

# TESTIMONY OF SCOTT MILLER

## House Bill 1413 – Out of Pocket Maximums

Good Morning, 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 a neutral position regarding House Bill 1413.

The bill creates and enacts a new section to chapter 26.1-36 of the North Dakota Century Code relating to out-of-pocket expenses for health care services. The proposal requires that all cost-sharing requirements, defined to include coinsurance, copayment, and deductibles (page 1, line 10), must be included in the calculation of the health insurance policy out-of-pocket maximum (page 1, lines 17-22).

Note that to the extent HB 1413 creates a mandate, the bill does not comply with the statutory requirement in NDCC section 54-03-28(3) that health insurance plan mandates first apply to NDPERS.

- Consultant Notes:
  - The health insurance plan options offered by the uniform group insurance program to active enrollees include a “grandfathered” health plan (PPO/Basic Grandfathered Plan) and two “non-grandfathered” health plans (PPO/Basic Non-Grandfathered Plan and High Deductible Health Plan (HDHP)).
  - In the PPO/Basic Grandfathered Plan enrollee paid copays do not accumulate (count towards) to an enrollee’s out-of-pocket maximum. The proposed legislation would amend the plan provision to change this provision such that copays do accumulate to an enrollee’s out-of-pocket maximum.
  - The non-grandfathered plans already include copays in the out-of-pocket maximum and as a result there would be no change.
  - Deloitte Consulting estimates the financial impact on the uniform group insurance plan to be \$18,191,000 in the biennium ending 6/20/2023 and \$20,827,000 in the 2023-2025 biennium assuming a 7.0% aggregate annual healthcare trend (medical and prescription drug).
  - The change to the plan provision produces a 3.0% increase to the expected costs paid by the uniform group insurance program.
  - In general, changes to plan design provisions for grandfathered health plans results in the loss of grandfathered status. Since the proposed change increases the value of the plan, it would not forfeit its grandfathered status.