

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1577

# 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1577

## House Industry, Business and Labor Committee

Check here for Conference Committee

**Hearing Date:** March 30, 2009

**Recorder Job Number:** 11559 starting at 1:15

Committee Clerk Signature *Ellen DeTangy*

**Chairman Keiser:** Opened the hearing on HB 1577 to provide for a legislative council study of factors impacting the cost of health insurance & health insurance company reserves.

**Chairman Keiser:** This is a study resolution and asking Legislative Council to consider and I'm assuming that it will pass and Legislative Council will accept this as one of their studies. On line five states the factors impacting the cost of health insurance. The factors considered must include what is included in the bill and Chairman Keiser reads the HB 1577 to the committee.

**Representative Vigesaa:** This is quite an extensive study. Do you anticipate a committee studying the entire interim on this one study?

**Chairman Keiser:** That would be my hope. This needs to be a committee that is dedicated to this; this cannot be assigned to another committee with 10 other bill in my opinion.

**Representative Ruby:** I don't know if it would be included under 17; if it should come out of committee or if we should specifically state it that there should be something mentioned the provider agreements on competition? I think that should be part of the study as well.

**Chairman Keiser:** My perspective it's important, not like our current Congress, getting into managing companies.

**Representative Ruby:** I wouldn't support prohibiting them, just have that as part of the study to the effect of, especially when we talk about competition.

**Chairman Keiser:** I think the minimum loss ratio somewhat addresses it and there may be other areas. That a contractual arrangement.

**Vice Chairman Kasper:** Number 17 could pick that up.

**Representative Ruby:** That what I was saying that it could be encompassing that but specifically present that to the committee.

**Representative N Johnson:** This is a self-considered.

**Chairman Keiser:** That right and structured intentionally that way but I have no reservations that the Legislative Council will select this.

**Chairman Keiser:** What are the wishes of the committee?

**Vice Chairman Kasper:** Moves a Do Pass on HB 1577.

**Representative Vigesaa:** Second.

**Chairman Keiser:** Further discussion?

**Voting roll call was taken on HB 1577 for a Do Pass with 8 ayes, 0 nays, 5 absent and**

**Vice Chairman Kasper is the carrier.**

Date: Mar 30, 2009

Roll Call Vote # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1577

House House, Business & Labor Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  As Amended

Motion Made By \_\_\_\_\_ Seconded By \_\_\_\_\_

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	7		Representative Amerman	7	
Vice Chairman Kasper	7		Representative Boe	7	
Representative Clark			Representative Gruchalla		
Representative N Johnson	7		Representative Schneider		
Representative Nottestad			Representative Thorpe		
Representative Ruby	7				
Representative Sukut	7				
Representative Vigesaa	7				

Total (Yes) 8 No 0

Absent 5

Floor Assignment Kasper

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

REPORT OF STANDING COMMITTEE (410)  
March 30, 2009 11:48 a.m.

Module No: HR-55-5799  
Carrier: ~~Keiser~~ Kasper  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1577: Industry, Business and Labor Committee (Rep. Keiser, Chairman)**  
recommends **DO PASS** (8 YEAS, 0 NAYS, 5 ABSENT AND NOT VOTING). HB 1577  
was placed on the Eleventh order on the calendar.

2009 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1577

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1577

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: April 13, 2009

Recorder Job Number: 11826

Committee Clerk Signature

*Eva Liebelt*

Minutes:

**Chairman Klein:** Opened the hearing.

**Rep. Keiser:** House Bill 1577 is a delayed bill. The debate is over the BC/BS bill. We've had a lot of discussion over the last session the degree to which our population is under insured. We

decided to do an attempt to find out why people might fall under "ARISA". The Federal

Government regulates Medicare and Medicaid. It leaves us with the individual market and the small group market. We want to identify those issues to be studied that might have an impact.

Representative Keiser continues to go through the bill as it is written.

**Chairman Klein:** You've covered this pretty well. We had a bill or two that were like this study.

Will an interim committee be able to look into this?

**Rep. Keiser:** If they appointed the right Chairman and committee.

**Senator Potter:** You talked about loss ratio. The numbers you used aren't what I remember.

Ninety percent loss ratio, we've never had that in North Dakota. Am I right on that?

**Rep. Keiser:** Yes and no. There's a different plan for individual verses small groups. An individual went to fifty five and a small group went to sixty five.

**Senator Potter:** How do we get away from employment base insurance? You're paying for your employees and I am paying for mine, it is quite a burden, how do we get away from that?

I think that is one of the things we need to study. To my understanding the United States is the only country set up with that kind of a system. While we have excellent health care we have the worse health insurance system in the world. This is one of the burdens on American businesses isn't it?

**Rep. Keiser:** That certainly might be the outcome of the study that is done. It is my position that we need to study the policies that we have enacted to see what the impact of those are and whether or not as a result of that study it leads us to the conclusion that we need to change to something different than what we have. I don't think this precludes doing that at all but how do you study something you don't have and are not responsible for? Other than to develop a model but before that I think it is important to find out what we've done and what's happened.

**Senator Potter:** A couple more questions. The one on rates forms and reserve approval requirements that we passed out of here, just because BC/BS pulled the plug on it, why did you? We don't serve the industry; it was a piece of legislation that had a life of its own. We don't care what they think, why did you guys kill it?

**Rep. Keiser:** We could have gone forward on it. We had a talk with BC/BS and we decided as a jester of good will to in moving that process forward, they requested that we kill the bill to take it off the table so they could establish a new error of relationships.

**Senator Potter:** Now I see it because that is what I try not to do. I try to get those guys fighting, so I guess we have different motivations here. And the last one, statutory barriers to competition and lower cost. I have not been able to figure out how we can suggest that creating lower standards, going away from the ninety five percent that BC/BS is paying out in claims having someone have lower standards, how is that going to lower my cost? That might lower my premiums but it won't lower my cost, someone is going to have to pay for the medical

care. So if the company is taking more in profit and more in administration, how does that lower our costs?

**Rep. Keiser:** Just one example that I will offer. When I look at statutory barriers I include all of the scope of practices used. That we don't have the guts to change, I will say it that simply. For the period that I have been at the legislature, a dental hygienist could not clean your teeth, unless a dentist was on the premises. (He goes on to tell about this example and how outrageous it is.) How many times do we have statutory health practices that end up costing us?

**Senator Andrist:** I know one state, Colorado's dental hygienists practice alone. It dramatically lowered the cost of cleaning teeth. This is just one example, I am wondering if there is enough in this bill. I feel the most pervasive problem in healthcare is over utilization. Does this provide proficient latitude to add or look at something like that? I think the most dramatic thing we can do is to remove some of those scope of practice restrictions.

**Rep. Keiser:** You need to get them past.

**Senator Potter:** I agree there is over utilization and that needs to be looked at. Let's take a look at that utilization thing for just a second. It's been said that Doctor's have a targeted income that they set to achieve, and if we have less utilization they'll just charge the remaining patients more. In terms of the hospital itself, you're paying this fee for that service at the hospital but if you didn't pay that fee for that service, the cost of the hospital is still there. So how does utilization really affect the bottom line?

**Rep. Keiser:** There is no question in my mind that utilization drives the cost. If you have a thousand procedures verses two hundred and fifty and you have to pay for those that have an implication. Hospitals, Clinics and Doctors are business people they are going to make different decisions based on the volume of procedures they have.

**Senator Horne:** You've outlined a real heavy load for whoever does this. Apparently you see a special committee that focuses on one issue primarily health care costs and insurance company reserves in North Dakota. Is that your plan?

**Rep. Keiser:** That's correct.

**Senator Wanzek:** Don't you think over utilization comes from someone else paying the bill?

**Rep. Keiser:** Shares his experience with health care and his employees. I agree if someone else is paying utilization and cost will go up.

**Senator Nodland:** Item eleven, are you just talking about transparency requirements just relating to the tax incentive or transparency on the whole ramifications?

**Rep. Keiser:** My perspective is transparency related to the tax benefit portion.

**Senator Potter:** Item B only looks like it applies to non-profit?

**Rep. Keiser:** As I read it, it applies to everybody.

**Senator Potter:** Why wouldn't we also look at the amount, why don't we look at their profits as well?

**Rep. Keiser:** Because it is a private for profit company.

**Rep. Kasper:** I just wanted to add a couple of comments. I am an insurance broker and I do sell health insurance but not a lot of it. Because we are unable to compete and I don't know why. I would like to know why the private insurance companies cannot compete in North Dakota. Why do the uninsured not buy health insurance? There are individuals not in a group policy. What if there was a plan where an insured could look at a choice of how he or she would design their own health insurance policy. There could be a range of deductibles, a choice of coverage's and a smaller maximum. I think if we had a smaller maximum paid per year paid by the insurance policy which would lower the premium, we could find more people

who could afford the premium and result in more people being insured. I see this as a very important study.

**Senator Andrist:** I presume that the blues will participate in the study? I think collaboration is very important with this study. Is there sufficient direction for collaboration?

**Rep. Kasper:** I believe the private insurance companies will be eager to participate in this study.

**Senator Potter:** Health costs are the major driver of premiums?

**Rep. Kasper:** That's right.

**Senator Potter:** How do we get at reducing costs?

**Rep. Kasper:** We need to have the providers come to the table. We need to look at the Federal level about reimbursement cost for Medicare.

**Senator Potter:** Shouldn't we be looking at the hospital to see what they are making?

**Rep. Kasper:** I don't agree, I believe that is a private sector matter.

**Rep. Keiser:** I would encourage you not to add anymore to this bill. If this issue gets to broad we can't do it in the interim. One of the biggest problems we will have is maintaining Doctors in a specialized field. They are making a lot of money and we need to pay them well in North Dakota or they will leave.

**Chairman Klein:** Closed the meeting.

**Senator Andrist:** Move a do pass on the bill.

**Senator Wanzek:** Seconded the motion.

Roll call vote: 7-0

**Senator Horne:** To carry the bill.

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Date: 4/13/09  
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1577

Senate

Committee

**Industry, Business and Labor**

Check here for Conference Committee

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

Action Taken  **Pass**  **Do Not Pass**  **Amended**

Motion Made By \_\_\_\_\_ Seconded By \_\_\_\_\_

Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman	✓		Senator Arthur H. Behm	✓	
Senator Terry Wanzek - V.Chair	✓		Senator Robert M. Horne	✓	
Senator John M. Andrist	✓		Senator Tracy Potter	✓	
Senator George Nodland	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Horne

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

REPORT OF STANDING COMMITTEE (410)  
April 13, 2009 11:48 a.m.

Module No: SR-63-6914  
Carrier: Horne  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1577: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1577 was placed on the Fourteenth order on the calendar.**