

Senate Appropriations Testimony

Medicaid Expansion

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INTRODUCTION:

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Chairman Holmberg and Members of the Appropriations Committee,

I appreciate the challenging and important work all of you are doing for North Dakota and I'm thankful for your willingness to serve. The legislature and the ND Hospital Association have accomplished some amazing things to positively impact the health of North Dakotans and provide coverage for at-risk individuals, particularly those who fall within the confines of the Medicaid Expansion program.

Thank you for the time to today to present information on what Medicaid Expansion means to Healthcare across the state, to the communities we serve and most importantly, to the people whose healthcare needs we serve.

As stated previously, but certainly worth repeating; there are few programs that can boast a 10% state contribution to access an additional 90% from the federal government. While some have asserted the payment rate is too high, I would remind everyone that the rate was set high by design. To mitigate cost shifting to other programs and payers, the healthcare providers and state worked together to establish a rate that could stand on its own and not produce the unintended consequence of cost shifting. In fact, one need only look at our neighbor to the south to see the effects of a state that did not enroll in Medicaid Expansion (essentially take only Medicaid rates). South Dakota's commercial rates are higher around 190% of Medicare fee schedule rates for professional fees and 260% of Medicare fee schedule rates for Facility Fees while in ND we are at 170% and 175% respectively according to a 2020 Rand study.

It is important to keep in perspective that the funding used for Medicaid Expansion by the Federal Government (the 90%) is originated through the taxes paid by North Dakotans and decreasing the amount the state takes through the federal match is essentially taking North Dakotan's tax dollars and consciously sending this funding elsewhere in the U.S. The portion of all of our taxes that goes to pay for the program will not decrease simply because the state decreases payment to healthcare providers.

The positive impact of the Medicaid Expansion dollars can't be overstated. Aside from the obvious positive influence of decreased bad debt, more patients qualifying for coverage and therefore seeking out care, the secondary but equally important economic impact for our communities is vital across the state. Economically, these dollars flow through to communities and end up as money spent at the local hardware store, grocery store, car dealership, or spent on a new home and countless other ways. What would the state do to attract \$125 million to the economy of North Dakota and to our communities around the state?

Primarily, the Medicaid Expansion program has improved health of our citizens who receive care on a regular, consistent basis, with properly managed chronic conditions (such as hypertension and diabetes), and now receive much needed screenings that mitigate potential life threatening conditions and expensive treatment.

While providing medical care to an at-risk population, the Medicaid Expansion reimbursement has also provided a safety net to North Dakota's hospitals by reducing the amount of uncompensated care, commonly known as bad debt. For decades, segments of our population without medical coverage or with poor coverage, have used the emergency room as their healthcare option when their conditions became so bad they had no choice but to seek emergency assistance. As you may know, emergency room fees can run as much as ten times the fees of a primary care visit which further exacerbates the problem.

Consider the primary impact to hospitals and healthcare providers of losing these dollars. The patients who fall within the Medicaid Expansion rates do not simply "go away" if the reimbursement is reduced down to traditional Medicaid Rates. They continue to need services while the costs associated with providing care for them i.e. salaries of nurses, doctors, technicians, people to keep the facility germ free etc. do not change and in fact most often go up year-over-year to meet the increased cost of living. Similarly, the cost of medical (and nonmedical) supplies, drugs, equipment etc. continue to increase every year. Unfortunately, the fact remains; there are very few services that break even at traditional Medicaid rates and in fact, most services are reimbursed at a significant loss at traditional Medicaid rates. These

losses range from 30% up to 50% or more on every dollar spent. This is true at all hospitals and healthcare providers across the U.S.

What could this mean for your local hospital? For example, at Jamestown Regional Medical Center, decreasing payment down to traditional Medicaid rates would result in a loss between \$900,000 and \$1 million dollars per year. Hospitals across the state, including Jamestown Regional Medical Center, and the communities we serve, will be faced with some extremely hard choices. Are there services that the community needs but we can no longer provide? Will patients have to drive hundreds of miles to get the same services they are receiving locally today? Will your rural hospital be there in the future if they are no longer paid at the current rate for these patients? This is not an overly dramatic question to ask.

New information has just come out in January of 2021 from CHPQR (Center for Healthcare Quality and Payment Reform) a national association dedicated to improving quality and exploring payment reform. They have assessed how many rural hospitals in each state are at immediate and high risk for closing. In ND, 9 rural hospitals are at immediate risk for closing with another 7 at high risk for closing. While some of this is due to the COVID-19 crisis, it illustrates that hospitals in ND do not have exorbitant bottom lines or that Medicaid Expansion dollars are reimbursement revenue that is the proverbial cherry on top. This reimbursement is vital for all hospitals to continue providing services locally be it a rural or urban setting.

I am asking, on behalf of hospitals across the state that you continue reimbursement for the Medicaid Expansion program at the current levels. It helps patients, helps healthcare in maintaining the ability to serve our communities and it is good for the communities we serve both economically and from a healthcare perspective. In short, it is good for North Dakota.

Thank you.