

HB 1465 ANALYSIS:

In South Dakota, No Negative Financial Impact From Patient Choice:

Utilizing the data from The North Dakota Legislative Management Interim Healthcare Study (NDLMIHS) the goal of this analysis is to illustrate that HB 1465 will NOT increase costs in North Dakota. It seems obvious to utilize a comparison to South Dakota as South Dakota was the most recent state to have passed an "any willing provider" law in 2014. HB 1465 mirrors Measure 17 in SD.

**CONCLUSION:
PATIENT CHOICE DOES NOT
CAUSE SIGNIFICANT
ADMINISTRATIVE COSTS**

**SOUTH DAKOTA AMONG THE
BEST STATES IN LIMITING
ADMINISTRATIVE COST
GROWTH**

Individual Markets: From 2014-2019, individual market administrative expense in ND had an average annual increase of 12%. For the same time period, individual administrative expense in SD had an average annual DECREASE by 3% and ranked 47th lowest in the country. Measure 17 has not negatively impacted administrative costs, and one could argue it may positively impact administrative costs. (Page 83 NDLMIHS)

Small Group Markets: From 2014-2019, Small group market administrative costs in ND had an average annual increase of 15%. For the same time period, small group market administrative costs in SD had an average annual increase of 1% and ranked 44th lowest in the country. Again, Measure 17 has not negatively impacted administrative costs in South Dakota. (Page 88 NDLMIHS)

Large Group Markets: From 2014-2019, Large group administrative costs for large group market in ND had an average annual increase of 11%. For the same time period, large group administrative costs in SD had an average annual increase of 2% and ranked 43rd lowest in the country. Measure 17 has not negatively impacted administrative costs in SD, and one again could argue that is may positively impact administrative costs. (Page 91 NDLMIHS)

**CONCLUSION:
PATIENT CHOICE DOES NOT
LEAD TO HIGHER INSURANCE
PREMIUMS**

From 2014-2019, Small group market net adjusted premiums in ND had an average annual increase of 6%. For the same time period, small market net adjusted premiums in SD had an average annual increase of 5%. South Dakota's increase was below the US average of 6%. (Page 85 NDLMIHS)

From 2014-2019, Net adjusted premiums for large group market in ND had an average annual increase of 5%. For the same time period, premiums for large group market in SD had an average annual increase of 4%. The average annual increase in the US was also 4%. (Page 89 NDLMIHS)

CONCLUSION:
NO LOSS TO HOSPITAL REVENUES

From 2015-2018, hospital operating revenues in ND increased from \$3.7 billion to \$4.1 billion, a net increase of \$400 million. For the same time period hospital operating revenues in SD increased from \$3.9 billion to \$4.6 billion, a net increase of \$700 million. South Dakota had \$300 million more in net revenue compared to North Dakota. Measure 17 has NOT negatively impacted hospital operating revenues in SD, and one could argue it may have positive impact on hospital revenues. (Page 44 NDLMHIS)

CONCLUSION:
NO IMPACT ON HOSPITAL OPERATING EXPENSES

From 2015-2018, hospital operating expenses in ND increased from \$3.4 billion to \$4.1 billion, a net increase in \$700 million. For the same time period the hospital operating expenses in SD increased from \$3.6 billion to \$4.3 billion, a net increase in \$700 million. The net increase in operating expenses between SD and ND is the same from 2015-2018, 3 years after passing Measure 17 in SD (Page 41 NDLMHIS)

Conclusion: It seems clear from the recent data gathered for the NDLMHIS that Measure 17 in South Dakota has NOT had a negative impact on hospital operating expense, hospital operating income, premiums for individual, small, and large market insured, or administrative costs for these plans.

NORTH DAKOTA NEEDS HB 1465: In a state where many patients are forced to travel long distances for medical care, HB 1465 allows patients to choose a local provider with the same specialties without added burden and costs to the health care system.

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