



**North Dakota**  
**INSURANCE**  
**DEPARTMENT**  
**PROTECTING THE PUBLIC GOOD**  
JON GODFREAD, COMMISSIONER



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# **NORTH DAKOTA'S HEALTH CARE TRANSFORMATION**

**A 3-STEP APPROACH TO LEADING THE  
NATION IN QUALITY HEALTH CARE,  
NOT COST OF HEALTH CARE.**

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# WHERE WE ARE

## NORTH DAKOTA INSURANCE DEPARTMENT

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On a per-capita basis, hospital expenses in North Dakota were highest in the nation in 2017, and their growth rate of about 8% per year since 2010 was among the fastest in the U.S.

### HOSPITAL UTILIZATION

North Dakota has seen a dramatic increase in hospital usage. North Dakota Hospitals are seeing longer hospital stays than the national average, and utilization is growing faster in North Dakota than most of the rest of the country.

### HOSPITAL EXPENSES

Hospital Expenses are ranking in the top 5 nationally and continuing to grow at higher than national average rates (also top 5 rankings), creating a revenue drives cost scenario.

### HOSPITAL REIMBURSEMENT

In the last decade, private hospital reimbursement based on Medicare rates grew from 170 percent of Medicare in 2010 to over 200 percent of Medicare in 2018

### HOSPITAL QUALITY

North Dakota hospitals have the worst two-year state level performance in the Midwest, with poor clinical outcomes



# 3 REMEDIAL SOLUTIONS

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### SOLUTION 1:

**Strengthening Employer Coverage:** Both nationally and in North Dakota small employers have dropped coverage over the last several decades as the cost of coverage has continued to rise. There is no federal requirement for small employers to provide this coverage. We are proposing to provide help to small employers – in the long run it will lead to more affordable premiums, a healthier North Dakota, and help our small businesses grow.

- Keep all options open for employer coverage by crafting state rules for association health plans, and allowing small employers to self-fund their insurance through level funded plans authorized by state legislation.
- Study combining the individual and small group markets, or allow employers to subsidize employee premiums purchased through the exchange.
- Maintain and reduce insurance premiums by utilizing private capital backed reinsurance.

### SOLUTION 2:

**Medication Optimization:** Study after study supports medication optimization as a successful tool to reduce costs and improve patient health. Medication optimization crosses across all health sectors, and to succeed requires payers, hospitals, and all medical providers to be involved.

- Mandate the development of specific curriculum at both the University of North Dakota Medical School and the North Dakota State University Pharmacy School on medication optimization.
- Require that medical providers achieve minimum medication optimization CE credits.
- Require insurers provide medication optimization review, within 72 hours of discharge, and at least annually for any patient with 3 or more prescriptions, and more than one chronic medical condition.

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### SOLUTION 3:

**Better Care for North Dakotans:** North Dakota spends more on Medicaid than any other state, but success isn't measured by that metric. We need to keep as many people in private coverage as possible, and we shouldn't be replacing private coverage with public coverage. We also should not support commercial reimbursement rates for only a portion of the Medicaid population, driving diversity in the quality of treatment, misaligned with treating the most needy North Dakotan's fairly. We will push the legislature to consider new approaches including:

- Increase the size of the Medicaid beneficiary risk pool by realigning and implementing rates in parity with both the traditional and expansion Medicaid populations, that creates market competition, deviates away from revenue driving health care costs and encourages fairness among all Medicaid populations, while also re-basing CAHs.
- Implement integrated health homes to provide community and value based care to North Dakotans, modeled after current commercial primary care models, delivering significant federal funds to Medicaid beneficiaries.
- Providing access to a new North Dakota account which allow Medicaid recipients to pay for their share of premiums or to cover cost-sharing like deductibles.

