

TESTIMONY OF SCOTT MILLER

Engrossed House Bill 1465 – “Freedom of Choice” for Healthcare Services

Good afternoon, my name is Scott Miller. I am the Executive Director of the North Dakota Public Employees Retirement System, or NDPERS. I am here to testify in opposition to House Bill 1465.

NDPERS maintains a broad network product and the immediate impact of HB 1465 is lessened due to openness of our plan – we currently have over 97% of the state’s providers in our network. However, we are concerned about the indirect impact the legislation may have.

First, HB 1465 would restrict NDPERS’ ability to evaluate future innovations with different plan designs or network offerings that narrow the provider network in exchange for deeper provider discounts. We do not have current plans to do so, but if NDPERS finds itself in a position to need to further reduce costs, this bill could limit future options.

We are also concerned that this legislation would take health plans in a very different direction than they are currently headed, one that results in increased healthcare costs rather than reducing those costs. Right now, the health care industry is focused on value and quality based payment methods. In fact, NDPERS has worked with Sanford Health Plan to implement something called a Value Based Care Arrangement with a number of our North Dakota provider networks. That program is designed to reduce costs in the future and bend the healthcare trend downward. This bill takes the industry in a different direction, which could result in higher costs and higher premiums.

Finally, NDPERS is concerned that HB 1465 will negatively disrupt the industry and potentially increase the cost of healthcare. If providers can forego participant contracts and join and leave networks at a whim, it will become very difficult for insurance plans to project future claims costs with any specificity. That will cause those projections to increase, which will eventually be a cost to the state. We welcome efforts to reduce cost. HB 1465 will most likely do the opposite.