

**Vision**

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

Mission

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

Health Care Reform Review Committee

July 25, 2012

Chairman Keiser, and members of the Health Care Reform Review Committee, I am Tim Blasl, Vice President of the North Dakota Hospital Association. NDHA is a voluntary trade organization of North Dakota's licensed hospitals. I appreciate the opportunity to provide the hospital association's perspective regarding the Affordable Care Act (ACA).

In our view, the ACA will affect hospitals in three key areas: the insurance coverage expansion, delivery system reforms, and Medicare/Medicaid payments.

Insurance Coverage Expansion

One driver of health insurance premiums is what we call the "cost shift". Hospitals serve every patient that comes in the door – but often we don't get paid for providing that care if uninsured. We can't absorb those unpaid costs, so they end up being absorbed by privately-insured. This contributes to health insurance inflation. The coverage expansion in the ACA eliminates that cost shift. As a result, private insurance premiums should be stabilized.

Delivery Model Reform

We all are concerned about health care costs. The affordable care act adopts key delivery system reforms aimed at making the health care delivery system more efficient and cost effective. These delivery system reforms are the cost containment element in the ACA.

For example, it shifts the Medicare payment system from one based on volume – the more services you provide the more you get paid – to one based on value. This means hospitals will be paid based on the quality of care they provide. This is a major shift from how hospitals currently get paid today. Our North Dakota hospitals provide some

of the best quality of care in the nation but get reimbursed at almost the lowest level. So, any program that bases payments on quality is good for North Dakota.

The ACA also includes demonstrations designed to test new models for providing care – such as medical homes and accountable care organizations. These are designed to make the delivery system more cost effective.

Medicare and Medicaid Payment Changes

An amendment contained in the ACA that NDHA supports is called “Frontier States”. North Dakota is one of five states impacted by this amendment. This amendment corrects what we believe is a flawed Medicare payment system and helps bring North Dakota’s reimbursement closer to other parts of the nation. The overall positive impact for North Dakota is \$650 million over the next 10 years.

However, hospitals do have concerns with the other payment changes that will occur. Nationally, hospitals are estimated to see a reduction of \$155 billion over the next 10 years through reduced payment updates, decreased Medicare and Medicaid disproportionate share hospital payments, and other financial penalties.

Thank you for the opportunity to provide information regarding the ACA. Our member hospitals are in the process of moving forward with implementing this legislation.

I would be glad to answer any questions at this time.