NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HEALTH CARE REFORM REVIEW COMMITTEE

Wednesday, September 7, 2016
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative George Keiser, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives George Keiser, Rick C. Becker, Alan Fehr, Mary C. Johnson, Jim Kasper, Mike Lefor, Alisa Mitskog, Karen M. Rohr; Senators Tom Campbell, Gary A. Lee, Tim Mathern, David O'Connell, Ronald Sorvaag

Members absent: Representatives Robert Frantsvog, Eliot Glassheim, and Alex Looysen

Others present: See Appendix A

It was moved by Senator O'Connell, seconded by Senator Mathern, and carried on a voice vote that the minutes of the May 18, 2016, meeting be approved as distributed.

AFFORDABLE CARE ACT

Chairman Keiser called on Ms. Rebecca Ternes, Deputy Insurance Commissioner, Insurance Department, to provide a report (Appendix B) on the status of implementation of the federal Affordable Care Act (ACA). Ms. Ternes reviewed the number of North Dakotans enrolled on the Federally Facilitated Marketplace (Marketplace), the number of insurance plans filed with the department to be available on and off the Marketplace, the dates for the upcoming 2017 open enrollment period, proposed federal rules relating to the Marketplace, and the status of *House v Burwell*, a federal case addressing cost-sharing provisions under the ACA

In response to a question from Representative Fehr, Ms. Ternes said the ACA sets limits on the amount of allowed out-of-pocket expenses for nongrandfathered plans. She said these limits have been increasing and a consumer will have to plan for these amounts if changing from a grandfathered to a nongrandfathered plan.

In response to a question from Senator Lee, Ms. Ternes said she is not sure what to attribute the increase in the number of covered lives on the Marketplace, from 16,666 in September 2015 to 17,829 in September 2016. She said it is possible this increase is a result of people moving off of Medicaid Expansion, or the increase may reflect people who are new to the insurance industry. She said 85 percent of the policies sold on the Marketplace receive a subsidy, and these subsidies are not available off the Marketplace.

In response to a question from Chairman Keiser, Ms. Ternes said North Dakota has not experienced any insurance companies leaving the state. She said the market has been steady.

HEALTH SERVICES IN INDIAN COUNTRY

Chairman Keiser called on Mr. Nick A. Kotzea, Legislative Affairs, Sanford Health, for a presentation (Appendix C) regarding South Dakota's experience pursuing increased federal funding of Medicaid and Medicaid Expansion for services provided to eligible Native Americans.

In response to a question from Representative Mitskog, Mr. Kotzea said the use of telehealth would allow more non-Indian Health Service providers to provide services to Native Americans at Indian Health Services facilities.

In response to a question from Senator Mathern, Mr. Kotzea said as South Dakota moves forward with this federal opportunity to increase funding, it has experienced positive feedback from the tribes. He said this opportunity allows Native Americans to receive better health care close to home.

In response to a question from Representative Rohr, Mr. Kotzea said there are several unanswered questions relating to the required care coordination agreements; however, under the existing system in South Dakota, records are regularly shared between Indian Health Services providers and non Indian Health Services providers. He said there are improvements that can be made to make this sharing of records more seamless.

In response to a question from Chairman Keiser, Mr. Kotzea said in South Dakota, legislation was not necessary to pursue this opportunity.

Senator Mathern said this federal opportunity seems like something North Dakota should be doing now.

Mr. Kotzea said the federal guidance came out in 2016, and so far no state has finalized coordinated care agreements. He said the states have a lot of details to workout in order to qualify.

In response to a question from Senator Mathern, Ms. Gretchen Dobervich, Policy Project Manager, American Indian Public Health Resource Center, North Dakota State University, stated North Dakota navigators are actively enrolling Native Americans in Medicaid and the National Indian Health Board also is helping with enrollment. Additionally, she said, the State Department of Health and Department of Human Services are working with North Dakota tribes to increase Medicaid enrollment.

In response to a question from Representative Mitskog, Ms. Dobervich said other than South Dakota, the nearest Urban Indian Health Center is in the Twin Cities. She said, to her knowledge, there have been casual discussions, but no active discussions regarding establishing an Urban Indian Health Center in North Dakota.

Ms. Maggie Anderson, Executive Director, Department of Human Services, said the department's allotment plan includes $1 million in savings from this federal funding opportunity for the last 6 months of the 2016-17 biennium; however, the department has found out the actual implementation has more details that need to be worked out. She said the department is actively moving forward to pursue this access to additional federal funds.

In response to a question from Senator Mathern, Ms. Anderson said although the department is pursuing this opportunity, there are competing resources and the department has to prioritize. She said the department has prioritized complying with the allotment, and this requires approval from the federal government, which is time consuming.

In response to a question from Chairman Keiser, Ms. Anderson said the federal medical assistance percentages (FMAP) are based on a 3-year average based on the state's economy compared to other states. She said as North Dakota's economy improved, the FMAP went down quickly. She said she does not expect the FMAP to increase beyond 50 percent during the 2017-19 biennium.

MEDICAID EXPANSION

Premium Cost-Sharing

The committee reviewed a bill draft [17.0263.01000] that would amend North Dakota Century Code Section 50-24.1-37, the law that provides for the Medicaid Expansion program. The bill draft would remove the August 1, 2017, sunset provision and direct the Department of Human Services to pursue a federal waiver to allow for premium cost-sharing for individuals enrolled in the Medicaid Expansion program. The waiver would provide the enrollee's premium responsibility may not exceed 5 percent of household income and the cost-sharing could not be implemented if the department's share of the annual cost of administration exceeds the state's share of premium collected.

Senator Mathern said it appears this bill draft transfers money from low income North Dakotans to pay for middle income state employees. He said if the state pursues premium cost-sharing for Medicaid Expansion, it should be required to be a financial benefit to the state, not just a breakeven.

Representative Becker said he wants Medicaid Expansion participants to participate and have ownership. He said without this, there is no appreciation or respect for the benefits. He said enrollees should have skin in the game and use services more responsibly.

Chairman Keiser called on Mr. Erik Elkins, Assistant Director, Medical Services Division, Department of Human Services, for a presentation (Appendix D) on copayment and premium cost-sharing options under the Medicaid Expansion program.

Chairman Keiser said the Human Services Committee also is studying cost-sharing for Medicaid, and received a similar report from Mr. Elkins.

In response to questions from Chairman Keiser and Senator Lee, Mr. Elkins said it would require federal approval for the department to increase the Medicaid and Medicaid Expansion copayment amounts. He said the Centers for Medicare and Medicaid Services sets copayment ceilings for the different types of services, to be a nominal amount based on the average cost of the different services.

In response to a question from Senator Mathern, Mr. Elkins said the department has looked at studies to try to determine whether cost sharing changes health care behaviors or whether it is fiscally beneficial to states, but since the federal 1115 waivers are so new, there does not appear to be any long term data addressing these matters.

In response to a question from Representative Becker, Ms. Anderson said of the 19,675 enrollees in Medicaid Expansion, 12,114 are above 100 percent of the federal poverty level and 7,561 are below. She said if the state did not have Medicaid Expansion, those people between 100 and 138 percent of the federal poverty level would be eligible to receive premium assistance on the Marketplace.

In response to a question from Chairman Keiser, Mr. Elkins said the federal match rate for Medicaid Expansion is 100 percent through 2016 and decreases to 95 percent in 2017, 94 percent in 2018, 93 percent in 2019, and 90 percent in 2020 and beyond.

In response to a question from Senator O'Connell, Mr. Elkins said 100 percent of the federal poverty level for a single adult is $990 per month and 138 percent is $1,366.

Chairman Keiser called on the following stakeholders to participate in a panel discussion regarding copayment and premium cost-sharing under the Medicaid Expansion program--Mr. Neil Scharpe, Navigator, North Dakota Center for Person with Disabilities; Mr. Josh Askvig, Advocacy Director, AARP North Dakota; Mr. Bruce Murray, Protection and Advocacy Project; Mr. Patrick Butler, Treasurer, Community HealthCare Association of the Dakotas (CHAD), (Appendix E); and Dr. Craig Lambrecht, Sanford Health.

Mr. Murray requested the committee consider the pros and cons of using incentives versus penalties in changing the behavior of Medicaid Expansion recipients. Additionally, if the committee pursues a premium cost-share program, he requested the program be designed as a pilot program with a sunset provision and that a portion of the premium cost-share be placed in a health savings account for the Medicaid Expansion recipient.

Mr. Butler said as a Medicaid and Medicaid Expansion provider, Northland Community Health Center experiences difficulties in collecting copayments. If his health center required patients to pay the copayment, he said, it would likely result in routing patients to the hospital emergency room. He said copayments are nominal, are expensive to collect, and reduce coverage. He said CHAD would prefer there were no Medicaid or Medicaid Expansion copayments.

In response to a question from Senator Lee, Mr. Butler said community health centers do not require payment of the copayment at the time of service, but bill following the provision of services. He said community health centers do not limit services based on ability to pay. He said it costs almost as much to bill for the copayment as the amount of the copayment.

In response to a question from Senator Campbell, Mr. Butler said for the Medicaid Expansion population, their lot in life is different from that of the general population. He said this population is desperate and does not have any skin to put in the game.

In response to a question from Representative Lefor, Mr. Butler said for the Medicaid population, less than 15 percent of his health center's patients actually pay the copayment.

In response to a question from Representative Becker, Mr. Butler said although he has experience with how the copayment system works, he does not have any experience with premium cost-sharing. However, he said he expects that even a "nominal amount" would not actually be nominal for this population.

Dr. Lambrecht thanked the Legislative Assembly for adopting Medicaid Expansion. He said care coordination is necessary and without it care will not improve. He said he does not think copayments are effective because as a provider it is not worth his time, resources, or effort.

In response to a question from Representative Kasper, Dr. Lambrecht said when he treats a patient in the emergency room and makes a new diagnosis of diabetes, care coordination would help connect that patient with a primary provider to followup on treatment. He said it is not appropriate for him as an emergency room doctor to provide diabetes management services.

Dr. Lambrecht said for the Medicaid and Medicaid Expansion population, the providers could do a better job of care coordination. He said a lot of the onus is on the provider to provide both services and collect copayments, but when a Medicaid patient walks into the emergency room, his only duty is to provide care at that moment.

Dr. Lambrecht said the Medicaid Expansion program has done wonders, but the next step is to manage the entire Medicaid and Medicaid Expansion population by assigning primary providers to recognize the advantages of care coordination. He said although care coordination has made inroads, not all of the Medicaid and Medicaid Expansion patients are attached to primary providers. He said within the Sanford Health system, he has the ability to establish care coordination, but he does not have this ability with providers outside the Sanford Health system.

Mr. Butler said there are care coordination challenges when patients go to the emergency room, and CHAD works with all providers to assist with care coordination. He said this issue of care coordination goes beyond the issue of copayments and reimbursement.

Senator Sorvaag said copayments should incentivise patients to receive primary care.

Mr. Butler said copayments might be able to help change behavior.

Chairman Keiser said there have been several generations of managed care, and we seem unable to find the method that works. He said data seems to support managed care. However, he said, the committee needs to distinguish managed care from the concept of premium cost-sharing. He said with the state facing $1.6 billion in cuts, the state needs to look at real solutions.

Mr. Scharpe said through working with the statewide navigator program, he has assisted thousands of people with access to the Marketplace and Medicaid Expansion. He said $67 per month is approximately 5 percent of income for a person at 138 percent of the federal poverty level--the top limit of eligibility for Medicaid Expansion. He said $67 per month is a significant portion of income for a low-income person's monthly budget.

Mr. Scharpe said the state could bill Medicaid for behavioral health and addiction services provided at human service centers as a way of addressing the state's funding shortfall.

Mr. Scharpe said even with Medicaid Expansion and the Marketplace subsidies, there is still a part of the population that is not insured. He said a study by the Robert Wood Johnson Foundation's Urban Institute found evidence consistently shows the low-income population is very sensitive to premium charges, resulting in decreased enrollment.

Mr. Askvig said of the 20,000 people enrolled in North Dakota's Medicaid Expansion program, a portion of them are age 50 and over. Although AARP is not opposing premium cost-sharing, he said, it does not want to decrease enrollment and does not want to create barriers to health services.

Mr. Askvig said Medicaid Expansion is designed to be a safety net for those who are otherwise unable to afford health care, and by increasing this access to health care we are decreasing the need for catastrophic health care. If the committee is looking for enrollees to have skin in the game, he said, the copayments already do this. He said if premium cost-sharing is implemented, there should be a study to see if it is effective in changing health behavior.

Chairman Keiser said the use of managed care private insurance policies for Medicaid Expansion requires education of the policyholders. He said the committee has received information that disenrollment and re-enrollment can be expensive and use valuable resources, but without long-term data, we are not able to tell whether it will change behaviors.

Ms. Anderson said Medicaid Expansion is new to Montana, and therefore there is very little data regarding its experience with premium cost-sharing. She said the department will continue to keep in contact with Montana to monitor its experience.

Senator Mathern said he would support premium cost-sharing only if it is shown to have a dramatic benefit to the Department of Human Services. He said in looking at the budget shortfall, it will be important also to consider income available from other sources, such as federal funding for coordinated care agreements for services for Medicaid-eligible Native Americans. He said he supports removing the sunset on the Medicaid Expansion program.

Chairman Keiser said the committee will be considering a total of three bill drafts relating to Medicaid Expansion, and will have to consider whether to consolidate one or more of them or amend the bill drafts to better coordinate them.

Representative Kasper said he would like to amend this bill draft to allow the Department of Human Services to administer Medicaid Expansion.

Chairman Keiser said the committee has made multiple attempts to get fiscal information from the Department of Human Services on the costs of different administrative options for Medicaid Expansion, but the data is not yet available to the committee. He said if the requirement the Medicaid Expansion program be implemented through a private carrier is removed, it is likely the decision of how to administer the program would be made through the appropriation process.

Representative Becker said he would like to review the other bill drafts before considering whether to amend this bill draft.

Senator Mathern said through the appropriation process, there would likely be multiple considerations, not just the lowest price.

It was moved by Representative Kasper, seconded by Representative Fehr, and carried on a roll call vote that the premium cost-sharing bill draft be amended to remove the requirement the Medicaid Expansion program be implemented through a private carrier. Representatives Keiser, Fehr, Johnson, Kasper, Lefor, Mitskog, and Rohr and Senators Campbell, Lee, Mathern, O'Connell, and Sorvaag voted "aye." Representative Becker voted "nay."

It was moved by Senator Mathern, seconded by Senator O'Connell, that the premium cost-sharing bill draft be further amended to replace the cost-sharing provision with a provision directing the Department of Human Services to pursue opportunities to increase the federal share of funding for Medicaid-eligible Native Americans in order to make more funds available to pay for Medicaid Expansion.

Representative Kasper said although he supports the language regarding pursuit of increased federal funding for Medicaid-eligible Native Americans, he does not support removing the Medicaid Expansion premium cost-sharing provision.

Senator Mathern said he is concerned implementing premium cost-sharing will not change the behavior of those receiving Medicaid Expansion.

Representative Mitskog said agency responses to the budget allotment have already negatively impacted services to low-income North Dakotans, and premium cost-sharing seems to be one more cut to this vulnerable population.

The motion failed on a roll call vote. Representatives Fehr and Mitskog and Senators Mathern and O'Connell voted "aye." Representatives Keiser, Becker, Johnson, Kasper, Lefor, and Rohr and Senators Campbell, Lee, and Sorvaag voted "nay."

It was moved by Senator Mathern, seconded by Senator O'Connell, and carried on a roll call vote that the premium cost-sharing bill draft be further amended to add a provision directing the Department of Human Services to pursue and prioritize opportunities to increase the federal share of funding for Medicaid-eligible Native Americans in order to make more funds available to pay for Medicaid Expansion. Representatives Keiser, Becker, Fehr, Johnson, Kasper, Lefor, Mitskog, Rohr and Senators Campbell, Lee, Mathern, O'Connell, and Sorvaag voted "aye." No negative votes were cast.

The committee discussed whether to hold this bill draft for consideration at a future meeting.

It was moved by Representative Kasper, seconded by Representative Lefor, and carried on a roll call vote that the bill draft removing the sunset on the Medicaid Expansion program, removing the requirement that Medicaid Expansion be implemented through a private carrier, directing the Department of Human Services to pursue a waiver to allow for premium cost-sharing for Medicaid Expansion, and directing the Department of Human Services to pursue and prioritize increased federal funding for Medicaid-eligible Native Americans be approved and recommended to the Legislative Management. Representatives Keiser, Becker, Fehr, Johnson, Kasper, Lefor, Mitskog, Rohr and Senators Campbell, Lee, Mathern, O'Connell, and Sorvaag voted "aye." No negative votes were cast.

Reimbursement Rates

The committee reviewed a bill draft [17.0262.01000] that would amend Section 50-24.1-37, the law that provides for the Medicaid Expansion program. The bill draft would remove the August 1, 2017, sunset provision; add the requirement that effective January 1, 2018, provider reimbursement rates for the Medicaid Expansion program would be the same as the provider reimbursement rates set for traditional Medicaid; and remove the requirement that Medicaid Expansion be implemented through a private carrier.

Ms. Anderson said North Dakota had set traditional Medicaid reimbursement rates at 147 percent of Medicare reimbursement rates, but is now decreasing these rates to 100 percent of Medicare reimbursement rates.

Representative Becker said this is a drop of one-third, and although this will result in state and federal savings, the Medicare reimbursement rates are woefully low and this decrease may negatively impact access to care.

Representative Mitskog said she is concerned this decrease in reimbursement rates may have a negative impact on access to care, especially behavioral health services.

It was moved by Senator Mathern, seconded by Representative Mitskog, and failed on a roll call vote that the committee not recommend to the Legislative Management the bill draft decreasing Medicaid Expansion reimbursement rates. Representatives Fehr, Johnson, Mitskog and Senators Mathern and O'Connell voted "aye." Representatives Keiser, Becker, Kasper, Lefor, and Rohr and Senators Campbell, Lee, and Sorvaag voted "nay."

It was moved by Representative Becker, seconded by Representative Kasper, that the bill draft decreasing Medicaid Expansion reimbursement rates be approved and recommend to the Legislative Management.

Senator Mathern said that because Medicaid Expansion is a transition between Medicaid and commercial insurance, provider reimbursements should mirror private rates. He said the use of private rates will encourage providers to accept Medicaid Expansion patients. Additionally, he said, there is value to educating consumers on how to use traditional private insurance products.

Representative Kasper said Medicaid Expansion increases the number of insureds, which benefits providers.

Chairman Keiser said the bill draft is a vehicle for discussion regarding Medicaid Expansion during the upcoming legislative session.

Representative Fehr said he will resist the motion as he views it as unnecessary government regulation.

The motion carried on a roll call vote. Representatives Keiser, Becker, Johnson, Kasper, Lefor, Rohr and Senators Campbell, Lee, and Sorvaag voted "aye." Representatives Fehr and Mitskog and Senators Mathern and O'Connell voted "nay."

Access to Reimbursement Rates

The committee reviewed a bill draft [17.0264.01000] that would amend Section 50-24.1-37, the law that provides for the Medicaid Expansion program. The bill draft would remove the August 1, 2017, sunset provision, add the requirement that the contract between the Department of Human Services and the private carrier provide the department with full access to reimbursement rates, and provide for the department to make a report to the Legislative Management regarding the reimbursement rates.

It was moved by Representative Kasper, seconded by Representative Rohr, that the Medicaid Expansion bill draft relating to access to reimbursement rates be amended to remove the requirement that Medicaid Expansion be provided through a private carrier.

Senator Campbell questioned whether the department already has access to provider reimbursement rates.

Chairman Keiser said access to rates is not currently required. However, he said, access to reimbursement rates would be irrelevant if Medicaid Expansion is brought in-house and administered by the Department of Human services or if reimbursement rates are set at Medicaid reimbursement rates.

The motion carried on a roll call vote. Representatives Keiser, Becker, Fehr, Johnson, Kasper, Lefor, Mitskog, Rohr and Senators Campbell, Lee, Mathern, O'Connell, and Sorvaag voted "aye." No negative votes were cast.

Senator Mathern questioned whether access to this reimbursement data might result in private carriers choosing to not bid on the state's contract.

Chairman Keiser said there have been concerns with the private carrier's reimbursement rates. He said when Medicaid Expansion was initially implemented, Essentia did not contract with the private carrier because the discount rate was prohibitive, and the result was that Sanford Health got 100 percent of the market. However, he said, eventually the terms of the reimbursement contract became more favorable and Essentia joined the network.

Representative Kasper said he seeks transparency for the Department of Human Services.

Ms. Lisa Carlson, Executive Director of Planning and Regulation, Sanford Health Plan, said Essentia terminated its contract with Sanford Health Plan long before Sanford Health Plan had the Medicaid Expansion contract, and it was only when Sanford Health Plan got the Medicaid Expansion contract that Essentia approached Sanford Health Plan to renegotiate a contract.

Ms. Carlson said although the Medicaid Expansion contract Sanford Health Plan has with the state is a risk contract, there is a risk/gain corridor. She said the state's children's health insurance program also is provided through a risk contract, but that private carrier is not required to disclose provider reimbursement rates.

In response to a question from Chairman Keiser, Ms. Carlson said the Department of Human Services has access to claim files, which reflect the spread between the billed amount and the paid amount.

Representative Becker said the private carrier with the Medicaid Expansion program has a de facto monopoly.

Ms. Carlson said the Medicaid Expansion contract with the private carrier will open for rebid in the future.

In response to a question from Representative Fehr, Ms. Carlson said if this bill draft became law, it may subject the private carrier to additional work as the department may request that information be provided to the department in a format not currently provided. Additionally, she said, this disclosure bid may have a negative impact on the willingness of private carriers to bid on the Medicaid Expansion contract.

Ms. Anderson said in department contracts, vendors are required to identify proprietary information and confidential information.

Chairman Keiser said under this bill draft, if there are no problems with the discount rate, the bill draft will not result in any changes. He said it would not be desirable to place the burden on the state to determine the discount rate through review of huge downloads of files.

It was moved by Representative Kasper, seconded by Representative Rohr, and carried on a roll call vote that the bill draft addressing access to Medicaid Expansion reimbursement rates as amended be approved and recommend to the Legislative Management. Representatives Keiser, Becker, Fehr, Johnson, Kasper, Lefor, Mitskog, Rohr and Senators Campbell, Lee, and Sorvaag voted "aye." Senators Mathern and O'Connell voted "nay."

State Employee Health Benefits

The committee reviewed a bill draft [17.0277.01000] that would remove the requirement the state pay 100 percent of the health insurance premium for state employee's health benefits.

Chairman Keiser called on Mr. Collins and Mr. Mike Klepatz and Mr. Jim Wynstra, Sanford Health Plan, for presentations regarding the status of the Public Employees Retirement System (PERS) health plan renewal process. Mr. Collins gave a computer presentation (Appendix F).

In response to a question from Representative Kasper, Mr. Collins said Sanford Health Plan will take a loss of approximately $60 million for the biennium, and through the risk corridor provision in the contract, PERS will recognize $6 million of that loss. He said the losses are likely related to the network transition for the first year, which resulted in increased provider payments. He said the plan of action moving forward is to recognize savings through improved provider reimbursement contracts.

Mr. Klepatz gave a computer presentation (Appendix G) regarding the status of the PERS health plan renewal process. He said as Sanford Health Plan began its contract with PERS, it experienced a large learning curve and Sanford Health Plan is invested in improving its performance as it moves forward.

In response to a question from Representative Kasper, Mr. Klepatz said he can provide additional information regarding the prescription drug portion of the total claims dollars.

Chairman Keiser said when Sanford Health Plan took over the PERS health plan, North Dakota lost approximately 200 jobs. Additionally, he said, his experience and the experiences of his constituents has been increased costs in filling prescriptions.

Mr. Klepatz said there have been pharmacy benefit management and state network issues during the first year of this contract, and Sanford Health Plan is trying to face problems head on and handle issues as quickly as possible.

In response to a question from Chairman Keiser, Mr. Wynstra said Sanford Health Plan discovered it does not pay providers the market rate, as under the initial provider reimbursement contracts the providers experienced an increase in reimbursement rates. However, he said, Sanford Health Plan seeks to be more competitive and in line with the previous PERS health plan carrier.

In response to a question from Senator Mathern, Mr. Wynstra said the 17.4 percent premium increase for the 2017-19 biennium does not make up for the $60 million in losses Sanford Health Plan experienced. He said the Sanford parent organization covered these losses.

Chairman Keiser said he is concerned the savings being experienced by the state are being borne by state employees.

Chairman Keiser called on Mr. Mike Schwab, Executive Vice President, North Dakota Pharmacists Association, to comment regarding the PERS health benefits. He said under the new carrier, the vast majority of pharmacists have experienced a decrease in reimbursement rates.

Chairman Keiser called on the following representatives of North Dakota health insurers to participate in a panel discussion regarding the pros and cons of retaining grandfathered status under the ACA--Ms. Carlson; Ms. Kate Johansen, Medica; and Mr. Luther Steuland, Blue Cross Blue Shield of North Dakota. Ms. Carlson distributed the document *FAQs about Grandfathered Health Plans* (Appendix H) by the Society of Human Resource Management.

Mr. Steuland said although ACA preventative services without cost-sharing are expected to result in short-term cost increases, over time they are expected to result in cost decreases.

Chairman Keiser called on Mr. Nick Archuleta, President, North Dakota United, to comment regarding the state employee health plan premium bill draft and the status of the state health plan. Mr. Archuleta said if there is a bill draft that decreases the state's contribution to state employee health insurance premiums, he expects there will be vigorous discussions. He said North Dakota state employees are paid 7 to 10 percent less than their private sector counterparts and the employee benefits help overcome this shortfall.

Chairman Keiser said if the budgets for the 2017-19 biennium are set at 90 percent, it will be important to see what impact this has. He said as staff cuts are made, at some level these cuts have long-term, negative impacts.

Senator Mathern said in evaluating the state health benefits, it is important to consider the benefit package.

Chairman Kesier called on Mr. Collins to present information (Appendix I) regarding pretax opportunities for employee health premiums.

It was moved by Senator O'Connell, seconded by Representative Fehr, and carried on a voice vote that the Chairman and the staff of the Legislative Council be requested to prepare a report and the bill drafts recommended by the committee and to present the report and the recommended bill drafts to the Legislative Management.

It was moved by Senator Mathern, seconded by Representative Fehr, and carried on a voice vote that the committee be adjourned sine die.

No further business appearing, Chairman Keiser adjourned the meeting sine die at 4:15 p.m.

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Jennifer S. N. Clark
Counsel

ATTACH:9