

TESTIMONY

Presented by: Rebecca Ternes
Deputy Commissioner
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Before: Health Services Committee
Senator Judy Lee, Chairman

Date: July 24, 2012

Good morning, Madam Chairman and members of the committee. My name is Rebecca Ternes, and I am the Deputy Commissioner for the North Dakota Insurance Department.

N.D.C.C. § 54-03-28 provides that a legislative measure introduced in the North Dakota Legislative Assembly which mandates health insurance coverage may not be acted on by any committee of the Legislative Assembly unless accompanied by a cost-benefit analysis. The law also states that the Legislative Council shall contract with a private entity to perform the required cost-benefit analysis after receiving one or more recommendations from the Insurance Commissioner.

In order to provide the recommendations, the Insurance Department solicited proposals from 13 actuarial firms for the cost of performing a health insurance mandate cost-benefit analysis.

The Department's solicitation indicated that a mandated benefit cost-benefit analysis must include:

- The extent to which the proposed mandate would increase or decrease the cost of health care services;
- The extent to which the proposed mandate would increase the use of services;

- The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of the insured; and
- The impact of the proposed mandate on the total cost of health care.

We asked the actuarial firms if they would:

1. Be able to perform cost-benefit analyses during the period November 2012 through April 2013; and
2. Be able to complete a cost-benefit analysis within two weeks of receipt of each initial request made by the Legislative Council for a given mandate and within seven days for each request thereafter related to the same mandate.

We also informed the actuarial firms contacted that there was no guarantee that cost-benefit analysis services would be needed during the defined time period.

Companies have until August 10, 2012, to submit proposals. Those proposals will then be scored, with 60% of points based on bidder qualification and 40% of points based on cost. The Insurance Department will then provide a recommendation of three potential firms to the Legislative Council. After selecting one of those firms, Legislative Council will then enter into a contract for the services. The budgeted amount for this session is \$15,000—the same amount as in 2011. For the 2011 legislative session, the contractor Milliman provided analysis on the cost of mandating coverage for autism and autism-related benefits as described in 2011 Senate Bill No. 2268.

Thank you and I would be happy to take any questions.