

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1441

2001 HOUSE HUMAN SERVICES

HB 1441

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1441

House Human Services Committee

Conference Committee

Hearing Date February 5, 2001

Tape Number	Side A	Side B	Meter #
Tape 1	X		0 to end
Tape 1		X	0 to 1990
Committee Clerk Signature <i>Corinne Easton</i>			

Minutes:

Chairman Price, Vice Chairman Devlin, Rep. Dosch, Rep. Galvin, Rep. Klein, Rep. Pollert, Rep. Porter, Rep. Tieman, Rep. Weiler, Rep. Weisz, Rep. Cleary, Rep. Metcalf, Rep. Niemeier, Rep. Sandvig

Chairman Price: Open hearing on HB 1441.

Rep. Niemeier: Presented HB 1441. (See written testimony.) To date, about 2200 children are enrolled in the Healthy Steps Program, and despite worthy outreach efforts, the utilization rate remains low. The barriers are real and formidable: unaware of the program; don't understand the eligibility criteria; inconvenient Dr./clinic hours; lack of transportation; confidentiality concerns; costs, deductibles and co-payments; application too difficult to complete by self; lack of needed verification records; etc. I ask a favorable recommendation from the committee and also refer you to the attached amendment.

Rep. Galvin: In paragraph three you list various reasons why people participate or do not participate in the program. Do you think that some of them could be related to the priorities that the families themselves place on their own children's insurance?

Rep. Niemeier: I'm afraid I will have to agree with you. There are going to be people in our state who have a lower priority on health care. Maybe even don't care.

Chairman Price: One of the barriers you talked about were the costs of the deductibles and co-pays. As that been brought up, because I thought ours were really pretty reasonable. It is \$2 and \$5.

Rep. Niemeier: For those people that don't have any money it can be difficult.

Chairman Price: For the class of people that are on the CHIP Program, some of them have a fairly healthy income. They're above the average for North Dakota, and most of the time the hospitals aren't collecting it anyway if they can't pay.

Rep. Boucher: Cosponsored HB 1441. (See written testimony.) I know you all have a good knowledge of what the CHIP Program is all about. I think we have a certain responsibility in regard to looking out for what I would call out most vulnerable citizens in the state. In particular I talk about the young and I talk about the elderly. I would like to remind you that out of that \$600 plus million dollars or more that its consumed by medical assistance. About 80% of it is consumed by our senior citizens who are in our nursing homes and by the developmentally disabled citizens who are in our care. We operate Medicaid on a federal match. It is about a 70-30 match. If we \$500-\$600 million dollars that we are going to spend for medical assistance in the state, we are going to make a general fund commitment of about \$150-\$180 million dollars of general fund money. Total spending for the CHIP Program is recommended to be at about \$8.1 million dollars and that is operating at about an 80-20 match. Our commitment to CHIPS

and to the kids would be about \$1.6 million dollars. The investment we make in health care services at an early age has the ability to save money further on in life. I think it is a preventative issue as much as an issue of providing services. One percent is a small commitment.

Rep. Kerzman: Co-sponsored Bill. I agree wholeheartedly to the two previous speakers and I give my full support of this bill. If we can provide preventive care, we can save money in the long run.

Vice Chairman Devlin: You said in your testimony with Appropriations based on what you can deduct for day care and taxes, and so on in North Dakota that we're really at 193% of poverty for a family of four with two children.

Rep. Kerzman: If they access day care it could be that high.

Bill Demery: Principal of Jeannette Myre School. For us working on a day to day basis with children and looking for help in the medical area, this was a ray of hope. Looking at Myre School, the children that are missing opportunities in CHIPs tend to be a single parent, head of household, with one child attending school. There is little to write off for that parent, so that person cannot meet the requirements for CHIPs. I would like to give you an example: One is a father and son, single head of household, only two people in the household and the dad has a full time job with no benefits - they qualify for what we call reduced meals which is at 185% level, but they do not qualify for the CHIPs Program. We've worked with the father to help him fill out the CHIP's Program and he missed it by a hair. For this father that has a child that takes medication that averages between \$65 and \$75 a month, to get on this program would be a tremendous benefit. So when times are tight the child misses medications and doctor's appointments. The program is missing the boat. We have done a commendable job in our school getting the information out to the parents. My main point is that I think we need to raise

that bar a little bit higher so that we can bring in more kids. As President Bush has stated, we don't want to leave any children behind.

Chairman Price: For the people who don't qualify do you then refer them to the Caring Program?

Bill Demery: Right. That's a Blue Cross/Blue Shield plan. In my years in the school system I've yet to get a child on the Caring Program.

Rep. Weisz: Do you have an estimate of how many children in your school that would be Medicaid eligible who aren't receiving benefits?

Bill Demery: I do have that number, because of our nurses program at school we're able to bill a Medicaid for nursing services at our school that helps fund our program, but I didn't bring that number. Because of our high poverty area we have a number of parents who are on it for a variety of reasons.

Rep. Weisz: Maybe I should clarify, I'm curious to how many Medicaid eligibles who aren't receiving Medicaid benefits. I believe the numbers we have from the department are roughly 50% are taking advantage even of Medicaid, so I was wondering if that was an issue?

Bill Demery: It is, because our Medicaid goes month by month. So you can be on it one month, and those months they are making more money they aren't receiving Medicaid. With the CHIPs Program it tends to be a lot more even.

Janelle Johnson: "Covering Kids" Coordinator for the Community HealthCare Association. (See written testimony.) I am here today to support HB 1441. This bill, which raises the eligibility income from 140% to 165% of the federal poverty level for the State Children's Health Insurance, "Healthy Steps." My testimony will cover three benefits to this bill: 1) an opportunity to support young families with children, 2) to increase the Healthy Steps risk pool,

and 3) to fully utilize available federal match dollars. The Community HealthCare Association and its members hope that you will seriously consider supporting this HB 1441. By supporting this bill you have the ability to support young working families with children, increase the stability of Healthy Steps premiums by increasing the risk pool, and fully utilize available federal funds.

Rep. Weisz: What do the other states currently offer for benefits compared to North Dakota?

Janelle Johnson: They do vary from state to state. Our plan does include vision and dental which some states have chosen not to include as a plan. So plans do differ. We do have a good plan in our state and the benefits are truly what they should be. They do pay providers at a rate they will accept.

Sister Margaret Rose Pfeifer: Health Care Advocate for the N.D. Catholic Conference. (See written testimony.) We believe 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. It would be good to raise the poverty level to 165%. 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 18 years old. We urge the committee to give HB 1441 a DO PASS.

Linda Isakson: Executive Director of N.D. Children's Caucus. (See written testimony.) Please support this increase in Healthy Steps. It is an important step toward insuring our state's children are healthy and productive individuals.

Carlotta McCleary: Regional Parent Coordinator for the Federation of Families for Children's Mental Health. I am here today to testify in support of HB 1441. We are still seeing families that are moving back and forth between eligibility categories. Families that have children with

mental health needs have a difficult Caring Program in paying for the medication that will help them stabilize their disorders. We would like to ask you to increase the poverty rate. It will go a long way in helping children receive the medical help that they need.

Richard Schlosser: Member of N.D. Farmers Union. We urge your support for HB 1441. Most of you may ask why a farm organization may be in support of this bill. There are several reasons. The chief reason being members deemed it important enough to put into our policy two years ago following the 1999 Session when several of our members saw fit to forward a resolution onto our state organization and this resolution was inserted into our policy. Another more important reason is that in today's agricultural climate the issue could be summed up into one word and that is "uncertainty". The uncertainty of the markets, the weather, and what we have been accustomed to in the last three years of these ad hoc disaster aid payments.

Fluctuating income and recent disaster that we have seen from the north central part of the state where most of those producers had an excellent crop but mother nature and two weeks of rain turned their crops into a dollar a bushel. Other concerns are crop cash flow. There are uncertain times out there for us producers, especially by those young producers with children that will be mostly impacted by this. With that I would urge your support for HB 1441.

Chairman Price: One of the frustrations that we've had is getting the rural to sign up on the CHIP's Program. I'm assuming you would work toward getting the word out.

Richard Schlosser: Yes. We do have a publication and we print approximately 40,000 copies with the bulk going to our members and to Legislators also.

Chairman Price: The other problem that we've been told about is that most farmers carry some sort of catastrophic coverage to protect their assets, and obviously that would mean they wouldn't qualify for CHIPs. Any thoughts on that?

Richard Schlosser: I guess I'm not familiar with that and I don't know what the percentage is, but if you would want that information I could work with our organization to try to ascertain what percentage of our producers carry that catastrophic program.

Jack McDonald: ARC of North Dakota. We would just like to add our support to this bill. The main objective of our organization is to improve the quality of life for children and adults. We would urge your support of this Bill 1441.

David Peske: N.D. Medical Association. Our association is in support of this bill. Relating to the Chairman's last question, we've been working with the N.D. Academy of Family Physicians and the department staff to try and identify physicians in the clinics out there, the primary care clinics, who could be kind of the head physician to try and enroll as many of the eligible children out in their area as possible.

David Zentner: Director of Medical Services for the Department of Human Services. (See written testimony.) I do want to point out a few things. Coverage is available for children and families where the adjusted income not to exceed 140%. The Medicaid program covers children 0 to 5 at 133%, kids 6 through 18 up to 100%. So the group we are reaching are the 6 through 18 year old groups is people between 100-140% of poverty - for the infants it's between 133% up to age 5 up to 140% of poverty. The attachment does give you a comparison of where we would be at if we went up to 165% of the poverty level. For example, for household of four we're at \$1990 we would go to \$2345. Deductions from gross income include mandatory payroll taxes, child care expenses and child support payments. (See testimony for other information regarding this bill.) The Executive budget does not include funds to increase the current income limit for the Health Steps Program, therefore, the department cannot support this bill.

Rep. Porter: On No. 9 you give us the numbers "as of January 1, 2001, a total of 2,175 children were eligible for the program, and we are estimating to cover about 2,885 children per month in the new biennium" - what is that a percentage of the number that fit into the 140% category?

David Zentner: Our estimate back two years ago was about 3,800-3,900 children, so we're at about 55-60%. Somewhere around 70-75% of the estimate.

Rep. Weisz: How many Medicaid eligible do you have now that aren't on Medicaid?

David Zentner: I believe somewhere between 2,000-3,000 kids that actually could be eligible for the Medicaid program. We don't know how many of them would have assets that would exceed our limits.

Rep. Weisz: You don't have any recent estimates?

David Zentner: We've referred over a 1,000 kids to the Medicaid Program.

Rep. Galvin: Your figures on last page of testimony, are the income levels net or gross?

David Zentner: What this is, is the poverty level. When we determine eligibility, we base it on what the families adjusted gross income is.

Vice Chairman Devlin: The \$30,000,000 you were short the other day to balance your budget does this add on to that?

David Zentner: As I stated, this money is not in the Executive budget so in order for us to fund the additions we would have to have additional dollars in the budget.

Vice Chairman Devlin: Farm families with catastrophic insurance, is that kicking families out?

David Zentner: What we have said is that if the disaster county issue deals with dropping insurance, so if a family decides to drop coverage and they are a family and are in a disaster county, we don't look at the six months. If they decide to retain that insurance, then they are not eligible. If it is creditable coverage, we are prevented of putting them on. That is a tough

decision for a farm family to drop that insurance or not because when they are dropping it, even if they can get the kids covered right away they are likely dropping it for themselves.

Vice Chairman Devlin: Why would catastrophic insurance kick them out?

David Zentner: It depends on the insurance. If it is creditable and that it provides basic coverage for physician/hospital services and meets the definition of HIPPA, then it is creditable coverage.

Vice Chairman Devlin: A statement that came up earlier is Medicaid can be billed for school nursing service. How does that work?

David Zentner: I believe the nurses are actually public health nurses, so the school district technically is not doing the billing. It is the public health unit that is doing the billing.

Chairman Price: Can you update on us on what is happening federally as far as - let's say you have a family where the father works, the employer pays for single coverage. What is happening federally that would allow us to take \$126 a month towards that family coverage?

David Zentner: The new regulations have just come out. The bottom line is one of the things we would have to do before we can look at coverage for family coverage, I believe we would have to go to 200% coverage. You still have to have basically comparable coverage to what we're providing, plus it has to be cost effective in that it isn't going to cost the CHIP program any more to insure the kids separately as it would to insure them through a premium process. If the contribution was high enough, it would certainly be something you could look at.

Chairman Price: You're not going to find comparable coverage in an employer group.

David Zentner: The rules have just come out. I can certainly check that issue out.

Rep. Niemeier: The department recently was recognized with \$1.3 million in effort funds, and the expanded TANF rules say that those funds can be used for health insurance. Is there any way we can apply that money for premiums for CHIPs?

David Zentner: I am familiar with the fact that we did get some dollars from TANF. I believe there are federal funds and I don't think they could be matched.

Chairman Price: If you had someone coming off of TANF, how long can they stay on Medicaid?

David Zentner: Up to a year. It depends why they came off of TANF. If it is because of work, the transition can be up to a year.

Chairman Price: Last year when we put CHIPs in we talked about increasing that one year window through the CHIPs Program, any thoughts on that?

David Zentner: The biggest problem with that issue is you can't disadvantage people who have children at a lower income level than you can for higher.

Rep. Niemeier: The allowable administrative cost are 10% of the state expenditures - has the department exceeded that limit in the last year?

David Zentner: Initially we did because we had a lot of startup costs. We now have adequate program dollars for administration.

Rep. Niemeier: The program allows one year coverage. Why is the six months review needed by the department?

David Zentner: What the department is concerned about is to make sure kids continue to need the service. We don't look at income, we just want to make sure that the families we are paying a premium for are still in the state or their circumstances haven't changed.

Larry Bernhardt: Director of Stark County Social Services. I am here representing the N.D. Association of County Social Service Directors. We just want to let you know that our Association supports HB 1441. I would submit that maybe we would have to pay for it one way or the other, that if we don't do it through 1441 it would be added to general funds and we would probably be paying it out of our own pocket. Those costs will be there at a higher because those

kids will need medical coverage, it will be emergency medical coverage through hospital, emergency, or whatever that is going to be at a higher cost than at a clinic. Those providers won't be paid and will have to write those costs off, and when that happens the costs shift. The costs will be shifted to use who are able to pay.

Chairman Price: You have someone come in that asked for Medicaid, they don't qualify for asset reasons, what do your workers do?

Larry Bernhardt: The workers in my county, and I believe in all the counties in the state, make a referral to the CHIPs Program. We provide an application to those clients. We give them the 1-800 number, give them any information we can to try to get them eligible. Unfortunately, they don't all follow through.

Chairman Price: Close hearing on HB 1441.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1441 A

House Human Services Committee

Conference Committee

Hearing Date February 7, 2001

Tape Number	Side A	Side B	Meter #
Tape 1		X	1340 to 3300
Committee Clerk Signature <i>Cornie Gaston</i>			

Minutes:

COMMITTEE WORK:

CHAIRMAN PRICE: During the interim the department had to report back to the interim committee about the enrollment and the outreach about the CHIP Program. One of the points of discussion we aren't getting kids enrolled for some reason. I have booked the Brynhild Haugland Room for 2:30 to 4:00 on the first Wednesday we're back after crossover to hear some speakers on the Children's Health Insurance Program. In all of the discussion in the out reach one thing that came up is the Medicaid application. It is either 16 or 18 pages and personally I wouldn't want to fill it out. If we remove the asset test for the children on Medicaid, would we have an easier time getting the Medicaid children in - just because they have assets doesn't mean they aren't eligible for CHIPs. It is just what program do they go into. Obviously we would prefer to have them in CHIPs because the federal match is a little bit better, but we're not getting them. Mr. Zentner said there were 8,000 children out there who should be on Medicaid, but for

some reason are not enrolled. The application isn't the only reason. There are other reasons.

This is why the interim committee took a look at removing the asset test for the kids.

Unfortunately they did not come out with a bill recommendation, partly because it was an eleventh hour type thing. There is an appropriation to it of \$567,000. The other plus to it would be possibly a reduced work load in the county offices because they take the eligibility applications, they do a lot of that type of thing. I would like to see them if they fill out the Medicaid application, they fill out the CHIPs application at the same time and if they are qualified for either one, it is a done deal. What was just passed out to you was the bill to remove the asset test for the kids on Medicaid. We have to put pregnant women in it and the families language in there because they will not qualify unless they have children. That was one of the problems initially with the department that if you just say minors, then it isn't going to save us anything as far as administrative costs or paper work. What I would like to see the committee consider is to put this amendment on the CHIPs bill as we've got, rerefer it down to Appropriations, let them get the hard numbers and let them decide if that is what we want to spend our dollars on. Both pieces would go down there.

REP. NIEMEIER: What did the \$500,000 figure relate to again?

CHAIRMAN PRICE: About \$567,0000 - It is for funding this piece of it. I think that might actually be a low figure and that is why I want the amended bill so that they actually get a true fiscal note. If the program works, we're going to have more kids on Medicaid and that dollar amount will go up.

REP. NIEMEIER: So that is administrative costs?

CHAIRMAN PRICE: No, not just administrative costs. It is the state's share - the rest would be federal's share.

Page 3
House Human Services Committee
Bill/Resolution Number HB 1441
Hearing Date February 7, 2001

REP. WEISZ: Any idea what we spend on an average per child on Medicaid?

CHAIRMAN PRICE: I want to say the average is about \$1,800. Janelle, do you have any figures you're aware of.

JANELLE JOHNSON: Community HealthCare Association. I think it was something like \$1,150. It was close to how much it cost for those kids on CHIPs prior to the increase with BCBS this year.

VICE CHAIRMAN DEVLIN: I will move the amendment as explained.

REP. TIEMAN: Second.

CHAIRMAN PRICE: Questions? All those in favor signify by saying Aye (14 Yes, 0 No). We have an amended bill in front of us, what are your wishes?

REP. PORTER: I would move a Do Pass as amended and rerefer to Appropriations.

REP. KLEIN: Second.

CHAIRMAN PRICE: Discussion?

REP. NIEMEIER: I would also like to consider the amendment I attached with my testimony.

CHAIRMAN PRICE: Any discussion on the bill? We still do have a motion for a DO PASS that we have to vote on first. The clerk will take the roll on a **DO PASS as amended and be rereferred to Appropriations.**

12 YES 2 NO 0 ABSENT CARRIED BY REP. METCALF

CHAIRMAN PRICE: Do you want to try your amendment, Rep. Niemeier?

REP. NIEMEIER: Yes.

CHAIRMAN PRICE: I move my amendment.

CHAIRMAN PRICE: So, further amend HB 1441 to raise the net to \$185 as opposed to \$165.

REP. CLEARY: Second.

Page 4

House Human Services Committee

Bill/Resolution Number HB 1441

Hearing Date February 7, 2001

CHAIRMAN PRICE: We have a motion. All those in favor signify by saying Aye (3 Yes, 11 No).

FISCAL NOTE
 Requested by Legislative Council
 04/17/2001

Bill/Resolution No.:

Amendment to: Reengrossed
 HB 1441

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,015,333		
Expenditures			\$419,639	\$1,015,333		
Appropriations			\$419,639	\$1,015,333		

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would eliminate the asset test for children and families coverage groups and pregnant women under the medicaid program to become effective no earlier than January 1, 2002 and to sunset June 30, 2003. This change would result in an additional 1,569 individuals (1,487 children and 182 adults) being served under the medicaid program and 960 fewer children being served under the children's health insurance program. This bill is estimated to result in a net increase in 709 individuals (both children and adults) being eligible for benefits under department programs.

The bill also requires the Department of Human Services to amend the state plan for Title XXI to seek enhanced funding at the higher federal reimbursement rate for those children becoming eligible due to the elimination of the asset test. In addition, the Department is authorized to accept gifts, grants, or donations for the children's health insurance program for the purpose of providing matching funds to access the federal dollars available to the program.

Additionally, the bill calls for the legislative council to consider studying the following: 1) the coordination of the medicaid and children's health insurance programs to include the development of a single application form; 2) the determination as to state or county administration of the program; 3) the standardization of the "income" definition; and 4) the desirability and feasibility of seeking a federal waiver for allowing for insurance coverage for a family through an employer based insurance policy if more cost effective than the traditional plan coverage for the children.

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

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

Revenue would be received from the federal government - Title XIX (medicaid) and Title XXI (children's health insurance program.)

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

Expenditures reflect the following costs:

Increased benefits at the enhanced funding ratio for those children becoming eligible for medicaid due to the elimination of the asset test - \$2,376,115.

Additional children estimated to become medicaid eligible - \$828,194.

The adults who would become eligible due to the elimination of the asset test - \$392,928

Changes needed to computer system to process the applications with the change in asset requirements - \$24,000

Offset by the decrease in the children's health insurance program due to becoming eligible under Medicaid - (\$2,186,265)

Total costs - \$1,434,972 of which \$419,639 are general fund expenditures.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

The expenditures reflected above **have not been included** in the Department's budget request and thus the amounts included in the "appropriation" section would need to be added to the Department's appropriation to cover the changes made by the bill - \$1,434,972 in total - \$419,639 in general funds.

Name:	Brenda M. Weisz	Agency:	Department of Human Services
Phone Number:	328-2397	Date Prepared:	04/17/2001

FISCAL NOTE
 Requested by Legislative Council
 04/03/2001

Bill/Resolution No.:

Amendment to: Reengrossed
 HB 1441

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would require the Legislative Council to consider studying the Children's Health Insurance Program. The study must include a review of eligibility requirements and a review of the levels of provider reimbursement for services covered by the program. This bill would have no fiscal impact.

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

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

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

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name: Brenda M. Weisz	Agency: Department of Human Services
------------------------------	---

Phone Number:

328-2397

Date Prepared: 04/03/2001

Additional revenues would be from Federal matching funds and funds received from granting organizations.

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

Expenditures would be as follows:

- Elimination of the asset test for Medicaid - \$3,597,237 total; \$868,576 general funds
- Elimination of 960 children from Healthy Steps, savings of - (\$2,186,265) total; (\$460,938) general funds
- Computer system changes - \$24,000 total; \$12,000 general funds
- Healthy Steps @ 185% of gross - \$1,098,447 total; \$231,562 general funds
- Two additional Healthy Steps staff - \$172,966 total; \$36,997 general funds
- Study - \$150,000 total; no general funds

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Based upon the expenditures detailed in Section 3 B. above the Department's appropriation would need to be increased by \$2,856,385, with \$688,197 being general funds. Also two additional FTE's would be required to administer the program.

Name:	Brenda M. Weisz	Agency:	Department of Human Services
Phone Number:	328-2397	Date Prepared:	03/23/2001

FISCAL NOTE

Requested by Legislative Council
02/22/2001

Bill/Resolution No.:

Amendment to: Engrossed
 HB 1441

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,198,064		\$1,339,577
Expenditures			\$1,701,348	\$1,198,064	\$1,465,912	\$1,339,577
Appropriations			\$1,701,348	\$1,198,064	\$1,465,912	\$1,339,577

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$467,544			\$544,248		

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would eliminate the asset test for children and family coverage groups and pregnant women. It is estimated that elimination of the asset test will cause an additional 1,669 individuals (1,487 children and 182 individuals over 18) to be eligible for the Medicaid program, of which 960 are estimated to be enrolled in the Healthy Steps program.

The bill would require the counties to determine eligibility for the Healthy Steps program. Based upon NDCC 50-29-02.6, the Department is required to reimburse the counties for their cost of administering the program. The counties have estimated that they would require 8% of the premium payment made to Noridian for determining eligibility. This translates to \$10.12 per child per month, or \$467,544 for the 2001-2003 biennium. It is believed that the counties would utilize existing staff to perform this function and therefore additional costs would be minimal.

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

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

Revenues would be effected by increased Federal matching funds, and decreased retained funds. Due to the elimination of the asset test for family coverage groups and pregnant women, it is anticipated that the amount of revenue retained by the Department because of the SWAP legislation would decrease. Without an in-depth study, it is anticipated that the fiscal impact on retained dollars will be relatively close to the

estimated cost for the counties to determine Healthy Steps eligibility. The anticipated loss in SWAP funding is \$233,772, which will need to be supplanted with general funds.

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

It is estimated that an additional 1,669 individuals will be enrolled in the Medicaid program with the elimination of the asset test for children and family coverage groups and pregnant women in Medicaid. With the elimination of the asset test, it is estimated that 960 children currently enrolled in the Healthy Steps program will be covered by the Medicaid program. The estimated costs to the Medicaid program are \$4,328,310, of which \$1,304,120 are general funds. The estimated savings to the Healthy Steps program are \$2,915,020, of which \$614,486 are general funds.

The additional cost of including adult care takers and children age 19-20 in the Medicaid program is estimated to be \$523,904, with \$157,224 being general funds.

The counties would be reimbursed an estimated \$467,544, of which \$98,558 is general funds for determining Healthy Steps eligibility. Programming costs related to integrating Healthy Steps eligibility into the Vision system is estimated to be \$415,000, of which \$124,541 are general funds. Additionally, administrative costs of the Healthy Steps program are limited to 10% of the direct program costs, program costs beyond this percentage are required to be paid by other sources. It is estimated that \$373,710 of program expenditures would exceed the 10% cap, and would need to be paid with general funds.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The elimination of the asset test for children and family coverage groups and pregnant women, and the costs associated with the counties determining eligibility, would result in a need to increase appropriations by \$2,899,412, of which \$1,701,348 are general funds.

Name:	Brenda M. Welsz	Agency:	Department of Human Services
Phone Number:	328-2397	Date Prepared:	03/02/2001

FISCAL NOTE

Requested by Legislative Council
02/12/2001

Bill/Resolution No.:

Amendment to: HB 1441

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$3,382,885		\$5,340,009
Expenditures			\$1,342,357	\$3,382,885	\$1,946,917	\$5,340,009
Appropriations			\$1,342,357	\$3,382,885	\$1,946,917	\$5,340,009

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would change the Federal poverty line for Healthy Steps from 140 percent to 165 percent. The Department anticipates that an additional 2,059 children would be eligible with the change in the Federal poverty line. Additionally, the bill would eliminate the asset test for medical assistance for minors and pregnant women. It is estimated that the elimination of the asset test will allow Medicaid eligibility for an additional 1,320 individuals, of which 765 are estimated to be currently covered on the Healthy Steps program.

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

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

Additional revenue would be from from Federal matching funds.

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

The expenditures would be the premium payments made for the additional eligible children enrolled in the Healthy Steps program. The premium payments would be \$126.52 per child per month. It is estimated that 30% of the additionally eligible children would register for the program when it becomes available, and that enrollment would increase to 75% of the eligible children by June 30, 2003. Additionally, it is estimated that an additional 1,320 children will be enrolled in the Medicaid program with the elimination of the asset

test for children and pregnant women. The cost to the Medicaid program would be at an average rate of \$137.01 per member per month. It is estimated that due to the elimination of the asset test, 765 children currently enrolled in the Healthy Steps program would be covered by the Medicaid program at a cost savings of \$126.52 per member per month.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The appropriation increase over the biennium due to the change in the poverty line for Healthy Steps would be \$3,275,982, of which \$690,704 would be general funds. Additionally, the elimination of the asset test for children and pregnant women would have a net effect of \$1,425,260, of which \$639,653 would be general funds. An increased appropriation of \$24,000 would be necessary for programming changes related to this bill, of which \$12,000 would be general funds.

Name:	Brenda M. Welsz	Agency:	Department of Human Services
Phone Number:	328-2397	Date Prepared:	02/13/2001

FISCAL NOTE
 Requested by Legislative Council
 01/23/2001

Bill/Resolution No.: HB 1441

Amendment to:

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,585,278		\$4,306,306
Expenditures			\$690,704	\$2,585,278	\$1,150,931	\$4,306,306
Appropriations			\$690,704	\$2,585,278	\$1,150,931	\$4,306,306

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would change the Federal poverty for Healthy Steps eligibility from 140% to 165%. The Department estimates that an additional 2,059 children would be eligible for the Healthy Steps program with this change.

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

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

Additional revenue would be from the Federal matching funds.

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

The expenditures would be the premium payments made for the additional eligible children enrolled in the Healthy Steps program. The premium payments would be \$126.52 per child per month. It is estimated that 30% of the additionally eligible children would register for the program when it becomes available, and that enrollment would increase to 75% of the eligible children by June 30, 2003.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and*

appropriations.

The increased appropriation would be for premium payments made over the course of the biennium for additional children enrolled in the Healthy Steps program. Of the \$3,275,982 of increased appropriation, \$690,704 would be general funds.

Name:	Brenda M. Weisz	Agency:	Department of Human Services
Phone Number:	328-2397	Date Prepared:	01/29/2001

10713.0102
Title.0200

Adopted by the Human Services Committee
February 7, 2001

VR
2/8/01

HOUSE AMENDMENTS TO HB 1441

HOUSE HS

2-8-01

Page 1, line 1, after "Act" insert "to create and enact a new subsection to section 50-24.1-02.6 of the North Dakota Century Code, relating to medical assistance benefits; and"

Page 1, after line 3, insert:

"SECTION 1. A new subsection to section 50-24.1-02.6 of the North Dakota Century Code is created and enacted as follows:

The department of human services shall provide medical assistance benefits to minors and pregnant women without consideration of assets."

Renumber accordingly

Date: 2-7-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1441

House Human Services Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Move amendment

Motion Made By Rep. Devlin Seconded By Rep. Tieman

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairman	✓		Audrey Cleary	✓	
William Devlin - V. Chairman	✓		Ralph Metcalf	✓	
Mark Dosch	✓		Carol Niemeier	✓	
Pat Galvin	✓		Sally Sandvig	✓	
Frank Klein	✓				
Chet Pollert	✓				
Todd Porter	✓				
Wayne Tieman	✓				
Dave Weiler	✓				
Robin Weisz	✓				

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 2-7-01
 Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1441

House Human Services Committee

Subcommittee on _____

Conference Committee

Legislative Council Amendment Number _____

Action Taken Move amendment to raise net from \$165 to \$185

Motion Made By Rep. Niemeier Seconded By Rep. Cleary

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairman		✓	Audrey Cleary	✓	
William Devlin - V. Chairman		✓	Ralph Metcalf		✓
Mark Dosch		✓	Carol Niemeier	✓	
Pat Galvin		✓	Sally Sandvig	✓	
Frank Klein		✓			
Chet Pollert		✓			
Todd Porter		✓			
Wayne Tieman		✓			
Dave Weiler		✓			
Robin Weisz		✓			

Total (Yes) 3 No 11

Absent _____

Floor Assignment _____

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

Date: 2-7-01
 Roll Call Vote #: 3

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1441

House Human Services Committee

Subcommittee on _____
 or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do PASS as amended & refer to Appropriations

Motion Made By Rep. Porter Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Clara Sue Price - Chairman	✓		Audrey Cleary		✓
William Devlin - V. Chairman	✓		Ralph Metcalf	✓	
Mark Dosch	✓		Carol Niemeier	✓	
Pat Galvin	✓		Sally Sandvig	✓	
Frank Klein	✓				
Chet Pollert	✓				
Todd Porter	✓				
Wayne Tieman	✓				
Dave Weiler	✓				
Robin Weisz		✓			

Total (Yes) 12 No 2

Absent _____

Floor Assignment Rep. Metcalf

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

REPORT OF STANDING COMMITTEE

HB 1441: Human Services Committee (Rep. Price, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REFERRED to the Appropriations Committee (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1441 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to create and enact a new subsection to section 50-24.1-02.6 of the North Dakota Century Code, relating to medical assistance benefits; and"

Page 1, after line 3, insert:

"SECTION 1. A new subsection to section 50-24.1-02.6 of the North Dakota Century Code is created and enacted as follows:

The department of human services shall provide medical assistance benefits to minors and pregnant women without consideration of assets."

Renumber accordingly

2001 HOUSE APPROPRIATIONS

HB 1441

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1441

House Appropriations Committee
Human Resources Division

Conference Committee

Hearing Date **TUESDAY, FEBRUARY 13TH, 2001**

Tape Number	Side A	Side B	Meter #
2-13-01 1441		1-X	903-6240
" "	X		00-2089

Committee Clerk Signature

Mickie Schmidt

Minutes: **CHAIRMAN KEN SVEDJAN, VICE-CHAIRMAN JEFF DELZER,
REP. KEITH KEMPENICH, REP. JAMES KERZMAN,
REP. AMY KLINISKE, REP. JOHN M. WARNER**

903-Chairman Svedjan: We'll call the section back to order. We'll take up HB 1441,

CHIPS: Children's Health Insurance Program.

913-Rep. William Devlon: (refer to HB 1441) The biggest change we made was an amendment on lines 8 and 9 in the Engrossed HB to eliminate the asset test for Medicaid children. The reason was we felt that the children at the lowest end of the economic scale were not getting the coverage they were entitled to and should have as citizen's of ND. We think the big share of that problem is the 16 page report that they have to do to qualify, where the CHIPS form is 2 pages.

1177-Chairman Svedjan: You have in the engrossed version of HB 1441, 165% of poverty and that's net?

1199-William: That's correct. And that is the way the bill came in. The committee did not address that because we were running out of time, and we needed more time to do that and we did not have the numbers there, that's a miserable excuse and I'll accept the responsibility for presenting it to this committee. But, we were against a deadline. Also, there's an amendment on line 9 that should have been made and I'll ask this committee to correct it where it says "Minors and pregnant women". The correct terminology in the department is "children and families coverage groups".

1267-Chairman Svedjan: Was this new language provided by the department?

1274-William: Yes.

1278-Chairman Svedjan: And that was in response to the testimony we got here too, that the department understood it was legislative intent not to cover the cost of deliveries, but they appreciated clarifications since law and legislative intent appear to differ on the issue.

1295-William: Yes.

1306-Vice-Chairman Delzer: Do you have the language to change it? Has the language been developed, change it to gross?

1319-William: No, we did not go that far.

1391-Rep. Kliniske: Does the fiscal note represent or does it include the amendment made by the Human Services committee who's in charge of the Medicaid asset test? Does this fiscal note reflect that?

1411-William: I think that they will present new numbers to you. The figure we were working with was at \$567,000. The numbers that they will present today are lower than that. I will leave that question to them.

1462-Rep. Carol Niemeyer: (refer to attachment #4 and application form #5)

2097-Rep. Kempenleh: Do you think that changing the asset test is going to affect us more than changing the level as far as coming on?

2132-Carol: Yes, it will change the numbers in Healthy Steps and in Medicaid.

2156-Rep. Kilnske: Of these other states that you talked about being higher than ND, 300-350 % of poverty, are those states using net or gross income?

2185-Carol: I can't answer specifically, I know with ours we have net income allowing the deductions for child care and for taxes, if families do indeed have those expenses. For self employed people, we use adjusted gross income.

2222-Rep. Kilnske: I'm aware of what we do, what I want to know is what these other states are doing, if someone can answer that for me?

2259-Vice-Chairman Delzer: Neither of these are in the executive budget. We're supposed to look at the fiscal end, where would you like to see us reduce current budgets or what would you like to see done to get the money?

2294-Carol: I don't have the answer for that. I would just hope as a committee that you would have a priority on this issue and that you would make it happen. I know that is your responsibility and you do well with the work you have here, so we put this proposal before you.

2338-Vice-Chairman Delzer: Brenda, I know this might be a little unfair since you've just passed this yesterday, but how you doing with the fiscal note?

2358-Brenda: We'll have it done before tomorrow.

2402-Rep. Audrey Cleary: (refer to attachment # 6)

2702-Rep. Sally Sandvig: I'm here in support of bill 1441. I'm not sure if removing assets applications of the Medicaid form is the way to go or if you increase the eligibility for CHIPS would be a better way to go. I'm concerned that maybe the Medicaid form, the way it is now,

might turn some people away from applying, because it is an awful big form and also hard to fill out. I think the CHIPS form would be a lot easier.

2819-Janelle Johnson: (refer to attachment #6a)

3759-Rep. Warner: Your definition of net is: gross income, minus taxes, minus actual costs of child care? Are there any other factors missing?

3779-Janelle: Yes. Yes, my understanding is it would be reduced by child support also. If someone is paying child support out.

3800-Rep. Warner: The reciprocal, is it increased by child support on the receiving end?

3819-Janelle: Yes. If they are receiving, it is considered part of their income.

3839-Vice-Chairman Delzer: I've heard that there were a number of states using a fairly high poverty level, but then they were funding it only at 30 or 40% of eligible. How many are running up against the point where they don't have the money in there to handle everyone that's coming in?

3880-Janelle: No, I do not.

3897-Chairman SvedJan: It's one thing to make comparisons state to state on the poverty level, and you clarified the gross net issue, but how many other states at higher levels of poverty include vision and dental?

3939-Janelle: My understanding is if they included a part of Medicaid, all of those who would have a Medicaid expansion would also include that for this program. If they have a state to state separate program, the 32 states, many times the policy ?????? The concept that we're providing probably a stronger coverage than many states may not hold as true as it was.

4007-Rep. Kliniske: We never seem to take in to consideration the average income from state to state. And when you look at 140% of poverty with the extensions that we allow, we were

looking at 66% of all ND's qualified for this program. Now if you look at other states and their income, wage income was higher in other states.

4096-Janelle: According to the Robert Wood Johnson study, there would not be 75% of the children qualifying even at 150%. The difficult extrapolation is that when the Robert Wood Johnson family study was done, it was done on gross income and not net. So trying to determine how many actually follow gross, was difficult.

4218-Sister Margaret Rose: (in support) We see the results of children not being covered by insurance.

4344-Dave Zentner: (refer to attachment # 7)

5499-Rep. Kerzman: The Robert Wood Johnson money, is that all depleted now?

5531-Dave: It's an on going grant. They are in their 2nd year and there is one more left. So those dollars will continue to flow until 2002.

5574-Rep. Kerzman: What are you going to do to pick up the slack when it runs out?

5584-Dave: It will be difficult. What we will try to do is use the administrative dollars, what we have available to us, the best of our ability to do outreach.

5690-Rep. Warner: From previous testimony, you spoke of the radical increase in the cost of the premiums as being attributable to dental care?

5745-Dave: Meridian did not anticipate the demand there was for dental and vision care.

6025-Rep. Kliniske: Do you have an idea of what the correct language should be?

6057-Dave: I would say children and families.

6994-Vice-Chairman Delzer: Brenda, is that going to change the fiscal note? Dave, do you have the language or how much language would it be to change to gross?

6187-Dave: If you go to 165% gross, you're going to cut a lot of families off of this program.

27-Chairman Syedjan: When this was brought before the interim committee, was the focus of that consideration only on pregnant women and minor children?

52-Dave: Initially we had, but in my last testimony I suggested that we look at them, the children and families, because of the issue of administration, if you don't do it that way, then you will have to require them to provide the information anyway because if you have an asset test for the adult care taker you're still going to have to have it in a lot of cases.

98-Rep. Kerzman: Could the department access some of that money?

119-Dave: Not at this time. They are designed for outreach primarily for certain targeted groups.

201-Curtis Volesky: Director of Medicaid Eligibility for the Department of Human Services;
(refer to attachment #8 & 9)

548-Chairman Syedjan: You would be adding \$157,000 in general funds to the \$565,000 that's shown on page 1 in your testimony?

575-Curtis: Yes, if we adopt the amendment.

592-Chairman Syedjan: I saw some printed information relative to this move, if we were to do something with the asset test in the Medicaid part of it, that it would make a number of children that are on Healthy Steps eligible for the Medicaid program.

648-Dave: We estimated about 600 kids that would eventually move to Medicaid based on the information that we had available to us.

687-Chairman Syedjan: Have you done any side by side comparison showing that if we were to approve this amendment, as you've stated here, what would the comparative costs be? Wouldn't we have a reduction on the number of eligible for Healthy Steps and wouldn't we have a difference in the matching requirements, one about 80/20 and the other about 70/30.

761-Dave: Yes, we did work that in to the equation, but, we're using the \$126 for CHIP. The estimates for Medicaid for the same group of kids is about \$135 for the first year of the biennium and \$138 for the second, plus the difference in match of 10%. That's about \$20 a month difference per kid.

813-Chairman Svedjan: \$20 more. But then what does it do to the Healthy Steps budget?

816-Dave: For them to be on the Medicaid. There would certainly be a subsequent reduction over time.

834-Chairman Svedjan: That's what I'm saying. You projected \$2885 clad as I recall.

848-Dave: Right, that's based on \$140. When we did that, there was no indication of an asset test issue. The numbers would come down. If you're looking at 600 kids, eventually we'd be down around 2200 kids.

877-Chairman Svedjan: At 2200 kids, just roughly, what does that multiply out to based on your premium projections?

903-Dave: You're looking at \$126 times 600 times 18 = \$136,000

944-Chairman Svedjan: The fact is we would be showing some savings on the Healthy Steps side.

953-Dave: We did take that into consideration when we provided you with the initial information.

963-Chairman Svedjan: So are you saying to me that it has been factored in to the increases that you're asking for here?

973-Dave: For the fiscal note relating to the asset test, yes. As it relates to what would happen to Healthy Steps if we did that, the \$2885 does not reflect that.

1010-Brenda: What the fiscal note will have to do, is it will have to take a look at the poverty level.

1097-Chairman Syedjan: Are we in another dichotomy here with regard to the issue of gross versus net?

1167-Dave: There is no perfect solution to the process.

1279-Vice-Chairman Delzer: You're handling that already though even though you go net you must equalize self employment to the point where you take off child care and taxes.

1302-Dave: What we're doing now, because we're in a net situation, we have the income tax forms for the last three years. We look at what the self employed income is based on income tax. We total that up and divide by 3 to come up with an average cost, then divide it by 36 to come up with a monthly cost. To that we add, we do all deductions from that. For example, we don't know what their actual payroll taxes are, so we allow a standard deduction, \$90 a month, every self employed person. If they're paying child support, it would come off that. If they're getting child support, yes, we would add it to the income.

1412-Rep. Kliniske: I heard from a farm family that what is happening is in practice is not what you just stated. If you have a farm, and the farm loses money, and you're working on the farm in the winter. Your farm losses are not taken into consideration, you're only taken back to 0, not a minus. And then the non farm income's added on also. Is that correct?

1467-Dave: The way the rules are written today, we don't offset farm losses against earned income.

1502-Rep. Kerzman: In recalling your testimony in your overview, the total number of children eligible at 200% poverty level is about 4,000. We're at a little over half that level now enrolled.

So if we go to the 165%, we're going to put on an additional 2,059 children? Which will bring that up to 41??- how's that possible?

1549-Dave: What we tried to do here is, use the figures we had to come up with an estimate. At 140% of poverty, because of the net income, we had to try to extrapolate beyond that to determine how many kids were going to actually cover. When we're saying we're going from 140-165%, we think that most families who make up to 200% of the poverty level, will probably qualify at 165%.

1700-Rep. Kerzman: So when built the fiscal note, you were basing it on 100% enrollment then?

1707-Dave: No. We estimated 2,059 eligible. We're estimating that we will start at about 30%. By the end of the period, we would end up with about 1,544 on the program or about 75%. The numbers were based on initially working at 30% and then building up to 75% over the 2 year period.

1776-Vice-Chairman Delzer: That leads into the 2003-05 biennium, that still is on 75% straight through?

1790-Dave: Should be.

1795-Vice-Chairman Delzer: And that would be a total number of 4,100 kids?

1805-Dave: Would be about 4,400 kids.

1836-Chairman Svedjan: If we were to adopt the amendment as been suggested here, would that have any impact on those individuals who are single parents who do not pay child care? Would any of those become eligible on the Medicaid side?

1876-Dave: If you raise the income levels, you're going to make some of these families eligible because it's going to raise that level for a family of two from \$1300-\$1500.

Page 10

Human Resources Division

Bill/Resolution Number 1441

Hearing Date TUESDAY, FEBRUARY 13TH, 2001

1967-Chairman SyedJan: I'm talking about those who don't qualify right now at 140% net.

2014-Dave No, Because their income exceeds the 140% of the net amount.

2047-Chairman SyedJan: Any questions? Hearing none, we will close the hearing on HB

1441.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1441

House Appropriations Committee
HUMAN RESOURCES

Conference Committee

Hearing Date **THURSDAY, FEBRUARY 15TH, 2001**

Tape Number	Side A	Side B	Meter #
2-15-01 #1441		X	1173-3873
Committee Clerk Signature <i>Mickie Schmitt</i>			

Minutes: CHAIRMAN KEN SVEDJAN, VICE-CHAIRMAN JEFF DELZER,

REP. KEITH KEMPENICH, REP. JAMES KERZMAN,

REP. AMY KLINISKE, REP. JOHN M. WARNER

Chairman Svedjan: We will take up HB 1441 - CHIPS-Children's health insurance program.

Rep. Kliniske: I move that we change the language of "minors and pregnant women" to children and whatever that language may be.

Vice-Chairman Delzer: Children and family coverage groups?

Chairman Svedjan: Children and family coverage groups, that's the recommended change in the testimony provided by Kurt Velosky. So, it would replace "minors and pregnant women" with the words "children and family coverage groups." You've heard the motion, is there a second?

Vice-Chairman Delzer: Second it.

Chairman Svedjan: Discussion on this amendment?

Rep. Kliniske: My only comment on this is that we're really only looking at standardizing it.

Rep. Warner: I want to expand on the consequences of changing the language. I would like someone from the department to comment on it before we take a vote.

Chairman SyedJan: Do you have Mr. Volosky's testimony? I think it is explained on the second page of his testimony and he ends with a discussion about it's impact on the fiscal note.

Dave Zentner: The bottom line is if the language is retained to only deal with minors, you'll have situations where you're going to have adults and minors in the same household and you won't accomplish the process of getting rid of the asset. Looking at asset's, if you have to look at it for the adult, but not for the minor. So you don't really save in the process when you do that because you're still going to have to collect the information, make the determination. Also under the definition of minor, that is, individuals 17 and under. So people who are 18 -21 who are eligible for the program, would be subject to the asset test. It could disqualify the adult.

Rep. Kliniske: Also part of my thought process and what people are talking about it is, part of the reason why the counties could not do the eligibility portion because of the difference between HIPAA and Medicaid. So if we standardized that we could probably save in administration.

Vice-Chairman Delzer: When we do this either way, all we're talking about for the asset test is families with children? Are we opening this up for all situations of Medicaid?

Dave: The way it would be written, it would be children's families and pregnant women. Age blind and disabled would still be subject to the asset test.

Vice-Chairman Delzer: And if we put the language in, it doesn't change it, it just makes it a little more realistic.

Dave: What it will do is clarify the fact for that group of individual households we're not going to consider assets.

Page 3
Human Resources Division
Bill/Resolution Number 1441
Hearing Date THURSDAY, FEBRUARY 15TH, 2001

Chairman Syedjan: Is there further discussion on the motion? In hearing none, I'll try a voice vote. All in favor of the amendment say I- 6, opposed say nay- 0. The motion carries.

Vice-Chairman Delzer: I don't know the proper wording on how to do this, but I would like to request that if we do this, that we turn the eligibility for CHIPS over to the county.

Chairman Syedjan: OK, you've heard the motion, is there a second?

Rep. Kempenich: Second it.

Chairman Syedjan: OK, it's been moved and seconded that the eligibility determination under this scenario then under a simplified system, as we look to the counties to do that.

Daye: If you turn the eligibility over to the county, they would do everything. So we would be out of the issue. I don't know how we would handle things like toll free line, I suppose if we got a call, we could find which county they belong to and refer them.

Chairman Syedjan: Any further discussion on the motion?

Rep. Kerzman: Are we dealing with policy here, not fiscal?

Vice-Chairman Delzer: Well we are, but it has a fiscal impact.

Rep. Warner: Do I understand that we will be reducing the states fiscal liability by transferring responsibilities to the counties without transferring any additional funds?

Vice-Chairman Delzer: It depends on how you look at it. We would be reducing their load because they're the ones who would have to get these people to fill out the Medicaid application already, so we'd be reducing their load.

Rep. Kerzman: My understanding is that there is another year left on the Robert Wood's grant. What's going to happen to that? Can we work part of that to the counties too, to get it up and running? Or are we just going to lose that?

Page 4
Human Resources Division
Bill/Resolution Number 1441
Hearing Date THURSDAY, FEBRUARY 15TH, 2001

Daye: Rep. Kerzman, it's a separate process. I wouldn't see moving eligibility from the state to the counties having any effect on that aspect of it. Once that grant disappears, is what responsibility will the state have to take over the outreach responsibilities that those people are now doing?

Chairman Svedjan: Any further discussion on the motion? Seeing none, I'll try a voice vote. All in favor of the motion say I- 5, opposed say nay-1. The motion carries. Are there any more requests for HB 1441?

Vice-Chairman Delzer: I move to remove section 2 of the bill.

Chairman Svedjan: The motion is to remove section 2 of the bill, is there a second?

Rep. Kempenich: Second it.

Rep. Kerzman: I think we're leaving federal money on the floor again. I would request a recorded roll call vote. I don't feel comfortable just on voice voting on something of this magnitude.

Chairman Svedjan: This concurs the discussion on the motion to remove section 2 out of the HB 1441. A recorded roll call vote has been requested.

Chairman Svedjan: Yes.

Vice-Chairman Delzer: Yes.

Rep. Kempenich: Yes.

Rep. Kerzman: No.

Rep. Kliniske: Yes.

Rep. Warner: No.

Chairman Svedjan: OK, the motion passes. 4 to 2. Any other requested amendments?

Rep. Kliniske: Do pass as amended.

Chairman Svedjan: A do pass as amended motion, is there a second?

Vice-Chairman Delzer: Second it.

Page 5

Human Resources Division

Bill/Resolution Number 1441

Hearing Date THURSDAY, FEBRUARY 15TH, 2001

Chairman SyedJan: Further discussion? Seeing none, we'll take a roll call vote on a do pass as amended recommendation on HB 1441.

Chairman SyedJan: Yes. Vice-Chairman Delzer: Yes.

Rep. Kempenich: Yes. Rep. Kerzman: No.

Rep. Kliniske: Yes. Rep. Warner: No.

Chairman SyedJan: OK, that motion passes 4-2. Rep. Kliniske will carry the bill. We will close the hearing on HB 1441.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1441

House Appropriations Committee

Conference Committee

Hearing Date February 20, 2001

Tape Number	Side A	Side B	Meter #
02-20-01 tape #2	2470 - 6235		
Committee Clerk Signature <i>Keith Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1441.

Rep. Kliniski: HB 1441 deals with CHPS legislation. Originally the bill changed the eligibility from 40% poverty to 165% poverty and that is met. The House Human Services committee added Section 1 which would drop the asset test for medicaid, and that's how the bill came to us in committee. Sections 1 and 2 came with a \$1.4 million appropriation. Knowing that we could not do both, we had to weigh which of those two sections would better benefit the citizens of ND. Section 1 opens health care to more individual.. than does section 2. There are approximately 5500 to 8000 children in the state who qualify right now for medicaid, but that the 18 page application they have to fill out is a barrier that they face in not applying for medicaid. Section 2 of the bill would open up for about 2095 more children. If you pass section 2 it only applies to children, whereas if you pass section 1 and not section 2, it opens up for the fami.y, as opposed to just individuals in the family.

Rep. Kliniski: Moves to adopt amendment 0201 to the engrossed bill. Rep. Svedjan seconded.

Rep. Warner: He has concerns about the amendment. He likes the bill with the amendment that came out of Human Services. If we are only going to do one of these, the cost effectiveness is a little better under CHIPS than Medicaid. Dollar for dollar we would insure more children under CHIPS than we would by removing the assets test under Medicaid. Knows it's hard to read minds and know if the application is the barrier for application. There is another alternative, and actually more cost effective.

Rep. Svedjan: I would submit that the match requirement for the CHIPS program is roughly 20% state dollars, 80% federal. Under the Medicaid option, it's roughly 30% - 70%. But, he really thinks that the concentration needs to be on the numbers of people who will qualify under this amendment, as opposed to changing the poverty level. We wouldn't cover as many kids under changing the poverty level. We need to focus on this. This does change the fiscal note you have to \$808,000 to go this direction as compared to \$1.342 to which we would have to add another \$157,000 based upon how the bill was amended.

Rep. Warner: One further area of concern is the difference in coverage of dental. We found in our experience with CHIPS and the reprojections of costs from Blue Cross Blue Shield, is that dental coverage is a much more important cost incentive than what was expected. In one category the Medicaid insurance was better in orthodontia. Medicaid will cover some orthodontia that CHIPS won't. But the real problem with dental coverage under Medicaid is that the reimbursement rate for providers is so poor that few providers will provide the service. We were told that there is only 1 dentist in Bismarck/Mandan that will accept Medicaid patients. Getting an appointment is very hard. CHIPS coverage would be more superior in this area.

Rep. Kliniski: Forgot to mention that the counties currently are the people who do the eligibility for medicaid and administer the application document. By doing this and eliminating the asset test, makes the eligibility requirement and application for CHIPS the same as for medicaid. The county officials will have less of a load and will be able to do both now. The state now does not need the two additional requested FTE's.

Rep. Glassheim: In reading the fiscal note, it seems you would get more kids under changing CHIPS. I read that by changing CHIPS you would get an additional 2059 children, and by changing the asset test you would get 1320. Also, when I go to the next page, I get the cost of the federal funds being for under the other program.

Rep. Kliniski: The 1320 children that you are looking at are children who had applied for healthy steps and the 765 are the children if you drop the asset test are currently being covered but wouldn't be covered by medicaid. That does not mean that there are only 1320 children eligible for medicaid.

Rep. Gulleon: Question for Carol Olson or David Zentner: This regards the application. Knows that there has been a move to centralize one application form for a lot of these programs, so medicaid and food stamps use the same form. So, in removing the asset test, would this mess up this application process.

David Zentner: Some states have separated the process where there is one application for medical coverage. The decision would have to be what is to be covered.

Rep. Gulleon: Are you using the smart card for accessing these services for food stamps, etc.

David Zentner: We do have a pilot project in Bismarck where we are using a card for the screening program for children. It is not in wide use right now, and there is only one provider

using the smart card. We so have a separate card that does identify eligibility that they can provide to providers that gives them a number. It is not a smart card technology.

Rep. Gullerson: Explains the technology of a smart card.

Rep. Warner: He had asked for a listing of the number of eligible children, does Mr. Zentner have that?

David Zentner: Does not have papers written down. Could give some numbers. Just to clarify from the department's standpoint, what eliminating the asset test would do. We did estimate that we would add 1320 kids. Of those, 765 are currently on healthy steps. So those individuals because they have assets over the medicaid limit but have income below the eligibility limits will now become eligible for medicaid. The remaining 555 children are currently eligible for one of the programs if families would choose to enroll at this time. What this will do is lessen the complexity of applying and encourage those individuals to apply for medicaid. The cost to remove the asset test is \$1.9 million, and about \$800,000 is general fund, and there is additional dollars there to add children and families rather than just add minors to the bill. The average number of children on healthy steps would be about 2,000 after we get done adding the asset test. Counties have requested that they be paid for processing healthy step applications. On the healthy steps if you go from 140 to 165 we estimate that it will add about 1544 kids who are currently uninsured by the end of the next biennium, and the cost would be about \$3.3 million, of which about \$700,000 are general funds.

Rep. Wald: Are we advertising for people to come in and qualify for this, and is that a federal requirement

David Zentner: There is a requirement that we do outreach, it is not specific that we have tv or radio ads. We are required to advertise and make sure that individuals who are eligible are

aware of the program as much as possible. We have used public service announcements and bought some ad time on tv. We did a cooperative effort with Robert Wood Johnson grantees at a total of about \$20,000 and we paid about \$13,000 of that.

Rep. Wald: Robert Wood Johnson is a grant of some sort. Is there any general fund dollars in the advertising.

David Zentner: Yes. The matching dollars for all programs is about 21%. Therefore about 21% of the \$13,000 would have come from the general fund.

Rep. Glassheim: Wants to be clear on how many children would be added just by removing the asset test. If we do the increase to poverty we would serve roughly 3 times as many children, and we would get double the federal money?

David Zentner: An estimate, should be about 555 in removing the asset test. You are talking about covering additional children that are currently not eligible for the program. In increasing the poverty level, you would be increasing the eligible numbers. In changing the asset test you would be encouraging those eligible to enroll.

Rep. Kliniski: The numbers that I was given are that in the state of ND between 5500 and 8000 children are currently eligible for medicaid but are not applying. Is that an accurate number, it came from the department. That is the reason for dropping the asset test, to reach the poorest of the poor. Now curious as to how he came up with the number of 555, if the numbers are 5000 - 6000 by the study.

David Zentner: I believe the numbers are in that ballpark who have incomes, based on the Robert Wood Johnson foundation study in 1998, that would have allowed them to qualify for medicaid. What we did is try to estimate the numbers that are still out there that could qualify. We estimated that we would reach about 25% of that group.

Rep. Glassheim: Clarifying the way the numbers were arrived at, and the roll of the application process.

Rep. Wald: Did we approve in the budget section the Robert Wood Johnson Foundation Grant?

David Zentner: Not sure. Probably not. There are no general fund dollars involved in this, it is a separate grant dollar.

Rep. Wald: I think the time may have come in ND when we should tell the foundations to keep their money out of ND if we have to continue to match funds and spend general fund dollars because they think we are not doing a good job in our state. Getting tired of foundations requiring matching general fund dollars.

David Zentner: They thought the collaboration with Robert Wood Johnson for advertising was a good deal. They had to do outreach, and this was what they chose.

Carol Olson: The grant did come before the emergency commission and the budget section. It was a three way grant that was given to the community, the community health care. The grant was for outreach to the rural areas and Indian reservations. It wasn't really connected to the human services, it came in to CSCC, they contracted with community health care, and they have been running the grant.

Rep. Svedjan: Wants to underscore the rationale the section used to move this in the direction proposed. In the interim, the interim health committee looked at this issue, and stated more than once that the numbers of children who currently qualify for medicaid but for some reason were not applying (it was suggested more than once that the application process was the barrier). It's that group of people that we have in mind in recommending the removal of the asset

test would benefit the most and would bring the most people under a level of health care than would be the case if we just changed the poverty level for the CHIPS program.

Rep. Delzer: Neither item is in the governor's budget. If we pass anything at all it will be in addition to the governor's budget.

Rep. Kliniski: The numbers in the fiscal note for CHIPS is based on 75% utilization, and the medicaid numbers are based on 25%, so the numbers are guesstimates, and have some disparity.

Voice vote adopted the amendment.

Rep. Kliniske: Moves a DO PASS AS AMENDED. Seconded by Rep. Svedjan.

Vote on Do Pass as Amended: 17 yes, 3 no, 1 absent and not voting. Motion passes.

Rep. Kliniske was assigned to carry this bill to the floor.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1441

Page 1, line 3, remove "subdivision a of subsection 6 of" and replace "50-29-04" with "50-29-03"

Page 1, line 9, replace "minors" with "children and families coverage groups"

Page 1, line 10, replace "Subdivision a of subsection 6 of section 50-29-04" with "Section 50-29-03"

Page 1, replace lines 12 and 13 with:

"50-29-03. Duties of county agency. In the administration of the plan, ~~unless the department otherwise establishes eligibility,~~ the county agency shall:

1. Administer the plan under the direction and supervision of the department;
and
2. Make an investigation and record the circumstances of each applicant, obtaining information as may be required by the department."

Re-number accordingly

Date: 2-20-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1441

House APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 10713.0201

Action Taken to adopt amendments

Motion Made By Rep. Kliniske Seconded By Rep. Svedjan

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleeson			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

adopted

Date: 2-20-01
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1441

House APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 10713.0201

Action Taken Do Pass As Amended.

Motion Made By Rep. Kliniske Seconded By Rep. Svedjan

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol		✓
Rep - Delzer		✓	Rep - Svedjan	✓	
Rep - Glassheim		✓	Rep - Thoreson	✓	
Rep - Gulleson			Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total (Yes) 17 No 3

Absent 1

Floor Assignment KLINISKE

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

REPORT OF STANDING COMMITTEE

HB 1441: Appropriations Committee (Rep. Timm, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (17 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1441 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "subdivison a of subsection 6 of" and replace "50-29-04" with "50-29-03"

Page 1, line 9, replace "minors" with "children and families coverage groups"

Page 1, line 10, replace "Subdivison a of subsection 6 of section 50-29-04" with "Section 50-29-03"

Page 1, replace lines 12 and 13 with:

"50-29-03. Duties of county agency. In the administration of the plan, ~~unless the department otherwise establishes eligibility,~~ the county agency shall:

1. Administer the plan under the direction and supervision of the department; and
2. Make an investigation and record the circumstances of each applicant, obtaining information as may be required by the department."

Renumber accordingly

2001 SENATE HUMAN SERVICES

HB 1441

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1441

Senate Human Services Committee

Conference Committee

Hearing Date March 5, 2001

Tape Number	Side A	Side B	Meter #
2	X		3.5
2		X	
March 12, 2001 2		X	6.6
March 14, 2001 2		X	3
March 19, 2001 1	X		
March 19, 2001 1	X		12.5
Committee Clerk Signature <i>Carol Kalczyk</i>			

Minutes:

The hearing was opened on HB 1441.

REPRESENTATIVE NIEMEIER, sponsor, introduced bill. Reviewed in written testimony.

Presented amendments. SENATOR KILZER: From your testimony it seems you would like to put CHIP back into Medicaid and for a couple of reasons we didn't do that - vision and dental

part. Traditionally, Medicaid has been low in reimbursement; providers refuse to take additional

Medicaid patients. REP. NIEMEIER: I may have phrased my testimony in a misleading way,

because I don't feel that that was what I was discussing. Healthy Steps and Medicaid are two

separate programs. They should not be combined. SENATOR MATHERN: The House put on

some amendments to eliminate the asset test in the Medicaid program. That is attached to the

bill. Are you OK to delete the assets in the Medicaid program. REP. NIEMEIER: Yes, that is

the way I see it.

JANELLE JOHNSON, Community HealthCare Association, supports bill. (Written testimony)

SENATOR FISCHER: How many states are 200% of gross income? MS. JOHNSON: 19 states has Medicaid expansion so their plans work very much like Medicaid allowing for net. 11 of the 32 states use gross instead of net. The states that use gross are at 200% or more. SENATOR FISCHER: How many of those states offer dental, vision and prenatal? MS. JOHNSON: Those states that have Medicaid expansion would have visual and dental. We would have to contact the other states to find out what they do. SENATOR LEE: We have been battered about the head and neck unjustly about this issue, because we have always used an adjusted income which reflected subtracting not only taxes but child care costs, so with vision, dental and prenatal care the 140% is not necessarily the lowest coverage in the country and it is important to recognize that. SENATOR MATHERN: What level do you suggest for coverage. MS. JOHNSON: We discussed as looking at 185% gross. There are other states that are trying to up Medicaid to 185% and people that are on WIC or other programs would know that they are eligible for Healthy Steps.

CARMEN BEST presented written testimony for REPRESENTATIVE MERLE BOUCHER supporting the bill.

SISTER MARGARET ROSE, Catholic Family Life Conference, supports the bill and everything that supports an increase in children getting coverage. It is better to increase the pool of eligible children rather try to enroll the extra thousand under the 140%.

LINDA ISAKSON, Children's Caucus, supports bill. (Written testimony). Amend bill to 200% of poverty. SENATOR MATHERN: If this is moved from state to county was added outside the sponsor's amendment. MS. ISAKSON: It may discourage some families from going to the county and applying. A mail-in application on the state level might be a way to get more

families in. If the application continues to be a simplified mail-in where there doesn't need to be any trips to the county to meet with an eligibility worker, but I like the system as it now is with the department screening some of those families and helping them get their applications in so I really think the system we have now is working pretty well. SENATOR LEE: If we go to the county level, wouldn't that simplify things? MS. ISAKSON: If we go to a simplified system, it would be very helpful; that administration wherever it might be would make a difference to families. We need to get these families in.

KATHY PFIEFLE, ND County Health Care, supports bill and further expansion of CHIP program.

DAVE ZENTNER, Dept of Human Services, neutral position. (Written testimony) SENATOR MATHERN: What would be simpler for the department - net or gross? MR. ZENTNER: If all programs were gross, it would be great.

EDWARD FORDE, Assoc. Of County Social Directors, support the concept of the bill.

Concerns are funding of service. There is no funding in budget; would have to be reimbursed. You cannot add program due to losing SWAP and we need adequate funding. SENATOR LEE: Reviewing administrative costs monthly, why should we be sending monthly when only one per year is used. MR. FORDE: I will provide information on it. I don't know.

The hearing on HB 1441 was closed.

March 12, 2001, Tape 2, Side B, Meter 6.6.

SENATOR MATHERN presented amendments.

JANELLE JOHNSON, Community Healthcare Assoc, commented the match was 80-20 in California. Removal of the asset test would result in payment to providers is less. Cost to state is less. MD is one of 7 that maintains an asset test. Programs are worked independently.

Page 4
Senate Human Services Committee
Bill/Resolution Number HB 1441
Hearing Date March 5, 2001

Discussion: They have 185% of gross instead of \$140 net and dental, vision, and child care.

We look bad because of this and it is within 5% of 180%. Won't go any further.

KATHY HOGAN, Fargo. Fiscal note was shot in dark. Counties are very open to administering this. Discussion was closed.

March 14, 2001, Tape 2, Side B, Meter 3.

Discussion resumed on HB 1441. SHELDON WOLF was asked to answer some questions. The fiscal note was discussed. The session was closed.

March 19, 2001, Tape 1, Side A.

Discussion was resumed on HB 1441.

SENATOR MATHERN submitted amendments 10713.0305. He explained what the amendments would do. SHELDON WOLF and DAVE ZENTNER were called from the Department of Human Services to answer questions relating to the amendments and the bill. CLARENCE DANIEL, County Social Worker for Stutsman County, explained the counties could do for less expense than the fiscal note originally reported.

JANELLE JOHNSON, Community Healthcare Assoc., likes SENATOR MATHERN'S amendments. They improve situations as far as outreach; make it simpler. We still have dental, vision, and prenatal services on Medicaid. Looking to have a dental program like Fargo, Cass County has implemented. There are 21,000 kids on Medicaid program. 70 or 80% of total eligible.

The meeting was closed.

Tape 2, Side A, Meter 12.8.

SENATOR MATHERN moved the amendments 10713.0305. SENATOR FISCHER seconded the motion. Discussion. Hope to get it studied. Precursor to be more equitable for providers.

Page 5
Senate Human Services Committee
Bill/Resolution Number HB 1441
Hearing Date March 5, 2001

Shouldn't we be going the other way? Cost shifting is not the answer. SHELDON WOLF: We pay lower rate. It is less than Medicare and BCBS. Matching funds are general funds to Federal funds. Roll call vote carried 5-1-0. SENATOR MATHERN moved a DO PASS AS AMENDED and REREFERRED to App. SENATOR POLOVITZ seconded the motion. Discussion. Roll call vote carried 5-1-0. SENATOR LEE will carry the bill.

March 21, 2001, Tape 1, Side B, Meter 9

HB 1441 was discussed in connection with HB 1012, which was in Appropriations.

Amendments were presented to help a funding for providers. SENATOR MATHERN moved the amendments to be presented to the Appropriations Committee. SENATOR FISCHER seconded the motion. Discussion. Roll call vote carried 6-0-0. SENATOR LEE will take these committee approved amendments to Appropriations.

10713.0301
Title.

Prepared by the Legislative Council staff for
Representative Niemeier
March 2, 2001

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1441

Mit
Page 1, line 3, after "50-29-03" insert "and subdivision a of subsection 6 of section 50-29-04"

Page 1, after line 17, insert:

"SECTION 3. AMENDMENT. Subdivision a of subsection 6 of section 50-29-04 of the North Dakota Century Code is amended and reenacted as follows:

- a. An income eligibility limit of one hundred ~~forty~~ sixty-five percent of the poverty line;"

Renumber accordingly

(1)

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1441

Page 1, line 2, remove the first "and"

Page 1, line 3, replace "section 50-29-03" with "sections 50-29-01 and 50-29-02 and subdivision a of subsection 6 of section 50-29-04"

Page 1, line 4, after "program" insert "; to repeal section 50-29-03 of the North Dakota Century Code, relating to administration of the children's health insurance program by county agencies; and to provide for a legislative council study;"

Page 1, line 11, replace "50-29-03" with "50-29-01"

Page 1, replace lines 13 through 17 with:

"50-29-01. Definitions. As used in this chapter:

1. "Children's health insurance program" means a program to provide health assistance to low-income children funded through title XXI of the federal Social Security Act (42 U.S.C. 1397aa et seq.).
2. ~~"County agency" means the county social service board;~~
3. "Department" means the department of human services.
4. ~~3.~~ "Plan" means the children's health insurance program state plan.
5. ~~4.~~ "Poverty line" means the official income poverty line as defined by the United States office of management and budget and revised annually in accordance with 42 U.S.C. 9902(2), applicable to a family of the size involved.

SECTION 3. AMENDMENT. Section 50-29-02 of the North Dakota Century Code is amended and reenacted as follows:

50-29-02. Duties of the department. The department shall:

1. Prepare, submit, and implement the plan 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;
2. ~~Supervise the administration of~~ Administer the children's health insurance program throughout this state;
3. Take action, give directions, and adopt rules as may be necessary or desirable to carry out ~~the provisions of~~ this chapter;
4. After federal approval of the plan, 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;

5. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan; and
6. ~~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~~
7. Administer all funds appropriated or made available to the department for the purpose of carrying out the provisions of this chapter.

SECTION 4. AMENDMENT. Subdivision a of subsection 6 of section 50-29-04 of the North Dakota Century Code is amended and reenacted as follows:

- a. An income eligibility limit of one hundred ~~forty~~ eighty-five percent of the poverty line;

SECTION 5. REPEAL. Section 50-29-03 of the North Dakota Century Code is repealed.

SECTION 6. LEGISLATIVE COUNCIL STUDY. During the 2001-02 interim, the legislative council shall consider studying the feasibility and desirability of eliminating the asset eligibility requirement for the medical assistance program and standardizing the definition of "income" for all programs administered by the department of human services. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Renumber accordingly

3154 children eligible
\$ 946
203
\$ 5,214,000
\$ 1,099,000
add additional employee

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1441

Page 1, line 1, remove "create and enact a new subsection to section 50-24.1-02.6 of the North"

Page 1, line 2, remove "Dakota Century Code, relating to medical assistance benefits; and to"

Page 1, line 3, replace "section 50-29-03" with "sections 50-29-01 and 50-29-02 and subdivision a of subsection 6 of section 50-29-04"

Page 1, line 4, after "program" insert "; to repeal section 50-29-03 of the North Dakota Century Code, relating to administration of the children's health insurance program by county agencies; and to provide for a legislative council study"

Page 1, remove lines 6 through 10

Page 1, line 11, replace "50-29-03" with "50-29-01"

Page 1, replace lines 13 through 17 with:

"50-29-01. Definitions. As used in this chapter:

1. "Children's health insurance program" means a program to provide health assistance to low-income children funded through title XXI of the federal Social Security Act [42 U.S.C. 1397aa et seq.].
2. ~~"County agency" means the county social service board.~~
3. "Department" means the department of human services.
4. 3. "Plan" means the children's health insurance program state plan.
5. 4. "Poverty line" means the official income poverty line as defined by the United States office of management and budget and revised annually in accordance with 42 U.S.C. 9902(2), applicable to a family of the size involved.

SECTION 2. AMENDMENT. Section 50-29-02 of the North Dakota Century Code is amended and reenacted as follows:

50-29-02. Duties of the department. The department shall:

1. Prepare, submit, and implement the plan 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;
2. ~~Supervise the administration of~~ Administer the children's health insurance program throughout this state;
3. Take action, give directions, and adopt rules as may be necessary or desirable to carry out ~~the provisions of~~ this chapter;

4. After federal approval of the plan, 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;
5. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan; and
6. ~~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~~
7. Administer all funds appropriated or made available to the department for the purpose of carrying out the provisions of this chapter.

SECTION 3. AMENDMENT. Subdivision a of subsection 6 of section 50-29-04 of the North Dakota Century Code is amended and reenacted as follows:

- a. An A gross income eligibility limit of one hundred ~~forty eight~~ eighty-five percent of the poverty line, except as otherwise provided under section 50-29-02 for self-employed individuals;

SECTION 4. REPEAL. Section 50-29-03 of the North Dakota Century Code is repealed.

SECTION 5. LEGISLATIVE COUNCIL STUDY. During the 2001-02 Interim, the legislative council shall consider studying the feasibility and desirability of eliminating the asset eligibility requirement for the medical assistance program and standardizing the definition of "income" for all programs administered by the department of human services. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Renumber accordingly

*# 1.6 million
348,000 general
1041 additional children*

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1441

Page 1, line 3, replace "section 50-29-03" with "sections 50-29-01 and 50-29-02 and subdivision a of subsection 6 of section 50-29-04"

Page 1, line 4, after "program" insert "; to repeal section 50-29-03 of the North Dakota Century Code, relating to administration of the children's health insurance program by county agencies; to provide for a legislative council study; to require maximizations of federal reimbursement; to require grant applications; to provide an appropriation; and to provide an effective date"

Page 1, line 9, remove "and pregnant women"

Page 1, line 11, replace "50-29-03" with "50-29-01"

Page 1, replace lines 13 through 17 with:

"50-29-01. Definitions. As used in this chapter:

1. "Children's health insurance program" means a program to provide health assistance to low-income children funded through title XXI of the federal Social Security Act [42 U.S.C. 1397aa et seq.].
2. ~~"County agency" means the county social service board.~~
3. ~~"Department" means the department of human services.~~
4. ~~3.~~ "Plan" means the children's health insurance program state plan.
5. ~~4.~~ "Poverty line" means the official income poverty line as defined by the United States office of management and budget and revised annually in accordance with 42 U.S.C. 9902(2), applicable to a family of the size involved.

SECTION 3. AMENDMENT. Section 50-29-02 of the North Dakota Century Code is amended and reenacted as follows:

50-29-02. Duties of the department. The department shall:

1. Prepare, submit, and implement the plan 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;
2. ~~Supervise the administration of~~ Administer the children's health insurance program throughout this state;
3. Take action, give directions, and adopt rules as may be necessary or desirable to carry out ~~the provisions of~~ this chapter;
4. After federal approval of the plan, 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;

5. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan; and
6. ~~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~~
7. Administer all funds appropriated or made available to the department for the purpose of carrying out the provisions of this chapter.

SECTION 4. AMENDMENT. Subdivision a of subsection 6 of section 50-29-04 of the North Dakota Century Code is amended and reenacted as follows:

- a. ~~An~~ A gross income eligibility limit of one hundred forty-eighty-five percent of the poverty line, except as otherwise provided under section 50-29-02 for self-employed individuals;

SECTION 5. REPEAL. Section 50-29-03 of the North Dakota Century Code is repealed.

SECTION 6. LEGISLATIVE COUNCIL STUDY. During the 2001-02 Interim, the legislative council shall consider studying the feasibility and desirability of standardizing the definition of "income" for all programs administered by the department of human services, whether the state or the counties should administer the children's health insurance program, the costs and procedures to provide equal payment under the medical assistance and children's health insurance programs, and the effects of eliminating the asset eligibility requirement for the medical assistance program. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

SECTION 7. FEDERAL REIMBURSEMENT. The department of human services shall seek an amendment to its state plan to maximize federal reimbursement through the program to provide health assistance to low-income children funded through title XXI of the federal Social Security Act, for the removal of the asset test for the medical assistance program.

SECTION 8. GRANTS - APPROPRIATION. The department of human services shall study the feasibility and desirability of standardizing the definition of "income" for all programs administered by the department, whether the state or the counties should administer the children's health insurance program, the costs and procedures to provide equal payment under the medical assistance and children's health insurance programs, and the effects of eliminating the asset eligibility requirement for the medical assistance program. Before April 1, 2002, the department shall report the results of these studies to the legislative council. The department shall seek grants to fund these studies from the academy for health research and health policy state coverage initiative and from any other entity that may award such grants. All grant moneys awarded to the department of human services under this section are appropriated to the department of human services for the purpose of defraying the costs of the studies required under this section, for the biennium beginning July 1, 2001, and ending June 30, 2003.

SECTION 9. EFFECTIVE DATE. Sections 1 and 4 of this Act become effective on January 1, 2002."

Renumber accordingly

Date: 3/19/01

Roll Call Vote #: /

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1441

Senate HUMAN SERVICES Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number 10713.0305

Action Taken Amendments

Motion Made By Senator Mathem Seconded By Sen Fischer

Senators	Yes	No	Senators	Yes	No
Senator Lee, Chairperson	✓		Senator Polovitz	✓	
Senator Kilzer, Vice-Chairperson		✓	Senator Mathem	✓	
Senator Erbele	✓				
Senator Fischer	✓				

Total (Yes) 5 No 1

Absent 0

Floor Assignment _____

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

REPORT OF STANDING COMMITTEE

HB 1441, as reengrossed: Human Services Committee (Sen. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Reengrossed HB 1441 was placed on the Sixth order on the calendar.

Page 1, line 2, remove the first "and"

Page 1, line 3, replace "section 50-29-03" with "sections 50-29-01, 50-29-02, and subdivision a of subsection 6 of section 50-29-04"

Page 1, line 4, after "program" insert "; to repeal section 50-29-03 of the North Dakota Century Code, relating to administration of the children's health insurance program by county agencies; to provide for a legislative council study; to require maximizations of federal reimbursement; to require grant applications; to provide an appropriation; and to provide an effective date"

Page 1, line 9, remove "and pregnant women"

Page 1, line 11, replace "50-29-03" with "50-29-01"

Page 1, replace lines 13 through 17 with:

"50-29-01. Definitions. As used in this chapter:

1. "Children's health insurance program" means a program to provide health assistance to low-income children funded through title XXI of the federal Social Security Act [42 U.S.C. 1397aa et seq.].
2. ~~"County agency" means the county social service board.~~
3. ~~"Department" means the department of human services.~~
4. ~~3.~~ "Plan" means the children's health insurance program state plan.
5. ~~4.~~ "Poverty line" means the official income poverty line as defined by the United States office of management and budget and revised annually in accordance with 42 U.S.C. 9902(2), applicable to a family of the size involved.

SECTION 3. AMENDMENT. Section 50-29-02 of the North Dakota Century Code is amended and reenacted as follows:

50-29-02. Duties of the department. The department shall:

1. Prepare, submit, and implement the plan 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;
2. ~~Supervise the administration of~~ Administer the children's health insurance program throughout this state;
3. Take action, give directions, and adopt rules as may be necessary or desirable to carry out ~~the provisions of~~ this chapter;

4. After federal approval of the plan, 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;
5. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan; and
6. ~~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~~
7. Administer all funds appropriated or made available to the department for the purpose of carrying out ~~the provisions of~~ this chapter.

SECTION 4. AMENDMENT. Subdivision a of subsection 6 of section 50-29-04 of the North Dakota Century Code is amended and reenacted as follows:

- a. An A gross income eligibility limit of one hundred fortyeighty-five percent of the poverty line, except as otherwise provided under section 50-29-02 for self-employed individuals;

SECTION 5. REPEAL. Section 50-29-03 of the North Dakota Century Code is repealed.

SECTION 6. LEGISLATIVE COUNCIL STUDY. During the 2001-02 interim, the legislative council shall consider studying the feasibility and desirability of standardizing the definition of "income" for all programs administered by the department of human services, whether the state or the counties should administer the children's health insurance program, the costs and procedures to provide equal payment under the medical assistance and children's health insurance programs, and the effects of eliminating the asset eligibility requirement for the medical assistance program. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

SECTION 7. FEDERAL REIMBURSEMENT. The department of human services shall seek an amendment to its state plan to maximize federal reimbursement through the program to provide health assistance to low-income children funded through title XXI of the federal Social Security Act, for the removal of the asset test for the medical assistance program.

SECTION 8. GRANTS - APPROPRIATION. The department of human services shall study the feasibility and desirability of standardizing the definition of "income" for all programs administered by the department, whether the state or the counties should administer the children's health insurance program, the costs and procedures to provide equal payment under the medical assistance and children's health insurance programs, and the effects of eliminating the asset eligibility requirement for the medical assistance program. Before April 1, 2002, the department shall report the results of these studies to the legislative council. The department shall seek grants to fund these studies from the academy for health research and health policy state coverage initiative and from any other entity that may award such grants. All grant moneys awarded to the department of human services under this section are appropriated to the department of human services for the purpose of defraying the costs of the studies required under this section, for the biennium beginning July 1, 2001, and ending June 30, 2003.

SECTION 9. EFFECTIVE DATE. Sections 1 and 4 of this Act become effective on January 1, 2002."

Renumber accordingly

2001 SENATE APPROPRIATIONS

HB 1441

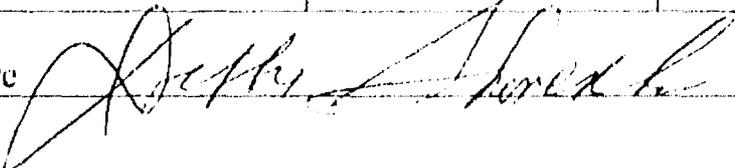
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1441

Senate Appropriations Committee

Conference Committee

Hearing Date March 26, 2001

Tape Number	Side A	Side B	Meter #
1	X		30.4-54.8
		X	0.0-13.8
Committee Clerk Signature 			

Minutes:

Senator Solberg opened the hearing on HB 1441.

Jenny Withum, Community HealthCare Association, testified in favor of the bill (Handout attached). Explained Healthy Step with state verses county and Medicaid eligibility. Only 1% declined without the assets/income screening but this would simplified the application process with clients and reduce administrative burden. Increase in poverty level from 140% to 185% of gross income to enroll additional 1000 kids lacking income that could be eligible at that income level. Streamlines the program with 185% gross income. Asking your support with this bill.

Senator Andrist: Is this in another bill also with the asset test?

Jenny Withum: No. The asset test is in HB 1012, but shifts kids from one program to another.

Senator Andrist: Any problem using HB 1012 vehicle?

Jenny Withum: I'm not sure how to answer that.

Senator Holmberg: Schools with lunches programs, useful tool but we don't have access to that income information?

Jenny Withum: No access, only through Medicaid office.

Senator Bowman: You state 580 short on sign up and we are moving poverty level up to 185%, shouldn't we take care of the needy before pushing this bar up or accomplish this first?

Jenny Withum: I agree with you on that, lowest income family should be first.

Representative Carol Niemcier, District 20, Grand Forks, ND, testified as prime sponsor of the bill (testimony attached). Recommend the committee to accept bill as it is.

David Zentner, Director of Medical Services for the Department of Human Services, testified (testimony attached).

End Tape #1, Side A, meter 54.8

Start Tape #1, Side B, meter 0.0

Senator Holmberg: Your department is neutral on this issue and presentation is dark. One of the comments made earlier going to the 185% would allow utilization of information regarding reduced lunch programs which is at 185% as we were told, would that help save some of the money, is this your bottom line if this passes this is going to be the fiscal impact. Do feel any savings by being able to coordinate with other programs?

David Zentner: Bottom line is I don't think this is a savings in fact these type of things that are allowed to better coordinate will in fact enhance the ability for people to apply for the program because if they are eligible for reduced lunches No savings. This would better coordinate eligible reduced lunches for schools and would know eligibility which will help coordinate the program and people getting on the program. This would not save any administration because

eligibility would still have to be done, brochures, so I don't see a specific impact on the administrative budget either.

Senator Heitkamp: Your department painted a bleak picture. In regards to the two positions you need in order to carry this out, you put together the whole program without putting anybody on and now for this expansion, you need to FTEs to do it?

David Zentner: We did put this program together without any additional staff. Bottom line is that I've got myself and several other people working primarily overtime to do this work. It is very time consuming and reason for the directorship for this program. Two other positions within the department are working overtime to accomplish this and to get the eligibility completed. We are really under the gun because when an application comes in, if we don't complete it by the end of the month, that person isn't eligible for another month, so a strain is on the process to get these applications processed and we try to do the best we can. We implemented this without any additional staff, which is really straining us right now. It would be very difficult to continue with at least one additional staff to do the best we can to make this program work appropriately.

Senator Heitkamp: So the need for the staff was needed prior to implementing the program in the first place and this bill is being used to add those two staffs to take care of the program?

David Zentner: We proposed in our budget and it was approved through the Governor's office to have these two additional staffs, so there were in HB 1012. They were removed from HB 1012 because of this bill which would have handed the eligibility process over to the counties, they were removed through the House Appropriation process.

Senator Heitkamp: Prior to the 1999 implementation, that was where the tough step was in relation to adding someone and now this is being used for it to, so that was my question.

Senator Andrist: The \$700,000 general fund impact, how much of that was to increase the eligibility standard to the 185% and how much of that do you think would be related to the removal of the asset test?

David Zentner: The asset test is about \$405,000 and \$231,000 for 185%.

Senator Andrist: I've read that some private foundations are going to cover children up to 200% of poverty, did that take place?

David Zentner: I think you are referring to the Caring Program that is sponsored by Blue Cross/Blue Shield of ND and yes if the individual is not eligible for the Medicaid program or Healthy Steps we will refer them to the Caring Program. This is a limited program and it is very basic kind of service but it is available.

Senator Andrist: Were these two concepts put on the Governor's Table when the budget was being formed and were they discarded or were there recommendations to him?

David Zentner: Initially we did look at what would happen if we got rid of the asset test.

Senator Robinson: Looking at the fiscal note, this area with the size of this budget, smart money would be on these types of programs with prevention. In the absence of this bill are we not going to look at continual spiral approach in this area? and to get a handle on the future.

David Zentner: Preventative care is important to save dollars in the future. How much is not quantifiable very easily. Initially sold the program on importance to kids to save state dollars.

Senator Tomac: \$400,000 of fiscal impact to removal of the asset test but the earlier testimony said only 1% of the applicants are kicked out because of the asset test; do you agree with that?

David Zentner: We tried to estimate is not the number of number of people who have assets over the limit, how many people do you attract to a program to make it simpler. That is the \$400,000

question in this case. If we simplify more people will apply from program and that is what we are trying to get at.

Senator Tomac: Was is the asset level to be disqualified?

David Zentner: Currently for 2 people it is \$6,000 and add \$25 per individual of a household. 4 would be \$6,050. We deduct one car, exempt house if they are living in it, we do exempt income producing property, so if you are a farmer your machinery and land is not countable.

Senator Holmberg: We are not saying we don't have good programs and hide them so people don't know about them but don't you think that if the legislature feels a program is worthy of use by the citizens that we should do everything we can to assure the people that would benefit by the program to know about and be in it.

David Zentner: I agree with, and we try to do that the best we can. Look at the Healthy Steps program, in various ways let people know, we involved all agencies that deal with these individuals directly, dealt with schools, used milk cartons, advertising campaign. The word did get out and hopefully people will apply for both programs.

Senator Thane: When the department was putting their budget together for the Governor, there were those interested in a different level, anybody coming to you to see this change made, this is pretty heavy hit for us to deal with, and has gotten this far, and up to appropriations.

David Zentner: Always discussion on levels, last session the decision was to get program off the ground, established at 140% and legislature wanted to look at is progression. The legislature ultimately is the one to make the decision.

Senator Robinson: There is a cost for this program to the general fund. Program is in place. Not having the program also would be a cost to the system with uninsured. How can we reconcile?

David Zentner: The problem is difficult to quantify. How the process will work in the future, difficult to estimate cost savings in the future with the unknowns. Uninsured are taken care through other means.

Tim Mathern, District #11, testified that he serves on Human Services committee. Want to clarify that Human Service committee basically took what the House had done and worked on this bill so we were able to increase the number of children that would be covered under health care and decrease the fiscal note. The amendments on the bill decrease the fiscal note from the House and ask you to consider this. This was done in two ways, the manner of federal reimbursement, introduce Medicaid waiver for higher match rate than the House bill and eliminated the county involved of the administration.

With no further testimony the hearing was closed on HB 1441.

Senator Nething stated this bill is referred to the subcommittee on Human Service budget HB 1012.

Tape #1, Side B, meter 13.8.

4-2-01 Full Committee Action (Tape #1, Side A, Meter # 18.1 - 31.1)

Senator Nething reopened the hearing on HB1441 - Children's Health Insurance.

Senator Solberg, Subcommittee chair led the review, discussion of the bill; along with the findings of the subcommittee. Amendments # 10713.0306 were discussed. Senator Solberg moved the amendments; seconded by Senator Bowman. Discussion; call for the vote:

Roll Call Vote: 9 yes; 5 no; 0 absent and not voting. Amendments carried.

Discussion on the bill. Call for the vote: Roll Call Vote: 9 yes; 5 no; 0 absent and not voting.

Senator Solberg accepted the floor assignment.

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1441

In lieu of the amendments adopted by the Senate as printed on pages 874-876 of the Senate Journal, Reengrossed House Bill No. 1441 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study relating to the children's health insurance program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY. The legislative council shall consider studying, during the 2001-02 interim, the children's health insurance program. If chosen, the study must include a review of the eligibility requirements for the program, including an analysis of the effect of determining eligibility based on gross or net income and the effect of personal assets on eligibility. The study must also include a review of the levels of provider reimbursement for services covered by the program, including medical, dental, and optometric services."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Dept. 325 - Department of Human Services

This amendment removes provisions included in the bill relating to medical assistance benefits and to eligibility determination for the children's health insurance program and provides for a legislative council study of the children's health insurance program.

Date: 4-2-01

Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. _____

Senate Appropriations Committee

Subcommittee on _____
or

Conference Committee

Legislative Council Amendment Number 10713.0302

Action Taken on Amendment

Motion Made By Senator Solberg Seconded By Senator Sumner

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas		✓			
Harvey Tallackson		✓			
Larry J. Robinson		✓			
Steven W. Tomac		✓			
Joel C. Heitkamp		✓			
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 9 No 5

Absent 0

Floor Assignment Senator

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

Date: 4-2-01

Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. AB 1401

Senate Appropriations Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number 10713.0306

Action Taken As passed amended

Motion Made By Senator Burns Seconded By Senator Andrist

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas		✓			
Harvey Tallackson		✓			
Larry J. Robinson		✓			
Steven W. Tomac		✓			
Joel C. Heitkamp		✓			
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 9 No 5

Absent 0

Floor Assignment Senator Andrist

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

REPORT OF STANDING COMMITTEE

HB 1441, as reengrossed and amended: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1441, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the Senate as printed on pages 874-876 of the Senate Journal, Reengrossed House Bill No. 1441 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study relating to the children's health insurance program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY. The legislative council shall consider studying, during the 2001-02 interim, the children's health insurance program. If chosen, the study must include a review of the eligibility requirements for the program, including an analysis of the effect of determining eligibility based on gross or net income and the effect of personal assets on eligibility. The study must also include a review of the levels of provider reimbursement for services covered by the program, including medical, dental, and optometric services. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Dept. 325 - Department of Human Services

This amendment removes provisions included in the bill relating to medical assistance benefits and to eligibility determination for the children's health insurance program and provides for a legislative council study of the children's health insurance program.

2001 HOUSE HUMAN SERVICES

CONFERENCE COMMITTEE

HB 1441

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1441 CC(1)

House Human Services

Conference Committee

Hearing Date 4/11/01

Tape Number	Side A	Side B	Meter #
2	X		0-4000
Committee Clerk Signature <i>Cornie Easton</i>			

Minutes:

CHAIRWOMAN PRICE called the conference committee to order with all of the members present, which consisted of herself, REP. KLINISKE, REP. NIEMEIER, SEN. LEE, SEN. SOLBERG and SEN. T. MATHERN.

CHAIRWOMAN PRICE: I think that first we will let the Senate speak as to their changes to the bill and some of the reasons for it. So whoever would like to go first.

SEN. SOLBERG: HB 1441 just came down to Senate appropriations with the 185%, with the wrapping of the asset cap. I made this comment on the floor, and I will continue to make it. It was a moving target. By that I mean that I believe that we started out, and this is coming off of the top of my head, but a 1.7 million dollar beginning fiscal, the impact or a statementize. Its been moved down, and I believe that it has went through the channels as it moved away from the county into the department on the asset test separation and procedures. It moves to about

\$ 640,050.00. There then was amendments presented to the Senate appropriations committee, it moved it back up to \$922,000.00. The idea of looking at it and trying to find out just exactly what 185% gross meant. What dropping of the asset test meant. Other areas in between, 140% net meant. It continues to get more confusing, as we talked about this and worked on it, it was turned over to a subcommittee in the Senate appropriations, to try and sort this thing out. It became obvious to us and I would say the majority also, but I certainly do not speak for all of them. I believe that we did take a vote on it and I don't recall what it was. We brought it to the appropriations committee, and turned it over to a study resolution. To determine once and for all what 140% meant. What 165% or 185%, who was going to move to Medicaid or if we dropped the asset test. Was it children, was it adults, the whole ball of wax. Now, we could have passed it, we could have ran with it. But it was not going to get out of subcommittee like that, I will tell you that right now. Because we have a program that we feel that is just getting off of the ground. What are we 16 to 18 months into the program I suppose, and I don't think that the state has ever ran a program that we have went 18 months down the road and had this thing solved and not addressed. The subcommittee did not feel that this was in our grasp as of yet. No where removing the asset test, and where it was taking us down the road. So, this was our feeling. continuing to try to hit a moving target, not that someone was not a pretty good shot and don't welcome the challenge, but I think that in a situation as this it was difficult. Now, let me tell you one other thing, that went into consideration of putting this into a study. Health bill 1012, the one in Human Service Appropriation, as it came over to the Senate Appropriations, it was short \$4,000,000.00, from the original request in medical assistance only. Medical part of the Human Service budget. With their reprojections of another \$3,500,000.00, the people in the medical division of the Human Services, felt that they would be short \$7,500,000.00. I don't have to tell

any of you sitting here that we don not have \$7,500,000.00 to be put anywhere. Let alone a new fund balance on the last sheet that I saw. So, the subcommittee's feeling on that, along with the moving target, not knowing exactly where we were, we thought that now is not the time to be expanding programs. This came in the same day, I would like to remind you that showed the revenue projections for the month of February at 11.4% decrease in sales tax collection. It was noted that this maybe a timing situation. Friends we have not had a timing situation that can not get caught up in the last 6 or 7 months. I think that a lot of things went into our subcommittees thinking of putting this into a study resolution. First of all was the program as we see it now, that is where we are at on CHIPS. What needs to be done to make sure that it is a viable and running program, that we are serving those it was meant to be and should be. Second of all we move a target, and third the 7.5 million dollars that the department felt that they are going to need to make the medical services healthy again. SO all of these things were pulled into the situation, were wondering what we did. We did have good discussion on it, and we took it to the full committee in appropriations. It passed there, and I do not have a count with me, and I am sorry for that. But it certainly passed there, and as you know it passed on the floor then. I think that pretty well summarizes what we did as a subcommittee under a full committee in the Senate Appropriations.

SEN. LEE: I would just add a couple of things that the Human Services Committee, and as the Senate as a whole, supported in its original amendment, doing something about the asset test. Because you are moving the asset test for a variety of reasons everybody at this table understands, is something that really deserves attention. There wasn't anyone that disagreed with those concepts. This is separate from the issue of where do we get the money. The asset test is an important issue. The idea of gross versus net income, was an important issue because our

understanding was that we needed to work with net, when we were originally working with this bill. Now we know that we can work with a gross number. It was the feeling of everybody that were on the committee, and the people that testified. That it would create less confusion if we might ultimately be able to move to a gross number. There would be more consistency, and we might have some opportunities for outreach that we might not have, by having so many different programs. So , there are 5 bars to both of those issues to . But those were both very important issues to the committee and to the Senate as a whole. Because we did support those amendments. I don't mean for this to be an exercise in wasted time for anybody, but we have some very important issues to address. Improving the CHIP program as we are able, but they are definitely going to be affected by the funding that is available. So I guess that it is really up to us to figure out how we might best be able to do that.

SEN. T. MATHERN: We had the same concerns that SEN. SOLBERG raised in terms of the money. When I say we I mean the Human Service Committee. The bill came over from the House at a general fund allocation of 1.7 million dollars. We thought that there would indeed be a difficulty in appropriations committee. So we worked in Human Services in trying to figure out how we could work with the House version, take the best that was there. But also try to reduce the general fund allocation. So the way we moved out the bill was to change how the match was done, change the county issue and a few things like that. Change the ending, the starting date. So we got the general fund allocation down to about \$688,000.00. So I think we were addressing the concerns that SEN. SOLBERG was raising, but working on the House version of the bill. I am hoping if we can clarify the numbers issue, if we can maybe get one set of numbers from the department that maybe we still can move forward on this. Recognizing that we have reduced the appropriation and maybe there are some other ways that we have not thought of yet. But we can

do that. Move this bill out with increasing coverage for children. But doing it in a more cost effective manner than we had before us in the House version.

SEN. SOLBERG: I did not mention and I should have, this fiscal note was tied to the premise that the department would get the waiver to move from the Medicaid reimbursement of 70/30 to all of those that come on at the 89/21. I still have a problem understanding, because what the asset test, I think as we continue to look down this road we'll see most of those coming on are adults. I have trouble understanding how we will get that waiver for adults on the 79/21 as opposed to the 70/30. We now have on Medicaid one the reimbursements. So bare in mind, the simple note depends on the waiver being granted.

CHAIRWOMAN PRICE: They were not able to give you any sort of guarantees or address those concerns?

SEN. SOLBERG: Not a flat guarantee. They felt quite confident on it, yes. The statement was that California did it. Well California is doing a lot of things that I do not want to do. But there are states that have done this, yes. But until we get that, again it is a moving target.

CHAIRWOMAN PRICE: Was there any discussion on having this triggered upon getting that, or can they not do that? Like I said the waiver was based on the law going into effect, did you guys dismiss that at all?

SEN. SOLBERG: No, I thought about that afterwards. No, we did not.

CHAIRWOMAN PRICE: Would that be something that may be acceptable?

SEN. SOLBERG: It would be something that I would look at.

CHAIRWOMAN PRICE: Okay.

SEN. T. MATHERN: One of the reasons we looked at a delayed implementation date, is to give the department an opportunity to make that request for the waiver, and to also implement this

system if their request was granted. Just so that you are aware that was part of the discussion in Human Services and the department is aware of that concern that we have, that they be able to get that waiver and that they have time to implement it.

CHAIRWOMAN PRICE: Would you be agreeable though that it would only be triggered if we received the waiver?

SEN. T. MATHERN: I would think that would be fine. One of the reasons we thought that we could move forward is the new Medicaid match possibilities, with the waiver. I think that Human Services was very realistic about not being able to come up with 1.7 million in general fund new dollars. I think that the waiver was a way for us to move this program forward. So if the waiver was not possible we understood that may not be possible. So I think that trigger mechanism is certainly well within, but many people in the Senate would find it acceptable.

CHAIRWOMAN PRICE: Do you thin that you got solid numbers for taking the account of delayed implantation on what the removal of the asset test would cost? Do you feel that you have good numbers for that? Or do we need to try to get those?

SEN. SOLBERG: I don't think that we received solid numbers on children. I have got a feeling, and I don't have anything to back that up, but I do believe, and we are talking assets here, that when we look at this very few children will be affected. Very few. Because those that would be affected that are covered under the CHIPS program now, so solid numbers no. I don't feel the need for them. One of the things, that I was going to bring down, well I left it at home, I don't know how many of you received the NCSL health line newsletter on your desk in the last day to so, but the situation in Medicaid usage. What dollars are going to be available, I wonder how many waivers will be granted on that. As we continue to see this move up and the dollars that

will be available for this. I think that we have to look beyond today also. I want to bring that back, and I apologize, I had four grand kids in the house last, so I don't know where this stuff is.

SEN. LEE: I had asked the department yesterday, I felt that the major question for all of this was whether or not we can come up with any solid numbers to work with. We also have to agree that there's no way anything can be solved, because we are trying to project. But this perhaps, they were helpful in putting this together, this perhaps will give us a little something to start with. So I did have enough copies. I gave one to REP. DEVLIN as I left the last committee. I will be happy to run up and get more copies. I guess there is enough. MR. ZENTNER and MS. OLSON and I visited about what might be helpful for us to know where we are now, and what the option that we have discussed as possibilities might mean. So this isn't even saying this is what we have to do, I just thought that it would be helpful to us if we had some way of seeing how many children are involved as you can well read, and what the discussions about the test. A couple of gross numbers would mean, because obviously healthy steps as it is reprojected is based on 140% net. So these were just prepared, worked on last night and prepared this morning. I apologize for not getting them to all of you earlier, but I just happened to get them handed to me before I ran into the first conference committee this morning. It is something that maybe is a first step in trying to see how the numbers shake out. If there is any questions about that I am sure that MR. ZENTNER or MR. WOLFE would be happy to answer that. Anyway its giving us another chance at looking at the numbers.

CHAIRWOMAN PRICE: So if we did put down on the second, we eliminated the asset test, we are looking at \$419,000.00 general fund. Now this is assuming that we give the approval for that 21.99 match.

SEN. LEE: In addition to the base that we are already working with.

CHAIRWOMAN PRICE: So additionally we are looking at that amount.

SEN. LEE: Right. In trying to estimate recognizing what a tremendous challenge it is to translate that 140 net to a gross figure, because as we've all had examples illustrated for us, it is important that we use those deductions with 140% net. But we might have somebody who is on social security that has a couple of teenagers and doesn't have any daycare costs and doesn't have any deductions, and their gross figure is their net figure. We have others that are nice hardworking two income household, with a couple of them that have tow preschoolers and have high daycare costs and then we have a pretty good gross income figure, but when they take off all of those important deductions and get back to the net figure. They are now qualifying at the 140. We want to make sure that we do not eliminate those people either. It is kind of a broad band we are looking at here. We don't want to eliminate here. I don't think that anyone wants to eliminate anybody currently qualifying, but we are trying to figure out if we are missing some people that are throwing up their hands when they look at the 140 net, and don't understand that compared to others that are a gross figure. They may have an opportunity to participate and they just aren't even asking. So that was as I am sure you are aware of the way the conversation went around the table in our Human Services Committee. I have no preconceived notions about the 175 and the 185. I just asked them for a couple of numbers that may be close to where the 140 net was, then 185 had been discussed because it being involved with WIC. The free and reduced lunch program, so that there would just be some idea of having uniformity on the figure. So I am not presenting saying that it is the only way to go, I am just saying that is what we talked before now let's see them all lined up on one page and see what we can do.

SEN. T. MATHERN: Would the columns here relate to implementation on standard August 1?

SEN. PRICE: No, January 1.

SEN. T. MATHERN: So it relates to each implementation.

CHAIRWOMAN PRICE: I know I have heard it more than once, because we had talked about this in the interim committee, the coverage of adults. The reason that were having those adults, I don't know if MR. ZENTNER wants to address or one of you would like to. MR. ZENTNER can you please refresh our memories as to why we are ending up with 182 adults or adult children?

MR. ZENTNER: Primarily I believe it my memory serves me correctly, this really has to do more with the system than anything. Because if you only limit it to children, if you have adult caretakers in the family you are still going to have to look at the assets for those adults. So you haven't really solved, you may make kids eligible but you still have to go through the process accumulating all that information on assets. So the whole idea of simplifying the process kind of goes by the board when you have those adult caretakers. The other aspect of it is if you are not going to have assets for one member of the family and assets for the other, it is very complicated within the system to do that. So that was another consideration, because you would have a split process, you would have assets applying to one portion of the family and not to the other portion of the family. Which makes the eligibility determination much more complicated. If you notice that there is about, what we are saying here there is about 182 adults would become eligible, because they would no longer be subject to the asset test. That was based on a review of the number of cases that were denied because of the being over he asset test. So that is where them figure comes on to play, and that is only matchable at 70/30. And that is the way it is built in here. That is not matchable at 79/21. That's included in the dollars.

CHAIRWOMAN PRICE: But you matched the 1487 kids at the 2179 projection.

ZENTNER: Not all of them. The 960 of them. Because we are anticipating that those are the ones that would be eligible for CHIP, but because of the assets are on CHIP would then flip over

to the Medicaid. Those are the ones that we can claim at the 79/21. We are also anticipating, this is where it gets a little tricky, when you make things simple, when you simplify things how does that affect behavior? In other words if it is easier to apply how many of the people with families out there that are potentially are eligible are going to take advantage of it, because they now know that they will not have to bare their soul on assets. That's where these additional children that you see here, what about 500 and some, are added because we are anticipating and I think that is why we are considering doing this if we make it easier we are anticipating that more people are going to apply. So that's where the additional children are coming in. That would be matched at the regular, because we are anticipating more people will come in to the program because it is then easier. Will these numbers exactly hold if we go this route on June 30, 2003, probably not. It is an estimate, we think that it is a pretty good figure based on our analysis. What we exactly have 709 new people on, I can't tell you that but I think that it is reasonable figure based on the information that we have it based it on.

SEN. T. MATHERN: Is there a time constraint on the application of the Medicaid waiver? Do you have anything from the FEDS that would say that you have to do it by a certain date or the state no longer becomes eligible or anything like that? Do we have an open window or course subject like congress does? Is there anything that we have to be aware of to use that opportunity at a certain period of time.

ZENTNER: Technically no, we can submit, and this would be an amendment to our current state plan. It is technically not a wavier, but it is amendments. We would describe what changes we are going to make to the plan. In this case would say we are going to further expand the Medicaid program to include these, so that it is an expansion under CHIP for the Medicaid program. What it amounts to is that we are going to say that we are going to be covering these kids, who

otherwise were not eligible before because of their asset level. So those are the kids that now become eligible. We still will have to ask the question on the application form, are your assets over or under? If they are over and they are Medicaid eligible those are the kids that we can claim at the 79/21 we are assuming. If it is under of course then we can not. But you still have to ask the question to discern, once you make this change, whether indeed they would have not qualified after you make the change.

SEN. SOLBERG: There is no asset test now for CHIPS, is there? It does not jive for me, when you have no asset test, the kids now that are going on CHIPS, I don't believe there is an asset there.

CHAIRWOMAN PRICE: There isn't an asset test but the states required to determine that they are not eligible for Medicaid.

ZENTNER: We have self declaration of assets for CHIP, if they indicate that their assets are over and their income level would normally put them into a Medicaid program, they go on CHIP because they have indicated that they are asset ineligible. If they indicate that the assets under the level and they are within the Medicaid income guidelines, then we refer them to Medicaid now. But if we refer them to Medicaid then they have to fill out the 17 page application and show all of their assets.

SEN. LEE: Could you just refresh my memory, on how many of the additional children you have listed of the renewal of the asset test, how many would be, because of the asset and how many are you anticipating just because of the simplification? Was it the 500 that you anticipated do to simplification, is that correct?

ZENTNER: Right, it would be the difference of the 1487 and the 960. The 960 was based on a review that we did about three months ago. What we did was we looked at 100 households to try

to determine how many of them had assets over the Medicaid limit, but would have been eligible income wise, and so based on that percentage is where we came up with the 960. Based on the total of 2885. The difference is what we assumed new people that would be coming on who would look at the process and say this is much easier. Example: we now make the referrals to Medicaid. We send them the application and have them fill it out. Not all families choose to do that. We don't now why, is it because it is a seventeen page application, is it because they have to list all of their assets or they just do not want to deal with the Medicaid program? The idea behind this is your simplifying the process in an attempt to make it easier. Which means you should have more people interested in applying because they do not have to fill out that 17 page application, and list all of their assets and have them verified.

SEN. T. MATHERN: Is the House interested in pursuing it on the base of a waiver? I mean that did not come over from the House.

CHAIRWOMAN PRICE: On the approval of this stage amendment, the plan amendment?

SEN. T. MATHERN: That we would even do that, use that way financing.

CHAIRWOMAN PRICE: I think that was something that because of the meeting that we had with the state officials that said that this was even a possibility for us that did make it that much more appealing to us, obviously because we knew that some of the objection would be the difference in the financing. We have had discussions on this throughout the interim. That the asset form is very difficult. It is obvious that the county officials are attempting to help them with it. If they qualify income wise then it's a huge difference. Obviously we worry whether there are going to be some people that work the system, but it seems to be very small percentage that would even be a possibility, because of the income that we would like to take a look at removing the asset. At least that we can be agreeable to say that we would take a look at it, definitely have

the report s back on what happened for the next biennium to renew that. But also take a look at what has been the result of the attempt to do that. Have we had huge changes in numbers or have we had people come in and said that they have the form that was strictly the barrier of it. We would like some real feed back on what your thoughts were and why.

SEN. T. MATHERN: I just feel that the gross income tests makes it not only simple for a family to deal with in light of other programs, but even the judgment without North Dakota's program, is inaccurate. I meant hat there is a lot of assumptions about 140 comparing with other states that are just not accurate. The gross test I think provides a better accurate answer implication for families. I understand though if we move to 185% gross, we are bringing on these additional children which is positive I think. But we are also dealing with this appropriation. If the Hose is interested in the asset test change, and if you are interested in the gross change from net to gross, one of the things that we could do with SEN. SOLBERG in terms of the appropriation is dealing with this implementation date. Whether the implementation date is August 1, January 1 or July 1, you know it wouldn't make a considerable difference. I think that if we can agree on the policy direction we want to go, regarding the asset test, regarding the gross thing and the other thing is do we want the department to do this for the counties. Maybe we could come up with some agreement of those issues, then we could look at the numbers in term of the appropriation is based on when do we do the implementation. I don't know if that would be a way that we could agree between the House and the Senate, but I just suggest that format as of a way of looking at it.

CHAIRWOMAN PRICE: I wonder how much value there would be as going any later than January 1. Simply because we will be back here 12 months later. Obviously anything that we do

we want to know what the result was. If we wait any later than that, will we even get any meaningful information. I don't know.

SEN. T. MATHERN: I just suggest that as a place to look at.

REP. KLINISKE: When the House voted on this version we voted only on the asset test. That was as the bill came over. That passed overwhelmingly. I think that the fact that the House did that is some type of an indicator that yes we are agreeable on that portion of it. The problem that I have is the fiscal note. When we passed it out of the House, out of the Appropriations Committee, the fiscal note that was on was just a rule of \$880,000.00. So I am wondering where this 1.7 million comes through. That's a huge difference between the two. So that is the question that I have.

SEN. T. MATHERN: I think that a great portion of that is a matched formula that we use. When you have the bill in the House you used a matched formula that was different than what we had in the Senate. When we had it in the Senate, we just assumed we would proceed based on receiving a waiver. That waiver match is much greater in the states interest, than the bill as you had it. I think that it's. I do not know what exactly it is, I think that the waiver gives you about 80/20, and the other one is 71/29. So that's a good part of the difference in the 1.7 million, than the \$800,000.00 I believe.

CHAIRWOMAN PRICE: When they voted on it, it was \$800,000.00 total. So by the time that it got to the Senate then it was 1.7 million. I think that is where the real issue of where did it come from.

SEN. T. MATHERN: I just wonder if the department has those, well I guess that we can just ask them I guess,

REP. NIEMEIER: In regard to what REP. KLINISKE is saying, as on the fiscal note that the House covered not only the removal of the asset test, but also shifting of the administration program to the counties, and the depreciable amount of cost involved there in making that change in administration and that is what totals the 1.7 million.

SEN. LEE: I do not have a problem understanding where the 1.7 million came from, but I understand where REP. KLINISKE'S question of how did it get there from 800, crossing the hall, and I do not know the answer to that either. Somebody here may know that answer.

CHAIRWOMAN PRICE: I think that there was a little more thought to it that there was a little bit of change in the mind of the county to, because there is going to be a tremendous savings that will be demanded by not having to do the asset test on all of these. Even if they do take on the CHIPS eligibility. The reduction workload for the asset test will be huge.

REP. KLINISKE: That was another question that I had, because after we had discussed this in the committee, That the counties would assess a fee for this eligibility. Which to me is really perplexing because in order to qualify for CHIPS, you have to go through to see if you qualify for Medicaid. Although it is a self declaration of that, you still have to go through that process, and if your assets are above that limit, or below that limit then you qualify, you have to go through the Medicaid. I just simply, I guess I am saying that I disagree with the costs that were listed.

SEN. LEE: We had county reps that had come to us, further on our in discussion and agreed to that component that had been a really big number. The \$800,000.00 I believe in the beginning, and everybody kind of gasped, was not an accurate number. Also there was consensus at that time that the counties were the right place to do this. We just needed to figure out a way to make it happen. As I mentioned to a couple of you, KATHY HOGEN had mentioned that she had been

at a CHIPS meeting about a week ago. Had gotten some software that we can use, and other states that did, in the state of Washington, I believe, her information said the \$17,000.00 computer program formed integrated Medicaid's CHIP program. So there are some ways to do this without costing a zillion dollars. She was going to be following up on that as part of a recommendation of SEN. NELSON. To see if there might be some suggestions there that we could benefit from. Experiences of the other states, but I also understand that there other states in which the counties are assessing a percentage of the program, as a fee. That does not mean that we have do that, it just means that it is not an odd thing that the counties rent it out for it, because in other states it may have happened, again it doesn't meant that we have to do it that way. But there is no doubt that there will be some savings when something is being done annually instead of monthly. It certainly would be practical to have that assessment being done in one office instead of two. We haven't really been able to anticipate what the saving might be to the counties and say work time, as an offset. We reduce that 1.7 to the 922, because we put it back to the state. So we eliminated that county issue. We also delayed the implementation and we went to the enhanced match. We know how we got to that number. We just do not know how we got to the 1.7. I have no answer there.

CHAIRWOMAN PRICE: That could be the cost of the counties first estimate, just above the \$800,000.00.

SEN. LEE: I bet that may be it.

CHAIRWOMAN PRICE: How does the committee wish to proceed? Do we want to take any action today? DO you want to have some time to go through all of this? Then to go back through the numbers?

SEN. SOLBERG: I certainly am not in any position to make any decision today, other than where I am at coming out of appropriations. I am in no position or am I ready to move anything today.

SEN. LEE: I would hope that maybe we could schedule another meeting to give us a chance to mull over some of the information that we have here. Each of us may have some other pieces of homework that we want to do. I certainly hope that we can come up with some compromises that we all feel comfortable with here. So I guess I am not anticipating that we have any decision making here today, rather that at least that we all know that we are all on the same page as far as asking questions. That we are all looking for same kind of information that we can gather those individually. It is very helpful actually if we get stuck, to do what I did today and not bring it along. But if we are getting it a little bit ahead of time to distribute it to the members to the committee. If it is available a little ahead of time, so that we can mull over it before we come the next time.

SEN. T. MATHERN: I think that another thing that appears that we agree on is a study for some of the issues. I think that there are some variables that we need to look at during the interim. If we make some changes, so I would hope that we probably either way we are going that there will be some study aspect of this conference committee report. So I would hope that the House would look at that aspect of the Senates recommendation.

CHAIRWOMAN PRICE: SO you are looking at an expansion of the study that came over from the Senate?

SEN. T. MATHERN: Well, I am looking at a study that would relate to both the concerns of the House and the Senate. If that means expanding the Senate resolution for a study, I think that would be fine. But I would hope that would be at the end product that would be included, some

kind of study that I think that is not only a concern of not only the appropriation committee, but of also of the Human Service committee.

CHAIRWOMAN PRICE: The one comment that I would make is that when we did CHIPS last session, and if somebody else had a different feeling please state it, but I really believe that the net was our only choice all session that we drafted this. I do not know why if it wasn't changed or it wasn't an option all along, because I think that for ease and understanding we would have picked it from the beginning. Knowing that would have been an option. Just a little bit of confusing, and I do not know how many times I stood up in groups and tried to explain how you get to net, and I know that other people walk away and they have forgotten one of the three. It just is not clear. That is very unfortunate, that we are in that position. Anybody else want some other information, before we reschedule? I will ask for this to be rescheduled. The hearing was then closed.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1441 CC (2)

House Human Services Committee

Conference Committee

Hearing Date 4/12/01

Tape Number	Side A	Side B	Meter #
3	X		0-END
		X	230-499
Committee Clerk Signature <i>Corinne Easton</i>			

Minutes:

CHAIRWOMAN PRICE called the conference committee to order, with all members present.

The committee consisted of herself, REP. KLINISKE, REP. NIEMEIER, SEN. LEE, SEN. SOLBERG and SEN. T. MATHERN.

CHAIRWOMAN PRICE: We had some discussion yesterday about accepting some gifts or donations to this. Apparently there has been some offers made. I don't know if you want to address that.

SEN. LEE: I would be happy to do that. I was playing a little bit of telephone tag with MR. TRAYNOR, from the Dakota Medical Foundation. I thought that we were close, that ten minutes to ten and it didn't work. So I am hoping to have more, very short. Having their interest, and being involved with CHIPS particularly and the means of outreach, to make sure that we are enrolling as many children as we can. That became a part of the discussion that we had yesterday. So we had some amendments after visiting with a bunch of people yesterday, I have to

say that it is very tentative, I have no commitments from the board of the Dakota Medical Foundation. I do not want to suggest that I am making promises on their behalf. Therefore I have not had a chance to visit about any specifics. But they had definitely indicated an ongoing interest in CHIPS. That is why I wanted to make sure that we don't ignore that possibility. I had some amendments prepared based upon the discussions that I did with a bunch of different people yesterday, and we will kind of go from there. These just came to me this morning. What it includes is, and we are looking off of the re-engrossed House bill, so it doesn't show everything line by line in the amendments. So actually it means that you have to put the two together. But what these amendments would do, what they are intended to do, is to remove the asset test January 1, 2002, and it would sunset June 30, 2003, as you see in section 4. That would give us a chance to have some date for a year before the next session begins. Section 2 allows grants from any place, but one of those in particular that we are trying to make sure that we address would be the potential of having a partnership with the Dakota Medical Foundation, but any other entities also. So that we might be able to work with them in some of the stages of chips. Section 3 calls for a study, primarily based on REP. NIEMEIER'S paragraph, because we are talking about the possibility of having a single application form and where it should be administered by the states or the counties. We are all kind of leaning towards the idea that the counties are the logical spot, but we need to make sure that is the right thing to do. The effects of eliminating the asset test for Medicaid, as you can see, and also this could not kick in unless the, what we are calling a waiver, but is actually is the acceptance of the state plan. So that we would be able have the enhanced match available. So anyway that is what my goal was and JENNIFER SPARK who has been working with us in the past, had a baby last week, so

VONETTE RICHTER has stepped in the middle of the play here, and was kind enough to help with these. SO If we have anything that we need to address, VONETTE will be helping us with that as well. I jus throw that out for the committee's review. I think that was pretty much all of what we were trying to put together. Because it became obvious, in visiting with the people in the department and from the countles, as I was trying to see who had things going on in one place or the other, as were other people on the committee were I am sure. It is going to be very difficult because of two computer systems that do not talk to one another. One of which is kind of a manual system. It was going to be very difficult to implement the idea at either level of having jus tone application at this time. If we changed the program and also looked at adjusting or having a new computer or enhancing a computer system, which is now not in the budget. Then we are going to be bumping up against that 10% administrative cap as well. So the direction we are kind of looking at here, is seeing if we might be able to work on getting that computer system in place. That would be the simplest. There has been some information that was brought to the committee members about other programs in other states, that are worth exploring that we can not figure out all in the next week. So if we look at perhaps being able to do the study, figure out what kind of computer back up, what kind of changes we may need and then from the study being able to implement any changes that we may consider in the next session. I guess that is kind of where we are headed. REP. PRICE and I had visited about this briefly as we were leaving the room yesterday, after another hearing. So she did not have a chance to put any thought into this either.

SEN. T. MATHERN: I think that there are a lot of good ideas here. I am wondering if we could also add the grant section regarding the academy for health research and health policy. That we had in the Senate Human Service area. I think there is potentially other restructures available, in

addition to the Dakota Medical Foundation. If we would take that wording, I think that would be useful. Whether or not we would get such a grant, I don't know, but I think the department is probably locally under funded in terms of taking on new initiative and trying to work out the details. If there is some resource available, I think that we should try to get that also. So if you would be open to that, I think that we should add that.

SEN. LEE: Absolutely.

SEN. T. MATHERN: I am wondering to in terms of the state plan, what is your wording in terms of amending the state plan. Do you have a directive in here? I understand what your intent is, I am just wondering if the wording could reflect section 7 of the Senate bill. Or the wording that you have, essentially similar to that.

SEN. LEE: I am anxious to make sure that those items brought up, are included and have been done kind of haste fully, so that is why I am anxious for the committee to look it over and any input from others, to get to where we all want to go is welcome.

CHAIRWOMAN PRICE: So your concerns are just the approval of the state plan then that may not be strong enough.

SEN. T. MATHERN: Right. I mean that maybe we should, there will be other pressures, I am sure on the department. I just wondered if we should actually have it part of the bill. This is what they will need to do. Make it part of the law. The wording would be the same as the original Senate bill, called section 7. But that is probably a minor thing and we could work that out with the department.

CHAIRWOMAN PRICE: I think that we still need to leave the language in our section 4, because this will not become effective until that is received. But I would venture against that if

this goes through they will get plenty of pressure to move forward to the removal of the asset test.

SEN. T. MATHERN: Sometimes there is other pressures. The other good question that I have is does anything in your amendment reflect the potential change of the administration? Would we permit change of the administration to the counties, would be the amendment? I am wondering of that could be a part of this if in the study. There was a finding that it could be done that way, combination of application and that sort of thing. Does it permit them to move forward on that before the next legislative session, or would that require additional legislation?

SEN. LEE: I guess that my understanding from visiting with the representatives from the county, as well as from the department. Is that it is going to be almost impossible or very difficult, to do it with the systems that are in place now. It would take some time as well finding the money to do the computer, to get the computer system in place that is needed. There really is not a good way to probably to make that work. So if there is a way to do it, I am open to suggestion. But I think what we kind of, my thought here was, after visiting with some of those folks yesterday, is that maybe we should study it. Include that in a study, make sure that we really have our ducks in a row, as far as going to the counties. I think that everyone agrees that is where it will probably end up. But we have to have a system in place to do it, because it is really going to be hard to make a switch right now, it is really not a very user friendly system. The Medicaid and CHIPS program can not interact, and it's really going to be a challenge for them to do that. So I am thinking that we are going to be setting that aside. Because of the logistics, not because of philosophically because you wouldn't think that it wasn't a good idea.

REP. NIEMEIER: I think that SEN. LEE has done a nice thing in putting section 2 in, with the grants and donations. For which I realize that the health care association is also working with the

extension service in North Dakota on outreach. That is also a positive move as well. So having the public and private entities involved in that is a nice movement. I appreciate that.

SEN. LEE: Our hope is that there would be several different foundations and entities that might have an interest in it and might be willing to support the initial work as being to move forward.

CHAIRWOMAN PRICE: I am totally clear that SEN. MATHERN you are looking at adding the language to the department shall seek grants to fund these studies from the academy for health research(reading from the bill). Put that under section 3, the study section.

SEN. T. MATHERN: I was thinking it could be there or under section 2. I guess I believe we had talked about the possibility of \$150,000.00, being available from that organization to assist in this regard. In the study. That wording I think could be added under section 2 or under section 3. In the Senate we basically combined where we would be getting the money and what we would be using the money for. I think we could just move the whole section or you could just take out that section. Relating to the children that we would be covering here, was it your intent to make this kind of a final amendment, in terms of the coverage of the children? One of the things that I note, I don't think that there is any mention of the gross test versus the net test in terms of eligibility. I am hoping that we could still move on that area. So that would be, I presume outside of these amendments.

SEN. LEE: That is no included in the amendments. What the only change that this makes, is that the asset test would be removed with a delayed implementation date and a sunset. We would not be making any changes to the percentages or to the gross net. That would be part of the study, so that we would be able to make any changes that looks appropriate in the next session. So all I would address for change in this amendment is the asset. It is up to the committee to decide if that is workable for you.

SEN. T. MATHERN: I am hoping that we could also move on that issue of the net or the gross and move that up. I think that these amendments are very helpful and useful and I support them to the extent that they go. But essentially we are moving a number of children from our traditional healthy steps, into our Medicaid aspect and not adding new children to our CHIPS healthy steps program. I am hoping that we can move that agenda also. There is a fair amount of savings involved I think, in moving into this federal waiver, I am hoping that we can use some of those ideas. There is some of that savings and some of the other ideas from the committee, to moving up the number of children that we are covering. That would be a separate amendment that I seek to the conference committee report.

CHAIRWOMAN PRICE: I would like to discuss it separately, in particular, since that was not an issue that came out of the House, so that we can have to separate discussions.

SEN. LEE: I will move the amendment.

REP. KLINISKE: I second the motion.

CHAIRWOMAN PRICE: Is there any discussion?

SEN. T. MATHERN: I do not know if that included sections 7 and 8 from the Senate. Did your motion include that?

SEN. LEE: I would include in that motion the phrase previously quoted from section 8, the department seeking grants in the academy for health research and health policy. If that would be added to section 2, where ever the committee finds it appropriate to go. Section 7 concerning the state plan, would also be included in that motion.

CHAIRWOMAN PRICE: I think that the phrase for the grants on that, I think that we will leave that to council for them to determine. I think they will say section 3. May I ask the department do we need section 7, if we have the other language in there? Does it hurt to have it in there?

ZENTNER: Probably not.

SEN. SOLBERG: I am going to oppose the amendment. We are right back to where we were. The only thing that you haven't included here is 185%, what SEN. T. MATHERN wants. I see that we are right back to .0, I will oppose them here and I will oppose them on the floor. Now I will get back to the point that I made yesterday, of spending the program that we do not have our hands on yet. We need time, I don't know if you all got this. Medicaid is in trouble nation wide. You can go in here and you can find the state of Ohio that the \$248 million supplemental appropriation. To pay for the last Medicaid payments of last year. Now I see this whole thing coming around right back to where we were. I don't for the life of me, see why we want to move children from CHIPS to Medicaid. Nobody has explained that to me yet. I have some no good rational for that. We are covering them, are we not? In our subcommittee, in appropriations, we voted and along with the majority of the appropriations, not to expand. This is extending the program. We are going to expand the program, there is no doubt about it. I don't see any sense in moving children from CHIPS to Medicaid. The only thing that we are doing is opening it up to more adults. Nobody has explained that to my satisfaction. Now maybe I am just stubborn. I guess at my age it is a little tough to change. I am going to stay where I am at. I vehemently oppose it. I respect SEN. LEE as to where she is going, trying to hit a medium cord, with the donations and all that. If we do not have computer systems that talk to each other, and that is another day and another story. If we do not have the communication, we don not have the dollars. Why then are we heading down that slippery slope to get to the finish line so quick? I don't know. I haven't been furnished the answers to this yet, and until I have them, I will continue to oppose this at all points.

REP. KLINISKE: It is true that there is a number of children, who will move from this CHIP program to the Medicaid program,. That number is debatable. It is also true that there are children who stay qualified for Medicaid. For one reason or the other are not assigned. Is that because of the 18 page document that they fill out and they pretty much have to bare their soul on it? I don't know, it possibly could be. There are also children that have applied for healthy steps but because of their assets, they do not qualify, but may qualify for Medicaid and do not fill out the applications. Well it is certainly true that some of the children will be moving from CHIPS to Medicaid. There are children right now that are not receiving any coverage at all, who will then be picked up by removing the asset test, and I certainly do believe that.

SEN. SOLBERG: It may be the parents that are independent enough to say that they are going to try their best to take care of their own kids. But we still got that feeling, I hope, a little bit out there, a little bit of the independent feeling, that hey, I brought this child into this world, and it is my responsibility. I think that some people, I don't care what you do, they are not going to go into the government door. I really believe that. I know some of them.

REP. KLINISKE: I do not disagree with that at all, because I was one of those. My parents was one of them.

SEN. LEE: I think that it is important to look at what we are trying to do here, from the standpoint of what we are trying to make sure that we are not doing anything without having been able to predict some of the dollars and where are they going to come from. We are not exactly sure how many children will come on. There is no doubt about that. We have got the best possible guesses and that is still what they are. But my hope would be that we might be able to get some assistance from private contributions, that will assist in this computer system. So that we might be able to move forward n getting that in place. But we would have study that would

include, not only the asset test, but also the single entry application. Also the net and the gross definitions of income. So that we could come to here at the next session. To see if we need to leave it exactly as it is. Or will we make some changes. Particularly I think that it is important to a lot of us to see a change to a gross number, just because of the confusion involved. We do not have anyway of showing right now what 140 net comes out to be, with all of the deductions and all. But if we are able to collect the data in a different fashion, I think that we will have a better crack at that. So even if we weren't actually raising the qualifying numbers, we would have one that was far less confusing. I am not even sure if its the baring the soul in the application that is so much of the factor as the fact that it is such a long thing. It's longer than an application to take out a home mortgage and the loan officer helps you fill that out. Yet if the folks that were applying, all were Philadelphia lawyers, they probably wouldn't have the need to fill out this application. So I think that it is very intimidating I think, to a lot of people. It isn't that they couldn't do it, it is just an intimidating thing for someone that is not use to it. I find that in my line of work, people that deal with numbers all of the time are very comfortable with contracts. People who are extremely good with some hands on skills, that I can not do at all. Are very uncomfortable and suspicious of the documents that might be involved in a home purchase, because it is not something that they work with all of the time. There is a way that we can find to simplify that process. The goal is to get more people who might qualify to be in there. I think that all of us agree to that.

SEN. T. MATHERN: I agree with Medicaid funding and where the money is coming from, but I also note that this is a very small part of Medicaid. That if we were to address your concern about general Medicaid funding going up to fast. We would look at other programs that are much larger than this one. So I think that is another concern, here we are basically choosing one aspect

of Medicaid where you have the greatest potential for the return of the care that you provide.

These are people that are young in their life and a medical problem that you can address at this age has a greater return than a medical problem that we address at a later stage in life, generally. So you know that is another issue where I think even in the context of limited resources, we still have to decide where should we then put those resources. This is basically on children, and I think that is an appropriate decision, when you have to make choice.

REP. NIEMEIER: I would like to say a few words about the utilization issue. We are obviously independent people in North Dakota, and that is accepted. I think that the department said that they have about 60% utilization of those that are qualified under the CHIP program right now. The group of people, the populations above that number are the hard to reach people. There have been refusals of the applications as well, for a number of reasons. One of them is not providing the verifiable information that is needed and a variety of reasons for that. Because the utilization is never going to be 100%, if gets to these 75% it would be considered quite successful and utilization right. So that is my feeling why the expansion is the answer here to pick up some of the people who could be put under the program. Because the utilization is not going to go higher than that. For these reasons that we have talked about earlier. MR. DEMRY was in yesterday from Jeanette Myre School, and had received this wonderful award. He was in and testified on our program in the House committee hearing, and told about families that he had contacted within the school. That are just missing the line. They are people that may be single parents, and really need to be included in a program such as this. Their needs are very great. So I can see that the expansion is going to pick up a very needy population.

SEN. SOLBERG: Again, as each person talks there are even more questions. We keep on talking about children, nobody has told me why we have to drop the asset test to get the children on, because there is no asset test on CHIPS. Somebody answer that for me, please.

SEN. T. MATHERN: It is confusing, because in terms of the CHIPS program, they can not get onto CHIPS unless their not eligible for Medicaid. So you kind of got to go through some kind of asset test to make sure, basically there are three options, you go into Medicaid, you go into CHIPS, or you stay out of these programs. But to see if you are eligible for CHIPS you have to prove almost that you are not eligible for Medicaid. Then almost requires looking at assets. You are right there is no asset test.

SEN. SOLBERG: That is why we better look at this for two years. I mean each time everybody talks, you are convincing me more, that every time someone says something you are doing a good job, keep it up. We have to look at this thing for two years. We're out there grasping for straws folks. Let's get both feet on the ground. Let's continue a program that we started a few months ago, and let's make that work first, before we start including everybody in the universal health care coverage.

CHAIRWOMAN PRICE: I guess that I am looking at it from a different perspective. It is just not whether they apply for CHIPS or whether they qualify for CHIPS, versus Medicaid. I think that we are paying for these kids one way or another. We are paying for it through our providers, in many of the communities. Where if they do not have any sort of coverage, be it CHIPS, Medicaid, private insurance or enough money. We know that our providers are not turning these kids away in most cases. In many cases our providers are eating it. Many of our providers are in trouble. In the rural areas we always have that problem. But I would like to see that our providers take less of the hit in some of these cases, because I think that we are going to lose some of them.

We already have some dentists that do not take Medicaid children that do not take charity cases. I would hate to see out state come to that point where our kids are being turned away. I mean we are never going to turn them away from the emergency room. But that is far more expensive than walking into a walk in clinic, or a doctors office. I f we could keep in mind the emergency room, cause they know that they are not going to be turned away. I would like to know what the cost of these children are to us in the bottom line, by having it go through the providers. I do think that we will get it in the end. Maybe not a 100%, but I do think that we do.

SEN. LEE: I ran into someone in the hall a couple of weeks ago, when we were first discussing this, I wish I could recall who it was. But he was discussing the fact that the funds that were used for building a lot of these rural hospitals are now requiring that a lot of that money be paid back, in the form of public assistance. What an extraordinarily high amount it was turning out to be for there hospital. They are obligated to take as you say as they walk into the door. That is a factor. I am involved in some discussions about the family health center in Fargo. To date there, we have about 28,000 visits in the past year. So it is an extraordinarily high number of people who are going through that family health care center. One of the pieces of hard data that came about that what it would cost the local providers, if this was not being provided through that family health care center, is well over a million dollars in cost to that providers. That they are not having to absorb, because nobody is being turned away as you say. So that is very definitely a pet of this issue as well.

SEN. SOLBERG: You are absolutely right. I can give you a lot of facts about Hill-Burton funds in the Rugby Hospital. I can tell you the pretty close the amount over the years that we have used for that. There is total obligation that needed to be done. We had to seek out and ask people to come and get free care. To take care of them, because of the obligation on Hill-Burton funds. It

worked. Whether you like it or not, I didn't like it and I was on the board. Previous administration had agreed to those funds and we continued on. There is a cost but sometimes you have to do it. Another section in here, section 3, children's health insurance program planned to provide coverage for a family to an employer based insurance based policy. If the employer's based an insurance policy is more cost effective than the traditional plan, the coverage for children, and I wonder what we are getting in to there.

SEN. LEE: I think that you might like that SEN. SOLBERG, because it is being handled by a private vehicle instead. It would be looking at whether or not it would be practical to assist in the premium payment for example, for someone who is working. So if I am working for you, you are paying for my individual coverage. I do not get family coverage as an employee, but if it is cheaper to provide family coverage, instead of paying the whole cost of what CHIPS or Medicaid coverage would be, that would be part of the study. Maybe it is a really bad idea, but we will never know unless we look. I think that it may have some merit, in seeing whether or not it would be practical to have some kind of partnership that would provide coverage through the apparent plan that id provided by their employer.

SEN. SOLBERG: In section 4, what is the cost of that, in the general fund?

SEN. LEE: I think that we would be looking at the 419639, that would be on the sheet, about the options. Which we received yesterday. As we could best project. If some of these fee are not right let me know.

REP. NIEMEIER: The study that we have before us here, in SEN. LEE'S amendments, the CHIP program is up and running. It has been for two years, at the time that it was initiated in the 1999 session. We have extensive testimony studied committee work, floor work and everything before that program was initiated. Then during the course of the interim we had the health care

committee working with it as well. I believe that every meeting that we had on that committee, we had a section of our agenda devoted to the CHIP program and the department, Lt. Gov. Myrdahl, all of those people gave us appropriate information on the progress of the program at that time. I think that we are up and running on this program, it is moving ahead as it should. The enhancement is a different issue, but I think that this study amendment that is before us would address some of the efficiencies between Medicaid and the CHIP program. How that is going to be worked out they explain. I can see that this particular study is more appropriate to deal with those programs at this time.

SEN. LEE: We also need to be reminded that we are looking at some cost savings, if we are able to implement a single application system. Something that will be done annually, instead of monthly. Something that could be done in one place at one point. There will be cost savings for the counties. We have not even anticipated those things, so we are not just spending money, I think that we are also trying to save some to.

SEN. T. MATHERN: I would like to move an amendments regardless the net/gross asset test. Would you like to address that before we do this, or after that?

CHAIRWOMAN PRICE: I would like to further address these amendments first. So that we are very clear.

SEN. T. MATHERN: I would suggest that maybe, you talked about looking at the whole question of net and gross. I note that is not in a council study wording that you brought forth. I am wondering if the wording under section 6, of the yellow copy, the first sentence is what you might add.

SEN. LEE: I guess I thought that the definition of income included that. But if that is not inclusive enough I am certainly willing to discuss that. I think that it is obvious that everyone

needs to know more about gross versus net, whether or not there is child care credit, whether we go with all of the stuff we have now, whether or not we have a different number as well as a definition. So the definition of income in both section 6 and 8, you should never assume anything. But I was assuming that included that. If the committee feels there needs to be more elaborate description that would be fine, but that is certainly not my intent. The income that was talked about, gross versus net is presented as well, the whole ball of wax. The technical term can be related from legislative council.

SEN. T. MATHERN: So section 3 of your amendment, where is this word the income?

SEN. LEE: I am sorry I am looking at all of our old amendments. I would agree that we need to include the definition of income in some form. I overlooked that.

CHAIRWOMAN PRICE: Reading of the amendment.

SEN. LEE: Yes I would add that to the amendment, if REP. KLINISKE would still second that.

SEN. SOLBERG: Let me get that straight now, what other sections have you added 7 & 8, and taking part of 6?

CHAIRWOMAN PRICE: We have added section 7, one cent from section 8, and then add to the study language.

SEN. SOLBERG: I can live with this if you take care of the section 4. Get rid of it and I can live with it. You know that everybody in this table and room, knows that once you put a program on, to get it off is as the same as asking for the first born. It ain't going to happen. We have heard all year long about the nose and the camel and the tent in the Senate. Well I think that the nose, the head and one hump is already in there. It is not going to happen, let's be realistic. If you put section 4 in, you don't have to do a study on that. It is a done deal. I was born at night, but it wasn't last night.

SEN. LEE: I am not trying to see this in a different light, but I see section 4, as a trigger, which says it can only happen if that state plan is approved. If that sunset, a delayed implementation and a sunset. So I don't think that I feel bad. I thought that you would have liked the trigger. I thought that you would have liked the sunset, I was hoping that you would give me the one year. That is kind of where we are.

CHAIRWOMAN PRICE: By taking out the section 4, you still have removal of the asset test. Because this is receding from the Senate amendments and going back to the House.

SEN. SOLBERG: Depending on where you go, well, I will oppose the whole thing all of the way through. It's going to happen, don't kid yourselves. I will tell you what I will do, as much as I hate to do it. On section 5 of the bill that I received, I will buy you all a chicken dinner if it doesn't happen, and I don't buy chicken for anybody.

SEN. LEE: For the benefit for the people who haven't had a chance to actually see what I gave
SEN. SOLBERG today, section 5, the headline is the consequences of the failure to adopt the amendment. If it was adopted as in which and the Governor signed it, it states that chicken will be named the official state food of North Dakota. So that is what he is referring to.

SEN. SOLBERG: Don't kid yourself. You are sitting here trying to do that, it is not going to happen. What you are doing is adopting a new program and it is going to continue on. That is not one of you here that can name me a program that started much like this. That has been dropped after 18 months.

CHAIRWOMAN PRICE: I guess I don't see it as a total new program, we are changing an existing program and Medicaid and how you become eligible for it. I know now to many states are still doing the asset test. We have talked about this, for quite awhile. Through the interim we

talked about it to, I guess that I still see it as my feeling is what it will do for the providers and hopefully for the health of the kids.

SEN. SOLBERG: I agree that the 17 page document is cumbersome, not good. I will never vote to fully asset test off. I will never, ever, as long as the good lord gives me breath, I agree with that. Because it is wrong. My philosophical thinking is just dead wrong. It is universal medicine. Flat and simple. I will agree that we do need a different form, and in a different format for that. I will agree to that and I am willing to study that, and make sure that something comes out of that. But I can not go any other way, and I will fight it until the bloody end.

SEN. T. MATHERN: It is changed to reflect new philosophy. It is a different program to reflect the different changes in society. Programs do change.

CHAIRWOMAN PRICE: Call the roll.

The clerk takes the roll, on the amendments. Accepted 5-1.

SEN. MATHERN: I would move in addition to those amendments, we adopt section 4 of the Senate amendments.

REP. NIEMEIER: I will second that.

SEN. T. MATHERN: I see this as adopting the criteria into this program. Effective Jan. 1, 2002. So it would be with the asset test change and tracking it. It would also sunset the provisions. I also see that this would bring in children from the range of 600- 800. Additional expenditure under general funds. I acknowledge that cost up front. Eliminating the incorrect judgment of the stinginess of our states program. So that would be the rational for the amendment.

SEN. LEE: the Senate has already said that they will not go for both of the asset test and the change. I like the idea of a gross number, but in practice I am going to have to oppose the amendment.

Page 19
House Human Services Committee
Bill/Resolution Number HB 1441 CC (2)
Hearing Date 4/12/01 Body

SEN. SOLBERG: I move for a recess. I don't like this whole thing. I need to think about it.

SEN. LEE: With leaving a motion on the table?

SEN. SOLBERG: I don't care.

CHAIRWOMAN PRICE: The clerk will call the roll.

The clerk takes the roll. The motion fails 3-3.

SEN. SOLBERG: I have no comment.

SEN. T. MATHERN: I suggest a full review of the amendment that was adopted.

CHAIRWOMAN PRICE : We are adjourned.

April 11, 2001

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1441

That the Senate recede from its amendments as printed on pages 1257 and 1258 of the House Journal and pages 1106 and 1107 of the Senate Journal and that Reengrossed House Bill No. 1441 be amended as follows:

Page 1, line 1, after "50-24.1-02.6" insert "and a new section to chapter 50-29"

Page 1, line 2, remove the semicolon and remove "to amend and reenact"

Page 1, line 3, remove "section 50-29-03 of the North Dakota Century Code, relating to"

Page 1, line 4, after "program" insert "; to provide for a legislative council study; to provide for a continuing appropriation; to provide for an effective date; and to provide for an expiration date"

Page 1, remove the underscore under lines 8 through 10

Page 1, replace lines 11 through 17 with:

"SECTION 2. A new section to chapter 50-29 of the North Dakota Century Code is created and enacted as follows:

Grants - Gifts - Donations - Continuing appropriation. The department may accept any gift, grant, or donation, whether conditional or unconditional, for the purpose of providing funds for the children's health insurance program. The department may contract with public or private entities and may expend any moneys available to the department to obtain matching funds for the purposes of this chapter. All moneys received as a gift, grant, or donation under this section are appropriated as a standing and continuing appropriation to the department for the purpose of providing funds for the children's health insurance program.

SECTION 3. LEGISLATIVE COUNCIL STUDY. During the 2001-02 interim, the legislative council shall consider studying the coordination of the medical assistance and the children's health insurance programs, including the development of a single application form for both programs, whether the children's health insurance program should be administered by the state or the counties, the effects of eliminating the asset eligibility requirement for the medical assistance program, and the feasibility and desirability of seeking a federal waiver to allow the children's health insurance program plan to provide coverage for a family through an employer-based insurance policy if an employer-based insurance policy is more cost-effective than the traditional plan coverage for the children. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

SECTION 4. EFFECTIVE DATE - EXPIRATION DATE. Section 1 of this Act becomes effective upon certification by the department of human services to the governor and the legislative council that the state plan amendments to the children's health insurance program have received federal approval. In no case, however, may section 1 of this Act become effective before January 1, 2002. If section 1 of this Act becomes effective, the section is effective through June 30, 2003, and after that date is ineffective."

Re-number accordingly

Guleson; Gunter; Haas; Hanson; Hawken; Herbel; Huether; Hunsdor; Jensen; Johnson, D.; Johnson, N.; Kasper; Keiser; Kelsch, R.; Kelsch, S.; Kempenich; Kerzman; Kingsbury; Klein, F.; Klein, M.; Klemm; Kliniske; Koppang; Koppelman; Kretschmar; Kroeber; Lemieux; Lloyd; Mahoney; Maragos; Martinson; Meier; Metcalf; Monson; Mueller; Nelson; Nicholas; Niemeier; Nottestad; Onstad; Pietsch; Pollert; Porter; Price; Renner; Rennerfeldt; Ruby; Sandvig; Schmidt; Severson; Skarphol; Solberg; Svedjan; Thoreson, L.; Thorpe; Tieman; Timm; Wald; Warner; Weiler; Weisz; Wentz; Wikenheiser; Winrich; Wrangham; Speaker Bernstein

ABSENT AND NOT VOTING: Fairfield; Glassheim; Thoreson, B.

Engrossed HB 1001 passed and the title was agreed to.

REPORT OF CONFERENCE COMMITTEE

HB 1441, as reengrossed: Your conference committee (Sens. Lee, Solberg, T. Mathern and Reps. Price, Kliniske, Niemeier) recommends that the SENATE RECEDE from the Senate amendments on HJ pages 1257-1258, adopt further amendments as follows, and place HB 1441 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1257 and 1258 of the House Journal and pages 1106 and 1107 of the Senate Journal and that Reengrossed House Bill No. 1441 be amended as follows:

Page 1, line 1, after "50-24.1-02.6" insert "and a new section to chapter 50-29"

Page 1, line 2, remove the semicolon and remove "to amend and reenact"

Page 1, line 3, remove "section 50-29-03 of the North Dakota Century Code, relating to"

Page 1, line 4, after "program" insert "; to provide for a legislative council study; to provide for a continuing appropriation; to require maximizations of federal reimbursement; to provide for an effective date; and to provide for an expiration date"

Page 1, remove the underscore under lines 8 through 10

Page 1, replace lines 11 through 17 with:

"SECTION 2. A new section to chapter 50-29 of the North Dakota Century Code is created and enacted as follows:

Grants - Gifts - Donations - Continuing appropriation. The department may accept any gift, grant, or donation, whether conditional or unconditional, for the purpose of providing funds for the children's health insurance program. The department may contract with public or private entities and may expend any moneys available to the department to obtain matching funds for the purposes of this chapter. The department shall seek grants from the academy for health research and health policy state coverage initiative and from any other entity that may award such grants. All moneys received as a gift, grant, or donation under this section are appropriated as a standing and continuing appropriation to the department for the purpose of providing funds for the children's health insurance program.

SECTION 3. LEGISLATIVE COUNCIL STUDY. During the 2001-02 interim, the legislative council shall consider studying the coordination of the medical assistance and the children's health insurance programs, including the development of a single application form for both programs, whether the children's health insurance program should be administered by the state or the counties, the effects of eliminating the asset eligibility requirement for the medical assistance program, the standardization of the definition of "income" for all programs administered by the department of human services, and the feasibility and desirability of seeking a federal waiver to allow the children's health insurance program plan to provide coverage for a family through an employer-based insurance policy if an employer-based insurance policy is more cost-effective than the traditional plan coverage for the children. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

SECTION 4. FEDERAL REIMBURSEMENT. The department of human services shall seek an amendment to its state plan to maximize federal reimbursement through the program to provide health assistance to low-income children funded

through title XXI of the federal Social Security Act, for the removal of the asset test for the medical assistance program.

SECTION 5. EFFECTIVE DATE - EXPIRATION DATE. Section 1 of this Act becomes effective upon certification by the department of human services to the governor and the legislative council that the state plan amendments to the children's health insurance program have received federal approval. In no case, however, may section 1 of this Act become effective before January 1, 2002. If section 1 of this Act becomes effective, the section is effective through June 30, 2003, and after that date is ineffective."

Renumber accordingly

Reengrossed HB 1441 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. PRICE MOVED that the conference committee report on HB 1441 be adopted, which motion prevailed on a verification vote.

HB 1441, as amended, was placed on the Eleventh order.

SECOND READING OF HOUSE BILL

HB 1441: A BILL for an Act to create and enact a new subsection to section 50-24.1-02.6 and a new section to chapter 50-29 of the North Dakota Century Code, relating to medical assistance benefits and the children's health insurance program; to provide for a legislative council study; to provide for a continuing appropriation; to require maximizations of federal reimbursement; to provide for an effective date; and to provide for an expiration date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 85 YEAS, 10 NAYS, 0 EXCLUDED, 3 ABSENT AND NOT VOTING.

YEAS: Aarsvold; Bellew; Belter; Berg; Boehm; Brandenburg; Brekke; Brusegaard; Byerly; Carlisle; Carlson; Clark; Cleary; DeKrey; Delzer; Devin; Disrud; Dosch; Drouillard; Eckre; Froelich; Froseth; Galvin; Grande; Grosz; Grunbo; Gunter; Haas; Hanson; Hawken; Herbel; Huether; Jensen; Johnson, D.; Johnson, N.; Kasper; Keiser; Kelsch, R.; Kempenich; Kingsbury; Klein, F.; Klein, M.; Klemm; Kliniske; Koppang; Koppelman; Kretschmar; Kroeber; Lloyd; Mahoney; Maragos; Martinson; Meier; Metcalf; Monson; Mueller; Nelson; Nicholas; Niemeier; Nottestad; Onstad; Pietsch; Pollert; Porter; Price; Renner; Rennerfeldt; Ruby; Sandvig; Schmidt; Severson; Skarphol; Svedjan; Thoreson, L.; Thorpe; Tieman; Timm; Wald; Warner; Weiler; Weisz; Wentz; Wikenheiser; Wrangham; Speaker Bernstein

NAYS: Boucher; Delmore; Ekstrom; Guleson; Hunsdor; Kelsch, S.; Kerzman; Lemieux; Solberg; Winrich

ABSENT AND NOT VOTING: Fairfield; Glassheim; Thoreson, B.

Reengrossed HB 1441 passed and the title was agreed to.

MOTION

REP. MONSON MOVED that the House stand in recess until 1:00 p.m., which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Bernstein presiding

SPECIAL ORDER OF BUSINESS

SPEAKER BERNSTEIN requested that Rep. DeKrey escort Adjutant General Michael J. Haugen to the rostrum for the purposes of a presentation.

SPEAKER BERNSTEIN requested that Rep. Metcalf escort Rep. Mike Brandenburg to the rostrum for the purposes of a presentation.

Adjutant General Michael J. Haugen presented Rep. Mike Brandenburg with a certificate of retirement from the North Dakota National Guard and a United States Flag in recognition of twenty two years of service.

2001 TESTIMONY

HB 1441

TESTIMONY ON HB 1441

INCOME ELIGIBILITY FOR THE CHILDREN'S HEALTH INSURANCE PROGRAM

For the record, I am Rep. Carol A. Niemeier, Buxton, District 20.

Though an act of congress, SCHIP was signed into law in August, 1997 as Title XXI of the Social Security Act, dedicating 24 billion for ten years toward the coverage of children without health insurance. North Dakota was allocated approximately 5 million per year and could enact a program based on a 20/80% match.

The program developed in the 1999 legislative session, known as Healthy Steps, the more comprehensive state funded coverage, set the income eligibility at 140% of poverty levels, (that figure being adjusted yearly based on the CPI) allowing a potential 3800 of our 15,000 uninsured children coverage. This effected a turn-back of almost $\frac{4}{3}$ million in federal dollars, ~~which are not recoverable.~~

To date, about 2200 children are enrolled and despite worthy outreach efforts, the utilization rate remains low. The barriers are real and formidable: unaware of the program; don't understand the eligibility criteria; inconvenient Dr./clinic hours; lack of transportation; confidentiality concerns; costs, deductibles and co-payments; application too difficult to complete by self; lack of needed verification records; etc.

North Dakota currently has three programs designed to provide health insurance for children of the working poor; Medicaid, for families up to 133% of poverty, Healthy Steps, and the Caring Program for Children, funded privately at 200%.

It is imperative that we increase the available pool of eligible children for the Healthy Steps program. Uninsured children are 8 times less likely to have a regular source of care and 4 times more likely to delay seeking care. 1 in 4 use the emergency room for care, costing the state additional dollars. Children with untreated illnesses can't keep up in school, often effecting their lifetime potential.

I think, for those of us who have worked with CHIP over these 2 years, it has become almost a living, breathing entity. We talk about numbers, services, outreach efforts, and money, money. But behind it all is a child, a child without health care coverage; and parents who have to make the difficult choices with

their spendable income. Children are our future, and it will be best served by healthy children.

I ask a favorable recommendation on HB 1441 from the committee and also refer you to the attached amendment.

Thank you for your consideration. I will be pleased to respond to questions.

10713.0101
Title.

Prepared by the Legislative Council staff for
Representative Niemeler
February 2, 2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1441

Page 1, line 6, replace "sixty-five" with "eighty-five"

Renumber accordingly

2001-03 BIENNIUM CHILDREN'S HEALTH INSURANCE PROGRAM ESTIMATED COSTS

	2001-03 Executive Budget Recommendation (140 Percent of Poverty Level)	2001-03 Alternative (165 Percent of Poverty Level)	Difference
Number of children	2,937*	4,016*	1,079
General fund	\$1,886,714	\$2,577,418	\$690,704
Federal funds	7,031,005	9,616,283	2,585,278
Total	\$8,917,719	\$12,193,701	\$3,275,982

* The amount shown is the average number of children anticipated to be served each month of the 2001-03 biennium. Although the executive budget recommendation indicated an intent to serve an average of 2,885 children each month of the 2001-03 biennium, based on information provided by the Department of Human Services, the funding included in the 2001-03 executive budget is estimated to serve an average of 2,937 children each month, beginning the biennium at 2,885 children and increasing to 2,995 children by the last month of the 2001-03 biennium. The alternative (165 percent of poverty) will provide health insurance for an estimated 3,503 children in the first month of the biennium, increasing to 4,539 children by the last month of the biennium (an average of 4,016 children per month).

BYRON L. DORGAN
NORTH DAKOTA
715 HART BUILDING
WASHINGTON, DC 20510-3405
202-224-2067
202-224-2078 TDD

COMMITTEE:
APPROPRIATIONS
COMMERCE, SCIENCE & TRANSPORTATION
ENERGY & NATURAL RESOURCES
INDIAN AFFAIRS

CHAIRMAN, DEMOCRATIC POLICY COMMITTEE

United States Senate

WASHINGTON, DC 20510-3405

February 2, 2001

STATE OFFICES

312 FEDERAL BUILDING
THIRD AND ROBBIN AVENUE
P.O. BOX 2678
BISMARCK, ND 58103
701-660-4618
1-800-844-1497 TOLL FREE

112 ROBERTS STREET, ROOM 111
P.O. BOX 2254
FARGO, ND 58107
701-220-6988

182 NORTH 4TH STREET, ROOM 104
GRAND FORGE, ND 58201
701-746-8072

901 1ST STREET, S.W., ROOM 104
MIDOT, ND 58701
701-852-0703

The Honorable Carol Niemeler
State Representative
North Dakota House of Representatives
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Carol:

You asked what I think about your efforts to increase the number of children enrolled in North Dakota's Children's Health Insurance Program (CHIP) by increasing the income eligibility limits.

I believe this makes a great deal of sense. As you know, North Dakota's CHIP plan, Healthy Steps, is currently providing health care coverage for about 2,175 previously uninsured kids. But there at least 13,000 more uninsured children still remaining in our state, and that number isn't likely to decrease unless the Legislature acts to cover more children through Healthy Steps.

Of course, one simple way to do this is to expand the number of children who are eligible, as you are proposing. North Dakota is one of only four states that has set its income eligibility requirements for CHIP under 150 percent of the federal poverty line. I believe we can do better.

The federal government is willing to provide 80 percent of the funding to help North Dakota expand CHIP -- a pretty good deal, I think. In fact, even though North Dakota didn't spend about \$2.9 million of its FY1998 CHIP allotment, Congress passed legislation at the end of last year that will allow North Dakota to retain about \$2 million of its unspent FY98 CHIP funding. This will give North Dakota an added opportunity to take full advantage of the federal funding available. But of course, the state will still need to put up the matching funds.

The state Legislature will make up its own mind about whether or how to expand Healthy Steps. I understand that. But I think your proposal makes sense, and I wish you success in your efforts.

Sincerely,



Byron L. Dorgan
U.S. Senator

BLD:smm

PRINTED ON RECYCLED PAPER

Congress of the United States

Washington, DC 20515

March 12, 1999

The Honorable Merle Boucher
House Minority Leader
North Dakota House of Representatives
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Merle:

We fought hard in Congress in 1997 to enact a bipartisan Children's Health Insurance Program (CHIP) that would help states address the pressing need to provide health insurance coverage for children. This legislation, which enjoyed strong, bipartisan support, is both a flexible and attractive program for states in tackling this problem.

CHIP provides our state with a tremendous opportunity to help North Dakota families. There are more than 15,000 children in North Dakota who do not have health insurance.

As you know, the federal government is willing to pay nearly 80 percent of the costs, up to \$5 million a year, to help North Dakota provide health insurance coverage for its uninsured children. However, the state has to be willing to pay the remaining 20 percent.

We understand that, under the proposal being considered in the Legislature, North Dakota will be able to cover only about 1,900 children — less than 15 percent of the total uninsured kids. Yet, North Dakota is planning to turn back between \$1.7 and \$2.7 million in federal funds annually that could be used to cover up to 3,600 more children.

In the area of federal highway dollars, the Governor and the Legislature have demonstrated that where the will exists to put up state matching funds, you find the way to do it. We have no doubt that the same would be true for CHIP if this was made a top priority. Just as it is critical that North Dakota invest in its physical infrastructure, we hope that you will decide that it is equally important to invest in our most important asset, our children, by taking maximum advantage of the federal funds from CHIP.

Sincerely,


Byron L. Dorgan
U.S. Senator


Kent Conrad
U.S. Senator


Earl Pomeroy
U.S. Representative

cc: North Dakota State Legislators
Carol Olson, Executive Director, ND Department of Human Services

**TESTIMONY ON ENGROSSED HB 1441
SENATE HUMAN SERVICES COMMITTEE**

Senator Judy Lee, Chairperson

March 5, 2001

For the record, I am Representative Carol A. Niemeier, Buxton, District 20.

Through an act of congress, S-CHIP was signed into law in August, 1997 as Title XXI of the Social Security Act, dedicating 24 billion dollars for ten years toward the coverage of children without health insurance. North Dakota was allocated approximately 5 million per year and could enact a program based on a 20/80% match. States were given three options for devising a plan; designing a new children's health insurance program, expanding current Medicaid programs, or a combination of both. The 1999 North Dakota Legislature enacted a new program and named it Healthy Steps as a means of targeting a currently uninsured population while avoiding the (sometimes felt) stigma of assistance.

Although federal dollars would allow program coverage up to 200% of the FPL, the income eligibility was set at 140% which could cover 3800 of the 15,000 uninsured children in North Dakota. (RWJ figures) To date there are about 2,175 children enrolled.

HB 1441 was originally drafted to require an income eligibility increase to 165% of poverty which translates to a family of four with a salary of about \$27,000 yr. after deductions for out-of-pocket child care and tax liability. This is meant to serve the working poor, who receive no insurance benefits through their employment and are unable to afford private insurance.

2,059
690,000

As you see the engrossed bill before you, that section has been removed and is replaced with the two Medicaid provisions. Please be referred to the proposed amendment in my packet (1) which I urge the committee to favorably consider.

The need for this additional help to our state's families is readily apparent. The farm economy continues to struggle with weather related problems, low prices, commodity disease, and marketing issues; Job Service of ND reports average wages dropping (2); welfare reform is sending increasing numbers into jobs of low-wage brackets, mostly women with young children; and private insurance premiums and medication costs are up.

While removal of the asset test in Medicaid eligibility is a positive step with the possibility of combining and simplifying the applications forms; and allowing coverage to a larger pool of recipients, I would suggest this provision be amended To HB 1012 or that a study be proposed of the wider assistance issues during the next interim. (3) The topic is appropriate to HCR 3069 which is a proposed study of methods to better address children's health problems.

The provision to shift the Healthy Steps eligibility responsibility to the counties will be best addressed by those involved: the counties, the Dept. and Noridian.

HB 1441 is not the appropriate vehicle for these provisions. I ask the committee to return it to the original intent, which is to enhance the CHIP program with this outstanding opportunity of an 80% federal match, perhaps never to come our way again. In the past biennium 3 million was turned back, although we recieved a credit of 2 million; these moneys are available to insure further needy children.

Medicaid premiums with Noridian are \$137./mo and are reimbursed at a 30/70% rate. Healthy Steps premiums are \$126./mo and reimbursed at 20/80. This is the program of economy and choice. The successful economic development of our state depends upon rebuilding and enhancing our infrastructure; and the health care of our citizens - in this case our children- is a vital part of that process. The children are our future. We must make that necessary investment now.

I recommend that the committee amend HB 1441 to provide the income eligibility increase of Healthy Steps to 165% of the FPL. Thank you.

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1441

Page 1, line 3, after "50-29-03" insert "and subdivision a of subsection 6 of section 50-29-04"

Page 1, after line 17, insert:

"SECTION 3. AMENDMENT. Subdivision a of subsection 6 of section 50-29-04 of the North Dakota Century Code is amended and reenacted as follows:

- a. An income eligibility limit of one hundred ~~forty~~ sixty-five percent of the poverty line;"

Renumber accordingly

(1)

Report finds North Dakota losing ground on wages

FARGO (AP) — North Dakotans are losing ground on wages, a report from Job Service North Dakota says.

The report, called RoadMap2001, says the state's average wage ranks 49th nationally, ahead of only Montana.

Job Service says North Dakota's average wage was \$23,750 in 1999 — the most recent figure available — and \$22,990 in 1998.

Excluding federal workers, the average fell to \$22,665 in 1998, only 71.4 percent of the national average, the report said.

The disparity has been growing since 1984, when North Dakota average wages were 82.9 percent of the national average.

Nationwide, the average wage rose 4.3 percent from 1998 to 1999, the report said. North

Dakota's average wage rose only 3.3 percent in the same period.

Lee Peterson, director of the North Dakota Department of Economic Development and Finance, was not surprised by the report.

"The state needs more and better-paying jobs, plain and simple," he said.

Other parts of the country are gaining jobs that offer high wages, while such jobs "are still far from the norm" in North

"The state needs more and better-paying jobs, plain and simple."

Lee Peterson, director of the North Dakota Department of Economic Development and Finance

Dakota, the report found. North Dakotans are forced to take poor-paying, second and third jobs to maintain their standard of living, it said.

Peterson said training more North Dakota workers in special-

ized, high-tech skills will encourage companies to create high-paying jobs.

Gregory Wald, a research analyst who prepared the report used per capita personal income and cost-of-living statistics to prepare a standard of living index. The higher the number the higher the economic standard of living.

Fargo scored 94.9, Bismarck 88.2 and Grand Forks 86.2. In contrast, Sioux Falls, S.D., score 113.9, Minneapolis 121.3 and Denver 122.7.

"It is far less economical to live in North Dakota's biggest cities than in regional urban cities like Minneapolis, Sioux Falls, Denver and Seattle. Yet North Dakota's cost of living is lower than average; but it is not low enough to offset the state's low wages," the report said.

The report found one positive trend in North Dakota's economy — growth in the state's manufacturing sector. Manufacturing jobs in the Fargo area paid an average of \$12.68 per hour, roughly 89 percent of the national average, in December 2000, Job Service said.

2

Legislature must fund CHIP in 2001

**Stephen McDonough
Robert Wents
Ronni Chrzanowski
Bismarck**

Imagine the uproar if North Dakota federal highway funds were returned to fill potholes in New York City. We are greatly concerned that millions of federal dollars will be lost to North Dakota families for children's health care. North Dakota will probably return these millions back to other states for their children's health insurance programs (CHIPs).

North Dakota policy makers have failed our children. The 1999 legislative leaders took the Governor's modest proposal of coverage at 150 percent of poverty, cut it back to 140 percent and removed maternity benefits. Given the number of uninsured children in our state, we must do more.

Hopefully with new leadership and information, the 2001 Legislature will do the right thing. As pediatricians, we frequently see children who lack health insurance and need expensive medications, eyeglasses, or dental services. They often go without. We will be asking the 2001 Legislature to increase the coverage for uninsured children to 250 percent of poverty. North Dakota had the money in 1999 and will have the money in 2001 to help our children.

The North Dakota Census Bureau estimated in 1998 that there were 30,000 (16.4 percent) children without health insurance in our state. The current CHIP program covers only 2100 North Dakota children. We must do better.

(The authors are pediatricians in Bismarck, North Dakota)

Healthy Steps

Children's Health
Insurance Plan



Available NOW - Health Insurance for Uninsured Children

Healthy Steps is North Dakota's new Children's Health Insurance Plan. It is intended to provide health insurance coverage to uninsured children from working families in North Dakota.

A child may be eligible for Healthy Steps if he or she ...

- Is not covered by health insurance
- Is 18 years of age or younger
- Does not qualify for the North Dakota Medicaid Program*
- Lives in a family whose income after subtracting child care costs, payroll taxes (such as social security tax, Medicare tax, and income tax) is at or below 140% of poverty. A family of three, with a net income of \$19,432 could qualify.

* Children who apply for CHIP but are eligible for Medicaid will be referred to Medicaid.

Covered Medical Services

- Inpatient hospital stay, medical & surgical services;
- Outpatient hospital and clinic services;
- Psychiatric and substance abuse services;
- Prescription medications;
- Routine preventive services (i.e. well-baby check-ups and immunizations);
- Preventive dental and vision services;
- Prenatal services

Other Details about Healthy Steps Insurance Coverage?

- Program began October 1, 1999.
- The insurance plan is provided through Nordlan Mutual Insurance Company, the Blue Cross Blue Shield Plan in North Dakota.
- Insurance coverage begins on the first day of the month after eligibility is determined.

How much does it cost? Eligible families are responsible for copayments for prescription drugs (\$2), emergency hospital visits (\$5), and inpatient hospital stays (\$50).

Qualifying Income Levels

Families with net incomes (after deductions for child care and taxes) at 140% Federal Poverty Level may qualify

Family Size	Annual Net Income	Monthly Income
2	\$15,484	\$1,290
3	\$19,432	\$1,619
4	\$23,380	\$1,948
5	\$27,328	\$2,277

Eligibility for self-employed applicants is based on the average adjusted gross income for the previous three years.

To receive an application or to learn more about
Healthy Steps Insurance call 1-800-755-2604.

North Dakota Healthy Steps is administered by the North Dakota Department of Human Services, Medical Services Division,
600 E. Boulevard Avenue, Bismarck, ND 58501-0250, 1-800-755-2604.



NORTH DAKOTA HEALTHY STEPS INSURANCE APPLICATION

PREMIUM FREE HEALTH INSURANCE

General Requirements

To be eligible for enrollment, a child must meet the following requirements:

1. A son or daughter, stepchild, legally adopted child, or a child between the ages of 0 through 18 years old for whom you or your living spouse are legally appointed guardian.
 2. A resident of the state of North Dakota.
 3. Cannot be covered under any other health insurance coverage, and cannot be eligible for Medicaid. (Indian Health Service is not a health insurance coverage.)
 4. Household income must be within Healthy Steps guidelines. (See table)
- The number of people in the family includes the parents, children and unborns.
 - Add together all the income received by all family members. Deduct child care out-of-pocket expenses and taxes. If your income is below or slightly more than the income level amounts, your children may qualify.



APPLICATION INSTRUCTIONS

QUESTION 1: Write in the information about the person who is applying for the child(ren). This should be the person the department can contact for any questions concerning the application.

QUESTION 2: Write in the names and ages of ALL other adults including spouse age 19 and older living in your household who are related to you or to your child(ren). If individual is employed, indicate if they are or are not a student. Indicate relationship to the child(ren).

QUESTION 3: Write in your child's full name (Last, first, middle initial). The child's mother's full name and the child's father's full name. Tell us your child's gender by marking an 'X' for male or female. Tell us what race your child is by indicating American Indian or Alaskan Native (I), Asian (A) or Pacific Islander (P), Black (B) (not of Hispanic origin), Hispanic (H), or White (W) (not of Hispanic origin). Tell us your child's birth date by entering month, day and year. Enter your child's Social Security Number.

Put an 'X' in the yes or no box to tell us if the child is an US Citizen. If the child you are requesting Healthy Steps for is not a US Citizen, please provide us with proof of citizenship status.

For an unborn child, write "unborn" for child's name and write in the child's expected date of birth - other information can be left blank.

QUESTION 4: Put an 'X' in the yes or no box to tell us if your household assets exceed the amount indicated. Do not include the home you are living in, one automobile, your personal effects and property you use to produce income.

QUESTION 5: List any information concerning health insurance coverage your children have or did have in the last six months. Indicate who was covered under the insurance.

QUESTION 6: Enter **ALL INCOME** your household receives. **ATTACH PROOF OF ALL INCOME.** For regular earnings provide copies of last months paystubs. If your household has more than two earned incomes, please provide additional information on a separate sheet. If you are self-employed, provide copies of Page 1 and 2 of 1040 and Schedule C, E, F or K (if applicable) of your federal income tax returns for the last three years. If you have not been self-employed for a full three years, send us copies of the years you have been.

QUESTION 7: Write in the amount of **out-of-pocket** expenses you pay per child for child care while you are working or going to school.

QUESTION 8 and 9: If you are responsible for any court ordered alimony or child support, indicate by marking with an 'X'. If yes, write in the amount.

QUESTION 10: Put an 'X' in the yes or no box to tell us if your child(ren) are currently covered under North Dakota Medicaid, and if 'yes', write in the child(ren)'s name.

QUESTION 11: Please tell us how you heard about 'Healthy Steps'.

QUESTION 12: Please tell us where you take your children for medical appointments.

QUESTIONS 13 and 14: Please read and sign the statement. **Mail the application to the address listed.** If you have questions, call 1-800-755-2604.

Send Completed Application Including Copies of Income to: North Dakota Healthy Steps
600 E. Boulevard Ave. Dept 325
Bismarck, ND 58505-0261

These limits are effective through March 31, 2001. Income limits increase around April of each year. These income levels are [Net] Income Amounts. (Take Home Pay)

Number of people in family (Count parent(s) and children)	Income levels to qualify for ND Healthy Steps	
	Maximum Allowable Monthly NET Income	Maximum Allowable Annual NET Income
1	\$975	\$11,690
2	\$1,313	\$15,750
3	\$1,651	\$19,810
4	\$1,990	\$23,870
5	\$2,328	\$27,930
6	\$2,666	\$31,990
7	\$3,005	\$36,050
8	\$3,343	\$40,110
9	\$3,681	\$44,170
10	\$4,020	\$48,230

- For family households over ten people, increase the monthly income amount by \$339 for each additional person or increase the annual income amount by \$4,060.

Question 4 - Explanation of Assets Used to Identify Potential Medicaid Eligibility.

Don't Count:

- Your income
- Property used to produce income (example: farm)
- One vehicle
- Your home
- Personal effects

Things to Count:

- Checking account balance
- Savings account balance
- Cash value of any IRA's, CD's, trusts or annuities, life insurance policy
- Value of all vehicles not work related or used to produce income
- Value of items such as camper, boat or motorcycles



**MEMBERSHIP APPLICATION FOR NORTH DAKOTA
HEALTHY STEPS INSURANCE PROGRAM**

ND DEPARTMENT OF HUMAN SERVICES/Medical Services
SFN 214 (Rev. 12-2000)

Person Applying for the Child or Children

PLEASE PRINT

Name: (Last, First, MI)		Home Phone:		Work Phone:	
Home Address: (Street)	Apt. #:	City:	State:	Zip:	County:
Mailing Address: (If different from above - Street)	Apt. #:	City:	State:	Zip:	County:

2. Are any other individuals in your household over age 19 living with you? If so, list their names and the relationship to the children.

Name	Age	Student		Relationship to Child(ren)
		Yes	No	

3. Tell us the names of every child under age 19 in your household including unborns. (Unborn children are included in determining household number). Provide child's SSN (Optional). If the child you are requesting assistance for is not a US citizen, provide verification of citizenship status.

Child's Name (Last, First, MI)	Mother's Name (Last, First, MI)	Father's Name (Last, First, MI)	Gender		Race	Child's Date of Birth	Child's Social Security Number	US Citizen	
			M	F				Yes	No

4. Healthy Steps is intended to serve children who do not qualify for Medicaid. Healthy Steps does not have an asset test; Medicaid does. Does your household assets exceed \$6,000 for household of two or \$6,025 for three (add \$25 for every additional household member)? Do not include one auto, the home you are living in, clothing, household effects or income producing property.
 Yes No (See insert for further explanation) If "No", depending upon your income and expenditures, you may be eligible for Medicaid through your local county social services.

5. Tell us about any health insurance coverage the children already have. (Indian Health Service is not Health Insurance Coverage)

Health Insurance Company:

If no health insurance, when and why did the coverage end?

6. TELL US HOW MUCH INCOME YOUR FAMILY HAS. ATTACH PROOF OF ALL INCOME. We need proof of all of your income. For earnings, provide copies of pay stubs for the last month. If you do not have pay stubs, you may provide a letter from your employer. If your household has more than two jobs, please list all requested information on a separate sheet. (IF YOU ARE SELF EMPLOYED, SEND COPIES OF PAGE 1 AND 2 OF 1040 AND SCHEDULE C, E, F, OR K (IF APPLICABLE) OF YOUR LAST THREE YEARS FEDERAL INCOME TAX FORM.) If you are not sure what to send, call our toll-free number 1-800-755-2604. Enter GROSS pay, not take-home pay. Enter zero (0) if you or your spouse are not employed.

Your Income From Employment(s)	Other Adult's Income From Employment
Employer Name:	Employer Name:
Amount earned each pay period before taxes: (Gross) \$	Amount earned each pay period before taxes: (Gross) \$
<input type="checkbox"/> Weekly <input type="checkbox"/> Every 2 wks <input type="checkbox"/> Twice a Month <input type="checkbox"/> Monthly	<input type="checkbox"/> Weekly <input type="checkbox"/> Every 2 wks <input type="checkbox"/> Twice a Month <input type="checkbox"/> Monthly
PLEASE ATTACH COPIES OF ALL WAGE STATEMENTS COVERING ONE FULL MONTH	PLEASE ATTACH COPIES OF ALL WAGE STATEMENTS COVERING ONE FULL MONTH
Hours worked each week:	Hours worked each week:

6. (Continued)

PLEASE ATTACH PROOF OF ALL INCOME IDENTIFIED BELOW

Other Income	Amount	How Often Do You Get This Income?	Which Family Member Gets This Income?
Child Support	\$		
Alimony	\$		
Social Security Payment	\$		
Unemployment Benefits	\$		
Rental Income	\$		
Other (Please explain)	\$		

7. Do you pay someone to take care of your child(ren) while you are at work or school? Yes No
If yes, enter child's name and the amount of out-of-pocket expenses you pay:

Child's Name	Amount Per Month
	\$
	\$
	\$

8. Do you pay court ordered alimony? Yes No If "YES", how much per month? \$

9. Do you pay court ordered child support? Yes No If "YES", how much per month? \$

10. Are any of your children receiving Medicaid? Yes No If "YES", which children?

Child's Name	Medicaid ID Number

11. How did you find out about this program? TV Newspaper Radio Other
Tell us where you got this application?

12. Who does your child(ren) see for routine medical care?

13. Mail this completed, signed form, together with proof of income to:

North Dakota Healthy Steps
600 E Boulevard Ave Dept 325
Bismarck ND 58505-0261

OR Application can be dropped off at:

Medical Services
Third Floor Judicial Wing Room 309
State Capitol Building
Bismarck ND 58505

If you need more information, please call this toll-free number: 1-800-755-2604.

Your Rights and Responsibilities

- I know that the information I have given is confidential subject to the above authorization for the release of information I have given to the Department and the insurance carrier. I understand that if any information is released to the Department from the insurance carrier, the Department is still bound to keep individually-identifying information confidential.
- I know that any information I have given may be reviewed and verified by State staff. Also I understand that I must cooperate fully with ND state and federal workers if my case is reviewed. No additional permission is needed to get verification or other information.
- I know that this application will be considered without regard to race, color, sex, age, disability, religion, national origin or political belief.
- In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's Social Security Number on this form is used as an identification number by the department/agency for file control and record keeping.

Please sign this statement:

I certify that the information I have provided above is true to the best of my knowledge and I give permission for the State of North Dakota to make any necessary contacts to check my statements. I have read the list of my rights and responsibilities that is printed below. I know that I could be penalized if I knowingly give false information. By signing this application, I authorize the Department and the insurance carrier providing the Healthy Steps plan insurance to release to each other information regarding any services or benefits I receive under the plan if I am deemed eligible.

Signature of Applicant: _____ Date: _____

TESTIMONY ON REENGROSSED HB 1441

SENATE APPROPRIATIONS COMMITTEE

MARCH 26, 2001

For the record, I am Rep. Carol A. Niemeier, Buxton, District 20

Through an act of congress, S-CHIP was signed into law in August, 1997 as Title XXI of the Social Security Act, dedicating 24 billion dollars for ten years toward the coverage of children without health insurance. North Dakota was allocated approximately 5 million per year and could enact a program based on a 21/79% match. The North Dakota legislature enacted new program and named it Healthy Steps as a means of targeting a currently uninsured population while avoiding the (sometimes felt) stigma of assistance.

HB 1441 was originally drafted to require an income eligibility increase to 165% of poverty which translates to a family of four with a salary of about \$27,000 yr. after deductions for out-of-pocket child care and tax liability. This is meant to serve the working families who receive no insurance benefits through their employment and are unable to afford private insurance.

The reengrossed bill before you asks for an income increase to 185% of poverty, eliminates the asset test for Medicaid eligibility, and requires a study of assistance issues. Certainly, these are important and needed adjustments.

The CHIP program currently has 2175 children enrolled and with the favorable match allowed, the state turned back close to 3 million dollars. By an act of congress last fall, 2 million was credited to the state. The numbers are in our favor. Even with the Noridian premium increase coming, which is from \$109 to \$126 per month, the cost is still well below the Medicaid premium at \$137.

The proposed study is an important step in analyzing the existing assistance programs: Healthy Steps, Medicaid and the Caring Program for children which address varying populations and administrations.

I recommend that the committee accept the bill in it's current form and take an essential step forward in the health care of our state's children.

Thank you

Prepared for HB 1441

Prepared for House Human Services Committee

Representative Clara Sue Price, Chair

Monday - February 5, 2001

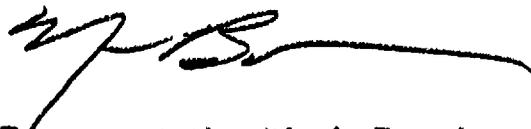
Good afternoon madam chair Price and members of the House Human Services Committee. For the record my name is Merle Boucher I'm a member of the House of Representatives from District Nine.

House Bill No. 1441 is a very simple and a direct bill. Line 6 of the bill specifically identifies its intent. The intent is to increase the income eligibility limit threshold for the CHIP initiative from the current level of 140 percent of poverty to 165 percent of poverty.

The children's health insurance program is a very good initiative. It offers the opportunity to provide critical health care coverage to a very vulnerable population group. As informed and educated citizens we are well aware that an upfront investment in health care services for people at a young age can in many cases prevent costly health care needs as adults and senior citizens. I would encourage the members of the committee to not look at House Bill No. 1441 as an added cost to the Medicaid budget, but as an investment that has the potential of significant savings in the future.

I would urge the House Human Services Committee to give its favorable support to HB No. 1441. It is the right thing to do.

Respectfully submitted:



Representative Merle Boucher

Prepared for HB 1441

Prepared for Senate Human Services Committee

Senator Judy Lee, Chair

Monday - March 5, 2001

Good morning madam chair Lee and members of the Senate Human Services Committee. For the record my name is Merle Boucher I'm a member of the House of Representatives from District Nine.

House Bill No. 1441 is a very simple and a direct bill. Line 6 of the bill specifically identifies its intent. The intent is to increase the income eligibility limit threshold for the CHIP initiative from the current level of 140 percent of poverty to 165 percent of poverty.

The children's health insurance program is a very good initiative. It offers the opportunity to provide critical health care coverage to a very vulnerable population group. As informed and educated citizens we are well aware that an upfront investment in health care services for people at a young age can in many cases prevent costly health care needs as adults and senior citizens. I would encourage the members of the committee to not look at House Bill No. 1441 as an added cost to the Medicaid budget, but as an investment that has the potential of significant savings in the future.

I would urge the Senate Human Services Committee to give its favorable support to HB No. 1441. It is the right thing to do.

Respectfully submitted:



Representative Merle Boucher

**TESTIMONY BEFORE THE HOUSE HUMAN SERVICES COMMITTEE
REGARDING HOUSE BILL 1441
FEBRUARY 5, 2001**

Chairman Price, members of the committee, my name is David Zentner, Director of Medical Services for the Department of Human Services. I appear before you today to provide information regarding this bill.

Congress authorized states to implement the State Children's Health Insurance Program (SCHIP) in 1997. The federal legislation allows states a great amount of flexibility to develop the program. The legislation to establish the Healthy Steps Program in North Dakota was authorized by the 1999 Legislative Assembly. The major components of the program are noted below.

1. Coverage is available for children in families with adjusted income not to exceed 140% of the federal poverty level. (Attachment A shows the current income levels). Federal legislation permits coverage up to 200% of the federal poverty level.
2. Deductions from gross income include mandatory payroll taxes, child care expenses and child support payments.
3. Families are not subject to an asset test. Medicaid requires an asset test. Most states do not require an asset test for families applying for Medicaid or SCHIP.
4. Eligibility is provided for a continuous 12-month period. Medicaid reviews income eligibility on a monthly basis for most families.

5. Coverage is based on the Public Employees Retirement Plan benefit package with the exception of the cost of delivery of a child. It also includes preventive dental and vision coverage.
6. The Department is required to contract with an insurance company. The Department contracts with Noridian Mutual Health Insurance Company to provide the required covered services. The Department pays a monthly premium on behalf of each eligible child.
7. The current premium is \$108.60 for children that are required to pay co-payments and \$109.56 for those not subject to co-payments. Federal regulations prohibit states from imposing any cost sharing requirements for American Indian children.
8. The budget for the current biennium is about \$3.9 million, of which about \$.8 million are general funds. The proposed budget for the next biennium is \$8.8 million, of which \$1.8 million are general funds. Noridian has requested a monthly premium increase of 16.4%.
9. As of January 1, 2001, a total of 2,175 children were eligible for the program. We are estimating to cover about 2,885 children per month in the new biennium.
10. The federal government provides each state with an allotment for each federal fiscal year beginning October 1, 1997. Under the original law states had an additional two years to expend the funds or lose them. The first state allotment was about \$5 million. The Department had expended about \$1.9 million of the federal funds by September 30, 2000.
11. A recent change in the law will allow North Dakota to retain about \$2.0 million of these funds. These funds must be spent before we access the

1999 allotment. The 1999 and 2000 allotments were about \$5.0 million and \$5.6 million respectively. The most recent 2001 allotment is about \$6.6 million.

This bill would increase the income level for the program to 165% of the federal poverty level. Attachment A shows the income levels by family size. The Department estimated that about 2,059 additional children would be eligible for the program. The estimate is based on information from the Robert Wood Johnson survey of the uninsured that was conducted in 1998. Because eligibility for Healthy Steps is based on net income and the survey is based on gross income, the estimate assumes that families with gross income up to 200% of the poverty level would likely be eligible for the program.

Based on our current experience, we estimated that by the end of the next biennium we would have enrolled about 75% of eligible children or 1,544. The number would increase gradually during the two-year period of the new biennium. The total additional cost to increase the poverty level is estimated at \$3.3 million, of which about \$691,000 are general funds. The cost per child was based on an estimated premium of \$128.52 per month based on the estimated increase of 16.4% requested by Noridian.

The Executive budget does not include funds to increase the current income limit for the Healthy Steps Program.

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

Dave Zentner

**TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
REGARDING HOUSE BILL 1441
FEBRUARY 13, 2001**

Chairman Svedjan, members of the committee, my name is David Zentner, Director of Medical Services for the Department of Human Services. I appear before you today to provide information regarding this bill.

Congress authorized states to implement the State Children's Health Insurance Program (SCHIP) in 1997. The federal legislation allows states a great amount of flexibility to develop the program. The legislation to establish the Healthy Steps Program in North Dakota was authorized by the 1999 Legislative Assembly. The major components of the program are noted below.

1. Coverage is available for children in families with adjusted income not to exceed 140% of the federal poverty level. (Attachment A shows the current income levels). Federal legislation permits coverage up to 200% of the federal poverty level.
2. Deductions from gross income include mandatory payroll taxes, child care expenses and child support payments.
3. Families are not subject to an asset test. Medicaid requires an asset test. Most states do not require an asset test for families applying for Medicaid or SCHIP.
4. Eligibility is provided for a continuous 12-month period. Medicaid reviews income eligibility on a monthly basis for most families.

5. Coverage is based on the Public Employees Retirement Plan benefit package with the exception of the cost of delivery of a child. It also includes preventive dental and vision coverage.
6. The Department is required to contract with an insurance company. The Department contracts with Noridian Mutual Health Insurance Company to provide the required covered services. The Department pays a monthly premium on behalf of each eligible child.
7. The current premium is \$108.60 for children that are required to pay co-payments and \$109.56 for those not subject to co-payments. Federal regulations prohibit states from imposing any cost sharing requirements for American Indian children.
8. The budget for the current biennium is about \$3.9 million, of which about \$.8 million are general funds. The proposed budget for the next biennium is \$8.8 million, of which \$1.8 million are general funds. Noridian has requested a monthly premium increase of 16.4%.
9. As of January 1, 2001, a total of 2,175 children were eligible for the program. We are estimating to cover about 2,885 children per month in the new biennium.
10. The federal government provides each state with an allotment for each federal fiscal year beginning October 1, 1997. Under the original law states had an additional two years to expend the funds or lose them. The first state allotment was about \$5 million. The Department had expended about \$1.9 million of the federal funds by September 30, 2000.
11. A recent change in the law will allow North Dakota to retain about \$2.0 million of these funds. These funds must be spent before we access the

1999 allotment. The 1999 and 2000 allotments were about \$5.0 million and \$5.6 million respectively. The most recent 2001 allotment is about \$6.6 million.

This bill would increase the income level for the program to 165% of the federal poverty level. Attachment A shows the income levels by family size. The Department estimated that about 2,059 additional children would be eligible for the program. The estimate is based on information from the Robert Wood Johnson survey of the uninsured that was conducted in 1998. Because eligibility for Healthy Steps is based on net income and the survey is based on gross income, the estimate assumes that families with gross income up to 200% of the poverty level would likely be eligible for the program.

Based on our current experience, we estimated that by the end of the next biennium we would have enrolled about 75% of eligible children or 1,544. The number would increase gradually during the two-year period of the new biennium. The total additional cost to increase the poverty level is estimated at \$3.3 million, of which about \$691,000 are general funds. The cost per child was based on an estimated premium of \$126.52 per month based on an increase of 16.4% requested by Noridian.

The House Human Services Committee amended this bill to eliminate the asset test for minor and pregnant women for the Medicaid Program. The Economic Assistance Division of the Department will provide testimony on that section of the bill.

The Executive budget does not include funds to increase the current income limit for the Healthy Steps Program.

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

**TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE
REGARDING HOUSE BILL 1441
MARCH 5, 2001**

Chairman Lee, members of the committee, my name is David Zentner, Director of Medical Services for the Department of Human Services. I appear before you today to provide information regarding this bill.

This bill eliminates the asset test for children and families and pregnant women eligibility categories in the Medicaid Program. The Department was requested to prepare a fiscal note that would estimate the cost of implementing the provisions of this legislation. We attempted to use the best information available to us to estimate the costs to implement any new initiative. However, it is difficult to predict how a change such as this will influence the decision of families to apply for a particular program.

In addition, there has been some concern expressed over how many children who are eligible have not enrolled in the Medicaid Program. The estimated number has ranged from 5,500 to 8,000. The Department has used data from the Robert Wood Johnson 1998 survey of the uninsured to estimate this number. The data is difficult to interpret because the survey information is based on gross income and the Medicaid and Healthy Steps Programs are based on net income. We estimated that about 5,948 children would be eligible but not enrolled in Medicaid in 1998. We then estimated that about 25% of these families would choose to enroll in Medicaid because the process would be simplified. While this estimate may seem small, we based it on the fact that we have already enrolled about 77% of the children eligible for the program. (About 20,000 of the estimated 26,000 eligible children) We concluded that this group of families are the most difficult to reach and may have other reasons for not applying for the program.

Based on the 25% figure, we estimated that 1,487 children would become eligible for Medicaid if the asset test were eliminated. Of that number, we estimated based on our review of current cases that 980 of these children are currently on or would have been eligible for the Healthy Steps program. Therefore, we estimated that 527 additional children would be added to the Medicaid Program if the asset test were eliminated. Also, 182 individuals over 18 would also be eligible for Medicaid. The fiscal impact is \$1.9 million, of which \$.8 million are general funds. This amount is arrived at by calculating the total impact of the change on the Medicaid Program and subtracting the savings that will be realized in the Healthy Steps Program.

The law also requires that the counties determine eligibility for the Healthy Steps Program. Currently, eligibility is determined within the Medical Services Division. A letter, Attachment A, from the County Directors Association indicates that they believe they should receive 80% of the administrative funds available for the program to process Healthy Steps applications. The cost is estimated to be \$467,544, of which \$98,558 are general funds. The current cost for the Department to determine eligibility is about \$90,000, of which about \$19,000 are general funds.

Currently, the Department retains the federal share of the administrative cost of determining eligibility for the Medicaid Program in accordance with the SWAP legislation. If the program is simplified by removing the asset test, there will be a reduction in the amount of time counties take to process applications. The fiscal note includes an estimated loss of the federal matching administrative funds of \$233,772 that will no longer be available to offset general fund dollars in the Department's 2001-2003 budget.

The fiscal note also includes the estimated cost of adding the Healthy Steps eligibility process to the VISION system of \$415,000 and ongoing system operation costs of \$55,674. Since we are limited to 10% administrative costs in

Healthy Steps, much of the cost of the update would need to be funded with state funds or counties will be required to use a separate system to determine eligibility for the Healthy Steps Program.

While we believe simplifying the application process for the Medicaid Program is a laudable goal, the Department does have some concerns. First, we will be moving a considerable number of children from Healthy Steps to Medicaid. Currently, we are experiencing an access problem in the Medicaid Program for dental services. The two major factors causing this access problem are that Medicaid fees are lower than the amount paid by private pay or insurance and dentists have sufficient private pay patients to fill available appointment space. We are not aware of access problems in the Healthy Steps Program. Information received from Blue Cross/Blue Shield indicates that utilization for dental services exceeded initial expectations. We are concerned that some of the additional children eligible for Medicaid may have difficulty obtaining dental care.

The second issue concerns the amount of the federal allotment of Healthy Steps funds that will not be utilized in North Dakota. The federal match for Healthy Steps is 79%. The Medicaid matching rate is 70%. The initial federal allotment for North Dakota was \$5 million for the year ending September 30, 1998. The Department had until September 30, 2000 to expend the funds. We used less than \$2 million of the allotment. Congress changed the law that allowed us to retain about \$2 million of the funds, which must be used, before other funds can be accessed. The most recent 2001 allocation is \$6.6 million. The Department had originally estimated that we would enroll about 2,885 children per month in the new biennium. If the asset test is implemented, we estimate that the number of eligible Healthy Steps children will drop to less than 2000. This will add to the loss of available federal funds. It appears that as much as \$9 million in federal allotment funds will not be used over the next three years in North Dakota.

The original language of this bill raised the federal poverty level to 165%. For your information, I have attached the estimated cost of that change as Attachment B. For comparison purposes, I also included Attachment C that shows the cost of increasing the Healthy Steps income level to 185% of the poverty level using a gross income test.

If the legislature decides not to eliminate the asset test at this time, the Department would suggest that the issue of simplification of the Medicaid Program should be studied during the next interim to determine the best approach to ensure that low income families and children receive needed health care coverage.

The Department remains neutral regarding this issue, but must note that the costs associated with this change are not included in the Executive budget.

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

ATTACHMENT A

North Dakota Association of County Social Service Directors

February 26, 2001

Sheldon Wolf
Medical Services

Re: Administrative Cost
CHIP

I sent an e-mail to all the directors asking them for input as to what they felt would be a reasonable reimbursement for the county administration of CHIP. As I cannot use my Lotus Notes at the present time, I am formulating my response to you on the information which I had received as of noon this date.

The directors who responded all felt that a monthly reimbursement rate per month per child would be appropriate. A general consensus is that 8% of the available 10% for administrative costs would be reasonable. In my perspective this would mean that, based on the current premium rate of \$126.00 per child (if that's what it is), the county would receive \$10.08 per month per child for administration. If the premium would increase, the reimbursement would also increase being based on 8% of the increased premium.

It would seem that the remaining 2% of the 10% allowable for administrative costs could be used by DHS for state-wide costs such as computer and state staff.

The only problem I have with this formula is that the work which is done for a case which is found to be ineligible would not be recognized. Perhaps the state could recognize the need for a flat reimbursement rate for cases which are found to be ineligible.

To a one, other than the larger counties where this could create a manpower issue, counties believe that the administration of CHIP belongs with the county. It will make for an easier transition from CHIP to MA and vice versa. Larger counties, also, even if there is a need for increased staff, see the benefit in the administration of the program being done by counties.

If you have questions with this information, please contact me at 572-4575 or 842-3661.

Michon C. Sax
Michon C. Sax
President

I also think that there should be a minimum established per case, even if the percentage is used; for example, \$10.00 per case.

ATTACHMENT B

Calculation of Number of Individuals - 185% Net Test

	Units
151-185%	1,218
Less 6%	(174)
Net 151-185%	1,041
186% to 200%	1,018
Estimate Eligible	2,059

Note: as of 1/23/01, there are 696 individuals that have been denied Healthy Steps because income exceeds the 140% of poverty level.

			Rate	Total
Jul-01	618	30%	126.52	78,189.36
Aug-01	658		126.52	83,250.16
Sep-01	698		126.52	88,310.96
Oct-01	738		126.52	93,371.76
Nov-01	778		126.52	98,432.56
Dec-01	818		126.52	103,493.36
Jan-02	858		126.52	108,554.16
Feb-02	898		126.52	113,614.96
Mar-02	938		126.52	118,675.76
Apr-02	978		126.52	123,736.56
May-02	1018		126.52	128,797.36
Jun-02	1058		126.52	133,858.16
Jul-02	1098		126.52	138,918.96
Aug-02	1138		126.52	143,979.76
Sep-02	1178		126.52	149,040.56
Oct-02	1218		126.52	154,101.36
Nov-02	1258		126.52	159,162.16
Dec-02	1298		126.52	164,222.96
Jan-03	1339		126.52	169,283.76
Feb-03	1380		126.52	174,344.56
Mar-03	1421		126.52	179,405.36
Apr-03	1462		126.52	184,466.16
May-03	1503		126.52	189,526.96
Jun-03	1544	75%	126.52	194,587.76
Total				3,275,962.36

	Jun-Sep 2001	Remaining	Total
Total	249,750.48	3,026,231.88	3,275,982.36
Federal %	78.99%	78.91%	
Federal	197,278	2,388,000	2,585,278
General	52,472	638,232	690,704



ATTACHMENT C

Calculation of Number of Individuals @ 185% of Poverty - Gross Income Test

	Units
181-185%	1,218
Less 5%	(174)
Net 181-185%	1,041

Note: as of 1/23/01, there are 695 individuals that have been denied Healthy Steps because income exceeds the 140% of poverty level

Estimate Eligible 1,041 (In addition to those in HB 1012)

			Rate	Total	30%	75%	Change
					312		469
							20
Jul-01	312	30%	126.52	39,474.24			
Aug-01	332		126.52	42,004.64			
Sep-01	352		126.52	44,535.04			
Oct-01	372		126.52	47,065.44			
Nov-01	392		126.52	49,595.84			
Dec-01	412		126.52	52,126.24			
Jan-02	432		126.52	54,656.64			
Feb-02	452		126.52	57,187.04			
Mar-02	472		126.52	59,717.44			
Apr-02	492		126.52	62,247.84			
May-02	512		126.52	64,778.24			
Jun-02	532		126.52	67,308.64			
Jul-02	552		126.52	69,839.04			
Aug-02	572		126.52	72,369.44			
Sep-02	592		126.52	74,899.84			
Oct-02	613		126.52	77,556.76			
Nov-02	634		126.52	80,213.68			
Dec-02	655		126.52	82,870.60			
Jan-03	676		126.52	85,527.52			
Feb-03	697		126.52	88,184.44			
Mar-03	718		126.52	90,841.36			
Apr-03	739		126.52	93,498.28			
May-03	760		126.52	96,155.20			
Jun-03	781	75%	126.52	98,812.12			
		Total		1,651,465.58			Additional Impact for change from 140% to 185% Gross

	Jun-Sep 2001	Remaining	Total
Total	126,013.92	1,525,451.64	1,651,465.56
Federal %	78.99%	78.91%	
Federal	99,538	1,203,734	1,303,272
General	26,476	321,718	348,194



Removal of the Asset Test per 2/22/2001 Fiscal Note

Description	Total Cost	General Funds	Federal Funds
Medicaid Program	\$ 4,328,310	\$ 1,304,120	\$ 3,024,190
Adult Care Takers and Children 19-20	\$ 523,904	\$ 157,224	\$ 366,680
Healthy Steps Savings	\$(2,918,020)	\$(614,488)	\$(2,300,534)
County Reimbursement for Healthy Steps Eligibility Determination	\$ 467,644	\$ 98,658	\$ 368,986
"Vision" System Changes			
Asset Test Removal	\$ 24,000	\$ 12,000	\$ 12,000
Healthy Steps Eligibility System Maintenance	\$ 418,000	\$ 124,841	\$ 290,459
System Maintenance	\$ 56,674	\$ 11,909	\$ 43,765
Anticipated SWAP Loss	\$ 233,772	\$ 233,772	\$(233,772)
Program Expenditures in Excess of 10% Cap	\$ 373,710	\$ 373,710	\$(373,710)
	\$ 3,506,894	\$ 1,701,348	\$ 1,198,064

The Following Proposed Amendments to the above fiscal note represent:

- (1) Enhanced Match for removal of the asset test (21/79 vs 30/70)
- (2) The Department of Human Services to continue to determine Healthy Steps Eligibility
- (3) Modify Healthy Steps Eligibility to a 165% Gross Income Test

Note: The "Anticipated SWAP Loss" is not included in this proposal. The administrative cost savings at the county level due to the removal of the asset test, if any, will still need to be estimated.

Description	Total Cost	General Funds	Federal Funds
Medicaid Program	\$ 4,328,310	\$ 908,945	\$ 3,419,365
Adult Care Takers and Children 19-20	\$ 523,904	\$ 110,020	\$ 413,884
Healthy Steps Savings	\$(2,918,020)	\$(614,488)	\$(2,300,534)
County Reimbursement for Healthy Steps Eligibility Determination	\$ -	\$ -	\$ -
"Vision" System Changes			
Asset Test Removal	\$ 24,000	\$ 12,000	\$ 12,000
Healthy Steps Eligibility System Maintenance	\$ -	\$ -	\$ -
System Maintenance	\$ -	\$ -	\$ -
Anticipated SWAP Loss	???	???	???
Program Expenditures in Excess of 10% Cap	\$ -	\$ -	\$ -
Additional Department of Human Service FTE to determine Healthy Steps Eligibility	\$ 68,000	\$ 14,280	\$ 53,720
165% Gross Income for Healthy Steps Eligibility	\$ 1,657,143	\$ 348,000	\$ 1,309,143
	\$ 3,686,337	\$ 778,769	\$ 2,907,578

Net Difference between proposals	\$ 179,443	\$ (922,589)	\$ 1,709,514
---	------------	--------------	--------------



ND DEPARTMENT OF HUMAN SERVICES/OEA
SFN 405 (Rev. 01-2001)

HB1441

APPLICATION FOR MEDICAID, TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF), FOOD STAMPS, AND CHILD CARE ASSISTANCE

PART I

- You may apply for any or all of these programs with this application.
- You must complete Part 2 of this application. If you are applying for Medicaid, Food Stamps, or Child Care Assistance you must also complete Part 3 through Part 7.
- You must complete an interview for Food Stamps and Temporary Assistance for Needy Families (TANF). Medicaid and Child Care Assistance do not require a face to face interview.
- We will make a decision on your application for TANF and Food Stamps within 30 days after it is received. We will make a decision on your application for Medicaid and Child Care Assistance within 45 days (90 days for Medicaid if a disability decision is pending) after it is received.

On the back of this page is a list of things you will need to provide. You may have a friend, relative, or someone else help you to complete this application. The county social service office can also help you.

Return Application To:

HB 1441

**TESTIMONY BEFORE THE SENATE APPROPRIATIONS COMMITTEE
REGARDING HOUSE BILL 1441
MARCH 26, 2001**

Chairman Nething, members of the committee, my name is David Zentner, Director of Medical Services for the Department of Human Services. I appear before you today to provide information regarding this bill.

This bill as currently amended eliminates the asset test for the children and families eligibility categories in the Medicaid Program. In addition, it would raise the income level for Healthy Steps from 140% of adjusted gross income to 185% of gross income with exceptions made for families with self-employment income. The bill would also retain eligibility determination for Healthy Steps with the Department.

The Department was requested to prepare a fiscal note that would estimate the cost of implementing the provisions of this legislation. We attempted to use the best information available to us to estimate the costs to implement any new initiative. However, it is difficult to predict how a change such as this will influence the decision of families to apply for a particular program.

The Department used data from the Robert Wood Johnson 1998 survey of the uninsured to estimate the number of additional Medicaid recipients. The data is difficult to interpret because the survey information is based on gross income and the Medicaid Program is based on net income. We estimated that about 5,948 children would be eligible but not enrolled in Medicaid in 1998. We then estimated that about 25% of these families would choose to enroll in Medicaid because the process would be simplified. While this estimate may seem small, we based it on the fact that we have already enrolled about 77% of the children eligible for the program. (About 20,000 of the estimated 26,000 eligible children) We concluded that this group of families are the most difficult to reach and may have other reasons for not applying for the program.

Based on the 25% figure, we estimated that 1,487 children would become eligible for Medicaid if the asset test were eliminated. Of that number, we estimated based on our review of current cases that 960 of these children are currently on or would have been eligible for the Healthy Steps program. Therefore, we estimated that 527 additional children would be added to the Medicaid Program if the asset test were eliminated. Also, 182 individuals over 18 would also be eligible for Medicaid.

The Department will be able to submit a plan amendment to the Health Care Financing Administration (HCFA) that will permit us to claim the higher enhanced federal match for the 960 children currently eligible for Healthy Steps. We can continue to claim the higher rate of about 79% because we will provide coverage to these children through a Medicaid Expansion similar to Phase I of the program that expanded Medicaid coverage for 18 year old children in families with adjusted income at or below 100% of poverty. The other children and adults would be eligible through the regular Medicaid match of about 70%. The cost to add the 1,669 individuals to the Medicaid Program is \$3.6 million, of which about \$.9 million are general funds. This amount is offset by the savings to the Healthy Steps Program of about \$2.2 million, of which about \$460,000 are general funds.

We also estimated the impact to the Healthy Steps Program of adopting a gross income limit of 185% of the federal poverty level. We used data from the 1998 Robert Wood Johnson survey to estimate that about 1,041 additional children could be eligible at that income level. We estimated that about 655 children would be enrolled in the program by the end of the next biennium. The cost to add those children is about \$1.1 million, of which about \$231,000 are general funds.

The bill as amended by the House required that counties determine eligibility for the Healthy Steps Program. Currently, eligibility is determined within the Medical Services Division. Counties indicated that they wanted about 80% of the

available administrative costs or about \$475,000 to take over the eligibility function. In addition, the cost to modify the VISION computer system was estimated at about \$415,000 and computer operating costs were estimated at about \$56,000. Current expenditures to determine eligibility is about \$90,000. The bill was amended to permit the Department to continue to determine eligibility for the Healthy Steps Program. The fiscal note does restore the two positions for the Healthy Steps Program that was removed by the House in anticipation of the counties taking over the eligibility function. The two positions are needed to ensure that all eligibility functions are carried out in a timely manner and allows the department to hire a Healthy Steps Director who can spend full time administering and improving this program. The department implemented the program without adding any staff in 1999. The cost of these two positions is about \$173,000, of which about \$37,000 are general funds.

Simplifying the application process by eliminating the Medicaid asset test is a laudable goal. However, adding additional children to the Medicaid Program could add to the problem of dental access for Medicaid recipients. The Department is experiencing an access problem in the Medicaid Program for dental services. The two major factors for this access problem include Medicaid fees that are lower than the amount paid by private pay or insurance and the fact that dentists have sufficient private pay patients to fill available appointment space. We are not aware of access problems in the Healthy Steps Program. Information received from Blue Cross/Blue Shield indicates that utilization for dental services exceeded initial expectations. We are concerned that some of the additional children eligible for Medicaid may have difficulty obtaining dental care.

The Department remains neutral regarding this issue, but must note that the costs associated with this change are not included in the Executive budget.

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

INCOME LEVELS

Family Size	100% Federal Poverty Level	140% of Federal Poverty Level	165% of Federal Poverty Level
1	\$ 696	\$ 975	\$ 1,148
2	938	1,313	1,548
3	1,180	1,651	1,947
4	1,421	1,990	2,345
5	1,663	2,328	2,744
6	1,905	2,666	3,143
7	2,146	3,005	3,541
8	2,388	3,343	3,940
9	2,630	3,681	4,340
10	2,871	4,020	4,737

THE
ROBERT WOOD
JOHNSON
FOUNDATION

February 2001

Dear Colleague:

This is not a request for funds.

It's important for me to state that quickly because a number of grantmakers misunderstood a similar letter mailed out in the past...and some actually sent us checks.

The Robert Wood Johnson Foundation® is interested in co-funding health projects of interest to your philanthropy. We want to match—dollar for dollar—new and innovative health projects in your community that you consider worthy of support. We particularly are interested in programs that touch on our grantmaking goals, which are outlined in the accompanying *Call for Proposals*.

Under our Local Initiative Funding Partners Program, this Foundation is prepared to commit up to \$500,000 toward the aims of mutually selected projects that you bring to our attention. As stated in the enclosed brochure, all inquiries and initial concept papers should be directed to either Pauline M. Seitz or Orrin T. Hardgrove at Health Research and Education Trust of New Jersey in Princeton, (609) 275-4128, or thardgrove@njha.com. To review some of the currently funded projects, or for more information, please visit the Local Initiative Funding Partners Web site at www.lifp.org.

I hope you find this of interest. We look forward to learning more about promising projects you recommend—to improve health and health care in your community.

Sincerely,



Steven A. Schroeder, MD

SAS: pat
enclosure

Office of the President and CEO

Route 1 and College Road East Post Office Box 2316 Princeton, New Jersey 08543-2316 (609) 452-8701

Internet: <http://www.rwjf.org>
e-mail: mail@rwjf.org

South Dakota

1400 West 22nd Street
Sioux Falls, SD 57105
phone: (605) 357-1515
(605) 357-1510

**COMMUNITY
HealthCare
ASSOCIATION**

North Dakota

311 N. Washington Street
P.O. Box 1734
Bismarck, ND 58502-1734
phone: (701) 221-9824
fax: (701) 258-3161

HSB 1441

Covering Kids Project

In September 1999, The Robert Wood Johnson Foundation approved a three-year grant of \$669,963 to the State of North Dakota Children's Services Coordinating Committee in support of its participation in the foundation's program, Covering Kids: A National Health Access Initiative for Low-Income, Uninsured Children. The goals of the initiative are three-fold:

- design and conduct outreach programs that identify and enroll eligible children into Medicaid and other coverage programs,
- simplify enrollment processes, and
- coordinate existing coverage programs for low-income children.

The purpose of this study is to evaluate the current enrollment processes and identify opportunities for simplification and increased coordination between Medicaid for children and families and the States Children's Health Insurance Program, Healthy Steps. Program simplification and increased coordination will not only increase the enrollment of eligible children, but also reduce the administrative costs associated with program implementation. This study makes several recommendations that can be low cost and sometimes no cost to the State of North Dakota.

A top priority for our state's leadership has always been improving the quality of life for all North Dakotans. An integral component to achieving this goal is the promotion of better health and strong, self-sufficient families. However, to realize the vision of a healthy workforce and a healthy future for North Dakota, it is fundamental that we set a high priority on the health of our children.

"Promoting Access to HealthCare Across the Dakotas"

web site: www.communityhealthcare.net

About RWJF

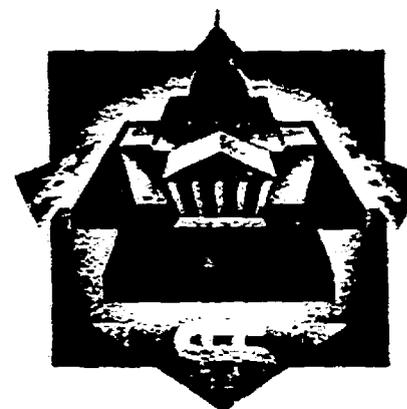
The Robert Wood Johnson Foundation* was established as a national philanthropy in 1972 and today is the largest US foundation devoted to health and health care. The Foundation concentrates its grantmaking toward three goal areas:

- to assure that all Americans have access to basic health care at reasonable cost;
- to improve the care and support for people with chronic health conditions; and
- to promote health and reduce the personal, social, and economic harm caused by substance abuse—tobacco, alcohol, and illicit drugs.

This document, as well as many other Foundation publications and resources, is available on the Foundation's Web site:
www.rwjf.org

THE
ROBERT WOOD
JOHNSON
FOUNDATION.

Route 1 and College Road East
Post Office Box 2316
Princeton, New Jersey 08543-2316



State
Coverage
Initiatives

2001

THE
ROBERT WOOD JOHNSON
FOUNDATION

Purpose

State Coverage Initiatives (SCI), a program of The Robert Wood Johnson Foundation, is intended to help states develop and implement policies that expand access to health insurance coverage. The program provides states with technical assistance and financial support to assist them as they examine coverage expansion strategies and implement expansion programs.

SCI's objective is to help build the day-to-day policy making and technical capacity of state governments to:

- plan, execute, and sustain expansions of health care coverage to the previously uninsured, particularly families and other working uninsured;
- plan, execute, and sustain methods to improve the availability and affordability of health insurance; and
- overcome policy and technical obstacles to design, implement, and sustain coverage expansions.

We are particularly interested in helping states to:

- identify, plan and implement innovative approaches to extend coverage to families through public programs such as Medicaid and the State Children's Health Insurance Program, as well as other state-designed coverage programs;
- implement strategies to build upon and extend employer-based coverage;
- expand the availability and affordability of health insurance for individuals; and
- explore new coverage models and partnerships.

The program

The State Coverage Initiatives program is the successor to the State Initiatives in Health Care Reform (SI) program, originally established in 1991 by The Robert Wood Johnson Foundation. The SI program provided grant support for the health care reform efforts of 25 states and provided technical assistance to virtually every state in the nation. In response to the renewed focus on state roles in expanding health care coverage — as evidenced by the State Children's Health Insurance Program and other recent state efforts to expand insurance coverage — the Foundation has established the State Coverage Initiatives program.

The SCI program offers two basic types of support to states:

- (1) policy and technical assistance.

Policy and technical assistance

(2) grants:

- small, fast-track grants to support policy planning work.
- large demonstration grants to support the design and implementation of significant coverage expansion programs.

The *State Coverage Initiatives* program is currently providing technical assistance to a number of states and stands ready to assist additional states in their coverage expansion efforts. In addition, the SCI program is now taking applications for the following types of grants:

- small (up to \$150,000) policy planning or exploratory grants reviewed on a rolling basis as received.
- large demonstration grants (up to \$1.5 million).

The *State Coverage Initiatives* program offers state agencies a wide range of policy and technical assistance to support health insurance coverage expansions. This assistance is confidential, nonpartisan, and free of charge to states. The program makes available the extensive expertise of the Academy for Health Services Research and Health Policy (Academy), the Urban Institute, the State Health Access Data Center at the University of Minnesota, and a panel of other respected consultants.

Policy and technical assistance is intended to be highly flexible and inter-disciplinary to meet the needs of individual states. The Academy provides this assistance through:

- on-site consultations that are confidential, nonpartisan, and free of charge;
- regional workshops for state officials on successful models of coverage expansion;
- customized policy retreats for state officials;
- publications, including technical manuals, issue briefs, case studies, and a newsletter; and
- a Web site <www.statecoverage.net> that provides research tools, including a breakdown of state coverage expansion efforts and links to state programs.

Grants to support coverage expansions

Examples of the types of state-specific assistance provided include:

- sending a team of policy or technical experts to assist a state agency with diagnosing a problem, identifying solutions, or developing new strategies and policies;
- convening and facilitating a policy retreat of state health officials;
- preparing a policy or management memo on a specific coverage issue or problem; and
- hosting small group consultations for several states experiencing the same policy or technical issues with coverage expansion.

The *State Coverage Initiatives* program offers two types of grants to assist states in their coverage expansion activities. Small policy planning grants are intended to support a variety of exploratory approaches and activities in the early stages of the planning process towards expanding coverage. States may apply for up to \$150,000 to support studies, market analyses, state staff or consultants to work on a coverage expansion initiative.

The SCI program also offers large demonstration grants of up to \$1.5 million for states that have selected a coverage expansion mechanism and seek assistance in designing and implementing the coverage expansion program. These grants are targeted at states that aim to achieve a sizable coverage objective, such as expanding eligibility to all children in the state, or the demonstration of an innovative coverage model or partnership. Applicants for these demonstration grants must show evidence of commitment by the state executive and legislative branches to continue to support and fund the program so that it achieves the coverage objectives.

Amount and use of grant funds

Small policy planning grant awards range from \$75,000 to \$150,000, with an average of \$125,000. Grant periods may vary, but will not exceed 24 months. These grants will be reviewed on a fast-track basis. Grant funds may be used to hire personnel or contract with outside consultants. As noted above, these grants are

intended for states in the early stages of the planning process. Examples of activities to be funded under these grants include:

- hiring staff to assist in evaluating various coverage expansion options;
- funding a policy retreat, including travel for officials from other states;
- engaging a consultant to explore the feasibility of various models, financing arrangements of target populations for coverage; and
- funding staff time to develop an SCI demonstration grant proposal.

Large demonstration grant awards range from \$1.0 million to \$1.5 million, with an average of \$1.25 million. The grants will be awarded in two rounds. Round I applications are due by June 1, 2001 and will be awarded by November 1, 2001. Round II applications are due by July 1, 2002 and will be awarded by December 1, 2002. We anticipate that four states will receive demonstration grants in both Round I and Round II, for a total of eight state demonstrations. Grant periods will vary, but there is a maximum grant period of 36 months.

The large demonstration grants will be divided into two phases: a design phase (approximately 12 months) and an implementation phase (approximately 24 months). Examples of work to be conducted in the design phase include the following:

- hiring a project director to oversee development of a particular coverage expansion mechanism;
- retaining consultant(s) to assist with design of a coverage expansion strategy; and
- funding staff time to prepare background information necessary to support a policy proposal or waiver application.

Implementation funds under Phase II will be released after the state's coverage expansion has been enacted, funded, and approved by the federal government (if necessary). Demonstration grant funds may be used to support project staff salaries, consultant

fees, data processing, supplies, and direct expenses of carrying out the activities of the proposed initiative, including a limited amount of essential equipment. Examples of work to be conducted in the implementation phase include:

- hiring project staff to support all components of program implementation, including monitoring and refinement, outreach and enrollment, enrollee cost-sharing requirements, and data collection;
- conducting focus groups to assess the program; and
- hiring a contractor to conduct a program evaluation.

Though the grant funding will be released in two phases, states will only be required to submit one demonstration grant application. Monies for the second phase will be released once that state has taken all the steps necessary to begin implementation. In cases where an applicant has already completed design work on a coverage expansion, the demonstration grant award can be devoted entirely to implementation activities.

Under the demonstration grants, the state will be required to increase the total project budget by matching at least 25 percent of the grant award. The state match can include direct or in-kind support, or state contributions to subsidy payments.

Eligibility and election criteria

Applications for grant awards or requests for technical assistance must be from an executive branch agency within one of the 50 United States or the District of Columbia. Grant applications must be submitted by a secretary or commissioner from a department or agency with a central role in the coverage expansion effort.

Under this program, proposals for small policy planning grants will be assessed using the following criteria:

- evidence that there is support for exploring new models of coverage expansion;
- evidence that the work conducted under the planning grant will be integral to the work of the policymakers who affect change; and
- potential for the project to contribute to the public coverage knowledge base.

Successful applicants for the large demonstration grants will be required to show that:

- the state has a clear strategy for expanding coverage;
- the magnitude of the coverage expansion being planned achieves a sizable coverage objective, such as expanding eligibility to all children in the state, achieving near-universal access to coverage, making a significant percentage reduction in the uninsured, or demonstrating an innovative coverage model or partnership;
- the work conducted in the design phase will be integral to the work of the policymakers who affect change;
- the likelihood of action being taken is high; and
- there is evidence of commitment by the executive and legislative branches to launch a significant coverage expansion within the next one to two years.

In addition, for Phase II funding to be released under the demonstration grants, states must be able to show that:

- the state has enacted and funded a significant coverage expansion, and that it has received federal approval (if necessary); and
- there is evidence of commitment by the executive and legislative branches to continue to support and fund the program so that it achieves the state's coverage objectives.

Evaluation and monitoring

An evaluation of the program may be conducted by an independent research group selected and funded by the Foundation. As a condition for accepting Foundation funds, grantees will be expected to participate in the evaluation. Grantees will also be required to submit periodic information needed for overall program management and monitoring.

How to apply

States may contact the Academy for Health Services Research and Health Policy directly to inquire about a technical assistance request. There is no formal application procedure to obtain technical assistance support. To make a request, please contact the National Program Office at the address provided below or visit our Web site at <www.statecoverage.net>.

Applications for the policy planning grants and the demonstration grants are straightforward. The policy planning grants require a narrative of up to ten pages describing the proposed activities, a line-item budget, a narrative budget description, and a cover letter from the secretary or commissioner of the applicant agency. The demonstration grant applications must include a 20-page narrative of the proposed activities, a line-item budget, a narrative budget description, a cover letter from the governor designating the lead agency, and a letter from the secretary or commissioner of that agency.

States wishing to submit grant applications to the demonstration program are encouraged to submit a letter of intent describing the concept of the proposal prior to submitting a fully developed proposal. The submission of a letter of intent will permit the Academy to provide feedback to state applicants regarding their proposal. The letter should be no longer than four double-spaced pages and should be submitted on the applicant state's letterhead, with five copies sent to the address below. Applicants for policy planning grants are encouraged to consult with Academy staff prior to submitting a full application.

For full proposals, application materials with more detailed instructions are available from the Academy at its Web site <www.statecoverage.net>, or by contacting Academy staff at the address below. All applications will be reviewed by an advisory committee of health care experts appointed by the Foundation. Site visits may be made to certain states either prior to or after the submission of a full application.

Small planning grant proposals will be reviewed on a rolling basis as they are received. Applications for the first round of large demonstration grants must be received by June 1, 2001. Second round applications must be received by July 1, 2002.

**About the
National
Program Office**

The Academy for Health Services Research and Health Policy serves as the national program office for the State Coverage Initiatives program. The Academy provides overall direction for the SCI program, manages and provides technical assistance to states, and coordinates grants. The Academy's staff serves as the contact for the program.

The Academy is the professional home for the health services research and health policy fields/communities, providing technical assistance, education, research, convening, and program management. Based in Washington, DC, the Academy was formed by the merger of the Alpha Center and the Association for Health Services Research.

**Program
direction**

W. David Helms, PhD, president and CEO of the Academy, directs the State Coverage Initiatives program. Vickie Gates, an Academy vice president, serves as deputy director. Other program staff from the Academy include Anne K. Gauthier, Kevin B. Piper, Benjamin P. Wheatley, Jeremy J. Alberga, Carole C. Lee, Sarah B. Molinari, and Gerald P. Wilson.

The SCI team also includes a talented group of external consultants, including Len Nichols (principal research associate, The Urban Institute), Linda Blumberg (research associate, The Urban Institute), Deborah Chollet (senior fellow, Mathematica Policy Research, Inc.), Jack Meyer (president, Economic and Social Research Institute), Mary Jo O'Brien (president, Capital Health Strategies), and Linda Schofield (Schofield Consulting). These consultants will provide assistance in the areas of problem diagnosis, plan design, modeling, market analysis, data sources, and other resources based on each state's needs.

Foundation staff primarily responsible for the SCI program are Pamela S. Dickson, senior program officer; Robert Hughes, PhD, vice president; Tom Andruszewski, program assistant; Stuart Schear, senior communications officer; and Benjamin Warner, financial analyst.

**For further
information
contact**

Queries, technical assistance requests, letters of intent, and requests for application materials should be directed to:

Vickie Gates
Deputy Director, State Coverage Initiatives
Academy for Health Services Research and
Health Policy
1801 K Street NW, Suite 701-L
Washington, DC 20006-1301
Tel: 202-292-6700
Fax: 202-292-6800
e-mail: gates@ahsrhp.org
Web site: www.statecoverage.net

About RWJF

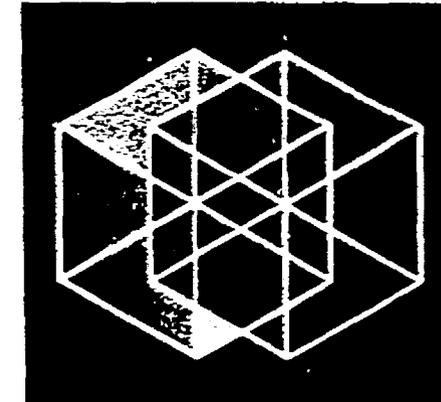
The Robert Wood Johnson Foundation[®] was established as a national philanthropy in 1972 and today is the largest US foundation devoted to health and health care. The Foundation concentrates its grantmaking toward three goal areas:

- to assure that all Americans have access to basic health care at reasonable cost;
- to improve the care and support for people with chronic health conditions; and
- to promote health and reduce the personal, social, and economic harm caused by substance abuse—tobacco, alcohol, and illicit drugs.

This document, as well as many other Foundation publications and resources, is available on the Foundation's Web site:
www.rwjf.org

THE
ROBERT WOOD
JOHNSON
FOUNDATION.

Route 1 and College Road East
Post Office Box 2316
Princeton, New Jersey 08543-2316



Local
Initiative
Funding
Partners
Program
2002

THE
ROBERT WOOD JOHNSON
FOUNDATION

To see examples of our current projects, local funding partners, and for a downloadable version of this *Call for Proposals*, please visit our Web site at www.lifp.org.

Summary

The Local Initiative Funding Partnership (LIFP) program is a matching grants program designed to establish partnerships between The Robert Wood Johnson Foundation (RWJF) and local grantmakers in support of innovative, community-based projects that improve health and health care for underserved and at-risk populations.

LIFP provides 36- to 48-month grants of \$100,000 to \$500,000. Grants must be matched dollar for dollar by local sources. In 2002, up to \$8 million will be awarded under the program.

Under LIFP, local grantmakers (such as community foundations, family foundations, corporate grantmakers, and others) propose a partnership with RWJF to fund a new initiative. Grants may be made to community non-profit organizations or institutions with the capacity to implement the new initiative.

Background

The intent of the LIFP program is to enable RWJF to partner with private funders to implement new ideas and strategies that reflect their community priorities. Local funders are often the first to identify community-based projects that have the potential to achieve real solutions to difficult health and health care issues. They may invest seed money in projects that — if fully funded — could take root in a community and provide lasting benefits.

Through LIFP local grantmakers can leverage additional funds from RWJF to help implement and expand new projects. Since 1987, more than \$55 million in LIFP grants have been awarded to projects designed to advance health and health care in communities across the United States.

The program

Under LIFP, a local grantmaker proposes a funding partnership with The Robert Wood Johnson Foundation on behalf of a local applicant for grant funds. This matching grants program was established to help support projects that are consistent with the Foundation's funding interests in improving health and health care for all Americans.

Projects designed to improve health may

- address community and social factors that affect individual health such as stress and social isolation.

- work to increase the adoption of healthy behaviors such as physical activity and proper diet; or
- seek to decrease the use and negative health and social consequences of tobacco, alcohol and illegal drugs.

Projects designed to improve health care may:

- enroll more Americans in health insurance programs;
- remove the cultural and economic barriers that create disparities in care;
- expedite the adoption of best practices in the care of people with chronic disease;
- provide supportive services to help people with chronic health conditions stay in their communities; or
- increase the number of people who receive high quality care at the end of life.

The LIFP provides 36- to 48-month grants that range from \$100,000 to \$500,000. Grants must be matched dollar for dollar by local sources. In 2002, up to \$8 million will be awarded under the program.

Eligibility criteria

To be eligible for LIFP funding, projects must offer community-based services that are new and innovative for the community, if not for the county, state, or nation. Significant program expansions — such as an ambitious expansion into new regions or to new populations — also are acceptable. The Foundation is especially interested in initiatives that take creative steps to sustain their work after their grant ends.

Applicants may be either public entities or nonprofit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code and not classified as a private foundation under Section 509(a).

Local grantmakers supplying matching funds during the grant period may include corporate or private foundations, local charitable organizations, religious groups, special fund-raising entities, or individual benefactors. In-kind services and funds for capital costs may not be used to match RWJF funds.

In special circumstances — when it can be demonstrated that no other philanthropic support is accessible in the region — city, county, or state funds may be considered as a source of matching dollars. However, applicants must clearly document that these

are new public funds, designated on this project. Typically, coalitions of funders contribute to the match over the life of the grant. As projects move forward in the competitive application process, the commitment of local grantmakers is one of the key criteria used for selection.

All matching funds must represent *new funding specifically designated* to support the proposed project. Agencies previously funded by RWJF are not eligible to apply for funds under LIFP unless the new project is demonstrably different from the originally funded program.

Use of grant funds

RWJF funds may be used for staff salaries, project-related travel, supplies, a limited amount of equipment, and other direct expenses essential to the project.

These grant funds may not be used for capital costs, including construction, renovation and most equipment purchases; for existing operational expenses or deficits; for research studies; or to substitute for funds currently supporting similar services.

Grant funds for the projects selected will not be disbursed until the Foundation receives written confirmation that the local matching share has been authorized by the local partners.

Application procedures

Stage I

There are two stages in the application process.

STAGE I: LETTER OF RECOMMENDATION AND CONCEPT PAPER.

A *local grantmaker* must prepare an original letter of recommendation nominating the local applicant's project. The grantmaker should state their intention to work with all potential funding partners and the applicant to obtain the funding necessary to match RWJF funds.

The nominating letter should include the name and address of the local applicant and the name, telephone number, and e-mail address of the contact person at that organization.

The *local applicant* for grant funds, in consultation with the nominating funder, must prepare a concept paper describing the project. The concept paper must not exceed six pages, typed and double-spaced, including a one-page preliminary budget.

The concept paper should clearly describe:

- the need for the project, the target population, service goals, intervention, and measurable outcomes;
- the project's consistency with the mission of The Robert Wood Johnson Foundation to improve the health and health care of all Americans;
- how the project is innovative at the community, county, regional, state, or national level;
- the integration of the project with existing services;
- the strength of collaborations and community support; and
- the project's strategies for long-term funding and viability.

If the applicant has ever received funding from RWJF, the concept paper must clearly describe the difference between this proposed project and the previously funded project.

Ten sets — an original plus nine copies — of all first-stage materials should be mailed to the address in the Inquiries section. Faxes and e-mails will not be accepted. No additional materials will be accepted.

Stage II

STAGE II: FULL PROPOSALS

Selected applications will be invited to submit full proposals. Half-day proposal workshops will be held in October 2001 (please see the Timetable for dates) to help these applicants develop their proposals. Applicants are required to submit 12 sets of their proposal — an original plus 11 copies.

Members of an advisory committee, national program office staff, and Foundation staff will review full proposals. After this review, projects still in consideration for funding will receive site visits. At that time there must be clear evidence that matching funds will be in place for the first year and that local funding sources for subsequent years have been identified.

The Foundation does not provide individual critiques of proposals submitted.

Program direction

Direction and technical assistance are provided by the LIFP national program office located at the Health Research and Educational Trust of New Jersey. Pauline M. Seitz is the program director; Orrin T. Hardgrove is the deputy director; Debbi Dunn Solomon is the

communications director; and Lynne Long-Higham is the program manager. Foundation staff include Jane Isaacs Lowe, PhD, senior program officer; Robert Hughes, PhD, vice president; Jean J. Lim, program associate; Diane Montagne, program assistant; Paul Tarini, senior communications officer; and Megha Sanghavi, financial analyst.

Inquiries

Please direct all inquiries and applications to:
Pauline M. Seitz, Director, or
Orrin T. Hardgrove, Deputy Director
Local Initiative Funding Partners Program
c/o Health Research and Educational Trust
of New Jersey
760 Alexander Road
Princeton, NJ 08543-0001
Telephone: 609/275-4128
e-mail: thardgrove@njha.com
Web site: www.lifp.org

Timetable

August 1, 2001	Deadline for receipt of Stage I application at the LIFP office.
September 25, 2001	Notification will be mailed to applicants invited to submit full Stage II proposals.
October 19, 2001	Invitational half-day proposal assistance workshop on the East Coast. (Location to be determined.)
October 26, 2001	Invitational half-day proposal assistance workshop on the West Coast. (Location to be determined.)
December 4, 2001	Deadline for receipt of invited Stage II proposals at the LIFP office.
August 1, 2002	Start of grant award periods

In fairness to applicants who meet submission deadlines, we will not accept late submissions.

2002 LOCAL INITIATIVE FUNDING PARTNERS PROGRAM
Concept Paper Information Sheet
(Please type the requested information.)

PROJECT TITLE _____

ORGANIZATION TO ADMINISTER THE PROPOSED PROJECT

ORGANIZATION NAME: _____

ADDRESS: _____

TOTAL PROJECT BUDGET \$ _____

TOTAL AMOUNT REQUESTED FROM LIEPP \$ _____ OVER _____ YEARS.

[You may request a total amount of \$100,000 to \$500,000 over a period of three or four years.]

BUDGET TO BEGIN: 8/1/2002 DATE BUDGET ENDS: _____

CONTACT PERSON (DESIGNATED TO ADDRESS DETAILED QUESTIONS DURING THE REVIEW PROCESS)

NAME _____ TITLE: _____

ADDRESS (if different than above address) _____

CITY _____ STATE: _____ ZIP: _____

PHONE _____ FAX: _____ E-MAIL: _____

NOMINATING FUNDING PARTNER (SERVES AS THE PRIMARY CONTACT WITH LOCAL FUNDERS)

ORGANIZATION NAME: _____

NAME OF EXECUTIVE OFFICER _____

CONTACT PERSON (if different than executive officer) _____ TITLE: _____

ADDRESS _____

CITY _____ STATE: _____ ZIP: _____

PHONE _____ FAX: _____ E-MAIL: _____

Note: ADDITIONAL FUNDING PARTNERS SHOULD BE LISTED ON A SEPARATE SHEET

BRIEF SUMMARY OF PROPOSED INTERVENTION: _____

Has the applicant organization ever received funds from The Robert Wood Johnson Foundation? Yes No

If previous RWJ funding, please explain in your Concept Paper how this project differs from the previous project

2002 LOCAL INITIATIVE FUNDING PARTNERS PROGRAM
Concept Paper Information Sheet
(Please type the requested information.)

PROJECT TITLE _____

ORGANIZATION TO ADMINISTER THE PROPOSED PROJECT

ORGANIZATION NAME _____

ADDRESS _____

TOTAL PROJECT BUDGET \$ _____

TOTAL AMOUNT REQUESTED FROM LIFFP'S _____ OVER _____ YEARS

(You may request a total amount of \$100,000 to \$500,000 over a period of three or four years.)

BUDGET TO BEGIN 8/1/2002 DATE BUDGET ENDS: _____

CONTACT PERSON (DESIGNATED TO ADDRESS DETAILED QUESTIONS DURING THE REVIEW PROCESS)

NAME: _____ TITLE: _____

ADDRESS (if different than above address) _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: _____ FAX: _____ E-MAIL: _____

NOMINATING FUNDING PARTNER (SERVES AS THE PRIMARY CONTACT WITH LOCAL FUNDERS)

ORGANIZATION NAME _____

NAME OF EXECUTIVE OFFICER: _____

CONTACT PERSON (if different than executive officer) _____ TITLE: _____

ADDRESS _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: _____ FAX: _____ E-MAIL: _____

Note: ADDITIONAL FUNDING PARTNERS SHOULD BE LISTED ON A SEPARATE SHEET

BRIEF SUMMARY OF PROPOSED INTERVENTION: _____

Has the applicant organization ever received funds from The Robert Wood Johnson Foundation? () Yes () No

If previous RWJF funding, please explain in your Concept Paper how this project differs from the previous project

**Checklist of
Items for Stage I
Concept Paper
Submission**

- _____ I have forwarded ten complete sets of all Stage I materials (an original plus nine copies) to arrive at the national program office no later than 5 p.m. on Wednesday, August 1, 2001.
- _____ I have completed every item on the Concept Paper Information Sheet and have placed it as the first page of every set.
- _____ I have included the letter of nomination from a local grantmaker in all sets.
- _____ I have provided a clear description of the project's need, the target population, service goals, intervention, and measurable outcomes.
- _____ I have demonstrated innovation at the community, county, regional, state, or national level.
- _____ I have demonstrated integration with existing services.
- _____ I have provided information on collaborations and community support.
- _____ I have discussed strategies for long-term funding and viability.
- _____ I understand that the minimum award period is 3 years with a maximum of 4 years.
- _____ I understand that the minimum match awarded is \$100,000 and the maximum is \$500,000.

**Table of
contents for
Stage I
application
due 8/1/2001**

**A word about
co-funders**

All ten sets should include:

- 1) a concept paper information sheet;
- 2) a nominating letter from a local grantmaker proposing a funding partnership with RWJF on behalf of the local project; and
- 3) a concept paper prepared by applicant organization including one-page budget.

RWJF encourages partnerships with multiple local funders over the three or four year life of the grant. Local grantmakers may support the project for one or more years as long as the total amount of matching funds are in place for each year of the grant. The nominating funder remains the Foundation's primary contact with all other local funders throughout the life of the project.

To see examples of our current projects, local funding partners, and for a downloadable version of this *Call for Proposals*, please visit our Web site at www.lifp.org.

Curtis
Volesky

TESTIMONY ON ENGROSSED HB 1441
FEBRUARY 13, 2001

Chairman Svedjan, members of the committee, I am Curtis Volesky, Director of Medicaid Eligibility for the Department of Human Services. I am here to comment on Section 1. This amendment to the bill provides for Medicaid eligibility for minors and pregnant women without consideration of assets.

The proposed amendment would still require the collection of asset information for any household that contains a child over age 18 or an eligible caretaker who is not pregnant. Eligibility for family members who are age 18 or older would still be determined using assets. This comes to more than 50% of households with children and pregnant women. Eliminating the asset test for some family members may appear to be simplification, however, it further complicates policy and eligibility systems. The term "minor," for instance, does not coincide with the definition of a child in any of the Medicaid coverage groups. Both policy and systems would have to be changed to address these different treatments for different family members in various situations. This change could also be confusing and misleading to families. On one hand we would tell them that we don't consider assets, but then would have to collect asset information to determine eligibility for other family members. Additionally, children who would be eligible without looking at assets would need to have their eligibility redetermined, considering assets, when they reach their eighteenth birthday. It may be perceived that an eligible child becomes ineligible just by turning age eighteen.

The cost associated with this amendment, excluding system changes, is projected at \$1,852,266 of which \$565,286 are general funds. We estimate that an additional \$24,000 would be needed to modify the eligibility system. For these reasons, and because the funding for this bill has not been included in the Governor's budget, the department respectfully recommends that Section 1 not be included in HB 1441.

If you do decide to retain Section 1, we request that the language be changed. On page 1, line 9, by replacing "minors and pregnant

women" with "children and family coverage groups," the administrative problems and confusion to families would be eliminated. The change would still meet the Human Services Committee members' expression of intent.

This change would allow all members of a family, who are eligible under one of the children and family coverage groups, to be eligible without regard to assets. No asset information would have to be collected for Medicaid purposes for these families, and families would not perceive that children lose eligibility because they turn 18. In addition, Medicaid eligibility for families would be more compatible with Healthy Steps, and it would become feasible to create a joint application for Medicaid and Healthy Steps. Today, if a family applies for Medicaid and is ineligible, they must complete a separate application for Healthy Steps. Likewise, if a family completes a Healthy Steps application, and it appears that the children are Medicaid eligible, the family must separately apply for Medicaid. Many do not follow through. With the language change, families could complete one application to be used to determine eligibility either for Medicaid or for the children under the Healthy Steps program.

This language change, however, would affect the fiscal note. We estimate that additional children ages 18 to 21 and caretakers of deprived children, totaling 182 individuals, would be eligible. The biennial cost of 182 more eligible individuals would be \$523,904. The general fund share would be \$157,224.

I will be glad to answer any questions regarding my testimony. Thank you.

27

**CHAPTER 50-29
CHILDREN'S HEALTH INSURANCE PROGRAM**

50-29-01. (Effective October 1, 1999) Definitions. As used in this chapter:

1. "Children's health insurance program" means a program to provide health assistance to low-income children funded through title XXI of the federal Social Security Act [42 U.S.C. 1397aa et seq.].
2. "County agency" means the county social service board.
3. "Department" means the department of human services.
4. "Plan" means the children's health insurance program state plan.
5. "Poverty line" means the official income poverty line as defined by the United States office of management and budget and revised annually in accordance with 42 U.S.C. 9902(2), applicable to a family of the size involved.

50-29-02. (Effective October 1, 1999) Duties of the department. The department shall:

1. Prepare, submit, and implement the plan 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;
2. Supervise the administration of the children's health insurance program throughout this state;
3. Take action, give directions, and adopt rules as may be necessary or desirable to carry out the provisions of this chapter;
4. After federal approval of the plan, 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;
5. Report annually to the legislative council and describe enrollment statistics and costs associated with the plan;
6. 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
7. Administer all funds appropriated or made available to the department for the purpose of carrying out the provisions of this chapter.

50-29-03. (Effective October 1, 1999) Duties of county agency. In the administration of the plan, unless the department otherwise establishes eligibility, the county agency shall:

1. Administer the plan under the direction and supervision of the department; and
2. Make an investigation and record the circumstances of each applicant, obtaining information as may be required by the department.

50-29-04. (Effective October 1, 1999) 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. 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 dental and vision services; and
 - (7) Prenatal services; and
 - e. A coverage effective date that is the first day of the month, following the date of application and determination of eligibility.

50-29-05. (Effective October 1, 1999) Limitations of chapter. Health assistance provided under this chapter is not an entitlement. A person does not have a property interest in any health assistance sought or provided under this chapter. If the department estimates that available funds are insufficient to allow participation by additional applicants, the department may take any action appropriate to avoid commitment of funds in excess of available funds, including denying applications and establishing waiting lists, that is not forbidden by title XXI of the federal Social Security Act [42 U.S.C. 1397aa et seq.] or regulations adopted thereunder. If federal children's health insurance program funding decreases, the department may decrease the income eligibility limit to accommodate the decrease in federal funding, notwithstanding any other provisions of this chapter.

Shelton Wolf

Senate Human Service

March 16, 2001

	HB 1441 From House		Senator Mathern's Amendments				Other Options	
	As Title XXI Medicaid Expansion	185% Gross, AGI, and DHS Determination (10713.0303)	185% Net, Asset Test Elimination, and DHS Determination (10713.0302)	185% Gross, Asset Test Elimination (1-1-2002), and DHS Determination (Note *3)	185% Gross, Asset Test Elimination (Both 1-1-2002), and DHS Determination (Note *4)	185% Gross, Asset Test Elimination, and DHS Determination	165% Net Income (Original Version of 1441)	
Estimated # Children Covered as of 6/2003								
Healthy Steps - Net (Note *1)	(960)	(960)	781	1,406	(179)	(305)	(179)	1,544
Medicaid	1,487	1,487		1,487	1,487	1,487	1,487	
Estimated Number of Adults as of 6/2003								
Medicaid	182	182		182	182	182	182	
Total	709	709	781	3,075	1,490	1,364	1,490	1,544
Expenses								
Asset Test Elimination - Medicaid Expansion	4,328,310	4,328,310	-	4,328,310	3,204,309	3,204,309	4,328,310	
Healthy Steps	(2,915,020)	(2,915,020)	1,651,466	2,119,843	(534,799)	(1,087,818)	(1,263,554)	3,275,982
Asset Test Computer Change	24,000	24,000		24,000	24,000	24,000	24,000	
County Determination of Healthy Steps	467,544	467,544						
Case Taker & Adult Children (Medicaid)	523,904	523,904		523,904	392,928	392,928	523,904	
Computer System - Healthy Steps	415,000	415,000						
Monthly Computer Costs	55,674	55,674						
DHS Eligibility Director (Note *2)			172,966	172,966	172,966	172,966	172,966	172,966
Additional Staff & Operating Costs Study				179,279				
						150,000		
Total	2,899,412	2,899,412	1,824,432	7,348,302	3,259,404	2,856,385	3,785,626	3,448,948
Source of Funding								
General	1,701,348	1,166,465	385,191	1,709,437	804,829	688,197	958,293	727,701
Federal/Other	1,198,064	1,732,947	1,439,241	5,638,865	2,454,575	2,168,188	2,827,333	2,721,247
Total	2,899,412	2,899,412	1,824,432	7,348,302	3,259,404	2,856,385	3,785,626	3,448,948

Notes:

- *1* House Bill 1012 includes funding for 2,885 children. The effects noted here are the changes that HB 1441, Senator Mathern's Amendments and the options increase or decrease the number as identified in HB 1012 as reprojected.
- *2* If the Department determines eligibility, we will need to have the two positions cut by the House re-instated. The cost of these two positions is \$172,966, of which \$36,997 is general Funds.
- *3* Additional amendment being proposed by Senator Mathern per telephone call on 3-15-01. The fiscal impact and individuals served may need to be adjusted based on review of actual amendment once completed by Legislative Council.
- *4* Additional amendment being proposed by Senator Mathern per telephone call on 3-16-01. This amendment has both the Healthy Steps and Asset Elimination starting on 1/1/2002. The fiscal impact and individuals served may need to be adjusted based on review of actual amendment once completed by Legislative Council.

A 639



Children's Caucus

February 5, 2001

Chairperson Price and members of the Human Services
Committee:

The North Dakota Children's Caucus supports House Bill 1441. This small % of increase in the income eligibility limit will significantly benefit our uninsured children.

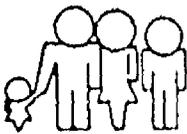
If children are the priority in our state then this program should be made available to as many of this state uninsured children as possible. Children who are healthy learn better and are less likely to participate in at risk behaviors. Being insured encourages parents to get children the medical attention they need sooner.

We know that children's health insurance program has been successful. It is a proven program and presents no risk to this state's dollars. This is our second chance to open up this program and really help a significant number of children get insured. Health insurance is a costly thing for families. We have an opportunity to help parents keep up with their children's health needs.

Please support this increase in Healthy Steps. It is an important step toward insuring our state's children are healthy and productive individuals.

Sincerely,

Linda Isakson,
Children's Caucus



Children's Caucus

March 5, 2001

House Bill 1441:

Senator Lee and members of the committee:

My name is Linda Isakson, Executive Director, Children's Caucus. Healthy Steps has been a main priority of the Caucus since its inception in Congress. It is one of the most effective tools available for parents to make sure our children maintain a healthy and productive lifestyle. States all over the country have realized its value and move their eligibility levels to 200% for a variety of reasons. So important is this program to low income families that many states are currently engaged in writing plans that allow low income families to purchase this coverage for themselves as well as their children.

We as a state seem reluctant to do this. In its original form this bill would have raised the eligibility level from 140% to 165% of poverty. While this is not an adequate increase for the 15,000 uninsured children identified, we saw it as a positive move. Unfortunately, others did not. We are asking that you amend this bill to raise the eligibility level to 200% of poverty and provide this health insurance opportunity to the majority of ND uninsured children. We are also asking that you put North Dakota in position to write a plan that allows for low income families to purchase some or all of the coverage now available. If we can start looking at this possibility, we will be ready for the 2003 legislative session to enact such legislation that would assist families in meeting their health care needs.

I know that we are facing difficult economic times as a state, but our children are this state's future. Insuring this state's children sends a positive message to families and businesses alike. Children are our priority.

Thank you for this time. If I may be of any assistance, please call me at 255-6240.

Linda Isakson, Executive Director

Chairperson Lee and Senate Human Service Committee.

I am Kathy Pfeifle and am speaking to you on behalf of the North Dakota Conference of Social Welfare and to provide testimony on HB1441.

Our mission is to support citizens in NEED in North Dakota. We are the umbrella agency for 30 plus agencies/organizations and a membership of over 500 interested people recognize the need of the children and families on North Dakota.

As Representative Niemeier said, "The children of North Dakota are our future." But, they are our future TODAY They deserve appropriate and adequate health care coverage to become responsible healthy adult North Dakota citizens for tomorrow.

The NDCSW supports HB 1441, its engrossments, and proposed amendments by Representative Niemeier. We also support further expansion of the Children's Health Insurance Program. Expanding this program will provide greater coverage to more children. Families are tested and stressed trying to juggle the immediate financial needs for their family to live. Because of the cost, health insurance becomes an untouchable option available only if there are resources left.

Please consider supporting and expanding HB 1441 an important bill for today's children - Our Future.

Thank you for your time and I would be happy to answer any questions you may have.

Testimony
before the
House Human Services Committee
by
Janelle Johnson
Community HealthCare Association
February 5, 2001

Madam Chairman and members of the House Human Services Committee,

My name is Janelle Johnson and I am the "Covering Kids" Coordinator for the Community HealthCare Association. The Community HealthCare Association is a non-profit corporation in North and South Dakota, established "to provide a network for advocacy and support services to member organizations whose purpose to provide primary health care to the medically underserved residents of North and South Dakota." The Association is primarily funded by grants from federal agencies and private foundations.

I am here today to support HB 1441. This bill, which raises the eligibility income from 140% to 165% of the federal poverty level for the State Children's Health Insurance, "Healthy Steps." My testimony will cover three benefits to this bill: 1) an opportunity to support young families with children, 2) to increase the Healthy Steps risk pool, and 3) to fully utilize available federal match dollars.

According to the 1998 Robert Wood Johnson Foundation Family Survey, three out of four uninsured North Dakotans are employed, and one out of ten work at more than one job. Sixty percent of the uninsured in North Dakota said they worked at firms that offered health insurance, but only 50 percent of them were eligible to apply. Their eligibility is mostly due to their part-time status. The families that would qualify for insurance coverage for their children are many times referred to as the "working poor." Uninsured persons in North Dakota are more likely to be employed in construction, farming, retail, restaurants, and nursing homes. Retail, restaurants, and nursing homes are part of the service industry, which is the fastest growing sector of our economy.

Recently, there is an increased concern about the number of young families leaving North Dakota shortly after finishing trade school or college. The number of graduates deciding to stay in our state is declining. According to a North Dakota University System study of the 1998 graduates, 49% of the graduates had left the state.

within one year of graduation. By increasing the federal poverty level for Healthy Steps, North Dakota would help support new graduates who are just starting out in the job market. By providing health benefits to these young family's children now, families could achieve self-sufficiency in the future. Many of these new employees may not be offered family coverage as a benefit of their first job or may be underemployed and cannot afford to purchase family coverage. But as these young men and women gain experience, they advance to jobs with higher pay or where the employer offers family healthcare coverage as a benefit. Increasing the poverty guidelines insures healthcare coverage for their children as they finish their schooling and begin to enter the job market.

I have included as part of my testimony our publication *Healthy Kids, A Healthy Future*. This publication resulted from a study that evaluated the current enrollment processes and identified opportunities for simplification and increased coordination between Medicaid for Children and the Healthy Steps program. Included in Appendix D of this publication are state program comparisons. The table on the bottom of page 32 is a comparison of states with Medicaid for Children or CHIP income eligibility guidelines set below 200 percent of the federal poverty line. The information printed is already outdated because many states recently made changes to their SCHIP and Medicaid poverty levels. Included in your copies are two updated comparisons developed by the Center on Budget and Policy Priorities and our office to replace the table found on the bottom of page 32. Currently, only the state of Wyoming has a poverty level set lower than North Dakota. South Dakota recently set their poverty level at 200% and joined 38 other states with the poverty level set at 200% or above.

By increasing the number of children insured through Healthy Steps, the risk pool will also be increased. This expansion of the risk pool will help to stabilize the cost of Healthy Steps insurance. During the next biennium you will see a 16% increase in premiums for this program. By increasing the number of insured children on a plan you spread the risk, therefore a costly medical situation is more readily absorbed. HB 1441 coupled with HB 1012, the Department of Human Services Budget, will more than double the size of the risk pool over the next biennium.

During the last eight months, we have seen much in the media about the unspent federal funds associated with this program. As Dave Zentner indicated in his testimony, we can still use unutilized federal dollars from 1998 and 1999. This window of opportunity to fully utilize these rollover funds will only be available during the 2001-2003 biennium. HB 1441 will improve the quality of life for many North Dakota families with children.

Thank you for allowing me to testify in front of your committee today. The Community HealthCare Association and its members hope that you will seriously consider supporting this HB 1441. By supporting this bill you have the ability to support young working families with children, increase the stability of Health Steps premiums by increasing the risk pool, and fully utilize available federal funds.

I would be happy to address any questions you may have at this time.

**CHIP Scenarios at 140%, 150% and 200% of Poverty
Family of four with two children under five in daycare:**

	Poverty Level/month	Poverty Level/year
140%	\$1990	\$23,880
Day care	\$ 300	\$ 3,600
Taxes (18.4%)	\$ 449	\$ 5,388
Total	\$2739	\$32,868 (193% of poverty)

	Poverty Level/month	Poverty Level/year
150%	\$2132	\$25,584
Day care	\$ 300	\$ 3,600
Taxes (18.4%)	\$ 481	\$ 5,772
Total	\$2913	\$34,956 (205% of poverty)

	Poverty Level/month	Poverty Level/year
200%	\$2842	\$34,104
Day care	\$ 300	\$ 3,600
Taxes (18.4%)	\$ 641	\$ 7,692
Total	\$3783	\$45,396 (266% of poverty)

Healthy Kids A Healthy Future

CONTACT ND Community
Health Care Association
for copy: 221-9824

HB 1441



A Study of North Dakota's Uninsured Children

Qualifying Gross Hourly Wage - Family of Three

Federal Poverty Level	Healthy Steps Qualifying Income (Net)	Child Care (\$250)	Plus Payroll Taxes	Gross Hourly Income (176 Hrs/Mo.)
140%	1652	1902	2252	12.80
150%	1770	2020	2392	13.59
160%	1888	2138	2531	14.38
165%	1947	2197	2601	14.78
170%	2006	2256	2671	15.18
180%	2124	2374	2811	15.97
185%	2183	2433	2881	16.37

Estimated Monthly Cost of Living - North Dakota Family of Three*

Item	Monthly Cost
Housing (rent, insurance, utilities)	\$443
Phone	\$30
Food	\$262
Child Care	\$580
Household Personal and Clothing	\$284
Transportation (car payment)	\$150
Gasoline, Repair and Insurance	\$180
Health Care (insurance and medicine)	\$284
	\$2,213

*NDSU Extension Service, July 1998

**State Income Eligibility Guidelines for Children's
Medicaid and Separate Child Health Insurance Programs
(Percent of Federal Poverty Line)**

STATE	Medicaid Infants (0-1) ¹	Medicaid Children (1-5) ¹	Medicaid Children (6-16) ²	Medicaid Children (17-19) ^{3/7}	Separate State Program ²
Alabama	133	133	100	100	200
Alaska	200	200	200	200	
Arizona	140	133	100	50	200
Arkansas ^{5/6}	200	200	200	200	
California	200	133	100	100	250
Colorado ⁶	133	133	100	43	185
Connecticut	185	185	185	185	300
Delaware	185	133	100	100	200
D.C.	200	200	200	200	
Florida ⁸	200	133	100	100	200
Georgia	185	133	100	100	235
Hawaii	200	200	200	200	
Idaho	150	150	150	150	
Illinois ¹⁰	200	133	133	133	185
Indiana	150	150	150	150	200
Iowa	200	133	133	133	200
Kansas	150	133	100	100	200
Kentucky	185	150	150	150	200
Louisiana	200	200	200	200	
Maine	200	150	150	150	200
Maryland	200	200	200	200	
Massachusetts ^{4/9}	200	150	150	150	200 (400+)
Michigan	185	150	150	150	200
Minnesota ⁵	280	275	275	275	
Mississippi	185	133	100	100	200
Missouri ⁵	300	300	300	300	
Montana ⁶	133	133	100	71	150
Nebraska	185	185	185	185	
Nevada ⁶	133	133	100	78	200
New Hampshire	300	185	185	185	300
New Jersey	185	133	133	133	350
New Mexico	235	235	235	235	
New York	185	133	100	100	250
North Carolina	185	133	100	100	200
North Dakota ⁶	133	133	100	100	140
Ohio	200	200	200	200	
Oklahoma	185	185	185	185	

Oregon ⁶	133	133	100	100	170
Pennsylvania ⁴	185	133	100	71	200 (235)
Rhode Island ⁵	250	250	250	250	
South Carolina	185	150	150	150	
South Dakota	200	200	200	200	
Tennessee ^{4,5}	N/A	N/A	N/A	N/A	
Texas ⁶	185	133	100	100	200
Utah ⁶	133	133	100	100	200
Vermont ⁵	300	300	300	300	
Virginia	133	133	100	100	185
Washington	200	200	200	200	250
West Virginia	150	150	100	100	200
Wisconsin ⁵	185	185	185	185	
Wyoming	133	133	100	67	133

1. To be eligible in the infant category, a child is under age 1 and has not yet reached his or her first birthday. To be eligible in the 1-5 category, the child is age 1 or older, but has not yet reached his or her sixth birthday. Minnesota covers children under age 2 in the infant category.

2. As required by federal law, states provide Medicaid to children age six or older who were born after September 30, 1983 and who have family incomes below 100 percent of the poverty line. By October 1, 2002 all poor children under age 19 will be covered. If the state covers children in this age group who have family incomes higher than 100 percent of the poverty line, or the state covers children born before September 30, 1983, thereby accelerating the phase-in period, it is noted in this column. States that have taken such steps have done so either through Medicaid waivers or the 1902(r)(2) provision of the Social Security Act.

3. The states listed use federal child health block grant (CHIP) funds to operate separate child health insurance programs for children not eligible for Medicaid. Such programs may provide benefits similar to Medicaid or they may provide a limited benefit package. They also may impose premiums or other cost-sharing obligations on some or all families with eligible children.

4. MA and PA provide state-financed coverage to children with incomes above CHIP levels. Eligibility is shown in parenthesis. Eligibility under the TN waiver is based on the child's lack of insurance; there is no upper income limit.

5. The Medicaid programs in AR, MN, MO, RI, TN, VT and WI may impose some cost-sharing — premiums and/or co-payments for some children pursuant to federal waivers. Children covered under AR's Medicaid expansion receive a reduced benefits package.

6. The states noted count assets in addition to income in determining Medicaid eligibility for children under Medicaid poverty level guidelines; Utah counts assets for children age 6 and older. Arkansas counts assets only for children who qualify under pre-expansion guidelines. Oregon counts assets in addition to income in determining eligibility for Medicaid and its separate child health insurance programs.

7. To be eligible in this category, a child is born before September 30, 1983 and has not yet reached his or her 19th birthday. States are required to provide Medicaid coverage to these children if their families would have qualified for AFDC under rules in effect in their state in July 1996. These standards typically require families to meet three income tests. First, they must have net income below the state's "standard of need," a measure of the amount of income determined by the state to be essential for a minimum standard of living. Second, they must have net income below the state's "payment standard," the maximum amount of assistance the state would grant a family with no income. In most states, the payment standard falls below the need standard. Finally, the family must pass a gross income test which requires that gross income (net of up to \$50 in child support payments, EITC payments, and optional exclusions of a dependent child's income) fall below 185 percent of the state's standard of need.

8. Florida operates two CHIP-funded separate programs. Healthy Kids is available in most counties and covers children age 5 through 19, as well as younger siblings of enrolled children in some areas. Medi-Kids covers children age 0 through 4 and is available statewide.

9. Children between ages 1 and 19 in families with income between 150 and 200 percent of the federal poverty line will receive either slightly reduced MassHealth benefits or assistance paying premiums for employer-based plans.

10. Illinois covers infants in families with income at or below 200 percent of the federal poverty line who are born to mothers enrolled in Medicaid. Illinois covers other infants in families with income at or below 133 percent of the federal poverty line.

States with Medicaid for children or CHIP Income eligibility

Colorado	135%
Idaho	150%
Illinois	135%
Montana	150%
Nebraska	135%
North Dakota	140%
Oklahoma	135%
Oregon	170%
South Carolina	150%
Virginia	135%
Wisconsin	135%
Wyoming	133%

*The other 39 states have set income-eligibility levels at or above 200 percent of the federal poverty line.

Completed by Community HealthCare Association -
February 2001 for House Human Services Committee

Janelle Johnson

HB 1441
Testimony in Favor
Janelle Johnson
Community HealthCare Association
February 13, 2001

Chairman and members of the Human Services Appropriations Committee,

My name is Janelle Johnson and I represent the Community HealthCare Association. The Community HealthCare Association is a non-profit corporation in North and South Dakota, established "to provide a network for advocacy and support services to member organizations whose purpose is to provide primary health care to the medically underserved residents of North and South Dakota." The Association is primarily funded by grants from federal agencies and private foundations.

I am here today to support HB 1441 and its amendment. This amended bill would raise the federal poverty level from 140% to 165% and remove the Medicaid asset test for pregnant women and minor children. The Community HealthCare Association and its members support the increase in the federal poverty level for SCHIP, but feel that the removal of the asset test will provide the greatest opportunity to enroll more children at lower income levels.

With the implementation of the Healthy Steps program in October 1999, it was anticipated that Medicaid enrollments for children would increase since it is a requirement that Healthy Steps applicants first be screened for Medicaid eligibility. As Dave Zentner indicated in his testimony before the Interim Budget Committee on Health Care on June 28, 2000, there had only been a net gain of approximately 1% or 201 children on Medicaid since the inception of Healthy Steps. With approximately one-third of all Healthy Steps applicants referred to Medicaid during the past sixteen months, it appears that children at lower poverty levels are still not accessing healthcare coverage.

I have included as part of my testimony our publication *Healthy Kids. A Healthy Future*. This publication resulted from a study that evaluated the current enrollment processes and identified opportunities for simplification and increased coordination between Medicaid for Children and the Healthy Steps program. As indicated in our study report, Community HealthCare Association recommends the removal of the asset test for Medicaid eligibility for children and families. North Dakota is one of only nine remaining states to utilize an asset test when determining eligibility for Medicaid families and children. The list of the states that continue to use the asset test is found on page 32 of the report. If this requirement were removed, North Dakota would be able to greatly reduce Medicaid's documentation requirements and create a streamlined, single application for both Healthy Steps and Medicaid. This action alone would allow for increased coordination and a less

burdensome process for both the families and the eligibility workers. Additionally, a single application for both programs would provide opportunity for more effective outreach, marketing, and parent education.

Of the 32 states with CHIP-funded separate programs, 28 states allow families to apply for health coverage for their children using a single application as indicated on page 32 of your report. The easiest way to screen and enroll children into appropriate programs would be to offer a simple joint application that can be processed quickly to determine eligibility and place children into the appropriate program.

In addition to the opportunity for increased coordination, removal of the asset test would provide parity between the Medicaid and Healthy Steps processes. As part of my testimony, you have before you a multi-program form and a Healthy Steps application. The application form for Medicaid is currently incorporated within a sixteen page multi-program form used also for Temporary Assistance for Needy Families (TANF), Food Stamps, and Child Care Assistance. The first four pages are instructions and ten of the remaining 12 pages must be completed when applying for Medicaid. In comparison, the application for the Healthy Steps program is only two pages in length, with two additional pages of instructions.

If you turn to the inside cover of the Medicaid application, listed is the documentation that is required to complete the application. This includes: citizenship status, records that include the current value of all assets (checking and savings accounts balances, certificates of deposit, stock/bonds, IRA, 401K, Keogh plans, life insurance, burial plan, trust documents and real property); records that show expenses for child/dependent care, medical expenses, health insurance premiums, court ordered payments; identity/age of all household members; income; residence; social security numbers; and if applicable, verification of pregnancy. In contrast, the only documentation needed for Healthy Steps is income verification. As you can see, the Medicaid program, the program designed for our lowest income families, has the heaviest burden of proof for the applicant.

How valid is the requirement that Medicaid applicants provide this information when it is not required of Healthy Steps applicants? Is the assets test a viable means for determining a family's ability to otherwise pay health premiums or expenses themselves? The Department of Human Services conducted a study that may help answer these questions.

For a sixteen-month period between January 1999 and April 2000 a report was generated identifying all children and family cases that were denied or closed due to the household having excess assets. Of the 21,158 applications reviewed, 20,886 (98.7%) were approved. Only 272 applications were denied due to high assets, and of those, nearly half would have been denied due to

excess income regardless of their asset status. Therefore, in a sixteen-month period, approximately 0.6 percent (136 out of 21,158) of all applications were denied due to excess assets. Although these figures do not include families that did not complete an application, the asset test does not appear to be a necessary tool in determining a family's ability to afford health care coverage.

The only concern that the Community HealthCare Association has with HB 1441 as amended is the language "pregnant women and minors." To eliminate the asset test for only "pregnant women and minors" would be difficult for county social service offices to administer. Under that language, all families would still need to complete the assets information in case they may qualify for 1931 or Medically needy categories. So instead of reducing the burden of paperwork for families and eligibility workers, the paperwork would remain the same until eligibility is first determined. In order to streamline the Medicaid process, the asset test needs to be removed for all children and family categories. There would be a small number of adults with dependents that this would benefit so there would be a small fiscal note, but eliminating the asset test for only pregnant women and children would be administratively difficult and may possibly cost more in software changes than the cost of additional benefits.

As indicated in my earlier testimony, the Community HealthCare Association supports an increase in the federal poverty level for Healthy Steps. Included as an inset at page 32 is a comparison of states with Medicaid for Children or CHIP income eligibility guidelines set below 200 percent of the federal poverty line. The information printed is already outdated because many states recently made changes to their SCHIP and Medicaid poverty levels. Currently, only the state of Wyoming has a poverty level set lower than North Dakota. South Dakota recently set their poverty level at 200% and joined 38 other states with the poverty level set at 200% or above.

Thank you for allowing me to testify in front of your committee today. The Community HealthCare Association and its members hope that you will seriously consider supporting HB 1441 as amended. By supporting this bill you have the opportunity to improve the quality of life for many North Dakota families with children.

I would be happy to address any questions you may have at this time.

HB 1441
Testimony in Favor
before the
Senate Human Services Committee
by
Janelle Johnson
Community HealthCare Association
March 5, 2001

Chairman Lee, members of the Committee:

My name is Janelle Johnson and I represent the Community HealthCare Association. The Community HealthCare Association is a non-profit corporation in North and South Dakota, established "to provide a network for advocacy and support services to member organizations whose purpose is to provide primary health care to the medically underserved residents of North and South Dakota." The Association is primarily funded by grants from federal agencies and private foundations.

I am here today to support HB 1441. The Community HealthCare Association and its members feel that the removal of the asset test will provide the greatest opportunity to enroll more children at lower income levels.

With the implementation of the Healthy Steps program in October 1999, it was anticipated that Medicaid enrollments for children would increase since it is a requirement that Healthy Steps applicants first be screened for Medicaid eligibility. As Dave Zentner indicated in his testimony before the Interim Budget Committee on Health Care on June 28, 2000, there had only been a net gain of approximately 1% or 201 children on Medicaid since the inception of Healthy Steps. With approximately one-third of all Healthy Steps applicants referred to Medicaid during the past sixteen months, it appears that children at lower poverty levels are still not accessing healthcare coverage.

I have included as part of my testimony our publication *Healthy Kids, A Healthy Future*. This publication resulted from a study that evaluated the current enrollment processes and identified opportunities for simplification and increased coordination between Medicaid for Children and the Healthy Steps program. As indicated in our study report, Community HealthCare Association recommends the removal of the asset test for Medicaid eligibility for children and families. North Dakota is one of only nine

remaining states to utilize an asset test when determining eligibility for Medicaid families and children. The list of the states that continue to use the asset test is found on page 32 of the report. If this requirement were removed, North Dakota would be able to greatly reduce Medicaid's documentation requirements and create a streamlined, single application for both Healthy Steps and Medicaid. This action alone would allow for increased coordination and a less burdensome process for both the families and the eligibility workers. Additionally, a single application for both programs would provide opportunity for more effective outreach, marketing, and parent education.

Of the 32 states with CHIP-funded separate programs, 28 states allow families to apply for health coverage for their children using a single application as indicated on page 32 of your report. The easiest way to screen and enroll children into appropriate programs would be to offer a simple joint application that can be processed quickly to determine eligibility and place children into the appropriate program.

In addition to the opportunity for increased coordination, removal of the asset test would provide parity between the Medicaid and Healthy Steps processes. As part of my testimony, you have before you a multi-program form and a Healthy Steps application. The application form for Medicaid is currently incorporated within a sixteen page multi-program form used also for Temporary Assistance for Needy Families (TANF), Food Stamps, and Child Care Assistance. The first four pages are instructions and ten of the remaining 12 pages must be completed when applying for Medicaid. In comparison, the application for the Healthy Steps program is only two pages in length, with two additional pages of instructions.

If you turn to the inside cover of the Medicaid application, listed is the documentation that is required to complete the application. This includes: citizenship status, records that include the current value of all assets (checking and savings accounts balances, certificates of deposit, stock/bonds, IRA, 401K, Keogh plans, life insurance, burial plan, trust documents and real property); records that show expenses for child/dependent care, medical expenses, health insurance premiums, court ordered payments; identity/age of all household members; income; residence; social security numbers; and if applicable, verification of pregnancy. In contrast, the only documentation needed for Healthy Steps is income verification. As you can see, the

Medicaid program, the program designed for our lowest income families, has the heaviest burden of proof for the applicant.

How valid is the requirement that Medicaid applicants provide this information when it is not required of Healthy Steps applicants? Is the assets test a viable means for determining a family's ability to otherwise pay health premiums or expenses themselves? The Department of Human Services conducted a study that may help answer these questions.

For a sixteen-month period between January 1999 and April 2000 a report was generated identifying all children and family cases that were denied or declined due to the household having excess assets. Of the 21,158 applications reviewed, 20,886 (98.7%) were approved. Only 272 applications were denied due to high assets, and of those, nearly half would have been denied due to excess income regardless of their asset status. Therefore, in a sixteen-month period, approximately 0.6 percent (136 out of 21,158) of all applications were denied due to excess assets. Although these figures do not include families that did not complete an application, the asset test does not appear to be a necessary tool in determining a family's ability to afford healthcare coverage.

In earlier testimony before the House Human Services and Appropriations Committees, the Community HealthCare Association spoke in support of an increase in the federal poverty level for Healthy Steps. Included as an inset at page 32 is a comparison of states with Medicaid for Children or CHIP income eligibility guidelines set below 200 percent of the federal poverty line. The information as printed is already outdated because many states recently made changes to their SCHIP and Medicaid poverty levels. Currently, only the state of Wyoming has a poverty level set lower than North Dakota. South Dakota recently set their poverty level at 200% and joined 38 other states with the poverty level set at 200% or above.

Thank you for allowing me to testify in front of your committee today. The Community HealthCare Association and its members hope that you will seriously consider supporting HB 1441. By supporting this bill you have the opportunity to improve the quality of life for many North Dakota families with children.

I would be happy to address any questions you may have at this time.

HUMAN SERVICES COMMITTEE
ND HOUSE OF REPRESENTATIVES

FEBRUARY 5, 2001

Madam Chairperson and Committee Members:

My name is Karl Limvere. I am the pastor of the Zion United Church of Christ of Medina. I serve as the chairperson of the Rural Life Committee of the North Dakota Conference of Churches and I represent the Conference and the Committee in this legislative session.

The Rural Life Committee of the North Dakota Conference of Churches was established in 1986, and is the successor to other efforts by the Conference of Churches dating back to 1974. We have the responsibility of developing proactive, ecumenical responses to rural life issues in the state. This past year we have given particular emphasis to economic justice issues facing rural America.

I apologize that I am not able to appear before you in person, but I need to be with my family today to share in a medical decision process concerning the treatment of cancer for my daughter-in-law.

My religious heritage teaches me to be thankful in all situations. While that it is hard to do at times, I am extremely thankful that my son and daughter-in-law have health insurance coverage that allow them to receive the best treatments available.

I am reminded that in my own growing up as a child in North Dakota, my mother, a widow with four children, working in the retail sector mostly at minimum wage levels, was never able to afford health insurance for her family.

In many ways the world has changed very dramatically since then. Yet some things have not. We still face the reality that many rural families are either unable to recover adequate returns from their farm operations or are otherwise at minimum wage levels. Health insurance is a major cost in the family budget. It becomes a major reason for securing off-farm employment. Families facing serious budget restraints find themselves taking the risk of not having health insurance.

In our society, women and children are those most likely to be in poverty, and unable to secure adequate health insurance. The lack of health insurance becomes part of the cycle of poverty, particularly for those families who encounter serious health needs.

The Rural Life Committee has been involved in the CHIP program, as a

Carlson
of
Churches

participant in the Rural Survival Task Force, which served as an advisory board to the program. We are also involved in the outreach process to help families be aware of this program and to encourage participation in it.

In our concern for having adequate rural community infrastructures in place for all people in our state, we believe that education, health care, and authentic job development must be priorities in the development of viable rural communities.

The Rural Life Committee further recognizes that the costs of health care security for family farmers and other self-employed residents of rural America continue to be major financial burdens and obstacles to successful participation in their chosen vocations. We also acknowledge the unfortunate economic conditions in our rural communities in which many people are employed at minimum wage levels and without job benefits.

Because health security is a fundamental human need, we support programs that will increase the availability and accessibility of health care to farm and ranch families, self-employed persons, and others without health insurance.

Too often we find that families fall through the cracks of our social safety nets. They are not eligible for assistance, but do not have the capacity without such assistance. This legislation would help eliminate one of those cracks in our social safety net. It would mean that another 2,000 children would be eligible for the CHIP program. That would be a "Healthy Step" in the right direction.

One of the tests of a society is the way we care for those who are in the dawn of life, our children. From a Christian viewpoint, it is a question of how we care for the "least among us."

We recommend that the committee give this legislation a "do pass" recommendation, and we urge its approval and adoption by the Fifty-seventh Legislative Assembly of North Dakota.

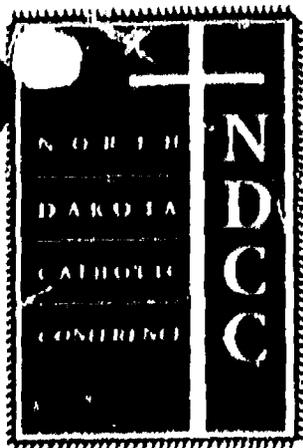
Thank you.

Respectfully submitted,

Karl Iimvere, Chairperson
Rural Life Committee
North Dakota Conference of Churches

PO Box 725
Medina, ND 58467

kivimaa@daktel.com



North Dakota Catholic Conference
1001 W. Broadway, Suite 2
Bismarck, ND 58501

Christopher J. DeLeon
Executive Director and
General Counsel

1001 W. Broadway, Suite 2
Bismarck, ND 58501

TEL: 701-251-5419
1-888-419-1222
FAX: 701-251-5417

To: Members of the House Human Services Committee
From: Sister Margaret Rose Pfeifer, Health Care Advocate
Subject: House Bill 1441
Date: February 5, 2001

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 HB1441.

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. Instead of keeping the 140% poverty level and continue to seek out

the nine hundred difficult to enroll children, why not increase the percentage to 165%? This will mean about the same number of children at the same cost. The present number of enrolled children is above the average in most states. 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.

It would be good to raise the poverty level to one hundred sixty-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. This is the best step toward helping children achieve their potential in school, growth, and development.

We urge the committee to give HB1441 a **Do Pass**.