



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Ralph DLG. Torres
Governor

Victor B. Hocog
Lieutenant Governor

Honorable Francisco M. Borja
Senate President, The Senate
Nineteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

27 JUL 2016

Honorable Rafael S. Demapan
Speaker, House of Representatives
Nineteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. President and Mr. Speaker:

This is to inform you that I have signed into law Senate Bill No. 19-61, HD1, entitled, "To amend 3 CMC § 2824, 4 CMC § 7103, 4 CMC § 7301(d), 4 CMC § 7105, 4 CMC § 7112(b) and 4 CMC § 7615(j) to assess the total costs of healthcare in the CNMI by establishing a claims and clinical data warehouse at CHCC and to improve accountability for how health insurance premiums are spent by requiring health insurance insurers and health care providers to submit reports on claims and clinical data to the insurance commissioner; and for other purposes.", which was passed by the Senate and the House of Representatives of the Nineteenth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 19-56**. Copies bearing my signature are forwarded for your reference.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph DLG. Torres".

RALPH DLG. TORRES

cc: Lt. Governor; Press Secretary; Attorney General's Office; Commonwealth Healthcare Corporation; Administrator, CNMI Medicaid Office; Public Auditor; Special Assistant for Administration; Special Assistant for Programs and Legislative Review



THE SENATE
Nineteenth Northern Marianas Commonwealth Legislature
P. O. Box 500129
Saipan, MP 96950

Public Law No. 19-56

July 12, 2016

The Honorable Ralph DLG. Torres
Governor
Commonwealth of the Northern Mariana Islands
Capital Hill
Saipan, MP 96950

Dear Governor Torres:

I have the honor of transmitting herewith for your action Senate Bill No. 19-61, HD1, entitled: "To amend 3 CMC § 2824, 4 CMC § 7103, 4 CMC § 7301(d), 4 CMC § 7105, 4 CMC § 7112(b) and 4 CMC § 7615(j) to assess the total costs of healthcare in the CNMI by establishing a claims and clinical data warehouse at CHCC and to improve accountability for how health insurance premiums are spent by requiring health insurance insurers and health care providers to submit reports on claims and clinical data to the insurance commissioner; and for other purposes," which was passed by the Senate and the House of Representatives of the Nineteenth Northern Marianas Commonwealth Legislature.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dolores S. Bermudes".

Dolores S. Bermudes
Senate Clerk

Attachments



THE SENATE
NINETEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SENATE BILL NO. 19-61, HD1

AN ACT

To amend 3 CMC § 2824, 4 CMC § 7103, 4 CMC § 7301(d), 4 CMC § 7105, 4 CMC § 7112(b) and 4 CMC § 7615(j) to assess the total costs of healthcare in the CNMI by establishing a claims and clinical data warehouse at CHCC and to improve accountability for how health insurance premiums are spent by requiring health insurance insurers and health care providers to submit reports on claims and clinical data to the insurance commissioner; and for other purposes.

SENATE ACTION

Offered by Senator(s): Sixto K. Igisomar

Date: September 03, 2015

Referred to: Committee on Judiciary, Government and Law

Standing Committee Report No.: None

Final Reading: June 29, 2016

HOUSE ACTION

Referred to: Committee on Health, Education and Welfare

Standing Committee Report No.: 19-111 adopted on May 10, 2016

First and Final Reading: May 10, 2016


DOLORES S. BERMUDES
SENATE CLERK



THE SENATE
NINETEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SECOND REGULAR SESSION, 2015

S. B. NO. 19-61, HD1

AN ACT

To amend 3 CMC § 2824, 4 CMC § 7103, 4 CMC § 7301(d), 4 CMC § 7105, 4 CMC § 7112(b) and 4 CMC § 7615(j) to assess the total costs of healthcare in the CNMI by establishing a claims and clinical data warehouse at CHCC and to improve accountability for how health insurance premiums are spent by requiring health insurance insurers and health care providers to submit reports on claims and clinical data to the insurance commissioner; and for other purposes.

BE IT ENACTED BY THE NINETEENTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:

1 **Section 1. Findings and Purpose.** The Legislature finds that the CNMI needs, as
2 many states have established, a medical claims and clinical data warehouse to enable the
3 monitoring and analysis of health care costs, improve coordination and the quality of care,
4 assess population health conditions, support health information exchange, conduct
5 utilization reviews, identify healthcare disparities, inform consumers of cost and quality of
6 healthcare services, support the planning and evaluation of healthcare operations and care,
7 establish baseline data for applications for funding and federal reporting, and conduct
8 waste, fraud and abuse investigations.

9 The Commonwealth Legislature further finds the regulation of health insurance
10 cost and coverage are important to ensure that consumers receive value for premiums paid;
11 health insurance and healthcare care is affordable and accessible in the CNMI; and, that
12 transparency exists in health insurance and health care. The Legislature further finds that

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1 without reporting of claims by insurers, the CNMI will not be able to effectively review
2 rates and ensure that consumers receive value for premiums paid.

3 The Legislature further finds that information regarding the cost and quality of
4 healthcare services and health insurance programs must be available to consumers so that
5 the best healthcare decisions can be made for themselves and their families. The
6 Legislature finds that a lack of cost transparency may obscure price variations for medical
7 services and health insurance premiums within the Commonwealth, thus obstructing access
8 to healthcare for CNMI residents.

9 Accordingly, the purposes of this legislation are to direct the Commonwealth
10 Healthcare Corporation to establish a Claims and Clinical Data Warehouse, establish a
11 definition for plan year and calendar year, require insurers and providers to provide claims
12 and clinical data, and to conduct and report studies on the cost and quality of care,
13 population health conditions, healthcare disparities, and other health matters. This
14 legislation further requires health insurance issuers to report to the Insurance
15 Commissioner on medical claims to enable oversight over how health insurance companies
16 spend premium dollars. Finally, the Legislation requires the CHCC, Insurance
17 Commissioner, and Medicaid program to cooperate in the governance of the claims
18 database.

19 **Section 2. Amendment.** 3 CMC § 2824 is amended by adding a new section (w)
20 and renumbering the current section (w) to section (x) to read as follows:

21 “(w) Establish, in cooperation with the CNMI Medicaid Program and
22 Insurance Commissioner, a Commonwealth-wide all-payer health insurance Claims

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1 and Clinical Data Warehouse (CCDW) and health information exchange (HIE) to
2 enable, conduct, and report on studies of healthcare cost and value; medical loss
3 ratios; quality; utilization; clinical care, public health surveillance; healthcare
4 disparities; waste, fraud, and abuse; and other health matters. In establishing and
5 operating the claims and clinical data warehouse and health information exchange,
6 the Corporation (1) shall require health care providers to provide data in electronic
7 form and media; (2) initiate the claims data warehouse based on data provided to
8 and from the Insurance Commissioner as provided for in 4 CMC § 7301(d)(2); (3)
9 operate the CCDW and HIE in accordance with the privacy and security provisions
10 of the U.S. Health Insurance Portability and Accountability Act of 1996, as
11 amended; (4) engage in regional claims, clinical, and health information exchange
12 operational agreements to lessen cost of operations; and (5) prepare and report on
13 studies of the total costs of healthcare; medical loss ratios; population health
14 conditions; costs of chronic conditions; cost and conditions of uninsured care and
15 communicable diseases; and to further analyze the cost of containment and quality
16 improvement efforts.

17 ~~(w)~~ (x) Do any and all other things necessary to the full and convenient
18 exercise of the above powers.”

19 **Section 3. Amendment.** 4 CMC § 7103 is amended by adding two new
20 subsections to read as follows:

21 “(II) “Calendar year” means the period of time from January 1, YYYY to
22 December 31, YYYY.

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1 (mm) "Plan year" means calendar year as defined in this section."

2 **Section 4. Amendment.** 4 CMC § 7105 is amended by adding a new section (c)
3 and renumbering the current sections (c) to (d) accordingly to read as follows:

4 (c) Promote the public welfare by ensuring greater accountability and
5 transparency in the health insurance industry of the Commonwealth through
6 oversight of medical loss ratio; medical claims; transparency in health insurance
7 program; and waste, fraud and abuse. To fulfill these goals, the Commissioner shall
8 collect from all health insurance issuers, including non-federal government plans
9 and third party medical claim processors or administrator of the health insurance
10 provider, claims data submitted in accordance with 4 CMC §7301(d)(2) and
11 provide the data to the CHCC in accordance with 3 CMC § 2824 (w) for health cost
12 and care, public health surveillance, and to increase transparency for the consumer
13 as determined by the Commissioner.

14 **Section 5. Amendment.** 4 CMC § 7112(b) is amended by adding a new paragraph
15 (2) and renumbering the current sections (2) to (4) accordingly to read as follows:

16 "(2) An estimate of the total number of individuals residing in the CNMI
17 with private health insurance coverage, the number of health insurance issuers, the
18 types of health insurance plans and coverages offered by these issuers, the
19 associated premium costs and out-of-pocket cost to consumers, and the medical
20 loss ratio of each private health insurance plan sold in the Commonwealth."

21 **Section 6. Amendment.** 4 CMC § 7301(d) is amended by adding a new paragraph
22 (2) to read as follows:

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1 “(2) Health insurance issuers covering more than 200 lives in the CNMI
2 shall submit eligibility, claims, and other insurance data in the file and data formats
3 of ANSI ASC 5010 270/271, 834, 835, 837 i/p/d and NCPDP standards as provided
4 for or established or updated under the Administrative Simplification Provisions of
5 the Health Insurance Portability and Accountability Act of 1996, as amended. The
6 Commissioner may issue a data submission guide that includes the data from the
7 HIPAA ANSI ASC standards to simplify the data submission file and data formats
8 and/or other data definitions. The Commissioner shall provide the claims data to
9 the CHCC in accordance with 3 CMC § 2824 (w) for health cost and care, public
10 health surveillance, and other purposes.”

11 **Section 7. Amendment.** ~~4 CMC § 7615 (j) is amended to read as follows:~~

12 ~~“(j) Notwithstanding any other provision of this chapter, every insurer
13 health insurance issuer shall annually report to the Commissioner, on or before
14 June 1 of each calendar year, Medical Loss Ratios (“MLR”), as defined in 4 CMC
15 § 7103 (ff), and spend a minimum of 85 percent of health insurance premiums for
16 large group coverage, and 80 percent for individual and small group coverage, on
17 medical care, rather than other items such as administrative and overhead costs.
18 The Commissioner shall conduct an annual review of the MLR. The
19 Commissioner may call a public hearing, issue a findings report, and may adjust the
20 MLR ratio that shall apply to all health insurance issuers in the CNMI. However,
21 the Commissioner shall not allow company expenses as defined in 4 CMC § 7103
22 (ff) to exceed 20% for individual and small group insurance markets and 15% for~~

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~~large group insurance markets established herein. An issuer who fails to comply with this subsection shall issue rebates or incur penalties as provided for in rules and regulations. Until such time that the Commissioner promulgates rules and regulations describing MLR reporting requirements, the MLR information submitted by health insurance issuers shall be on the Federal MLR Annual Reporting Form, Office of Management and Budget Control Number 0938-1164, used by the U.S. Department of Health and Human Services. The Commissioner may establish reasonable MLR filing and review fees. The Commissioner may establish penalties for failures to submit reports or data in a timely and complete manner and penalties in addition to any rebates due under the MLR. The penalty for failure to comply with the reporting requirements shall not exceed \$2,000 per calendar day and the penalty for failure to issue rebates in a timely manner shall be not exceed 1% of the rebate amount for each month."~~

Section 7. Initial Implementation; Transition.

(a) The claims data for plan years 2011-2015 shall be submitted to the Commissioner in an electronic form to be approved by the Commissioner within four (4) months upon signing of the bill and within 45 days of the ending of a calendar quarter basis following the initial submission of the first two quarters of 2016, beginning with the January 1 to March 31, 2016 and April 1 to June 30, 2016 quarters with the 2011-2015 calendar year data described herein.

(b) The Commonwealth Health Care Corporation will prepare and make available an annual report, beginning in January 2017, on the total cost of care, population health

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1 conditions and trends, utilization of medical and health services, gaps and healthcare
2 disparities, the costs of healthcare to the public, and other vital health statistics.

3 (c) Health insurance issuers shall submit the medical loss ratio reports as described
4 in 4 CMC § 7615 (j) to the office of the Insurance Commissioner for plan year 2012, 2013,
5 2014 and 2015 within four months of the effective date of this Act.

6 **Section 8. CNMI Medicaid Office.** Notwithstanding any laws or regulations to the
7 contrary, the CNMI Medicaid office will seek funding to establish a Medicaid Claims and
8 Clinical Data Warehouse.

9 **Section 9. Severability.** If any provision of this Act or the application of any such
10 provision to any person or circumstance should be held invalid by a court of competent
11 jurisdiction, the remainder of this Act or the application of its provisions to persons or
12 circumstances other than those to which it is held invalid shall not be affected thereby.

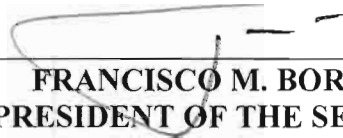
13 **Section 10. Savings Clause.** This Act and any repealer contained herein shall not
14 be construed as affecting any existing right acquired under contract or acquired under
15 statutes repealed or under any rule, regulation or order adopted under the statutes.
16 Repealers contained in this Act shall not affect any proceeding instituted under or pursuant
17 to prior law. The enactment of this Act shall not have the effect of terminating, or in any
18 way modifying, any liability civil or criminal, which shall already be in existence at the
19 date this Act becomes effective.

20 **Section 11. Effective Date.** This Act shall take effect upon its approval by the
21 Governor or upon its becoming law without such approval.

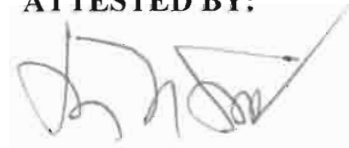
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CERTIFIED BY:

ATTESTED BY:



**FRANCISCO M. BORJA
PRESIDENT OF THE SENATE**



**TERESITA A. SANTOS
SENATE LEGISLATIVE SECRETARY**

Approved this *27th* day of *July*, 2016



**RALPH D.L.G. TORRES
Governor**

Commonwealth of the Northern Mariana Islands