

HEALTH CARE DELIVERY STUDY - BACKGROUND MEMORANDUM

Section 48 of Senate Bill No. 2012 (2019), the appropriation bill for the State Department of Health, directs the Legislative Management to study the delivery of health care in the state. The study must review the needs and future challenges of the North Dakota health care delivery system, including rural access to primary health care, the use of emergency medical services, strategies to better serve residents, and the role of health care services in the future development of the state.

BACKGROUND

Legislative Interim Background

During the previous four interims the Legislative Management has studied the state's health care delivery system. Typically these studies have included or been accompanied by a study of implementation of the federal Affordable Care Act (ACA), which was enacted in 2010. This interim, although the study is not prohibited from considering how the ACA may impact the delivery of health care, the primary focus is the delivery of health care.

2017-18 Interim

During the 2017-18 interim, by Legislative Management directive, the Health Care Reform Review Committee monitored and reviewed proposed federal changes to the ACA. Additionally, in the course of conducting a study of options to operate the state medical assistance program as managed care, the committee performed a thorough review of health care delivery models.

2015-16 Interim

During the 2015-16 interim, the Health Care Reform Review Committee was assigned three studies:

- Section 1 of House Bill No. 1035 (2015) directed the committee to continue its ongoing study of the needs and challenges of the North Dakota health care delivery system. The study included monitoring the implementation of the ACA, examining Medicaid Expansion and Medicaid reform, reviewing any impact on rural access to primary health care and emergency services, making recommendations to maintain and enhance rural primary health care and emergency services, and considering the feasibility of developing a state-based plan for a health care model that complies with federal health care reform in a manner that will provide high-quality access and affordable care for North Dakota citizens. The University of North Dakota (UND) School of Medicine and Health Sciences (SMHS) Advisory Council was directed to make periodic reports to the committee on the status of the biennial report developed pursuant to North Dakota Century Code Section 15-52-04.
- Section 1 of House Bill No. 1378 (2015) directed the committee to study the proposed and final federal rules issued by the federal Department of Health and Human Services relating to the essential health benefits under the ACA. Specifically, the study was required to include a review of the rules relating to the state's ability to participate in defining the state-based essential health benefits package for plan years 2017 and beyond, how the state may be authorized to select a benchmark plan for plan years 2017 and beyond, and the deadlines related to these rules and related decisions.
- House Concurrent Resolution No. 3003 (2015) directed the committee to study state contributions for state employee health insurance premiums, including the feasibility and desirability of establishing a maximum state contribution for state employee health insurance premiums and the effect of losing the state's grandfathered status under the ACA.

2013-14 Interim

During the 2013-14 interim, the Health Care Reform Review Committee was assigned three studies:

- Section 15 of House Bill No. 1012 (2013) directed the committee to study the immediate needs and challenges of the North Dakota health care delivery system, implementing the Healthy North Dakota initiative, examining Medicaid reform, and the feasibility of developing a plan for a private health care model that complies with federal health care reform in a manner that provides high-quality, accessible, and affordable care for North Dakota. In performing the study, the committee was given the discretion to consider population shifts, facility needs, personnel needs, rural access, regulatory public health functions, and vulnerable populations; determine the scope of the weakness in the current health care system; take into account the ongoing impact federal health care reform under the ACA is having on state delivery of health care and on state delivery of Medicaid; and consider how to forge partnerships with federal payers and regulators to work toward addressing medical reimbursement system reform.
- Section 1 of House Bill No. 1034 (2013) directed the committee to study health care reform options, including the implementation of the ACA if the federal law remained in effect and state alternatives for state-based

health care reform if the federal law was repealed. As part of this study, the Insurance Commissioner, State Department of Health, and Department of Human Services were directed to provide status reports on the state of health insurance and health-related public assistance.

- Section 3 of House Bill No. 1362 (2013) directed the committee to study the effects of the ACA, including alternatives to the ACA and the Medicaid Expansion provisions to make health care more accessible and affordable to the citizens of the state, including access, the cost of providing services, the Medicare penalty to the state's providers, and the Medicaid payment system.

2011-12 Interim

During the 2011-12 interim, the Health Care Reform Review Committee was assigned three studies:

- Section 1 of House Bill No. 1252 (2011) directed the committee to monitor the impact of the ACA, rules adopted by federal agencies as a result of that legislation, and any amendments to that legislation. The study charge directed the committee to report to the Legislative Management before a special session of the Legislative Assembly if a special session was necessary to adopt legislation in response to the federal legislation.
- Senate Concurrent Resolution No. 4005 (2011) directed the committee to study the impact of the ACA on the Comprehensive Health Association of North Dakota (CHAND) and the statutes governing the association.
- By Legislative Management directive, the committee studied the feasibility and desirability of developing a state plan that provides North Dakota citizens with access to and coverage for health care which is affordable for all North Dakota citizens.

In addition to the committee's three studies, the Health Care Reform Review Committee received regular updates from:

- The Insurance Commissioner regarding administration and enforcement of the ACA and proposed legislation;
- The Insurance Commissioner and Department of Human Services on planning and implementing a health benefit exchange for the state and proposed legislation; and
- The Insurance Commissioner with respect to steps taken to ensure health insurer procedures are in compliance with the ACA and proposed legislation.

Needs and Future Challenges

The broad directive to study the delivery of health care in the state requires the study to include a review of the needs and future challenges of the state's health care delivery system, including:

- Rural access to primary health care;
- Use of emergency medical services;
- Strategies to better serve residents; and
- The role of health care services in the future development of the state.

Although the study is not limited to rural health care, according to the North Dakota Census Office, 39 of the state's 53 counties are classified as completely rural, 3 as mostly rural, and 11 as mostly urban. North Dakota is one of five states classified as frontier under the ACA. Challenges related to access to primary health care in rural America is an issue that receives ongoing attention at both the state and national levels.

National Conference of State Legislatures

In 2013 the National Conference of State Legislatures published and in 2016 updated the report *Improving Rural Health: State Policy Options* ([Appendix A](#)). Health care in rural America presents challenges that states address in a variety of ways. The report recognizes many rural communities lack adequate access to primary and preventive services and that more than 75 percent of the nation's rural counties are designated as health professional shortage areas. Additionally, rural residents lack access to mental health and other behavioral health services, long-term care options for seniors, emergency medical services, and other essential services.

The National Conference of State Legislatures' report provides an overview of state policies and investments in the following five key areas:

1. Achieving greater rural access to health care services;

2. Strengthening the rural health workforce;
3. Long-term services and supports for rural seniors and people with disabilities;
4. Behavioral health capacity in rural areas; and
5. Prevention and wellness for rural residents.

The 2016 report includes strategies states have adopted in the identified five key areas, including how to overcome distance and connect rural Americans with high-quality primary care and emergency medical services (EMS) and how to bolster the primary care workforce and enhance health care access for rural Americans.

Rural access strategies identified in the report include:

Health Insurance Coverage Options and Strategies

- Consider policies that make health insurance more affordable for individuals and small businesses.
- Establish effective rate review systems to examine proposed rate increases and ensure that individual and group policies meet new requirements.
- Determine the state legislative oversight role with the state health insurance exchange. In New Jersey, for example, state legislators passed a resolution to create a Joint Legislative Task Force on Health Insurance Exchange Implementation to oversee and develop recommendations for the state's federally facilitated exchange.
- Consider the need for legislation to address health insurance marketplace issues, such as the concern about "churning", a term used to refer to the frequent transitions between Medicaid and the exchanges.

Medicaid Options and Strategies

- Discuss the pros and cons of adopting the ACA Medicaid expansion, with consideration for the effect the expansion will have on rural Americans.
- Explore policies that create outreach and enrollment programs for Medicaid, the Children's Health Insurance Program, and the state health insurance exchange or marketplace.
- Identify opportunities to use outcome-based performance measures and incentives in Medicaid contracts with managed care organizations.
- Consider policies that strengthen the Medicaid provider network, such as enhanced reimbursement for primary care services.

Payment and Delivery System Reform Options and Strategies

- Consider policies that promote medical homes for Medicaid or Children's Health Insurance Program beneficiaries. As of April 2013, 43 states had policies that promoted the medical home model for these beneficiaries.
- Explore payment policies that offer incentives for quality and efficiency and/or disincentives for ineffective care or uncontrolled costs.
- Examine the current payment and delivery system and identify opportunities for improving access, quality and efficiency. Some states have appointed commissions or task forces to make recommendations and guide implementation of new payment systems.
- Examine state oversight of ACOs that accept risk. Some states require HMO licensure, while others require a special license or certificate.

Rural Hospital Closure Options and Strategies

- Monitor the financial status of hospitals in rural areas to assess their financial performance and risk of closure.
- Explore issues related to Medicaid and Medicare payment reforms, as the federal government has proposed alternative payment models and value-based payment strategies that address the specific needs of rural areas.
- Explore alternatives to traditional inpatient facilities, such as converting hospitals to emergency or urgent care stand-alone centers, telehealth services, outpatient centers and skilled nursing

facilities. These models may lessen the negative impact of hospital closures on rural communities by improving access to health services, providing employment and creating a new approach to health care.

Community Health Centers Options and Strategies

- Gather information on health center resources, successes and challenges. Primary care associations and primary care offices, as well as local health center staff, can provide resources and data about health center services, funding, patient demographics, workforce trends and health outcomes, among other things.
- Examine current state funding and policies that support health center development and expansion. In addition to direct state funding for health centers, states can support health centers by encouraging or requiring contracted health plans to include health centers in their networks.
- Support workforce development policies that provide incentives for providers who practice in underserved, rural communities. Several states offer financial incentives, such as scholarships, tuition assistance or loan repayment, to encourage health professions students to pursue a career in primary care, often with requirements for practicing in health centers or other facilities in underserved communities.

Rural Health Clinic Options and Strategies

- Consider working with physicians, nurse practitioners and physician assistants to determine whether they would benefit from applying to become a Medicare-certified Rural Health Clinic, which enables these providers to get enhanced Medicare and Medicaid reimbursement. Information about this process can be obtained from the State Office of Rural Health or from the regional offices of the Centers for Medicare and Medicaid Services (CMS).
- Gather information on rural health clinics; state RHC associations, the National Association of Rural Health Clinics, primary care offices, State Offices of Rural Health, and the Federal Office of Rural Health Policy serve as a source for information on RHCs (e.g., patients demographics, services provided, workforce trends, etc.).
- Examine current state funding that could help RHCs with changing requirements for technology and quality improvement efforts for services provided to Medicaid, Medicare, and privately insured beneficiaries.
- Support workforce development policies that provide incentives for providers who practice in underserved, rural communities including RHCs.

School-Based Health Center Options and Strategies

- Examine current state funding and policies that support school-based health center development and expansion. In addition to direct state funding, states can support health centers by encouraging or requiring contracted health plans to include health centers in their networks.
- Authorize and/or fund SBHC grant programs. Several states, including Colorado, Texas, Nebraska and Michigan, have passed legislation that authorizes SBHC grant programs. States can direct funds to SBHCs from various sources, including the general fund, assignment of taxes, and the federal Maternal and Child Health Services Block Grant. States that fund SBHCs typically hold programs accountable by requiring them to meet operating standards, maintain SBHC certification, or submit performance data.
- Enact Medicaid policies that support School Based Health Centers. According to the National Assembly on School-Based Health Care (NASBHC), 10 of the 18 states that fund SBHCs had enacted Medicaid reimbursement policies. Examples of other Medicaid policies include defining SBHCs as a provider type, waiving preauthorization requirements for SBHCs and requiring reimbursement from managed care organizations.

Telehealth Options and Strategies

- Consider telehealth policies that expand access to primary care providers and other health services.
- Examine existing reimbursement and licensure policies for telehealth services. Several states have adopted reimbursement and/or portable licensure policies to remove practice barriers for health care practitioners who provide telehealth services.

- Examine opportunities to use telehealth to reduce costs and improve care for inmates. To address the rising costs and public safety risks associated with transporting and guarding inmates who travel for primary and specialty care, at least 31 states used telehealth in 2011 for some portion of correctional health care.

Rural EMS

In addition to their traditional roles as first responders, some states and communities have discovered "community paramedicine," where EMS personnel perform a wide range of health care and social support activities in tandem with other providers in the patient's medical home. This enhances access to primary care services for rural patients and supports rural EMS by integrating it into the broader health care system by creating new pathways for reimbursement.

North Dakota

Section 15-52-04 ([Appendix B](#)) directs the UND SMHS Advisory Council to consult with SMHS and other entities represented on the advisory council to study and to make recommendations regarding the strategic plan, programs, and facilities of SMHS in support of its purpose. The advisory council is required to submit a biennial report and recommendations to the Legislative Council. The Legislative Management's interim Higher Education Committee is directed to receive this report during the 2019-20 interim.

A summary of the 2019 SMHS Advisory Council's report ([Appendix C](#)) addresses the demographics of the state's population; the health of North Dakotans; the physician workforce; the primary care physician workforce; the nursing workforce; the psychiatrists, behavioral health, and nonphysician health care workforce; the health care facility workforce; health care organization and infrastructure; and health care policy.

Additionally, at the state level, the SMHS Center for Rural Health is the federally designated State Office of Rural Health, a federal-state partnership that helps rural communities build health care services through collaborations and initiatives with a wide range of partners across the state. The Center for Rural Health works to connect resources and knowledge to strengthen the health of people in rural and tribal communities.

STUDY APPROACH

In its study of the delivery of health care in the state, the committee is required to review the needs and future challenges of the state's health care delivery system, including:

- Rural access to primary health care;
- The use of EMS;
- Strategies to better serve residents of the state; and
- The role of health care services in the future development of the state.

The committee may benefit from receiving information at the state level regarding identified strengths and weaknesses in the health care delivery system and recommendations to strengthen the health care system. The committee may wish to request a presentation regarding the recent, current, and upcoming biennial reports and recommendations from the SMHS Advisory Council and receive background information from the Center for Rural Health. Upon receipt of this information at the state level, it may be valuable for the committee to consider strategies of other states and whether any of these strategies may be applicable in North Dakota.

Stakeholders with an interest in the study may include:

- State Department of Health;
- Department of Human Services;
- Indian Affairs Commission;
- Insurance Department;
- Department of Commerce;
- SMHS and the SMHS Advisory Council;
- Nursing education programs;
- North Dakota Hospital Association;
- North Dakota health provider associations;

- North Dakota Association of Counties;
- North Dakota League of Cities;
- Public health units; and
- Ambulance units.

ATTACH:3