

House Appropriations Human Resources Division Committee
Rep. Jon Nelson, Chair
Jan. 26, 2021
HB 1012

Good afternoon, Chairman Nelson and members of the committee. My name is Michael LeBeau, M.D., and I serve as President for Sanford Health's western North Dakota region.

I am here today representing the Health Policy Consortium, a healthcare advocacy group that includes Trinity Health in Minot, Altru in Grand Forks and Sanford Health in Fargo and Bismarck. Collectively we provide 80 percent of the acute healthcare services in North Dakota.

Let me begin by thanking each of you for your support and your leadership. North Dakota's lawmakers are a frontrunner in making decisions important to providing uninterrupted care for the patients we serve. I raise up your decision to leverage federal funding for North Dakota's Medicaid Expansion program. While other states struggle through hospital closures and shrinking access to care, North Dakota's hospitals are supported by sound policy decisions and innovative financial investments.

As you know, North Dakota's healthcare system has the unique challenge of delivering care in one of the most rural parts of the country. We provide the same advanced medical services offered in urban areas, competing for the same medical professionals and investing in the same technology—the two biggest drivers of healthcare costs—all while serving a much smaller population. While we lack the advantage of economies of scale in urban areas, you have helped us maintain a healthy healthcare ecosystem necessary to keep healthcare services close to home.

It is what prepared us for the healthcare emergency that has tested healthcare systems across the country. While we are still working our way through the COVID pandemic, it's important to recognize North Dakota's healthcare system has been strong from day one and has successfully handled COVID-19 patient surges arguably better than other states who have had to ration services. By working together, North Dakota hospitals created access to safe,

high-quality hospital care for more than 3,700 critically ill COVID-positive North Dakota. During the last surge, when every available hospital bed in the state was being used, we found new beds and staffing by leasing additional space and hiring every contract nurse we could find. We leveraged our system affiliations to acquire necessary personal protective equipment (PPE), invested in testing equipment and supplies when the State Lab's productivity was bottlenecked and we redesigned the way we provide care, increasing the use of telemedicine by nearly 1000%.

Today we are leading the country by treating high-risk COVID-positive patients with outpatient antibody infusions that help reduce hospital admissions and save lives. We are also leading the country in administering COVID vaccinations.

I'm sharing this information to both thank you for helping us meet the challenge and to frame my comments regarding Medicaid Expansion. The decisions you have made to support North Dakota's healthcare system by making fair policy decisions and by leveraging federal dollars for sustainable Medicaid Expansion rates are key to maintaining our rural delivery system. Medicaid Expansion has helped us recruit and retain workforce, provide innovative behavioral health community services, invest in critically needed capital improvements and stand ready in the face of worldwide pandemic. We could not do this without your leadership and support.

Before I wrap up, I'd like to briefly discuss the Governor's proposal to reduce Medicaid Expansion rates. It has been suggested that paying North Dakota healthcare providers a different rate for those covered by traditional and those covered by Expansion is not fair to healthcare providers. That statement is false.

Different reimbursement rates for the same service is a standard practice in healthcare, not the exception. Hospitals receive many different payment rates from many different payors. Some pay more, some pay less. The only point that matters is at the end of the day is that the collective rates equal more than the cost of the care. Traditional Medicaid does not nearly cover the cost of care. Medicaid Expansion rates do. Collectively, Traditional and Expansion payments are still slightly less than the cost of care, but expansion payments – which have a 90% federal match rate – are tremendously helpful in offsetting costs that would otherwise be shifted to private health

insurance. Lowering Medicaid Expansion rates to Traditional Medicaid rates does not fix a problem for healthcare providers, it creates one.

In closing, I cannot overstate the stability Medicaid Expansion in its current form has provided. Leveraging Medicaid Expansion's 90 percent federal match to offset underpayments from Traditional Medicaid is both innovative and strategic. Without it, hospitals will need to reduce services, reduce staffing and, in some cases, close their doors. And businesses will be left to bear cost-shifting that will inevitably increase insurance premiums. HPC supports HB 1012 and encourages you, our state's policy leaders, to engage North Dakota's healthcare leadership in your work to ensure access to affordable, high-quality care for your constituents. We could not continue to enhance healthcare in North Dakota without your leadership and support, and we are pleased to support you.

I would be happy to answer any questions. Thank you.

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