

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

14407

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1407

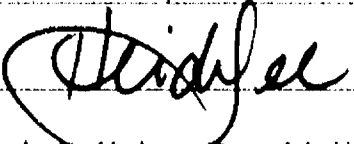
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1407

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb. 5, 2001

| Tape Number   | Side A | Side B | Meter #  |
|---|--------|--------|----------|
| 2   |        | X      | 0-36.9   |
| 3   | X      |        | 16-22.25 |
| 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 Rick Berg: I'm sponsoring this bill to take a proactive examination of health care packages in this state. The Insurance Commissioner would examine mandates to ensure that the benefits out weigh the cost. I'm providing a copy of the 22 mandates to be reviewed.

Rep Lemieux: How do you quantify a fiscal note to a medical procedure?

Rep Berg: You look at the total cost before and after the procedure.

Rep George Keiser: The intention is good business. We just want to overview these mandates, not necessarily eliminate them. If we don't do this, it will cause a trend of decreasing coverage. We need to find the intended purpose of these mandates and ensure that they do what's intended.

Rep Severson: Do we have a cost analysis and documentation?

Rep Keiser: We'll leave that up to Blue Cross Blue Shield.

Page 2  
House Industry, Business and Labor Committee  
Bill/Resolution Number HB 1407  
Hearing Date Feb. 5, 2001

Dick Hedahl: *GNDA* We support this bill looking at identifying mandates with cost. All mandates limit options, this study will examine what's necessary and what's not.

Rod St. Aubyn: *BC/BS ND* **Written testimony in support of bill.**

Rep Kasper: Do you have the information needed for the study?

St. Aubyn: yes.

Chip Thomas: *WDIA* An escalation of mandates will cause recourse by employers. This need to be reviewed and we support this.

Douglas Holloway: *Assistant Insurance Commissioner* Our office supports this fully.

David Meiers: *NDFF* We're neutral on this issue. Our main concern with identifying statistics is that important mandates may be thrown out yet are still needed, I.E. mental health.

Chairman Berg: We'll close the hearing on HB 1407.

Rep M. Klein: I move a do pass.

Rep Severson: I second.

11 yea, 2 nay, 2 absent      **Carrier Rep Severson**

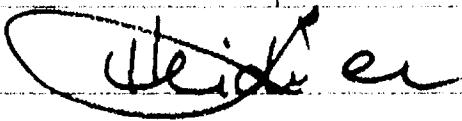
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1407(B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb. 13, 2001

| Tape Number   | Side A | Side B | Meter # |
|---|--------|--------|---------|
| 3   | X      |        | 0-3.0   |
|   |        |        |         |
|   |        |        |         |
| 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.

Chairman Berg: Supplied amendments and explained.

Rep Johnson: I move to reconsider the bill.

Rep Froseth: I second.

Rep Froseth: I move to adopt the amendments.

Rep Johnson: I second.

Rep Froseth: I move a do pass as amended with rerefferal to appropriations.

Rep Johnson: I second

10 yea, 3 nay, 2 absent

Carrier Rep Severson

**FISCAL NOTE**  
 Requested by Legislative Council  
 04/20/2001

Bill/Resolution No.:

Amendment to:            Reengrossed  
                                       HB 1407

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

|                       | 1999-2001 Biennium |             | 2001-2003 Biennium |             | 2003-2005 Biennium |             |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|                       | General Fund       | Other Funds | General Fund       | Other Funds | General Fund       | Other Funds |
| <b>Revenues</b>       | \$0                | \$0         | \$0                | \$0         | \$0                | \$0         |
| <b>Expenditures</b>   | \$0                | \$0         | \$0                | \$55,000    | \$0                | \$0         |
| <b>Appropriations</b> | \$0                | \$0         | \$0                | \$55,000    | \$0                | \$0         |

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 1999-2001 Biennium |        |                  | 2001-2003 Biennium |        |                  | 2003-2005 Biennium |        |                  |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties           | Cities | School Districts | Counties           | Cities | School Districts | Counties           | Cities | School Districts |
| \$0                | \$0    | \$0              | \$0                | \$0    | \$0              | \$0                | \$0    | \$0              |

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Sections 1 and 3 of Second Engrossed HB 1407 with Conference Committee Amendments will impact the Insurance Regulatory Trust Fund.

Section 1 provides that the Insurance Department shall pay for a Legislative Council study of the impact of mandating health insurance coverage before the mandate becomes law. Each proposed mandate will require a separate study. The final impact to the Insurance Regulatory Trust Fund will depend on the number of mandates proposed. It is difficult to predict the number of benefits that will be proposed each session. Assuming at least two mandates per session, the cost of a study is estimated to be between \$10,000 and \$100,000 with the midpoint being \$55,000. A study will require the service of a consulting actuary. Section 4 appropriates \$55,000 from the Insurance Regulatory Trust Fund to cover the cost of the studies over the 2001-2003 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

See above.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

See above.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Insurance Regulatory Trust Fund - 2001-2003 biennium budget. See answer to No. 1.

Expense - \$55,000

No FTEs. Studies will be contracted with outside consultants.

|                      |                    |                       |                      |
|----------------------|--------------------|-----------------------|----------------------|
| <b>Name:</b>         | Charles E. Johnson | <b>Agency:</b>        | Insurance Department |
| <b>Phone Number:</b> | 328-2440           | <b>Date Prepared:</b> | 04/20/2001           |

**FISCAL NOTE**  
 Requested by Legislative Council  
 03/23/2001

Bill/Resolution No.:

Amendment to:            Reengrossed  
    HB 1407

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

|                       | 1999-2001 Biennium |             | 2001-2003 Biennium |             | 2003-2005 Biennium |             |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|                       | General Fund       | Other Funds | General Fund       | Other Funds | General Fund       | Other Funds |
| <b>Revenues</b>       | \$0                | \$0         | \$0                | \$0         | \$0                | \$0         |
| <b>Expenditures</b>   | \$0                | \$0         | \$0                | \$55,000    | \$0                | \$0         |
| <b>Appropriations</b> | \$0                | \$0         | \$0                | \$55,000    | \$0                | \$0         |

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 1999-2001 Biennium |        |                  | 2001-2003 Biennium |        |                  | 2003-2005 Biennium |        |                  |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties           | Cities | School Districts | Counties           | Cities | School Districts | Counties           | Cities | School Districts |
| \$0                | \$0    | \$0              | \$0                | \$0    | \$0              | \$0                | \$0    | \$0              |

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Sections 1 and 3 of Second Engrossed HB 1407 with Senate amendments will impact the Insurance Regulatory Trust Fund.

Section 1 provides that the Insurance Department shall study the impact of mandating health insurance coverage before the mandate becomes law. Each proposed mandate will require a separate study. The final impact to the Insurance Regulatory Trust Fund will depend on the number of mandates proposed. It is difficult to predict the number of benefits that will be proposed each session. Assuming at least two mandates per session, the cost of a study is estimated to be between \$10,000 and \$100,000 with the midpoint being \$55,000. A study will require the service of a consulting actuary. Section 4 appropriates \$55,000 from the Insurance Regulatory Trust Fund to cover the cost of the studies over the 2001-2003 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*



See No. 2 above.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Insurance Regulatory Trust Fund - 2001-2003 biennium budget. See answer to No. 1

Expense - \$55,000

No FTEs. Studies will be contracted with outside consultants.

|                      |                    |                       |                      |
|----------------------|--------------------|-----------------------|----------------------|
| <b>Name:</b>         | Charles E. Johnson | <b>Agency:</b>        | Insurance Department |
| <b>Phone Number:</b> | 328-2440           | <b>Date Prepared:</b> | 03/26/2001           |

# FISCAL NOTE

Requested by Legislative Council  
02/22/2001

Bill/Resolution No.:

Amendment to:           Engrossed  
                                  HB 1407

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

|                       | 1999-2001 Biennium |             | 2001-2003 Biennium |             | 2003-2005 Biennium |             |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|                       | General Fund       | Other Funds | General Fund       | Other Funds | General Fund       | Other Funds |
| <b>Revenues</b>       | \$0                | \$0         | \$0                | \$0         | \$0                | \$0         |
| <b>Expenditures</b>   | \$0                | \$0         | \$0                | \$0         | \$0                | \$0         |
| <b>Appropriations</b> | \$0                | \$0         | \$0                | \$0         | \$0                | \$0         |

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 1999-2001 Biennium |        |                  | 2001-2003 Biennium |        |                  | 2003-2005 Biennium |        |                  |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties           | Cities | School Districts | Counties           | Cities | School Districts | Counties           | Cities | School Districts |
| \$0                | \$0    | \$0              | \$0                | \$0    | \$0              | \$0                | \$0    | \$0              |

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Section 1 as amended will have no impact on the Insurance Department expenses or appropriation.

Section 2 as amended: It is estimated that the study required by Section 2 may cost roughly \$250,000 because of the large number of mandates and the wide variety of mandates that are to be included in the study and the large number of hours that will be necessary to complete the study. The Insurance Department anticipates that it will have an outside consulting actuary perform the study. The estimate is based on a recent study of mandated benefits performed for the Texas Insurance Department. The study involved 13 benefits and cost \$225,000.

There will be no fiscal impact on the General Fund or any special fund because spending for the study is restricted by Section 3 of the Second Engrossed House Bill No. 1407. The study is conditioned on excess moneys being available from income collected by the Insurance Department during the 1999-2001 biennium thus there will be no impact on any fund in any biennium.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

None

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

See answer to No. 1.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No impact on General Fund or Special Fund.

No FTEs. If money is available, a study will be contracted with outside consultants.

|                      |                    |                       |                      |
|----------------------|--------------------|-----------------------|----------------------|
| <b>Name:</b>         | Charles E. Johnson | <b>Agency:</b>        | Insurance Department |
| <b>Phone Number:</b> | 328-2440           | <b>Date Prepared:</b> | 02/28/2001           |

## FISCAL NOTE

Requested by Legislative Council

02/16/2001

Bill/Resolution No.:

Amendment to:            HB 1407

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

|                       | 1999-2001 Biennium |             | 2001-2003 Biennium |             | 2003-2005 Biennium |             |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|                       | General Fund       | Other Funds | General Fund       | Other Funds | General Fund       | Other Funds |
| <b>Revenues</b>       | \$0                | \$0         | (\$305,000)        | \$0         | (\$55,000)         | \$0         |
| <b>Expenditures</b>   | \$0                | \$0         | \$0                | \$305,000   | \$0                | \$55,000    |
| <b>Appropriations</b> | \$0                | \$0         | \$0                | \$305,000   | \$0                | \$55,000    |

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 1999-2001 Biennium |        |                  | 2001-2003 Biennium |        |                  | 2003-2005 Biennium |        |                  |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties           | Cities | School Districts | Counties           | Cities | School Districts | Counties           | Cities | School Districts |
| \$0                | \$0    | \$0              | \$0                | \$0    | \$0              | \$0                | \$0    | \$0              |

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Both sections of HB 1407 will impact the Insurance Regulatory Trust Fund.

Section 1 provides that the Insurance Department shall study the impact of mandating health insurance coverage before the mandate becomes law. Each proposed mandate will require a separate study. The final impact to the general fund will depend on the number of mandates proposed. It is difficult to predict the number of benefits that will be proposed each session. Assuming at least two mandates per session, the cost of a study is estimated to be between \$10,000 and \$100,000 with the midpoint being \$55,000. A study will require the service of a consulting actuary. At present, consulting actuaries charge up to \$350 per hour. A study would require a minimum of 30 hours, but perhaps as many as 300 hours to address all of the issues set forth in Section 1.

Section 2: It is estimated that the study required by Section 2 may cost roughly \$250,000 because of the large number of mandates and the wide variety of mandates that are to be included in the study and the large number of hours that will be necessary to complete the study. The Insurance Department anticipates that it will have an outside consulting actuary perform the study. The estimate is based on a recent study of mandated benefits performed for the Texas Insurance Department. The study involved 13 benefits and cost \$225,000.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

In accordance with N.D. Cent. Code Section 26.1-01-07.1, any amount in excess of \$1,000,000 in the Insurance Regulatory Trust Fund at the end of each fiscal year must be transferred to the General Fund. Therefore, these additional expenditures of \$305,000 and \$55,000 for the 2001-2003 and 2003-2005 bienniums, respectively, will have a negative effect on the revenue side of the General Fund.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

\$305,000 for the 2001-2003 biennium, and \$55,000 for each biennium thereafter from the Insurance Regulatory Trust Fund.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Insurance Regulatory Trust Fund - 2001-2003 biennium budget. See answer to No. 1.

Expense - \$305,000

No FTEs. Studies will be contracted with outside consultants.

|                      |                    |                       |                      |
|----------------------|--------------------|-----------------------|----------------------|
| <b>Name:</b>         | Charles E. Johnson | <b>Agency:</b>        | Insurance Department |
| <b>Phone Number:</b> | 328-2440           | <b>Date Prepared:</b> | 02/16/2001           |

