

coverage, for example, if you had a claim under \$3,500 in the deductible range, and you'd go up to that amount, anything over that was paid by the group health insurance policy that they had purchased. So we're operating under a group health plan, it's accepted...instead of the employee picking up the deductible, which would in effect lower the amount of compensation they were getting, because they'd have to spend more of it for their health coverage, there was two portions supplied by the school. The school self-funded the deductible. So when you hear us today talk about self-funding, that's what it is, that's the deductible amount. The rest of it was commercially funded. Commercially funded is that amount of insurance provided by the group carrier above the deductible amount. So, instead of the insurance company providing all of it, it's split in two. The school district would provide the first \$3,500, anything over that \$3,500 would be picked up by the commercial insurer. The teachers, the employees, whoever don't pay any out-of-pocket costs. In other words, they don't notice any difference, they still get health insurance coverage, they still do not pay any out of pocket. Now the Department of Insurance got this dispute, and one of the arguments in the dispute was, well that's selling insurance, and schools aren't insurers, and so they can't do it, they're not in the business of insurance. The Department of Insurance ruled three things, one is that the schools don't have the authority to be in the business of insurance, that was the first part of the ruling. The second part of that ruling is that the laws say that the self-funding portions are engaging insurance. Well, they didn't want to go quite that far,...

PRESIDENT MOUL PRESIDING

PRESIDENT MOUL: One minute.

SENATOR KRISTENSEN: ...but that's really what they did. The department...the director of insurance went out and found a section of the law, it's a section of coverage, it says that all coverages shall be purchased from corporations licensed by the Department of Insurance, and such, you schools aren't licensed. You're not a corporation licensed with us, we're not going to reach the decision of whether that's selling insurance or not, we're just going to cut it off here and say, look, you're, you know, you're not a corporation licensed to do business with you, we're not going to reach the issue of whether this is selling insurance or not, you can't do it. The funny thing is none of