

**Timeline for Cost-Benefit Analysis
Legislative Management Committee
September 24, 2008**

Mr. Chairman and committee members, for the record I am Rod St. Aubyn, Director of Government Relations for BCBS of North Dakota. I appear before you today to discuss an issue that has created problems for committee chairs, advocacy groups, and the insurance industry.

According to the North Dakota Century Code any bill that is considered a health insurance mandate (mandating health insurance coverage or direct reimbursement for a specified provider type) must follow these steps:

1. It must be considered by the Employee Benefits Programs Committee since it will affect PERS. The bill is then referred to a standing committee (typically Human Services or IBL)
2. It must have an independent cost benefit analysis completed by an outside actuarial consultant before the standing committee can take action, after they have had the bill hearing.
3. If the bill is approved by the standing committee, typically it must be rereferred to the Appropriations Committee since it will have a fiscal impact on PERS.

The current process has many merits. The independent cost benefit analysis is critical. The committee needs independent verification of the anticipated cost-benefit before making a decision, since reports from either the advocacy group or an insurer may be biased. The actuarial firm (Milliman) recommended by the interim Human Services Committee, chaired by Rep. Delzer, is required to complete the analysis within 4 weeks. If a mandate bill is introduced on the last date permitted by current legislative rules, it is impossible to complete the required tasks listed above in order to meet the cross over deadline. In fact, this situation occurred during the 2005 Legislative Session. The Human Services Committee was forced to take action on the bill before the analysis was completed. The committee recommended a do not pass and the bill was defeated by the full Senate. This is not fair to the legislators hearing the bill or to the bill sponsors.

In the past I have worked with committee chairs of both Human Services committees and the Employee Benefits Programs Committee to come up with some type of solution. I offered to Senator Judy Lee and Rep. Clara Sue Price suggested rule changes that will still provide the necessary legislative process safeguards listed above, yet still provide legislators the opportunity to introduce mandate bills. They both agreed with the suggested format with one suggestion for an alternate date offered by Rep. Clara Sue Price. I also forwarded this proposal to Rep. Delzer, since his committee had considered this option and he had indicated an interest in discussing it further with the Legislative Management Committee.

The proposed rule change would comply with the existing requirement of any bill affecting PERS be first submitted to the Employee Benefits Programs Committee by April 1 prior to the following legislative session. This requirement would apply to mandate bills as well. This process applies to current legislators and those running for reelection. The proposed rule further specifies the bill introduction deadline for new mandate bills for newly-elected first-time legislators to be no later than the first Friday following the end of the organizational session. Rep. Price suggested that you could consider the first Wednesday following the organizational session in order to allow ample time for the legislative council to draft the bill. Any delay beyond that day is problematic in order to meet the deadlines for having hearings and complying with legislative time constraints.

I wanted to address some of the issues that you may encounter.

The proposed rules do not allow much time for newly-elected first-time legislators to get signatures for co-sponsors or to secure commitment from veteran legislators.

I would think with emails, staff at the Legislative Council could accept email acknowledgement from co-sponsors for these bills. Perhaps other accommodations may have to be considered to allow for some flexibility in the bill co-sponsor process.

The proposed rules do not allow other newly elected legislators the same right as the newly-elected first-time legislators.

Newly elected legislators would already know the rules and would have been reminded of the April 1 deadline (typically in February or March), so they would have ample time to get a bill drafted and would have the entire organizational session to secure bill sponsors.

Mr. Chairman and committee members, adoption of these proposed rules will provide for a better process to ensure compliance with current law and yet provide necessary information, accommodate the needs of newly-elected first-time legislators, and provide facts to allow the committees to make informed decisions. On behalf of Sen. Judy Lee, Rep. Clara Sue Price, and myself, we urge your committee to adopt the proposed rules attached to my testimony after you have decided on the appropriate bill filing deadline. I would be willing to answer any questions the committee may have.

Proposed amendments to Senate and House Rules

Proposed amendment to House Rule 402. When Introduced:

4. All bills mandating health insurance coverage of services or payment for specified providers as described in NDCC 54-03-28 must be submitted for consideration by the Employee Benefits Programs Committee no later than April 1 of the year before a regular legislative session for returning legislators or no later than the first Friday [Wednesday] following the end of the organizational session for newly-elected first-time legislators.

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