

**FIRST ENGROSSMENT
with Senate Amendments
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 create and enact a new section to chapter 26.1-36 of the North Dakota
3 Century Code, relating to examinations of health carriers; to amend and reenact sections
4 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
5 North Dakota Century Code, relating to the distribution of funds from the insurance tax
6 distribution fund and the salary of the insurance commissioner; to provide a continuing
7 appropriation; to provide for a legislative management study; and to provide for a report.

8 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
14				
15				
16	Salaries and wages	\$8,149,998	(\$139,320)	\$8,010,678
17	Operating expenses	1,566,675	847,684	2,414,359
18	Capital assets	<u>0</u>	<u>100,000</u>	<u>100,000</u>
19	Total special funds	\$9,716,673	\$808,364	\$10,525,037
20	Full-time equivalent positions	41.00	(3.00)	38.00

21 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
22 **SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect one-time funding
23 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the
24 one-time funding items included in the appropriation in section 1 of this Act:

	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
1			
2	Office remodel	\$0	\$100,000
3	State flexibility to stabilize the market grant	0	662,000
4	Coal and fossil fuel industry insurance study	0	200,000
5	Health care analysis	<u>200,000</u>	<u>0</u>
6	Total special funds	\$200,000	\$962,000

7 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
8 for the 2023-25 biennium. The insurance commissioner shall report to the appropriations
9 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the
10 biennium beginning July 1, 2021, and ending June 30, 2023.

11 **SECTION 3. UNSATISFIED JUDGMENT FUND.** Section 1 of this Act includes \$26,610
12 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative
13 expenses for the biennium beginning July 1, 2021, and ending June 30, 2023.

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

16 **18-04-04. Insurance companies to report fire, allied lines, homeowner's multiple peril,**
17 **farmowner's multiple peril, and commercial multiple peril insurance premium collections**
18 **- Form furnished by insurance commissioner.**

19 The insurance commissioner, ~~when~~at the time the commissioner forwards to an insurance
20 company ~~which~~that is issuing policies for fire, allied lines, homeowner's multiple peril,
21 farmowner's multiple peril, crop hail, and commercial multiple peril insurance in this state the
22 form to be used in submitting ~~it~~the company's annual statement, shall forward a form
23 containing the names of all cities and all rural fire protection districts or rural fire departments
24 entitled to benefits under the provisions of this chapter. Every insurance company issuing
25 policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail,
26 and commercial multiple peril insurance within this state shall complete ~~sueh~~the form by
27 showing ~~thereon~~ the amount of all premiums received by ~~it~~the company upon such policies
28 issued on property within the corporate limits of each city shown on ~~sueh~~the form and on
29 property within the boundaries of each rural fire protection district shown on ~~sueh~~the form or
30 property within the boundaries of each rural fire department as certified by the state fire marshal

1 during the year ending on the preceding thirty-first day of December and shall file the same form
2 as a part of ~~its~~the company's annual statement.

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

5 **18-04-04.1. Insurance tax distribution fund.**

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

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

11 **18-04-05. Amount due cities, rural fire protection districts, or rural fire departments -**
12 **Transfer to firefighters death benefit fund - Disbursement to North Dakota firefighter's**
13 **association - Payments by insurance commissioner - Continuing appropriation.**

- 14 1. The insurance commissioner shall disburse funds in the insurance tax distribution fund
15 as provided under this section.
- 16 2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars
17 per biennium, as may be necessary, to the firefighters death benefit fund for
18 distribution under chapter 18-05.1.
- 19 3. The insurance commissioner shall compute and disburse funds to the North Dakota
20 firefighter's association for uses authorized under chapter 18-03, ~~subject to legislative~~
21 ~~appropriations.~~
- 22 4. The insurance commissioner shall compute and disburse the amounts due to the
23 certified city fire departments, certified rural fire departments, or certified fire protection
24 districts entitled to benefits under this chapter on or before December first of each
25 year. ~~The insurance commissioner shall allocate one-half of the biennial legislative~~
26 ~~appropriation for distribution under this subsection, to each eligible city not within a~~
27 ~~certified fire protection district, each certified rural fire protection district organized~~
28 ~~under this title, and each rural fire department certified by the state fire marshal, and~~
29 ~~pay the amount allocated in December of each year.~~ The allocation must be made in
30 proportion to the amount of insurance company premiums received by insurance
31 companies pursuant to section 26.1-03-17 for ~~policies for fire, allied lines,~~

1 homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and
2 crop hail insurance the lines of insurance identified under section 18-04-04 on property
3 within the city of a certified city fire department, a certified rural fire protection district,
4 or area served by the a certified rural fire department to the total of those premiums for
5 those policies in the state.

6 5. Annually, the insurance commissioner shall determine the amount of insurance
7 premium taxes collected from the insurance lines identified in section 18-04-04. Of this
8 amount, annually the commissioner shall disburse five and one-half percent to the
9 North Dakota firefighter's association and ninety-four and one-half percent to certified
10 city fire departments, certified rural fire departments, and certified fire protection
11 districts. Moneys authorized for disbursement under this section are appropriated from
12 the insurance tax distribution fund to the insurance commissioner on a continuing
13 basis for the purpose of this section.

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

16 **26.1-01-09. Salary of commissioner.**

17 The annual salary of the commissioner is ~~one hundred seven thousand eight hundred~~
18 ~~eighty five dollars through June 30, 2020~~ one hundred twelve thousand two hundred forty-one
19 dollars through June 30, 2022, and ~~one hundred ten thousand five hundred eighty-two~~
20 one hundred fourteen thousand four hundred eighty-six dollars thereafter.

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

23 1. Before issuing the annual certificate required by law, the commissioner shall collect
24 from every stock and mutual insurance company, nonprofit health service corporation,
25 health maintenance organization, and prepaid legal service organization, except
26 fraternal benefit and benevolent societies, doing business in this state, a tax on the
27 gross amount of premiums, assessments, membership fees, subscriber fees, policy
28 fees, service fees collected by any third-party administrator providing administrative
29 services to a group that is self-insured for health care benefits, and finance and
30 service charges received in this state during the preceding calendar year, at the rate of
31 two percent with respect to life insurance, one and three-fourths percent with respect

1 to accident and health insurance, and one and three-fourths percent with respect to all
2 other lines of insurance. This tax does not apply to considerations for annuities. The
3 total tax is payable on or before March first following the year for which the tax is
4 assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on
5 the next succeeding business day. Collections from this tax must be deposited in the
6 insurance tax distribution fund under section 18-04-04.1 but not in an amount
7 exceeding the amount computed under section 18-04-05 and one-half of the biennial
8 amount appropriated for distribution under ~~section 18-04-05 and~~ chapter 23-46 in any
9 fiscal year. Collections from this tax exceeding the sum of the amount deposited in the
10 insurance tax distribution fund must be deposited in the general fund in the state
11 treasury.

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

14 **Examinations.**

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

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

29 During the 2021-22 interim, the legislative management shall consider studying medication
30 optimization. The study must include a review of the implementation of clinical pharmacist-led
31 medication optimization programs in individual, large group, and small group plans, including

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1 provider credentialing, billing standards and procedures, providing standards of care, patient
2 monitoring, consistent documentation of outcomes and efforts related to de-prescribing, and
3 structuring an outcome reporting system for medication optimization programs. The study also
4 must include a review of changes necessary to state laws and administrative rules to implement
5 effective medication optimization. The insurance commissioner shall assist the legislative
6 management with the study and identify and request the participation of stakeholders needed to
7 complete this study. The insurance commissioner shall collect and provide to the legislative
8 management the data needed to complete the study. The data provided by stakeholders, not
9 otherwise publicly disclosed, must be considered confidential pursuant to section 44-04-18.4.
10 The legislative management shall report its findings and recommendations, together with any
11 legislation required to implement the recommendations, to the sixty-eighth legislative assembly.