TESTIMONY

Presented by: **Melissa Hauer**
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Before: **Budget Section**
Senator Tony Grindberg, Chairman

Date: **September 20, 2012**

Good afternoon, Chairman Grindberg and members of the Budget Section. My name is Melissa Hauer and I am the General Counsel for the North Dakota Insurance Department. I appear before you today to give the requested update on the status of provisions of the Patient Protection and Affordable Care Act (PPACA).

Essential Health Benefits (EHB)

The Insurance Commissioner testified earlier this month before the Legislative Management's Health Care Reform Review Committee regarding the details of the essential health benefits (EHB) plan required by PPACA. Originally we were told by the United States Department of Health and Human Services (HHS) that states must make their EHB decision by September 30 of this year. But HHS has since indicated a "softening" of that date. Since then HHS has not adopted any regulations governing the EHB plan.

The State of North Dakota engaged an actuarial consulting firm to study the available EHB benchmark options provided by the state employee benefit plan, the federal employee plans, the commercial HMO plans and the small group plans and provided that information at the September meeting of the Health Care Reform Review Committee. The committee's straw vote indicated the state should select the most basic plan available as a floor which insurers can build upon if they choose. If the state does not make a choice, the default option that will apply would be the nongrandfathered small group plan with the largest enrollment in the state.

We will continue to monitor any guidelines or regulations put out by HHS regarding the EHB plan. But, as of today, we still do not have final regulatory guidance on EHB and were told by HHS last week there is no specific date we can expect it.

Health Care Reform Grants

The Insurance Department was awarded and the 2011 Legislative Assembly approved a federal grant of $1 million for health insurance rate review enhancement and a federal grant of $1 million for planning a health insurance exchange. Approval was recently given by HHS to transfer the remainder ($768,022.27) of the exchange planning grant to the North Dakota Department of Human Services for its work on the Medicaid eligibility system upgrade. The Insurance Department has recently requested a no cost extension for the remainder of funds left in the rate review grant ($857,374). The funds are primarily designated for covering the costs of contracted actuaries currently being used by the Department.

National Association of Insurance Commissioners (NAIC)

The Department continues to participate in numerous in-person and phone meetings on PPACA through the NAIC. Recently the NAIC created a new Health Care Reform Regulatory Alternatives Working Group, which North Dakota has joined. The working group will provide a forum for states to discuss alternatives to implementing a state-based Exchange, the implications of such alternatives on state regulatory authority, and identify opportunities for states to continue to innovate and regulate outside of a federal Exchange.

That concludes my testimony. I would be happy to respond to any questions you may have. Thank you.