



**Testimony of Jeff McLynch,
Executive Director, New Hampshire Fiscal Policy Institute,
Before the House Health, Human Services, and Elderly Affairs Committee
Regarding HB 1696
January 28, 2016**

Chairman Kotowski, Representative McKay, Members of the Committee, thank you for the opportunity to appear before you today.

For the record, my name is Jeff McLynch and I am the Executive Director of the New Hampshire Fiscal Policy Institute. NHFPI is an independent nonprofit organization dedicated to exploring, developing, and promoting public policies that foster economic opportunity and prosperity for all New Hampshire residents, with an emphasis on low- and moderate-income families and individuals.

In brief, I come before you this morning to urge the Committee to act to reauthorize the New Hampshire Health Protection Program. As you know, the Health Protection Program represents the Granite State's unique, market-oriented approach to improving access to affordable health care, deploying federal funds to help low-income adults purchase private sector health insurance. As you also know, should you and your colleagues fail to act, the Health Protection Program will expire at the end of this year, leaving thousands unable to secure the care they need and forcing New Hampshire to forego hundreds of millions of dollars in federal funds critical to its economic future.

At present, the Health Protection Program serves roughly 47,000 of our neighbors, our friends, and our fellow citizens, hailing from every part of the state. Many work in jobs that are low-paid, but that help keep the New Hampshire economy moving, providing care to children and the elderly; building roads, bridges, and office buildings; and staffing the restaurants and hotels vital to our tourism industry. Indeed, data from the American Community Survey for the 2012-2013 period suggest that more than 4,300 restaurant workers were likely eligible for the Health Protection Program, along with nearly 3,600 construction workers and close to 1,500 hotel and motel staff.

In the absence of the Health Protection Program, many of those individuals now enrolled would find it all but impossible to purchase private-sector health insurance. Under federal law, individuals with incomes below 100 percent of the federal poverty line (roughly \$11,800) are ineligible to receive subsidies to help them buy health plans through the New Hampshire Health Insurance Marketplace. The latest data available on this subject from the New Hampshire Department of Health and Human Services, from August of last year, suggest that roughly three-quarters of program participants have incomes below that threshold.

Importantly, early evidence indicates that the Health Protection Program appears to be working as intended. As you have heard from other witnesses, data compiled by the New Hampshire Hospital Association reveals that while inpatient admissions, emergency visits, and outpatient hospital services all either held steady or grew between the second quarter of 2014 and the second quarter of 2015, the number of uninsured patients receiving such services declined by 27 to 39 percent. Data from the American Community Survey likewise point to a substantial drop in the share of Granite Staters lacking health insurance in the wake of the Health Protection Program's implementation. According to that source, the percentage of New Hampshire residents without health insurance fell from 10.7 percent in 2013 to 9.2 percent in 2014, though, given the particulars of that survey, that may understate the program's positive impact. Of course, as the number of Granite Staters without health insurance falls, so too should the costs – known as uncompensated care – that hospitals incur in providing care to those lacking coverage.

In addition, as you have been told earlier in today's hearing, local governments across New Hampshire appear to be realizing budgetary savings due to the Health Protection Program. Research by New Hampshire Legal Assistance suggests that the cost of assistance for medical expenses for the state's thirteen cities, in total, fell by roughly two-thirds in the first year of coverage under the Health Protection Program, compared to the year prior. For instance, in Nashua, assistance for medical expenses fell from over \$67,000 to a little more than \$14,000, a drop of 79 percent.

Based on the experience of its counterparts across the country, it seems likely that state government in New Hampshire will soon realize savings from the Health Protection Program as well. For example, Arkansas and Michigan, both of which expanded health care coverage with approaches similar to the Health Protection Program, albeit somewhat sooner, have been able to reduce spending elsewhere in their budgets as a result. In Arkansas, outlays for behavioral health care fell by \$7.1 million in fiscal year 2015, while, in Michigan, corrections expenditures dropped by \$19 million over the course of fiscal years 2014 and 2015. Similarly, New Mexico and Washington have each reported insurance premium tax revenue gains of more than \$30 million arising from federally-financed expansions of health care coverage. Given population and other differences, New Hampshire may not realize savings of the same scale as these states, but it seems reasonable to expect that a similar dynamic will emerge.

These savings and additional revenue will help, in turn, to mitigate the costs New Hampshire will face in extending the Health Protection Program. As the members of the Committee know well, at present, federal funds cover 100 percent of the benefit costs for the program and will continue to do so through the end of this year. In the future, the federal government's share of benefit costs will decline, but at no point will it fall below 90 percent. The legislation before the Committee today – HB 1696 – would use a variety of means to fulfill New Hampshire's obligations should the program be extended, including any additional insurance premium tax revenue the Health Protection Program may generate.

Critically, HB 1696 would also preserve safeguards that now exist in law and that are designed to protect New Hampshire from facing additional costs for the Health Protection Program in the years ahead. More specifically, HB 1696 would mandate that, should the federal government's share of the costs for the Health Protection Program fall below the percentages specified in the Affordable Care Act for future years, then the program would be repealed immediately.

In sum, I urge the Members of the Committee – and by extension, the House of Representatives as a whole – to take the steps necessary to reauthorize the New Hampshire Health Protection Program. In its present form, the program permits nearly 47,000 people, from cities and towns across the state, to receive the care they need when they need it most, bringing with it not just simple peace of mind, but also enabling them to participate more fully in the workforce and to achieve greater economic stability. What's more, the program brings hundreds of millions of dollars in federal funds into the New Hampshire economy, mitigating uncompensated care costs that would otherwise be borne by the state's hospitals, private insurers, and citizens.

I thank you again for the opportunity to testify this morning and would be more than happy to try to answer any questions you may have.