

FISCAL NOTE
Requested by Legislative Council
12/20/2016

Bill/Resolution No.: HB 1034

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill removes the Medicaid Expansion sunset, allows the Department to operate Medicaid Expansion as fee for service, and makes changes to contract provisions.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The changes in subsections 4 & 5 of section 1 do not have a fiscal impact on HB1012 or HB1072.

The Department's 2017-2019 budget in HB1072 for Medicaid Expansion is at the Medicaid fee schedule rates. The Department did not build the Medicaid Expansion budget at the current commercial rates. HB1034 has no fiscal impact on HB1072.

Medicaid Expansion has \$6.7 million general fund included in HB1012. (\$8.2 million less the \$1.5 million allotment.) An additional \$23.7 million is estimated to be needed in HB1012 to continue Medicaid expansion at Medicaid rates and operated as fee for service rather than currently as a managed care program.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Jennifer Scheet

Agency: Dept of Human Services

Telephone: 328-4608

Date Prepared: 01/16/2017

2017 HOUSE APPROPRIATIONS

HB 1034

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1034
1/19/2017
27257

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to the provider reimbursement rates under the Medicaid expansion program: and to provide for a reports to the legislative management

Minutes:

Attachment 1-3

Representative **Keiser District 47** This bill, very similar to HB 1032 and HB 1033, each bill gives just a few different options. If the legislature proceeds with utilizing a private carrier for the service thru the extending of Medicaid expansion, the carrier must provide the department with full access to provider reimbursement rates. The information provided in the report would have to keep that as confidential and that the department would have treat that information as confidential but the department would have to submit a report to legislative management by August 1st of each of the even numbered years. The report that would be provided to the committee would have to be in the form of cumulated data. It could not and would not disclose identifiable provider reimbursement rates but it would say that provider reimbursement rates where either a straight certain percent or it would state that was a range of provider reimbursement rates or discounts with this program. The relevance to that was that there were some providers that didn't testify but did approach committee members, that there's some concern in that Sanford Health Insurance and Sanford Health, under one parent corporation there could be variation provider rates. This program is a state program, either thru federal dollars or thru state dollars we're funding it and we own it and it's reasonable for the state to have access to that kind of information.

Chairman **Delzer**: On HB 1034 Page 2, part 4 sub section C, this report may provide data but may not disclose identifiable provided reimbursements rates, does the "may provide" free up the department to not give you the information?

Representative **Keiser**: I think the committee that you give this to you could address that issue, it was the intent that they would provide it to the legislative, management.

Chairman **Delzer**: This will close this hearing,

House Appropriations Committee

HB 1034

Jan. 19th 2017

Page 2

7:45 –9:00 Josh Askvig: (see attachment 1)

9:50-11:40 Jerry Jurena ND Hospital Association (see attachment 2)

Andy Peterson (see attachment 3)

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB1034
2/16/2017
Job 28443

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 50-24.1-37 of the North Dakota Century Code, relating to the provider reimbursement rates under the Medicaid expansion program; and to provide for a report to the legislative management.

Minutes:

Chairman Delzer called the committee to order.

Chairman Delzer: This is for the 19 and 20 year olds for fee for service. Do you have the language?

Rep. Pollert: I forgot to mention that in HB1034, there was some language that we put as a section into HB1012.

Chairman Delzer: What about the essence of asking for the 1332 waiver? Is that in 1012?

Rep. Pollert: I don't think so, no.

Chairman Delzer: We don't want to reconsider the bill but even if we couldn't get it, when you go to conference I would suggest you have that discussion. If they did get it, it would help the local hospitals considerably.

Rep. Nelson: We would do that. But I don't think it comes down to a point of whether they think we can get it. I think they're absolutely certain that we can't get it.

Chairman Delzer: I understand that. But if you don't ask, you're not going to get it.

Rep. Nelson: I think there might be some other proposals that might come between now and then as far as some other options. Not only would it save us some money, but it would probably provide better coverage.

Chairman Delzer: With that, I don't believe we need 1034.

Rep. Nelson: I would move a Do Not Pass on 1034.

Rep. Kading: Second.

Chairman Delzer: It was stated the language is in 1012 that was needed out of this bill.

Roll Call Vote: Yes – 20, No – 0, Absent – 1.

Chairman Delzer: Rep. Nelson will carry the bill.

Chairman Delzer recessed the committee.

**2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1034**

House Appropriations 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. J. Nelson Seconded By Rep. Kading

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Schatz	X	
Vice Chairman Kempenich	X		Rep. Schmidt	X	
Rep. Boehning	X		Rep. Streyle	X	
Rep. Brabandt	X		Rep. Vigesaa	X	
Rep. Brandenburg	X		Rep. Boe	X	
Rep. Kading	X		Rep. Delmore	X	
Rep. Kreidt	<i>A</i>		Rep. Holman	X	
Rep. Martinson	X				
Rep. Meier	X				
Rep. Monson	X				
Rep. Nathe	X				
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				

Total (Yes) 20 No 0

Absent 1

Floor Assignment Rep. J. Nelson

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

REPORT OF STANDING COMMITTEE

HB 1034: Appropriations Committee (Rep. Delzer, Chairman) recommends **DO NOT PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1034 was placed on the Eleventh order on the calendar.

2017 TESTIMONY

HB 1034

Att. 1 1/19/17
HB 1034



North Dakota

SUPPORT HB 1034

Josh Askvig, State Director

jaskvig@aarp.org – 701-989-0129

Chair Delzer, and members of the House Appropriations Committee, I am Josh Askvig, State Director for AARP North Dakota. We stand in support of HB 1034.

AARP is a nonprofit, nonpartisan membership organization with 87,000 members in North that leads positive social change and delivers value to all people 50+ and to society through advocacy, service and information. We understand the priorities and dreams of people 50+ and are committed to helping them live life to the fullest, including here in North Dakota.

AARP supports health care reforms that significantly improve access to adequate coverage for those who either are without public or private insurance or are at risk of losing coverage. We want to ensure that options providing adequate coverage are both available and affordable, so as to prevent people from being unable to afford care despite their coverage.

Affordability, accessibility, and maintaining coverage for those in need of healthcare is very important to our members. As you know, the current Medicaid Expansion program provides coverage for approximately 20,000 North Dakota lives, 33% of whom are between the ages of 45-64. That is why we support the continuation of Medicaid Expansion.

Again, Chairman Delzer, members of the committee, AARP North Dakota supports access to quality healthcare and coverage for all in our state. That is why we urge this committee to support Medicaid Expansion.



AH. 2
HB 1034
1/19/17

Vision
The North Dakota Hospital Association will take an active leadership role in major Healthcare issues.

Mission
The North Dakota Hospital Association exists to advance the health status of persons served by the membership.

Testimony: 2017 HB 1034
House Appropriations Committee
Representative Jeff Delzer, Chairman
January 19, 2017

Good afternoon Chairman Delzer and Members of the House Appropriations Committee. I am Jerry E. Jurena, President of the North Dakota Hospital Association (NDHA). I am here to testify regarding 2017 House Bill 1034 and ask that you give it a **Do Pass** recommendation.

We support the reauthorization of the Medicaid expansion program in North Dakota. The Medicaid expansion program fills historical gaps in Medicaid eligibility for low-income adults and currently covers 20,000 North Dakotans. It covers individuals under the age of 65 (including "childless adults") with incomes at or below 138 percent of the federal poverty level. This is a population that was never covered before because traditional Medicaid covers only qualifying low-income children, their adult caregivers, pregnant women, and individuals with disabilities including the aged and blind.

If Medicaid expansion is not reauthorized, childless adults would again become ineligible for Medicaid. These individuals also do not earn enough to qualify for premium tax credits to purchase Marketplace coverage through the health insurance exchange. Most of these individuals are likely to become uninsured as they have limited access to employer coverage and are likely to find the cost of unsubsidized Marketplace coverage prohibitively expensive.

Medicaid expansion was designed to significantly reduce the number of uninsured and improve their health by providing access to routine health care. Increasing health coverage rates can help promote increased access to care, lower inappropriate emergency room use, and address the persistent disparities many people of lower income levels encounter in securing health coverage.

Medicaid expansion's economic impact in North Dakota is \$542 million during this biennium and, even with cuts, is projected in the executive budget to be \$389 million for the 2017-2019 biennium. The program is predominantly funded with federal dollars - with 95 percent federal funding for the expansion population in 2017, tapering to 90 percent by 2020. The state's investment of \$31 million in general funds captures \$373 million in federal funds, which is a 12:1 return on investment. It is hard to imagine a better pay back for improving the health of North Dakotans. This significant increase in federal funds was partly offset by cutting the special payments for hospitals for the uninsured, called disproportionate share hospital (DSH) payments. In other words, because the Affordable Care Act (ACA) reduced existing funding to hospitals in order to pay for Medicaid expansion, states are already paying for it whether they chose to implement it or not.

As shown in the attachment to my testimony, since the implementation of Medicaid expansion, there has been a significant reduction in the rate of uncompensated care provided by our hospitals. In 2010, as oil activity increased in North Dakota, we saw an increase of 69% in bad debt and charity care. Hospitals provided \$173 million in uncompensated care that year. That number continued to increase until 2014 when it started to turn around. In 2016, the amount of charity care and uncollectible debt was down to \$150 million even though the volume of care being provided rose. This significant decrease in uncompensated care has contributed to positive operating margins for a number of our hospitals.

In summary, we support the reauthorization of Medicaid expansion. It is good not only for the health of individuals but for our communities as well. Federal Medicaid dollars flow directly into local economies, supporting wages, employment, consumer spending,

and state tax revenue. Again, it is projected to have a \$389 million impact in the upcoming biennium on North Dakota's healthcare infrastructure alone. It keeps the cost of health insurance low for the businesses that drive our economy. It is critical to covering operating costs at our hospitals and clinics, the loss of which will result in staff cuts and closed facilities. Medicaid expansion pays additional salaries of employees who work at those hospitals and clinics, which in turn results in income and sales tax collections in the State of approximately an additional \$6.6 million. The State's net investment is closer to \$24 million – a return on investment of 16:1.

Medicaid expansion has significantly reduced the uninsured in our State and decreased the amount of uncompensated care that hospitals and clinics provide. It improves the health of those who are covered by it and it provides substantial economic benefits to our communities.

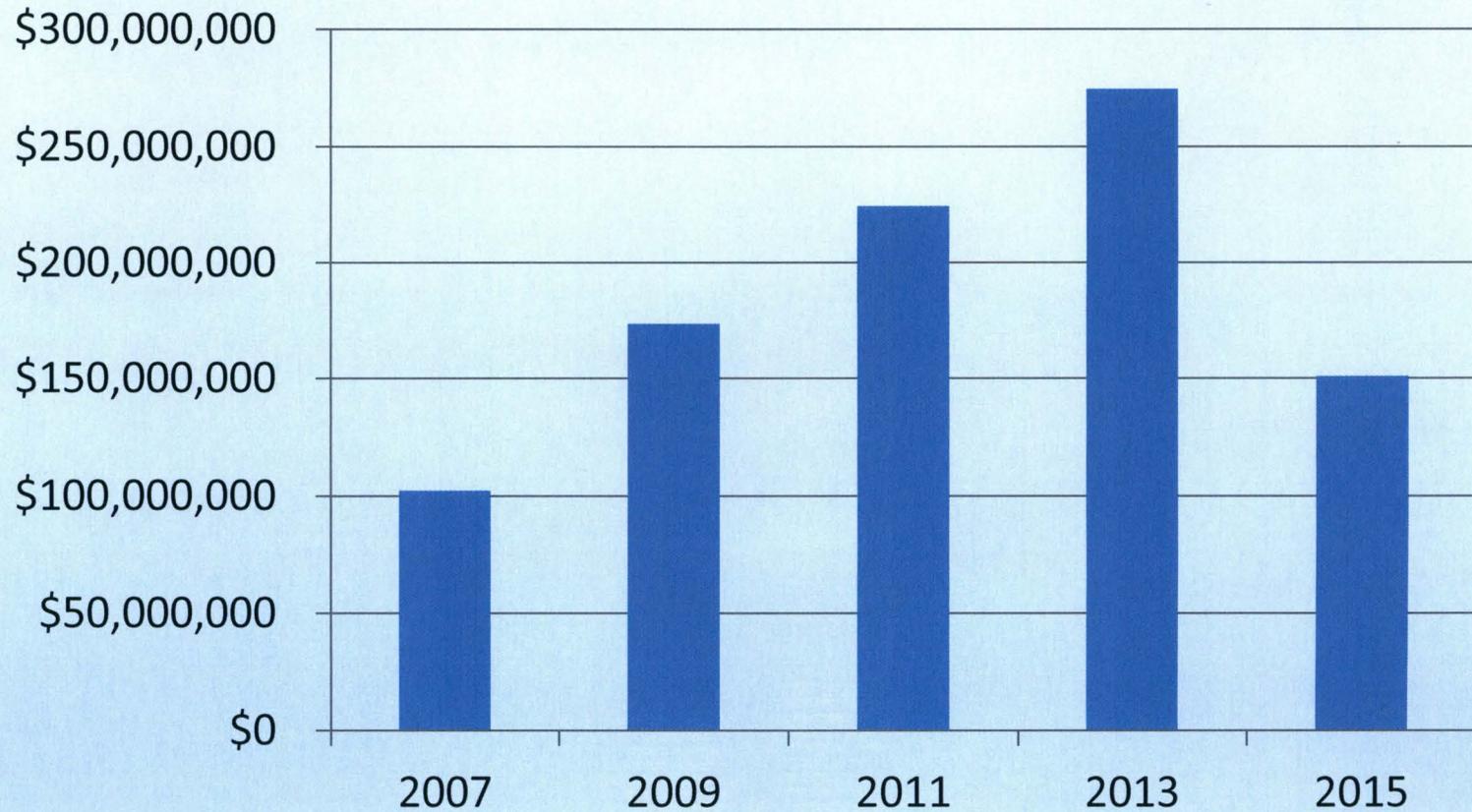
We support this bill and ask that you give it a **Do Pass** recommendation.

I would be happy to try to answer any questions you may have. Thank you.

Respectfully Submitted,

Jerry E. Jurena, President
North Dakota Hospital Association

North Dakota Hospital Uncompensated Care



1

AH. 3 1/19/17

HB 1034



**Testimony of Andy Peterson
Greater North Dakota Chamber of Commerce
HB 1034
House Appropriations Committee
Honorable Jeff Delzer - Chair
January 19, 2017**

Mr. Chairman and members of the committee, my name is Andy Peterson and I am here today representing the Greater ND Chamber, local chambers of commerce, and other business associations throughout north Dakota. Some members of the media describe the GNDC as the most prominent business organization in North Dakota. We stand in support of HB 1032 and ask for a "do pass" recommendation.

The GNDC decided to support this bill after a long process. Member companies were surveyed regarding this and other priorities. Once we understood Medicaid Expansion to be something the larger membership supported the topic was debated within our Government Affairs committee, then it was forwarded for further debate to the board of directors who unanimously voted in favor of making this a priority on our legislative agenda.

Why would the Chamber support Medicaid expansion? Simply, we have hospitals and clinics as members and they are amongst the largest employers in North Dakota. They are bound, as we all know, to provide treatment to those who enter their doors, regardless of their ability to pay. Most uninsured come in through the emergency room and seek care in the most expensive manner possible. Medicaid expansion allows a greater number of these people to have some type of coverage thereby reducing the expensive emergency room care in favor of traditional preventative care offered through a primary physician, nurse practitioner, or physician assistant.

Few other businesses are bound to provide goods or services to those who cannot

Champions  Business

PO Box 2639 P: 701-222-0929
Bismarck, ND 58502 F: 701-222-1611

www.ndchamber.com

pay. Imagine if convenience store owners were required to provide gasoline to those without the means to pay. The stores would either have to raise the price of gas to others with the means to pay, or they could simply take the loss and hope to recover some profit through the sales of other items, or if they were unable to do either one of these they could simply let themselves operate until they went broke. It's laughable to think of any business operating under these conditions. Yet, we routinely – in the name of humanity – require healthcare providers to provide care to those without the means to pay. If we, as a society, continue to demand health care facilities treat those who are unable to pay it is imperative we find some manner to cover those costs.

The second reason the GNDC supports Medicaid expansion is cost shifting. Without Medicaid expansion costs are shifted to those who can afford to pay. This means higher premiums to every business in North Dakota. Costs are shifted, and employer burdens become heavier. This is not right.

Lastly, Medicaid expansion is good for the workforce. I have to assume that all people, regardless of their current situation, want to improve their lot in life. Let me be brutally honest – healthier people are hired first. Having a healthier population to draw from also provides additional people to buttress a stressed workforce. We are at the crossroads of boomer retirements, a flat or declining birthrate, and an emerging technological economy wherein those not ready or prepared will be left behind. A healthy population is one aspect of solving some of these problems. Workers – plumbers, electricians, nurses, those in the service industries to name a few – are the bedrock that has made America the economic powerhouse of the world.

Medicaid expansion is a challenge given our budget shortfalls. You have difficult choices to make, I get that. However, I do urge a do pass on HB 1034.

Thank you and I'll stand for any questions.