

OTHER DUTIES OF THE HUMAN SERVICES COMMITTEE - BACKGROUND MEMORANDUM

In addition to the study responsibilities assigned to the Human Services Committee for the 2007-08 interim, the committee has also been assigned to:

- Receive annual reports from the Department of Human Services regarding children's health insurance program (CHIP) statistics;
- Contract with a private entity for a cost-benefit analysis of health insurance mandate legislation;
- Receive a report from the Department of Human Services regarding Medicaid dental services;
- Receive periodic reports from the State Department of Health's Immunization Task Force regarding the immunization program transition and from the State Health Officer regarding the fiscal impact of the transition;
- Receive a report from the Department of Human Services regarding transition assistance for the child care program;
- Receive annual reports from the Department of Human Services regarding the alternatives-to-abortion services program;
- Receive a report from the University of North Dakota College of Nursing regarding the Nursing Education Consortium; and
- Receive semiannual reports from the Drug Utilization Review Board regarding utilization, costs, and effectiveness of certain drugs.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM STATISTICS

North Dakota Century Code Section (NDCC) 50-29-02 (attached as [Appendix A](#)) provides that the Legislative Council receive annual reports from the Department of Human Services describing enrollment statistics and costs associated with the state children's health insurance program (SCHIP). The Legislative Council assigned this responsibility to the Human Services Committee. The 2007 Legislative Assembly appropriated \$20,204,746, of which \$4,649,132 is from the general fund and \$15,555,614 is from federal funds for Healthy Steps (North Dakota's children's health insurance program). The amount is \$514,441 more than recommended in the 2007-09 executive budget. The general fund amount was reduced by \$316,423 and federal funds increased by \$830,864. Compared to the 2005-07 legislative appropriation, the funding provided is an \$8,129,204 increase, \$1,753,899 of which is from the general fund and \$6,375,305 of federal funds. The 2007 Legislative Assembly made a number of adjustments to the funding for Healthy Steps, including adding funding to allow income eligibility disregards similar to the Medicaid program and reducing funding to reflect an

anticipated reduction in the cost and caseload/utilization of the program from the amounts included in the executive budget. In addition, in House Bill No. 1463, the Legislative Assembly increased Medicaid eligibility for children under 19 years of age from 100 percent to 133 percent of poverty and the SCHIP net income eligibility from 140 percent to 150 percent of poverty. The Medicaid eligibility change is contingent on approval by the federal government. If the federal government does not approve the change, the SCHIP eligibility change is contingent on the federal government providing additional SCHIP funding to provide the additional federal matching funds needed to allow for this change to be made.

The department contracts with Blue Cross Blue Shield of North Dakota for the health insurance coverage for the children in the program. The premium rate for the 2007-09 biennium is anticipated to be \$207.31 per child per month, an increase of 14 percent compared to the 2005-07 premium rate of \$181.90.

HEALTH INSURANCE COVERAGE MANDATES

North Dakota Century Code Section 54-03-28 (attached as [Appendix B](#)) provides that a legislative measure mandating health insurance coverage may not be acted on by any committee of the Legislative Assembly unless accompanied by a cost-benefit analysis. The Human Services Committee has been assigned the responsibility of recommending a private entity, after receiving recommendations from the Insurance Commissioner, for the Legislative Council to contract with to perform the cost-benefit analysis for the 2009 Legislative Assembly. The Insurance Commissioner is to pay the costs of the contracted services and each cost-benefit analysis must include:

1. The extent to which the proposed mandate would increase or decrease the cost of services.
2. The extent to which the proposed mandate would increase the use of services.
3. The extent to which the proposed mandate would increase or decrease the administrative expenses of insurers and the premium and administrative expenses of the insured.
4. The impact of the proposed mandate on the total cost of health care.

The section also provides that a legislative measure mandating the health insurance coverage must provide that:

1. The measure is effective only for the next biennium.

2. The application of the mandate is limited to the public employees health insurance program and the public employees retiree health insurance program.
3. For the next Legislative Assembly, the Public Employees Retirement System prepare and request introduction of a bill to repeal the expiration date and extend the mandated coverage to apply to all accident and health insurance policies.

The Public Employees Retirement System Board is also required to prepare a report which is attached to the bill regarding the effect of the mandated coverage or payment on the system's health insurance program. The board must include information on the utilization and costs relating to the mandated coverage and a recommendation on whether the coverage should continue.

A majority of the members of the standing committee to which the legislative measure is referred during a legislative session, acting through the chairman, determines whether a legislative measure mandates coverage of services. Any amendment to the legislative measure that mandates health insurance coverage may not be acted on by a committee of the Legislative Assembly unless the amendment has had a cost-benefit analysis prepared and attached.

The Insurance Department has categorized and defined mandated health insurance benefits as follows:

1. Service mandates - Benefit or treatment mandates that require insurers to cover certain treatments, illnesses, services, or procedures. Examples include child immunization, well-child visits, and mammography.
2. Beneficiary mandates - Mandates or defines the categories of individuals to receive benefits. Examples include newborns from birth, adopted children from the time of adoption, and handicapped dependents.
3. Provider mandates - Mandates that require insurers to pay for services provided by specific providers. Examples include nurse practitioners, optometrists, and psychologists.
4. Administrative mandates - Mandates that relate to certain insurance reform efforts that increase the administrative expenses of a specific health care plan. Examples include information disclosures, precluding companies from basing policy rates on gender, and precluding insurers from denying coverage for preauthorized services.

The 2003-04 and 2005-06 interim Budget Committees on Health Care both recommended that the Insurance Department contract with Milliman USA for cost-benefit analysis services on health insurance mandates during the 2005 and the 2007 legislative sessions. During the 2005 legislative session, two bills were referred for cost-benefit analysis at a total

cost of \$8,323. In addition, the Insurance Department paid \$5,606 to Milliman USA for general project work during the 2005 legislative session for total payments during the 2005 legislative session of \$13,929. During the 2007 legislative session there were no health insurance mandates referred for cost-benefit analysis.

MEDICAID DENTAL SERVICES REPORT

The 2007 Legislative Assembly approved House Bill No. 1246 (attached as [Appendix C](#)) providing an appropriation of \$444,198, of which \$160,000 is from the general fund, to the Department of Human Services for increasing funding for children's dental services under the Medicaid program for the 2007-09 biennium. The bill also requires the department to report to the Legislative Council before August 1, 2008, on the status of medical assistance recipients' access to dental services. The Human Services Committee has been assigned the responsibility to receive this report.

For the 2007-09 biennium, the legislative appropriation for Medicaid dental services, including the \$444,198 referred to above, totals \$13 million, of which \$4.7 million is from the general fund. For the 2005-07 biennium, the Legislative Assembly appropriated \$13.3 million, of which \$4.7 million was from the general fund for dental services under the Medicaid program. Although \$13.3 million was appropriated for the 2005-07 biennium, during the 2007 legislative session the department projected dental-related expenditures would total only \$12.3 million for the 2005-07 biennium.

IMMUNIZATION PROGRAM TRANSITION REPORTS

Subsection 3 of Section 2 of House Bill No. 1435 (2007) (attached as [Appendix D](#)) provides that during the 2007-08 interim, the State Department of Health's Immunization Task Force report periodically to the Legislative Council regarding the impact of the immunization program transition on local public health units and that the State Health Officer provide periodic reports to the Legislative Council regarding the fiscal impact of the transition.

Pursuant to Section 2 of the bill, the task force consists of at least seven members, at least three representing local public health districts, at least three representing private health care providers, and representatives of the State Department of Health.

House Bill No. 1435 provides that the state transition from a universal-select immunization program to a Provider Choice immunization program. In 2005, due to increasing costs of vaccinating children, North Dakota moved from a universal state in which all vaccines are provided to all children, even those insured, to a universal-select state in which all vaccines are provided to all children eligible for a federal program called Vaccines for Children, which generally includes children that are uninsured, underinsured, Medicaid-eligible, or American Indian,

and most vaccines are provided to most insured children.

The Provider Choice program, which will be implemented during the 2007-08 interim, is a program to manage and cost effectively pay for all recommended vaccines for all children. Since 2005 significant changes have occurred in childhood immunization programs, including a possible decline in federal funding for immunizations and the introduction of several very expensive, newly recommended vaccines. The Provider Choice program continues the provision of federal vaccines to providers for eligible children and gives providers the choice of purchasing all other vaccines through the State Department of Health where they can achieve lower vaccine costs through multistate, large-volume purchasing agreements. Vaccines for all children will be covered either through the federal Vaccines for Children program or through an individual's health insurance. Some copayments may apply.

House Bill No. 1004 (2007) includes \$227,000 from the general fund for two FTE positions to manage the issues related to the Provider Choice program and special funds from providers of \$19.4 million to purchase the vaccines on behalf of providers. House Bill No. 1435 delays the implementation of the Provider Choice program until December 31, 2007, and provides a \$2 million general fund appropriation to pay for the nonfederal vaccine costs until the program is implemented and paid through private insurance companies. Of the \$2 million appropriation, \$500,000 is available only if the department determines it necessary to continue to purchase vaccines after December 31, 2007.

TRANSITION ASSISTANCE FOR CHILD CARE REPORT

Section 5 of Senate Bill No. 2186 (2007) (attached as [Appendix E](#)) provides that the Department of Human Services report to the Legislative Council regarding the transition assistance for the child care program implemented pursuant to provisions of Section 1 of the bill. The Human Services Committee has been assigned to receive this report.

The transition assistance for child care program established pursuant to provisions of Section 1 of Senate Bill No. 2186 is to pay for a portion of the child care expenses for a period of up to six months for families no longer eligible for temporary assistance for needy families (TANF) benefits because of employment earnings. Section 6 of the bill appropriates \$1,491,210 of federal TANF funds for this child care assistance for the 2007-09 biennium.

ALTERNATIVES-TO-ABORTION SERVICES PROGRAM REPORTS

The 2007 Legislative Assembly approved Senate Bill No. 2312 (attached as [Appendix E](#)) which continues the alternatives-to-abortion services program. The program began in 2005 and provides

funds to organizations that provide alternatives to abortion services and to educate the public about the program. The schedule below presents the appropriations provided by the Legislative Assembly for the 2005-07 and 2007-09 bienniums:

| Biennium | Appropriations From Federal Funds |
|-----------------|--|
| 2005-07 | \$500,000 |
| 2007-09 | \$400,000 |

The 2005-06 interim Judiciary Committee received the alternatives-to-abortion services report from the Department of Human Services for the 2005-07 biennium. The report indicated that the Department of Human Services was unable to obtain funding from the federal Office of Faith-Based and Community Initiatives during the 2005-07 biennium for the project. Funds from this office were available only for abstinence programs or grants to agencies that would provide technical assistance to faith-based or community-based programs interested in applying for federal funds. Because funds were not available from that source, the department is using federal TANF funds for the program. The department is providing alternatives-to-abortion services by making vouchers available to individuals needing the service. Those individuals use the vouchers to access the services and the service providers use the vouchers to bill the department. This method allows the department to pay all interested providers for these services. The department contacted all agencies that had been providing alternatives-to-abortion services before implementation of the program. These agencies became partners in developing the program and are receiving payments through the program for their services. Nine agencies were providing services during the 2005-07 biennium, including BirthRight, Catholic Charities of North Dakota, Christian Family Life Services, First Choice Clinic, the Perry Center, the St. Gianna Maternity Home, the Village Family Service Center, the Women's Pregnancy Center, and the YFC Teen Moms. The Mental Health Association of North Dakota is also a partner by allowing use of its 211 hotline to direct referrals to the alternatives-to-abortion services program. The department has developed a script for the Mental Health Association staff to use when a 211 call is received regarding an unplanned pregnancy. The program became operational shortly before the beginning of 2006. Through May 2007, nine service providers have submitted 12,111 claims for services. Through May 2007 a total of 1,470 clients have been served at a total cost of \$150,200.

NURSING EDUCATION CONSORTIUM REPORT

The 2007 Legislative Assembly approved Senate Bill No. 2379 (attached as [Appendix G](#)) providing for the establishment of a Nursing Education Consortium to establish a mobile clinical nursing simulation laboratory. The bill appropriates \$200,000 from the

general fund for defraying a portion of the cost of the simulation laboratory. The consortium may receive and spend other funds for the purpose of establishing the simulation laboratory program and other activities of the consortium. The bill requires the Dean of the University of North Dakota College of Nursing to report to the Legislative Council during the 2007-09 biennium on the activities of the consortium. The Human Services Committee has been assigned the responsibility to receive this report.

DRUG UTILIZATION REVIEW BOARD REPORT

The 2007 Legislative Assembly approved House Bill No. 1422 (attached as [Appendix H](#)). Section 2 of the bill provides that during the 2007-08 interim, the

Drug Utilization Review Board review the utilization, cost, and effectiveness of the drugs identified in NDCC Section 50-24.6-04(3) relating to mental illness, acquired immunodeficiency syndrome (AIDS), human immunodeficiency virus (HIV), and cancer-related drugs exempt from the prior authorization process. The Drug Utilization Review Board is to make recommendations for managing the utilization of these drugs and report semiannually to the Legislative Council regarding its progress and provide a final report by October 1, 2008, of its findings and recommendations for legislative changes. The Human Services Committee has been assigned the responsibility to receive these reports.

ATTACH:8