

TESTIMONY

Presented by: Rebecca Ternes
Deputy Commissioner
North Dakota Insurance Department

Before: Health Services Committee
Senator Judy Lee, Chairman

Date: September 21, 2016

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 performed by a qualified private entity.

Mandated health insurance benefits can include service or treatment mandates, beneficiary mandates, provider mandates and administrative mandates.

The Insurance Department solicited proposals through an informal solicitation from 165 potential vendors for the cost of performing a health insurance mandate cost-benefit analysis. The Department's solicitation indicated that a 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 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.

Proposals were evaluated based 60% on bidder qualification and 40% on cost.

Two companies—Milliman and Acumen—responded with proposals. Acumen scored 82.5 points and Milliman scored 79.28 points. Both companies have experienced actuaries, no stated conflicts of interest and were responsive to all required sections of the solicitation. While Milliman scored slightly higher in the bidder qualification, Acumen scored much higher in the cost (lower hourly rates). Therefore, the Insurance Department would recommend choosing Acumen as the firm to perform any cost-benefit analysis as required by the 65th North Dakota Legislative Assembly.

The Insurance Department would also strongly recommend Legislative Council writing the contract differently this year to indicate a limit on funds or requiring the successful bidder to estimate the time and the potential cost prior to beginning the analysis. The Department has to budget for these studies and at times the contracted entity has spent right up to or exceeded the budgeted amount, no matter how many studies are performed. See the attached chart. The current biennial budget for these studies is \$15,000.

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

North Dakota Health Insurance Cost-Benefit Study History

N.D.C.C. § 54-03-28

Session	Studies	Vendor	Dept Budget	Contract Price	Actual Price
2017			\$15,000		
2015	HB 1038 Telemedicine HB 1072 Cancer Treatment HB 1039 Substance Abuse	Milliman	\$20,000	\$15,000	\$26,564.25
2013	None	Milliman	\$15,000	\$15,000	\$0.00
2011	SB 2268 Autism and PERS bill	Milliman	\$15,000	\$15,000	\$14,982.25
2009	SB 2280 Mental Health Parity SB 2294 Telemedicine SB 2272 Coverage of Prosthetics	Milliman	\$10,000	\$30,000	\$28,070.25
2007	None	Milliman	N/A	\$15,000 initial/ \$8,000 additional	\$0.00
2005	SB 2169 Colorectal Cancer Screening HB 1381 Outpatient Prescription Drugs	Milliman	N/A	\$15,000 initial/ \$8,000 additional	\$13,929.30
2003	SB 2210 Substance Abuse Treatment HB 1247 Outpatient Prescription Drugs HB 1349 Colorectal Cancer Screenings	Milliman	N/A	\$15,000 initial/ \$8,000 additional	\$24,315.97