Prepared by the North Dakota Legislative Council
staff for the Budget Committee on Health Care
July 1999

ACCESS, QUALITY, AND COST OF HEALTH CARE WITHIN THE STATE - BACKGROUND MEMORANDUM

House Concurrent Resolution No. 3070 (attached as Appendix A) provides for a Legislative Council study of health care in this state relative to access, quality, and cost to determine essential health care services, critical providers, access sites, and geographic, demographic, and economic issues relating to health care including health care insurance. The resolution cites as reasons for the study:

1. The Legislative Assembly is continually faced with funding issues relating to public employee health benefits and the appropriate care and funding for the Medicaid population and the public at large.
2. The health care delivery system may include overlap and duplication of health care services.
3. Continual increases in health care insurance premiums create an economic burden upon the citizens of the state.
4. The Health Council is responsible for planning and overseeing the State Department of Health and the future of health care in this state and the State Department of Health has the data management and research capabilities to support studies of health care.

House Concurrent Resolution No. 3070 also provides that the Health Council is to conduct public hearings throughout the state to elicit the public's perception and needs regarding what health care the public is willing to support and report their findings to the Legislative Council committee conducting this study.

PRIOR STUDIES

1997-98 Insurance and Health Care Committee

During the 1997-98 interim, the Legislative Council's Insurance and Health Care Committee studied the development of a strategic planning process for the future of public health within the state. The committee recommended Senate Bill No. 2045 which repealed four chapters of the North Dakota Century Code regarding public health and created a new chapter that consolidated existing public health law, unified the powers and duties of local public health units, and required statewide participation in some type of public health unit. Senate Bill No. 2045 was passed by the 1999 Legislative Assembly.

The Insurance and Health Care Committee also studied the impact of managed care on the future viability of the health care delivery system in rural North Dakota. The committee did not make any recommendations as a result of this study.

1995-96 Insurance and Health Care Committee

During the 1995-96 interim, the Legislative Council's Insurance and Health Care Committee studied the certificate of need process and other means of planning and decisionmaking in relation to the growth of the health care industry in North Dakota. In regard to the study, the committee made no recommendations regarding certificate of need legislation.

The Insurance and Health Care Committee also studied the feasibility and desirability of implementing recommendations of the North Dakota Health Task Force for improving the health status of North Dakotans, monitoring the rate of health care cost increases, reviewing the impact of newly enacted programs to improve the health status of North Dakotans, and addressing unmet medical needs in rural areas. The committee did not recommend any legislation as a result of the study but did urge the State Health Council to continue studying the implementation of the Health Task Force recommendations for improving the health status of North Dakotans.

1993-94 Health and Communications Committee

During the 1993-94 interim, the Legislative Council's Health and Communications Committee studied the feasibility and desirability of allowing all North Dakota residents to participate in the Public Employees Retirement System uniform group insurance program. The committee also studied the feasibility and desirability of pooling all sources of funding for health care benefits in conjunction with the North Dakota Health Task Force's study of the control of costs and the redistribution of dollars toward improved access to services through a health care reimbursement system. The committee recommended 1995 Senate Bill No. 2065 to expand the uniform group insurance program administered by the Public Employees Retirement System to allow voluntary participation for persons who met the medical underwriting requirements of the program. The bill was not passed by the 1995 Legislative Assembly. The committee also recommended House Bill No. 1050 which contained numerous health care reform items, including health care cooperatives, health care provider cooperatives, a health care commission as a permanent subcommittee of the Health Council, a cost and quality review program, and other health care reform provisions. House Bill No. 1050 was passed by the 1995 Legislative Assembly.

1999 LEGISLATION

The 1999 Legislative Assembly passed House Concurrent Resolution No. 3046 which provides for a study of the challenges facing the delivery of health care in the state, including the concerns relating to reimbursement of hospitals for medical services, technological innovation, and possible regionalization of services. The study was prioritized by the Legislative Council and has also been assigned to the Budget Committee on Health Care. This committee may want to consider addressing House Concurrent Resolution No. 3070 which provides for the study of health care as it relates to access, quality, and cost and House Concurrent Resolution No. 3046 which provides for the study of the challenges facing delivery of health care as a single health care study.

MEDICAID FUNDING

The following table shows the non-long-term care-related Medicaid funding for the 1995-97 through the 1999-2001 bienniums:

	General Fund	Other Funds	Total
1995-97 (actual)	$59,428,350	$170,281,772	$229,710,122
1997-99 (estimated)	$67,171,387	$179,845,634	$247,017,021
1999-2001 (appropriated)	$73,322,054	$192,485,751	$265,807,805

Attached as Appendix B is a detailed Medicaid funding comparison, by service type, showing the actual 1995-97 expenditures, 1997-99 appropriations, 1997-99 projected expenditures, and 1999-2001 appropriations.

INSURANCE RATE INCREASES

The following table shows the monthly premium for health benefits for state employees for the 1993-95 through the 1999-2001 bienniums:

	Monthly Premium	Percentage Change
1993-95	$254	
1995-97	$265	4.33
1997-99	$301	13.58
1999-2001	$350	16.28

Attached as Appendix C is a table provided by Blue Cross Blue Shield of North Dakota showing the average rate increases for groups, individuals, and Medicare supplements for 1991 through July 1999.

ACCESS, QUALITY, AND COST OF HEALTH CARE STUDY PLAN

The following is a study plan the committee may want to consider in its study of access, quality, and cost of health care in the state:

1. Receive information from interested organizations, entities, and individuals regarding the access, quality, and cost of health care within North Dakota.
2. Receive reports from the State Health Council regarding its holding of public hearings throughout the state to elicit the public's perception and needs regarding what health care the public is willing to support.
3. Receive information from the University of North Dakota School of Medicine and Health Sciences regarding concurrent initiatives of the School of Medicine and Health Sciences relating to access, quality, and cost of health care within the state.
4. Receive information from Blue Cross Blue Shield of North Dakota regarding current trends in health care insurance premiums, health care utilization, and health care facility reimbursements.
5. Receive information from the University of North Dakota School of Medicine and Health Sciences, the State Department of Health, and other interested organizations regarding the duplication and overlap of health care delivery systems within the state.
6. Receive information from the Health Care Data Committee on the various reimbursement rates and methodologies provided by insurance companies, Medicaid, Medicare, and other health care payers.
7. Develop recommendations to be provided to the Legislative Council and to the 2001 Legislative Assembly regarding the access, quality, and cost of health care within the state and consider any legislation needed to implement the recommendations.

ATTACH:3

Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine

HOUSE CONCURRENT RESOLUTION NO. 3070
(Representatives Grosz, Dorso)
(Senator G. Nelson)

A concurrent resolution directing the Legislative Council to study health care in this state relative to access, quality, and cost to determine essential health care services, critical providers, access sites, and geographic, demographic, and economic issues relating to health care including health care insurance.

WHEREAS, the Health Council is responsible for planning and overseeing the State Department of Health and the future of health care in the state; and

WHEREAS, the Legislative Assembly is continually faced with funding issues relating to public employee health benefits and the appropriate care and funding for the Medicaid population and the public at large; and

WHEREAS, the health care delivery system in this state may include overlap and duplication in health care services; and

WHEREAS, continual increases in health care insurance premiums create an economic burden upon the citizens of this state; and

WHEREAS, the State Department of Health has the data management and research capabilities to support studies of health care;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:

That the Legislative Council study health care in this state relative to access, quality, and cost to determine essential health care services, critical providers, access sites, and geographic, demographic, and economic issues relating to health care including health care insurance; and

BE IT FURTHER RESOLVED, that the Health Council conduct public hearings throughout the state to elicit the public's perception and needs regarding what health care the public is willing to support and report their findings to the Legislative Council committee conducting the study; and

BE IT FURTHER RESOLVED, that the Legislative Council report its findings and recommendations, together with any legislation required to implement the recommendations, to the Fifty-seventh Legislative Assembly.

North Dakota Department of Human Services JUN 2 3 1999

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service			Total Funds
Inpatient Hospital			
	1995-1997 Actual		68,260,063
		Difference	(4,708,809)
	1997-1999 Appropriation		63,551,254
		Difference	(1,114,413)
	1997-1999 Projection		62,436,841
		Difference	(862,979)
	1999-2001 Appropriation		61,573,862
Outpatient Hospital			
	1995-1997 Actual		31,261,985
		Difference	941,203
	1997-1999 Appropriation		32,203,188
		Difference	(56,961)
	1997-1999 Projection		32,146,227
		Difference	1,524,957
	1999-2001 Appropriation		33,671,184
Ambulance Services			
	1995-1997 Actual		832,525
		Difference	(26,838)
	1997-1999 Appropriation		805,687
		Difference	192,887
	1997-1999 Projection		998,574
		Difference	220,494
	1999-2001 Appropriation		1,219,068
CHIPs - Phase I			
	1995-1997 Actual		0
		Difference	0
	1997-1999 Appropriation		0
		Difference	0
	1997-1999 Projection		0
		Difference	592,341
	1999-2001 Appropriation		592,341
CHIPs - Phase II			
	1995-1997 Actual		0
		Difference	0
	1997-1999 Appropriation		0
		Difference	0
	1997-1999 Projection		0
		Difference	3,886,838
	1999-2001 Appropriation		3,886,838

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service			Total Funds
Chiropractic Services			
	1995-1997 Actual		435,391
		Difference	18,518
	1997-1999 Appropriation		453,909
		Difference	(78,727)
	1997-1999 Projection		375,182
		Difference	7,567
	1999-2001 Appropriation		382,749
Dental Services			
	1995-1997 Actual		7,406,309
		Difference	2,277,435
	1997-1999 Appropriation		9,683,744
		Difference	(669,988)
	1997-1999 Projection		9,013,756
		Difference	874,736
	1999-2001 Appropriation		9,888,492
NET Drugs			
	1995-1997 Actual		36,673,641
		Difference	3,552,988
	1997-1999 Appropriation		40,226,629
		Difference	4,920,111
	1997-1999 Projection		45,146,740
		Difference	5,207,527
	1999-2001 Appropriation		50,354,267
Drugs (excluding rebates)			
	1995-1997 Actual		45,312,916
		Difference	3,179,637
	1997-1999 Appropriation		48,492,553
		Difference	6,436,058
	1997-1999 Projection		54,928,611
		Difference	5,354,243
	1999-2001 Appropriation		60,282,854
Drug Rebates			
	1995-1997 Actual		(8,639,275)
		Difference	373,351
	1997-1999 Appropriation		(8,265,924)
		Difference	(1,515,947)
	1997-1999 Projection		(9,781,871)
		Difference	(146,716)
	1999-2001 Appropriation		(9,928,587)

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service			Total Funds
Durable Medical Equipment			
	1995-1997 Actual		3,810,411
		Difference	111,065
	1997-1999 Appropriation		3,921,476
		Difference	14,339
	1997-1999 Projection		3,935,815
		Difference	263,281
	1999-2001 Appropriation		4,199,096
Family Planning			
	1995-1997 Actual		1,681,790
		Difference	41,013
	1997-1999 Appropriation		1,722,803
		Difference	(147,651)
	1997-1999 Projection		1,575,152
		Difference	12,863
	1999-2001 Appropriation		1,588,015
Federally Qualified Health Centers			
	1995-1997 Actual		785,207
		Difference	(47,441)
	1997-1999 Appropriation		737,766
		Difference	315,723
	1997-1999 Projection		1,053,489
		Difference	(57,081)
	1999-2001 Appropriation		996,408
Home Health Services			
	1995-1997 Actual		3,073,818
		Difference	(152,631)
	1997-1999 Appropriation		2,921,187
		Difference	905,863
	1997-1999 Projection		3,827,050
		Difference	207,450
	1999-2001 Appropriation		4,034,500
Hospice Services			
	1995-1997 Actual		1,179,135
		Difference	(132,797)
	1997-1999 Appropriation		1,046,338
		Difference	675,869
	1997-1999 Projection		1,722,207
		Difference	(3,188)
	1999-2001 Appropriation		1,719,019

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service			Total Funds
Indian Health Services			
	1995-1997 Actual		10,516,964
		Difference	3,769,624
	1997-1999 Appropriation		14,286,588
		Difference	(914,088)
	1997-1999 Projection		13,372,500
		Difference	896,680
	1999-2001 Appropriation		14,269,180
Laboratory & Radiology Services			
	1995-1997 Actual		1,687,270
		Difference	237,561
	1997-1999 Appropriation		1,924,831
		Difference	(612,794)
	1997-1999 Projection		1,312,037
		Difference	30,544
	1999-2001 Appropriation		1,342,581
North Dakota Healthy Tracks (EPSDT)			
	1995-1997 Actual		699,673
		Difference	461,121
	1997-1999 Appropriation		1,160,794
		Difference	(266,178)
	1997-1999 Projection		894,616
		Difference	156,656
	1999-2001 Appropriation		1,051,272
Occupational Therapy			
	1995-1997 Actual		33,963
		Difference	(2,004)
	1997-1999 Appropriation		31,959
		Difference	(12,909)
	1997-1999 Projection		19,050
		Difference	2,548
	1999-2001 Appropriation		21,598
Optometric Services			
	1995-1997 Actual		1,991,739
		Difference	162,350
	1997-1999 Appropriation		2,154,089
		Difference	(641,771)
	1997-1999 Projection		1,512,318
		Difference	0
	1999-2001 Appropriation		1,512,318

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service			Total Funds
Physical Therapy			
	1995-1997 Actual		149,805
		Difference	(22,222)
	1997-1999 Appropriation		127,583
		Difference	32,034
	1997-1999 Projection		159,617
		Difference	21,170
	1999-2001 Appropriation		180,787
Physician Services			
	1995-1997 Actual		33,886,311
		Difference	1,034,360
	1997-1999 Appropriation		34,920,671
		Difference	874,128
	1997-1999 Projection		35,794,799
		Difference	1,625,872
	1999-2001 Appropriation		37,420,671
Premiums - AIDS			
	1995-1997 Actual		260
		Difference	15,220
	1997-1999 Appropriation		15,480
		Difference	(9,450)
	1997-1999 Projection		6,030
		Difference	4,830
	1999-2001 Appropriation		10,860
Premiums - Group Health Insurance			
	1995-1997 Actual		330,162
		Difference	67,530
	1997-1999 Appropriation		397,692
		Difference	(105,346)
	1997-1999 Projection		292,346
		Difference	32,494
	1999-2001 Appropriation		324,840
Premiums - Health Maintenance Organization			
	1995-1997 Actual		0
		Difference	0
	1997-1999 Appropriation		0
		Difference	2,475,535
	1997-1999 Projection		2,475,535
		Difference	553,325
	1999-2001 Appropriation		3,028,860

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Premiums - Qualified Medicare Beneficiaries		
1995-1997 Actual		1,467,126
	Difference	323,082
1997-1999 Appropriation		1,790,208
	Difference	(193,689)
1997-1999 Projection		1,596,519
	Difference	160,796
1999-2001 Appropriation		1,757,315
Premiums - Special Low-income Medicare Beneficiaries		
1995-1997 Actual		331,540
	Difference	252,968
1997-1999 Appropriation		584,508
	Difference	(116,940)
1997-1999 Projection		467,568
	Difference	82,432
1999-2001 Appropriation		550,000
Premiums - Social Security Administration		
1995-1997 Actual		4,454,598
	Difference	649,694
1997-1999 Appropriation		5,104,292
	Difference	(650,702)
1997-1999 Projection		4,453,590
	Difference	233,874
1999-2001 Appropriation		4,687,464
Private Duty Nursing		
1995-1997 Actual		16,870
	Difference	3,074
1997-1999 Appropriation		19,944
	Difference	18,270
1997-1999 Projection		38,214
	Difference	(13,848)
1999-2001 Appropriation		24,366
Psychological Services		
1995-1997 Actual		863,682
	Difference	64,971
1997-1999 Appropriation		928,653
	Difference	(273,874)
1997-1999 Projection		654,779
	Difference	45,604
1999-2001 Appropriation		700,383

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service			Total Funds
Refugee Assistance			
	1995-1997 Actual		1,222,334
		Difference	(88,430)
	1997-1999 Appropriation		1,133,904
		Difference	271,230
	1997-1999 Projection		1,405,134
		Difference	107,214
	1999-2001 Appropriation		1,512,348
Rural Health Clinics			
	1995-1997 Actual		3,953,514
		Difference	227,496
	1997-1999 Appropriation		4,181,010
		Difference	(516,865)
	1997-1999 Projection		3,664,145
		Difference	357,844
	1999-2001 Appropriation		4,021,989
Special Education			
	1995-1997 Actual		825,919
		Difference	(48,259)
	1997-1999 Appropriation		777,660
		Difference	333,403
	1997-1999 Projection		1,111,063
		Difference	105,341
	1999-2001 Appropriation		1,216,404
Speech & Hearing Services			
	1995-1997 Actual		1,535,387
		Difference	68,599
	1997-1999 Appropriation		1,603,986
		Difference	20,946
	1997-1999 Projection		1,624,932
		Difference	735
	1999-2001 Appropriation		1,625,667
Targeted Case Management			
	1995-1997 Actual		0
		Difference	693,936
	1997-1999 Appropriation		693,936
		Difference	(626,660)
	1997-1999 Projection		67,276
		Difference	37,628
	1999-2001 Appropriation		104,904

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

Service		Total Funds
Transportation Services		
1995-1997 Actual		1,529,039
	Difference	52,436
1997-1999 Appropriation		1,581,475
	Difference	147,015
1997-1999 Projection		1,728,490
	Difference	115,097
1999-2001 Appropriation		1,843,587
Treatment Services for Children in Private Facilities		
1995-1997 Actual		3,909,192
	Difference	26,332
1997-1999 Appropriation		3,935,524
	Difference	1,503,903
1997-1999 Projection		5,439,427
	Difference	(39,427)
1999-2001 Appropriation		5,400,000
Waiver - Aged & Disabled		
1995-1997 Actual		4,305,201
	Difference	1,366,407
1997-1999 Appropriation		5,671,608
	Difference	263,450
1997-1999 Projection		5,935,058
	Difference	439,426
1999-2001 Appropriation		6,374,484
Waiver - Traumatically Brain Injured		
1995-1997 Actual		599,298
	Difference	1,179,058
1997-1999 Appropriation		1,778,356
	Difference	(1,017,411)
1997-1999 Projection		760,945
	Difference	89,663
1999-2001 Appropriation		850,608
Increase Medically Needy Income Levels		
1995-1997 Actual		0
	Difference	0
1997-1999 Appropriation		0
	Difference	0
1997-1999 Projection		0
	Difference	1,869,480
1999-2001 Appropriation		1,869,480

North Dakota Department of Human Services

Comparison of 1995-1997 Actual, 1997-1999 Appropriation, 1997-1999 Projection, and 1999-2001 Appropriation

	Source of Funds						
	Total	Federal	State	SWAP (formerly County)	TOTAL State	County	Other
1995-1997 Actual	229,710,122	161,519,215	59,428,350	0	59,428,350	8,762,557	0
Difference	12,368,610	20,360,866	(1,469,768)	0	(1,469,768)	(6,522,488)	0
1997-1999 Appropriation	242,078,732	181,880,081	57,958,582	0	57,958,582	2,240,069	0
Difference	4,938,289	(3,898,876)	2,259,988	6,952,817	9,212,805	(375,640)	0
1997-1999 Projection	247,017,021	177,981,205	60,218,570	6,952,817	67,171,387	1,864,429	0
Difference	18,790,784	14,504,546	13,103,484	(6,952,817)	6,150,667	(1,864,429)	0
1999-2001 Appropriation	265,807,805	192,485,751	73,322,054	0	73,322,054	0	0

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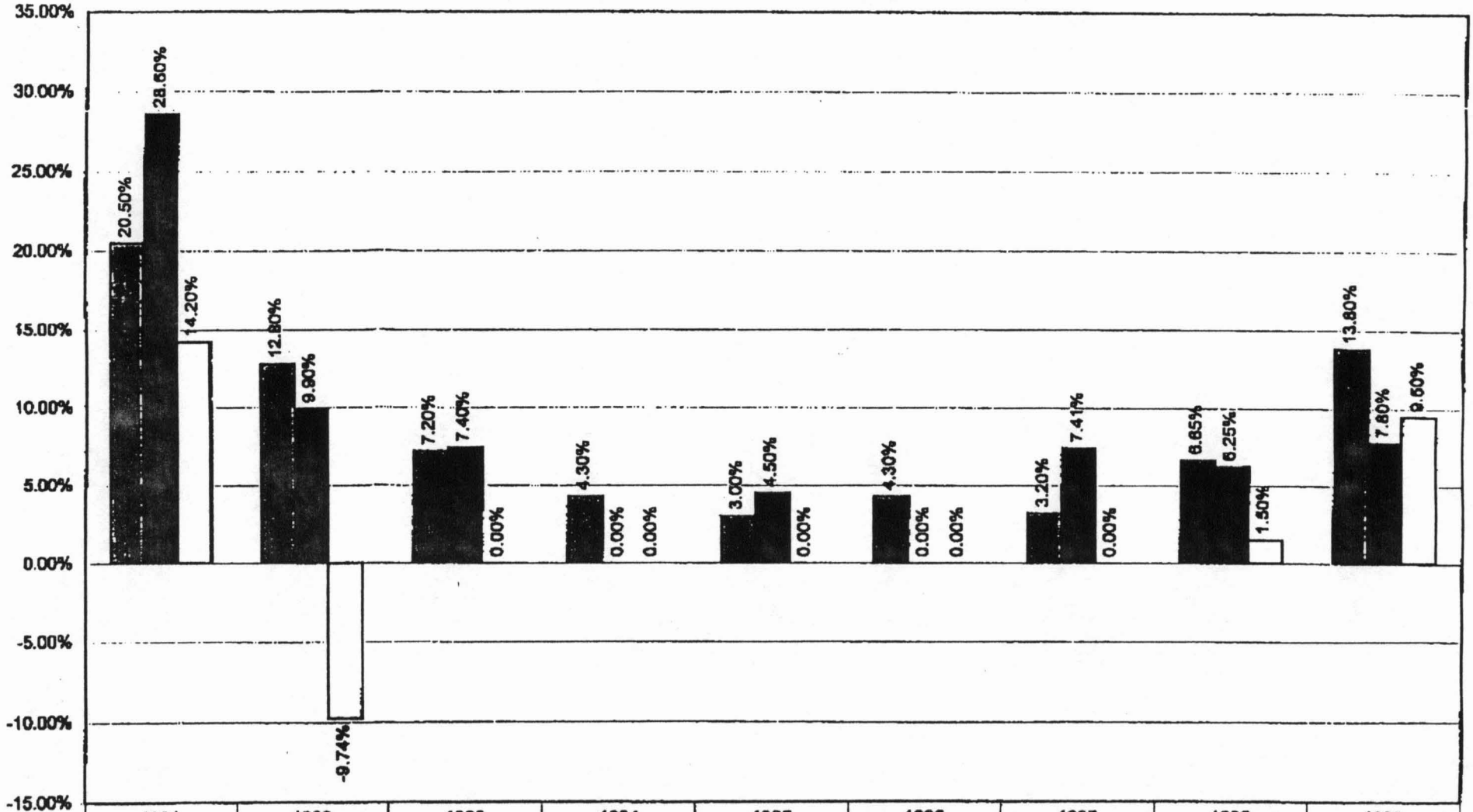
R&S: G. Budhwar 6/22/99

AVERAGE RATE INCREASE FOR GROUPS, BANK DEPOSITOR & MEDICARE SUPPLEMENTS (1991-1999)



	1991	1992	1993	1994	1995	1996	1997	1998	1999
GROUP	20.50%	12.80%	7.20%	4.30%	3.00%	4.30%	3.20%	6.65%	13.80%
BANKS	28.60%	9.90%	7.40%	0.00%	4.50%	0.00%	7.41%	6.25%	7.80%
MED SUPP	14.20%	-9.74%	0.00%	0.00%	0.00%	0.00%	0.00%	1.50%	9.50%

Blue Cross Blue Shield of North Dakota

1999 DATA IS YTD THROUGH JULY, 1999.