

February 10, 2025

To the Honorable Members of the House Human Services Committee North Dakota State Legislature

Re: Written Testimony on HB 1451

Dear Chairman Ruby and Members of the Committee:

My name is Randy Pate, and I serve as Principal of Randolph Pate Advisors LLC, a consulting practice based in Arlington, Virginia. I previously served as Deputy Administrator of the Center for Consumer Information and Insurance Oversight at the Centers for Medicare & Medicaid Services from 2017 to 2020. I am writing to provide background information regarding HB 1451 that I hope will be helpful as the Committee considers the bill.

In my current work, I have partnered with Novo Nordisk in developing a toolkit of recommendations and considerations for states to expand access to the full range of obesity treatments for patients who need it, including behavioral intervention, anti-obesity medications (AOMs), and surgery. While I accepted Novo Nordisk's edits and comments on the toolkit, I retained final editorial authority over its contents. I would like to share some key data points and analysis that may be helpful to the committee's deliberations.

Projected Health and Economic Burden of Obesity in North Dakota

By 2030, 53.9% of North Dakotans are projected to have obesity, which will contribute to a significant increase in chronic disease prevalence and healthcare costs. A recent Global Data study analyzed the economic and labor force impact of obesity per million U.S. population. When applied to North Dakota, these estimates indicate the state could be losing up to \$1.02 billion in economic activity annually due to obesity-related health issues. Furthermore, obesity results in approximately 7,400 fewer adults in the workforce and higher employer healthcare costs totaling \$131 million per year in the state.¹

Expanding AOM Coverage in Medicaid as a Fiscally Responsible Investment

A 2024 Milliman analysis estimates that adding AOM coverage to state Medicaid programs will have a cost impact of \$0.04 - \$0.07 per member per month (PMPM) with cost offsets, or \$0.05 - \$0.09 PMPM without cost offsets. These "cost offsets" represent savings generated by reducing obesity-related healthcare costs, including fewer hospital visits, reduced medication costs for

¹ Global Data, "Obesity Economic and Labor Force Impact per Million U.S. Population," <https://www.globaldata.com/health-economics/US/perMillion/Obesity-Impact-Per-Million-Population-Factsheet.pdf>. Analysis applies the study's estimated impact per million U.S. population, extending these estimates to North Dakota based on 2020 Census population data. This approach is intended to provide a broad estimate and should be considered illustrative only.

comorbidities like diabetes and heart disease, and lower disability expenditures. These savings help mitigate the overall financial impact on the Medicaid program.²

To put this in context, North Dakota Medicaid's average PMPM spending in fiscal year 2023 was \$936, of which \$64 PMPM was allocated to pharmacy spending.³ The estimated cost of adding AOM coverage (\$0.04 - \$0.09 PMPM) represents just 0.004% to 0.01% of total Medicaid PMPM spending, and only 0.06% to 0.14% of current pharmacy PMPM spending. This demonstrates that expanding AOM coverage would likely require a relatively small investment compared to existing Medicaid expenditures while offering significant long-term health benefits.

North Dakota's Leadership in Expanding AOM Coverage

Finally, it is worth noting that North Dakota is among the first states in the country to expand AOM coverage to the ACA-compliant individual and small group health insurance markets by amending its Essential Health Benefits (EHB) benchmark. The actuarial analysis indicates that this change is estimated to increase premiums by less than 1%, further demonstrating that expanding AOM coverage is both affordable and fiscally responsible.⁴ This benefit change went into effect for plan year 2025.

Thank you for the opportunity to provide this information to the Committee. The full version of my toolkit, "Broadening Coverage to Combat the Obesity Crisis: A Toolkit for State Innovation," is available online at <https://randolphpateadvisors.com/state-options-for-addressing-the-obesity-crisis/>.

Respectfully submitted,

Randolph Pate, JD, MPH

Principal

Randolph Pate Advisors LLC

² Milliman, "Impact of anti-obesity medication coverage in the Medicaid and commercial markets," June 11, 2024. https://www.milliman.com/-/media/milliman/pdfs/2024-articles/6-10-24-impact-of-anti-obesity-medications-coverage-in-commercial-and_medicare.ashx

³ North Dakota Department of Health and Human Services, Medicaid Spending Report: Fiscal Year 2023 (Legislative Task Force Report, 2024) at 14. <https://ndlegis.gov/sites/default/files/pdf/committees/68-2023/25.5159.02000presentation930report.pdf#:~:text=In%20FY%202023%2C%20an%20average,by%20the%20Medicaid%20continuous%20coverage>

⁴ NovaRest, "North Dakota Essential Health Benefit Benchmark Plan Actuarial Report and Certification," June 2023. https://www.insurance.nd.gov/sites/www/files/documents/Communications/Reports/North%20Dakota%20EHB-BP%20Update%20PY2025%20-%20Actuarial%20Report%20and%20Certification%209.18.2023.pdf?utm_source=chatgpt.com

Arlington, Virginia