



The Voice of Small Business®

ALASKA

April 4, 2011

The Honorable Bob Heron
Alaska House of Representatives
State Capitol Building
Juneau, Alaska 99801-1182

RE: House Bill 209

Dear Representative Heron,

On behalf of the National Federation of Independent Business/Alaska, I wish to express our opposition to House Bill 209. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

For many small employers in Alaska insurance premiums for small groups or single coverage have increased by more than 82 percent since 2000, a jaw-dropping statistic. This is completely unsustainable over the long-term. Much of the increase is driven by the additions to coverage by state mandates.

Unfortunately HB 209 mandates coverage for tobacco cessation treatment 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.

HB 209 is discriminatory against small employers as the mandate applies only to those who provide coverage regulated by state insurance statutes, estimated to be only 15% of Alaska's population. It does not cover programs offered by the state and other governmental entities, unions, or large employers who typically offer ERISA programs – about 70% of our population. Thus, it creates a less fair business environment for Alaska's small employers and favors outside business interests.

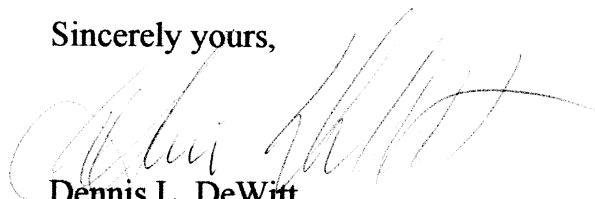
The Honorable Bob Heron

April 4, 2011

Page 2

Even with this legislative mandate and its heavy negative impact on small businesses, only 15% of the population will be affected and 85% will not. The probability is that the 15% covered by state regulated insurance will decrease as the increases in premiums caused by legislative mandates make health insurance unaffordable for more small businesses and individuals.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Dennis L. DeWitt", is written over the typed name.

**Dennis L. DeWitt
Alaska State Director**

cc: Health and Social Services Committee