

Dear Representative

I am writing to urge you and your colleagues to pass Senate Bill 206/House Bill 374 before the end of this session.

These bills have been submitted by the Division of Insurance and allow for two main things:

1. To spread out the ever-increasing costs of health care purchased by individuals on the ACA health care marketplace over a wider population of insured Alaskans.

<http://www.adn.com/article/20160329/spreading-costs-all-insured-alaskans-bill-looks-stabilize-individual-health>

2. Allow the Division of Insurance to ask for a federal waiver which, if granted, would allow for the division to create a graduated premium scale for those Alaskans who do not qualify for a marketplace tax credit. The tax credits are currently calculated at 400 percent of federal poverty level and, in Alaska, apply to individuals who earn under \$58,800 and families, depending on size, starting at under \$79,680.

Using my own age (54) and gender (female) and zip code (Anchorage, 99507) what follows is an example of current rates. If I earned \$59,000 per year and choose the LOWEST cost plan, my 2016 premium would be \$977 (Moda) and \$1,084 (BCBS) with a \$5,750 deductible and \$6,850 out of pocket. If I made just \$200 LESS, at \$58,800, those premium costs would instead be \$234 (moda) and \$351 (BCBS). The lowest HSA plan, which allows for an individual to save \$3,350 yearly pre tax for health related expenses but typically requires the entire deductible to be met before insurance start paying, would be priced at \$1,133 with a \$59,000 yearly income vs. \$400 with a yearly income of \$58,800.

Another way to look at it is with the chart below (based on the LOWEST priced Bronze plans). The premium and deductibles reflect an annual cost. The left half shows prices for an individual income of \$59,000 and the right side for an individual income of \$58,800. Regardless of plan chosen, the difference amounts to \$8,796, simply for earning an additional \$200 (over even \$1) over the threshold. These numbers are based on 2016 rates. Expected increases will only create a larger gap.

	Premium \$59,000	Deduct	TOTAL	%income	Premium \$58,000	Deduct.	TOTAL	%income
moda	\$11,724	\$5,750	17,474	29.5	\$2,808	\$5,750	\$8,558	14.5
HSA	\$13596	\$5,250	\$18,846	32	\$4,800	\$5,250	\$10,050	17
bcbs	\$13008	\$6,350	\$19,358	33	\$4,212	\$6,350	\$10,562	18

As you can see, using the HSA plan (as cost wise, it falls in the middle of my three examples), for someone making just over the tax credit limit, paying their health insurance premium and deductible amounts to 32% of their yearly income. To get that percentage down to 20%, that individual would need to have a yearly income of \$92,500 and to reach 10% they would need to be \$118,000. Keep in mind this is for the least expensive/most affordable plans.

I am confident that the solution is NOT to go back to the pre ACA days. Pre ACA things were just as expensive but with lesser quality plans and no tax credit options for lower earning workers. As I recall, I was paying about \$600 monthly for an Aetna plan with a \$12,500 out of pocket max and, I believe, a \$10,500 deductible. This is all for a plan in which the insurer only began cost sharing at 80/20 after the deductible was met. I could be slightly off on these numbers but to the best of my recollection this is a reasonable and close representation. Additionally I regularly faced about a \$100 monthly premium increase.

[http://www.iser.uaa.alaska.edu/Publications/researchsumm/UA\\_RS9\\_uninsured.pdf](http://www.iser.uaa.alaska.edu/Publications/researchsumm/UA_RS9_uninsured.pdf)

I am self employed as an acupuncturist and run a very successful small business. My boyfriend is also self-employed and runs an equally successful gunsmithing business. Combined, we have over a 25-year history of serving Alaskans. We have invested not only our own money but also a lot of blood, sweat and tears into making our Anchorage based businesses successful. We serve people in the Anchorage bowl and in the some of the furthest reaches of our state. We are both believers in having health insurance. Should either of us develop a chronic health condition or be involved in a serious accident that required extensive health care and we were WITHOUT health insurance it would devastate our income, savings and ability to continue being productive contributors to the Alaskan economy.

I am fortunate enough to be a very healthy adult. I have no diagnosed medical conditions (other than an allergy to bee stings). I take no prescription medication. I generally eat well and am lucky enough to be pain free so I can exercise regularly. I have a family health history with long-lived, cancer free, diabetes free parents and grandparents. With all of this going for me, I feel I can afford to choose a plan with fewer benefits and higher deductible/out of pocket costs and be reasonably certain my health expenses will be limited to the amount of my premium. However, should I actually need health care (other than just paying for it!) I would suddenly be looking at factoring in my deductible and, just like that, I could be faced with an annual expense of \$20,000 and upwards just for health care. Lucky thing I hunt, fish and garden since there wouldn't be much left for grocery money... of course, if I was ill or injured those hunting, fishing and gardening would not likely be all that feasible.

<http://www.alaskapublic.org/2014/09/29/insurer-thinks-affordable-care-act-needs-fix-in-alaska/>

<http://www.adn.com/article/20151103/alaskas-already-high-health-insurance-rates-set-get-even-higher-2016>

According to the US Dept. of Health and Human Service, in February 2015, 21,260 Alaskans were enrolled in health insurance coverage through the Marketplace. 89 percent of these individuals and families qualified for the tax credit, leaving 2,340 Alaskans facing the awkward and possibly untenable situation I described above. While that might seem like a relatively small number, it is potentially devastating to those working, middle-income individuals and families and potentially leaves them to choose between health insurance and paying the bills.

Regardless of what you think of the ACA, having health insurance is something most of us value. It would be more than absurd that if, in our great state and country, this would not be an option for middle income, working Alaskans. I have been in multiple conversations with employees at the Division of Insurance and they believe it is a relatively easy fix, and without impact to state budget, to create a graduated increase in premiums for those over the tax credit cutoff and to help keep costs down by spreading the increases over a larger population. However, they first need you to pass Senate Bill 206 and House Bill 374 so that they are free to pursue a solution. I implore you to do so!

Thank you,

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