PREMERA | BLUE CROSS BLUE SHIELD OF ALASKA

April 6, 2012

Jack C. McRae
Senior Vice President

Representative Wes Keller
State Capitol Room 432
Juneau, Alaska 99801

Re: SB 74, Mandated Autism Benefit

Dear Representative Keller,

On behalf of Premera Blue Cross Blue Shield of Alaska, I would like express our policy concerns with SB 74, which mandates coverage for autism spectrum disorders (ASD) for children under age 21.

Premera fully understands the challenges faced by children with autism and their families. Therefore, we want to approach this issue in a manner that is in their best interest, balanced by the interests of all the members we serve. Accordingly, we would like to highlight the following information for your consideration:

- The mandate included in this legislation does not extend to the State of Alaska's employees, Native health plans, federal employees, Medicare, Medicaid, or to self-insured groups.
- Therefore, SB 74 imposes an expensive mandate exclusively on Alaska's employers and individuals.
  - The employer and individual markets comprise only 15% of Alaskan citizens.
  - These two markets are fragile and disproportionally affected by "one size fits all" mandates.
  - This is a burdensome mandate for the state to impose on just the 15% of Alaskans who have private insurance, without imposing the same mandate on itself for its employees and other populations with publicly-funded insurance.
- We would like to reiterate that under federal health care reform, the subsidized cost of any new mandate passed by a state after December 31, 2011 must be picked up by the State if the mandate is not included as part of "essential health benefits."
  - This means that federal subsidies offered in the Exchange will not cover the cost of any new mandates: states would be required to pay this cost for subsidized individuals in the Exchange.
  - Using data presented to the Alaska Health Care Commission in October 2011 and March 2012, the state would be financially responsible for covering the cost of autism treatment for subsidized individuals in the Exchange, estimated to be 47,000 Alaskans in 2019.
- We also operate affiliates in two other states that have considered autism mandates during the past few legislative sessions.

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- **Washington State <u>has not passed</u>** a similar, less extensive autism mandate bill, primarily due to the estimated cost impact of the bill to the state, more specifically the impact to the state employee plan. The state estimated a fiscal impact to the state employee health plan of over $140 million impact for the first biennium, growing to over $200 million per biennium in future years.

- This equates to state costs of between $68 and $192 per month for a family of four.

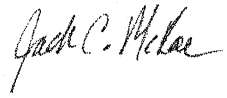
- Similarly, **Oregon <u>did not pass</u>** an autism mandate due to cost.

We offer this information in light of increasing autism prevalence rates: another factor to consider related to this legislation. In late March 2012, the Centers for Disease Control and Prevention increased its estimate for autism prevalence rates to 1 in 88 children who will be identified with an autism spectrum disorder (ASD).

Before voting on SB 74, we believe it is important—from a policy perspective—to determine what the short- and long-term costs of SB 74 would be on the State Treasury, and on those individual Alaskans and small businesses who will bear the financial burden of the mandate.

We appreciate your consideration of this input with respect to Senate Bill 74. Please feel free to give me a call if you have any questions pertaining to this letter.

Sincerely,



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