

**Insurance Commissioner, including insurance tax payments to fire departments
Budget 401
House Bill No. 1010**

	FTE Positions	General Fund	Other Funds	Total
2009-11 legislative appropriation	45.50	\$0	\$16,191,800	\$16,191,800
2007-09 legislative appropriation	<u>46.50</u>	<u>0</u>	<u>14,482,107</u>	<u>14,482,107</u>
2009-11 appropriation increase (decrease) to 2007-09 appropriation	(1.00)	\$0	\$1,709,693	\$1,709,693

NOTE: The 2009-11 legislative appropriation amounts include \$132,866 of special funds for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees.

Item Description

Insurance tax payments to fire departments - The Legislative Assembly provided \$6.2 million from the insurance tax distribution fund to the Insurance Commissioner for insurance tax payments to fire departments. This is the same level of funding as provided in the 2007-09 biennium.

North Dakota Firefighters Association grant funding - The Legislative Assembly provided total grant funding of \$790,000 to the North Dakota Firefighters Association. Of this amount, \$170,000 is from the state fire and tornado fund and \$620,000 is from the insurance tax distribution fund.

Cost-benefit analyses of health insurance coverage mandates - The Legislative Assembly provided funding of \$10,000 from special funds for cost-benefit analyses of legislative measures being considered by the 2011 Legislative Assembly mandating health insurance coverage as required by North Dakota Century Code Section 54-03-28.

State bonding fund - The Legislative Assembly provided a \$500,000 transfer from the insurance regulatory trust fund to the state bonding fund. The Insurance Department estimated the state bonding fund reserve would fall below \$2 million by the end of the 2007-09 biennium, and as a result, premiums would be charged to state agencies and political subdivisions in accordance with Section 26.1-21-09. The department estimated the \$500,000 transfer would prevent the fund reserve from falling below \$2 million.

Patient Protection and Affordable Care Act - The Patient Protection and Affordable Care Act was signed into law on March 23, 2010. This federal health care reform law contains a number of requirements and programs that will be phased in over the next nine years.

Status/Result

The Insurance Commissioner distributed \$3.1 million in insurance tax payments to fire departments in September 2009 and will distribute the remaining \$3.1 million in September 2010. The allocation to each eligible entity is based on the amount of gross premiums reported for each fire district compared to the total gross premiums reported statewide.

The Insurance Commissioner provided a grant of \$395,000 to the North Dakota Firefighters Association in September 2009 and will provide the remaining \$395,000 grant to the association in September 2010.

The Insurance Commissioner is in the process of receiving bids for cost-benefit analyses of health insurance coverage mandates for the 2011 Legislative Assembly. After reviewing bids, the Insurance Commissioner will recommend to the Legislative Council an entity to contract with for the cost-benefit analyses of health insurance coverage mandates.

The Insurance Commissioner completed the transfer from the insurance regulatory trust fund to the state bonding fund in May 2009.

The Insurance Commissioner is aware of two major changes required by the Patient Protection and Affordable Care Act that will impact the Insurance Department--the temporary high-risk pool program and an insurance exchange.

The temporary high-risk pool program provides coverage to individuals with preexisting conditions who have been without coverage for at least six months. The state's current high-risk pool--the Comprehensive Health Association of

North Dakota--does not meet the requirements of this newly required program. The Insurance Commissioner has decided to let the federal government operate the temporary high-risk pool program for the state of North Dakota.

The creation of an insurance exchange is required under the Patient Protection and Affordable Care Act by January 2013. The insurance exchange allows individuals and businesses to comparison shop for health insurance coverage. Operators of the insurance exchange must certify plans, operate toll-free hotlines, maintain a website with information on standard plans, rate health plans, inform individuals of eligibility for Medicaid and the children's health insurance program and enroll them if eligible, provide an online calculator of plan rates, grant certifications for mandate exemptions, determine subsidies and pay subsidies to insurers, and identify individuals exempt from the individual mandate and notify the federal government. The Insurance Commissioner is working to determine the entity to operate the exchange. Options may include the Insurance Department, a separate entity, an existing nonprofit, the federal government, or a regional exchange.