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Deanna Halliwell
Operator's Signature

10/22/03
Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2386

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2386

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 02-05-03

Tape Number	Side A	Side B	Meter #
1		XXX	0

Committee Clerk Signature

Minutes: Chairman Mutch opened the hearing on SB 2386. All Senators were present. SB 2386 relates to subgroups under the uniform group insurance program.

Testimony in support of SB 2386

Senator Ryan Taylor introduced the bill. See written testimony.

Senator Krebsbach: Do you think that the public can buy into this program for \$409.00 when the board has the underwriting requirements?

Senator Taylor: The public would just have another option. It is ultimately their decision.

Senator Klein: Have you done studies on how to get this to work and what would work best?

Senator Taylor: We are looking at past studies, we won't know the premium until we accept people into the pool.

Senator Heltkamp: When you were researching the bill, did you look at the benefit of leaving money in people's pockets? Will they invest it back into the state economy?

Senator Taylor: It is hard to calculate how much.

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Page 2
Senate Industry, Business and Labor Committee
Bill/Resolution Number 2386
Hearing Date 02-05-03

Senator Krauter also spoke in support of the bill. He believes in the concept of the bill. He feels it will increase economic assistance. Self employed people need more options on insurance to save money. The deductibles are so high right now. We can do this with our small population.

Senator Tim Mathern, spoke in support of the bill. See written testimony. He states that this bill would allow any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the PERS Board.

(tape 1, side B, meter no. 1300)

Representative Kerzman also spoke in support of the bill. He stated that many of his rural neighbors cannot afford health insurance and are going without. There is a serious need for affordable health insurance in North Dakota.

Senator Klein: Could you give me an estimated dollar amount to fund the PERS?

Representative Kerzman: High estimates of 9 million dollars. The reserve in the pool would bring those numbers down.

Neutral testimony on SB 2386

Dan Ulmer, Blue Cross Blue Shield of North Dakota, was neutral. He stated that it would work, however, what does it do? He stated that the price savings go away after the political subdivisions are affected.

The worst case scenario would be that all of the healthy people switch to this pool, thus causing the rates for ill people to go up.

Senator Klein: Where would I go if I wanted to sign up tomorrow?

Dan: Private insurance agencies could do that.

Senator Klein: Do you just establish a pool as they trickle in?

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Deanna O'Connell
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10/22/03
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Senate Industry, Business and Labor Committee
Bill/Resolution Number 2386
Hearing Date 02-05-03

Dan: Yes, as I understand.

The hearing is closed. No action taken at this time.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2386

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 02-11-03

Tape Number	Side A	Side B	Meter #
2		XXXX	0
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the committee discussion on SB 2386. All Senators were present. SB 2386 relates to subgroups under the uniform group insurance program.

There was brief discussion from the committee.

Senator Klein moved a DO NOT PASS. Senator Krebsbach seconded.

Roll Call Vote: 5 yes. 2 no. 0 absent.

Carrier: Senator Krebsbach

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10/22/03
Date

FISCAL NOTE
 Requested by Legislative Council
 01/29/2003

REVISION

Bill/Resolution No.: SB 2386

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$300,000		\$300,000
Appropriations				\$300,000		\$300,000

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

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.

The expenditures would be to support implementation of the bill. Specifically broadening the eligibility for the plan will mean that PERS will need to support additional efforts (enrollment, billing, etc) for those who would elect to join. The expenditure also supports 3 additional FTE.

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.

The requested appropriation is the same as the expenditure and is the necessary authorization. This effort is not included in the Executive Budget.

Name:	James Sparb Collins	Agency:	Public Employee Retirement System
Phone Number:	328-3901	Date Prepared:	01/29/2003

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Deanna Walker 10/22/03
 Operator's Signature Date

FISCAL NOTE
 Requested by Legislative Council
 01/28/2003

Bill/Resolution No.: SB 2386

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$300,000	\$300,000	\$300,000	\$300,000
Appropriations			\$300,000	\$300,000	\$300,000	\$300,000

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

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.

The expenditures would be to support implementation of the bill. Specifically broadening the eligibility for the plan will mean that PERS will need to support additional efforts (enrollment, billing, etc) for those who would elect to join. The expenditure also supports 3 additional FTE.

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.

The requested appropriation is the same as the expenditure and is the necessary authorization. This effort is not included in the Executive Budget.

Name:	James Sparb Collins	Agency:	Public Employee Retirement System
Phone Number:	328-3901	Date Prepared:	01/28/2003

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Operator's Signature: James Sparb Collins Date: 01/22/03

Date: 2-11-03
Roll Call Vote #:

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2386

Senate _____ Committee _____

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By Klein Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Sen. Jerry Klein, Vice Chairman	X				
Sen. Karen Krebsbach	X				
Sen. Dave Nething	X				
Sen. Joel Heitkamp		X			
Sen. Mike Every		X			
Sen. Duane Epegard	X				
Sen. Duane Mutch, Chairman	X				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Krebsbach

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

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Deanna Hall 10/22/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
February 17, 2003 11:56 a.m.

Module No: SR-30-2902
Carrier: Krebsbach
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2386: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2386 was
placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-30-2902

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2003 TESTIMONY

SB 2386

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10/22/03

Date

Testimony on SB 2386
Health plan for a healthy economy
Senator Ryan Taylor

Good morning, Mr. Chairman and members of the Senate Industry, Business and Labor Committee. My name is Ryan Taylor, senator representing the 7th District. I am pleased to appear before you today sponsoring a bill that is good for North Dakota's industry, business and labor, because it is good for the people of North Dakota. It's SB 2386. It's not a new bill, it's a bill that has been examined, questioned and improved to become a piece of legislation whose time has come.

I would like to begin by walking you through the bill, section by section, detailing the opportunities and safeguards put into the plan. Section 1 instructs the board to apply to the federal government for exempt status under ERISA. If permission isn't granted, it's a "no go."

It defines "private sector employer" for clarification of a term used further in the bill. On page 2, line 4 through 9, it expands the mission statement of the plan to attract a highly qualified workforce to our state with improved health care access and quality of life.

On page 3, we begin to see the expansions of who could now purchase health insurance through the pool. It begins with permanent employees of private sector employers. You'll see a minimum participation period of 60 months. The plan is protected from people entering the plan and pulling out prematurely. There's a reimbursement of expenses if someone does leave the plan before the 5 years are up. The board may apply underwriting requirements and risk adjusted premiums, suggestions made by Deloitte & Touche in previous actuarial analyses to protect against adverse selection. The board may deny coverage if the risk is too great for the pool.

We see the same language for temporary employees of private sector employers and participation by private individuals. For private individuals, it requires six months of in-state residence. All participants are paying monthly premiums to the board. This is not a "give away" in any way, shape, or form.

On page 4, you'll see that local insurance agents may be authorized to sell this health plan to their customers. This is up to the discretion of the plan managers. We also know that this idea is innovative and worthy of possible support from benefactors in the world of health care. Lines 24 to 27 say we can accept grants from foundations, endowments and others with a concern for health care systems.

The appropriation is for \$300,000, but it is appropriated out of moneys received by the board in the form of insurance premiums and other income. It is a self supporting piece of legislation. No general fund demands here!

We all know about the NDPERS health insurance plan. As senators, we are all a part of the plan, or can be. Just a month ago, a 32-year-old, non-smoking marathon runner joined the plan, and he receives it with great appreciation because he's paid for his own health insurance in

the past and he knows the value of it. And if we don't make it through the next election, we can continue to purchase this excellent and competitive health insurance plan for the rest of our living days. We earn the benefit of health insurance as we work for the state, as public servants, and, afterwards, we purchase that same good health plan because we are savvy, market economy consumers who know the value of volume purchasing.

With 23,000 policies in the NDPERS health pool, it holds the same volume purchasing power that makes people shop at Sam's Club and buy 48 rolls of toilet paper at a time. You don't have to buy 48 rolls of toilet paper, but it's a market option for you, and you make the choice. In my past career as a pharmaceutical sales rep, I knew that the customer who bought 10,000 doses of vaccine got a lower cost per dose than the customer buying one 50 dose bottle. I think health insurance consumers should have that same choice to enjoy the benefits of volume purchasing.

The NDPERS plan has value in its volume. Because it's been expanded to include the state's agencies, boards, schools and political subdivisions, it has become more stable and cost effective. Our \$409 rate compares to \$718 in Minnesota, \$939 to \$1,080 in Nebraska, \$754 to \$814 in Iowa, for comparable state employee health systems. We all have friends and constituents in the 253 entities who enjoy this coverage: Foster County and Stutsman County employees, Minot State University teachers, Larimore city workers, the Grand Forks Airport Authority and Greater Grand Forks Senior Citizens Association. If we can extend this plan to the N.D. Plumbing Board, the Milk Stabilization Board and the N.D. Soybean Council, couldn't we extend the opportunity to purchase to actual plumbers, dairy farmers and soybean growers?

We spend a lot of time trying to deal with the effects of the urge to merge and the call to consolidate. Fewer, larger farms; rural people leaving for the urban centers; schools closing and consolidating; small towns struggling to stay alive. This legislation would give people the choice of using that same force in a positive manner when it comes to their health insurance needs.

Many of us have asked ourselves, "How can we keep our young people in North Dakota?" Some of us probably figured it was good to let our young people leave the state for a while, experience the world and learn from it, and gain a new appreciation for North Dakota's clean, safe, positive environment. Then we asked ourselves, "How can we attract those young families back to North Dakota?" I submit to you that providing innovative approaches to health insurance coverage will help attract those young families back to North Dakota to take over the family farm, start their own small business, or become our next entrepreneur and future large scale employer. If they are going to slip out of the golden handcuffs of benefit plans with their current employer and come to North Dakota, we need to be innovative in the family friendly climate we provide for them.

There is value in making the NDPERS pool available to North Dakota employers and self employed families. Our current \$409.09 family rate is attractive. I haven't been able to get close to matching that rate in the individual market. We recently passed SB 2176 on the floor of our chamber unanimously. It allowed purchase of the NDPERS plan by retired political subdivision employees because of the savings they would realize. The carrier of the bill expressed to me the savings amounted to \$150 per month for those retired employees.

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If another 10,000 families joined the pool to purchase insurance and were able to save \$150 a month, it would put \$18 million back into their pockets and into our state economy each year. That's a pretty good return on a bill doesn't cost the state anything but the authorization to just do it.

There are not many things we can do in this legislative session that can cost so little and return so much. It's an innovative, free market approach to a challenge universally recognized in the business world. It would be an answer to the call made by the Fargo Chamber of Commerce who ask in their 2003 legislative agenda to "support statewide efforts to increase access, affordability and choice in health care by establishing new healthcare delivery models and small employer purchasing pools."

Some of you have seen this proposal in the past and may have even voted no on it. But, as my stock broker tells me, past performance is no guarantee of future results. I ask you to take a look at this bill with the future in mind, see the vision for an environment that gives our state a leg up when it comes to attracting young families back into the state and providing options for our small business owners, farmers, ranchers, entrepreneurs and hard working citizenry. I urge you to give this bill a Do Pass recommendation, and I would be happy to answer any questions you might have.

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**REPORT OF THE LEGISLATIVE COUNCIL'S
EMPLOYEE BENEFITS PROGRAMS COMMITTEE
SENATE BILL NO. 2386**

Sponsor: Senator Tim Mathern

Proposal: Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the PERS Board.

Actuarial Analysis: The actuarial consultant identified adverse risk selection as an issue that must be considered when changing eligibility requirements but noted that the bill provides for a number of safeguards against adverse risk selection, including minimum requirements as established by the Retirement Board and a minimum participation period of 60 months for private sector employer groups.

Committee Report: Unfavorable recommendation.

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10/22/03
Date

Senate Bill 2386
Industry Business and Labor Committee
February 5, 2003

Chairman Mutch and Members of the Senate IBL Committee,

I am Senator Tim Mathern from District 11 in Fargo. I am cosponsoring Senate Bill 2386 to address the problems that people in our state have in getting affordable health care coverage and to address the problem of insurance agents having fewer options of companies willing to sell health insurance in our state.

The ND PERS health care plan is a well managed group program that gets better as it grows in membership. There was a time when the state health program just covered people working in the capital. The program has been expanded through the years to the point that it covers people throughout the state from teachers, to county commissioners and park board employees. The program covers the judicial branch and executive branch of government. It covers us as legislators and those who have left legislative service. Each time the program has expanded it has become more stable and comprehensive in its covered services. The time has come to make the PERS program available to those who pay for it for us, the time has come to make it available for the North Dakota taxpayer.

Mr. Chairman and members of the Committee, please move this bill on to the floor with a do pass recommendation so we can have this discussion in the full Senate and in the House. Our depressed income and aversion to taxes suggests that we will do little if anything this session to increase programs to meet the needs of our businesses, farms, and citizens. Let us at least let people make greater use of something in place while not costing the state any money. Let us support our state by offering the use of the ND PERS health plan which you and I benefit from.

This bill has been drafted to eliminate any actuarial risk. It permits the plan to be bid on by established insurance carriers. It permits the product to be sold by our community insurance agents. The bill addresses issues of implementation in an orderly and conservative manner. It requires those who take advantage of the program to make a commitment for a five year period. This is a solid and well researched proposal. Please take a positive step for the employers and individuals of our state.

I ask for a Do Pass recommendation on SB 2386. Thank you.

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