

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1404

2007 HOUSE HUMAN SERVICES

HB 1404

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1404

House Human Services Committee

Check here for Conference Committee

Hearing Date: January 22, 2007

Recorder Job Number: 1497

Committee Clerk Signature

*Marc Leare*

Minutes:

**Chairman Price:** Opened the hearing on HB 1404.

**Rep Svedgan, Dist 17, Grand Forks:** Introduced HB 1404. In the last several years I've had the opportunity to participate in the Medicaid Reform Task Force of the National Conference of State Legislatures. In that process I got a very good feel for the need to reform Medicaid in the states. Medicaid has been growing in many states by double digit figures & continues to consume more & more of state budgets. I also got a chance to see what some of the states were considering in terms of reforming the system. We believe the work of that task force had quite an impact on Congress in your passage of the *(can't understand)* & Deduction Act. Several states who have annual sessions are already proceeding with reforming their Medicaid system. One thread that seems to be running true with a lot of them is that they're moving in the direction of amended care or a provider service network type of arrangement ... probably more like an HMO model. HB 1404 is a means by which we can give some heightened priority to this issue.

Section 1 sets up that there will be a Legislative Council Committee that would operate very much like a typical Interim Committee. Subsection of Section 1 talks about how the committee will be comprised & you'll see that 3 members each, from the House & the Senate,

& in both cases 2 from the majority party & 1 from the minority party & then up to 9 members who are not legislature members. Nine members can represent medical assistance providers & the Department of Human Services. We're looking at the need to involve legislators as well as people from the industry and the Department. I want the committee to understand that as we talk about reform, I believe the first priority in reform is that we need to improve the care that is provided to Medicaid recipients. Secondly, our hope is that through reforms we can help stabilize the funding for the state of North Dakota. Number three, depending on how well we can do this & to the extent that we can become more efficient in the delivery of Medicaid services in ND, if there are savings to be had, maybe those savings can be put back into the Medicaid program in the form of increased reimbursements. We're not limiting this to any particular element of providers, this talks about ALL Medicaid providers. With regard to elements A through F, we've gotten input on these from an organization that was heavily involved in reforming Kentucky's Medicaid program. The architect of the changes that occurred in Kentucky are basically reflected in A through F & they highly recommend that that's the procedure we should proceed with the study. If this bill is passed it would be effective through December 31, 2008. I think the time is right for us to seriously look at this to see if there are smarter, better, more cost effective ways to deliver care to Medicaid recipients in such a way that we can improve the care as well as access to the care.

**Rep Conrad:** This looks like an excellent idea & I agree that we'll want to get right on this. Would you have any objections to including some consumers on this because they might be able to figure out where we might be able to improve the service in a way that we might not otherwise be able to think of.

**Rep Svedgan:** I don't have any specific objections to that. When we get to the part where they will be a lot of data collection & data analysis, I'm not sure if the consumer would feel

comfortable with that. There would be a point that if you're talking about any changes to the benefit structure, for example, or changes in terms of how the product is delivered, it would be good to hear from consumers.

**Rep Conrad:** I was thinking about AARP, the Mental Health Association & the Arc because they have a special need in a particular area.

**Rep Svedgan:** This Committee will function like an Interim Committee, so there will be plenty of opportunities to take testimony from interested parties.

**Rep Potter:** With the accepting of gifts, grants & donations ... if you would talk a little more about that & how it goes into the appropriations.

**Rep Svedgan:** Sections 2 & 3 of the bill basically outline the scheme of the amount of money that would be appropriated from the general fund or what you could accept from other sources so this language would appropriate those moneys if you're successful in obtaining them. We could accept anything up to \$150,000 in Sect 2 & \$100,000 in Sect 3. At this point we don't know whether or not there are sources out there, I'm not aware of any federal funds that are available for this, nor am I aware that any will become available. We wanted to put language in here just in case something does become available. There may be a reason why some of the organizations, some of the providers that are affected by this may want to put some money into it just to make sure we have enough available to do a good job. I don't know if that will happen.

**Rep Potter:** Was the Kentucky group you were working with successful at getting outside money of theirs?

**Rep Svedgan:** There are others that will testify on that & I don't remember how that was funded.

**Chairman Price:** In thinking back to the meeting we had on this & the people sitting around the table, with 6 people, it would be hard to decide on who was going to be on the Committee or not if they all came from different perspectives. Any thought on expanding that part of the committee?

**Rep Svedgan:** In terms of the legislative representation, that's always a difficult thing. The way it's designed right now, we'd have a 15 person committee & that's not too big, but if your committee felt that it should be included for purposes of making the selection of the individuals that sit on this committee to make that process a little simpler. I wouldn't have any objections to that because not everyone can attend all of the time so maybe there is an argument for increasing that.

**Caitlen McDonald, appeared on behalf of Arc of ND:** In support of HB 1404. See attached testimony.

**Arnold Thomas, President of the ND Healthcare Assoc (NDHA):** appeared in support of HB 1404. See attached testimony.

**Bruce Levi, ND Medical Assoc (NDMA):** There's been considerable discussion over the last several years about insuring the long term sustainability in the ND Medicaid program. NDMA has been very involved along with other Medicaid providers as players in that discussion. Last session HB 1459 became a vehicle for several legislative initiatives that are currently ongoing consultation services to assist with that effort. I agree that HB 1404 would provide a vehicle for a logical next step for continued discussion during the interim of options for Medicaid benefits management & reimbursement reform. From our perspective, efforts to control costs from looking at those, you'll still need to maintain quality health care, but to do that you'll need the support & cooperation of providers to be effective. The structure this bill puts in place would include significant provider input & in our view would provide an

appropriate vehicle for continued discussion, not only between providers, but discussion with providers along with legislators of the department.

**Carol K. Olson, Ex Director of the Dept Human Services Dept:** appeared to ... see attached testimony & attachment.

**Rep Conrad:** Why don't you have any Democrats on the committee?

**Carol Olson:** I know that we've had both the minority & majority parties on committees before; I don't know the answer to that.

**Chairman Price:** I think there was an issue with timing for Rep Boucher.

**Chairman Price:** If no further neutral testimony, we'll close the hearing on HB 1404.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1404

House Human Services Committee

Check here for Conference Committee

Hearing Date: January 22, 2007

Recorder Job Number: 1583

Committee Clerk Signature

*Judith Schock*

Minutes:

**Chairman Price:** Take out HB 404 just for the purpose of discussion. We have 3 typos in there we need to fix. Talk about the intent more than any thing. HB 1459 from last session. We had brought in a private consultant and paid with private dollars. It was not funded type of legislature. It was an out of state firm, and they are supposed to be contracting with locals. A few of us were in on the discussion with a potential consultant. We did talk to the people from Kentucky by phone to explore. There is some of this, I just think absolutely doesn't work. There are so many people around the table we just have not gotten very far, and some of that had to do with maybe more of the delivery of services and naturally the structure type things. I would have some resistance in saying that 3 people from the department should be of those 9 members. How does everyone else feel about that?

**Representative Porter:** feels the purpose of the committee is to look at changes in the current structure. The department isn't really out anything by us appropriating money, and brings the group together and trying to come up with a fix that would be presented to the legislation in the 09 session, and so we should not be favorable in expanding.

**Representative Conrad:** I don't know why they would need their legal council. They are taking 3 of the 9 spots and that is a lot. (She is hard to understand)

Committee discusses that some people could testify but not be a part of the group. Possibly we could expand legislative members along with policy members. We could add 4 people, 5 from the house and put one more from each party and also the Senate and one more from each party. It is difficult to bring in consumers who don't understand the terms, and would not be helpful. The magic is who the nine are. The Committee agrees we should not worry about the departments amendments.

**Chairman Price:** adjourns the committee.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1404

House Human Services Committee

Check here for Conference Committee

Hearing Date: January 23, 2007

Recorder Job Number: 1726

Committee Clerk Signature

*Judy Schock*

Minutes:

**Chairman Price:** Take out HB 1404. I have talked with Representative Svedjan to add to the committee

Representative Porter moves the amendments to fix the typos. All are in favor.

The committee discusses who, and how many to have around the discussion table.

**Representative Porter** moves the amendments, **Representative Hatlestad** seconds the motion. All were in favor with one absent. **Representative Porter** moves a do pass as amended with RR/Appropriations. **Representative Hofstad** to second the motion. The vote was 10n yeas, 1 nay, and 1 absent.



Date: 4/23  
Roll Call Vote #: 2

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."**

House HUMAN SERVICES HB 1404 Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Move Amendments

Motion Made By Rep Porter Seconded By Rep Hatlestad

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price – Chairman			Kari L Conrad		
Vonnie Pietsch – Vice Chairman			Lee Kaldor		
Chuck Damschen			Louise Potter		
Patrick R. Hatlestad			Jasper Schneider		
Curt Hofstad					
Todd Porter					
Gerry Uglen					
Robin Weisz					

Total (Yes) 11 "Click here to type Yes Vote" No 0 "Click here to type No Vote"

Absent /

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 4/23  
Roll Call Vote #: 3

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House HUMAN SERVICES HB 1404 Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Move do pass as Amended RE/Aggr.

Motion Made By Rep Porter Seconded By Rep Hofstad

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairman	<input checked="" type="checkbox"/>		Kari L Conrad		
Vonnie Pietsch - Vice Chairman	<input checked="" type="checkbox"/>		Lee Kaldor	<input checked="" type="checkbox"/>	
Chuck Damschen	<input checked="" type="checkbox"/>		Louise Potter	<input checked="" type="checkbox"/>	
Patrick R. Hatlestad	<input checked="" type="checkbox"/>		Jasper Schneider		<input checked="" type="checkbox"/>
Curt Hofstad	<input checked="" type="checkbox"/>				
Todd Porter	<input checked="" type="checkbox"/>				
Gerry Uglen	<input checked="" type="checkbox"/>				
Robin Weisz	<input checked="" type="checkbox"/>				

Total (Yes) 10 "Click here to type Yes Vote" No 0 "Click here to type No Vote"

Absent 1

Floor Assignment Rep. Porter

If the vote is on an amendment, briefly indicate intent:

*[Handwritten scribbles]*

**REPORT OF STANDING COMMITTEE**

**HB 1404: Human Services Committee (Rep. Price, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (10 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1404 was placed on the Sixth order on the calendar.**

Page 1, line 10, replace "Three" with "Five" and replace "two" with "three"

Page 1, line 11, replace "fraction" with "faction"

Page 1, line 12, replace "one" with "two"

Page 1, line 14, replace "Three" with "Five" and replace "two" with "three"

Page 1, line 15, replace "one" with "two"

Page 1, line 21, replace "designated" with "designate"

Page 2, line 5, replace "substainability" with "sustainability"

Renumber accordingly

2007 HOUSE APPROPRIATIONS

HB 1404

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB1404

House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2659

Committee Clerk Signature

*Shirley Branning*

Minutes:

**Chm. Svedjen** called the meeting to order to take up Engrossed HB 1404, relating to creating a legislative council medical assistance committee, by calling on **Rep. Clara Sue Price**, District 40.

**Rep. Price:** The bill was described and challenges in Medicaid funding were enumerated. Reimbursements are an issue and it is time to get creative. This would put together a committee to work on that. There is money to pay legislators who are participating in this and to hire a consultant.

**Chm. Svedjen:** Some legislators met this summer to come up with creative ideas to the Medicaid issue. The two parts of this bill would be to retain consulting services and to do an analysis of changes to Medicaid in the last session.

**Rep. Kerzman:** I have concern with the bill, I see up to 9 members of the medical assistance providers, non voting and 6 legislators and the chairman who do all the.....

**Chm. Svedjen:** This should be a legislatively driven committee to function like a regular interim committee where the voting authority is given to legislators only.

**Rep. Price:** It is now 10 members of the legislature, 5 and 5 for each house based on the amendments passed in the committee.

There was discussion in committee on the voting, on the membership and the department asked for three spots of those nine, naming who they wanted. Advocacy groups wanted to be designated as a spot on those 9 but we didn't do that because anyone can come and testify. This committee will choose experienced individuals to serve, who has a wide band of concern and experience.

**Rep. Wald:** On line 3, where you say non-legislative members would not be compensated, might we be omitting some people with expertise who are private citizens? They would probably be reluctant to serve because they wouldn't get paid.

**Rep. Price:** We will have someone who is very involved in their job in this, and don't think it will be a problem.

**Chm. Svedjen:** The intent is for any state agency personnel who is involved in this, they would receive the same kind of expense reimbursement as they would as part of their job. A lot of the representation would be from provider groups. Where they could cover their own expense.

**Rep Bellew moved a Do Pass to HB 1404. Rep. Kreidt seconded the motion.**

**The Do Pass motion carried by a roll call vote of 22 yea, 1 nay and 1 absent and not voting.**

**Rep. Porter will be the carrier of the bill.**

Date: 2/1/07  
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1404

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Bellew Seconded By Kreidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleon	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman		✓
Representative Kreidt	✓		Representative Metcalf		
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 22 No 1

Absent 1

Floor Assignment Rep. Porter

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 1, 2007 6:28 p.m.

**Module No: HR-19-1872**  
**Carrier: Porter**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1404, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)**  
recommends **DO PASS** (22 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING).  
Engrossed HB 1404 was placed on the Eleventh order on the calendar.

2007 SENATE HUMAN SERVICES

HB 1404

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1404

Senate Human Services Committee

Check here for Conference Committee

Hearing Date: 3-06-07

Recorder Job Number: 4450, 4496

Committee Clerk Signature

*Mary K. Monson*

Minutes:

Chairman Senator J. Lee opened the hearing on HB 1404 relating to creating a legislative council medical assistance committee.

Representative Ken Svedjan (District #17) introduced HB 1404. It is an outgrowth of a couple of things. The Deficit Reduction Act has given states considerable flexibility to conduct the Medicaid programs in ways that couldn't be done before. During the last interim he convened a group of stakeholders to begin looking at the possibility of reforming Medicaid with the hopes of having something for this session to consider. Due to time limitations they didn't get to that point. Consequently, it has led to the introduction of HB 1404. (Meter 2:40)

(Meter 3:54) He addressed the provisions. He pointed out that his intention in crafting this bill is that the Department of Human Services definitely needs to be a part of this process.

He distributed information pertaining to section 4, sub points a-f. (Attachment 1) The attached information embellishes those points.

He had no preconceived idea on how Medicaid should be reformed, but he believes there is real potential to do things differently in such a way that would help yield more efficiency in the system. What is being seen and projected in other states is that there is a prospect for savings money. The savings that are being projected or realizing are being used in different ways –

mostly plowing the savings back into the system either to broaden access or to tie Medicaid in a more direct way with the private insurance market or to do things that would positively impact levels of reimbursement to Medicaid providers.

He addressed the two appropriations (meter 8:10)

The bill also has language that would allow for this group to accept other funds.

Senator J. Lee asked if NCSL is continuing its study.

Rep. Svedjan replied that the task force has concluded its work. They will continue to monitor what goes on as states engage this process.

Senator J. Lee asked how he sees this tying into the MMIS implementation.

Rep. Svedjan said he has asked that question of the Department and the answer he has received is that the new MMIS system would be able to accommodate such changes.

Senator Heckaman referred to section 1, subsection 4 part e. She asked for an explanation of the part e.

Rep. Svedjan referred the committee to the second page of attachment #1.

Senator Erbele asked about the cost savings and the efficiencies this committee might find and if he had any ideas of where there might be areas with cost savings to offset the man hours and dollars that will be spent to find those.

Rep. Svedjan – There is real opportunity to move in the direction of a capitated type system where a per member per month payment to the provider is made. That provider then is responsible for the care and treatment of that recipient. (Meter 17:40)

Senator Warner – Do you anticipate the cost of the extra committee itself would be taken out of this appropriation or out of the normal appropriation to the legislative council for interim committees.

Rep. Svedjan – The appropriation in this bill is really for consulting services. The last page of the bill addresses the members' expenses.

Senator Warner asked if there is an intent to send out an RFP after this committee is formed.

Rep. Svedjan replied that an RFP would be in order.

Senator Warner asked if it would be useful to have an emergency clause so the process could be started earlier.

Rep. Svedjan said that would be helpful.

Senator J. Lee said there is a potentially a lot this committee could do. She asked if he thought this group would do something as specific as reimbursement for providers.

Rep. Svedjan said his approach would not be to get into that area in detail right away. What he would rather see this committee do is see how to reshape the system. Then do the analyses to see if there is a prospect for savings. In the further analyses identify areas in which the savings could be used differently.

Senator Dever asked if the two appropriations are separate and distinct.

Rep. Svedjan explained why it was written that way and why the appropriation was separated (meter 24:10).

Senator Heckaman asked what changes were made in the House.

Rep. Svedjan said the amendment made in the House dealt only with the membership on the committee.

Arnold Thomas (President, ND Health Care Association) testified in support of HB 1404. See attachment #2. He said they would support an emergency clause.

Bruce Levi (ND Medical Association) testified in support of HB 1404. (Attachment #3)

Senator Erbele referred to HB 1459 that both he and Mr. Thomas had talked about as being a vehicle for several legislative initiatives and asked him to name a couple of them.

Mr. Levi referred to the second page of the bill. Section 5 describes 1459 and the initiatives that came from that process.

Senator Dever commented that if this committee is as successful as other committees such as the Commission on Alternatives for Incarceration it is a good thing.

Susan Doherty (Executive Administrator of Health Policy Consortium) testified in support of HB 1404. (Attachment #4) She encouraged the committee to strongly consider a do pass and to look at an emergency clause.

Bruce Murry (ND Protection and Advocacy Project) testified in support of HB 1404.

See attachment # 5 which included an amendment.

There was no opposing testimony.

Carol Olson (Department of Human Services) testified in neutral position. (Attachment #6)

She pointed out a difference in the committee that 1404 would set up and the alternatives for incarceration committee that Senator Dever had referred to. Representation on the 1404 committee does not have any voting representation except for the members of the legislature. On the committee of alternatives to incarcerations the membership has voting power along with representation.

She also pointed out that in the department's '05-'07 budget appropriation bill they did seek appropriation for disease management of 2007. Disease management was not a result of HB 1459.

In response to a question posed earlier she responded that the new MMIS system is flexible enough to work with the direction that this committee could go in regard to managed care etc.

She expressed a concern that this committee may seek department resources (meter 50:30).

Senator J. Lee asked if she was hearing that staffing this could be an issue.

Ms. Olson said the concern would be in the staff time devoted to retrieving any amount of data that would be possibly required from this committee.

She said they are also working on the results of the Deficit Reduction Act within the DHS Medical Services Division.

Senator Dever asked if she was suggesting that this medical advisory committee could do the work that is called for in 1404 and hire a consultant.

Ms. Olson didn't want to comment on hiring a consultant. She did say that they established the committee for the exact reasons they are talking about. They have extended invitations to the provider network and to the legislature to sit down with the DHS (meter 53:20).

Senator J. Lee noted that the department has been proactive, in her view, in trying to figure out what can be done in the parameters of both the state and the federal requirements that are placed upon the department (Meter 54:00).

(Attachment #7) Mike Schwab (Executive Director for The Arc of Bismarck) could not be present but sent his written testimony for the record.

With no further testimony, the hearing on HB 1404 was closed.

#### **JOB #4496**

Vice Chairman Senator Erbele opened HB 1404 for discussion.

Senator Warner suggested the committee might consider reducing the number of medical assistance providers to five on line 17, page 1. Then segregate out the DHS and create a new subsection D.

Senator Erbele asked the committee to talk about their opinion on the overall concept of the bill as it relates to the medical advisory board that already is.

Discussion followed concerning that board with questions on how often they meet, their agendas, how they came about, membership, etc. Membership and duplication of

membership of the committees was talked about along with the cost of developing a new committee and the use of consultants.

A suggested option was to eliminate references to this Medical Assistance Committee and call for a study by an interim committee and appropriate the money for the consultant.

Discussion on HB 1404 was suspended until a later time.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1404

Senate Human Services Committee

Check here for Conference Committee

Hearing Date: 3-12-07

Recorder Job Number: 4933

Committee Clerk Signature

*Mary K. Moxson*

Minutes:

Chairman Senator J. Lee opened HB 1404 for discussion. One of the things the committee wanted to know more about was the alternatives to incarceration committee. She recognized Carol Olson from the DHS for comments.

Carol Olson (Director of the Department of Human Services) explained that HB 1473 (attachment #8) was passed last session. It was the commission on alternatives to incarceration – approximately 16 members (meter 00:50)

She pointed out that HB 1473 has an effective date through June 30, 2009 so it did not sunset with the end of the biennium. She explained the expenditures which are addressed in #5 on page 2 of the bill. All the members of the commission have voting representation.

Senator Warner asked if there was any language that the chairman had to be a legislature or had to be in the legislative council.

Ms. Olson said yes and read from the bill in Section 1, subsection 2.

It was suggested a commission on alternatives brings all the key people together.

A point that was brought up is that everybody who takes the time and makes the commitment to be there should be allowed to vote on everything (meter 06:30). As many viewpoints should be represented as possible without getting the commission so large it becomes cumbersome.

Voting rights on commissions and committees were brought up as well as making needed information available to the commission.

Senator J. Lee pointed out that the goal is to try to figure out what can work the best. There are challenges with the reimbursement and the only way to get reimbursement enhanced is if there is some legislative ownership of that change. That will require legislative involvement but she didn't think it is right for legislators to be the only voters. The department and the providers are the ones who are directly affected on a day to day basis by whatever is decided. She asked what the department sees as an important point or concept to consider when setting up a group.

Ms. Olson replied that the department is trying to follow with their Medicaid stakeholders group a focus on a long term systemic change that ensures the sustainability and fiscal accountability of Medicaid. That can't be done overnight or with inclusion of just one or two provider groups. It has to take into account all of the providers that Medicaid reimburses. In order to do that, those providers have to be taken into consideration.

Senator J. Lee distributed an amendment she had drafted which calls for this to be done as an interim study. (Attachment #9) She wasn't sure that was the answer and speculated that maybe they should look at enhancing the responsibilities of the medical advisory group that is already there.

Senator Heckaman asked what the medical assistance advisory group does.

Ms Olson responded that in her testimony on HB 1404 she talked about the Medicaid advisory group. It is a gathering of a large number of stakeholders. Their goal is to look at the DRA and Medicaid and Medicaid reimbursement and ask for information from all of the stakeholders to get their input and ideas as to the direction the department and the state should go. She talked about who makes up the membership.

(Meter 17:00) Different options for 1404 were suggested. Ms. Olson said this is the priority for the department of human services and they will certainly give it their attention and support with staff but, from their perspective, it must include all providers.

There was some discussion on whether consideration had been given to anyone from the reservations on the commission.

Ms. Olson explained how they chose the legislative representation for the commission.

Senator J. Lee asked if the department would be able to help with putting something together for the committee.

Ms. Olson said they could.

Discussions followed on how to get everyone together for round table discussions, appropriations for consultation services, and if the chair of the commission should be neutral.

Senator J. Lee asked Maggie Anderson from the department if they could authorize the Medicaid medical advisory committee membership with an outside person as a chair to discuss those things in 1404 about reimbursements for providers etc. instead duplicating the committee.

Ms. Anderson answered that in order for the federal match to come through it needs to be funded through the DHS, a state Medicaid agency. The way the bill was introduced it would not qualify for the federal match because the dollars would go to legislative council.

Senator J. Lee asked Ms. Anderson for information on how to access a match and some thought of appropriations for a possible outside person to facilitate.

Ms. Anderson said that the Medicaid regulations specific to the medical advisory committee speak to needing recipient representation (meter 43:20).

Ms. Olson asked for confirmation that the committee wanted the department to come up with additional language to incorporate the Medicaid medical advisory committee into 1404 with

changing of the membership to include two minority and two majority legislative members plus an individual from the native Americans and look at some other representation as well.

After more discussion on the membership possibilities, it was decided that BC/BS should also be included.

Senator J. Lee closed the discussion on HB 1404.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1404

Senate Human Services Committee

Check here for Conference Committee

Hearing Date: 3-13-07

Recorder Job Number: 5000

Committee Clerk Signature *Mary K Monson*

Minutes:

Chairman Senator J. Lee opened HB 1404 for discussion and consideration of amendments.

Attachments #10 is a hog house amendment. Attachment #11 is a regular amendment.

A discussion on funding took place. Federal funds could be grants and other funds come from a variety of sources.

Senator Erbele asked what would happen with the Medicaid medical advisory if a separate commission on Medicaid is formed.

Senator J. Lee explained that it is a federally required committee to be under the auspices of the DHS. They use that more for smaller kinds of things. This new group would be for a singular purpose. The same people can be used for both groups but that group can't be used for the new group. That is why the department worked up the two different amendments.

There was review of the membership list and consensus that a representative from the Indian Affairs office should be included.

(Meter 13:40) The committee talked that the providers and sponsors would like to have more to say about the way the provider reimbursement is determined. The problem is that the department has a lot of expertise but without the funds they can't be flexible. Page 2 of the

original bill line 5-19 tells what the assignment is for this group. It is important to be considering these issues on an ongoing basis.

(Meter 20:20) Differences in the amendments Senator J. Lee presented for discussion plus what was in the bill was addressed by Arnold Thomas.

Mr. Thomas explained the framework of the bill. They wanted the committee to be set up for the interim as basically a standing committee and hoped the people that would be designated would have experience and/or commitment to health policy and health funding.

Senator J. Lee was concerned with the committee being so heavily dominated by legislators as the way it came out of the House and that only they can vote.

Discussion continued on the membership.

(Meter 30:30) Bruce Levi (NDMA) spoke about groups from previous legislation. He explained that from their perspective they are now looking for the legislative leadership.

Senator J. Lee wanted to make sure that people can really bring their concerns and thoughts to this group without feeling the group is trying micromanage how it is done during the process.

Amendments in the House changed the legislative representation to ten.

There was some concern about focusing more on the eastern part of the state but after some discussion it was clarified that it would not be exclusively targeted at one geographical area.

(Meter 44:20) The discussion returned to working from the original HB 1404.

A suggestion was presented to include 3 members from the DHS. There was also talk about extending the deadline in section 4 and adding an emergency clause.

(Meter 53:40) The original HB 1404 was compared with the proposed amendment for discussion (attachment #11). There was a lengthy comparison of the two and talk about

membership and making it a manageable number.

Senator J. Lee summarized changes for the committee; 6 medical assistance providers, 3 members from the department, and 2 members from groups advocating for recipients; change the expiration date to June 30, 2009; and add the emergency clause.

There was additional discussion on the legislative representation.

Senator Erbele moved to amend HB 1404 with the above summarized changes plus changing the legislative representation to three each.

The motion was seconded by Senator Dever.

Roll call vote 3-3-0. Motion failed.

Senator Erbele moved to amend HB 1404 as discussed except the change in legislative representation.

The motion was seconded by Senator Dever.

Roll call vote 6-0-0. Amendments accepted.

Senator Dever moved a Do Pass on HB 1404 as amended and rerefer to Appropriations.

Senator Erbele seconded the motion.

Roll call vote 6-0-0. Motion carried. Carrier is Senator Dever.





Date: 2-13-07

Roll Call Vote #: 3

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1404

Senate HUMAN SERVICES Committee

Check here for Conference Committee

Legislative Council Amendment Number 70779.0202

Action Taken Do Pass / amend / refer

Motion Made By Sen. Dever Seconded By Sen. Erbele

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee, Chairman	✓		Senator Joan Heckaman	✓	
Senator Robert Erbele, V. Chair 2	✓		Senator Jim Pomeroy	✓	
Senator Dick Dever 1	✓		Senator John M. Warner	✓	

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Dever.

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1404, as engrossed: Human Services Committee (Sen. J. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1404 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "and"

Page 1, line 4, after "date" insert "; and to declare an emergency"

Page 1, line 17, replace "nine" with "six" and remove "and the"

Page 1, line 18, remove "department of human services"

Page 1, after line 20, insert:

"d. Three members from the department of human services.

e. Two members from groups advocating for recipients."

Page 3, line 21, replace "December 31, 2008" with "June 30, 2009"

Page 3, after line 21, insert:

**"SECTION 5. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

2007 SENATE APPROPRIATIONS

HB 1404

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1404

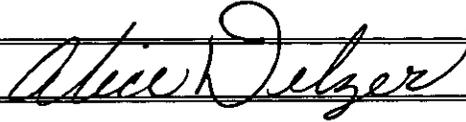
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 03-19-07

Recorder Job Number: 5295

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the hearing on HB 1404 at 3:00 pm on March 19, 2007 regarding a Medical Assistance Committee. Amendments were handed out to the committee. He stated they would start the hearing on time but would not pass the bill out today. He asked Allen Knudson to walk us through the amendment .0300 and when Representative Svedjan comes he will go over the bill with us.

**Allen Knudson, Legislative Council** explained the 1<sup>st</sup> engrossed bill with amendments and the details concerning appointment of members of the Medical Assistance Committee.

**Chairman Holmberg** stated when one looks at it you see that it lists the analysis that will be conducted by the consultants on page 2.

**Senator Christmann** had questions regarding special funds.

**Senator Lindaas** asked the Department if some of this would be duplication.

**Carol Olson, Director of Department of Human Services (DHS)** stated she did not plan to testify on this bill as yet, she wants to hear an explanation of the engrossed bill from Representative Svedjan. She also gave clarification regarding Senator Lindaas's question

**Chairman Holmberg** stated they would take a 15 minute break as Representative Svedjan is involved in a memorial service and is not able to come at this time. Chairman Holmberg

welcomed Representative Svedjan and asked him to give an overall view of the bill and what it does.

**Representative Ken Svedjan, District 17, Grand Forks** introduced the bill. What this bill is intended to do is to establish a committee that will give primary focus to the matter of welfare reform. I am sure most of you are aware that with the passing of the Deficit Reduction Act in Washington significant flexibilities and latitudes now have been granted to the states to evaluate whether or not they should try to run their Medicaid programs differently. He continued to explain the different sections of the bill, explaining in depth the appointment of the members of the committee. He stated he did not object to the changes that were made in the Senate. He submitted a copy of the Medicaid Program Reform Opportunity Analysis (1) explaining the Metrics and Analysis and Rationale concerning Medicaid. He stated the remainder of the bill has to do with the appropriations and they are in two parts: General fund, which provides the consultation for Medicaid Reform and their may be funds that come from the federal government regarding reforming Medicaid and we thought there should be some provision for that and the 2<sup>nd</sup> appropriation is intended to follow up from last legislation regarding disease management. The bill is set up to expire in June of 2009. The Senate amended the emergency clause which is totally acceptable to him.

**Chairman Holmberg** had questions regarding the consulting services and if these numbers are industry standards if you were to hire consultants. He was informed yes.

**Senator Lindaas** asked if there is some duplication going on. First of all the interim of HS Committee, would they be looking at something like this and also within the HSD there is a committee that looks at issues similar to this.

**Representative Svedjam** stated he was not aware of any such study being assigned to the interim budget committee on Human Services. Because of the nature of this study it was our

hope that we could establish this committee to look at the issue of Medicaid reform only. Also the Medical Services Advisory Committee is required by federal law through the DHS and he is not aware that this committee has on it's agenda to proceed with Medicaid reform issues. He stated we need to do what we can to improve the care provided by Medicaid and we need to make it a more cost effective system.

**Senator Bowman** asked if there wouldn't be costs involved regarding changing technology. He was informed that they are prepared for these changes and the current MMIS system can handle it.

**Maggie Anderson, Medical Services Director, DHS** explained more about the MMIS system and the role of the Medical Advisory Committee.

**Senator Mathern** asked Maggie if we need this bill. He was informed that the Department is neutral on this bill.

**Carol Olson** said she would address two things: 1. Representative Svedjam did not have a copy of the engrossed bill and I would like to say the Department does appreciate the engrossed bill because a couple of the amendments we did seem to be paid attention to. The second thing is if this bill passes the 3 members of DHS and the 2 members from the advocates groups would have voting privileges. She made comments regarding federal funds and shared how DHS is involved with the Medicaid program. She stated the DHS is the single state agency involved so in order to accept or distribute any federal funds at all it is DHS that has that authorization.

**Chairman Holmberg** stated that there might be some provider folks that would like to donate money and this would allow them to do that but what you are saying if it would be federal money coming in to work in this area it could not be designated as going to the Legislative Council but would have to go to DHS. He was informed that is correct.

Page 4

Senate Appropriations Committee

Bill/Resolution No. 1404

Hearing Date: 03-19-07

**Senator Krauter** asked if there were legislators on that advisory group. He was told yes.

**Bruce Levi, Representative North Dakota Medical Association** gave oral testimony in support of HB 1404.

**Chairman Holmberg** closed the hearing on HB 1404.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1404

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 03-22-07

Recorder Job Number: 5484

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the hearing on HB 1404.

**Senator Fischer moved a DO NOT PASS, Seconded by Senator Grindberg.** Discussion followed with Senator Fischer saying it was very duplicative. He didn't think we should support this bill. **A roll call vote was taken resulting in 12 yeas, 2 nays, 0 absent. The motion carried. Senator Fischer will carry the bill.**

The hearing on HB 1404 closed.

Date: 3/02  
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1404

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do not pass

Motion Made By Fischer

Seconded By Grundberg

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	.	✓	Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	.	✓
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 12 No 2

Absent \_\_\_\_\_

Floor Assignment Fischer

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 23, 2007 9:17 a.m.

**Module No: SR-55-6034**  
**Carrier: Fischer**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1404, as engrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO NOT PASS (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1404, as amended, was placed on the Fourteenth order on the calendar.**

2007 TESTIMONY

HB 1404

# NDHA

North Dakota Healthcare Association

## Vision

The North Dakota Healthcare Association will take an active leadership role in major healthcare issues.

## Mission

The North Dakota Healthcare Association exists to advance the health status of persons served by the membership.

TESTIMONY FOR  
HB 1404  
JANUARY 22, 2007

*Same  
given to  
Senate  
Human  
Services*

Madame Chairman, Committee Members. I am Arnold Thomas, President of the North Dakota Healthcare Association (NDHA) here in support of HB 1404.

In the 2005 session, the Legislative Assembly enacted HB 1459. That bill directed that there be an assessment of the Medicaid program. This assessment included an actuarial study of the Medicaid program--the Milliman study; how we provide services to seniors; a comparison of ND's program with surrounding states; program administration; drug expenses; eligibility criteria; fraud and abuse controls; and even the computer system use for managing the program.

House Bill 1459 generated a number of recommendations, some of which have since been put in place. It is now time for us to take the next step and see how those changes are working. The bill before you today – House Bill 1404 gives us an opportunity to do just that.

House Bill 1404 also builds upon this foundation created in House Bill 1459. HB 1404 focuses largely on demographics changes occurring in ND and the implications these changes have for Medicaid benefit coverage, medical service access, medical service delivery, and medical service maintenance.

In addition House Bill 1404 will allow us to try some alternatives -- on a limited pilot basis, based on the demographic analysis. The bill also puts the Legislative Assembly in an oversight role while exploring service access and delivery alternatives.

Madam Chairman, members of the Committee – House Bill 1404 is a logical next step in shaping our Medicaid program so that we'll be able to respond to and positively address the medical service needs of tomorrow's Medicaid constituency.

We respectfully ask for a "Do Pass" recommendation on House Bill 1404.

January 22, 2007

HOUSE HUMAN SERVICES COMMITTEE  
HB 1404

CHAIRMAN PRICE AND COMMITTEE MEMBERS:

My name is Caitlin McDonald. I'm appearing here today on behalf of The Arc of North Dakota. **We support HB 1404 and urge a do pass.**

The Arc is an open membership organization made up of people with mental retardation and other related developmental disabilities, their families, friends, interested citizens, and professionals in the disability field.

It is organized on three levels: local chapters, state chapters and the national organization. All three levels provide opportunities to engage policy-makers in efforts to improve public policy affecting people with mental retardation and related developmental disabilities and their families.

The Arc of North Dakota has over 1,500 committed members and friends, your neighbors and constituents in chapters in Grand Forks, Fargo, Valley City, Jamestown, Bismarck, Dickinson and Bowman.

Our **Mission Statement** is to improve the quality of life for children and adults with mental, retardation and related developmental disabilities and their families through advocacy, education and family support services.

Public policy advocacy is an essential component of the Arc movement, and that's why we're here today. Arc members have worked together over the past 50 years to secure family support services, special education, health care, leisure opportunities, vocational training, community housing and other community support services.

All of these goals are closely tied to the state's medical assistance program. We believe the creation of a special Legislative Council Committee to zero in on these issues will be beneficial.

Therefore, we respectfully request that you give HB 1404 a do pass. If you have any questions, I will be happy to try to answer them. **THANK YOU FOR YOUR TIME AND CONSIDERATION.**

**Testimony**  
**House Bill 1404 – Department of Human Services**  
**House Human Services Committee**  
**Representative Clara Sue Price, Chairman**  
**January 22, 2007**

Chairman Price, members of the Human Services Committee, I am Carol K. Olson, Executive Director of the Department of Human Services.

House Bill number 1404 proposes to create a legislative council medical assistance committee comprised of members of the House of Representatives and Senate, as well as representatives of provider groups and the Department of Human Services. The Department does not oppose a study of Medicaid; in fact, the Department has already established a Medicaid Medical Advisory Committee to make recommendations regarding policy development and program administration including long-term Medicaid sustainability. For your reference, a list of the Medicaid Medical Advisory Committee members is attached. (Attachment A)

What is important to the Department is to understand the purpose and authority of the committee and the intended interaction of the committee in fulfilling its legislative functions and the Department in fulfilling its duties in administering the Medicaid program. For example:

*What is the purpose of the committee?*

*What, if any, role would the committee play in the day-to-day administration of the Medicaid program?*

*Will the Department be able to make program decisions and policy changes in the Medicaid program without consulting this committee?*

*How does the work of this committee align with the efforts that have been initiated within the Medical Services Division?*

*What is the role of the Department representatives noted in the bill?*

*Does this committee replace the Medicaid Makeover group (Medicaid Medical Advisory Committee) that has been assembled to look at long-term Medicaid sustainability issues?*

The Department would greatly appreciate clarification of the intended role of the committee.

Because the intended purpose of the committee is not clear, I feel it is important to point out that federal Medicaid regulations specify that, in order to be eligible for federal financial participation, there must be a single state Medicaid agency that is designated to administer or supervise the administration of the Medicaid state plan.<sup>1</sup> The Department of Human Services is the single state agency in North Dakota. Attached is a copy of the specific citation related to single state agency. (Attachment B) In summary, the committee proposed in this bill can serve in an advisory capacity to the single state Medicaid agency, but according to the federal Medicaid regulations, it cannot issue policies, rules, or decisions or exercise administrative discretion in the administration or supervision of the Medicaid program.

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<sup>1</sup> 42 C.F.R. § 431.10

Because federal financial participation is only available to the single state agency, the funds appropriated to the legislative council in sections two and three of the bill would not be eligible for federal matching funds.<sup>2</sup>

Also, it appears that there would be no involvement by Medicaid recipients in this committee. In order to ensure the most open, inclusive approach to "studying" Medicaid, there should be representation of recipients and advocates. The Department recommends an amendment to ensure the inclusion of recipients or recipient advocates or both. (Attachment C)

Finally, I would propose an amendment to this bill that would clarify the number of representatives from the Department on the committee. At a minimum, the Department would request the Executive Director, the Medical Services Director and the Director of the Legal Advisory Unit be ex officio members of the committee. (Attachment C)

I would be happy to answer any questions that you may have.

---

<sup>2</sup> 42 U.S.C. 1396a(a)

North Dakota Department of Human Services  
 Medicaid Medical Advisory Committee

Salutation	First	Last	Company
DR	TERRY	DWELLE	ND DEPT OF HEALTH
MR	ARNOLD "Chip"	THOMAS	ND HEALTHCARE ASSOCIATION
MR	BRUCE	LEVI	ND MEDICAL ASSOC
			ND PHARMACY ASSOC
MS	SHELLY	PETERSON	NORTH DAKOTA LONG TERM CARE ASSOCIATION
MS	NANCY	KOPP	ND OPTOMETRIC ASSOC
MR	JOE	CICHY	ND DENTAL ASSOC
MS	SUSAN	DOHERTY	HEALTH POLICY CONSORTIUM
DR	GARY	BETTING	MEDICAL CONSULTANT
			ND DEPT OF HUMAN SERVICES
MR	LARRY	BERNHARDT	ND COUNTY SOCIAL SERVICE DIRECTORS ASSOCIATION
			GOVERNOR'S OFFICE
			STATE OF NORTH DAKOTA
MS	TAMMY	THEURER	NORTH DAKOTA ASSOCIATION FOR HOME CARE
MS	BARBARA	MURRY	NORTH DAKOTA ASSOCIATION OF COMMUNITY FACILITIES
REPRESENTATIVE	JEFF	DELZER	
REPRESENTATIVE	KEN	SVEDJAN	
REPRESENTATIVE	CLARA SUE	PRICE	
SENATOR	TOM	FISCHER	
SENATOR	RAY	HOLMBERG	
SENATOR	JUDY	LEE	
MR	RANDY	SORENSEN	OPTIONS RESOURCE CNTR FOR INDEPENDENT LIVING
MR	NATHAN	AALGAARD	FREEDOM RESOURCE CENTER
MS	JENNIFER	OLDROCK	RECIPIENT REPRESENTATIVE
MR	JIM	MOENCH	ND DISABILITY ADVOCACY CONSORTIUM

TITLE 42--PUBLIC HEALTH  
PART 431\_STATE ORGANIZATION AND GENERAL ADMINISTRATION

Subpart A -- Single State Agency

**Sec. 431.10 Single State agency.**

(a) Basis and purpose. This section implements section 1902(a)(5) of the Act, which provides for designation of a single State agency for the Medicaid program.

(b) Designation and certification. A State plan must--

(1) Specify a single State agency established or designated to administer or supervise the administration of the plan; and

(2) Include a certification by the State Attorney General, citing the legal authority for the single State agency to--

(i) Administer or supervise the administration of the plan; and

(ii) Make rules and regulations that it follows in administering the plan or that are binding upon local agencies that administer the plan.

(c) Determination of eligibility. (1) The plan must specify whether the agency that determines eligibility for families and for individuals under 21 is--

(i) The Medicaid agency; or

(ii) The single State agency for the financial assistance program under title IV-A (in the 50 States or the District of Columbia), or under title I or XVI (AABD), in Guam, Puerto Rico, or the Virgin Islands.

(2) The plan must specify whether the agency that determines eligibility for the aged, blind, or disabled is--

(i) The Medicaid agency;

(ii) The single State agency for the financial assistance program under title IV-A (in the 50 States or the District of Columbia) or under title I or XVI (AABD), in Guam, Puerto Rico, or the Virgin Islands; or

(iii) The Federal agency administering the supplemental security income program under title XVI (SSI). In this case, the plan must also specify whether the Medicaid agency or the title IV-A agency determines eligibility for any groups whose eligibility is not determined by the Federal agency.

(d) Agreement with Federal or State agencies. The plan must provide for written agreements between the Medicaid agency and the Federal or other State agencies that determine eligibility for Medicaid, stating the relationships and respective responsibilities of the agencies.

(e) Authority of the single State agency. In order for an agency to qualify as the Medicaid agency--

(1) The agency must not delegate, to other than its own officials, authority to--

(i) Exercise administrative discretion in the administration or supervision of the plan, or

(ii) Issue policies, rules, and regulations on program matters.

(2) The authority of the agency must not be impaired if any of its rules, regulations, or decisions are subject to review, clearance, or similar action by other offices or agencies of the State.

(3) If other State or local agencies or offices perform services for the Medicaid agency, they must not have the authority to change or disapprove any administrative decision of that agency, or otherwise substitute their judgment for that of the Medicaid agency with respect to the application of policies, rules, and regulations issued by the Medicaid agency.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1404

Page 1, line 17, after "and" insert "at least three members from"

Page 1, line 18, after "services" insert "which must include the executive director, the medical services division director, and the legal advisory unit director"

Page1, after line 20 insert:

"d. At least one member who is either a medical assistance recipient or an advocate for medical assistance recipients."

Renumber accordingly

## I. INTRODUCTION

Once the data is gathered and evaluated as outlined on the Metrics & Analysis grid, a comprehensive report will be prepared and presented. This report will include key data points and recommendations for reform options specific to North Dakota.

## II. MEDICAID PROGRAM REFORM OPPORTUNITY ANALYSIS

### METRICS & ANALYSIS

#### Eligibility Evaluation

- Gather data regarding the current categories of people covered under the North Dakota Medicaid program
- Evaluate the coverage categories in light of populations covered by similarly situated states

#### Access and Availability for Medicaid

- Evaluate issues related to patient access in the North Dakota system

#### Reimbursement

- Evaluate the current reimbursement rates and methodologies for Medicaid providers in the North Dakota system
- Compare reimbursement rates and methodologies to those found in similar and surrounding states

### RATIONALE

In analyzing Medicaid reform opportunities, it is critical to understand the unique characteristics and growth trends of the state's eligibility categories. Additionally, states may be able to leverage additional federal dollars for coverage by modifying existing categories or adding non-covered optional categories.

Access to care is critical in ensuring a healthy Medicaid system. This component will focus on barriers and potential liabilities the state may face as a result of limited access to care in the right setting at the right time.

This will provide data for a comparison of the current provider reimbursement rates and methodology in Medicaid to the commercial market and similarly situated Medicaid programs to determine areas in need of revision options. Adequate reimbursement strategies are crucial in providing a full spectrum health care delivery system that is focused on improved health outcomes for the population.

### III. MARKET ANALYSIS

#### METRICS & ANALYSIS

##### Indigent Care

- Evaluate the impact of indigent care on the North Dakota health care market
- Evaluate the current Disproportionate Share Hospital program's impact on the state
- Analyze the impact of increased coverage options

##### Uninsured

- Analyze the number of uninsured and the reason for the lack of coverage
- Evaluate the impact of uninsured individuals on the North Dakota health care market
- Evaluate additional coverage options for the uninsured

##### Commercial Market

- Evaluate the current status of the North Dakota commercial insurance market in light of new federal opportunities to increase coverage options
- Analyze possible high risk pool options, premium assistance program, or other strategies where North Dakota can leverage federal dollars to improve coverage and access to care

##### Access and Availability for Indigent and Uninsured

- Evaluate issues related to patient access in the North Dakota system

#### RATIONALE

The impact of providing health care to the indigent population in urgent/emergency settings places a great deal of strain on North Dakota's health care delivery system. This component will evaluate the present impact and analyze potential options to reduce this burden while improving the health outcomes and status for the population.

Like the indigent, the uninsured as a population tend to pose multiple challenges to health care delivery systems. Care is often sought at the latest possible moment and in the most expensive setting, the emergency department. This analysis will review the present impact of the uninsured on both the health care delivery system and the insurance market. Methods to provide additional coverage options will also be evaluated.

Many times the commercial insurance market bears the brunt of inadequate coverage and reimbursement for services provided to those on Medicaid, the uninsured and the indigent. This component will evaluate the current system and detail options to increase market viability.

Access to care is critical in ensuring a viable health care delivery system. This component will focus on barriers and potential liabilities the state may face as a result of limited access to care for these populations.

#### IV. MEDICAID AND HEALTH CARE DELIVERY SYSTEM REFORM ANALYSIS

##### METRICS & ANALYSIS

###### State Innovation Options

- Analyze other state reform initiatives and assess their applicability to North Dakota

###### Coverage for Indigent and Uninsured

- Evaluate both waiver and Deficit Reduction Act opportunities to expand coverage for the indigent and uninsured populations

###### Recommendations for Reform Vehicles

- Evaluate the use of an 115 waiver or possibly 1915 (b) and (c) waiver to accomplish reform
- Evaluate the use of Deficit Reduction Act flexibility to accomplish reform

##### RATIONALE

In analyzing Medicaid reform opportunities, it is critical to understand the latest trends and innovations other states have utilized. This component will focus on a review of other successful Medicaid reform options from around the country.

This section will include a discussion of how leveraging the Medicaid system can also increase coverage options for the indigent and uninsured populations.

This will provide data for a comparison of the current methods available to states to enhance and reform their Medicaid programs. This will also serve as an area where the pro's and con's of the various possibilities will be detailed and recommendations on best practices will be made.



**Testimony in Support of Engrossed House Bill 1404**  
**Senate Human Services Committee**  
**March 6, 2007**

**NORTH DAKOTA  
MEDICAL  
ASSOCIATION**

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**Shari L. Orser, MD**  
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Minot  
Secretary-Treasurer

**Michael Booth, MD**  
Bismarck  
Speaker of the House

**Gaylord J. Kavlie, MD**  
Bismarck  
AMA Delegate

**Robert W. Beattie, MD**  
Grand Forks  
Immediate Past-President

---

**Bruce Levi**  
Executive Director

**David Peske**  
Director of  
Governmental Relations

**Leann Tschider**  
Director of Membership  
Office Manager

---

Madam Chairman Lee and Committee members, I'm Bruce Levi representing the North Dakota Medical Association. NDMA is the professional membership organization for North Dakota's physicians, residents and medical students.

There has been considerable discussion in different forums over the past several years on how to ensure the long-term sustainability of the North Dakota medical assistance program. The state's medical assistance providers including physicians have been a part of that discussion. Prior to the 2005 legislative session, we participated in the Governor's Medicaid work group – a group comprised of all Medicaid service providers, legislators, private insurers and others supported by staff of the Department of Human Services, OMB and the Department of Health -- which resulted in a number of recommendations. HB 1459 from the 2005 Legislative Assembly became a vehicle for several legislative initiatives, and other initiatives were discussed during the 2005-06 interim.

HB 1404 would provide a vehicle for continued discussion during the 2007-08 interim of options for Medicaid benefits, management, and reimbursement reform, including funding support for consultant services to determine the progress of current initiatives and an actuarially-based analysis of the medical assistance program and reform options.

HB 1404 creates a standing Legislative Council committee, much like the Electric Industry Competition Committee (NDCC 54-35-18.1) and other Legislative Council standing committees. The purpose of the committee, like other Legislative Council standing committees, is to study and make recommendations. The committee would not issue policies, rules, or decisions or exercise administrative discretion in the administration or supervision of the Medicaid program. The standing committee would complement the Medical Care Advisory Committee, which is the federally-mandated advisory committee (42 CFR 431.12). The ND Medical Care Advisory Committee met once since the 2005 session.

HB 1404 would provide an appropriate vehicle for ongoing discussion by medical assistance providers with both the Department of Human Services and legislators. NDMA urges a "Do Pass" on the bill.



North Dakota 2007 Legislative Session  
Senate - Human Services Committee  
Testimony on House Bill 1404  
March 6, 2007

Madam Chairperson Lee and Members of the Senate Human Services Committee:

My name is Susan Doherty and I am the Executive Administrator of Health Policy Consortium (HPC) and I am here to strongly encourage you to support House Bill 1404.

The HPC is an association of the four largest integrated health systems in the state including Altru Health System in Grand Forks, Medcenter One Health Systems in Bismarck, MeritCare Health System in Fargo, and Trinity Health System in Minot.

Within our combined membership, we have over 15,000 employees. We provide specialty and sub-specialty care as well as a significant amount of necessary and high quality care in the most rural of communities, such as New Town, Cavalier and Lisbon. The HPC provides over \$40 million of uncompensated care in either the form of bad debt and charity care services each year on behalf of the patients we serve. This is reflective of the substantial amount of care provided to the more than 54,000 under- and uninsured North Dakotans. We see these numbers rising each and every year.

There is a shared mission and a commitment within the HPC to improve the health and well being of individuals and communities within the state of North Dakota. Your policy decisions can and will have a profound impact on our ability to continue to meet our shared mission.

In concert with some of your legislative colleagues, namely House Appropriations Chair, Representative Ken Svedjan, and my colleagues from the North Dakota Healthcare Association and the North Dakota Medical Association, as well as key leaders across the healthcare community, we have assessed, analyzed and collaborated over the past several years in an attempt to create focus on the payment and administrative policies that shape the medical services within the Medicaid program. House Bill 1404 is the work product of a small group committed to seeking solutions; not merely band-aiding from session to session, the issues that routinely plagues Medicaid programs across the country. I have grave concern about the **future sustainability and programmatic approach for the recipients - our patients - given the current underpayment and complexity of the program in the state of North Dakota.**

Studies have concluded that your North Dakota constituents receive among the highest quality, most cost-effective healthcare in the nation. **Exhibit 1** is a scattergram depicting the relationship between quality and Medicare spending as expressed by overall quality rankings throughout the United States. The results of the study concluded that North Dakota is the 4<sup>th</sup> highest in overall quality and 6<sup>th</sup> lowest in Medicare spending in the nation.

**Exhibit 2** is a ranking of hospital quality taken from HealthGrades' data in 2000-2002. In this study, which includes **data on all patient populations, North Dakota ranks first in terms of quality.**

**Exhibit 3** demonstrates the private insurance value for the business community at large relative to the rest of the country. We believe a significant contributing factor is the level of integration and organized fashion of healthcare in North Dakota and the surrounding states.

**A continuation of Medicaid payment policies for medical services, including hospital and physician services originally adopted in the early 1980's and still in effect today, will ultimately jeopardize our ability to provide outstanding cost-effective care to North Dakota citizens.** Throughout the early 1980's, hospitals were paid for Medicaid services on a reasonable cost basis. Physicians were paid based on the established Medicare fee schedule, which is set at an amount that is intended to equal physicians' actual cost of care.

Since that time, the hospital payment methodology has been based on a prospectively determined Diagnosis Related Group (DRG) system, and physician payments are based on a fee schedule unrelated to the Medicare fee schedule. Additionally, throughout this period of time, the amount of the annual increase in payments to hospitals and physicians has consistently been less than the increase in inflationary costs experienced by hospitals and physicians. You will note that this is a trend of more than **twenty years of policy decisions that have resulted in substantial under-funding of the actual costs necessary to maintain the efficient, integrated model of care we have collectively built to ensure access and quality throughout our state.**

**Exhibits 4 and 5** illustrate an estimate of the cost in excess of payment to provide Medicaid services for MeritCare.

As a result of the state policy decisions, **current payments for hospitalized patients are estimated to be 75%, or \$2,030,349, less than cost for MeritCare Health System alone. A similar estimate for outpatient services indicates that payments are another 68%, or \$672,740, less than cost for just our health system. Payments for physician services are likewise inadequate to cover the costs of the care provided.** This underpayment is reflective of the situation for similarly organized health systems in the state such as Altru, Medcenter One and Trinity.

The Medicaid model in place today in no way seeks to address appropriateness of care setting, level of service needed for any given health condition, a means to curb unnecessary utilization, and of course, as is always the goal - to prevent needless illness or injury. Continuing the current payment policy of increasing payments for hospital and physician services at an amount that is consistently less than actual inflationary costs, coupled with an inability to shift this un-funded cost of Medicaid services to other third party payers like Blue Cross Blue Shield of North Dakota, will ultimately **jeopardize the hospital and physician community's ability to meet our commitment to provide high quality, affordable and accessible healthcare for all North Dakotans.**

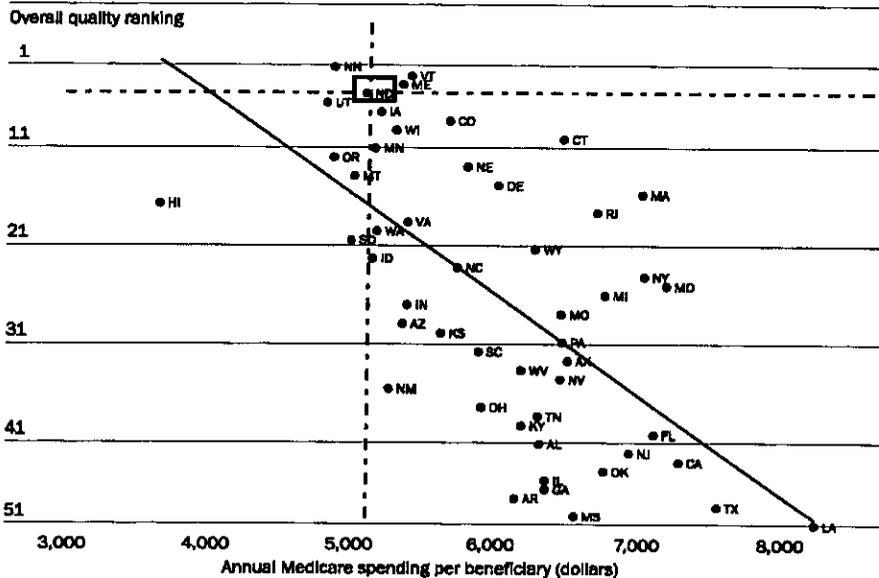
All of this data, along with the **technical expertise and willingness to collaborate on the part of healthcare leaders within the state that have background and experience, should support and motivate all of us to "redesign" the means by which we provide some elements of care and the financial mechanism for payment within Medicaid medical services.**

This good faith step by your committee, and then, hopefully by the entire Legislature would begin to move toward a more permanent or long-term fix in an effort to *maintain* the existing level of service in terms of access to services and a reasonable contribution by the state of North Dakota to assuring quality of care.

I strongly encourage you to take this step by supporting House Bill 1404 through this enabling legislation to create the framework for a redesigned delivery model and a payment system that anticipates costs and more accurately pays providers for the services given to at least a sub-set of patients.

Madam Chair and Members of the Committee, thank you for the opportunity to address you this morning. I am willing to respond to your questions.

**Relationship Between Quality And Medicare Spending, As Expressed By Overall Quality Ranking, 2000-2001**



SOURCES: Medicare claims data; and S.F. Jencks et al., "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998-1999 to 2000-2001," *Journal of the American Medical Association* 289, no. 3 (2003): 305-312.  
 NOTE: For quality ranking, smaller values equal higher quality.

**Exhibit 2**

**Hospital Quality Ranking**

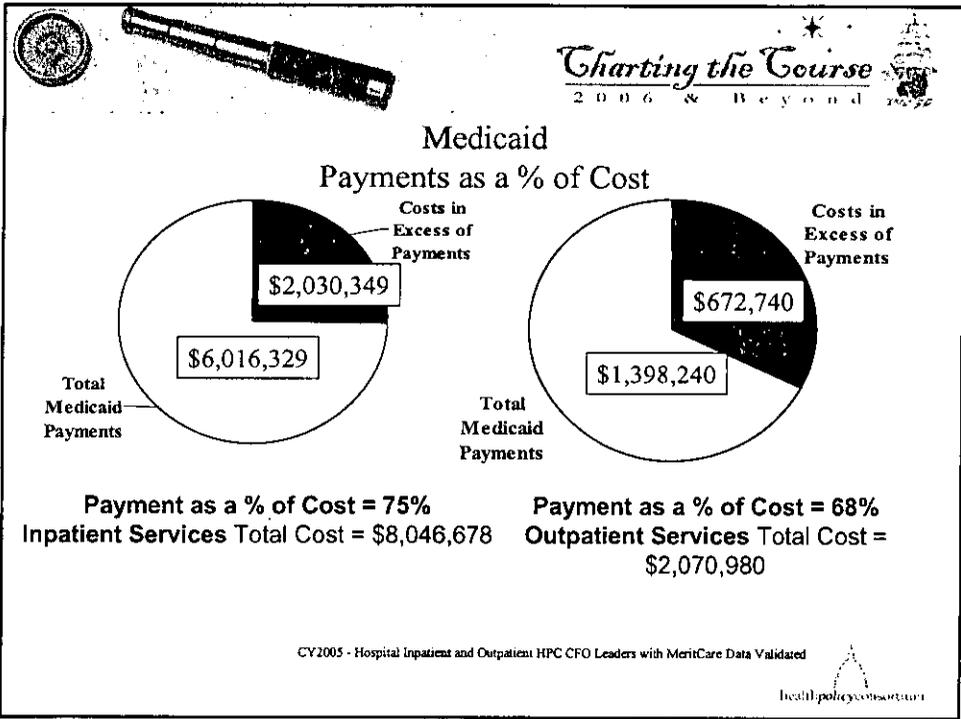
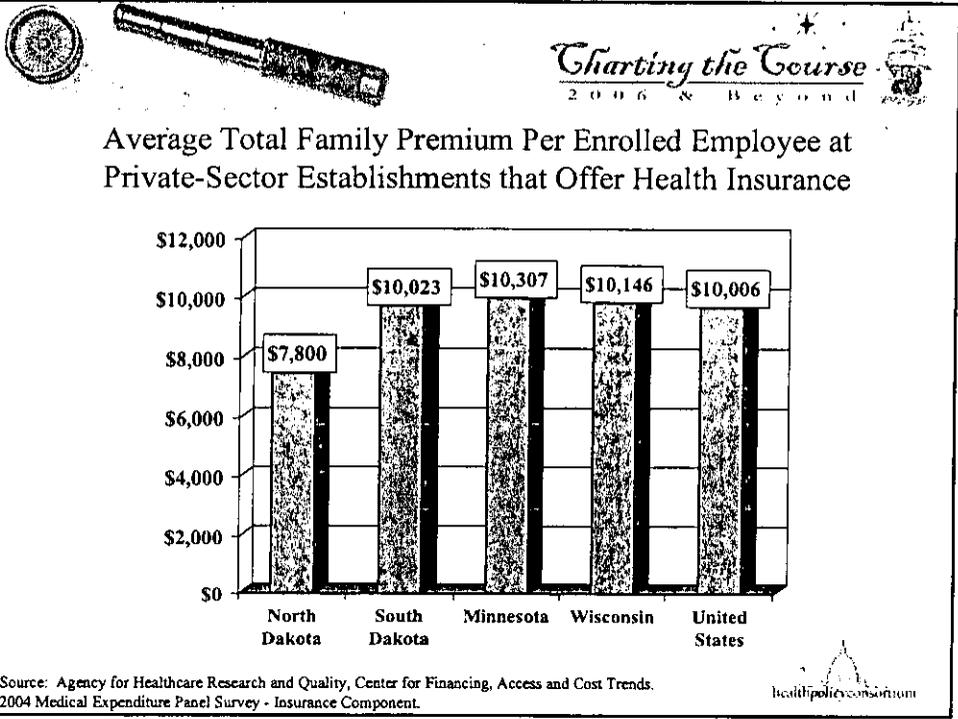
A report card for American Hospitals  
 Rankings of hospital quality by state based on five (5) key quality outcomes measurements.\*

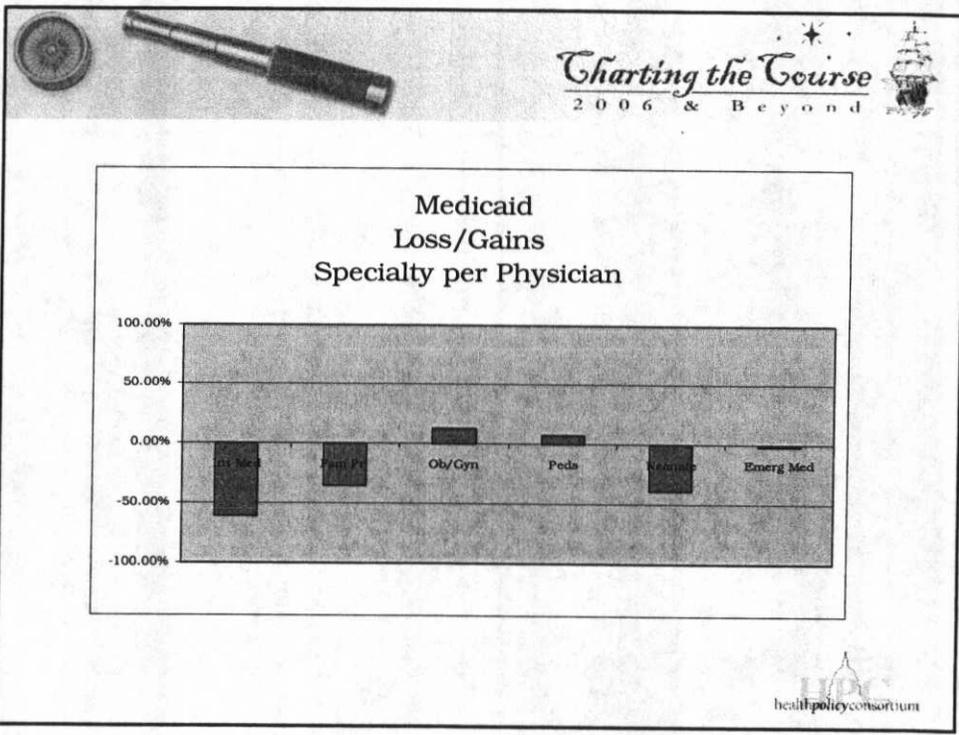
Top 10 States	Bottom 10 States																																												
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Note: Ranking includes District of Columbia.  
 Dates are from 2000-2002

\*To compile the rankings, five procedures and diagnosis-of the 26 HealthGrades rates at the more than 5,000 hospitals nationwide-were chosen to represent various aspects of quality at the state level: coronary artery bypass graft surgery; percutaneous coronary interventions; acute myocardial infarction; congestive heart failure; and community acquired pneumonia.

Source: HealthGrades Sixth Annual Hospital Quality in America Study, 2003.





*Charting the Course*  
2006 & Beyond

**Medicaid/NDDHS**

Implementation of sound payment policy & utilization/care management reforms would provide significant benefit:

- Thwart additional access crunch & misuse of services
- More cost effective + better outcomes
- Program currently shifting burden to provider & business community needlessly - "blind taxation"

healthpolicyconsortium

TESTIMONY - PROTECTION AND ADVOCACY PROJECT  
SENATE BILL 1404 - COMMITTEE ON MEDICAL ASSISTANCE

SENATE HUMAN SERVICES COMMITTEE  
Honorable Judy Lee, Chairman

March 6, 2007

Chairman Lee, and members of the Senate Human Services Committee, I am Bruce Murry, a lawyer with the North Dakota Protection and Advocacy Project (P&A).

An interim legislative committee dedicated to Medical Assistance seems like a prudent idea given the importance of the program. As you know, the Medical Assistance program is very important to many people with disabilities.

Because so many people with disabilities are impacted by Medical Assistance, people with disabilities would appreciate the opportunity to engage in the process. The desire of Americans to participate in discussions that directly affect them dates back at least to the Boston Tea Party. P&A suggests amendments similar to the following to facilitate this engagement:

On page 1, line 18, after the words "human services," insert the words "and one current or former recipient of medical <sup>assistance</sup> services who has disabilities,".

Thank you very much for your time and consideration. I would be happy to answer any questions.

**Testimony  
House Bill 1404 – Department of Human Services,  
Senate Human Services Committee  
Senator Judy Lee, Chairman  
March 6, 2007**

*Same attachments - see House testimony for copies*

Chairman Lee, members of the Senate Human Services Committee, I am Carol K. Olson, Executive Director of the Department of Human Services.

House Bill number 1404 proposes to create a legislative council medical assistance committee comprised of members of the House of Representatives and Senate, as well as representatives of provider groups and the Department of Human Services. The Department does not oppose a study of Medicaid; in fact, the Department has already established a Medicaid Medical Advisory Committee to make recommendations regarding policy development and program administration including long-term Medicaid sustainability. For your reference, a list of the Medicaid Medical Advisory Committee members is attached. (Attachment A)

What is important to the Department is to understand the purpose and authority of the committee and the intended interaction of the committee in fulfilling its legislative functions and the Department in fulfilling its duties in administering the Medicaid program. For example:

*What is the purpose of the committee?*

*What, if any, role would the committee play in the day-to-day administration of the Medicaid program?*

*Will the Department be able to make program decisions and policy changes in the Medicaid program without consulting this committee?*

*How does the work of this committee align with the efforts that have been initiated within the Medical Services Division?*

*What is the role of the Department representatives noted in the bill?*

*Does this committee replace the Medicaid Makeover group (Medicaid Medical Advisory Committee) that has been assembled to look at long-term Medicaid sustainability issues?*

The Department posed these same questions when House Bill 1404 was heard in House. We **continue** to seek answers and would greatly appreciate clarification of the intended role of the committee.

Because the intended purpose of the committee is not clear, I feel it is important to point out that federal Medicaid regulations specify that, in order to be eligible for federal financial participation, there must be a single state Medicaid agency that is designated to administer or supervise the administration of the Medicaid state plan.<sup>1</sup> The Department of Human Services is the single state agency in North Dakota. Attached is a copy of the specific citation related to single state agency. (Attachment B) In summary, the committee proposed in this bill can serve in an advisory capacity to the single state Medicaid agency, but according to the federal Medicaid regulations, it cannot issue policies, rules, or decisions or exercise administrative discretion in the administration or supervision of the Medicaid program.

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<sup>1</sup> 42 C.F.R. § 431.10

Because federal financial participation is only available to the single state agency, the funds appropriated to the legislative council in sections two and three of the bill would not be eligible for federal matching funds.<sup>2</sup>

As we did when House Bill 1404 was heard in the House, the Department offered two amendments to this bill. Neither amendment was adopted by the House. In order to ensure the most open, inclusive approach to "studying" Medicaid, there should be representation of recipients and advocates. The Department recommends an amendment to ensure the inclusion of recipients or recipient advocates or both. (Attachment C)

The Department also proposes an amendment to this bill that would clarify the number of representatives from the Department on the committee. At a minimum, the Department would request the Executive Director, the Medical Services Director and the Director of the Legal Advisory Unit be ex officio members of the committee. (Attachment C)

I would be happy to answer any questions that you may have.

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<sup>2</sup> 42 U.S.C. 1396a(a)

HB 1404 – Establishment of Leg. Council Medical Assistance Committee

Senate Human Services Committee  
Madame Chair – Sen. Lee  
3/06/07

Madame Chair and members of the Senate Human Service Committee, my name is Mike Schwab, Executive Director for The Arc of Bismarck. I am representing The Arc of Bismarck and The Arc of Cass County today.

I am here today to provide neutral testimony regarding HB 1404. While we feel that it is important to look at options regarding Medicaid reform and the importance of conducting research based analysis of Medicaid to ensure the future long-term sustainability of the program, we are not sure if HB 1404 is the answer.

Part 42 of the Code of Federal Regulations 431.12(d) required states to develop a Medicaid Care Advisory Committee (MCAC). According to the Department of Human Services, North Dakota currently has a Medicaid Care Advisory Committee established and the last time they met was in October of 2006. The membership of this Committee is very similar to the proposed membership of HB 1404. I have attached a list of the Medicaid Advisory Committee members (to our knowledge they are invited to attend) (Attachment A).

We feel that this is possibly a duplication of efforts and wonder if some of the things outlined in HB 1404 couldn't be addressed or incorporated through the already established Medicaid Advisory Committee. According to testimony provided by the Department of Human Services, federal financial participation is only available to a single state agency. The funds that are appropriated to the Legislative Council in sections 2 and 3 of this bill would not be eligible for federal matching dollars. We feel that we should take advantage of any and all federal matching dollars that are available. If HB 1404 is not eligible for federal matching funds and the already established Medicaid Advisory Committee would be eligible for federal matching funds, we are in favor of exploring the option that allows federal financial participation.

Furthermore, HB 1404 does not mention any participation by Medicaid recipients. It is important to include individuals who access the Medicaid program in this process. We feel that it is vital to also have advocate representation on the Committee as well. The current Medicaid Advisory Committee includes advocates, consumers, Legislative officials, state agency representation and provider representation.

Again, while we are in favor of Medicaid Reform and looking at strategies to preserve and enhance the program, we are concerned that we may be duplicating efforts that already exist. We are also concerned that we may be missing out on the chance for federal financial participation through HB 1404.

We encourage you to take a look at the relationship between HB 1404 and the already established Medicaid Advisory Committee to see if we are in fact duplicating efforts and missing the opportunity to leverage our dollars.

I would like to thank you for your time and will try to answer any questions that you may have.

Respectfully Submitted,

Mike Schwab  
The Arc of Bismarck  
The Arc of Cass County

**Fifty-ninth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 4, 2005**

HOUSE BILL NO. 1473  
(Representatives Glassheim, DeKrey)  
(Senators Lyson, Triplett, Warner)

AN ACT to provide for a commission on alternatives to incarceration; to provide an expiration date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. Commission on alternatives to incarceration.**

1. The commission on alternatives to incarceration is composed of:
  - a. Three members appointed by the governor, one of whom must be an academic researcher with specialized knowledge of criminal justice sentencing practices and sentencing alternatives;
  - b. The attorney general or the attorney general's designee;
  - c. Two members appointed by the chief justice of the supreme court;
  - d. The director of the department of corrections and rehabilitation;
  - e. The director of the department of human services;
  - f. Two local law enforcement officers appointed by the attorney general;
  - g. One state's attorney appointed by the North Dakota state's attorney's association;
  - h. Three members of the house of representatives, two of whom must be selected by the leader representing the majority faction of the house of representatives and one of whom must be selected by the leader representing the minority faction of the house of representatives;
  - i. Three members of the senate, two of whom must be selected by the leader representing the majority faction of the senate and one of whom must be selected by the leader representing the minority faction of the senate; and
  - j. One representative of the North Dakota association of counties appointed by the association of counties.
2. The chairman of the legislative council shall select the chairman and vice chairman of the commission from the legislative members of the commission.
3. The commission shall meet at the times and places as determined by the chairman. The legislative council shall provide staffing for the commission.
4. The commission shall study sentencing alternatives, mandatory sentences, treatment options, the expanded use of problem-solving courts, home monitoring, and other related issues. If the commission determines that consultant services are necessary to assist the commission in conducting its assigned studies, the commission may request funding for consultant services from the legislative council and other interested entities. The commission shall provide to the governor information and recommendations for the governor's consideration in time for inclusion of the recommendations in the biennial

executive budget. The commission shall report its findings and recommendations together with any legislation required to implement those recommendations to the legislative council.

5. The members of the commission who are not state employees or members of the legislative assembly are entitled to mileage and expenses as provided by law for state officers and employees. Unless otherwise provided in this subsection, the expenses of appointed members are to be paid by the legislative council. A state employee who is a member of the commission must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency. The members of the commission who are members of the legislative assembly are entitled to compensation from the legislative council for attendance at commission meetings at the rate provided for members of the legislative assembly for attendance at interim committee meetings and are entitled to reimbursement for expenses incurred in attending the meetings in the amounts provided by law for other state officers.

**SECTION 2. EXPIRATION DATE.** Section 1 of this Act is effective through June 30, 2009, and after that date is ineffective.

**SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.

March 9, 2007

# 9

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1404

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of the state's medical assistance program; and to provide for a continuing appropriation.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE COUNCIL STUDY - MEDICAL ASSISTANCE PROGRAM - CONTINUING APPROPRIATION.**

1. The legislative council shall consider studying, during the 2007-08 interim, the state's medical assistance program, including issues related to the current reimbursement system for all medical providers and options for reform of the current reimbursement system; beneficiary access to care in the medical assistance program and patient access in the state's health care system; health outcomes; long-term sustainability; and options for other medical assistance reform, including the implementation of risk-sharing arrangements, preventive services and case management, a high-risk pool, a premium assistance program, and the potential use of pilot projects for evaluating the effectiveness of reform options.
2. The legislative council shall encourage a cooperative effort of the department of human services and medical assistance providers to assist the legislative council in conducting this study.
3. The legislative council may accept gifts, grants, and donations from any source to assist the legislative council in conducting the study of the state's medical assistance program. Any gifts, grants, and donations received are appropriated to the legislative council on a continuing basis for the purpose of conducting this study.
4. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1404

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 54-35 of the North Dakota Century Code, relating to creating a commission on medicaid; to provide a continuing appropriation; to provide an appropriation; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Commission on medicaid – Membership – Duties.

1. The commission on medicaid is composed of:
  - a. Three members of the house of representatives, two of whom must be selected by the leader representing the majority faction of the house of representatives and one of whom must be selected by the leader representing the minority faction of the house of representatives;
  - b. Three members of the senate, two of whom must be selected by the leader representing the majority faction of the senate and one of whom must be selected by the leader representing the minority faction of the senate;
  - c. A representative of the governor's office;
  - d. The executive director of the department of human services;
  - e. The director of the medical services division of the department of human services;
  - f. A representative of the emergency medical services (ambulance) association;
  - g. A representative of the North Dakota healthcare association;
  - h. A representative of the North Dakota medical association;
  - i. A representative of the North Dakota pharmacy association;
  - j. A representative of the North Dakota long term care association;
  - k. A representative of the North Dakota optometric association;
  - l. A representative of the North Dakota dental association;
  - m. A representative of the North Dakota association for home care;
  - n. A representative of the North Dakota association of community facilities;
  - o. A representative of blue cross blue shield of North Dakota;
  - p. A representative of the protection and advocacy project; and
  - q. A representative of the American association of retired persons North Dakota.
2. The chairman of the legislative council shall select the chairman and vice chairman of the commission from the legislative members of the commission.
3. The commission shall meet at the times and places as determined by the chairman. The legislative council shall provide staffing for the commission.
4. The commission shall study the state's medical assistance program, including options for benefit, management, and reimbursement reform. The study must:
  - a. Gather data regarding the current categories of medical assistance beneficiaries;
  - b. Evaluate the current financial expenditures for medical assistance by county and by category of aid and within those categories by type of service;
  - c. Evaluate the current medical assistance reimbursement system;

- d. Evaluate issues related to beneficiary access to care in the medical assistance program and patient access in the state's health care system, including the uninsured and underinsured; and
- e. Evaluate options for reform, including the implementation of risk-sharing arrangements, preventive services and case management, a high-risk pool, and a premium assistance program, and the potential use of pilot projects for evaluating the effectiveness of reform options.
- 5. The legislative council may accept gifts, grants, and donations from any source, including federal or private sources, to assist the commission on medicaid in conducting its study and obtaining consultant services under this section. Any gifts, grants, and donations received are appropriated to the legislative council on a continuing basis for the purpose of conducting the study of the state's medical assistance program and obtaining consultant services.
- 6. A state employee who is a member of the commission must receive that employee's regular salary and is entitled to mileage and expenses, to be paid by the employing agency. Members of the commission who are not members of the legislative assembly or state employees are not entitled to compensation or reimbursement of expenses for service on the commission.

**SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, and from special funds derived from federal funds or other income, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of obtaining consultant services for the medical assistance study described in section 1 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 3. EXPIRATION DATE.** Section 1 of this Act is effective through June 30, 2009, and after that date is ineffective."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1404

Page 1, line 2, replace "legislative council medical assistance committee" with "commission on medicaid"

Page 1, line 6, replace "Committee" with "Commission" and replace "medical assistance" with "medicaid" and remove the third underscored hyphen

Page 1, line 7, remove "Continuing appropriation"

Page 1, replace lines 8 through 24 with:

- "1. The commission on medicaid is composed of:
  - a. Three members of the house of representatives, two of whom must be selected by the leader representing the majority faction of the house of representatives and one of whom must be selected by the leader representing the minority faction of the house of representatives;
  - b. Three members of the senate, two of whom must be selected by the leader representing the majority faction of the senate and one of whom must be selected by the leader representing the minority faction of the senate;
  - c. A representative of the governor's office;
  - d. The executive director of the department of human services;
  - e. The director of the medical services division of the department of human services;
  - f. A representative of the emergency medical services (ambulance) association;
  - g. A representative of the North Dakota healthcare association;
  - h. A representative of the North Dakota medical association;
  - i. A representative of the North Dakota pharmacy association;
  - j. A representative of the North Dakota long term care association;
  - k. A representative of the North Dakota optometric association;
  - l. A representative of the North Dakota dental association;
  - m. A representative of the North Dakota association for home care;
  - n. A representative of the North Dakota association of community facilities;
  - o. A representative of blue cross blue shield of North Dakota;
  - p. A representative of the protection and advocacy project; and
  - q. A representative of the American association of retired persons North Dakota.
- 2. The chairman of the legislative council shall select the chairman and vice chairman of the commission from the legislative members of the commission.
- 3. The commission shall meet at the times and places as determined by the chairman. The legislative council shall provide staffing for the commission."

Page 2, line 1, replace "committee" with "commission"

Page 2, line 2, remove "The committee shall"

Page 2, remove lines 3 and 4

Page 2, line 5, remove "sustainability of the program." and replace "analysis" with "study"

Page 2, line 13, after the underscored semicolon insert "and"

Page 2, line 14, remove "Evaluate the current commercial insurance market in conjunction with federal"

Page 2, remove line 15

Page 2, line 16, remove "f."

Page 2, line 20, remove "The committee also shall engage consultant services to study the progress in the"

Page 2, remove lines 21 through 24

Page 2, line 25, remove "6."

Page 2, line 26, replace "committee" with "commission" and replace "medical assistance" with "medicaid"

Page 3, line 1, replace "7" with "6" and replace "committee" with "commission"

Page 3, line 3, replace "committee" with "commission"

Page 3, line 5, replace "committee" with "commission"

Page 3, line 10, remove "program"

Page 3, line 11, replace "analysis" with "study"

Page 3, remove lines 13 through 19

Page 3, line 21, replace "December 31, 2008" with "June 30, 2009"

Renumber accordingly