NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HEALTH CARE

Monday and Tuesday, October 18-19, 1999
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Clara Sue Price, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Clara Sue Price, Byron Clark, Audrey Cleary, William R. Devlin, David Drovdal, Keith A. Kempenich, Carol A. Niemeier, Todd Porter, Wanda Rose, Dale C. Severson, Ken Svedjan; Senators Judy L. DeMers, Tom Fischer, Marv Mutzenberger, Randy A. Schobinger

Members absent: Representatives Serenus Hoffner, Deb Lundgren; Senators Ralph Kilzer, Russell T. Thane.

Others present: See Appendix A

It was moved by Representative Svedjan, seconded by Representative Severson, and carried on a voice vote that the minutes of the July 7, 1999, meeting of the Budget Committee on Health Care be approved as distributed.

COMMUNITY HEALTH GRANT PROGRAM STUDY

At the request of Chairman Price, correspondence from Ms. Frances Eggen, Director, Center for Tobacco Cessation, Fargo, was distributed to the committee. A copy of the correspondence is on file in the Legislative Council office.

Chairman Price called on Mr. Murray G. Sagsveen, State Health Officer, State Department of Health, who presented information on options for the use of moneys in the community health trust fund. Pursuant to 1999 House Bill No. 1475, the community health trust fund consists of 10 percent of the moneys deposited in the tobacco settlement trust fund. A copy of the information presented by Mr. Sagsveen is on file in the Legislative Council office. Mr. Sagsveen presented the following options for the use of moneys in the tobacco settlement trust fund:

1. To implement the recommendations of the Centers for Disease Control and Prevention (CDC) for the establishment of a comprehensive tobacco control program.
2. To increase state aid to local public health units.
3. To develop a comprehensive community or school health grant program.
4. To fund a preventive medicine center of excellence at the University of North Dakota School of Medicine and Health Sciences.
5. To enhance emergency medical services.
6. To increase state funding for immunization programs.
7. To provide additional epidemiological support to local public health units.
8. To provide funding for the employment of four additional environmental health practitioners to support local public health units.
9. To provide funding for the Family Health Care Center in Fargo.
10. To develop a statewide public health data management system.
11. To provide a contingency fund for public health emergencies.
12. To develop elder health programs.

Mr. Sagsveen said he will consult with the Governor, the State Health Council, and interested parties and will submit, at the committee's next meeting, a prioritized list of recommendations for the use of moneys in the community health trust fund. Chairman Price said the agenda for the committee's next meeting will include time for Mr. Sagsveen's presentation.

In response to a question from Representative Price, Mr. Sagsveen provided information on the dates and locations of regional public hearings to be held by the State Health Council from October 1999 through April 2000. A copy of the information is on file in the Legislative Council office.

Senator DeMers asked if the high cost of the CDC recommendations will result in their exclusion from the Department of Health's prioritized list of recommendations for the use of moneys in the community health trust fund. Mr. Sagsveen said parts of the CDC recommendations could be implemented within the amount of money anticipated to be available in the community health trust fund.

Chairman Price requested information on the department's use of federal grants received from the CDC for tobacco control and prevention programs and federal funds available to local public health units for immunization programs. Mr. Sagsveen distributed the requested information, a copy of which is on file in the Legislative Council office.

In response to a question from Representative Price, Mr. Sagsveen said the Family Health Care Center in Fargo performs an important function as the

source of primary health care for many of the refugees resettled in the Fargo-Moorhead area, as well as providing care to low-income persons and many others. He said the University of North Dakota sponsorship of the residency program at the center will be phased out over a three-year period beginning in the year 2000, which will create an estimated funding shortfall of $500,000 to $600,000 for the 2001-03 biennium.

In response to a question from Representative Svedjan, Mr. Sagsveen said approximately 22 percent of North Dakota's high school seniors and adults are smokers. Mr. Sagsveen distributed the *1997 North Dakota Youth Risk Behavior Survey* results, which include information on tobacco use by North Dakota youth. A copy of the survey results is on file in the Legislative Council office.

Chairman Price called on Dr. Karen Zotz, Extension Assistant Director for Nutrition, Youth, and Family Science, North Dakota State University (NDSU) Extension Service, who discussed the role of the Extension Service in providing education programs to prevent tobacco usage. Dr. Zotz said the Extension Service annually reaches 50,919 youth through youth development programs which focus on such issues as health, decisionmaking, and life skills. She said the Extension Service is involved in state and local collaborative programs to provide education on various topics, including the prevention of tobacco usage.

Chairman Price called on Ms. Colleen Svingen, NDSU Extension Service and West River Health Services, Hettinger, who presented information on collaborative programs involving the Extension Service. A copy of the information is on file in the Legislative Council office. She said the Dakota Corners Health Coalition, which includes representatives of the Extension Service, West River Health Services, school districts, and others, has established a tobacco prevention program. She said, in addition, the Youth Advocacy Coalition has been formed to help parents, adolescents, schools, youth-serving agencies, congregations, and communities develop, implement, and evaluate youth programs.

In response to a question from Representative Price, Ms. Svingen said the programs of the Dakota Corners Health Coalition and the Youth Advocacy Coalition are designed to develop life skills which promote healthy lifestyle choices, one component of which is tobacco prevention and cessation.

Chairman Price called on Mr. Dustin Zoersky, youth representative of the American Cancer Society and American Legacy Foundation, who discussed the need for state funding to develop tobacco prevention and cessation advertising to counteract the advertising campaign of the tobacco industry. He said 10 percent of the moneys received by the state through the tobacco settlement agreement should be used for advertising to promote tobacco prevention and cessation.

Chairman Price called on Ms. June Herman, American Heart Association, who presented information on tobacco usage, the cost to North Dakota of tobacco-related illnesses, and statewide tobacco prevention programs. A copy of the information is on file in the Legislative Council office. She encouraged the committee to study and consider fully implementing the CDC proposal for a statewide comprehensive tobacco prevention program.

Chairman Price requested that the American Heart Association prioritize the various elements of the CDC proposal to identify those elements that can be fully funded within the 10 percent allocation from the tobacco settlement trust fund and present that information to the committee at its next meeting.

With the permission of Chairman Price, Ms. Svingen distributed information on the goals of the Youth Advocacy Coalition. A copy of the information is on file in the Legislative Council office.

LONG-TERM CARE INCENTIVE STUDY

Chairman Price called on Ms. Barbara Fischer, Department of Human Services, who presented information on behalf of the Task Force on Long-Term Care Planning. A copy of the information is on file in the Legislative Council office. She said during the 1997-99 biennium the task force concluded that incentives should be made available to encourage long-term care facilities to reduce institutional capacity and develop alternative services. She said the 1999-2001 biennium task force determined that it was premature to begin a study of the development of incentives for the reduction of long-term care beds or the provision of alternative services because the Department of Human Services will be addressing these issues as it implements the provisions of 1999 Senate Bill No. 2168. Ms. Fischer said after the department has completed the implementation of Senate Bill No. 2168, the Task Force on Long-Term Care Planning will reexamine the issue.

In response to a question from Representative Price, Ms. Fischer said the next meeting of the Task Force on Long-Term Care Planning is scheduled for January 2000. Ms. Fischer said the Task Force on Long-Term Care Planning will develop, by June 2000, definitions for the terms “assisted living” and “basic care.” Chairman Price indicated that time will be included on the committee's June or July 2000 meeting agenda to allow for a presentation on this issue by a representative of the Task Force on Long-Term Care Planning.

Senator DeMers asked if the Task Force on Long-Term Care Planning will be providing recommendations to the Legislative Assembly to address the issue of limited access to long-term care insurance benefits for assisted living residents. Ms. Fischer said the

Task Force on Long-Term Care Planning will address this issue.

Chairman Price called on Mr. Tim Hagen, Lutheran Home of the Good Shepherd, New Rockford, who presented information on the joint health care and long-term care project in New Rockford and Carrington. A copy of the information is on file in the Legislative Council office. Mr. Hagen said the three facilities involved in the project are a for-profit facility; a Catholic facility, which includes a hospital and a nursing facility; and a Lutheran facility. He said the three facilities currently have the following combined services:

1. One hundred eighty-six skilled nursing care beds.
2. Thirty-four senior independent living apartments.
3. Thirty acute care hospital beds.
4. Home health care, ambulance, outpatient, public health, hospice, and other related health services.

Mr. Hagen said with the limitation of resources, demographic shifts, and operational challenges facing these facilities, the communities cannot afford to waste resources on competition. He said the pilot project in Carrington and New Rockford will include the following changes:

1. The reduction of 53 skilled care beds.
2. The conversion of 40 skilled care beds to basic/assisted living in Carrington.
3. The conversion of 20 beds to a dementia care unit in New Rockford.
4. The development of other shared services such as therapy and laundry and the development of a shared case management system, transportation system, and a wellness program.

Chairman Price called on Mr. Allan Metzger, Golden Acres Manor, Carrington, who commented on the joint health care and long-term care project in Carrington and New Rockford. Mr. Metzger said the Carrington Health Center, which includes a 40-bed skilled care unit, stopped admitting new patients on September 30, 1999, and has issued a 30-day notice to residents who will not be appropriately cared for in the new setting. He said the bid process has begun for the remodeling of the long-term care section of the hospital into an assisted living unit. He said by the end of October 1999, the facilities will have an application submitted to the Department of Human Services for intergovernmental transfer moneys, pursuant to 1999 Senate Bill No. 2168.

In response to a question from Representative Cleary, Mr. Hagen said the dementia unit will be a separate wing of the Lutheran Home of the Good Shepherd in New Rockford but will be attached to enable the nursing home to maintain efficiencies.

In response to a question from Representative Niemeier, Mr. Metzger said the pilot project has resulted in some staff turnover, but the three facilities are working together to make the transition a positive one for both residents and staff.

Chairman Price called on Mr. Bruce Pritschet, Long-Term Care Program Manager, State Department of Health, who presented information on the location, capacity, occupancy rate, and level of care provided at all long-term care facilities in the state. A copy of the information is on file in the Legislative Council office. Mr. Pritschet said there are 89 skilled care nursing facilities and 43 basic care facilities in North Dakota. Mr. Pritschet's testimony included maps indicating the location of each skilled care and licensed basic care facility in the state. The maps are attached as Appendices B and C. He said the statewide skilled nursing home bed count is 7,057 and the statewide basic care bed count is 1,453. He said the average occupancy rate for skilled nursing facilities is 92 percent and the average occupancy rate for basic care facilities is less than 85 percent.

Senator DeMers suggested that the committee receive information on the implementation by the Department of Human Services of the loan and grant program for nursing care alternatives pursuant to 1999 Senate Bill No. 2168, the criteria used by the department in reviewing applications, and the number of applications received. Chairman Price requested that the Department of Human Services present the information at the committee's next meeting.

CHILDREN'S HEALTH INSURANCE PROGRAM

At the request of Chairman Price, information from Blue Cross Blue Shield of North Dakota relating to the Caring Program for Children was distributed to the committee. A copy of the information is on file in the Legislative Council office. The information indicated that the Caring Program for Children, founded by Blue Cross Blue Shield of North Dakota, provides free primary and preventive health and dental care coverage to over 1,000 North Dakota children.

In response to a question from Representative Porter, Mr. Dan Ulmer, Blue Cross Blue Shield of North Dakota, said children who are eligible for the Healthy Steps program are referred to that program rather than the Caring Program because the benefits through the Healthy Steps program are better.

Chairman Price called on Mr. Sheldon Wolf, Assistant Medicaid Director, Department of Human Services, who presented background information on the children's health insurance program. A copy of the information is on file in the Legislative Council office. Mr. Wolf said the state children's health insurance program, also known as the Healthy Steps program, provides health insurance coverage to uninsured children in working families who make too much to qualify for Medicaid but cannot otherwise afford health insurance coverage for their children.

Mr. Wolf said eligibility for Healthy Steps is for 12 months, provided the child does not turn age 19, leave the household, obtain creditable health insurance coverage, or fail to report information in the fourth and eighth months. Mr. Wolf said each state is required to submit a state children's health insurance program plan that must be approved by the federal Health Care Financing Administration (HCFA). He said the Department of Human Services submitted the required plan in July 1999 and is awaiting approval by HCFA. He said HCFA has issued a letter that indicates states will be required to waive all cost-sharing for American Indian children enrolled in the program. Mr. Wolf said the department may be required to comply in order to receive federal funds for the Healthy Steps program.

Mr. Wolf said the Department of Human Services has signed a contract with Blue Cross Blue Shield of North Dakota to provide the health insurance for the Healthy Steps program for the period October 1, 1999, through June 30, 2001, for a premium payment of $108.60 per member per month. He said the premium is based on copayments of $2 for each prescription, $50 for each hospital admission, and $5 for each emergency hospital visit.

Senator DeMers asked how much of the federal children's health insurance program allocation for the 1999-2001 biennium the Department of Human Services will use for the Healthy Steps program. Mr. Wolf said the federal allocation for the 1999-2001 biennium will be approximately $10 million, of which approximately $3.5 million will be used during the 1999-2001 biennium.

Representative Rose asked how many children will be enrolled in the program during the 1999-2001 biennium. Mr. Wolf said the department budgeted for approximately 1,900 individuals per month to be enrolled in the program, but the actual number enrolled will be less than that at the beginning of the biennium and more at the end of the biennium.

Chairman Price called on Mr. Wolf, who presented information on the implementation of the children's health insurance program. A copy of the information is on file in the Legislative Council office. He said outreach efforts by the department have resulted in the distribution of over 15,000 Healthy Steps program fliers and 5,000 applications. Mr. Wolf said through October 15, 1999, the department approved 154 applications covering 332 children for the month of November, referred 33 applicants to Medicaid, and determined that 77 cases were not eligible for coverage through Medicaid or the Healthy Steps program.

Representative Rose asked for information regarding the incomes of applicants denied eligibility. Mr. Wolf said that information has not been compiled due to the recent implementation of the program.

In response to a question from Senator DeMers, Mr. Wolf said the department is in the process of distributing Healthy Steps program information to students. He said information on the Healthy Steps program will be distributed to teachers and administrators around the state. In response to a question from Representative Cleary, Mr. Wolf said the department will also distribute information to nonpublic schools.

In response to a question from Senator DeMers, Mr. Wolf said the department will gather information on the applicants determined ineligible for the children's health insurance program, including the reasons for the ineligibility, and will present that information at a future meeting. Chairman Price requested that the Department of Human Services present the information at the committee's next meeting.

In response to a request from Representative Devlin, Ms. Carol K. Olson, Executive Director, Department of Human Services, said the department will gather information on methods to be used to track the court-ordered payment of health insurance premiums by noncustodial parents and present that information at a future meeting of the committee. Chairman Price requested that the Department of Human Services present the information at the committee's next meeting.

Representative Porter asked if court-ordered alimony and child support are deducted from an applicant's income in order to determine eligibility. Mr. Wolf said those amounts are deducted if they are actually being paid by the applicant. He said payment is verified through the Child Support Enforcement Division of the department.

The committee recessed at 4:45 p.m. and reconvened at 9:00 a.m., Tuesday, October 19, 1999.

HEALTH CARE STUDY

Chairman Price announced that at the committee's next meeting information will be presented by the Department of Human Services on the impact of the Balanced Budget Act on the State Hospital.

At the request of Chairman Price, an article from the *Minot Daily News* relating to the impact of for-profit hospitals on Medicare spending was distributed to members of the committee. A copy of the article is on file in the Legislative Council office.

Chairman Price called on Mr. Terry Hoff, Trinity Health, Minot, who presented information on the impact of the Balanced Budget Act on Trinity Health. A copy of the information is on file in the Legislative Council office. Mr. Hoff said the Balanced Budget Act is the most far-reaching health care legislation to be passed since Medicare's inception in 1965. He said the Balanced Budget Act's impact on Trinity Health will be a $2.2 million reduction in revenues. He said the Balanced Budget Act has brought and will continue to bring significant reductions in Medicare reimbursement. He said small rural hospitals are the most severely impacted by the Balanced Budget Act.

In response to a question from Representative Niemeier, Mr. Hoff said the Balanced Budget Act will impact small rural hospitals more significantly than urban hospitals because many rural hospitals have a higher percentage of Medicare patients. He said some rural hospitals receive 80 to 90 percent of their patient revenue from Medicare reimbursements whereas Trinity Health receives 52 percent of its patient revenue from Medicare.

Chairman Price asked Mr. Hoff to discuss the impact of the Balanced Budget Act on Trinity Health's anticipated net income. Mr. Hoff said through joint ventures, internal organizations, and a continuous review of all services, Trinity Health is anticipating an increase in net income, despite the anticipated decline in revenues resulting from the Balanced Budget Act.

In response to a question from Representative Porter, Mr. Hoff said Medicaid reimbursement represents approximately five to six percent of reimbursement received by the hospital.

Chairman Price called on Mr. Lowell Herfindahl, Tioga Medical Center, Tioga, who presented information on the Balanced Budget Act and its impact on health care services and funding. A copy of the information is on file in the Legislative Council office. Mr. Herfindahl said to address the problems created by the Balanced Budget Act, Congress created a new program called the Medicare rural hospital flexibility program, under which limited service hospitals known as critical access hospitals are designated. He said this new designation gives hospitals more flexibility and provides a higher rate of Medicare reimbursement. Mr. Herfindahl said the Tioga Medical Center was the first rural hospital in North Dakota to be designated a critical access hospital.

Senator DeMers asked if the community of Tioga is aware of the possible changes in staffing levels and staffing requirements that will take place as a result of the critical access hospital designation. Mr. Herfindahl said the community has been accepting of the change, and the hospital will maintain its quality of care.

Senator DeMers asked Mr. Herfindahl to discuss the occupancy levels of the Tioga Medical Center before and after the designation as a critical access hospital. Mr. Herfindahl said the critical access designation has only been in place since July 1999. He said prior to the designation, the hospital maintained an occupancy rate of approximately 22 percent. He said currently the hospital has an occupancy rate of 15 to 19 percent because of the increased focus on outpatient services.

In response to a question from Representative Price, Mr. Herfindahl said the case mix of the Tioga Medical Center is typical of rural hospitals in North Dakota--55 percent Medicare reimbursement, 5 percent Medicaid reimbursement, 20 percent Blue Cross Blue Shield reimbursement, and 20 percent private pay reimbursement. In response to another question from Representative Price, Mr. Herfindahl said the Tioga Medical Center is hoping to add services to meet community needs, despite the limited service requirements of the critical access designation.

Chairman Price called on Mr. Roger Unger, Acting Director, Licensure and Certification Program for Hospitals, State Department of Health, who presented information on the status of the critical access hospital designation program in North Dakota. A copy of the information is on file in the Legislative Council office. Mr. Unger said critical access hospitals must meet the following criteria:

1. Be located in a state that has a critical access hospital plan approved by the HCFA. (North Dakota's plan was approved in December 1998.)
2. Be public or nonprofit.
3. Be at least 35 miles from another hospital (at least 15 miles by secondary roads), or designated as a necessary provider.
4. Offer 24-hour emergency care.
5. Provide no more than 25 beds, with no more than 15 beds to be used for acute care services.
6. Keep patients no more than 96 hours unless approved by a peer review organization.
7. Belong to a rural health network with agreements for patient transfer, emergency services, communication services, the credentials of health professionals, and quality assurance.

Chairman Price called on Ms. Donna Bosch, Executive Director, Home Medical Resources, Medcenter One, and past President of the North Dakota Association for Home Care, who presented information on the impact of the Balanced Budget Act on home health care services in North Dakota. A copy of the information is on file in the Legislative Council office. Ms. Bosch said the Balanced Budget Act significantly reduced Medicare reimbursements for home care services. She said since January 1998, 3,000 of the 10,000 home health care agencies in the United States have closed. She said three North Dakota agencies have closed. She said the reduced reimbursement does not provide adequate payment for serving rural areas because of the significant travel time. Ms. Bosch said as a result of the Balanced Budget Act, Medicare reimbursement for home health agencies was reduced approximately 20 percent for fiscal year 1999.

With the approval of Chairman Price, Representative Niemeier requested that at the next meeting the Department of Human Services present information on the status of federal legislation impacting the provision of home health services and Medicare reimbursement of those services.

Chairman Price called on Mr. Brad Gibbens, Associate Director, Center for Rural Health, University of North Dakota School of Medicine and Health Sciences, who presented information on the impact of the Balanced Budget Act on rural health in North Dakota. A copy of the information is on file in the Legislative Council office. Mr. Gibbens said in May 1999 the Center for Rural Health conducted a survey of rural North Dakota hospitals. He said the survey indicated that 79 percent of the hospitals were involved in some form of vertical integration, which indicates North Dakota's rural hospitals are not resisting changing market conditions but are responding in a proactive fashion through organizational change.

Chairman Price called on Mr. Michael J. Mullen, Senior Advisor for Health Policy, State Department of Health, who presented information on the effect of insurance coverage limitations on the quality of health care in North Dakota. A copy of the information is on file in the Legislative Council office. Mr. Mullen said over 200,000 people in North Dakota are covered under fully insured private group health plans. He said the State Department of Health has not received any complaints in the last two years alleging illness or injury caused by a denial or delay in receiving covered benefits. He said the Insurance Department indicated that although it has received some complaints over an insurer's refusal to reimburse a provider for medical services provided to an insured, it has not received any complaints alleging illness or injury caused by a denial of covered benefits. He said it does not appear that any pattern or practice of insurance coverage limitation has negatively affected the quality of health care in North Dakota.

Chairman Price called on Mr. Steven C. Leno, Vice President, Finance and Actuarial, Blue Cross Blue Shield of North Dakota, who presented information on changes in Blue Cross Blue Shield of North Dakota premium rates, member charges, and profits and losses. A copy of the information is on file in the Legislative Council office. Mr. Leno said during the 1990s the consumer price index increased approximately two percent per year, the medical component of the consumer price index increased approximately four percent per year, and allowable charges by Blue Cross Blue Shield of North Dakota increased approximately 5.5 percent per year.

Representative Svedjan asked how the premium rates of Blue Cross Blue Shield of North Dakota compare to the premium rates of Blue Cross Blue Shield plans in other states. Mr. Leno said the health care insurance industry is composed of privately held companies and comparative information is difficult to obtain due to the competitive nature of the industry. He said, however, due to an affiliation with Blue Cross Blue Shield plans in the region, he has been able to obtain some comparative information which has indicated that Blue Cross Blue Shield of North Dakota rates are near the middle of the rate schedules of the region.

The information presented by Mr. Leno indicated that during the last three years per member per month charges for prescription drugs increased by 49 percent. Representative Kempenich asked why there has been such a substantial increase in the charges for prescription drugs. Mr. Leno said the following factors have resulted in a significant increase in prescription drug charges:

1. There has been an increase in the number of drugs available to consumers.
2. New drug treatment options have been developed for certain illnesses.
3. There has been an increase in drug usage by consumers.
4. Direct-to-consumer advertising by drug manufacturers has created demand for certain drugs, resulting in inflated prices for those drugs.

The committee recessed for lunch from 12:15 to 1:00 p.m.

Chairman Price called on Mr. Mullen, who presented information on the impact of regulation on the cost of health care. A copy of the information is on file in the Legislative Council office. He said the State Department of Health is sensitive to the cost and administrative burden of regulation and during the past year repealed 27 outdated or unnecessary rules.

Representative Porter suggested the State Department of Health consider the cost impact of having 20 boards that license or certify health care professionals in North Dakota. He said many states have only one board that licenses and certifies health care professionals.

Chairman Price called on Mr. Mullen, who presented information regarding premium changes for health maintenance organizations in North Dakota. A copy of the information is on file in the Legislative Council office. Mr. Mullen said only four percent of the people in North Dakota insured under a private group health plan are covered by a health maintenance organization (HMO). Mr. Mullen said in 1998 the Altru Health Plan in Grand Forks covered more than 10,000 people and the Heart of America HMO in Rugby covered approximately 2,800 people. He said the per member per month premium for the Altru premier benefit plan increased by nine percent for 1999, and the premium for the Heart of America high-option plan increased by 6.4 percent for 1999.

Chairman Price called on Mr. Wolf, who presented information on cost and reimbursement changes for Medicaid. A copy of the information is on file in the Legislative Council office. Mr. Wolf said planned reimbursement changes include the inflation adjustment for nursing home reimbursement rates, which is currently estimated to be 3.7 percent for fiscal year 2000.

Chairman Price called on Dr. Alana Knudson-Buresh, Director, Office of Health Data, State Department of Health, who presented information on changes in health care expenditures for inpatient care in North Dakota. A copy of the information is on file in the Legislative Council office. Dr. Knudson-Buresh said inpatient hospitalizations in North Dakota have decreased from 71,410 admissions in 1995 to 57,285 admissions in 1997. She said in 1995 the average total charge per admission was $6,570 and in 1997 the average total charge was $7,893 per admission.

Dr. Knudson-Buresh discussed the number of admissions, length of stay, and the amount charged for each major diagnostic category. Dr. Knudson-Buresh said the utilization of inpatient hospital care services in North Dakota is similar to the Midwest region and the United States in terms of the types of diseases treated, but the average charges in North Dakota for those services are less than the Midwest region and the United States.

Representative Price asked if the State Department of Health has information on the amounts paid rather than the amounts charged for health care services for major diagnostic categories. Dr. Knudson-Buresh said the department can provide that information for North Dakota, but it is difficult to provide comparative information because most states do not gather information on the amounts paid. Chairman Price requested that at the next committee meeting the State Department of Health present information on the amounts paid for inpatient hospital services for the five most common major diagnostic categories.

Chairman Price called on Mr. Mullen, who presented information on the impact of mandated health insurance benefits on health insurance premiums, the economy's impact on health care, and the impact of decreased utilization of health care services on the cost of health care. A copy of the information is on file in the Legislative Council office. Mr. Mullen said health benefit mandates are laws that require health plans and insurers to either provide coverage for specific services or to provide benefit payments to specific providers. He said in North Dakota there are 22 health mandates. Mr. Mullen said because many mandated benefits are already included in commonly available health plans, it is not possible to conclude that a benefit mandate law by itself causes a premium increase.

Mr. Mullen said a healthy economy has a positive impact on the health care system. He said full employment increases the likelihood that workers will be covered by an employer-offered health plan. He said a 1998 Robert Wood Johnson Foundation survey of health insurance in North Dakota found that the percentage of North Dakotans without a health plan had decreased slightly from 9.9 percent in 1993 to 8.6 percent in 1998.

Chairman Price called on Dr. Knudson-Buresh, who presented information on the shifting of costs from Medicare and Medicaid to private insurers and private pay individuals. A copy of the information is on file in the Legislative Council office. Dr. Knudson-Buresh presented the following information on hospitalization services for cardiac surgery in North Dakota during 1997:

Payer	Average Inpatient Payment	Payment as a Percentage of State Average	Number of Admissions	Length of Stay (Days)	Average Age
Medicare	$8,390	80	766	4.1	73
Medicaid	$9,871	94	19	3.8	51
Commercial insurance	$14,833	141	379	3.2	55
State average	$10,512	100	1,164	3.8	67

Chairman Price called on Mr. Unger, who presented information on the location of hospitals in North Dakota and the services provided at each hospital. A copy of the information is on file in the Legislative Council office. Mr. Unger said there are 46 general hospitals in North Dakota and three specialized hospitals--one rehabilitation and two psychiatric. Included in Mr. Unger's testimony and attached as Appendices D, E, F, and G are maps indicating the locations of all hospitals in North Dakota, hospitals providing obstetrical services, hospitals providing surgical services, and critical access hospitals.

At the request of Chairman Price, Legislative Council staff distributed an excerpt from the minutes of the October 6-7, 1999, meeting of the Budget Committee on Human Services and testimony presented to that committee by the Department of Human Services on the status of Medicaid drug expenditures. A copy of the information is on file in the Legislative Council office.

Chairman Price called on Mr. Wolf, who presented information on Medicaid policies relating to the reimbursement of nurse practitioners and physician assistants and the location of nurse practitioners in the state. A copy of the information is on file in the Legislative Council office. Mr. Wolf said pursuant to federal regulations, the Department of Human Services can only directly reimburse certified pediatric and family nurse practitioners, not noncertified pediatric and family nurse practitioners or physician assistants. He said services performed by noncertified pediatric and family nurse practitioners or physician assistants must be provided under the supervision of a physician and be billed by the physician. He said services of this type to be billed by a physician are reimbursed at

75 percent of the fee that would normally be paid a physician performing the same procedure.

Representative Rose expressed concern that it is difficult for nurse practitioners to receive reimbursement for referrals to specialists. She said in many cases a patient must see a physician after a nurse practitioner has determined that the patient should be referred to a specialist because the specialist will only accept referrals from a physician. She said this results in an additional visit by the patient and a payment by the state for unnecessary services. Mr. Wolf said the Department of Human Services requires that once a patient has selected a primary care provider, that provider must coordinate all services for the patient.

Representative Rose asked why a nurse practitioner cannot be designated as a primary care provider. Mr. Tom Solberg, Department of Human Services, said North Dakota has received a federal waiver which provides that the primary care provider must be a physician unless a rural health clinic has been named as a primary care provider, in which case the Medicaid reimbursement is paid directly to the rural health clinic.

With the approval of Chairman Price, Representative Rose requested that at the next meeting the Department of Human Services present information on options to remove barriers relating to Medicaid reimbursement of nurse practitioner services. Chairman Price requested that at the next meeting the committee also receive copies of the federal regulations relating to this issue.

Chairman Price called on Mr. Pritschet, who presented information on the nursing facility survey process in North Dakota. A copy of the information is on file in the Legislative Council office. Mr. Pritschet said a federal oversight process is used to determine each state's adherence to federal directions for conducting nursing home surveys. He said the federal oversight process in North Dakota has indicated that no changes are needed in the state's survey process.

In response to a question from Representative Niemeier, Mr. Pritschet said each nursing facility is surveyed every 9 to 15 months. He said the average survey occurrence must be no more than 12 months for all nursing facilities in the state. He said there is no fee charged to the nursing facility for the survey.

Chairman Price asked for information regarding the costs incurred by nursing facilities as a result of the survey process. Mr. Pritschet said no information is available to the State Department of Health regarding the cost of the survey process to the nursing facility. He said the State Department of Health interviews 10 to 20 nursing facility staff people as well as numerous residents, families, physicians, and therapists while conducting each survey.

In response to a question from Representative Cleary, Ms. Shelly Peterson, North Dakota Long Term Care Association, estimated that up to 40 percent of the cost of nursing facility care is related to regulations. Chairman Price requested that at the next committee meeting the North Dakota Long Term Care Association present information on the cost of the survey process to nursing facilities in the state.

Chairman Price called on Ms. Lucy Johnson, Clinical Nurse Specialist, Fargo, who discussed concerns regarding Medicaid reimbursement for clinical nurse specialist services. A copy of her testimony is on file in the Legislative Council office. Ms. Johnson said the services she provides to clients are reimbursable through the Minnesota Medicaid program but are not reimbursable through the North Dakota Medicaid program.

Chairman Price called on Ms. Deb Barber, family nurse practitioner, Washburn, who discussed concerns regarding Medicaid reimbursement for nurse practitioner services. A copy of her testimony is on file in the Legislative Council office. Ms. Barber said the requirement that only a primary care physician may make direct referrals for Medicaid reimbursement restricts access to health care services for Medicaid patients.

With the approval of Chairman Price, Representative Severson requested that at the next committee meeting the State Department of Health present information on emergency medical services in North Dakota, including the future role of emergency medical services, changes that should be made in the provision of emergency medical services, and the impact of the critical access hospital designation on the provision of emergency medical services.

With the approval of Chairman Price, Representative Niemeier requested that at the next committee meeting the State Department of Health present information on the impact of the current farm crisis on the demand for health care services, including the services that are currently being offered to help those people affected by the farm crisis, barriers that exist to those wishing to access services, and possible new programs that could be implemented.

Chairman Price requested that at the next meeting the committee receive information from the North Dakota Health Care Association and the State Department of Health on changes in the cost of specific health care services in North Dakota.

With the approval of Chairman Price, Representative Porter requested that at the next meeting the North Dakota Health Care Association present information on the costs of providing services for the treatment of pneumonia, which is diagnosis-related group (DRG) #89, including information relating to provider groups that are reimbursed on a fee schedule rather than on a cost basis. Representative Porter requested the presentation include information on reimbursements received for services as a percentage of the cost to provide those services. Chairman Price requested the report also include

information on the sources and amounts of reimbursements received by hospitals for DRG #89 and a comparison of the reimbursements received by rural and urban hospitals.

Chairman Price announced that the committee's next meeting is tentatively scheduled for February 24-25, 2000.

The committee adjourned subject to the call of the chair at 4:00 p.m.

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Joe R. Morrissette
Senior Fiscal Analyst

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Chester E. Nelson, Jr.
Legislative Budget Analyst and Auditor

ATTACH:7