

SENATE BILL NO. 94

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATORS DYSON, Davis

Introduced: 2/4/05

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to state employee health plans that give employees the option to select a**
2 **high deductible health plan so as to qualify to establish a health savings account."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 STATEMENT OF PURPOSE OR INTENT. It is the intent of this Act to promote the
7 use of health savings accounts and to demonstrate the value of this method of patient control
8 of the patient's dollars by directing the state, as an employer, to make this option available to
9 state employees. When the state offers its employees a health plan, one of the options shall be
10 a high deductible health plan so that a state employee may establish a health savings account.
11 The federal government made a significant change to the health care financing system on
12 January 1, 2004, by allowing individuals to participate in federally qualified health savings
13 accounts. These accounts may be established with pre-tax money when an individual has
14 health insurance coverage under a high deductible health plan. Insurance costs will be

1 lowered by the use of health policies that do not cover the first \$1,000 in health costs each
2 year for an individual or the first \$2,000 in health costs each year for families. Individuals
3 covered by these high deductible policies will be able to use pre-tax dollars to save up to
4 \$2,600 annually or \$5,150 annually for families. Patients will skip unneeded treatments and
5 will be able to go to the provider of choice for treatment. Individuals and families will
6 continue to be covered by insurance for high cost medical events, such as accidents or serious
7 illnesses. Health savings accounts are owned by the individual, roll over from year to year
8 and are available for tax-free withdrawals to cover qualified medical costs, such as routine
9 medical office visits, physicals, and simple tests. Health savings accounts are trusts
10 administered by banks and insurance companies.

11 * **Sec. 2.** AS 39.30.090(a)(1) is amended to read:

12 (1) A group insurance policy shall provide one or more of the
13 following benefits: life insurance, accidental death and dismemberment insurance,
14 weekly indemnity insurance, hospital expense insurance, surgical expense insurance,
15 dental expense insurance, audiovisual insurance, or other medical care insurance. **If a**
16 **health plan is provided, employees shall have the option of selecting a high**
17 **deductible health plan.**

18 * **Sec. 3.** AS 39.30.090(b) is amended by adding a new paragraph to read:

19 (4) "high deductible health plan" means a health plan with a high
20 annual deductible limit that qualifies an individual covered under the health plan or an
21 employer to make contributions to a health savings account under 26 U.S.C. 223.