SENATE PUBLIC HEALTH, WELFARE & SAFETY

EXHIBIT NO. 5

DATE: 4-4-5

BILL NO. HB552

HB 552—Montana Children's Health Care Act

Sponsor: Rep. Mary Caferro

How Many Montana Children are Uninsured?

- 41,500 children are uninsured (17%)
- 15% of urban children are uninsured
- 20% of rural children are uninsured
- 38% of American Indian Children are uninsured

What Does HB 552 Do?

- HB 552 changes the Medicaid asset test for children from $3,000 to $15,000.
- By changing the asset test, HB 552 allows Montana to cover approximately 3800 children who are currently uninsured.
  - 3000 CHIP slots
  - 800 Medicaid slots

HB 552 opens up access to health care for American Indian children without spending any state money.

- HB 552 allows an infusion of approximately 1.7 million dollars of federal funds, through school based services and Indian Health Services.

How Much Does HB 552 Cost?

- HB 552 is funded with I-149 monies and is included in HB 2.
- The total cost to Montana will be 1.8 million dollars.
- HB 552 will bring in approximately 5.2 million in federal matching dollars.

Montanans want to use I-149 monies to expand CHIP

- 88% of respondents to a Lee Newspapers Poll stated they supported using I-149 revenue to expand the Children's Health Insurance Project.

HB 552 creates economic development

- Montana receives a 3 to 1 return on our investment in Medicaid through a federal match.
- These federal dollars will directly and positively impact Montana's local economies.

Please Support HB 552. It is a step in the right direction for Montana's children, families and communities.

INITIATIVE NO. 149

A LAW PROPOSED BY INITIATIVE PETITION

This initiative increases tobacco taxes by approximately 140%, to $1.70 per pack of cigarettes, 85¢ per ounce of moist snuff, and 50% on all other tobacco products, and changes the use of these revenues. The initiative reserves approximately 45% of these revenues for: additional enrollment in the children's health insurance program; increased Medicaid services and provider rates; and, if created by the legislature, a supplemental need-based prescription drug program for certain groups, and programs to help small businesses provide employee health insurance. Remaining revenues are allocated to state veterans' nursing homes, the state building fund, and the general fund.

In fiscal year 2005 this initiative would raise $38,400,000 for new health insurance and Medicaid initiatives, and an additional $400,000 for state buildings and $6,000,000 for the general fund. These revenues could decrease over time as fewer persons consume tobacco. Funding for state veterans' nursing homes would remain at $2,000,000.

[] FOR increasing tobacco taxes and changing the use of tobacco tax revenues to include specific health insurance and Medicaid programs.

[] AGAINST increasing tobacco taxes and changing the use of tobacco tax revenues to include specific health insurance and Medicaid programs.

The language above is the official ballot language. The arguments and rebuttals on the following three pages have been prepared by the committees appointed to support or oppose the ballot measure. The opinions stated in the arguments and rebuttals do not necessarily represent the views of the State of Montana. The State also does not guarantee the truth or accuracy of any statement made in the arguments or rebuttals.

The PROPONENT argument and rebuttal for this measure were prepared by Bob Bartholomew, Richard P. Sargent, M.D., and Cliff Christian.

The OPPONENT argument and rebuttal for this measure were prepared by Representative Jack Ross, Ronna Alexander, Dan Antonietti and Mark Staples.

Indepent Record.

did help cool the oil, which was partially absorbed into a gravel parking lot, and prevented it from reaching the nearby Yellowstone River. High wind also helped dissipate hydrogen sulfide gas, which could have posed a major danger.

Courthouse reopens after asbestos cleaned

BILLINGS (AP) — Officials reopened portions of the federal courthouse Monday that were closed last week after asbestos contamination was discovered.

Monitors detected more than triple the maximum acceptable level of asbestos in the first-floor lobby and part of the second floor of the James F. Battin United States Courthouse last Tuesday, said Michael Owens, director of the regional General Services Administration office in Denver.

Both areas were sealed off for a professional cleaning and were cleared on Friday, he said.

Officials believe asbestos fibers may have been loosened during an asbestos removal project in the courthouse basement. Work on that project has stopped until the GSA completes its investigation.

Exposure to asbestos has

Chief Randy Ketterling said Fradenbrugh fired three shots

tered Montana voters from around the state their stance on a variety of issues facing the upcoming 2005 Legislature. It was conducted Dec. 13 and 14 by Mason-Dixon Polling & Research, Inc., of Washington, D.C., for Lee Newspapers of Montana. It has a margin of error of plus or minus 4 percentage points.

Two-thirds of Montanans

Only 34 percent of those surveyed said they supported civil unions, compared with 62 percent against and 4 percent undecided. Men were more effusive in their rejection of the idea than women, with 66 percent of men against civil unions, compared with 58 percent women. Four percent of both men and women were undecided.

undecided, regardless of gender.

In 2003, a coalition of mostly Butte and Anaconda lawmakers led an unsuccessful push for Destination Montana, a plan that would create a wide-open gambling zone in Uptown Butte. Supporters argued the idea would bring tourism and liveliness to the struggling former mining mecca.

Voters favor expanding CHIP

By ALLISON FARRELL
IR State Bureau

HELENA — A vast majority of Montana voters support expanding the Children's Health Insurance Program for low-income families, a new Lee Newspapers poll shows.

In a telephone poll of 625 registered voters, 88 percent of respondents said they support expanding the health insurance program to cover more children. The poll was conducted by Mason-Dixon Polling & Research, Inc., of Washington, D.C., Dec. 13 and 14 and has a margin of error of plus or minus 4 percentage points.

More women then men — 91 percent compared with 85 percent — favor expanding the health insurance plan, while 10 percent of men and 6 percent of women oppose it. Four percent reported they were undecided.

The Children's Health Insurance Program, or CHIP, currently covers 10,900 low-income children. The program is funded by both state and federal dollars.

Fewer Montanans, but still a clear majority, support giving tax credits to Montana businesses that offer health insurance to their employees. An even percentage of men and women — 79 percent — said they support the idea while 10 percent of women and 11 percent of men oppose tax credits, with the rest undecided.

Gov.-elect Brian Schweitzer has repeatedly said he wants to offer tax credits to those small businesses that offer health insurance to their employees. Some of the $38 million in new annual revenue the state will receive from the voter-approved $1 per pack cigarette tax hike may be used to fund a tax credit program.

HAVE YOU HEARD?
MEMBER SIPC
WARM
STRONG

Montana Uninsured Rates and Numbers by Age, 2003

- All Ages: 19% →173,000 Montanans
- **Age 0-18: 17% UI#=41,500**
- Age 19-25: 39%→32,000
- Age 26-49: 24%→75,000
- Age 50-64: 13%→24,000
- Age 65+: 0.5%→1,000

Seninger-Bureau of Business & Economic Research 1/12/04

The University of Montana

Health Insurance & Montana's Urban and Rural Kids 2003

- 15% Urban kids uninsured & 20 % Rural kids uninsured
- 63% Urban kids insured via parents work vs. 50% for Rural kids
- 8% Urban kids insured via individual policy (parents) vs. 12% for Rural kids
- 14% Urban kids Medicaid or CHIP vs. 19% for rural kids

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ility of insurance as the major reason. More than 80 t of employers cite higher prices for hospital care, cription drugs, physician care, and malpractice insurance as jor reasons for health insurance premium increases.

Employer costs of health insurance premiums were cited as the major reason that employers did not offer health insurance. Eighty one percent of the firms responding to this question thought premiums were too high and prevented firms from offering insurance. Six percent thought high turnover prevented Montana firms from offering health insurance coverage, 9 percent thought that employees were covered by another plan – perhaps that of their spouse or partner – and therefore did not need to be offered insurance.

Under-Investing In Human Capital

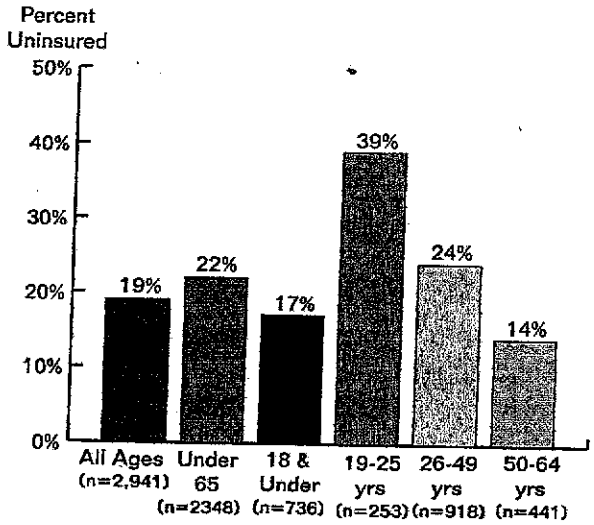
High cost and affordability as determinants of high-uninsured rates are driving a serious under-investment in people. As shown in Figure 3, some age groups are at very high risk of not having health insurance and inadequate maintenance of health. Young Montanans aged 19 to 25 are twice as likely to be uninsured as the average Montanan, a serious deficiency for the young people entering Montana's work force. Nearly 100,000 older working adults between the ages of 26 and 64 are also without health insurance. The 17 percent uninsured rate for children 18 years of age and below represents 41,000 Montana kids who are not getting adequate health care.

A recent report from the National Academy of Sciences outlines the negative impacts of uninsurance on communities. The report shows that the consequences of not having health insurance include a greater burden of disease and disability, diminished social capital, lower revenues for providers and facilities, resulting in increased public or private spending. The overall adverse economic effects include higher taxes, loss of providers, and loss of tax revenue. Adaptive strategies are then put in place to replace lost revenues, and a spiral takes place of increasing costs to reduce uncompensated health care (http://books.nap.edu/catalog/10602.html).

The value we lose every year when so many Americans do not have health insurance is significant. The Institute of Medicine estimates a return of $1.8 million for every additional $1 million of increased health insurance coverage for the nation's uninsured families and children (www.nap.eduetc). Uninsured children suffer health deficits, which lead to developmental and educational problems. Families with uninsured members incur increased financial risk, with the ensuing uncertainty and anxiety this causes. When communities have high-uninsured rates, instability is created among health care providers, and health care institutions, thereby reducing availability of health services. Last but not least, is the loss of work force productivity.

Children that do not have health insurance have a significantly higher risk of not reaching their academic potential, partly due to a lack of treatment of common and treatable childhood conditions including iron deficiency anemia, dental disease, ear infections, asthma, and attention deficit hyperactivity disorder. Other long-term effects on children of not having health insurance include being six times more likely to lack a regular source of health care than insured children.

Figure 3
Montana Uninsured Rate by Age, 2003



Source: The Bureau of Business and Economic Research, The University of Montana-Missoula, 2003 Household Survey on Health Insurance.

Public health programs such as Medicaid and the Children's Health Insurance Program (CHIP) have traditionally filled in some of the uninsured gap of Montana kids. About 16 percent of all Montana kids aged 18 and under receive health coverage from Medicaid or CHIP, one of the highest coverage rates from these programs of any age group. In spite of the important health care access role played by public health programs, there are limitations due to government budgets and geographic access in rural areas. Estimates of the number of Montana children eligible, but not receiving Medicaid or CHIP, are 22,000 youths 18 years of age and younger. To insure these 22,000 kids, the total costs to state would be $7.2 million, with the remaining balance of $29 million coming from a federal match of $4 per $1 state money.

High Return Investments

Investment in kids' health and development show very high returns. One example of an early childhood program is Head Start, a public preschool program for disadvantaged children. A longitudinal study following children in the Head Start Program showed that, for whites, participation is associated with a significantly increased probability of completing high school and attending college, as well as elevated earnings in the early twenties.

Research by University of Chicago's Dr. James Heckman, the 2000 Nobel Laureate in Economics, shows high rates of return on investments in children at an early age, particularly when compared to the higher costs and lower benefits of training and education for older workers. Early-childhood programs that provide health care and preschool education have estimated returns for every dollar spent of up to $9 in future earnings and taxes plus savings to schools, the criminal justice system, and welfare. Such high payoffs to investment in children's health and development offer some of the best returns to public investments in a state's economy.