

COST-BENEFIT ANALYSES OF HEALTH INSURANCE MANDATES

Presented by: Mary Hoberg
Legal Counsel
North Dakota Insurance Department

Before: Interim Health Services Committee
Senator Judy Lee, Chairman

Date: October 9, 2014

TESTIMONY

Good morning, Madam Chairman and members of the committee. My name is Mary Hoberg, and I am Legal Counsel for the North Dakota Insurance Department. I worked on the procurement process that resulted in Commissioner Hamm's recommendation of a contractor for your consideration.

N.D.C.C. § 54-03-28 provides that a legislative measure introduced in the North Dakota Legislative Assembly which mandates health insurance coverage may not be acted on by any committee of the Legislative Assembly unless accompanied by a cost-benefit analysis performed by a qualified private entity.

The Insurance Department solicited proposals from 10 actuarial firms for the cost of performing a health insurance mandate cost-benefit analysis.

The Department's solicitation indicated that a mandated benefit cost-benefit analysis must include:

- The extent to which the proposed mandate would increase or decrease the cost of health care services;
- The extent to which the proposed mandate would increase the use of services;

- 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; and
- The impact of the proposed mandate on the total cost of health care.

We asked the actuarial firms if they would:

1. Be able to perform cost-benefit analyses during the period November 2014 through April 2015; and
2. Be able to complete a cost-benefit analysis within two weeks of receipt of each initial request made by the Legislative Council for a given mandate and within seven days for each request thereafter related to the same mandate.

We also informed the actuarial firms contacted that there was no guarantee that cost-benefit analysis services would be needed during the defined time period.

The Insurance Department received one proposal, which was from Milliman. The Department reviewed the Milliman proposal, found it responsive, and has recommended it for approval.

Milliman was also the contractor for the 2011 and 2013 sessions. In the 2011 legislative session, the contractor Milliman provided one cost-benefit analysis dealing with autism benefits. In 2013 there were no cost benefit analyses done because there was no bill triggering the process.

The budgeted amount for this session is \$20,000, which is an increase from the amount budgeted in 2011 and 2013 (\$15,000).

Thank you and I would be happy to take any questions.