



Special Report

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The Benefits of Health Reform In North Dakota

Together, the *Patient Protection and Affordable Care Act (P.L. 111-148)* and the *Health Care and Education Reconciliation Act (P.L. 111-152)* will ensure that all North Dakotans have access to quality, affordable health insurance. The Congressional Budget Office has determined that these two bills are fully paid for, bend the health care cost curve, and reduce the deficit by \$143 billion over the next ten years with further deficit reduction in the following decade. [CBO, [3/20/10](#)] The *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act* put control over health care decision in the hands of the American people, not insurance companies, reduce the cost of health care for the middle class, ensure health security to seniors, and provide tax credits to small businesses and individuals to further reduce the cost of health coverage.

Key Benefits for North Dakota

- Provide tax credits for up to **17,672** North Dakota small businesses to help make coverage more affordable. [Internal Revenue Service, [4/19/10](#)]
- Prohibit insurance companies from excluding coverage of pre-existing conditions for the **143,971** children in North Dakota, starting this year. [U.S. Census Bureau, [1/7/10](#)]
- Close the ‘donut hole’ and improve other Medicare benefits for **106,000** North Dakota seniors. [HealthReform.gov, accessed [6/15/10](#)]
- Reduce Medicare premiums for the **98,600** North Dakota seniors who are *not* enrolled in Medicare Advantage and will no longer subsidize these private insurance plans. [Senate Finance Committee]
- Reduce health care costs for as many as **6,320** retirees in North Dakota who have health insurance through their former employer and are not yet eligible for Medicare. [WhiteHouse.gov, accessed [6/15/10](#)]
- Ensure affordable coverage options for **70,000** North Dakotans who are uninsured and **63,000** North Dakotans who purchase health insurance through the individual market. [HealthReform.gov, accessed [6/15/10](#)]
 - Ensure immediate access to affordable insurance options for as many as **8,204** uninsured North Dakotans who have a pre-existing condition. [staff estimate using Agency for Healthcare Research and Quality (AHRQ), [4/09](#) and HealthReform.gov, accessed [3/20/10](#)] Starting July 1, 2010, approximately **\$8 million** will be available to operate this program in North Dakota. [Department of Health and Human Services, accessed [6/15/10](#)]

- Provide tax credits for up to **30,500** North Dakotans to help make health insurance more affordable, bringing **\$490 million** in premium and cost-sharing tax credits into North Dakota during the first five years the health insurance Exchange operates. [HealthReform.gov, accessed [6/15/10](#); Senate Finance Committee]
- Reduce family health insurance premiums by **\$1,260 - \$1,800** for the same benefits, as compared to what they would be without health reform by 2016. [Senate Finance Committee estimate based on CBO, [11/30/09](#)]
- Provide access to Medicaid for **32,773** newly-eligible North Dakotans, and provide **\$570 million** in federal funding for the cost of their coverage. [Urban Institute, [1/25/10](#); Senate Finance Committee]
- Allow as many as **82,356** young adults aged 19 to 25 to stay on their parents' insurance plans. [U.S. Census Bureau, [1/7/10](#)] The Administration estimates this change will help approximately **2,630** young adults in North Dakota who could now have health insurance coverage through their parents if not for their age. [WhiteHouse.gov, accessed [6/7/10](#)]
- Create **700 - 1,100** jobs by reducing health care costs for employers. [U.S. Public Interest Research Group, [1/20/10](#)]
- Provide more federal funding for **23** Community Health Centers in North Dakota. [National Association of Community Health Centers, [2009](#)]

Affordable Coverage Options for North Dakota Small Businesses

Small businesses make up **79.6** percent of all North Dakota businesses, yet just **40.9** percent of these small businesses are able to offer health insurance to their employees. [AHRQ, accessed [3/20/10](#); AHRQ, accessed [3/20/10](#)] Starting this year, up to **17,672** North Dakota small businesses will be eligible for tax credits for a percentage of their contribution to their employees' health insurance. [Internal Revenue Service, [4/19/10](#)] Small businesses of the size that qualify for these tax credits employ **50,619** North Dakotans. [AHRQ, accessed [3/20/10](#)]

Protecting Children

Recognizing the special vulnerability of children, health reform prohibits insurance companies from excluding coverage of pre-existing conditions for the **143,971** children under age 18 in North Dakota. [U.S. Census Bureau, [1/7/10](#)] This takes effect for plan or policy years beginning on or after September 23, 2010, and applies to all new plans.

Strengthening Medicare for North Dakota Seniors

Health reform improves Medicare benefits for the **106,000** Medicare beneficiaries in North Dakota. [HealthReform.gov, accessed [3/20/10](#)] Last year, approximately **18,800** North Dakota seniors hit the Medicare Part D 'donut hole,' and about **9,050** of these seniors received no extra help to offset the cost of their prescription drugs. [HealthReform.gov, accessed [3/20/10](#); WhiteHouse.gov, accessed [6/7/10](#)] Starting this year, as many as **9,050** seniors in North Dakota who don't receive Medicare Extra Help and who hit this gap in their prescription drug coverage will receive a \$250 check, and the 'donut hole' will be completely closed by 2020. Seniors do not need to do anything in order to receive their rebate check, which some seniors who already hit the donut hole received in mid-June. These checks will be mailed monthly to seniors who reach the "donut hole" later in the year. The **106,000** Medicare beneficiaries in North Dakota will see other improvements to the program, including a free, annual wellness visit and no cost-sharing

for prevention services. Finally, by gradually moving to a more fair payment system for private insurance companies who participate in Medicare Advantage, health reform will lower Medicare costs for the **98,600** North Dakota seniors *not* enrolled in Medicare Advantage, by as much as \$45 in premium costs each year. [Senate Finance Committee]

Helping Businesses Help Early Retirees

The health reform law created a \$5 billion program to support employer health plans that provide coverage to retirees who are not yet eligible for Medicare, to help protect access to coverage while reducing costs for employers and retirees. As many as **6,320** early retirees in North Dakota who have health insurance through their former employer could benefit from this program, which will provide financial assistance until 2014, when health insurance Exchanges will make it easier for early retirees to access affordable health insurance. [WhiteHouse.gov, accessed [6/7/10](#)] The Department Health and Human Services (HHS) issued regulations indicating the program started on June 1, 2010, in advance of the June 22, 2010 effective date required by law. [Federal Register, [5/5/10](#); White House, [5/4/10](#)] A recent survey found that 76 percent of large employers that offer retiree benefits plan to pursue participation in the program, and that the average federal reimbursement for each early retiree will represent between 25 and 35 percent of each early retiree's health care costs. [Hewitt Associates, [5/25/10](#)]

Affordable Coverage Options for North Dakotans

The *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act* contain several provisions to expand affordable coverage options for millions of Americans. First, health reform will provide immediate access to quality, affordable health insurance for as many as **8,204** uninsured North Dakotans who are unable to obtain health insurance because of a pre-existing condition. [staff estimate using AHRQ, [4/09](#) and HealthReform.gov, accessed [3/20/10](#)] Starting July 1, 2010, approximately **\$8 million** will be available to operate this program in North Dakota. [Department of Health and Human Services, accessed [6/7/10](#)]

Second, health reform will ensure that the **70,000** uninsured North Dakotans and **63,000** North Dakotans who purchase health insurance through the individual market have access to affordable health insurance options through state-based health insurance Exchanges in 2014. [HealthReform.gov, accessed [3/20/10](#)] By reforming the insurance market and forcing insurance companies to compete for business through the Exchange, health reform will reduce family health insurance premiums by **\$1,260 - \$1,800** for the same benefits. [Senate Finance Committee estimate based on CBO, [11/30/09](#)] In addition, **30,500** North Dakotans who purchase health insurance through the Exchange will receive premium tax credits to help make health insurance even more affordable. [HealthReform.gov, accessed [3/20/10](#)] During the first five years that the health insurance Exchange is operational, North Dakotans will receive **\$490 million** in premium and cost-sharing tax credits to further reduce the cost of health insurance. [Senate Finance Committee]

Finally, health reform will open access to Medicaid for **32,773** newly eligible North Dakotans, by expanding eligibility to non-elderly parents, childless adults, children, and pregnant women with income up to 133 percent of the federal poverty level. [Urban Institute, [1/25/10](#)] The federal government will fully fund the cost of covering these newly eligible individuals for three years and will pay 90 percent of these costs after 2020, compared to the current contribution in North Dakota of 63 percent of costs. In total, North Dakota could receive **\$570 million** in federal funding during just the first five years of this coverage expansion. [Senate Finance Committee]

Affordable Coverage Options for North Dakota Young Adults

According to the National Conference of State Legislatures, “Young adults often lose their health insurance if covered under a parent’s or guardian’s policy at age 19 or upon graduation from high school or college.” [NCSL, accessed [3/20/10](#)] For plan or policy years beginning on or after September 23, 2010, young adults in North Dakota will be able to remain covered by their parent’s insurance policy until age 26. Ultimately, the **82,356** young adults aged 19 to 25 in North Dakota could benefit from this policy, and the Administration estimates it will help approximately **2,630** young adults in North Dakota who could now have health insurance coverage through their parents if not for their age. [U.S. Census Bureau, [1/7/10](#); WhiteHouse.gov, accessed [6/7/10](#)] In addition, once the health insurance Exchanges are operational in 2014, **118,454** North Dakotans under age 30 will have access to less costly catastrophic-only health insurance plans. [U.S. Census Bureau, [1/7/10](#)] These plans will also be available to others who are exempt from the individual responsibility policy.

Job Creation

A recent analysis found that slowing the growth rate of health care costs will make it more profitable for businesses to expand employment, leading to estimated job gains nationwide of 250,000 – 400,000 per year for the next decade as a result of health reform. [Center for American Progress, [1/10](#)] For North Dakota, this could mean **700 - 1,100** new jobs each year. [U.S. Public Interest Research Group, [1/20/10](#)]

Support for North Dakota Community Health Centers

Community health centers provide critical health care to North Dakotans, regardless of their ability to pay. Health reform makes an immediate and substantial investment in the **23** federally-funded health centers in North Dakota. [National Association of Community Health Centers, [2009](#)]