION.**

During the 2021-22 interim, the legislative management shall consider studying medication optimization. The study must include a review of the implementation of clinical pharmacist-led medication optimization programs in individual, large group, and small group plans, including provider credentialing, billing standards and procedures, providing standards of care, patient monitoring, consistent documentation of outcomes and efforts related to de-prescribing, and structuring an outcome reporting system for medication optimization programs. The study also must include a review of changes necessary to state laws and administrative rules to implement effective medication optimization. The insurance commissioner shall assist the legislative management with the study and identify and request the participation of stakeholders needed to complete this study. The insurance commissioner shall collect and provide to the legislative management the data needed to complete the study. The data provided by stakeholders, not otherwise publicly disclosed, must be considered confidential pursuant to section 44-04-18.4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.