

**TESTIMONY BEFORE THE BUDGET COMMITTEE ON HEALTH CARE
REGARDING THE STUDY OF NORTH DAKOTA HEALTH CARE NEEDS**

JULY 27, 2005

Chairman Krauter, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you to provide information regarding your study to determine if a future study of North Dakota health care needs is desirable.

Section 11 of House Bill 1010 lists the areas of potential interest that could result in a future study. I will comment on several of those issues that could have relevance to the Department of Human Services.

One issue concerns the growth of the aging population in North Dakota. By 2020 it is estimated that about 149,600 citizens in North Dakota will be over 65 years of age. Of those 24,300 will be over 85 years of age. The estimates today show a total of 97,800 individuals over 65 of which 15,300 are over 85 years of age. This is an increase of almost 52,000 or about 53%. Of more concern is the growth in the over 85-age group that will increase by almost 9,000 or an increase of almost 59%. Individuals over 85 are most likely to require long-term care services.

If it was decided to conduct the study, the Department believes it would be advisable to consider what impact this group will have on the delivery of services in North Dakota. What type of long term-care infrastructure will we need to meet the projected need? Will we need to add nursing facility beds, or will alternative services be adequate to meet the increased demand for services? Will this group of seniors demand different types of long term care services? Will the state have an adequate work force to meet this demand? Will this new group of seniors be healthier, and overall will they have more financial resources than our current senior population? And the bottom line is how will all of these issues relate to the demand for, and the cost of services in, Medicaid and other programs that will be providing services to this population?

Another possible study issue concerns the phenomenon of health care cost shifting to the private sector. Currently, Medicaid pays much less than other third party payers of service. Hospitals, physicians, dentists, and other providers are paid at a rate much lower than Medicare and private insurance carriers. If a study is undertaken, one area of review could determine what affect, if any, low Medicaid payments have on cost shifting to the private sector.

A third potential study issue concerns the trend of uncompensated health care services in North Dakota. As health care costs increase it becomes increasingly difficult for employers to continue to provide comprehensive coverage. This in turn puts more pressure on public programs such as Medicaid. Conversely, public programs such as Medicaid and Healthy Steps could be expanded to cover some of the uninsured, thus reducing the amount of uncompensated care, but increasing the taxpayer cost of subsidized health care. A study could review this issue to determine if North Dakota should expand the public safety net or look for other solutions to the uncompensated care issue.

Another possible impact that could affect the future of health care delivery concerns the potential of Medicaid reform. Congress and the Bush administration are taking a serious look at changing the current Medicaid system relating to service delivery and eligibility. Depending on the scope of these changes the Legislature may want to study to what extent North Dakota should adopt the options that may become available through this reform effort.

As a payer of health care services we remain concerned about the escalating costs of services. It may be appropriate to study to what extent duplication of facilities and services contribute to the overall cost of health care in North Dakota and whether any controls are necessary to discourage those activities.

I would be happy to respond to any questions you may have.