

# MICROFILM DIVIDER

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DESCRIPTION

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La Costa Richford  
Operator's Signature

10/16/03  
Date

2003 HOUSE HUMAN SERVICES  
HCR 3025

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Yolanda Richardson  
Operator's Signature

10/16/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3025

House Human Services Committee

☐ Conference Committee

Hearing Date February 11, 2003

Tape Number	Side A	Side B	Meter #
1	x		0.7 - 10.3
			20.4 - 22.1
Committee Clerk Signature <i>Sharon Benfrow</i>			

Minutes:

Rep. Price appeared as prime sponsor stating basically our senior citizens are being discriminated against by the Federal Govt. in the way that they reimburse Medicare charges. For over 20 years the Federal Government refunded health care in North Dakota at considerably lower rates than in any other state. In fact, North Dakota ranks 46 at the current time. The problem is they are assuming it costs less to provide health care in North Dakota than in a more urban area of the country. However prescription drugs, equipment and medical supplies are charged the same no matter where you live. And if you are a low volume provider, you may have to spend more because you can't get the volume discount.

Arnold Thomas, President of the ND Health Care Assoc. appeared in support and handed out a pamphlet on "Medicare Isn't Fair" stating where you live decides the coverage you receive.

Bruce Levi, ND Medical Assoc. appeared in support and gave examples of procedures being reimbursed for, basically is much less in North Dakota vs. California.

Page 2  
House Human Services Committee  
Bill/Resolution Number HCR 3025  
Hearing Date February 11, 2003

Rep. Kreidt asked if they were working with some other smaller states on this?

Answer: Yes we are, its a good possibility of making some headway.

No Opposition. Closed the hearing.

Rep. Kreidt made a motion for DO PASS and Placed on the Consent Calendar, second by Rep.

Wieland. 11 - 0 - 2 Rep. Price to carry the bill.

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Sal Costa Rickford  
Operator's Signature

10/16/03  
Date

**Roll Call Vote #:** 1

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. ~~HB 1173~~ HCR 3025**

House HUMAN SERVICES Committee

☐ Check here for Conference Committee

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

Action Taken DP & on Consent Calendar

Motion Made By Rep Kneidt Seconded By Wieland

[illegible]

Total (Yes) 11 No 0

Absent ~~2~~ 2

Floor Assignment Rep. Price

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

La Costa Richard  
Operator's Signature

10/16/63  
Date

REPORT OF STANDING COMMITTEE (410)  
February 11, 2003 11:23 a.m.

Module No: HR-26-2247  
Carrier: Price  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HCR 3025: Human Services Committee (Rep. Price, Chairman) recommends **DO PASS**  
and **BE PLACED ON THE CONSENT CALENDAR** (11 YEAS, 0 NAYS, 2 ABSENT  
AND NOT VOTING). HCR 3025 was placed on the Tenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-26-2247

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*Alister Richard*  
Operator's Signature

*10/16/03*  
Date

**2003 SENATE HUMAN SERVICES**

**HCR 3025**

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Yolanda Richard  
Operator's Signature

10/16/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3025

Senate Human Services Committee

☐ Conference Committee

Hearing Date 03/18/03

Tape Number	Side A	Side B	Meter #
Tape 1	x		0-1140
Committee Clerk Signature <i>Donna Kramer, Clerk</i>			

Minutes:

**Senator Richard Brown, Vice Chairman** opens HCR 3025. Senator Lee has stepped out and Senator Fairfield is absent.

**Representative Clara Sue Price** our providers get reimbursed the least amount in the nation.

Providers can be reimbursed 2 to 3 times more in other states than here. Due to baulk purchasing, amount to get physicians to come to North Dakota, etc. Other states provide more services to Medicare providers.

**Senator Fischer**, speaks on behalf of Chip Thomas in support of bill.

**Bruce Levi, ND Medical Association** I support, (information attached) there is a coalition of 23 states working on disparity issue.

**Senator Fischer:** this is not something new, is the effort you are making in congress moving well?

**Levi:** I believe so. The possibility for change is greater than ever.

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*Coloeta Rickford*  
Operator's Signature

*10/16/03*  
Date



Page 2

Senate Human Services Committee

Bill/Resolution Number HCR 3025

Hearing Date 03/18/03

Rod St. Aubyn, BCBS, in support. Providers need the funding so it is put on the private side.

Closed HCR 3025

Do Pass is motioned by Senator Polovitz

Senator Erbel 2nd

5 Yes 0 No 1 Absent

Carrier: Senator Fischer

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Operator's Signature

*Richard Polovitz*

Date

*10/16/03*

Date: 3/18/03  
Roll Call Vote #: 1

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 3025**

Senate Human Services Committee

☐ Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Polovitz Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee - Chairman	✓				
Senator Richard Brown - V. Chair.	✓				
Senator Robert S. Erbele	✓				
Senator Tom Fischer	✓				
Senator April Fairfield					
Senator Michael Polovitz	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Robert Fischer

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

REPORT OF STANDING COMMITTEE (410)  
March 18, 2003 12:59 p.m.

Module No: SR-48-5034  
Carrier: Fischer  
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE  
HCR 3025: Human Services Committee (Sen. J. Lee, Chairman) recommends **DO PASS**  
(5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3025 was placed on the  
Fourteenth order on the calendar.

2003 TESTIMONY

HCR 3025

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Salvatore Rickford  
Operator's signature

10/16/03

## North Dakota Deserves a Fair Medicare System.

There is no greater economic problem facing our state than low Medicare payments. North Dakota hospitals are working hard to change the system. They have studied the problem with Medicare and created solutions. Our representatives in Washington and the people running the Medicare program have heard from our hospitals on how to create a fair Medicare system. North Dakota community hospitals need support from everyone. Medicare is not just an issue for seniors. It is a vital issue for all North Dakotans.

Our representatives in Washington need to know that rectifying this problem is vital to the future of all North Dakotans.

**Senator Byron Dorgan - U.S. Senate**

**Phone: 202.224.2551**

**Bismarck: 701.250.4618**

**Toll Free: 1.800.666.4482**

**Senator Kent Conrad - U.S. Senate**

**Phone: 202.224.2551**

**Bismarck: 701.258.4648**

**Toll Free: 1.800.223.4457**

**Representative Earl Pomeroy - U.S. House of Representatives**

**Phone: 202.225.2611**

# NDHA

North Dakota Healthcare Association

**PO Box 7340  
Bismarck, ND 58507-7340  
701.224.9732**

HCER 3025 by Chip

# Medicare Isn't Fair

North Dakotans Suffer From  
Inequitable Treatment



# NDHA

North Dakota Healthcare Association

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*Valerie Richard*  
Operator's Signature

*10/16/03*  
Date

## Medicare Isn't Fair, Especially to North Dakotans.

Americans pay the same percentage of Medicare taxes, regardless of whether they live in the Washington, D.C., or Washburn, N.D. Unfortunately, however, not all Americans are treated the same when it comes to Medicare.

The Medicare system works against North Dakota. It cheats North Dakota seniors, employees, businesses, and hospitals. For over 20 years, the federal government has funded health care in North Dakota at considerably lower rates than most every other state in the nation. As a matter of fact, North Dakota ranks 48<sup>th</sup> in Medicare spending per enrollee.

1. District of Columbia	\$7,792
2. Louisiana	\$7,219
3. Massachusetts	\$6,450
U.S. Average	\$5,506
48. North Dakota	\$3,995
49. Hawaii	\$3,994
50. South Dakota	\$3,936

Source: Kaiser Family Foundation, State Facts Online - 1998

The problem with the Medicare system is that it assumes it costs less to provide health care in North Dakota than it does to provide health care in more urban states. But the cost of prescriptions, modern equipment and medical supplies are the same regardless of geographic location. The cost of recruiting and retaining physicians and staff is also becoming similar throughout the nation. As a matter of fact, health care costs are sometimes even higher in North Dakota due to the rural and remote nature of our state.

## Medicare Cares Less About North Dakota Seniors.

Medicare's unfair reimbursement system is biased against seniors residing in rural states such as North Dakota; whereas, it treats seniors residing in urban areas with favored status. Due to this flawed system, Medicare reimbursements can vary upwards to 100% from one state to the next as illustrated by this outrageous example:

*Our Lady of Mercy Hospital in New York City receives over \$8,500 from Medicare to treat a patient with pneumonia. Mercy Hospital in Devils Lake, North Dakota, would receive just over \$4,200 from Medicare to treat this same patient. For a heart disease patient, the New York hospital receives over \$8,000, whereas the North Dakota hospital receives under \$4,000. (2001 Medicare rate comparison).*

This gross disparity in Medicare reimbursement exists in all patient care categories including inpatient, outpatient and emergency care. The result is a loss of millions upon millions of dollars in revenue to North Dakota hospitals and clinics, money that could be used to improve staffing, facilities and technology for seniors and other North Dakotans.

*North Dakota  
reimbursement rate for  
Medicare was increased  
national average it was  
more than \$150 million  
more dollars annually  
in Dakota's economy*

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*Valosta Richard*  
Operator's Signature

*10/16/03*  
Date

## The Medicare Problem Hurts All North Dakotans.

The inequality in Medicare reimbursement negatively impacts each and every resident of our state. It causes:

- Reduced access to quality health care for seniors
- Lower wages for health care professionals
- Higher insurance premiums for businesses and workers
- Difficulty recruiting and retaining health care professionals in the state
- Trouble replacing equipment and upgrading hospital facilities

Considering that health care is the single largest business sector in North Dakota when it comes to generating new wealth and employment, there is no greater economic problem facing our state than low Medicare payments.

- Each year, community hospitals contribute over a billion dollars in direct impacts to North Dakota's economy.
- The annual average employment for all business sectors in North Dakota during 2001 was 329,220 workers. Health services represent one of the state's largest employment sectors. Roughly 10.5% of all workers in North Dakota are employed by a health care organization. About 5.5% are employed by community hospitals. Furthermore, eight of the top 12 largest employers in the state are health care providers.

## North Dakotans Receive Quality Health Care.

In spite of poor Medicare reimbursements, North Dakota hospitals and physicians provide some of the best care in the country. According to a nationwide study on hospital quality, North Dakota ranked seventh, while some states with higher levels of Medicare reimbursement ranked near the bottom. The problem is that Medicare often rewards states that are inefficient and wasteful.

### Quality of Health Care By State

1. New Hampshire	43. West Virginia
2. Vermont	44. Alabama
3. Maine	45. Texas
4. Minnesota	46. Illinois
5. Massachusetts	47. Georgia
6. Connecticut	48. New Jersey
7. North Dakota	49. Louisiana
8. Iowa	50. Mississippi
9. Colorado	51. Arkansas
10. Oregon	52. Puerto Rico

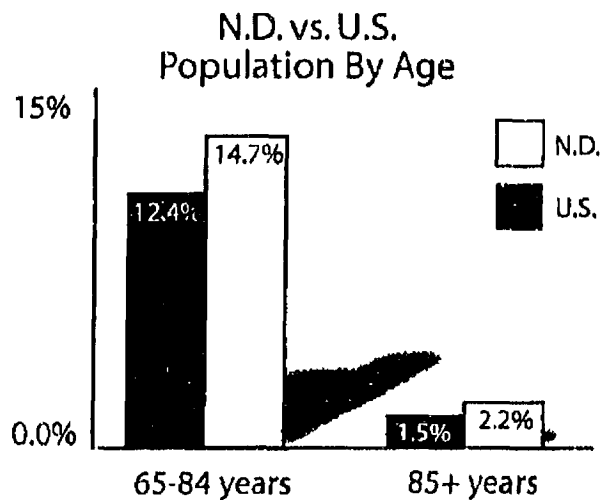
North Dakota is at the bottom of the scale when it comes to Medicare reimbursement rates, yet ranks high in quality. On the other hand, Louisiana receives the highest Medicare payments and ranks near the bottom in quality. (Source: Journal of the American Medical Association 2000)

## North Dakota Hospitals are Models of Efficiency.

North Dakota hospital expenses rank 45<sup>th</sup> when compared to the expense of operating facilities in other states. North Dakota hospital expenses are \$747/inpatient day compared to a national average of \$1,149/inpatient day, a difference of 35% lower than the national average. (Source: Kaiser Family Foundation, State Facts Online 2000)

## North Dakota Seniors Depend on Medicare.

Over 100,000 North Dakotans rely on Medicare for their health care. As a percentage of the population, North Dakota has the largest percentage of people over 85 and has the sixth largest percentage of people over the age of 65.



**North Dakota has the highest percentage of people 85 years and older.**

With the "baby boom" generation growing closer to the need for quality health care in North Dakota is increasing rapidly.

## North Dakota Hospitals Depend On Medicare.

Due to the high percentage of seniors residing in North Dakota, our state's hospitals have come to rely on Medicare for over half of their revenue. Unfortunately, Medicare does not cover the costs for delivering care to seniors in North Dakota. The difference between what Medicare pays and what it costs to provide care

causes our hospitals to lose millions of dollars every year. Hospitals are a vital part of their communities. They create jobs, support local businesses and are essential to economic development. If a hospital in a community would close, as much as 20 percent of the local economy would go with it. It would mean fewer health care choices and longer trips to the doctor. It would also mean people losing jobs, businesses losing revenue and communities losing people. A hospital closing financially and socially impacts an entire town, county and region.

## Hospitals are North Dakota's "Heart & Soul."

Hospitals advance the health and well being of people and communities throughout the state in many ways: physically, emotionally, spiritually and economically.

Over the years, hospitals have fulfilled a mission of healing and hospitality. They stand ready to serve 24 hours/day, 7 days/week. They offer quality health care to all people regardless of their social or financial status.

Community hospitals provided care for approximately 100,000 inpatients, 200,000 emergency room patients and over 1 million outpatients each year. Based on these figures, roughly one out of every seven residents is admitted to a community hospital, and one out of every three residents requires a visit to a hospital emergency room each year. Moreover, every North Dakota resident has an average of two outpatient encounters with community hospitals each year.



# When Medicare pays less, who pays more?

## You do.

While North Dakotans pay the same Medicare rates as citizens in other parts of the country, we receive substantially fewer Medicare dollars in return. As a result, North Dakota ranks near the bottom when it comes to Medicare reimbursement to health care providers.

This means BCBSND premium payers carry a heavier load to cover Medicare's shortfalls.

Ultimately, all of us – providers, payers, and patients – suffer the consequences of shifting costs to cover the reimbursement gap. And it's getting wider every year.

## The current system is unfair. Here's why

It's a problem that has evolved over time. Medicare's formulas establish provider reimbursement rates that vary significantly from one part of the country to another.

## How does this affect health care in North Dakota?

Low Medicare reimbursement rates impact not only North Dakota providers, but also our overall economy. When our health care providers aren't paid fairly, it is difficult for them to compete with other areas of the country where Medicare pays more. This makes it difficult to attract and retain qualified medical personnel. In addition, the financial strain on budgets might keep providers from purchasing new technology or other medical advancements needed to provide North Dakotans with the best care possible.

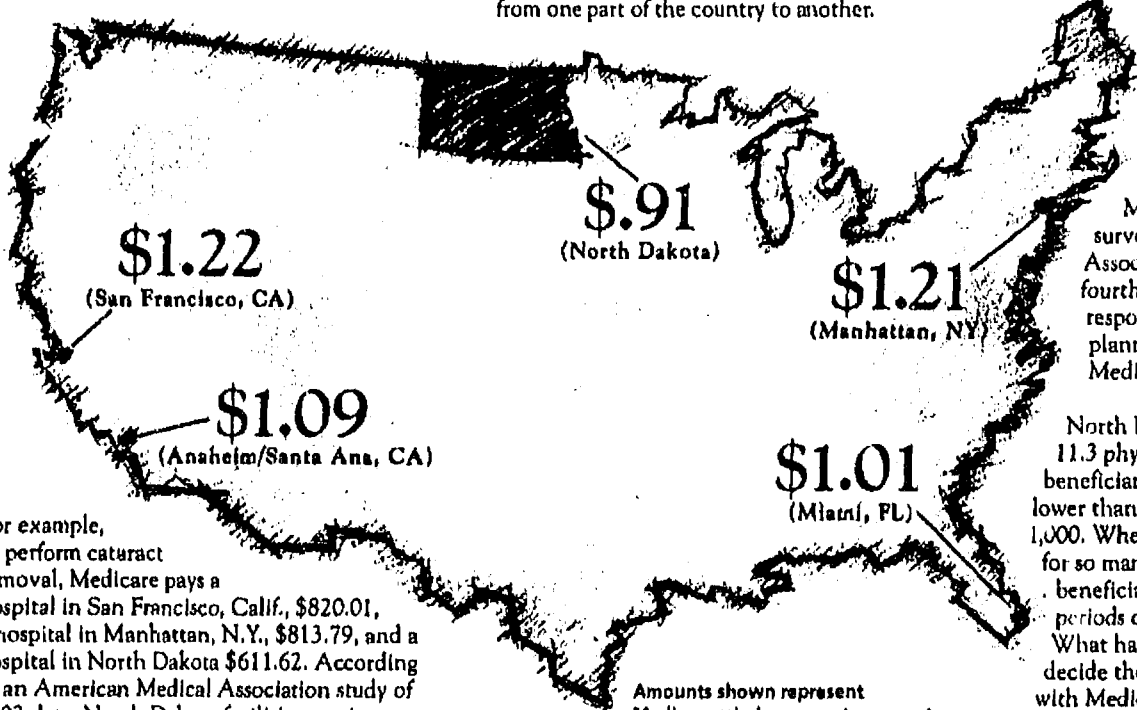
In parts of the country, some providers have stopped treating new Medicare patients or have opted out of participating with Medicare altogether. A national survey by the American Medical Association found that nearly one-fourth of those physicians who responded had either limited or planned to limit the number of Medicare patients they treat.

North Dakota has a ratio of 11.3 physicians per 1,000 Medicare beneficiaries, which is already much lower than the national average of 15.7 per 1,000. When there are only a few doctors for so many patients, some Medicare beneficiaries end up waiting long periods of time for an appointment. What happens if even more providers decide they can't afford to do business with Medicare or to practice medicine in North Dakota?

## What can be done about it?

North Dakota's congressional delegation is working to improve the current system. Let them know you agree that change is needed and that you support their efforts to get it done now! Contact Sen. Kent Conrad at 1-800-223-4457 or [senator@conrad.senate.gov](mailto:senator@conrad.senate.gov), Sen. Byron Dorgan at (202) 224-2551 or [senator@dorgan.senate.gov](mailto:senator@dorgan.senate.gov) and Rep. Earl Pomeroy at (202) 225-2611 or [rep.earl.pomeroy@mail.house.gov](mailto:rep.earl.pomeroy@mail.house.gov) to let them know you support legislation that will close the Medicare reimbursement gap.

Working together, we can make a difference in the future of North Dakota.



For example, to perform cataract removal, Medicare pays a hospital in San Francisco, Calif., \$820.01, a hospital in Manhattan, N.Y., \$813.79, and a hospital in North Dakota \$611.62. According to an American Medical Association study of 2002 data, North Dakota facilities receive an average of 91 cents for every dollar it costs to provide care to Medicare patients. Some North Dakota providers are losing money when treating Medicare patients. The same care delivered in San Francisco is paid at \$1.22 for every dollar of care.

In rural states like North Dakota, it is common for more than half of a hospital's patients to be on Medicare. A 9-cent underpayment for every dollar might not seem like much, but it adds up to millions of dollars in payment deficits to North Dakota providers. Medicare's underpayment forces providers to try to make up part of the difference by putting pressure on private insurers, such as Blue Cross Blue Shield of North Dakota, to pay more.

Amounts shown represent Medicare reimbursement payment per dollar of care. In North Dakota, the payment is often less than the cost of providing the service.

In addition, Medicare pays hospitals in cities with more than 1 million residents at a 1.3 percent higher rate than similar-sized hospitals in smaller cities. Medicare also makes adjustments based on the average wages for each region. This further lowers payments for rural areas.

While some payment adjustments are reasonable, the current system is unfair to rural areas. Corrective action is needed soon to ensure Medicare works for all Medicare beneficiaries, no matter where they live.

## Knowledge is power

### No. 4 in a Series

Brought to you by Blue Cross Blue Shield of North Dakota. We want to help our members understand the cost side of health care coverage and how their premium dollars are spent — and saved. For more information on how to be a better health care consumer, call us, visit our web site, or schedule a member education session for your group.

## BlueCross BlueShield of North Dakota

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