

February 3, 2021

Chairman Weisz and members of the House Human Services Committee –

Good Morning – my name is Dylan Wheeler, Senior Legislative Affairs Specialist for Sanford Health. I address the committee this morning regarding HB1465 – thank you for the time and ability to speak this morning. As an integrated system and health insurance plan, Sanford Health strives to provide access to high-quality healthcare through competitive and cost-conscious options for its patients and members. Moreover, in a time where healthcare costs are a primary focus at both the Federal and State levels, markets should continue to offer significant choice for members, including both employer groups and individuals, to select a product that fits their unique health care needs and fits their budget.

Sanford Health respectfully opposes HB1465 at this time because it limits those member choices.

With that in mind, health plans may seek to offer an array of product offerings to its members with different networks, providers and benefits – each with different associated costs. Recently, and in an effort to address the needs of its members, health plans have taken the initiative to narrow its provider networks on some plans. By narrowing a network on one of its numerous products, health plans are able to significantly lower the premium cost to the member because narrower networks allow health plans to negotiate discounts with a limited set of providers in exchange for the volume of members that will seek care from those providers. This is all done while continuing to meet network adequacy regulations to ensure that the narrow network provides for the member's healthcare needs. Albeit, the network may be more localized and more streamlined, this lower cost option empowers the member to make the best decision in terms of both choice of provider and cost for them, their family, or their employees.

As payment or reimbursement models transition from fee for service to a more value based or outcome based model – mandating health plans contract with any willing provider would be counterproductive to that effort. Notably, within a free market, when providers maintain competitive rates for services, health plans would be more likely to contract them into a narrow network. By driving down costs across broad and narrow networks alike, providers are incentivized to improve quality and innovate pricing to be included in different networks.

HB1465 as currently written may lead to an increase in health insurance premium and inhibit financial innovation by health plans. The plain reading of HB1465 would mandate health plans contract with any provider if that provider would otherwise accept the same terms of a participating provider. To this concept, we need to pause and consider - is that a concept that furthers market competition in North Dakota? Maintaining and creating competition through narrow network products is pivotal to reducing costs to North Dakotans. Moreover, the idea of compelling parties to contract – as well as presumably being forced to disclose competitively sensitive pricing in order to meet terms of

participation – is questionable and debatable from a legal standpoint and must be understood further if that is the intent of this legislation.

Additionally, members, including individuals and small/large groups, decide which health insurance plan is best for them, their family, or their employees. Different networks and different plan options may have increased – or decreased costs based on the plan offering selected. If a member selects a plan with a broader network and rich benefits – that plan is likely more expensive. Conversely, a member that selects a narrow network would likely have a limited set of providers but also a lower premium. Importantly, prior to selecting the plan, a member or group would have access to a list of the in network or participating providers – again reinforcing the consumer choice in this process.

This bill is really a question of whether we want to continue to empower consumers and citizens to choose the unique health plan that meets their needs – or whether we want providers to be able to choose what plans they participate in.

Respectfully Submitted,

Dylan C. Wheeler, JD  
Senior Legislative Affairs Specialist  
Sanford Health Plan