

## North Dakota Hospital and Insurance Study Highlights

The study was led by former Illinois Insurance Commissioner Jennifer Hammer, former Wisconsin Deputy Commissioner J.P. Wieske, and former CBO and current Horizon Government Affairs Economist Jeff Lemieux.

The study highlighted a number of important issues in the North Dakota Hospital market including:

- **Hospital Utilization.** North Dakota has seen an increase in hospital usage. North Dakota Hospitals are seeing longer hospital stays than the national average, and utilization is growing faster in North Dakota than most of the rest of the country.
- **Hospital Expenses.** Hospital Expenses are ranking higher than the national average (usually top 5) and continuing to grow at higher than national average rates (also top 5 rankings)
- **Hospital Operating Revenue.** North Dakota hospitals are seeing high revenue and high revenue growth.
- **Medicare Revenue.** Medicare revenue is also very high and growing for North Dakota Hospitals
- **Hospital Reimbursement.** Private hospital reimbursement based on Medicare rates grew from 170 percent of Medicare in 2010 to over 200 percent of Medicare in 2018.
- **Acute Care vs. Critical Access Hospitals.** Critical access hospitals appear to be reimbursed at a much lower rate (149% of Medicare) than acute care hospital (211% of Medicare)
- **Premiums.** North Dakota premiums are largely average as compared to national average.
- **Claims.** Insurer claims are averaging slightly higher than the national average and are growing at higher than the national average.
- **Administrative costs.** Insurer administrative expenses remain low, but the administrative expenses are growing at a very fast rate.

The data clearly shows a number of warning signs in the North Dakota market. For the Hospitals, Commercial, Medicare, and Medicaid revue appears to be showing sizable growth. Hospitals appear to be offering more services and longer stays. In health insurance, administrative costs have grown substantially – though still generally at or below the national average. These trends bear watching. In chart below, we pull out a number of important measures that policymakers should pay attention to.

North Dakota Measure	50-State Comparison
<p><b>Hospital Revenue and Expense Growth 7.5-8% Per Year</b> (Table 2)</p> <p>Much higher than any measure of inflation, wage or economic growth.</p>	<p><b>3<sup>rd</sup> Highest Growth in hospital expenses in the U.S.</b> (Table 18)</p> <p>84% growth during the 2010-2017 period Average yearly growth of 7.9%. North Dakota ranks 3rd in growth of expenses.</p>
<p><b>Commercial payments to hospitals rose from 170% of Medicare to 207% of Medicare</b> (Table 9)</p>	<p><b>7<sup>th</sup> Highest commercial payment rate to hospitals</b> (Table 24)</p> <p><b>4<sup>th</sup> Highest growth of hospital revenues</b> (Tables 20 &amp; 21)</p> <p>Commercial payment rates relative to Medicare ranks North Dakota 7th in the US (Table 24)</p> <p>Ranked 4th in annual growth of revenues. Growing at 7.4% annually (Table 20 &amp; 21)</p>
<p><b>Patient hospital utilization grew 1-2%</b> (Table 1)</p>	<p><b>Inpatient hospital days grew in North Dakota while national they declined.</b> (Table 13)</p> <p><b>3<sup>rd</sup> Highest Length of hospital stay in the country</b> (Table 15)</p> <p>Inpatient days are growing (1.3%) while nationally they are shrinking (-0.3%). (Table 13)</p> <p>Length of stay is high (3rd in US) and is growing faster than the rest of the country (1.6% to 0.4%) (Table 15)</p>
<p><b>Salaries Rose 4% per year Expenses rose 3% per year</b> (Table 5 &amp; 6)</p>	<p><b>8<sup>th</sup> Highest average hospital salaries in the nation</b> (Table 22)</p>