

2015 SENATE HUMAN SERVICES

SB 2174

2015 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

SB 2174
2/11/2015
23624

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Gordon Mueller

Explanation or reason for introduction of bill/resolution:

A bill to provide for a legislative management study of the state's health care delivery system

Minutes:

No Attachments

Senator Tim Mathern introduced SB 2174 to the Senate Human Services Committee. This is to continue studying the state's health care delivery system. In the past five years, there is attention to the Affordable Care Act and the expanded Medicaid program in North Dakota. Senator Mathern identified two important issues: how should we have the marketplace operate, through the federal government or through the state of North Dakota. There is a great interest in running the exchange in the state, but also a great fear of the cost. Medicaid expansion is now creeping up to about 15,000 persons, predicted to go to 20,000 persons, and how that will impact the future budget and Medicaid budget. The other thing is a tension about a federal programming of health care reform and state programming. One side would say leave President in Washington DC and we'll handle our own problems, and on the other side is we need resources from Washington to address the health care issues here. This bill requests continued study during the interim.

Senator Howard Anderson, Jr. how do you see this as the same or different from interim study chaired by Representative Keiser?

Senator Mathern doesn't see it dramatically different, but continuation of that. Senator Mathern did speak with Representative Keiser, so he is also a sponsor of the bill.

Senator Dever the only thing not part of the prior study is item 1f (Considering the feasibility of offering the public via the marketplace a qualified public employees retirement system uniform group health plan). Any comment on how this fits with Affordable Care Act.

Senator Mathern answered the bills he has proposed literally insures everyone in North Dakota by our public employees retirement system plan. The bills he has introduced are much more dramatic than this. This looks at the issue as an alternative offered in the market place so citizens could decide if that is a plan they would have interest in. The difference is looking at it in terms of the study, should this be one of the variables versus a

bills where they actually take action. One of the issues in marketplace is having bidders having enough options to choose from in North Dakota. The study would look at the outcome of this decision in the next few weeks where Public Employees Retirement System (PERS) is looking at to be self-insured, use Blue Cross Blue Shield as underwriter or to use Sanford Health. We'll learn that in the next few weeks. The outcome of that decision may be useful to the interim in studying 1f.

OPPOSITION TO SB 2174

No opposing testimony

NEUTRAL TO SB 2174

No neutral testimony

Closed Public Hearing

Chairman Judy Lee indicated that Representative Keiser has been involved in all the health care study and bills. Chairman Judy Lee did think the study needs to be considered. There is concern with 1f. it is terribly important to continue with the study considering on how things go with the supreme court. Representative Keiser does support this bill.

Senator Warner moved the Senate Human Services Committee DO PASS SB 2174. The motion was seconded by **Senator Axness**. No Discussion.

Roll Call Vote to DO PASS

5 Yes, 1 No, 0 Absent. Motion passes.

Senator Warner will carry SB 2174 to the floor.

Date: 02/11 2015
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2174

Senate Human Services Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Warner Seconded By Axness

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee (Chairman)	✓		Senator Tyler Axness	✓	
Senator Oley Larsen (V-Chair)		✓	Senator John M. Warner	✓	
Senator Howard C. Anderson, Jr.	✓				
Senator Dick Dever	✓				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Warner

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

REPORT OF STANDING COMMITTEE

SB 2174: Human Services Committee (Sen. J. Lee, Chairman) recommends **DO PASS** (5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2174 was placed on the Eleventh order on the calendar.

2015 HOUSE HUMAN SERVICES

SB 2174

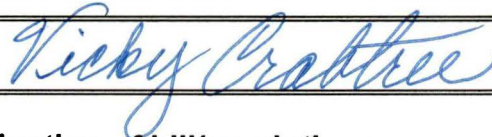
2015 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee Fort Union Room, State Capitol

SB 2174
3/11/2015
Job #24635

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Legislative Management study of the State's health care delivery system

Minutes:

Testimonies 1-2

Chairman Weisz opened the hearing on SB 2174.

Sen. Tim Mathern: From District 11 in Fargo. Introduced and supported the bill. We have had over the past few interims we have had a committee that is studying the state's health care delivery system. There have been complicated issues, Medicaid expansion, and federal policies on the affordable care act. We have come up with various proposals that have come to the legislative session. Two years ago we had a special session on whether we should have an insurance exchange. The bill before you is just to ask legislative management to consider again having an interim committee to look at health care issues in ND. I handed out an article, could states easily launch their own? I ask for a do pass recommendation. (See Handout #1)

Rep. Mooney: This is continuing forward with the process we have done the last two sessions?

Sen. Mathern: I suspect it will be about the same.

Jack McDonald: Representing America's Health Insurance Plans testified in support of the bill. (See Testimony #2)

NO OPPOSITION

Chairman Weisz closed the hearing.

Chairman Weisz took up SB 2174.

Rep. Porter: I move a Do Pass on SB 2174

Rep. Seibel: Second.

House Human Services Committee

SB 2174

March 11, 2015

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ROLL CALL VOTE: 12 y 0 n 1 absent

Bill Carrier: Rep. Fehr

Date: 3-11-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2174

House Human Services Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Porter Seconded By Rep. Seibel

Representatives	Yes	No	Representatives	Yes	No
Chairman Weisz	✓		Rep. Mooney	✓	
Vice-Chair Hofstad	✓		Rep. Muscha	✓	
Rep. Bert Anderson	✓		Rep. Oversen	✓	
Rep. Dick Anderson	✓				
Rep. Rich S. Becker	A				
Rep. Damschen	✓				
Rep. Fehr	✓				
Rep. Kiefert	✓				
Rep. Porter	✓				
Rep. Seibel	✓				

Total (Yes) 12 No 0

Absent 1

Floor Assignment Rep. Fehr

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

REPORT OF STANDING COMMITTEE

SB 2174: Human Services Committee (Rep. Weisz, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2174 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

SB 2174



The Pew Charitable Trusts / Research & Analysis / Stateline / Q&A: Could States with Federal Exchanges Easily Launch Their Own?

Stateline

SB 2174
3-11-15

Q&A: Could States with Federal Exchanges Easily Launch Their Own?

March 10, 2015

By Christine Vestal



A crowd gathers outside the Supreme Court on March 4, when justices heard arguments in *King v. Burwell*, a major challenge to President Barack Obama's Affordable Care Act. If successful, the suit could halt premium subsidies in all the states where the federal government runs the insurance exchanges. (AP)

The Obama administration says it does not have a contingency plan if the U.S. Supreme Court rules against federal tax subsidies in *King v. Burwell*. But lawmakers in at least nine states are proposing backstop measures that legal experts say could work.

At issue is whether residents of the 34 states where the federal government runs the health insurance exchange under the Affordable Care Act can receive premium tax subsidies. Affordable Care Act opponents argue that a strict interpretation of the language in the statute indicates people can only receive federal subsidies if they purchase policies on an “exchange established by the state.”

If the high court sides with the plaintiffs, what’s to stop states from quickly establishing a state exchange? Florida, Indiana, Maine, Missouri, New Hampshire, New Jersey, Ohio, Pennsylvania and Texas have bills that would jumpstart the process.

How easy would it be for a state to switch its exchange from federal to state?

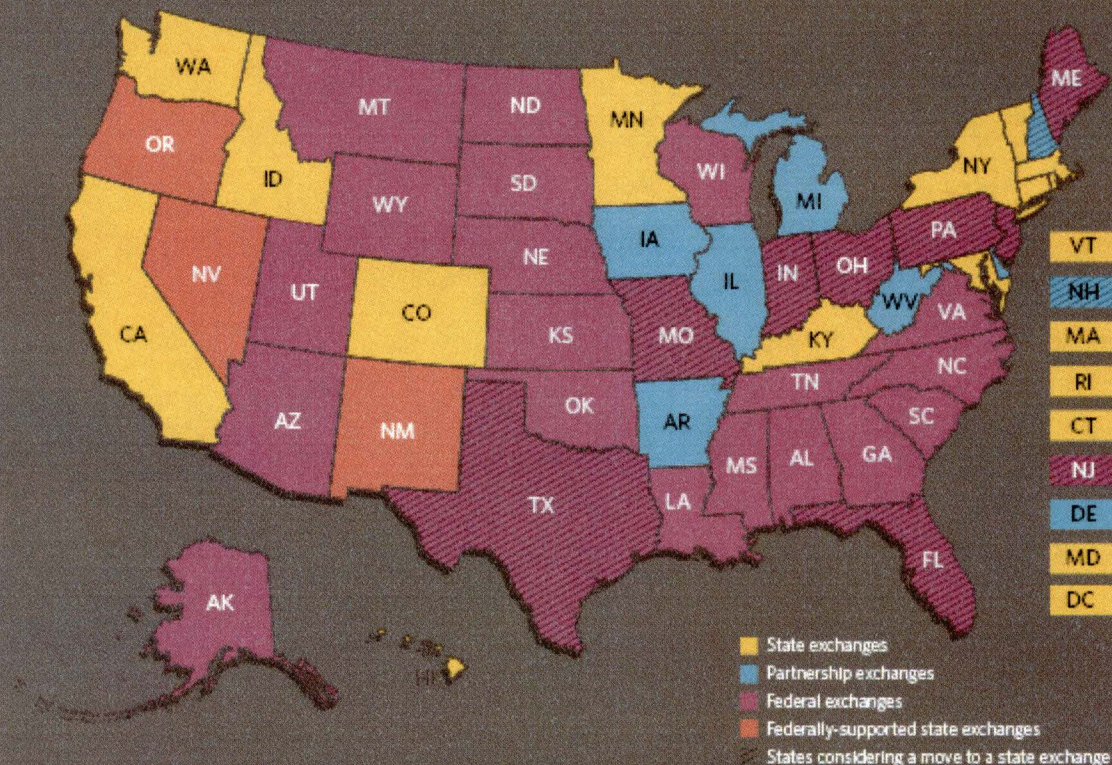
It wouldn’t be easy. The first step would be enactment of a law authorizing a state agency, nonprofit or public-private entity to run the exchange. Next, a state would have to build or acquire a website to enroll residents, take over contracts with insurance carriers, develop a consumer assistance program and create a bureaucracy to operate the exchange.

Could the change be accomplished quickly?

Judging by the time it took the 16 states that have already established their own exchanges, the answer is “no.” But with strong political support, a state could expedite the process in an attempt to prevent its residents from losing federal subsidies and potentially becoming uninsured. Still, it would be difficult for a state to complete the transition before the high court’s decision—which is expected in late June—would likely take effect. Some argue the court should provide a grace period lasting through 2016 to allow states that want to create their own exchanges to do so.

The State of Health Insurance Exchanges

As a contingency plan, nine states are considering bills that would authorize a switch from a federal exchange (healthcare.gov) to a state exchange. If the U.S. Supreme Court rules in favor of the plaintiffs in *King v. Burwell*, it could mean that only people who live in states with an exchange "established by the state" would be eligible for federal premium tax subsidies.



What's at stake?

An estimated 8.2 million people would likely lose insurance coverage if the high court decides in favor of the plaintiffs. Without premium tax subsidies, the monthly payments consumers would have to shell out for policies sold on the exchange would rise an average of 255 percent in federal exchange states, making them unaffordable for the vast majority of people enrolled. In addition, premiums for policies sold off the exchange would spike an estimated 47 percent because the departure of so many relatively young and healthy exchange subscribers would increase the risk of the state's overall insurance pool, according to a new study by the Rand Corporation.

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The 34 states with federal or partnership exchanges would lose \$29 billion in federal subsidies in 2016, or \$340 billion over 10 years. In the first year, Florida and Texas, two of the states with bills that would authorize a state exchange, would lose \$3.9 billion and \$4.4 billion, respectively, according to an analysis by the Urban Institute.

Can states take over their state-specific sections of healthcare.gov?

Yes. Three states – Nevada, New Mexico and Oregon – already have done so, and all three are considered state exchanges by the administration and the plaintiffs in the case. Idaho temporarily used the federal portal until it completed construction of its own website last year. If the high court rules against federal exchange subsidies, the administration is expected to make it as easy as possible for other states to do the same thing.

How would a website transfer work?

In Oregon, where the exchange website built by the state failed to perform, the exchange authority, Cover Oregon, got approval to use the federal website – healthcare.gov – to enroll residents in exchange policies. An updated document known as an exchange blueprint served as Oregon's contract with the federal government to take over the healthcare.gov website, according to a spokesperson for Cover Oregon.

Similarly, Nevada abandoned its troubled website and co-opted the federal platform last year. New Mexico, which completed all the preliminary requirements for establishing its own exchange but ran out of time to build a website, is also using the federal website.

In all cases, the website and all of its transactions remained under federal control. State exchange authorities simply contracted with the federal government to provide enrollment services.

Separate health insurance websites and call centers were maintained by states to provide consumer information and assistance. All other functions – including oversight of insurance policies, annual audits, hiring and training of so-called “navigators” to assist consumers, and compliance with U.S. Department of Health and Human Services reporting requirements – were also performed by the state.

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How much would it cost states to take over their portion of healthcare.gov?

It's not known whether the federal government will charge states for use of healthcare.gov. So far, Idaho, Nevada, New Mexico and Oregon have not been assessed a fee. But in the future, the federal government could charge a fee for website updates and improvements or simply lease the website to state-run exchanges.

Currently, the cost of maintaining and updating healthcare.gov is funded in part through fees assessed on the insurance carriers that sell their policies on the website. In the three states using healthcare.gov, and in all other state-based exchange states, those fees are assessed and paid to the state.

The U.S. Department of Health and Human Services granted states nearly \$5 billion to build their own exchanges, but the deadline for receiving that money ran out last year. Federal grants are still available for consumer outreach.

How likely is it that states will make the change?

Most states are not expected to make the change unless the court declares federal exchange subsidies illegal. If that happens, at least two governors have declared they will take immediate action to protect their residents from losing subsidies. Republican Gov. John Kasich of Ohio and Democratic Gov. Tom Wolf of Pennsylvania have said they are committed to such a contingency plan.

◀ PREV POST

Editor's Picks From Around the Web

PLACES

United States, Idaho, Indiana, Maine, Missouri, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oregon, Pennsylvania, Texas

TAGS

Health

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#2

Wednesday, March 11, 2015

HOUSE HUMAN SERVICES COMMITTEE
SB 2174

CHAIRMAN WEISZ AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm appearing on behalf of America's Health Insurance Plans or, as it is commonly known, AHIP. AHIP is the national trade association representing the health insurance industry.

AHIP members provide health and supplemental benefits to more than 200 million Americans through employer-sponsored coverage, the individual and small group insurance markets, and public programs such as Medicare and Medicaid.

AHIP supports the continuing study of the issues outlined in SB 2174 and respectfully requests that you give the bill a DO PASS.

Thank you for your time and consideration. I'd be happy to answer any questions.