

ACCESS, QUALITY, AND COST OF HEALTH CARE WITHIN THE STATE - BACKGROUND MEMORANDUM

House Concurrent Resolution No. 3070 (attached as Appendix A) provides for a Legislative Council study of health care in this state relative to access, quality, and cost to determine essential health care services, critical providers, access sites, and geographic, demographic, and economic issues relating to health care including health care insurance. The resolution cites as reasons for the study:

1. The Legislative Assembly is continually faced with funding issues relating to public employee health benefits and the appropriate care and funding for the Medicaid population and the public at large.
2. The health care delivery system may include overlap and duplication of health care services.
3. Continual increases in health care insurance premiums create an economic burden upon the citizens of the state.
4. The Health Council is responsible for planning and overseeing the State Department of Health and the future of health care in this state and the State Department of Health has the data management and research capabilities to support studies of health care.

House Concurrent Resolution No. 3070 also provides that the Health Council is to conduct public hearings throughout the state to elicit the public's perception and needs regarding what health care the public is willing to support and report their findings to the Legislative Council committee conducting this study.

PRIOR STUDIES

1997-98 Insurance and Health Care Committee

During the 1997-98 interim, the Legislative Council's Insurance and Health Care Committee studied the development of a strategic planning process for the future of public health within the state. The committee recommended Senate Bill No. 2045 which repealed four chapters of the North Dakota Century Code regarding public health and created a new chapter that consolidated existing public health law, unified the powers and duties of local public health units, and required statewide participation in some type of public health unit. Senate Bill No. 2045 was passed by the 1999 Legislative Assembly.

The Insurance and Health Care Committee also studied the impact of managed care on the future viability of the health care delivery system in rural North Dakota. The committee did not make any recommendations as a result of this study.

1995-96 Insurance and Health Care Committee

During the 1995-96 interim, the Legislative Council's Insurance and Health Care Committee studied the certificate of need process and other means of planning and decisionmaking in relation to the growth of the health care industry in North Dakota. In regard to the study, the committee made no recommendations regarding certificate of need legislation.

The Insurance and Health Care Committee also studied the feasibility and desirability of implementing recommendations of the North Dakota Health Task Force for improving the health status of North Dakotans, monitoring the rate of health care cost increases, reviewing the impact of newly enacted programs to improve the health status of North Dakotans, and addressing unmet medical needs in rural areas. The committee did not recommend any legislation as a result of the study but did urge the State Health Council to continue studying the implementation of the Health Task Force recommendations for improving the health status of North Dakotans.

1993-94 Health and Communications Committee

During the 1993-94 interim, the Legislative Council's Health and Communications Committee studied the feasibility and desirability of allowing all North Dakota residents to participate in the Public Employees Retirement System uniform group insurance program. The committee also studied the feasibility and desirability of pooling all sources of funding for health care benefits in conjunction with the North Dakota Health Task Force's study of the control of costs and the redistribution of dollars toward improved access to services through a health care reimbursement system. The committee recommended 1995 Senate Bill No. 2065 to expand the uniform group insurance program administered by the Public Employees Retirement System to allow voluntary participation for persons who met the medical underwriting requirements of the program. The bill was not passed by the 1995 Legislative Assembly. The committee also recommended House Bill No. 1050 which contained numerous health care reform items, including health care cooperatives, health care provider cooperatives, a health care commission as a permanent subcommittee of the Health Council, a cost and quality review program, and other health care reform provisions. House Bill No. 1050 was passed by the 1995 Legislative Assembly.

1999 LEGISLATION

The 1999 Legislative Assembly passed House Concurrent Resolution No. 3046 which provides for a study of the challenges facing the delivery of health care in the state, including the concerns relating to reimbursement of hospitals for medical services, technological innovation, and possible regionalization of services. The study was prioritized by the Legislative Council and has also been assigned to the Budget Committee on Health Care. This committee may want to consider addressing House Concurrent Resolution No. 3070 which provides for the study of health care as it relates to access, quality, and cost and House Concurrent Resolution No. 3046 which provides for the study of the challenges facing delivery of health care as a single health care study.

MEDICAID FUNDING

The following table shows the non-long-term care-related Medicaid funding for the 1995-97 through the 1999-2001 bienniums:

	General Fund	Other Funds	Total
1995-97 (actual)	\$59,428,350	\$170,281,772	\$229,710,122
1997-99 (estimated)	\$67,171,387	\$179,845,634	\$247,017,021
1999-2001 (appropriated)	\$73,322,054	\$192,485,751	\$265,807,805

Attached as Appendix B is a detailed Medicaid funding comparison, by service type, showing the actual 1995-97 expenditures, 1997-99 appropriations, 1997-99 projected expenditures, and 1999-2001 appropriations.

INSURANCE RATE INCREASES

The following table shows the monthly premium for health benefits for state employees for the 1993-95 through the 1999-2001 bienniums:

	Monthly Premium	Percentage Change
1993-95	\$254	
1995-97	\$265	4.33
1997-99	\$301	13.58
1999-2001	\$350	16.28

Attached as Appendix C is a table provided by Blue Cross Blue Shield of North Dakota showing the average rate increases for groups, individuals, and Medicare supplements for 1991 through July 1999.

ACCESS, QUALITY, AND COST OF HEALTH CARE STUDY PLAN

The following is a study plan the committee may want to consider in its study of access, quality, and cost of health care in the state:

1. Receive information from interested organizations, entities, and individuals regarding the access, quality, and cost of health care within North Dakota.
2. Receive reports from the State Health Council regarding its holding of public hearings throughout the state to elicit the public's perception and needs regarding what health care the public is willing to support.
3. Receive information from the University of North Dakota School of Medicine and Health Sciences regarding concurrent initiatives of the School of Medicine and Health Sciences relating to access, quality, and cost of health care within the state.
4. Receive information from Blue Cross Blue Shield of North Dakota regarding current trends in health care insurance premiums, health care utilization, and health care facility reimbursements.
5. Receive information from the University of North Dakota School of Medicine and Health Sciences, the State Department of Health, and other interested organizations regarding the duplication and overlap of health care delivery systems within the state.
6. Receive information from the Health Care Data Committee on the various reimbursement rates and methodologies provided by insurance companies, Medicaid, Medicare, and other health care payers.
7. Develop recommendations to be provided to the Legislative Council and to the 2001 Legislative Assembly regarding the access, quality, and cost of health care within the state and consider any legislation needed to implement the recommendations.

ATTACH:3

Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine

HOUSE CONCURRENT RESOLUTION NO. 3070
(Representatives Grosz, Dorso)
(Senator G. Nelson)

A concurrent resolution directing the Legislative Council to study health care in this state relative to access, quality, and cost to determine essential health care services, critical providers, access sites, and geographic, demographic, and economic issues relating to health care including health care insurance.

WHEREAS, the Health Council is responsible for planning and overseeing the State Department of Health and the future of health care in the state; and

WHEREAS, the Legislative Assembly is continually faced with funding issues relating to public employee health benefits and the appropriate care and funding for the Medicaid population and the public at large; and

WHEREAS, the health care delivery system in this state may include overlap and duplication in health care services; and

WHEREAS, continual increases in health care insurance premiums create an economic burden upon the citizens of this state; and

WHEREAS, the State Department of Health has the data management and research capabilities to support studies of health care;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:

That the Legislative Council study health care in this state relative to access, quality, and cost to determine essential health care services, critical providers, access sites, and geographic, demographic, and economic issues relating to health care including health care insurance; and

BE IT FURTHER RESOLVED, that the Health Council conduct public hearings throughout the state to elicit the public's perception and needs regarding what health care the public is willing to support and report their findings to the Legislative Council committee conducting the study; and

BE IT FURTHER RESOLVED, that the Legislative Council report its findings and recommendations, together with any legislation required to implement the recommendations, to the Fifty-seventh Legislative Assembly.

North Dakota Department of Human Services

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Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Inpatient Hospital	1995-1997 Actual	68,260,063
	Difference	(4,708,809)
	1997-1999 Appropriation	63,551,254
	Difference	(1,114,413)
	1997-1999 Projection	62,436,841
Difference	(862,979)	
1999-2001 Appropriation	61,573,862	
Outpatient Hospital	1995-1997 Actual	31,261,985
	Difference	941,203
	1997-1999 Appropriation	32,203,188
	Difference	(56,961)
	1997-1999 Projection	32,146,227
Difference	1,524,957	
1999-2001 Appropriation	33,671,184	
Ambulance Services	1995-1997 Actual	832,525
	Difference	(26,838)
	1997-1999 Appropriation	805,687
	Difference	192,887
	1997-1999 Projection	998,574
Difference	220,494	
1999-2001 Appropriation	1,219,068	
CHIPs - Phase I	1995-1997 Actual	0
	Difference	0
	1997-1999 Appropriation	0
	Difference	0
	1997-1999 Projection	0
Difference	592,341	
1999-2001 Appropriation	592,341	
CHIPs - Phase II	1995-1997 Actual	0
	Difference	0
	1997-1999 Appropriation	0
	Difference	0
	1997-1999 Projection	0
Difference	3,886,838	
1999-2001 Appropriation	3,886,838	

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Chiropractic Services		
1995-1997 Actual		435,391
	Difference	18,518
1997-1999 Appropriation		453,909
	Difference	(78,727)
1997-1999 Projection		375,182
	Difference	7,567
1999-2001 Appropriation		382,749
Dental Services		
1995-1997 Actual		7,406,309
	Difference	2,277,435
1997-1999 Appropriation		9,683,744
	Difference	(669,988)
1997-1999 Projection		9,013,756
	Difference	874,736
1999-2001 Appropriation		9,888,492
NET Drugs		
1995-1997 Actual		36,673,641
	Difference	3,552,988
1997-1999 Appropriation		40,226,629
	Difference	4,920,111
1997-1999 Projection		45,146,740
	Difference	5,207,527
1999-2001 Appropriation		50,354,267
Drugs (excluding rebates)		
1995-1997 Actual		45,312,916
	Difference	3,179,637
1997-1999 Appropriation		48,492,553
	Difference	6,436,058
1997-1999 Projection		54,928,611
	Difference	5,354,243
1999-2001 Appropriation		60,282,854
Drug Rebates		
1995-1997 Actual		(8,639,275)
	Difference	373,351
1997-1999 Appropriation		(8,265,924)
	Difference	(1,515,947)
1997-1999 Projection		(9,781,871)
	Difference	(146,716)
1999-2001 Appropriation		(9,928,587)

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Durable Medical Equipment		
1995-1997 Actual		3,810,411
	Difference	111,065
1997-1999 Appropriation		3,921,476
	Difference	14,339
1997-1999 Projection		3,935,815
	Difference	263,281
1999-2001 Appropriation		4,199,096
Family Planning		
1995-1997 Actual		1,681,790
	Difference	41,013
1997-1999 Appropriation		1,722,803
	Difference	(147,651)
1997-1999 Projection		1,575,152
	Difference	12,863
1999-2001 Appropriation		1,588,015
Federally Qualified Health Centers		
1995-1997 Actual		785,207
	Difference	(47,441)
1997-1999 Appropriation		737,766
	Difference	315,723
1997-1999 Projection		1,053,489
	Difference	(57,081)
1999-2001 Appropriation		996,408
Home Health Services		
1995-1997 Actual		3,073,818
	Difference	(152,631)
1997-1999 Appropriation		2,921,187
	Difference	905,863
1997-1999 Projection		3,827,050
	Difference	207,450
1999-2001 Appropriation		4,034,500
Hospice Services		
1995-1997 Actual		1,179,135
	Difference	(132,797)
1997-1999 Appropriation		1,046,338
	Difference	675,869
1997-1999 Projection		1,722,207
	Difference	(3,188)
1999-2001 Appropriation		1,719,019

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Indian Health Services		
1995-1997 Actual		10,516,964
	Difference	3,769,624
1997-1999 Appropriation		14,286,588
	Difference	(914,088)
1997-1999 Projection		13,372,500
	Difference	896,680
1999-2001 Appropriation		14,269,180
Laboratory & Radiology Services		
1995-1997 Actual		1,687,270
	Difference	237,561
1997-1999 Appropriation		1,924,831
	Difference	(612,794)
1997-1999 Projection		1,312,037
	Difference	30,544
1999-2001 Appropriation		1,342,581
North Dakota Healthy Tracks (EPSDT)		
1995-1997 Actual		699,673
	Difference	461,121
1997-1999 Appropriation		1,160,794
	Difference	(266,178)
1997-1999 Projection		894,616
	Difference	156,656
1999-2001 Appropriation		1,051,272
Occupational Therapy		
1995-1997 Actual		33,963
	Difference	(2,004)
1997-1999 Appropriation		31,959
	Difference	(12,909)
1997-1999 Projection		19,050
	Difference	2,548
1999-2001 Appropriation		21,598
Optometric Services		
1995-1997 Actual		1,991,739
	Difference	162,350
1997-1999 Appropriation		2,154,089
	Difference	(641,771)
1997-1999 Projection		1,512,318
	Difference	0
1999-2001 Appropriation		1,512,318

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Physical Therapy		
1995-1997 Actual		149,805
	Difference	(22,222)
1997-1999 Appropriation		127,583
	Difference	32,034
1997-1999 Projection		159,617
	Difference	21,170
1999-2001 Appropriation		180,787
Physician Services		
1995-1997 Actual		33,886,311
	Difference	1,034,360
1997-1999 Appropriation		34,920,671
	Difference	874,128
1997-1999 Projection		35,794,799
	Difference	1,625,872
1999-2001 Appropriation		37,420,671
Premiums - AIDS		
1995-1997 Actual		260
	Difference	15,220
1997-1999 Appropriation		15,480
	Difference	(9,450)
1997-1999 Projection		6,030
	Difference	4,830
1999-2001 Appropriation		10,860
Premiums - Group Health Insurance		
1995-1997 Actual		330,162
	Difference	67,530
1997-1999 Appropriation		397,692
	Difference	(105,346)
1997-1999 Projection		292,346
	Difference	32,494
1999-2001 Appropriation		324,840
Premiums - Health Maintenance Organization		
1995-1997 Actual		0
	Difference	0
1997-1999 Appropriation		0
	Difference	2,475,535
1997-1999 Projection		2,475,535
	Difference	553,325
1999-2001 Appropriation		3,028,860

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service	Total Funds
Premiums - Qualified Medicare Beneficiaries	
1995-1997 Actual	1,467,126
Difference	323,082
1997-1999 Appropriation	1,790,208
Difference	(193,689)
1997-1999 Projection	1,596,519
Difference	160,796
1999-2001 Appropriation	1,757,315
Premiums - Special Low-income Medicare Beneficiaries	
1995-1997 Actual	331,540
Difference	252,968
1997-1999 Appropriation	584,508
Difference	(116,940)
1997-1999 Projection	467,568
Difference	82,432
1999-2001 Appropriation	550,000
Premiums - Social Security Administration	
1995-1997 Actual	4,454,598
Difference	649,694
1997-1999 Appropriation	5,104,292
Difference	(650,702)
1997-1999 Projection	4,453,590
Difference	233,874
1999-2001 Appropriation	4,687,464
Private Duty Nursing	
1995-1997 Actual	16,870
Difference	3,074
1997-1999 Appropriation	19,944
Difference	18,270
1997-1999 Projection	38,214
Difference	(13,848)
1999-2001 Appropriation	24,366
Psychological Services	
1995-1997 Actual	863,682
Difference	64,971
1997-1999 Appropriation	928,653
Difference	(273,874)
1997-1999 Projection	654,779
Difference	45,604
1999-2001 Appropriation	700,383

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Refugee Assistance	1995-1997 Actual	1,222,334
	Difference	(88,430)
	1997-1999 Appropriation	1,133,904
	Difference	271,230
	1997-1999 Projection	1,405,134
Difference	107,214	
	1999-2001 Appropriation	1,512,348
Rural Health Clinics	1995-1997 Actual	3,953,514
	Difference	227,496
	1997-1999 Appropriation	4,181,010
	Difference	(516,865)
	1997-1999 Projection	3,664,145
Difference	357,844	
	1999-2001 Appropriation	4,021,989
Special Education	1995-1997 Actual	825,919
	Difference	(48,259)
	1997-1999 Appropriation	777,660
	Difference	333,403
	1997-1999 Projection	1,111,063
Difference	105,341	
	1999-2001 Appropriation	1,216,404
Speech & Hearing Services	1995-1997 Actual	1,535,387
	Difference	68,599
	1997-1999 Appropriation	1,603,986
	Difference	20,946
	1997-1999 Projection	1,624,932
Difference	735	
	1999-2001 Appropriation	1,625,667
Targeted Case Management	1995-1997 Actual	0
	Difference	693,936
	1997-1999 Appropriation	693,936
	Difference	(626,660)
	1997-1999 Projection	67,276
Difference	37,628	
	1999-2001 Appropriation	104,904

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service	Total Funds
Transportation Services	
1995-1997 Actual	1,529,039
Difference	52,436
1997-1999 Appropriation	1,581,475
Difference	147,015
1997-1999 Projection	1,728,490
Difference	115,097
1999-2001 Appropriation	1,843,587
Treatment Services for Children in Private Facilities	
1995-1997 Actual	3,909,192
Difference	26,332
1997-1999 Appropriation	3,935,524
Difference	1,503,903
1997-1999 Projection	5,439,427
Difference	(39,427)
1999-2001 Appropriation	5,400,000
Waiver - Aged & Disabled	
1995-1997 Actual	4,305,201
Difference	1,366,407
1997-1999 Appropriation	5,671,608
Difference	263,450
1997-1999 Projection	5,935,058
Difference	439,426
1999-2001 Appropriation	6,374,484
Waiver - Traumatcally Brain Injured	
1995-1997 Actual	599,298
Difference	1,179,058
1997-1999 Appropriation	1,778,356
Difference	(1,017,411)
1997-1999 Projection	760,945
Difference	89,663
1999-2001 Appropriation	850,608
Increase Medically Needy Income Levels	
1995-1997 Actual	0
Difference	0
1997-1999 Appropriation	0
Difference	0
1997-1999 Projection	0
Difference	1,869,480
1999-2001 Appropriation	1,869,480

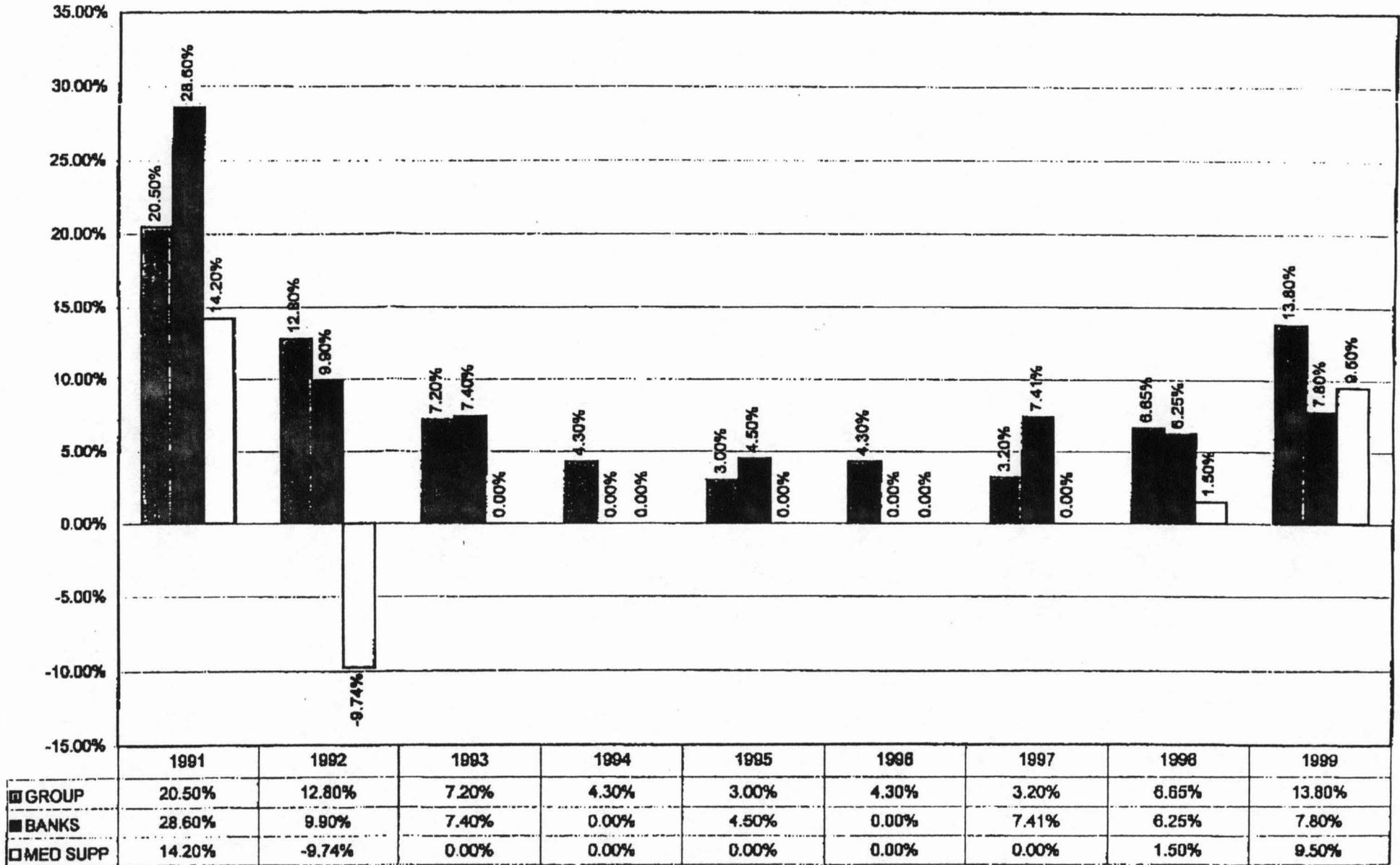
North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

	Source of Funds						
	Total	Federal	State	SWAP (formerly County)	TOTAL State	County	Other
1995-1997 Actual	229,710,122	161,519,215	59,428,350	0	59,428,350	8,762,557	0
Difference	12,368,610	20,360,866	(1,469,768)	0	(1,469,768)	(6,522,488)	0
1997-1999 Appropriation	242,078,732	181,880,081	57,958,582	0	57,958,582	2,240,069	0
Difference	4,938,289	(3,898,876)	2,259,988	6,952,817	9,212,805	(375,640)	0
1997-1999 Projection	247,017,021	177,981,205	60,218,570	6,952,817	67,171,387	1,864,429	0
Difference	18,790,784	14,504,546	13,103,484	(6,952,817)	6,150,667	(1,864,429)	0
1999-2001 Appropriation	265,807,805	192,485,751	73,322,054	0	73,322,054	0	0

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R&S: G. Budhwar 6/22/99

**AVERAGE RATE INCREASE FOR GROUPS,
BANK DEPOSITOR & MEDICARE SUPPLEMENTS (1991-1999)**



Blue Cross Blue Shield of North Dakota

1999 DATA IS YTD THROUGH JULY, 1999.