



The Voice of Small Business®

ALASKA

January 23, 2017

The Honorable Matt Claman
Alaska State House of Representatives
State Capitol Building
Juneau, Alaska 99801-1182

RE: House Bill 25

Dear Representative Claman,

On behalf of the National Federation of Independent Business/Alaska, I wish to express our opposition to House Bill 25. The National Federation of Independent Business is the largest small-business advocacy group in the Alaska.

Health-care costs have been the No. 1 issue facing small-business owners since 1986, and those concerns are growing, according to NFIB's members. As health-care costs go through the roof, small-business owners have very few choices when selecting insurance coverage for their employees. The tipping point is here, and small businesses are begging for solutions to rising health-care costs, lack of access and other issues, not additional mandates.

For many small employers in Alaska insurance premiums for small groups or single coverage have increased last year by 30 to 40 percent, a jaw-dropping statistic on top of double-digit increases in the past few years. This is completely unsustainable over the long-term. Much of the increase is driven by the additions to coverage by state mandates

Unfortunately, HB 25 mandates specified drug coverage that may not fit employee's needs but for which small employers providing health insurance bear the cost. Increased mandates force employers to consider whether they can afford to continue coverage or are forced by increased prices to eliminate health insurance for their employees. Mandates prevent small employers from providing affordable insurance programs tailored to its specific work force.

While this measure includes the state Medicaid program, it does not specifically include the state employee programs. In fairness, if the state legislature does not believe it is a benefit important enough to mandate on its own programs, how can it be fair to mandate it on small employers and individual policy purchasers.

Honorable Matt Claman
January 23, 2017
Page 2

HB 25 is discriminatory against small employers as the mandate applies to those who provide coverage regulated by state insurance statutes, but not programs offered by the state and other governmental entities or large employers who typically offer ERISA programs or unions providing federally regulated health plans. Thus it creates a less fair business environment for small employers.

At a minimum, HB 25 should be amended by adding the following to proposed section 21.42.227 (g)(1), "and plans provided under AS 39.30.090 or 39.30.091." This would specifically include the state employee programs.

Sincerely yours,



Dennis L. DeWitt
Alaska State Director

cc: NFIB Alaska Leadership Council
Representative Ivy Spohnholz, Chair, House Health & Social Services Committee