

## OTHER DUTIES OF THE HEALTH SERVICES COMMITTEE - BACKGROUND MEMORANDUM

In addition to the study responsibilities assigned to the Health Services Committee for the 2013-14 interim, the committee has also been assigned to:

- Receive from the State Fire Marshal a report regarding findings and recommendations for legislation to improve the effectiveness of the law on reduced ignition propensity standards for cigarettes;
- Recommend a private entity to contract with for preparing cost-benefit analyses of health insurance mandate legislation;
- Receive a report from the Department of Human Services, State Department of Health, Indian Affairs Commission, and Public Employees Retirement System (PERS) before June 1, 2014, on their collaboration to identify goals and benchmarks while also developing individual agency plans to reduce the incidence of diabetes in the state, improve diabetes care, and control complications associated with diabetes; and
- Receive a report from the North Dakota University System before November 15, 2013, regarding the findings of its study of the out-of-state programs in veterinary medicine, optometry, and dentistry; the access of North Dakota students to those programs; and the state's needs for dentists, optometrists, and veterinarians.

### REPORT ON THE EFFECTIVENESS OF LEGISLATION RELATED TO REDUCED IGNITION PROPENSITY STANDARDS FOR CIGARETTES

The Legislative Assembly in 2009 House Bill No. 1368 created North Dakota Century Code Chapter 18-13 relating to reduced ignition propensity standards for cigarettes and penalties for wholesale and retail sale of cigarettes that violate the reduced propensity standards. The bill provides for enforcement of the standards by the State Fire Marshal, Tax Commissioner, and Attorney General and for monetary violations to be deposited in the fire prevention and public safety fund to be used by the State Fire Marshal to support fire safety and prevention programs. No funds were deposited into the fire prevention and public safety fund during the 2011-13 biennium, and there was no balance in the fund as of June 30, 2013. In addition, fees collected for testing cigarettes are to be used by the State Fire Marshal for the purpose of processing, testing, enforcement, and oversight of ignition propensity standards. Cigarette manufacturers are required to pay the State Fire Marshal an initial \$250 fee for certification, which is deposited in the reduced cigarette ignition propensity and firefighter protection act enforcement fund. Deposits into the fund totaled \$120,000 during the 2011-13 biennium and expenditures totaled \$25,352. As of June 30, 2013, the balance in the reduced cigarette ignition propensity and Firefighter Protection Act enforcement fund was \$313,960. Section 18-13-02(6) ([Appendix A](#)) requires the State Fire Marshal review the effectiveness of test methods and performance standards and report each interim to the Legislative Council the State Fire Marshal's findings and any recommendations for legislation to improve the effectiveness of the law on reduced ignition propensity standards for cigarettes. The Health Services Committee has been assigned the responsibility to receive this report.

### HEALTH INSURANCE COVERAGE MANDATES

Section 54-03-28 ([Appendix B](#)) provides 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 Health 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 2015 legislative session. 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 a legislative measure mandating the health insurance coverage must provide:

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 employee retiree health insurance program.
3. For the next Legislative Assembly, PERS 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.

The 2009-10 interim Health and Human Services Committee learned PERS is not required to use the services of a consultant when evaluating legislative measures mandating health insurance coverage. However, if a future analysis does require additional resources, Section 54-52.1-06.1 provides a continuing appropriation to PERS for consulting services related to the uniform group insurance program.

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.

### **Prior Recommendations**

The 2003-04 and 2005-06 interim Budget Committees on Health Care, the 2007-08 interim Human Services Committee, the 2009-10 interim Health and Human Services Committee, and the 2011-12 Health Services Committee recommended the Insurance Department contract with Milliman USA for cost-benefit analysis services on health insurance mandates during the 2005, 2007, 2009, 2011, and 2013 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 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. The department paid a total of \$28,070 to Milliman USA for analyses conducted on three bills during the 2009 legislative session and \$14,982 to Milliman USA for analysis conducted on one bill during the 2011 legislative session. There were no health insurance mandates referred for cost-benefit analysis during the 2013 legislative session.

The 2009-10 interim Health and Human Services Committee received information regarding the length of time necessary to complete cost-benefit analyses for health insurance mandates proposed during each of the last four legislative sessions. The committee learned the number of days required to perform the analyses ranged from 6 days to 19 days during the 2003 legislative session and 20 days for one bill proposed during the 2005 legislative session. The number of days required to perform the analyses ranged from 23 days to 24 days for the three bills introduced during the 2009 legislative session. Analysis performed on the one bill introduced during the 2011 legislative session took 14 days. There were no mandates proposed during the 2007 and 2013 legislative sessions.

The committee reviewed legislative rules relating to health insurance mandate legislation. The committee learned in September 2008, the 2007-08 interim Legislative Management Committee recommended proposed amendments to House and Senate Rules 402 relating to bill introduction deadlines for measures subject to cost-benefit analysis under Section 54-03-28. The proposed rules amendment provided a current legislator may submit a mandated health insurance bill to the Employee Benefits Programs Committee no later than April 1 of the year before a regular legislative session. Any new legislator taking office after November 30 of the year preceding the legislative session may submit a mandated health insurance bill for consideration by the Employee Benefits Programs Committee no later than the first Wednesday following adjournment of the organizational session. During the December 2008 organizational session, the House adopted the proposed amendment to House Rule 402, but the Senate has not yet adopted the rule.

### **REPORT ON PLANS TO REDUCE THE INCIDENCE OF DIABETES IN THE STATE, IMPROVE DIABETES CARE, AND CONTROL COMPLICATIONS ASSOCIATED WITH DIABETES**

The Legislative Assembly approved 2013 House Bill No. 1443 which requires the Department of Human Services, State Department of Health, Indian Affairs Commission, and PERS collaborate to identify goals and benchmarks while also developing individual agency plans to reduce the incidence of diabetes in the state, improve diabetes care, and control complications associated with diabetes. Section 1 of the bill ([Appendix C](#)) requires before June 1 of each even-numbered year, the Department of Human Services, State Department of Health, Indian Affairs Commission, and PERS submit a report to the Legislative Management on the following:

- a. The financial impact and reach diabetes is having on the agency, the state, and localities. Items included in this assessment must include the number of lives with diabetes impacted or covered by the agency, the number of lives with diabetes and family members impacted by prevention and diabetes control programs implemented by the agency, the financial toll or impact diabetes and diabetes complications places on the agency's programs, and the financial toll or impact diabetes and diabetes complications places on the agency's programs in comparison to other chronic diseases and conditions.
- b. An assessment of the benefits of implemented programs and activities aimed at controlling diabetes and preventing the disease. This assessment must document the amount and source for any funding directed to the agency from the legislative assembly for programs and activities aimed at reaching those with diabetes.
- c. A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing diabetes and diabetes complications.
- d. The development or revision of detailed action plans for battling diabetes with a range of actionable items for consideration by the legislative assembly. The plans must identify proposed action steps to reduce the impact of diabetes, prediabetes, and related diabetes complications. The plan must identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing relevant forms of diabetes.
- e. The development of a detailed budget blueprint identifying needs, costs, and resources required to implement the plan identified in subdivision d. This blueprint must include a budget range for all options presented in the plan identified in subdivision d for consideration by the legislative assembly.

The Health Services Committee has been assigned the responsibility to receive this report.

### **REPORT ON THE UNIVERSITY SYSTEM STUDY OF PROFESSIONAL STUDENT EXCHANGE PROGRAMS**

The Legislative Assembly approved 2013 Senate Bill No. 2160 which requires the University System to study the out-of-state programs in veterinary medicine, optometry, and dentistry. The study must include the accessibility of North Dakota students to the programs; the provision of state funding for students attending the programs; the amount of debt incurred by students attending the programs; and the state's short-term and long-term needs for dentists, optometrists, and veterinarians. Section 1 of the bill ([Appendix D](#)) requires the University System to report its findings to the Legislative Management by November 15, 2013. The Health Services Committee has been assigned the responsibility to receive this report.

The 2005-06 Higher Education Committee received information from the University System regarding a professional student exchange program study conducted by the State Board of Higher Education. The committee learned the State Board of Higher Education directed the Chancellor to conduct a study regarding access options and other solutions to help meet the needs of the state in dentistry, optometry, and veterinary medicine; the admissions selection process; and long-term funding for the professional student exchange program and the program at Kansas State University. The committee learned State Board of Higher Education recommendations included the following:

- Meeting North Dakota's workforce needs be the primary factor in making annual allocations and biennium funding decisions between the three professional programs. Student demand and interest in each of the three professional programs should be the secondary factor.
- Maintain the current allocation of slots between the three professional programs. Allocate new slots based on the factors outlined above.
- Maintain all current professional program options available through the Western Interstate Commission for Higher Education (WICHE), Minnesota, Kansas, and Iowa. Review all program options every three years to five years to explore other ways to improve the partnership and communication to provide expanded opportunities for North Dakota and North Dakota students.
- Pursue conversations and negotiations with Kansas and Iowa in an attempt to establish fixed price contracts and other additional benefits for North Dakota students, such as internship and externship opportunities.
- Create a new state-funded community matching loan forgiveness program, primarily targeted at rural or underserved communities, to provide an incentive to encourage graduates to return to North Dakota to practice. If a community loan forgiveness program is not implemented and funded, a repayment program provision should be implemented in each of the three professional programs as a means of encouraging students to return to North Dakota to practice following graduation.
- Any funds collected as a result of a repayment provision be used to fund additional slots according to the guidelines previously outlined.
- Recommend the consolidation of the appropriation for the Kansas State University program with the appropriation for the professional student exchange program in the 2007-09 biennial budget request.
- Evaluate the effectiveness of North Dakota's involvement in the selection process at Kansas State University prior to the 2009 Legislative Assembly. If judged at that time to not be adding sufficient value, recommend the Legislative Assembly eliminate the requirement.

The 2011-12 Health Services Committee received information from the University System regarding a summary of WICHE students receiving tuition support to attend out-of-state schools, including cost and residency requirements, and whether they are required to return to the state to practice. The committee learned professional student exchange programs purchase student slots in selected programs to facilitate access to degrees that meet North Dakota industry needs. The programs are not scholarships but rather a means for North Dakota students to access three programs not offered at University System institutions. The state has been purchasing access to veterinary medicine programs since 1959 and added dentistry and optometry programs in 1975. Students receive a support fee from the University System through WICHE sufficient to reduce their tuition to in-state tuition levels, and at some institutions applicants receive priority consideration for admission. In addition, the University System has statutory authorization to make other arrangements with professional schools. Non-WICHE partners include the University of Minnesota (dentistry and veterinary medicine), Kansas State University (veterinary medicine), and Iowa State University (veterinary medicine).

The committee learned applicants must complete the application for resident status with the University System financial aid office, meet the statutory definition of residency for tuition purposes, and be accepted into an approved program at an out-of-state institution. During the 2011-12 academic year, 93 students participated in all North Dakota professional student exchange programs (WICHE and non-WICHE) at a total cost of \$1.8 million. The committee learned per student support fees for WICHE participants during the 2012-13 academic year are projected to be \$16,100 for optometry students, \$23,400 for dentistry students, and \$30,000 for veterinary medicine students. The non-WICHE slots negotiated by the University System are generally cheaper than those available through WICHE. Projected per student rates for non-WICHE partnerships in veterinary medicine ranged from \$11,254 at the University of Minnesota to \$26,736 at Kansas State University, and the per student rates for the dentistry partnership at the University of Minnesota were expected to range from \$10,543 to \$13,087 during the 2012-13 academic year. The committee learned 98 students were projected for the 2012-13 academic year,

and not all qualified applicants receive support. Acceptance rates for fall 2012 in all programs were 53 percent in veterinary medicine (9 of 17 applicants), 80 percent in optometry (8 of 10 applicants), and 29 percent in dentistry (7 of 24 applicants).

The committee learned University System authority to require repayment of professional student exchange program benefits was repealed in 1983, and there is currently no repayment requirement for students who do not return to North Dakota to practice. Some program participants reported difficulty locating employment in the state, and repayment terms were difficult to enforce and collect. The committee learned an evaluation of professional student exchange programs in 2006 indicated repayment had not significantly affected return rates to North Dakota.

The committee learned residency of an applicant is determined based on the statutory definition of 12 months; however, there is an exemption for students who graduated from a North Dakota high school and other exemptions related to military service. The committee learned it is possible for a graduate of a North Dakota high school to attend a university out of state for four years and still qualify for a professional student exchange program. In addition, an out-of-state high school graduate could qualify for the professional student exchange program if that student lived in North Dakota for 12 months prior to the beginning of the professional academic term.

The committee learned funding for the professional student exchange program is distributed between all types of professional slots, and the University System has flexibility with regard to which program slots receive funding.

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