

March 25, 2021

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1010

Page 1, line 2, remove "to provide an appropriation for the distribution of funds from the insurance tax"

Page 1, line 3, replace "distribution fund;" with "to create and enact a new section to chapter 26.1-36 of the North Dakota Century Code, relating to examinations of health carriers;"

Page 1, line 3, replace "section" with "sections 18-04-04, 18-04-04.1, 18-04-05, and"

Page 1, line 3, after "26.1-01-09" insert "and subsection 1 of section 26.1-03-17"

Page 1, line 4, after the first "to" insert "the distribution of funds from the insurance tax distribution fund and"

Page 1, line 4, after the semicolon insert "to provide a continuing appropriation; to provide for a legislative management study;"

Page 1, replace lines 13 through 16 with:

"Salaries and wages	\$8,149,998	(\$139,320)	\$8,010,678
Operating expenses	1,566,675	847,684	2,414,359
Capital assets	0	100,000	100,000
Total special funds	\$9,716,673	\$808,364	\$10,525,037"

Page 2, replace lines 1 and 2 with:

"State flexibility to stabilize the market grant	0	662,000
Coal and fossil fuel industry insurance study	0	200,000
Health care analysis	200,000	0
Total special funds	\$200,000	\$962,000"

Page 2, remove lines 7 through 13

Page 2, line 14, replace "\$26,344" with "\$26,610"

Page 2, after line 16, insert:

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

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

The insurance commissioner, ~~when~~at the time the commissioner forwards to an insurance company ~~which~~that is issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial multiple peril insurance in this state the form to be used in submitting ~~its~~the company's annual statement, shall forward a form containing the names of all cities and all rural fire protection districts or rural fire departments entitled to benefits under the provisions of this chapter. Every insurance company issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, crop hail, and commercial

multiple peril insurance within this state shall complete ~~such~~the form by showing ~~thereon~~ the amount of all premiums received by ~~it~~the company upon such policies issued on property within the corporate limits of each city shown on ~~such~~the form and on property within the boundaries of each rural fire protection district shown on ~~such~~the form or property within the boundaries of each rural fire department as certified by the state fire marshal during the year ending on the preceding thirty-first day of December and shall file the ~~same~~form as a part of ~~its~~the company's annual statement.

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

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

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

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

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

1. The insurance commissioner shall disburse funds in the insurance tax distribution fund as provided under this section.
2. The insurance commissioner shall transfer an amount of up to fifty thousand dollars per biennium, as may be necessary, to the firefighters death benefit fund for distribution under chapter 18-05.1.
3. The insurance commissioner shall compute and disburse funds to the North Dakota firefighter's association for uses authorized under chapter 18-03, ~~subject to legislative appropriations.~~
4. The insurance commissioner shall compute and disburse the amounts due to the certified city fire departments, certified rural fire departments, or certified fire protection districts entitled to benefits under this chapter on or before December first of each year. ~~The insurance commissioner shall allocate one-half of the biennial legislative appropriation for distribution under this subsection, to each eligible city not within a certified fire protection district, each certified rural fire protection district organized under this title, and each rural fire department certified by the state fire marshal, and pay the amount allocated in December of each year. The allocation must be made in proportion to the amount of insurance company premiums received by insurance companies pursuant to section 26.1-03-17 for policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, commercial multiple peril, and crop hail insurance~~the lines of insurance identified under section 18-04-04 on property within the city of a certified city fire department, a certified rural fire protection district, or area served by the a certified rural fire department to the total of those premiums for those policies in the state.

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

Page 2, line 22, remove "one"

Page 2, line 23, replace "hundred thirteen thousand nine hundred twenty-five" with "one hundred fourteen thousand four hundred eighty-six"

Page 2, after line 23, insert:

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

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

**SECTION 9.** A new section to chapter 26.1-36 of the North Dakota Century Code is created 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."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1010 - Insurance Department - Senate Action**

	<b>Base Budget</b>	<b>House Version</b>	<b>Senate Changes</b>	<b>Senate Version</b>
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>	<u>(18,818,030)</u>	
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>	<u>(17,717,193)</u>	<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 Increases <sup>1</sup>	Adds Funding to Adjust FTE Position <sup>2</sup>	Adds Funding for Temporary Employees <sup>3</sup>	Adds Funding for Travel <sup>4</sup>	Provides Continuing Appropriation Authority <sup>5</sup>	Adds One-Time Funding for a Study <sup>6</sup>
Salaries and wages	\$6,633	\$79,204	\$108,000			
Operating expenses				\$45,000		\$200,000
Capital assets						
Fire department grants					(\$18,818,030)	
<b>Total all funds</b>	<b>\$6,633</b>	<b>\$79,204</b>	<b>\$108,000</b>	<b>\$45,000</b>	<b>(\$18,818,030)</b>	<b>\$200,000</b>
Less estimated income	6,633	79,204	108,000	45,000	(18,818,030)	200,000
<b>General fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for the State Flexibility to Stabilize the Market Grant <sup>7</sup>	Total Senate Changes
Salaries and wages		\$193,837
Operating expenses	\$662,000	907,000
Capital assets		
Fire department grants		(18,818,030)
<b>Total all funds</b>	<b>\$662,000</b>	<b>(\$17,717,193)</b>
Less estimated income	662,000	(17,717,193)
<b>General fund</b>	<b>\$0</b>	<b>\$0</b>
FTE	0.00	0.00

<sup>1</sup> Funding is adjusted to provide salary adjustments 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.

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

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

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.