

Chair Lee and Members of the Senate Human Services Committee –

Good Morning, my name is Dylan Wheeler – Head of Government Affairs for Sanford Health Plan; testifying today in opposition to HB1248, as amended in the House. The NDPERS health insurance pilot period for health insurance mandates is a cornerstone of health policy in North Dakota, and serves as a model to other states who are considering covering additional services.

The deference given to health insurance mandates to go through NDPERS is a pragmatic public policy that allows time to obtain data, track utilization, and estimate costs prior to rolling out a coverage mandate to the private market – including small businesses, families, and individuals.

We would request that the NDPERS trial period remain for all health insurance mandates to ensure that we can estimate costs for the commercial market and better understand the effects – indirect and direct – of new coverage requirements in the North Dakota market. This can be done with an amendment to clearly state that any mandate must first apply to NDPERS. As amended in the House, there is now an option to push health insurance mandates to the commercial market – as opposed to going to NDPERS.

There is a question or issue seeking to be addressed in this bill premised on an issue with the existing mandate process. Other than discussing what is considered a “mandate,” which is not necessarily contemplated in HB1248 – the process of having an actuarial assessment conducted, estimating premium impact, and evaluating technical language issues is informative to the public policy making process and we feel the current process works.

As shared previously, one aspect of the NDPERS pilot period is the value that the actuarial and technical analysis has on the policy making process. However, currently there are two entities that conduct cost-benefit analysis on new proposed coverage requirements. One area of opportunity to make the process more efficient is to make that only one entity – the entity that works directly with NDPERS on assessing the impact of coverage mandates. Our experience in that process has been positive and has helped inform the policy making process.

A recent example of how the pilot period has worked is with the copay cap on insulin and related supplies – this committee has heard that pilot experience. Last session, the legislature approved coverage in NDPERS for a period of two years. During the two-year period, we were able to better understand utilization trends, but also trends in the market. During the pilot period time, the market adjusted when insulin manufacturers substantially lowered the cost of insulin. Hence, during the period, cost reduction was showed for the NDPERS plan in certain areas; however, continuation of coverage still has a cost to the State health plan. This recent example demonstrates the value and information gleaned from the pilot period.

Let’s consider a hypothetical post-passage of HB1248 if there was an option to bring a mandate to individuals, small businesses, and families prior to going to NDPERS. There are new and innovative medicines, treatments, and procedures coming to healthcare – this is a good thing. However, oftentimes, it takes time for the market to adjust to the new price and understand utilization. This bill would – if applied first to the commercial market – push premium increases to those markets prior to NDPERS; eliminating the data, utilization, and actuarial information. At a time when businesses, families, and individuals are cost-conscious, we need to maintain the safeguard and sound policy of having mandates apply to NDPERS first, then evaluate rolling out the commercial market.

Some may say that a pilot period is too long to wait for coverage requirements to come to the private or commercial market. There is an alternative process to have additional coverages come into the market. First, if obtained through an employer, that individual or group of individuals can approach the employer and inquire about covering a new

service. Second, there is an existing process to have the state adjust the Essential Health Benefits package; this was done last session through HCR3011 and through the North Dakota Insurance Department. Third, individuals can connect with their health plan and ask about potential coverages coming in new plan years.

Continuing to have coverage mandates run through NDPERS prior to the private market is good public policy. This informative and educational process brings insightful and financial information so that the body can better understand, if rolled out to the other state-regulated markets, what the effect could be on individuals, small businesses and families.

I appreciate the time and consideration and we look forward to maintaining the existing pilot period while recognizing the potential need to make the process more efficient.

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