ALASKA STATE LEGISLATURE
JOINT MEETING
SENATE LABOR AND COMMERCE STANDING COMMITTEE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE
March 29, 2007
1:38 p.m.

MEMBERS PRESENT

SENATE LABOR AND COMMERCE

Senator Johnny Ellis, Chair
Senator Gary Stevens, Vice Chair
Senator Bettye Davis

SENATE HEALTH, EDUCATION AND SOCIAL SERVICES

Senator Bettye Davis, Chair
Senator Joe Thomas, Vice Chair
Senator Kim Elton
Senator Fred Dyson

MEMBERS ABSENT

SENATE LABOR AND COMMERCE

Senator Lyman Hoffman
Senator Con Bunde

SENATE HEALTH, EDUCATION AND SOCIAL SERVICES

Senator John Cowdery

OTHER LEGISLATORS PRESENT

Senator Hollis French
Representative Andrea Doll
Representative Scott Kawasaki

COMMITTEE CALENDAR

Overview: Health Insurance in the Workplace

PREVIOUS COMMITTEE ACTION

No previous action to consider

WITNESS REGISTER

BILL EVANS, Chair
Anchorage Chamber of Commerce
Anchorage AK
POSITION STATEMENT: Commented on health insurance in the workplace.

DUANE HEYMAN, Executive Director
Commonwealth North Health Care Roundtable
Anchorage AK
POSITION STATEMENT: Commented on health insurance in the workplace.

JEFF RANF, Partner
Wallace Insurance Incorporated
No address provided
POSITION STATEMENT: Presented "Cost of Health Care: Alaska Versus the Lower 48."

MARK FOSTER, Business Consultant
Institute for Social and Economic Research (ISER)
No address provided
POSITION STATEMENT: Presented "Rising Health Care Costs: Implications for Alaskan Competitiveness."

KAREN PERDUE, Associate Vice President
Statewide Health Programs
University of Alaska Anchorage (UAA)
Anchorage AK
POSITION STATEMENT: Presented "Recruitment and Retention of Medical Personnel."

JOAN FISHER, Executive Director
Anchorage Neighborhood Health Center
Anchorage AK
POSITION STATEMENT: Delivered remarks entitled "Viewpoints from an Alaska Safety Net Provider."

COMMISSIONER JACKSON
Department of Health and Social Services (DHSS)
Juneau AK
POSITION STATEMENT: Supported continued work on health insurance issues.

ACTION NARRATIVE

CO-CHAIR JOHNNY ELLIS called the joint meeting of the Senate Labor and Commerce Standing Committee and the Senate Health, Education and Social Services Standing Committee to order at 1:38:53 PM. Present at the call to order were Senators Stevens, Dyson, Elton, Davis and Ellis. Chair Ellis invited Senator French to join the committee at the table. He said that Senator Davis would co-chair the meeting with him.

Health insurance in the workplace

CO-CHAIR ELLIS announced the committees would hear about health insurance in the workplace. There would be six presenters.

1:44:11 PM

BILL EVANS, Chair, Anchorage Chamber of Commerce, was the first speaker. His remarks were entitled, "The Impact of Rising Health Care Costs on Alaskan Businesses." He said the Chamber represents 1,200 businesses with a total of 70,000 employees. Seventy percent of its membership base is made up of small businesses with 20 or fewer employees. The rising cost of health insurance has had the most substantial impact on those small businesses for many years now. Chamber surveys have indicated it's the number one business issue that keeps them up at night.

He said it's hard to attract good employees without health insurance; so employers need to offer it. However, some employers have to close their doors instead because of its high cost. He said the Chamber has tried many times to come up with a solution, but it has been unsuccessful so far. He urged them to look at structural changes that would allow small employers to offer a group rate.

1:44:56 PM

SENATOR THOMAS joined the committee.

MR. EVANS said the U.S. Chamber was looking at the possibility of expansion of health savings accounts to include small businesses and creation of unique small business health plans.

1:45:56 PM

CHAIR ELLIS said they have felt that progress has not been made in the past and he wanted to look at a different approach.

MR. EVANS had no further comments.

1:47:30 PM

DUANE HEYMAN, Executive Director, Commonwealth North Health Care Roundtable, said his remarks were entitled "Survey Results: Business Impact of Rising Health Care Costs." He related that half the states are looking for some sort of reform, including notable examples in Massachusetts and California. Most of the efforts are quite young, but the pressures continue from the business side as well as from the labor side resulting in a very unusual coalition called "The Better Health Care Together Campaign." Some of its goals are: quality, affordable health insurance coverage for all Americans, individual responsibility to maintain and protect our own health, dramatically improve values for every health care dollar and businesses, governments and individuals all should continue to manage and finance the new American and Alaskan (in our case) health care systems.

1:49:37 PM
MR. HEYMAN provided employer perspective on what is going on in Alaska and quoted information from a 2006 survey done by United Benefit Advisors, a group of independent insurance companies. It covered 9,600 companies with almost 14,000 plans and represented 1.5 million employees in the 42 states. It compared the increases in health care costs to overall inflation and earnings going back to 1988. In general, it indicated that inflation and workers' earnings has bounced between 2 and 4 percent annual increases - whereas health insurance increases have varied up to 18 percent, currently running 9 to 10 percent annual increases. In other words, health care costs have been going up three times (130 percent) the rate of inflation and wages (40 percent).

MR. HEYMAN said that by far the preponderant type of plan that is offered in Alaska is the preferred provider organization with over 80 percent of employer plans being PPOs. The only two other meaningful types of plans that employers are using are consumer driven health plans which are up about 8 or 9 percent. Fee for service plans are just a hair below that.

1:52:12 PM
Companies offering coverage in Alaska are Blue Cross/Blue Shield that has about 80 percent of the market; third-party administrators - about 9 percent; and other insurers - just over 10 percent.

MR. HEYMAN said in terms of monthly premiums that are being spent on health care by companies here in Alaska for individuals - for 2006 - total payments for health care coverage is about $412 compared to $325 in the Northwest and $331 for the national

average. For family coverage, it jumps quite a bit. In Alaska, the cost is $938 compared to Northwest's $766 and a national average of $817.

1:54:14 PM
He said that employees are paying an increasing portion of that. As of 2006, single employees were paying about $90 per month and families were paying close to $450 a month. Alaska has the highest percentage of domestic partners who are not covered - over 91 percent - compared to a Northwest average of 73 percent and a national average of 75 percent.

MR. HEYMAN said that Alaska has an above average number of wellness programs. The Roundtable has been promoting this concept, because it fundamentally reduces the demand on the system by encouraging employees to do healthier things and take more control of their own health. In Alaska, about 10 percent of employers had wellness programs compared to a national average of 4 percent and a Northwest average of 7 percent.

He said that 8.4 percent of Alaskan companies offer a consumer-driven health plan compared to 4.4 percent in the Northwest and a national average of 5.8 percent. They are usually coupled with high-deductible health plans along with the portion that the employee would contribute.

1:56:19 PM
Characteristics that employers feel are effective and good elements in consumer-driven health plans are that it increases employee sensitivity to the real cost of health care - seventy-six percent of employers feel that - it also provides a financial incentive for employees to manage their health - 69 percent of employers feel that way. Sixty-five percent of employers feel that it shifts more costs to the employee - obviously a benefit to the employers. Fifty-nine percent feel that it lowers health care costs including premium costs.

1:57:23 PM
However, the element of consumer-driven health plans they feel are problematic are: almost 70 percent feel the need to increase health education for employees (that burden falls on the employer); 63 percent feel the plan design complexity is increasing for the employee population making it a little more difficult to understand; 51 percent are concerned about increased workload for the human resources department; and they are also concerned about adverse selection, disproportionate

penalties to sick employees and the fact that the employees have limited time or interest in managing their own health.

1:58:15 PM
MR. HEYMAN said 91 percent of employers predict that in the next five years the costs of health plans are going to shift more to employees; 53 percent feel that consumer-driven health care plans will dominate; 56 percent feel that there will be a move to individual coverage and health savings accounts; and almost half feel the cost of quality data will be available to employees in advance; and there are a few other less important things that they perceive happening.

1:59:25 PM
SENATOR THOMAS asked what he thought would have the greatest impact now that he's gathered all this information. He also asked who all sat in on his Roundtable and if the pharmaceutical companies, medical providers and insurance companies were there. Third, he queried if ultimately the employee/consumer isn't actually responsible for all of the payments regardless of where the check comes from, because it's all in lieu of wages, anyhow.

2:00:31 PM
MR. HEYMAN replied that President Bush would like to change that in terms of making it a tax deductible benefit. He said that most reforms are centered around putting the responsibility back on individuals - what is called the individual mandate.

2:01:34 PM
SENATOR THOMAS repeated that if the money goes into a health plan, the employer may be making the contribution, but it's basically in lieu of a wage, anyhow.

MR. HEYMAN said from an employer's point of view, a dollar is a dollar except from a recipient's point of view, a tax free dollar is better than a taxable dollar.

He said the Roundtable is a broad-based coalition that includes the Rasmussen Foundation, the University, major hospitals, companies, insurance agencies and companies; however pharmaceutical companies are not represented - just local Alaskan entities.

CHAIR ELLIS asked where the Roundtable would go next.

MR. HEYMAN replied that Governor Palin and HESS Commissioner, Karleen Jackson, agreed with its recommendation to form the

Alaska Health Strategy Planning Council, whose members will be selected in April. If all goes well, it's possible that Council will continue the type of work that the Roundtable has been doing. He thought the Roundtable would continue in some form to be able to help the Council, but it will depend on how it wants to operate. He said the Governor's goal is to have a revised health care plan for Alaska by January 2008.

CHAIR ELLIS thanked him for his comments and then he invited Jeff Ranf to testify on "Cost of Health Care: Alaska versus the Lower 48."

2:04:22 PM
JEFF RANF, Partner, Wallace Insurance Incorporated, is also the incoming President of the Alaska Association of Health Underwriters. He said the Association is the Alaska chapter of the National Association of Health Underwriters, a professional trade association of about 20,000 insurance agents, brokers, consultants, advisors located around the country.

MR. RANF said their statistics indicate that Alaska has an uninsured population of about 114,000 as of 2004. Each state needs to come up with its own solution, because the federal government will not coming up with anything soon. There are good reasons for that. The health care system is highly complicated and highly financed and deals with about 45 million uninsured people.

2:07:50 PM
He reviewed that Alaska's demographics are incredibly diverse compared to other states and its land mass is huge compared to anybody else's. People received health care benefits in a variety of ways in Alaska and that is covered in "Health Care Matrix" produced by his organization. It indicated the Medicare is gradually disappearing because the feds are offering less and less reimbursement and the cost of providing that service is going up.

2:10:18 PM
He highlighted that the Alaska Comprehensive Health Insurance Association (ACHIA) provides health insurance to individuals without access to group coverage where a preexisting condition would preempt someone from accessing health insurance on an individual level. Under ACHIA, for every dollar an individual spends in premium, $3 is spent. He said this is an incredible vehicle that a lot of people in Alaska are not aware of. His

organization tries to educate the public about what is available and the Matrix lists all those options.

MR. RANF said that managed care in the state of Alaska is basically nonexistent. He said primarily the PPO network is with the hospitals, but in terms of physicians, Alaska doesn't have a network. It has participating agreements which means whatever the usual and customary rate is. If the physician decides to participate at that rate level, they can sign up, but it doesn't mean that a discount necessarily is associated with that agreement.

2:12:31 PM
He said Premera/Blue Cross conducted a survey last year that had four different areas of focus. One area was doctors' visits in Alaska and it indicated that a mid-level patient's average cost is about $111; the cost in Washington is $69.50 - a 60 percent increase over Washington. Chiropractic manipulation and therapeutic activities cost an average of $59 in Alaska and $48 in Washington; they range from 23 to 46 percent more in Alaska. Third, colonoscopies in Alaska are just under $1,200; the cost in Washington is just over $500 - a 128 percent difference. Arthroscopic knee surgery is 315 percent higher in Alaska. He thought these areas would be a good place to start looking at cost differentials.

2:14:29 PM
Why are costs going up in Alaska, he asked. They're going up because of technology and because Alaskans are getting older and living longer, a reduction in federal funding resulting in shifting costs to state and on to communities, and a lack of wellness initiatives and incentives. Alaska has a huge shortage of physicians; half the doctors here are over 50 and they are not being replaced. Alaska needs 475 doctors to replace them. Also, our state doesn't have any managed care that would encourage any physicians to move here; they have no incentives to bring their prices down. "So, their prices are what they are."

2:16:32 PM
MR. RANF said one of the most important things to remember is that only employers with insurance coverage contribute to ACHIA. They pay a state tax of 3.2 percent and a portion of that goes into ACHIA. It's important to recognize that groups that do not have health insurance do not pay into ACHIA.

He said that consumer-driven health plans would be more meaningful if medical cost transparency were in the system; that's why they also think that high-risk insurance pools should be expanded.

CHAIR ELLIS thanked him for his comments and said that they were in a good mood thinking they had done a wonderful thing by doubling the WWAMI program and sending 10 more kids to medical school. However, needing 475 more doctors was sobering and much more work had to be done.

2:18:00 PM
SENATOR DYSON asked if most of the folks in his association were starting to offer some kind of high deductible health coverage to be compatible with health savings accounts.

MR. RANF replied yes.

2:18:32 PM
SENATOR THOMAS asked if Alaska's lack of technology is causing prices to go up. He said not much could be done about the aging population and asked if the reduced federal funding would have any impact on what the payments are. He also saw the lack of wellness initiatives and incentives promoting good health as the most important factor.

2:19:26 PM
MR. RANF answered that it's not the lack of technology, but rather the increase and that while the length of hospital visits associated with doing open heart surgery and knee replacements, for instance, have been shortened, the cost of the technology of providing those procedures has gone way up. Seventy five million baby boomers are going into the medical system as they speak and they will all be getting hip and knee replacements and all kinds of things we didn't use to have. So, that is going to cost huge amounts of money. He thought saw this as just the tip of the iceberg.

2:21:12 PM
SENATOR THOMAS asked if other countries have more control over what might be considered counter productive situations like performing heart surgery on a patient who is dying of cancer.

MR. RANF replied yes. Some procedures are being done here that are not necessary, but he didn't know how to comment about that. More importantly, though, he said cancer patients, as an example, are being kept alive an unbelievable long period of

time. Twenty years ago they would see only a million dollar claim for a premature baby; now leukemia patients are being kept alive for five to eight years - running into the $1.5 million level. He repeated that he sincerely believed we are looking at the tip of the iceberg in terms of medical costs.

SENATOR DYSON asked of the 91,000 uninsured people in Alaska, are any covered under an organization like the Indian Health Act.

MR. RANF replied no and corrected that he used the number of 114,000 for uninsureds and that Senator French stated in an article that there are roughly 60,000 uninsured in Alaska due to lack of small businesses not providing health insurance.

CHAIR ELLIS said that he would like to continue the conversation, but the health insurance industry folks need to be at the table, too. He then invited Mark Foster from the Institute for Social and Economic Research to give a presentation entitled "Rising health Care Costs: Implications for Alaskan Competitiveness." He also invited Department of Health and Social Services' (DHSS) Commissioner Jackson to join the committee.

2:25:12 PM
MARK FOSTER, business consultant, said he is currently under contract to the Institute for Social and Economic Research (ISER) doing economic policy research on health care. He recently co-authored an ISER report with Scott Goldsmith on the $5 billion health care market in Alaska. By way of disclosure, he said he also represented the State Hospital and Nursing Home Association, the Tribal Health Consortium, API and other health care providers and his comments today don't reflect the views of any of his clients.

He said it is useful to realize that Alaska's health care spending as a percentage of the state economy has grown from around 3 percent of the economy in the 1980's to approaching the 12 percent range today. He said those costs flow through to the employer-based insurance system we have that has to compete with other entities.

MR. FOSTER said that Alaskan employers have been buffered over the last decade against the full effect of the increase in health care spending due to the increasing share of federal spending over that time period. However, over the next decade, the federal share may well moderate or decline and the health

care cost escalation will tend to increase the percentage of those who don’t have insurance coverage – all other things being equal. This tends to result in higher debt and charity care at the hospitals. All of this tends to shift costs to the employers who are offering insurance.

2:28:00 PM
Out over the next 10 years, the rate of increase of health care cost from the employer perspective is poised to outrun their ability to shift costs to employees, increase productivity or moderate their wage increases in order to accommodate rising health care costs. It’s going to be more expensive relative to national benchmarks.

How significant is this to Alaska's competitiveness, he asked. Looking at the cost of health care on a per labor hour basis in the construction industries and comparing those costs between two competing projects, one being the Alaska North Slope gasline and the other being Mackenzie gas pipeline, he said indicates that Alaskan employers are at risk for higher-than-average health care cost escalation on top of already high costs. This is significant when competing particularly in international markets. This is the challenge as Alaska goes forward in the coming years.

2:30:33 PM
SENATOR DYSON asked if he had studied cost shifting in hospitals and unequal charges to recipients of health care.

MR. FOSTER replied that he has looked at the national studies, but he hadn’t done any independent work here in Alaska. He said that basically there are three significant cost shifts going on – that Medicare services are under the average cost; Medicaid is also under the average cost; and then you have the increasing population of the un and under insured (also resulting in cost shifting). Those three main forces push many of the fixed costs on to the private employers who are purchasing insurance.

National studies indicate that cost shifting is even more pronounced in Alaska, given the relative size of Medicaid, Medicare, VA and IHS and the health care market.

2:32:18 PM
SENATOR DYSON refocused his question stating that hospitals take their low or no recovery costs and shift them over to other payers who are able to pay their bills. They end up paying much more to cover what is basically charity. Also, he remarked if

you are part of a pool, you get a huge discount. So, people who are doing the right thing pay a significant penalty by actually paying more. He asked if he had looked at any of those issues.

MR. FOSTER replied yes and the general trend Senator Dyson described is evident at the national level. Based on anecdotal evidence in the state, he thought the same thing could be found.

2:33:48 PM
SENATOR FRENCH asked where legislators could look for good examples of managing health care costs.

MR. FOSTER said he's working on a project for ISER that is looking at case studies from other states for that answer, but he didn't have it today.

2:35:12 PM
SENATOR FRENCH asked about slide 8 and the competitive disadvantage of an Alaska gas line versus a Canadian gas line, because of the increased health costs incurred by employers working in Alaska versus those in Canada. He asked if that was an example of cost shifting or are those savings because Canadian expenses are lower than U.S. expenses or is it simply because the Canadian government is bearing the cost of paying for health care in place of private employers.

MR. FOSTER replied that two fundamental things drive that example. One is the cost per employee in Canada is lower than it is in the United States and the Alaska cost differential is on top of that. So from a total cost perspective, that is the differential regardless of who is paying for it, government or private employer. Health care is cheaper in Canada than it is in Alaska and that results in a competitive disadvantage for Alaskans.

CHAIR ELLIS thanked Mr. Foster for his excellent comments.

2:36:49 PM
KAREN PERDUE, Associate Vice President of Statewide Health Programs, University of Alaska Anchorage (UAA), had a presentation entitled "Recruitment and Retention of Medical Personnel." She said she wanted to talk about people and medical professionals today. Before that she wanted to make a couple of comments based on her history in state health policy.

One observation is that health care costs have always risen every year that she has been involved in health care, so their

goal is not so much to cut the costs as to slow their growth. She is convinced that no one magic bullet can do that, but rather a lot of complicated and sophisticated actions need to be taken in concert.

MS. PERDUE said she has come to learn that Alaska's health care system is very inefficient and redundant. The reason it is redundant is because of the vast geographic area and a lot of payers have a "stove-pipe" type of payment system. She asked where else in the United States one would find a community of 300,000 people that has five hospitals like in the Anchorage and Mat-Su region. In Seattle, one hospital would serve 350,000 people.

However, Ms. Perdue said she has determined that the redundancy is necessary to deliver care especially in small communities. So, today she wanted to talk about labor or the people that comprise about 70 percent of the health care business and her perception "that we are just heading into the perfect storm in shortage of people in our health care business." She said the shortage stretches from doctors and social workers to lab techs and radiology technicians.

2:39:33 PM
She said the UAA and HESS Commissioner Jackson did some numbers on the cost of recruiting and replacing health care workers with temporaries and "just the tip of the iceberg numbers are $24 million last year we spent - just in the recruitment and the replacement of workers - that's not really adding any value to the health care system." Because of her observations from serving on a couple of hospital boards, she is convinced that the amount is really much more. The Fairbanks Memorial Hospital is seriously short on four different kinds of medical professionals; it has no urologist, no cardiologist and a severe shortage of internists and ophthalmologists. The hospital, alone, has spent about $700,000 to $800,000 to recruit these medical professionals along with the costs that are not added in for the private clinics and others who are helping with the recruitment. "So, the shortage of professionals is a big deal and I think it's an underlying cost driver."

MS. PERDUE said she had been at the University for five years and sees clearly that those costs can be chipped away by "growing our own." She said UAA has a 66 percent growth in the number of students in these professions in the last five years and every program it opens is immediately filled with qualified students. There are big gaps, however, and Alaska is the only

state in the union that doesn't have a four-year nutrition degree, for instance. So with the growth in life style behavior issues like obesity and diabetes, Alaska can't produce a registered dietician.

She said this is not the only thing driving cost, but she sees a lot of waste in what people are paying for health care. She agreed that the demand for it will grow and it's too bad that we can't fill these jobs with local people, because they are great jobs and stated: "I think we need a strategy to fix it."

CHAIR ELLIS thanked her very much and mentioned that when they were making the double WWAMI buttons in his office, they considered putting the little phrase "grow our own" on the bottom. He thought that phrase should carry them through in these discussions.

2:42:28 PM
JOAN FISHER, Executive Director, Anchorage Neighborhood Health Center (ANHC), delivered remarks entitled "Viewpoints from an Alaska Safety Net Provider." She said she would begin by explaining a little bit about the health center and then give some perspective on being a mid-sized business in Anchorage and some of the challenges that brings.

MS. FISHER explained that ANHC is a community health center or a federally qualified health center (F28C). It receives some funding from the Bureau of Primary Health Care to provide comprehensive primary care to medically underserved populations. The services provided are primary medical care, dental care, an in-house pharmacy and case management services. They also have the largest HIV/AIDS practice in the state and provide health care for the homeless populations at the clinics and in seven shelters in Anchorage. ANHC is a free-standing non-profit and it has a volunteer board of directors of which over 50 percent must be consumers of its services.

MS. FISHER said in 2006 it provided 50,000 visits for 13,700 individuals. It has a total budget of $11.5 million and receives $2.8 million from the Bureau of Primary Health Care, which allows them to provide services on a discounted fee basis. She said that over 50 percent of the patients served last year were uninsured.

She reviewed that ANHC started out in 1971 in Fairview and a satellite health center was added in Mountain View in 1997. It has since become one of the largest primary care providers for

residents in Anchorage and the surrounding areas. It partners with other health and social service agencies to provide services to some of the most impoverished people in the community. Approximately 8,000 of its patients are below 100 percent of poverty level and close to 90 percent are below 200 percent of poverty.

She said in the last few years, Medicare rules have changed for new immigrants who now can't access Medicaid benefits until residing in the state for five years (60 months). So, a lot of the folks she sees are new immigrants who can't access Medicaid. She said other things come along with poverty like poor housing, poor nutrition, mental health and substance abuse issues. When accessing health care, patients not only suffer from financial barriers, but also cultural and language barriers.

ANHC has more demand than it can manage and it has been turning away 25 - 40 people a day. It is looking at building a larger health center, but with the rising uninsured and Medicare population, she is pessimistic that they will be able to accommodate the demand.

MS. FISHER said Anchorage has a population of 270,000 and a primary care physician shortage that is critical. When you can't get in to see a doctor you tend to go to the emergency room or you don't go anywhere; and when you neglect your care, a major event happens and you wind up in the hospital costing the system thousands of dollars.

2:46:47 PM
On the business side she said, ANHC is a mid-sized business. It employs highly trained professional staff. Seventy percent of its costs are labor. To attract and retain staff, ANHC must offer competitive salaries and benefits. Its competitors in Anchorage are Providence Health System, Southcentral Foundation, and the Family Medical Clinic. Its fringe benefit rate is 39 cents on every dollar and the annual cost of its health insurance is $708,000 for 137 lives.

Every year ANHC struggles with how much to have staff contribute to the cost of health care, but when you start asking staff to contribute to health care, you have to give them the option to opt out of insurance and the board feels it is immoral to have uninsured staff. So, basically, they pay almost 100 percent of employees' health care benefits. ANHC charges staff $13 per paycheck or about $260 a year.

ANHC has experienced annual increases in the 20 - 25 percent range. In the past three years, the workers' compensation rates have increased by $100,000. She said:

> As many business owners are familiar with the chipping away of benefits to save costs - first you go through the process of raising the deductible and it was hard going from the $250 to $500 deductible - or a lot of them go up to $1,000 deductible - or they even get to the point where they're just providing catastrophic medical coverage. A lot of times businesses begin eliminating benefits such as vision or dental coverage to get the cost down, and then eventually they eliminate coverage altogether, because they just can't keep up. And workers' comp and unemployment are mandatory payments that businesses have to make. So health care benefits become kind of a secondary cost.
>
> In short I believe the health care system is broken. I think reforming the system is necessary in order to provide equal access to care for all people in our state. I don't believe it's going to happen on the national level for many years, and so I encourage legislators to open the debate on a state level.

MS. FISHER said a health care reform committee worked on this issue in the mid-90s and came up with a single-payer system, but when the reform hit the bottom in the Clinton administration, they quit working on it for a long time. She thought that study should now be dusted off and creative solutions should be sought.

CHAIR ELLIS thanked her for being here and for the work that she does. He noted that Mr. Dennis DeWitt, National Federation of Independent Businesses, was present and his views would be heard in the future. He invited suggestions from all sectors. He then asked the commissioner for closing statements.

COMMISSIONER JACKSON, Department of Health and Social Services (DHSS), commented that everyone is looking forward to the naming of the Health Care Strategies Council members, but said "it's going to take all of us working together." Those individuals would serve as a catalyst, but there will be lots of other groups working together in the background having these kinds of conversations. She encouraged them to keep working together.

2:52:19 PM

CO-CHAIR DAVIS thanked them for the opportunity to be here and hearing this report. She said there is a lot of work to be done.

There being no further business to come before the committee, CHAIR ELLIS adjourned the meeting at 2:52:40 PM.