

Memo

Date: February 3, 2021
To: Rep. Mike Lefor, Chairman
Employee Benefits Programs Committee
From: Josh Johnson and Dan Plante, Deloitte Consulting LLP
Subject: **ACTUARIAL REVIEW OF PROPOSED BILL 21.0447.01002**

1147

The following summarizes our review of the proposed legislation as it relates to actuarial impact to the uniform group insurance program administered by NDPERS.

OVERVIEW OF PROPOSED BILL

The proposed bill would create and enact section 54-52.1-04.19 and amend and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating fertility health benefits.

The bill would create a section in the NDCC specifying mandatory coverage provisions for treatment of infertility. Infertility is covered under the current uniform group insurance program. This proposed bill would modify several coverage provisions increasing the number and types of services covered and the proportion of claim payments covered by the plan.

This version of the proposed legislation adds the option for NDPERS to include a maximum benefit limit of \$50,000 per covered individual.

In addition, NDPERS would be required to conduct a study and generate a report regarding the effect of the fertility health benefits requirement on the system's health insurance programs, information on the utilization and costs relating to the coverage, and a recommendation regarding whether the coverage should be continued.

ESTIMATED ACTUARIAL IMPACTS

This bill would serve to increase plan payments for fertility health resulting in "richer" coverage for these services. For example: the current plan design limits lifetime benefits for infertility to \$20,000 per member and this revised bill would require this limit to be increased to \$50,000 as mentioned above. Infertility treatments can be very expensive and design changes such as this will have some actuarial impact on the program.

The fertility coverage requirements discussed in this bill are not specific and/or detailed enough to model the actuarial impact specific to the uniform group insurance program. In order to provide a general estimate of the potential impact of increases in fertility

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benefits, Deloitte developed an actuarial model incorporating benefit costs for a significant array of infertility services and procedures including: female diagnostic tests, female medications, female IVF, female ICSI-IVF, female IUI, male diagnostic tests, male treatment, and ART pregnancy/delivery (Note that this is not an all-inclusive list of related procedures). Using this model, we estimated the approximate cost increase to a plan going from no coverage for any of these services/procedures to 100% coverage up to a \$50,000 benefit maximum per covered individual. This modeling estimates an overall impact of 0.3% in combined medical and pharmacy claim payments. Assuming estimated total claims around \$690,000,000 for non-Medicare subscribers in the uniform group insurance program in the coming biennium this would equate to an increase of approximately \$2,000,000. This exercise is meant to approximate the potential magnitude of a significant increase in covered fertility services for a hypothetical health plan, not a precise estimate of the actual impact that the NDPERS program would incur. Because the NDPERS program does currently cover fertility procedures, we would expect the potential actuarial impact to be somewhat lower than the impact cited above. However, as stated, more detail is needed and further study to be able to provide a more accurate estimate tailored to the specific impact for the NDPERS program.

Sanford Health Plan (SHP) also determined that additional detail related to the mandated coverage provisions is required in order to estimate the actuarial impact to the uniform group insurance program. Stating that everything considered consistent with established, published, or approved best practices or professional standards/guidelines does not provide the specific plan design parameters required to model simulated plan payment impacts.

TECHNICAL COMMENTS

Other questions and concerns identified by SHP include:

- Genetic tests to determine sex of the child or embryo/zygote manipulation to alter genetic makeup would not be considered medically necessary.
- Scope of coverage should apply to the insured member, and not a third party, as in the case of coverage of surrogates or third-party members. Carriers and employers alike will have concerns of being required to provide coverage, in any form, for gestational carriers unless they are defined as covered members under the plan.
- Cryopreservation is extremely expensive with the potential of ongoing payments throughout child-bearing years. In addition, it can open legal concerns over the ownership of these type of specimens.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 2, line 12, after "testing" insert "and assisted reproductive technologies such as oocyte retrievals, in vitro fertilization, and fresh and frozen embryo transfers"

Page 3, line 23, remove ". necessary to"

Page 3, remove line 24

Page 3, line 25, remove "with unlimited fresh and frozen embryo transfers."

Page 3, line 27, remove ". and using no more than two embryos per transfer"

Page 5, after line 17, insert:

"7. Notwithstanding the coverage required under this section, the board may limit the coverage to a maximum of no less than fifty thousand dollars per covered individual."

Renumber accordingly