

Testimony
Health and Human Services Committee
March 23, 2010
North Dakota Department of Health

Good morning, Chairman Weisz and members of the interim Health and Human Services Committee. My name is Dr. John Baird, and I am a field medical officer and section chief for the North Dakota Department of Health.

Last November, I provided information to the committee at your request describing the uninsured in North Dakota and the services the Department of Health provides to the uninsured. As a follow-up, you have requested information about the 2004 survey of the uninsured in North Dakota and clarification as to whether veterans who access federal Department of Veterans' Affairs health services were identified as insured or uninsured.

Health Insurance Coverage in North Dakota

The North Dakota Department of Health has supervised two surveys of health insurance coverage in the past 15 years. In 1994, a Robert Wood Johnson Foundation-funded State Initiatives Project survey found an uninsured rate of 9.9 percent in the state. In 2004 in a State Planning Grant survey funded by the U.S. Health Resources and Services Administration, we found an uninsured rate of 8.2 percent in North Dakota, or about 52,000 people.

Uninsured

Anyone without health insurance coverage is considered uninsured. Health insurance coverage is either private (non-governmental) or government-sponsored. Private health insurance is a health plan provided through an employer or purchased directly by an individual. Government health insurance includes plans funded by federal, state or local governments. The major categories of government health insurance are Medicare, Medicaid, Children's Health Insurance Program (CHIP), military health care including Veteran's Affairs, and state plans such as CHAND.

The Indian Health Service (IHS) is a health-care program through the U.S. Department of Health and Human Services that provides medical assistance at IHS facilities to eligible American Indians and helps pay the cost of selected health-care services provided at non-IHS facilities. In 1997, the U.S. Census Bureau modified its definition of insurance coverage. Since then, people who have access to IHS but have no other coverage have been counted as uninsured. In our 1994 study, having access to IHS was counted as being insured. In the

2004 study, following the U.S. Census Bureau convention, having access to IHS services and no other insurance was counted as being uninsured.

In the 2004 study, if someone indicated they had health-care access via CHAMPUS, Veteran's Affairs service connected to a disability, or military health care, they were considered insured. Types of insurance indicated by respondents to the 2004 study included the following:

- 36.5% – Insurance through work or union
- 30.8% – Insurance through someone else's work or union, including spouse
- 9.4% – Individually purchased insurance
- 0.8% – COBRA
- 17.4% – Medicare
- 6.3% – Medicaid
- 1.2% – Healthy Steps, Children's Health Insurance Plan
- 0.7% – CHAND
- 1.0% – Railroad retirement plan
- 4.9% – CHAMPUS, Veterans' Affairs service connected to a disability, or military health care
- 0.3% – Student health insurance

These categories are not mutually exclusive since people may have more than one type of insurance coverage.

Several national surveys estimate the uninsured rate in each state. One frequently quoted is the U.S. Census Bureau's Current Population Survey (CPS). The most recent CPS data released in September 2009 reported the 2006-2008 three-year average in North Dakota at 11.4 percent uninsured, or about 70,000 people. The United States uninsured rate for this same three-year average was 15.5 percent. North Dakota's rate of uninsured is consistently lower than the national average. Research has shown that health insurance coverage is underreported in the CPS, which would make the uninsured rate lower and more in line with the rates we have found in our statewide surveys.

2004 Health Insurance Survey

In the spring of 2004, information about health insurance coverage was gathered through a telephone survey, collecting information from a random sample of 3,199 individuals in North Dakota households. The survey indicated that 8.2 percent of people in our state are uninsured. The survey showed:

- More than 11,000 children younger than 18 and 41,000 adults were uninsured.
- The uninsured are more likely to be young adult, unmarried, and male.

- Native Americans were far more likely to be uninsured at 31.7 percent, compared to the Caucasian rate of 6.9 percent (with IHS not considered an insurance).

Income Levels of Uninsured

A resident living in a household with an income of less than \$10,000 was more than twice as likely to be uninsured (16.6%), compared to the overall state rate of 8.2 percent. Nearly three-quarters of uninsured North Dakotans resided in a household with an income below 200 percent of the federal poverty level, which in 2004 was \$37,700 for a family of four.

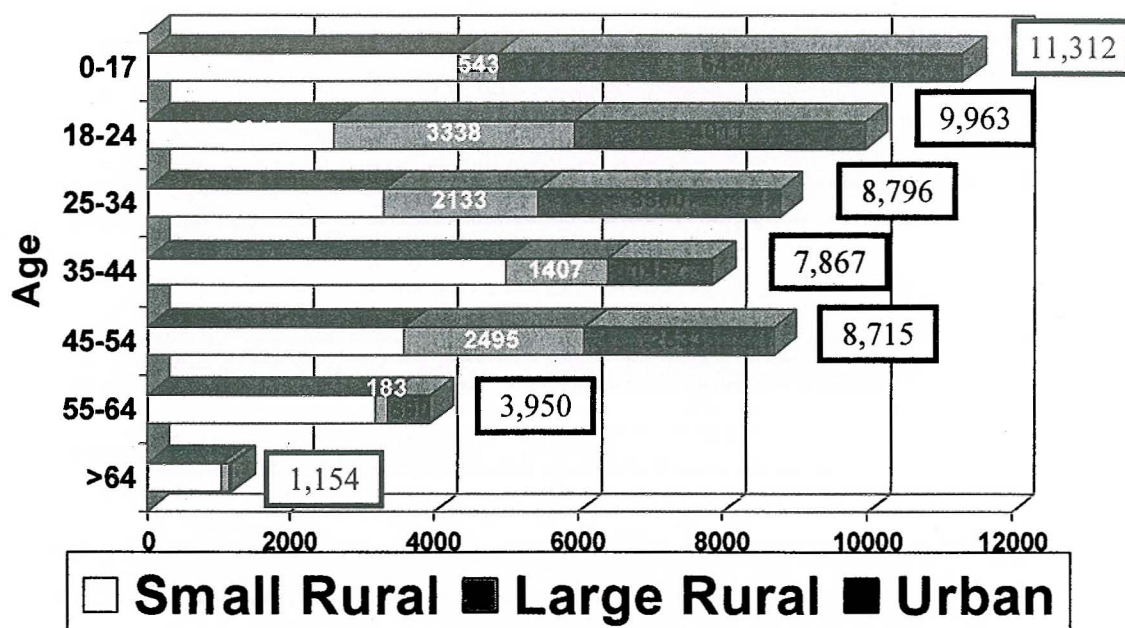
Areas of Residence of Uninsured

To look at how insurance rates varied by population density, the state was divided into three population groups:

- Urban (population more than 16,700 people) – including Bismarck, Fargo/West Fargo, Grand Forks and Minot
- Large Rural (5,000 to 16,699 people) – including Devils Lake, Dickinson, Jamestown, Minot AFB, Valley City, Wahpeton and Williston
- Small Rural (less than 5,000 people) – the remainder of the state

Of the 52,000 people who were uninsured, 44 percent lived in small rural areas, 36 percent in urban areas and 20 percent in large rural areas. The study also showed that 9.1 percent of individuals residing in small rural areas were uninsured, as were 7.7 percent of those in urban areas and 7.4 percent of those large rural areas.

The study looked at the number of uninsured individuals by age groups and areas of residence. The following chart gives a graphic representation of the geographic and age distribution of the uninsured in North Dakota. It illustrates that a large portion of the uninsured are young adults and those younger than 18.



The following table shows the percentage of uninsured in two ways, either as a percentage of all the uninsured in the state or as a percentage of the individuals in the particular age group. Of all the uninsured, 17 percent are between the ages of 25 and 34, 19 percent are between 18 and 24, and 22 percent are younger than 18. Of all the young adults in North Dakota between the ages of 18 and 24, 15.9 percent are uninsured.

<u>Age Group</u>	<u>Percentage of All Uninsured</u>	<u>Percentage of Age Group</u>
0-17	22%	8.1%
18-24	19%	15.9%
25-34	17%	9.4%
35-44	15%	8.5%
45-54	17%	8.9%
55-64	8%	7.2%
> 64	2%	1.4%
	100%	

Employment of Uninsured

The majority of uninsured people older than 17 were employed (71.7%), which compared with 82.3 percent of insured adults being employed. Of those who were employed, those in smaller-sized businesses were more likely to be uninsured. Self-employed individuals had the highest rate of being uninsured at 21.3 percent. Businesses with two to 10 employees had a rate of 10.6 percent uninsured, and those with more than 500 employees had the lowest rate at 3.8 percent uninsured.

Survey of Employers

As part of our health insurance study, in 2005, the University of North Dakota Center for Rural Health partnered with Job Service North Dakota to survey a sample of North Dakota employers on health insurance coverage for their employees and their family members. About two-thirds (64%) of businesses provided health insurance coverage (single and/or family) to their employees. Single-coverage health insurance was offered to full-time employees by more than half (60%) of the businesses. About twelve percent of the employers offered single coverage to part-time employees. For family health insurance coverage, slightly less than half (48%) indicated their full-time employees are offered this option. The larger the business, the more likely they were to offer single and family health insurance to their employees. The most commonly mentioned reasons for not providing health insurance to their employees were the high cost of premiums, employees were covered by some other source, high employee turnover, and too many low-wage workers.

Rate of Underinsured

The 2004 study also estimated the rate of underinsured North Dakotans. The term underinsured often is defined as having some type of catastrophic health insurance coverage and spending more than 10 percent of a family's income on health care. A national study (*JAMA*. 2006;296:2712-2719) found that in 2003, 19.2 percent of Americans spent more than 10 percent of their tax-adjusted family income on health care, and 7.3 percent spent more than 20 percent of their family income on health care.

Our 2004 study estimated that 8.5 percent of individuals in North Dakota were underinsured, using the definition of spending more than 10 percent of their family income on health care.

Patchwork of Health-Care Coverage

Health-care coverage is a patchwork of private and public programs. The foundation of our system has been employer-based private health insurance.

This started as a job benefit during the wage and price freeze during the great depression and has gradually evolved from catastrophic coverage to prepaid medical care. Since 1965, coverage has included public programs such as Medicare for the elderly and disabled and Medicaid and CHIP for low-income individuals. Those who do not have insurance coverage, private or public, have to pay for their care directly, seek safety-net coverage such as at federally funded community health centers, or postpone care.

This concludes my testimony. I am happy to answer any questions you may have.