



Inside this issue :

NCOIL 2018 Spring Mtg. **P.1**

Dept. of Labor Fiduciary Rule **P.1**

NCOIL CEO Speaks in Dublin **P.1**

NCOIL Discusses PBMs **P.2**

NAIC Commissioners Roundtable **P.2**

NC & FL Become Contributing States **P.3**

NCOIL CIP Planning Meeting
June 13—14, 2018
Jersey City, NJ



Sen. Jason Rapert, AR
NCOIL President



Sen. Jason Rapert, AR gives Welcome
Remarks during the 2018 Spring Mtg.

NCOIL CONCLUDES SUCCESSFUL 2018 SPRING MEETING IN ATLANTA

The National Council of Insurance Legislators (NCOIL) has concluded a successful 2018 Spring Meeting at the Whitley in Buckhead, GA. There were 267 registrants at the meeting, including 51 legislators from 31 states. The attendees included 11 first time legislators, 5 commissioners and other staff representing 12 Insurance Departments. All 9 policy committees met to discuss timely insurance and financial services related issues, including three Model Acts currently under active consideration, and one that was tabled.

“We had a productive meeting with good discussion on a variety of subjects” said AR Sen. Jason Rapert, NCOIL President. “We began a dialogue of a model law to regulate PBMs, heard about the impact of federal tax reform on the insurance industry and states, discussed the status of the NFIP and State flood insurance markets, continued a discussion of physician dispensing and drug compounding, and had a good discussion with our regulatory counterparts that *Con’d on Page 4.*”



Thomas B. Considine
NCOIL CEO

NCOIL PRESIDENT APPLAUDS 5TH CIRCUIT DECISION TO REVERSE US DEPARTMENT OF LABOR FIDUCIARY RULE

AR Sen. Jason Rapert, NCOIL President reacted to the 5th Circuit Court of Appeals ruling in *US Chamber of Commerce et. Al. v. Acosta* that the US Department of Labor had exceeded its regulatory authority in creating the regulation that held advisors to a higher standard:

“As legislators, we take our responsibility to create law seriously. This was a clear overreach of legislative intent and I applaud the court for this ruling. NCOIL has been at the forefront of protecting state-based regulation of insurance and will weigh in when the federal government or international regulatory bodies subvert legislative prerogatives. I am especially pleased that the court chose not to tinker with the rule, but rather saw it for what it was and struck it down completely.” *Con’d on Page 4.*”

NCOIL CEO SPOKE IRELAND’S INED SEMINAR

Manasquan, NJ – Commissioner Tom Considine, NCOIL CEO recently delivered the keynote address to the capacity crowd at Insurance Ireland’s INED Council’s Flagship Annual Seminar. Insurance Ireland is that nation’s largest business insurance organization, with the INED Council representing the non-executive directors of its member companies.

Considine spoke about the efficacy of state-based regulation of insurance and the process where state legislators make public policy decisions through legislation and state regulators ensure that policy is carried out through the authority given them by the state legislature. Sylvia Cronin, the Director of Insurance Supervision for the Central Bank of Ireland, also spoke *Con’d on Page 4.*



Rep. Bill Botzow
Vice President



Rep. Matt Lehman, IN
Treasurer



Asm. Ken Cooley, CA
Secretary



Rep. Steve Riggs, KY
Immediate Past President



Sen. Travis Holdman, IN
Immediate Past President

NCOIL COMMITTEE DISCUSSES LIKELY REGULATION OF PHARMACY BENEFIT MANAGERS (PBMs)

The NCOIL Health, Long Term Care and Health Retirement Issues Committee met at the 2018 NCOIL Spring Meeting in Atlanta, GA and heard from a variety of interested parties about Pharmacy Benefit Managers (PBMs) and the potential need for a model law that would give authority for regulation to state insurance commissioners.

This issue was raised by AR Sen. Jason Rapert where it has been an issue in his state of Arkansas, where PBMs are currently unregulated and there is a special session to examine potential solutions.

“Up until now, the PBMs have been playing streetball and it is time for a referee” said Rapert. “Insurance companies are overseen by insurance departments, pharmacists are overseen by pharmacy boards, and doctors are overseen by medical boards. This is to ensure consumers and patients are protected and companies are sound and solvent. I believe PBMs need to be regulated to ensure customers are protected and costs are contained.”

There was a large cross section of interested parties that offered testimony during the

committee meeting including Scott Brunner, National Community Pharmacists Association; Scott Pace, Arkansas Pharmacists Association; Leanne Gassaway, AHIP; Lauren Rowley, PCMA, and Russ Galbraith, Chief Deputy Commissioner at the Arkansas Department of Insurance.

“NCOIL began a robust discussion that will continue through stages as a model law is developed over the course of the year. All interested parties will have an opportunity to be heard” said Commissioner Tom Consideine, NCOIL CEO. “As the model is developed and debated, it will reflect the need to protect consumers and patients.”

“I understand that PBMs may bring value to the process, but left unregulated, it seems clear that their conduct has in many instances become excessive and needs to be reined in,” concluded Rapert, who is also NCOIL President and committed to a fully inclusive process of deliberations and negotiations.

The discussion will continue during the Summer Meeting in Salt Lake City from July 12 – 15 at the Little America Hotel. Registration will open in April.



MEETING MINUTES
CLICK HERE

NCOIL PRESIDENT PARTICIPATES IN NAIC COMMISSIONERS ROUNDTABLE

AR Sen. Jason Rapert was invited by the National Association of Insurance Commissioners (NAIC) to address the regulator-only Commissioners Roundtable about Pharmacy Benefit Management (PBMs) and the recent legislation passed in Arkansas.

Sen. Rapert told the commissioners:

Upon looking into these issues further, we learned that such practices were not limited to just Arkansas – many states across the country are having similar problems with PBMs. We also learned that a lot of the problems surrounding PBMs are due to the tremendous amount of information that we simply do not know about them since they are not regulated like all the other industries involved in the prescription drug supply chain. Accordingly, last week, my state of

Arkansas had a special session called by Gov. Hutchinson, during which The “Arkansas Pharmacy Benefits Manager Licensure Act” - which gives the Arkansas Insurance Commissioner the authority to license and regulate PBMs passed overwhelmingly in both chambers and was signed by the governor.

As I said at the NCOIL Spring meeting in Atlanta, up until now, the PBMs have been playing streetball and it is time for a referee. Insurance companies are overseen by insurance departments, pharmacists are overseen by pharmacy boards, and doctors are overseen by medical boards. The time is now to ensure consumers and patients are protected and companies are sound and solvent. I believe PBMs need to be regulated to ensure customers are protected and costs are contained.

Con'd on Page 3.

NORTH CAROLINA AND FLORIDA BECOME NCOIL CONTRIBUTING STATES

FL CFO Jimmy Patronis and NC Insurance Commissioner Mike Causey, who both attended and participated at the 2018 NCOIL Spring Meeting, have committed to upgrade their states' NCOIL status. With their addition as Contributing States, the number of contributing states is now 34, representing 81% of the population of the United States. Over the past two years, California, Illinois, Utah, Oklahoma, Minnesota and Wisconsin have all upgraded after long absences with newly increased legislator participation from those states.

By focusing on emerging issues and bringing them to conclusion in a timely fashion, NCOIL is re-emerging as the only forum where insurance legislators discuss, debate and solve insurance policy challenges, including the passage of Model Laws where warranted.



Cmsr. Tom Considine, CEO; Rep. Matt Lehman, IN;
Cmsr. Mike Causey, NC; Sen. Jason Rapert, AR

FL CFO Jimmy Patronis

Commissioners Roundtable con'd

NCOIL staff has converted the Arkansas PBM law into a draft Model Law for discussion and has shared with NCOIL staff for your input. We would appreciate your comments back as soon as possible, so that we can discuss them together and expose the Draft Model in May. We hope that after further discussion at an open session during the NCOIL Summer Meeting in July, a Model will be ready for consideration and vote at the NCOIL Annual Meeting in early December.



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NCOIL CIP PLANNING MEETING
JUNE 13—14, 2018
HYATT REGENCY JERSEY CITY, NJ

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NCOIL Spring Meeting Cont'd

sets the table for a productive year.”

There was a lively discussion about Pharmacy Benefit Managers (PBMs), the role they play, and the potential need for regulatory oversight during the Health, Long-Term Care and Health Retirement Issues Committee. Sen. Rapert discussed the need for an NCOIL model. Discussion of this issue will continue at the NCOIL Summer Meeting.

“We continue to invite speakers that will educate legislators on emerging insurance issues and that goal is leading to continued growth year-over-year in both legislator and general attendance” said Commissioner Tom Considine, NCOIL CEO. “We are proud that our recruiting efforts have led to both North Carolina and Florida becoming contributing states.”

The speakers included Georgia Governor Nathan Deal, who delivered the keynote at the Welcome Breakfast; Florida CFO Jimmy Patronis, who delivered the luncheon keynote address on Saturday; CCIIO Director and CMS Deputy Director Randy Pate participated in the Health General Session “Health Insurance Exchanges in the Trump Administration- Are Waivers the Solution?”; and FEMA Assistant Administrator for Federal Insurance David Maurstad participated in the Joint State-Federal Relations and International Issues Committee “Discussion on the Status of the NFIP and State Flood Insurance Markets.”

The 2018 NCOIL Summer Meeting will be in Salt Lake City, UT from July 12th – 15th. Registration will open in April.

Department of Labor Fiduciary Rule Cont'd

NCOIL first raised concerns about this issue with a resolution opposing the Fiduciary Rule and calling for its repeal that passed the Life Insurance & Financial Planning Committee at the 2016 Summer Meeting. NCOIL communicated that opposition to the Department of Labor. Having not received satisfactory resolution from the DOL, the NCOIL Executive Committee approved the resolution at the 2016 Annual Meeting.

NCOIL weighed in again approving of the Trump Administration's 18-month delay in 2017.

NCOIL CEO Speaks in Ireland Cont'd



NCOIL CEO, Commissioner Tom Considine, delivering the Keynote Address at Insurance Ireland's recent Symposium in Dublin on The Relationship between the Insurance Non-Executive Director and the Regulator.

at the event, presenting a contrast of regulatory approaches.

“While other countries have different systems of insurance regulation, the United States system has thrived for nearly three quarters of a century” said Considine. “State legislatures work to ensure companies are solvent and consumers are protected. If, that it slightly different among the 50 states, we find that those differences ultimately inure to the improvement of the entire system.”

NCOIL has long made protection of the state-based system of insurance regulation against federal and international regulatory creep a top priority having expressed this view in multiple education days to Congress on Capitol Hill.

“We are fond of saying in America that the states are 50 laboratories of democracy,” Considine told the assembled Irish directors, CEOs and others present, “however, nobody wants them passing laws in 50 different directions when it comes to insurance regulatory policy. That’s where NCOIL comes in.”

The seminar took place in The National Concert Hall, Earlsfort Terrace Dublin.



Commissioner Tom Considine, NCOIL CEO, fielding a question during the panel discussion at Insurance Ireland's recent Symposium in Dublin on The Relationship between the Insurance Non-Executive Director and the Regulator, while Ireland Director of Insurance Supervision, Sylvia Cronin, looks on.