

2011 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2358

2011 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2358
January 31, 2011
Job Number 13714

Conference Committee

Committee Clerk Signature	<i>Eva Liebelt</i>
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Explanation or reason for introduction of bill/resolution:

Relating to the expansion for the uniform group insurance program to allow participation by permanent and temporary employees of private sector employers and by certain other individuals who are otherwise without health insurance coverage

Minutes:

Testimony Attached

Chairman Klein: Opened the hearing.

Senator Taylor: Introduced the bill and he goes through sections of the bill.

Senator Nodland: Asked who would be eligible for this.

Senator Taylor: The way it is defined in the bill now it is for permanent and temporary employees of private sector employers in North Dakota. The third section talks about that age group fifty to sixty five, they are sometimes looking for health insurance when they are not able to qualify for Medicare yet.

Senator Nodland: So if those people are covered under the expensive plan wherever they work, they would get the option to come over to this plan. Are we looking at a full scale health insurance plan in North Dakota?

Senator Taylor: We would all like to see everyone have access to health insurance and the efficiencies that come with that verses people using emergency care and uncompensated care in our hospitals. There is lots of language in here to protect the PERS plan.

Chairman Klein: Talked about a bill that was heard earlier that dealt with that age gap that the state employees were part of when they had PERS. Stated that they sent the message that they needed to go out and find something that would work for them. They were asked if this was looked at by the employees benefit committee and all that affects the PERS program. Do you know if they have examined this issue?

Senator Taylor: The fifty to sixty five groups?

Chairman Klein: Both the fifty and sixty five and also whether or not we open it up completely.

Senator Taylor: He thought either the entire bill or portions were reviewed by the employees benefit committee.

Senator Andrist: We are told PERS program gives it a real advantage in attracting workforce to the state, just because of those extra benefits. Does this dilute the benefits of North Dakota employee?

Senator Taylor: It would not dilute if for those that are working in the public sector. This is a product that would have to be purchased if they were outside of the public sector. The benefit to being in the public sector is that this is a benefit of part of your employment.

Senator Andrist: Workers who are not provided with employer health protection are still excluded from this plan?

Senator Taylor: Not unless they are in that fifty to sixty five age groups. He stated that he thought an employee who was not offered coverage by his employer could still purchase this plan.

Senator Mathern: In support of the bill. He stated that the bill did go through the interim committee on benefits, that committee made a do not pass on that. There are some differences but the bill before you was reviewed by the previous committee and all the actuarial information would be available to your committee. He stated that the bill has been around for a long time. It has been discussed how our state could address the needs of health care without waiting for the Federal Government took over all of these issues. He said that he believes that the Federal Government will continue to take more and more authority and give the states more and more direction in what they want done if they do not take care of their own states. It will become a one plan fits all Federal solution. Continues to talk about how important he feels the bill is.

Dan Ulmer, Blue Cross and Blue Shield of North Dakota: In opposition to the bill. Testimony attached, written by Rod St. Aubyn and read by Dan.

Chairman Klein: Said that some of the discussion was that this will help provide more people with health care. One of the questions in the country is how we are going to force people to have a policy. Asked if he had any ideas on how to get people to buy a policy?

Dan: The second Federal judge declared the individual mandate unconstitutional. He stated by doing that one of the questions will be one of the guarantee issue pieces, when you do away with pre-existing conditions; the reading is they probably will still apply. If they do we have a situation where people will buy their way to the hospital and drop it the day they come out. He continued with how he felt about the bill and stated that they could add on an interest charge on top of the premium to discourage people from coming in late, that is almost double you premium and that would be there for good, which is already being done with Medicare.

Sparb Collins, Executive Director of the Public Employees Retirement System: He talks about the number of contracts they have in the health insurance plan. They cover 288 employer groups. They include the State, Counties, School Districts, Cities, Retirees and others. He testifies in a neutral position. He handed out the North Dakota Public Employees Retirement Systems health plan and he talks about it.

Chairman Klein: Asked if they are concerned with losing their Grandfather status and are they looking at an additional 6.9 million dollars.

Sparb: Yes that is the biannual cost. That is for all of their entities. They could lose their Grandfather status at anytime and in order to maintain it you can't do anything to your plan.

Senator Schneider: In exchange for this additional 6.9 million dollar payment, we would see an increase in benefits, in terms of wellness promotion?

Sparb: Doesn't remember the specifics, but it is different procedures and tests.

Chairman Klein: Asked if the 5.4 million was the actual cost, not including adding the wellness portion.

Sparb: That is the cost of adding the wellness portion, if they lose the Grandfather status.

Chairman Klein: Closed the hearing

2011 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2358
February 2, 2011
Job Number 13881

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the expansion for the uniform group insurance program to allow participation by permanent and temporary employees of provide sector employers and by certain other individuals who are otherwise without health insurance coverage

Minutes:

Discussion and Vote

Chairman Klein: Explained that the bill was to provide the opportunity for everyone to become part of the PERS program. PERS is currently under the Grandfather status and could see an increase of 5.4 million to the state if this bill were to pass.

Discussion

Senator Andrist: Moved a do not pass.

Senator Nodland: Seconded the motion.

Roll Call Vote: Yes-5 No-2

Senator Andrist to carry the bill

Date: 2/2/2011
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2358

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Andrist Seconded By Senator Nodland

Senators	Yes	No	Senators	Yes	No
Chairman Jerry Klein	✓		Senator Mac Schneider		✓
VC George L. Nodland	✓		Senator Philip Murphy		✓
Senator John Andrist	✓				
Senator Lonnie J. Laffen	✓				
Senator Oley Larsen	✓				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Senator Andrist

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

REPORT OF STANDING COMMITTEE

SB 2358: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2358 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

SB 2358

Testimony on SB 2358
Senate Industry Business and Labor Committee
January 31, 2011

Mr. Chairman and Committee Members, for the record I am Rod St. Aubyn representing Blue Cross Blue Shield of North Dakota.

I appear before you today to oppose SB 2358 for numerous reasons. The main reason we oppose this bill is that it expands the government into the private insurance market. It proposes to offer government sponsored insurance to private employers and individuals. The bill leaves many unknowns as it relates to this government sponsored insurance for the private market. Those questions include the following:

- On page 3, lines 16-19 the bill states that the “board may apply medical underwriting requirements and risk-adjusted premiums to an employer seeking to obtain coverage under this section and to deny coverage if, in the board's sole discretion, the risk created by the employer is undesirable for the uniform group insurance program.” Under PPACA insurers will be restricted on what they can rate risks – age, geography, and to some degree smoking. The question is will PERS have to follow the same standards for this group? If PERS is able to only pick the healthy groups (cherry picking) and reject the high risk groups, private insurers will be left with only the high risk groups at a much higher cost.
- Will these new PERS groups have to follow the same state insurance regulations and new federal regulations? For example will PERS be required to pay premium taxes for these new groups and will they have to pay the PPACA insurance taxes?
- On page 3, line 31 through page 4, line 2, it states “The board may deny coverage if, in the board's sole discretion, the risk created by the individual is undesirable for the uniform group insurance program.” Will this product have to adhere to PPACA? If PPACA applies to this product, then insurers are no longer permitted to deny coverage to anyone beginning on January 1, 2014. If this product does not have to comply with PPACA, then this would once again create the same “cherry picking” within the individual market forcing the high risk individuals into products offered by the private insurance market. Having both high risk and low risk individuals in the individual market balances the risks and thus the premiums.
- The same concerns apply in Section 7 of the bill.

There are numerous other issues with this bill. State employee plans receive special treatment from the federal government. By expanding these plans to the private market, it simply creates an uneven playing field for the private insurance market. I honestly do not think that permission will be granted by the federal government. By law “governmental plans” are defined as insurance plans for government *employees*, whether that is the federal government, state, county, city, or political subdivisions.

For all the reasons identified, we urge you to give this bill a Do Not Pass recommendation. I will attempt to answer any questions the committee may have.

2011-2013 NDPERS Health Plan

Loss of Grandfathered Status \$14/month X 24 = \$336

\$336.00

2011-2013 11-13 Funding Adjustments

Department	2011-2013			Total
	FTE	General	Other	
State Employers	16235.86	\$2,587,157	\$2,868,092	\$5,455,249
Political Sub Divisions				
Counties	1864.00	\$0.00	\$626,304	\$626,304
School Districts	1058.00	\$0.00	\$355,488	\$355,488
Cities	1007.00	\$0.00	\$338,352	\$338,352
Others	447.00	\$0.00	\$150,192	\$150,192
P. S. Total	4376.00	\$0	\$1,470,336	\$1,470,336
Grand Total	20611.86	\$2,587,157	\$4,338,428	\$6,925,585