

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments
Budget No. 401
Senate Bill No. 2010, House Bill No. 1126**

	FTE Positions	General Fund	Other Funds	Total
2011-13 executive budget (bills as introduced)	50.50	\$0	\$18,437,148	\$18,437,148
2011-13 legislative appropriations	45.50	0	18,401,730	18,401,730
Legislative increase (decrease) to executive budget	(5.00)	\$0	(\$35,418)	(\$35,418)
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$0	\$2,209,930	\$2,209,930

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Insurance Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding provided for 5 FTE positions and temporary employees related to federal health care reform health insurance premium rate review requirements. (The Legislative Assembly provided funding of \$1,418,636 from special funds for operating expenses and information technology for the department to utilize in complying with health insurance premium rate review requirements.)	(5.00)		(\$1,085,418)	(\$1,085,418)
Added funding from the insurance tax distribution fund to be distributed to the North Dakota Firefighters Association for auto extrication training.			50,000	50,000
Added funding for American Health Benefit Exchange project planning as mandated by the Patient Protection and Affordable Care Act of 2010 (House Bill No. 1126).			1,000,000	1,000,000
Total	(5.00)	\$0	(\$35,418)	(\$35,418)

FTE Changes

The 2011-13 biennium appropriation includes funding for 45.5 FTE positions, a decrease of 5 FTE positions from the executive recommendation and the same as the 2009-11 biennium authorized level of 45.5 FTE positions. The Legislative Assembly removed 5 FTE positions and temporary employees related to federal health care reform health insurance premium rate review requirements, including an insurance company examiner (\$149,869), a research analyst (\$144,938), a company financial analyst (\$145,012), an insurance form rate analyst (\$62,287), a state health insurance counselor (\$133,845), and temporary salaries (\$181,815).

Insurance Tax Payments to Fire Departments

The Legislative Assembly did not change the executive recommendation to provide \$6.2 million of special funds from the insurance tax distribution fund to the Insurance Commissioner to be distributed to fire departments. This is the same level of funding provided in the 2009-11 biennium.

North Dakota Firefighters Association Grant Funding

The Legislative Assembly provided special funds of \$670,000 from the insurance tax distribution fund and \$170,000 from the state fire and tornado fund to be distributed to the North Dakota Firefighters Association in two equal payments in the 2011-13 biennium. This is an increase of \$50,000 from the executive recommendation and the same level of funding as provided in the 2009-11 biennium. The Legislative Assembly provided \$50,000 of this funding from the insurance tax distribution fund to be distributed to the association for auto extrication training.

Administrative Costs of Special Funds

Sections 4, 5, 6, and 7 provide for administrative costs allocated to the bonding fund, state fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The schedule below provides information regarding the administrative costs allocated to each special fund. The decreases from the 2009-11 biennium will result in the amount of Insurance Department administrative costs being paid from the insurance regulatory trust fund increasing by \$53,540.

	2009-11 Biennium Legislative Appropriation	2011-13 Biennium Executive Recommendation	Increase (Decrease)
Bonding fund	\$41,518	\$46,769	\$5,251
State fire and tornado fund	\$1,454,159	\$1,441,575	(\$12,584)
Unsatisfied judgment fund	\$24,087	\$27,349	\$3,262
Petroleum tank release compensation fund	\$96,238	\$46,769	(\$49,469)

Other Sections in Senate Bill No. 2010

Commissioner's salary - Section 8 provides the statutory changes relating to the Insurance Commissioner's annual salary. The commissioner's salary is to increase from \$87,728 to \$90,360 on July 1, 2011, and \$93,071 on July 1, 2012.

Reports to the Budget Section - Section 9 provides that the Insurance Commissioner report at each Budget Section meeting during the 2011-12 interim regarding the status of provisions of the Patient Protection and Affordable Care Act.

Related Legislation

Surplus lines insurance - House Bill No. 1123 revises North Dakota law relating to surplus lines insurance to conform to the requirements of the United States Nonadmitted and Reinsurance Reform Act of 2010 (NRRRA). The bill provides that the state collect premium taxes on multistate policies where North Dakota is the insured's home state.

Compliance with federal law - House Bill No. 1125 provides the Insurance Commissioner authority to administer and enforce the provisions of the Patient Protection and Affordable Care Act and of the Health Care and Education Reconciliation Act of 2010 to the extent that the provisions apply to the commissioner's jurisdiction. The bill provides that the Insurance Commissioner provide regular updates to the Legislative Management during the 2011-12 interim. The bill also provides that the commissioner submit proposed legislation to the Legislative Management for consideration at a special legislative session if the commissioner is required by federal law to implement any program or requirement before January 1, 2013.

American health benefit exchange - House Bill No. 1126 provides the Insurance Commissioner authority to plan for the implementation of a health insurance exchange that meets the requirements of the federal health care reform law and any future regulations. The bill provides an appropriation of \$1 million from the federal funds available under the Patient Protection and Affordable Care Act of 2010 to the Insurance Commissioner for planning.

Health carrier external appeals and internal claims and appeals procedures - House Bill No. 1127 updates language in the North Dakota Century Code to ensure that the state's appeals process meets the requirements of 2010 federal legislation.

Boiler and other inspections - Senate Bill No. 2064 increases the cap and fees collected by the Insurance Commissioner for boiler and other inspections, the annual fee for a reciprocal commission and welder-qualified card, and the fee for a hobby boiler operating examination and license.

Federal health care reform law - Senate Bill No. 2309 states that the Legislative Assembly declares the federal laws known as the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 are not authorized by the United States Constitution and violate its true meaning and intent as given by the founders and ratifiers. The bill provides that the Legislative Assembly consider enacting any measure necessary to prevent the enforcement of these Acts within the state. The bill also provides that no federal provision may interfere with an individual's choice of a medical or insurance provider except as otherwise provided by state laws.

Petroleum release compensation fund - Senate Bill No. 2347 requires tank owners or operators participating in the petroleum release compensation fund to pay a \$25 per month late fee for each tank if the registration fee is not paid within 60 days of July 1.