

Introduced by

Senators Sinner, Carlisle, Klein

Representatives Keiser, Porter

1 A BILL for an Act to amend and reenact subsection 4 of section 14-09-08.20, section  
2 26.1-36.3-01, subsection 4 of section 26.1-36.3-04, and sections 26.1-36.3-06 and 26.1-36.3-11  
3 of the North Dakota Century Code, relating to basic health benefit plans and standard health  
4 benefit plans; ~~and~~ to repeal sections 26.1-36-09.4, 26.1-36.3-08, 26.1-36.3-10, and  
5 26.1-36.4-07 of the North Dakota Century Code, relating to basic health benefit plans and  
6 standard health benefit plans; and to provide an effective date.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1. AMENDMENT.** Subsection 4 of section 14-09-08.20 of the North Dakota  
9 Century Code is amended and reenacted as follows:

10 4. For purposes of this section:

11 a. "Basic coverage" means:

12 (1) ~~Health~~ health insurance that includes coverage for the following medically  
13 necessary services: preventive care, emergency care, inpatient and  
14 outpatient hospital care, physician services whether provided within or  
15 outside a hospital setting, diagnostic laboratory, and diagnostic and  
16 therapeutic radiological services; ~~or~~

17 (2) ~~A basic group health benefit plan approved under section 26.1-36.3-08;~~

18 b. "Employer" means an entity or individual who would be determined to be an  
19 employer under section 3401(d) of the Internal Revenue Code of 1986, as  
20 amended [26 U.S.C. 3401(d)], and includes any governmental entity and any  
21 labor organization;

22 c. "Insurer" has the meaning provided in section 26.1-36.5-01;

- 1           d. "National medical support notice" means the notice promulgated pursuant to  
2           section 401(b) of the Child Support Performance and Incentive Act of 1998  
3           [Pub. L. 105-200; 112 Stat. 645] and regulations adopted thereunder; and  
4           e. "Title IV-D" has the meaning provided in section 50-09-01.

5           **SECTION 2. AMENDMENT.** Section 26.1-36.3-01 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7           **26.1-36.3-01. Definitions.**

8           As used in this chapter and section 26.1-36-37.2, unless the context otherwise requires:

- 9           1. "Actuarial certification" means a written statement by a member of the American  
10           academy of actuaries, or other individual acceptable to the insurance commissioner,  
11           that a small employer carrier is in compliance with section 26.1-36.3-04, based upon  
12           the person's examination of the small employer carrier, including a review of the  
13           appropriate records and the actuarial assumptions and methods used by the small  
14           employer carrier in establishing premium rates for applicable health benefit plans.
- 15           2. "Affiliate" or "affiliated" means any entity or person who directly or indirectly through  
16           one or more intermediaries, controls or is controlled by, or is under common control  
17           with, a specified entity or person.
- 18           3. "Association" means, with respect to health insurance coverage offered in this state,  
19           an association that:
- 20           a. Has been actively in existence for at least five years;
- 21           b. Has been formed and maintained in good faith for purposes other than obtaining  
22           insurance;
- 23           c. Does not condition membership in the association on any health status-related  
24           factor relating to an individual, including an employee or dependent of an  
25           employee;
- 26           d. Makes health insurance coverage offered through the association available to all  
27           members regardless of any health status-related factor relating to the members,  
28           or individuals eligible for coverage through a member; and
- 29           e. Does not make health insurance coverage offered through the association  
30           available other than in connection with a member of the association.

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- 1           4. "Base premium rate" means, for each class of business as to a rating period, the  
2           lowest premium rate charged or that could have been charged under the rating system  
3           for that class of business by the small employer carrier to small employers with similar  
4           case characteristics for health benefit plans with the same or similar coverage.
- 5           ~~5. "Basic health benefit plan" means a lower cost health benefit plan developed under~~  
6           ~~section 26.1-36.3-08.~~
- 7           6. "Case characteristics" means demographic or other objective characteristics of a small  
8           employer that are considered by the small employer carrier in the determination of  
9           premium rates for the small employer; however, claim experience, health status, and  
10          duration of coverage are not case characteristics.
- 11         ~~7.6.~~ "Church plan" has the meaning given the term under section 3(33) of the Employee  
12          Retirement Income Security Act of 1974 [Pub. L. 93-406; 88 Stat. 829; 29 U.S.C. 1001  
13          et seq.].
- 14         ~~8.7.~~ "Class of business" means all or a separate grouping of small employers established  
15          under section 26.1-36.3-03.
- 16         9. ~~"Committee" means the health benefit plan committee created under section~~  
17          ~~26.1-36.3-08.~~
- 18         ~~10.8.~~ "Control" is as defined in section 26.1-10-01.
- 19         ~~11.9.~~ "Dependent" means a spouse, an unmarried child, including a dependent of an  
20          unmarried child, under the age of twenty-two, an unmarried child who is a full-time  
21          student under the age of twenty-six and who is financially dependent upon the  
22          enrollee, and an unmarried child, including a dependent of an unmarried child, of any  
23          age who is medically certified as disabled and dependent upon the enrollee as set  
24          forth in section 26.1-36-22.
- 25         ~~12.10.~~ "Eligible employee" means an employee who works on a full-time basis and has a  
26          normal workweek of thirty or more hours. The term includes a sole proprietor, a  
27          partner of a partnership, and an independent contractor, if the sole proprietor, partner,  
28          or independent contractor is included as an employee under a health benefit plan of a  
29          small employer. The term does not include an employee who works on a part-time,  
30          temporary, or substitute basis.
- 31         ~~13.11.~~ "Enrollee" means a person covered under a small employer health benefit plan.

- 1 ~~44.12.~~ "Established geographic service area" means a geographic area, as approved by the  
2 insurance commissioner and based on the carrier's certificate of authority to transact  
3 insurance in this state, within which the carrier is authorized to provide coverage.
- 4 ~~45.13.~~ "Governmental plan" means an employee welfare benefit plan as defined in  
5 section 3(32) of the Employee Retirement Income Security Act of 1974  
6 [Pub. L. 93-406; 88 Stat. 829; 29 U.S.C. 1001 et seq.] or any federal government plan.
- 7 ~~46.14.~~ "Group health benefit plan" means an employee welfare benefit plan as defined in  
8 section 3(1) of the Employee Retirement Income Security Act of 1974 [Pub. L. 93-406;  
9 88 Stat. 829; 29 U.S.C. 1001 et seq.] to the extent that the plan provides medical care  
10 as defined in this section and including items and services paid for as medical care to  
11 employees or their dependents as defined under the terms of the plan directly or  
12 through insurance, reimbursement, or otherwise. For purposes of this chapter:
- 13 a. A plan, fund, or program that would not be, but for this section, an employee  
14 welfare benefit plan and which is established or maintained by a partnership, to  
15 the extent that the plan, fund, or program provides medical care, including items  
16 and services paid for as medical care, to present or former partners in the  
17 partnership, or to their dependents, as defined under the terms of the plan, fund,  
18 or program, directly or through insurance, reimbursement, or otherwise, must be  
19 treated as an employee welfare benefit plan which is a group health benefit plan;
- 20 b. In the case of a group health benefit plan, the term "employer" also includes the  
21 partnership in relationship to any partner; and
- 22 c. In the case of a group health benefit plan, the term "participant" also includes:
- 23 (1) In connection with a group health benefit plan maintained by a partnership,  
24 an individual who is a partner in relation to the partnership; or
- 25 (2) In connection with a group health benefit plan maintained by a  
26 self-employed individual, under which one or more employees are  
27 participants, the self-employed individual, if the individual is, or may  
28 become, eligible to receive benefits under the plan or the beneficiaries may  
29 be eligible to receive any benefit.
- 30 ~~47.15.~~ a. "Health benefit plan" means any hospital or medical or major medical policy,  
31 certificate, or subscriber contract.

- 1           b. "Health benefit plan" does not include one or more, or any combination of, the  
2           following:
- 3           (1) Coverage only for accident, or disability income insurance, or any  
4           combination thereof;
- 5           (2) Coverage issued as a supplement to liability insurance;
- 6           (3) Liability insurance, including general liability insurance and automobile  
7           liability insurance;
- 8           (4) Workforce safety and insurance or similar insurance;
- 9           (5) Automobile medical payment insurance;
- 10          (6) Credit-only insurance;
- 11          (7) Coverage for onsite medical clinics; and
- 12          (8) Other similar insurance coverage, specified in federal regulations, under  
13          which benefits for medical care are secondary or incidental to other  
14          insurance.
- 15          c. "Health benefit plan" does not include the following benefits if they are provided  
16          under a separate policy, certificate, or contract of insurance or are otherwise not  
17          an integral part of the plan:
- 18          (1) Limited scope dental or vision benefits;
- 19          (2) Benefits for long-term care, nursing home care, home health care,  
20          community-based care, or any combination thereof; or
- 21          (3) Such other similar, limited benefits as are specified in federal regulations.
- 22          d. "Health benefit plan" does not include the following benefits if the benefits are  
23          provided under a separate policy, certificate, or contract of insurance, there is no  
24          coordination between the provision of the benefits, and any exclusion of benefits  
25          under any group health benefit plan maintained by the same plan sponsor, and  
26          the benefits are paid with respect to an event without regard to whether benefits  
27          are provided with respect to such an event under any group health plan  
28          maintained by the same plan sponsor:
- 29          (1) Coverage only for specified disease or illness; or
- 30          (2) Hospital indemnity or other fixed indemnity insurance.

- 1 e. "Health benefit plan" does not include the following if offered as a separate policy,  
2 certificate, or contract of insurance:
- 3 (1) Medicare supplemental health insurance as defined under section 1882(g)  
4 (1) of the Social Security Act;
- 5 (2) Coverage supplemental to the coverage provided under 10 U.S.C. 55; and  
6 (3) Similar supplemental coverage provided under a group health plan.
- 7 f. A carrier offering a policy or certificate of specified disease, hospital confinement  
8 indemnity, or limited benefit health insurance shall comply with the following:
- 9 (1) File with the insurance commissioner on or before March first of each year a  
10 certification that contains:
- 11 (a) A statement from the carrier certifying that the policy or certificate is  
12 being offered and marketed as supplemental health insurance and not  
13 as a substitute for hospital or medical expense insurance or major  
14 medical expense insurance.
- 15 (b) A summary description of the policy or certificate, including the  
16 average annual premium rates, or range of premium rates in cases  
17 when premiums vary by age, gender, or other factors, charged for the  
18 policy and certificate in this state.
- 19 (2) When the policy or certificate is offered for the first time in this state on or  
20 after August 1, 1993, file with the commissioner the information and  
21 statement required in paragraph 1 at least thirty days before the date the  
22 policy or certificate is issued or delivered in this state.
- 23 ~~48.16.~~ "Health carrier" or "carrier" means any entity that provides health insurance in this  
24 state. For purposes of this chapter, health carrier includes an insurance company, a  
25 prepaid limited health service corporation, a fraternal benefit society, a health  
26 maintenance organization, nonprofit health service corporation, and any other entity  
27 providing a plan of health insurance or health benefits subject to state insurance  
28 regulation.
- 29 ~~49.17.~~ "Health status-related factor" means any of the following factors:
- 30 a. Health status;
- 31 b. Medical condition, including both physical and mental illness;

- 1 c. Claims experience;
- 2 d. Receipt of health care;
- 3 e. Medical history;
- 4 f. Genetic information;
- 5 g. Evidence of insurability, including condition arising out of acts of domestic
- 6 violence; or
- 7 h. Disability.

8 ~~20.18.~~ "Index rate" means, for each class of business as to a rating period for small  
9 employers with similar case characteristics, the arithmetic average of the applicable  
10 base premium rate and the corresponding highest premium rate.

11 ~~24.19.~~ "Late enrollee" means an eligible employee or dependent who requests enrollment in  
12 a health benefit plan of a small employer following the initial enrollment period during  
13 which the individual is entitled to enroll under the terms of the health benefit plan,  
14 provided that the initial enrollment period is a period of at least thirty days. An eligible  
15 employee or dependent may not be considered a late enrollee, however, if:

16 a. The individual:

17 (1) Was covered under qualifying previous coverage at the time of the initial  
18 enrollment;

19 (2) Lost coverage under qualifying previous coverage as a result of termination  
20 of employment or eligibility, the involuntary termination of the qualifying  
21 previous coverage, death of a spouse, or divorce; and

22 (3) Requests enrollment within thirty days after termination of the qualifying  
23 previous coverage.

24 b. The individual is employed by an employer that offers multiple health benefit  
25 plans and the individual elects a different plan during an open enrollment period.

26 c. A court has ordered coverage be provided for a spouse or minor or dependent  
27 child under a covered employee's health benefit plan and request for enrollment  
28 is made within thirty days after issuance of the court order.

29 d. The individual had coverage under a Consolidated Omnibus Budget  
30 Reconciliation Act [Pub. L. 99-272; 100 Stat. 82] continuation provision and the  
31 coverage under that provision was exhausted.

- 1 ~~22-20.~~ "Medical care" means amounts paid for:
- 2 a. The diagnosis, care, mitigation, treatment, or prevention of disease, or amounts
- 3 paid for the purpose of affecting any structure or function of the body;
- 4 b. Transportation primarily for and essential to medical care referred to in
- 5 subdivision a; and
- 6 c. Insurance covering medical care referred to in subdivisions a and b.
- 7 ~~23-21.~~ "Network plan" means health insurance coverage offered by a health carrier under
- 8 which the financing and delivery of medical care, including items and services paid for
- 9 as medical care, are provided, in whole or in part, through a defined set of providers
- 10 under contract with the carrier.
- 11 ~~24-22.~~ "New business premium rate" means, for each class of business as to a rating period,
- 12 the lowest premium rate charged or offered, or which could have been charged or
- 13 offered, by the small employer carrier to small employers with similar case
- 14 characteristics for newly issued health benefit plans with the same or similar coverage.
- 15 ~~25-23.~~ "Plan sponsor" has the meaning given the term under section 3(16)(B) of the
- 16 Employee Retirement Income Security Act of 1974 [Pub. L. 93-406; 88 Stat. 829; 29
- 17 U.S.C. 1001 et seq.].
- 18 ~~26-24.~~ "Premium" means money paid by a small employer and eligible employees as a
- 19 condition of receiving coverage from a small employer carrier, including any fees or
- 20 other contributions associated with the health benefit plan.
- 21 ~~27-25.~~ "Producer" means insurance producer.
- 22 ~~28-26.~~ "Qualifying previous coverage" and "qualifying existing coverage" mean, with respect
- 23 to an individual, health benefits or coverage provided under any of the following:
- 24 a. A group health benefit plan;
- 25 b. A health benefit plan;
- 26 c. Medicare;
- 27 d. Medicaid;
- 28 e. Civilian health and medical program for uniformed services;
- 29 f. A medical care program of the Indian health service or of a tribal organization;
- 30 g. A state health benefit risk pool, including coverage issued under chapter 26.1-08;
- 31 h. A health plan offered under 5 U.S.C. 89;



- 1 i. A public health plan as defined in federal regulations, including a plan maintained  
2 by a state government, the United States government, or a foreign government;  
3 j. A health benefit plan under section 5(e) of the Peace Corps Act [Pub. L. 87-293;  
4 75 Stat. 612; 22 U.S.C. 2504(e)]; and  
5 k. A state's children's health insurance program funded through title XXI of the  
6 federal Social Security Act [42 U.S.C. 1397aa et seq.].

7 The term "qualifying previous coverage" does not include coverage of benefits  
8 excepted from the definition of a "health benefit plan" ~~under subsection 17.~~

9 ~~29-27.~~ "Rating period" means the calendar period for which premium rates established by a  
10 small employer carrier are assumed to be in effect.

11 ~~30-28.~~ "Reinsuring carrier" means a small employer carrier which reinsures individuals or  
12 groups with the program.

13 ~~31-29.~~ "Restricted network provision" means any provision of a health benefit plan that  
14 conditions the payment of benefits, in whole or in part, on the use of health care  
15 providers that have entered into a contractual arrangement with the carrier under  
16 chapters 26.1-17, 26.1-18, and 26.1-47 to provide health care services to covered  
17 individuals.

18 ~~32-30.~~ "Small employer" means, in connection with a group health plan with respect to a  
19 calendar and a plan year, an employer who employed an average of at least two but  
20 not more than fifty eligible employees on business days during the preceding calendar  
21 year and who employs at least two employees on the first day of the plan year.

22 ~~33-31.~~ "Small employer carrier" means any carrier that offers health benefit plans covering  
23 eligible employees of one or more small employers in this state.

24 ~~34.~~ "Standard health benefit plan" means a health benefit plan developed under section-  
25 ~~26.1-36.3-08.~~

26 **SECTION 3. AMENDMENT.** Subsection 4 of section 26.1-36.3-04 of the North Dakota  
27 Century Code is amended and reenacted as follows:

- 28 4. The commissioner may suspend for a specified period the application of subdivision a  
29 of subsection 2 as to the premium rates applicable to one or more small employers  
30 included within a class of business of a small employer carrier for one or more rating  
31 periods upon a filing by the small employer carrier and a finding by the commissioner

1           that the suspension is reasonable in light of the financial condition of the small  
2           employer carrier or, ~~with the prior approval of the committee established pursuant to~~  
3           ~~section 26.1-36.3-08~~, that the suspension would enhance the efficiency and fairness of  
4           the marketplace for small employer health insurance.

5           **SECTION 4. AMENDMENT.** Section 26.1-36.3-06 of the North Dakota Century Code is  
6           amended and reenacted as follows:

7           **26.1-36.3-06. Availability of coverage.**

- 8           1.    a.    As a condition of transacting business in this state with small employers, every  
9           small employer carrier shall actively offer small employers all health benefit plans  
10          it actively markets to small employers in this state, ~~including a basic health-~~  
11          ~~benefit plan and a standard health benefit plan.~~
- 12          b.    (1)   Subject to subdivision a of subsection 1, a small employer carrier shall issue  
13          any health benefit plan to any eligible small employer that applies for the  
14          plan and agrees to make the required premium payments and to satisfy the  
15          other reasonable provisions of the health benefit plan not inconsistent with  
16          this chapter and section 26.1-36-37.2. However, a carrier may not be  
17          required to issue a health benefit plan to a self-employed individual who is  
18          covered by, or is eligible for coverage under, a health benefit plan offered by  
19          an employer.
- 20          (2)   In the case of a small employer carrier that establishes more than one class  
21          of business pursuant to section 26.1-36.3-03, the small employer carrier  
22          shall maintain and issue to eligible small employers all health benefit plans it  
23          actively markets to small employers, ~~including at least one basic health-~~  
24          ~~benefit plan and at least one standard health benefit plan in each-~~  
25          ~~established class of business.~~ A small employer carrier may apply  
26          reasonable criteria in determining whether to accept a small employer into a  
27          class of business if the criteria are not intended to discourage or prevent  
28          acceptance of small employers applying for a health benefit plan, are not  
29          related to a health status-related factor of the small employer, and are  
30          applied consistently to all small employers applying for coverage in the class  
31          of business. The small employer carrier shall provide for the acceptance of

1 all eligible small employers into one or more classes of business. This  
2 paragraph does not apply to a class of business into which the small  
3 employer carrier is no longer enrolling new small businesses.

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

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

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

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

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

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

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

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

24 b. A small employer carrier shall reduce any time period applicable to a preexisting  
25 condition exclusion or limitation period by the aggregate of periods the individual  
26 was covered by qualifying previous coverage, if any, if the qualifying previous  
27 coverage was continuous until at least sixty-three days prior to the effective date  
28 of the new coverage. Any waiting period applicable to an individual for coverage  
29 under a group health benefit plan may not be taken into account in determining  
30 the period of continuous coverage. This subdivision does not preclude application  
31 of an employer waiting period applicable to all new enrollees under the health

1 benefit plan. Small employer carriers shall credit coverage by either a standard  
2 method or an alternative method. The commissioner shall adopt rules for  
3 crediting coverage under the standard and alternative method. These rules must  
4 be consistent with the Health Insurance Portability and Accountability Act of 1996  
5 [Pub. L. 104-191; 110 Stat. 1936; 29 U.S.C. 1181 et seq.] and any federal rules  
6 adopted pursuant thereto.

- 7 c. A health benefit plan may exclude coverage for late enrollees for the greater of  
8 eighteen months or for an eighteen-month preexisting condition exclusion;  
9 however, if both a period of exclusion from coverage and a preexisting condition  
10 exclusion are applicable to a late enrollee, the combined period may not exceed  
11 eighteen months from the date the individual enrolls for coverage under the  
12 health benefit plan.
- 13 d. (1) Except as provided in this subdivision, a small employer carrier shall apply  
14 requirements used to determine whether to provide coverage to a small  
15 employer, including requirements for minimum participation of eligible  
16 employees and minimum employer contributions, uniformly among all small  
17 employers with the same number of eligible employees who are applying for  
18 coverage or receiving coverage from the small employer carrier.
- 19 (2) A small employer carrier may vary application of minimum participation  
20 requirements and minimum employer contribution requirements only by the  
21 size of the small employer group.
- 22 (3) (a) Except as provided in subparagraph b, a small employer carrier, in  
23 applying minimum participation requirements with respect to a small  
24 employer, may not consider employees or dependents who have  
25 qualifying existing coverage in determining whether the applicable  
26 percentage of participation is met. For purposes of determining the  
27 applicable percentage of participation under this subparagraph only,  
28 individual health benefit plans are not included in the definition of  
29 "qualifying existing coverage" under section 26.1-36.3-01.
- 30 (b) With respect to a small employer, with ten or fewer eligible  
31 employees, a small employer carrier may consider employees or

1 dependents who have coverage under another health benefit plan  
2 sponsored by the small employer in applying minimum participation  
3 requirements.

4 (4) A small employer carrier may not increase any requirement for minimum  
5 employee participation or any requirement for minimum employer  
6 contribution applicable to a small employer at any time after the small  
7 employer has been accepted for coverage.

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

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

19 4-3. a. A small employer carrier offering coverage through a network plan is not required  
20 to offer coverage or accept applications under subsection 1 to a small employer  
21 if:

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

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

1 dependents or any health status-related factor relating to such employees  
2 and dependents.

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

7 5-4. A small employer carrier is not required to provide coverage to small employers  
8 pursuant to subsection 1 for any period of time for which the commissioner determines  
9 that the carrier does not have the financial reserves to underwrite additional coverage  
10 and is applying this section uniformly without regard to the claims experience of small  
11 employers or any health status-related factor relating to employees and their  
12 dependents. A small employer carrier denying coverage in accordance with this  
13 section may not offer coverage in connection with a group health benefit plan in the  
14 small group market for a period of one hundred eighty days after the health coverage  
15 is denied or until the carrier has demonstrated to the commissioner sufficient financial  
16 reserves to underwrite financial coverage, whichever is later.

17 6-5. Subsection 1 does not apply to health benefit plans offered by a small employer carrier  
18 if the carrier makes the health benefit plans available in the small employer market  
19 only through one or more associations.

20 **SECTION 5. AMENDMENT.** Section 26.1-36.3-11 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22 **26.1-36.3-11. Standards to assure fair marketing.**

23 1. Each small employer carrier shall actively market health benefit plan coverage,  
24 ~~including the basic and standard health benefit plans,~~ to eligible small employers in the  
25 state.

26 2. a. A small employer carrier or producer may not engage in the following activities,  
27 directly or indirectly:

28 (1) Encouraging or directing small employers to refrain from filing an application  
29 for coverage with the small employer carrier because of the health status,  
30 claims experience, industry, occupation, or geographic location of the small  
31 employer.

- 1                   (2) Encouraging or directing small employers to seek coverage from another  
2                   carrier because of the health status, claims experience, industry,  
3                   occupation, or geographic location of the small employer.
- 4           b. Subdivision a does not apply to information provided by a small employer carrier  
5           or producer to a small employer regarding the established geographic service  
6           area or a restricted network provision of a small employer carrier.
- 7           3. a. A small employer carrier may not enter into any contract, agreement, or  
8           arrangement, directly or indirectly, with a producer that provides for or results in  
9           the compensation paid to a producer for the sale of a health benefit plan to be  
10           varied because of the health status, claims experience, industry, occupation, or  
11           geographic location of the small employer.
- 12           b. Subdivision a does not apply to a compensation arrangement that provides  
13           compensation to a producer on the basis of percentage of premium, provided the  
14           percentage does not vary because of the health status, claims experience,  
15           industry, occupation, or geographic area of the small employer.
- 16           4. ~~A small employer carrier shall provide reasonable compensation, as provided under~~  
17           ~~the plan of operation of the program, to a producer, if any, for the sale of a basic or~~  
18           ~~standard health benefit plan.~~
- 19           5. No small employer carrier may terminate, fail to renew, or limit its contract or  
20           agreement of representation with a producer for any reason related to the health  
21           status, claims experience, occupation, or geographic location of the small employers  
22           placed by the producer with the small employer carrier.
- 23           6.5. No small employer carrier or producer may induce or otherwise encourage a small  
24           employer to separate or otherwise exclude an employee from health coverage or  
25           benefits provided in connection with the employee's employment.
- 26           7.6. Denial by a small employer carrier of an application for coverage from a small  
27           employer must be in writing and must state the reason or reasons for the denial.
- 28           8.7. A violation of this section by a small employer carrier or a producer is an unfair trade  
29           practice under section 26.1-04-03.
- 30           9.8. If a small employer carrier enters into a contract, agreement, or other arrangement  
31           with a third-party administrator to provide administrative, marketing, or other services

1           related to the offering of health benefit plans to small employers in this state, the  
2           third-party administrator is subject to this section as if it were a small employer carrier.

3           **SECTION 6. REPEAL.** Sections 26.1-36-09.4, 26.1-36.3-08, 26.1-36.3-10, and  
4           26.1-36.4-07 of the North Dakota Century Code are repealed.

5           **SECTION 7. EFFECTIVE DATE.** This Act becomes effective on January 1, 2014.