

**Testimony for Industry Business and Labor Committee Meeting
February 4, 2010**

Chairman Keiser and members of the Industry Business and Labor Committee, for the record I am Rod St. Aubyn, Director of Government Relations for Blue Cross Blue Shield of North Dakota.

I was asked to update you on the federal health care reform legislation from the perspective of the health insurer. As you are fully aware, the dynamics of health care reform have changed dramatically after the special Senate election in Massachusetts. In the Senate, it takes 60 votes to pass a cloture vote to end debate. The election of Sen. Elect Brown gave the Republicans 41 votes, thus preventing the Democrats from ending debate to vote on any measure opposed by the Republicans. Many analysts have concluded that the voters were sending a signal that they objected to the process that has been used by the majority party, the current health care reform bill being considered in both the Senate and the House, and to the general economic situation that the country currently faces. The President has signaled that health care reform is still a priority that he wants completed yet this year. He has included funding in this coming budget for implementation of health care reform. Senate and House leadership have also echoed their desire to continue with health care reform. However, many rank and file members of the House and Senate who are up for re-election (1/3 of the Senate and all the House) are reluctant and apprehensive about dealing with health care reform at this time because of the public furor. We have heard that some of the discussions between leadership and the congressional members include the following options:

1. House to pass the Senate bill and then pass a Reconciliation Bill
 - a. There is a lot of resistance among House rank and file and key Senate moderate Democrats.
 - b. This would require a very complex negotiation in both the process and policy issues.
 - c. Public perception problem

- d. House Democrats have many differences on several issues that would have to be included in the reconciliation bill.
 - i. Abortion funding
 - ii. Health care reform financing
 - iii. Public option
- 2. Pass a scaled down bill through a budget reconciliation process.
 - a. Public perception may be a problem if it appears that the Democrats are simply trying to "push legislation down people's throats."
 - b. Difficulty in avoiding unintended consequences by doing partial reform.
 - c. Budget reconciliation process is not a simple process and has its limitations.
- 3. Work with the Republicans to pass some type of health care reform.
 - a. What can be done in a piece meal fashion without having unintended consequences – ie disallowing pre-existing condition exclusions without a mandate?
 - b. Will the Republicans actually work with the Democrats with an election in about 9 months?
 - c. Will they utilize the budget reconciliation process if they are short of the necessary 60 votes?
- 4. Table Health Care Reform and concentrate on economic and job issues until after the fall elections.

It is anyone's guess right now what will happen. It is my opinion that if they want to pass something, they must do it very quickly, because the fall elections are right around the corner. They will not want the whole health care reform debate fresh on the voters' minds during the campaigns. The President and the Democratic leaders will and have been putting a lot of pressure on their congressional members to pass something yet this year. They view failure to pass something this year will result in the public perception that they cannot "get things done." Whether that is an accurate assessment is debatable, but that has been expressed by leadership. I would expect that unless something happens by the end of March, the debate will be tabled until after the election.

The bills under consideration have positive elements and also very negative components that would result in higher health insurance costs. While subsidies would cover some of these increases for some individuals, others would experience significantly increased premiums.

Blue Cross Blue Shield of North Dakota and most insurers support reasonable health care reform. However, the current legislation as currently drafted would ultimately be negative for North Dakota citizens. The Blue Cross Blue Shield Association and many other insurers have offered several options for consideration. We will simply have to wait to see what direction this debate will take us.

Mr. Chairman, thanks for allowing me to update your committee. I would be happy to try to answer any questions the committee may have.