

TESTIMONY

Presented by: Rebecca Ternes
Deputy Commissioner
North Dakota Insurance Department

Before: Health Services Committee
Senator Judy Lee, Chairman

Date: September 26, 2012

Good morning, Madam Chairman and members of the committee. My name is Rebecca Ternes, and I am the Deputy Commissioner for the North Dakota Insurance Department.

N.D.C.C. § 54-03-28 provides that a legislative measure introduced in the North Dakota Legislative Assembly which mandates health insurance coverage may not be acted on by any committee of the Legislative Assembly unless accompanied by a cost-benefit analysis performed by a qualified private entity.

The Insurance Department solicited proposals from 13 actuarial firms for the cost of performing a health insurance mandate cost-benefit analysis.

The Department's solicitation indicated that a mandated benefit cost-benefit analysis must include:

- The extent to which the proposed mandate would increase or decrease the cost of health care services;
- The extent to which the proposed mandate would increase the use of services;
- The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of the insured; and

- The impact of the proposed mandate on the total cost of health care.

We asked the actuarial firms if they would:

1. Be able to perform cost-benefit analyses during the period November 2012 through April 2013; and
2. Be able to complete a cost-benefit analysis within two weeks of receipt of each initial request made by the Legislative Council for a given mandate and within seven days for each request thereafter related to the same mandate.

We also informed the actuarial firms contacted that there was no guarantee that cost-benefit analysis services would be needed during the defined time period.

Proposals were evaluated based 60% on bidder qualification and 40% on cost.

Only one company, Milliman, submitted a proposal. On August 14 I forwarded the Milliman proposal to Legislative Council indicating it was responsive to the RFP. The Insurance Department recommends the selection of Milliman for these services.

Thank you and I would be happy to take any questions.