

TESTIMONY OF REBECCA FRICKE

House Bill 1416 – Health Care Providers

Good Morning, my name is Rebecca Fricke. I am the Chief Benefits Officer of the North Dakota Public Employees Retirement System, or NDPERS. I am here to testify in opposition to House Bill 1416.

The bill requires health insurers, including the Medicaid program, which is part of an integrated delivery network may not exclude any provider from the network that is licensed in the State, is located in the geographic coverage area of the health benefit plan, and is willing and qualified to meet the terms and conditions of participation, as established by the health insurer.

This bill arguably creates a mandate regarding health insurance “payment for specified providers of services”. Assuming this is a health insurance plan payment mandate, this bill does not appear to comply with the statutory requirement in NDCC section 54-03-28(3) that health insurance plan mandates first apply to NDPERS. I do not know whether a cost-benefit analysis has been requested or received. Pursuant to NDCC 54-03-28, both of those issues must be corrected before this Committee can act on HB 1416.

Consultant Notes:

- The legislation is anticipated to have a financial impact on the uniform group insurance program but the impact cannot be estimated with confidence because the costs will be dependent on provider contracting arrangements with the health insurer that administers the uniform group insurance program
- Creating and maintaining provider networks is a core function of a health insurer. A primary reason that health insurers develop provider networks is to reduce the cost of care.
- Conceptually, eliminating the ability for health insurers to exclude any providers from their networks removes some of the incentive for providers to agree to competitive reimbursements.
- However, according to Sanford Health Plan, the provider network for the uniform group insurance program includes 100% of hospitals and over 96% of physicians in the State. Given the breadth of the network participation in the State, the legislation may not have the effect of expanding provider participation.
- Additionally, since there is such broad provider participation, the financial impact of the proposed legislation could be immaterial if provider reimbursement rates do not increase as a result of the legislation (since there are no hospitals and relatively few providers that are not under contract today).

- Participating network providers agree to not balance-bill any patients for amounts above the contracted in-network reimbursement rates. Without this provision, participants may receive unexpected bills from their providers for amounts not covered by insurance.