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SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1460

2005 HOUSE HUMAN SERVICES

HB 1460

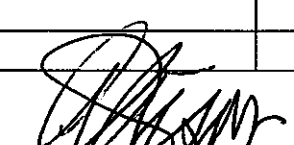
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1460

House Human Services Committee

☐ Conference Committee

Hearing Date January 25, 2005

Tape Number	Side A	Side B	Meter #
#1	x		0-1190
Committee Clerk Signature 			

Minutes:

Chairman Price opened hearing. 11 members present.

Arnold Thomas, President ND Health care Assoc. See Att. Testimony

Rep. Kaldor: What are neighboring states doing in regards to this.

A. Thomas: In terms of requests my Assoc. has made to other states, to seek comparability, in terms of performance, we have been able to get that quote for the private and the cooperate sector. The means of generating that information is what we are talking about in 1460 and I can't answer that question in terms of the tools available in the surrounding states.

Something that is not on my testimony, the \$350,000 is not concluded to be exclusively general funds, we were not in a position, in developing this recommendation to determine what element of 1460 may or may not be offset partially by Fed. matching funds. The \$350,000 figure was derived from a conversation with TPA. firm to develop what we were seeking to achieve. That was the aggregate sum that was given to us, so the appropriation we will be asking for, if you

refer this to App., would need to discuss whether or not that \$350,000 total general funds or some kind of matching option available for the overall budget impact.

Rep. Kaldor: Why doesn't the federal government require that this be done?

A. Thomas: I am not able to answer about the mandate to the states, we are looking at the Medicaid program as a task-force. We were somewhat surprised at the randomness of the actuarial tools were employed in helping the dept. to manage its responsibilities. We talked to the dept. to see if this would be of any use to them and their rep's will able to address that question.

Chairman Price: There are instances that this may or may not have helped us. Example, they had some freezes in home/community based care, and had debate last session on what were the right numbers of people to assume that would come back to the program, and it didn't follow the dept.'s projections at all. Based on some discussions we have had, the numbers did not come back in the volume that they had anticipated. Seems it would be hard to trend, but this may help in the future in the budgeting process.

A. Thomas: From our point of view, it would be a vehicle that we could all reference in terms based on the projections, if we concur or do not. Question is growth or decline.

Chairman Price: To your knowledge, does the dept. in doing their trending for both in and out patient for Medicaid. Do they have the same access as your members do, or is it based on the Medicaid population vs. other state or national trends.

A. Thomas: Dept. will be testifying regarding that.

David Zentner: See Attached Testimony.

Rep. Uglem: Would you save money, if you would not have to do the amount of budgeting.

D. Zentner: I don't think we would necessarily reduce staff because of it, what it would do is give us more information to use when we build the budget or more information to give Leg. and other persons to know what the trends are and comparative purposes for other states to give an idea of what is happening in other states to help determine where the budget should be. Beyond that I don't think it would be a savings as far as staff goes because we would still have to build a budget.

Chairman Price: Would it better job of planning from the point that we don't get 18 months into a biennium and find out our projections are way off?

D. Zentner: Accuarials are not always right, but they do use scientific principals when they do that and you would hope that they would be more accurate in looking at what is going to be happening 3 years from now.

Close hearing on HB 1460.

Reopen HB 1460

Rep. Porter: Move a Do Pass on HB 1460 and re-referred to Appropriations.

Rep. Kaldor: Second.

Vote: Do Pass - Ref. to Appropriations. 11-0-1


2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1460

House Human Services Committee

☐ Conference Committee

Hearing Date January 26, 2005

Tape Number	Side A	Side B	Meter #
#2	x		# 627 - 954
Committee Clerk Signature 			

Minutes:

Chairman Price opened discussion on HB 1460.

In visiting with Mr. Thomas, the dept. is trending a drop in utilization regarding out patient and in patient .for the next biennium. He called to his seven largest members and they all are trending a 1-3% increase.

Rep. Porter: I think that the Medicaid program is a large part of the budget/fiscal responsibility and I can't imagine that any insurance company would operate without having a tool chest full of tools that help them determine utilization/benchmarks and the information necessary to make good decisions on outcomes. I move Do Pass on HB 1460 with a re-re feral to Appropriations.

Rep. Kaldor: Second

Rep. Weisz: Where did we get the 350 come from, where did they come up with that figure.

Rep. Kaldor: They consulted the actuarial company.

Rep. Porter: It is also in Mr. Thomas's testimony.

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House Human Services Committee

Bill/Resolution Number HB 1460

Hearing Date January 26, 2005

Rep. Potter: It seems to me that is money well spent.

Vote: 11-0-1

Carrier: Rep. Price

Date: 1/25/05
1/24/05 -

Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1460

House Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO Pass - Ref to Apprap.

Motion Made By Rep Seconded By Rep

Representatives	Yes	No	Representatives	Yes	No
Chairman C.S. Price	✓		Rep.L. Kaldor	✓	
V Chrm.G. Kreidt	✓		Rep.L. Potter	✓	
Rep. V. Pietsch	✓		Rep.S. Sandvig	✓	
Rep.J.O. Nelson <u>AB</u>					
Rep.W.R. Devlin	✓				
Rep.T. Porter	✓				
Rep.G. Uglem	✓				
Rep C. Damschen	✓				
Rep.R. Weisz	✓				

Total () Y/N 11 No 0

Absent 1

Floor Assignment Rep Price

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

REPORT OF STANDING COMMITTEE

HB 1460: Human Services Committee (Rep. Price, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (11 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1460 was rereferred to the Appropriations Committee.

2005 HOUSE APPROPRIATIONS

HB 1460

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1460

House Appropriations Committee
Human Resources Division

Hearing Date: 2-7-05 Monday p.m.

Tape Number	Side A	Side B	Meter #
I	X		53.2
I		X	End: 26.8
Committee Clerk Signature <i>Diane M. Overly</i>			

Minutes: **Chairman Delzer** called the meeting to order at 3:36 p.m.

Rep. Clara Sue Price, District 40 testified in support of HB 1460. They are basing it on the recommendation of the Medicaid Working Group. It moves the process of an actuarial study on trends of people served. The actuarial tools provided in this bill will give a firmer factual foundation with past, present and projected figures. The appropriation is a global figure. It may be too high.

Chairman Delzer: Did you figure \$360,000 was the overall cost?

Rep. Price: That is state and federal, and from one actuarial. That would be the Medicaid Working Group led by Rod Backman.

Chairman Delzer: Any idea of the timing of when it should be done? Five years back? An actuary will need how long?

Rep. Price: The closer to the biennium session, the better because of the targeted case management dealing with trends. This may not be the best biennium. The Human Services Department, as good as they are, cannot do what is needed so soon.

Rep. Kerzman: Would not MMIS cover this?

Rep. Price: They would not have the national trends.

Dave Zentner, Director of Medical Services for the Department of Human Services: The MMIS will have the history of the data. You end up buying that expertise. They would use base data plus trending information and compare to other states.

Vice Chair Pollert: Doesn't the Long Term Care Association or NDSU have any statistical data of what is going to happen?

Zentner: The data is there. The question is how you use it. That is what the actuarial process is about.

Chairman Delzer: As a rule the actuary would use the trend of inflation, instead of whatever the State puts in this budget for the next inflator?

Zentner: I do not know how they would trend inflation. It is what they anticipate in the future.

Chairman Delzer: What do you see about receiving services under the medical assistance program? How broad do you see that?

Rep. Price: At the very least, I see it for the Medicaid piece for the blind, disabled, long term care and drugs for non-institutionalized people.

Chairman Delzer: Dave, what would the Department envision? Under the \$1 million? Or would the DD be included, too?

Zentner: There is \$200+ million on the DD side alone. I would include it in the trend. The bill has \$350,000 in it. We have a contract for setting managed care rates that are actuarially sound for kids and adults (not blind and disabled) and need \$35,000 for help in analyzing the data. It is just for this biennium and for managed care only.

Rep. Price: We are asking the Department to look at that same type of program for other parts of the state. If Bill 1459 passes, they will be looking a whole new way at some of these cases in the future.

Chairman Delzer: If we got this information six months before the next session, we could know where we have been. Is that how you do your HMOs? What is your RFP?

Zentner: I do not have. Bottom line: we give them base data and they take it and actuarially predict what those rates should be. This money is not part of the budget.

Rep. Price: It takes nine months to get the information before you. It will take awhile to assemble the programs.

Chairman Delzer: If a person changes the appropriation to \$150,000 general and match \$150,000 in federal, could it be done?

Zentner: We put out a RFP. You are still looking at \$300,000. The larger states use the actuarial process.

Rep. Kerzman: Dave, every state and region does things different. How can you compare state to state?

Zentner: For physician services, for example, they see what we pay them versus other states to see if we are in the ballpark.

Rep. Kerzman: Will this make your job easier when building the budget?

Zentner: It would give an independent review of the process. It would assist us and could be useful.

Rep. Metcalf: Would they be able to give you options on different ways of proceeding? Or is it up to us to develop our options?

Zentner: I may have to ask the sponsors what their intent was. I assumed it was for comparative services.

Chairman Delzer: I see as one of the biggest problems. All they could look at is what is in current law.

Rep. Price: If I were in your chair, I would ask what are the things I need to know before the next session. (e.g. The level of acuity, what are the problems with targeted case management, the specific developmental disabled population problems, etc.) Then I would ask where have we been and where are we going. Then you would direct the department to get this information. The actuary would do its part. You give suggestions. What are our big-ticket areas in the next five-ten years. Our Human Services Department just cannot do it all.

Chairman Delzer: I do not understand the whole actuarial situation.

Arnold (Chip) Thomas, representing ND Mental Health Association: The \$350,000 was an aggregate number from someone in the cities. We had no knowledge of what could be matched. It related to an actuarial program. Secondly, using the example of diabetes, North Dakota has very little managed care services that would be available. If a program is proposed, you have no idea of the services and financial impact of that program if it was implemented. This bill will help the department get an outside estimate to learn the impact on the service side and the budget side.

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Human Resources Division

Bill/Resolution Number 1460

Hearing Date: 2-7-05

Chairman Delzer: Did you sit in on Don Muse' presentation?

Thomas: Yes. He came up with estimated budget consequences as an actuary.

Chairman Delzer: We will hold this bill until Wednesday.

Vice Chair Pollert: Has Long Term Care Association or Hospitalization studies been done?

Thomas: We have not. The closest resource we have is Blue Cross Blue Shield.

Shelly Peterson, President of Long Term Care Association: We have not used an actuarial study. In 2001, the state hired an independent accounting firm to do something similar. The RFP was \$80,000 for a one-time study.

Rep. Kerzman: How many of those recommendations are used?

Peterson: On HB 1252, most of them are included.

Chairman Delzer: Allen, you need to ask the Blues about hiring an actuary to look at their issues and what kind of cost. Tell them we are requesting this as we are thinking of doing it for the Medicaid system.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1460

Provides for Actuarial Review of Medicaid Department

House Appropriations Committee
Human Resources Division

Hearing Date: 2-11-05 Friday a.m.

Tape Number	Side A	Side B	Meter #
II	X		28.8 - 43.7
Committee Clerk Signature <i>Diane M. Overly</i>			

Minutes: **Chairman Delzer** called the meeting to order on HB 1460.

Chairman Delzer: This bill sets up an actuarial service to look at the Medicaid department. I have some reservations. The budget is built in March, so when do we want these reports to be done? Will it be a historical look and then trying to project into the future? I do not know if I support it yet, but monetarily it looks high. One option is to let the Council look at it instead of having it in the Department of Human Services budget. There is a 50/50 match. I would like to see a drastic reduction.

Rep. Alon C. Wieland: You were talking earlier about doing a study that might have an effect on this as well. Should we consider this after a study has been completed.

Chairman Delzer: I think it is basically a timing thing.

Vice Chair Pollert: Wouldn't be get better information from the MMIS system in the future?

Chairman Delzer: Overall, the new MMIS will be more efficient, but the information will be very similar to what we already have.

Allen/LC: We contacted Blue Cross Blue Shield for actuary contract rates.

Chairman Delzer: I have talked to some persons as well. It is between \$100-\$300 per hour for each actuary. Most said they do not know how long this would take. Don Muse said around \$100,000 would be needed, but this is just a guess.

Rep. Larry Bellew: I move Do Not Pass on HB 1460.

Vice Chair Pollert: I second it.

Rep. James Kerzman: I will resist the motion. I helps efficiency.

Chairman Delzer: I personally support the Do Not Pass, but I am hesitant about putting the bill out with the full appropriation amount in it.

Rep. Bellew: I withdraw my motion.

Vice Chair Pollert: I rescind my second.

Rep. Ralph Metcalf: I move we reduce line 18 to \$150,000 and divide out the federal and general funds accordingly.

Rep. Kerzman: I second it.

Chairman Delzer: Allen, we will reduce \$150,000 from the 75 in the general fund.

Vice Chair Pollert: I will resist the motion. I offer a substitute motion to change the amendment to reduce from \$150,000 to \$100,000.

Rep. Wieland: I second it.

Chairman Delzer: With voice vote, motion passes amendment for \$100,000 with a 50/50 match.

Rep. Bellew: I move a Do Not Pass As Amended.

Vice Chair Pollert: I second it.

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Human Resources Division

Bill/Resolution Number 1460

Hearing Date: 2-11-05

Chairman Delzer: Clerk will take roll call. Motion fails 2-4.

Rep. Wieland: I move Do Pass As Amended on HB 1460.

Rep. Kerzman: I second it.

Chairman Delzer: Motion passes 4-2.

Rep. Metcalf will carry the bill to full committee.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1460
Human Services Biennial Reports

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 14, 2005

Tape Number	Side A	Side B	Meter #
1		X	#36.7 - #end
2	X		#0 - #3.9
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on HB1460.

Rep. Ralph Metcalf explained that the amendment changes the \$350,000 appropriation on line 18 to \$100,000. This bill gives the department of Human Services the tools to develop an actuarial study that has been demanded of them for 2000 of their people.

Rep. Ralph Metcalf moved to adopt amendment #0101 to HB1460.

Rep. Tom Brusegaard seconded.

Rep. Jeff Delzer commented that \$350,000 was put into this bill originally because it was unclear what the costs would be for this. The information we got was that \$100,000 would more than cover this.

Rep. Eliot Glassheim asked if this work would require an outside contracting firm or if this could be done in house.

Rep. Jeff Delzer answered that an outside independent contractor should do the work and Humans Services does not have the staff to do this in house. (meter Tape #1, side B, #46.2)

Rep. Eliot Glassheim clarified that this has two parts: the historical analysis that could be done in house and the actuary services that will be contracted.

Rep. Ken Svedjan, Chairman commented that Medicaid program by itself is a good sized insurance program but there are no actuarial services to tell where this program is going. There is little information on alternatives or changes we ought to be considering based on actuarial analysis. This would give us more information to help us manage Medicare in future years.

Rep. Ken Svedjan, Chairman called for a voice vote to adopt amendment #0101 to HB1460. Motion carried.

Rep. Ralph Metcalf moved a Do Pass As Amended motion for HB1460.

Rep. Keith Kempenich seconded.

Rep. Jeff Delzer asked if it is right that the appropriation is limited to the next biennium but the report would be a continued requirement.

Mr. Allen Knudson from Legislative Council concurred.

Rep. Jeff Delzer moved a substitute motion to add a sunset clause on the bill for 2007 and to require only one report to the assembly.

Rep. Larry Bellew seconded.

Rep. Francis J. Wald The state auditor's office has a lot of expertise for these kind of studies and maybe we ought to encourage Human Services to work with the State Auditor's office to contact some of these firms to help do these studies.

Rep. Ken Svedjan, Chairman called for a voice vote on the substitute motion. Motion carried.

Rep. Alon C. Wieland asked if \$100,000 is more than was needed to only do one report.

Rep. Ken Svedjan, Chairman answered that the majority of the cost would be to gather the information and analyzing it.

Rep. David Monson agreed that this might be more than we would need for this. We might want to give the Senate the heads up to look for this and encourage them to do some research into working with the state auditor's office for some of this.

Rep. Ken Svedjan, Chairman answered that actuarial analysis is different than what auditor's services would provide.

Rep. Jeff Delzer commented that the Medicaid program is a \$1 billion and this is all of that so there probably isn't too much money.

Rep. Ralph Metcalf moved a new Do Pass As Amended motion for HB1460.

Rep. Francis J. Wald seconded.

Rep. Jeff Delzer commented that he would oppose the bill because he was unsure how much money should be spent on reports instead of services.

Rep. Ken Svedjan, Chairman disagreed saying that the time has come and we need to get a better handle on the actuarial analysis of where Medicaid is going.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass As Amended motion on HB1460. Motion carried with a vote of 19 yeas, 4 nays and 0 absences. Rep Metcalf will carry this bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on HB1460.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1460

Page 1, line 18, replace "\$350,000" with "\$50,000"

Page 1, line 19, after the comma insert "and from special funds derived from federal funds or other income, the sum of \$50,000, or so much of the sum as may be necessary,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

The amendment reduces the appropriation of \$350,000 from the general fund to \$100,000 in total, of which \$50,000 is from the general fund and \$50,000 is from federal funds.

Date: 2/11/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1460

House Appropriations - Human Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DO NOT PASS AS AMENDED

Motion Made By Rep. Bellow Seconded By Rep. Pallert

[illegible]

Total (Yes) 2 No 4

Absent

Floor Assignment

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

Deals with provision for actuarial service.

Date: 2/11/05
Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1460

House Appropriations - Human Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By Rep. Wieland Seconded By Rep. Kerzman

Representatives	Yes	No	Representatives	Yes	No
Chairman Jeff Delzer		✓	Rep. James Kerzman	✓	
Vice Chairman Chet Pollert	✓		Rep. Ralph Metcalf	✓	
Rep. Larry Bellew		✓			
Rep. Alon C. Wieland	✓				

Total (Yes) 4 No 2

Absent _____

Floor Assignment Rep. Metcalf

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

Deals with provision for actuarial service

Date: February 14, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1460

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 50694.0102

Action Taken DO PASS AS AMENDED

Motion Made By Rep Metcalf Seconded By Rep Wald

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman		X	Rep. David Monson		X
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	X		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew		X
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson	X				

Total Yes 19 No 4

Absent 0

Floor Assignment Rep Metcalf

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

REPORT OF STANDING COMMITTEE

HB 1460: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1460 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "an annual" with "a biennial"

Page 1, line 3, remove "and" and after "appropriation" insert "; and to provide an expiration date"

Page 1, line 7, replace "**Annual**" with "**Biennial**" and replace "an annual" with "a biennial"

Page 1, line 8, replace "legislative council" with "appropriations committees of the legislative assembly"

Page 1, line 14, replace "legislative council" with "appropriations committees"

Page 1, line 15, replace "legislative council determines" with "appropriations committees determine"

Page 1, line 18, replace "\$350,000" with "\$50,000"

Page 1, line 19, after the comma insert "and from special funds derived from federal funds or other income, the sum of \$50,000, or so much of the sum as may be necessary,"

Page 1, line 22, replace "date" with "data"

Page 1, after line 24, insert:

"SECTION 3. EXPIRATION DATE. This Act is effective through June 30, 2007, and after that date is ineffective."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

The amendment requires a biennial rather than an annual report, adds a June 30, 2007, expiration date for the Act, and reduces the appropriation of \$350,000 from the general fund to \$100,000 in total, of which \$50,000 is from the general fund and \$50,000 is from federal funds.

2005 SENATE HUMAN SERVICES

HB 1460

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1460

Senate Human Services Committee

☐ Conference Committee

Hearing Date February 28, 2005

Tape Number	Side A	Side B	Meter #
1		x	2845-4450
2		x	2465-3120
Committee Clerk Signature <i>Cathy Minner</i>			

Minutes:

Vice Chairman Dever opened the public hearing on HB ¹⁴⁶⁰~~1470~~. All members were present.

This bill relates to a biennial report of certain programs administered or funded by the department of human services, to provide an appropriation and an expiration date.

Testimony in favor of the bill

Arnold 'Chip' Thomas, President of the North Dakota Healthcare Association. See written testimony (Attachment 1)

Representative Clara Sue Price, District 40, Minot: We feel that it's important that the Appropriations Committee have as much information as possible going into the budgeting process. In addition, it will give the department an outside look at what's happening. Other insurance companies use actuaries for a variety of reasons. We need a good idea of where we're going and it never hurts to have an outside look because sometimes we get too close to a bill. Our committee and the House appropriations committee are supportive of this bill.

Vice Chairman Dever: Did this flow from the seminar we had with Mr. Muse?

Rep. Price: That was a piece of it. It actually came from the Medicaid working group that was established, led by Rod Backman in the last interim and Senator Judy Lee was involved too.

This is one of the recommendations that came from that working group. We did change the bill after we had the presentation by Don Muse, as far as the dollar amount and just kind of tightened up the focus. There are three bill kind of all together, two more that came from the Muse presentation. We need to have good long-term projections as to where we see our Medicaid population going.

Sen. Brown: Why you're asking for reports to the Appropriations Committee? Why not just to the Legislative Assembly?

Thomas: The real important piece was closing the communication back to the policy making body. We thought that would be best because this is so quantitatively driven and has such big budget implications that the Appropriations Committee was the logical vehicle. It was a way to get the information back to the people who have to make the ultimate decision.

Rep. Price: As it came out of my committee, it was to the Legislative Council. It was changed I n the Appropriations Committee to Appropriations.

Sen. Brown: Would you have any objection to us amending it back?

Rep. Price: No, if there's any information coming in the interim, it needs to come to council and I still think that's a bad idea. They changed the reporting times, I just wanted to get the bill through, so I didn't object to the change.

Neutral Testimony

David Zentner, Director of Medical Services for the Department of Human Services. See written testimony. (Attachment 2)

Sen. Warner: If the appropriation was greater than \$50,000, the matching funds would follow?

Zentner: Correct.

There was no further testimony on HB 1460.

Chairman Lee closed the public hearing on HB 1460.

Chairman Lee reopened discussion.

Senator Warner moved DO PASS, seconded by Senator Lyson.

The motion was withdrawn.

Sen. Brown: I don't like the fact that this puppy goes to the Appropriations Committee. I'd like to see this go the legislative council--on line 8 and lines 14-15.

Sen. Dever: She said they sent it to the Appropriations Committee in the House and the Appropriations Committee changed it. Lines 8, 14-16.

Chairman Lee: The thing is, the Appropriations Committee is only in place during this session. Even if I was going to go with the money folks, I would rather it say budget section than Appropriations committee.

Senator Brown moved DO PASS on the amendment, seconded by Senator Dever.

VOTE: 5 yeas, 0 nays, 0 absent

Senator Brown moved DO PASS on the amended bill, seconded by Senator Lyson.

Sen. Warner: Is legislative council going to refer this to a budget section on Human Services?

Sen. Brown: Look at line 16 (he read from the bill). Should the Appropriations Committee be monitoring policies?

Chairman Lee: No.

Sen. Warner: I'm asking if it's going to show up in November right after the election or is it going to be a more expansive hearing for one of the policy committees that meet during the interim.

Chairman Lee: My hope would be that by putting in legislative council instead of Appropriations Committee that there would be the opportunity for feedback for the entire interim also and then the legislative council could refer those reports to the budget committee on human services, which would include both policy and appropriations.

Sen. Brown: It might even go, in addition, to the health committee or the human services committee.

The committee discussed further wording.

VOTE: 5 Yeas, 4 Nays, 0 Absent **Carrier:** Senator Warner

Referred to Appropriations.

Proposed Amendments to Engrossed House Bill No. 1460

Page 1, line 8, replace "appropriations committees" with "legislative council"

Page 1, line 14, replace "appropriations" with "legislative council"

Page 1, line 15, remove "committees"

Page 1, line 16, replace "appropriations committees" with "legislative council" and replace "determine" with "determines"

Renumber accordingly

Date: 2-28-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1460

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass on Amendment

Motion Made By Sen. B Seconded By L. D.

Senators	Yes	No	Senators	Yes	No
Sen. Judy Lee - Chairman	✓		Sen. John Warner	✓	
Sen. Dick Dever - Vice Chairman	✓				
Sen. Richard Brown	✓				
Sen. Stanley Lyson	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment _____

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

Date: 2-28-05
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1460

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Sen. Warner Seconded By Sen. Lyson

Senators	Yes	No	Senators	Yes	No
Sen. Judy Lee - Chairman	✓		Sen. John Warner	✓	
Sen. Dick Dever - Vice Chairman	✓				
Sen. Richard Brown	✓				
Sen. Stanley Lyson	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Sen. Warner

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

refer to approp.

REPORT OF STANDING COMMITTEE

HB 1460, as engrossed: Human Services Committee (Sen. J. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1460 was placed on the Sixth order on the calendar.

Page 1, line 8, remove "appropriations committees of the" and replace "assembly" with "council"

Page 1, line 14, replace "appropriations" with "legislative council"

Page 1, line 15, remove "committees"

Page 1, line 16, replace "appropriations committees determine" with "legislative council determines"

Renumber accordingly

2005 SENATE APPROPRIATIONS

HB 1460


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1460

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 10, 2005

Tape Number	Side A	Side B	Meter #
1		b	2,777
Committee Clerk Signature 			

Minutes:

Chairman Holmberg opened the hearing on HB 1460.

Representative Clara Price, district 40, Minot, testified on HB 1460, discussing its purpose regarding Medicaid, how the projections are arrived at, the guesstimate as to how much is needed to cover the insurance needs. She indicated that she felt this projection was not as thorough as it could be as staff is limited in what they can do. She felt we needed actuarial services.

Chairman Holmberg indicated the subcommittee would be looking at this budget.

Senator Grindberg indicated he just returned from Washington DC and there should be concern about the new legislation coming out on Medicare.

Arnold Thomas, President, North Dakota Health care Association, presented written testimony and testified in support of HB 1460. He indicated the bill does two very important things; appropriates \$50,000 so the Department could obtain actuarial services and requires the

Department to share with an interim committee the five year analysis of services and expenditures.

David Zenter, Director, Medical Services, Department of Human Services, presented written testimony and testified as to what would be done with the money appropriated. He indicated an RFP will be put out with the requirement contained in the bill and see how many companies will provide the services for the money available.

Senator Tallackson asked if the audit will make it anymore certain that we know what the federal government will supply, if not why the actuarial. The response was that this will take historical data and make projections using actuarial type activity, now actuarial basis is not used for a basis.

It also gives information as to what other states are doing. This has not been used in the past.

Senator Grindberg asked if the department has done any modeling or forecasting beyond this biennium if everything stayed as is. The response was that he believed there are too many unknowns.

Senator Andrist asked how well this would serve us. Historical data estimates have been pretty accurate. Does the actuarial projection lead to positively impact our cost. The response was that this is another tool to use in budgeting process.

Representative Price indicated the actuarial data would keep us up with the feds as soon as they know them and hopefully keep us ahead of the feds on some of these issues.

Chairman Holmberg closed the hearing on HB 1460.

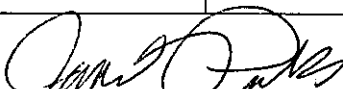
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1460

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 25, 2005

Tape Number	Side A	Side B	Meter #
1	a		850 - 1190
Committee Clerk Signature 			

Minutes:

Chairman Holmberg opened the discussion on HB 1460.

Dave Zentner, Director Medical Services, Division of Human Services, testified on HB 1460, indicating this bill deals with providing the department with actuary input in developing and analyzing costs for budget purposes. He discussed the fiscal note.

Senator Mathern moved a DO PASS, **Senator Fischer** seconded, discussion ensued. A roll call vote was taken resulting in 11 yes, 3 no, 1 absent. The motion carried and **Senator Warner** will carry the bill.

Chairman Holmberg closed the hearing on HB 1460.

Date

3/25

Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. SB 1460

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DPMotion Made By MatherSeconded By Fischer

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER		/
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS		/
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN	/	
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN	/		SEN. TALLACKSON		/
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD					
SENATOR SCHOBINGER	/				
SENATOR THANE	/				

Total (Yes) 14 No 3Absent 1Floor Assignment HMS

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

REPORT OF STANDING COMMITTEE (410)
March 25, 2005 10:53 a.m.

Module No: SR-55-6198
Carrier: Warner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1460, as engrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (11 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1460, as amended, was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1460

This bill is a result of recommendations made by the Medicaid Working Group appointed by Governor Hoeven and led by Rod Backman.

This bill requires the Dept of Human Services to share with an interim committee the five year Historical analysis of services and expenditures. The committee will be given the actual data and trend-line comparisons of the number of people being served and the costs of doing so. The information will include the funds appropriated and the actual expenditures. We will be able to compare our numbers with those of surrounding states.

maint L- Currently the Dept employs an actuarial firm to review expenditures to establish rates for the managed care plan with Noridian Mutual Insurance Co. The process involves the review of past expenditures to attempt to predict future costs but does not use actuarial analysis to build the Medicaid grant budget.

The actuarial tools made available in this bill will provide us with a firmer factual foundation - past, present and projected - to exercise our policy and budget setting responsibilities.

~~We were told the appropriation is a global figure and it may be too high.~~ The Dept feels that this would qualify for 50% federal funding.

Our policy and budget efforts do not use the full range of management tools to assist us in linking budget to service use and growth estimates, public and private payment schedule trends, budget and program assumptions and estimates.

We experienced the benefit of actuarial tool applications in the presentation by Don Muse ~~last week~~. This would give us the same support and management tools to help us make important decisions.

5 years
Every ~~second year~~, we are asked to appropriate ~~around 400 million~~ *of dollars* toward a ~~billion plus dollar~~ Medicaid program. In setting our program and budget priorities, we rely primarily upon historical trends in estimating future service usage and selective inflation indexes of various sorts. By relying solely on these management tools for setting program priorities and funding obligations, we limit ourselves in priority setting and budget determination by not accessing and using in our discussions, the broadest foundation of facts and factual based assumptions available.

Medicaid is an insurance program. Like an insurance company, it administers a defined set of benefits within a defined budget, based on available tax revenue's—premiums if you will.

Unlike private insurance companies, our policy and budget efforts do not use the full range of management tools to assist us in linking budget to service use and growth estimates, public and private payment schedule trends, budget and program assumptions and estimates.

TESTIMONY BEFORE THE HOUSE HUMAN SERVICES COMMITTEE

REGARDING HOUSE BILL 1460

JANUARY 25, 2005

Chairman Price, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you to provide information regarding this proposed legislation.

This bill is a result of recommendations made by the Medicaid Working Group appointed by Governor Hoeven. The Department did provide information to this group, but did not participate in the deliberations; nor were we involved in developing the recommendations presented in the report of this group.

The bill would require the Department to provide a yearly report to the Legislative Council that would include an analysis of the number of recipients receiving services, the cost of those services, and a comparison of requested and approved budget to actual expenditures. It would include a comparison with other surrounding states. The Department would utilize actuarial tools to accomplish this requirement including projections and trends for five-year periods in the future, and would be used by the Legislative Council to monitor program policies and appropriations.

Section 2 appropriates a total of \$350,000 to the Department to obtain the necessary actuarial services needed to carry out the intent of this bill.

The Department does employ an actuarial firm to review expenditures in order to establish rates for the managed care plan with Noridian Mutual Insurance Company. Accountants within the fiscal unit carry out budget preparation and analysis with assistance from my staff. The budget process involves the review

of past expenditures to attempt to predict future costs but does not use actuarial analysis to build the Medicaid grant budget.

The Executive budget does not contain any funds for this activity, and therefore additional dollars would need to be added to the budget in order for us to contract for these services. It is likely that 50% federal funding would be available to implement the provisions of this bill.

I would be happy to respond to any questions you may have.

1



Vision

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

Mission

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

Same given to Senate Appropriation

**TESTIMONY BEFORE THE HOUSE HUMAN SERVICES COMMITTEE
REGARDING HOUSE BILL 1460
JANUARY 25, 2005**

Same given to Senate Human Services

Madam Chairman -- Members of the Committee:

My name is Arnold R. Thomas. I am the President of the North Dakota Healthcare Association. I am here to urge a **Do Pass** on House Bill No. 1460.

Every second year, the North Dakota Legislative Assembly is asked to appropriate around \$400 million toward a billion dollar Medicaid program. It is asked to do so without sound actuarially foundations supporting service usage and expenditure trends -- market based payment schedule trends -- actual expenditures -- and future service and budget projections. These are management tools that no private sector insurance company would be without. They help to reduce errors and clarify policy options. HB 1460 would provide these same tools for the Department of Human Services.

Whether you wish to think of it as such, or not, Medicaid is an insurance program. It administers a defined set of benefits within an established budget, a premium if you will. The more information you have available to you, the better you will be able to compare your program obligations with your fiscal conditions. This information base offers strong support during your policy making process.

This bill does two very important things. First, it appropriates \$350,000 to the Department so that it can obtain the actuarial services. This will enable the Department to use actuarially based methodologies to set rates, develop budget recommendations, perform analyses, track utilization, project service and fiscal trends, and a measurement resource for comparing service and financial projections with results.

Secondly, this bill requires the Department to annually share with an interim committee the five year historical analysis of services and expenditures. You will be given the actual data and trend-line comparisons of the number of people being served and the costs of so doing. You will be given information regarding the funds appropriated and the actual expenditures. You will be able to compare our numbers with those of the surrounding states and the estimates you employ in your policy discussions will be broader based than just past trends.

With this information, you will be able to better understand the program -- its past -- its present -- and most importantly, its future.

I will gladly answer any questions that you might have.

TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE**REGARDING HOUSE BILL 1460****FEBRUARY 28, 2005**

Chairman Lee, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you to provide information regarding this proposed legislation.

This bill is a result of recommendations made by the Medicaid Working Group appointed by Governor Hoeven. The Department did provide information to this group, but did not participate in the deliberations; nor were we involved in developing the recommendations presented in the report of this group.

The amended bill would require the Department to provide a biannual report to the ^{Approp. Comm.} ~~Legislative Council~~ that would include an analysis of the number of recipients receiving services, the cost of those services, and a comparison of requested and approved budget to actual expenditures. It would include a comparison with other surrounding states. The Department would utilize actuarial tools to accomplish this requirement, including projections and trends for five-year periods in the future, and would be used by the ^{Approp. Comm.} ~~Legislative Council~~ to monitor program policies and appropriations.

Section 2 was amended to reduce the appropriation from \$350,000 to \$100,000 of which \$50,000 would be general funds to obtain the necessary actuarial services needed to carry out the intent of this bill. If the bill becomes law, the Department would issue a Request for Proposal to accomplish the work outlined in this legislation. It is unknown if the \$100,000 will be adequate to accomplish the goals of the legislation.

The Department does employ an actuarial firm to review expenditures in order to establish rates for the managed care plan with Noridian Mutual Insurance Company. Accountants within the fiscal unit carry out budget preparation and analysis with assistance from my staff. The budget process involves the review of past expenditures to attempt to predict future costs but does not use actuarial analysis to build the Medicaid grant budget.

The Executive budget does not contain any funds for this activity, and therefore the appropriation contained in this bill is needed in order for the Department to implement the requirements of this proposed legislation.

I would be happy to respond to any questions you may have.