



North Dakota Legislative Council

Prepared for the Health Services Committee
LC# 25.9032.01000
August 2023

STUDY OF THE COMPREHENSIVE HEALTH ASSOCIATION OF NORTH DAKOTA - BACKGROUND MEMORANDUM

Senate Bill No. 2158 (2023) ([appendix](#)) provides for a Legislative Management study of the steps necessary to dissolve the Comprehensive Health Association of North Dakota (CHAND). In conducting the study, the Legislative Management is to consult with the Insurance Commissioner, Department of Health and Human Services, board of CHAND, and Public Employees Retirement System (PERS). The study must include analysis of the enrollees, transitioning of the current enrollees' plans to potential Affordable Care Act (ACA) plans, Medicaid programs, and PERS plans, and any other options determined by the committee. The study also must include a process to discontinue any new enrollment into CHAND immediately and transition all major medical plans in effect as soon as plan year 2024. The Legislative Management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the 69th Legislative Assembly.

HISTORY

During the 1979-80 interim, the Legislative Management's interim Health Care Committee studied options for a remedy for providing accident and sickness insurance to uninsurable people in North Dakota. The committee recommended House Bill No. 1058 (1981) which was approved by the Legislative Assembly creating an intercarrier health insurance pool (now the Comprehensive Health Association as codified in North Dakota Century Code Chapter 26.1-08). The Comprehensive Health Association of North Dakota's participating membership consists of those insurers doing business in North Dakota with an annual premium volume of accident and sickness insurance contracts amounting to at least \$100,000 for the previous calendar year. Each member pays an assessment based on their accident and health premium volume.

BOARD OF DIRECTORS

The Comprehensive Health Association of North Dakota Board of Directors consist of the following:

1. Insurance Commissioner;
2. State Health Officer;
3. Director of the Office of Management and Budget;
4. One senator appointed by the Senate Majority Leader;
5. One representative appointed by the Speaker of the House of Representatives; and
6. One individual from each of the three participating member insurance companies of the association with the highest annual premium volumes of health insurance coverage as provided by the Insurance Commissioner, verified by the lead carrier, and approved by the board.

PROGRAM

The Comprehensive Health Association of North Dakota offers health insurance to North Dakota residents who 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. An insurance carrier licensed to do business in North Dakota must inform individuals denied health insurance coverage by their company about CHAND.

Subject to benefit plan limitations and exclusions, CHAND covers major medical and prescription drug expenses. An individual is eligible to receive up to \$1 million in benefits from CHAND during that individual's lifetime. An individual who has received \$1 million in CHAND benefits from enrollment in any combination of benefit plans is not eligible to obtain new coverage through CHAND.

Under the Comprehensive Health Association of North Dakota, traditionally the premiums have funded approximately one-half to two-thirds of the program, not to exceed 135 percent of premiums charged in the state of

North Dakota for similar coverage, with most of the balance covered by assessments to companies that write at least \$100,000 in annual premiums on behalf of residents of the state.

Blue Cross Blue Shield of North Dakota is the insurance company the CHAND Board of Directors has selected to be the lead carrier to administer the CHAND benefit plans.

ENROLLMENT HISTORY

The following schedule details the number of individuals enrolled in CHAND.

Year	Enrollment
2012	1401
2013	1383
2014	813
2015	617
2016	461
2017	359
2018	354
2019	335
2020	283
2021	242
2022	202

ELIGIBILITY AND COVERAGE OPTIONS

Under Section 26.1-08-12(5), the four ways an applicant can qualify for CHAND are:

1. Traditional applicant (waiting period);
2. Health Insurance Portability and Accountability Act of 1996 (HIPAA) applicant (no waiting period);
3. Federal Trade Adjustment Assistance Reform Act of 2002 (TAARA) applicant (no waiting period); and
4. Age 65 and older applicant or disabled supplement applicant (waiting period).

According to the CHAND website, an eligible traditional, HIPAA, or TAARA applicant has the option of choosing from the following coverage options:

	Deductible Amount Per Benefit Period	Coinsurance Maximum Per Benefit Period	Out-of-Pocket Maximum Per Benefit Period
Option 1	\$1,000	\$2,000	\$3,000
Option 2	\$500	\$2,500	\$3,000

These applicants are subject to a CHAND lifetime maximum of \$1 million. An eligible supplement applicant has the option of choosing basic supplement coverage or standard supplement coverage.

BENEFITS

The Comprehensive Health Association of North Dakota program provides benefit allowances for the following items:

- Inpatient and outpatient hospital services;
- Physical, occupational and speech therapy;
- Inpatient, outpatient and surgical services;
- Home and office visits;
- Wellness services - Well child care, immunizations, mammography, pap smear, fecal occult blood testing and prostate cancer screening;
- Lab, x-ray, MRI, allergy testing;
- Radiation therapy, chemotherapy and dialysis;
- Inpatient, outpatient, prenatal and postnatal care maternity services;

- Inpatient, ambulatory behavioral health care (partial hospitalization), residential treatment and outpatient services;
- Emergency services;
- Ambulance services;
- Skilled nursing facility services;
- Home health care services;
- Hospice services;
- Outpatient prescription drugs;
- Medical supplies and equipment;
- Hearing aids for subscriber under age 18;
- Bariatric surgery;
- Tobacco cessation services; and
- Optional chiropractic services endorsement.

PREMIUM RATES

The following are the monthly premium rates for the traditional, HIPPA, and TAARA coverage options as of September 2022:

Subscriber Age	\$500 Deductible without Chiropractic Benefits	\$500 Deductible with Chiropractic Benefits	\$1,000 Deductible without Chiropractic Benefits	\$1,000 Deductible with Chiropractic Benefits
Under 18	\$434.18	\$438.18	\$411.52	\$414.52
18-29	\$601.43	\$609.43	\$570.52	\$576.52
30-39	\$779.99	\$787.99	\$739.44	\$745.44
40-44	\$882.38	\$890.38	\$836.30	\$842.30
45-49	\$975.62	\$983.62	\$924.50	\$930.50
50-54	\$1,082.88	\$1,090.88	\$1,025.97	\$1,031.97
55-59	\$1,307.15	\$1,315.15	\$1,238.13	\$1,244.13
60-64	\$1,628.93	\$1,636.93	\$1,542.53	\$1,548.53
Age 65 and over	\$1,899.52	\$1,907.52	\$1,798.51	\$1,804.51

The following are the monthly premium rates as of January 1, 2023, for supplemental coverage for individuals age 65 and older or individuals with disabilities who are eligible for Medicare.

Age	Basic Supplement	Standard Supplement
65-69	\$134.40	\$271.30
70-74	\$158.50	\$319.40
75-79	\$175.20	\$355.60
80-84	\$179.30	\$364.10
85 and older	\$188.10	\$379.90
Under 65 (disabled)	\$194.00	\$391.60

PREVIOUS STUDIES

The 2011-12 Health Care Reform Review Committee studied the impact of the ACA on CHAND pursuant to Senate Concurrent Resolution No. 4005 (2011). The committee reviewed whether the CHAND program was still needed or could be discontinued. The Insurance Commissioner recommended no action be taken until lawsuits involving the ACA had been decided and more information could be obtained regarding how the ACA affected CHAND.

The 2013-14 Health Care Reform Review Committee received updates regarding the impact of the ACA on CHAND. The committee learned several states discontinued high-risk health insurance pools due to the ACA effectively eliminating any new enrollment in CHAND. However, committee discussion indicated it may be necessary to continue the CHAND program until the ACA became more established and additional information regarding the effect of the ACA on CHAND was known.

STUDY PLAN

The following is a proposed study plan for the committee's consideration in its study of CHAND:

1. Receive information from the Insurance Department and Department of Health and Human Services regarding the administration of the program, current and projected program enrollment, and options to transition enrollees to other plans.
2. Receive information from PERS regarding options to transition program enrollees to a PERS health plan.
3. Receive input from participating insurance companies regarding options to discontinue CHAND.
4. Review the steps and timeline necessary to discontinue CHAND.
5. Receive testimony from interested persons regarding the study.
6. Develop recommendations and any bill drafts necessary to implement the recommendations.
7. Prepare a final report for submission to the Legislative Management.

ATTACH:1