

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2401

2001 SENATE FINANCE AND TAXATION

SB 2401

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2401

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 2/6/01

Tape Number	Side A	Side B	Meter #
1		x	0-31.3
2/7/01 - 2	x		46.3-end
		x	0-15.5

Committee Clerk Signature *Lynelle H. Kraft*

Minutes:

Senator Urlacher: Opened the hearing on SB 2401, relating to the rate of tax on the sale of cigarettes.

Senator Judy Lee: Co-sponsored the bill, testifies in support. Others can explain it.

Murray Sagsveen: Community Healthcare Assoc., testified in support. Written testimony attached.

Senator Kroeplin: Are you currently getting any of the 10% of the tobacco money?

Murray Sagsveen: Last session that 10% was allocated into an account but no money was appropriated out of that 10%. It's just accumulating. This bill would not take any money out of that 10%, but would add a little bit to it.

Senator Kroeplin: How much money is in the 10%?

Murray Sagsveen: 5-6 million per biennium.

Senator Wardner: According to OMB, it's about 5.3 million that's sitting in that fund.

Guy Tangedal: Family Physician, testified in support. Shared some experience of his practice. This bill is the step in the right direction of giving a break to some of the people that need it the most.

Tim Cox: President of Northland Healthcare Alliance, testified in support. There's been a number of things happening in recent years that have made access to health care for the uninsured and underinsured even more difficult and it's made it more difficult for us to provide service also. This bill will help to provide another avenue to help those people that don't have coverage.

Mary Muhlbradt: Fledgling Free Clinic in Minot, testified in support. The City & Country Health Clinic provides free service. 25% of our patients are from rural communities. We operate solely on a volunteer basis. People without health insurance often put off getting medical help. This bill would be wonderful for our state.

Sheralyn Dahl: ED of Family Health Care Center in Fargo, testified in support. Gives some statistics of uninsured patients that use their clinic. Explains sliding fee scale. The most important impact that this bill can have is to ease the burden of suffering & worry that people are facing today. It is an incremental effort, but it's one in the right direction.

Others signed the roster in support & opposition.

Henry Knoll: Frank McKone Cigar in Fargo, testified in opposition. If this passes, the state of ND may lose tax revenue to the state of MN because of the difference in price of cigarettes.

Bruce Kaiser: Testifying as a taxpayer, testified in opposition. It's for a wonderful cause but it's a targeted tax.

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Alan O'Neil: Dept. Of Family Medicine, UND, testified in opposition. My feelings reflect those of Dr. William Mann, Chairman of the Dept. Of Family Medicine. The primary function of our residency program is education, not service to the uninsured.

Jeff Schwan: Schwan Wholesale, testified in opposition. I agree that it's a wonderful program, but my main concern is cigarette sales are already dropping and this would raise the tax even more.

Clayton Jensen: President of Community Health Center in Fargo, testified in support. The family practice centers are not required to accept this funding.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 2/7/01. Meter number 46.3-end, Side A & 0-15.5, Side B.

Jenny Witham: Community Healthcare Assoc., appeared to clarify some things and to explain the similar bill in the House.

COMMITTEE ACTION: 2/7/01

Motion made by Senator Stenehjem for a DO NOT PASS, Seconded by Senator Kroeplin. Vote was 5 yeas, 1 nay, 0 absent and not voting. Bill carrier was Senator Nichols.

FISCAL NOTE
 Requested by Legislative Council
 01/30/2001

Bill/Resolution No.: SB 2401

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,726,000		
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2401 increases the tax on cigarettes by \$.02 per package.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

SB 2401 is expected to generate \$1,726,000 for the community health trust fund.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	02/05/2001

REPORT OF STANDING COMMITTEE (410)
February 8, 2001 8:40 a.m.

Module No: SR-23-2663
Carrier: Nichols
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2401: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2401 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

SB 2401

Testimony – In Favor of S.B. 2401

Senate Finance and Tax Committee – February 6, 2001 – 9:45 AM

John R. Baird, MD



I am John Baird, a family physician from Fargo. I am Medical Director of the Family HealthCare Center and Program Director of the UND Family Practice Residency.

I grew up in Dickinson and have lived in North Dakota most of my life. I realize that the people of our state are hard working. We make due with what we have and only ask for help when absolutely necessary.

As a doctor I now understand the importance of routine, regular health care, including preventive care, which includes immunizations, and early detection of diseases such as cancer, diabetes, hypertension, and heart disease.

There are many people in our state that do not have health insurance. These include individuals and families who earn enough to live, eat, and have shelter, but not enough to pay the high cost of health insurance. They include young families starting out, people working several part time jobs with no benefits, self-employed individuals, and woman whose husbands have retired, but they are not old enough yet for Medicare. These people don't qualify for Medicaid and can't afford health insurance. So they make due and avoid medical care until they absolutely have to.

I have practiced in North Dakota for 22 years and have seen many individuals who could not afford to take care of their health. They don't have annual exams, don't get tests done for disease detection, and don't take needed medications. It has been frustrating for me to see patients, make recommendations they can't afford, and then to know that the patients are not able to do the best they should for their health.

In the last five years, practicing at the Family HealthCare Center, with a sliding fee scale available for patients, it has been more satisfying to be able to help people. One example of a medical condition we are working with is diabetes. There have been very good studies done that show early detection and vigorous treatment of diabetes are necessary to prevent serious complications such as peripheral vascular disease leading amputation, kidney problems leading to dialysis and transplantation, and heart disease.

At the Family HealthCare Center we are following over 350 individuals with diabetes. Over half of them are on our sliding fee scale. With frequent office visits, education, laboratory work, and vigorous treatment, we have been able to work with these patients to screen them for prevention of major complications, improve their treatment compliance, and their understanding of their disease. Without a sliding fee scale these patients would not have come to the office as frequently, would not have been able to afford their care, and could very likely develop more severe and costly complications.

I speak in support of this bill as an excellent opportunity for the state of North Dakota to care for our citizens in need. Thank you for your time and your thoughtful consideration of S.B. 2401. I ask that you vote for a "do pass" on this bill.

Testimony on SB 2401
Regarding a Tax on Tobacco Products to Fund a Primary Care Grant Program
before the
Senate Committee on Finance and Taxation
by
Darleen Bartz, Department of Health
February 6, 2001

Good Morning Chairman Urlacher and members of the Committee, I am Darleen Bartz, Chief of the Preventive Health Section of the state Department of Health. I am here to present testimony on SB 2401 which imposes an additional tax on cigarettes and provides that all revenue received from this additional tax of one mill per cigarette must be deposited in the Community Health Trust Fund. Because this tax and grant program is not included in the Governor's budget, this testimony is neither in support of nor in opposition to this bill.

Studies indicate that an increase in the price of tobacco products will lead to a decrease in the sale of those products. However, given the modest increase in the cigarette tax specified by SB 2401, one mill per cigarette, it is not possible to estimate with any specificity the effect of this legislation on tobacco consumption.

Section 2 of the bill provides an appropriation of \$1 million from the Community Health Trust Fund to the State Department of Health for the purpose of providing "grants for primary health care to community clinics offering a sliding fee scale and demonstrating a commitment to serve a disproportionate share of low income uninsured and underserved populations in both rural and urban North Dakota." Previous surveys conducted by or on behalf of the Department of Health indicate that approximately 8.6 percent of the residents of North Dakota are not covered under any government or private health insurance plan. These surveys also indicate that some people with health insurance have large deductibles that do not provide coverage for ordinary primary care services. The goal of this legislation is to provide some measure of access to health care, primarily to low income working families and individuals whose income exceeds the eligibility limits for Medicaid, or in the case of children, the Healthy Steps program.

Turning to the specific provisions of section 2 regarding a grant program for community health clinics, the Department of Health believes it might be useful to define "primary health care," "community clinics," "sliding fee scale" (perhaps with specified income limits), and "uninsured and underinsured" individuals. Defining these terms, as well as indicating whether there is any limit on the amount of funding that may be provided to a single community clinic, would help to direct the Department's efforts, if this program is established.

Mr. Chairman this completes my testimony. I would be pleased to answer any questions you or your Committee members have regarding this legislation.

Testimony on Senate Bill 2401
before the
Senate Finance and Tax Committee
by
Murray G. Sagsveen
for the
Community HealthCare Association
February 6, 2001

1. Introduction

I am Murray G. Sagsveen. I represent the Community HealthCare Association and am submitting this testimony in support of Senate Bill 2401, which would provide funding to provide additional "safety net" healthcare to the uninsured and underinsured in North Dakota.

The Community HealthCare Association is a nonprofit corporation in North Dakota and South Dakota, established "to provide a network for advocacy and support services to member organizations whose purpose is to provide primary health care to the medically underserved residents of North and South Dakota."¹ The Association is primarily funded by grants from federal agencies and private foundations. The North Dakota Director is Jenny Witham, 311 North Washington, P.O. Box 1734, Bismarck, ND 58502-1734 (telephone 221-9824, fax 258-3161).

My testimony will explain that we should take additional steps to protect the health of North Dakotans, that approval of this bill would be a positive step in that direction, and this bill includes a method of funding the effort.

2. We should take additional steps to protect the health of our children.

Recent scientific studies have explained the adverse health consequences if children are uninsured. These consequences were eloquently summarized in a foreword by the president of the American College of Physicians – American Society of Internal Medicine to a recent study titled *No Health Insurance? It's Enough to Make you Sick*.²

Uninsured Americans are far less likely to have a regular source of care or to have recently seen a physician. They are more likely to delay seeking care, even when ill or injured, and more likely to report unmet medical needs. They are more likely to forego even those services that many of us take for granted, such

¹ Quoted from the mission statement of the Community HealthCare Association (see <http://www.communityhealthcare.net>).

² The study was completed by the American College of Physicians – American Society of Internal Medicine. See <http://www.acponline.org/uninsured/lack-fore.htm>.

