Industry, Business and Labor Committee
Thursday, May 27, 20101
North Dakota Heritage Center

Chairman Keiser and members of the Industry, Business and Labor Committee, I am Paul Ronningen, State Coordinator for the Children's Defense Fund – North Dakota. The Children's Defense Fund (CDF) is a non-profit child advocacy organization that has worked relentlessly for 35 years to ensure a level playing field for all children. We champion policies and programs that lift children out of poverty; protect them from abuse and neglect; and ensure their access to health care, quality education and a moral and spiritual foundation. Supported by foundation and corporate grants and individual donations, CDF advocates nationwide on behalf of children to ensure children are always a priority.

In addition, I am here also to represent the North Dakota Economic Security and Prosperity Alliance (NDESPA). NDESPA is a non-profit, non-partisan coalition of advocacy and public policy organizations with a shared focus on the well-being of low- and moderate-income North Dakotans. NDESPA is funded by the Seattle Foundation.

Both organizations are concerned about Health Care Coverage for children from low-income families through the Children's Health Insurance Program. North Dakota is now recognized as having the lowest coverage for children in the United States at 160% of the federal poverty level. We have now replaced

Mississippi as the "national poster child" for not meeting the needs of our children from low-income families. Yet, North Dakota is in an era of unprecedented economic wealth as the state begins pumping oil from the largest oil field in the lower 48 states.

While we understand that the unknown aspects of how Federal Healthcare Reform will be implemented have raised concerns about the fiscal impact to the state, we believe that this legislation provides an opportunity to expand healthcare coverage to children and adults in a way we would have been unable or unwilling to do before this federal legislation.

We believe the net fiscal impact will be positive and the impact to our quality of life far will outweigh the *relatively* small increases in state expenditures.

For example, the federal government will pay a very high share of new Medicaid spending under reform in all states (100% for the first few years, reducing gradually to 90% in 2020).

States like North Dakota with lower coverage rates are perhaps the greatest beneficiaries of reform because most of their new enrollment will be from the newly eligible, for whom there is an extremely high federal matching rate.

In terms of additional costs to states, according to the Keiser Family Foundation, Medicaid expansion in North Dakota would mean an increase of 1.4% in state spending over the current baseline spending.

What does a 1.4% increase in spending mean for North Dakotans? It would mean a 45% reduction in the number of uninsured people currently falling below the 133% Federal Poverty Level. That is an additional 17,198 adults covered who were not previously covered.

A 1.4% increase of in state spending will be approximately $32 million over the years 2014-2019. However, that estimate relates solely to Medicaid expansion and does not account for other changes in health reform such as access to subsidized coverage in the exchanges or state and federal savings from reduced uncompensated care. In addition, the state will save money from transition of individuals from state-funded programs to Medicaid in 2014. In other words, it is likely the feared increase will be largely offset by increased federal participation.

For example, uninsured adults cost ND taxpayers $46.5 million in uncompensated care *in one year.* That number will be significantly, if not totally, reduced as more uninsured people gain coverage under reform. (Massachusetts paid for the bulk of their state healthcare plan with savings realized from reductions in uncompensated care.)

Therefore, while some may argue that North Dakota will have increased costs with healthcare reform, much of that will be offset by the reduced cost of fewer uninsured North Dakotans. The reality is that states like North Dakota will benefit from the large influx of federal dollars and new coverage is likely to reduce the need for state payments for uncompensated care.

Another concern we have heard, even from those who would otherwise whole-heartedly support health care reform, is the concern about increased administrative costs to the counties that administer social services. Under the new healthcare reform law, states will be reimbursed for administrative costs at the same rate as before. That reimbursement rate carries over to the newly eligible, as well.

Finally, and more specifically, The Children's Defense Fund and NDESPA are supportive of increasing the level of CHIP eligibility and urge the Legislative Assembly to increase our state's level of eligibility. Of course, there are many reasons why it is important.

Why expand health care coverage to more children?

Compared to their insured peers, uninsured children are:

- Almost ten times as likely to have an unmet medical need
- More then eight times as likely to have delayed medical care due to cost;
- More than five times as likely to have an unmet dental need

- More then four times as likely to have gone more that two years without seeing a doctor/ and
- Twice as likely to have gone more than two years without a dental visit:
- The federal government will match state dollar with three dollars invested in the Children's Health Insurance Program **($3 Federal dollars to 1 state general fund dollar).**

Investing in Child Health is an Investment in the Future:

- A study by researchers at Rice University's James Baker Institute for Public Policy concluded that the **increased life expectancy and improved health status resulting from covering all children** – in addition to productivity gains for future workers will yield cost-savings for society.
- **Lack of health insurance impacts educational attainment,** which in turn impacts income. The median income for individuals 25-years-old and over with less than a high school diploma is $14,146; for those who earned a high school diploma, the median is $22,184 – about half of the median for those with bachelor's degrees, which is $41,161.
- One study found that **having health insurance coverage during pregnancy substantially reduced the probability of low birth weight and prematurely** and that being born at low birth weight increase the

probability of not working by more than seven percentage points among adults who did not have health coverage as children.

- According to a study by John Hopkins Children Hospital children without insurance are 60% more likely to die then their insured counterparts when needing hospitalization.

It costs less to cover children than any other group of people:

1. A year' coverage for a single working adult cost about three times what it costs to cover a child for the same length of time.
2. **Prevention and early care are cost-effective.**
3. **Primary care doctor visits cost less than emergency rooms.**
4. **Asthma-related illnesses cause children to miss almost 13 million school days a year. Children who are chronically absent have difficulty making up work missed and keeping up with their peers and parental loss of work contributes to nearly 1 billion annually in indirect costs to the nation in lost productivity. Studies show children enrolled in CHIP miss fewer classes and demonstrate better school performance than when they were uninsured.**

The Center for Children and Families from Georgetown University Health Policy institute published a chart, Eligibility levels in Medicaid & CHIP for Children,

Pregnant women, and Parents, as of April 2010 (Attachment A.) The range in coverage is North Dakota (lowest) at 160% of poverty while New York covers children from low-income families up to 400% of the federal poverty level. CHIP eligibility in surrounding states include:

- Iowa 300% of poverty
- Montana 250 % of poverty
- South Dakota 200% of poverty
- Wyoming 200% of poverty

11 states cover families at 300 % of poverty or higher. The average level of eligibility is 245% of the federal poverty level.

It is also important to point out that under healthcare reform, Medicaid is expanded from 100% to 133% for children between the ages of 6-19, effectively moving some children currently covered by CHIP to Medicaid. That could free up some additional funding to increase CHIP Eligibility. (Under the new law, states are prohibited from falling below Medicaid and CHIP coverage levels that were in place when Federal Healthcare went into effect.)

However, that does NOT mean states are prohibited from *increasing* eligibility. We would urge the committee to recommend increasing CHIP eligibility.

If CHIP is reauthorized in 2015, the new law provides states with a 23 percentage point increase in the CHIP match rate up to 100 percent. If, however, CHIP is not reauthorized, children above 133% FPL would likely be enrolled in exchanges where spending on new enrollees is covered by the federal government.

Therefore, providing health care coverage to children from low-income families does several things. First of all, health care coverage is a tool for families to assist them in raising children who can become productive citizens of our state. It makes economic sense, it is cheaper to provide preventative care then incur the costs of unattended health issues.

Federal Health Care Reform offers us an opportunity to cover more children.

North Dakota is in a period of economic prosperity where we can easily extend this coverage to our children. We understand the importance of being careful with the state's financial resources and no one wants to see North Dakota suffer the economic woes of other states.

We appreciate the care that is used in determining when increasing spending is justified. However, we also understand that we have an opportunity before us. We can leverage federal dollars available to us and for a relatively nominal

amount, cover more children, thus, reaping the reward of healthier and better educated children and, ultimately, a stronger adult workforce.

We need to make sure we take advantage of every opportunity presented by healthcare reform so that we can maintain the strength and well-being we enjoy as North Dakotans.

Thank you.

*According to the US Department of Health and Human Services, North Dakota providers are losing $155 million in uncompensated care. Government picks up an estimated 70-75% of the total. The Federal Government usually picks up 60% of that amount and local and state governments generally pick up the other 40%.

Eligibility Levels in Medicaid & CHIP for Children, Pregnant Women, and Parents, as of May 2010[1]

State	Eligibility for Children[2]		Eligibility for Pregnant Women[3]	Eligibility for Parents[4]
	Medicaid	CHIP		
Alabama	0-5: 133% 6-19: 100%	300%	133%	11%
Alaska	175%		175%	77%
Arizona	0-1: 140% 1-5: 133% 6-19: 100%	200%[5]	150%	106%
Arkansas	200%		200%	13%
California	0-1: 200% 1-5: 133% 6-19: 100%	250%	200%	100%
Colorado	0-5: 133% 6-19: 100%	250%	200%	100%
Connecticut	185%	300%	250%	185%
Delaware	0-1: 200% 1-5: 133% 6-19: 100%	200%	200%	100%
District of Columbia	300%		300%	200%
Florida	0-1: 200% 1-5: 133% 6-19: 100%	200%	185%	20%
Georgia	0-1: 200% 1-5: 133% 6-19: 100%	235%	200%	28%
Hawaii	300%		185%	100%
Idaho	133%	185%	133%	21%
Illinois	0-1: 200% 1-19: 133%	200% (no limit)	200%	185%
Indiana	0-1: 200% 1-19: 150%	250%	200%	19%
Iowa	0-1: 300% 1-19: 133%	300%	300%	28%
Kansas	0-1: 150% 1-5: 133% 6-19: 100%	241%	150%	26%
Kentucky	0-1: 185% 1-19: 150%	200%	185%	36%
Louisiana	200%	250%	200%	11%
Maine	0-1: 200% 1-19: 150%	200%	200%	200%
Maryland	300%		250%	116%
Massachusetts	0-1: 200% 1-19: 150%	300% (400+%)	200%	133%
Michigan	0-1: 185% 1-19: 150%	200%	185%	37%
Minnesota	0-1: 280% 1-19: 275%		275%	215%
Mississippi	0-1: 185% 1-5: 133% 6-19: 100%	200%	185%	24%
Missouri	0-1: 185% 1-19: 150%	300%	185%	19%
Montana	133%	250%	150%	32%
Nebraska	200%		185%	47%
Nevada	0-5: 133% 6-19: 100%	200%	185%	25%
New Hampshire	0-1: 300% 1-19: 185%	300%	185%	39%
New Jersey	0-1: 200% 1-19: 133%	350%	200%	200%
New Mexico	235%		235%	29%

State	Eligibility for Children[2]		Eligibility for Pregnant Women[3]	Eligibility for Parents[4]
	Medicaid	CHIP		
New York	0-1: 200% 1-5: 133% 6-19: 100%	400%	200%	150%
North Carolina	0-5: 200% 6-19: 100%	200%	185%	36%
North Dakota	0-5: 133% 6-19: 100%	160%	133%	34%
Ohio	200%		200%	90%
Oklahoma	185%		185%	31%
Oregon	0-5: 133% 6-19: 100%	300%	185%	32%
Pennsylvania	0-1: 185% 1-5: 133% 6-19: 100%	300%	185%	26%
Rhode Island	250%		250%	175%
South Carolina	0-1: 185% 1-19: 150%	200%	185%	48%
South Dakota	140%	200%	133%	52%
Tennessee	0-1: 185% 1-5: 133% 6-19: 100%	250%	250%	70%
Texas	0-1: 185% 1-5: 133% 6-19: 100%	200%	185%	12%
Utah	0-5: 133% 6-19: 100%	200%	133%	38%
Vermont	225%	300%	200%	185%
Virginia	133%	200%	200%	23%
Washington	200%	300%	185%	37%
West Virginia	0-1: 150% 1-5: 133% 6-19: 100%	250%	150%	17%
Wisconsin	250% (300%)		250%	200%
Wyoming	0-5: 133% 6-19: 100%	200%	133%	39%

Source: D. Cohen Ross, *et al.*, "A Foundation for Health Reform," Kaiser Commission on Medicaid and the Uninsured December 2009); updated by the Center for Children and Families.

1: Income eligibility levels noted are in effect as of May 2010 and expressed as a percentage of the Federal Poverty Level (FPL), without regard to income disregards or deductions.

2: Income eligibility levels for children's Medicaid includes CHIP-funded Medicaid expansions; separate CHIP programs are shown under children's CHIP. Note that Illinois, Massachusetts, and Wisconsin use state funds to cover children in families with incomes above CHIP levels; eligibility for state-funded coverage is shown in parentheses.

3: Pregnant women's income eligibility levels are shown for regular Medicaid and CHIP (through the unborn child option). Note that California, Rhode Island, and Wisconsin use state funds and/or waivers to offer coverage to pregnant women above the levels shown.

4: Parents' income eligibility levels are shown without earned incomes (i.e., does not reflect earnings disregards used to determine income eligibility for working parents) applying for comprehensive Medicaid coverage based on a family size of three. Note that several states, including Arkansas, Hawaii, Idaho, Indiana, Iowa, Minnesota, Nevada, New Mexico, Oklahoma, Oregon, and Utah, have established coverage for parents through waivers. Other states, including Connecticut, Maine, Massachusetts, Pennsylvania, Tennessee, Vermont, and Washington, use state funds to expand coverage for parents above the levels shown. However, this coverage offers fewer benefits, higher cost-sharing, is limited by employment-related requirements, or limits enrollment through a cap.

5: Arizona currently has an enrollment cap in place in its CHIP program. It is unclear as to when the program will reopen to new applicants.