

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HEALTH CARE

Wednesday, August 22, 2001
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Judy Lee, Chairman, called the meeting to order at 9:05 a.m.

Members present: Senators Judy Lee, Ken Solberg, Russell T. Thane; Representatives Audrey B. Cleary, William R. Devlin, David Drovdal, Jim Kasper, George Keiser, Carol A. Niemeier, Kenton Onstad, Chet Pollert, Todd Porter, Clara Sue Price, Robin Weisz

Members absent: Senators Dennis Bercier, Michael Polovitz; Representative Rick Berg

Others present: See attached appendix

Chairman Lee said Representative Price would serve as vice chairman.

LEGISLATIVE COUNCIL SUPPLEMENTARY RULES OF OPERATION AND PROCEDURE

At the request of Chairman Lee, Mr. Jim W. Smith, Legislative Budget Analyst and Auditor, Legislative Council, reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*.

HEALTH INSURANCE COVERAGE MANDATES STUDY

At the request of Chairman Lee, the Legislative Council staff reviewed a background memorandum entitled *Mandated Health Insurance Coverage Study*. The committee has been assigned three responsibilities regarding mandated health insurance coverage:

- To study existing mandates requiring health insurance coverage of services and the feasibility and desirability of repealing state laws which mandate health insurance coverage of services, pursuant to Section 2 of House Bill No. 1407.
- To receive a report from the Insurance Commissioner by July 1, 2002, relating to an evaluation of existing health insurance coverage mandates, pursuant to Section 2 of House Bill No. 1407.
- To contract with a private entity, after receiving recommendations from the Insurance Commissioner, to obtain a cost-benefit analysis for every legislative measure mandating health insurance coverage of

services or payment for specific providers of service, pursuant to North Dakota Century Code (NDCC) Section 54-03-28.

The memorandum includes the following proposed study plan:

1. Receive information from the Insurance Commissioner before July 1, 2002, regarding a cost-benefit evaluation of existing health insurance coverage mandates and early identification and treatment programs.
2. Receive recommendations from the Insurance Commissioner regarding private entities which the Legislative Council may contract with for conducting cost-benefit analyses of future legislative measures mandating health insurance coverage of services.
3. Receive information from interested organizations, entities, and individuals regarding private entities which the Legislative Council may contract with for conducting cost-benefit analyses of future legislative measures mandating health insurance coverage of services.
4. Review information regarding the definition of "health insurance coverage mandate" and existing health insurance mandates in North Dakota.
5. Review information regarding health insurance coverage mandates in other states.
6. Review information regarding actions in other states to limit or repeal health insurance coverage mandates.
7. Receive information from **health insurers** regarding:
 - a. The costs of existing health insurance mandates and changes in costs to insurers and premium payers as a result of mandates.
 - b. The utilization of mandated health insurance coverage and changes in utilization as a result of legislative mandates.
 - c. The feasibility and desirability of repealing health insurance mandates.
8. Receive information from **health care providers** regarding the costs, benefits, and utilization of health care services for which health insurance coverage is mandated and

the feasibility and desirability of repealing health insurance mandates.

9. Receive information from interested organizations, entities, and individuals regarding the costs, benefits, and utilization of health care services for which health insurance coverage is mandated and the feasibility and desirability of repealing health insurance mandates.
10. Develop recommendations, and legislation necessary to implement the recommendations, and a final report to the Legislative Council regarding:
 - a. Existing health insurance coverage mandates.
 - b. The feasibility and desirability of repealing state laws which mandate health insurance coverage.
 - c. Private entities to be contracted with for cost-benefit analysis services.

Chairman Lee called on Mr. Jim Poolman, Insurance Commissioner, who discussed the Insurance Department's responsibilities to conduct a cost-benefit evaluation of each existing health insurance coverage mandate and to evaluate the benefits of reducing the need for future health care services through early identification and treatment programs. Commissioner Poolman said 2001 House Bill No. 1407 provides that for the purpose of completing the evaluations, the Insurance Department may accept and spend up to \$250,000 from grants or donations and, in addition, may use up to \$250,000 of unspent moneys from the 1999-2001 biennium to the extent the use of such moneys will not reduce anticipated transfers from the insurance regulatory trust fund to the general fund. He said the 2001-03 biennium legislative revenue forecast includes transfers of \$2 million from the insurance regulatory trust fund to the general fund, \$1 million each year of the biennium. He said the fiscal year 2002 excess balance in the fund available for transfer to the general fund and for the purpose of funding the study is estimated to be between \$1.2 million and \$1.4 million. He said the Office of Management and Budget is concerned that using \$250,000 of the fiscal year 2002 amount for the costs of the study may result in 2001-03 biennium transfers to the general fund being less than the forecasted amount if the fiscal year 2003 amount available is less than originally estimated. He said he will work with the Office of Management and Budget and the Legislative Council staff to review the intent of 2001 House Bill No. 1407 and determine the appropriate amount of funding available for the study and the amount to be transferred to the general fund.

Commissioner Poolman said the states of Minnesota and Texas have recently completed analyses of health insurance mandates. He said he will contact consultants used in those states, as well as other

consultants, in order to contract for the completion of the evaluations required by House Bill No. 1407.

In response to a question from Representative Niemeier, Commissioner Poolman said the Texas evaluation of health insurance mandates cost approximately \$500,000. He said he is unsure what the cost will be for North Dakota. He said Texas and Minnesota have a higher number of health insurance mandate laws than North Dakota, so the costs of evaluations in those states may not be comparable to North Dakota's cost.

In response to a question from Senator Solberg, Commissioner Poolman said it is difficult to determine exactly how many North Dakota laws mandate health insurance coverage. He said the number depends upon how the term "mandate" is defined. He estimated the number of laws is between 20 and 40.

Chairman Lee called on Mr. Rod St. Aubyn, Blue Cross Blue Shield of North Dakota, Fargo, who presented testimony, a copy of which is on file in the Legislative Council office. Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota supports the committee's study. He said many of the benefits mandated by current law would be included in health plans offered by Blue Cross Blue Shield of North Dakota even if the mandate was not in place because the coverage is demanded by policyholders. He said, however, decisions regarding coverage options should be determined by consumer demands, not legislative mandates. He said it will be important for the Budget Committee on Health Care to determine the types of mandates that will be the subject of the committee's study.

Senator Thane asked for the number of employer-sponsored group health insurance policies and the number of individual health insurance policies issued by Blue Cross Blue Shield of North Dakota. Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota will provide the requested information.

Representative Niemeier asked how consumer needs are brought to the attention of Blue Cross Blue Shield of North Dakota without legislative involvement. Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota has used "townhall forums" to identify consumer needs. He said as an example, through "townhall forums," consumer concerns were identified relating to benefits for special needs children. He said Blue Cross Blue Shield of North Dakota formed a task force whose recommendations resulted in changes in the company's benefit structure.

In response to a question from Representative Kasper, Commissioner Poolman said the 2001 Legislative Assembly passed House Bill No. 1226, which authorizes the issuance of a basic health insurance policy for individuals and small employers. The basic health insurance policy is not subject to certain mandates. He said such a policy was previously authorized by the 1991 Legislative Assembly, but the

policies were not successfully marketed to the public. Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota is currently assessing market interest and is in the process of developing a basic health insurance plan.

Representative Price said the committee may want to determine in its study:

1. The number of North Dakotans insured under group, individual, and employer-sponsored self-insurance plans.
2. The number and demographic characteristics of North Dakotans covered under the various health insurance mandates.

Representative Price requested the committee be provided a list of health insurance mandates divided into the following categories:

1. Student and dependent coverage.
2. Coverage for specific providers or practitioners.
3. Coverage for specific services.

Representative Price said the committee also needs to consider information relating to the definition of health insurance mandates. She said the committee should also review information identifying the various mandates, whether mandates are state or federal mandates, and the year each mandate was enacted. Commissioner Poolman said to the extent possible, the Insurance Department will provide the information requested by Representative Price.

In response to a question from Representative Price, Commissioner Poolman said each health insurer operating in the state reports loss ratios, premiums collected, and claims paid. He said to the extent possible, the Insurance Department will provide that information.

Chairman Lee called on Ms. Rose Stoller, Executive Director, Mental Health Association in North Dakota, Bismarck, who presented testimony, a copy of which is on file in the Legislative Council office. Ms. Stoller said for many of the state's citizens, mandates for mental health coverage have been the only assurance that they can access proper treatment and return to an independent life. She said in the 1990s, the Mental Health Association in North Dakota worked collaboratively with Blue Cross Blue Shield of North Dakota to study the costs and benefits of mental health services in the state. She said the results of that study can be made available to the committee, along with the results of other studies conducted by organizations, such as the National Mental Health Association.

Representative Kasper asked if the Mental Health Association in North Dakota has been involved in studies regarding the use of herbs and nutritional supplements to treat mental illness. Ms. Stoller said the state association has not been involved in studying that issue, but national studies have been conducted. Ms. Stoller said she will provide copies of available information to Representative Kasper.

It was moved by Senator Thane, seconded by Representative Devlin, and carried on a voice vote that the committee approve the proposed study plan for the study of health insurance coverage mandates, pursuant to House Bill No. 1407.

PRESCRIPTION DRUG PRICES STUDY

At the request of Chairman Lee, the Legislative Council staff presented a memorandum entitled *Prescription Drug Prices - Background Memorandum*. Pursuant to Senate Concurrent Resolution No. 4027, the committee has been directed to conduct a study of:

- The prices of prescription drugs.
- Possible mechanisms to lower the costs of prescription drugs for consumers and the state.
- The establishment of a state program to provide assistance in the purchase of prescription drugs, based upon the income of the purchaser.

The memorandum includes the following proposed study plan:

1. Receive information from Blue Cross Blue Shield of North Dakota, the Public Employees Retirement System, the Department of Human Services, and other interested organizations and entities regarding factors contributing to changes in prices, utilization, and total expenditures for prescription drugs in North Dakota.
2. Monitor methods used in other states to lower the cost of prescription drugs.
3. Monitor various state programs which provide assistance in the purchase of prescription drugs, based upon the income of the purchaser.
4. Receive information from interested organizations, entities, and individuals regarding the costs and benefits, including reduced hospital and physician costs, of increased usage of prescription drugs.
5. Receive information from interested organizations, entities, and individuals regarding possible mechanisms to lower the costs of prescription drugs and to provide state assistance in the purchase of prescription drugs.
6. Develop recommendations and any related bill drafts regarding:
 - a. Possible mechanisms to lower the costs of prescription drugs for consumers and the state.
 - b. The establishment of a state program to provide assistance in the purchase of prescription drugs based upon the income of the purchaser.

Senator Thane asked the Legislative Council staff to attempt to provide information on projected Medicaid drug expenditures in North Dakota based on

anticipated demographic changes during the next 10 years if such information is available.

Chairman Lee called on Mr. David J. Zentner, Director, Medical Services, Department of Human Services, who presented testimony, a copy of which is on file in the Legislative Council office. Mr. Zentner said Medicaid drug expenditures in North Dakota have increased from \$36.7 million during the 1995-97 biennium to \$65.3 million during the 1999-2001 biennium. He said for each Medicaid prescription, the Department of Human Services pays a pharmacy 10 percent less than the average wholesale cost for the drug plus a \$4.60 dispensing fee. He said although the Legislative Assembly has prohibited the use of prior authorization for Medicaid drug expenditures, the department has instituted other methods to reduce drug costs. He said the department has reinstated the Drug Utilization Review Board and has also begun to make onsite visits to pharmacies to conduct limited audits to ensure adherence to program requirements.

Mr. Zentner said Maine, Vermont, and New Hampshire have proposed pooling their Medicaid drug funds and contracting with a single company to administer the states' Medicaid drug programs. He said states like North Dakota have little buying power and will have a difficult time reducing Medicaid drug costs unless a regional buying pool is established. He said North Dakota has been contacted by several other states regarding participation in a regional buying pool.

In response to a question from Representative Porter, Mr. Zentner said although the department pays 10 percent below the average wholesale cost to reimburse pharmacies for Medicaid drug prescriptions, many pharmacies can buy drugs for less than the average wholesale price, and they also receive the dispensing fee.

Representative Porter said when considering recent increases in prescription drug expenditures, it is important to also consider corresponding decreases in other health care expenditures. He said for example, newly introduced cholesterol reducing drugs have likely resulted in decreased hospitalization costs for patients who have avoided strokes or other complications. Senator Lee said it is difficult to measure savings resulting from health care expenditures that were not incurred. Representative Porter requested the Department of Human Services provide information to the committee regarding trends in Medicaid expenditures for health care services. Mr. Zentner said the department will provide the information to the extent it is available. He said the committee may also want to review data on the utilization of drugs and health care services rather than simply looking at expenditures.

Senator Thane asked the number of North Dakotans eligible for Medicaid and Medicare. Mr. Zentner said as of June 30, 2001, 43,428 North Dakotans were eligible for Medicaid. Mr. Mike Mullen, Senior

Advisor for Health Policy, State Department of Health, said during fiscal year 1999, 103,066 North Dakotans were eligible for Medicare, of which 10,037 were disabled and 93,029 were elderly.

In response to a question from Representative Price, Dr. Brendan Joyce, Pharmacy Administrator, Department of Human Services, said compared to the state's non-Medicaid population, the state's Medicaid population consists of a higher proportion of persons receiving care in nursing facilities or mental health institutions. Dr. Joyce said this results in a higher average drug cost for the Medicaid population. He said the average drug cost for children on Medicaid is comparable to the average cost for children in the general population, and the average drug cost for recipients of nursing care in North Dakota is comparable to those costs in other states.

Chairman Lee called on Mr. Tom Christensen, Pharmacy Consultant, Blue Cross Blue Shield of North Dakota, Fargo, who provided testimony, a copy of which is on file in the Legislative Council office. Mr. Christensen said drug costs in the United States are rising more than three times as fast as other health care costs. He said rising drug costs are contributing to sharp increases in pharmacy benefit costs for insurers. He said for Blue Cross Blue Shield of North Dakota, 2001 per member per month drug costs are 13 percent higher than during 2000 and 23 percent higher than during 1999.

Chairman Lee called on Mr. Sparb Collins, Executive Director, Public Employees Retirement System, who commented on the committee's study responsibilities. Mr. Collins said the uniform group health insurance plan administered by the Public Employees Retirement System is provided through a contract with Blue Cross Blue Shield of North Dakota. He said consequently, data presented by Blue Cross Blue Shield of North Dakota apply to the population covered by the uniform group health insurance plan.

Chairman Lee called on Mr. Cal Rolfson, Pharmaceutical Research and Manufacturers of America (PhRMA), Bismarck, who commented on the committee's study responsibilities. Mr. Rolfson said PhRMA will provide any available information which may be of assistance to the committee in completing its study.

In response to a question from Representative Devlin, Mr. Rolfson said he will provide information regarding the number and brand names of drugs losing patent protection during the next 12 months, which will result in the introduction of cheaper generic versions.

In response to a question from Representative Kasper, Mr. Rolfson said he will provide information regarding the 10 top selling drugs in the country, including utilization, the date introduced, and the percent of market share. Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota will provide similar information for the 10 top selling drugs in North Dakota.

Chairman Lee called on Mr. Galen Jordre, Executive Vice President, North Dakota Pharmaceutical Association, Bismarck, who presented testimony, a copy of which is on file in the Legislative Council office. Mr. Jordre said a study recently released in the *Journal of the American Pharmaceutical Association* estimates that drug misuse costs the United States economy more than \$177 billion each year, an amount larger than the amount actually spent on prescription drugs. He said a subsidiary of the North Dakota Pharmaceutical Association has applied for a grant which, if received, will be used to provide medication management services in North Dakota. He said the association hopes to be successful in obtaining the grant and demonstrating that pharmaceutical management services will improve medication use among the state's senior population.

The committee recessed for lunch at 12:10 p.m. and reconvened at 1:10 p.m.

Representative Devlin requested the Department of Human Services provide information regarding Medicaid payments for the treatment of illnesses in the 10 most common diagnostic categories in 1990 and in 2000. Mr. Zentner said he is unsure if utilization data by diagnostic category is available for 1990. He said the department will provide the information for 1990, or as far back as available. Representative Porter requested that similar information be provided relating to payments made by private insurance companies in 1990 and in 2000. Mr. St. Aubyn said Blue Cross Blue Shield of North Dakota will provide the information, to the extent available.

Representative Price said the committee may want to consider issues relating to the impact of advertising by pharmaceutical manufacturers on consumers and physicians and the possible need to ensure that doctors have adequate information on pharmaceutical choices and costs, the interaction of various drugs, and interactions between drugs and herbal and nutritional supplements.

Senator Thane requested the committee be provided with information on the differences in price for certain brand name drugs in Canada, Mexico, and the United States.

It was moved by Representative Price, seconded by Senator Thane, and carried on a voice vote that the committee approve the proposed study plan for the study of prescription drug prices, pursuant to Senate Concurrent Resolution No. 4027.

COORDINATION OF HEALTHY STEPS AND MEDICAID PROGRAMS STUDY

Chairman Lee called on the Legislative Council staff to present a memorandum entitled *Coordination of Healthy Steps and Medicaid Programs Study - Background Memorandum*. Pursuant to NDCC Section 50-29-02, the committee is assigned the responsibility to receive an annual report from the

Department of Human Services regarding the children's health insurance program. Pursuant to House Bill No. 1441, the committee is directed to study the coordination of the Healthy Steps and Medicaid programs, including:

- The development of a single application form for both programs.
- Determining whether the Healthy Steps program should be administered by the state or the counties.
- The effects of eliminating the asset test for determining Medicaid eligibility.
- The standardization of the definition of "income" for all programs administered by the Department of Human Services.
- The feasibility and desirability of seeking a federal waiver to allow the Healthy Steps program to provide family health insurance coverage through an employer-based insurance policy if the employer-based policy is more cost-effective than traditional coverage for the children.

The memorandum includes the following proposed study plan:

1. Receive annual reports from the Department of Human Services regarding the Healthy Steps program, including enrollment statistics and costs as required by NDCC Section 50-29-02.
2. Review information from other states regarding county or state administration of the children's health insurance program, the elimination of the asset test for Medicaid eligibility, and the expansion of the children's health insurance program to include subsidies for adding family coverage to employer-based group health plans.
3. Receive information from the Department of Human Services, county social services agencies, and other interested organizations, entities, and individuals regarding the costs and benefits of:
 - a. Developing a single application form for the Healthy Steps and Medicaid programs;
 - b. Providing for county administration of the Healthy Steps program;
 - c. Eliminating the asset test for determining Medicaid eligibility;
 - d. Standardizing the definition of income for all programs administered by the Department of Human Services; and
 - e. Obtaining a federal waiver to allow the Healthy Steps program to provide family health insurance coverage through an employer-based insurance policy.
4. Develop recommendations and any related bill drafts regarding the coordination of the Healthy Steps and Medicaid programs.

Senator Lee said the committee's study should also include an examination of issues related to recipient reliability.

Chairman Lee called on Mr. Zentner, who presented testimony, a copy of which is on file in the Legislative Council office. He said the potential elimination of the asset test for certain Medicaid recipients provides an opportunity for the department to explore the development of a combined application form for the Medicaid and Healthy Steps programs. He said, however, development of a combined application form may be difficult because of differences in the treatment of income for the two programs.

In response to a question from Senator Lee, Mr. Zentner said federal funds received by the Department of Human Services are based, in part, on county administrative costs. He said a simplification of the county administrative process for the Medicaid program may reduce county administrative costs, thereby reducing federal funds received by the department.

Representative Keiser asked if the simplification of the application form is anticipated to result in a significant increase in utilization. Mr. Zentner said the department has received complaints regarding the complexities of the application form. He said simplification of the application is anticipated to increase participation, but the extent to which participation will increase is unknown.

Representative Niemeier expressed concern that the department's effort to combine the application forms for the Healthy Steps and Medicaid programs will result in a simplified Medicaid application form but a more complicated application form for the Healthy Steps program. Mr. Zentner said the department's goal is to develop a combined application form of two or three pages in length. The combined application form will be used for all Healthy Steps applicants and for Medicaid applicants not subject to the asset test. The Healthy Steps application is currently 2 pages; the Medicaid application is 12 pages.

Chairman Lee called on Ms. Kathy Hogan, Director, Cass County Social Services, and President, County Social Services Directors Association, Fargo, who discussed the committee's study responsibilities and the involvement of county social services agencies. She said county social services agencies need to be a partner in the development of a simplified application process. She said the simpler the application, the more likely people are to enroll. She said the counties will reevaluate the estimated cost of county administration of the Healthy Steps program and provide the committee a new cost estimate.

Representative Niemeier asked if counties have adequate personnel to assume administration of the Healthy Steps program. Ms. Hogan said some small rural counties with few clients probably have adequate staff; larger counties with more clients may not.

Chairman Lee called on Ms. Janelle Johnson, Community Health Care Association, who provided testimony, a copy of which is on file in the Legislative Council office. Ms. Johnson said the Community Health Care Association supports the committee's efforts to coordinate the Medicaid and Healthy Steps programs. She said the committee may want to consider defining income on a gross rather than net basis. She said using gross income will make it easier for families to readily determine eligibility.

Representative Devlin said legislators should be involved in the development of the proposed combined application form for the Healthy Steps and Medicaid programs. He asked that the Department of Human Services present the proposed form to the committee prior to the form being finalized.

It was moved by Representative Devlin, seconded by Representative Drovdal, and carried on a voice vote that the committee approve the proposed study plan for the study of the coordination of the Medicaid and Healthy Steps programs, pursuant to 2001 House Bill No. 1441.

COORDINATION OF BENEFITS FOR CHILDREN WITH SPECIAL NEEDS

Chairman Lee called on the Legislative Council staff to present a memorandum entitled *Coordination of Benefits for Children With Special Needs - Background Memorandum*. Pursuant to Senate Bill No. 2330, the committee is directed to study the coordination of insurance and other benefits for children with special needs. The study is to:

- Include the coordination of benefits provided by the Department of Public Instruction, the Department of Human Services, and private insurance companies.
- Consider optimizing and coordinating resources and expanding services, including augmentative communication devices and therapy services.
- Include reports from the task force established by Blue Cross Blue Shield of North Dakota relating to the coordination of services and benefits for children with special needs.

The memorandum includes the following proposed study plan:

1. Receive information from the following regarding current efforts to coordinate benefits for children with special needs:
 - a. The Department of Public Instruction.
 - b. The Department of Human Services.
 - c. Blue Cross Blue Shield of North Dakota.
 - d. State Department of Health.
2. Receive information from state agencies regarding interagency cooperative agreements currently entered into or under consideration for the coordination of benefits and services to children with special needs.

3. Receive information from Blue Cross Blue Shield of North Dakota regarding the work of the task force on the coordination of services and benefits for children with special needs and the task force on augmentative communication devices.
4. Receive information from other interested organizations, entities, and individuals regarding the coordination of services and benefits for children with special needs.
5. Develop recommendations and any related bill drafts regarding the coordination of benefits for children with special needs.

Chairman Lee called on Mr. Bob Rutten, Director, Special Education, Department of Public Instruction, who provided testimony, a copy of which is on file in the Legislative Council office. Mr. Rutten provided definitions of various terms used in special education, including:

- **Assistive technology device**, which is any equipment or product used to increase, maintain, or improve functional capabilities of a child with a disability.
- **Assistive technology service**, which is any service that directly assists a child with a disability in the selection, acquisition, or use of an assistive technology device.
- **Augmentative communication**, which is a means of communication other than natural speech.

Chairman Lee called on Mr. Zentner, who presented testimony, a copy of which is on file in the Legislative Council office. Mr. Zentner said the Medical Services Division of the Department of Human Services administers the Medicaid, Healthy Steps, and children's special health services programs. He said Medicaid covers approximately 21,300 children, Healthy Steps covers approximately 2,500 children, and the children's special health services program covers approximately 400 children. He said the Medicaid program pays for rehabilitative physical, occupational, and speech therapy; some maintenance services; and augmentative communication devices in certain cases. He said under the Healthy Steps program, payment is not permitted for maintenance therapy or augmentative communication devices. He said the children's special health services program provides physical, occupational, and speech therapy services for eligible children if other payment sources are not available; however, the program does not cover augmentative communication devices.

Chairman Lee called on Mr. St. Aubyn, who presented testimony, a copy of which is on file in the Legislative Council office. Mr. St. Aubyn said after becoming aware of concerns expressed by some parents of children with special needs, Blue Cross Blue Shield of North Dakota established a task force comprised of parents of children with special needs,

speech therapists, occupational therapists, physical therapists, and representatives of the Department of Human Services and the Department of Public Instruction. He said one of the goals of the task force was to identify how to better coordinate services between private insurers and public entities. He said meetings were held from January 2001 to May 2001. He said the task force suggested changes which were incorporated into Blue Cross Blue Shield contracts, effective July 1, 2001.

It was moved by Representative Porter, seconded by Representative Pollert, and carried on a voice vote that the committee approve the proposed study plan for the study of the coordination of benefits for children with special needs, pursuant to Senate Bill No. 2330.

OTHER COMMITTEE RESPONSIBILITIES

Chairman Lee called on the Legislative Council staff to present a memorandum entitled *Other Duties and Responsibilities of the Budget Committee on Health Care - Background Memorandum*. In addition to various study responsibilities and other duties assigned to the Budget Committee on Health Care for the 2001-02 interim, the committee is also charged with the responsibility to:

- Receive an annual report from the State Board of Nursing on its study, if conducted, of the nursing educational requirements in this state and the nursing shortage in this state and its implications for rural communities, pursuant to NDCC Section 43-12.1-08.2.
- To receive a report from the Insurance Commissioner before November 1, 2002, regarding motor vehicle insurance independent medical examinations, pursuant to 2001 Senate Bill No. 2288.

The memorandum includes the following proposed action plan:

1. Receive comments from the State Board of Nursing regarding its plans to conduct a study of nursing educational requirements and the nursing shortage in the state.
2. Receive annual reports from the State Board of Nursing on the progress of its study, if conducted.
3. Receive comments from the Insurance Commissioner regarding the commissioner's plans to conduct a review and analysis relating to motor vehicle insurance independent medical examinations.
4. Receive a report from the Insurance Commissioner, prior to November 1, 2002, regarding motor vehicle insurance independent medical examinations.
5. Receive information from interested organizations, entities, and individuals regarding the committee's duties to receive reports from the

State Board of Nursing and the Insurance Commissioner.

6. Develop recommendations and related bill drafts regarding the committee's duties to receive reports from the State Board of Nursing and the Insurance Commissioner.

Chairman Lee called on Ms. Connie Kalanek, Executive Director, State Board of Nursing, who presented testimony, a copy of which is on file in the Legislative Council office. Ms. Kalanek said the Governor has agreed to convene a panel of stakeholders to review available data on the nursing shortage. She said the panel of stakeholders will consist of approximately 20 members representative of the health care industry, business and industry, consumers, legislators, and educators. She said the board will review and study nursing educational requirements in the state by sponsoring a roundtable discussion in March 2002. She said participants will include representatives of the health care industry, the North Dakota University System, the State Board of Nursing, and the North Dakota Nurses Association.

Chairman Lee called on Commissioner Poolman, who presented testimony, a copy of which is on file in the Legislative Council office. He said the Insurance Department has already begun to collect information on motor vehicle insurance independent medical

examinations by conducting a survey of automobile insurance claims operations, the results of which will be presented to this committee.

It was moved by Representative Devlin, seconded by Representative Kasper, and carried on a voice vote that the committee approve the proposed action plan for duties relating to receiving reports from the State Board of Nursing and the Insurance Commissioner, pursuant to NDCC Section 43-12.1-08.2 and 2001 Senate Bill No. 2288, respectively.

Chairman Lee announced the committee's next meeting is tentatively scheduled for October 23-24, 2001, in Bismarck.

The meeting was adjourned subject to the call of the chair at 3:30 p.m.

Joe R. Morrisette
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1