



Good morning, Madam Chair, Members of the Senate Human Services Committee. My name is Megan Hruby and I am with Blue Cross Blue Shield of North Dakota. Thank you for listening to our perspective this morning.

Blue Cross Blue Shield of North Dakota supports affordable health care and affordable drug pricing for all of the issues our members face and allowing individuals and business to make choices about what health insurance coverage is best for them. I think our goals align with the advocates present here today, we simply disagree on the method to achieve them.

BCBSND stands in opposition to Section One of House Bill 1114, the mandate for the commercial health insurance market on the basis that insurance mandates are not effective public policy. They are anti free market, oftentimes expensive, and stymie innovation. In North Dakota, we have never updated or repealed a single mandate. There are also risks to current plans that I believe legislators do not intend.

This mandate will impact a small percentage of Blue Cross members and represents a bit of a false promise. Here is why: It is my experience that the average person you meet doesn't have any idea what type of health insurance plan they are on. They know who the carrier is, whether it is a high deductible plan and generally what the coverage is, but they don't know if it is a self-funded plan, a fully insured plan, whether it is grandfathered or non-grandfathered. Under federal law, State imposed health insurance mandates only apply to the fully insured market. Self-funded plans, over two thirds of BCBSND's business, are governed by ERISA (or federal law) and not subject to state mandates. That means that for self-funded groups, the employer, who is typically paying the largest share of the premium and typically the HR folks, decide what benefits they offer. (See handout SF v FI). These are the tough decisions that employers have to make when assessing their workforce retention and budgets. So, while folks will hear about or read the media on this, many are unlikely to be eligible for the price cap if it were to pass because they are on an ERISA plan. To limit this further, NDCC 26.1-36-01.1 exempts all high deductible health plans (HDHPs) with a health savings account (HSA) from mandates if they are in jeopardy of losing their HDHP status under federal law. There are risks to passing mandates that can result in a small business losing their less expensive, grandfathered plan. Most grandfathered (or pre-Affordable Care Act) plans have a small margin of change they can make before they lose their grandfathered status and must switch to a non-grandfathered (or post-ACA) plan. That switch frequently includes more prevention and protection but comes at a higher cost. When asked by the Greater North Dakota Chamber what was one thing that state legislators can do to help their business, healthcare affordability has been the top response for several years. We do not

make health insurance more affordable by passing coverage mandates, as insurance companies do not pay for mandates, policyholders pay for mandates through the form of increased premiums.

Blue Cross Blue Shield of North Dakota has spent \$845,233,023.79 on North Dakota State Legislature imposed health insurance mandates for years 2022-2024. Some of them are outdated, where the science has progressed beyond what is in statute. We might cover the newer test or drug, but we are also forced to cover the outdated version because a mandate was passed at some point historically and has never changed. Additionally, we have federal laws and requirements, like the Affordable Care Act, that tie our hands to what is written in law rather than allow flexibility and innovation, like what we did with our own preventative drug list.

One of the primary reasons we oppose the commercial application of the insulin cap is because as pharmaceutical companies began to gouge diabetics quite a few years ago for life saving drugs, BCBSND, on our own and without state intervention, adopted a \$5 monthly insulin copay cap for our fully insured members. We went a step beyond insulin alone and created a “preventative drug list.” On our website you can find over six pages of drugs, including insulin and diabetes supplies, for multiple health conditions that we cover at \$5 or less. We didn’t choose to favor only the folks who need insulin, we looked at our members with asthma, hypertension and other chronic issues as well.

As of today, the three major health carriers in North Dakota all have an insulin cap of no more than \$25 in place without the mandate. Our essential health benefits (EHB) include a \$25 cap on insulin and supplies for all ACA marketplace plans. And at the federal level, in the Inflation Reduction Act of 2022, the federal government passed an \$35 insulin cap for Medicare beneficiaries.

Just a final note, if the aim of policy makers is to make health care and life saving drugs more affordable, instituting a copay cap is similar to putting a band aid on a wound that will not heal. It reduces the point-of-sale cost of insulin for the folks who need it to \$25, but it does nothing to address the underlying issue of affordability, as pharmaceutical companies are still free to charge whatever they want for insulin. The more they charge, the more everyone pays for health insurance premiums, whether it’s individuals, North Dakota businesses, or the state government. You’ll note that pharmaceutical companies have not opted to drastically increase the price of aspirin, ibuprofen or allergy meds, instead they have chosen lifesaving drugs. Recent attention on this issue by Congress and two Presidents has put enough pressure on insulin manufacturers to lower costs, with the most drastic being Eli Lilly reducing insulin costs by 70%. Eli Lilly, Novo Nordisk and Sanofi have all implemented \$35 caps on their insulin products.

BCBSND supports continued pressure and attention on any provider that is gouging our members. Our health care costs in North Dakota are ranked third highest nationally per capita. Let’s focus on

solutions that get to the root of the problem at hand while allowing individuals and businesses alike to make choices about the health care coverage that is best for them.

Thank you for your time and I'll stand for any questions.