

TESTIMONY OF REBECCA FRICKE

House Bill 1283 – Diagnostic or Supplemental Breast Exam Services

Good morning, Mr. Chairman and members of the committee. My name is Rebecca Fricke and I am the Executive Director of the North Dakota Public Employees Retirement System, or NDPERS. I appreciate the committee taking the time to analyze House Bill 1283, which requires a pilot program under the NDPERS health insurance related to diagnostic and supplemental breast exam coverage, including a cost-share restriction. I am here today on behalf of the NDPERS Board to provide information in a neutral capacity so the policy makers are able to make an informed decision regarding the bill.

House Bill 1283 adds a new section under NDCC 54-52.1 related to diagnostic and supplemental breast exam coverage, including a cost-share restriction. In addition, the bill restricts imposing a deductible, copayment or any other cost-sharing requirement that forces a member to pay an out-of-pocket cost for diagnostic breast exams or supplemental breast exams. The bill stipulates that high-deductible health plans that qualify for health savings account are exempt from this cost-share limit until a member reaches their minimum deductible.

Under the provisions of NDCC 54-03-28, the bill applies to NDPERS health insurance plan for a pilot program during the 2025-2027 biennium.

Our consultant estimates that the bill would have a financial impact on the NDPERS health insurance plan and estimates an increase in premium of 0.5%, or \$4,070,000, in the 2025-2027 biennium. The main driver of this additional premium is that under our current health plans, the initial mammogram is covered within recommended age bands or if medically necessary, but cost-sharing applies on supplemental breast exams.

House Bill 1283 was a bill introduced during the interim, with the analysis provided to the Employee Benefits Programs Committee, which gave the bill a favorable recommendation. The consultant and legal analysis provided to the committee is included as an attachment to the end of my testimony (please note this was draft bill 75 during the interim session).

Mr. Chairman, I appreciate the committee taking the time to learn more about the impact this bill will have to our state. This concludes my testimony, and I'd be happy to answer any questions the committee may have.

Memo

Date: June 7, 2024

To: Rebecca Fricke - Executive Director, North Dakota Public Employees Retirement System
Representative Austen Schauer - Chair, Legislative Employee Benefits Programs Committee, North Dakota State Government

From: Tim Egan, Dan Plante, Ford Edgerton, and Karno Sarkar - Deloitte Consulting LLP

Subject: **FINANCIAL REVIEW OF PROPOSED BILL 25.0075.02000**

Deloitte Consulting LLP (Deloitte ¹) was engaged to review the proposed legislation and the potential financial impact to the Uniform Group Insurance Program (Program) administered by the North Dakota Public Employees Retirement System (NDPERS), as well as other considerations that may contribute to the evaluation of the legislation.

The information included in the review relies on data provided by NDPERS, as well as publicly available data and industry studies. From the data provided by NDPERS, some of these data sources were developed by NDPERS, while others were prepared or created by third parties and delivered to NDPERS.

As part of the review, all data was reviewed for reasonableness, but an audit was not performed on the data. To the extent the data contains errors or anomalies that were unknown at the time the data was provided, the analysis may be affected by those issues.

OVERVIEW OF PROPOSED BILL

The Bill would create and enact a new section to chapter 54-52.1 of the North Dakota Century Code, relating to diagnostic breast examination and supplemental breast examination cost-sharing restrictions:

- defines “diagnostic breast examination” and “supplemental breast examination”
- restricts insurers and plan sponsors from imposing a deductible, copayment, or any other cost-sharing requirement that forces a member to pay an out-of-pocket cost for diagnostic breast exams or supplemental breast exams
- stipulates that high-deductible health plans that qualify for health savings accounts are exempt from this cost-share limit until a member reaches their minimum deductible

ESTIMATED FINANCIAL IMPACT

Based on the analysis, it is anticipated the proposed legislation will have a financial impact on the Uniform Group Insurance Program. It is estimated the financial impact of the proposed legislation on the Uniform Group Insurance Program is approximately \$4,070,000 in the 2025-2027 biennium ending 6/30/2027.

The Uniform Group Insurance Program currently imposes a cost sharing requirement on supplemental breast exams. The initial mammogram is covered as a preventative service, but any additional exam is currently subject to member cost-sharing.

Using 24 months of NDPERS claims data from January 2022 through December 2023, it is estimated that covering supplemental breast exams without member cost-sharing will shift approximately \$3,300,000 from the member to the Uniform Group Insurance Program in that period. Assuming medical trend of 5.7% per year, the additional cost in the 2025-2027 biennium is estimated to be approximately \$4,070,000 (or approximately a 0.5% increase to the estimated total Program cost). The estimate does not assume changes to current utilization of breast exams.

OTHER CONSIDERATIONS

By covering supplemental breast examinations without any member cost-share, breast examinations will not accumulate towards a member's deductible. As a result, members may have to pay for other services out-of-pocket until they reach their deductible, which may negate some of the estimated 0.5% increase to the estimated Program total claims costs. Therefore, the \$4,070,000 estimated increase in cost can be treated as a conservative estimate, assuming no other change in utilization.

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