

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1226

2001 HOUSE HUMAN SERVICES

HB 1226

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1226

House Human Services Committee

Conference Committee

Hearing Date January 24, 2001

Tape Number	Side A	Side B	Meter #
Tape 1		X	0 to end
Committee Clerk Signature <i>Corinne Easton</i>			

Minutes:

Chairman Price, Vice Chairman Devlin, Rep. Dosch, Rep. Galvin, Rep. Klein, Rep. Pollert, Rep. Porter, Rep. Tieman, Rep. Weiler, Rep. Weisz, Rep. Cleary, Rep. Metcalf, Rep. Niemeier, Rep. Sandvig.

Chairman Price: Open hearing on HB 1226.

Rep. Porter: Sponsored HB 1226. (See written testimony.) North Dakota is in a health care crisis. Whether you believe me or look at your health insurance premiums, we are in a crisis. I introduced this bill to remove the mandates and offer an affordable major medical policy to small businesses in North Dakota.

Rep. Cleary: What are you taking out?

Rep. Porter: I believe it is every mandate in code.

Rep. Metcalf: I question that we use 27% of our premium dollar on actual health related items, and that's with the mandate.

Rep. Porter: I remember a figure that was presented by BCBS last session that had individual pricing of what they felt each mandate cost. I'm sure they could get that information to you.

Dan Ulmer: Blue Cross Blue Shield. (Neutral). HB 1226 is kind of a repeat going back to 1993. The current enrollment for the Basic Plan and Standard Plan is 22 and 5 contracts respectively. Since January 1995 there has been 87 Basic Plan contracts sold and 438 Standard Plan contracts sold. In terms of this rate increase, when you talk about insurance you need to understand that we pool resources to try and suppress premiums. It might have been at the 27% utilization, but the pool itself grows. Right now the folks using chiropractic, mental health, and all the other mandates that are here are pooled in with everyone else, so the costs are less.

Chairman Price: Was the original Basic Plan marketed?

Dan Ulmer: Yes, in the sense that every other product was. They had to sign a form with every employer that the marketing representative went into, saying they had explained the Basic and Standard Plan.

Chairman Price: Do you foresee your company offering more than one level of coverage within an employer group? For example, if you had an employer group that paid the single rate or the percentage of the single rate, would you allow the employees within that group to carry, because they are self-paying, carry the basic and those that wanted to could carry the comp choice?

Dan Ulmer: I'm going to defer that question to Mike Hamerlik.

Mike Hamerlik: Blue Cross/Blue Shield. We are watching that. We have the same adverse selection occurring in any choice that people have health insurance, because they make an economic choice. The ones who are sick will take out more because it is worth the extra dollars. I think that is where the market is moving. I think the answer to your question is, yes. We don't

see a lot of demand for it. They want simplicity and want to treat employees the same. Under Section 1 it applies to the majority of the market.

Rep. Porter: When BCBS looks at amount they need to raise premiums in the following year, is it typical that everyone gets the same percentage of increase? How are the percentages of increases related to utilization of a particular employer group?

Dan Ulmer: Lets say the pool, as a whole, has a certain amount of trend within the pool but your rate is based on how you affect the pool on an individual basis - so you had a really good year at 27% or whatever the number, you would get less of an increase than those who had a higher level of utilization.

Rep. Porter: If last year's increase was 10%, ours was 16% and our utilization was 27%, what is the highest amount that a company's premium would have gone up last year?

Mike Hamerlik: Some companies got rate decreases. There are two major factors: the demographics of the group and the experience. What it really depends on is the size of the group.

Rep. Porter: What would it have taken last year for someone to get the 10% rate increase within that same pool that you've described, if the people that used 27% got a higher increase? If the average was 10% and someone got a rebate, how much utilization does it take to see neutral or negative increases?

Mike Hamerlik: It would take being totally average across the board. Average demographics, average utilization, average size group.

Susan Anderson: Legal Counsel, North Dakota Insurance Department. HB 1226, as it is worded right now, is in violation of HIPPA. I would like to add that in Subsection 2, you are getting rid

Page 4  
House Human Services Committee  
Bill/Resolution Number HB 1226  
Hearing Date January 24, 2001

of some mandates that are actually federal mandates and so what you are doing is taking away the state's enforcement rights regarding those mandates.

Chairman Price: Who in the Insurance Department should we talk to about the "actuarial"?

Susan Anderson: Perhaps you could come up to the department and we can schedule something and address your concerns.

Chairman Price: Close hearing on HB 1226.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1226 B

House Human Services Committee

Conference Committee

Hearing Date February 6, 2001

Tape Number	Side A	Side B	Meter #
Tape 2	X		3720 to 5455
Committee Clerk Signature <i>Connie Easton</i>			

Minutes:

**COMMITTEE WORK:**

CHAIRMAN PRICE: Rep. Porter, where are you on HB 1226?

REP. PORTER: (Discussed changes to the amendments.) As prices continue to go up and mandates are continued to be put on, there is going to be a need for this type of plan. The department tells us there needs to be three changes on the bill in order to work it out.

CHAIRMAN PRICE: The problem last time that I have is that "yes, the policy was offered but it was never marketed".

REP. PORTER: I think everyone is sitting in a different situation right now, and I think some of the testimony by BCBS will attest to that. They feel the same as a lot of small businesses that we're only one little bump in the economy away from people from being dropped from a company type plan. When you look at the expenses to have an employee, it costs you about 30%

of that employee's salary to have benefits. One of the most expensive part of that benefit is their health insurance. More and more businesses can't afford to keep going.

VICE CHAIRMAN DEVLIN: I agree with Rep. Porter. I can show you numerous businesses in my district that used to give full family health insurance that now give single, and some don't have it at all.

REP. POLLERT: I am one of those businesses who offers insurance to their employees. We dropped to single, because we are paying \$408 a month for a full family membership. That is just part of the problem that we're running into trying to get a little more leaner and meaner against the bigger companies with their policies.

REP. CLEARY: I think it is a good idea to give people a chance to buy in to a cheaper plan.

REP. TIEMAN: One of the things I do in my line of work is to find out family insurance needs. I noticed that people have actually dropped their coverage.

CHAIRMAN PRICE: In '93 it was a pretty important piece. My only concern is that who is covered, now what is covered. I would like to make sure that would stay in there. Rep. Porter, will you check the mandate. We will reconvene at 4:00.

VICE CHAIRMAN DEVLIN: Committee we will get started again on 1226.

REP. PORTER: I motion to amend 1226 (amendments).

REP. CLEARY: Second.

VICE CHAIRMAN DEVLIN: Did you get the answer, Rep. Porter?

REP. PORTER: I called up to Beth Allen, Insurance Commissioner's Department, and there are two issues I brought up. One was the newborn issue and the other one was the dependent issue. Both of those are not covered under any of these sections, so a newborn on this policy would be



Page 3  
House Human Services Committee  
Bill/Resolution Number HB 1226  
Hearing Date February 6, 2001

covered for 31 days like it is on any other standard policy, and the dependent issue would not come into play. They would be covered just like every other insurance policy in the state.

**VICE CHAIRMAN DEVLIN:** Any discussion on the amendment? (All YES.) What are your wishes?

**REP. GALVIN:** DO PASS as amended.

**REP. CLEARY:** Second.

**VICE CHAIRMAN DEVLIN:** Discussion? Seeing none the clerk will take the roll.

**12 YES 1 NO 1 ABSENT CARRIED BY REP. METCALF**

# FISCAL NOTE

Requested by Legislative Council

02/15/2001

Bill/Resolution No.:

Amendment to:            HB 1226

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill will have numerous complex effects on the provision of substance abuse services through the public and private sectors. Because of the complexity of the issues involved it is not possible at this time to accurately estimate its fiscal impact. It will require additional time to compile data from many different sources to calculate the impact. The department will be presenting testimony to provide information on the ramifications of this bill.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Brenda M. Weisz	<b>Agency:</b>	Department of Human Services
<b>Phone Number:</b>	328-2397	<b>Date Prepared:</b>	03/01/2001

10263.0101  
Title.0200

Adopted by the Human Services Committee  
February 6, 2001

VR  
2/7/01

HOUSE AMENDMENTS TO HB 1226

HOUSE HS

2-8-01

Page 1, line 12, replace "twenty-five" with "fifty"

Page 1, line 14, remove "26.1-36-09,"

Page 1, line 15, remove "26.1-36-09.8,"

Renumber accordingly

Date: 2-6-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1226

House Human Services Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Accept the Amendment

Motion Made By Porter Seconded By Cleary

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price, Chairman			Rep. Audrey Cleary		
Rep. William Devlin, V, Chairman			Rep. Ralph Metcalf		
Rep. Mark Dosch			Rep. Carol Niemeier		
Rep. Pat Galvin			Rep. Sally Sandvig		
Rep. Frank Klein					
Rep. Chet Pollert					
Rep. Todd Porter					
Rep. Wayne Tieman					
Rep. Dave Weiler					
Rep. Robin Weisz					

*- Voice Vote PASSED*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 2-6-01  
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1224

House Human Services Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass As Amended

Motion Made By Galvin Seconded By Cleary

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price, Chairman		<input checked="" type="checkbox"/>	Rep. Audrey Cleary	<input checked="" type="checkbox"/>	
Rep. William Devlin, V, Chairman	<input checked="" type="checkbox"/>		Rep. Ralph Metcalf	<input checked="" type="checkbox"/>	
Rep. Mark Dosch	<input checked="" type="checkbox"/>		Rep. Carol Niemeier	<input checked="" type="checkbox"/>	
Rep. Pat Galvin	<input checked="" type="checkbox"/>		Rep. Sally Sandvig		<input checked="" type="checkbox"/>
Rep. Frank Klein	<input checked="" type="checkbox"/>				
Rep. Chet Pollert	<input checked="" type="checkbox"/>				
Rep. Todd Porter	<input checked="" type="checkbox"/>				
Rep. Wayne Tieman	<input checked="" type="checkbox"/>				
Rep. Dave Weiler	<input checked="" type="checkbox"/>				
Rep. Robin Weisz	<input checked="" type="checkbox"/>				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Metcalf

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)  
February 8, 2001 11:13 a.m.

Module No: HR-23-2706  
Carrier: Metcalf  
Insert LC: 10263.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**HB 1226: Human Services Committee (Rep. Price, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1226 was placed on the Sixth order on the calendar.

Page 1, line 12, replace "twenty-five" with "fifty"

Page 1, line 14, remove "26.1-36-09,"

Page 1, line 15, remove "26.1-36-09.8,"

Renumber accordingly

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1226



2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1226

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 12, 2001.

Tape Number	Side A	Side B	Meter #
1		x	5.1 to end
2	x		0 to 15.2
	x		17.2 to 37.7
Committee Clerk Signature <i>Doris &amp; Perez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1226 relating to providing basic health insurance coverage for individuals and small employers. **Representative Todd Porter**, District 34, cosponsor. Intent of the bill is to remove mandates. When the House discussed this bill the insurance industry, Blue Cross/Blue Shield, came in neutral. We amended the bill to include back two mandates required by federal law (at the request of the Ins. Dept.). We changed the small business from twenty five to fifty employees to comply with federal definition of small business. The legislation itself will allow employer groups and employees to keep the major medical portion of their policy and optional purchasing of the mandates. The idea is that if the employer cannot afford the mandates instead of dropping the entire plan they would still maintain the group discount and mandates could become optional coverage for employees that want them. This legislation was in place since around 95 but had not been marketed, we are bringing it back in a different form.

**Senator Espgaard:** Is this type of policy out there?

**Rep. Porter:** Yes, but in a different form, from the one proposed in this bill.

**Senator Klein:** Would all the mandates be optional ?

**Rep. Porter:** No there are a few that are federally driven.

**Bill Butcher,** State Director, National Federation of Independent Business, representing three thousand small business owners. This bill is pro small business and we favor it.

**Rod St Aubyn, BC/BS, to inform:** We tried to market this basic plan and there was no desire for it. Maybe the market is ready now for a plan like this. We do not know, that is why we take a neutral position.

**Beth Allen, ND Ins. Dept., Neutral, to clarify.** There have been two legislative attempts for a stripped down plan. One in 89', which expired, applied to a very limited number of people. Had to be without coverage for twelve months before you could access that policy. Only about five sold. The other attempt was in 93' ( expanded in 95 to large groups). Developed new basic plan, still offered for all groups. This plan is exempt from mandates, basically it is an hospital/surgical plan that has maternity as required by federal law. Only extra thing not found in proposed plan is very limited mental health coverage. Very few of those policies have been sold.

**Senator Every:** You would not have the right to choose your doctor or the hospital?

**B Allen:** This is not an any willing provider law.

**Karen Romig Larson,** Director, Division of Mental Health & Substance Abuse Service, ND Dept. of Human Services. Neutral. Concerned about impact on substance abuse coverage.

Written testimony attached.

Page 3  
Senate Industry, Business and Labor Committee  
Bill/Resolution Number HB 1226  
Hearing Date March 12, 2001.

**Kerry Wicks**, Director, Chemical Dependency Services, ND State Hospital, Pres. ND Addiction Counselor's Assn. Concerned about effect of the bill on addiction services in the state. Written testimony attached.

**Senator Klein**: We already have basically the same plan, why would things change because of this bill?

**K Wicks**: My concern is how it stirs the pot, so to speak. It brings up again the issue about mandates and their effect on providers. There is also concern about the erosion of services.

**Donald Wahus**, Director, Mercy Recovery Center. In opposition. Concern: addiction treatment coverage. Requests do not pass or that reference to 26.1-36-08 be amended out. Written testimony attached.

**Michael Kasparl**, Director, First Step Recovery, in opposition. Written testimony attached. Distributed written testimony submitted by **Susan Stenehjem-Brown**.

**Ronald Krause**, Dept. Manager-Chemical Dependency Services, UniMed Medical Center. In opposition. Written testimony attached.

**Brad Brown**, Director, Chemical Dependency Service, Prairie Psychiatric Services, in opposition. Concern : coverage of mental health services.

**Linda Isakson**, Director, ND Children's Caucus. We have worked hard for mandates to make sure premiums paid are rightly used. To strip families of mandates helps businesses but not consumers. We ask for interim study of actual costs of mandates. Recommend: do not pass.

No further testimony. Hearing closed.

Tape 2-A-17.1 to 37.7

Discussion held.

**Senator Every**: Motion : to adopt amendment removing 26.1-36-08 and 26.1-36-12.1.

Page 4

Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1226

Hearing Date March 12, 2001.

**Senator Klein:** Second. Roll call vote: 7 yes; 0 no. Motion carried.

**Senator Tollefson:** Motion: do not pass. **Senator Mathern:** Second.  
Roll call vote: 3 yes; 4 no. Motion failed.

**Senator Klein:** Do pass as amended. **Senator Espegard:** Second.

Roll call vote: 5 yes; 2 no. Motion carried. Floor assignment: **Senator Klein.**

Date: 3/12/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1226

Senate Industry, Business and Labor Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken To adopt amendment

Motion Made By Sen Every Seconded By Sen Klein

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 3/12/01  
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 226

Senate Industry, Business and Labor Committee

- Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do not pass

Motion Made By Sen Tollefson Seconded By Sen Mathern

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman		✓	Senator Every	✓	
Senator Klein - Vice Chairman		✓	Senator Mathern	✓	
Senator Espegard		✓			
Senator Krebsbach		✓			
Senator Tollefson	✓				

Total (Yes) 3 No 4

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 3/12/01  
Roll Call Vote #: 3

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1206

Senate Industry, Business and Labor Committee

- Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as amended

Motion Made By Sen Klein Seconded By Sen Epegard

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every		✓
Senator Klein - Vice Chairman	✓		Senator Mathern		✓
Senator Epegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Sen Klein

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 13, 2001 12:48 p.m.

Module No: SR-43-5458  
Carrier: Klein  
Insert LC: 10263.0201 Title: .0300

**REPORT OF STANDING COMMITTEE**

**HB 1226, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1226 was placed on the Sixth order on the calendar.**

Page 1, line 14, remove "26.1-36-08,"

Page 1, line 16, remove "26.1-36-12.1,"

Renumber accordingly



2001 HOUSE HUMAN SERVICES

CONFERENCE COMMITTEE

HB 1226

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1226 B

House Human Services Committee

Conference Committee

Hearing Date March 28, 2001

Tape Number	Side A	Side B	Meter #
Tape 1	X		0 to 2400
Committee Clerk Signature <i>Connie Easton</i>			

Minutes:

Chairman Devlin, Chairman Klein, Rep. Porter, Rep. Metcalf, Senator Espeguard, Senator D.

Mathern

**CONFERENCE COMMITTEE MEETING:**

Chairman Devlin: We will open the meeting and the clerk will read the roll.

Rep. Porter: Essentially we sent you a bill which stripped the mandates out because of our concern that we were finding in many parts of the state that people were just giving up on their group health insurance plans. They couldn't afford to pay for their employees or they were cutting back to just single. We were trying to find a basic plan that it would allow some of these firms to offer something to their employees, because we thought the alternative of no coverage at all was worse. Rep. Porter brought some testimony on what mandates in North Dakota cost. As I recall it was around 17% that was added onto the premium. That is a little lower than the national.

Rep. Porter: I know that on the Senate side I sat through the entire hearing and listened to some of the concerns of some of the group. It really came down to money. They felt that mandate should remain in place because they're guaranteed their payment. This bill basically puts small business on the same level playing field as big business. When they're getting their ERISA (Employee Retirement Income Security Act) plan put together they can pick and choose, they are not under any mandated codes. They get to pick and choose what is best for their business setting. I would much rather have someone with major medical insurance because that is all they can afford than to not have any insurance at all. I don't think you will see people dropping these coverage's unless they have to. I think we are at our wits end in that the small business has to make a decision as the price of insurance keeps going up and margins just aren't there to maintain those coverage's for their employees. To have a plan that takes most of these mandates off is not the idea, the plan is to take all the mandates off and let the small business pick what they can afford and move forward just like they do in the ERISA type programs that are out there now.

Senator Espgaard: When you looked at the feasibility of that kind of policy, has anybody indicated they can issue that kind of policy and that it would indeed be a cost savings?

Chairman Devlin: When the plan was offered before, and our Chairman, Rep. Price had quite a bit of experience with that, it was her strong feeling that Blue Cross did not market it - that this was the problem. We think there will be some savings. We are looking at a study resolution on all mandates, but we thought this was a starting point to see if it would work. As Rep. Porter said, on the self-insured plan they aren't under any mandates.

Rep. Porter: When that other plan was put in, in the early 90's, it was limited to employer numbers. It was also limited to only those employers who did not have any health coverage at

the time the bill came into effect. So if the small business was having problems, there was no way for them to convert into that plan. It really wasn't open to the free market - it was a very limited market that it was available to.

Senator D. Mathern: Did the House amend it and remove or actually add one of the mandates in on mental disorders?

Chairman Devlin: No.

Rep. Porter: What the House amended back in were two federal mandates to allow the Insurance Commissioner's office to monitor and make sure that all plans in North Dakota had those federal mandates is what we added back into it.

Chairman Devlin: But as I recall, Rep. Porter, no state mandates were added.

Rep. Porter: No.

Senator Espegard: What are the federal mandates?

Rep. Porter: 21-06-09 is one base line mammograms. 09-08 is "all health insurance coverage must include coverage for the diagnosis, evaluation, and treatment of alcoholism, drug addiction, and other related illnesses."

Chairman Klein: In the Senate discussion we certainly had a line up of addiction counselors and made in attempt to move the bill forward. One of the other members of the committee was concerned about preferred provider which may or may not change anything, but that is how all of that came about. In understanding that we're still looking for this basic insurance plan that maybe we acted to quickly, but yet we are just trying to make sure we got here today.

Rep. Porter: Do you remember what the mandate on the preferred provider does?

Chairman Klein: I don't know that it does anything anymore because we have changed that law. That looked at Blue Cross being the company they used to be and they are no longer that company. That is what that addressed.

Rep. Porter: Senator Mathern, that other mandate that was added back in - I didn't see anywhere the chiropractor.....

Senator Mathern: We did two. We did substance abuse and preferred provider. My question is that this did not remove the mandates for coverage on physician assistants and nurse practitioners.

Chairman Klein: We certainly understand what the amendments did. Some of us believe there is a need for this kind of policy to be out there. I think a basic plan is better than no plan at all..

Senator Mathern: I understand that some health insurance is better than none. On the other hand let's take a look at a family, one you get into taking you children in for health care the worst things can happen that you don't expect. I contend that the insured would be better off paying for a portion of the premium than not having these coverage's as far as anesthesia and medications, especially, the substance abuse. Alcohol and drug abuse is on the rise. None of us want to admit it can happen in our house. A lot of people drink and these things can become a problem without people realizing it. I can contend that no employee will go into their employer and add the basic coverage of substance abuse on to my plan. It won't be affordable and they will have to admit they have a problem. That is why I am an advocate of the substance abuse coverage. The preferred provider I don't really care.

Rep. Porter: I understand those concerns being in a health related profession which, by the way, is one of the excluded mandates on the coverage also. I think that if you look at what this plan is trying to do, it is trying to make a basic major medical policy affordable for small businesses. It

is no different than what has been done with ERISA, and we don't see a big flood of people on ERISA insurance programs dropping mental health, dropping evaluation treatment of alcoholism and drug addiction. I just don't see that we have to have the government tell us that we have to have these coverage's. I think the small businesses of North Dakota understand what is important for their employees. I would much rather see this as a stripped down, basic health major medical policy that is affordable for the small business than the business walking into their employees and saying "I'm sorry, we can no longer pay for your health insurance". That is the intended purpose of the bill. It is not targeting any particular group. If it was a big deal, then ERISA would not have allowed large employer groups to pick and choose which mandates they could put on their policy. You don't see Basin Electric or MDU dropping mental health coverage, and they could - tomorrow. They could drop any of these other ones, but a small business who is struggling to survive and struggling to give their employee's benefits, can't. It is not fair in the business world for two different playing fields. The basic coverage of major medical is what is needed more than anything, and then the umbrella can be opened and allow other things to come on. I think that all of the mandates are important at some time or another, but do they need to be mandated or can small businesses pick and choose what they can afford, the employees can pick and choose what they can afford rather than have nothing. Health care is not going down. Health care premiums are not in a decline and they never will be, but I will guarantee you this, that you will start seeing small business employer groups dropping their coverage to their employees because they can afford the constant rise in insurance premiums because of mandates.

Senator Mathern: I completely understand what you are saying. I disagree wholeheartedly with the thought that people would be able to add coverage's on. I spoke with the Meridian agents at

length on this and you would need the numbers to get the price down where it would be affordable. When they can spread it over the whole group, that helps make it a little bit affordable. The only decrease in premium would be 10 to 20% - removing all the mandates. I don't think we can sell this, and add the coverage's back on. That is not going to work.

Senator Espgaard: My guess would be is that if this was strictly a policy as the original bill intended, that would be the base line policy and the business at the time of inception would decide, maybe with their employees, which mandates they would add. I agree with Senator Mathern, that you can't need the coverage and then sign up for it. As I see the basic policy you're talking about here, and possibly the employer and employees decide what the policy is going to look like, and it may include some of these. I don't that it will save much either, but I do know that you won't be able to go along and say now I'm going to need drug addiction coverage. Your risk category would go way up.

Senator Mathern: I did ask Meridian if they did market that. Their agents had noted that they had offered this coverage to every employer, and they would go out at renewal time and they have offered it to me at my office. They do let people know it is available.

Chairman Devlin: That was Rep. Price's point. They will send out a renewal notice, but you never see an add on television or in the yellow pages. I can name you ten businesses in my legislative district that have dropped insurance or went from family to single. If we can start getting some families some major medical and if that is the way we have to do to protect the people in rural North Dakota, I think we have to give it this opportunity.

Rep. Metcalf: You are talking about small businesses and it says here "coverage on an individual basis". This is where my concern is. There are farmers that have dropped their insurance because they can't afford it anymore. I don't know if this 20% reduction is something

they will be able to look at to provide continuing health insurance for their kids, but I think it is something we have to offer them. I believe the mandates are necessary, but leave the mandates on and if we can keep 20 people in North Dakota that will be able to have insurance because of this, then I think we will be farther ahead. These families will take their kids to the hospital when they need to, rather than wait until they are so sick they need to take them to the emergency room and let the hospital right it off or turn their farm over. Speaking for the individual policy holder, I think this is something that is needed very much.

Chairman Klein: We are concerned about drug addiction or chiropractor - if the people that can afford those policies, that is fine, but I think it gets right down to having something or having nothing. I'm not sure what the motion would be here, but I would move that the Senate recede from the Senate amendments.

Senator Espegard: I will second that.

Chairman Deylin: Is there further discussion.

Senator Mathern: I just wanted clarification that the mental disorder and the post delivery coverage are federal mandates.

Rep. Porter: That is correct. That is the information that the Insurance Commission office provided us.

Chairman Deylin: No further discussion, the clerk will read the roll.

**SENATE RECEDE FROM SENATE AMENDMENTS**

**SENATOR KLEIN: MOVED AMENDMENT**

**SENATOR ESPEGARD: SECOND**

**5 YES     1 NO**



Date: 3-28-01  
Roll Call Vote # 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1226

House HUMAN SERVICES Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Moved Senate Recede from Senate Amendments

Motion Made By Senator Klein Seconded By Senator Espegard

Representatives	Yes	No	SENATORS	Yes	No
Rep. Devlin	✓		Senator Klein	✓	
Rep. Porter	✓		Senator Espegard	✓	
Rep. Metcalf	✓		Senator D. Mathern		✓

Total (Yes) 5 No 1

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Insert LC: .

**REPORT OF CONFERENCE COMMITTEE**

**HB 1226, as engrossed:** Your conference committee (Sens. Klein, Espegard, D. Mathern and Reps. Devlin, Porter, Metcalf) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 811-812 and place HB 1226 on the Seventh order.

Engrossed HB 1226 was placed on the Seventh order of business on the calendar.

2001 TESTIMONY

HB 1226

TESTIMONY ON HB 1226

TODD PORTER, STATE REPRESENTATIVE

DISTRICT 34 MANDAN

Good morning, Madam Chair and members of the House Human Services Committee. For the record, my name is Todd Porter, State Representative from Mandan.

North Dakota is in a health care crisis. Whether you believe me or look at your health insurance premiums we are in a crisis.

Last year when our company's insurance policy was up for renewal we were told that our rates would be increasing by 16% over the previous year. With inflation at 2-3 % and unemployment at 2-3%, I couldn't understand why our health insurance premiums continued to skyrocket. I call the company and asked for a utilization review our company. I found out that we used about 27% of our premium dollar on actual health care related items. The rest was eaten up by administration and "the high risk pool".

One of the other reasons given to me for the 16% increase was the amount of mandates on ND insurance policies.

I introduced HB 1226 to remove the mandates and offer an affordable major medical policy to small businesses in North Dakota. They could purchase the major medical and pick any of the mandates or other optional coverage with individual pricing to offer their employees a health package they can afford

I would be happy to answer any questions the committee may have.

**Dan Ulmer**

---

**From:** Dave Kern [dave.kern@noridian.com]  
**Sent:** Tuesday, January 23, 2001 8:19 AM  
**To:** Dan Ulmer  
**Cc:** Janine Weldeman; Tom Paulson; Tami Roder  
**Subject:** Standard & Basic Plans

Dan,

The current enrollment for the Basic Plan and Standard Plan is 22 and 5 contracts respectively. Since January 1995 there has been 87 Basic Plan contracts sold and 438 Standard Plan contracts sold. Below is a comparison of rates for Basic Plan, Standard Plan and CompChoice 250.

	Basic	Standard	CompChoice 250
Single	\$151.20	\$207.30	\$187.80
SPD	266.00	364.80	330.60
Family	393.00	538.90	488.30

If you have any more questions feel free to let us know.

Dave Kern  
Actuarial.



DEPARTMENT OF INSURANCE  
STATE OF NORTH DAKOTA

Jim Poolman  
Commissioner of Insurance

MEMORANDUM

TO: Representative Clara Sue Price  
Chairman, House Human Services Committee

FROM: Susan J. Anderson, Legal Counsel *SJA*

DATE: January 24, 2001

SUBJECT: House Bill No. 1226

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Today in the hearing on House Bill No. 1226, the Department testified neutrally and stated that the deletion of the mandates in Section 2 would not release carriers from having to issue these mandates. Two of the citations, specifically, N.D. Cent. Code §§ 26.1-36-09 and 26.1-36-09.8, are federal mandates and must be included in all plans issued in North Dakota. The deletion of these code sections would only delete the state's authority to enforce these mandates.

If you have any questions, you can reach me at 328-1431.

SJA/njb

TESTIMONY ON HB 1226

TODD PORTER, STATE REPRESENTATIVE

DISTRICT 34 MANDAN

Good morning, Chairman Mutch and members of the Senate IBL Committee. For the record, my name is Todd Porter, State Representative from Mandan.

North Dakota is in a health care crisis. Whether you believe me or look at your health insurance premiums we are in a crisis.

Last year when our company's insurance policy was up for renewal we were told that our rates would be increasing by 16% over the previous year. With inflation at 2-3 % and unemployment at 2-3%, I couldn't understand why our health insurance premiums continued to skyrocket. I call the company and asked for a utilization review our company. I found out that we used about 27% of our premium dollar on actual health care related items. The rest was eaten up by administration and "the high risk pool". One of the other reasons given to me for the 16% increase was the amount of mandates on ND insurance policies.

I introduced HB 1226 to remove the mandates and offer an affordable major medical policy to small businesses in North Dakota. They could purchase the major medical and pick any of the mandates or other optional coverage with individual pricing to offer their employees a health package they can afford.

I would be happy to answer any questions the committee may have.

**TESTIMONY  
HB 1226  
SENATE COMMITTEE ON  
INDUSTRY, BUSINESS, AND LABOR  
SENATOR DUANE MUTCH, CHAIRMAN  
MARCH 12, 2001**

Chairman Mutch and members of the committee, for the record, my name is Karen Romig Larson. I am Director of the Division of Mental Health and Substance Abuse Service of the North Dakota Department of Human Services. I am here today to offer information pertaining to HB 1226 and I would also like to express concern about its potential impact on the citizens of our state if lack of insurance coverage for substance abuse treatment limits access to treatment.

In the twenty-one years I have worked as a clinician and administrator in the substance abuse and mental health fields, I have become increasingly aware of the need for adequate care and resources for treatment – as early as possible – for persons struggling with substance abuse issues. In addition, the research and science concerning the physiological nature, course, and outcomes of this illness gained during the past twenty-one years and available to us today is astounding. I am providing a copy to the Committee of a recent publication from the National Institute on Drug Abuse that outlines research-based principles of effective treatment that provide sound guidelines for recommended approaches to treating this illness.

North Dakota has a proud history as a National leader in both the development of substance abuse services and in the provision of private third-party reimbursement for substance abuse treatment. The State is somewhat unique, in that the private and public sector providers work closely in continuing education efforts and treatment modality improvement. The Division of Mental Health and Substance Abuse Services licenses all substance abuse service providers in North Dakota, both public and private. The eight regional Human Service Centers and the North Dakota State Hospital



are licensed and provide addiction services in the public sector. Fifty-one providers of outpatient, day treatment, inpatient, and/or residential services are licensed in the private sector. I will address some of the issues that may impact the Human Service Centers while Kerry Wicks, Director of Chemical Dependency Services at the State Hospital will address the potential impact of HB 1226 at that facility.

In calendar year 1999, there were 2,746 clients (unduplicated count) served in primary addiction treatment services at the eight Human Service Centers. Of that number, 83.9% or 2,303 had no insurance. Most clients seeking services for substance abuse at the Human Service Centers do not qualify for Medicaid nor are they usually eligible for Social Security Disability Insurance. Therefore, the majority of funding for substance abuse services at the Human Service Centers is derived from the federally funded Substance Abuse Prevention and Treatment Block Grant and from General Funds. At this time it is nearly impossible to accurately predict the number of individuals who might seek services in the public sector due to lack of coverage in their insurance policies. However, an increase in demand at the Human Service Centers for substance abuse services of even 200 additional persons per biennium will significantly impact an already challenged system.

In a recent report from the Substance Abuse and Mental Health Services Administration, an agency of the US Department of Health and Human Services, it was noted that, "Public sources of funding covered a much larger share of substance abuse treatment dollars than that of mental health funding in 1997. For substance abuse, 64 % of spending came from public funders..." and that, "This means that only 36 % of substance abuse expenditures are covered privately by private insurers, philanthropy, or out of the pockets of clients and their families" (National Expenditures for Mental Health and Substance Abuse Treatment 1997, p. 50). The report goes on to note that "...private funding for substance abuse was outpaced by inflation and was

much slower than mental health, all health, and than public spending for each between 1987 and 1997" (p. 51).

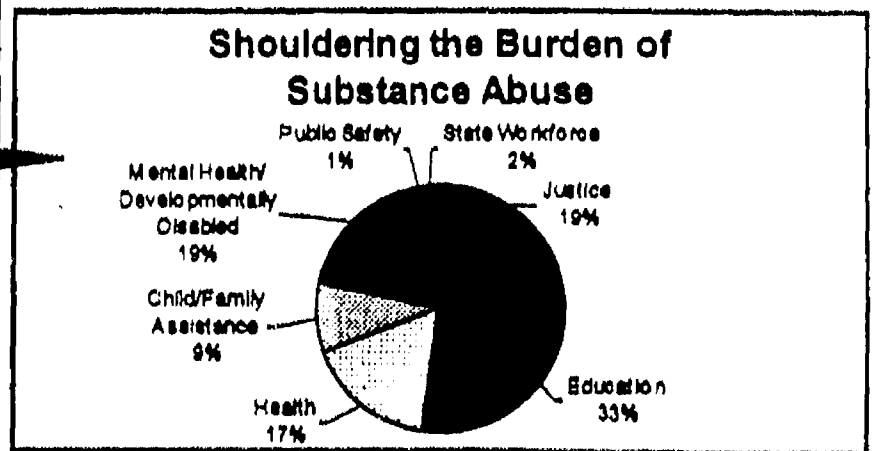
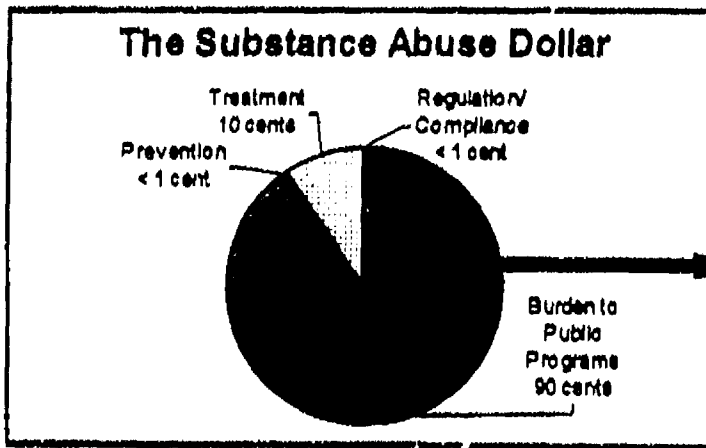
Research has revealed that persons who are treated for substance abuse utilize fewer health care resources. A Rutgers University study commissioned by the President's Commission on Model State Drug Laws found that, "On average, untreated alcoholics incur general health care costs that are at least 100% higher than those of non-alcoholics". The report goes on to note that, after completion of addiction treatment, days lost to illness, sickness claims and hospitalizations dropped by about 50%.

In the recently-released study "Shoveling Up: The Impact of Substance Abuse on State Budgets" by the National Center on Addiction and Substance Abuse at Columbia University, North Dakota (Attachment 1) in 1998 expended \$88,879,400 on the burdens created to society by substance abuse (in the criminal justice, health, education, child welfare, workforce, and public safety systems). This accounted for 7.3% of the State's General Fund budget. In addition, \$9,628,000 of General Fund was expended for treatment, which accounted for 0.8% of State spending. According to this report, ten cents of every General Fund dollar expended to address the problem of substance abuse in North Dakota goes for treatment. Additional curtailment of treatment availability and accessibility will only contribute further to the burden we already realize. Substance Abuse is a significant public health problem in the state of North Dakota (Attachment 2). We cannot afford to reduce the availability of insurance reimbursement for treatment. We can pay now, or most assuredly we will pay later and at much greater cost to the State financially and in human potential lost.

Thank you for the opportunity to provide this testimony today. I will be happy to answer any questions you may have.

Summary of State Spending on Substance Abuse (1998)\*

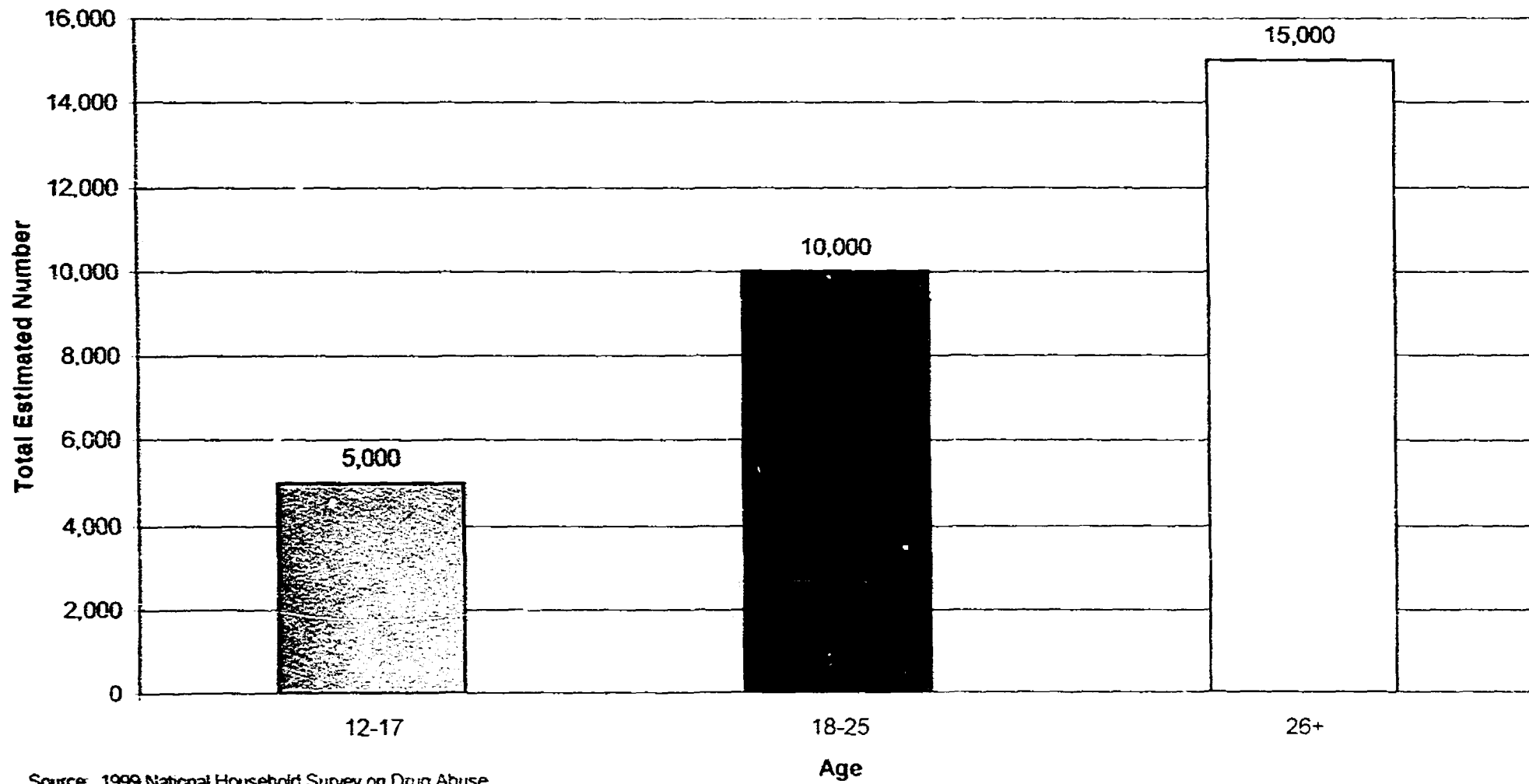
	State Spending by Category (\$000)	Spending Related to Substance Abuse			
		Amount (\$000)	Percent	As Percent of State Budget	Per Capita
<b>Affected Programs</b>	<b>\$1,058,226.0</b>	<b>\$88,879.4</b>		<b>7.3</b>	<b>\$138.67</b>
Justice	21,326.0	16,555.2		1.4	25.83
Adult Corrections	15,931.0	12,953.8	81.3		
Juvenile Justice	5,395.0	3,601.4	66.8		
Judiciary	NA	NA	NA		
Education (Elementary/Secondary)	291,275.0	29,666.8	10.2	2.4	46.29
Health	65,285.0	15,226.4	23.3	1.3	23.76
Child/Family Assistance	15,311.0	8,097.8		0.7	12.63
Child Welfare	9,951.0	7,008.2	70.4		
Income Assistance	5,360.0	1,089.6	20.3		
Mental Health/Developmentally Disabled	56,503.0	16,684.2		1.4	26.03
Mental Health	27,169.0	13,994.7	51.5		
Developmentally Disabled	29,334.0	2,689.5	9.2		
Public Safety	1,286.0	789.9	61.4	0.1	1.23
State Workforce	607,240.0	1,859.2	0.3	0.2	2.90
<b>Regulation/Compliance:</b>	<b>78.0</b>	<b>78.0</b>	<b>100.0</b>	<b>&lt;0.01</b>	<b>0.12</b>
Licensing and Control	39.0	39.0			
Collection of Taxes	39.0	39.0			
<b>Prevention, Treatment and Research:</b>	<b>10,121.0</b>	<b>10,121.0</b>	<b>100.0</b>	<b>0.8</b>	<b>15.79</b>
Prevention	493.0	493.0			
Treatment	9,628.0	9,628.0			
Research	0	0			
<b>Total</b>		<b>\$99,078.4</b>		<b>8.1</b>	<b>\$154.58</b>



Total State Budget	\$1,218 M
◆ Substance Abuse	\$ 99 M
◆ Medicaid	\$ 97 M
◆ Transportation	\$ 124 M
◆ Higher Education	\$ 235 M
Population	.641 M

\* Numbers may not add due to rounding. Tobacco and alcohol tax revenue total \$29,822,000; \$46.52 per capita.

### North Dakota Past Year Dependence on Illicit Drugs or Alcohol for Ages 12 and Older 1999



Source: 1999 National Household Survey on Drug Abuse

LEGISLATIVE TESTIMONY  
INDUSTRY, BUSINESS AND LABOR COMMITTEE  
Chairman - Senator Duane Mutch

March 12, 2001

Mr. Chairman, members of the committee, my name is Kerry Wicks and I am the program director of the Chemical Dependency Services at the North Dakota State Hospital and the current president of the North Dakota Addiction Counselor's Association. I will be giving some background regarding our services and the likely impact of the proposed legislation in HB1226.

The ND State Hospital Chemical Dependency Service presently has 46 beds. We are consistently trying to keep people in the community for treatment but we are usually about 85% to 95% occupied. Future planning includes being able to convert treatment resources to the Department of Corrections to assist them in prison diversion.

How this bill eventually affects us is that the addiction treatment needs of North Dakota citizens who are uninsured will, in a large part, need to be met by the state system including the State Hospital. The state's treatment system is already extremely busy and will likely be busier with legislation that may divert people to public treatment services from the private treatment sector. In addition, state services are likely to have to pick up the majority of cases that are diverted to treatment when first time drug offenders are given treatment options rather than prison. In fiscal year 2000, the Chemical Dependency Services at the ND State hospital provided 15,111 bed days. 83.6%, or 12,637 of those bed days were provided to ND citizens without insurance coverage.

My concern is the trickle down effect of this legislation. As the state's addiction treatment services become overwhelmed, the ND State Hospital is used more often as a source for treatment. This may not always be appropriate but simply a need for treatment resources. The entire system's long term planning is affected when we no longer have capacity to use our resources as planned.

We need to be moving in a direction that assists private providers to be able to remain in the care continuum and this bill will clearly have significant impact on private addiction services in the state.

This concludes my testimony, I would be happy to answer any questions you may have.

HB1226

Chairman -- Senate Industry, Business and Labor Committee

Mr. Chairman, members of the committee, my name is Donald Wahus. I am a Licensed Addiction Counselor and Director of Mercy Recovery Center, an addiction treatment program in Williston, N.D. I am here to urge you to Not Pass HB1226 as it is written. HB1226 is a bill designed to give a break to small businesses (fewer than 50 employees) on health insurance coverage for their employees by eliminating the need to adhere to mandated coverage that is provided by law in N.D. HB1226, Section 1. paragraph 2. Includes the mandate of 26. 1-36-08, which is the requirement for insurance coverage of Addiction Treatment. While I have no problem giving employers a break, I am concerned that this has not been well thought out as to the impact on the businesses, employees or on the treatment community who deal with these issues. Research shows that 60-70% of all employees referred to Employee Assistance Programs are there for Alcohol or other Drug related reasons. If no coverage for treatment is available it could cost employees a job, guarantee continuation and progression of the illness, as well as have a major impact on the business's productivity and safety. We also need to recognize the impact on family members. While treatment costs in North Dakota are moderate compared to national levels, the cost of funding a recovery process out of regular wages would put a major strain on many employees who make too much to be eligible for public resources. State data indicates that 95.4% of firms/businesses registered in N.D. have fewer than 50 employees and make up 47.8% of all of the N.D. work force, so a significant percentage of the population would be impacted. If this law were currently in effect, and using these

figures, I have estimated that my organization would have lost about 22%, or more than \$132,000 of gross revenue the first 7 months of this fiscal year ending January 2001. I also run a small business and I could not afford to operate under this law.

While this bill would save some businesses some premium costs, the economic impact of addictive illness would NOT go away but would be shifted to the public sector and put greater strain on the Federal Block Grant and the State General Fund dollars while putting private providers out of business. Additionally, substance abuse accounts for 1% or less of the total premium for health care costs, while untreated addiction accounts for many times that percentage due to injuries and accidents as well as related health issues like cancer, liver disease and tobacco related issues.

We need also to look at the comprehensive plan being undertaken by Attorney General Wayne Stenchjem to fight the increase of Drug Problems in the state by addressing issues from Education, Prevention, Legal and TREATMENT approaches and hope that this bill doesn't have a major negative effect on this effort.

I would respectfully request that this bill be given a DO NOT PASS or that reference to 26.1-36-08 be AMENDED OUT so that the provision of addiction services to citizens of N.D. will not be negatively impacted.

Respectfully Submitted

Donald Wahus

701-774-7409 (W)

701-774-7217 (H)

e-mail address: [donaldwahus@chi-midwest.org](mailto:donaldwahus@chi-midwest.org)



Testimony Before the Senate Industry, Business and Labor Committee  
HB 1226

3-12-01

Good morning Mr. Chairman, members of the committee

My name is Michael Kaspari; I am a registered nurse, the Director of First Step Recovery, PLLP outpatient treatment facility and a small business owner. I am here to ask you to Not Pass HB 1226 as it is written.

HB 1226 was introduced to offer lower cost health insurance options to businesses with fewer than 50 employees. The intent of this bill is good. The method has, what I believe to be, serious negative consequences for both employees and employers. We have some experience with this type of insurance due to our close proximity to the border with MN. There are several commercial insurance products as well as self-insured groups that offer health insurance without substance abuse benefits. Some of them provide an option for the employee to purchase the coverage at an extra cost. We have yet to see a client who has opted to purchase this coverage. The vast majority of them are unaware that they don't have coverage for substance abuse treatment.

Employers offer this product to employees in a good faith effort to counter the ever-increasing cost of health insurance. What may be a small short term cost saving measure will seriously limit our ability to address one of the biggest problems facing business today. Substance abuse and mental illness cost US companies in excess of 100 billion dollars per year. This averages to about 3000 dollars per employee. Substance abuse issues continue to be one of the main reasons an employ is referred to an Employee Assistance Program.

Providing substance abuse treatment to employees that need it is in and of itself a very effective tool to drive down costs of healthcare. The cost of providing healthcare to a person suffering from a substance abuse disorder decreases dramatically in the year following treatment and continues to decrease over subsequent years. The decrease in healthcare consumption of a substance abuser's family is no less dramatic.

Since the cost of including coverage for substance abuse treatment adds less than one percent to the cost of health insurance premiums, it seems like an excellent investment in not only the health and well being of their employees but their bottom line as well.

The argument has been made that this bill will only impact those employers not currently able to offer insurance to their employees. Nothing in my experience of dealing with many different insurance products and groups allows me to agree with this premise. One of the biggest challenges of dealing with substance abuse issues, especially prevention issues, is that no one ever thinks they will be affected, in many cases this includes

employers. This belief will allow many of them to rationalize the decision to offer health insurance that does not include coverage for substance abuse treatment. In light of the scope and breadth of the substance abuse problem in the workplace and the potentially very negative impact this bill will have on our ability to treat it, I respectfully urge you to not support this bill unless the mandate for substance abuse treatment is removed. Thank you very much for your time.

I would gladly try to answer any questions you may have.

Respectfully,

Michael Kaspari, RN

701.293.3384 (W)  
701.232.2383 (H)  
Mkaspari@AOL.com



# FIRST STEP RECOVERY, PLLP

Case Plaza • One North Second Street • Suite 314  
Fargo, North Dakota 58102

Phone 701-293-3384  
Fax 701-293-3759

March 12, 2001

Dear Senators:

I am writing to you about HB1226, which is before your committee. I understand that the original intent of the bill was to provide employers with fewer than 50 employees greater options to secure affordable insurance for the employee groups that currently are uninsured. I certainly applaud those efforts. However, I have some major concerns about the long-term cost savings and effects of not continuing to require the substance abuse mandate (26.1-36-08). My concerns are:

1. Two of the major problems facing North Dakota are alcoholism and drug abuse. Not addressing these issues through maintaining the mandate will only serve to increase healthcare costs in the long run. We see this daily through alcohol and drug related admissions to the hospitals through trauma, liver, pancreas, and heart disease. We also are witnessing a large number of our youth binge drinking and being admitted to hospitals for detoxification and alcohol/drug overdose, not to mention the car, snowmobile and motorcycle accidents due to drinking. The family stress related to living with alcoholism/drug dependency in the home also contributes to considerable added healthcare costs. Many nationwide studies have shown the long-term health care cost savings for providing addiction treatment.
2. Although under this bill each employer would be allowed to secure coverage for substance abuse, this is likely not to be a first choice addition. Most people do not see that they will ever need substance abuse treatment unless a family member has received care in the past. Even then, traditionally, they feel that "It will never happen to me." The cost for coverage for Substance Abuse Disorders adds less than 1 percent to the cost of health insurance. I question whether eliminating this mandate would have any appreciable effect on the cost of an insurance policy. It will, however, have a huge cost to the individual who is in need of services and can't afford to pay for them..
3. Even though this bill is intended to provide options for business and for currently uninsured employee groups, it does not address the issue of current groups who employ fewer than fifty and have insurance that requires mandated coverage. Are we to assume that these companies can drop their mandated substance abuse benefits? If that is the case, I believe that those addicted individuals who need treatment and do not have the insurance coverage will end up in the public sector seeking services for their addiction. The public sector is already over burdened, and the waiting lists are sometimes two months for securing even an initial appointment in some communities.

4. A number of private addiction treatment facilities currently provide valuable and timely treatment for substance abusers. It is extremely difficult to address denial and other treatment issues without the extra burden of the client being concerned about insurance issues and payment issues. The uninsured, often use this as one more reason to not see help for their addiction.

I hope that you will take these issues into consideration during the hearings on this bill. I believe that addicted individuals deserve to have options available to them for treatment of this devastating disease.

Thank you for your time.

Sincerely,

*Susan Stenejem-Brown*  
Susan Stenejem-Brown, MA  
LAC/LPCC/MAC

UNIMED  
MEDICAL CENTER  
St. Joseph's Hospital

107 3rd Street SE  
Minot, ND 58501  
(701) 837-2000  
1-800-247-1316

North Dakota Senate  
Industry, Business, and Labor Committee

March 12, 2001

Dear Chairman Mutch and Committee Members,

We as a private provider of Chemical Dependency Services are very concerned about the impact that HB 1226 will have on our program and the delivery of all substance use treatment in North Dakota. UniMed Medical Center / St. Joseph's Hospital, in Minot, has been providing care to those suffering from addictions for over thirty years. We have witnessed the evolution of treatment services in our state and have always supported the positive changes to our field. This legislation is not positive and we must advocate for either an amendment or it's defeat.

Currently the treatment of individuals for Chemical Dependency is mandated in North Dakota. If this bill passes estimates of up to 47% of the state's insured may not be covered for substance use treatment. If an option was available to provide a rider to individual policies it is unreasonable to believe that the chemically dependent will opt for that coverage for fear that they may experience retribution in their workplace. Depending on what research you look at the substance use benefits range from .02 -- .06 percent of the cost of health insurance. Believing that this bill reduces the premiums is just fantasy. In addition, untreated alcoholism and drug addiction accounts for more complicated medical conditions and far greater medical costs.

We have developed cost effective, quality, outcome successful treatment programs for North Dakota citizens. This proposed change will threaten treatment availability and put an extreme burden on an already challenged system in the public sector. In Minot we have eight private provider agencies. The efforts these centers have made to provide CD services will be severely jeopardized. In addition, the resources and staff of North Central Human Service Center will be challenged to provide care to the many new people without the substance use coverage. Where there was once reimbursement by third party payors, the services will now need to be covered by General Fund and Substance Abuse Block Grants. This does not seem to be an effective strategy. The private sector providers have developed treatment continuums to meet our state's needs and now their existence will be threatened as they have traditionally provided care to those with Health Insurance.

HB 1226 is short sighted legislation that will ultimately have a very negative impact on North Dakota. Please carefully review the facts and do not enable legislation that will tear down a strong foundation of very beneficial service. Thank You.

Sincerely,



Ronald (Skip) Krause LAC  
Dept. Mgr. - Chemical Dependency Services  
UniMed Medical Center  
Minot, N.D.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1226

Page 1, line 14, remove "26.1-36-08,"

line 16, remove "26.1-36-12.1,"

Renumber accordingly