



Spring Newsletter

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Greetings from the Commissioner By Jon Godfread

I'd like to take this opportunity to introduce myself as your new Insurance Commissioner, share with you the direction the Department is moving in and thank you for the great work you do.

Throughout the past five months, I have been focused on shifting our mentality as an agency to being more service-driven in everything we do. We are here to serve North Dakota consumers and producers. Two areas in which we've jumped at the opportunity to further develop the level of customer service we provide include:

- New Facebook page (www.facebook.com/NDInsuranceDepartment) - your #1 accessible, transparent and service-focused resource for everything insurance in North Dakota.
- Crackdown on insurance fraud - the Department is continuing to expand our fraud prosecution program in order to combat a rise in cases across North Dakota. As agents, you are on the front lines and can provide valuable insight. If something doesn't feel right or you



Jon Godfread was sworn in as Insurance Commissioner on January 3.

suspect fraud, it is your duty to report this information to the Department and help us combat this growing issue.

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As we strive to become more service-driven, I also want to encourage you to reach out to the Department with any questions or concerns you might have. I cannot promise that we will solve every problem but we cannot address issues if we don't know they exist. Just as we are here to serve and protect the consumers of our state, we are also here to work with you, our agents and producers, and to provide you with the tools you need to help serve your consumers. Essentially, our goals are the same in that sense – we wish to provide a great experience to every North Dakota consumer. Together we can make that happen!

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Finally, as I mentioned above, I want to thank you for the service you provide to consumers. Insurance is a complex business and North Dakotans rely on you for guidance. You should be proud to be an essential part of an industry that provides peace of mind to its customers. You play a central role in making that happen and I appreciate you for investing your time and energy into the business of insurance. I look forward to working with all of you in the future!

Staff Introductions



Jon Godfread - Insurance Commissioner

Elected as North Dakota's 22nd Insurance Commissioner in November and assumed the office on January 3. Prior to that, Godfread spent nearly six years with the Greater North Dakota Chamber working on various business issues (including many insurance issues) across the state. He has a law degree and a MBA from the University of North Dakota, along with an undergraduate degree in business management from the University of Northern Iowa. He was born and raised in North Dakota. He and his wife, Amanda, are proud to be raising their young children in North Dakota and look forward to all the wonderful things summer has to offer this year.

Jeff Ubben - Deputy Commissioner/General Counsel

Prior to being appointed Deputy Commissioner, Ubben served as General Counsel for the Department for the past four years. He has chosen to continue on in that role in addition to his duties as Deputy. Ubben is a North Dakota native and earned his law degree from the University of North Dakota in 2006. Prior to joining the Department, he served as an Assistant State's Attorney for Burleigh County for several years where he successfully prosecuted multiple large insurance fraud cases.



Marcy Ost - Legal Assistant

Prior to stepping into the position of Legal Assistant in May, Ost served the Department as Executive Assistant, along with fulfilling public information duties, since 2014. A native of Dickinson, she graduated from Dickinson State University. Prior to joining the Department, Ost worked in the North Dakota Legislative Council.



Staff Introductions cont.

Ashley Kelsch - Public Information Officer

Joined the Department as Public Information Officer on February 1. Kelsch previously served as Communications for Governor Jack Dalrymple for two years. Originally from Sioux Falls, South Dakota, Kelsch moved to Mandan after earning a bachelor of arts degree in English from the University of North Dakota and a master of fine arts in creative writing from Minnesota State University-Mankato.



Laura Helbling - Executive Assistant

Joined the Department on June 5. A Mandan native, Helbling started her career at Ellis Agency, where she remained for 18 years. She then went on to the Greater North Dakota Chamber where she served as Membership Director until accepting the Executive Assistant position with the Department. Helbling and her husband, Mark, have been married for 32 years. They have two boys, Chad and Mitch, and one granddaughter, Makena Rose, and one more grandchild due at the end of September.

Helene Herauf - Attorney

Will be joining the Department on June 26. Prior to accepting the position of Attorney with the Department, Herauf was an Assistant State's Attorney for Burleigh County for two years. She is a Dickinson native and graduated from the University of North Dakota School of Law in 2014.



2017 Legislative Session Highlights

The 2017 Legislative Session kicked off on January 3 and coincided with Governor Doug Burgum swearing in the new North Dakota Insurance Commissioner, Jon Godfread. This session, like many before, was full of activity and much focus was on the budget for the coming biennium. The North Dakota Insurance Department celebrated the successful passing of a good number of bills thanks to the dedicated work of its staff. Here are a few of the insurance bills signed by Governor Burgum during the 2017 legislative session:

House Bill 1112 - Act to amend and reenact sections 26.1-02.1-01, 26.1-02.1-02.1, 26.1-26-15, and 26.1-26-39 of the North Dakota Century Code, relating to licensing and insurance producers; and to declare an emergency.

House Bill 1112 does four things:

1. It adds definitions of “breach of trust” and “dishonesty” to clarify what types of crimes are considered felonies involving dishonesty or breach of trust under Section 26.1-02.1-02.1(3);
2. It clarifies that the Commissioner is required to deny, revoke or refuse to renew an insurance producer license where an applicant or licensee has been convicted of one of these felonies;
3. It clarifies that because Section 26.1-26-15 requires a finding by the Commissioner that an applicant for a license is competent, trustworthy, financially responsible and of good personal and business reputation, the Commissioner has the authority to deny a license where such a finding is not made;
4. It clarifies that Section 26.1-26-39 applies to both applications for an insurance producer license and an application to renew an existing insurance producer license.

These amendments allow the Commissioner to protect consumers from unqualified producers attempting to sell them insurance. These amendments also benefit the insurance producer community by preventing these unqualified individuals from competing with and working among qualified producers.

House Bill 1198 - Act to amend and reenact section 26.1-39-23 of the North Dakota Century Code, relating to property and casualty insurance binders. This legislation clarifies that binders are allowed to be used for commercial lines of insurance.

House Bill 1302 - Act to amend and reenact subsection 1 of section 26.1-39-05 of the North Dakota Century Code, relating to property and casualty insurance covered loss. HB 1302 allows for a partial loss on a property to be considered in the same manner as a total loss. It also allows the company the ability to pay a claim in the manner specified in the contract as a total loss in the first 60 days of the policy. The specific day requirement is changed from 90 days to 60 days.

Senate Bill 2105 - Act to create and enact a new section to chapter 26.1-26 of the North Dakota Century Code, relating to exemption of insurance producer records.

The need for this bill came to light when former Insurance Commissioner Adam Hamm was fielding questions from insurance agents after a presentation in Fargo in October 2015. One



2017 Legislative Session Highlights cont.

(**SB 2105 cont.**) agent asked why the Department had been giving out his contact information as he had been receiving a large amount of mail from entities trying to sell him continuing education credits. The answer to this question is that a producer's home address is not an exempt record under the open records law, meaning the Department must provide the insurance producer's home address under the law if someone asks for it. The Department believes an individual has an increased expectation of privacy in their home and in their home address.

Senate Bill 2140 - Act to amend and reenact subdivision c of subsection 8 of section 26.1-04-03, subsection 2 of section 26.1-04-06, and subsection 2 of section 26.1-25-16 of the North Dakota Century Code, relating to limitations on insurance rebates. This legislation increases the amount an agent can give, subject to certain limitations, to \$100 per person per year, effective August 1.

Senate Bill 2231 - Act to create and enact three new sections to chapter 26.1-47 of the North Dakota Century Code, relating to preferred provider arrangement requirements for insurance prior authorization for air ambulance services; to amend and reenact section 26.1-47-01, subsection 6 of section 26.1-47-02, and section 26.1-47-07 of the North Dakota Century Code, relating to preferred provider organizations; to provide an effective date; and to provide a contingent effective date.

The bill as amended is specifically tailored to address a serious consumer protection issue that has been made more complicated by the federal Airline Deregulation Act (ADA) and by the behaviors of certain air ambulance providers. Air ambulance has become a more frequently used mode of transport for individuals needing medical care. Often these patients are then faced with unexpected and outrageous bills for the full cost of the flight or the balance left after a partial payment is made by the patient's insurer, a practice known as "balance billing." Insurance does not cover the cost of an air ambulance when the ambulance provider does not have a contract with the patient's health plan, even if the patient has health insurance. SB 2231 solves the balance billing problem and protects these helpless people. It provides a rate that will be accepted as the full and final payment by the insurer on behalf of the insured and makes it clear that air ambulance providers may not balance bill the insured.

This bill is also different from previous approaches taken by the states to solve the balance billing problem because it regulates the business of insurance. This is important because Congress has said through the federal McCarran-Ferguson Act that the states, and not the federal government, are the regulators of insurance business and that if a state enacts a law regulating the business of insurance, the provisions of another federal law like the ADA cannot be used to invalidate the state law regulating insurance. In other words, if a state enacts legislation regulating the business of insurance, the provisions of the McCarran-Ferguson Act reverse-preempt the provisions of the federal ADA, meaning the ADA's provisions do not apply and cannot be used to invalidate a state's law.



Air ambulance services are also used for inter-hospital transfers when a patient requires treatment at a different facility. This legislation adds a requirement for hospitals to notify patients in non-emergency situations which air ambulances have contractual agreements with the patient's insurance company.

Health Care Reform Update

Op-ed from The Fargo Forum May 18, 2017

With the recent passage of the American Health Care Act (AHCA) by the U.S. House of Representatives, it is important to have an honest discussion regarding what the AHCA is and what it is not.

There are a few different areas in which North Dakotans currently receive their health coverage – an employer, the government (Medicare, Medicaid or the VA) or the individual marketplace. Currently, 9-11 percent of North Dakotans do not have health insurance. Of the 89-91 percent of us who do have health insurance, roughly 68 percent have health insurance through an employer-sponsored health care plan, another 26 percent receive coverage through a government option, leaving six percent who use the individual marketplace. The AHCA mainly affects the six percent in the individual market place.

The AHCA would allow states to apply for certain waivers from Obamacare mandates that are driving the enormous increase in health insurance costs and allow states to more appropriately define those benefits for their people. In order to apply for one of the waivers, North Dakota would need to utilize our state high-risk pool for patients with pre-existing conditions. By utilizing our high-risk pool, we can then move some of the higher cost patients out of the regular market, maintain their coverage and allow the general marketplace to respond.

Obamacare was premised upon the young and healthy purchasing health insurance in order to subsidize the market so that the sick could be guaranteed coverage. However, over the past six years, the young and healthy have not sufficiently engaged in the health care marketplace. By utilizing high-risk pools, the state can continue to cover those people who have gained access to health insurance with a plan that has similar coverage to an Obamacare plan, while also removing their risk and the rising costs that result from having these individuals and their increased costs in the same pool as the general marketplace.

North Dakota is one of the few states in the U.S. that still has a high-risk pool. Our pool, known as the Comprehensive Health Association of North Dakota (CHAND), has for decades successfully provided quality coverage for North Dakotans who have pre-existing conditions. It will be extremely important for the AHCA to ensure that high risk pools are adequately funded moving forward as underfunding them would be setting the AHCA up for failure.

In a letter I wrote to Congress this past January, I said, “You won’t find a bigger supporter of a prompt and speedy reform of the ACA than the Insurance Commissioner of North Dakota; however, I also understand the reality Congress is facing. The last thing America needs is another hastily-passed health care law without proper and prudent input from stakeholders across the country.” All of which is still true, but there are also realities we are facing as our current health care law is crumbling. There are states all across the country who have NO plans for sale in the individual marketplace. In fact, we don’t have to look far to find a state in crisis. Both Iowa and Oklahoma are currently facing a collapse of their individual markets. They are scrambling to find solutions and Congressional action returning authority to the states is the solution. We are at a point where doing nothing is no longer an option.

The AHCA is not perfect. Obamacare is crumbling and some action must be taken. In all likelihood, the bill that the Senate debates will be vastly different from the version recently passed by the House, and the compromise version that could ultimately pass will likely also be different. Now is not the time to get sucked into rhetoric, false claims and overblown statements. I hope all North Dakotans will remain engaged and well-educated as this process continues.



Brady Retires After 27 Years with NDID



The 2017 Annual Staff Meeting was held on May 18 in the Pioneer Room at the State Capitol and was kicked off with a breakfast celebrating Legal Assistant Nancy Brady's 27 years of service to the North Dakota Insurance Department, 37 years of service to the state in total, and her retirement.

Commissioner Jon Godfread collected videos from previous Commissioners and Deputy Commissioners who worked with Brady, allowing them the opportunity to share fond memories and offer congratulatory words.

"Throughout my time at the Capitol, I've made many friends and connected with a lot of other people," Brady said. "There are people you get to know simply by sharing an elevator every day. I've been here for a lot of years so I'd say it's been a good run."

Brady's last day in the office was May 19. Brady said she is looking forward to helping out with her grandchildren when they are sick or when daycare is closed.



Brady cracks Commissioner Godfread up as she reflects on her time in the Department.



The Department watches Brady's farewell video.



For Your Information



In an effort to provide topical information to consumers and producers, the Insurance Department has been periodically releasing educational pieces on varying subjects. The following four pieces have been released during the past four months. To download these documents or to read upcoming pieces, visit our website at www.nd.gov/ndins/consumers/EducationalMaterials.

Transportation Network Company Guidance

Traditional ride-sharing, also known as carpooling, is covered by most personal auto policies (PAPs). But transporting passengers for a fee that exceeds the simple sharing of expenses is excluded in most PAPs. The coverage issues associated with transporting passengers in personal vehicles for a profit are the focus of this guidance regarding ride-hailing services also known as transportation network companies (TNCs).

A TNC is an organization that arranges transportation for a fee using a technology platform such as a mobile application (app) or website. TNCs create online apps that connect riders and drivers. Drivers use the online apps to sign up to provide rides for a fee. The TNC takes a portion of each fee. TNCs typically have driver requirements such as minimum age limits, valid driver's license, current vehicle registration and insurance, at a minimum.

In order to open a TNC account, potential passengers first download the app and must provide credit card information for billing purposes and agree to the terms and conditions for use. Once the account is created, a potential rider simply logs onto the mobile app, enters his or her location and is matched with a driver in the vicinity.

TNC activities are different than taking a traditional taxi or limousine. Taxis and limousines have to be licensed by a local transportation authority. The vehicles are required to be inspected and drivers must be properly licensed. In addition, taxi companies are required to have commercial insurance that protects a passenger and third parties (i.e. pedestrians or other drivers) in the event of an accident. TNCs may have different types of coverages within their insurance policies than a typical commercial auto policy.

The insurance issues associated with TNC activities arise because TNC drivers use personal cars for commercial activity, or livery activity, but do not have commercial auto insurance. Drivers who are often new to the transportation business are transporting people they do not personally know. This activity has traditionally been the realm of commercial taxis. PAPs generally exclude this exposure by what is commonly called a "livery exclusion."

TNCs create a new option for peer-to-peer transportation. New technologies and business ventures often present risks not previously contemplated by state and local laws. North Dakota has worked to clearly define the terminology and identify the insurance coverage and limits which are required for TNCs. Below is an outline of the laws and regulations for a TNC doing business in North Dakota.

Under the law passed in 2015, North Dakota defines coverage requirements during three different periods: *See Chapter 26.1-40.1 of the North Dakota Century Code for further information.*

- Period 1: The application is turned off, the driver is not available for rides
 - The TNC does not have to provide insurance coverage



For Your Information cont.

- Period 2: a TNC Driver is logged on to the TNC app and available for a ride, but has not accepted a ride. *See N.D.C.C. § 26.1-40.1-04*
 - The TNC or the driver must provide primary insurance coverage which includes:
 - At least \$50,000 per person and \$100,000 per incident for death and bodily injury and at least \$25,000 for property damage.
 - Uninsured, underinsured, and PIP coverage, which is primary coverage in amounts that meet the requirements under state law. *See N.D.C.C. §§ 26.1-40-15.2 and 26.1-40-15.3, and chapter 26.1-41.*
- Period 3: a TNC driver accepts a ride request through the company's online application through the time the ride is complete and the passenger has exited the vehicle. *See N.D.C.C. § 26.1-40.1-03*
 - The TNC or the driver must provide primary insurance coverage which includes:
 - At least \$1 million of coverage for death, bodily injury, and property damage
 - Uninsured, underinsured, and PIP coverage, which is primary coverage in amounts that meet the requirements under state law. *See N.D.C.C. §§ 26.1-40-15.2 and 26.1-40-15.3, and chapter 26.1-41.*

Check with your carrier to determine coverage:

If a TNC driver's personal auto policy has an exclusion for ride-hailing activities (most ND policies do), there is likely no insurance coverage for incidents unless the driver has a "TNC specific" endorsement that allows for coverage when driving for a TNC.

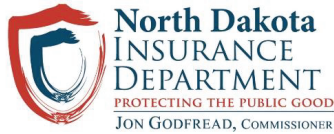
Other Requirements of TNCs: *See Chapter 39-34 of the North Dakota Century Code for further information.*

- A TNC must register with the North Dakota Secretary of State. *See N.D.C.C. § 39-34-01*
- Driver Requirements: *See N.D.C.C. § 39-34-03*
 - Before allowing a driver to work for the TNC, the TNC must:
 - Require an application
 - Conduct a background check
 - A TNC Driver cannot operate if they:
 - Are not 21yrs old or older
 - Have had 3 or more moving violations in the prior 3 years, or a major violation in the prior 3 years
 - Have been convicted of a DUI, fraud, sexual offense, use of motor vehicle to commit a felony, a crime involving property damage, theft, an act of violence, or an act of terror
 - Do not possess a valid driver's license
 - Do not possess proof of registration for the vehicle they will use
 - Do not possess proof of auto insurance for the vehicle they will use
- Reports due to the North Dakota Department of Transportation: *See N.D.C.C. § 39-34-05*
 - Due June 15th and December 15th of each year for the previous 6 months' activity
 - List of all political subdivisions in which the TNC operates
 - Number of accidents reported to the TNC during period 3 above
 - Number of traffic violations and other violations reported to the TNC during period 3 above

The information available in this report is not intended to constitute and should not be considered legal advice, nor is it intended to be a substitute for obtaining legal advice from competent, independent legal counsel in North Dakota. This report is intended to be merely guidance on how to handle TNCs within North Dakota. As with any insurance law issue, every TNC is different and every case will be fact specific. This report is not a substitute for consultation from a competent and licensed insurance agent and/or attorney in North Dakota.



For Your Information cont.



Interstate Health Insurance Sales: Myth vs. Reality

Some have suggested that allowing interstate sales of health insurance policies will make coverage more affordable and available. In reality, interstate sales of insurance will allow insurers to choose their regulator, the very dynamic that led to the financial collapse that has left millions of Americans without jobs. It would also make insurance less available, greatly increase out of network charges which results in a practice known as “surprise billing,” make insurers less accountable and prevent regulators from assisting consumers in their states.

If a North Dakotan purchased a health insurance policy issued in New York or Florida and later had issues with the policy, that North Dakotan would not be able to obtain assistance from the North Dakota Insurance Department as North Dakota does not have regulatory authority over such plans. Instead, that North Dakotan would have to contact New York or Florida to obtain assistance.

The inability for the North Dakota Insurance Department to assist a consumer on a health insurance policy issued in another state becomes particularly important considering the practice known as “surprise billing” will greatly increase if health insurance plans are commonly sold across state lines. Out of state insurance companies will likely not have network contracts with North Dakota health care providers. This is important because the network contracts dictate the payments that must be made to the health care provider on behalf of the consumer by the insurance company. If no agreement between the health care provider and insurance company exists, the insurance company will bill the consumer for out-of-network charges (i.e., “surprise billing”), which are often substantially higher than in-network charges. In contrast, North Dakota health insurance companies have provider agreements with essentially all of the health care providers in North Dakota.

The North Dakota Insurance Department also would not have authority over the provisions used in the health insurance policy or the rates charged for the policy. This is particularly important because the North Dakota Insurance Commissioner has prior approval authority whereas most other states do not have this authority.

MYTH: *Allowing individuals to purchase insurance across state lines will give them access to coverage at lower premiums.*

REALITY: Interstate sales will start a “race to the bottom” by allowing companies to choose their regulator.

- Allowing banks to choose their own regulator was a major cause of the recent financial crisis.
- Insurers will seek the regulations that allow them to most aggressively select the healthiest risk.
- While those individuals in pristine health may be able to find cheaper policies, everyone else would face steep premium hikes if they can find coverage at all.
- Interstate sales would create a “race to the bottom” by allowing an insurance company to choose a single state in which to license its individual health insurance product and then sell it in any other state. Under such a system, insurers would be greatly rewarded for licensing their individual products in states with less regulation and fewer personnel to oversee what could be a large influx of new products.



For Your Information cont.

MYTH: *Mandated benefits are the reason insurance is more expensive in some states than others, and interstate sales would lower premiums by allowing people to forgo benefits they don't want.*

REALITY: This isn't about the mandates. Mandated benefits add, at most, 5% to the cost of a policy.

- Interstate sales would allow some insurers to cherry-pick the best customers by avoiding consumer protections that require them to cover individuals with preexisting conditions and limit their ability to charge higher prices for older, sicker customers.
- In states with robust consumer protections, insurers could reap huge profits by skirting these rules.

MYTH: *Interstate sales will simply provide people with more options. People who don't want interstate policies can keep the coverage they currently have.*

REALITY: Interstate sales would actually reduce the options available to consumers.

- Out-of-state insurers would be able to lure healthy enrollees away from existing risk pools, which would become progressively sicker and more expensive until they ultimately fail.
- Insurers that currently comply with state consumer protections would be forced by out-of-state competitors to evade them as well.
- Mandating insurance companies to sell across state lines would disrupt the fragile individual health insurance market, as properly licensed insurance companies would be forced to compete on an unlevel playing field. Small and regional insurers would be disadvantaged by large national companies entering states with inferior products and unregulated rates.
- Insurance policies would cover less and less, as insurers try to design policies that discourage the sickest customers from applying.
- Mandating companies to sell across state lines would undermine important state consumer protections, such as: limits on preexisting condition exclusions, which allow people in need of ongoing care (such as diabetes or heart disease) to switch insurance; limits on rate increase and rate disparity; reinsurance mechanisms that make insurance more affordable; and access to specialist and emergency care.

MYTH: *Policies sold across state lines would be governed "cooperatively" by the states with no loss of consumer protection.*

REALITY: Mandating insurance to be sold across state lines would eliminate the ability of insurance regulators to assist consumers.

- Interstate policies would for the first time allow insurers unlicensed in the purchaser's state to sell health insurance, which would otherwise be a criminal offense.
- Licensure is the key that allows state regulators to take action to protect consumers.
- Interstate policies would undercut the authority of your Governor, State Legislators and Insurance Commissioner.
- Mandating companies to sell across state lines would restrict the ability of your Insurance Commissioner to assist their own constituents, leaving consumers to seek assistance from a distant state. In the world of tight state budgets, it will be virtually impossible to assist a nonresident consumer in another state.

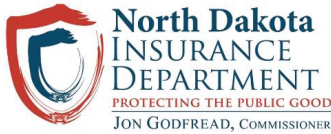
Conclusion:

States continue to experiment with other strategies for making health insurance more affordable for individuals, including: high-risk pools, reinsurance, tax credits, subsidies, basic health plans, and programs to promote healthier lifestyles and manage diseases.

As always, states are the laboratories for innovative ideas. It is critical that the federal government and the states work closely with healthcare providers, insurers and consumers to implement true reforms that will curb spending and make insurance more affordable.



For Your Information cont.



Short-term Medical, Limited Benefit and Discount Medical Plans

With the regulations established by the Affordable Care Act (ACA), short-term medical, limited benefit and discount medical plans have become increasingly popular. However, consumers must be aware of what they are purchasing before replacing their comprehensive major medical coverage with one of these options. Remember, if it sounds too good to be true, it probably is.

What is a short-term medical plan?

A short-term medical plan is a temporary health insurance policy typically offering “bare-bones” coverage designed for use during unexpected coverage gaps. An individual can only hold a short-term medical plan for a short period of time, less than one year. These plans are nonrenewable. Furthermore, they do not meet the coverage requirements of the ACA, meaning an individual may have to pay a monetary penalty for not carrying acceptable health insurance coverage.

What is a limited benefit plan?

A limited benefit plan provides reduced benefits, often marketed as “Cancer Only,” “Specified Disease,” “Hospital Indemnity” or similar products. These policies are intended to act as a supplement to a comprehensive major medical plan, not a replacement. These plans also do not meet the requirements of the ACA and may result in a monetary penalty for not carrying acceptable health insurance coverage under the ACA.

What is not covered by short-term medical and limited benefit plans?

Unfortunately, many consumers do not realize that short-term medical and limited benefit plans do not provide much coverage until they need to use their insurance. It is important to know what is not covered. Some of the care not covered by these plans includes:

- Many limited benefit plans cap the annual amount that can be paid out, often leaving the consumer with large, unpaid medical bills. For example, the policy may have a cap as low as \$2,000. If you have emergency surgery, you would reach the cap almost instantly, leaving you with a large bill for which you would be responsible.
- Be aware of preexisting condition exclusions – if the plan does not renew and an individual must reapply, any conditions covered by the plan during the first enrollment will likely be considered a preexisting condition. For example, if you are diagnosed with cancer during your initial six month policy period and reapply for another six month policy period, further treatment for your cancer would not be covered.
- These policies do not typically cover preventive care (e.g., routine annual exams or immunizations).
- These policies do not meet the Minimum Essential Coverage (MEC) requirement under the ACA. Without a plan which meets MEC, you are subject to the monetary penalty.

What is a discount medical plan?

A discount medical plan is a program that claims to provide discounts or access to discounts on medical care for a monthly fee. This kind of plan is **not insurance and is not a substitute for a comprehensive major medical plan**. Consumers will receive only a discount with a discount medical plan and will be responsible for payment of the uncovered, often very large portion of the bill at the time of service.



For Your Information cont.

Currently, the North Dakota Insurance Department does not license discount medical plans. Individuals or companies selling these plans must follow chapter 26.1-53 of the North Dakota Century Code which provides for such things as disclosures that must be made, marketing requirements, and cancellation and refund requirements. Consumers are especially encouraged to always make sure they are dealing with a legitimate company before providing financial information.

Things to consider when thinking about purchasing a discount medical plan:

- Beware of “up to” discounts such as “Discounts up to 70%!” – savings will typically be much less. After paying for a discount plan’s enrollment fees and/or monthly fees, there may be no “discount” at all and as pointed out above, the coverage will be less than a major medical plan.
- Confirm the details – verify that there are actually providers in your area who will accept the discount medical plan before enrollment. The plan will provide absolutely no benefit if there are no providers accepting it.
- Do not sign up on the spot – individuals or companies selling legitimate plans will be willing to provide written information and allow the consumer to confirm the details before enrollment. High-pressure sales and “special deals” are signs to pass on the offer. Consumers should also ask for a written, detailed cancellation policy prior to enrollment.
- Do not provide personal and financial information over the phone, instead request written materials and confirm the company is legitimate prior to enrollment.
- A legitimate discount medical plan provider will disclose that the plan is not insurance. All marketing materials will also state that it is not insurance.
- Do not cancel a comprehensive major medical plan – a discount medical plan alone may not provide sufficient coverage. And remember, since a discount medical plan is not insurance an individual may have to pay a monetary penalty for not carrying acceptable health insurance coverage under the ACA.
- If you are confused, or things do not add up, do not sign up. Give the North Dakota Insurance Department a call and we can talk through your questions.

What are some red flags to watch for that might indicate a medical plan is a short-term medical, limited benefit or discount medical plan?

- The offer is received out of the blue via fax, e-mail or phone.
- Coverage is being offered at rates that sound too good to be true.
- The offer is a “special deal,” a “one-time deal,” or the “last chance” to save.
- There are membership fees associated with the offer – this may be a discount medical plan and not insurance.
- The plan offered is not regulated under State law.
- Claims are not being paid despite having purchased a plan.
- An agent or company becomes evasive when asked about state insurance licenses – short-term medical and limited benefit plans must be sold by an insurance producer licensed in North Dakota.
- An agent or company insists on cash payments.

When should I actually purchase a short-term medical plan?

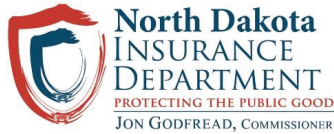
- **Almost never.** The only times you should ever need to purchase one of these plans is when you have a gap in your comprehensive major medical coverage. For example, when you are between jobs or when you are close to being Medicare eligible. Otherwise, you should be purchasing a comprehensive major medical plan.

If you believe you have been targeted by an insurance scam, have a complaint how a product was marketed or sold to you, or have a complaint about how any of the products discussed above are performing, please contact the North Dakota Insurance Department at 1-800-247-0560, 701-328-2440 or info@nd.gov.



For Your Information cont.

If you have an idea for an educational piece, we'd love to hear it! Please contact Ashley Kelsch at amkelsch@nd.gov.



Comprehensive Health Association of North Dakota (CHAND) Overview

Much of the discussion today regarding health care in the U.S. has centered around reform and high-risk pools. A high-risk health insurance pool is the most common way to provide individuals who do not have access to group health insurance through an employer and are unable to secure coverage in the marketplace due to a serious pre-existing condition (e.g. cancer, HIV). North Dakota's high-risk pool is called the Comprehensive Health Association of North Dakota (CHAND), which was created by the North Dakota Legislative Assembly in 1981 and became operational in 1982. Its initial purpose was to provide comprehensive health insurance benefits to residents of the state who had been denied health insurance or had been given restricted coverage or excessive health premiums due to high-risk health problems.

When comparing benefits, a CHAND plan offers essentially the same services covered by a traditional Affordable Care Act (ACA) plan. These services include:

- Ambulatory patient services
- Emergency services
- Hospitalization (in this area, CHAND provides more extensive coverage than the ACA)
- Maternity and newborn care (contraceptives are not covered under CHAND)
- Mental health and substance use disorder services including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services

A CHAND plan is considered minimum essential coverage under current federal law. This coverage differs from a traditional ACA plan in two areas: (1) preventative and wellness services and (2) pediatric services, including oral and vision care.

That being said, CHAND plans are of similar quality to the highest benefit level of traditional ACA plans, known as the Platinum level plan. ACA plans are currently rated by quality as either Bronze, Silver, Gold or Platinum.

When compared to traditional Platinum ACA plans CHAND offers similar cost-sharing benefits (e.g. deductible amounts, co-pay amounts and co-insurance amounts) for in-network and out-of-network services. It should be noted that generally speaking, CHAND plans provide cost-sharing benefits that are at least equal to or better than cost-sharing provisions in Bronze, Silver and Gold ACA plans. In North Dakota, CHAND and traditional ACA plans have a similar provider network. Outside of North Dakota, the traditional ACA plan network is quite broad but may be different than the network available through the CHAND plan.

Additionally, CHAND plans include a \$1 million lifetime benefit limit and a 180 day waiting period for pre-existing conditions. Traditional ACA plans do not include these provisions. These are provisions that could be changed or eliminated from CHAND, along with the service areas mentioned above. To do so will require state level action among the highest echelons of decision makers in North Dakota.

The long and short of the matter, however, is that as federal debate over the future of health care continues, CHAND will remain a viable option for North Dakotans in need of health insurance. By having CHAND already in place, North Dakota is well-positioned to adapt to changes made at the federal level.

For more information about CHAND, visit www.nd.gov/ndins/consumers/health/CHAND/.



Important Dates Coming Up

2017 Agent Forums

Invitations including more information will be emailed at a later date.

Monday, Oct. 2

8:30-11:30 a.m.
Jamestown
Quality Inn & Suites
507 25th St. SW

Monday, Oct. 2

1:30-4:30 p.m.
Grand Forks
Ramada Inn
1205 N 43rd St.

Tuesday, Oct. 3

8 a.m.-Noon
Fargo
Fargodome
1800 N University Dr.

Wednesday, Oct. 4

8:30-11:30 a.m. MST
Dickinson
Ramada Grand Dakota Lodge
532 15th St. W

Wednesday, Oct. 4

1:30-4:30 p.m.
Williston
Grand Hotel
3601 2nd Ave. W

Thursday, Oct. 5

9 a.m.-Noon
Minot
Grand Hotel
1505 N Broadway

Friday, Oct. 6

9 a.m.-Noon
Mandan
Baymont Inn
2611 Old Red Trail NW

2017 Medicare Part D Annual Open Enrollment Events

Tuesday, Oct. 17

9 a.m.-4 p.m.
Grand Forks

Wednesday, Oct. 18

9 a.m.-4 p.m.
Fargo

Thursday, Oct. 19

9 a.m.-4 p.m.
Valley City

Tuesday, Oct. 24

9 a.m.-4 p.m. MST
Dickinson

Thursday, Oct. 26

9 a.m.-4 p.m.
Minot

Tuesday, Oct. 31

9 a.m.-4 p.m.
Bismarck

Thursday, Nov. 2

9 a.m.-4 p.m.
Jamestown

License Renewal Tips

- Your North Dakota Resident Producer License will expire biennially on the last day of your birth month.
- Your license *will not* automatically renew.
- Keep an eye out for a license renewal notice sent out 90 days prior to your license expiration date.
- Be sure you have completed all continuing education (CE) requirements prior to beginning the license renewal process. Do not wait until the last day of your renewal period to fulfill your CE requirements in case there are any problems during the renewal process.
- Don't wait until last minute to renew as problems can arise during the renewal process and there is a risk of your license expiring.



Visit www.nd.gov/ndins for information and updates on upcoming events.