

**2013 SENATE HUMAN SERVICES**

**SB 2372**

# 2013 SENATE STANDING COMMITTEE MINUTES

Senate Human Services Committee  
Red River Room, State Capitol

SB 2372  
2/5/13  
Job Number 18274

Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to a children's health insurance buy-in program.

## Minutes:

Attached testimony

**Chairman Lee** opened the hearing on SB 2372 and stated that there is a Fiscal Note.

**Senator Axness**, District 16, introduced the bill to the committee. Attached testimony #1.

**Senator Mathern**, District 11, supported the bill. He expressed his concerns, and further explained its necessity. He said the positive thing about this bill is that it helps these families in need buy into an insurance program versus the regular Medicaid program. He said the ability to buy into this program not only provides a benefit but also provides them a training opportunity to deal with an insurance product.

**Senator Dever** asked how much the current premium is.

**Senator Mathern** thought it's somewhere between \$100-200 per child. He suggested that Maggie Anderson could better answer.

**Senator Anderson** referred to the fiscal note for the amount.

**Chairman J. Lee** explained her reservations about the bill in regards to the uncertainty of CHIP.

**Senator Mathern** explained that it is dependent on the family's circumstances and suggested making it a transitional thing in regards to her comments about the uncertainty. He is confident that the provisions have become streamlined.

**Senator Dever** asked if it was their intention to pay the full premium and, if so, why it would be necessary to apply for a federal waiver.

**Senator Mathern** felt it was important to have new changes made that would simplify it.

**Maggie Anderson** explained how they constructed the fiscal note and how it's different from the 2009 fiscal note. (Meter 0:15:45)

**Chairman J. Lee** noted that Ms. Anderson's comments were based on modified adjusted income and the bill says net which only makes it more complicated.

**Ms. Anderson** clarified her comments. (Meter 0:23:09)

**Senator Anderson** referenced the end of section 1 and asked her to explain why it wasn't included in the FN.

**Ms. Anderson** explained the assumption. (Meter 0:23:54)

**Dan Ulmer**, BCBSND, testified in opposition to the bill. See attached testimony #2.

**Chairman J. Lee** asked Mr. Ulmer to talk about metallic policies.

**Mr. Ulmer** explained that the metallic policies were the bronze, silver, gold, and platinum policies inside of the exchange. They have various actuarial values. (Meter 0:29:08)

**Senator Axness** asked where ND is on the exchange implementation.

**Mr. Ulmer** answered that ND is in limbo awaiting the full federal takeover.

There was no further testimony and the hearing on SB 2372 was closed.

# 2013 SENATE STANDING COMMITTEE MINUTES

Senate Human Services Committee  
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Job Number 18279

Conference Committee

Committee Clerk Signature 

## Explanation or reason for introduction of bill/resolution:

Relating to a children's health insurance buy-in program.

## Minutes:

**Chairman J. Lee** opened committee work on SB 2372.

**Senator Anderson** moved a **Do Not Pass**.

**Senator Larsen** seconded the motion.

**Senator Axness**, pointed out that there are no timelines when the federal exchanges are going to be implemented so these kids will be sitting in limbo potentially for the next 2-7 years. He felt they needed to be moving forward and providing an option for families to get coverage. He said that is the intent of this bill.

**Chairman J. Lee** pointed out that there is both Medicaid and Children's Health Insurance and up to 200% of poverty there is Caring for Children.

**Senator Larsen** said that his biggest concern was that they don't know where they are going to be with the modified adjusted income and CHIP and he didn't want to add anything else to that storm.

**Roll call vote 4-1-0. Motion of Do Not Pass carried.**

Carrier is **Sen. Larsen**.

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/28/2013**

Bill/Resolution No.: SB 2372

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$78,586		\$78,586	
Appropriations			\$78,586		\$78,586	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB2372 Establishes a buyin program through which a parent or guardian, whose family gross income exceeds 160% but is less than 300% of the poverty line, may purchase a plan of coverage for a child who is uninsured at a rate not to exceed the current CHIP premium.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 requires the department to establish a buyin program through which a parent or guardian, whose family gross income exceeds 160% but is less than 300% of the poverty line, may purchase a plan of coverage for a child who is uninsured. The Department estimates that there are 443 potential individuals that may utilize the program. Although the premiums would be paid for by the parent or guardian at a current estimated cost not to exceed \$311.79 a month, the department has included a half FTE to deal with the eligibility determination of these individuals. If the income level is between 160% and 300% we would expect a greater percentage of the applications to be processed at the State level. This is because as the income threshold is increased, a lower number of applicants will also qualify for other economic assistance programs. Please note, it is assumed that the monthly billing and collection would be done by the private insurer.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The Expenditures represent a half time FTE to aid in eligibility determination for the buyin program which is estimated to cost \$76,586 in the 11-13 biennium, of which all will be from the general fund. The costs for the 15-17 biennium are estimated at \$76,586, of which all will be general fund.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The Department will need an appropriation increase of \$78,586 in 13-15 biennium, of which \$78,586 would be from the General Fund. The Department will need an appropriation increase of \$78,586 in 15-17 biennium, of which \$78,586 would be from the General Fund.

**Name:** Debra A. McDermott

**Agency:** Department of Human Services

**Telephone:** 701 328-1980

**Date Prepared:** 02/04/2013

Date: 2/5/13  
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2372

Senate Human Services Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken:  Do Pass  Do Not Pass  Amended  Adopt Amendment  
 Rerefer to Appropriations  Reconsider

Motion Made By Sen. Anderson Seconded By Sen. Larsen

Senators	Yes	No	Senator	Yes	No
Chairman Judy Lee	✓		Senator Tyler Axness		✓
Vice Chairman Oley Larsen	✓				
Senator Dick Dever	✓				
Senator Howard Anderson, Jr.	✓				

Total (Yes) 4 No 1

Absent 0

Floor Assignment Sen. Larsen

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2372: Human Services Committee (Sen. J. Lee, Chairman)** recommends **DO NOT PASS** (4 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2372 was placed on the Eleventh order on the calendar.

**2013 TESTIMONY**

**SB 2372**

Testimony in Support of SB 2372  
Senator Tyler Axness  
District 16, Fargo & West Fargo  
Senate Human Services Committee

Madam Chair Lee and members of the committee, for the record I am Tyler Axness, State Senator from District 16 which represents parts of Fargo and West Fargo. I'm here today to bring forward and speak in favor of Senate Bill 2372 relating to a buy-in option to our state's children's health insurance program (CHIP).

SB 2372 is the result of this committee's discussion on SB 2109 which we heard on January 14<sup>th</sup> and which passed the Senate on January 28<sup>th</sup>. The passion demonstrated by this committee to do more for North Dakota's children in need was strong and speaks to the character of each one of us here. However, due to the current uncertainty in federal changes we were hesitant we could do much to increase eligibility when it comes to eligibility rates for the current program.

This bill does not adjust the eligibility rate but it does provide another option for North Dakota families and children in need of health insurance but fall between the gaps.

Section one creates the children's health insurance buy-in program that allows families with the means to purchase a plan of coverage. The coverage, copayments, and deductibles must be comparable to what is currently available to children eligible for CHIP. The families participating in the newly created buy-in program will be responsible for the premium payments which will be comparable to the current program.

Requirements and coverage of the buy-in program will be parallel to what is currently available under the CHIP program and the state will reimburse any cost of implementation and administration to the counties.

On page two lines twenty through twenty four the bill establishes the buy-in gross eligibility limit. The modified adjusted gross eligibility income limit will be the equivalent of three hundred percent of a family's net income. This language is consistent with that of SB 2109 and allows for the process of converting our current net income eligibility to gross income eligibility without intrusion.

Madam Chair, I believe in moving forward for the betterment of our families who are transitioning from absolute poverty to self-sustainability. This buy-in option for children's health insurance is a vehicle we can and should utilize. I urge this committee to remember that passion when we discussed SB 2109 and move forward on SB 2372.

Thank you, and I will stand for any questions the committee may have.

Senator Tyler Axness  
District 16

2372

Madam Chair

I'm Dan Ulmer representing Blue Cross of North Dakota

I ran this bill by our actuaries last night and they had the following comments and concluded that we should oppose this bill

Those below 160% will get free coverage paid for by the state/feds and parents in the 160% to 300% of the poverty level range will purchase the coverage for their children at their own expense. The Healthy Steps coverage is very rich and the only parents that will purchase this will be those that know they will get their monies worth. The Exchange will have metallic child only products available, but parents will only be able to purchase coverage at open enrollment time. Open enrollment will help the selection issues a little - parents won't be able to purchase insurance when kids get sick in the middle of a year.

Because of the richness of the Health Steps product and the potential lack of an open enrollment period, this expansion of Healthy Steps through a "buy-in" option at the choice of the parents will have higher selection issues than the Exchange.

2—The premium restriction in the bill is problematic. Rates for the SCHIP are actuarially calculated based on the SCHIP population. One cannot assume that the SCHIP rates will be adequate for the new class of eligibility. That is, if the underlying costs of the new class of eligibility is greater than that within Healthy Steps, and if premiums are constrained to be no greater than those of Healthy Steps, there will be inadequacy. Who will pay for deficiencies? Further, the bill stipulates that the coverage be delivered through private contracts with insurance carrier(s), whose products are required under Century Code to have premiums which are reasonable with respect to underlying benefits. What happens when the two are at odds?

3—The bill's provision for conversion privilege seems unnecessary given the ACA's forthcoming prohibitions on underwriting, and potentially problematic if the premiums of the conversion product are constrained similarly to the base product.

Dan Ulmer

BCBSND