

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



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| ROLL NUMBER |
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DESCRIPTION

1277

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1277

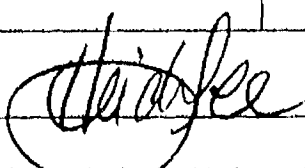
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1277

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb., 2001

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|-----------|
| 1 | X | | 4.43-46.8 |
| 3 | X | | 30.6-33.5 |
| Committee Clerk Signature  | | | |

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Rep Frank Wald: Sponsoring bill.

Rep Koppang: Is there a lot of concern throughout the state?

Rep Wald: Yes.

Kent Olson: *NDPIA* We support this bill.

Mike Hamerlik: (9.59) *BC/BS ND* Written testimony in opposition.

Beth Allen: *ND State Insurance Dept.* The employer is considered as part of the group. Any person can waive out of a group but when a carrier decides, persons that waive out may count against the company policy.

Rep Kasper: (20.42) Is the carrier affected if the group includes an employers spouse?

Allen: The carrier is still guaranteed.

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1277

Hearing Date Feb. 5, 2001

Vice-Chair Keiser: As long as the premiums are being paid, why does it matter who's paying?

Hamerlik: The problem is that the bill requires this. When you pool individual rates to a group plan you'll get a better rate. I disagree with the language. We don't want to require companies to be put into a group plan.

Rep Kasper: (29.4) Can't you reject individual policies?

Hamerlik: That would violate discrimination laws.

Rep Johnson: Do you have ideas on how this could be better?

Hamerlik: There has to be a change in the language.

Sue Anderson: *Legal Counsel ND Insurance Dept.* **Neutral** This is too broad. The problem is with the small group if self-employed individuals can do it. Carriers are unsure when accepting a company check for an individual account because it may actually be a small group.

Chairman Berg: Can we make an exception?

Anderson: Exempt out 'small groups' because I'm not sure that we can make them eligible.

Chairman Berg: We'll close the hearing on HB 1277.

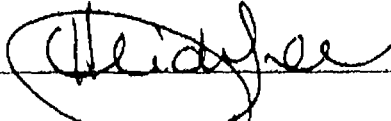
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1277 (B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb. 12, 2001

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|------------|
| 2 | X | | 28.32-37.5 |
| | | | |
| | | | |
| Committee Clerk Signature  | | | |

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Rep Koppang: Supplied and proposed amendments to legalize bill.

Rep Pietsch: I move the amendments.

Rep M. Klein: I second

Rep Koppang: I move a do pass as amended.

Rep Kasper: I second.

12 yea, 1 nay, 2 absent

Carrier Rep Koppang

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1277

Page 1, line 1, replace "provide for" with "create and enact a new section to chapter 26.1-36.4, relating to"

Page 1, line 4, after the first period insert "A new section to chapter 26.1-36.4 of the North Dakota Century Code is created and enacted as follows:"

Page 1, line 6, after the period insert "This does not apply to groups as defined under chapter 26.1-36.3."

Renumber accordingly

Date: 2-12-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~as written to open Bill/Resolution No.~~ HB 1277

House Industry, Business and Labor Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken ~~to pass~~ Do pass as amended

Motion Made By Koppang Seconded By Kasper

| Representatives | Yes | No | Representatives | Yes | No |
|-----------------------------|-----|----|-----------------------|-----|----|
| Chairman- Rick Berg | ✓ | | Rep. Jim Kasper | ✓ | |
| Vice-Chairman George Keiser | | | Rep. Matthew M. Klein | ✓ | |
| Rep. Mary Ekstorm | ✓ | | Rep. Myron Koppang | ✓ | |
| Rep. Rod Froelich | ✓ | | Rep. Doug Lemieux | ✓ | |
| Rep. Glen Froseth | ✓ | | Rep. Bill Pietsch | ✓ | |
| Rep. Roxanne Jensen | ✓ | | Rep. Dan Ruby | ✓ | |
| Rep. Nancy Johnson | ✓ | | Rep. Dale C. Severson | ✓ | |
| | | | Rep. Elwood Thorpe | | ✓ |
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Total (Yes) 12 No 1

Absent 2

Floor Assignment Rep Koppang

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1277: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (12 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1277 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "provide for" with "create and enact a new section to chapter 26.1-36.4 of the North Dakota Century Code, relating to"

Page 1, line 4, after the first period insert "A new section to chapter 26.1-36.4 of the North Dakota Century Code is created and enacted as follows:"

Page 1, line 6, after the period insert "This section does not apply to groups as defined under chapter 26.1-36.3."

Renumber accordingly

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1277

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1277

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 12, 2001.

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|--------------|
| 1 | x | | 46.5 to 52.7 |
| | | | |
| Committee Clerk Signature <i>Doris E. Perez</i> | | | |

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1277 relating to acceptable methods of employer payment of employee health insurance premiums.

Representative Jim Kasper, District 46, cosponsor. This bill was introduced because of the situation of small employers, not incorporated, with few employees. Many times not large enough to purchase group policies. They might want to purchase individual policies for the employees but, as interpreted by the insurance companies, the law says they cannot use employer checks to pay for the premiums. The language in this bill will allow employers to use employer checks to pay employee premiums and the insurance companies will be able to accept them.

Senator Espgaard: Problem would be that it would be taxable as part of wages and not as a business expense for the employer.

Rep. Kasper: Yes, it would cause a tax liability.

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1277

Hearing Date March 12, 2001.

Rod St Aubyn, Blue Cross/Blue Shield, support the bill.

No opposing testimony. Hearing closed.

Senator Klein: Motion do pass. **Senator Espegard**: Second.

Roll call vote: 5 yes; 0 no; 2 absent not voting. Floor assignment : **Senator Espegard**.

Date: 3/12/01
Roll Call Vote #:/

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1277

Senate Industry, Business and Labor Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as engrossed

Motion Made By Sen Klein Seconded By Sen Espeland

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|-----------------|-----|----|
| Senator Mutch - Chairman | ✓ | | Senator Every | ✓ | |
| Senator Klein - Vice Chairman | ✓ | | Senator Mathern | A | |
| Senator Espeland | ✓ | | | | |
| Senator Krebsbach | A | | | | |
| Senator Tollefson | ✓ | | | | |
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Total (Yes) 5 No 0

Absent 2

Floor Assignment Sen Espeland

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 12, 2001 12:01 p.m.

Module No: SR-42-5320
Carrier: Espegard
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1277, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1277 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1277

House Industry Business and Labor Committee
Rep. Rick Berg, Chairman
Testimony in Opposition to House Bill 1277
On behalf of Blue Cross Blue Shield of North Dakota
Mike Hamerlik
February 5, 2001

Mr. Chairman and Members of the Committee:

My name is Mike Hamerlik, and I appear today on behalf of Blue Cross Blue Shield of North Dakota in opposition to House Bill 1277.

The passage of HB 1277 will reverse the progress made since 1993 in reforming insurance laws to make insurance more affordable for small businesses. Beginning in the 1993 and continuing in 1995 and 1997, the North Dakota Legislative Assembly has made significant positive strides in making health insurance more affordable for North Dakota's small businesses.

These changes, known in the industry as "small group reform," have transformed an accepted industry practice of denying coverage through underwriting to a required practice of accepting all groups *regardless* of the health condition of a group or an individual within a group. Because of these changes, North Dakota has maintained its position as having one of the lowest uninsured rates in the country. In addition, we have seen migration from individual health plans to small employer health plans.

Prior to these changes, insurance companies could accept or reject any group or even reject certain individuals within groups based upon health status. To help keep premiums low, groups or individuals likely to incur claims were rejected. The law now forbids this; all insurance companies must accept all groups that apply for coverage.

These changes became feasible by requiring inclusion of all employees in a group health insurance plan and not excluding any employees. If HB 1277 passes, an employer will be free to drop coverage for the "group" as a whole and tell employees to buy insurance on their own...if they can get it. The young and healthy will be able to buy affordable health insurance; the older or sicker employees will be denied coverage or pay even higher premium rates. We will see more uninsured North Dakotans, many of whom have chronic conditions and need health care and health insurance.

In addition, HB 1277 requires insurance companies to accept employer-sponsored health plans that may violate a myriad of federal laws. The Employee Retirement Income Security Act of 1974 ("ERISA") governs most employer-sponsored health insurance benefit plans. ERISA imposes many regulations on such plans, including provisions that prohibit discrimination. In addition, the Americans with Disabilities Act forbids discrimination on the basis of a disability, which in many cases is a medical condition

