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ROLL NUMBER

DESCRIPTION

2029

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Operator's Signature

LaCosta Rickford

10/15/03

Date

2003 SENATE HUMAN SERVICES

SB 2029

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Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2029

Senate Human Services Committee

☐ Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1	X		0-2467
Committee Clerk Signature <i>Donna Kramer</i>			

Minutes:

SENATOR JUDY LEE, Chairman, called the meeting to order.

Public Hearing on SB 2029 is relating to requirements for a legislative measure mandating health insurance coverage, and to declare an emergency.

ALLEN KNUDSON, Budget Committee on Heath Care, provided information and explanations on the SB 2029. (Meter # 190, Side A)

ROD ST. AUDYN, Director of Government Relations for BCBS, testified in support of SB 2029. (Written Testimony. Meter # 518 - 821)

SENATOR POLOVITZ: Question regarding PSA tests and answer (Meter # 839 - 996)

SENATOR BROWN: Question about throwing out past mandates. (Meter #1000 - 1145)

SENATOR POLOVITZ: Question regarding mandates in the future. (Meter #1180 - 1280)

SENATOR BROWN: Suggested effectiveness of Cost Benefit Analysis. (Meter #1292 - 1312)

ROD ST. AUBYN: Will bring sheets that show cost of health insurance mandates. (Meter

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LaCosta Rickford 10/15/03
Operator's Signature Date

Page 2
Senate Human Services Committee
Bill/Resolution Number 2029
Hearing Date January 13, 2003
#1332 - 1412)

SENATOR LEE: One observation we must be careful about mandating specific tests. (Meter # 1444 - 1549)

DAN ULMER, BCBS Lobbyist, commented. Referred to mental health mandate. (Meter #1563 - 1715)

MICHAEL FIX, Director of Life & Health Division and Actuary of the ND Insurance Department. Appeared in support of bill. One item not included in budget request.

SENATOR LEE: Suggested that Mr. Fix go back and talk to Appropriations Committee. (Meter # 1740 - 1835)

SPARB COLLINS, ND Public Employees Retirement System, testified in a neutral position sharing comments. (Written testimony) (Meter #1933 - 2192)

SENATOR LEE: Questioned if Insurance Dept. is doing Cost Benefit Analysis on these bills, would an actuarial review need to be done?

SPARB COLLINS replied statute right now requires that any proposal relating to the PERS Retirement plan or other health insurance plan need to go the Employee Benefits Committee. (Meter # 2193 - 2345)

KRIS RUNKE, Executive Director of ND Public Employees Association. Concerned about physical impact of bill would have on the PERS employees and employers. (Meter # 2369 - 2420)

Hearing closed. (Meter # 2467)

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2029

Senate Human Services Committee

☐ Conference Committee

Hearing Date January 15, 2003

Tape Number	Side A	Side B	Meter #
1	X		2829 - 3767
Committee Clerk Signature			

Minutes:

SENATOR JUDY LEE reopened discussion on SB 2029 regarding cost benefit ratio and PERS being the pilot project.. The Interim Budget Committee on Health Care had as part of its assignment to figure out how we were to going to implement the law that was passed in the last session that says there is a new health insurance mandate. That there has to be a cost benefit analysis done of each one before we implement it, so that we know whether or not it is worth the cost. In the Interim committee meetings we decided that the PERS should be used as a pilot project. Concern of several people were amendments that we might consider.

Discussion.

SENATOR FISCHER made a motion "Do Pass."

SENATOR ERBELE seconded the motion.

Roll call was read. 6 yes 0 no.

SENATOR LEE is the carrier. (Meter # 2829 - 3767)

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2029

Senate Human Services Committee

☐ Conference Committee

Hearing Date April 1, 2003

Tape Number	Side A	Side B	Meter #
1	X		2324 - 2460
Committee Clerk Signature <i>Donna Kramer, Clerk</i>			

Minutes:

SENATOR JUDY LEE opened committee discussion regarding SB 2029 regarding PERS deal.

This is a hog house deal, she stated. Engrossed bill behind amendment. ... PERS would be introducing a bill to repeal the expiration date for this and to extend the mandate if that is appropriate. ... things that need to be addressed ...

NOT CONCUR.

(Meter # 2324 - 2460)

FISCAL NOTE
Requested by Legislative Council
03/27/2003

Amendment to: SB 2029

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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 requires PERS to report to the legislature information on the utilization and costs of any mandated coverage passed by a previous legislative session. If no mandates are passed this bill will have no effect on PERS since no studies will be conducted. To the extent that a mandate or mandates are passed during the above period it may have a fiscal impact on PERS if the agency needs to retain any technical experts to prepare the necessary report. Therefore any fiscal impact will be contingent on legislative action relating to mandated coverage.

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.*

Name:	Sparb Collins	Agency:	Public Employees Retirement System
Phone Number:	328-3901	Date Prepared:	03/28/2003

FISCAL NOTE
Requested by Legislative Council
12/16/2002

Bill/Resolution No.: SB 2029

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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 requires PERS to report to the legislature information on the utilization and costs of any mandated coverage passed by a previous legislative session. If no mandates are passed this bill will have no effect on PERS since no studies will be conducted. To the extent that a mandate or mandates are passed during the above period it may have a fiscal impact on PERS if the agency needs to retain any technical experts to prepare the necessary report. Therefore any fiscal impact will be contingent on legislative action relating to mandated coverage.

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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.*

Name:	Sparb Collins	Agency:	Public Employees Retirement System
Phone Number:	328-3901	Date Prepared:	12/18/2002

Date: 01-15-02
Roll Call Vote #: 2029

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

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ~~Referred to Appropriations~~ Do Pass

Motion Made By Fischer 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) 6 No 0

Absent 0

Floor Assignment Senator Lee

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

REPORT OF STANDING COMMITTEE (410)
January 16, 2003 2:35 p.m.

Module No: SR-08-0687
Carrier: J. Lee
insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2029: Human Services Committee (Sen. J. Lee, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2029 was placed on the
Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-08-0687

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La Costa Rickford

10/15/03

Date

2003 HOUSE HUMAN SERVICES

SB 2029

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La Costa Rickford
Operator's Signature

10/15/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2029

House Human Services Committee

☐ Conference Committee

Hearing Date March 19, 2003

Tape Number	Side A	Side B	Meter #
1 x			1.2 - 12.3
Committee Clerk Signature <i>Sharon Rengrow</i>			

Minutes:

Sen. J. Lee appeared in support stating this bill was submitted because of the interim budget committee. The interim committee was assigned a responsibility of implementing the new requirements. They also recommended that the ND Public Employees and the Retiring Health Insurance Program incur and include that new mandate as a pilot project for our biennium in order to have data to better evaluate.

Alan Knutson of the Legislative Council Staff appeared to give information on the bill.

Rod St. Aubyn of Blue Crosss/Blue Shield appeared stating they support the concept but oppose mandates in general. Health costs keep rising and has concerns with the length of time to mandate this and wondered if it is enough time.

Sparb Collins, PERS appeared neutral with written testimony.

Rep. Price: On # 4, there's funding, why wouldn't they be able to use the data that is gathered from the Blues Claims history on those services and then they do the report?

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LaCosta Rickford

10/15/03

Date

Page 2

House Human Services Committee

Bill/Resolution Number SB 2029

Hearing Date March 19, 2003

Answer: That would certainly reduce any costs and help.

Rep. Price: Would you find that the Milliman study that would be beneficial to PERS in some ways, because obviously at the end of the 2 years you review benefits to the State to see if there is something worth continuing or not.

Answer: would be helpful

No opposition.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2029

House Human Services Committee

☐ Conference Committee

Hearing Date March 25, 2003

Tape Number	Side A	Side B	Meter #
1	x		21.1 - 61.6
		x	0.0 - 0.5
1		x	45.0 - 61.7
Committee Clerk Signature <i>Sharon Kenyon</i>			

Minutes: Committee work.

Rep. Price handed out amendments to the committee.

Jennifer Clark appeared to explain the amendments.

Ms. Clark: I don't want to be disrespectful to the what the ___ on health care did, what my intent was to have it reflect all the wishes of that interim committee. The manner in which 2029 tries to accomplish its goal is problematic in implementation, specifically in LC the amendment would address most if not all of these concerns.

Rep. Weisz: We are requiring L.C. to do a Cost Benefit Analysis, not sure where?

Answer: primarily based on code revisor's duty.

Rod St. Auburn of BC/BS, stating the amendments would work much better than the whole bill.

It does cover all the problems were aware of.

Rep. Amerman: If this passes, it has to got to PRES as a pilot project first? And does the floor have that power:

Page 2

House Human Services Committee

Bill/Resolution Number SB 2029

Hearing Date March 25, 2003

Answer: As this amendment is written, there is nothing that's going to tie the hands of the Legislative Assembly as far as what type of health insurance coverage they want to mandate or not. The floor has the discretion to vote on it with those changes or without. So the bill that comes out if successful is not necessarily going to have this provision. What it is required when it comes to the floor for a vote, that the floor have those in front of them

Rep. Niemeier: What is the rationale that we have used those cost benefit analysis through this session period when they haven't really been in statute?

Rep. Price: We still have the law from last time, we're just trying to make it more workable because we ran into some issues. We already have the mandate bill, the law, this is just to try to make it easier for us to work with.

Rep. Weisz: I think some of the confusion is with mandate and amendments being taken off on the floor of the house.

Rep. Uglem: If we send to the floor (mandate bill) and don't put A, B or C on it if we choose to, but amendments must be available to vote on the House Floor if they want it, or would it have to come out of Committee with A, B or C on it.

Rep. Price: If we've determined we voted that is the mandate, we've gotten the cost benefit analysis, when we send it out of here, regardless of the recommendation, the amendments would have to be for A, B, or C. So the floor is totally aware of what's involved and then they can do with it as they wish.

Rep. Porter: made a motion to move the Amendments 30095.0301, second by Rep. Kreidt.

VOTE: 13 - 0 - 0 Passed.

Page 3
House Human Services Committee
Bill/Resolution Number SB 2029
Hearing Date March 25, 2003

Jennifer Clark: amendments she suggested to the affect that I would add this to Subsection 2, Subdivision C. So on page 2, end of that new language, a new sentence to the affect such bill introduced at the request of the PERS is not a Legislative Measure mandating health insurance coverage of services or payments of specified providers and services for purpose of this section unless sub _____ amended following introduction. The intent of that being, we don't have a cycle that just keeps going.

Rep. Weisz: made a motion to move the amendment, second by Rep. Devlin. VOTE: 13-0-0

Rep. Devlin motioned a DO PASS as Amended, second by Rep. Porter.

Rep. Potter: Would like the amendment in front of her before voting on it.

Rep. Devlin: This is a hog house bill and the amendments go on page 2 at the bottom of the first paragraph of new language.

Rep. Potter: Regarding the fiscal note and nothing there as far as costs, is PERS picking this up or are we giving PERS some kind of money to be doing this pilot project or are the members supposed to just kind of absorb it in their cost or how does it work?

Rep. Porter: There is no fiscal note because there aren't any issues dealing with mandates in front of it. There would be a cost depending on what mandate would be approved by the Legislature.

Rep. Amerman: I think what Rep. Potter is trying to say is, is there a possibility when these are mandated and they go out in a study, will this increase the premiums, deductibles or CO-pays of the employees or individuals under PERS? Is there a potential that is what is going to happen somewhere in the next session or somewhere down the road? Answer: Yes

VOTE: 7 - 4 - 2 Rep. Porter will carry the bill.

3/25/03

Judith-

Re: 30095.0301/Engrossed Senate Bill No. 2029

I'd insert the following language at the end of 54-03-28(2)(c):

For purposes of this section, the bill is not a legislative measure mandating health insurance coverage of services or payment for specified providers of services, unless the bill is amended following introduction so as to change the bill's mandate.

Jenn



30095.0301
Title.

Prepared by the Legislative Council staff for
Representative Price
March 7, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2029

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 54-03-28 of the North Dakota Century Code, relating to legislative measures mandating health insurance coverage of services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-03-28 of the North Dakota Century Code is amended and reenacted as follows:

54-03-28. Health insurance mandated coverage of services - Cost-benefit analysis requirement.

1. A legislative measure mandating health insurance coverage of services or payment for specified providers of services may not be acted on by any committee of the legislative assembly unless the measure is accompanied by a cost-benefit analysis provided by the legislative council. Factors to consider in this analysis include:
 - a. The extent to which the proposed mandate would increase or decrease the cost of the service.
 - b. The extent to which the proposed mandate would increase the appropriate use of the service.
 - c. The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of insureds.
 - d. The impact of the proposed mandate on the total cost of health care.
2. A legislative measure mandating health insurance coverage of services or payment for specified providers of services may not be acted on by any committee of the legislative assembly unless the measure as recommended by the committee provides:
 - a. The measure is effective through June thirtieth of the next odd-numbered year following the year in which the legislative assembly enacted the measure, and after that date the measure is ineffective.
 - b. The application of the mandate is limited to the public employees health insurance program and the public employee retiree health insurance program. The application of such mandate begins with every contract for health insurance which becomes effective after June thirtieth of the year in which the measure becomes effective.
 - c. That for the next legislative assembly, the public employees retirement system shall prepare and request introduction of a bill to repeal the expiration date and to extend the mandated coverage or payment to apply to accident and health insurance policies. The public employees retirement system shall append to the bill a report regarding the effect of the mandated coverage or payment on the

system's health insurance programs. The report must include information on the utilization and costs relating to the mandated coverage or payment and a recommendation on whether the coverage or payment should continue.

3. A majority of the members of the committee, acting through the chairman, has sole authority to determine whether a legislative measure mandates coverage of services under this section.
- 3- 4. Any amendment made during a legislative session to a measure which mandates health insurance coverage of services may not be acted on by a committee of the legislative assembly unless the amendment is accompanied by a cost-benefit analysis provided by the legislative council.
- 4- 5. The legislative council shall contract with a private entity, after receiving one or more recommendations from the insurance commissioner, to provide the cost-benefit analysis required by this section. The insurance commissioner shall pay the cost of the contracted services to the entity providing the services."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2029

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 - c. The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of insureds.
 - d. The impact of the proposed mandate on the total cost of health care.
2. A legislative measure mandating health insurance coverage of services or payment for specified providers of services may not be acted on by any committee of the legislative assembly unless the measure as recommended by the committee provides:
 - a. The measure is effective through June thirtieth of the next odd-numbered year following the year in which the legislative assembly enacted the measure, and after that date the measure is ineffective.
 - b. The application of the mandate is limited to the public employees health insurance program and the public employee retiree health insurance program. The application of such mandate begins with every contract for health insurance which becomes effective after June thirtieth of the year in which the measure becomes effective.
 - c. That for the next legislative assembly, the public employees retirement system shall prepare and request introduction of a bill to repeal the expiration date and to extend the mandated coverage or payment to apply to accident and health insurance policies. The public employees retirement system shall append to the bill a report regarding the effect of the mandated coverage or payment on the

system's health insurance programs. The report must include information on the utilization and costs relating to the mandated coverage or payment and a recommendation on whether the coverage or payment should continue. For purposes of this section, the bill is not a legislative measure mandating health insurance coverage of services or payment for specified providers of services, unless the bill is amended following introduction so as to change the bill's mandate.

3. A majority of the members of the committee, acting through the chairman, has sole authority to determine whether a legislative measure mandates coverage of services under this section.
- 3- 4. Any amendment made during a legislative session to a measure which mandates health insurance coverage of services may not be acted on by a committee of the legislative assembly unless the amendment is accompanied by a cost-benefit analysis provided by the legislative council.
- 4- 5. The legislative council shall contract with a private entity, after receiving one or more recommendations from the insurance commissioner, to provide the cost-benefit analysis required by this section. The insurance commissioner shall pay the cost of the contracted services to the entity providing the services."

Renumber accordingly

Date: March ²⁵, 2003
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2029

House _____ HUMAN SERVICES _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP as Double Amended

Motion Made By Rep Devlin Seconded By Rep Porter

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price - Chair <i>A</i>			Rep. Sally Sandvig		☒
Rep. Bill Devlin, Vice-Chair	☒		Rep. Bill Amerman		☒
Rep. Robin Weisz <i>A</i>			Rep. Carol Niemeier		☒
Rep. Vonnie Pietsch	☒		Rep. Louise Potter		☒
Rep. Gerald Uglem	☒				
Rep. Chet Pollert	☒				
Rep. Todd Porter	☒				
Rep. Gary Kreidt	☒				
Rep. Alon Wieland	☒				

Total (Yes) 7 No 4

Absent 2

Floor Assignment Rep Porter

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

REPORT OF STANDING COMMITTEE (410)
March 26, 2003 8:24 a.m.

Module No: HR-54-5760
Carrier: Porter
Insert LC: 30095.0302 Title: .0400

REPORT OF STANDING COMMITTEE

SB 2029, as engrossed: Human Services Committee (Rep. Price, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2029 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 54-03-28 of the North Dakota Century Code, relating to legislative measures mandating health insurance coverage of services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-03-28 of the North Dakota Century Code is amended and reenacted as follows:

54-03-28. Health insurance mandated coverage of services - Cost-benefit analysis requirement.

1. A legislative measure mandating health insurance coverage of services or payment for specified providers of services may not be acted on by any committee of the legislative assembly unless the measure is accompanied by a cost-benefit analysis provided by the legislative council. Factors to consider in this analysis include:
 - a. The extent to which the proposed mandate would increase or decrease the cost of the service.
 - b. The extent to which the proposed mandate would increase the appropriate use of the service.
 - c. The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of insureds.
 - d. The impact of the proposed mandate on the total cost of health care.
2. A legislative measure mandating health insurance coverage of services or payment for specified providers of services may not be acted on by any committee of the legislative assembly unless the measure as recommended by the committee provides:
 - a. The measure is effective through June thirtieth of the next odd-numbered year following the year in which the legislative assembly enacted the measure, and after that date the measure is ineffective.
 - b. The application of the mandate is limited to the public employees health insurance program and the public employee retiree health insurance program. The application of such mandate begins with every contract for health insurance which becomes effective after June thirtieth of the year in which the measure becomes effective.
 - c. That for the next legislative assembly, the public employees retirement system shall prepare and request introduction of a bill to repeal the expiration date and to extend the mandated coverage or payment to apply to accident and health insurance policies. The public employees retirement system shall append to the bill a report

REPORT OF STANDING COMMITTEE (410)
March 26, 2003 8:24 a.m.

Module No: HR-54-5760
Carrier: Porter
Insert LC: 30095.0302 Title: .0400

regarding the effect of the mandated coverage or payment on the system's health insurance programs. The report must include information on the utilization and costs relating to the mandated coverage or payment and a recommendation on whether the coverage or payment should continue. For purposes of this section, the bill is not a legislative measure mandating health insurance coverage of services or payment for specified providers of services, unless the bill is amended following introduction so as to change the bill's mandate.

3. A majority of the members of the committee, acting through the chairman, has sole authority to determine whether a legislative measure mandates coverage of services under this section.
3. 4. Any amendment made during a legislative session to a measure which mandates health insurance coverage of services may not be acted on by a committee of the legislative assembly unless the amendment is accompanied by a cost-benefit analysis provided by the legislative council.
4. 5. The legislative council shall contract with a private entity, after receiving one or more recommendations from the insurance commissioner, to provide the cost-benefit analysis required by this section. The insurance commissioner shall pay the cost of the contracted services to the entity providing the services."

Renumber accordingly

2003 SENATE HUMAN SERVICES

CONFERENCE COMMITTEE

SB 2029

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La Costa Rickford
Operator's Signature

10/15/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2029

Senate Human Services Committee

☒ Conference Committee

Hearing Date April ^{4th} 2003

Tape Number	Side A	Side B	Meter #
2	X		0 - 2030
Committee Clerk Signature <i>Donna Kramer, Clerk</i>			

Minutes:

SENATOR ERBELE opened the conference committee for SB 2029.

Roll call was read. All were present: Senator Erbele, Senator Lee, Senator Fairfield, Representative Price, Representative Devlin, and Representative Amerman.

REPRESENTATIVE PRICE explained the first endorsement of the House amendments - the hog house. Legislative Council came up with a recommendation to make the whole process flow. ... Had an interim committee on it on which both Senator Lee and I sat on and some of the other members here. Some issues that had to do with the meth lab

SENATOR ERBELE stated that it shaped up very nicely. ...

SENATOR LEE: Shouldn't have questions about whether or not it had to be accessed? Feel comfortable about it?

REPRESENTATIVE PRICE: Do feel much more comfortable than the first time going around. May have to tweak again.

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La Costa Rickford
Operator's Signature

10/15/03
Date

Page 2

Senate Human Services Committee

Bill/Resolution Number SB 2029

Hearing Date April 4, 2003

SENATOR ERBELE: Draft -3 , Proposed Amendments to Engrossed Senate Bill No. 2029, that had been distributed at the beginning of the meeting was mentioned. This is an area that we would want to further amend into this bill.

REPRESENTATIVE PRICE: There has been some Federal legislation ... CHAND ... Job Services has done some work on it. This draft has gone through the eyes of HHS. ... We are putting something totally unrelated on this bill. It is something that is not going to cost us any money, it is a benefit for those persons and it may actually save us some money by what it could possibly do for CHAND.

CHUCK JOHNSON: Attorney with the Insurance Department and has been working with Rod St. Aubyn, a lobbyist for Blue Cross Blue Shield, and others in trying to incorporate some amendments. Under the trade adjustment federal law, it addresses problems that individuals have when they become unemployed because jobs in the US are transferred to other countries such as Canada or Mexico. As a result the NAFTA agreement of several years ago, the unemployed as a result are eligible for certain benefits - tuition assistance- living support. What we're dealing with is that they qualify for some assistance in paying health insurance premiums. Program being administered by Internal Revenue Service and they will pay 65 % of health insurance premiums. Plan that individuals enroll must meet certain criteria. Examples Subsidies individuals for a period of time. ...

ROD ST. AUBYN: They have 18 months COBRA, then they can extend it beyond that - 12 additional months.

Page 3
Senate Human Services Committee
Bill/Resolution Number SB 2029
Hearing Date April 4, 2003

REPRESENTATIVE PRICE: Stated the laws under COBRA, that's when they self pay to their employer's plan Could they do 30 months under CHAND?

ROD ST. AUBYN: It is my understanding they can beyond the 18 months ... but there are strings attached - not automatic. Continued discussion regarding CHAND.

Not all high-risk pools are eligible for this. They have to qualify and ND is basically does qualify with these amendments.

SENATOR FAIRFIELD: Does this mean that all or any that would be impacted by NAFTA would go into CHAND?

CHUCK JOHNSON: All would be eligible. ... They would have to be accepted. Continued discussion with SENATOR FAIRFIELD and ROD ST. AUBYN regarding why CHAND was accepted and the only place. COBRA credit

REPRESENTATIVE PRICE: Options given. Odds?

ROD ST. AUBYN: Do not think there will be a large number of people.

SENATOR LEE: Small handful.

SENATOR FAIRFIELD: Cost comparisons? Less expensive for a person to take a private policy?

SENATOR LEE: High risk pool or COBRA or other. One of three places. Can't really change from what the Feds have set up.

SENATOR FAIRFIELD: Do we have to?

REPRESENTATIVE PRICE: Don't have to do right now.

Continued committee discussion regarding COBRA CHAND premium ... options paying half of individual policy . . Each individual who loses their job under this scenario is going to

Page 4

Senate Human Services Committee

Bill/Resolution Number SB 2029

Hearing Date April 4, 2003

look at their options. ... trying to find vehicle hoops covered ... Job Services is the entity where the individual applies the payment process goes through IRS as a tax credit but it is applied to the premium Human Services involved not an issue where anybody is going to be against it

REPRESENTATIVE AMERMAN: Does this just come into play with NAFTA?

ROD ST. AUBYN: Not strictly NAFTA - just loss of jobs in US that are going to somewhere else. People applying for jobs at Job Services (clearing house) and Job Services will determine benefits. Pension funds bankrupt - example ENRON - would also qualify.

SENATOR LEE: Suggest visits with leadership to discuss amendments. ... No issues

SENATOR ERBELE: Accede?

SENATOR LEE: Include all in one amendment.

REPRESENTATIVE PRICE: Talk to Representative Berg and will report back

SENATOR ERBELE: Committee discussion adjourned. Will meet again. (Meter # 2030)

LaCosta Rickford
Operator's Signature

10/15/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2029

Senate Human Services Committee

☒ Conference Committee

Hearing Date April 10, 2003

Tape Number	Side A	Side B	Meter #
1	X		0 - 730
Committee Clerk Signature <i>Donna Kramer, Clerk</i>			

Minutes:

SENATOR ERBELE: Opened the conference committee meeting.

Roll call was read. Members present: **All were present: Senator Erbele, Senator Lee, Senator Fairfield, Representative Price, Representative Devlin, and Representative Amerman.**

SENATOR ERBELE: Stated the proposed amendments for SB 2029 dated April 9, 2003 had been handed out to the committee members.

Committee discussion on the changes and the amendments.

SENATOR LEE: Made a motion House recede from House amendments and adopt amendments as follows:

REPRESENTATIVE PRICE: Seconded the motion.

Roll call was read. 6 yeas 0 nays. Motion carried.

Committee meeting adjourned. (Meter # 730)

DRAFT - 3

April 8, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2029

Page 1, line 1, after "Act" insert "to create and enact subsections 19 and 20 of section 26.1-08-01 as amended by section 3 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, subdivision d to subsection 10 of section 26.1-08-12 as amended by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, and subdivision e to subsection 11 of section 26.1-08-12 as amended by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, relating to the Trade Adjustment Assistance Reform Act; and" and after "reenact" insert "subsection 4 of section 26.1-08-12 as amended by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, subdivision e of subsection 12 of section 26.1-08-12 as amended by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, and"

Page 1, line 2, after "to" insert "health insurance coverage through the comprehensive health association of North Dakota and"

Page 1, after line 3, insert:

"SECTION 1. Subsections 19 and 20 of section 26.1-08-01 as amended by section 3 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, are created and enacted as follows:

19. "Trade Adjustment Assistance Reform Act" means the Trade Adjustment Assistance Reform Act of 2002 (Pub. L. 107-210).
20. "TAA/PBGC individual" means an individual certified as eligible for federal trade adjustment assistance or federal pension benefit guarantee corporation assistance as provided by the federal Trade Adjustment Assistance Reform Act that meets the criteria set forth below."

SECTION 2. AMENDMENT. Subsection 4 of section 26.1-08-12 as amended by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

4. An individual may qualify to enroll in the association for benefit plan coverage as:

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Operator's Signature

10/15/03
Date

a. A standard applicant:

- (1) An individual who has been a resident of this state for one hundred eighty-three days and continues to be a resident of the state who has received from at least one insurance carrier within one hundred eighty-three days of the date of application, one of the following:
 - (a) Written evidence of rejection or refusal to issue substantially similar insurance for health reasons by one insurer.
 - (b) Written evidence that a restrictive rider or a preexisting condition limitation, the effect of which is to reduce substantially, coverage from that received by an individual considered a standard risk, has been placed on the individual's policy.
 - (c) Refusal by an insurer to issue insurance except at the rate exceeding the association benefit rate.
- (2) Is not eligible for the state's medical assistance program.

b. A Health Insurance Portability and Accountability Act of 1996 applicant:

- (1) An individual who meets the federally defined eligibility guidelines as follows:
 - (a) Has had eighteen months of qualifying previous coverage as defined in section 26.1-36.3-01, the most recent of which is covered under a group health plan, governmental plan, or church plan;
 - (b) Has applied for coverage under this chapter within sixty-three days of the termination of the qualifying previous coverage;
 - (c) Is not eligible for coverage under a group health benefit plan as the term is defined in section 26.1-36.3-01, medicare, or medicaid;
 - (d) Does not have any other health insurance coverage;
 - (e) Has not had the most recent qualifying previous

coverage described in subparagraph a terminated for nonpayment of premiums or fraud; and

- (f) If offered under the option, has elected continuation coverage under the federal Consolidated Omnibus Budget Reconciliation Act [Pub. L. 99-272; 100 Stat. 82], or under a similar state program, and that coverage has exhausted.

(2) Is and continues to be a resident of the state.

(3) Is not eligible for the state's medical assistance program.

c. A TAA/PBGC applicant:

- (1) A TAA/PBGC individual or an individual that is the spouse or dependent or other person who qualifies as a dependent of a TAA/PBGC individual under the Internal Revenue Code, provided the spouse or dependent or other person does not have coverage as set forth in subparagraph e below, provided:

- (a) The individual has had at least three months of previous health insurance coverage at the time of application.

- (b) The individual has applied for coverage within sixty-three days of the termination of the individual's previous health insurance coverage.

- (c) The individual is and continues to be a resident of the state.

- (d) The individual is not enrolled in the state's medical assistance program.

- (e) The individual is not covered by:

- i. Insurance coverage through the spouse's employer, and the spouse's employer contributed at least fifty percent of the cost of coverage for the spouse, the eligible individual, and dependents or the spouse receives coverage in lieu of an employer's cash or other benefit under a cafeteria plan;

- ii. Coverage under medicare part A or enrolled under part B;
 - iii. A state's children's health insurance program;
 - iv. A plan in the federal employees health benefit program; or
 - v. A defense department health plan.
 - f. The individual is not an inmate or resident of a public institution.
 - g. The individual is eligible for Consolidated Omnibus Budget Reconciliation Act benefits; benefits through a spouse's employer plan where the contribution is less than fifty percent; or coverage through the individual marketplace, including continuation or guaranteed issue, but is electing to obtain coverage as a TAA/PBGC applicant.
- e. d. An applicant age sixty-five and over or disabled:
- (1) An individual who is eligible for medicare by reason of age or disability and has been a resident of this state for one hundred eighty-three days and continues to be a resident of this state who has received from at least one insurance carrier within one hundred eighty-three days of the date of application, one of the following:
 - (a) Written evidence of rejection or refusal to issue substantially similar insurance for health reasons by one insurer.
 - (b) Written evidence that a restrictive rider or a preexisting condition limitation, the effect of which is to reduce substantially, coverage from that received by an individual considered a standard risk, has been placed on the individual's policy.
 - (c) Refusal by an insurer to issue insurance except at the rate exceeding the association benefit rate.
 - (2) Is not eligible for the state's medical assistance program.

SECTION 3. Subdivision d to subsection 10 of section 26.1-08-12 as created by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly is created and enacted as follows:

- d. A preexisting condition may not be imposed on a TAA/PBGC applicant, provided the applicant has had at least three months of previous healthcare coverage and the applicant has applied for coverage within sixty-three days of the termination of the individual's previous healthcare coverage.

SECTION 4. Subdivision e to subsection 11 of section 26.1-08-12 as created by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly is created and enacted as follows:

- e. Is a TAA/PBGC applicant.

SECTION 5. AMENDMENT. Subdivision e of subsection 12 of section 26.1-08-12, as amended by section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

- e. The individual's premiums are paid for or reimbursed under any government-sponsored program, government agent, health care provider, nonprofit charitable organization, or the individual's employer unless the individual's premiums are paid for or reimbursed under a program established under the Trade Adjustment Assistance Reform Act."

Renumber accordingly

April 9, 2003

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2029

Page 1, line 1, after "to" Insert "create and enact a new subsection to section 26.1-08-01, a new subdivision to subsection 4 of section 26.1-08-12, a new subdivision to subsection 10 of section 26.1-08-12, and a new subdivision to subsection 11 of section 26.1-08-12 of the North Dakota Century Code, relating to health insurance coverage through the comprehensive health association of North Dakota; and to" and after "reenact" Insert "subdivision e of subsection 12 of section 26.1-08-12 and"

Page 1, line 2, after "to" Insert "health insurance coverage through the comprehensive health association of North Dakota and"

Page 1, after line 3, Insert:

"SECTION 1. A new subsection to section 26.1-08-01 of the North Dakota Century Code is created and enacted as follows:

"Trade adjustment assistance, pension benefit guarantee corporation individual" means an individual who is certified as eligible for federal trade adjustment assistance or federal pension benefit guarantee corporation assistance as provided by the federal Trade Adjustment Assistance Reform Act of 2002 [Pub. L. 107-210; 116 Stat. 933], the spouse of such an individual, or a dependent of such an individual as provided under the federal Internal Revenue Code.

SECTION 2. A new subdivision to subsection 4 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

A Trade Adjustment Assistance Reform Act of 2002 applicant:

- (1) A trade adjustment assistance, pension benefit guarantee corporation individual applicant who:
 - (a) Has three or more months of previous health insurance coverage at the time of application;
 - (b) Has applied for coverage within sixty-three days of the termination of the individual's previous health insurance coverage;
 - (c) Is and continues to be a resident of the state;
 - (d) Is not enrolled in the state's medical assistance program;
 - (e) Is not an inmate or a resident of a public institution; and
 - (f) Does not have health insurance coverage through:
 - (1) The spouse's employer if the coverage provides for employer contribution of fifty percent or more of the cost of coverage of the spouse, the eligible individual, and the dependents or the coverage is

In lieu of an employer's cash or other benefit under a cafeteria plan.

- [2] A state's children's health insurance program, as defined under section 50-29-01.
- [3] A government plan.
- [4] Chapter 55 of United States Code title 10 [10 U.S.C. 1071 et seq.] relating to armed forces medical and dental care.
- [5] Part A or part B of title XVIII of the federal Social Security Act [42 U.S.C. 1395 et seq.] relating to health insurance for the aged and disabled.

- (2) Coverage under this subdivision may be provided to an individual who is eligible for health insurance coverage through the federal Consolidated Omnibus Budget Reconciliation Act of 1985 [Pub. L. 99-272; 100 Stat. 82]; a spouse's employer plan in which the employer contribution is less than fifty percent; or the individual marketplace, including continuation or guaranteed issue, but who elects to obtain coverage under this subdivision.

SECTION 3. A new subdivision to subsection 10 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

A preexisting condition may not be imposed on an individual who is eligible under section 2 of this Act.

SECTION 4. A new subdivision to subsection 11 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

Has obtained coverage as an eligible individual under section 2 of this Act.

SECTION 5. AMENDMENT. Subdivision e of subsection 12 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

- e. The individual's premiums are paid for or reimbursed under any government-sponsored program, government agency, health care provider, nonprofit charitable organization, or the individual's employer. However, this subdivision does not apply if the individual's premiums are paid for or reimbursed under a program established under the federal Trade Adjustment Assistance Reform Act of 2002 [Pub. L. 107-210; 116 Stat. 933]."

Renumber accordingly

Date: 04-10-03
Roll Call Vote #: ①

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2029

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 30095.0304

Action Taken House recede from House amendments and adopt amendments as follows:

Motion Made By Sen. Lee Seconded By Rep. Price

Senators	Yes	No	Senators	Yes	No
Senator Erbele	✓		Representative Price	✓	
Senator Lee	✓		Representative Devlin	✓	
Senator Fairfield	✓		Representative Amerman	✓	

Total (Yes) 6 No 0

Absent _____

Floor Assignment _____

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

REPORT OF CONFERENCE COMMITTEE

SB 2029, as engrossed: Your conference committee (Sens. Erbele, J. Lee, Fairfield and Reps. Price, Devlin, Amerman) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1004-1006, adopt amendments as follows, and place SB 2029 on the Seventh order:

That the House recede from its amendments as printed on pages 1004-1006 of the Senate Journal and pages 1056-1058 of the House Journal and that Engrossed Senate Bill No. 2029 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 26.1-08-01, a new subdivision to subsection 4 of section 26.1-08-12, a new subdivision to subsection 10 of section 26.1-08-12, and a new subdivision to subsection 11 of section 26.1-08-12 of the North Dakota Century Code, relating to health insurance coverage through the comprehensive health association of North Dakota; and to amend and reenact subdivision e of subsection 12 of section 26.1-08-12 and section 54-03-28 of the North Dakota Century Code, relating to health insurance coverage through the comprehensive health association of North Dakota and legislative measures mandating health insurance coverage of services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subsection to section 26.1-08-01 of the North Dakota Century Code is created and enacted as follows:

"Trade adjustment assistance, pension benefit guarantee corporation individual" means an individual who is certified as eligible for federal trade adjustment assistance or federal pension benefit guarantee corporation assistance as provided by the federal Trade Adjustment Assistance Reform Act of 2002 [Pub. L. 107-210; 116 Stat. 933], the spouse of such an individual, or a dependent of such an individual as provided under the federal Internal Revenue Code.

SECTION 2. A new subdivision to subsection 4 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

A Trade Adjustment Assistance Reform Act of 2002 applicant:

- (1) A trade adjustment assistance, pension benefit guarantee corporation individual applicant who:
- (a) Has three or more months of previous health insurance coverage at the time of application;
 - (b) Has applied for coverage within sixty-three days of the termination of the individual's previous health insurance coverage;
 - (c) Is and continues to be a resident of the state;
 - (d) Is not enrolled in the state's medical assistance program;
 - (e) Is not an inmate or a resident of a public institution; and
 - (f) Does not have health insurance coverage through:

- [1] The spouse's employer if the coverage provides for employer contribution of fifty percent or more of the cost of coverage of the spouse, the eligible individual, and the dependents or the coverage is in lieu of an employer's cash or other benefit under a cafeteria plan.
 - [2] A state's children's health insurance program, as defined under section 50-29-01.
 - [3] A government plan.
 - [4] Chapter 55 of United States Code title 10 [10 U.S.C. 1071 et seq.] relating to armed forces medical and dental care.
 - [5] Part A or part B of title XVIII of the federal Social Security Act [42 U.S.C. 1395 et seq.] relating to health insurance for the aged and disabled.
- (2) Coverage under this subdivision may be provided to an individual who is eligible for health insurance coverage through the federal Consolidated Omnibus Budget Reconciliation Act of 1985 [Pub. L. 99-272; 100 Stat. 82]; a spouse's employer plan in which the employer contribution is less than fifty percent; or the individual marketplace, including continuation or guaranteed issue, but who elects to obtain coverage under this subdivision.

SECTION 3. A new subdivision to subsection 10 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

A preexisting condition may not be imposed on an individual who is eligible under section 2 of this Act.

SECTION 4. A new subdivision to subsection 11 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is created and enacted as follows:

Has obtained coverage as an eligible individual under section 2 of this Act.

SECTION 5. AMENDMENT. Subdivision e of subsection 12 of section 26.1-08-12 of the North Dakota Century Code as amended in section 14 of Senate Bill No. 2195, as approved by the fifty-eighth legislative assembly, is amended and reenacted as follows:

- e. The individual's premiums are paid for or reimbursed under any government-sponsored program, government agency, health care provider, nonprofit charitable organization, or the individual's employer. However, this subdivision does not apply if the individual's premiums are paid for or reimbursed under a program established under the federal Trade Adjustment Assistance Reform Act of 2002 [Pub. L. 107-210; 116 Stat. 933].

SECTION 6. AMENDMENT. Section 54-03-28 of the North Dakota Century Code is amended and reenacted as follows:

54-03-28. Health insurance mandated coverage of services - Cost-benefit analysis requirement.

1. A legislative measure mandating health insurance coverage of services or payment for specified providers of services may not be acted on by any committee of the legislative assembly unless the measure is accompanied by a cost-benefit analysis provided by the legislative council. Factors to consider in this analysis include:
 - a. The extent to which the proposed mandate would increase or decrease the cost of the service.
 - b. The extent to which the proposed mandate would increase the appropriate use of the service.
 - c. The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of insureds.
 - d. The impact of the proposed mandate on the total cost of health care.
2. A legislative measure mandating health insurance coverage of services or payment for specified providers of services may not be acted on by any committee of the legislative assembly unless the measure as recommended by the committee provides:
 - a. The measure is effective through June thirtieth of the next odd-numbered year following the year in which the legislative assembly enacted the measure, and after that date the measure is ineffective.
 - b. The application of the mandate is limited to the public employees health insurance program and the public employee retiree health insurance program. The application of such mandate begins with every contract for health insurance which becomes effective after June thirtieth of the year in which the measure becomes effective.
 - c. That for the next legislative assembly, the public employees retirement system shall prepare and request introduction of a bill to repeal the expiration date and to extend the mandated coverage or payment to apply to accident and health insurance policies. The public employees retirement system shall append to the bill a report regarding the effect of the mandated coverage or payment on the system's health insurance programs. The report must include information on the utilization and costs relating to the mandated coverage or payment and a recommendation on whether the coverage or payment should continue. For purposes of this section, the bill is not a legislative measure mandating health insurance coverage of services or payment for specified providers of services, unless the bill is amended following introduction so as to change the bill's mandate.

REPORT OF CONFERENCE COMMITTEE (420)
April 11, 2003 8:30 a.m.

Module No: SR-66-7427

Insert LC: 30095.0304

3. A majority of the members of the committee, acting through the chairman, has sole authority to determine whether a legislative measure mandates coverage of services under this section.
3. 4. Any amendment made during a legislative session to a measure which mandates health insurance coverage of services may not be acted on by a committee of the legislative assembly unless the amendment is accompanied by a cost-benefit analysis provided by the legislative council.
4. 5. The legislative council shall contract with a private entity, after receiving one or more recommendations from the insurance commissioner, to provide the cost-benefit analysis required by this section. The insurance commissioner shall pay the cost of the contracted services to the entity providing the services."

Renumber accordingly

Engrossed SB 2029 was placed on the Seventh order of business on the calendar.

2003 TESTIMONY

SB 2029

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La Costa Rickford
Operator's Signature

10/15/03
Date

Testimony on SB 2029
Senate Human Services Committee
January 13, 2003

Madam Chair and committee members, for the record I am Rod St. Aubyn, Director of Government Relations for Blue Cross Blue Shield of North Dakota.

I appear today to testify in support of SB 2029. Generally, we are opposed to all insurance mandates. We believe insurance benefits should reflect the most effective and appropriate medical care. With the ever evolving science of medicine, what may be an appropriate medical procedure today, could be outdated by new advances in medicine tomorrow. As more and more research is done, medical science often will disprove what was supposed to be a recognized procedure. One example of that is the PSA tests for prostate screening. Research and many urologists and other physicians question the advisability of regular prostate screening through the use of PSA. There have been many false positive indicators, and the efficacy of these screenings have come under question. However, a change in state law would be required to eliminate this test as a screening tool in insurance policies.

The Budget Committee on Health Care completed a study of all mandates, through the services of Milliman USA. That interim committee recommended this bill draft. What this will do is give legislators a more accurate cost/benefit of a particular mandate before applying it to all insurers. This is extremely important as health care costs and the cost of health insurance continues to escalate. According to a recent study by PricewaterhouseCoopers, nationally the cost of government mandates and regulations account for 15% of the increase in health care premiums. Public policy makers are struggling to find solutions to the increasing health care costs. This bill is one option which can objectively look at future mandated services and providers.

I have included a front and back page reflecting the cost of health insurance mandates for our company. Many of you have seen one similar to this before in our previous CD and during past testimony. You will note that the overall cost of our mandates continues to grow. The most updated annual cost is up to \$114,450,780. Two years ago, that total was under \$100,000,000. While BCBSND does not necessarily oppose many of these mandated benefits and providers, we feel that this decision should be driven by current medical procedures and the market. Most of the current mandates were already part of BCBSND's benefit package before they were legislatively mandated. However, as science evolves, we are required to maintain these mandates and must change the laws to exclude them from our benefit package. This simply is not an efficient process.

I want to offer to you one observation with this bill. In affect, you will have less than 18 months of data to review. If a new mandate is approved for the PERF plan and it goes into effect on July 1, 2003, realistically data will only be available for the period from July 1, 2003 until November, 2004 for review by the 2005 Legislature. This data may be suspect as all claims will not have been submitted and accounted for the period specified.

You may want to consider extending this pilot review for 4 years instead of 2, so that you can have more accurate data. However, whether you go 2 years or 4 years, you most certainly will have more data than you currently have.

In conclusion, we applaud the legislators for making this effort to help control the rising cost of health care and we support this bill. Madam Chair, I would be willing to answer any questions the committee may have.

Rod St. Aubyn
Director of Government Relations
Blue Cross Blue Shield of North Dakota

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LaCosta Rickford
Operator's signature

10/15/03
Date

This won't
cost much.

Alcohol/Drug
Treatment
\$6,174,592

This won't
cost much.

Breast
Reconstruction
\$314,789

This won't
cost much.

Dental
Anesthesia
\$68,244

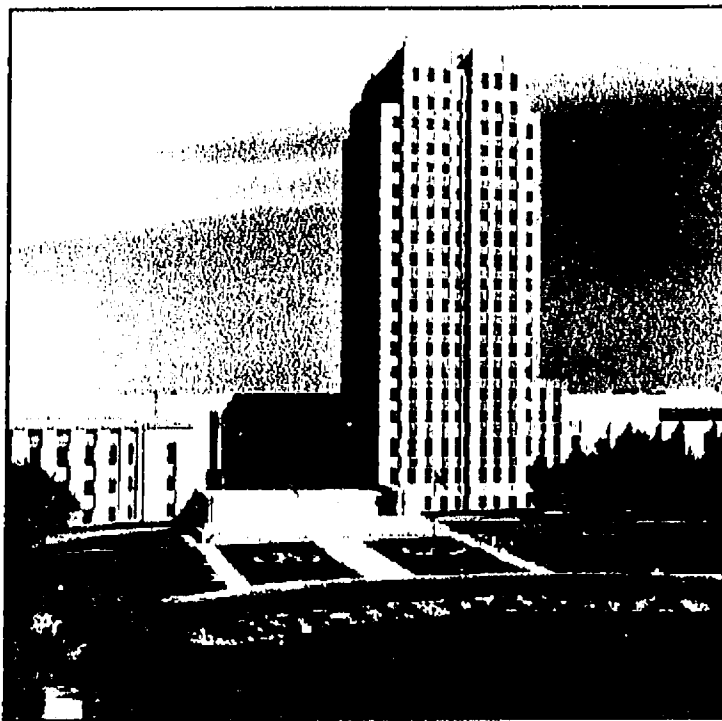
This won't
cost much.

Minimum
Maternity Stay
\$10,970,781

This won't
cost much.

Emergency
Services
\$48,097,757

The Cost of Health Insurance Mandates



This won't
cost much.

Mammography
Screening
\$2,135,269

This won't
cost much.

TMJ Disorders
\$527,995

This won't
cost much.

Prostate Cancer
Screening
\$55,150

This won't
cost much.

Lic. Addiction
Counselors
\$1,029,712

This won't
cost much.

Mental Health
\$22,928,041

This won't
cost much.

Chiropractors
\$6,766,233

This won't
cost much.

Nurse
Practitioners
\$3,677,698

This won't
cost much.

Psychiatric
Nurses
\$405,751

This won't
cost much.

Psychologists
\$4,657,986

This won't
cost much.

Social
Workers
\$1,156,633

This won't
cost much.

Nurse
Anesthetists
\$4,480,820

This won't
cost much.

Nurse
Midwives
\$280,833

This won't
cost much.

Professional
Counselors
\$722,496

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10/15/03
Date

The Cost of Health Insurance Mandates

While BCBSND does not necessarily oppose many of these mandated benefits and providers, it is important to note the true costs of establishing mandates.

<u>Benefits</u>	<u>Professional</u>	<u>Institutional</u>
Alcohol/Drug Abuse Treatment	\$ 1,410,515	\$ 4,764,077
Breast Reconstruction	\$ 152,425	\$ 162,364
Dental Anesthesia	\$ 44,357	\$ 23,887
Emergency Services	\$ 2,956,144	\$ 45,141,613
Mammography Screening	\$ 1,587,347	\$ 547,922
Mental Health (General)	\$ 12,178,197	\$ 10,749,844
Minimum Maternity Stays	\$ n/a	\$ 10,970,781
Prostate Cancer Screening	\$ 45,087	\$ 10,063
TMJ Disorders	\$ 66,780	\$ 461,215
	<u>\$ 18,440,852</u>	<u>\$ 72,831,766</u>

<u>Providers</u>	<u>Professional</u>
Chiropractors	\$ 6,766,233
Nurse Midwives	\$ 280,833
Nurse Anesthetists	\$ 4,480,820
Nurse Practitioners	\$ 3,677,698
Nurse, Psychiatric	\$ 405,751
Professional Counselors	\$ 722,496
Psychologists	\$ 4,657,986
Licensed Addiction Counselors	\$ 1,029,712
Social Workers	\$ 1,156,633
	<u>\$ 23,178,162</u>

TOTAL \$114,450,780

(*Dollar amounts are based on claims incurred 8/1/2001 - 7/31/2002 and paid through 10/31/2002)

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ECONOMICS

Table 1
The factors driving rising costs in health care premiums, 2001-2002²

Trend Factors	Percentage Points	Percent of Total Increase
Medical Trend	13.7%	100%
General inflation (CPI)	2.5%	18%
Drugs, medical devices and medical advances*	3.0%	22%
Prescription drugs		
Other advances in diagnostics and treatment		
Rising provider expenses	2.5%	18%
Hospitals (consolidated, in particular)		
negotiating higher payments		
Government mandates and regulation	2.0%	15%
Over 1,500 existing mandates at state and federal level		
New mandated benefits		
Elimination of cost-control tools or limiting flexibility to use them		
Regulatory requirements (red tape, duplication of federal and state requirements)		
Increased consumer demand	2.0%	15%
Aging population		
"Front page" treatments (i.e., media coverage drives demand for expensive treatment)		
Increased preventive and diagnostic activity		
Consumers moving away from less expensive managed care products		
Litigation and risk management	1.0%	7%
Class action lawsuits		
Outsized awards and legal costs		
Defensive medicine		
Malpractice premiums		
Reinsurance/risk management		
Other categories	0.7%	5%
Fraud and abuse		
Miscellaneous		

Source: PricewaterhouseCoopers analysis, April 2002.

* This percentage does not reflect potential savings from drugs, medical devices and other medical advances. For example, savings in future years may include reduced hospitalizations and consumption of other health care services.

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TESTIMONEY OF SPARB COLLINS
ON SENATE BILL 2029

Madame Chair, members of the committee, my name is Sparb Collins and I am with the North Dakota Public Employees Retirement System. I appear before you today neither in favor nor opposed to Senate Bill 2029 but rather to offer some observations relating to PERS. My comments relate to: 1) the proposed change relating to how mandates are incorporated into the PERS plan, 2) the requirement that changes relating to PERS should first go the Employee Benefits Committee, 3) the proposed time frame for the study and 4) the cost of the studies.

First, in the past, mandates have been incorporated into the PERS plan the biennium after they are passed. This has allowed the funding of those benefit enhancements to occur with the renewal of the plan and become part of the premium for the subsequent biennium. With this change the funding will now need to be attached and provided with the enhancement as it is considered during the same biennium. This means that PERS will now be adding fiscal notes and appropriation requests to the mandate bills.

Second, proposed PERS enhancements to be considered by an upcoming session must go before the legislative Employee Benefits Committee so that a technical and actuarial review can be

completed and to provide an opportunity for public comment. In the past, the Benefits Committee has required that all bills must be filed by April 1 prior to the next session. We believe that if this bill were to pass, following the same protocol would be required under present statutes. We believe that this is very beneficial since it allows the appropriate time for the necessary studies to be completed. Therefore if this is correct no mandate bill could be submitted directly to the legislative assembly without first getting an actuarial study and review by the Legislative Employee Benefits Committee.

Third, the bill calls for PERS to report to the legislative assembly the effect of the mandated coverage or payment on the system's health insurance programs and to provide a recommendation. In addition, the report must include information on the utilization and costs relating to the mandated coverage or payment and a recommendation on whether the coverage or payment should continue. We note that it will be very difficult to develop meaningful information with only the limited amount of data that will be available. Thus, it will be very difficult to draw any clear conclusions and provide a recommendation. Therefore we would suggest that on page 2 line 25 after the word payment the following words be deleted "and a recommendation on whether the coverage or payment shall continue".

Fourth, if the bill were to pass, the cost of paying for all necessary technical and actuarial studies will fall upon our participating employers, employees and retirees. This cost will be built onto their premiums. Instead of having our members pay the cost of the studies one option would be to authorize a general fund appropriation to PERS for the cost of such studies.

Thank you for this opportunity to share with you some of our observations as you consider this proposed bill.

Zacosta Rickford
Operator's Signature

10/15/03
Date

**TESTIMONEY
OF
SPARB COLLINS
ON ENGROSSED SENATE BILL 2029**

Madame Chair, members of the committee, my name is Sparb Collins and I am with the North Dakota Public Employees Retirement System. I appear before you today neither in favor nor opposed to Senate Bill 2029 but rather to offer some observations relating to PERS. My comments relate to: 1) the proposed change relating to how mandates are incorporated into the PERS plan, 2) the requirement that changes relating to PERS should first go to the Employee Benefits Committee, 3) the proposed time frame for the study and 4) the cost of the studies.

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and to provide an opportunity for public comment. In the past, the Benefits Committee has required that all bills must be filed by April 1 prior to the next session. We believe that if this bill were to pass, following the same protocol would be required under present statutes. We believe that this is very beneficial since it allows the appropriate time for the necessary studies to be completed. Therefore if this is correct no mandate bill could be submitted directly to the legislative assembly without first getting an actuarial study and review by the Legislative Employee Benefits Committee.

Third, the bill calls for PERS to report to the legislative assembly the effect of the mandated coverage or payment on the system's health insurance programs and to provide a recommendation. In addition, the report must include information on the utilization and costs relating to the mandated coverage or payment and a recommendation on whether the coverage or payment should continue. We note that it will be very difficult to develop meaningful information with only the limited amount of data that will be available. Thus, it will be very difficult to draw any clear conclusions and provide a recommendation. Therefore we would suggest that on page 2 line 26 after the word payment the following words be deleted "and a recommendation on whether the coverage or payment shall continue".

Fourth, if the bill were to pass, the cost of paying for all necessary technical and actuarial studies will fall upon our participating employers, employees and retirees. This cost will be built onto their

premiums. Instead of having our members pay the cost of the studies one option would be to authorize a general fund appropriation to PERS for the cost of such studies.

Thank you for this opportunity to share with you some of our observations as you consider this proposed bill.

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New insurance requirements may get tryout on state plan

By DALE WETZEL
Associated Press Writer

Newly required health benefits should get a tryout first on the insurance plan that covers state workers, to see whether it would be useful for all health policies, an insurance spokesman said.

"What this will do is give legislators a more accurate cost-benefit of a particular mandate, before applying it to all insurers," said Rod St. Aubyn, a lobbyist for Blue Cross Blue Shield of North Dakota, the state's largest health insurer.

The Senate Human Services Committee held its first hearing Monday on the proposal, which was drafted by the Legislature's Interim Budget Committee on Health Care. The Human Services Committee took no immediate action on the measure.

Interest groups often ask the Legislature to require that all state health insurance plans carry certain benefits, such as chiropractic care or checkups for breast or prostate cancer. Blue Cross Blue Shield almost always fights such requirements, and it often loses.

Monday's legislation would require that any new mandates be applied first to the health insurance plan administered by the North Dakota Public Employees Retirement System, or PERS. It handles benefit plans for state agencies and some local governments, including counties, cities and school districts.

Officials would collect data on the new benefit's cost, and lawmakers would be able to decide in two years whether it should apply to all health insurance plans sold in North Dakota.

Sparb Collins, the retirement system's director, said the cost of offering the benefit and keeping track of information about its use would cause some expense for the health insurance plans of PERS workers and retirees.