

OTHER DUTIES AND RESPONSIBILITIES OF THE BUDGET COMMITTEE ON HEALTH CARE - BACKGROUND MEMORANDUM

In addition to various study responsibilities and other duties assigned to the Budget Committee on Health Care for the 2003-04 interim, the committee is also charged with the responsibility to:

- Receive an annual report from the State Board of Nursing on its study, if conducted, of the nursing educational requirements in this state and the nursing shortage in this state and its implications for rural communities, pursuant to North Dakota Century Code (NDCC) Section 43-12.1-08.2.
- Receive an annual report from the Department of Human Services describing enrollment statistics and costs associated with the children's health insurance program state plan, pursuant to NDCC Section 50-29-02.
- Recommend a private entity, after receiving one or more recommendations from the Insurance Commissioner, for the Legislative Council to contract with to provide cost-benefit analysis for legislative measures mandating health insurance coverage of services or payment for specified providers of services or an amendment that mandates such coverage or payment, pursuant to NDCC Section 54-03-28.

STATE BOARD OF NURSING REPORT

House Bill No. 1360 (2001), attached as Appendix A, created NDCC Section 43-12.1-08.2, which is effective through September 30, 2006. This section provides that the State Board of Nursing may address issues of supply and demand for nurses, including issues relating to recruitment, retention, and utilization, through:

1. Developing a strategic statewide plan to alleviate the nursing shortage in the state by establishing and maintaining a data base on nursing supply and demand in the state.
2. Convening various groups representative of nurses, other health care providers, business and industry, consumers, legislators, and educators to review and comment on data analysis prepared for the board; recommending systematic changes; and evaluating and reporting the results of these efforts to the Legislative Assembly and the public.
3. Reviewing and studying the nursing educational requirements in this state.
4. Studying the nursing shortage in this state and the implications for rural communities.
5. Increasing, up to \$15, annual license or registration fees imposed by the board to reimburse the board for actual expenses incurred.
6. Applying for, soliciting, accepting, and spending any contribution, grant, or gift made available

from public or private sources for the purpose of implementing NDCC Section 43-12.1-08.2.

7. Reporting annually to the Legislative Council on the progress of the study.

The State Board of Nursing contracted with the University of North Dakota Center for Rural Health to conduct a nursing workforce study at a cost of \$110,000. The study is to address the issues of supply and demand for nurses as well as issues of recruitment, retention, and utilization of nurses. The workforce study project began in June 2002, and the board anticipates the study to be completed in 2004. The cost of the study is being paid for by increases in renewal, endorsement, and license examination fees of \$20 per two-year period beginning July 1, 2002.

During the first year of the study, facility surveys were sent to hospitals, long-term care facilities, home health and regional public health facilities, and clinics. In addition, surveys were sent to registered nurses and licensed practical nurses, and focus groups were conducted with nursing students and nurses throughout North Dakota. Preliminary conclusions based on the first-year survey results include:

1. During 2002, 55 percent of hospitals, 42 percent of long-term care facilities, 14 percent of public health facilities, and 20 percent of clinics have experienced significant difficulty recruiting registered nurses with semirural and rural hospitals and long-term care facilities experiencing the most difficulty.
2. Seventy-seven percent of registered nurses indicated that improved benefits and pay were very important in alleviating the nursing shortage in North Dakota.
3. Fifty-two percent of registered nurses indicated an increase in patient care load over the last two years.
4. The top three reasons given during exit interviews for both registered nurses and licensed practical nurses deciding to leave were relocation, more money, and another nursing position.

House Bill No. 1245 (2003), attached as Appendix B, provides that the State Board of Nursing is to adopt rules and establish standards for in-state nursing education requirements leading to licensure. A nursing education program may not be provided in North Dakota unless the board has approved the program. The board may not approve a licensed practical nurse program that covers less than one academic year of course study or the equivalent and must allow for a licensed practical nurse program that offers less than two academic years. A registered nurse program may not cover less than two academic years or the equivalent, and the board must allow for a program that offers less than four academic years. An applicant for the North Dakota

nursing licensure examination, who was educated out of state, may sit for the examination provided that the education program completed is approved by the board. The board is to adopt rules establishing standards for the approval of out-of-state nursing education programs. An applicant may qualify for licensure by endorsement if the applicant has completed a nursing education program preparing for the level of licensure sought.

In addition, House Bill No. 1245 abolishes the transitional practical nurse and transitional registered nurse licenses and provides that before October 1, 2003, all holders of transitional licenses must be issued regular licenses. A transitional license was issued by the board to an individual who meets all the requirements for licensure by endorsement as a licensed practical nurse or registered nurse, except the North Dakota educational requirements.

The Legislative Council has assigned to the Budget Committee on Health Care the responsibility to receive annual reports from the State Board of Nursing on the progress of the study.

CHILDREN'S HEALTH INSURANCE PROGRAM STATE PLAN

North Dakota Century Code Section 50-29-02 provides for the Legislative Council to receive an annual report from the Department of Human Services describing enrollment statistics and costs associated with the children's health insurance program. The Legislative Council assigned this responsibility to the Budget Committee on Health Care. The 2003 Legislative Assembly approved the executive recommendation to provide total funding of \$9,486,384 for the children's health insurance program (Healthy Steps). Of this amount, \$2,127,162 is from the general fund, and \$7,359,222 is from federal funds. Compared to the 2001-03 biennium projected expenditures, this is a \$2,272,515 increase, \$579,692 of which is from the general fund and \$1,692,823 from federal funds.

The 2003 Legislative Assembly continued eligibility requirements for the children's health insurance program at 140 percent of the federal poverty level and anticipated an insurance premium rate of \$154.22 per child per month, an increase of 22 percent compared to the 2001-03 premium rate of \$126.40. The Legislative Assembly provided funding to serve 2,563 children for each month of the 2003-05 biennium.

HEALTH INSURANCE COVERAGE MANDATES

North Dakota Century Code Section 54-03-28 provides that a legislative measure mandating health insurance coverage may not be acted on by any committee of the Legislative Assembly unless accompanied by a cost-benefit analysis. The interim Budget Committee on Health Care has been assigned the responsibility of recommending a private entity, after receiving recommendations from the Insurance Commissioner, to the Legislative Council to contract with to perform the cost-benefit analysis. The Insurance

Commissioner is to pay the cost of the contracted services, and the cost-benefit analysis must include:

1. The extent to which the proposed mandate would increase or decrease the cost of services.
2. The extent to which the proposed mandate would increase the use of services.
3. The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of insureds.
4. The impact of the proposed mandate on the total cost of health care.

A majority of the members of the committee to which the legislative measure is referred, acting through the chairman, has the authority to determine whether a legislative measure mandates coverage of services. The section also provides that any amendment to a legislative measure that mandates health insurance coverage may not be acted on by a committee of the Legislative Assembly unless the amendment is also covered by a cost-benefit analysis.

The Insurance Department categorizes and defines mandated health benefits as follows:

1. Service mandates - Benefit or treatment mandates that require insurers to cover certain treatments, illnesses, services, or procedures. Examples include child immunizations, well-child visits, and mammography.
2. Beneficiary mandates - Mandates that define the categories of individuals eligible to receive benefits. Examples include newborns from birth, adopted children from the time of adoption, and handicapped dependents.
3. Provider mandates - Mandates that require insurers to pay for services provided by specific providers. Examples include nurse practitioners, optometrists, and psychologists.
4. Administrative mandates - Mandates that relate to certain insurance reform efforts that increase the administrative expenses of a specific health care plan. Examples include information disclosures, precluding companies from basing policy rates on gender, and precluding insurers from denying coverage for preauthorized services.

Senate Bill No. 2029 (2003), attached as Appendix C, amended NDCC Section 54-03-28 to provide that any health insurance coverage mandate may not be acted on by any committee of the Legislative Assembly unless the measure as recommended applies only to the state public employees' group health insurance program for a period of two years during which time the Public Employees Retirement System (PERS) is to evaluate the mandate's actual costs and benefits and prepare a report for consideration by the next Legislative Assembly in determining whether to repeal the expiration date and to extend the mandated coverage.

Senate Bill No. 2210 (2003), which was approved by the Legislative Assembly, amended NDCC Section 26.1-36-08 relating to mandated health insurance coverage for substance abuse treatment. The bill

provides that as an alternative to the existing 60 days of inpatient substance abuse treatment mandate, coverage may be reduced to 45 days of inpatient treatment with an additional 60 days of residential treatment by a North Dakota licensed residential treatment center. If a patient requires more than 60 days of residential treatment, unused inpatient treatment benefits provided may be traded for residential treatment. Each day of inpatient treatment is equivalent to two days of treatment by a residential treatment program provided that no more than 23 days of inpatient treatment benefits may be traded for residential treatment benefits. A residential substance abuse treatment facility provides treatment for substance abuse to live-in residents who do not require acute medical care. Services include individual and group therapy and counseling, family counseling, laboratory tests, drugs and supplies, psychological testing, and room and board. The cost-analysis completed by Milliman USA for this bill determined that the changes provided in Senate Bill No. 2210 would not have a significant impact on overall premium levels. This bill does not contain language requiring the two-year evaluation period by PERS.

The 2003 Legislative Assembly considered but did not pass two additional bills which would have mandated health insurance coverage. House Bill No. 1247 provided for health insurance coverage for certain outpatient prescription drugs and devices, including outpatient hormone replacement therapy, contraceptives, infertility therapy, and osteoporosis treatment and management. House Bill No. 1349 would have required health insurance coverage for colorectal cancer screening.

Cost-benefit analyses were conducted by Milliman USA during the 2003 legislative session on the three bills discussed at a total cost of \$24,356--\$7,867 for Senate Bill No. 2210 and \$16,489 for House Bill Nos. 1247 and 1349. The 2003 Legislative Assembly appropriated \$55,000 from special funds, the same as the 2001-03

biennium appropriations, for payment of cost-benefit analyses of 2005 Legislative Assembly measures mandating health insurance coverage.

PROPOSED ACTION PLAN

The following is a proposed action plan the committee may want to consider in fulfilling its duties to receive annual reports from the State Board of Nursing, pursuant to NDCC Section 43-12.1-08.2, the children's health insurance program, and regarding the cost-benefit analysis process pursuant to Section 54-03-28:

1. Receive reports from the State Board of Nursing regarding the study of nursing educational requirements and the nursing shortage in the state.
2. Receive an annual report from the State Board of Nursing on the progress of its study.
3. Receive information from interested organizations, entities, and individuals regarding the committee's duties to receive annual reports from the State Board of Nursing, pursuant to NDCC Section 43-12.1-08.2.
4. Receive an annual report from the Department of Human Services on the enrollment statistics and costs associated with the children's health insurance program.
5. Recommend a private entity, after receiving recommendations from the Insurance Commissioner, to the Legislative Council to contract with to conduct cost-benefit analyses of 2005 Legislative Assembly measures mandating health insurance coverage.
6. Develop recommendations and related bill drafts.
7. Prepare a final report for submission to the Legislative Council.

ATTACH:3