1999 SENATE HUMAN SERVICES

SB 2182

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2182

Senate Human Services Committee

❑ Conference Committee

Hearing Date JANUARY 20,1999

Tape Number	Side A	Side B	Meter #
1	X		
2/2/99 2		X	1,415
2/3/99 2			3,300
Committee Clerk Signature			

Minutes:

The Human Services Committee was called to order by SENATOR THANE . Roll call was taken; SENATOR DEMERS was testifying at another hearing. She came later.

DAVE ZENTNER, Dept. of Human Services, has written testimony and supports bill. He explained the bill. SENATOR LEE asked if the county cost for administration is covered. Mr. ZENTNER answered that the amount on the fiscal note would reimburse that cost. SENATOR LEE asked if there was any intention that the department would make this a part of Medicaid or are we looking at separate program. Mr. ZENTNER stated that it is indeed a separate program. SENATOR KILZER asked how the Healthy Steps program fits into this program. Is there a connection of waiting period? Mr. ZENTNER stated the concern was they did not want families to drop their insurance before this program would kick in - they would have to wait 3-6 months. It is a discouragement to families from dropping family insurance.

SENATOR THANE asked if the term Healthy Steps was going to stick. Mr. ZENTNER said yes it is the acronym for the program. SENATOR MUTZENBERGER asked if the children covered under Medicaid were included in the cost. Mr. ZENTNER stated that the cost was based on BC/BS estimate. The assumption is that the children that are covered under Healthy Steps of CHIP are very similar to the children covered under the PERS program. SENATOR THANE asked if there was a possibility that the program could be implemented earlier than Oct. 1? Mr. ZENTER answered the dept does the best we can. With the staff we have and the amount of work to be done it will be a challenge to get it done by October 1. SENATOR KILZER asked if phase one is already going. Mr. ZENTNER replied yes, for the 18 year olds is operating since October 15. SENATOR MUTZENBERGER asked what the rationale for picking 150% of poverty. Mr. ZENTNER replied that we were looking for the average income. For a family of 4 the average income is $25,000 and that is an adjusted gross amount. We want to cover most vulnerable. SENATOR THANE asked what input on determining the calculations to use $25,000. Mr. ZENTNER said that rather than try to complicate the matter they used the Medicaid program requirements. SENATOR THANE asked why the wide difference between ND and Minn. Mr. ZENTNER answered Minnesota decided to cover kids in Medicaid program up to about 275% of poverty. It is a waiver through Medicare. They also use managed care very heavily. CHIP program is very limited because they cover the kids already covered in Medicaid. SENATOR KILZER asked what number of children will qualify and will it stay level the next few year. Mr. ZENTNER answered what has gone down is the number of uninsured kids under 100% of poverty covered under Medicaid. The kids that are in this group that we are going to be covering has actually gone up.

CATHY RYDELL, Executive Director of ND Medical Association, supports this bill. We are reaching the children of parents who are working. Medicaid is taking care of those who have the least resources in our state. These are the people that are doing the best for their families - earning $7. an hour are not offered health insurance in the workplace. Providers do crisis care only emergency cases. Preventive services for children and regular checkup would be provided in this bill. Taking care of basic needs. 90% of our highest paid people in the state are offered employer based insurance; lowest paid are not offered that insurance or cannot afford it. There are a great many medical organizations that are supporting this bill. ND gets $5 million Fed funds a year; we need to make use of these funds as they will go back to CHIP programs and allocated to other states. I urge you to consider raising the eligibility to 175% to reach more kids.

DR. TODD TWOGOOD, Pediatrician Med Center One supports the bill with written testimony. We need to utilize preventative health; recommend 175%. SENATOR LEE brought to our attention that at the bottom of Dr. Twogood's testimony is an amendment to be considered.

MARGARET KOTTRE, citizen, supports the bill. Questions the help to non custodial parent need to be addressed. A mother may not want to apply if she is eligible because the Father is court ordered to supply health insurance for the child. He may qualify for CHIP, but you go by the household income, therefore the child will not be benefited. It will exclude some children because of split marriages, single parent. Is there is a crack that some could fall through between eligibility of CHIP and Medicaid. SENATOR THANE asked about her question for non

custodial parents. Ms KOTTRE answered that if the non custodial parent could apply using his or her income and not the combined income of the household.

DON MORRISON, Voices in Partnership for Healthcare Reform, supports bill. Written testimony. Recommends 200% of poverty. SENATOR LEE noted that this program allows for adjusted gross income. League of Women Voters should not be involved as they have not received a member consensus.

CARLOTTA McCLEARY supports bill, written testimony.

BETTY KEEGAN, ND County Social Services Directors' Association, supports bill (written testimony)

SISTER MARGARET ROSE PFEIFER, ND Catholic Conference, supports bill (written testimony). Would like 200%, but would also favor 175%.

LINDA ISSACKSON, Director of ND Children's Caucus, supports bill (written testimony). Suggested an amendment for the bill to include more children.

KATHY PFEIFLE, President of ND Conference of Social Welfare, support bill through CONNIIE HILDEBRAND (written testimony).

TOM TUPPA, National Association of Social Workers, supports the bill stating this is good, pure, simple legislation.

No opposition.

The hearing was closed on SB2182.

The committee reconvened on 2/2/99.

Discussion was resumed. Mr. Zentner was called to the meeting. He furnished statistics and explained them. SENATOR DEMERS presented amendments. 98217.0101 places the

eligibility at 200% of poverty rather than 150%. I am amazed that we would leave that much money sitting there because we are unwilling to match it. .0102 restricts the children's' health care program under Medicaid program. It changes the program from insurance program to Medicaid. It will be an entitlement. Mr. Zentner's amendments would be implemented 10/1/99. Federal law gives us flexibility option to expanded route or combination. Our figures are estimates - not a fixed figure. SENATOR LEE: $1000 estimate did not include dental or visual. Mr. ZENTNER: No, that is covered by Governor's budget. The committee was adjourned due to other meetings.

The committee was reconvened. SENATOR DEMERS moved amendment 98217.0101. SENATOR MUTZENBERGER seconded it. Discussion was held. It would add 1400 children. Can't spend tobacco money before we have it. SENATOR KILZER Roll call vote failed 2-4. SENATOR KILZER moved a DO PASS at 150%. SENATOR LEE seconded it. The motion was withdrawn to consider another amendment. SENATOR LEE moved the County amendment of Feb 3. SENATOR KILZER seconded it. Roll call vote carried 3-2. SENATOR DEMERS moved amendment 98217.0102 with 175%. SENATOR MUTZENBERGER seconded it. Discussion. Roll call vote failed 2-3. Discussion. SENATOR KILZER moved DO PASS AS AMENDED. SENATOR LEE seconded. Roll call vote carried 3-2. SENATOR LEE will carry the bill to the floor.

FISCAL NOTE

(Return original and 14 copies)

Bill / Resolution No.: _____ Amendment to: Engrossed SB2182

Requested by Legislative Council Date of Request: 04/06/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

   Narrative:

   This bill requires the Department to implement Phase II of the children's health insurance program. This phase will provide health insurance, including optometric services, to an estimated 1,889 children per year which is 50% of the eligible uninsured with an income eligibility limit of one hundred forty percent of the poverty line with an effective date of October 1, 1999. This program would not require a premium payment or include an asset test for eligibility. Additionally, the bill requires the Department to apply for a waiver to include families on the plan who are no longer eligible for temporary assistance for needy families for twelve months. Considering an October 1, 1999 effective date the cost is estimated to be $5,909,347 of which $1,243,327 is general funds. This amount includes $330,000 for program administration and outreach.

   SB 2012 does include some funding for the cost of premiums for Phase II of the original children's health insurance program. It includes $3,886,838, of which $817,790 is general funds. It does not contain all the necessary funding for the amended Phase II of the children's health insurance program.

2. State fiscal effect in dollar amounts:

	1997-1999 Biennium		1999-2001 Biennium		2001-2003 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:						
Expenditures:	-0-		1,243,327	4,666,020	1,730,230	6,493,296

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

   a. For rest of 1997-99 biennium: -0-

   b. For the 1999-01 biennium: 5,909,347

   c. For the 2001-03 biennium: 8,223,526

4. County, City, and School District fiscal effect in dollar amounts:

1997-1999 Biennium			1999-2001 Biennium			2001-2003 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
-0-			Unknown			Unknown		

If additional space is needed, attach a supplemental sheet.

Signed Debra A. McDermott

Typed Name Debra A. McDermott

Date Prepared: April 6, 1999

Department Human Services

Phone No. 328-2397

FISCAL NOTE

(Return original and 14 copies)

Bill / Resolution No.: _____ Amendment to: Engrossed SB2182

Requested by Legislative Council Date of Request: 03/25/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

   Narrative:

   This bill requires the Department to implement Phase II of the children's health insurance program. This phase will provide health insurance, including dental and optometric services, to an estimated 3,778 children per year which is 100% of the eligible uninsured with an income eligibility limit of one hundred forty percent of the poverty line with an effective date of October 1, 1999. This program would not require a premium payment or include an asset test for eligibility. Considering an October 1, 1999 effective date the cost of insurance premiums is estimated to be $8,065,440 and the cost of program administration is estimated to be $806,544 for a total of $8,871,984, of which $1,866,666 is general funds.

   SB 2012 does include some funding for the cost of premiums for Phase II of the original children's health insurance program. It only includes $3,886,838, of which $817,790 is general. It does not contain all the necessary funding for the amended Phase II of the children's health insurance program. The additional amount needed is $4,178,602 for premium payments and $806,544 for administration, of which general are $879,178 and $169,698 respectively, which are not included in SB2012.

2. State fiscal effect in dollar amounts:

	1997-1999 Biennium		1999-2001 Biennium		2001-2003 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:						
Expenditures:	-0-		1,866,666	7,005,318	2,704,808	10,150,744

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

   a. For rest of 1997-99 biennium: -0-

   b. For the 1999-01 biennium: 8,871,984

   c. For the 2001-03 biennium: 12,855,552

4. County, City, and School District fiscal effect in dollar amounts:

1997-1999 Biennium			1999-2001 Biennium			2001-2003 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
-0-			-0-			-0-		

If additional space is needed, attach a supplemental sheet.

Signed By Debra McDermott

Typed Name Brenda M. Weisz

Date Prepared: March 26, 1999

Department Human Services

Phone No. 328-2397

FISCAL NOTE

(Return original and 14 copies) Revised

Bill / Resolution No.: _____ Amendment to: SB 2182

Requested by Legislative Council Date of Request: 02/08/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

   Narrative:

   This bill requires the Department to implement Phase II of the children's health insurance program. This phase will provide health insurance, including dental and optometric services, to an estimated 2,095 children per year which is 50% of the eligible uninsured with an income eligibility limit of one hundred fifty percent of the poverty line. The program would not require a premium payment or include an asset test for eligibility. It would impose a copayment for pharmaceutical prescriptions and emergency room visits and impose a deductible for each inpatient hospital visit.

   The Department's budget request as contained in SB 2012 includes $3,886,838, of which $817,790 is general funds, for the insurance premium payments. Considering an October 1, 1999, effective date including dental and vision coverage the cost of insurance premium payments is $4,472,490, of which $941,012 is general funds. At this point in time it is not known if the Department or the county will determine eligibility, however it is estimated the cost of administering the program will be $388,684, with the non-federal share being $81,779.

   SB 2012 does not contain the necessary funding for the children's health insurance program, as the $585,652 for premium payments and $388,684 for administration, of which general are $123,222 and $81,779 respectively, are not included.

2. State fiscal effect in dollar amounts:

	1997-1999 Biennium		1999-2001 Biennium		2001-2003 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:						
Expenditures:	-0-		1,022,791	3,838,383	1,268,611	4,760,907

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

   a. For rest of 1997-99 biennium: -0-

   b. For the 1999-01 biennium: 4,861,174

   c. For the 2001-03 biennium: 6,029,518

4. County, City, and School District fiscal effect in dollar amounts:

1997-1999 Biennium			1999-2001 Biennium			2001-2003 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
-0-			-0-			-0-		

If additional space is needed, attach a supplemental sheet.

Signed Brenda M. Weisz

Typed Name Brenda M. Weisz

Date Prepared: March 8, 1999

Department Human Services

Phone No. 328-2397

FISCAL NOTE

(Return original and 14 copies)

Bill / Resolution No.: _____ Amendment to: SB 2182

Requested by Legislative Council Date of Request: 02/08/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

   Narrative:

   This bill requires the Department to implement Phase II of the children's health insurance program. This phase will provide health insurance, excluding dental and optometric services, to an estimated 3,846 children with an income eligibility limit of one hundred fifty percent of the poverty line. The program would not require a premium payment or include an asset test for eligibility. It would impose a copayment for pharmaceutical prescriptions and emergency room visits and impose a deductible for each inpatient hospital visit.

   The Department's budget request as contained in SB 2012 includes $3,886,838, of which $817,790 is general funds, for the insurance premium payments. At this point in time it is not known if the Department or the county will determine eligibility, however it is estimated the cost of administering the program will be $388,684, with the non-federal share being $81,779. The administrative expenditures are reflected below with the assumption the state would contract for eligibility determination services.

2. State fiscal effect in dollar amounts:

	1997-1999 Biennium		1999-2001 Biennium		2001-2003 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:						
Expenditures:	-0-		899,569	3,375,953	987,738	3,734,112

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

   a. For rest of 1997-99 biennium: -0-

   b. For the 1999-01 biennium: 4,275,522

   c. For the 2001-03 biennium: 4,721,850

4. County, City, and School District fiscal effect in dollar amounts:

1997-1999 Biennium			1999-2001 Biennium			2001-2003 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
-0-			-0-			-0-		

If additional space is needed, attach a supplemental sheet.

Signed Brenda M Weisz

Typed Name Brenda M. Weisz

Date Prepared: February 10, 1999

Department Human Services

Phone No. 328-2397

FISCAL NOTE

(Return original and 13 copies)

Bill / Resolution No.: SB 2182 Amendment to:

Requested by Legislative Council Date of Request: 1/4/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

   Narrative:

   This bill requires the Department to implement Phase II of the children's health insurance program. This phase will provide health insurance to an estimated 3,846 children with an income eligibility limit of one hundred fifty percent of the poverty line. The program would not require a premium payment or include an asset test for eligibility. It would impose a copayment for pharmaceutical prescriptions and emergency room visits and impose a deductible for each inpatient hospital visit.

   The Department's budget request as contained in SB 2012 includes $3,886,838, of which $817,790 is general funds, for the insurance premium payments. At this point in time it is not known if the Department or the county will determine eligibility, however it is estimated the cost of administering the program will be $388,684, with the non-federal share being $81,779. The administrative expenditures are reflected below with the assumption the state would contract for eligibility determination services.

2. State fiscal effect in dollar amounts:

	1997-1999 Biennium		1999-2001 Biennium		2001-2003 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:						
Expenditures:	-0-		899,569	3,375,953	987,738	3,734,112

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

   a. For rest of 1997-99 biennium: -0-

   b. For the 1999-01 biennium: 4,275,522

   c. For the 2001-03 biennium: 4,721,850

4. County, City, and School District fiscal effect in dollar amounts:

1997-1999 Biennium			1999-2001 Biennium			2001-2003 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
-0-			-0-			-0-		

If additional space is needed, attach a supplemental sheet.

Signed Brenda M. Weisz

Typed Name Brenda M. Weisz

Date Prepared: January 11, 1999

Department Human Services

Phone No. 328-2397

98217.0101
Title.

Prepared by the Legislative Council staff for
Senator DeMers
January 26, 1999

PROPOSED AMENDMENTS TO SENATE BILL NO. 2182

Page 1, line 23, replace "one hundred fifty" with "two hundred"

Page 2, remove lines 12 through 21

Renumber accordingly

defeated

Date: 2/3/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

Senate HUMAN SERVICES COMMITTEE Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Amendment 98217.6101

Motion Made By Sen DeMers Seconded By Sen Mutzenberger

Senators	Yes	No	Senators	Yes	No
Senator Thane		✓			
Senator Kilzer		✓			
Senator Fischer					
Senator Lee		✓			
Senator DeMers	✓				
Senator Mutzenberger	✓				

Total 2 (yes) 4 (no)

Absent 1

Floor Assignment _____

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

failed

Date: _____
Roll Call Vote # : 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2182

Senate HUMAN SERVICES COMMITTEE Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken County amendments

Motion Made By Sen Lee Seconded By Sen Kilzer

Senators	Yes	No	Senators	Yes	No
Senator Thane	✓				
Senator Kilzer	✓				
Senator Fischer					
Senator Lee	✓				
Senator DeMers	✓				
Senator Mutzenberger	✓				

Total 5 (yes) 0 (no)

Absent 1

Floor Assignment _____

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

98217.0102
Title.

Prepared by the Legislative Council staff for
Senator DeMers
January 26, 1999

PROPOSED AMENDMENTS TO SENATE BILL NO. 2182

Page 1, after line 14, insert:

"**State plan.** The department's state plan for a children's health insurance program is limited to expansion of the medical assistance program under chapter 50-24.1. The state plan must set an income eligibility limit of ~~two hundred~~ 175 percent of the poverty line."

Page 1, line 21, remove ", including:"

Page 1, remove lines 22 through 24

Page 2, remove lines 1 and 2

Page 2, line 3, remove "d. Imposing a deductible for each inpatient hospital visit"

Page 2, remove lines 12 through 21

Renumber accordingly

failed

Date: _____
Roll Call Vote #: 3

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~22~~ 2182

Senate HUMAN SERVICES COMMITTEE Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 98 217.0102 w/ 175%

Action Taken Amendment

Motion Made By Sen. DeMers Seconded By Sen Mutzenberger

Senators	Yes	No	Senators	Yes	No
Senator Thane		✓			
Senator Kilzer		✓			
Senator Fischer					
Senator Lee		✓			
Senator DeMers	✓				
Senator Mutzenberger	✓				

Total 2 (yes) 3 (no)

Absent 1

Floor Assignment _____

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

Date: 2/3/99
Roll Call Vote #: 4

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2182

Senate HUMAN SERVICES COMMITTEE Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number County amendments

Action Taken Do Pass as amended

Motion Made By Sen Kilzer Seconded By Sen Lee

Senators	Yes	No	Senators	Yes	No
Senator Thane	✓				
Senator Kilzer	✓				
Senator Fischer					
Senator Lee	✓				
Senator DeMers	✓	✓			
Senator Mutzenberger		✓			

Total 3 (yes) 2 (no)

Absent 1

Floor Assignment Sen Lee

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

County amendments

REPORT OF STANDING COMMITTEE

SB 2182: Human Services Committee (Sen. Thane, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (3 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). SB 2182 was placed on the Sixth order on the calendar.

Page 2, line 3, replace "and" with:

"4. Reimburse counties for expenses incurred in the administration of the children's health insurance program at rates based upon all counties' total administrative costs; and"

Page 2, line 4, replace "4." with "5."

Renumber accordingly

1999 SENATE APPROPRIATIONS

SB 2182

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2182

Senate Appropriations Committee

❑ Conference Committee

Hearing Date February 11, 1999

Tape Number		Side A	Side B	Meter #
	1	X		4110-end
	1		X	0 - 205
2-11-99	1	X		2395-2505
Committee Clerk Signature		Kathy C. Kottenbrock		

Minutes:

SENATOR NAADEN: Opened the hearing on SB2182; A BILL FOR AN ACT TO CREATE AND ENACT A NEW CHAPTER TO TITLE 50 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO IMPLEMENTING A CHILDREN'S HEALTH INSURANCE PROGRAM.

DAVID ZENTNER: Director of Medical Services for the Department of Human Services to testify in support of SB2182 (testimony attached (tape 1, side A, meter 4198 - 4470).

SENATOR ST. AUBYN: Why were the administrative costs not included in the original budget.

DAVID ZENTNER: The weight of that falls on me. When I provided this information to the governor's office. I provided some scenarios for them. In that, I gave the actual costs of the program. I did indicate there was 10% for administrative fees. I should have been a little more explanatory. I did not lay out the actual fees. This is what caused the problem.

SENATOR ST. AUBYN: On the bottom of page 1, you referred to the issue of the optical and dental services as not being included in the budget. From our earlier discussions, it has come to my attention that there was never an RFP that was submitted yet at that point. I am not sure who is to blame, and I am not pointing the blame, I guess I question the process. My last question deals with your last paragraph, is this something different than what was presented to our subcommittee?

DAVID ZENTNER: RFP is a formal process where you are going to ask for the full program. What we were interested in at the time was to attempt to get an idea of what this program would cost. We thought Blue Cross/Blue Shield would be the obvious place to go since they administer the PERS program and have some idea of what the cost per kid was. No, there was no formal RFP request because we did not have a program at that time, what we were looking for was an estimate. As it relates to the last paragraph, yes, it would be a change. What it would mean is that the division would administer the entire program. We would set up a parallel system in the

Medicaid MMIS system where we would pay claims. We would receive applications, process them ourselves, and run the program ourselves.

SENATOR ST. AUBYN: Optical and dental, the information I have is about $20 per child?

DAVID ZENTNER: My understanding is $20 a month which would be $240 a year or $480 for the biennium.

SENATOR ST. AUBYN: How many children are you projecting on this.

DAVID ZENTNER: Approximately, a little over 2,000. Around 2,095.

SENATOR ST. AUBYN: What is your breakdown on this part as far as federal, general and state funds?

DAVID ZENTNER: At $240, you are looking at 79% federal money, and 21% general funds.

SENATOR BOWMAN: My concern is at 133%, this is automatic that they take care of the dental. Is that true in the Medicaid program or whatever there is?

DAVID ZENTNER: It depends on how old you are. If you are between 0 - 5, they are eligible up to 133% of poverty. It is not where most of the dental and vision cost come in. Primarily it is the 6 - 18 year olds, and they are eligible at 100% of poverty level.

SENATOR BOWMAN: If we are going to give them the health insurance at 150%, why can't we let that be an option for the dental? That is very reasonable.

DAVID ZENTNER: If you are suggesting if they want to have dental and optimetric, they pay that additional $20 a month. Is that want you are proposing?

SENATOR BOWMAN: Absolutely, it is an awfully good option. We are giving and paying their insurance for their major health problems. When you get close to 150% of poverty, we are getting up there. Most people in my area that work for wages, a family of four, earn $27-28,000 annually. Most people try to pay for their insurance. They sacrifice a lot. If we are going to include 150% of poverty to pay for their insurance, I don't think it is wrong to ask them to pay for the optional part. Can it be done?

DAVID ZENTNER: We can provide for premiums within the limitation that Medicaid has, up to $19 depending on family size and income. I have never heard of an "option" proposed before. I am not sure how the Feds would react to that.

SENATOR BOWMAN: My concern is that setting it up isn't the problem because every month they deduct that from their checking account. It is a matter of, if, it can be done as an option.

SENATOR ANDRIST: I struggle with the 150% threshold. Is it possible to lower the CHIPS threshold enough to save $450,000 to fund the shortfall in the state families budget?

DAVID ZENTNER: We can do that but you are lowering the level.

SENATOR TALLACKSON: Isn't it a problem that all these children aren't being served. If you leave it an option, they aren't going to be served?

DAVID ZENTNER: That will probably happen. It is expensive to go to the dentist. That is probably one of their last priorities. That is why this program is important. Normal, healthy kids don't need to go to the doctor every 2 - 3 months. What they do need is good vision and dental care.

SENATOR TALLACKSON: You can philosophize as much as you want but, there will still be children that are not going to be taken care of and that is the problem. I feel this is a good program.

SENATOR KRAUTER: If we differentiate between 130 and 150%, aren't we in total violation of the whole program. We would lose the Medicaid dollars. My understanding is we can't put a difference between this child and that child. We need to provide the program.

DAVID ZENTNER: Yes, we have to have a package that we have defined and that is what we have to cover. It is no different than any other insurance package.

SENATOR TOMAC: Optional package, if this becomes optional, the rate of $20 becomes progressive. We are at a group rate of $20 per month, assumes a group of 2,100. If half or less of those children are in an optional package, who knows what it becomes.

DAVID ZENTNER: When you talk about an option, I don't think the Feds would allow us to determine who gets dental and who doesn't, whether you pay a premium. They would allow us to have a premium to offset some of the costs of the package.

SENATOR ANDRIST: Would they allow you to have an option to provide vision and dental for those below 100% of the poverty level?

DAVID ZENTNER: I don't believe so. When we are defining a package of services, they are allowing us to use the Medicaid or PERS program with additional options. I don't see anything in the statute that I am aware of that would allow us to say what people would get. I could explore that to see if it is a possibility.

SENATOR NAADEN: Closed hearing on SB2182.

SENATOR NETHING: Both bills are being referred to the subcommittee dealing with 2012 because they interrelate. Senator St. Aubyn you will have temporary jurisdiction.

==========

2/11/99

SENATOR NETHING: Opened the hearing on SB2182.

SENATOR NETHING: Called for the motion on SB2182.
SENATOR ST. AUBYN: Moved a Do Pass on SB2182.

SENATOR NAADEN: Seconded the motion.
ROLL CALL: 14 YEAS; 0 NAYS; 0 ABSENT & NOT VOTING.

CARRIER: SENATOR LEE (referred back to the original committee).

Date: 2/11/99
Roll Call Vote #:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

Senate APPROPRIATIONS Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Sen. St. Aubyn Seconded By Sen. Naaden

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Sen. back to original Committee

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

REPORT OF STANDING COMMITTEE

SB 2182, as engrossed: Appropriations Committee (Sen. Nething, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2182 was placed on the Eleventh order on the calendar.

1999 HOUSE HUMAN SERVICES

SB 2182

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2182

House Human Services Committee

❑ Conference Committee

Hearing Date March 9, 1999

Tape Number	Side A	Side B	Meter #
1	x		0.0-end
1		x	0.0-34.6
Committee Clerk Signature	Wayne B Stampa		

Minutes:

Mr. DAVID ZENTNER, Director of Medical Services for the Department of Human Services testified in support of the bill. (Testimony attached.)

In response to Rep. TODD PORTER's question about expansion of the program Mr. ZENTNER told the committee that expansion of the program to 150% of poverty level would cover more kids. They used the national average participation which finds that in programs of this type only 50% of the eligible participants enroll in the program. When Rep. ROXANNE JENSEN asked about families not being subject to an asset test, Mr. ZENTNER replied that these tests were very intrusive, could be a deterrent for people enrolling and complicated the process even though it would permit someone to get into the program with a large bank account. It was noted by several members of the committee that the 25% eligibility criteria for farmers would not permit very many to participate in the program in spite of the current farm crisis. In response to other

questions from the committee Mr. ZENTNER provided additional information. Under the proposed budget the federal government will provide up to ten million dollars for the program over the next two years. The current proposal, however, will only use five million of that which means the state will return the other five million back to the federal government. There was discussion on ways that the state could make use of this money including changing the eligibility criteria from 150% of poverty to a higher level. The committee also asked about, and there was discussion about, the inclusion of vision and dental coverage in the plan, which model would be used for the plan (PERS or Medicaid), the implementation schedule and the development of the implementation plan.

KATHLEEN PFEIFLE, North Dakota Conference of Social Welfare testified in favor of SB2182. (Testimony attached.) In response to questions Ms. PFEIFLE said she was not aware of any input from her group to the Department of Human Services in the planning of Phase 2. She also said that the intent in asking for maximum funding level was to prevent money being returned and that she felt that vision and dental coverage was an important part of the plan.

DAVID PESKE, North Dakota Medical Association testified that the health care community has been involved with the CHIPS issue for a long time. They are concerned about the children and there has been no opposition to the plan. Mr. PESKE distributed written testimony from Dr. TODD TWOGOOD, a Bismarck pediatrician.

Dr. KATHLEEN WOOD, Vice President of the North Dakota Medical Association testified. (Testimony attached)

LINDA ISAKSON, Executive Director of the North Dakota Children's Caucus testified. (Testimony attached.)

MARGARET KOTTRE testified her concerns about the bill. The 150% eligibility may cause a gap between the minimum CHIPS and maximum TANF. There is also a concern about the children of divorced couples where the animosity between the parents may be detrimental to the child.

Sister MARGARET ROSE PFEIFER, Health Care Advocate for the North Dakota Catholic Conference testified. (Testimony attached.)

ROSE STOLLER, Executive Director of the Mental Health Association of North Dakota testified. (Testimony attached.)

DAVID MEIERS, Executive Director of the North Dakota Federation of Families testified. There are 16,000 children in the state without insurance coverage because of the poor farm economy and rising insurance costs. We should take advantage of the federal government's offer to match funds on a 4 to 1 basis. If we can find matching funds to fix highways then we should be able to do the same for the children.

Representative GERALD SVEEN, District 6 testified on the dental aspects of the CHIPS program. Tooth decay is the most chronic child decease. It should be included in the program. Children of high income children with less need have the best access to care while the children of lower income families with the greatest need have the lowest access. Strongly supports the inclusion of dental coverage.

CARLOTTA MCCLEARY from Bismarck testified. (Testimony attached.)

NANCY KOPP, North Dakota Optometric Association testified that the association was part of the coalition that supported the vision services coverage in the bill and are in support of the bill.

PENNI WESTON, North Dakota Nurses Association testified of the organization's support of the bill and belief that coverage should be at the 175% level.

There was no OPPOSITION to SB2182.

Hearing closed on SB2182.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2182

House Human Services Committee

❑ Conference Committee

Hearing Date March 22, 1999

Tape Number	Side A	Side B	Meter #
1	x		29.8-end
1		x	0.0-12.5
2	x		9.3-end
2		x	0.0-end
Committee Clerk Signature			

Minutes:

Opened COMMITTEE DISCUSSION

The committee discussed several items related to the bill.

According to National Conference of State Legislators (NCSL), dental and vision coverage must come from the 10% set aside.

There has been some interest in privatizing the plan to provide better continuity for the covered individual when they are no longer eligible for CHIPS. Any company that offers the plan must guarantee conversion. There is still interest in extending coverage to employer groups. NCSL is meeting today to discuss this possibility.

Rep. WANDA ROSE presented three possible amendments that cover an itemized list of what must be included in the plan. There has been very little guidance from the Health Department on what should be included in the plan. That is the reason for these proposed amendments. In the

discussion the following points were discussed. Enrollment in the program could be tied to the school system hot lunch program sign-up which would provide good outreach without the stigma of a "welfare" program. Rep. ROSE would like to see at least a 200% of poverty eligibility criteria or a 150% or 175% level with the option to buy in for those who were between the lower level and 200%. There was some concern that a 200% eligibility level would include too many people and make the cost prohibitive. On the other hand if we don't use all of the money, it will go to other states. The level of participation would be partly dependent on the level of outreach programs that were used. The point was also made that the 200% level could encourage parents option out of their responsibility for their children. Even though they could provide the insurance themselves they would use the program and let the government do it. There is also the question of how many people who would be eligible are now providing the insurance for their children at the sacrifice of other family necessities.

Closed COMMITTEE DISCUSSION.

Reopened COMMITTEE DISCUSSION.

Rep. CLARA SUE PRICE presented three sets and Rep. WANDA ROSE presented three sets of proposed amendments to the committee for consideration (attached). Rep. WILLIAM DEVLIN moved that amendments 98217.0212 presented by Rep. CLARA SUE PRICE be passed, seconded by Rep. BLAIR THORESON.

Rep. WANDA ROSE was concerned that the use of the term "student" in the plan could prevent coverage for someone too young to attend school. In response, carriers said that children do not have to be enrolled in a school to be covered by a student plan. In response to questions Rep. CLARA SUE PRICE said the "bench mark plan" referred to could be any one of three; the

largest HMO in the state, the state employees plan or federal Blue Cross Blue Shield employee plan. She didn't know who would decide which one.

Rep. WANDA ROSE expressed concerns about mental health coverage, coverage for new born babies and possible lack of maternity service coverage. Rep. CLARA SUE PRICE said that some of the services were a dollars issue. The request for proposal will contain more detail of specific coverages which will have to be provided by the Department of Human Services. These amendments were prepared from the basis of what services could be eliminated in order to include dental and vision coverage in the plan. The effective date of coverage was included because the carriers will have to know at what point after birth the child is to be covered in order to prepare their bids.

There were other points of discussion.

Some concern was expressed that the 150% poverty line would not pick a large enough number of eligible children. The percentage should be increased to include more children. There was concern expressed that this approach would encourage families to drop existing family coverage to take advantage of the program. Another approach to this question is to use the amount of money available to determine how many children can be covered. However, this could bring about a quota situation where some people would not be enrolled in the plan because the plan was full.

There is also nothing to cover how self-employed persons would determine eligibility. In response it was suggested that the adjusted gross income line from the federal tax return could be used. However, this line does not include deductions for child care and self-employment income. This may have to addressed.

There was also concern expressed about the lack of detail in the bill and the amendments. There has been no line by line discussion to insure that the legislature has sufficient input to the plan. There has been too much authority given to the Department of Human Services without specific direction. In response it was stated that too much detail in the plan, and locking everything in will limit who will bid on the plan and the competitive pricing would be hurt. One solution to the problem might be to include a statement of legislative intent.

After other points of discussion included insuring that there were adequate monitoring and evaluation of the plan, the lack of maternity services in the plan, coverage for new born babies the amount of deductible for emergency room visits and possible abuse monitoring the question was called. The motions PASSED on a roll call vote: 10 YES, 3 NO, 2 ABSENT.

Discussion continued about the determination of eligibility for self-employed persons. Mr. DAVID ZENTNER, Director of Medical Services for the Department of Human Services responded to questions related to how this is handled in other programs. It was also stated that for a farmer the adjusted gross income can fluctuate so much from year to year that a three year average should be used. This would more accurately reflect the income situation of the farm family. Any non-farm income would have to be included in the calculation.

Rep. CAROL NIEMEIER moved to amend the bill by replacing the amendments just passed (98217.0212) with proposed amendments 98217.0204 with the following changes: 1) add "nutrition therapy" to page 1, line 17 insertion at (a)., 2) insert "prior three year average" for adjusted gross income at (g), 3) change 150% to 200% in the proposed insertion for page 2, line 3, 4) add the provisions in amendment 0212 that relate to the federal waivers. The motion was seconded by Rep. WANDA ROSE. The motion FAILED on a roll call vote: 3 YES, 10 NO, 2

ABSENT. Rep. WANDA ROSE, Rep. CAROL NIEMEIER, and Rep. SALLY SANDVIG requested a minority report.

Rep. WILLIAM DEVLIN moved amend the bill by adding the three year average language in the calculation of income for eligibility of self employed individuals, seconded by Rep. BLAIR THORESON. The motion PASSED on a voice vote: 13 YES, 0 NO, 2 ABSENT.

There was some discussion about the lack of monitoring and evaluation of the program. The Legislative Council has discouraged intent being put into the bill. It would be better for it to be placed in the minutes.

Rep. ROBIN WEISZ moved to amend the bill to change the eligibility requirement from 150% to 140% of poverty, seconded by Rep. CHET POLLERT. In the discussion Rep. CAROL NIEMEIER expressed strong opposition to reducing the eligibility requirement. Rep. CLARA SUE PRICE said that it was her intent to try to get 100% funding for the 140% level instead of only 50% funding for the 150% eligibility level. The motion PASSED on a roll call vote: 8 YES, 5 NO, 2 ABSENT.

Rep. ROBIN WEISZ moved to amend the bill to remove the $50 deductible for each emergency room visit, seconded by Rep. AMY KLINISKE. The motion PASSED on a voice vote: 13 YES, 0 NO, 2 ABSENT.

Rep. WILLIAM DEVLIN moved DO PASS AS AMENDED AND REREFERED TO APPROPRIATIONS, seconded by Rep. BLAIR THORESON. The motion PASSED on a roll call vote: 8 YES, 5 NO, 2 ABSENT.

CARRIER: Rep. ROBIN WEISZ.

MINORITY REPORT CARRIER: Rep. WANDA ROSE.

Prepared by the Legislative Council staff for
Representative Rose
March 15, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182

Page 1, line 17, after "state" insert "which includes:

a. Coverage for mental health services at levels comparable to physical health services coverage; substance abuse services, including residential treatment if necessary; well-child care, including all services provided during a well-baby or well-child visit that includes screening and diagnostic services; vision and dental services; and coverage for primary care services offered by a variety of health care professionals, including pediatricians, family physicians, and nurse practitioners;

b. A single-page form that allows for simultaneous application for medicaid and the children's health insurance program and submittal by mail;

c. Community-based eligibility outreach services;

d. Provisions allowing a crowd-out exception to be granted if loss of insurance coverage is beyond the control of the applicant;

e. Cost sharing for employer-based coverage for working families;

f. Twelve-month continuous eligibility for children enrolled in the children's health insurance program;

g. Eligibility determinations for self-employed applicants based on no more than twenty-five percent of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code; and

h. Monitoring and evaluating the appropriateness and quality of the children's health insurance program"

Page 2, line 2, remove "and"

Page 2, line 3, after the semicolon insert "and"

Page 2, after line 3, insert:

"e. Imposing a premium for families with incomes over one hundred fifty percent of the poverty line which does not exceed five percent of the total family income;"

Renumber accordingly

Prepared by the Legislative Council staff for
Representative Rose
March 15, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182

Page 1, line 17, after "state" insert "which includes:

a. Coverage for mental health services at levels comparable to physical health services coverage; substance abuse services, including residential treatment if necessary; well-child care, including all services provided during a well-baby or well-child visit that includes screening and diagnostic services; vision and dental services; and coverage for primary care services offered by a variety of health care professionals, including pediatricians, family physicians, and nurse practitioners;

b. A single-page form that allows for simultaneous application for medicaid and the children's health insurance program and submittal by mail;

c. Community-based eligibility outreach services;

d. Provisions allowing a crowd-out exception to be granted if loss of insurance coverage is beyond the control of the applicant;

e. Cost sharing for employer-based coverage for working families;

f. Twelve-month continuous eligibility for children enrolled in the children's health insurance program;

g. Eligibility determinations for self-employed applicants based on no more than twenty-five percent of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code; and

h. Monitoring and evaluating the appropriateness and quality of the children's health insurance program"

Page 1, line 23, replace "fifty" with "seventy-five"

Renumber accordingly

Prepared by the Legislative Council staff for
Representative Rose
March 15, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182

Page 1, line 17, after "state" insert "which includes:

a. Coverage for mental health services at levels comparable to physical health services coverage; substance abuse services, including residential treatment if necessary; well-child care, including all services provided during a well-baby or well-child visit that includes screening and diagnostic services; vision and dental services; and coverage for primary care services offered by a variety of health care professionals, including pediatricians, family physicians, and nurse practitioners;

b. A single-page form that allows for simultaneous application for medicaid and the children's health insurance program and submittal by mail;

c. Community-based eligibility outreach services;

d. Provisions allowing a crowd-out exception to be granted if loss of insurance coverage is beyond the control of the applicant;

e. Cost sharing for employer-based coverage for working families;

f. Twelve-month continuous eligibility for children enrolled in the children's health insurance program;

g. Eligibility determinations for self-employed applicants based on no more than twenty-five percent of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code; and

h. Monitoring and evaluating the appropriateness and quality of the children's health insurance program"

Page 1, line 23, replace "one hundred fifty" with "two hundred"

Renumber accordingly

Prepared by the Legislative Council staff for
Representative Price
March 22, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182

Page 1, line 12, after the period insert ""Plan" means the North Dakota student plan, which is the children's health insurance program state plan.

5."

Page 1, line 16, replace "a state" with "the" and remove "for a children's health insurance"

Page 1, line 17, remove "program in this state"

Page 1, line 21, remove ", including:"

Page 1, remove lines 22 through 24

Page 2, remove lines 1 and 2

Page 2, line 3, remove "d. Imposing a deductible for each inpatient hospital visit"

Page 2, line 4, after "4." insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line is no longer eligible for temporary assistance for needy families because of increased earnings and which has exhausted transitional medical assistance;

5."

Page 2, line 7, replace "5" with "6"

Page 2, line 9, replace "children's health insurance" with "plan"

Page 2, line 10, remove "program"

Page 2, line 11, replace "children's health insurance program" with "plan"

Page 2, after line 14, insert:

"**North Dakota student plan requirements.** The plan:

1. Must be provided through private contracts with insurance carriers;

2. Must allow conversion to another health insurance policy;

3. Must be based on an actuarial equivalent of a benchmark plan;

4. Must incorporate every state required waiver approved by the federal government;

5. Must provide:

   a. An income eligibility limit of one hundred fifty percent of the poverty line;

b. A copayment requirement for each pharmaceutical prescription and for each emergency room visit;

c. A deductible for each inpatient hospital visit;

d. A fifty dollar deductible for each emergency room visit;

e. Coverage for:

(1) Inpatient hospital, medical, and surgical services;

(2) Outpatient hospital and medical services;

(3) Psychiatric and substance abuse services;

(4) Prescription medications;

(5) Preventative screening services; and

(6) Preventative dental and vision services; and

f. A coverage effective date:

(1) That is either the first or fifteenth day of the month, whichever next succeeds the date of application; or

(2) In the case of a newborn, that is either the first or fifteenth day of the month, whichever next succeeds the later of the date of application or the date the newborn is discharged from the hospital; and

6. May not provide maternity services coverage."

Page 2, line 21, remove "If the department estimates that"

Page 2, remove lines 22 through 24

Renumber accordingly

Prepared by the Legislative Council staff for
Representative Price
March 22, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182

Page 1, line 12, after the period insert ""Plan" means the North Dakota student plan, which is the children's health insurance program state plan.

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Page 1, line 16, replace "a state" with "the" and remove "for a children's health insurance"

Page 1, line 17, remove "program in this state"

Page 1, line 21, remove ", including:"

Page 1, remove lines 22 through 24

Page 2, remove lines 1 and 2

Page 2, line 3, remove "d. Imposing a deductible for each inpatient hospital visit"

Page 2, line 4, after "4." insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line is no longer eligible for temporary assistance for needy families because of increased earnings and which has exhausted transitional medical assistance;

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1. Must be provided through private contracts with insurance carriers;
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3. Must be based on an actuarial equivalent of a benchmark plan;
4. Must incorporate every state required waiver approved by the federal government;
5. Must provide:
   a. An income eligibility limit of one hundred fifty percent of the poverty line;

b. A copayment requirement for each pharmaceutical prescription and for each emergency room visit;

c. A deductible for each inpatient hospital visit;

d. A fifty dollar deductible for each emergency room visit;

e. Coverage for:

(1) Inpatient hospital, medical, and surgical services;

(2) Outpatient hospital and medical services;

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(4) Prescription medications;

(5) Preventative screening services; and

(6) Preventative dental and vision services; and

f. A coverage effective date:

(1) That is either the first or fifteenth day of the month, whichever next succeeds the date of application; or

(2) In the case of a newborn, that is either the first or fifteenth day of the month, whichever next succeeds the later of the date of application or the date the newborn is discharged from the hospital; and

6. May not provide maternity services coverage."

Page 2, line 21, replace "the department estimates that" with "federal children's health insurance program funding decreases, the department may decrease the income eligibility limit to accommodate this decrease in federal funding,"

Page 2, remove lines 22 and 23

Renumber accordingly

98217.0212
Title.

Prepared by the Legislative Council staff for
Representative Price
March 22, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182

Page 1, line 12, after the period insert ""Plan" means the North Dakota student plan, which is the children's health insurance program state plan.

5."

Page 1, line 16, replace "a state" with "the" and remove "for a children's health insurance"

Page 1, line 17, remove "program in this state"

Page 1, line 21, remove ", including:"

Page 1, remove lines 22 through 24

Page 2, remove lines 1 and 2

Page 2, line 3, remove "d. Imposing a deductible for each inpatient hospital visit"

Page 2, line 4, after "4." insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line is no longer eligible for temporary assistance for needy families because of increased earnings and which has exhausted transitional medical assistance;

5. Apply for a federal waiver allowing plan coverage for a family through an employer-based insurance policy if an employer-based family insurance policy is more cost-effective than the traditional plan coverage for the children;

6. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan;

7."

Page 2, line 7, replace "5" with "8"

Page 2, line 9, replace "children's health insurance" with "plan"

Page 2, line 10, remove "program"

Page 2, line 11, replace "children's health insurance program" with "plan"

Page 2, after line 14, insert:

"**North Dakota student plan requirements.** The plan:

1. Must be provided through private contracts with insurance carriers;

2. Must allow conversion to another health insurance policy;

3. Must be based on an actuarial equivalent of a benchmark plan;

4. Must incorporate every state required waiver approved by the federal government;

5. Must include community-based eligibility outreach services;

6. Must provide:

   a. An income eligibility limit of one hundred fifty percent of the poverty line;

   b. A copayment requirement for each pharmaceutical prescription and for each emergency room visit;

   c. A deductible for each inpatient hospital visit;

   d. A fifty dollar deductible for each emergency room visit;

   e. Coverage for:

      (1) Inpatient hospital, medical, and surgical services;

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      (3) Psychiatric and substance abuse services;

      (4) Prescription medications;

      (5) Preventative screening services; and

      (6) Preventative dental and vision services; and

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      (1) That is either the first or fifteenth day of the month, whichever next succeeds the date of application; or

      (2) In the case of a newborn, that is either the first or fifteenth day of the month, whichever next succeeds the later of the date of application or the date the newborn is discharged from the hospital; and

7. May not provide maternity services coverage."

Page 2, line 21, replace "the department estimates that" with "federal children's health insurance program funding decreases, the department may decrease the income eligibility limit to accommodate this decrease in federal funding,"

Page 2, remove lines 22 and 23

Renumber accordingly

Adopted by the Human Services Committee - Majority Report
March 22, 1999

VF 3/23/99 1 of 2

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182 **HUMSER 3/23/99**

Page 1, line 12, after the period insert ""Plan" means the North Dakota student plan, which is the children's health insurance program state plan.

5."

Page 1, line 16, replace "a state" with "the" and replace "for a children's health insurance" with "that includes eligibility determinations for self-employed applicants based on the average of the previous three years of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code"

Page 1, line 17, remove "program in this state"

Page 1, line 21, replace ", including:" with a semicolon

Page 1, remove lines 22 through 24

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO.2182 HUMSER 3/23/99

Page 2, remove lines 1 through 3

Page 2, line 4, after the period insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line, is no longer eligible for temporary assistance for needy families because of increased earnings, and has exhausted transitional medical assistance;

5. Apply for a federal waiver allowing plan coverage for a family through an employer-based insurance policy if an employer-based family insurance policy is more cost-effective than the traditional plan coverage for the children;

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1. Must be provided through private contracts with insurance carriers;

2. Must allow conversion to another health insurance policy;

3. Must be based on an actuarial equivalent of a benchmark plan;

4. Must incorporate every state-required waiver approved by the federal government;

5. Must include community-based eligibility outreach services;

6. Must provide:

   a. An income eligibility limit of one hundred forty percent of the poverty line;

   b. A copayment requirement for each pharmaceutical prescription and for each emergency room visit;

   c. A deductible for each inpatient hospital visit;

   d. A deductible for each emergency room visit;

   e. Coverage for:

      (1) Inpatient hospital, medical, and surgical services;

      (2) Outpatient hospital and medical services;

      (3) Psychiatric and substance abuse services;

      (4) Prescription medications;

      (5) Preventive screening services; and

      (6) Preventive dental and vision services; and

   f. A coverage effective date:

      (1) That is either the first or fifteenth day of the month, whichever next succeeds the date of application; or

      (2) In the case of a newborn, that is either the first or fifteenth day of the month, whichever next succeeds the later of the date of application or the date the newborn is discharged from the hospital; and

7. May not provide maternity services coverage."

Page 2, line 21, replace "the department estimates that" with "federal children's health insurance program funding decreases, the department may decrease the income eligibility limit to accommodate the decrease in federal funding,"

Page 2, remove lines 22 and 23

Renumber accordingly

98217.0214
Title.0400

Prepared by the Legislative Council staff for
Representative Rose - Minority Report
March 22, 1999

VR 3/23/99

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182 **HUMSER 3/23/99**

Page 1, line 17, replace the semicolon with ", including:

a. Coverage for mental health services at levels comparable to physical health services coverage; substance abuse services, including residential treatment if necessary; well-child care, including all services provided during a well-baby or well-child visit that includes screening and diagnostic services; vision and dental services; medical nutrition therapy; and coverage for primary care services offered by a variety of health care professionals, including pediatricians, family physicians, and nurse practitioners;

b. Community-based eligibility outreach services;

c. Provisions allowing a crowd-out exception to be granted if loss of insurance coverage is beyond the control of the applicant;

d. Twelve-month continuous eligibility for children enrolled in the children's health insurance program;

e. Eligibility determinations for self-employed applicants based on the average of the previous three years of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code; and

f. Monitoring and evaluating the appropriateness and quality of the children's health insurance program;"

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO.2182 HUMSER 3/23/99

Page 2, line 2, remove "and"

Page 2, line 3, after the semicolon insert "and

e. Imposing a premium for families with incomes over one hundred fifty percent of the poverty line which does not exceed five percent of the total family income;"

Page 2, line 4, after the period insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line, is no longer eligible for temporary assistance for needy families because of increased earnings, and has exhausted transitional medical assistance;

5. Apply for a federal waiver allowing plan coverage for a family through an employer-based insurance policy if an employer-based family insurance policy is more cost-effective than the traditional plan coverage for the children;

6."

Page 2, line 7, replace "5" with "7"

Renumber accordingly

Date: 3-22-9
Roll Call Vote #: 6

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

House Human Services Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Amendment .0212 (Price)

Motion Made By Rep Devlin Seconded By Rep Thoreson

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairwoman	✓		Bruce A. Eckre	✓	
Robin Weisz - Vice Chairman	✓		Ralph Metcalf		
William R. Devlin	✓		Carol A. Niemeier		✓
Pat Galvin	✓		Wanda Rose		✓
Dale L. Henegar			Sally M. Sandvig		✓
Roxanne Jensen	✓				
Amy N. Kliniske	✓				
Chet Pollert	✓				
Todd Porter	✓				
Blair Thoreson	✓				

Total Yes 10 No 3
Absent 2

Floor Assignment _____

Passed.

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

Date: 3-22-99
Roll Call Vote #: ~~6~~ 7

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

House Human Services Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Amend. to replace previous w/ 0204 a(+) g(+) e(+)

Motion Made By Niemeier Seconded By Rose

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairwoman		✓	Bruce A. Eckre		✓
Robin Weisz - Vice Chairman		✓	Ralph Metcalf		
William R. Devlin		✓	Carol A. Niemeier	✓	
Pat Galvin		✓	Wanda Rose	✓	
Dale L. Henegar			Sally M. Sandvig	✓	
Roxanne Jensen		✓			
Amy N. Kliniske		✓			
Chet Pollert		✓			
Todd Porter		✓			
Blair Thoreson		✓			

Total Yes ~~6~~ 3 No ~~6~~ 10
Absent 2

Floor Assignment _____

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

Date: 3-22-99

Roll Call Vote #: ~~7~~ VOICE

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

House Human Services Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken ~~Do Pass~~ Amend for 3 1/2 Avg of Adj Gross Income

Motion Made By Devlin Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairwoman			Bruce A. Eckre		
Robin Weisz - Vice Chairman			Ralph Metcalf		
William R. Devlin			Carol A. Niemeier		
Pat Galvin			Wanda Rose		
Dale L. Henegar			Sally M. Sandvig		
Roxanne Jensen					
Amy N. Kliniske					
Chet Pollert					
Todd Porter					
Blair Thoreson					

Total **Yes** 13 **No** 0

Absent 2

Floor Assignment Voice

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

Date: 3-22-99
Roll Call Vote #: 8

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

House Human Services Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Amend 0212 pg 2 #6 Item A to ~~150~~ 140% of poverty

Motion Made By Rep Weisz Seconded By Rep Pollert

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairwoman	✓		Bruce A. Eckre		✓
Robin Weisz - Vice Chairman	✓		Ralph Metcalf		
William R. Devlin	✓		Carol A. Niemeier		✓
Pat Galvin	✓		Wanda Rose		✓
Dale L. Henegar			Sally M. Sandvig		✓
Roxanne Jensen		✓			
Amy N. Kliniske	✓				
Chet Pollert	✓				
Todd Porter	✓				
Blair Thoreson	✓				

Total **Yes** 8 **No** 5
Absent 2

Floor Assignment _____

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

Date: 3-22-99
~~Roll Call Vote~~ #: VOICE

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

House Human Services Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken ~~E~~ Amend to Eliminate $50 deductible

Motion Made By Weisz Seconded By Kliniske

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairwoman			Bruce A. Eckre		
Robin Weisz - Vice Chairman			Ralph Metcalf		
William R. Devlin			Carol A. Niemeier		
Pat Galvin			Wanda Rose		
Dale L. Henegar			Sally M. Sandvig		
Roxanne Jensen					
Amy N. Kliniske					
Chet Pollert					
Todd Porter					
Blair Thoreson					

Total **Yes** 13 No 0
Absent 2

Floor Assignment _____

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

Date: 3-22-99
Roll Call Vote #: 9

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2182

House Human Services Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amend + Rereferred to Appropriations

Motion Made By Rep Devlin Seconded By Rep Thoreson

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairwoman	✓		Bruce A. Eckre		✓
Robin Weisz - Vice Chairman	✓		Ralph Metcalf		
William R. Devlin	✓		Carol A. Niemeier		✓
Pat Galvin		✓	Wanda Rose		✓
Dale L. Henegar			Sally M. Sandvig		✓
Roxanne Jensen	✓				
Amy N. Kliniske	✓				
Chet Pollert	✓				
Todd Porter	✓				
Blair Thoreson	✓				

Total **Yes** 8 **No** 5
Absent 2

Floor Assignment Rep. Weisz

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

REPORT OF STANDING COMMITTEE

SB 2182, as engrossed: Human Services Committee (Rep. Price, Chairman) A **MAJORITY** of your committee (Reps. Price, Weisz, Devlin, Galvin, Jensen, Kliniske, Pollert, Porter, B. Thoreson, Eckre) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee.**

Page 1, line 12, after the period insert ""Plan" means the North Dakota student plan, which is the children's health insurance program state plan.

5."

Page 1, line 16, replace "a state" with "the" and replace "for a children's health insurance" with "that includes eligibility determinations for self-employed applicants based on the average of the previous three years of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code"

Page 1, line 17, remove "program in this state"

Page 1, line 21, replace ", including:" with a semicolon

Page 1, remove lines 22 through 24

Page 2, remove lines 1 through 3

Page 2, line 4, after the period insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line, is no longer eligible for temporary assistance for needy families because of increased earnings, and has exhausted transitional medical assistance;

5. Apply for a federal waiver allowing plan coverage for a family through an employer-based insurance policy if an employer-based family insurance policy is more cost-effective than the traditional plan coverage for the children;

6. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan;

7."

Page 2, line 7, replace "5" with "8"

Page 2, line 9, replace "children's health insurance" with "plan"

Page 2, line 10, remove "program"

Page 2, line 11, replace "children's health insurance program" with "plan"

Page 2, after line 14, insert:

"**North Dakota student plan requirements.** The plan:

1. Must be provided through private contracts with insurance carriers;

2. Must allow conversion to another health insurance policy;

3. Must be based on an actuarial equivalent of a benchmark plan;

4. Must incorporate every state-required waiver approved by the federal government;

5. Must include community-based eligibility outreach services;

6. Must provide:

   a. An income eligibility limit of one hundred forty percent of the poverty line;

   b. A copayment requirement for each pharmaceutical prescription and for each emergency room visit;

   c. A deductible for each inpatient hospital visit;

   d. A deductible for each emergency room visit;

   e. Coverage for:

      (1) Inpatient hospital, medical, and surgical services;

      (2) Outpatient hospital and medical services;

      (3) Psychiatric and substance abuse services;

      (4) Prescription medications;

      (5) Preventive screening services; and

      (6) Preventive dental and vision services; and

   f. A coverage effective date:

      (1) That is either the first or fifteenth day of the month, whichever next succeeds the date of application; or

      (2) In the case of a newborn, that is either the first or fifteenth day of the month, whichever next succeeds the later of the date of application or the date the newborn is discharged from the hospital; and

7. May not provide maternity services coverage."

Page 2, line 21, replace "the department estimates that" with "federal children's health insurance program funding decreases, the department may decrease the income eligibility limit to accommodate the decrease in federal funding,"

Page 2, remove lines 22 and 23

Renumber accordingly

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF STANDING COMMITTEE

SB 2182, as engrossed: Human Services Committee (Rep. Price, Chairman) A **MINORITY** of your committee (Reps. Niemeier, Rose, Sandvig) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee.**

Page 1, line 17, replace the semicolon with ", including:

a. Coverage for mental health services at levels comparable to physical health services coverage; substance abuse services, including residential treatment if necessary; well-child care, including all services provided during a well-baby or well-child visit that includes screening and diagnostic services; vision and dental services; medical nutrition therapy; and coverage for primary care services offered by a variety of health care professionals, including pediatricians, family physicians, and nurse practitioners;

b. Community-based eligibility outreach services;

c. Provisions allowing a crowd-out exception to be granted if loss of insurance coverage is beyond the control of the applicant;

d. Twelve-month continuous eligibility for children enrolled in the children's health insurance program;

e. Eligibility determinations for self-employed applicants based on the average of the previous three years of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code; and

f. Monitoring and evaluating the appropriateness and quality of the children's health insurance program;"

Page 2, line 2, remove "and"

Page 2, line 3, after the semicolon insert "and

e. Imposing a premium for families with incomes over one hundred fifty percent of the poverty line which does not exceed five percent of the total family income;"

Page 2, line 4, after the period insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line, is no longer eligible for temporary assistance for needy families because of increased earnings, and has exhausted transitional medical assistance;

5. Apply for a federal waiver allowing plan coverage for a family through an employer-based insurance policy if an employer-based family insurance policy is more cost-effective than the traditional plan coverage for the children;

6."

Page 2, line 7, replace "5" with "7"

Renumber accordingly

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

1999 HOUSE APPROPRIATIONS

SB 2182

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2182

House Appropriations Committee

❑ Conference Committee

Hearing Date March 25, 1999

Tape Number	Side A	Side B	Meter #
1		x	35.8-end
2	x		0-30.0
Committee Clerk Signature	Paulette Grossgar		

Minutes:
A Bill for an Act to create and enact a new chapter to title 50 of the North Dakota Century Code, relating to implementing a children's health insurance program.

0.0 Chairman Bernstein opened committee hearing on SB 2182.

35.9 Rep. Price had made a opening statement introducing CHIPS.

38.2 Chairman Bernstein asked what the price on maternity would be. Rep. Price states that she didn't know that but vision was $4.00 and dental was $6.00.

44.3 Rep. Timm asked how many children would effect 140% poverty level. Rep. Price states that it would be about 3378 children.

59.1 Rep. Kerzman asked if there was copayments for certain one that got over poverty level, how serious did your committee look into that. Rep. Price states that there is two ways to do things under CHIPS: 1. copayments 2. a deductible.

Tape 2, A, 4.8 Chairman Bernstein states in Rep. Prices testimony, she had stated that if a person applies for CHIPS, but are compliant for Medicaid they have to switch to Medicaid. Rep. Price states that this is correct.

7.7 Rod Larson (BCBS) answered some of the committees questions.

8.5 Rep. Timm asked if BCBS would bid on the program. Mr. Larson stated that BCBS is in support of the program and it has good public police. They would hope to bid on it.

29.8 Chairman Bernstein closed committee hearing on SB 2182.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2182

House Appropriations Committee

❑ Conference Committee

Hearing Date March 26, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-end
1		x	0-6.7
Committee Clerk Signature	Paulette Gussaas		

Minutes:

A Bill for an Act to create and enact a new chapter to title 50 of the North Dakota Century Coded, relating to implementing a children's health insurance program.

Tape 1, A, 0.0 Chairman Svedjan opened committee hearing for SB 2182. All members present.

.8 Vice Chairman Bernstein brought Chairman Svedjan up to date on the Hearing March 25, 1999.

1.3 Rep. Price made some comments on the bill.

4.3 Chairman Svedjan asked what state only dollars are. Rep. Price states that the state would pick up the amount of money they want to spend, to expand the security program.

5.7 Rep. Delzer asked if they had gotten a price per year for the student plan. Rep. Price states the only company they had time to talk to was BCBS and their student plan is around $60 per month.

7.3 Rep. Kerzman asked what age does the student plan cover. Rep. Price states 0-29.

11.7 Rep, Bernstein states that it costs $1000 per year for a child, would that include optical and dental. Rep. Price states that the $1000 dollars is without optical and dental. It would be 1200 with optical and dental.

12.9 Rep. Weisz made some statements to back up Rep. Price.
17.1 Mr. Zentner went through the recent fiscal note.

18.5 Rep. Timm asked how the fiscal note doubled. Mr. Zentner states that it has to do with the eligibility level.

20.4 Rep. Bernstein asked what the participation rate in the other states are. Mr. Zentner states that South Dakota has about 1,800 and Ohio as of Jan 1998 has about 40,000.

29.6 Rep. Delzer asked if they can only use the federal money for the program. Mr. Zentner states that they can.

31.1 Rep. Delzer asked if there were separate dollars for faze 1. Mr. Zentner states that there is about 546,000 and little over 100,000 is general money.

33.8 Rep. Kerzman asked what the department use at the allotment percent. Mr. Zentner states that the figures that they work on are the Robert Wood Johnson Survey.

Tape 1, B, 6.0 Chairman Svedjan closed committee work on SB 2182.

General Discussion

- ❑ Committee on Committees
- ❑ Rules Committee
- ❑ Confirmation Hearings
- ❑ Delayed Bills Committee
- ❑ House Appropriations
- ❑ Senate Appropriations
- ❑ Other

Date March 29, 1999

Tape Number	Side A	B Side	Meter #
1	x		24.3-end
1		x	0-24.6

Committee Clerk Signature

Minutes:

A Bill for an Act to create and enact a new chapter to title 50 of the North Dakota Century Code, relating to implementing a children's health insurance program.

24.3 Chairman Svedjan opened committee work on SB 2182. All members are present.

24.6 Rod Larson (BCBS) came back to the committee to tell them about the cost of maternity and new born issue.

32.2 Rep. Svedjan asked if Mr. Larson thought that 133% poverty level was workable. Mr. Larson states that it would be.

36.0 Rep. Bernstein asked what the source of funding for the Caring Program, is it all special donation when their is no federal or general funds. Mr. Larson states that it is funded in a partnership between BCBS and privately funding.

45.4 Rep. Delzer asked the way the bill is, newborns are not covered. Mr. Larson states that the way the house has it, they are not.

Tape 1, B, 1.4 Chairman Svedjan asked in the case of CHIPS does it need to be any more difficult than looking at tax information. Mr. Larson states that there is the add back and payroll deductions that are added back in, it would be as difficult as Medicaid elegability, he thinks it would be a fairly easy process.

5.8 Mr. Zentner handed out a estimate Administration cost for CHIP.

12.0 Rep. Timm asked what the insentive would be to switch from the Caring Program to CHIPS. Mr. Larson states that there is no additional costs and better benefits.

24.6 Chairman Svedjan closed the committee work for SB 2182.

General Discussion

- ❑ Committee on Committees
- ❑ Rules Committee
- ❑ Confirmation Hearings
- ❑ Delayed Bills Committee
- ❑ House Appropriations
- ❑ Senate Appropriations
- ❑ Other

Date March 29, 1999			
Tape Number	Side A	B Side	Meter #
2	x		15.1-24.5
Committee Clerk Signature			

Minutes:

A Bill for an Act to create and enact a new chapter to title 50 of the North Dakota Century Code, relating to implementing a children's health insurance program.

Tape 2, A, 15.1 Chairman Svedjan opened committee work on SB 2182. All members are present.

15.2 Rod Larson (BCBS) explained to the committee that the maternity covers for mothers under 18 is 1%, Newborns for mothers under 18 is .5%.

18.1 Mr. Larson explained from a question earlier from Rep. Delzer was how many vision and dental plans BCBS has inforce, 50,000 covered life for vision, 150,000 covered life in the dental.

23.7 Rep. Delzer asked if there were any copay in the bill right now. Mr. Zentner state there are three proposals.

24.5 Chairman Svedjan closed committee work on SB 2182.

General Discussion

- ❑ Committee on Committees
- ❑ Rules Committee
- ❑ Confirmation Hearings
- ❑ Delayed Bills Committee
- ❑ House Appropriations
- ❑ Senate Appropriations
- ❑ Other

Date March 31, 1999			
Tape Number	Side A	B Side	Meter #
3	x		2.0-end
3		x	0-3.8
Committee Clerk Signature			

Minutes:

A Bill for an Act to create and enact a new chapter to title 50 of the North Dakota Century Code, relating to implementing a children's health insurance program.

Tape 3, A, 2.0 Chairman Svedjan opened committee work on SB 2182.

4.7 Mr. Zentner went through proposed amendments from the department.

7.9 Rep. Timm asked if farmers and their kids would qualify for CHIPS. Mr. Zentner states that there is no asset test and if we base it on a net farm income, farmers would be able to qualify.

15.0 Rod Larson (BCBS) answered question about insurance qualifications.

25.3 The committee recommended amendments for Mr. Smith to draw up.

Tape 3, B, 3.0 Chairman Svedjan closed committee work on SB 2182.

General Discussion

- ❑ Committee on Committees
- ❑ Rules Committee
- ❑ Confirmation Hearings
- ❑ Delayed Bills Committee
- ❑ House Appropriations
- ❑ Senate Appropriations
- ❑ Other

Date April 2, 1999

Tape Number	Side A	B Side	Meter #
1	x		0-33.2

Committee Clerk Signature

Minutes:

A Bill for an Act to create and enact a new chapter to title 50 of the North Dakota Century Code, relating to implementing a children's health insurance program.

Tape 1, A, 0.0 Chairman Svedjan opened committee work on SB 2182. All members present.
3.4 Rep. Delzer moves to remove dental and replace may with shall, 2nd by Rep. Timm. The vote fails.
7.6 Rep. Kerzman moves to further amend by putting in maternity, 2nd by Rep. Hoffner. The vote carries.
11.3 Rep. Kerzman moves to pass the departments amendments, 2nd by Rep. Hoffner. The vote fails.
19.9 Rep. Delzer moves to make Dental, Vision and Maternity an option, 2nd by Rep. Bernstein. The motion fails.
21.2 Mr. Zentner states that the family would pay for it, I would prefer it not to be in option in CHIPS but we could include it in the overall package.
24.6 Rep. Delzer moves to move the bill without recommendation, 2nd by Rep. Timm. The vote fails.
27.3 Rep. Delzer moves a substitute motion to adopt 98217.0217 entirely, 2nd by Rep. Timm. The vote carries.

29.1 Rep. Timm moves to further amend to put vision back in, 2nd by Rep. Kerzman. The vote carries.
30.0 Rep. Kerzman moves to put maternity in, 2nd by Rep. Hoffner. The vote carries.
31.3 Rep. Timm moves to pass the bill, 2nd by Rep. Delzer. The vote fails.
31.9 Rep. Timm recommends the bill to full committee, 2nd by Rep. Delzer. The vote carries.

33.2 Chairman Svedjan adjourns the committee.

General Discussion

- ❑ Committee on Committees
- ❑ Rules Committee
- ❑ Confirmation Hearings
- ❑ Delayed Bills Committee
- ❑ House Appropriations
- ❑ Senate Appropriations
- ❑ Other

Date April 2, 1999			
Tape Number	Side A	B Side	Meter #
1	x		41.0-END
1		x	0-19.0
Committee Clerk Signature			

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2182.

1A: 42.9 Rep. Delzer presented amendment 98217.0220 to the committee: removed dental from plan, vision still offered, maternity services put back in, and page 2 line 18 replaced "may" with "shall". Moved the amendments. **Rep. Timm** 2nd the motion. Rep. Delzer commented this is coming out of sub committee without a recommendation.

1A: 45.7 Rep. Wentz commented that vision was put back in but not dental. **Rep. Delzer** replied that vision was $6/month and the dental was $14/month. Some on the committee wanted to remove both dental and vision. They agreed to put back vision and maternity. There are some that don't believe that we should be furnishing a cadillac type insurance coverage when the people that are slightly above this our paying for their own. Most people do not have dental/vision on their insurance policies. I don't believe even PERS doesn't.

1A: 48.2 Rep. Wentz commented she would not consider including dental coverage as providing a cadillac, that is still a basic Chevrolet. In the figure quoted for dental, $14, does that include

orthodontia? **Rep. Delzer** replied that as far he knows preventive dental is pretty much everything. **Rep. Svedjan** replied orthodontia is not part of it.

1A: 49.4 Rep. Hoffner moved to restore the dental coverage to the amendment. **Rep. Aarsvold** 2nd the motion. **Rep. Delzer** replied the bill as it is before us has dental in it.

1A: 50.6 Rep. Bernstein commented there are very few policies that have dental/vision but they should have that option if they so desire it.

1A: 51.6 Rep. Wentz commented CHIPS is to provide coverage for the lowest income children who go without any kind of health care or coverage now. Their families can't afford it. Those are the children that are most at risk for health problems by not having their health needs diagnosed early enough. So preventive measures can prevent higher costs later. This is exactly the kind of program that should provide dental. It seems to be the right thing to do. Should provide for these children in the best way possible.

1A: 52.9 Rep. Delzer replied all of us would like to take care of as many people as we can as good as we can. One of the problems with the program is it is not scheduled to start until Oct. 1, 1999. We don't know exactly how we are going to end up. We don't know what usage we are going to have. If we include too many things and start too high and find out that we can't handle it, it is extremely difficult to take things away. If we start at a reasonable level of offering health insurance covers better then the basics, in 2 years we'll be able to look at this again to see what we can afford. There has been some talk of using the tobacco money. If we start at the top we could see some big problems possibly.

1B: .1 On a Voice Vote the motion failed to further amend.

1B: .2 Rep. Kerzman commented he would resist the amendment and liked the departments amendment that were more compatible with the system they have in place. Further commented insurance rates continue to go up because of the uninsured. There are a certain number of our citizens that don't have insurance. They access the system. They are not able to pay. They system doesn't eat those costs. The private payers end up paying that. We see this constantly because we don't pick up some of those costs for uninsured. Here we have an opportunity. Federal Government is going to provide 80% of the money to put the responsibility on the provider. I think the departments amendments would do a good job of working in that direction.

1B: 2.9 Rep. Svedjan commented he doesn't think it is fair to attribute the increases of health insurance just to those who are not able to pay their bills. The biggest portion by far of the increase of premiums is of the increase of utilization of health care. There are no facilities that I am aware of that are turning people away because they can't pay. I think Rep. Kerzman's comments are overstated. Further commented on e-mail from Blue Cross Blue Shield: comparisons to PERS Plan and Student Plan.

1B: 5.3 Rep. Carlson asked what income level at a 140% of poverty. **Rep. Svedjan** replied it is around $23,300 for a family of four and $19,110 for a family of three. **Rep. Carlson** further commented on people that he hires for his business and coverage he provides for them.

1B: 8.6 Rep. Hoffner commented you don't see people coming out of their own plans and going into the CHIPS program. This is a plan to cover uninsured youth. Other states are using a premium. If we think it is a free ride then we can put a monthly payment in there. There are 10,000 children eligible. You would think we would want to insure as many as we could now. We will pay for this if we don't keep a healthy young population. You are not turned down if you go to the hospital but somebody has to pay for that.

1B: 10.2 Rep. Poolman commented if children were to get on this plan are any parents required to pay any copays at all. Is this all provided at no expense? **Rep. Svedjan** replied there is not disallowance for allowing copays and deductibles. But there is a reasonableness test that really limits the amount of copay and deductible that you can charge. **Rep. Poolman** further commented that eventually the federal government will cut off the money which will cause the states cost to rise. We have seen this happen before.

1B: 11.6 Rep. Gulleson commented she would resist the amendment and be in favor of the original bill put together during the Interim. Commented she has rarely seen people walk through the door and want to be on assistance programs. There is a lot of pride regarding that. $23,000 for a family of four is not a lot especially when premiums can be up to $400-500 a month.

1B: 13.6 Rep. Bernstein commented people already paying for there own insurance will not qualify no matter what level of poverty they are at. Unless they drop off and go through a waiting period, something like 66 months. Also what wasn't brought up was when you start taking off the total wages you get down to this $23,000. It is not only withholding Social Security it is also Day Care. There is quite a bit to get down to the $23,000. If you are looking at the $23,000 after taxes that starts to mount up.

1B: 14.2 Rep. Monson said he understood most farmers are not going to even qualify for this. Is that true? **Rep. Delzer** replied it is a possibility to charge some premiums but it is capped at $19 for a two person family, $16 for a three/four person family, and $15 if you are any larger then that per month. That doesn't hardly cover the administrative costs of trying to put something like that in. The copays that are in the bill that are suggested was $2 for prescriptions, $5 on emergency services, and $50 for the first day in the hospital. Those are the copays that are considered to be in the bill. That is my understanding. I could be wrong on this. The amendments would greatly help the situation of farmers. If we go back to what the department wants, very few farmers would qualify for this type of plan. But if we adopt what the Human Services put on it will help a lot more farmers qualify for this program. I think that is one of the biggest groups out there that need the help right now. Privatizing is a lot better deal because then we expect to get better promotion of it. We are trying to get to the point where you can go and

apply at an insurance agent instead of going to the county social services. The application will have to go on and checked for Medicaid. Because part of the federal rule on this is if you are eligible for Medicaid, you have to go on Medicaid first.

1A: 15.9 On a Voice Vote the motion carried to adopt the amendment .0220. Rep. Svedjan moved for a DO PASS AS AMENDED. Rep. Boehm 2nd the motion. On a Roll Call Vote the motion carried.
16 voting YES
4 voting NO
Carrier: Rep. Weisz for Human Services Committee

Date: 4-2-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2187

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number 98217.0217

Action Taken fails

Motion Made By Delzer Seconded By Timm

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN	✓				
VICE CHAIRMAN LEROY BERNSTEIN		✓			
REP. JEFF DELZER	✓				
REP. SERENUS HOFFNER		✓			
REP. JAMES KERZMAN		✓			
REP. MIKE TIMM	✓				

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Date: 4-2-99
Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number put in Maternity

Action Taken passed

Motion Made By Kerzman Seconded By Hoffner

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN		✓			
VICE CHAIRMAN LEROY BERNSTEIN	✓				
REP. JEFF DELZER		✓			
REP. SERENUS HOFFNER	✓				
REP. JAMES KERZMAN	✓				
REP. MIKE TIMM	✓				

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Date: 4-29-99
Roll Call Vote #: 3

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number department Amendments

Action Taken fails

Motion Made By Kerzman Seconded By Hoffner

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN		✓			
VICE CHAIRMAN LEROY BERNSTEIN		✓			
REP. JEFF DELZER		✓			
REP. SERENUS HOFFNER	✓				
REP. JAMES KERZMAN	✓				
REP. MIKE TIMM		✓			

Total (Yes) 2 No 4

Absent

Floor Assignment

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

Date: 4-29-99
Roll Call Vote #: 4

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2182

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number 98217.0216

Action Taken

Motion Made By Bernstein Seconded By Hoffner

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN					
VICE CHAIRMAN LEROY BERNSTEIN					
REP. JEFF DELZER					
REP. SERENUS HOFFNER					
REP. JAMES KERZMAN					
REP. MIKE TIMM					

Total (Yes) No

Absent

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

With drawn

Date: 4-2-99
Roll Call Vote #: 5

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number in art Long. to make Dental, Vision + Maternity optional

Action Taken fails

Motion Made By Delzer Seconded By Bernstein

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN	/	✓			
VICE CHAIRMAN LEROY BERNSTEIN	✓				
REP. JEFF DELZER	✓				
REP. SERENUS HOFFNER		✓			
REP. JAMES KERZMAN		✓			
REP. MIKE TIMM	✓				

Total (Yes) 3 No 3

Absent 0

Floor Assignment

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

Date: 4-2-99
Roll Call Vote #: 6

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number 98217.0217

Action Taken passes

Motion Made By Delzer Seconded By Timm

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN	✓				
VICE CHAIRMAN LEROY BERNSTEIN	✓				
REP. JEFF DELZER	✓				
REP. SERENUS HOFFNER		✓			
REP. JAMES KERZMAN		✓			
REP. MIKE TIMM	✓				

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Date:
Roll Call Vote #: 7

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number add vision

Action Taken passed

Motion Made By Timm Seconded By Kerzman

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN	✓				
VICE CHAIRMAN LEROY BERNSTEIN		✓			
REP. JEFF DELZER		✓			
REP. SERENUS HOFFNER	✓				
REP. JAMES KERZMAN	✓				
REP. MIKE TIMM	✓				

Total (Yes) 4 No 2

Absent

Floor Assignment

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

Date:
Roll Call Vote #:

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number add maternity

Action Taken pass

Motion Made By Kerzman Seconded By Hoffner

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN		✓			
VICE CHAIRMAN LEROY BERNSTEIN	✓				
REP. JEFF DELZER		✓			
REP. SERENUS HOFFNER	✓				
REP. JAMES KERZMAN	✓				
REP. MIKE TIMM	✓				

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Date:
Roll Call Vote #: 9

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number Bill

Action Taken fails

Motion Made By Timm Seconded By Delzer

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN	✓				
VICE CHAIRMAN LEROY BERNSTEIN		✓			
REP. JEFF DELZER		✓			
REP. SERENUS HOFFNER		✓			
REP. JAMES KERZMAN		✓			
REP. MIKE TIMM	✓				

Total (Yes) 2 No 4

Absent 0

Floor Assignment

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

Date:
Roll Call Vote #: 10

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House APPROPRIATIONS Committee

[X] Subcommittee on HUMAN SERVICES
or
[ ] Conference Committee

Legislative Council Amendment Number recommend passes it to full committee

Action Taken passes

Motion Made By Timm Seconded By Deker

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KEN SVEDJAN	✓				
VICE CHAIRMAN LEROY BERNSTEIN	✓				
REP. JEFF DELZER	✓				
REP. SERENUS HOFFNER		✓			
REP. JAMES KERZMAN		✓			
REP. MIKE TIMM	✓				

Total (Yes) 4 No 2

Absent 0

Floor Assignment

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

Date: 4-2-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2182

House Appropriations Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number .0220

Action Taken DP as Amended

Motion Made By Svedjan Seconded By Boehm

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols	✓	
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold		✓	Svedjan	✓	
Bernstein		✓	Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson	✓		Wentz	✓	
Carlisle	✓				
Delzer	✓				
Gulleson	✓				
Hoffner		✓			
Huether	✓				
Kerzman		✓			
Lloyd	✓				
Monson	✓				

Total (Yes) 16 No 4

Absent 0

Floor Assignment REP. ? Welz

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

REPORT OF STANDING COMMITTEE

SB 2182, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2182 was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on pages 962 and 963 of the House Journal, Engrossed Senate Bill No. 2182 is amended as follows:

Page 1, line 12, after the period insert ""Plan" means the North Dakota student plan, which is the children's health insurance program state plan.

5."

Page 1, line 16, replace "a state" with "the" and replace "for a children's health insurance" with "that includes eligibility determinations for self-employed applicants based on the average of the previous three years of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code"

Page 1, line 17, remove "program in this state"

Page 1, line 21, replace ", including:" with a semicolon

Page 1, remove lines 22 through 24

Page 2, remove lines 1 through 3

Page 2, line 4, after the period insert "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line, is no longer eligible for temporary assistance for needy families because of increased earnings, and has exhausted transitional medical assistance;

5. Apply for a federal waiver allowing plan coverage for a family through an employer-based insurance policy if an employer-based family insurance policy is more cost-effective than the traditional plan coverage for the children;

6. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan;

7."

Page 2, line 7, replace "5" with "8"

Page 2, line 9, replace "children's health insurance" with "plan"

Page 2, line 10, remove "program"

Page 2, line 11, replace "children's health insurance program" with "plan"

Page 2, after line 14, insert:

"**North Dakota student plan requirements.** The plan:

1. Must be provided through private contracts with insurance carriers;

2. Must allow conversion to another health insurance policy;

3. Must be based on an actuarial equivalent of a benchmark plan;

4. Must incorporate every state-required waiver approved by the federal government;

5. Must include community-based eligibility outreach services; and

6. Must provide:

   a. An income eligibility limit of one hundred forty percent of the poverty line;

   b. A copayment requirement for each pharmaceutical prescription and for each emergency room visit;

   c. A deductible for each inpatient hospital visit;

   d. A deductible for each emergency room visit;

   e. Coverage for:

      (1) Inpatient hospital, medical, and surgical services;

      (2) Outpatient hospital and medical services;

      (3) Psychiatric and substance abuse services;

      (4) Prescription medications;

      (5) Preventive screening services;

      (6) Preventive vision services; and

      (7) Maternity services; and

   f. A coverage effective date:

      (1) That is either the first or fifteenth day of the month, whichever next succeeds the date of application; or

      (2) In the case of a newborn, that is either the first or fifteenth day of the month, whichever next succeeds the later of the date of application or the date the newborn is discharged from the hospital."

Page 2, line 18, replace "may" with "shall"

Page 2, line 21, replace "the department estimates that" with "federal children's health insurance program funding decreases, the department may decrease the income eligibility limit to accommodate the decrease in federal funding,"

Page 2, remove lines 22 and 23

Renumber accordingly

1999 TESTIMONY

SB 2182

February 3, 1999
North Dakota Association of Counties

PROPOSED AMENDMENTS TO SENATE BILL NO. 2182

Page 2, after line 5 insert:

"5. Reimburse each county for its expenses in the administration of the children's health insurance at rates based on all counties' total administrative costs."

Renumber Accordingly

SB 2182

Testimony on CHIP, January 1999
Donene Feist

I would like to thank you for the opportunity to tell the story on why the Children's Health Insurance Program is important not only in my life but in the lives of those I represent. . To the Governor and the Department in pursuing a wonderful opportunity to insure this states' uninsured children.

My name is Donene Feist; my residence is in Edgeley, North Dakota. I am the Family Voices State Coordinator for North Dakota. Family Voices is a part of the national grassroots coalition of families of children with special health needs who respond to the complex issues in our health environment. We believe in the principles outlined in the Egg Harbor Summit report on managed care and follow a philosophy of family-centered, community-based, culturally competent, and coordinated care for **all** children and their families.

As a mother of three children, two of which have special needs, I understand the impact of a program such as SCHIP, on families in North Dakota. In the earlier days of my children's initial diagnosis, we had an overwhelming number of medical bills to pay. This resulted in our eligibility for Medicaid. Unfortunately, our recipient liability was high ($800-1200/month), that it had no effect on our particular situation. At the time, I also needed to change my employment status; to work extended 16-ho r shifts, to accommodate the therapies for my children. As we are a two income family, we faced a decision of either reducing the number of hours worked, resulting in a loss of income or an employment adjustment. Due to the decision to make the employment adjustment, I placed my own personal health at risk Had there been a program such as SCHIP in place, much of the economic hardship we faced would have been eliminated. Our situation is less severe when compared to other families faced with a similar or more severe situation. Many families in North Dakota, with a child with special needs, do not have the necessary health care for their child, whether it is private insurance, Medicaid, with a recipient liability so high that it causes economic hardship or no health care at all. Families should not have to choose between health care, what bill they will pay, food for the table or shoes for their children.

We know there is 16,000 children in North Dakota who are uninsured. National research indicates 18% of all uninsured children under the age of 18 have a chronic physical developmental, behavioral, or emotional condition that requires more health care than most children. With this in mind, this estimate for North Dakota would be approximately 2880 uninsured children having a special need or chronic illness.

We would like to reiterate the fact that SCHIP provides North Dakota a wonderful opportunity to provide needed health care for our state's children. Those of us who care about improving children's health need to work together for the benefit of **all** children, including those children with special needs or a chronic health iliness. Family leaders,

pediatricians, policymakers, state agency personnel, and other stakeholders need to develop a quality, cost effective, health care program.

We believe that every child deserves quality primary and specialty health care that is affordable and available within every geographic region.

Families are the core of the nation's health system and **are** their children's most important health provider and caregiver.

Quality health care must be family centered, community-based, coordinated and culturally competent.

Health benefits must be flexible and provide what children need.

Strong family-professional partnerships improve the decision making process, enhance outcomes, and assure quality service delivery.

Families practice cost effectiveness daily and expect the same from health systems.

Family Voices believes the best way to serve ND children is to embrace and develop partnerships between the public and private sector of systems of health care. We must recognize, identify, and understand why children are uninsured and who these children are.

We believe that expansion of Medicaid would be the easiest and provide the most comprehensive benefit package. We understand that this may not be a possibility, however, we believe that if there is no chance of Medicaid expansion that a comprehensive alternative, equal package should be established that provides as flexible delivery of care.

Again, I would like to thank you for allowing me to provide my story today.

TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE
REGARDING SENATE BILL 2182
JANUARY 20, 1999

Chairman Thane, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you today to provide you with information and support this bill that will provide health insurance coverage to uninsured children who reside in working families who make to much to qualify for Medicaid benefits; but cannot otherwise afford health insurance coverage for their children.

In August 1997, Congress passed legislation that gives states flexibility in the development of health insurance for otherwise uninsured children known as the Children's Health Insurance Program. (CHIP)

The law has the following provisions:

A. Authorizes the program through 2007 with appropriations guaranteed to states without separate Congressional action each year.

B. Allocates funds on a formula basis with $4.275 billion for federal fiscal years 1998 through 2001; $3.150 for years 2002 through 2004; then increasing to $4.050 for years 2005 and 2006 and then increases to $5 billion in 2007.

C. Funds are distributed to states based on a formula that takes into consideration the number of uninsured children and a cost factor. The allocation for North Dakota for the 1998 fiscal year ending September 30, 1998 was about $5 million.

D. States may carryover unexpended funds for two additional years. We will have until September 30, 2000, to expend the initial $5 million allocation. Any unexpended funds are no longer available to the state.

E. There is a state matching requirement based on a formula that is based on each states current Medicaid matching rate. For the 1999 federal fiscal year, the state matching rate is 21.04% as compared to the Medicaid matching rate of 30.06%.

F. North Dakota may cover only uninsured children whose families have incomes up to 200% of the federal poverty level. Chart A shows the current federal poverty levels by family size. States may use total gross income or may allow deductions for certain expenses when setting the income levels.

G. States have the option of imposing an asset test if they wish.

H. Congress provided several coverage options for states that include

1. Expansion of the Medicaid Program

2. Benchmark coverage that can be one of the following:
   a. The current state employee benefit package
   b. The federal employee's BC/BS benefit package
   c. The commercial benefit package of the largest Health Maintenance Organization in the state.

3. A plan that is actuarial equivalent to one of the benchmark plans.

4. Any combination of the above options.

States also have the option of providing additional coverage to the selected benchmark benefit package.

I. Children who apply for CHIP but are eligible for Medicaid must be enrolled in the Medicaid Program.

J. States must address the issue of crowd out. Crowd out occurs when families drop insurance coverage in order to become eligible for CHIP. Children with credible insurance coverage are prohibited from enrolling in CHIP.

K. Children of State employees are not eligible for CHIP. In North Dakota this is not an issue because the state pays the entire premium for families of state employees.

L. States may establish their own eligibility periods in a range of one to 12 months.

M. States may impose premiums, co-payments or deductibles; however, for children at or below 150% of the poverty level, the amount must be nominal. Co-payments can range from $1 to $5 depending on the cost of the service. Premiums are limited to no more than $19 per month per family. States may impose higher cost sharing amounts for families with incomes that exceed 150% of the poverty level, but that amount cannot exceed 5% of their gross income.

N. States must designate an entity to determine eligibility. The entity could be the County Social Service Boards that currently determine eligibility for the Medicaid Program or could be another governmental or privately operated entity.

O. Federal administrative cost participation is limited to 10% of the actual costs

expended for insurance coverage and is not available until the program costs are incurred. States are required to meet their regular administrative costs plus required outreach activities to ensure that potential eligible families are aware of the program.

P. Each state is required to submit a state plan that must be approved by the Health Care Financing Administration. In addition, any changes in the plan require states to submit amendments that must be approved before federal funds can be used. North Dakota does have an approved plan for Phase One of CHIP.

Governor Schafer has chosen to implement this opportunity to provide needed health care coverage to hard working low-income families in two phases. The first phase was implemented effective October 15, 1998. The Medicaid Program was enhanced to provide coverage to children 18 years of age living in families with income at or below 100% of the federal poverty level. We anticipate that about 300 children per month will be eligible for the program at a cost of about $592,341, of which $123,356 are general funds. These funds are included in our appropriation request for the 1999-2001 biennium.

Based on federal law, these children would have become eligible for the Medicaid Program by 2001. This allows these children to be covered three years before coverage is mandated.

Phase Two of the plan is included in this bill. The plan put forth by Governor Schafer has the following provisions:

A. Coverage will be provided to children in families with incomes at or below 150% of the federal poverty level. Income will be based on adjusted gross income. Deductions will be allowed for child care expenses and payroll taxes that include

social security and Medicare deductions and federal and state income taxes. Self employment income will be determined based on a percentage of gross income. For example, farm income is calculated by using 25% of a farmer's gross income and adding any capital or ordinary gains. Chart B shows the income levels used by surrounding states.

B. Families will not be subject to any asset test.

C. The period of eligibility will be 12 months.

D. The separate insurance plan will provide equivalent coverage to that of the state employees benefit package with additional preventive coverage for dental, vision and medical care.

E. There will be no premium payments, but families will be required to pay co-payments for prescription drugs $2; emergency hospital visits $5, and inpatient hospital stays $50.

F. The program will be contracted to a health insurance entity who will receive a premium payment for each enrolled child. The entity will enroll providers and pay for all services covered under the program. It will also be responsible for ensuring that children receive appropriate and quality health care services.

G. Premium costs are estimated to be about $1,000 for the first year of the biennium and $1,050 for the second year of the biennium.

H. It is anticipated that the Department will impose a three to six month waiting period before families who dropped insurance coverage could insure their children under the Healthy Steps Program. Exceptions would be granted for loss of coverage

beyond the control of the family.

I. County Social Service Boards may determine eligibility, but the department could contract with another entity to determine eligibility for the Healthy Steps Program.

J. Governor Schafer has included $3.8 million in the department's budget, of which about $817,000 are general funds. This estimate was based on a survey of the uninsured that was completed in 1994. This bill will insure about 1,923 children of an estimated 3,846 who were estimated to be uninsured at that time.

K. The program does not create an entitlement for children eligible for the program. If there are not adequate funds to provide coverage for all families applying for services, the department will have the authority to limit the number of children through the establishment of waiting lists or other means to ensure that the appropriation is not exceeded.

L. The department would also be allowed to expand the program if it is demonstrated that not all the appropriation will be used during the biennium.

A recent survey just completed by the Department of Health indicates that the number of uninsured children at or below 100% of the federal poverty level has actually declined since 1994 from about 5,046 to 3,542. This is a positive sign and points to an improved economy and the Medicaid program reaching more children in this population group.

The attached fiscal note indicates a cost of $4,275,522 of which $899,569 is general funds. The fiscal note includes $3,886,838 of which $817,790 is general funds for the payment of premium costs which have been included in the Department's budget.

It also includes $388,684 in administrative expenses of which $81,779 are general funds that were not included in the budget.

The new survey also indicated that the number of children that could be eligible at the proposed 150% of poverty level has increased by about 344. While the new estimate indicates that we could expect additional children would enroll in the program, we believe adequate program funds will be available with the addition of the administration funds that were not included in Governor Schafer's original budget. We based this conclusion on the fact that it will not be possible to implement the program at the start of the biennium. The Department will need to submit and receive approval of a state plan amendment from the federal government, issue a Request for Proposal or negotiate a sole source contract with an insurance entity, make necessary changes to the current eligibility determination computer system, write program policies and procedures and train and educate potential eligible families, providers, advocates, eligibility staff and others about the program. For those reasons the Department believes that implementation will not be possible until October 1, 1999.

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

North Dakota Department of Human Services

"To Ensure That Necessary Medical Services Can Be Accessed By Eligible Individuals"

ND Healthy Steps (CHIP)

Chart A

POVERTY LEVELS FOR 1998 (annual)

ANNUAL Income Limit by Family Size

Percent of Poverty	FAMILY SIZE (Persons) One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten	For each additional person, increase annual amount by
25%	2,013	2,713	3,413	4,113	4,813	5,513	6,213	6,913	7,613	8,313	700
50%	4,025	5,425	6,825	8,225	9,625	11,025	12,425	13,825	15,225	16,625	1,400
75%	6,038	8,138	10,238	12,338	14,438	16,538	18,638	20,738	22,838	24,938	2,100
100%	8,050	10,850	13,650	16,450	19,250	22,050	24,850	27,650	30,450	33,250	2,800
110%	8,855	11,935	15,015	18,095	21,175	24,255	27,335	30,415	33,495	36,575	3,080
120%	9,660	13,020	16,380	19,740	23,100	26,460	29,820	33,180	36,540	39,900	3,360
125%	10,063	13,563	17,063	20,563	24,063	27,563	31,063	34,563	38,063	41,563	3,500
130%	10,465	14,105	17,745	21,385	25,025	28,665	32,305	35,945	39,585	43,225	3,640
133%	10,707	14,431	18,155	21,879	25,603	29,327	33,051	36,775	40,499	44,223	3,724
140%			19,110	23,030							
150%	12,075	16,275	20,475	24,675	28,875	33,075	37,275	41,475	45,675	49,875	4,200
170%	13,685	18,445	23,205	27,965	32,725	37,485	42,245	47,005	51,765	56,525	4,760
175%	14,088	18,988	23,888	28,788	33,688	38,588	43,488	48,388	53,288	58,188	4,900
180%	14,490	19,530	24,570	29,610	34,650	39,690	44,730	49,770	54,810	59,850	5,040
185%	14,893	20,073	25,253	30,433	35,613	40,793	45,973	51,153	56,333	61,513	5,180
200%	16,100	21,700	27,300	32,900	38,500	44,100	49,700	55,300	60,900	66,500	5,600
225%	18,113	24,413	30,713	37,013	43,313	49,613	55,913	62,213	68,513	74,813	6,300
250%	20,125	27,125	34,125	41,125	48,125	55,125	62,125	69,125	76,125	83,125	7,000

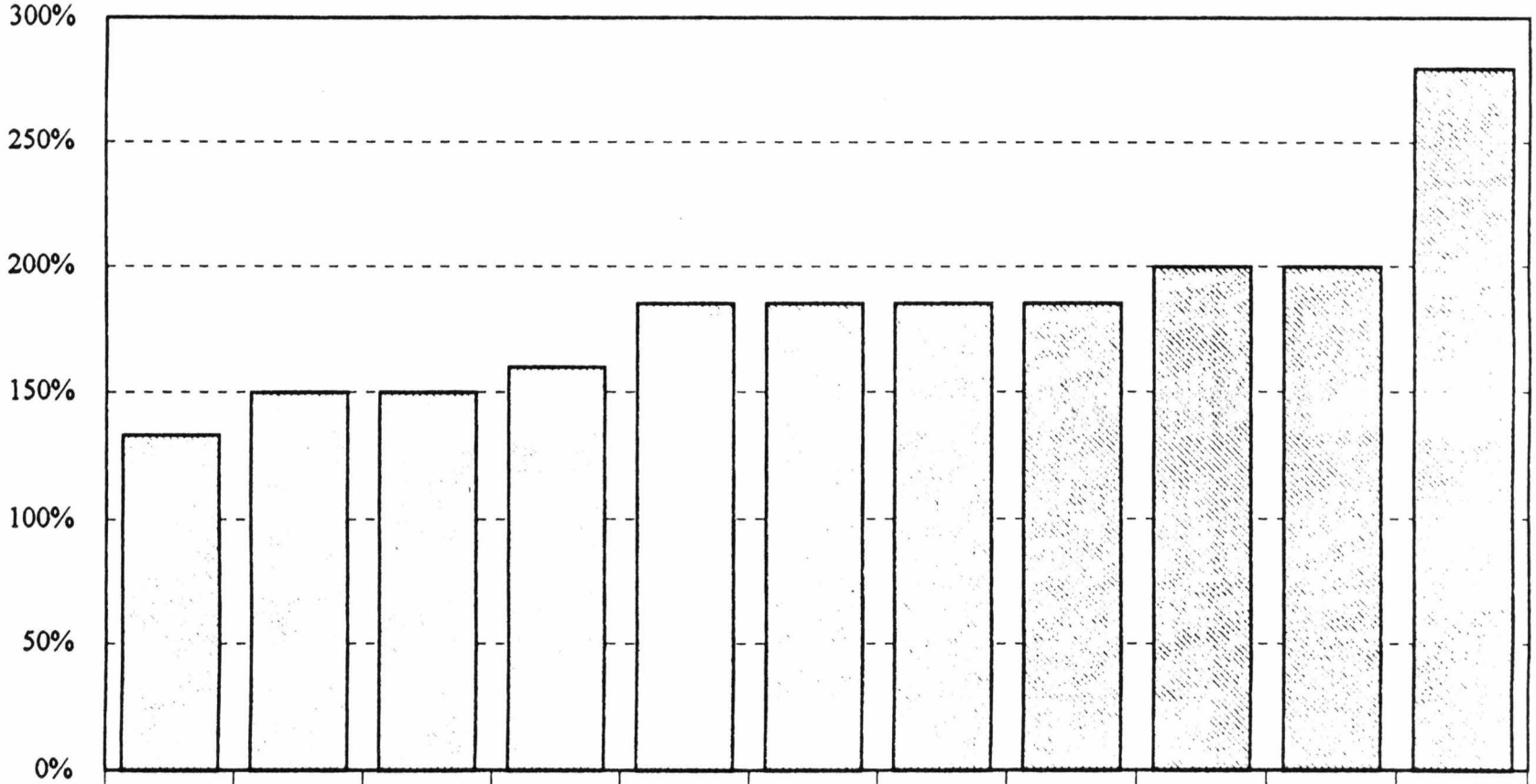
Chart B

North Dakota Department of Human Services

"To Ensure That Necessary Medical Services Can Be Accessed By Eligible Individuals"

ND Healthy Steps (CHIP)

Maximum Percent of Poverty Covered



South Dakota	Montana	North Dakota *	Idaho	Colorado	Iowa	Nebraska	Wisconsin	Kansas	Utah	Minnesota
133%	150%	150%	160%	185%	185%	185%	185%	200%	200%	275-280%

*North Dakota's percentage is as budgeted.

R&S-1/7/99-cj-c:hgw\pres\9901sess\chip

Children's Caucus

January 19, 1999

Senate Human Services Committee
Senate Bill 2182

Chairman Thane and members of the Human Services Committee:

My name is Linda Isakson. I am executive director of the Children's Caucus. The Children's Caucus is a membership organization with approximately 65 members. The purpose of the organization is to promote the health, safety and welfare of all children through education and policy development. We are a broad-based organization that has teachers, daycare professionals, social service providers, youth development workers, nurses etc. We are concerned about the health needs of our children. We are not stakeholders in CHIP, though many of us are only a paycheck away from our own children being uninsured.

SCHIP has provided us an opportunity that we may never have again. The Congress has designed a children's health insurance program with an incredible amount of flexibility. The usual strings tied to federal programs are missing. The purpose of this program seems to be insuring children who otherwise would be uninsured. This opportunity comes at a time when we are experiencing crisis in the ag economy, the oil industry is struggling and welfare reform. Reform that is taking more children off Medicaid as moms are placed in the workforce where family health insurance policies are not offered as part of a benefit package.

I can not dispute the numbers of uninsured children found in the recent survey, nor do I want to. But I must take exception to the assumption that only 1994 children will enroll in this program. That assumption is the same as capping enrollment and saying first come, first served. Child advocates will use schools, daycares, Community Action agencies, churches, public health units, farm organizations, employer surveys and mass media to find children who qualify. Capping the number of qualified children entering into this program is insuring by lottery. We can not do this. If a child is qualified for the program, then the program should be available to them.

In addition, data from other states that are farther into welfare reform than we are indicated that as single parents move off welfare and into the workforce the numbers of uninsured children goes up. We have an opportunity to use CHIP as a transition insurance until employers discover the benefit of offering family health insurance plans. We hope someday that will be the norm rather than the exception.

The process by which this plan was developed left little time for the creative ideas of consumers: how to best serve the health needs of children and families. In other states we are seeing a mixture of state and federal dollars used to devise plans that serve the needs of many more children and even low-income families. The Congress provided the flexibility to states but we have failed in this plan to pass on that flexibility to families who will use ND Healthy Steps.

I would like to propose amending this bill allowing for an increase in state dollars if more children enroll in this program. When enrollment numbers reach 2000 children, the Department of Human Services may seek additional funds from the state to draw down the available federal funds to insure those children. With this option available, you hold children's advocates responsible for finding uninsured children, the department would have to prove need and we can tell the federal authority that ND is not quite ready to turn back 7 million dollars.

Thank you for this opportunity on behalf of the children. We are asking that you share with us the commitment to North Dakota's children and pass a bill that serves a majority of uninsured children.

Respectfully Submitted:

Linda Isakson
Children's Caucus

TESTIMONY ON S.B. 2182
BEFORE THE SENATE
HUMAN SERVICES COMMITTEE
JANUARY 20, 1999

CHILDREN'S HEALTH INSURANCE PROGRAM

Chairman Thane and members of the Senate Human Services Committee, for the record, my name is Betty Keegan and I am here today providing information on behalf of the North Dakota County Social Services Directors' Association.

Our Association went on record last week in support of the Children's Health Insurance Program, as well as, the philosophy and it's purpose.

We support that counties would be poised to provide the best and most immediate eligibility determination service for these children since we will first be required to screen their eligibility for Medical Assistance.

At this point, however, our Association went on record as requiring administrative reimbursement for this administrative effort, viewing this as a new program. ~~Funded entirely by Federal funds.~~ We had an opportunity for a short discussion with Mr. Zentner last Thursday, and I came away from that meeting believing we may be able to "work things out" or negotiate this area if the Department is interested.

The CHIP program can be piggy backed upon the current Medical Assistance Program where most of the needed financial income information would already be captured. Were we to concentrate upon an administratively abbreviated, family friendly program we, I believe, would all benefit. There are a number of options in terms of how the program can be administered. We would like to work with the Department in an effort to arrive at a fair and equitable means of doing so.

Thank you. I will attempt to answer any question you may have.

Chips Testimony

Chairman Thane and members of the committee,

My name is Carlotta McCleary. I live in Bismarck and I am from District 47. I am the parent of a child with special health care needs. My 10 year old son, Garrett, has symptoms similar to Pervasive Developmental Disorder as a result of medication that was prescribed when he was four years old. Garrett no longer has the neurological controlling mechanisms that help him stay in control when he is upset. He can become agressive towards himself and others.

We were very grateful we had insurance. Our family's insurance was through my husband's employer. His individual coverage was paid for by them and we paid for the family coverage. When Garrett was seven Garrett's condition deteriorated, we needed to find the right combination of medication. Garrett became very depressed and suicidal. This is when we learned that Garrett had a cap on his mental health coverage. He had a lifetime maximum bennifit of 30 days inpatient care.

We added Blue Cross Blue Shield insurance as a secondary policy through my employer. We couldn't give up the other policy because of the preexisting condition. Again my employer covered my individual policy and it was my responsibility to cover the family policy.

One of Garrett's biggest needs was the need for constant one on one supervision. This support would help with Garrett's safety as well as keep our older son, Matthew and younger daughter, Katie safe from Garrett's aggression. Our private insurances did not cover this type of community

based service. Without this support Garrett could not remain at home with our family. Thankfully, Garrett is also eligible for Medicaid and he is able to get the community based services he needs so he can remain at home with our family.

Before Garrett was diagnosed, we thought we had adequate insurance. We thought we would be able to make sure his medical needs were met. We were wrong. Children like Garrett end up getting worse and using more restrictive and more expensive levels of care. This is not fair to children and their families.

For these reasons I am in support of funding the CHIPS program. I would also be in favor of a medicaid expansion so that all children under this plan would have the insurance coverage that they needed.

Carlotta McCleary
3803 Renee Dr.
Bismarck, ND 58501
(701) 223-9341

Rose Stoller

Position Statement on CHIP

Voices in Partnership for Healthcare Reform
January 13, 1999

VIP/HR Mission Statement

To secure the availability of comprehensive health benefits for all people in North Dakota.

Background on the Coalition

Voices in Partnership for Healthcare Reform (VIP/HR) began in April 1998 when over 50 North Dakotans from across the state, representing a variety of professional and personal life experiences and including family members and consumers, gathered to participate in a two-day conference on healthcare reform.

Since then, a remarkable consensus on North Dakota's CHIP program has emerged as a result of the subsequent monthly steering committee meetings, an October state-wide coalition meeting and a survey of every coalition member. This consensus supports the following position statement:

> CHIP will provide the most comprehensive benefit coverage for North Dakota's 16,000 uninsured children through an expansion of the Medicaid program with eligibility at 200% of the poverty level and no asset test required.

What is CHIP?

CHIP is the state children's health insurance program. It was included in the federal Balanced Budget Act of 1997. The Act includes $24 billion over a ten-year period to provide health insurance to America's 10 million uninsured children. States have options in developing their programs by building on the Medicaid program, starting another new program, or doing a combination of both.

For the program we develop in North Dakota, the federal government will pay 79% of the cost and the state match is 21%. This is better than the 70% federal funding for the Medicaid program. This is an opportunity to make sure all our kids have the health care they need and deserve. The low state match makes this an affordable opportunity.

North Dakota's CHIP

The VIP/HR coalition acknowledges the work on CHIP by the Governor's Office and the Departments of Human Services and Health. Their effort resulted in SB 2182 that would create a new, limited program called "Healthy Steps." This is a step towards addressing the implementation of CHIP in North Dakota.

Our maximum annual federal allocation is $5.1 million. With the 79% federal funding rate for CHIP, our state match to receive the maximum federal allocation is $1.3 million. The proposed "Healthy Steps" (as of late December 1998) would cost only $3.1 million for the entire 1999 –2001 biennium. The program would use about $800,000 of state funds and only $3 million of the approximately $10 million of available federal funds. It would cover an estimated 1,993 children at 150% of poverty, and require no asset test.

We look forward to continuing the dialogue about this program as legislators and North Dakotans choose how to shape our state's effort to ensure health care for all North Dakota children. North Dakota is one of the last states to embrace the opportunity to provide much-needed healthcare to our 16,000 uninsured children.

How can North Dakota best cover children's health care?

The VIP/HR coalition members have reached consensus on the following options for North Dakota's CHIP program:

1. ***No asset test for eligibility.***
   Families should not have to hurt their ability to make a living in order to get proper health care in the short term. It makes little sense for families to sell income-producing assets because they do not have the current income to purchase private health insurance.

2. ***Eligibility at 200% of poverty.***
   The CHIP program is intended for children in families where the parents are working but have no health insurance or do not qualify for Medicaid. By including children in families up to 200% of poverty in CHIP, we would save on future needs due to the benefits from early detection of health problems and the overall improved health of these children. The health care coverage would allow these families a far better chance to improve their financial status and thus to make greater contributions to North Dakota 's economy.

   In 1998, 200% of poverty for a family of three was $2,275 a month. Health insurance policies are expensive and are difficult to afford. According to the North Dakota Extension Service, a family of three needs $2,213 a month to make ends meet and pay for a minimum of health care. The 150% of poverty in the "Healthy Steps" proposal is $1,708 a month, almost $500 a month less than the make ends meet budget.

3. ***Use the Medicaid program as a base and build on a program that is already working.***
   Ninety-seven percent of coalition members agreed that the Medicaid program offered the best framework for CHIP in North Dakota. Some of the reasons are:

a. Coverage includes comprehensive benefits for children, family-centered care, services for children with special needs, and home and community-based services.

b. Avoids the duplication of a new bureaucracy by building upon an existing program's administrative structure. Having one program instead of two would be less confusing, would provide greater efficiency, and would have lower administrative costs. There would be no need to figure out and administer the coordination of enrollment between two different programs.

c. Streamlines the eligibility for families. Families would not have to keep track of a confusing array of eligibility rules because all children in a family would be in one program. A separate or new program would mean families would have to shift from program to program as their situation or income changed.

d. Greater assurance for adequate federal funding. Under the Medicaid option, if the child health allotment were spent, the state would continue to receive federal funding at the regular Medicaid matching rate – 70% for North Dakota. However, if a state creates a separate program like "Healthy Steps," then the amount of federal funds available is capped. In this case, no additional federal matching funds would be available after the state's allotment is spent.

VIP/HR Steering Committee Members

Rose Stoller, Bismarck
Susan Rae Helgeland, Fargo
Mary Jo Dailey, Bismarck
Donene Feist, Edgeley
Owen Hayden, Grand Forks
Karen McConnell, Dickinson
Teresa Larsen, Bismarck
Don Morrison, Bismarck
Sandra Smith, Fargo
Patricia Johnson, Fargo
Dave Meiers, Bismarck
Carlotta McCleary, Bismarck

For More Information

Bismarck:	Don Morrison, phone 701-224-8090
Dickinson:	Karen McConnell, phone 701-227-7585
Fargo:	Susan Rae Helgeland, phone 701-237-5871
Jamestown:	Donene Feist (in Edgeley), phone 701-493-2333

VIP/HR

Voices in Partnership for Healthcare Reform
200 West Bowen
Bismarck, North Dakota 58504
(701) 255-3692 1-800-472-2911
TDD relay 1-800-366-6888

Monthly Income Limit by Family Size for 1998

% of poverty	two	three	four	five
100%	$904	$1,138	$1,371	$1,604
133%	$1,203	$1,513	$1,823	$2,134
150%	$1,356	$1,707	$2,057	$2,406
175%	$1,582	$1,991	$2,399	$2,803
200%	$1,808	$2,275	$2,742	$3,208

The estimated monthly cost of living for a family of three in North Dakota*

item	monthly cost
Housing (rent, insur, utilities)	$443
Phone	30
Food	262
Child care	580
Household, personal, clothing	284
Transportation (car payment)	150
Gasoline, repair, insurance	180
Health care (insur, medicine)	284
TOTAL	$2,213

Uninsured North Dakota Children**

% of poverty	
Undetermined	1,840
100% and under	3,115
101% - 150%	4,619
151% - 200%	2,339
Over 200%	3,432
TOTAL	15,345

Budget numbers

Annual maximum federal dollars available to ND	$5.1 million
Federal dollars in SB 2182 (per year)	$1.5 million
State dollars in SB 2182 (per year)	$400,000
Federal match for CHIP (Medicaid or separate program)	79%
State match for CHIP	21%
Federal match for Medicaid	70%

Contacts

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Donene Feist, Edgeley	493-2333
Karen McConnell, Dickinson	227-7585

*NDSU Extension Service 7.98

**Robert Wood Johnson Foundation Employer/Family Survey 1998 (children birth to 18 years)

1.19.99

American
Academy of
Pediatrics

North Dakota Chapter

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The North Dakota Children's Health Insurance Program (CHIP): SB 2182
January 20, 1999

Position of the ND Chapter of the American Academy of Pediatrics

Mr. Chairman and members of the Senate Human Services committee, my name is Todd Twogood, a member of the North Dakota Academy of Pediatrics (AAP). I am a pediatrician practicing full time in here in Bismarck. One of the most important issues concerning our children and their future health care is before us now. The Children's Health Insurance Program (CHIP) is an opportunity for North Dakota to move forward and complement the services offered to children in our state. Governor Schafer's plan and proposed budget should be commended for recognizing the need for these health services and for seeking to improve the health care of the future.

In 1994, the ND Department of Health estimated that 16,683 children did not have insurance coverage. As pediatricians, we see daily examples of such children who have "fallen through the cracks." They are more likely to be from our rural areas (59.7%), but also come from cities across our state as well. They may not be eligible for coverage under our medicaid program, but yet are at a poverty level where the family remains unable to afford health insurance premiums. To expand coverage for these children, and children across the United States, the federal government has allocated $24 billion dollars. North Dakota is eligible to receive $5 million annually, with unused funds carried over for an additional two years. A state match of approximately 21% would be required, however; this should not be considered an entitlement or a social program, but a onetime opportunity to receive dollars toward the health of our children. By your encouragement and support of this program, a little can become a lot.

Final details of the North Dakota Healthy Steps plan are yet to be determined. We understand that in preparing the current budget for the North Dakota program, three scenarios were considered. The proposal before you now, covering children in families with income at 150% of the poverty level, would require a general fund match of almost one million dollars. As pediatricians, we strongly urge you to take full advantage of the favorable match requirements, and at a minimum, expand the plan to cover children with family adjusted gross income at or below 175% of the poverty level, plus coverage for special needs children (about 15% of the covered children). Adoption of this level of coverage would bring the number of eligible children from an estimated 3,846 to 4,791. The cost difference to the general fund would only be in the neighborhood of an additional three hundred thousand dollars (at 60% enrollment rate) over the next biennium. This is a very small expenditure in comparison to the enormous benefit to the uninsured children of our state, and now is the time for us to make the most of the funding from the federal program. We would ask that you adopt the amendment to accomplish this expansion as proposed below.

Please support this bill to it's fullest potential, and make a difference for our future – our children. Thank you for the opportunity to present the views of the pediatricians and our organization on this most important issue. I would be pleased to address any questions the committee may have at this time.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2182

Page 1, line 23, replace "fifty" with "seventy-five"

Renumber accordingly

Senate Human Services Committee
SB 2182 – Children's Health Insurance Program
January 20, 1999

Testimony of Don Morrison on behalf of VIP/HR Coalition

My name is Don Morrison and the coalition of Voices in Partnership for Healthcare Reform has asked me to be the spokesperson for our effort. We are a very broad-based group that includes families, a wide range of consumers of health care, health care providers, hospital staff and administrators, county social services staff and other public sector personnel, advocacy groups, American Indian leaders and parents, the League of Women Voters, labor union leaders and members, and private business people.

States have options and decisions to make in putting together the state's CHIP. On several of those options, the members of our coalition have reached a remarkable consensus. Many of the people who have been working on developing that consensus are here today. We appreciate the opportunity to present to you our position statement on CHIP. I would like to take a few moments to highlight some important concerns in our statement for you and then provide a statement from Donene Feist, a mother of children with special health needs. Donene wanted to be here today, but was unable to be here.

Thank you for your attention to putting together a way to ensure our children in North Dakota will receive the health care they need and deserve.

NORTH DAKOTA
MEDICAL ASSOCIATION

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Director of Communications

TESTIMONY

Senate Human Service Committee
Wednesday, January 20, 1999, 9:00 a.m.
SB 2182, Children's Health Insurance Program

Cathy Rydell, Executive Director ND Medical Association

Mr. Chairman and members of the committee, my name is Cathy Rydell and I am the executive director of the North Dakota Medical Association. The NDMA represents 1,300 physicians practicing in North Dakota. Seventy-five percent of all physicians in ND belong to the NDMA.

SB 2182 is by far one of the most important bills of the 1999 Legislative Session to our members. Establishment of a health insurance program for the children of the working poor in our state will do much to improve the health and future of those children. The organization I represent has worked closely with a coalition of other professional associations and advocacy groups. The purpose of the coalition was to investigate the CHIP legislation and make recommendations to the Governor and the Department of Human Services. The coalition includes the North Dakota Medical Association, the North Dakota Healthcare Association, the North Dakota Chapter of the American Academy of Pediatrics, the North Dakota Chapter of the Academy of Family Practice, the North Dakota Optometric Association, the North Dakota Dental Association, and two child advocacy groups. The child advocacy groups are Family Voices, which represents parents of children with special health care needs and Kids Count. As you well know, when organizations as diverse as these agree, the program must be very important. The coalition feels the development of a strong Healthy Steps (CHIP) program is vital.

ND has a proud tradition of taking care of our own. If a child without insurance has a broken arm, a caring physician will mend it. If a child without insurance has a temperature of 105 degrees and a panicked parent rushes him to the emergency room he will be seen and treated. If an uninsured child with chronic asthma has a life threatening attack she will be admitted to the hospital and given the best and most modern care available by a cadre of providers and technicians. This is crisis care. The children of our working poor deserve more.

This bill addresses a far more cost-effective and humane way to deliver health care. Preventive care for these children will allow a parent to have their child seen by a health care professional before a crisis situation arises. This preventative care, which you and I may take for granted, can bring peace of mind to a parent who is working hard and trying to make ends meet. These parents don't qualify for Medicaid and, in most cases, have no access to employer-based health insurance. They are the ones we always hear about, the ones that "fall through the cracks".

Who are these children who "fall through the cracks"? Most uninsured children live in working families and most low-income workers are not offered employer-sponsored health insurance. If they are lucky enough to be offered insurance it is usually only a percentage of a single policy for the worker.

As members of the North Dakota Legislature you understand the importance of employer based and paid for health insurance. I would venture to say that you consider the NDPERS health insurance you receive one of the most valuable benefits you are given. The people who will be reached by this program are not so lucky. They work hard, they do the best they can to provide for their children, and they need your help.

As a former legislator I often had strong feelings about the offer of federal dollars. I was concerned that these dollars came with too many strings. This is not the case with the $5,000,000 annual allotment for North Dakota. The federal government has given states the flexibility to build a program that best meets the needs of their citizens. The Department of Human Services, and especially Dave Zentner, has but together the framework for a program that will do just that.

The Congress has given every indication that the funding for this program will continue beyond the 10 years of funding currently in the federal legislation. Even though there is no guarantee that these funds will be available beyond 2008, thousands of young lives will be positively effected by comprehensive preventative care that they otherwise would not receive. Healthy Steps (CHIP) will go a long way to make young lives better and give these children the start they deserve.

The cost to the general fund is 20% of the overall program cost. The bill currently has the level of poverty set at 150%. I would recommend that that figure be raised to 175% in order to reach more of these children. The additional cost to the general fund will be minimal compared to the benefits received. Even with this increase in eligibility, all the federal funds allocated to ND will not be used. It should be noted that those funds would be turned back to the federal government and re-allocated to other states for their CHIP programs. It will not go back to the federal government's general fund.

200 of poverty / 50% Utilization - Medicaid

			Governor's Budget	
			Biennial Cost	Start 10-1-99
Cost at 50% enrollment				
1999	3100 @	$1,325	4,107,500	3,080,625 &
2000	3100 @	$1,365	4,230,725	4,230,725
		Subtotal	8,338,225	7,311,350
Co-payment & Deductibles				
Number of Prescriptions @ $2		0	0	0 *
Number of Emergency Room Visits @ $5		0	0	0 *
Number of Inpatient Hospital Stays @ $5(		0	0	0 *
		Subtotal	0	0
		Total	8,338,225	7,311,350
	Administration @	10%	833,823	731,135
		Total	9,172,048	8,042,485
	Federal		7,242,249	6,350,346
	General Fund		1,929,799	1,692,139
			9,172,048	8,042,485

& 3/4 of yearly total.
* 7/8 of biennial cost total.

20,200 kids on Medicaid

200 of poverty / 50% Utilization

			Governor's Budget	
			Biennial Cost	Start 10-1-99
Cost at 50% enrollment				
1999	3100 @	$1,000	3,100,000	2,325,000 &
2000	3100 @	$1,050	3,255,000	3,255,000
		Subtotal	6,355,000	5,580,000
Co-payment & Deductibles				
Number of Prescriptions @ $2		21700	(43,400)	(37,975)*
Number of Emergency Room Visits @ $5		1705	(8,525)	(7,459)*
Number of Inpatient Hospital Stays @ $5(		744	(37,200)	(32,550)*
		Subtotal	(89,125)	(77,984)
		Total	6,265,875	5,502,016
	Administration @	10%	626,588	550,202
		Total	6,892,463	6,052,218
	Federal		5,442,289	4,778,831
	General Fund		1,450,174	1,273,387
			6,892,463	6,052,218

& 3/4 of yearly total.
* 7/8 of biennial cost total.

175 of poverty / 50% Utilization

- New figures

			Governor's Budget	
Cost at 50% enrollment			**Biennial Cost**	**Start 10-1-99**
1999	2710 @	$1,000	2,710,000	2,032,500 &
2000	2710 @	$1,050	2,845,500	2,845,500
		Subtotal	5,555,500	4,878,000
Co-payment & Deductibles				
Number of Prescriptions @ $2		18970	(37,940)	(33,198)*
Number of Emergency Room Visits @ $5		1490.5	(7,453)	(6,521)*
Number of Inpatient Hospital Stays @ $5(		650.4	(32,520)	(28,455)*
		Subtotal	(77,913)	(68,173)
		Total	5,477,588	4,809,827
	Administration @	10%	547,759	480,983
		Total	6,025,347	5,290,810
	Federal		4,757,614	4,177,623
	General Fund		1,267,733	1,113,186
			6,025,347	5,290,809

& 3/4 of yearly total.

* 7/8 of biennial cost total.

2182
Dec 97

		Grade	ANNIV.	Years of Service	POS #	FTE %	Quartile 7/1/98	Wages 7/1/98	Quartile 7/1/99	Wages 7/1/99
KLEPETKA, DIXIE	BC - LPN	20	10/1/85	13	36	1	M	$10.67	M	10.82
LUKES, DEBRIA	BC - LPN	20	11/29/90	8	37	0.6	M	$10.72	M	10.87
OLSON, PAT	BC - LPN	20	5/4/92	6.5	7	1	1	$11.42	1	11.59
LEMNA, KATHY	BC - LPN	20	7/13/93	5.25	2	0.7	M	$10.11	M	10.24
MCNALLY, JAN	BC - LPN	20	8/31/93	5.25	165	0.6	M	$9.71	M	9.83
GAMACHE, DIANE	BC - LPN	20	6/7/94	4.25	39	0.8	M	$9.71	M	9.83
EBERHARD, RUTH	BC - LPN		12/23/94	3.75	TEMP		M	$10.11	M	10.41
MCNEAL, CAROL	BC - LPN	20	5/29/96	2	147	0.4	M	$9.65	M	9.76
COLE, PAM	BC - RN	24	4/1/92	6.5	137	1	2	$15.94	2	16.24
SWEET, DONNA	BC - UM mgm	20	9/11/81	17	27	1	2	$13.85	3	14.08
SEBENS, ROSE	SK - LPN	20	1/28/92	6.5	136	0.8	1	$11.03	1	9.82
OLSON, BUNNY	SK - LPN	20	6/16/94	4.25	134	0.6	M	$10.27	M	10.4
WYUM, TRACY	SK - LPN	20	10/17/94	4	133	1	M	$10.27	M	10.4
ANDERSON, REBECCA	SK - LPN	20	3/15/95	3.5	135	0.6	M	$9.70	M	9.82
HANSEN, VICKI	SK - LPN		10/31/97	1	TEMP		M	$10.17	M	10.48
HARDINA, DEB	SK - RN	27	11/4/91	7	102	1	1	$16.58	2	16.9
ANDERSON, MARGARET	SK - RN	24	2/11/92	6.5	111	1	1	$13.62	M	15.91
CONNEL, KRISTIE	SK - RN	24	10/25/94	4	112	1	2	$14.94	2	15.21
SCHELL, JOY	SK - RN	27	11/24/95	3	46	0.6	1	$15.28	1	15.56
FUHRMAN, DEBRA	SK - RN		3/10/97	1.5	TEMP		1	$14.26	1	14.69
SHELVER, ROBIN	SK - RN	24	11/19/97	1	110	1	1	$14.10	1	13.65
VACANT	SK - RN	24			114	0.7	1	$13.82	1	
VACANT	SK - RN	24			113	0.6	1	$13.17	M	
SWIONTEK, DEANN	BC - WC	12	10/1/92	6	43	1	M	$7.43	M	7.21
SCHONHOFF, TIA	DNS - Sec	12	12/3/84	13.75	103	1	1	$8.65		7.6
JALBERT, JANE	SK - WC	15	9/23/91	7	104	1	1	$8.85	2	8.93

PROPOSED AMENDMENTS TO SENATE BILL NO. 2182

Page 2, after line 5 insert:

"5. Reimburse each county for the total amount expended by the county agency in the administration of the children's health insurance program."

NOTE: The Association of Counties prepared this amendment as means of documenting in the Century Code the Department's intention to reimburse counties for new costs that they incur. It was modeled after language that required similar reimbursement under the old AFDC program.

200 of poverty / 50% Utilization - New numbers

			Projected Costs	
Cost at 50% enrollment			**Biennial Cost**	**Start 10-1-99**
1999	3506 @	$1,000	3,506,000	2,629,500 &
2000	3506 @	$1,050	3,681,300	3,681,300
		Subtotal	7,187,300	6,310,800
Co-payment & Deductibles				
Number of Prescriptions @ $2		24542	(49,084)	(42,949) *
Number of Emergency Room Visits @ $5		1928.3	(9,642)	(8,436) *
Number of Inpatient Hospital Stays @ $50		841.44	(42,072)	(36,813) *
		Subtotal	(100,798)	(88,198)
		Total	7,086,503	6,222,602
Administration @ 10%			708,650	622,260
		Total	7,795,153	6,844,862
Federal			6,155,052	5,404,703
General Fund			1,640,100	1,440,159
			7,795,152	6,844,862

& 3/4 of yearly total.
* 7/8 of biennial cost total.

200 of poverty / 50% Utilization Medicaid Program

			Projected Costs	
			Biennial Cost	Start 10-1-99
Cost at 50% enrollment				
1999	3506 @	$1,325	4,645,450	3,484,088 &
2000	3506 @	$1,365	4,784,814	4,784,814
		Subtotal	9,430,264	8,268,901
Co-payment & Deductibles				
Number of Prescriptions @ $2		0	0	0 *
Number of Emergency Room Visits @ $5		0	0	0 *
Number of Inpatient Hospital Stays @ $50		0	0	0 *
		Subtotal	0	0
		Total	9,430,264	8,268,901
	Administration @ 10%		943,026	826,890
		Total	10,373,290	9,095,791
	Federal		8,190,749	7,182,037
	General Fund		2,182,540	1,913,754
			10,373,289	9,095,791

& 3/4 of yearly total.
* 7/8 of biennial cost total.

175 of poverty / 50% Utilization New Numbers

			Projected Costs	
			Biennial Cost	**Start 10-1-99**
Cost at 50% enrollment				
1999	2710 @	$1,000	2,710,000	2,032,500 &
2000	2710 @	$1,050	2,845,500	2,845,500
		Subtotal	5,555,500	4,878,000
Co-payment & Deductibles				
Number of Prescriptions @ $2		18970	(37,940)	(33,198) *
Number of Emergency Room Visits @ $5		1490.5	(7,453)	(6,521) *
Number of Inpatient Hospital Stays @ $50		650.4	(32,520)	(28,455) *
		Subtotal	(77,913)	(68,173)
		Total	5,477,588	4,809,827
	Administration @ 10%		547,759	480,983
		Total	6,025,347	5,290,810
	Federal		4,757,614	4,177,623
	General Fund		1,267,733	1,113,186
			6,025,347	5,290,809

& 3/4 of yearly total.
* 7/8 of biennial cost total.

150 of poverty / 50% Utilization New Numbers

			Projected Costs	
Cost at 50% enrollment			**Biennial Cost**	**Start 10-1-99**
1999	2095 @	$1,000	2,095,000	1,571,250 &
2000	2095 @	$1,050	2,199,750	2,199,750
		Subtotal	4,294,750	3,771,000
Co-payment & Deductibles				
Number of Prescriptions @ $2		14665	(29,330)	(25,664) *
Number of Emergency Room Visits @ $5		1152	(5,760)	(5,040) *
Number of Inpatient Hospital Stays @ $50		503	(25,150)	(22,006) *
		Subtotal	(60,240)	(52,710)
		Total	4,234,510	3,718,290
	Administration @ 10%		423,451	371,829
		Total	4,657,961	4,090,119
	Federal		3,677,926	3,229,558
	General Fund		980,035	860,561
			4,657,961	4,090,119

& 3/4 of yearly total.
* 7/8 of biennial cost total.

Amendments to department description Medicaid or ins.

Sentra
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North Dakota Conference of Social Welfare, Incorporated

January 20, 1999

Senator Thane, Senator Kilzer, Members of the Senate Human Services Committee:

My name is Connie M Hildebrand and I represent the North Dakota Conference of Social Welfare as Chair of its Legislative Committee. Today we testify in favor of SB 2182.

Since 1920 the NDCSW has advocated for health and social welfare programs for North Dakota citizens. Please take a look at our Conference Legislative Committee membership on the last page of my testimony and remember, we do not easily relinquish commitment. Indeed, an 80-year legacy persists in our testimony of today.

PHASE I

Governor Schafer stated, as he introduced Phase I of the North Dakota Children's Health Insurance Program (CHIP) in October, 1998, "*Healthy children are better able to learn and grow into productive, healthy adults.*" With the efforts of his administration Medicaid coverage was extended to eighteen year olds, living in families with income at or below 100% of the federal poverty level, and who were previously ineligible for health care coverage.

PHASE II

Phase II is being introduced as SB 2182 and authorizes North Dakota's participation in Title XXI which expands coverage to other uninsured children. It expounds the same prevention theme, "*Healthy children are better able to learn and grow into productive, healthy adults.*"

In our poll, twenty-two of the twenty-four statewide organizations and associations which compose our Legislative Committee *favor* North Dakota's participation in the children's health insurance program. Two associations had "no position" as they deal primarily with elder care issues.

Today you will hear/have heard various testimony on components of Phase II such as preferred poverty level limits (150%, 175%, 200%); utilization of the Medicaid program as framework vs. healthy steps; and appropriate administrative entity. These are all points of discussion, occurring even among members of our own Conference Legislative Committee.

We recognize there will continue to be dialog throughout this legislative session as we engage in the democratic-based blessing of debate. But *we* know, and we want *you* to know, membership of the NDCSW Legislative Committee does not waiver in its basic support for a North Dakota children's health insurance program, and we plan to be around for the next 80 years.

As the North Dakota Conference President in mid-century, Mr.Tore Allegrezza stated in 1950,

> "Every generation telescopes at each end into another. We are at one and the same time both posterity and ancestry. As we stand on the shoulders of those that went before us, those that come after will, in turn, stand on our shoulders.
>
> We are, therefore not only building on foundations laid by others, but we ourselves are laying the foundations on which others will build. What kind of foundations will they be? "

This is *our* challenge at the turn of the century!

Remember Governor Schafer, and I quote, "*Healthy children are better able to learn and grow into productive, healthy adults*." He understands, as did Tore Allegrezza, that preventative health initiatives can insure the future health of generations. We ask that you do the same by casting an affirmative vote for SB 2182.

Thank you Senator Thane, Senator Kilzer, Committee members, for the opportunity to testify.

Submitted:

Connie M. Hildebrand
Chair, Research Planning and Legislative Committee
North Dakota Conference of Social Welfare

North Dakota Conference of Social Welfare, Incorporated

Research Planning and Legislative Committee

Association/Organization	Membership/Size
American Association of Retired Persons-ND AARP	70,000 Members
ARC of North Dakota	1200 Members
Catholic Family Service CFS	36 Employees
Children's Caucus CC	100 Members
Dakota CIL	10 Providers
Family Voices	Mailing List of 500
Home on the Range HOTR	100 Employees
Lutheran Social Services LSS	500 Employees
Mental Health Association in ND MHA	Mailing List of 3000
National Association of Social Workers-ND NASW	315 Members
ND Addiction Treatment Providers Coalition NDATPC	35 Members
ND Association of Community Facilities NDACF	26 Providers
ND Association of Counties NDACo	600 Members
ND Association of Non-Profit Organizations NDANO	130 Members
ND Catholic Conference NDCC	Mailing List of 4000
ND Conference of Social Welfare NDCSW	500 Members
ND Council on Abused Women's Services CAWS	20 Statewide Programs
ND Long Term Care Association NDLTCA	122 Providers
ND Medical Association NDMA	1100 Members
ND Nurses Association NDNA	700 Menbers
ND Senior Services Project Directors Association NDSSPDA	30 Members
Putting the Pieces Together PPT	Mailing List of 500
St Alexius Medical Center - Mental Health/SS/Eldercare	60 Employees
The Village Family Service Center	180 Employees

Resource Entities

ND Department of Health	Administration
ND Department of Human Services	Administration
ND Indian Affairs Commission	Administration
ND Department of Human Services	Child & Family
ND Department of Human Services	Aging
Childrens Services Coordinating Committee	Region VII
Burleigh County Social Service	County
Emmons County Social Service	County
Hettinger County Social Service	County
Ward County Social Service	County

NORTH DAKOTA CATHOLIC CONFERENCE
NDCC

Representing the Diocese of Fargo and the Diocese of Bismarck

Christopher T. Dodson
Executive Director

To: Members of the Senate Human Services Committee
From: Sister Margaret Rose Pfeifer, Health Care Advocate
Subject: Senate Bill 2182
Date: January 20, 1999

Chairman Thane, committee members, I am Sister Margaret Rose Pfeifer, health care advocate for the North Dakota Catholic Conference, which in addition to representing the Roman Catholic diocese in North Dakota, also represents the 26 Catholic health care facilities.

The North Dakota Catholic Conference supports SB2182.

We believe that the state has and should accept responsibility to care for the most vulnerable of our citizens- the sick, the children and the elderly. CHIP is a step in that direction.

Health and health care are subjects that profoundly touch the lives of us all. Our ability to live a fully human life and to reflect the unique dignity that belongs to each person is greatly affected by health. Not only for individuals, but also for society at large, health issues take on importance because of the intimate role they play in personal and social development.

For us, health takes on special significance because of our faith and our long tradition of involvement in this area . We consider health care to be a basic human right which flows from our belief in the sanctity of all human life. Our failure to guarantee access to quality health care exacts its most painful toll in the preventable sickness, disability, and deaths of our infants and children.

227 W. Broadway, Suite 2
[illegible]arck, ND 58501
[illegible]223-2519
Fax # (701) 223-6075

Unfortunately, the children of the working poor are not immune from the consequences of not having health care coverage. While we may have made progress at reducing the welfare rolls, we have made little or no progress in reducing the number of families without health care coverage. So called market reforms have failed to address the needs of the working poor.

Although here in North Dakota the number of children concerned is comparatively small and this seems to be a minor state involvement, we feel it is a very important involvement . With the present farm crisis, there will definitely be a greater need.

Health insurance is often considered the cost a besieged farmer can do without more easily than food and shelter. Yet these children also need adequate health care. When there is a question of allocating scarce resources, the vulnerable and the poor have a compelling claim to first consideration.

We find it good to see that the Governor has suggested one hundred and fifty percent of the poverty level. It could be made better by raising it to two hundred percent. This is not an extraordinary request as many states have done this or better. It is also good that this insurance will provide well-care , eye and dental care to the children up to and including eighteen year olds. It is also hoped that a method of easy access and a way to encourage enrollment of eligible children will be found that will yet preserve the dignity of the parents and children. This is the best step toward helping children achieve their potential in school, growth, and development.

This is why passing the federal CHIP legislation was a top priority for the United States Catholic Conference, The Catholic Health Association, and Catholic Charities, USA, and adoption at the state level is a top priority for state counterparts.

TESTIMONY BEFORE THE SENATE APPROPRIATIONS COMMITTEE
REGARDING SENATE BILL 2182
FEBRUARY 11, 1999

Chairman Nething, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services, and I appear before you today to provide information and support this bill.

On January 13, 1999, I provided testimony to you regarding the options available to states in operating CHIP and gave you an overview of the proposal for implementing the program in North Dakota. At that time I indicated the governor had included about $3.9 million in the budget, of which about $817,000 were general funds. This did not include administrative costs of the program which cannot exceed 10% of the program costs and was estimated at about $388,684, of which $81,779 are general funds. The administrative costs were included in the reprojections that you received from the Department. The total amount being requested by the Department to implement CHIP is $4,276,522, of which about $899,569 are general funds.

In my previous testimony I indicated that we estimated the average yearly cost of premiums to be about $1,000 per child for the first year and $1,050 per child for the second year of the next biennium. Those estimates were obtained from Blue Cross/Blue Shield of North Dakota in early 1998. It was our understanding that this amount was an estimate that included the average cost of providing services for a child enrolled in the PERS plan plus an additional amount for planned preventive dental and vision care. The plan had always anticipated dental and vision care. This is evidenced by the fact that public hearings conducted in March 1998 contained information regarding the proposed dental services that were included in Governor Schafer's original proposal. While I do not want to dwell on this issue, I do want to point out that it was public knowledge from the beginning that the plan included dental and vision coverage and Blue Cross/ Blue Shield had ample time to inform us that their original estimate did not include such coverage.

It is our goal to provide the best coverage possible in the most cost effective manner for the uninsured children of our state. For this reason, the Department is currently exploring the potential of operating this new program within the Medical Services Division including eligibility determination, claims payment and general program administration. If we propose such a change, we would not be requesting any permanent increase in our current FTE base for the Division.

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

Uninsured Children in North Dakota

Findings from the 1998 Robert Wood Johnson Foundation Family Survey

North Dakota Department of Health

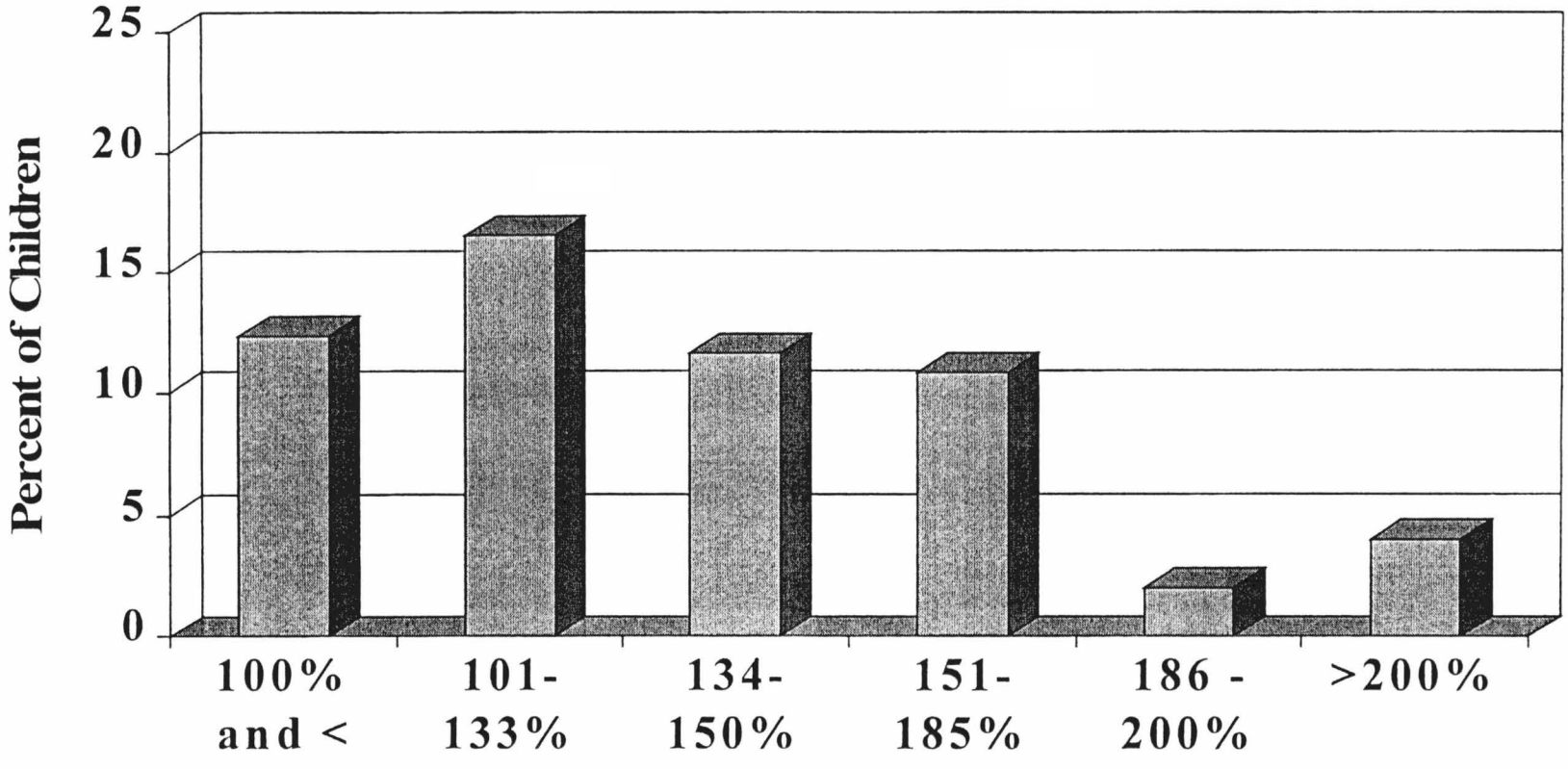
Number of Uninsured Children by Federal Poverty Level

Federal Poverty Level of Family	0 to 5 years	6 to 18 years	Total	Cumulative Total
100% and <	764	2351	3115	3115
101 - 133%	766	2467	3233	6348
134 - 150%	309	1077	1386	7734
151 - 185%	397	872	1269	9003
186 - 200%	61	1009	1070	10073
Over 200%	967	2465	3432	13505
Total	***3264***	***10241***	***13505***	

7734
- 3115
- 766
3853

North Dakota Department of Health

Uninsured Children Under 6 by Federal Poverty Level



North Dakota Department of Health

TESTIMONY BEFORE THE HOUSE HUMAN SERVICES COMMITTEE
REGARDING SENATE BILL 2182
MARCH 9, 1999

Chairman Price, members of the committee, I am David Zentner, Director of Medical Services for the Department of Human Services. I appear before you today to provide the committee with information and support this bill that will provide needed insurance coverage to uninsured children in low-income families whose family income is too great to qualify for Medicaid benefits but not adequate to afford family insurance coverage.

In August 1997, Congress passed legislation that gives states flexibility in the development of health insurance for otherwise uninsured children in low income families.

The law has the following provisions:

A. Authorizes the program through 2007 with appropriations guaranteed to states without separate Congressional action each year.

B. Allocates funds on a formula basis with $4.275 billion for federal fiscal years 1998 through 2001; $3.150 for years 2002 through 2004; then increasing to $4.050 for years 2005 and 2006 and then increases to $5 billion in 2007.

C. Funds are distributed to states based on a formula that takes into consideration the number of uninsured children and a cost factor. The allocation for North Dakota for the 1998 fiscal year ending September 30, 1998 was about $5 million.

D. States may carryover unexpended funds for two additional years. We will have until September 30, 2000, to expend the initial $5 million allocation. Any unexpended funds are no longer available to the state. The current year allocation has just been published in the federal register and the available funds for North Dakota is $5 million. This allocation would need to be used by September 30, 2001 or it will revert back to the federal government to be distributed to other states.

E. There is a state matching requirement based on a formula that is based on each state's current Medicaid matching rate. For the 1999 federal fiscal year, the state matching rate is 21.04% as compared to the Medicaid matching rate of 30.06%.

F. North Dakota may cover only uninsured children whose families have incomes up to 200% of the federal poverty level. Currently the Medicaid Program covers children 0 through 5 years of age in families with income up to 133% of the poverty level and children 6 through 18 years of age in families with income up to 100% of the poverty level. Chart A shows the current federal poverty levels by family size. States may use total gross income or may allow deductions for certain expenses when setting the income levels.

G. States have the option of imposing an asset test if they wish.

H. Congress provided several coverage options for states that include

1. Expansion of the Medicaid Program

2. Benchmark coverage that can be one of the following:
   a. The current state employee benefit package
   b. The federal employee's BC/BS benefit package
   c. The commercial benefit package of the largest Health Maintenance Organization in the state.

3. A plan that is actuarial equivalent to one of the benchmark plans.

4. Any combination of the above options.

States also have the option of providing additional coverage to the selected benchmark benefit package.

I. Children who apply for CHIP but are eligible for Medicaid must be enrolled in the Medicaid Program.

J. States must address the issue of crowd out. Crowd out occurs when families drop insurance coverage in order to become eligible for CHIP. Children with credible insurance coverage are prohibited from enrolling in CHIP.

K. Children of State employees are not eligible for CHIP. In North Dakota this is not an issue because the state pays the entire premium for families of state employees.

L. States may establish their own eligibility periods in a range of one to 12 months.

M. States may impose premiums, co-payments or deductibles; however, for children at or below 150% of the poverty level, the amount must be nominal. Co-payments can range from $1 to $5 depending on the cost of the service. Premiums are limited to no more than $19 per month per family for households of 1 or 2, $16 per month for a family of 3 or 4, and $15 per month for a household with 5 or more members. States may impose higher cost sharing amounts for families with incomes that exceed 150% of the poverty level, but that amount cannot exceed 5% of their gross income.

N. States must designate an entity to determine eligibility. The entity could be the County Social Service Boards that currently determine eligibility for the Medicaid Program or could be another governmental or privately operated entity.

O. Federal administrative cost participation is limited to 10% of the actual costs expended for insurance coverage and is not available until the program costs are incurred. States are required to meet their regular administrative costs plus required outreach activities to ensure that potential eligible families are aware of the program.

P. Each state is required to submit a state plan that must be approved by the Health Care Financing Administration. In addition, any changes in the plan require states to submit amendments that must be approved before federal funds can be used. North Dakota does have an approved plan for Phase One of CHIP.

Governor Schafer has chosen to implement this opportunity to provide needed health care coverage to hard working low-income families in two phases. The first phase was implemented effective October 15, 1998. The Medicaid Program was enhanced to provide coverage to children 18 years of age living in families with income at or below 100% of the federal poverty level. We anticipate that about 300 children per month will be eligible for the program at a cost of about $592,341, of which $123,356 are general funds. These funds are included in the appropriation request for the 1999-2001 biennium.

Based on federal law, these children will become eligible for the Medicaid Program by 2001. This allows these children to be covered three years before coverage is mandated.

Phase Two of the plan is being introduced as Senate Bill 2182. The plan put forth by Governor Schafer has the following provisions:

A. Coverage will be provided to children in families with incomes at or below 150% of the federal poverty level. Income will be based on adjusted gross income. Deductions will be allowed for child care expenses and payroll taxes that include social security and Medicare deductions and federal and state income taxes. Self employment income will be determined based on a percentage of gross income. For example, farm income is calculated by using 25% of a farmer's gross income and adding any capital or ordinary gains. These methods are the same that are currently being used to determine eligibility for the Medicaid Program. Chart B shows the income levels used by surrounding states. It is anticipated that Phase II will be implemented on October 1, 1999.

B. Families will not be subject to any asset test.

C. The period of eligibility will be 12 months.

D. Coverage will be based on the state employees benefits plan. The original proposal also envisioned additional preventive coverage for dental, vision and medical care. This had become problematic because of the estimates that were used to establish insurance premiums for the program. The Department had contacted Blue Cross/Blue Shield of North Dakota early in 1998 and requested an estimate of the entire premium cost for the operation of proposed CHIP plan. It was logical to request the information from them since they administer the PERS plan. At that time the Department had publicly announced that the program would include preventive dental and vision coverage and throughout the interim had continued to indicate through public meetings and interim committee meetings of the legislature that the plan included dental and vision coverage. In January 1999, we were informed that the quote from BC/BS did not include the added cost of dental and vision coverage. We were informed that dental and vision coverage would cost up to $20 per month more than the original quote.

E. There will be no premium payments, but families will be required to pay co-payments for prescription drugs $2, emergency hospital visits $5, and inpatient hospital stays $50.

F. It was originally anticipated that the program would be contracted to a health insurance entity who will receive a premium payment for each enrolled child. The entity would enroll providers and pay for all services covered under the program. It would also be responsible for ensuring that children receive appropriate and quality health care services. In lieu of the shortfall in funds, the Department is reviewing its options regarding program operation including administering the entire program through the Medical Services Division including eligibility determination.

G. Premium costs were originally estimated to be about $1,000 for the first year of the biennium and $1,050 for the second year of the biennium.

H. It is anticipated that the Department will impose a three to six month waiting period before families who dropped insurance coverage could insure their children under the Healthy Steps Program. Exceptions would be granted for loss of coverage beyond the control of the family.

I. County Social Service Boards may determine eligibility, but the department could contract with another entity to determine eligibility for the Healthy Steps Program or we could operate our own eligibility determination unit.

J. Governor Schafer originally included $3.8 million in the department's budget, of which about $817,000 are general funds. This would have provided coverage to about 1,993 children for the entire 24 months of the next biennium. The original appropriation did not include any administrative funds to operate the program due to an oversight on the part of the Department. In addition, the Health Department recently completed a survey of the uninsured in North Dakota which disclosed there

were additional children without insurance coverage in the income group covered under CHIP. The estimated number of uninsured children increased from 3,986 to 4,190. Based on an estimated 50% participation rate, this would increase the number of children enrolling in the program to 2,095.

Governor Schafer remains committed to providing needed preventive care services to the children of hard working families who contribute greatly to North Dakota, but do not have adequate income to purchase private insurance coverage. For this reason he has proposed adjustments to the original budget recommendation that would provide an additional $974,336, of which $205,001 are general funds to operate Healthy Steps in the next biennium. This includes $388,684 in administrative costs, of which $81,779 are general funds, $305,288 to increase the number of enrolled children to 2,095, of which $64,233 are general funds and $754,200 to provide dental and vision coverage to children, of which $158,684 are general funds. An offset to the original executive recommendation of $473,836 of which $99,695 are general funds was made to take into account a start date of October 1, 1999, rather than the initial start date of July 1, 1999. The total recommended appropriation is $4,861,174, of which $1,022,791 are general funds.

K. The program does not create an entitlement for children eligible for the program. If there are not adequate funds to provide coverage for all families applying for services, the department will have the authority to limit the number of children through the establishment of waiting lists or other means to ensure that the appropriation is not exceeded.

L. The department would also be allowed to expand the program if it is demonstrated that not all the appropriation will be used during the biennium.

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

North Dakota Conference of Social Welfare, Incorporated

March 9, 1999

Chairman Price, Vice Chairman Weisz, and members of the Human Services Committee:

My name is Kathleen Pfeifle and I represent the North Dakota Conference of Social Welfare as President and member of the Legislative Committee. Today we testify in favor of the Children's Health Insurance Program, SB 2182..

Since 1920 the NDCSW has advocated for health and social welfare programs for North Dakota citizens. Please take a look at our Conference Legislative Committee membership on the last page of my testimony and remember, we do not easily relinquish commitment. Indeed, an 80-year legacy persists in our testimony of today.

PHASE I

Governor Schafer stated, as he introduced Phase I of the North Dakota Children's Health Insurance Program (CHIP) in October, 1998, "Healthy children are better able to learn and grow into productive, healthy adults." With the efforts of his administration Medicaid coverage was extended to eighteen year olds, living in families with income at or below 100% of the federal poverty level, and who were previously ineligible for health care coverage.

PHASE II

Phase II introduced as SB 2182 authorizes North Dakota to participate in Title XXI which expands coverage to other uninsured children. It expounds the same prevention theme, "Healthy children are better able to learn and grow into productive, healthy adults."

The Conference Legislative Committee is made up of twenty-six statewide organizations and associations. In our poll, twenty-four of the twenty-six favor North Dakota's participation in the children's health insurance program. Two associations had "no position" as they deal primarily with elder care issues.

The membership of the NDCSW Legislative Committee does not waiver in its basic support for a North Dakota children's health insurance program. For eight decades we have been working and speaking effectively on behalf of North Dakota's children and families. Great progress has been made, but it is important that we continue to look toward the future and consider the needs and struggles of todays families. With increasing costs and family stress, the provision of health insurance coverage will help families remain strong.

The NDCSW asks your funding support for the CHIPS program at the maximum funding level possible, and we remind you, we plan to be around for the next 80 years.

Thank you Chairman Price, Vice Chairman Weisz and Human Services Committee members, for the opportunity to testify before you today.

Submitted:

Kathleen M. Pfeifle
President,
North Dakota Conference of Social Welfare

Chips Testimony

Chairman and members of the committee,

My name is Carlotta McCleary. I live in Bismarck and I am from District 47. I am the parent of a child with special health care needs. My 10 year old son, Garrett, has symptoms similar to Pervasive Developmental Disorder as a result of medication that was prescribed when he was four years old. Garrett no longer has the neurological controlling mechanisms that help him stay in control when he is upset. He can become aggressive towards himself and others.

We were very grateful we had insurance. Our family's insurance was through my husband's employer. His individual coverage was paid for by the employer and we paid for the family coverage. When Garrett was seven, his condition deteriorated. We needed to find the right combination of medication. Garrett became very depressed and suicidal. This is when we learned that Garrett had a cap on his mental health coverage. He had a lifetime maximum benefit of 30 days inpatient care.

We added Blue Cross Blue Shield insurance as a secondary policy through my employer. We couldn't give up the other policy because of the preexisting condition. Again my employer covered my individual policy and it was my responsibility to cover the family policy.

One of Garrett's biggest needs was the need for constant one on one supervision. This support would help with Garrett's safety, as well as keep our older son, Matthew and younger daughter, Katie safe from Garrett's aggression. Our private insurances did not cover this type of community

based service. Without this support Garrett could not remain at home with our family. Thankfully, Garrett is also eligible for Medicaid and he is able to get the community based services he needs so he can remain at home with our family.

Before Garrett was diagnosed, we thought we had adequate insurance. We thought we would be able to make sure his medical needs were met. We were wrong. Children like Garrett end up getting worse and using more restrictive and more expensive levels of care. This is not fair to children and their families.

For these reasons I am in support of funding the CHIPS program. I would also be in favor of a Medicaid expansion so that all children under this plan would have the insurance coverage that they needed.

Carlotta McCleary
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(701) 223-9341

American Academy of Pediatrics

North Dakota Chapter

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The North Dakota Children's Health Insurance Program (CHIP): SB 2182
March 9, 1999

Chairman Price and members of the House Human Services Committee, my name is Todd Twogood, a member of the North Dakota Academy of Pediatrics (AAP). I am a pediatrician practicing full time here in Bismarck. One of the most important issues concerning our children and their future health care is before us now. The Children's Health Insurance Program (CHIP) is an opportunity for North Dakota to move forward and complement the services offered to children in our state. Governor Schafer's plan and proposed budget should be commended for recognizing the need for these health services and for seeking to improve the health care of the future.

In 1994, the ND Department of Health estimated that 16,683 children did not have insurance coverage. As pediatricians, we see daily examples of such children who have "fallen through the cracks." They are more likely to be from our rural areas (59.7%), but also come from cities across our state as well. They may not be eligible for coverage under our medicaid program, but yet are at a poverty level where the family remains unable to afford health insurance premiums. To expand coverage for these children, and children across the United States, the federal government has allocated $24 billion dollars. North Dakota is eligible to receive $5 million annually, with unused funds carried over for an additional two years. A state match of approximately 21% would be required, however; this should not be considered an entitlement or a social program, but a onetime opportunity to receive dollars toward the health of our children. By your encouragement and support of this program, a little can become a lot.

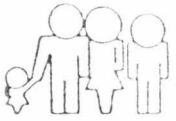
Final details of the North Dakota Healthy Steps plan are yet to be implemented. We understand that in preparing the current budget for the North Dakota program, three scenarios were considered. The proposal before you now, covering children in families with income at 150% of the poverty level, would require a general fund match of just over 800,000 dollars. As pediatricians, we strongly urge you to take full advantage of the favorable match requirements, and at a minimum, expand the plan to cover children with family adjusted gross income at or below 175% of the poverty level, plus coverage for special needs children (about 15% of the covered children). Adoption of this level of coverage would bring the number of eligible children from an estimated 3,846 to 4,791. The cost difference to the general fund would only be in the neighborhood of an additional three hundred thousand dollars (at 60% enrollment rate) over the next biennium. This is a very small expenditure in comparison to the enormous benefit to the uninsured children of our state, and now is the time for us to make the most of the funding from the federal program. We would respectfully request that you move the eligibility level up to 175% as proposed in the amendment below.

Please support this bill to its fullest potential, and make a difference for our future – our children. Thank you for the opportunity to present the views of the pediatricians on this most important issue.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2182

Page 1, line 23, replace "fifty" with "seventy-five"

Renumber accordingly



Children's Caucus

March 9, 1999,

House Human Services Committee
Senate Bill 2182

Chairman Price and members of the Human Services Committee:

My name is Linda Isakson. I am executive director of the Children's Caucus. The Children's Caucus is a membership organization with approximately 100 members. The purpose of the organization is to promote the health, safety and welfare of all children through education and policy development. We are a broad-based organization of teachers, daycare professionals, social service providers, youth development workers, nurses and parents etc. We are concerned about the health needs of our children. We are not stakeholders in CHIP, though many of us are only a paycheck away from our own children being uninsured.

SCHIP has provided us an opportunity that we may never have again. The Congress has designed a children's health insurance program with an incredible amount of flexibility. The usual strings tied to federal programs are missing. The purpose of this program is to insure children who otherwise would be uninsured. This opportunity comes at a time when we are experiencing crisis in the ag economy, the oil industry is struggling and welfare reform. Reform that is taking more children off Medicaid as moms are placed in the workforce where family health insurance policies are not offered as part of a benefit package.

The numbers of uninsured children in North Dakota seems to vary from survey to survey, but the assumption of 50% utilization that drives the funding of this plan, is the real objection. That assumption and the budget numbers based on it, is the same as capping enrollment and saying first come, first served. Child advocates will use schools, daycares, Community Action agencies, churches, public health units, farm organizations, employer surveys and mass media to find children who qualify. Capping the number of qualified children entering into this program through the use of inadequate funding is insuring by lottery. We must not do this. If a child is qualified for the program, then the program should be available to them.

In addition, recent data from other states that are a year or so further into welfare reform than we are indicated that as single parents move off welfare and into the workforce the numbers of uninsured children goes up. We have an opportunity to use CHIP as a transition insurance until employers discover the benefit of offering family health insurance plans. We hope someday that will be the norm rather than the exception.

Children's Caucus • 418 East Rosser Avenue, #320 • Bismarck, ND 58501 • 255-6240

The process by which this plan was developed left little time for the creative ideas of consumers: how to best serve the health needs of children and families. In other states we are seeing a mixture of state and federal dollars used to devise plans that serve the needs of many more children and even low-income families. The Congress provided the flexibility to states but we have failed in this plan to pass on that flexibility to families who will use ND Healthy Steps.

I acknowledge the difficulties faced by this legislature due to the revenue forecasts. Child advocates ask that you make one more difficult decision and put the children that this program will serve as your priority. We believe that CHIP may be one of the most appropriate uses for the recent tobacco settlement money. What better way to insure the health of this state's young people!

I would like to propose amending this bill to allow for an increase in state match dollars if more children than expected enroll in this program. When enrollment numbers reach 2000 children, the Department of Human Services may seek additional funds from the state to draw down the available federal funds to insure additional children. With this option available, you hold children's advocates responsible for finding uninsured children, the department would have to prove the need for additional funds and we can tell the federal authority that ND is not quite ready to turn back 7 million dollars.

Thank you for this opportunity on behalf of the children. We are asking that you share with us the commitment to North Dakota's children and pass a bill that serves a majority of uninsured children.

Respectfully Submitted:

Linda Isakson

Linda Isakson
Children's Caucus

The mission of Voices in Partnership for Healthcare Reform (VIP/HR) is to secure the availability of comprehensive health benefits for all people in North Dakota.

The coalition began in April 1998 when over 50 North Dakotans from across the State, representing a variety of professional and personal life experiences, and including family members and consumers, gathered to participate in a conference on healthcare reform.

In a survey of VIP/HR members, 97% agreed to support the following position statement:

CHIP will provide the most comprehensive benefit coverage for North Dakota's 16,000 uninsured children through an expansion of the Medicaid program, with eligibility at a minimum of 200% of the poverty level, and no asset test required.

Phone: 255-3692
Toll Free: 1-800-472-2911
TDD relay: 1-800-366-6888

VOICES IN PARTNERSHIP FOR HEALTHCARE REFORM

200 West Bowen
Bismarck, North Dakota 58504

Developing a Children's Health Insurance Program for North Dakota

VIP/HR

CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

CHIP is the state children's health insurance program. It was included in the federal Balanced Budget Act of 1997. The Act includes $24 billion for a ten-year period to provide health insurance to America's 10 million uninsured children. States have options in developing their programs by: 1) building on the existing Medicaid program, 2) starting another new program, or 3) a combination of both.

For the program we develop and implement in North Dakota, the federal government will pay 79% of the total cost. The State match is 21%. This is better than the 70% federal funding for the regular Medicaid program. This is an opportunity to make sure all of our children have the health care they need and deserve. The low State match makes this an affordable opportunity to provide coverage for North Dakota's estimated 15,345 uninsured children.

The VIP/HR acknowledges the work on CHIP by the Governor's Office and the Departments of Human Services and Health. Their efforts resulted in SB 2182, a proposal which would create a new limited program called "Healthy Steps."

Our maximum federal allocation is $5.1 million per year. With the 79% federal funding rate for CHIP, North Dakota's match to receive the maximum federal allocation is $1.1 million per year.

The proposed "Healthy Steps" would use $1.9 million per year and would serve only 1,993 of the estimated 15,345 uninsured children in North Dakota. It would cover children up to 150% of poverty with no asset test required. During the 1999-2001 biennium, over $7 million would be returned to the federal government and **13,352 children in our State would remain without health coverage.**

NORTH DAKOTA'S UNINSURED CHILDREN

% of poverty	
Undetermined	1,840
100% and under	3,115
101% - 150%	4,619
151% - 200%	2,339
Over 200%	3,432
TOTAL	**15,345**

1998 Robert Wood Johnson Foundation Employer/Family Survey
(children birth to 18 years)

ESTIMATED MONTHLY COST OF LIVING FOR A FAMILY OF THREE LIVING IN NORTH DAKOTA

Housing (rent, insurance, utilities)	443
Phone	30
Food	262
Child care	580
Household, personal, clothing	284
Transportation (car payment)	150
Gasoline, repair, insurance	180
Health care (insurance, medicine)	284
Total	**2,213**

NDSU Extension Service - July 1998

MONTHLY INCOME LIMIT BY FAMILY SIZE FOR 1998

	FAMILY SIZE			
% of poverty	TWO	THREE	FOUR	FIVE
100%	904	1,138	1,371	1,604
150%	1,356	1,707	2,057	2,406
175%	1,582	1,991	2,399	2,803
200%	1,808	2,275	2,742	3,208

HOW CAN WE BEST MEET OUR CHILDREN'S HEALTH CARE NEEDS?

1. **NO ASSET TEST FOR ELIGIBILITY.**

It makes little sense for families to sell income-producing assets because they do not have the resources to purchase private health insurance.

2. **ELIGIBILITY AT A MINIMUM OF 200% OF POVERTY.**

CHIP is intended for children of working parents who cannot afford insurance or do not qualify for Medicaid. By including children in families earning a minimum of 200% of poverty, ND would save through benefits from early detection of health problems and the overall improved health of children.

3. **USE THE MEDICAID PROGRAM AS A BASE.**

- Medicaid provides comprehensive benefits including home and community-based services, family-centered care, and services for children with special needs.
- This would avoid duplication of a new bureaucracy by building upon an existing program.
- This would streamline eligibility. All children in a family would be in one program. A separate program would mean families could have to shift from program to program as their situation or income changed.
- The Medicaid option means greater assurance for adequate future federal funding. If the federal government does not extend funding for CHIP beyond the current ten-year allocation, the State would continue to receive federal funding at the regular Medicaid match (70%). If ND creates a separate program like the proposed "Healthy Steps," no additional federal matching funds would be available.

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Our Aim is to be the recognized percursor in customer enthusiasm, membership satisfaction, and ongoing quality improvement. We believe that the purposes of this organization are fundamental Values to assure personal fulfillment, organizational success, and customer well-being.

Annual Meeting Dates
September 22-24, 1998
International Inn
Minot, North Dakota

(Rev. 12/98)

Since 1920

North Dakota Conference of Social Welfare Inc.

NDCSW 1998

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AND LEGISLATION	CONNIE HILDEBRAND, BISMARCK,
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TIME & PLACE	KEITH BERGER, GRAND FORKS, ND

****

Since 1920, the North Dakota Conference of Social Welfare has advocated for a high standard of social service programs for the citizenry of North Dakota. Throughout the past seven decades, the Conference has served as a focal point, providing opportunity for all persons interested in social welfare to discuss needs, methods, principles and activities of their profession. With an emphasis on training and coordination, the Conference has sponsored workshops training courses, and conferences for all segments of the social welfare system. It has been instrumental in bringing together associated groups for joint conferences and workshops, promoting active cooperation between all agencies and institutions--public and private, religious and secular. The Conference is also active in providing input on non-partisan legislative issues which impact the social welfare of our State.

++++++++++++++++++++++++++

Membership is open to any individual, organization, or institution interested in social welfare. The North Dakota Conference of Social Welfare holds an annual conference the last week in September. The Governing Board, consisting of a president, president-elect, immediate past-president, executive secretary, and seven directors, is elected from the Conference Membership.

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The North Dakota Conference of Social Welfare has been, is and can be a powerful vehicle for affecting change to benefit individuals, as well as, improve our social welfare system. To do so, it needs active involvement and membership of individuals like yourself. Your membership allows participation in all conference agendas including holding office, voting privileges and receiving periodic newsletters that keep you informed of current activities in the field of social welfare. Won't you join us in shaping a part of North Dakota's future?

We'll All Be Better For It!

North Dakota

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Conference of Social Welf

Application for Membership

(1999 Membership year 11-1-98 thru 10-31-99)

Name/Agency_____

Title_____

Home Address_____

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County_____

Have you been a member previously? [] Yes [] No

If yes, under what name?

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Membership Dues:

Individual--$15.00
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Agency--$30.00
Reduced Lifetime--$7.50

Make checks Payable to:
ND Conference of Social Welfare
or NDCSW

Mail to:
Connie Zieske
P.O. Box 2209
Minot, ND 58702-2209

NORTH DAKOTA
MEDICAL ASSOCIATION

1025 3rd St N
Post Office Box 1198
Bismarck, North Dakota
58502-1198

(701) 223-9475
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e-mail: staff@ndmed.com

Kathleen Wood

HOUSE HUMAN SERVICES COMMITTEE

Tuesday, March 9, 1999
Senate Bill 2182

On behalf of the 1300 physicians practicing in North Dakota, the North Dakota Medical Association wishes to convey our strong support for the ND Healthy Steps program, known as the Children's Health Insurance Program (CHIP) funded through the ND Department of Human Services budget. Senate Bill 2182 implements one of the most important programs of the 1999 Legislative Session.

Establishment of a health insurance program for the children of the working poor in our state will do much to improve the health and future of those children. The ND Medical Association worked closely with a coalition of other professional associations and advocacy groups to review the CHIP legislation and make recommendations to the Governor and the Department of Human Services. The diverse coalition members include NDMA, the ND Healthcare Association, the ND Chapter of the American Academy of Pediatrics, the ND Academy of Family Physicians, The ND Optometric Association, the ND Dental Association, and two child advocacy groups, Kids Count and Family Voices, which represents parents of children with special health care needs. The coalition members feel that the need to develop a strong Healthy Steps plan is vital, and have made our voices known to the Governor, the Department, and now to you, our citizen legislators.

North Dakota has a strong tradition of taking care of our own. If a child without insurance has a broken arm, a caring physician will mend it. If a child without insurance has a temperature of 105 degrees and a panicked parent rushes him to the emergency room, he will be seen and treated. If an uninsured child with chronic asthma has a life threatening attach she will be admitted to the hospital and given the best and most modern care available by a host of providers and technicians. This is "crisis care", and the children of our working poor deserve more.

The CHIP program offers a far more cost-effective and humane way to provide health care. Preventive care for these children will allow a parent to have their child seen by a health care professional before a crisis situation arises. This preventive care, which many of us take for granted, is so vital to those children and parents who do not qualify for Medicaid and in most cases have no access to employer-based insurance coverage. They are the ones we always hear about, the ones that "fall through the cracks". The CHIP program now under discussion in North Dakota has the immediate opportunity to alleviate this situation, and provide an insurance program to cover thousands of our vulnerable children. With this goal in mind, physicians and the healthcare community strongly encourage you to embrace this opportunity and fund to the fullest extent possible the Children's Healthy Steps Program for North Dakota. We also support raising the eligibility level from 150% to 175% of poverty in order to reach as many of the children as possible. The additional cost to the general fund will be minimal compared to the long-term benefits received.

Thank you for this opportunity to appear in support of this important legislation.

NORTH DAKOTA CATHOLIC CONFERENCE

NDCC

Representing the Diocese of Fargo and the Diocese of Bismarck

Christopher T. Dodson
Executive Director and
General Counsel

To: Members of the House Human Services Committee
From: Sister Margaret Rose Pfeifer, Health Care Advocate
Subject: Senate Bill 2182
Date: March 9, 1999

Chairman Price, committee members, I am Sister Margaret Rose Pfeifer, health care advocate for the North Dakota Catholic Conference.

I wish to speak in favor of SB2182.

We believe that the state has and should accept responsibility to care for the most vulnerable of our citizens- the sick, the children and the elderly. CHIP is a step in that direction.

Health and health care are subjects that profoundly touch the lives of us all. Our ability to live a fully human life and to reflect the unique dignity that belongs to each person is greatly affected by health. Not only for individuals, but also for society at large, health issues take on importance because of the intimate role they play in personal and social development.

For us, health takes on special significance because of our long tradition of involvement in this area . We consider health care to be a basic human right which flows from our belief in the sanctity of human life. Our failure to guarantee access to quality health care exacts its most painful toll in the preventable sickness, disability, and deaths of our infants and children.

Although here in North Dakota the number of children concerned is comparatively small and this seems to be a minor state involvement, we feel it is a very important involvement . With thepresent farm crisis, there will definitely be a greater need.

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arck, ND 58501
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Health insurance is often considered the cost a besieged farmer can do without more easily than food and shelter. Yet these children also need adequate health care. When there is a question of allocating scarce resources, the vulnerable and the poor have a compelling claim to first consideration.

We find it good to see that the Governor has suggested one hundred and fifty percent of the poverty level. It could be made better by raising it to one hundred seventy five percent. This is not an extraordinary request as many states have done this or better. We would also wish that this insurance would provide well-care, eye and dental care to the children up to and including eighteen year olds. It is also hoped that a method of easy access and a way to encourage enrollment of eligible children will be found that will yet preserve the dignity of the parents and children. This is the best step toward helping children achieve their potential in school, growth, and development.

March 9, 1999

Testimony before the House Human Services

Representative Clara Sue Price, Chairman

Senate Bill 2182

The North Dakota Dental Association supports the inclusion of dental services in the children's health insurance program. Dental care is a major unmet need of low income families in North Dakota and is listed among the top three basic unmet needs according to the 1997 survey conducted by the North Dakota Community Action Program.

Extreme tooth decay pain or infection can cause eating, learning and speech problems for children. Many adolescents with oral problems such as decayed or missing teeth, suffer from embarrassment and diminished self esteem. Recent studies show that children of families under two-hundred percent of poverty have four to five times more cavities than children of families over three-hundred percent of poverty. Children with extensive cavities suffer from daily distractions of tooth aches, acute and searing pain of dental abscesses, disfigured smiles, dysfunctional speech and difficulty in eating with the end result being poor nutrition.

Oral health is not optional. Dental care is an important part of a child's total heath care. CHIP is an opportunity in North Dakota to improve the oral health and the total health of our children. Oral Health must be made available at an early age to prevent conditions that may progress into debilitating diseases.

Therefore, we ask for your support in including dental care in CHIP and for a favorable vote on Senate Bill 2182.

TESTIMONY BEFORE THE HOUSE APPROPRIATION COMMITTEE
HUMAN RESOURCES DIVISION
REGARDING SENATE BILL 2182
MARCH 25, 1999

Chairman Svedjan, 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 and support this bill.

On March 1, 1999, I provided you with detailed information regarding the proposed implementation of Phase II of CHIP. As you recall, the proposal put forth by Governor Schafer calls for coverage for children up to 150% of the poverty level using the PERS plan as benchmark coverage plus preventive dental and vision coverage.

The requested budget at that time totaled $3,886,838, of which $817,790 is general funds. These dollars were estimated to cover about 1,923 children for the 24 months of the new biennium. This appropriation did not contain any dollars to administer the program and does not contain sufficient dollars to include preventive dental and vision coverage in the plan. In addition, a recent survey conducted by the Health Department disclosed that additional children would be eligible for the program.

Governor Schafer remains committed to providing needed coverage for the children of hard working families who do not have adequate income to purchase medical insurance for their children. For that reason, he has requested additional funding for the program that was included in a fiscal note presented to the House Human Services Committee. It requests $4,861,174, of which $1,022,791 is general funds. This is an increase of $974,336, of which $205,001 is general funds from the original proposed budget. It includes $388,684 of which $81,779 is general funds for

administrative costs; $305,288 of which $64,233 is general funds to increase the number of eligible covered children to 2,095 and $754,200 of which $158,684 is general funds to provide preventive dental and vision coverage to these children. These costs are offset by $473,836 of which $99,695 is general funds because of the implementation date moving from July 1 to October 1, 1999.

The House Human Services Committee adopted several amendments to this bill that will be difficult to implement. On page 2, line 4, the bill requires the department to "Apply for a federal waiver allowing twelve months of plan eligibility for a family whose income does not exceed one hundred seventy-five percent of the poverty line, that is no longer eligible for temporary assistance for needy families because of increased earning, and that has exhausted transitional medical assistance."

I contacted the Health Care Financing Administration (HCFA) concerning this amendment. I was advised that in its present form this request would be denied. HCFA based their comments on Section 2102 of the federal legislation that requires standards must cover lower income children within a category of covered children before higher income children. In this instance, certain children would be allowed to participate up to 175% of the poverty level while other children would only be covered up to 140% of the poverty level. Federal officials stated that the only way coverage for these children could be provided at 175% of the poverty level would be to cover all children up to that poverty level.

The amendment would also provide coverage for the adult in the family. CHIP legislation allows coverage for adults only if it is cost effective and would not cost any more than what is expended for coverage for children. It would be very difficult to show that family coverage would be cost effective in this instance and would take additional time and resources to develop with no guarantee it would be accepted by HCFA.

The bill was also amended to require the department to apply for a federal waiver allowing plan coverage for a family through an employer-based insurance policy if an employer-based family insurance policy is more cost-effective than the traditional plan coverage for the children.

CHIP legislation does permit states to request such coverage; however, only one state, Massachusetts, has received approval to provide such coverage. Attachment A provides guidelines for states who wish to seek such coverage. These guidelines require at least a 6 month waiting period before a family can be eligible if they previously had employer sponsored group coverage for children; employers must contribute at least 60 percent of the cost of family coverage; the state payment can be no greater than the payment the state would make for a child if they were enrolled in a separate CHIP plan offered by the State and requires a waiver if adults are to be included.

The department is concerned about the resources it will take to implement this request; the time it will take to implement and the delay that might occur to the start-up of the program. We will certainly carry out the wishes of this legislature, but without additional resources, it will be difficult to implement CHIP by October 1, if employer coverage is to be included in the initial Phase II plan amendment to the federal government.

An amendment was also added under f. (2) that provides for a coverage effective date in the case of a newborn, that is either the first or fifteenth day of the month, whichever next succeeds the later of the date of application or the date the newborn is discharged from the hospital.

HCFA would likely not approve this requirement because it bases eligibility on an event tied to a specific date rather than a standard eligibility factor such as income.

It was the opinion of HCFA that this provision would not be approved.

The bill was also amended to require a student plan rather than the PERS benchmark coverage and requires the plan to be based on an actuarial equivalent of a benchmark plan. Benchmark equivalent coverage must include inpatient and outpatient hospital services; physician surgical and medical services, laboratory and x-ray services; and well-baby and well-child care, including age appropriate immunizations. The coverage must have an aggregate actuarial value that is at least equivalent to one of the benchmark packages. The coverage also must be at least 75 percent of the actuarial value of the benchmark package value for each of the following additional services that include prescription drugs, mental health, vision and hearing services.

While the amendment does provide a general outline of what services are to be included in the equivalent coverage, it does not provide the department with guidance as to which benchmark coverage to use or what specific "student plan" the department should use to make the equivalent comparison. Also, this will require the department to obtain the services of an actuary to determine the selected coverage meets the equivalency requirements of the federal statue. Payment for this service will have to come from the 10% operating costs allowed under the law and depending on the cost of the service could result in inadequate funds to manage and operate this program including eligibility determinations.

Page 1, line 16 was amended to provide "which include eligibility determinations for self-employed applicants based on the average of the previous three years of adjusted gross income, which means the adjusted gross income as computed for an individual for federal income tax purposes under the Internal Revenue Code." The department had intended to use Medicaid policy for determining income eligibility. Currently, Medicaid uses 25% of adjusted gross income before expenses

as a base, adds capital and ordinary gains and then applies other deductions to that amount such as social security taxes and work allowances.

As I understand this amendment, we would use the net farm income after expenses that includes deductions for depreciation and no increases for capital and other gains. This change will complicate the application process and will liberalize the eligibility process for self employed families. It is also not clear if it is the intent of the committee to have other deductions such as social security taxes and work allowances to apply to self-employed applicants as is the case with salaried applicants.

The bill also provides for an income eligibility limit of one hundred forty percent of the poverty line. This will reduce the number of children eligible for CHIP by about 412. At 50% participation, about 206 children who would be covered under Governor Schafer's plan will not be eligible for coverage under CHIP.

The amendments also require that the plan must be provided through private contracts with insurance carriers. The department is concerned about the potential of issuing a Request for Proposal to operate CHIP and not receiving any interested proposals or receive proposals that are not within the cost limits established by the legislature. We would suggest that consideration be given to allowing the department to operate the program directly if we are unable to enter into an appropriate contract with an insurance carrier.

In summary, we understand the House Human Services Committee desire to create options and flexibility under this legislation. However, we are concerned about:

1. The potential delays in implementation and the added administrative expense of exploring these options and applying for federal waivers.

2. The impact of liberalizing the method used to determine financial eligibility, while at the same time lowering the income eligibility limit to 140% of the poverty level.

3. The likelihood, based upon preliminary discussion with HCFA officials, that efforts to allow special eligibility consideration for former TANF families and the newborn coverage limitations anticipated in the amendment will be disallowed

4. The requirement for implementing this bill through private insurance carriers regardless of the availability or the expense.

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

ATTACHMENT A

Washington, D.C. 20

FEB 13 1998

Dear State Health Official:

The Children's Health Insurance Program (CHIP) was created, with bipartisan support, to provide health insurance to uninsured children. The new law contains provisions explicitly designed to ensure that funds are targeted only to uninsured, and not already insured, children. Some of these provisions relate to Medicaid, while others are intended to prevent CHIP from substituting for private coverage. We are writing to provide guidance on the standards that the Department of Health and Human Services (DHHS) will use to evaluate State strategies to prevent this type of substitution of coverage. These strategies are necessary to maximize the use of Federal dollars and to provide more coverage to children who currently lack health insurance.

The Potential for Substitution

The potential for substitution of CHIP coverage for private group health coverage exists because CHIP provides reduced-price coverage that some individuals and employers currently purchase with their own funds. Specifically, employers with lower-wage employees could potentially save money if they stop offering dependent coverage (or if they reduce or eliminate their contributions for such coverage) and encourage their employees to enroll their children in the CHIP plan. At the same time, families that currently are making significant contributions towards dependent coverage (either through their employer plan or through an individual plan) could have an incentive to drop their current coverage and enroll their children in the CHIP plan as long as the benefits would be comparable and their out-of-pocket costs would be reduced. There also may be an incentive for States to substitute CHIP for Medicaid coverage, since CHIP has an enhanced matching rate.

Medicaid Substitution Provisions

Title XXI contains three provisions aimed at preventing CHIP from substituting for current Medicaid coverage. First, the State plan must include assurances that the State will coordinate its CHIP program with other public and private programs, including Medicaid. Second, there are "maintenance of effort" provisions for Medicaid eligibility. In a State that chooses to create a non-Medicaid CHIP program, the State cannot adopt income and resource methodologies for Medicaid children that are more restrictive than those in effect on June 1, 1997. In a State that chooses to create a Medicaid CHIP program, children are not eligible for enhanced matching under CHIP if they would be eligible for Medicaid in their State under the standards in effect on March 31, 1997. Third, any child who applies for CHIP must be screened for Medicaid eligibility and, if found eligible, enrolled in Medicaid.

HHS Review of Strategies to Protect Against Substitution of Private Coverage

The Balanced Budget Act of 1997 requires that States submitting applications to operate a State program with Federal funding through the Children's Health Insurance Program (CHIP) include a description of the procedures to ensure that coverage provided under CHIP does not substitute for coverage under either Medicaid or private group health plans. DHHS will review State CHIP plans to determine if the State has included procedures designed to address any potential substitution concerns. We believe that there are two distinct cases that need to be addressed: (1) insurance coverage provided directly through CHIP or Medicaid; and (2) using CHIP funds to subsidize coverage provided through employer-sponsored group health plans.

We will apply particular scrutiny to States whose State CHIP programs furnish coverage through employer-sponsored group health plans because we believe there is a greater potential for substitution of public for existing private spending on health insurance in these types of arrangements. First, we believe that this approach may increase the likelihood that families currently covered by employer-sponsored plans will seek the publicly subsidized coverage since these families could get premium assistance while still remaining in their existing group coverage plan. Many families may be reluctant to split up their family's health insurance to cover their children through CHIP, but could be more likely to choose CHIP if they would not have to disenroll their children from their current plans. Second, employers with low-wage workers may have incentives to reduce or eliminate their premium contributions for dependent coverage if the CHIP assistance replaced that contribution. The Department will review State CHIP plan submissions as follows:

- Insurance Coverage Provided Directly through CHIP or Medicaid

  States that provide insurance coverage through a children's only and/or a State plan (as opposed to subsidizing employer-sponsored coverage) or expand through Medicaid will be required to describe procedures in their State CHIP plans that reduce the potential for substitution. The crowd out concerns increase at higher levels of poverty, and the Department will be applying greater scrutiny in these cases. After a reasonable period of time, the Department will review States' procedures to limit substitution. If this review shows that they have not adequately addressed substitution, the Department may require States to alter their plans.

- Subsidizing Employer-Sponsored Group Health Plans

  States that use CHIP funds to subsidize employer-sponsored group health plans should incorporate provisions in their State CHIP plan that are substantially equivalent to each of the following five provisions. We will work with States that have other methods to prevent crowd out to ensure that they are substantially equivalent to these requirements.

1. To ensure that coverage is targeted to children in families that previously were unable to afford dependent coverage, children in a family will not be eligible for subsidies through an employer-sponsored group health plan if the family had employer-sponsored group coverage for these children within the previous six months. States will have the option to require a longer period of uninsurance, but that period could not exceed 12 months. Exceptions would be allowed if the prior coverage was involuntarily terminated (by other than a current employer). Newborns who are not covered by dependent coverage would not be subject to any such waiting period.

2. To discourage employers from lowering their existing contributions for dependent coverage, States only will be permitted to make subsidies available for the purchase of dependent coverage through employer-sponsored group health plans in cases where the employer contributes at least 60 percent of the cost of family coverage, which is the median employer contribution nationwide. We can consider a somewhat lower level if States have additional provisions to limit employers ability to lower contribution levels. For ease of administration, the State may establish a minimum dollar employer contribution or some other method that is equivalent to the 60 percent requirement to assure that employers continue to pay a meaningful share of the costs in these programs.

3. To ensure that the provision of child health assistance through employer-sponsored group health plans is cost effective and that the State is not inappropriately subsidizing coverage for the adults in a family, a State's payment for a child enrolled in an employer-sponsored group health plan can be no greater than the payment that the State would make for the child if they were enrolled in a separate CHIP plan offered by the State (or in Medicaid if appropriate). If the State subsidizes children's coverage only, there is no need for a State to seek a family coverage waiver under Section 2105(c)(3). If the State intends to cover any adults, however, the State must seek a waiver under this section.

4. To promote cost effectiveness, families electing to receive child health assistance through an employer-sponsored group health plan will be required to apply for the full premium contribution available from the employer. This contribution will reduce the CHIP contribution toward the premium.

5. To demonstrate cost effectiveness, the State will be required to collect information and conduct an evaluation that examines the amount of substitution (if any) that has occurred under the program and the effect of these provisions on access to the program. States must assess the prior insurance coverage of enrolled children. Information on prior coverage can be obtained through the enrollment process, separate studies of CHIP enrollees, or other means that reliably gather information about prior health insurance status. To determine the level of substitution, States

are encouraged to analyze the number of families who choose to enroll in CHIP who might have retained or bought private insurance had they not received CHIP funding for employer-sponsored insurance. States will conduct this evaluation within a specified time period. Based on the State evaluations, the Department will reevaluate its position on these requirements for States that subsidize employer-sponsored group health plans.

States that choose to subsidize children's coverage through employer-sponsored group health plans would report in their State Child Health Plan their compliance with these guidelines. Including this information in the Plan will be deemed as meeting the requirement in the law that insurance provided under the State child health plan does not substitute for coverage under group health plans.

Summary

This guidance is intended to contribute to our national goal that CHIP provides coverage to uninsured children rather than children who are already covered.

Sincerely,

Sally K. Richardson
Director
Center for Medicaid and State Operations
Health Care Financing Administration

Claude Earl Fox, M.D., M.P.H.
Acting Administrator
Health Resources and Services Administration

All HCFA Regional Offices
All PHS Regional Offices
HHS Regional Directors

Ms. Lee Partridge
American Public Welfare Association

Ms. Jennifer Baxendell
National Governor's Association

Ms. Joy Wilson
National Conference of State Legislatures

Brent Ewig
Association of State and Territorial Health Officials

Mary Beth Senkewicz
National Association of Insurance Commissioners