NORTH DAKOTA

**Budget narrative**

**Enhanced rate review**

Personnel: The Department will add 4.5 new full-time employees (FTEs) to provide enhanced rate review services. Those positions include a full time actuary, financial analyst, financial examiner, attorney and a filing analyst who will also work on data reporting.

Fringe benefits: This amount reflects the amount needed to fund the fringe benefits for the above positions.

Travel: The amount requested for travel will be used to send the new employees to state-sponsored training seminars, and travel between the Department's two locations. The Department reimburses employees for travel according to policies established by the Department and the State of North Dakota.

Equipment: Equipment to be purchased under this grant includes personal computers, desks, chairs and other office furniture for the new employees listed under personnel. Also included in this category is the purchase of a health rating software to be used in the rate review process. The State of North Dakota requires software costing $5,000 or more to be classified as a capital asset purchase. The breakdown for equipment purchases is:

| | |
|---|---|
| Personal computers | $ 4,000 |
| Office furniture | $20,000 |
| Health rating software | $50,000 |

Supplies: Supplies to be used for this grant program include general office supplies and resource materials related to rate review.

Contractual: The Department will contract with a consultant to complete a multi-year historical study of health insurance company assumptions in rate requests. A consultant will also be hired to develop an information technology system to enable the rate review team to analyze company assumptions in a more detailed manner. Additional consultants may be required to gather and analyze rate review information and handle legal issues including hearing disputes before the North Dakota Office of Administrative Hearings. The breakdown for contractual purchases is:

| | |
|---|---|
| Historical study | $200,000 |
| Information technology development | $400,000 |

Other consultants & legal costs $150,000

Other: This category includes the general operating items not budgeted in any other area. Specific costs include postage, printing, office rent, data processing costs, telephone, professional development, advertising, background checks for new employees and other operating costs not classified.

**Data reporting**

Personnel: The Department will add 1.5 new FTEs to provide enhanced rate review services. Those positions include a full time data collection and research analyst and a filing analyst who will also work on enhanced rate review.

Fringe benefits: This amount reflects the amount needed to fund the fringe benefits for the above positions as required by the State of North Dakota.

Equipment: Equipment to be purchased under this grant includes personal computers, desks, chairs and other office furniture for the new employees listed under personnel. Also included in this category is the purchase of a health rating software to be used in the rate review process. The breakdown for equipment purchases is:

Personal computers $2,000

Office furniture $5,000

Supplies: Supplies to be used for this grant program include general office supplies and resource materials related to data reporting and research.

Contractual: The North Dakota Insurance Department supports the development and use of the SERFF system to gather and report rate review data to the Secretary of HHS. The Department also plans to contract with an outside consultant to make changes to the Department website to enhance the transparency of the rate review process. The breakdown for contractual purchases is:

SERFF development $20,000

Website design $ 5,000

Other: This category includes the general operating items not budgeted in any other area. Specific costs include postage, printing, office rent, data processing costs, telephone, professional development, advertising, background checks for new employees and other operating costs not classified.

provided pursuant to any state or federal law or program. The association must have a cause of action against an eligible individual for the recovery of the amount of benefits paid that are not for covered expenses. Benefits due from the association may be reduced or refused as a setoff against any amount recoverable under this subsection.

**26.1-08-06.1. Age sixty-five and over and disabled supplement plans.** A basic supplement plan and standard supplemental plan must be offered to individuals who are eligible for medicare by reason of age or disability. Supplemental plans issued by the association must be developed by the lead carrier and approved by the board. Any coverage or combination of coverages through the association may not exceed a maximum benefit of one million dollars for an individual.

**26.1-08-07. Approval and filing of benefit plans.** The lead carrier shall file with the commissioner all benefit plans and other forms required to be approved. The commissioner shall approve or disapprove any form within sixty days of receipt.

**26.1-08-08. Benefit plan premium.** The schedule of premiums to be charged eligible individuals for a benefit plan must be established by the lead carrier and approved by the board, but may not exceed one hundred thirty-five percent of the individual premium rates charged for similar coverage throughout the state. If similar coverage is not offered by other insurance carriers, premium rates for actuarial equivalent benefit plans offered by other insurers in the state must be provided by the commissioner and utilized by the lead carrier to determine association rates for the benefit plans.

**26.1-08-09. Participating members.**

1. There is established a comprehensive health association with participating members.

2. All participating members shall maintain their membership in the association, as a condition for writing policies in this state.

3. Each participating member of the association shall share the losses due to claims and administrative expenses of the association. The difference between the total claims expense of the association and the benefit plan premiums received is the liability of the participating members. Such participating members shall share in the excess costs of the association in an amount equal to the ratio of a participating member's total annual premium volume for health insurance received from or on behalf of state residents, to the total health insurance premium volume received by all of the participating members as determined by the lead carrier and approved by the board. For determining the liability of participating members, health insurance coverage includes medicare supplemental health insurance as defined under section 1882(g)(1) of the federal Social Security Act [42 U.S.C. 1395ss(g)(1)] but does not include federal employees health benefits plans or medicare part C plans.

4. Each member's liability may be determined retroactively and payment of the assessment is due within thirty days after notice of the assessment is given. Failure by a member to tender to the lead carrier on behalf of the association the full amount assessed within thirty days of notification by the lead carrier is grounds for termination of membership.

**26.1-08-10. Administration of the association.**

1. Not less than eighty-seven and one-half percent of the association plan premium paid to the lead carrier may be used to pay claims.

2. Any income in excess of the costs incurred by the association in providing reinsurance or administrative services must be held at interest and used by the

State of
North Dakota
*Office of the Governor*

John Hoeven
*Governor*

June 30, 2010

The Honorable Kathleen Sebelius
Department of Health & Human Services
200 Independence Ave SW
Washington, DC 20201

Dear Secretary Sebelius:

Pursuant to Section 2794 of the Public Health Service Act (PPACA Section 1003), I authorize the North Dakota Insurance Department to proceed with its application for the *Grants to States for Health Insurance Premium Review – Cycle I* (CFDA 93.511).

Sincerely,

John Hoeven
Governor

38:34:58

600 E Boulevard Ave.
Bismarck, ND 58505-0001
Phone: 701.328.2200
Fax: 701.328.2205
www.nd.gov

# CHAPTER 26.1-36.4
## HOSPITAL AND MEDICAL INSURANCE

**26.1-36.4-01. Application and scope.** This chapter applies to all policies issued or renewed after July 31, 1995. The provisions of chapter 26.1-36 apply when not in conflict with this chapter.

**26.1-36.4-02. Definitions.** As used in this chapter, the definitions in section 26.1-36.3-01 apply, unless the context otherwise requires. In addition:

1. "Insurer" means any insurance company, nonprofit health service organization, fraternal benefit society, or health maintenance organization that provides a plan of health insurance or health benefits subject to state insurance regulation.

2. "Policy" means any health benefit plan as defined in section 26.1-36.3-01, whether offered on a group or individual basis. The term does not include short-term major medical policies offered in the individual market.

3. "Short-term", except as required by the Health Insurance Portability and Accountability Act of 1996, means a policy or plan providing coverage for one hundred eighty-five days or less.

**26.1-36.4-03. Limits on preexisting condition exclusions.** An insurer may impose a preexisting condition exclusion only if:

1. The exclusion relates to a condition, regardless of the cause of the condition, for which medical diagnosis, care, or treatment was recommended or received within the six-month period ending on the effective date of the person's coverage.

2. The exclusion extends for a period of not more than twelve months after the effective date of coverage. A group policy may impose an eighteen-month preexisting condition to a late enrollee, as the term late enrollee is defined in section 26.1-36.3-01.

**26.1-36.4-03.1. Additional limits on preexisting condition exclusions.** A group policy may not impose a preexisting condition exclusion that:

1. Relates to pregnancy as a preexisting condition.

2. Treats genetic information as a preexisting condition in the absence of a diagnosis of a condition related to such information.

**26.1-36.4-04. Portability of insurance policies.** An insurer shall reduce any time period applicable to a preexisting condition, for a policy by the aggregate of periods the individual was covered by qualifying previous coverage, if the qualifying previous coverage as defined in section 26.1-36.3-01 is continuous until at least sixty-three days before the effective date of the new coverage. Any waiting period applicable to an individual for coverage under a health benefit plan may not be taken into account in determining the period of continuous coverage. Insurers shall credit coverage in the same manner as provided by section 26.1-36.3-06 and the rules adopted by the commissioner pursuant thereto.

**26.1-36.4-05. Renewability of health insurance coverage - Discrimination prohibited.**

1. An insurer issuing policies or certificates under this chapter shall provide for the renewability or continuability of coverage unless:

North Dakota
Insurance Department
Adam W. Hamm, Commissioner

August 18, 2010

Ms. Gladys Bohler
Ms. Jacqueline Roche
U.S. Department of Health and Human Services
Office of Consumer Information and Insurance Oversight
200 Independence Ave SW
Washington, DC 20201

Dear Ms. Bohler and Ms. Roche:

The North Dakota Insurance Department has received the Notice of Grant Award for the 2010 Grants to States for Health Insurance Premium Review-Cycle 1, award number 1 IPRPR100055-01-00 in the amount of $1,000,000.

The Department accepts all Standard and Special Terms and Conditions (STCs) and agrees to administer the award in accordance with the grant requirements as indicated in the STCs. The Department is in compliance with the requirements of the grant funding opportunity announcement.

Sincerely,

Adam Hamm
Insurance Commissioner

600 E. Boulevard Ave., Bismarck, ND 58505 • (701) 328-2440 • Fax (701) 328-4880 • insurance@nd.gov
Consumer hotline 1-800-247-0560 • Relay N.D. TTY 1-800-366-6888 • www.nd.gov/ndins

North Dakota
Insurance Department
Adam W. Hamm, Commissioner

August 18, 2010

Ms. Gladys Bohler
Ms. Jacqueline Roche
U.S. Department of Health and Human Services
Office of Consumer Information and Insurance Oversight
200 Independence Ave SW
Washington, DC 20201

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Sincerely,

Adam Hamm
Insurance Commissioner

600 E. Boulevard Ave., Bismarck, ND 58505 • (701) 328-2440 • Fax (701) 328-4880 • insurance@nd.gov
Consumer hotline 1-800-247-0560 • Relay N.D. TTY 1-800-366-6888 • www.nd.gov/ndins

GRANTS.GOV™

# Grant Application Package

| | |
|---|---|
| **Opportunity Title:** | "Grants to States for Health Insurance Premium Review-C |
| **Offering Agency:** | Ofc of Consumer Information & Insurance Oversight |
| **CFDA Number:** | 93.511 |
| **CFDA Description:** | Affordable Care Act (ACA) Grants to States for Health I |
| **Opportunity Number:** | RFA-FD-10-999 |
| **Competition ID:** | ADOBE-FORMS-B |
| **Opportunity Open Date:** | 06/07/2010 |
| **Opportunity Close Date:** | 07/07/2010 |
| **Agency Contact:** | Gladys Melendez-Bohler<br>Grant Specialist<br>E-mail: Gladys.Melendez-Bohler@fda.hhs.gov<br>Phone: 301-827-7168 |

**This electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.**

**If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application and then apply.**

☐ **This opportunity is only open to organizations, applicants who are submitting grant applications on behalf of a company, state, local or tribal government, academia, or other type of organization.**

*** Application Filing Name:** North Dakota Insurance Department

**Mandatory Documents**

Move Form to Complete

Move Form to Delete

**Mandatory Documents for Submission**

**Optional Documents**

Move Form to Submission List

Move Form to Delete

**Optional Documents for Submission**

## Instructions

**1 Enter a name for the application in the Application Filing Name field.**

- This application can be completed in its entirety offline; however, you will need to login to the Grants.gov website during the submission process.
- You can save your application at any time by clicking the "Save" button at the top of your screen.
- The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.

**2 Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.**

- It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.

- The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".

- To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it, and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.

- All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.

**3 Click the "Save & Submit" button to submit your application to Grants.gov.**

- Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
- Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
- The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
- You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

OMB Number: 4040-0004
Expiration Date: 03/31/2012

## Application for Federal Assistance SF-424

* 1. Type of Submission:
- [ ] Preapplication
- [x] Application
- [ ] Changed/Corrected Application

* 2. Type of Application:
- [x] New
- [ ] Continuation
- [ ] Revision

* If Revision, select appropriate letter(s):

* Other (Specify):

* 3. Date Received: Completed by Grants.gov upon submission.

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

**State Use Only:**

6. Date Received by State:

7. State Application Identifier:

**8. APPLICANT INFORMATION:**

* a. Legal Name: North Dakota Insurance Department

* b. Employer/Taxpayer Identification Number (EIN/TIN): 45-0309764

* c. Organizational DUNS: 8037551490000

**d. Address:**

* Street1: 600 East Blvd Avenue
Street2: Department 401
* City: Bismarck
County/Parish: Burleigh
* State: ND: North Dakota
Province:
* Country: USA: UNITED STATES
* Zip / Postal Code: 58505-0320

**e. Organizational Unit:**

Department Name:

Division Name:

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: Mrs.
* First Name: Rebecca
Middle Name:
* Last Name: Ternes
Suffix:

Title: Deputy Commissioner

Organizational Affiliation:

* Telephone Number: 701.328.2440
Fax Number: 701.328.4880

* Email: rlternes@nd.gov

## Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Ofc of Consumer Information & Insurance Oversight

**11. Catalog of Federal Domestic Assistance Number:**

93.511

CFDA Title:

Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review

*** 12. Funding Opportunity Number:**

RFA-FD-10-999

* Title:

"Grants to States for Health Insurance Premium Review-Cycle I" Office of Consumer Information and Insurance Oversight (OCIIO)

**13. Competition Identification Number:**

ADOBE-FORMS-B

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Add Attachment | Delete Attachment | View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Premium Review Grant

Attach supporting documents as specified in agency instructions.

Add Attachments | Delete Attachments | View Attachments

## Application for Federal Assistance SF-424

**16. Congressional Districts Of:**

* a. Applicant: ND-1 | b. Program/Project: ND-1

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment | Delete Attachment | View Attachment

**17. Proposed Project:**

* a. Start Date: 08/09/2010 | * b. End Date: 09/30/2011

**18. Estimated Funding ($):**

| | |
|---|---|
| * a. Federal | 1,000,000.00 |
| * b. Applicant | 0.00 |
| * c. State | 0.00 |
| * d. Local | 0.00 |
| * e. Other | 0.00 |
| * f. Program Income | 0.00 |
| * g. TOTAL | 1,000,000.00 |

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on .

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

☐ Yes ☒ No

If "Yes", provide explanation and attach

Add Attachment | Delete Attachment | View Attachment

**21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

| | |
|---|---|
| Prefix: | Mrs. |
| * First Name: | Rebecca |
| Middle Name: | |
| * Last Name: | Ternes |
| Suffix: | |
| * Title: | Deputy Commissioner |
| * Telephone Number: | 701.328.2440 |
| Fax Number: | 701.328.4880 |
| * Email: | rlternes@nd.gov |
| * Signature of Authorized Representative: | Completed by Grants.gov upon submission. |
| * Date Signed: | Completed by Grants.gov upon submission. |

OMB Number: 4040-0003
Expiration Date: 7/30/2011

# Key Contacts Form

*** Applicant Organization Name:**

North Dakota Insurance Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 1 Project Role:** Project Manager

| | |
|---|---|
| Prefix: | Mrs. |
| * First Name: | Rebecca |
| Middle Name: | |
| * Last Name: | Ternes |
| Suffix: | |
| Title: | Deputy Commissioner |

Organizational Affiliation:

| | |
|---|---|
| * Street1: | 600 E Blvd Ave |
| Street2: | Department 401 |
| * City: | Bismarck |
| County: | Burleigh |
| * State: | ND: North Dakota |
| Province: | |
| * Country: | USA: UNITED STATES |
| * Zip / Postal Code: | 58505 |
| * Telephone Number: | 701.328.2440 |
| Fax: | 701.328.4880 |
| * Email: | rlternes@nd.gov |

Delete Entry | Previous Person | Next Person

OMB Number: 4040-0003
Expiration Date: 7/30/2011

# Key Contacts Form

*** Applicant Organization Name:**

North Dakota Insurance Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 2 Project Role:** Fiscal Manager

| | |
|---|---|
| Prefix: | Mr. |
| * First Name: | Larry |
| Middle Name: | |
| * Last Name: | Martin |
| Suffix: | |
| Title: | Account/Budget Manager |

Organizational Affiliation:

| | |
|---|---|
| * Street1: | 600 E Blvd Ave |
| Street2: | Dept. 401 |
| * City: | Bismarck |
| County: | Burleigh |
| * State: | ND: North Dakota |
| Province: | |
| * Country: | USA: UNITED STATES |
| * Zip / Postal Code: | 58505 |
| * Telephone Number: | 701.328.2440 |
| Fax: | 701.328.4880 |
| * Email: | lmartin@nd.gov |

Delete Entry | Previous Person | Next Person

OMB Number: 4040-0003
Expiration Date: 7/30/2011

# Key Contacts Form

*** Applicant Organization Name:**

North Dakota Insurance Department

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 3 Project Role:** Actuary, Director Life and Health Division

Prefix: Mr.

* First Name: Michael

Middle Name:

* Last Name: Fix

Suffix:

Title: Actuary, Director Life and Health Division

Organizational Affiliation:

* Street1: 600 E Blvd Ave

Street2:

* City: Bismarck

County: Burleigh

* State: ND: North Dakota

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 58505

* Telephone Number: 701.328.2440

Fax: 701.328.4880

* Email: mfix@nd.gov

Delete Entry | Previous Person | Next Person

OMB Number: 4040-0010
Expiration Date: 08/31/2011

# Project/Performance Site Location(s)

**Project/Performance Site Primary Location** ☐ I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name: North Dakota Insurance Department

DUNS Number: 8037551490000

* Street1: 600 E Blvd Ave

Street2: Dept. 401

* City: Bismarck County: Burleigh

* State: ND: North Dakota

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code: 58505-0320 * Project/ Performance Site Congressional District: ND-001

**Project/Performance Site Location 1** ☐ I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code: * Project/ Performance Site Congressional District:

**Additional Location(s)** Add Attachment Delete Attachment View Attachment

# ATTACHMENTS FORM

**Instructions:** On this form, you will attach the various files that make up your grant application. Please consult with the appropriate Agency Guidelines for more information about each needed file. Please remember that any files you attach must be in the document format and named as specified in the Guidelines.

**Important:** Please attach your files in the proper sequence. See the appropriate Agency Guidelines for details.

| | | | | |
|---|---|---|---|---|
| 1) Please attach Attachment 1 | | Add Attachment | Delete Attachment | View Attachment |
| 2) Please attach Attachment 2 | | Add Attachment | Delete Attachment | View Attachment |
| 3) Please attach Attachment 3 | | Add Attachment | Delete Attachment | View Attachment |
| 4) Please attach Attachment 4 | | Add Attachment | Delete Attachment | View Attachment |
| 5) Please attach Attachment 5 | | Add Attachment | Delete Attachment | View Attachment |
| 6) Please attach Attachment 6 | | Add Attachment | Delete Attachment | View Attachment |
| 7) Please attach Attachment 7 | | Add Attachment | Delete Attachment | View Attachment |
| 8) Please attach Attachment 8 | | Add Attachment | Delete Attachment | View Attachment |
| 9) Please attach Attachment 9 | | Add Attachment | Delete Attachment | View Attachment |
| 10) Please attach Attachment 10 | | Add Attachment | Delete Attachment | View Attachment |
| 11) Please attach Attachment 11 | | Add Attachment | Delete Attachment | View Attachment |
| 12) Please attach Attachment 12 | | Add Attachment | Delete Attachment | View Attachment |
| 13) Please attach Attachment 13 | | Add Attachment | Delete Attachment | View Attachment |
| 14) Please attach Attachment 14 | | Add Attachment | Delete Attachment | View Attachment |
| 15) Please attach Attachment 15 | | Add Attachment | Delete Attachment | View Attachment |

OMB Number: 0980-0204
Expiration Date: 12/31/2009

# Objective Work Plan

**Project:**

Premium Review Grant

*** Year:** 1

*** Funding Agency Goal:**

Enhancement of health insurance rate review and transparency of rates.

*** Objective:**

Enhance the health insurance rate review process in the State of North Dakota and to make rate filings and rates more transparent to the public. Report rate information to the Secretary.

*** Results or Benefits Expected:**

Enhanced rate review and improved rate transparency to the public and Secretary of HHS.

| * Activities | * Position Responsible | * Time Period Begin | * Time Period End | * Non-Salary Personnel Hours |
|---|---|---|---|---|
| Historical Industry Analysis | Chief Actuary/Life and Health Division Director; Chief Examiner | 01/01/2011 | 09/30/2011 | 0 |
| Assumption Analysis Tool | Chief Actuary/Life and Health Division Director | 01/01/2011 | 09/30/2011 | 0 |
| Development of Team Review Capability | Deputy Commissioner; Chief Actuary/Life and Health Division Director | 01/01/2011 | 09/30/2011 | 0 |
| SERFF & Data Transparency | Deputy Commissioner; Data Collections and Research Analyst | 01/01/2011 | 09/30/2011 | 0 |

OMB Number: 0980-0204
Expiration Date: 12/31/2009

# Objective Work Plan

| * Activities | * Position Responsible | * Time Period Begin | * Time Period End | * Non-Salary Personnel Hours |
|---|---|---|---|---|
| Health Rating Manuals and Software | Chief Actuary/Life and Health Division Director | 11/30/2010 | 02/28/2011 | 0 |
| | | | | |
| | | | | |
| | | | | |

* Criteria for Evaluating Results or Benefits Expected:

Reports delivered to the Secretary as required. Increased information available through Department website and SERFF. Increased tools and resources for rate review process.

OMB Number: 0980-0204
Expiration Date: 12/31/2009

# Objective Work Plan

You may attach up to 17 additional Objective Work Plan forms here. To extract, fill and attach each additional form, follow these steps:

- Select the "Select to Extract the Objective Work Plan Attachment" button below.
- Save the file using a descriptive name to help you remember the content of the supplemental form that you are creating. When assigning a name to the file, please remember to give it the extension ".pdf" (for example, "Objective_1.pdf"). If you do not name your file with the ".pdf" extension you will be unable to open it later, using Adobe Reader.
- Use the "Open Form" tool on Adobe Reader to open the new form you just saved.
- Enter your additional Objective information in this supplemental form, similar to the Objective Work Plan form that you see in the main body of your application.
- When you have completed entering information in the supplemental form, save and close it.
- Return to this page and attach the saved supplemental form you just filled in, to one of the blocks provided on this "attachments" form.

**Important:** Attach additional Objective Work Plan forms, using the blocks below. Please remember that the files you attach must be Objective Work Plan PDF forms that were previously extracted using the process outlined above. Attaching any other type of file may result in the inability to submit your application to Grants.gov. Note: It is important to attach completed forms only. Attach ONLY PDF (.pdf) forms where ALL required fields are filled out. Incomplete or missing data will cause your application to be rejected.

Select to extract the Objective Work Plan Attachment

| | | | | |
|---|---|---|---|---|
| 1) Please attach Attachment 1 | | Add Attachment | Delete Attachment | View Attachment |
| 2) Please attach Attachment 2 | | Add Attachment | Delete Attachment | View Attachment |
| 3) Please attach Attachment 3 | | Add Attachment | Delete Attachment | View Attachment |
| 4) Please attach Attachment 4 | | Add Attachment | Delete Attachment | View Attachment |
| 5) Please attach Attachment 5 | | Add Attachment | Delete Attachment | View Attachment |
| 6) Please attach Attachment 6 | | Add Attachment | Delete Attachment | View Attachment |
| 7) Please attach Attachment 7 | | Add Attachment | Delete Attachment | View Attachment |
| 8) Please attach Attachment 8 | | Add Attachment | Delete Attachment | View Attachment |
| 9) Please attach Attachment 9 | | Add Attachment | Delete Attachment | View Attachment |
| 10) Please attach Attachment 10 | | Add Attachment | Delete Attachment | View Attachment |
| 11) Please attach Attachment 11 | | Add Attachment | Delete Attachment | View Attachment |
| 12) Please attach Attachment 12 | | Add Attachment | Delete Attachment | View Attachment |
| 13) Please attach Attachment 13 | | Add Attachment | Delete Attachment | View Attachment |
| 14) Please attach Attachment 14 | | Add Attachment | Delete Attachment | View Attachment |
| 15) Please attach Attachment 15 | | Add Attachment | Delete Attachment | View Attachment |
| 16) Please attach Attachment 16 | | Add Attachment | Delete Attachment | View Attachment |
| 17) Please attach Attachment 17 | | Add Attachment | Delete Attachment | View Attachment |

OMB Number: 4040-0003
Expiration Date: 09/30/2011

# Project Abstract

The Project Abstract must not exceed one page and must contain a summary of the proposed activity suitable for dissemination to the public. It should be a self-contained description of the project and should contain a statement of objectives and methods to be employed. It should be informative to other persons working in the same or related fields and insofar as possible understandable to a technically literate lay reader. This Abstract must not include any proprietary/confidential information.

* Please click the add attachment button to complete this entry.

Add Attachment | Delete Attachment | View Attachment

## Project Narrative File(s)

*** Mandatory Project Narrative File Filename:**

Add Mandatory Project Narrative File | Delete Mandatory Project Narrative File | View Mandatory Project Narrative File

To add more Project Narrative File attachments, please use the attachment buttons below.

Add Optional Project Narrative File | Delete Optional Project Narrative File | View Optional Project Narrative File

## Budget Narrative File(s)

*** Mandatory Budget Narrative Filename:**

Add Mandatory Budget Narrative | Delete Mandatory Budget Narrative | View Mandatory Budget Narrative

To add more Budget Narrative attachments, please use the attachment buttons below.

Add Optional Budget Narrative | Delete Optional Budget Narrative | View Optional Budget Narrative

# BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

## SECTION A - BUDGET SUMMARY

| Grant Program Function or Activity (a) | Catalog of Federal Domestic Assistance Number (b) | Estimated Unobligated Funds | | New or Revised Budget | | |
|---|---|---|---|---|---|---|
| | | Federal (c) | Non-Federal (d) | Federal (e) | Non-Federal (f) | Total (g) |
| 1. ENHANCED RATE REVIEW | 93.511 | $ | $ | $ 934,925.00 | $ | $ 934,925.00 |
| 2. DATA REPORTING | 93.511 | | | 65,075.00 | | 65,075.00 |
| 3. | | | | | | |
| 4. | | | | | | |
| 5. Totals | | $ | $ | $ 1,000,000.00 | $ | $ 1,000,000.00 |

## SECTION B - BUDGET CATEGORIES

| 6. Object Class Categories | GRANT PROGRAM, FUNCTION OR ACTIVITY (1) ENHANCED RATE REVIEW | (2) DATA REPORTING | (3) | (4) | Total (5) |
|---|---|---|---|---|---|
| a. Personnel | $ 67,500.00 | $ 18,750.00 | $ | $ | $ 86,250.00 |
| b. Fringe Benefits | 20,250.00 | 5,625.00 | | | 25,875.00 |
| c. Travel | 750.00 | 0.00 | | | 750.00 |
| d. Equipment | 74,000.00 | 7,000.00 | | | 81,000.00 |
| e. Supplies | 1,850.00 | 1,650.00 | | | 3,500.00 |
| f. Contractual | 750,000.00 | 25,000.00 | | | 775,000.00 |
| g. Construction | 0.00 | 0.00 | | | |
| h. Other | 20,575.00 | 7,050.00 | | | 27,625.00 |
| i. Total Direct Charges (sum of 6a-6h) | 934,925.00 | 65,075.00 | | | $ 1,000,000.00 |
| j. Indirect Charges | | | | | $ |
| k. TOTALS (sum of 6i and 6j) | $ 934,925.00 | $ 65,075.00 | $ | $ | $ 1,000,000.00 |
| 7. Program Income | $ | $ | $ | $ | $ |

## SECTION C - NON-FEDERAL RESOURCES

| (a) Grant Program | (b) Applicant | (c) State | (d) Other Sources | (e)TOTALS |
|---|---|---|---|---|
| 8. | $ | $ | $ | $ |
| 9. | | | | |
| 10. | | | | |
| 11. | | | | |
| 12. TOTAL (sum of lines 8-11) | $ | $ | $ | $ |

## SECTION D - FORECASTED CASH NEEDS

| | Total for 1st Year | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|---|---|---|---|---|
| 13. Federal | $ 1,000,000.00 | $ | $ 250,000.00 | $ 375,000.00 | $ 375,000.00 |
| 14. Non-Federal | $ | | | | |
| 15. TOTAL (sum of lines 13 and 14) | $ 1,000,000.00 | $ | $ 250,000.00 | $ 375,000.00 | $ 375,000.00 |

## SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

| (a) Grant Program | FUTURE FUNDING PERIODS (YEARS) (b)First | (c) Second | (d) Third | (e) Fourth |
|---|---|---|---|---|
| 16. GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM | $ 1,000,000.00 | $ 1,000,000.00 | $ 1,000,000.00 | $ 1,000,000.00 |
| 17. | | | | |
| 18. | | | | |
| 19. | | | | |
| 20. TOTAL (sum of lines 16 - 19) | $ 1,000,000.00 | $ 1,000,000.00 | $ 1,000,000.00 | $ 1,000,000.00 |

## SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:

22. Indirect Charges:

23. Remarks:

OMB Approval No.: 4040-0007
Expiration Date: 07/30/2010

# ASSURANCES - NON-CONSTRUCTION PROGRAMS



**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**NOTE:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.

2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.

5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).

6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C.§§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U. S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee- 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.

10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.

11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).

14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.

16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

| * SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL | * TITLE |
|---|---|
| Completed on submission to Grants.gov | Deputy Commissioner |
| * APPLICANT ORGANIZATION | * DATE SUBMITTED |
| North Dakota Insurance Department | Completed on submission to Grants.gov |

# DISCLOSURE OF LOBBYING ACTIVITIES

**Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352**

Approved by OMB
0348-0046

| 1.* Type of Federal Action: | 2. * Status of Federal Action: | 3. * Report Type: |
|---|---|---|
| [ ] a. contract | [ ] a. bid/offer/application | [X] a. initial filing |
| [X] b. grant | [X] b. initial award | [ ] b. material change |
| [ ] c. cooperative agreement | [ ] c. post-award | |
| [ ] d. loan | | |
| [ ] e. loan guarantee | | |
| [ ] f. loan insurance | | |

**4. Name and Address of Reporting Entity:**

[X] Prime [ ] SubAwardee

*Name: North Dakota Insurance Department

*Street 1: 600 E Blvd Ave  Street 2: Dept. 401

*City: Bismarck  State: ND: North Dakota  Zip: 58505

Congressional District, if known: ND

**5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:**

**6. * Federal Department/Agency:**

DHHS - OCIIO

**7. * Federal Program Name/Description:**

Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review

CFDA Number, *if applicable:* 93.511

**8. Federal Action Number,** *if known:*

**9. Award Amount,** *if known:*

$

**10. a. Name and Address of Lobbying Registrant:**

Prefix  *First Name: none  Middle Name

*Last Name: N/A  Suffix

*Street 1  Street 2

*City  State  Zip

**b. Individual Performing Services** (including address if different from No. 10a)

Prefix  *First Name: N/A  Middle Name

*Last Name: N/A  Suffix

*Street 1  Street 2

*City  State  Zip

**11.** Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

* **Signature:** Completed on submission to Grants.gov

***Name:** Prefix: Mrs.  * First Name: Rebecca  Middle Name

* Last Name: Ternes  Suffix

**Title:** Deputy Commissioner  **Telephone No.:** 701.328.2440  **Date:** Completed on submission to Grants.gov

OMB Number: 2125-0611
Expiration Date: 03/31/2010

# Basic Work Plan

**1. Estimated date of established funding agreement with State:**

Note: Tasks starting before this date are not eligible for funding, and cannot be counted toward matching funds.

**Describe the tasks in the work plan:**

2 a. Describe this task or milestone:

b. Name of person or organization responsible for carrying out task:

c. How long will this task take to complete? months

d. Justify how this project task contributes to project completion: (800 character limit - about 133 words)

OMB Number: 0980-0204
Expiration Date: 12/31/2009

# Project Abstract Summary

**Program Announcement (CFDA)**

93.511

*** Program Announcement (Funding Opportunity Number)**

RFA-FD-10-999

*** Closing Date**

07/07/2010

*** Applicant Name**

North Dakota Insurance Department

*** Length of Proposed Project**

**Application Control No.**

**Federal Share Requested (for each year)**

*** Federal Share 1st Year**

$

*** Federal Share 2nd Year**

$

*** Federal Share 3rd Year**

$

*** Federal Share 4th Year**

$

*** Federal Share 5th Year**

$

**Non-Federal Share Requested (for each year)**

*** Non-Federal Share 1st Year**

$

*** Non-Federal Share 2nd Year**

$

*** Non-Federal Share 3rd Year**

$

*** Non-Federal Share 4th Year**

$

*** Non-Federal Share 5th Year**

$

*** Project Title**

Premium Review Grant

OMB Number: 0980-0204
Expiration Date: 12/31/2009

# Project Abstract Summary

*** Project Summary**

*** Estimated number of people to be served as a result of the award of this grant.**

## Other Attachment File(s)

* Mandatory Other Attachment Filename:

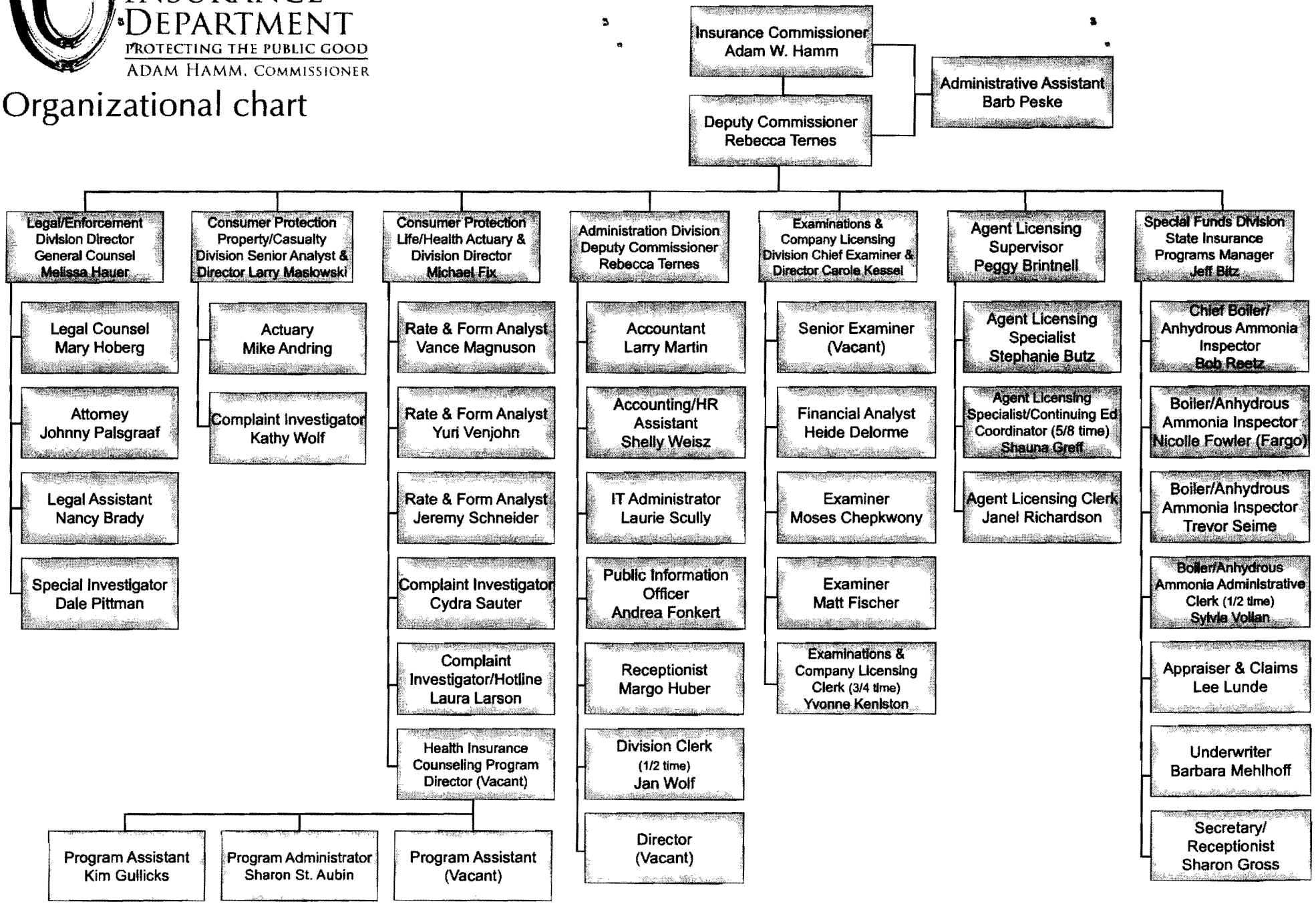
Add Mandatory Other Attachment | Delete Mandatory Other Attachment | View Mandatory Other Attachment

To add more "Other Attachment" attachments, please use the attachment buttons below.

Add Optional Other Attachment | Delete Optional Other Attachment | View Optional Other Attachment

North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

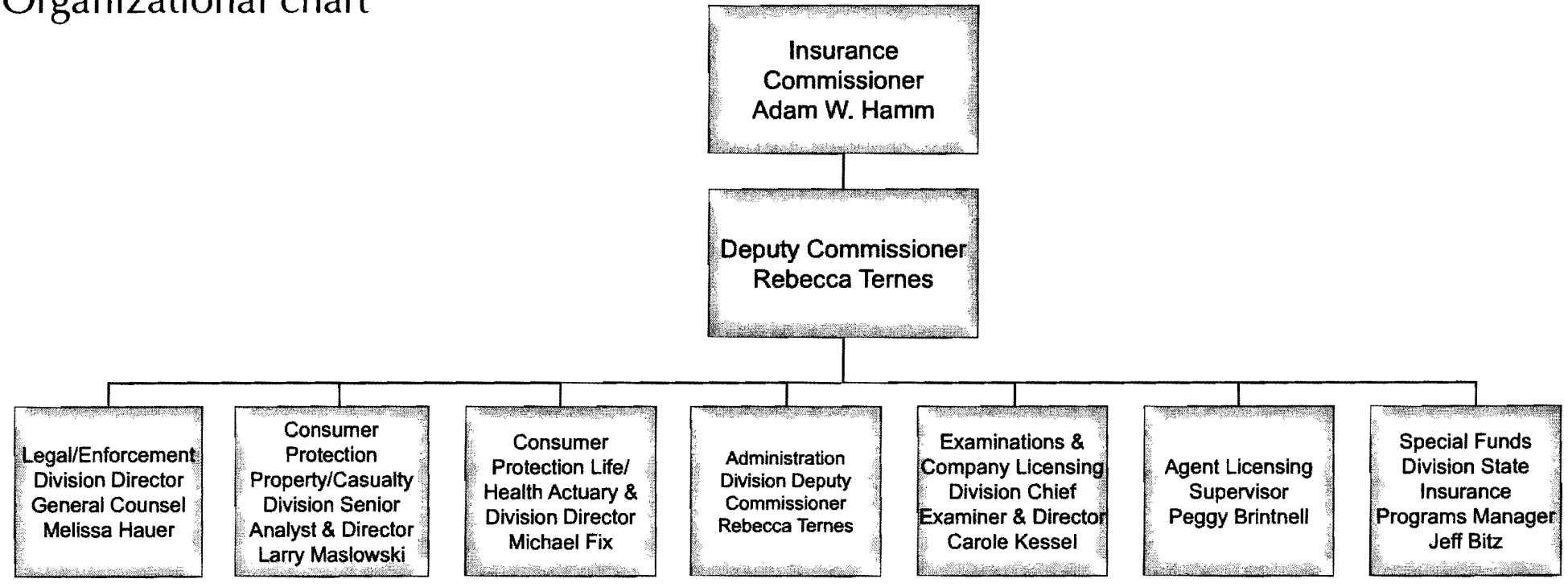
# Organizational chart




Updated June 30, 2010

North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

# Organizational chart

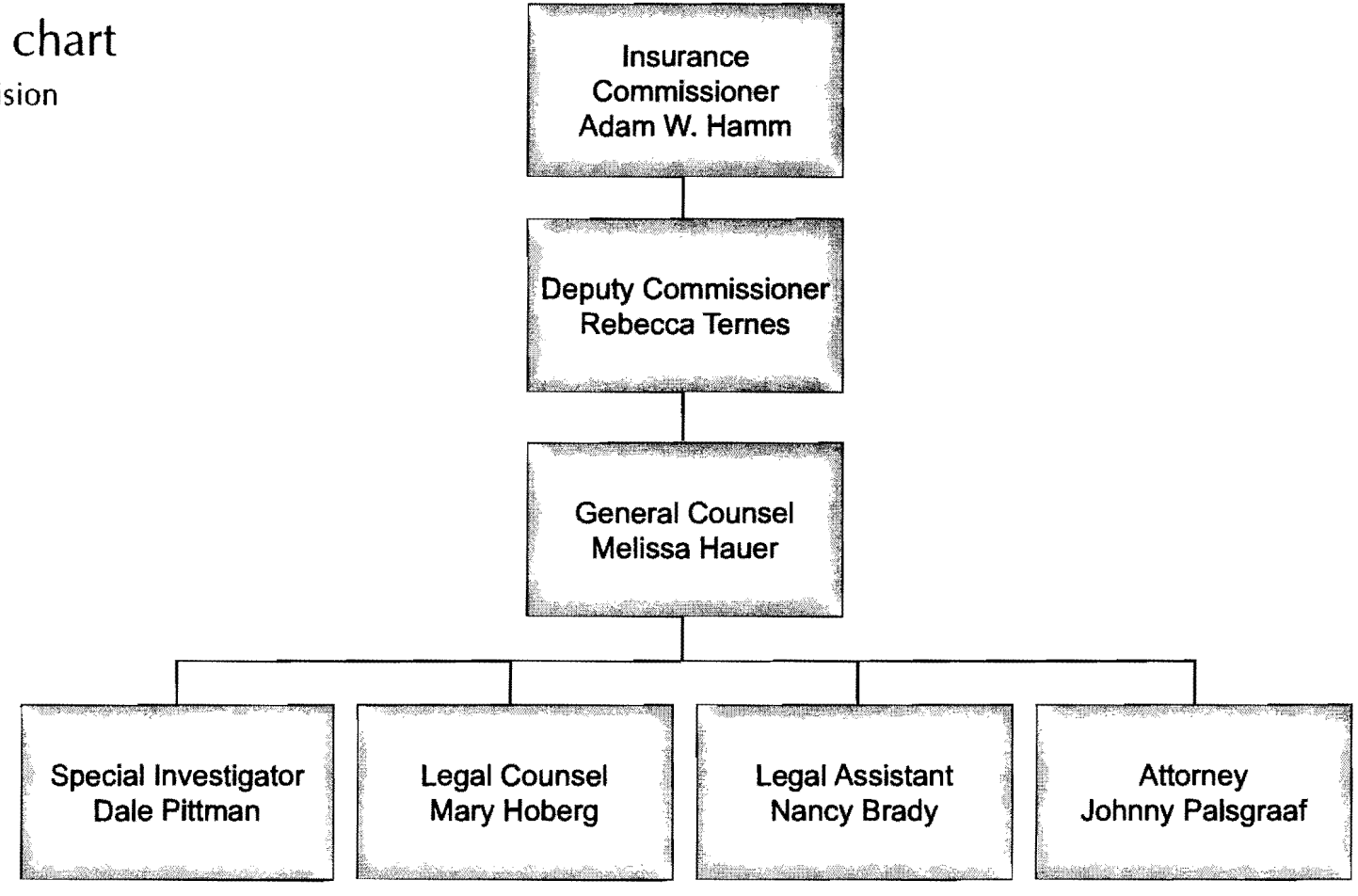



Updated June 30, 2010

North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

# Organizational chart

Legal/Enforcement Division

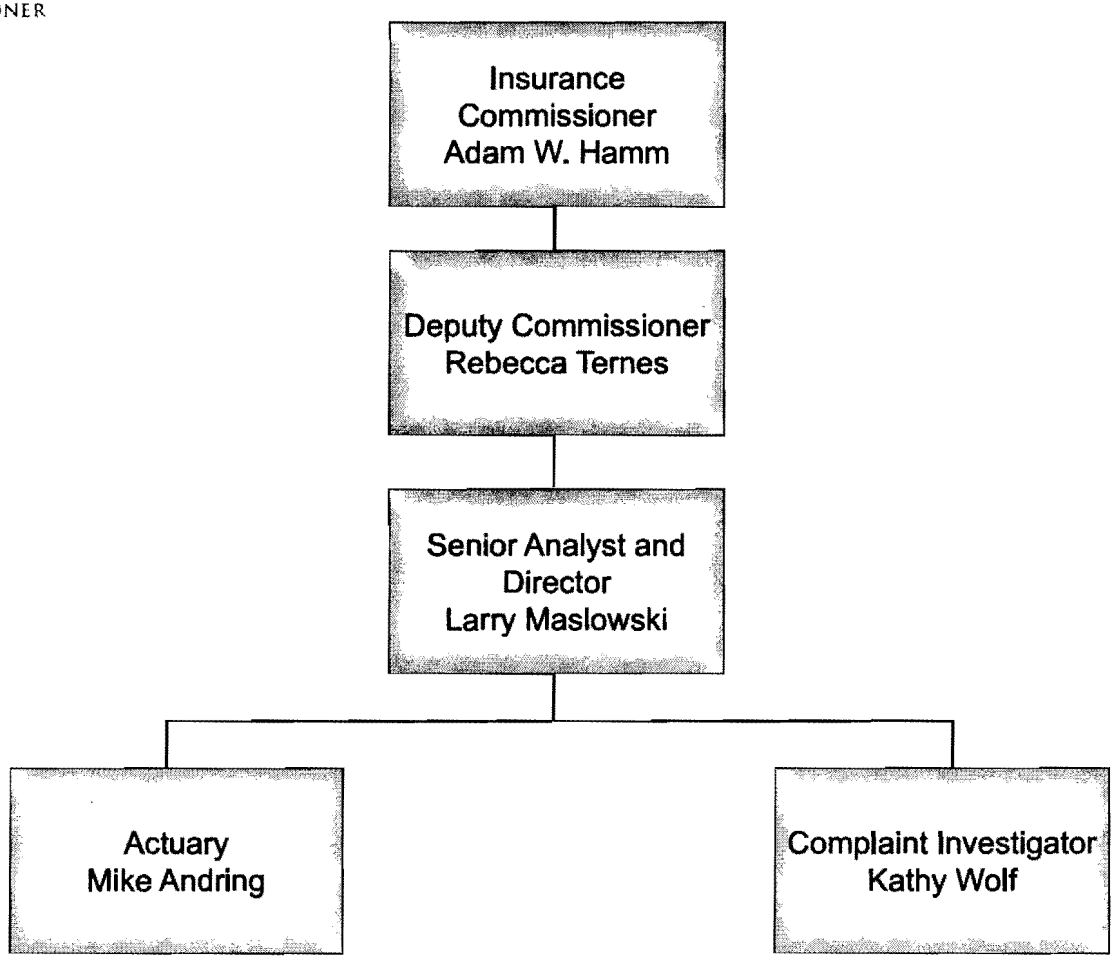



Updated June 30, 2010

North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

# Organizational chart

Consumer Protection
Property/Casualty Division

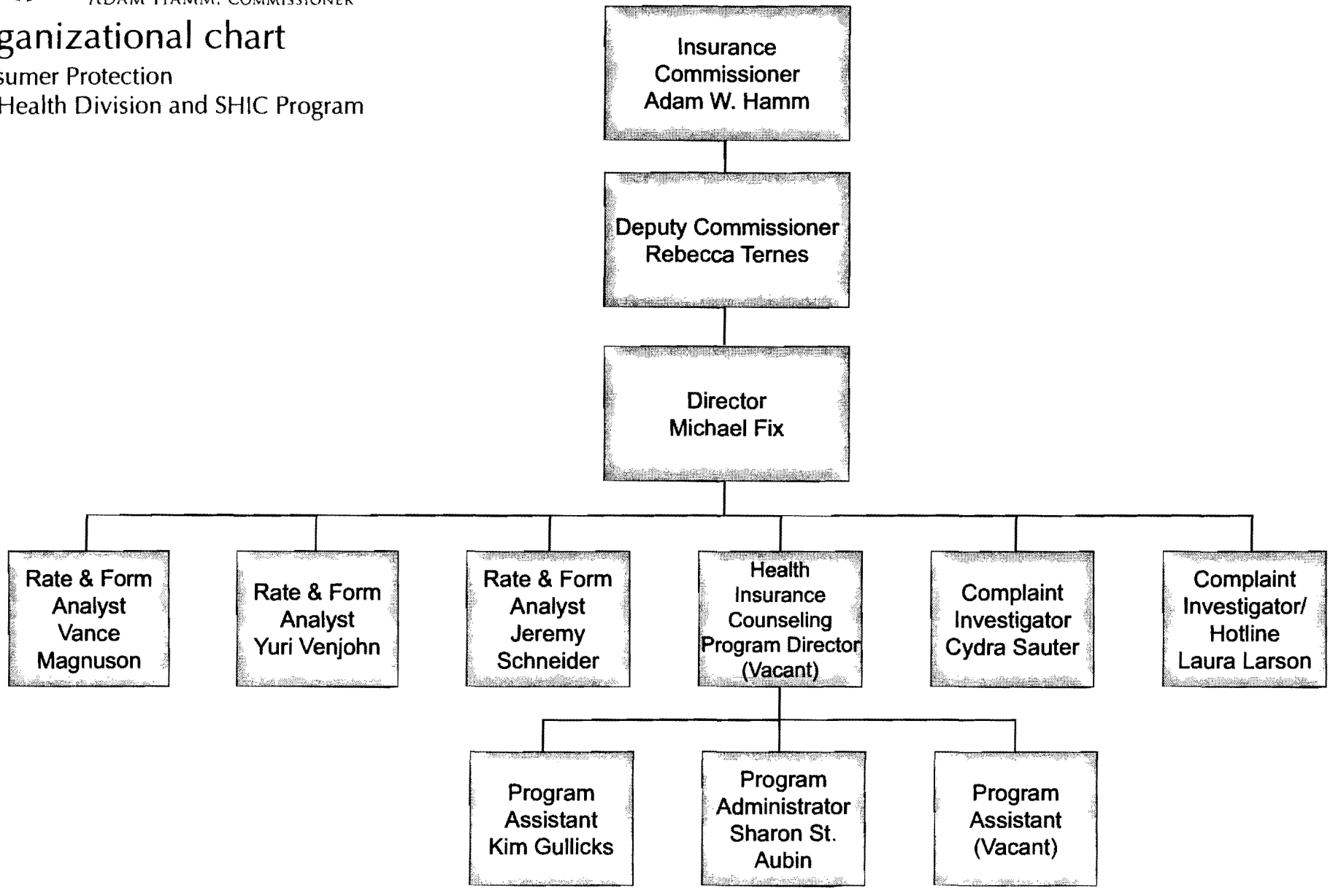



Updated June 30, 2010

North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

# Organizational chart

Consumer Protection
Life/Health Division and SHIC Program




Updated June 30, 2010

North Dakota
INSURANCE
DEPARTMENT
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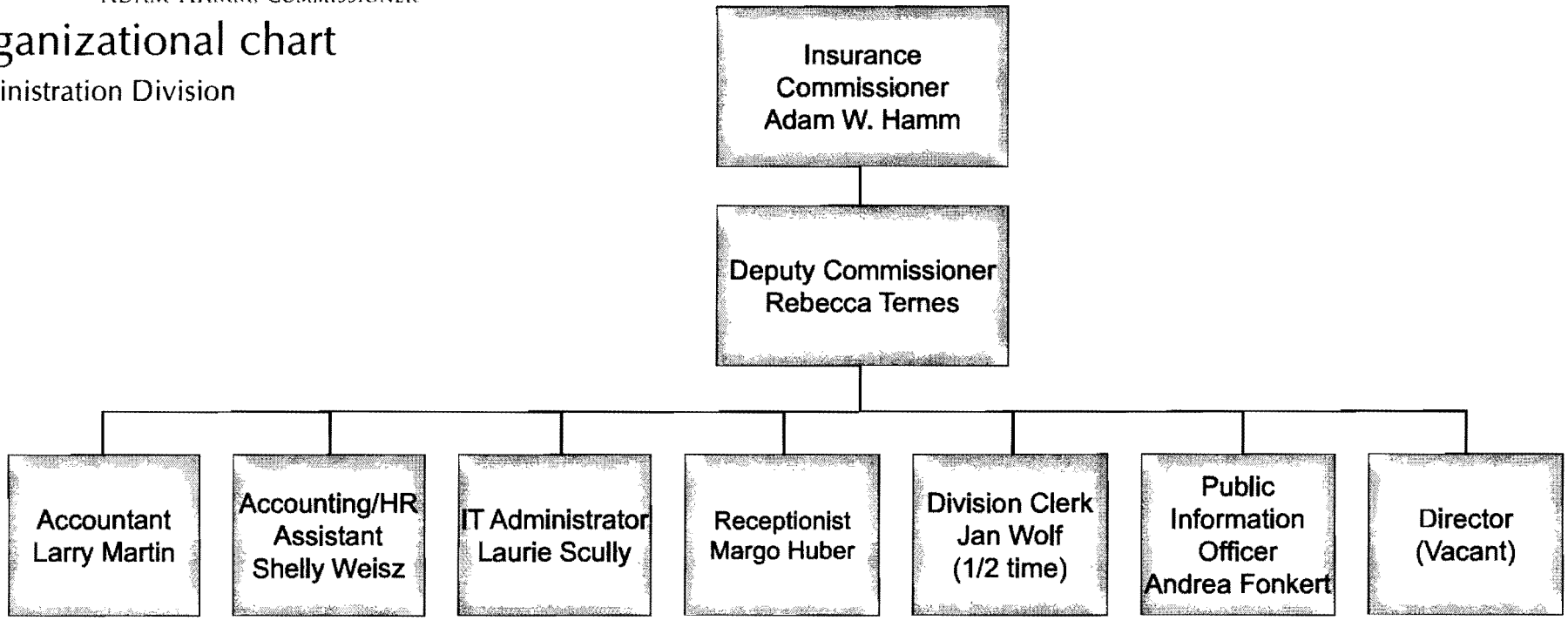
ADAM HAMM, COMMISSIONER

# Organizational chart

Administration Division

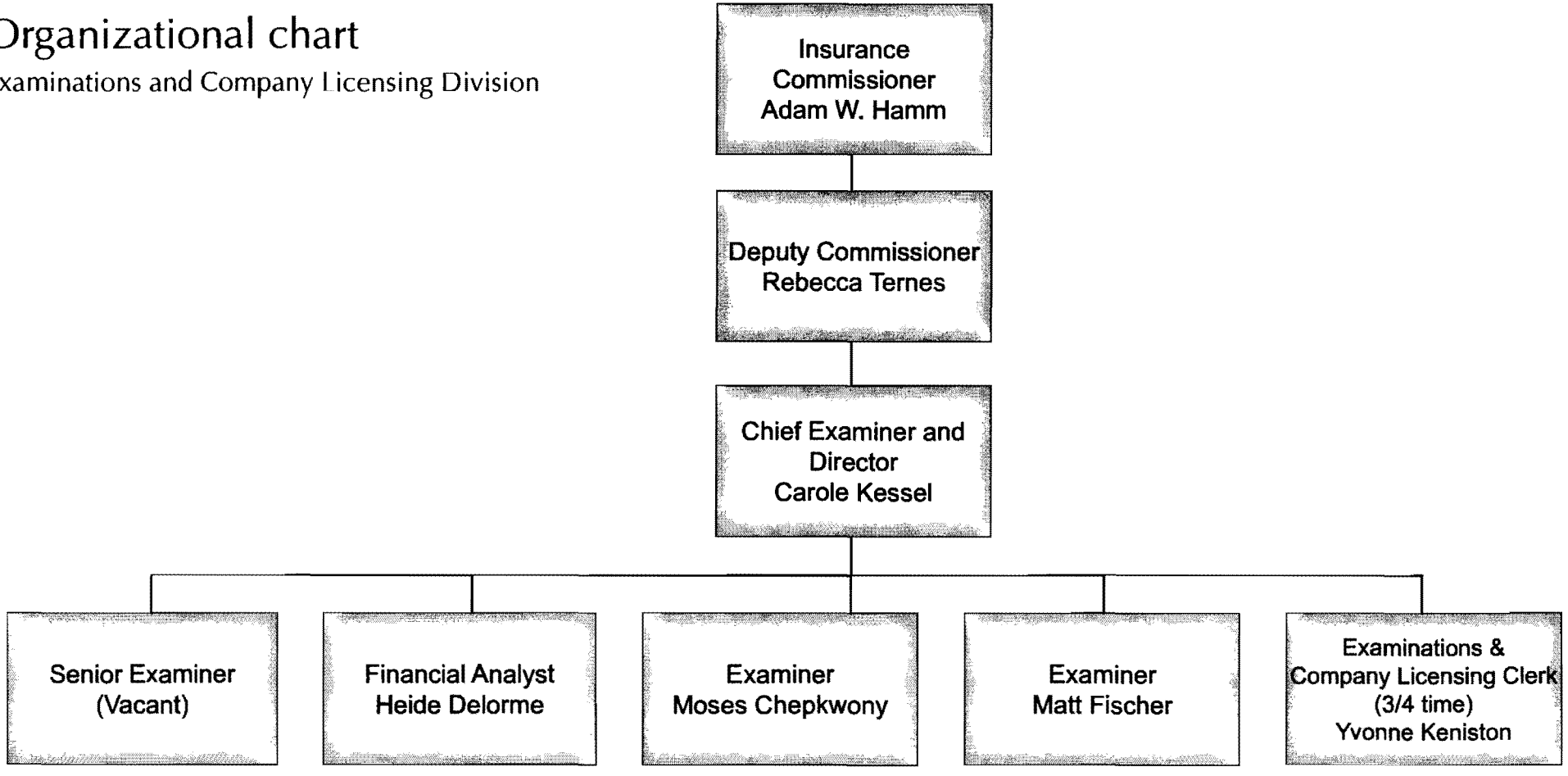



Updated June 30, 2010

North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

# Organizational chart

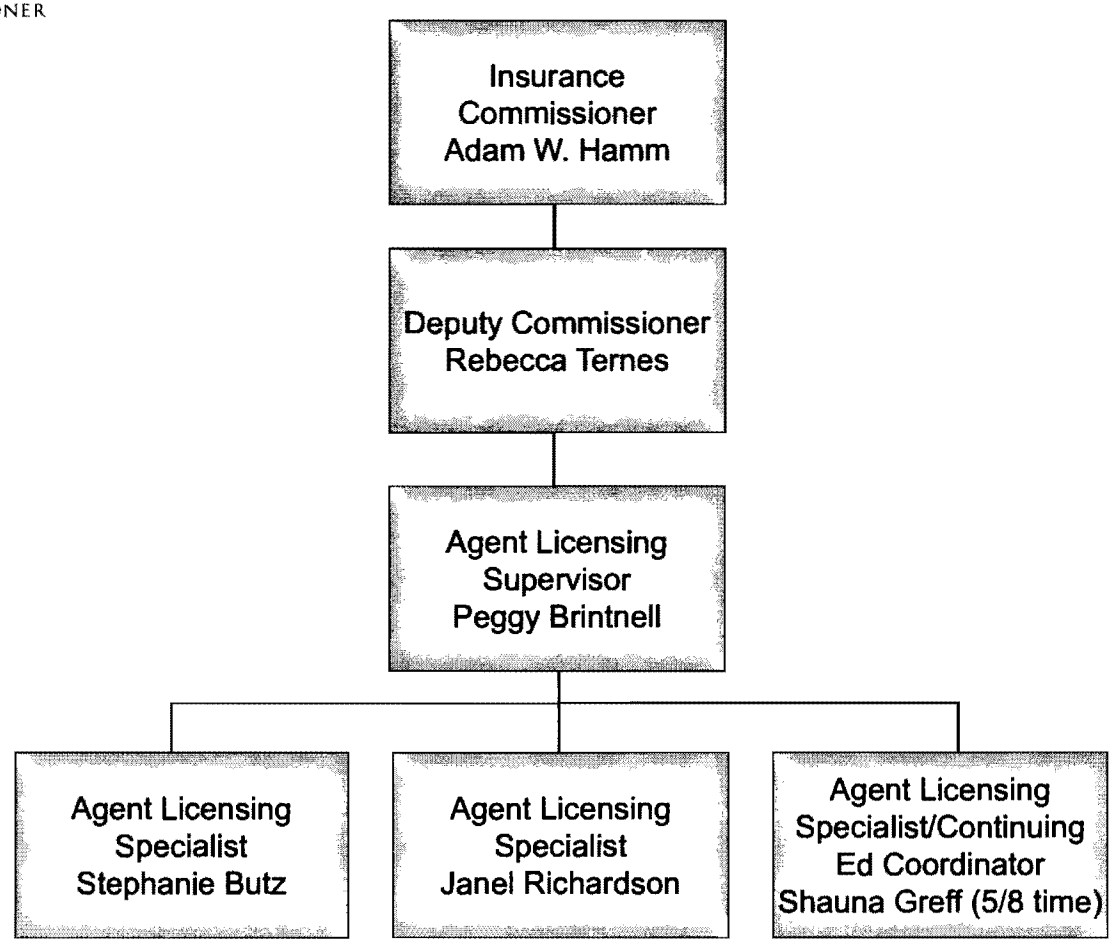
Examinations and Company Licensing Division



North Dakota
INSURANCE
DEPARTMENT
"PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

# Organizational chart

Agent Licensing Division

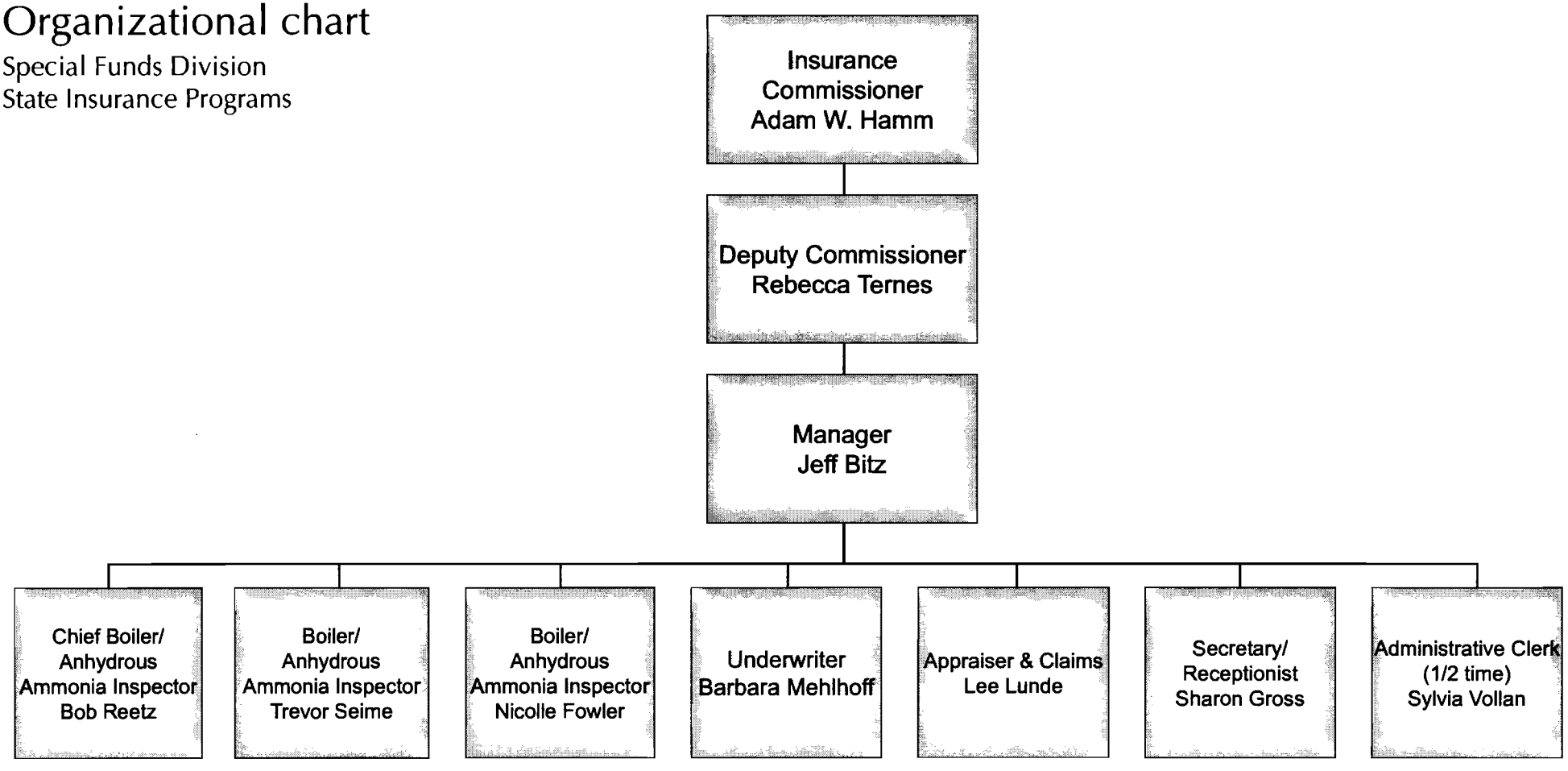



Updated June 30, 2010

North Dakota
INSURANCE
DEPARTMENT
PROTECTING THE PUBLIC GOOD
ADAM HAMM, COMMISSIONER

# Organizational chart

Special Funds Division
State Insurance Programs




Updated June 30, 2010

NORTH DAKOTA

**Resumes and job descriptions for project director and assistant director**

**Project Director: Rebecca Ternes, Deputy Commissioner**
Percentage of time director will spend on this project: 5%

Resume
Experience

- North Dakota Insurance Department, deputy commissioner since 2005
- North Dakota Bankers Association, marketing and services vice president
- ExplorNet, regional director
- North Dakota Department of Economic Development and Finance, international trade program director

Education

- BS in International Business from Minnesota State University—Moorhead
- MBA from the University of North Dakota

Her professional background includes management, marketing, lobbying, and budget and strategic planning experience.

Job description
As deputy commissioner, Ternes is the operational manager of the Department, which includes managing 45 staff, expenditures of more than $14 million and revenue of more than $40 million. She works directly with all divisions of the Department in enforcing fair insurance regulations, encouraging positive consumer protection measures and managing the Department's Special Funds—the Fire and Tornado Fund, the Bonding Fund and the Petroleum Tank Fund.

**Assistant Director: Michael Fix**
Percentage of time assistant director will spend on this project: 25%

Resume
Experience

- North Dakota Insurance Department, Director of the Life and Health Division since 1984
- Provident Life Insurance Company
- Lincoln National Life Insurance Company
- Western States Life/The Mutual Group US
- Trustmark Insurance Company

Education

- Mathematics undergraduate degree from the University of North Dakota
- Master's Degree in Actuarial Science from Ball State University

Fix has directed a number of departments, including marketing, actuarial, product development, market research, financial reporting and corporate planning/projections. He is a Fellow of the Society of Actuaries (FSA, November, 1978) and a member of the American Academy of Actuaries (MAAA, June, 1979).

Job description

As Director of the Life and Health Division for the Insurance Department, Fix manages the five areas within that division, including: (1) the life, annuity and health insurance policy form analysts; (2) the consumer Hotline; (3) consumer complaints; (4) State Health Insurance Counseling (SHIC) program; and (5) Prescription Connection program.

As the life and health actuary for the Department, he reviews and approves or disapproves all health insurance premium rate increase requests.

Note: Fix is the Department's only health insurance actuary. The Department plans to hire another actuary to assist with new rate review activities. Costs related to this new position are included in this application.

**Budget narrative**

**Enhanced rate review**

Personnel: The Department will add 4.5 new full-time employees (FTEs) to provide enhanced rate review services. Those positions include a full time actuary, financial analyst, financial examiner, attorney and a filing analyst who will also work on data reporting.

Fringe benefits: This amount reflects the amount needed to fund the fringe benefits for the above positions.

Travel: The amount requested for travel will be used to send the new employees to state-sponsored training seminars, and travel between the Department's two locations. The Department reimburses employees for travel according to policies established by the Department and the State of North Dakota.

Equipment: Equipment to be purchased under this grant includes personal computers, desks, chairs and other office furniture for the new employees listed under personnel. Also included in this category is the purchase of a health rating software to be used in the rate review process. The State of North Dakota requires software costing $5,000 or more to be classified as a capital asset purchase. The breakdown for equipment purchases is:

| | |
|---|---|
| Personal computers | $ 4,000 |
| Office furniture | $20,000 |
| Health rating software | $50,000 |

Supplies: Supplies to be used for this grant program include general office supplies and resource materials related to rate review.

Contractual: The Department will contract with a consultant to complete a multi-year historical study of health insurance company assumptions in rate requests. A consultant will also be hired to develop an information technology system to enable the rate review team to analyze company assumptions in a more detailed manner. Additional consultants may be required to gather and analyze rate review information and handle legal issues including hearing disputes before the North Dakota Office of Administrative Hearings. The breakdown for contractual purchases is:

| | |
|---|---|
| Historical study | $200,000 |
| Information technology development | $400,000 |

Other consultants & legal costs $150,000

Other: This category includes the general operating items not budgeted in any other area. Specific costs include postage, printing, office rent, data processing costs, telephone, professional development, advertising, background checks for new employees and other operating costs not classified.

**Data reporting**

Personnel: The Department will add 1.5 new FTEs to provide enhanced rate review services. Those positions include a full time data collection and research analyst and a filing analyst who will also work on enhanced rate review.

Fringe benefits: This amount reflects the amount needed to fund the fringe benefits for the above positions as required by the State of North Dakota.

Equipment: Equipment to be purchased under this grant includes personal computers, desks, chairs and other office furniture for the new employees listed under personnel. Also included in this category is the purchase of a health rating software to be used in the rate review process. The breakdown for equipment purchases is:

Personal computers $2,000

Office furniture $5,000

Supplies: Supplies to be used for this grant program include general office supplies and resource materials related to data reporting and research.

Contractual: The North Dakota Insurance Department supports the development and use of the SERFF system to gather and report rate review data to the Secretary of HHS. The Department also plans to contract with an outside consultant to make changes to the Department website to enhance the transparency of the rate review process. The breakdown for contractual purchases is:

SERFF development $20,000

Website design $ 5,000

Other: This category includes the general operating items not budgeted in any other area. Specific costs include postage, printing, office rent, data processing costs, telephone, professional development, advertising, background checks for new employees and other operating costs not classified.

**North Dakota Insurance Department**
**Project abstract**

The North Dakota Insurance Department currently has broad and inclusive authority to review health insurance rates on a prior approval basis. The grant funds will be used to enhance the capability, resources and access to additional tools, which will allow the Department to review rates in even more detail; to study previous industry assumptions and the related outcomes in relation to premiums; and to build a new team concept consisting of existing and new employees to further expand the scope of rate review.

The funds will also be used to:

1. Build a system of data collection for reporting to the Secretary of HHS on rate increase patterns;
2. Include more information for consumers on the Department's website regarding rate review; and
3. Gather future information as deemed necessary to review rates, explain changes in rates and determine marketplace patterns in rates and rate changes.

**Agency goal**

The grant dollars will be used to benefit North Dakota citizens in the area of consumer protection in health insurance, enhancing our existing thorough system of health insurance premium rate review and to allow the public more access to rate information.

**Total budget**

| | |
|---|---|
| Enhanced rate review | $ 934,925.00 |
| Data reporting | $ 65,075.00 |
| Total | $1,000,000.00 |

**Project narrative**

The North Dakota Insurance Department (Department) currently has broad and inclusive authority to review health insurance rates on a prior approval basis. The grant funds will be used to enhance the capability, resources and access to additional tools, which will allow the Department to review rates in even more detail; to study previous industry assumptions and the related outcomes in relation to premiums; and to build a new team concept consisting of existing and new employees to further expand the scope of rate review.

The funds will also be used to: 1) build a system of data collection for reporting to the Secretary of HHS on rate increase patterns; 2) include more information for consumers on the Department's website regarding rate review; and 3) gather future information as deemed necessary to review rates, explain changes in rates and determine marketplace patterns in rates and rate changes.

**a. Current health insurance rate review capacity and process**

The Department regulates all health insurance products. The North Dakota Century Code provides the following rating rules:

**Individual products rating rules and case characteristics** (N.D.C.C. § 26.1-36.4-06)

A. For policies issued after August 1, 1996, premium rates charged during a rating period to the individuals in a class for the same or similar coverage may not vary by a ratio of more than 5 to 1 when age, industry, gender and duration of coverage of the individuals are considered.

B. For policies issued after January 1, 1997, gender and duration of coverage may no longer be used as rating factors.

C. An insurer may also use geography, family composition, healthy lifestyles and benefit variations to determine premium rates.

**Small group products rating rules and case characteristics** (N.D.C.C. § 26.1-36.3-04)

A. This section only applies to a health benefit plan offered by a small employer who employs an average of at least two but not more than 25 eligible employees.

B. The index rate for a rating period for any class of business may not exceed the index rate for any other class of business by more than 15%.

C. For a particular class of business, the premium rates charged during a rating period to small employers with similar case characteristics for the same or similar coverage, or the rates that *could* be charged to the employers under the rating system for that class of business, may not vary from the index rate by more than 20% of the index rate.

D. The percentage increase in a premium rate charged to a small employer for a new rating period may not exceed the sum of:

1. The percent change in the new business rate. If the insurer is no longer enrolling new small employers, the "percent change" will be based on the base premium rate, provided the percent change doesn't exceed that for the change in new business premium rate for the most similar health benefit plan into which the company is actively enrolling new small employers **PLUS**
2. Any adjustment due to claim experience, health status or duration of coverage of the employees or dependents as determined from the company's rate manual for the class of business; this adjustment may not exceed 15% annually and must be adjusted pro rata for rating periods of less than one year **PLUS**
3. Any adjustment due to change in coverage or change in characteristics of the small employer, as determined from the company's rate manual for the class of business.

E. Adjustments in rates for claim experience, health status and duration of coverage may not be charged to individual employees or dependents. Any adjustment must be applied uniformly to the rates charged for all employees and dependents of the small employer.

F. After January 1, 1997, premium rates for a health benefit plan may not vary by a ratio greater than 4:1.

G. A company may use industry as a case characteristic in establishing premium rates, but the highest rate factor associated with any industry classification may not exceed the lowest rate factor associated with any industry classification by more than 15%.

H. For purposes of these "restrictions relating to premium rates," a health benefit plan that uses a restricted provider network may not be considered similar coverage to a plan that does not use a restricted

provider network, if the use of the restricted provider network results in substantial differences in claim costs.

I. A small employer carrier may not use case characteristics other than age, gender, industry, geographical area, family composition and group size without prior approval of the Commissioner. Gender may not be used as a case characteristic after January 1, 1996.

**Comprehensive Health Association of North Dakota (CHAND)** (N.D.C.C. §§ 26.1-08-07 and 26.1-08-08) CHAND offers health insurance to North Dakota residents who either are unable to find adequate health insurance coverage in the private market due to medical conditions or who have lost their employer-sponsored group health insurance.

Approval and filing of benefit plans—The lead carrier shall file with the Commissioner all benefit plans and other forms required to be approved. The Commissioner shall approve or disapprove any form within 60 days of receipt.

Benefit plan premium—The schedule of premiums to be charged eligible individuals for a benefit plan must be established by the lead carrier and approved by the board, but may not exceed 135% of the individual premium rates charged for similar coverage throughout the state. If similar coverage is not offered by other insurance carriers, premium rates for actuarial equivalent benefit plans offered by other insurers in the state must be provided by the Commissioner and used by the lead carrier to determine association rates for the benefit plans.

Statutes regarding these rating rules for individual, small group and CHAND are attached. (SmallGroupStatute.pdf; IndividualStatute.pdf; CHANDstatute.pdf)

A document describing the type of data included in rate filings, referred to as the 28-point Actuarial Memorandum, is attached (P12data.in.filings.pdf).

A redacted health insurance rate filing is attached (RateFiling.pdf).

**Rate review process**

The rate review process in North Dakota focuses on the statute that requires benefits must be reasonable in relation to premiums charged. A company requesting a rate increase must provide information satisfactory to

the Department to justify the level of the requested increase. If the Department has questions about the material provided, or additional information is needed, it will ask the company to provide it.

Health insurance rate increase requests are reviewed by the Department's life/health actuary and life/health rate and form analysts.

As information is received from the company, the Department reviews the factors that affect the overall increase in the cost to provide health care services, including:

- Price inflation
- Increased use of services
- Cost shifting
- Leveraging effect of fixed deductibles and co-payments
- Technology improvements
- Government mandates, benefits and other legislative changes

Also taken into consideration are minimum loss ratio requirements, North Dakota experience and national experience, past premium increases (amount and frequency) and affordability.

After reviewing the information provided by the company, the Insurance Commissioner can approve the requested amount, offer a lower increase or disapprove the request. The company then has legal rights available to it if it does not agree with the decision, starting with an administrative hearing before an administrative law judge.

If the company is unsatisfied with that result, it can then appeal the matter to the appropriate district court and ultimately the North Dakota Supreme Court.

The State's legal authority for rate review and how rates are evaluated is contained in state law at N.D.C.C. § 26.1-30-19. The law provides that a rate must be disapproved by the Commissioner if the benefits provided are unreasonable in relation to the premium charge.

Grounds for rate approval, modification and rejection vary depending on the product type of rate filing, and may include all or a portion of the following:

- Minimum loss ratio requirements

- Level and frequency of past rate increases approved
- Rate increase requests more frequently than once in a 12 month period
- Accumulated past loss ratio vs. projected future loss ratio vs. projected lifetime loss ratio
- Absence of our 28-point Actuarial Memorandum Guideline (see P12data.in.filings.pdf attachment)
- Average premium (low vs. high; ability to pay)
- Assumptions used in submitted justification of rate increase requests, including trend, risk charge, retention (expenses), etc.
- Lack of response to Department's questions
- Wide range of rate increases requested in a particular filing
- Surplus levels

The Department reviews health insurance rate requests prospectively. The Department does not, at this time, include retrospective reviews. A $26.5 million premium refund was made by Blue Cross Blue Shield of North Dakota in 2006. The refund was based on the 2001–2005 period.

**IT and system capability for rate review**

The System for Electronic Rate and Form Filing (SERFF) is the only IT system used by the Department in reviewing rates. As of last fiscal year end, more than 96% of the Department's health filings were received via SERFF.

SERFF supports the Department's rate review process by facilitating faster approvals; clearly outlining the filing structure, which increases the number of correct initial filings; allowing metrics comparisons across all states using SERFF; and allowing the Department to quickly implement and communicate changes to filing requirements.

**Current budget and staffing**

For the 2009-2011 biennium, the North Dakota Insurance Department is appropriated $15,716,800. The Department's budget can be broken down into three functional areas: administration, regulatory and non-regulatory. A total of 45.5 FTEs are authorized for the Department.

Of the total Department budget, $6,112,869 is reserved for administration and regulatory functions. These functions are funded by revenue collected from the licensing of and fines and penalties levied on insurance agents and companies. Of this amount, approximately $308,125 is set aside for rate review activities. The amount funds 85% of an actuary's salary, fringe and operating expenses as well as 50% of a rate and forms analyst's salary, fringe and operating expenses.

**Description of qualifications of staff**

Adam Hamm, Insurance Commissioner

Adam Hamm is a graduate of Sam Houston State University. He received his Juris Doctorate Degree, with Distinction, from the University of North Dakota School of Law in 1998. He has served as Commissioner since 2007.

Rebecca Ternes, Deputy Commissioner

Rebecca Ternes has a Bachelor of Science degree in international business from Minnesota State University—Moorhead and an MBA from the University of North Dakota. She has been with the Department since 2005.

Michael Fix, Life and Health Division Director and Actuary

Michael Fix has an Bachelor of Science degree in mathematics from the University of North Dakota. He earned his Master's Degree in Actuarial Science from Ball State University, in Muncie, Indiana. He has been a Fellow of the Society of Actuaries since 1978 and a Member of the American Academy of Actuaries since 1979. He has been with the Department since 2002.

Vance Magnuson, Senior Life and Health Rate and Form Analyst

Vance Magnuson received a Bachelor of Science degree in business administration from the University of South Dakota. He is a Fellow of the Life Management Institute from the Life Office Management Association, and a Chartered Life Underwriter through The American College. He has been with the Department for 26 years.

**Rate filings**

In calendar year 2009, the Department reviewed 999 health filings. On average, it took 47 days to process each filing.

Rate filings are not actively disclosed to the public, but they are available by request. Rate requests and approvals for the health insurance company with the largest market share in the state are available on the Department's website.

The state laws governing disclosure and public access to rate filings and the Insurance Department in general are found in N.D.C.C. chapter 44-04 and, to a more limited extent, N.D.C.C. title 26.1. As a general rule, rate filings in North Dakota are subject to public disclosure. State law provides that all records of state entities are open to the public, unless made confidential by a specific law. See N.D.C.C. § 44-04-18. Members of the public may request copies of rate filings, but they are not routinely published as of this time. In addition, certain portions of a filing may be redacted if they contain trade secret, proprietary or commercial or financial information that has not previously been made public and which would cause substantial competitive injury to the insurer if released. See N.D.C.C. § 44-04-18.4.

Summaries of rate changes are not currently offered to consumers in plain language. There is no statutory requirement regarding advance notice of rate changes, but the Department does not approve policy forms unless there is a minimum 31-day notice. Companies may choose to have a longer advance notice time frame and, in small group, the company and employer may agree to have longer advance notice periods, i.e., 60, 90 or 180 days. The Department currently does not have a comment period for consumers, but the Commissioner can schedule one.

State law provides that if the Commissioner disapproves a rate filing, the company that made the filing may request a hearing. N.D.C.C. § 26.1-30-21(1). This is an adjudicative proceeding, which is governed by the Administrative Agencies Practices Act found at N.D.C.C. ch. 28-32. There is no specific statute that addresses a public hearing designed to elicit comments of interested persons before a decision is made on a rate filing. It is within the Commissioner's authority to hold such a hearing if deemed appropriate.

**Consumer inquiries and complaints**

Health insurance inquiries (6/1/08–6/1/10): 320

Health insurance complaints (6/1/08–6/1/10): 0

When making an inquiry, consumers generally wanted to know if a rate increase is correct and, if it is, why it was allowed. They also wanted to know how the rate review process works.

During the past two plan years, the Commissioner has disapproved a total of 130 health insurance rate filings out of 444 health insurance rate increase filings submitted. Two rate filing disapprovals resulted in the insurer requesting an adjudicative hearing. The same insurer had filed both of the disapproved rates that lead to the request for hearings. That insurer has a market share of approximately 90% in the state. The number of affected policyholders with the two disapproved rate filings was approximately 70,000. One of the two requested adjudicative hearings was held regarding health insurance rates. That hearing was conducted in November 2008 by an Administrative Law Judge (ALJ) employed by a separate state agency. A three-day hearing was held after which the ALJ issued recommended Findings of Fact, Conclusions of Law and a Recommended Order. This case was settled by agreement of the parties. The other rate filing disapproval, which lead to a hearing request by the same insurer, was also settled by agreement of the parties.

Challenges in the current rate review process include limited staff; a lack of resources allocated strictly to rate review; and the absence of clear definition of "appropriate," "unreasonable" or "excessive" rate increases.

**b. Proposed rate review enhancements**

Historical industry analysis

The Department will seek to contract with a consultant to complete a multi-year historical study of health insurance company assumptions in rate requests including trend assumptions, effects of rate changes on company financial results; and an analysis of the relationship between rate changes and company surplus levels.

The consultant will be asked to analyze up to five companies' data and report back the historical accuracy of the assumptions and the financial results of the rate changes over time. The Department will then use this information as background information to analyze the level of conservativism in assumptions being used, and to uncover inordinately conservative assumption setting over time, if that is the case. This information will provide a means to relate pricing assumptions to financial implications.

The Department currently does not have resources to do this study. It will improve the Department's understanding and knowledge of trend data and its accuracy.

Budget: $200,000

Activity: Enhanced rate review

Timeline: The contract will be fulfilled by September 30, 2011.

Goals, objectives, milestones: To complete a one-time project to study, in greater detail, the relationship of rate assumptions to financial results for companies that affect a significant portion of North Dakota policyholders.

Staff responsible: Chief Actuary/Life and Health Division Director; Chief Examiner/Company Licensing Division Director; Financial Analyst

Assumption analysis tool

The Department expects to contract with a consultant for the development of an information technology system to enable the rate review team to analyze company assumptions in a more detailed manner. It is contemplated that the system, based on the historical industry analysis, will be able to assist the team in further analyzing the rate request assumptions of utilization, medical cost inflation, leveraging, cost shifting and risk.

The Department currently does not use any software to analyze rate filings. SERFF is only used to receive and approve or disapprove rate requests. This will improve the depth in which the Department is able to verify company assumptions.

Budget: $400,000

Activity: Enhanced rate review

Timeline: The contract will be fulfilled by September 30, 2011.

Goals, objectives, milestones: To develop a new tool for the rate review team to further analyze corporate assumptions in rate change requests. To develop a future tracking of assumptions and related outcomes.

Staff responsible: Chief Actuary/Life and Health Division Director

Development of team review capability

The Department will implement a new process to provide for a collaborative effort by the actuarial, rate analysis, examination and legal functions on an as needed basis.

Under this team approach, any or all of the team (actuary, filing analyst, examiner, attorney) will meet and collectively consider a rate filing, conduct a limited scope exam or review of a company or conduct a market

conduct exam. External consultants may also be used as team members depending on the availability of staff time, skills and resources. The actuary will assign duties to each member of the team to assure a comprehensive review of the filing and its impact on policyholders.

The actuary's role is to direct and oversee the team's review tasks, to summarize the outcome of the team's review and to make a recommendation to the Commissioner. The filing analyst role is to review rate filings for compliance with state laws and regulations; for accuracy; and for completeness. The examiner will assist the rate analyst with obtaining additional information or clarification from the insurer, verifying underlying data and preparing analytic comparisons of historic and competitive data. The attorney will provide guidance as to any matters of law and policyholder protections and will also assist the actuary and Commissioner in documenting the rate review decision for public disclosure purposes. Any external consultants will be assigned specific duties determined to be necessary but unattainable within the resources available internal to the Department.

Grant funds will be used to hire additional staff to fulfill duties of the proposed enhanced rate review. See the "Proposed Future Enhancements JOB DESCRIPS.pdf" attachment for detailed descriptions of the following new staff roles:

- Actuary
- Filing analyst
- Financial examiner
- Financial analyst
- Attorney

Currently, staff reviews rate filings independently. This team review capability will create a more well-rounded review process.

Budget: $284,925

Activity: Enhanced rate review

Timeline: Planning and hiring efforts will begin in January 2011. Existing staff will form teams as needed.

Goals, objectives, milestones: Project teams will be developed as rate requests are sent to the Department on an as needed basis, within the North Dakota statutory time frame of 60 days to review rates.

Staff responsible: Deputy Commissioner; Chief Actuary/Life and Health Division Director

SERFF and data transparency

**Leveraging SERFF to meet HHS requirements**

A. SERFF will be modified to address data collection and reporting requirements, such as:
    a. State options to indicate premium review grant participation
    b. Company profile changes to incorporate company type
    c. State-maintained indicator for rate filing requests meeting the HHS threshold for 'unreasonable'
    d. Addition of field to indicate product types
    e. Company-maintained product information including product name, HHS ID and product status that will allow the companies to track products and apply them to filings
    f. A new set of fields added to the rate/rule schedule items to provide health insurance premium review data on a policy form basis
    g. Changes to the State Application Programming Interface (API) to accommodate retrieval of the data elements added above and to allow for updates of appropriate data elements via the State API
B. Incorporating the submission of a federally mandated Rate Filing Disclosure Form and Justification (currently being reviewed by the National Association of Insurance Commissioners' B Committee) that is required to be filed under provisions of the Affordable Care Act if a rate request falls under the definition of 'unreasonable'
C. Additional SERFF state training that will support the grant requirements
D. Support for making non-confidential consumer friendly rate disclosures and rate filing information available publicly, as required and permitted
E. Support the ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, if HHS will accept reports directly from SERFF, including basic trending reports

Grant funds will be used to hire additional staff to fulfill duties of the proposed enhanced rate review. The new staff and roles include:

- Data collection and research analyst (See the "Proposed Future Enhancements JOB DESCRIPS.pdf" attachment for a detailed description)

There is currently no system in place to provide consumer-friendly rate disclosures to the public. Also, SERFF does not currently collect the data that will be required by HHS. These changes will allow the Department to provide more and different information on rates and the rate review process to stakeholders.

Of the overall budget for this section, $20,000 will go to SERFF to support the modifications being made to meet HHS requirements.

Budget: $65,075

Activity: Data reporting

Timeline: Planning and hiring efforts will begin in January 2011.

Goals, objectives, milestones: Staff will be skilled in these respective areas upon hire or training will be offered immediately upon hire.

Additional resources: The grant funds will pay for the salaries, fringe benefits and associated operating costs of staff.

Staff responsible: Deputy Commissioner; Data Collections and Research Analyst

Health rating manuals and software

Funding will be used to purchase health rating manuals and software designed to assist the Department in reviewing health insurance rates. The software will be one tool for the Department staff to use and will create one perspective on the accuracy and necessity of a rate change.

The software allows for the segregation of health insurance products and the ability to consider various utilization factors. It will also allow the Department to run the rate changes through a model based on existing state mandates, future federal requirements and future essential benefit packages.

The Department currently does not use any software to analyze rate filings. This will improve the depth in which the Department is able to verify company assumptions, and it will allow the Department to test rates before they are implemented.

Budget: $50,000

Activity: Enhanced rate review

Timeline: The Department will purchase the software by November 30, 2010; train and test the software in December 2010 and January 2011 and begin using it in February 2011.

Goals, objectives, milestones: To develop a new tool for the rate review team to further analyze corporate assumptions in rate change requests.

Staff responsible: Chief Actuary/Life and Health Division Director

Predictable future challenges to enhancing North Dakota's current rate review process include 1) limited resources; 2) reconciling terminology, including "actuarially justified," "unreasonable," "excessive" and "appropriate," where "appropriate" may include considerations such as surplus levels, the level and frequency of past approved rate increases, and any significant differences between accumulated past loss ratio experience and projected future loss ratio experience; 3) educating consumers about the need to increase rates, the factors that would justify an increase, and consumers' responsibility to assist in the effort to hold down the cost of health care in general; 4) developing an understanding of the long-term benefits of reducing health care costs vs. limiting premium increases; and 5) the lack of clarity in the definition of medical loss ratio.

**Proposed future enhancements**
**New staff job role descriptions**

- **Actuary**—Review requested rate increase requests, including compliance with minimum loss ratio requirements where applicable. Consider accumulated past loss ratio experience, projected future loss ratio experience and projected total lifetime loss ratio experience. Consider past rate increases, both frequency and amount, as well as the level of the current rate increase. Review assumptions used to justify the rate increase request, asking the filing company for additional justification and documentation where deemed necessary. Make a rate increase recommendation to the Commissioner. Answer questions from companies, agents and consumers regarding rate increases requested and approved.

- **Filing analyst**—Review rate filings for compliance with state laws and regulations. Ensure that required information has been included in the filing. Screen the rate filings for aberrations and bring these to the attention of the actuary. Verify accuracy and completeness of the filing. Communicate with the filing companies regarding follow-up questions and/or to obtain additional information; also to communicate Department's rate approval decision. Review financial information applicable to the filing companies. Answer questions from companies agents and consumers. Maintain documentation and prepare reports.

- **Financial examiner**—Evaluate the actuarial certification for compliance with NAIC guidelines and verify the actuary's designation and qualifications; determine the level of testing performed by the actuary, review documentation supporting the actuary's opinion and perform tests of accuracy and completeness of underlying data; compare information provided in the rate filing to the company's annual statement and to prior rate filings; determine the credibility and appropriateness of experience data and administrative expenses; identify any material changes in rating practices that have been implemented since the prior actuarial certification; determine that required documentation, including complete and detailed description of its rating practices and renewal underwriting practices, are maintained by the company; verify that the company's rating practices, as to required disclosures in solicitation and sales materials and implementation of rate changes, are actually being followed; prepare comparative analysis of historic data, including reserve and surplus levels, operating results, administrative expenses, rate of return and line of business data; prepare market share and competitive market analysis.

- **Financial analyst**—Monitoring licensed health entities on an ongoing basis as follows: ensure insurance companies comply with North Dakota insurance laws by analyzing and interpreting financial statements and other relevant data; apply laws, rules, policies, annual financial statement instructions, statutory accounting principles and securities valuation manual to value assets; assess the validity of loss reserves, determine adequacy of capital and surplus, and evaluate the solvency and overall financial condition of insurance companies; review and approve holding company transactions involving reinsurance arrangements, service agreements, and management agreements for compliance with North Dakota Century Code and other applicable laws; analyze risk-based capital reports, evaluate any relevant corrective plans and monitor company's implementation of corrective actions; analyze financial trends and material changes, review financial ratios and perform analysis of

underlying formulas; assess the adequacy of reserves utilizing actuarial opinions and company disclosures; conduct follow-up with the companies to address questions that arise during the analysis process; summarize findings and document files accordingly; prepare a summarization report to the Insurance Commissioner describing company status; communicate adverse findings and solvency issues to the Chief Examiner and Insurance Commissioner and to other relevant state insurance departments; consult with other state insurance departments; perform research on special projects as needed.

- **Attorney**—Assist in the rate review process by researching and interpreting application of sections of the North Dakota Century Code that govern the rate review process, other applicable laws, administrative rules and case law; provide advice to the Commissioner and Department staff regarding the application of laws, rules and case law to a particular rate filing; represent the Department in litigation involving rate filings; and suggest the creation or amendment of laws or administrative rules governing the rate review process.

- **Data collection and research analyst**—Assist all staff members in collecting and analyzing relevant data from internal and external sources during rate reviews; collect all data as prescribed by the grant for disclosure to the Secretary of HHS, the public, and other constituents; work with the National Association of Insurance Commissioners (NAIC) to establish other systems for data collection and reporting; prepare and submit grant progress reports.

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# Proposed Rates

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b. Provide notice of the decision to modify health coverage to all affected small employers, participants, and beneficiaries and the commissioner sixty days prior to the modification of health coverage by the carrier.

**26.1-36.3-06. Availability of coverage.**

1. a. As a condition of transacting business in this state with small employers, every small employer carrier shall actively offer small employers all health benefit plans it actively markets to small employers in this state, including a basic health benefit plan and a standard health benefit plan.

   b. (1) Subject to subdivision a of subsection 1, a small employer carrier shall issue any health benefit plan to any eligible small employer that applies for the plan and agrees to make the required premium payments and to satisfy the other reasonable provisions of the health benefit plan not inconsistent with this chapter and section 26.1-36-37.2. However, a carrier may not be required to issue a health benefit plan to a self-employed individual who is covered by, or is eligible for coverage under, a health benefit plan offered by an employer.

   (2) In the case of a small employer carrier that establishes more than one class of business pursuant to section 26.1-36.3-03, the small employer carrier shall maintain and issue to eligible small employers all health benefit plans it actively markets to small employers, including at least one basic health benefit plan and at least one standard health benefit plan in each established class of business. A small employer carrier may apply reasonable criteria in determining whether to accept a small employer into a class of business if the criteria are not intended to discourage or prevent acceptance of small employers applying for a health benefit plan, are not related to a health status-related factor of the small employer, and are applied consistently to all small employers applying for coverage in the class of business. The small employer carrier shall provide for the acceptance of all eligible small employers into one or more classes of business. This paragraph does not apply to a class of business into which the small employer carrier is no longer enrolling new small businesses.

2. a. A small employer carrier shall file with the commissioner, in a format and manner prescribed by the commissioner, the basic health benefit plans and the standard health benefit plans to be used by the carrier. A health benefit plan filed under this subdivision may be used by a small employer carrier beginning sixty days after it is filed unless the commissioner disapproves its use.

   b. The commissioner after providing notice and an opportunity for a hearing to the small employer carrier may disapprove, at any time, the continued use by a small employer carrier of a basic or standard health benefit plan if the plan does not meet the requirements of this chapter and section 26.1-36-37.2.

3. Health benefit plans covering small employers must comply with the following:

   a. A health benefit plan may impose a preexisting condition exclusion only if:

      (1) The exclusion relates to a condition, regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the six-month period immediately preceding the effective date of coverage;

      (2) The exclusion extends for a period of not more than twelve months after the effective date of coverage;

(3) The exclusion does not relate to pregnancy as a preexisting condition; and

(4) The exclusion does not treat genetic information as a preexisting condition in the absence of a diagnosis of a condition related to such information.

b. A small employer carrier shall reduce any time period applicable to a preexisting condition exclusion or limitation period by the aggregate of periods the individual was covered by qualifying previous coverage, if any, if the qualifying previous coverage was continuous until at least sixty-three days prior to the effective date of the new coverage. Any waiting period applicable to an individual for coverage under a group health benefit plan may not be taken into account in determining the period of continuous coverage. This subdivision does not preclude application of an employer waiting period applicable to all new enrollees under the health benefit plan. Small employer carriers shall credit coverage by either a standard method or an alternative method. The commissioner shall adopt rules for crediting coverage under the standard and alternative method. These rules must be consistent with the Health Insurance Portability and Accountability Act of 1996 [Pub. L. 104-191; 110 Stat. 1936; 29 U.S.C. 1181 et seq.] and any federal rules adopted pursuant thereto.

c. A health benefit plan may exclude coverage for late enrollees for the greater of eighteen months or for an eighteen-month preexisting condition exclusion; however, if both a period of exclusion from coverage and a preexisting condition exclusion are applicable to a late enrollee, the combined period may not exceed eighteen months from the date the individual enrolls for coverage under the health benefit plan.

d. (1) Except as provided in this subdivision, a small employer carrier shall apply requirements used to determine whether to provide coverage to a small employer, including requirements for minimum participation of eligible employees and minimum employer contributions, uniformly among all small employers with the same number of eligible employees who are applying for coverage or receiving coverage from the small employer carrier.

(2) A small employer carrier may vary application of minimum participation requirements and minimum employer contribution requirements only by the size of the small employer group.

(3) (a) Except as provided in subparagraph b, a small employer carrier, in applying minimum participation requirements with respect to a small employer, may not consider employees or dependents who have qualifying existing coverage in determining whether the applicable percentage of participation is met. For purposes of determining the applicable percentage of participation under this subparagraph only, individual health benefit plans are not included in the definition of "qualifying existing coverage" under section 26.1-36.3-01.

(b) With respect to a small employer, with ten or fewer eligible employees, a small employer carrier may consider employees or dependents who have coverage under another health benefit plan sponsored by the small employer in applying minimum participation requirements.

(4) A small employer carrier may not increase any requirement for minimum employee participation or any requirement for minimum employer

contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

e. (1) If a small employer carrier offers coverage to a small employer, the small employer carrier shall offer coverage to all of the eligible employees of a small employer and their dependents. A small employer carrier may not offer coverage only to certain individuals in a small employer group or only to part of the group, except in the case of late enrollees as provided in subdivision c.

(2) Except as permitted under subsection 1 and this subsection, a small employer carrier may not modify a health benefit plan with respect to a small employer or any eligible employee or dependent through riders, endorsements, or otherwise, to restrict or exclude coverage for certain diseases or medical conditions otherwise covered by the health benefit plan.

4. a. A small employer carrier offering coverage through a network plan is not required to offer coverage or accept applications under subsection 1 to a small employer if:

(1) The small employer does not have eligible individuals who live, work, or reside in the service area for such network plan; or

(2) The small employer does have eligible individuals who live, work, or reside in the service area for the network plan, but the carrier has demonstrated, if required, to the commissioner that it will not have the capacity to deliver services adequately to enrollees of any additional groups because of its obligations to existing group contractholders and enrollees, and that it is applying this paragraph uniformly to all employers without regard to the claims experience of those employers and their employees and their dependents or any health status-related factor relating to such employees and dependents.

b. A small employer carrier, upon denying health insurance coverage in any service area in accordance with paragraph 2 of subdivision a, may not offer coverage in the small employer market within the service area for a period of one hundred eighty days after the date the coverage is denied.

5. A small employer carrier is not required to provide coverage to small employers pursuant to subsection 1 for any period of time for which the commissioner determines that the carrier does not have the financial reserves to underwrite additional coverage and is applying this section uniformly without regard to the claims experience of small employers or any health status-related factor relating to employees and their dependents. A small employer carrier denying coverage in accordance with this section may not offer coverage in connection with a group health benefit plan in the small group market for a period of one hundred eighty days after the health coverage is denied or until the carrier has demonstrated to the commissioner sufficient financial reserves to underwrite financial coverage, whichever is later.

6. Subsection 1 does not apply to health benefit plans offered by a small employer carrier if the carrier makes the health benefit plans available in the small employer market only through one or more associations.

**26.1-36.3-07. Small employer carrier reinsurance program.** Repealed by S.L. 2003, ch. 256, § 3.

**26.1-36.3-08. Health benefit plan committee.**