

# MICROFILM DIVIDER

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ROLL NUMBER
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DESCRIPTION

1433

2007 HOUSE HUMAN SERVICES

HB 1433

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1433

House Human Services Committee

Check here for Conference Committee

Hearing Date: January 30, 2007

Recorder Job Number: 2228

Committee Clerk Signature

*Judy Schock*

Minutes:

**Vice Chair Pietsch:** opens HB 1433.

**Representative Clara Sue Price, district 40 from Minot, ND:** We should almost address the next two bills together, HB 1433 and HB 1432. Every session we try to save the state money for Insurance. We need to make changes and have a cost saving measure. I have some testimony and information from others to share with you.

**David Olig, member of the ND Pharmacy Association:** This is a win, win situation. There is no need for a pilot study. There is no reason to not do these things. It is hard to come up with anything negative. PERS works with Blue Cross Blue shield. This is a tremendous opportunity for wellness. We need clinical coordinator in place to collect data. Diabetes is an extended study. You have quick results with asthma you feel better faster.

**Bob Frieline:** We do know this works. In my own practice, people need to be reaffirmed. We need to know the effects long term. It is not what we are going to spend today; it is what we save down the way.

**Mark Hardy, Pharmacy student from Nече, ND:** See attached testimony. I too think this is a win, win situation.

**Bruce Levi, with the Medical Association:** We wanted to indicate our support to a drug therapy program as part of the bill.

**Chairman Price:** asks for any more testimony for HB 1433. Is there any opposition to HB 1433?

**Sparb Collins:** we have 3,200 diabetics, 4,000 with asthma. This information comes from claims we get. We have 54,000 in the PERS program. PERS supports disease management. Our dilemma is money. This bill gives support.

**Rod St. Aubyn, with Blue Cross Blue Shield:** We have a lot of questions. Where is the funding? It is not spelled out. Physicians would have a significant roll. The program has tremendous merit. Who provides the data? It goes over to HB 1432, who is responsible for what. We would have to go over some amendments.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1433

House Human Services Committee

Check here for Conference Committee

Hearing Date: January 30, 2007

Recorder Job Number: 2231

Committee Clerk Signature

*Judy Deback*

Minutes:

**Representative Weisz is chairing this sub committee:** and calls the committee to order, Representatives Weisz, Hofstad and Kaldor are present to work on HB 1432 and 1433.

**Mary Koenecke:** see attached.

**Sparb Collins:** PERS would look at it and if it goes to bid we would have to see if there are sufficient funds. How much does it cost, do we extend it to retire?

**Ms Koenecke:** American Pharmacist Association estimates 2-3 dollars per minute. The first visit costs could be 20-75 dollars, and the follow ups would be shorter.

**Rod St. Aubyn, with Blue Cross Blue Insurance:** These should be combined into one bill. It would give flexibility.

**Representative Weisz:** Our chairman prefers not.

The committee discusses the fiscal note changing the language, and should it be sent to appropriations?

**Representative Weisz:** adjourns the meeting.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1433

House Human Services Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: 2356

Committee Clerk Signature

*Judy Schock*

Minutes:

**Chairman Price:** take out HB 1433.

**Representative Weisz:** has proposed amendments and goes through them with the committee. The sub committee took a long hard look at HB 1433, and the funding. See attached. I move the first set of amendments, seconded by **Representative Hatlestad**. The verbal vote was all yeas. **Representative Kaldor** moves the second set of amendments, seconded by **Representative Conrad**. The verbal vote is all yeas.

**Representative Weisz:** The third set of amendments done up by legislative council about the funding. If PERS didn't get enough funding they would be able to use funding from HB 1432 if it is offered, for chronic disease management. **Representative Conrad** moves a do pass on the 3<sup>rd</sup> set of amendments, seconded by **Representative Kaldor**. The verbal vote was 11 yeas and 1 nay. **Representative Weisz** moves a do pass as amended RR/Appropriations, **Representative Hofstad** seconds the motion. The vote was 12 yeas 0 nays and all were present. **Representative Weisz** will carry the bill to the floor.

**FISCAL NOTE**  
 Requested by Legislative Council  
 03/14/2007

Amendment to:           Engrossed  
                                   HB 1433

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$208,300	\$500,700	\$208,300	\$500,700
<b>Appropriations</b>			\$208,300	\$500,700	\$208,300	\$500,700

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$88,000	\$49,000	\$57,000	\$88,000	\$49,000	\$57,000

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

To establish a collaborative drug therapy program to improve the health of members with diabetes and to manage health care outcomes.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The legislation proposes to add \$2.00 on to the NDPERS Health Plan premiums to fund the collaborative health care program. This funding would provide payments to health care providers for services to individuals with diabetes. This program is modeled after other successful programs in other parts of the country that have demonstrated a long-term effect of reducing health care costs relating to these services.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The bill affects all budgeted FTE's and employees of Higher Education.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The bill affects all budgeted FTE's and employees of Higher Education. The appropriation is not included in the executive budget.

<b>Name:</b>	J. Sparb Collins	<b>Agency:</b>	NDPERS
<b>Phone Number:</b>	328-3900	<b>Date Prepared:</b>	03/15/2007

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/05/2007

Amendment to: HB 1433

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$202,300	\$500,700	\$202,300	\$500,700
<b>Appropriations</b>			\$202,300	\$500,700	\$202,300	\$500,700

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$84,500	\$48,700	\$55,200	\$84,500	\$48,700	\$55,200

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

To establish a collaborative drug therapy program to improve the health of members with diabetes and to manage health care outcomes.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

\$2.00 has been added on to the premiums to fund the collaborative health care program. This funding would provide payments to health care providers for services to individuals with diabetes. This program is modeled after other successful programs in other parts of the country that have demonstrated a long-term effect of reducing health care costs relating to these services.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The bill affects all budgeted FTE's and employees of Higher Education.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The bill affects all budgeted FTE's and employees of Higher Education. The appropriation is not included in the executive budget.

<b>Name:</b>	Sparb Collins	<b>Agency:</b>	NDPERS
<b>Phone Number:</b>	328-3900	<b>Date Prepared:</b>	02/07/2007







PROPOSED AMENDMENTS TO HOUSE BILL NO. 1433

Page 1, line 3, after the semicolon insert "and"

Page 1, line 4, replace "; and to" with a period

Page 1, remove line 5

Page 2, line 10, after the second "program" insert "- Funding"

Page 2, replace lines 29 through 31 with:

"4. The board shall fund the program by implementing a two dollar per month charge on the policy premium for medical and hospital benefits coverage."

Page 3, remove lines 1 and 2

Renumber accordingly

Date: 4-30  
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 1433 Committee

Check here for Conference Committee

Legislative Council Amendment Number 70745.0101

Action Taken No Pass 3rd per Amendments LC

Motion Made By Rep Conrad Seconded By Rep Kaldor

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) 10 "Click here to type Yes vote" No 1 "Click here to type No Vote"

Absent 1

Floor Assignment Rep.

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



REPORT OF STANDING COMMITTEE

HB 1433: Human Services Committee (Rep. Price, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the Appropriations Committee (12 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1433 was placed on the Sixth order on the calendar.

Page 1, line 3, replace ";" to amend and reenact section 54-52.1-04 of the North Dakota Century Code," with a period

Page 1, remove lines 4 and 5

Page 1, remove lines 7 through 24

Page 2, remove lines 1 through 7

Page 2, line 10, after the second "program" insert "- Funding"

Page 2, line 12, remove "The"

Page 2, line 13, remove "board shall receive bids for this program under section 54-52.1-04."

Page 2, line 19, after "providing" insert "face-to-face"

Page 2, line 23, replace "shall work with the board to provide" with "or a specified delegate shall implement a formalized diabetes management program with the approval of the prescriptives practices committee established in section 43-15-31.4, which must serve to standardize diabetes care and improve patient outcomes. This program must"

Page 2, remove line 24

Page 2, line 25, remove "shall provide a standardized patient self-management program to"

Page 2, line 26, after the first underscored comma insert "provide", remove "evidence-based", and replace "provide" with "enable"

Page 2, line 27, replace "provide" with "structure"

Page 2, replace lines 29 through 31 with:

"4. The board shall fund the program by implementing a two dollar per month charge on the policy premium for medical and hospital benefits coverage."

Page 3, remove lines 1 and 2

Renumber accordingly

2007 HOUSE APPROPRIATIONS

HB 1433

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1432/1433

House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3165

Committee Clerk Signature

Minutes:

**Rep. Svedjan:** You are correct in saying there is no appropriation on HB 1432 but I wanted it down here because it relates to HB 1433.

**Rep. Weisz:** This is a bill that would authorize PERS to solicit money from whatever sources they can, federal or private, to set up a drug therapy collaboration program within PERS. All we are doing is giving them spending authority to spend whatever money they may get in the grant whether it is private or federal.

**Rep. Svedjan:** Would it be helpful for us to get a read on HB 1433 to see the relationship? We can take these independently but if there is a close link maybe we should have a brief on HB 1433 as well.

**Rep. Weisz:** They are definitely closely linked. One is general and it has to do with chronic diseases. HB 1433 is very specific because it has to do with diabetes.

**Rep. Svedjan:** Really we can take these indecently. What HB 1432 is saying that if they can access funds to do this then the authorization is here to do it. If they don't get money from anywhere else they wouldn't be able to do it.

**Rep. Weisz:** That is correct. As far as why this bill is put forward to you, maybe it would be better if I can explain what we are going to do in HB 1433. I don't want to double up.



**Rep. Svedjan:** If you would all refer to HB 1433 you should have the first engrossment in your files. Also contained in your folders should be a statement that is a couple of paragraphs long from the Employee Benefits Program committee. Rep. Klein chairs that. It addresses the proposal and the actuarial analysis.

**Rep. Weisz:** HB 1433 has to do with setting up a cooperative drug therapy program. The reason this bill is in front of you is because we received information about a project that happened in Ashville, NC called the Ashville project. What they did was took a certain population and established a collaborative drug therapy program. They looked at what we considered chronic disease and diabetes. They took a look at these and often they are life long conditions. You aren't going to get over diabetes. What they found was that they are taking the medication to control the diabetes, they aren't necessarily following the proper lifestyle that will ensure that their diabetes is controlled and that they don't have other side effects. Most of you are aware that diabetes has some very severe side effects like amputation and heart attacks. What they found was there was a very high medical cost incurred by this group of chronic disease. What the Ashville project is was to pay pharmacists to sit down with their patients and monitor their condition. Monitor what they were doing, ask them questions, and check glucose readings. Now they can track them by plugging something into their computer. Now they can track them by seeing what their blood sugar was every day and whether or not it was high or low. Now they can sit down and question. Here is a case that was brought up in committee. The one doctor had someone come in on Tuesdays and Thursdays who had a spike in her reading. Every Tuesday and Thursday. Otherwise she was doing a good job in controlling her diabetes. Her pharmacist asked her why this was happening. She was eating steak. They were able to say that she needed to change a little bit of what she ate and put her on a different level. They found a savings for every dollar that they invested. They

were getting a savings of over \$4. They tracked that group of people that were on the program vs. the rest of their diabetic people that were covered, and the costs were \$13,000 for every \$1,000 invested depending on the person. It averaged on having a return of 4 to 1. What 1433 does is takes the PERS program, takes the diabetic, and stakes their claims. What your committee decided to do was set up a program that will pay the pharmacists to have this face to face monitoring of the patient. There is money to act as an incentive to ensure that we have people that will participate in this. Basically this usually means waving the co-pay or purchasing some of the supply. What the hope is, is that the dollar amount or fiscal effect will be based on 800 diabetics for one year. By the time the program gets up and you get people to participate, you are looking at one year of the biennium. What we are looking at doing is paying the pharmacist and waving co-pays to get people to participate. Your committee is firmly convinced that this will save money. It is one of those things. We can track this but that is the beauty of it. We are going to spend some money and it's not going to have the return tomorrow but two years down the road we are going to know if indeed that population that is in this program is effective.

**Rep. Svedjan:** Tell us how you want to fund this.

**Rep. Weisz:** The original bill had a direct appropriation. We took a look at it and because there are 19,500 PERS plans, roughly 5,000 of those are non state – like counties, other political subdivisions. This program would be available to those. What your committee did was add \$2 to the premium on all PERS plans. That generates a little over \$900,000 to the PERS plan. Of that, the state is actually on the hook for about \$500,000. The reason being is the political subdivisions would pay their \$2. The insurance covered by professional funds, etc. The plan is going to cost us about \$900,000 to do those 800 people. The states cost will be about \$500,000 as it applies to the \$2 increase to PERS. That is the bill.

**Rep. Kerzman:** Wouldn't this coincide with the wellness program that the PERS is now doing?  
Are we doubling up here?

**Rep. Weisz:** The wellness program was brought out. No it doesn't. This is really different. This is an intensive management program. This puts the pharmacist with the patient. You have to sign a contract to agree to participate. It is more intense than the wellness program. This will be a contract to have.

**Rep. Svedjan:** This clarification now, I'm looking at the fiscal note. This has not been included in the executive budget. The engrossed bill does not have an appropriation in it. Is it that the PERS budget would need to be amended if we did this? It will show up in all budgets.

**Rep. Weisz:** That \$2 increase is going to show up in every budget. That is what this will do.

**Rep. Svedjan:** What is the vehicle to see that it happens?

**Rep. Weisz:** My understanding was that when AI prepared the amendment that page 2 lines 3 and 4 would take care of that.

**Rep. Klein:** When we had testimony in the other committee there was additional information from people who have followed through on this program. This is indeed an experimental program. The results of the 4 to 1 payback give us the option to try this and see if it works. The record keeping is going to be monitored on a very close basis to see if it pays out. If in two years it doesn't we can always take a look at it. When I think of a 4 to 1 payback what have we go to lose?

**Rep. Svedjan:** Yes and it is just a matter of being able to wait for that payback because we won't have it tomorrow. In a way this relates to some of what we tried in the last session with Medicaid. We put disease management aspects into that program. This is something that should pay off.

**Rep. Klein:** Diabetes and weight problems are getting to be a major issue all over the country.

It is certainly showing up in ND.

**Rep. Svedjan:** Once you identify this population of people, I think you are talking about 800 patients. How does the payment then get to the pharmacists and at what amount?

**Rep. Weisz:** We left this intentionally vague. It will be up to PERS to contract with someone to implement the program and determine the payments to the pharmacists and determine what it is going to take to incentives the participants.

**Rep. Skarphol:** When you talk about a payback when do we recognize it and how do we recognize it. Is there any certainty anywhere that we are going to have that reflect?

**Rep. Weisz:** There is no certainty that there will be a payback. I can't stand up here and guarantee that. I believe that there is a certainty that we will be able to probably at least within three years determine if there is a payback or not. We will be able to identify. We will know what it is costing us for our diabetic population within the PERS plan. We will know what it is costing the 800 people. We will be able to compare the two.

**Rep. Klein:** My question is will we recognize this and hopefully lower Blue Cross premiums being assessed on state employees? Is that the mechanism that is going to reflect the payback that we are referring to.

**Rep. Weisz:** I would hope that they can decide that with the premium. Yes we are basically self funded in a sense. If our costs have dropped by \$7 million, our premiums will drop. They base it on actuarial from the prior. We will have them drop the premiums. We obviously can't project the \$4 million savings so we can drop the premium. In future biennium's I think absolutely.

**Rep. Kempenich:** On the mechanics again, you know we are talking about the contacts with pharmacists and stuff. Would that be throughout the state?

**Rep. Weisz:** Yes. What will happen is from the indications the pharmacists are 100% behind this. The school of Pharmacy in Fargo will have a program which will be a two day program for the pharmacists to go through for additional training. They will get certified in this program. Then they will be able to contract with the state. The state will determine for each participant. The range is probably going to be somewhere between \$400-600 per participant for the pharmacist. They will get a flat fee. It will be their job to monitor and make sure that person fulfills their end of the contract by showing up for a bid. That handles the pharmacist end of it. That is up to the PERS but that is the intent and what is happening in other states.

**Rep. Svedjan:** The information I have on this prior to coming into this today is that the cost is about \$864,000 but less than 50% of that would be general fund. That is because of how the premiums are paid.

**Rep. Weisz:** The latest fiscal note, the number we were given in committee and that you were using was \$18,000. PERS did come to me this morning and the fiscal note reflects that. There are actually \$19,500 contracts. It would be covered.

**Rep. Svedjan:** It is still true that less than half would be general fund dollars.

**Rep. Monson:** I am very frustrated and disappointed in PERS and Blue Cross who won't go into a program like this that should potentially save us a lot of money without having some money up front. If the projections are that we are going to save \$4-6 by going into this program, it seems to me that they should be promoting this and saying that they are willing to go out on a limb here. What is the guarantee that we give them the \$2 up front? Are we ever going to see that money reflected in lower premiums? I doubt it. Are we going to see that?

**Rep. Weisz:** They don't have a choice. When the actuarial comes they can't plug in that they are going to spend \$500,000 of general fund money. We don't have to reflect that in the premium costs. They can't do that. They have to look where the actuarials are. They tell them

this is where they are at and this is what the projected costs are going to be. That is what they have to go with. I don't believe that until we implement this and go in that they have the ability to take that money and use it for this.

**Rep. Svedjan:** From my point of view, what is key to this is how effective we can be in tracking this by itself. There are many other things that impact what the ultimate premium is for all of our PERS contracts. We have got to make sure that this can be tracked in isolation and we get the feedback that we need.

**Rep. Weisz:** That is the beauty of this. Everyone of these persons signed a contract so we can track every individual that participates and compare them to the rest of our population.

**Rep. Svedjan:** This bill comes to us as a high priority from the human services committee. It was also looked at by the employee benefits committee. It was advanced out of that committee with a favorable recommendation. Is there any more discussion?

**Rep. Wald:** I serve on that employee benefits committee and I just thought that if we don't have enough diabetics come forward to work out this contract so therefore you don't get a large enough sample to really determine. If only 10% of the people who are eligible come forward and work with the company to be tracked in that. 10% wouldn't be a relative sample to arrive at any kind of concrete conclusion that this really helped. I'm a diabetic. Do I have to switch drug stores if they only sign up one guy at a pharmacy in Dickinson? Maybe I don't want to go to the pharmacist that signed the contract.

**Rep. Weisz:** It's a legitimate question. If there wasn't a pharmacist that wanted to do it, they would personally drive out to meet these contracts. Again the person who does the contract has incentives. If he is paying \$300 copays and that is waived, that is a good incentive. The big benefits for almost all of these diabetics are that they have better health. That may not be why they walk in the door to start with, it may be to get that co pay. I strongly believe that they will

continue in it as far as the numbers to make it valid. That is the reason that the amount of dollars are here. We do need to get a fair amount. That is why we looked at the 800. That is why we are looking at the amount of premium to ensure that we have enough to make it a valid representation of the diabetics in this state.

**Rep. Svedjan:** We don't have a motion on the floor. Let's first take up HB 1432. This is the bill that is dependent on attracting funds from another source.

**Rep. Weisz:** HB 1432 says chronic disease which would be asthma or anything else. It can only happen if they can pull together the grant money to give them spending authority to do it. There is some money in a couple of pharmaceutical companies and some other deals.

**Rep. Klein:** I move a do pass on HB 1432.

**Rep. Aarsvold:** I Second that.

**Rep. Svedjan:** Is there any more discussion? If not we will take a roll call vote on a do pass motion for HB 1432. The motion passes 20-1-3.

**Rep. Hofstad:** I will carry this bill.

**Rep. Svedjan:** Let's then take up HB 1433.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1433

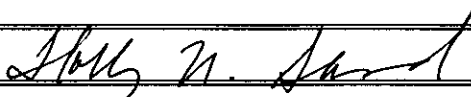
House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3165

Committee Clerk Signature



Minutes:

**Rep. Klein:** I move a do pass.

**Rep. Glassheim:** I second that.

**Rep. Svedjan:** Is there any discussion on the motion? Seeing none we will take a roll call vote on a do pass motion for HB 1433. The motion passes 20-2-2

**Rep. Weisz:** I will carry that bill.