

MINNESOTA CHILDREN'S HEALTH SECURITY ACT

Legislative Authors:

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Minnesota has had a rich history of providing health care coverage for children, but the future is far less certain as health care inflation continues to spiral and large government deficits are resulting in damaging cuts to public health care programs. In addition, the costs of maintaining the massive public and private administrative bureaucracies necessary to administer the various health coverage options for children are placing further burdens on an already strained health care economy.

These factors are in conflict with a basic premise that most Minnesotans support: All children in Minnesota should get the health care they need to grow up healthy, enabled to reach their fullest potential. Health care coverage for children should not be dependent upon where the parent(s) work, how many hours they work, or how much money they make. The Minnesota Children's Health Security Act simplifies a complicated health care system that leaves too many children with little or no coverage or with coverage that requires high co-pays and deductibles that act as barriers to preventive care. This Act also proposes funding sources to replace the current fragile network of health care financing that now includes employers, a variety of public revenue sources that have eroded or been cut over the last several years, and individuals and families who struggle to pay higher premiums for less coverage.

The goal of the Children's Health Security Act is to ensure that **all** children in Minnesota get the health care they need from a health care system that is efficient, effective, and fair. The Children's Health Security Act takes a bold and visionary approach that will once again make Minnesota a national leader in health care delivery. Now is the time for a major health care systems overhaul. Nearly every incremental step has been tried and has failed. As Governor Pawlenty has said, "Band-aids and aspirin will not fix the state of our health care system." Minnesota can no longer afford to nickel and dime the system. The time has come for fundamental change.

The Minnesota Children's Health Security Act will:

1. **Provide Universal Health Care Coverage for All Children in Minnesota**
The State of Minnesota will finance the health care costs for all Minnesota children and the private marketplace will provide services.
2. **Move Away from Employer-Based Coverage**
Families will no longer have to rely on their employers for health care insurance for their children and employers will be relieved from the burden of providing dependent care coverage for their employee's children.
3. **Promote Continuity of Care for Children**
Parents will no longer have to worry that changing jobs or health plans means they need to change doctors for their children. Children can stay with the same health care providers for as long as they want because their health insurance will no longer be contingent on employment status.
4. **Put Children Into One Large Health Care Purchasing Pool**
The creation of one large purchasing pool will allow for greater flexibility and choice, plus it will reduce administrative inefficiencies found in the current health care system. This purchasing pool will contain all the children in Minnesota who wish to participate. The pool will directly contract with health care plans and health providers for services to

the children in the pool. This will provide families with both quality and choice in selecting their children's health care providers.

5. **Provide Better Primary Prevention and Disease Management for Healthier Children and Families**

The State of Minnesota will finance the costs of providing coverage for all the children in this pool, relieving employers and families of this cost. The comprehensive benefits package for children, the high quality health care, and improved access will ensure that all children have the good health they need to grow, learn and achieve.

ACTUAL FAMILY SCENARIO FOR FAMILY OF FOUR (2 PARENTS, 2 CHILDREN)

Previous Costs	Children's Health Security Act
<i>Through Employer Sponsored Plan</i> , the family is paying about \$1858 annually in out-of-pocket expenses for coverage for their two children.	Savings of \$1858 for family
<i>Through Individual Family Health Insurance Plans</i> , the family is paying about \$2800 annually in out-of-pocket expenses for their two children.	Savings of \$2800 for family

Source: Minnesota Department of Health and CDF Minnesota calculations

Phase One (By 2005)

- Bring all the children in public health care programs into one program and purchasing pool.
- Raise eligibility to 300% of Federal Poverty Level (FPL) to maximize federal matching funds and bring additional families into this purchasing pool.
- Remove all barriers like 4-month waiting period, etc. for families up to 300% FPL.

Financing: \$1 increase in cigarette tax generating about \$290 million a year in revenue.

Phase Two (By 2007)

- Allow children covered by employer-based coverage as dependents to come into state's purchasing pool for children.
- Children will be covered through age 18 and up to 25 as long as their families claim them as dependent.

Financing: To be determined but will be broad based and stable.