

NCOIL to Gauge Need for Obesity Treatment Coverage Mandate

Legislators at the NCOIL Spring Meeting will reevaluate the role that states should play in insurance coverage for obesity treatments—including bariatric surgery, drug therapy, and wellness programs—in order to reduce health and economic impacts of the disease. Consideration on February 27 of a proposed NCOIL Resolution in Support of Efforts to Reduce the Incidence of Obesity and Chronic Disease continues discussion at the 2014 Annual Meeting in which legislators—while generally recognizing that obesity has become a significant health-system cost driver—expressed concern regarding potential financial impacts of mandated coverage.

As with the 2014 version of the proposed resolution, the current draft highlights why obesity is (cont. on page 2)



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NCOIL SPRING MEETING
Feb. 27 to March 1
Charleston, S. Carolina



NCOIL Plans Model Law to Rein in Fraudulent Roofers

On March 1 in coastal Charleston, South Carolina, legislators on the NCOIL Property-Casualty Insurance Committee will take their first look at a proposed model law to help homeowners in need of roofing repair—especially after a natural disaster. The draft *Roofing Contractor Licensure Model Act* lays out minimum standards for roofing contracts and aims to promote fairness and honesty in the roofing business—including an opportunity for consumers to rescind contracts. Legislative discussion will take place during the February 27 to March 1 NCOIL Spring Meeting.

The proposed model, sponsored by Sen. Jason Rapert (AR) and Rep. Rich Golick (GA), would require a written contract that spells out what the roofer will do, what materials he will use, and how much the consumer will be expected to pay. Contact and other details of the roofer, as well as the insurance coverage he carries, are required—as is, among other things, a clear disclosure saying that the consumer can cancel the contract, within three business days, if the consumer's insurer denies all or part of the claim.

Consumers who cancel their contracts because of an insurer denial get their deposits to the roofer

returned to them under the draft model—except for emergency repairs. Roofers would be entitled to the fair value of emergency work, as per the proposed model.

The draft offers a long list of roofer prohibited practices. Contractors could not rebate any portion of a consumer's insurance deductible for the repair or get involved with (cont. on page 4)

NCOIL has the honor of welcoming South Carolina Insurance **Director Ray Farmer** to deliver the Friday, Feb. 27, keynote luncheon address at the NCOIL Spring Meeting in Charleston. Director Farmer, a long-standing friend of NCOIL, will speak



to efforts in his state to combat natural disaster risk—specifically building codes and other mitigation. The luncheon is slated from 11:30 a.m. to 12:45 p.m.

2015 NCOIL Committee Leadership

Financial Services & Investment Products

C: Rep. Bob Hackett (OH)
VC: Del. Harry Keith White (WV)

Health, LTC & Health Retirement Issues

C: Assem. Kevin Cahill (NY)
VC: Rep. Ken Goike (MI)

International Insurance Issues

C: Rep. Bill Botzow (VT)
VC: Rep. Joe Fischer (KY)

International Issues Task Force

C: Sen. Dan “Blade” Morrish (LA)

Life Insurance & Financial Planning

C: Sen. Mike Hall (WV)
VC: Sen. David O’Connell (ND)

NCOIL-NAIC Dialogue

C: Sen. James Seward (NY)
VC: Rep. George Keiser (ND)

Property-Casualty Insurance

C: Rep. Matt Lehman (IN)
VC: Assem. Will Barclay (NY)

State-Federal Relations

C: Rep. Michael Stinziano (OH)
VC: Sen. Robert Hayes, Jr. (SC)

Workers’ Comp Insurance

C: Sen. Jerry Klein (ND)
VC: Rep. Marguerite Quinn (PA)

Articles of Organization & Bylaws Revision

C: Sen. Carroll Leavell (NM)
VC: Rep. Ron Crimm (KY)

Audit

C: Sen. Travis Holdman (IN)
VC: Rep. Don Flanders (NH)

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NCOIL to Gauge Need for...

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a problem. More than one-third of U.S. adults are obese, according to the proposed resolution, and estimates of the annual medical costs of that sobering statistic range from \$147 billion to \$210 billion, as of 2012. That figure could climb to \$620 billion by 2030, according to resolution’s drafters.

The proposal also states that obesity is linked to various other diseases—including Type 2 diabetes, cardiovascular disease, hypertension, stroke, arthritis, and certain types of cancer—and that it leads to job absenteeism. Though Medicaid and private health insurance sometimes do cover obesity treat-

ment, the proposal expresses concern that coverage is inconsistent and limited.

The 2014 version of the resolution called on states to include the entire range of obesity treatment options in the state’s definition of “essential health benefits.” The current draft amends that language—asking states, instead, to consider choosing benchmark plans that include such treatment.

The 2014 proposal urged states to implement chronic disease management programs (CDMPs) in state Medicaid and other programs that emphasize coverage for all obesity therapies.

Now, the draft resolution asks states to encourage implementation of those kinds of CDMPs or to look for outside sources of funding to do so if necessary.

Both the current and the 2014 proposed resolutions support state exchanges that create incentives for Qualified Health Plans (QHPs) to cover a full spectrum of obesity treatments.

NCOIL will consider the issue during the Health, Long-Term Care & Health Retirement Issues Committee meeting from 10:00 to 11:30 a.m. on Friday, February 28. Also on the agenda are, among other items, telemedicine and network adequacy.

NCOIL to Examine Cyber-Security and Insurance

On February 27, legislators will explore how cyber-risk affects the insurance industry and look at efforts, both public- and private-sector, to address emerging concerns. The NCOIL Spring Meeting event—entitled *Cyber-Loss and Insurance: What Happens when the Big One Hits?*—responds to the fact that cyber-breaches are common and costly, even though companies may not be aware of attacks against them. The 4:00 to 5:30 p.m. session will examine the types of events insurers should be concerned about and why and how breaches of security are possible, as well how cyber-insurance issues are playing out federally and in the large financial services sector.



Jonathan Knudsen
Principle Security
Engineer
Codemonicon



Holly Kinnamon
Founder
Holly J. Kinnamon
Strategies



Kevin KcKechnie
Sr. Vice Pres./Director
American Bankers Assoc.
Office of Ins. Advocacy



Catherine Mulligan
Sr. Vice President
Head of Specialty E&O
Zurich

Feds Analyze Systemic Risk of Top 33 Bank Holding Companies

On February 12, the Office of Financial Research (OFR)—a product of the Dodd-Frank Act housed in the U.S. Department of Treasury—released its rankings of the top 33 U.S. bank holding companies in terms of the degree to which they are systemically risky. Companies were rated based on their size, interconnectedness, complexity, global activity, and the degree to which they dominate certain customer services, as indicated by year-end 2013 data that the companies filed with the Federal Reserve back in August 2014.

The companies examined by OFR included eight (8) subsidiaries of foreign banks.

According to the analysis, JPMorgan Chase poses the greatest concern, with a score of 5.05.

Next in line was Citigroup (4.27), followed by Bank of America (3.06), Morgan Stanley (2.60), Goldman Sachs (2.48), and Wells Fargo (1.72). Low on the list was Capital One Financial, which boasts a score of 0.19.

The OFR methodology tracked the approach that the Basel Committee on Banking Supervision—an organization of banking supervisors from 28 countries—is using to decide which companies in the international arena can be considered Global

Systemically Important Banks (G-SIBs).

The OFR report—officially entitled *Systemic Importance Indicators for 33 U.S. Bank Holding Companies: An Overview of Recent Data*—is available at <http://financialresearch.gov/briefs/>.

The Office of Financial Research (OFR) was created by Dodd-Frank to collect and analyze financial data, among other duties, in order to support work of the Financial Stability Oversight Council (FSOC), FSOC's member agencies, and the public.

Legislators to Consider Causes, Consequences of Drug Prices

On February 28 in Charleston, South Carolina, legislators at the NCOIL Spring Meeting will participate in a special session entitled *Drug Prices: How Much Is Too Much? And Where Will States Draw the Line?*—in recognition of the huge impact that drug costs have on state and federal healthcare systems. Legislators will hear expert insight into why drug prices are so high and into what the cost of specialty drugs means for patient care, state budgets, and future innovations, among other concerns. Panelists will represent America's Health Insurance Plans (AHIP), Express Scripts, the National Coalition on Health Care, and the Pharmaceutical Research and Manufacturers Association (PhRMA).



Jenny Bryant
Senior Vice Pres.,
Policy & Research
PhRMA



Dan Durham
Exec. Vice Pres. for
Strategic Initiatives
AHIP



Jonah Houts
Vice President,
Government Affairs
Express Scripts



John Rother
President and CEO
National Coalition on
Health Care

NCOIL Committee Leadership...

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Budget

C: Sen. Travis Holdman (IN)
VC: Rep. Kathie Keenan (VT)

Business Planning

C: Sen. James Seward (NY)

Membership

C: Rep. George Keiser (ND)
Rep. Brian Kennedy (RI)
VC: Sen. Jason Rapert (AR)
Sen. Travis Holdman (IN)
Rep. Steve Riggs (KY)

Legislators' Roundtable

Mod.: Rep. Brian Kennedy (RI)

Spring Meeting Issues-to-Watch

Among other items, legislators at the NCOIL Spring Meeting in Charleston, South Carolina, will discuss and debate:

ACA and state costs/budgets
cyber-risk and insurance products
Dodd-Frank regs. & the states
FIO initiatives & state oversight
international ins. developments
transparency, U.S. preemption
obesity treatments & coverage
pension de-risking protections
physician network adequacy
principle-based reserving (PBR)
professional employer orgs. (PEOs)
roofing contractor fraud/licensure
specialty drug prices & patient care
telemedicine pros, cons, & regs
transportation network companies (TNCs)/ridesharing
TRIA reauthorization & issues

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NCOIL Plans Model Law...

negotiating or adjusting the claim on behalf of the consumer. They could not offer the consumer any financial or other inducement to the sale of any goods or services. The contractors also could not, among other things, deviate from or fail to perform the plan the consumer agreed to—unless there's justification and the consumer agrees.

The draft NCOIL model sets out licensing and registration rules, allows for administrative penalties and license suspension, and exempts farm and residential property owners doing work on their own premises. The model exempts public-sector employees repairing a government building and excludes anyone who furnishes a material or product—such as roofing shingles—but does not install

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the product on the property.

To operate legally, the roofing contractor would have to maintain workers' compensation, public liability insurance, bodily injury coverage, property damage insurance, and a surety and performance bond—in amounts determined by the state.

Consideration of the draft *Roofing Contractor Licensure Model Act* in 2015 falls in line with long-standing NCOIL efforts to protect consumers—whether they are victims of floods, hurricanes, or other natural or man-made hazards—both before and after a disaster.

