



**Request for City Council Committee Action
From the Department of Health & Family Support**

Date: March 12, 2004

To: HEALTH & HUMAN SERVICES COMMITTEE
Referral to: INTERGOVERNMENTAL RELATIONS

Subject: MINNESOTA CHILDREN'S HEALTH SECURITY ACT,
ENDORSEMENT OF LEGISLATIVE PROPOSAL

Recommendation:

Council endorsement of the Minnesota Children's Health Security Act legislative proposal.

Previous Directives:

February 27, 2004, Council approval for Minneapolis to become a member of the Minnesotans for Affordable Health Care coalition which supports this legislation

Prepared or Submitted by: Becky McIntosh, Director of Planning & Administration
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Approved by:

Ken Dahl, Interim Commissioner of Health & Family Support

Presenters in Committee: Marnie Wells, Chair, Public Health Advisory Committee
Gretchen Musicant, Director, Public Health Initiatives

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.

(If checked, go directly to Background/Supporting Information)

Background/Supporting Information Attached

The Department is requesting Council endorsement of the Minnesota Children's Health Security Act legislative proposal. At its February 27th meeting, the Council approved City membership in the Minnesotans for Affordable Health Care Coalition. The Minnesota Children's Health Security Act is consistent with the principles of, and has been endorsed by, the Minnesotans for Affordable Health Care Coalition. It has also been unanimously endorsed by the City's Public Health Advisory Committee on February 24th.

This Act would provide universal health care coverage to all Minnesota children. State Senator Yvonne Prettner Solon (Duluth) and State Representative Paul Thissen (Minneapolis) are the authors. It seeks to simplify Minnesota's complicated health care system by creating one purchasing pool of all Minnesota children with enough bargaining power to negotiate a comprehensive health care benefits package without requiring families to pay premiums, co-pays or deductibles.

Although developed independently, the Minnesota Children's Health Security Act incorporates many of the recommendations made by the Citizen's Forum on Health Care Costs, a commission appointed by Governor Tim Pawlenty and headed by Senator Dave Durenberger. The forum's report recommends universal participation in health coverage programs starting with children.

The Minnesota Children's Health Security Act would:

- Provide universal health care coverage for all children in Minnesota. Enrollment would be voluntary and services would be paid for by the state but provided by marketplace health care providers.
- Move away from employer-based coverage. Children's health coverage would no longer be dependent upon whether or not the parents are employed, where they are employed, how many hours they work, or how much money they make. In addition, employers would be relieved from the costs of providing dependent care coverage for their employees' children.
- Promote continuity of care for children. Parents would not have to worry about losing or changing health care coverage for their children if they are laid off or switch jobs. They could elect to send their children to the same health care providers throughout childhood.
- Put children into one health care purchasing pool. The creation of a large pool would allow flexibility and choice, plus it would reduce administrative inefficiencies. The pool would directly contract with health care plans and providers for services to children.
- Provide better primary prevention and disease management for healthier children and families. Pooling children would allow for greater negotiating capacities to ensure a comprehensive benefits package, high quality of care, and improved access, all of which contribute to the health outcomes of children.

Developers of the Minnesota Children's Health Security Act estimate that this legislation would result in savings of \$1,850 to \$2,800 a year in out-of-pocket expenses to a family with two children. In addition, employers would see significant savings in their spending on health care benefits.

The Minnesota Children's Health Security Act proposes bringing all children currently enrolled in the public health care programs into the pool by 2005 and phasing in all other children in the state by 2007. The Minnesota Department of Health estimates that more than \$3 billion is spent annually on insuring children through employer-based insurance, private insurance, and public programs. Authors of the bill expect that by pooling children in the manner proposed, universal health care coverage for children would cost about \$2.4 billion annually, nearly 20% less than the current system. The bill calls for a \$1 cigarette tax to provide the initial funding needed to create the pool.