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## **HISTORY OF COST-BENEFIT ANALYSES OF HEALTH INSURANCE MANDATES AND THE STATUS OF LEGISLATIVE RULES REGARDING BILLS THAT INCLUDE HEALTH INSURANCE MANDATES**

### **HISTORY OF COST-BENEFIT ANALYSES OF HEALTH INSURANCE MANDATES**

North Dakota Century Code Section 54-03-28 was enacted by the 2001 Legislative Assembly and provides that a legislative measure mandating health insurance coverage may not be acted on by any committee of the Legislative Assembly unless accompanied by a cost-benefit analysis. Prior to each legislative session, the Insurance Commissioner is to recommend a private entity for the Legislative Council to contract with to provide cost-benefit analyses services. The Insurance Commissioner is to pay the costs of all contracted services.

Section 54-03-28 was amended by the 2003 Legislative Assembly to provide additional requirements for mandates of health insurance coverage. Legislative measures mandating health insurance coverage may only be effective for the next biennium and are limited to the public employee's health insurance program. For the following Legislative Assembly, the Public Employees Retirement System (PERS) must prepare and request introduction of a bill to repeal the expiration date and expand the mandated coverage to apply to all accident and health insurance policies. In addition, PERS is required to prepare a report which is attached to the bill regarding the effect of the mandated coverage or payment on the system's health insurance program. Because no legislation mandating health insurance coverage has been adopted since these provisions were enacted, PERS has not yet had to complete a report regarding effects of mandated health insurance coverage.

When a mandate is proposed, PERS conducts in-house analyses of all measures mandating health insurance coverage. The Public Employees Retirement System receives information from its insurance carrier regarding the additional costs associated with providing the coverage. The Public Employees Retirement System uses the information to calculate the estimated effect on premium costs that will be paid by the general fund, other funds, and local political subdivisions. The analyses are conducted by PERS employees at no additional cost to the agency, and fiscal notes are prepared by PERS that relate to the bills mandating health insurance coverage during the legislative session. The Public Employees Retirement System does not include funds in its budget for analyses of legislative measures that mandate health insurance. If analysis requires the use of consultants, Section 54-52.1-06.1 provides a continuing appropriation from insurance premiums for the payment of consulting fees related to the uniform

group insurance program. The Public Employees Retirement System currently uses consulting services for rate renewal analysis, plan design, actuarial advice, contract negotiations, program proposal evaluation, benefit design, and technical advice.

The 2003-04 and 2005-06 interim Budget Committees on Health Care and the 2007-08 interim Human Services Committee recommended that the Legislative Council contract with Milliman USA for cost-benefit analysis services on health insurance mandates during the 2005, 2007, and 2009 legislative sessions. During the 2005 legislative session, two bills were referred for cost-benefit analysis at a total cost of \$8,323. In addition, the Insurance Department paid \$5,606 to Milliman USA for general project work during the legislative session for total payments of \$13,929. During the 2007 legislative session, there were no health insurance mandates referred for cost-benefit analysis. During the 2009 legislative session, the Insurance Department paid a total of \$28,070 to Milliman USA for analyses conducted on three bills. All three bills were introduced in the Senate on January 19, 2009; however, Senate Bill No. 2272 regarding parity for health insurance coverage of prosthetics was first reviewed by the Employee Benefits Programs Committee in April 2008. The other two bills--Senate Bill No. 2280 relating to mental health parity and Senate Bill No. 2294 relating to telemedicine--were not considered by the Employee Benefits Programs Committee until January 28, 2009. The 2009 Legislative Assembly appropriated \$10,000 to the Insurance Commissioner from the insurance regulatory trust fund for paying for cost-benefit analyses during the 2011 legislative session.

### **LEGISLATIVE RULES REGARDING BILLS THAT INCLUDE HEALTH INSURANCE MANDATES**

In September 2008 the 2007-08 interim Legislative Management Committee recommended proposed amendments to House and Senate Rules 402 relating to bill introduction deadlines for measures subject to cost-benefit analysis under Section 54-03-28. The proposed amendment provided that a current legislator may submit a mandated health insurance bill to the Employee Benefits Programs Committee no later than April 1 of the year before a regular legislative session. Any new legislator taking office after November 30 of the year preceding the session may submit a mandated health insurance bill for consideration by the Employee Benefits Programs Committee no later than the first Wednesday following

adjournment of the organizational session. In December 2008, during the organizational session, the House adopted the proposed amendment to House Rule 402, but the Senate did not.

A copy of House Rule 402 is [attached](#).

ATTACH:1