MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

3053

2001 HOUSE HUMAN SERVICES

HCR 3053

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3058 / HCR 3053

House Human Services Committee

☐ Conference Committee

Hearing Date February 21, 2001

Tape Number	Side A	Side B	Meter #
Tape 2	X		0 to 2840
Tape 3	X		160 to 400
Tape 3	X		450 to 900

Committee Clerk Signature

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 HCR 3058.

Rep. Boucher: Presented Resolution. (See written testimony.) **HCR 3058** is a part of a package of five resolutions calling for the study of the state's essential infrastructure. These areas of infrastructure that are being studied are: Water Resources, Delivery, Transportation, Technology, Education Services, and Health Care Services Infrastructures. As we try to assess the economic development potential of our state and work to make our plans and create the strategies that we feel are necessary to make an initiative work; health care services is a critical part of the local and the statewide infrastructure. This resolution calls for a current assessment of health care needs and resources and also a look into the future. The study would seek to

determine how the changing demographics and the viability of a local community affects our health care service needs. Keep in mind the viability of, and a community's growth is dependent upon the accessibility and availability of health care services. I ask that you give **HCR 3058** a favorable recommendation.

Chairman Price: Would you like to address the following **HCR 3053**, being you're on that, at the same?

Rep. Boucher: I can. Rep. Wald came to me and pointed out what I thought he was trying to accomplish. It does focus attention on a major provider of health insurance or third party payer services in the State of North Dakota. I believe that bill may have some controversy, yet I support the bill because when we do things like that it brings people to the table. It catches peoples attention. I think this particular bill is going to create a forum for discussion. The providers came come to the forum and state their position, the insurance companies can do the same. I support the study.

Rep. Weisz: This is on **HCR 3058**. When you talk about your vision, and I don't disagree. We need to be proactive. When we get out 25-50 years, who is going to determine that vision from the standpoint of studying the demographics and the other issues that are going to come up. I am interested in how you will propose that will be established.

Rep. Boucher: Obviously when you start laying out visionary things you are getting into the area of the unknown. It gets risky. Who should make that vision? I think many people should be players. It is a North Dakota issue and it boils back to the citizens and of what their visions are. Obviously as elected representatives we have been given that responsibility. Some of the primary players will be the legislators, the private sector from business to agriculture, public utilities, the water areas.

Rep. Wald: The resolution before you is something that I think is needed in the State of North Dakota. I'm not here to beat up on Blue Cross. I think the margins for some health care providers are so thin that in my mind, and that is what I'm being told by many people, that they can't maintain the quality, the availability, and the professionalism of health services, particularly in my case in western North Dakota. Blue Cross must be doing something right, when you get about 80% plus share of the market you can't be all wrong. Are we getting dangerously close to a single provider system in North Dakota. I don't know what the answer is that is why the study request is before you. I think we're going to have lots of input about the position that these clinics and hospitals are in - in terms of their profit margin. I think they are at a serious disadvantage in the negotiating process when carrier has that dominant health care market. I've had a lot of phone calls. Jim Labrun from Dickinson, who is the manager of the Great Plains Clinic. Greg Hanson the CEO at the St. Joseph's Hospital in Dickinson, Dr. Dennis Wolf who has been president of the N.D. Medical Association, and others.

Pat Ward: Domestic Insurance Companies. I would just like to indicate support for **HCR 3053**.

Arnold Thomas: President of North Dakota Health Care Association. I am in support of **HCR 3058 and HCR 3053**. I would suggest on the grand vision on **HCR 3058**, however, on line 19 "changing dynamics of delivered and funding" - will the committee consider incorporating both resolutions into one resolution. It is difficult for me to envision 50 years - I'll be 109. I went back to 1952, 50 years ago, Medicare was still a limited concept. The biggest issue that was facing the country at that time in terms of health care was polio. Some of the procedures we have today was pretty scientific. We would love to have an opportunity as an organization to share with you what we see to be some of the major issues. We are going to be wrestling with not knowing what the results are going to be. I'd like to give you two: the whole genetics issue,

right now that issue is really focused in North Dakota in agriculture. The consequence of that discussion is going to be radical relative to human beings and our environment. Another issue is when human beings are cloned. Maybe this study in looking forward is a way to start to set the table on an array of issues that are going to be confronted by our succeeding generation. Maybe it is time to have an interim discussion where we do attempt to look over the hill in terms of what is coming our way. In my suggestion of **HCR 3058**, there are elements in **HCR 3053** that I think also need to be brought into the discussion as well, because the affordability of all of this is going to be a key element in helping to shape some of the outcome. My suggestion for perhaps expanding line 19 by including financing may incorporate that as well so it is not lost.

Bruce Levi: N.D. Medical Association. We too can support **HCR 3058**, particularly as it has been described in terms of it being a proactive approach at looking at health care needs in the state and what goals we have for the future. I would like to also address some of the issues that we have concern about in **HCR 3053** regarding medical disparity. As the tobacco issues come over to this side of the house, in terms of talking about health care costs and what we see as a major issue in terms of getting a handle on health care costs. With respect to **HCR 3053** we've been involved this past year in a lot of public dialog. We have the interim study that talked a lot about the change in demographics and what we were looking at from issues of reimbursement and those types of things. In our relationship with Blue Cross/Blue Shield we have gone through a lot this past year with the public forums to build a better relationship with out dominant care insurer in the state. Our focus has been over the last couple of sessions the issue of patient rates, patient protection, the issue of contracting process. We have done analyzing over this past year insurer contracts in our state. We had a bill draft ready to go this session in dialog with BCBS. The Insurance Commissioner decided to for go the legislature in terms of addressing some of

those issues for a process within the Office of Insurance Commissioner to get everybody at the table to talk about some of the contract issues that we have with BCBS. The contracts ultimately seem to define the relationships the physicians have with their patients. Fundamental concerns are whether contracts can be changed midterm throughout the contract period without the consent of providers. Whether the process for negotiating contract is a long enough period. Can we have payment schedules before we sign rather than after the contracts are signed. Do we need a definition of what constitutes medical necessary care. We hope to resolve those types of issues with the Insurance Commissioner and BCBS. BCBS is willing to take a look at some of those issues. **HCR 3053** goes a step further in looking at the implications for rural health care. The resolution language relating the unequal bargaining positions and the state of rural health care we can support **HCR 3053** also.

Chairman Price: You're saying the clinic managers, the hospital groups, your groups, the blues, and the Insurance Department have all agreed to sit down in this interim and go through those areas like contracting and time frames that you talked about?

Bruce Levi: We were in the preliminary stages of putting that together. I haven't had any specific confirmation. I've talked with the Insurance Commissioner, individuals with BCBS and they would like to participate. That is what we are looking at setting up after crossover.

Rep. Weiler: This question pertains more to **HCR 3053** but could cover both. Are we a unique state in that we have one health care provider that dominates? Is there any data?

Bruce Levi: I know there are a number of states that are in the same position.

Rep. Weiler: As dominant - 80%?

Bruce Levi: I believe the situation is similar in Alabama. They have a unique relationship with their dominant carrier in trying to resolve issues.

Dan Ulmer: Blue Cross/Blue Shield of North Dakota. **We oppose HCR 3053.** (See written testimony.) As introduced **HCR 3053** won't do much to help the problem facing rural health facilities, nor will it do much at all other than allow some folks to bash BCBSND's successes. We are strongly opposed to **HCR 3053** and encourage the committee to adopt **HCR 3058** instead. **HCR 3058** is more comprehensive and includes all the necessary parties to study the issues facing North Dakota's health care system.

Chairman Price: Close the hearing on HCR 3058/3053.

COMMITTEE WORK:

CHAIRMAN PRICE: HCR 3053.

REP. WEILER: I move a DO NOT PASS.

REP. METCALF: Yes.

CHAIRMAN PRICE: All those in favor of the **DO NOT PASS signify by saying Aye.**

13 YES 0 NO 1 ABSENT CARRIED BY REP. DEVLIN

COMMITTEE WORK:

CHAIRMAN PRICE: We'll go to HCR 3058. We had a proposed amendment on line 19 from Mr. Thomas that would say "the changing dynamics of delivery and funding". If there are pieces of 3053 we wanted to take a look at on lines 11 and 12 - to put that in but to change it to say "whereas an inadequate levels of Medicare, Medicaid, and private insurance reimbursement can result in", and then lines 18, 19, and 20 - if we wanted to do that, "that the Legislative Council study the affects of inadequate reimbursement in this state and the impact on the continued

availability, viability, and financial stability of health care" and take out "rural". The Medicaid and Medicare play a far bigger part of the whole piece in the rural areas. I don't want to just say rural in the last part of this because obviously, the private insurer's piece is bigger in the urban parts of it. (Further discussion by committee members.) What do you want to do with the amendment?

VICE CHAIRMAN DEVLIN: Move the amendments.

REP. WEISZ: Second.

CHAIRMAN PRICE: All those in favor of the amendments signify by saying Aye (13 Yes, 0 No, 1 Absent). We have an amended resolution. What are your wishes?

REP. WEISZ: I move a DO PASS as amended.

REP. WEILER: Second.

CHAIRMAN PRICE: All those in favor for a **DO PASS as amended and be placed on the Consent Calendar signify by saying Aye.**

13 YES 0 NO 1 ABSENT CARRIED BY REP. DEVLIN

Date: 2-21-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3053

House Human Services Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By Rep. Weiler Seconded By Rep. Metcalf

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

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep Devlin

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

REPORT OF STANDING COMMITTEE

HCR 3053: Human Services Committee (Rep. Price, Chairman) recommends **DO NOT PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3053 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

HCR 3053

Testimony on HCR 3053
House Human Services Committee
2/21/01

BCBSND opposes HCR3053 as introduced.

For the record, BCBSND usually supports studies designed to examine the overall health care needs of North Dakota's citizens. However, HCR3053 is narrowly focused, premised on incorrect facts, and leaps to erroneous conclusions. There are currently about 33 active health insurance companies in the North Dakota marketplace. BCBSND is more successful than other companies because we provide consistent value (cost and efficiencies) to our members.

We're not quite sure what HCR 3053 is attempting to accomplish. It appears to express frustration with BCBSND's success as a health insurance company. Is it saying that BCBSND's market share and payment system has somehow caused financial instability in the health care market? Is it saying that BCBSND reimbursement levels are too high for other insurance carriers to compete against? Is it saying that BCBSND rates are too low to support rural health care and our premiums should be raised to cover the needs of rural health care? Is it asking the legislature to create some sort of statute that regulates the number of providers and consumers that can buy our products so that out-of-state insurance companies can get more involved in North Dakota's health insurance market? Although we have always encouraged public dialogue and study of our health care system, we're in a quandary as to the motivations behind HCR3053.

In most health care markets across America there are three payers, private insurance, Medicare, and Medicaid. Of the three, Medicare is the predominant payer. In rural hospitals Medicare recipients account for about 70% to 80% of the care provided. Medicare and Medicaid have always paid less for services than private insurers. For instance, most of our reimbursement rates average about 150% of what Medicare pays.

When our board was provider dominated and Medicare or Medicaid didn't adequately cover the costs of care our provider board just raised rates/premiums. There was one year where rates were raised three times. In the early nineties it was estimated that the Medicare cost shift made up almost $.20 of every premium dollar. Since 1989 when the legislature mandated a consumer dominated board, one of the major accomplishments has been to slow cost shifting.

In addition, the steep rate increases of the late '80's and early '90's (up to 28% in 1991) forced everyone to take a more serious approach toward cost

containment. Today our average monthly family premium hovers around $500 and we're looking at 10% trends on into the future. The only constant over time has been our loss ratio (our 8% administrative expense leaves 92% of every premium dollar for health care services).

Our members are much more attentive to their premiums than ever before. They've instructed us to manage care better, educate them on how to take better care of themselves, and play a role in maintaining a quality system across North Dakota.

Our board equalized reimbursement rates a couple years ago. Providers in Bowman get the same for a procedure as the providers in Fargo. We could negotiate different rates for different providers but there would be significant winners and losers. It's our perception that our existing reimbursement process allows folks the choice of seeking care wherever they need it rather than shopping for providers that will give them the best rate. Perhaps if we have a problem its that we've attempted to be everything to everyone rather than pitting provider against provider in some type of bidding war.

As you all know we conducted 8 regional forums last year in an attempt to share our concerns and gather input regarding the problems of North Dakota's health care system. During those forums we learned a number of things. One, there is a serious problem brewing in North Dakota's rural health care system. Two, our policyholders let us know that health insurance is becoming unaffordable. Three, there are more characters in this arena than just insurance companies...and any study resolution of North Dakota's health care problems should require all the characters to bring what they know to the table.

As introduced HCR3053 won't do much to help the problem facing rural health facilities, nor will it do much at all other than allow some folks to bash BCBSND's successes.

We are strongly opposed to HCR3053 and encourage the committee to adopt HCR3058 instead. HCR3058 is more comprehensive and includes all the necessary parties to study the issues facing North Dakota's health care system.

Dan Ulmer
Blue Cross Blue Shield of North Dakota