



NCOIL to Look at Consequences of State-Specific “Essential Health Benefits”

State lawmakers looking to make sense of new essential benefits required by federal healthcare reform—a critical factor in development of healthcare exchanges—can seek critical answers during a February 25 symposium entitled *Essential Health Benefits: Balancing Costs and Coverage*. The session, which is being held as part of the NCOIL Spring Meeting in Biloxi, comes on the heels of a federal missive in December that leaves benefit determinations to the states.

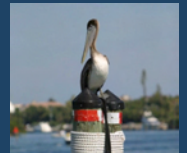
Scheduled from 9:45 until 11:45 a.m., the symposium will look at repercussions of the December 16 U.S. Dept. of Health and Human Services (HHS) bulletin that, instead of setting a federal floor for minimum benefits as anticipated, passes the ball to states. The *(cont. on page 3)*

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NCOIL SPRING MEETING
 Biloxi, MS
 February 24 — 26



NCOIL CONTINUES PUSH FOR TIMELY PAYMENT OF UNCLAIMED LIFE INSURANCE BENEFITS

Following passage of a landmark model law in November, state insurance legislators in February will continue their push for timely payment of death benefits and escheat of unclaimed life insurance. The NCOIL Life Insurance & Financial Planning Committee, seeking to provide needed state guidance in 2012, will meet twice at the upcoming Biloxi, Mississippi, Spring Meeting to look at the vital issue.

NCOIL Past President Rep. Robert Damron (KY)—sponsor of the new *Model Unclaimed Life Insurance*

Benefits Act—said, “The model we developed will serve as a needed template for states heading into 2012, but we want to ensure that no stone is left unturned and that the issue continues to be fully vetted so that consumers receive their rightful property.”

The Committee meetings are scheduled for February 24 and 25, when legislators may consider related issues such as the use of a U.S. Social Security Death Master File (DMF) by state unclaimed property administrators—which is now required of life insurers under the model act—and the timely transfer to estates of retained asset account funds. *(cont. on page 2)*

NCOIL PLANS SPECIAL FORUM ON FIO REPORT

NCOIL legislators have scheduled a first-ever *State Leaders’ Roundtable on Federal Insurance Office (FIO)* to discuss and respond to a forthcoming FIO report on how to modernize U.S. insurance oversight. The NCOIL Spring Meeting session in Biloxi will take place just weeks after the expected release of the much-anticipated FIO report and recommendations.

The February 24 roundtable, planned for 10:45 a.m. to 12:15 p.m., responds to legislative interest in FIO activi-

ties and will offer an opportunity to address questions stemming from the FIO report. The roundtable follows a December 8 NCOIL meeting with FIO Director Michael McRaith and a December 9 FIO conference at the Treasury Department on regulatory modernization.

The Dodd-Frank Act requires FIO to submit its report to Congress in late January. Some observers, including legislators, have expressed concern that the report—which must address the *(cont. on page 2)*

NCOIL Plans...

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the costs/benefits of potential federal regulation and the feasibility of federally regulating certain insurance lines, among other things—may foreshadow a greater federal role in insurance.

Given that state legislators enact insurance-related laws, NCOIL has long maintained that state officials should be an integral part of any insurance efforts, including FIO activities. For that reason, lawmakers earlier this year strongly supported NCOIL Past Pres. Rep. George Keiser (ND) application for membership on a new FIO Federal Advisory Committee on Insurance. Rep. Keiser, unfortunately, was not selected for the 15-member body.

NCOIL Makes Waves on Gulf Coast Insurance, Catastrophe Fund Issues

Convened near a shoreline recovering from Hurricane Katrina, legislators at the NCOIL Spring Meeting in Biloxi, Mississippi, will reassert their interest in catastrophe issues, debating possible reforms to Gulf Coast insurance markets and, among other things, weighing the fate of a controversial NCOIL catastrophe fund model. The February 24 Property-Casualty Insurance Committee efforts are in keeping with a more than 20-year NCOIL commitment to catastrophe preparedness.

Spurred by Rep. Greg Wren of AL to renew NCOIL's catastrophe debate, the Committee will begin a look into possible approaches—including perhaps a regional mechanism—that might address availability/affordability concerns in the wake of recent hurricane, tornado, and other disasters in the Gulf Coast area. As noted by

Rep. Wren, "Disasters along the Gulf Coast have far-reaching impacts and we, as legislators who make insurance policy, must be keenly aware of and prepared for the next event. It's true that the Gulf area faces some very unique threats, but disasters in any region of the country have the potential to severely harm national markets. NCOIL is an ideal forum to debate these pressing issues."



The Committee in February will also expand its look into National Flood Insurance Program (NFIP) reforms and into the financial stability of the flood program—particularly after the major, historic flooding events of 2011. NCOIL has a strong collaborative relationship with FEMA, administrator of the NFIP, and continues explor-

ing opportunities for future ventures.

In the years since Hurricane Andrew in 1992, NCOIL has developed a multi-pronged vision for catastrophe insurance reform. The group has developed a tough statewide building code model, supported use of tax-deferred catastrophe reserves to help insurers respond following a disaster, and endorsed sound, coordinated land-use planning. NCOIL has also—because some catastrophes may be too large for a state to handle on its own—recognized the appropriateness of a limited federal role to assist consumer and market recovery.

The NCOIL *Model State Legislation Creating a Natural Catastrophe Fund*—enacted in 1995 as response to market fallout from Hurricane Andrew—would create a FL-based system as one part of multi-faceted preparedness. The P-C Committee is re-evaluating the model—historically one of NCOIL's most divisive bills—and considering alternate options. ■

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NCOIL Continues...

Representatives of the National Association of Unclaimed Property Administrators (NAUPA) and the insurance industry will also apprise legislators of their efforts to update possibly out-of-date state unclaimed property laws. Currently, many state laws allow unclaimed benefits to stay with insurers for decades before dormancy periods are triggered and

monies may escheat to states.

The NCOIL *Model Unclaimed Life Insurance Benefits Act* requires that insurers match DMF records with policy and retained asset account (RAAs) holders quarterly. It also sets a schedule for insurer efforts to confirm an insured or account holder's death, locate any beneficiaries, and give them claims forms/instructions.

If benefits go unclaimed, life insurers must notify state treasury departments and escheat the funds, per unclaimed property laws.

Adoption of the 2011 model followed six months of Committee work and built upon efforts in 2010 to ensure proper disclosure/reporting of death benefits payments through retained asset accounts. ■

Expected to participate in the roundtable are leaders of The Council of State Governments, the National Association of Insurance Commissioners, and the National Conference of State Legislatures, among others.

NCOIL, as an unwavering advocate of state regulation, plans to continue working toward modernization and inputting to the FIO. ■

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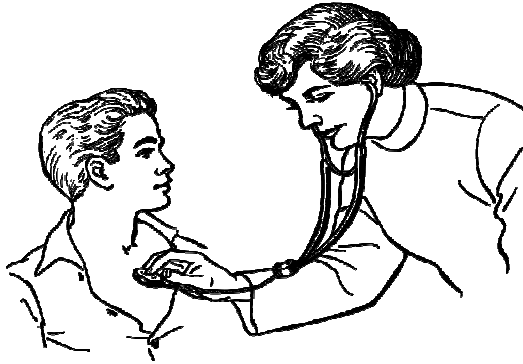


NCOIL to Look...

symposium will explore how a state-by-state approach could play out for insurers and consumers and will look at impacts on state budgets, mandates, and Medicaid programs. Speakers will weigh how the individual-state approach could impact plans sold on and off exchanges and how adverse selection might rear its head. The session will also consider what the HHS decision may mean for chronically ill patients—as well as the fate of treatments deemed “non-essential.”

Under the guidance, states can choose one of four popular health plans available in a state as a “benchmark” for essential benefits,

which are the minimum benefits that qualified health plans must offer starting in 2014. States may choose one of the



three largest small group plans in the state; one of the three largest state employee health plans; one of the largest federal employee health plans; or the largest HMO

plan offered in the state's private market to establish a baseline for benefits.

Invited participants include Stephen Finan with the American Cancer Society Action Network, Steve Larsen of the U.S. Department of Health & Human Services (HHS), Scott Pattison of the National Association of Budget Officers (NABO), and representatives of the American Medical Association (AMA) and insurance industry. ■

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NCOIL to Examine High Cost of Workers' Comp Repackaged Drugs, Doc Dispensing

Insurance legislators in 2012 will take a hard look at physician dispensing of repackaged drugs—a huge cost for state workers' comp systems—in hopes of providing legislatures with needed guidance. The NCOIL Workers' Compensation Insurance Committee will explore public policy solutions when it meets on February 25 at the Biloxi Spring Meeting.

Central to the issue are concerns that drugs are being repackaged using more expensive reimbursement codes than the originals—up to 300 percent more costly in some cases. Insurers and other businesses point to repackaged drugs—which are often dispensed directly through physician offices instead of through local pharmacies—as leading to a significant cost burden on companies and local economies.

The NCOIL discussion responds to efforts in California, Florida, and several Midwestern states to find appropriate solutions. It also follows a 2011 National Council on Compensation Insurance (NCCI) study that identified a sudden, significant growth in physician dispensing of repackaged drugs and related costs. ■

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NCOIL ANNUAL MEETING

Biloxi — February 24 to 26
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National Conference of Insurance Legislators
...for the states
D.C. Office:
National Office:
601 Pennsylvania Avenue N.W.
385 Jordan Road
Troy, NY 12180
Washington, D.C. 20004