



The Voice of Small Business®

ALASKA

April 2 2012

The Honorable Wes Keller, Chair
House Health & Social Services Committee
Alaska State Legislature
120 4th Street
State Capitol, Room 3
Juneau, Alaska 99801-1182

RE: SB 74 Mandated Insurance Coverage for Autism Spectrum Disorder

Dear Representative Keller:

Senate Bill 74 proposes to lay an expensive new burden on small businesses already struggling to provide health care. SB 74 mandates new and unprecedented coverage for autism and requires small businesses to cover the costs. The bill does not include the state nor most local governmental agencies. Federal law already exempts most large firms and union health plans from the mandate.

The Legislature has virtuous intent in addressing the serious epidemic of autism, but SB 74 goes beyond coverage parity with other diseases and could cost millions of extra dollars for privately insured Alaskans and the dwindling number of small employers who provide health benefits.

It is understandable that legislators consider the autism mandate too expensive for the state, but it is puzzling that, at a time when the ranks of the uninsured swell, they expect Alaska small businesses to shoulder a burden that government itself is unwilling to take on. In addition to the economic implications, lawmakers are also sending a highly contradictory message to their constituents. If this legislation is important, why shouldn't state workers and the thousands of low-income children covered by Denali Kid Care and Medicaid have the same access to this new coverage?

The unfairness of SB 74 is compounded by federal law, which prohibits states, including Alaska, from placing such mandates on large employers who self-insure. So if you are a larger business, you can operate under one lower-cost, lower-mandate set of federal rules; however, if you are an Alaska small business, you must comply with 28 mandates (29 if SB 74 becomes law) that drive up the costs.

American small businesses, which employ 80 percent of the nation's workers, are at the dead center of the health-care crisis in the country. Whereas 99 percent of big companies and corporations provide health care for their employees, less than half (47 percent) of small business owners can afford to do so, according to studies by the National Association of Insurance Commissioners and the Kaiser Family Foundation. Small business that do struggle to provide

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health care for their employees also pay 18 percent more in premiums than the largest firms do -- for the same benefits -- according to a Commonwealth Fund-supported study.

No one should get trapped into an argument over whether or not it is important to include autism in health coverage. What small businesses have been asking for is the ability to work with health insurers to individually tailor health plans that fit the needs of their particular businesses and their employees -- which might or might not include autism coverage -- rather than be forced to operate under the one-size-fits-all, legal straightjacket of mandates. So far, states, including Alaska, have said no. "Pay up or drop health care if you can't afford it," has been the effective response.

SB 74 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.

Even with this legislative mandate and its heavy negative impact on small businesses, only 15% of Alaska's population will be affected and 85% will not. It will offer no help to the 121,000 uninsured Alaskans. If Senate Bill 74 becomes law, its first and most lasting effect will be to increase the cost of health insurance and contribute to driving more Alaska workers into the ranks of the uninsured.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dennis L. DeWitt", with a stylized flourish at the end.

Dennis L. DeWitt
Alaska State Director

Cc: NFIB/AK Leadership Council
Senator Johnny Ellis



Health Coverage & Uninsured

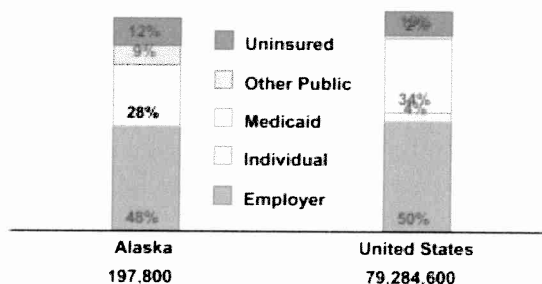
Compare: ☐ High/Low/US

☒ Two locations: **AK** and **US**

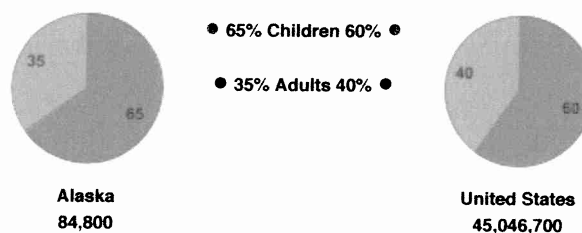
Facts At-A-Glance

| | AK | | US | | Notes |
|--|---------|------|-------------|------|--------------------------|
| | # | % | # | % | |
| Health Insurance Status of Total Population | - | - | - | - | - % total population |
| Employer | 357,200 | 53 | 149,890,200 | 49 | |
| Individual | 19,500 | 3 | 14,926,300 | 5 | |
| Medicaid | 92,500 | 14 | 48,400,200 | 16 | |
| Medicare | 49,100 | 7 | 38,128,000 | 12 | |
| Other Public | 36,600 | 5 | 3,942,500 | 1 | |
| Uninsured | 121,800 | 18 | 49,903,900 | 16 | |
| Nonelderly Uninsured Rate by FPL | - | - | - | - | - % nonelderly uninsured |
| Under 100% | 47,000 | 36 | 19,933,800 | 34 | |
| Under 139% | 59,400 | 34 | 26,330,200 | 34 | |
| 139-250% | 30,600 | 24 | 11,869,700 | 24 | |
| 251-399% | 19,500 | 14 | 6,235,200 | 12 | |
| 400%+ | 10,200 | 6 | 4,676,900 | 5 | |
| Firms Offering Insurance by Size | - | - | - | - | |
| Firms with Fewer than 50 Employees | - | 29.6 | - | 39.2 | % offer insurance |
| Firms with 50 Employees or More | - | 93.4 | - | 96.4 | % offer insurance |
| Percent of Firms Offering Insurance | - | 44.4 | - | 53.8 | |

Health Insurance Coverage of Children, states (2009-2010), US (2010)



Distribution of the Nonelderly with Medicaid by Age, states (2009-2010), U.S. (2010)



Please see statehealthfacts.org for sources and notes.