ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE
February 26, 2008
1:35 p.m.

MEMBERS PRESENT

Senator Johnny Ellis, Chair
Senator Gary Stevens, Vice Chair
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 149
"An Act relating to redistribution of used eyeglasses."
MOVED CSSB 149(L&C) OUT OF COMMITTEE

SENATE BILL NO. 160
"An Act establishing an Alaska health care program to ensure insurance coverage for essential health services for all residents of the state; establishing the Alaska Health Care Board to define essential health care services, to certify health care plans that provide essential health care services, and to administer the Alaska health care program and the Alaska health care fund; establishing the Alaska health care clearinghouse to administer the Alaska health care program under the direction of the Alaska Health Care Board; establishing eligibility standards and premium assistance for persons with low income; establishing standards for accountable health care plans; creating the Alaska health care fund; providing for review of actions and reporting requirements related to the health care program; and providing for an effective date."
HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 149
SHORT TITLE: REDISTRIBUTION OF USED EYEGLASSES
SPONSOR(s): SENATOR(s) THERRIAULT

03/30/07 (S) READ THE FIRST TIME - REFERRALS

03/30/07	(S)	L&C, HES
02/19/08	(S)	L&C AT 1:30 PM BELTZ 211
02/19/08	(S)	Heard & Held
02/19/08	(S)	MINUTE(L&C)
02/26/08	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 160
SHORT TITLE: MANDATORY UNIVERSAL HEALTH CARE
SPONSOR(s): SENATOR(s) FRENCH

04/23/07	(S)	READ THE FIRST TIME - REFERRALS
04/23/07	(S)	HES, L&C, FIN
09/10/07	(S)	HES AT 1:30 PM Anch LIO Conf Rm
09/10/07	(S)	Heard & Held
09/10/07	(S)	MINUTE(HES)
01/30/08	(S)	HES AT 1:30 PM BUTROVICH 205
01/30/08	(S)	Heard & Held
01/30/08	(S)	MINUTE(HES)
02/18/08	(S)	HES AT 1:30 PM BUTROVICH 205
02/18/08	(S)	Moved CSSB 160(HES) Out of Committee
02/18/08	(S)	MINUTE(HES)
02/19/08	(S)	HES RPT CS 3DP 1DNP NEW TITLE
02/19/08	(S)	DP: DAVIS, THOMAS, ELTON
02/19/08	(S)	DNP: DYSON
02/26/08	(S)	L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

SENATOR THERRIAULT
Alaska State Capitol
Juneau, AK
POSITION STATEMENT: Sponsor of SB 149.

HOWARD RIXIE
Aurora Borealis Lions Eyeglass Recycling and Vision Center
North Pole, AK
POSITION STATEMENT: Supported CSSB 149.

JENNIFER STRICKLER, Licensing Chief
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community & Economic Development (DCCED)
Juneau, AK
POSITION STATEMENT: Supported SB 149.

SENATOR FRENCH
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Prime sponsor of SB 160,

LINDA HALL, Director
Division of Insurance
Department of Commerce, Community & Economic Development
Juneau, AK
POSITION STATEMENT: Commented on SB 160 issues.

LYNN HARTZ, Legislative Committee
Alaska Nurses Association
Anchorage, AK
POSITION STATEMENT: Supported SB 160.

GARVAN BUCARIA, representing himself
Wasilla, AK
POSITION STATEMENT: Commented on SB 160 issues.

BEVERLY SMITH
Christian Science Committee on Publication for Alaska
Juneau, AK
POSITION STATEMENT: Supported SB 160 if it covered Christian Science healing practices.

PATRICIA BOILY, representing herself
Homer, AK
POSITION STATEMENT: Opposed SB 160.

ANDY MODEROW
Staff to Senator French
Alaska State Capitol
Juneau, AK
POSITION STATEMENT: Commented on SB 160 for the sponsor.

ACTION NARRATIVE

CHAIR JOHNNY ELLIS called the Senate Labor and Commerce Standing Committee meeting to order at 1:35:40 PM. Present at the call to order were Senators Bunde, Stevens and Ellis. SENATOR DAVIS joined the committee at 1:36:36 PM.

SB 149-REDISTRIBUTION OF USED EYEGLASSES

1:37:41 PM
CHAIR ELLIS announced SB 149 to be up for consideration.

SENATOR THERRIAULT, sponsor of SB 149, explained the only change in proposed CSSB 149(L&C) 24-LS0788\M, appears on page 2, lines

24-25, because Mr. Harper testified at the last meeting that one can't expect to get the exact prescription. So the drafter suggested inserting "to the extent possible" to give a little bit of latitude.

1:38:55 PM
SENATOR STEVENS moved to bring version M before the committee. There were no objections and it was so ordered.

1:39:40 PM
HOWARD RIXIE, Aurora Borealis Lions Eyeglass Recycling and Vision Center, North Pole AK, concurred with the CS.

1:39:56 PM
JENNIFER STRICKLER, Licensing Chief, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community & Economic Development (DCCED), supported SB 149. She hadn't seen the CS but indicated a letter dated July 23, 2007 from the chairman of the Board of Optometry suggested moving this language to the Board of Optometry rather than Dispensing Opticians, because that board had sunsetted in FY06.

SENATOR THERRIAULT explained that issue had been dealt with in the CS on page 1, line 5 which removed "board" and inserted "department".

SENATOR STEVENS asked if giving approval to a non-profit organization is a complex process.

SENATOR THERRIAULT said he had to go with generic language, because the drafter said that even though the intent is to work with the Lions Club program, they didn't want to put "the Lions Club" in statute. This wording gives flexibility to the department if there are competing groups or more than one.

1:44:01 PM
SENATOR STEVENS moved to report CSSB 149(L&C), version M, from committee with individual recommendations and attached fiscal notes. There were no objections and it was so ordered.

SB 160-MANDATORY UNIVERSAL HEALTH CARE

CHAIR ELLIS announced SB 160 to be up for consideration. [CSSB 160(HES), 25-LS0728\N, was before the committee.]

SENATOR FRENCH, prime sponsor of SB 160, introduced Andy Moderow, his staff who spent a good part of the last year

working on this bill. He then explained that at least 15 percent of his neighbors do not have health insurance; 60 percent of those have full-time jobs that do not provide health insurance as a benefit. The upshot is that the costs they incur when they seek health care, typically through the emergency room or low cost clinics, get passed on to the rest who do have health insurance. Estimates are that about 15 percent of the health insurance premiums people pay go to care for those who have no insurance. Should every Alaskan have a health insurance policy, one might see as much as a $1000 annual reduction in premium. The idea behind SB 160 is to provide a framework using the existing landscape to provide affordable health insurance to every Alaskan.

1:46:33 PM
SENATOR HOFFMAN joined the committee.

1:48:51 PM
SENATOR FRENCH showed a slide from a Rand Corporation study indicating that most nations have a fairly tight relationship between gross domestic product (GDP) and health care spending until you come to the U.S. which spends far more on health care – and gets the same, if not worse, results when you look at infant mortality and life expectancy. That extreme amount of spending has caught the eye of many economists and health care reformers.

A slide prepared by the Institute of Social and Economic Research showed a huge increase in spending in health care, both as a total and per capita from $1.6 billion in 1991 to $5.3 billion in 2005. The idea of this reform is to get more people covered by insurance while trying to decrease wasteful spending in emergency rooms and other medical costs.

SENATOR FRENCH said one of the problems is that it's very difficult for small firms or those who work for themselves to provide insurance for employees. Ninety-three percent of the large firms in Alaska offer health insurance, while 88 percent of the medium sized firms offer health insurance. But when you drop to smaller firms, it’s very difficult to generate enough income to provide insurance.

1:50:36 PM
He said the bill calls for the creation of a Health Care Board that would oversee a health care fund, and recommend essential health care services and certify private health care plans that would rest in a Alaska Health Care Clearinghouse. The

Clearinghouse would not be a new bureaucracy, it would be a virtual clearinghouse, much like the stock exchange, where individual health care plans, having been certified by the board as have essential health care services (as defined by the legislature), are waiting to be purchased by a person with a voucher to purchase it. The genius of this idea is to not replace the existing private insurance landscape with a single insurance plan, but to maintain the same competition within the clearinghouse that promotes lower costs and better products that works so well in many other aspects of our economic life – competing for the consumer voucher.

He said essentially individuals who earn less than 100 percent of the federal poverty limit would get a free voucher for a health insurance policy. Today probably 95 percent of those people are on Medicaid; the bill takes the other 5 percent into account. The vast bulk of the folks that this bill is meant to help falls between 1 – 300 percent of the federal poverty level. Other states that are looking at these reforms tend to use this range of limits. The vast bulk of Alaskans would be eligible for a voucher in relationship to their income; the lower the income, the bigger the voucher. The higher income the smaller the voucher, until you get to 300 percent, in which case you get no voucher whatsoever.

1:53:02 PM
SENATOR FRENCH explained that the fund would also have "specified beneficiary funds." Laile Fairbairn of the Snow City Café said she would love to be able to contribute $100-$300 to help employees buy health insurance, but she couldn't afford the full price. Companies like hers that want to offer to subsidize employees' health insurance policies could put money into the specified beneficiary fund to help them buy insurance. A person would take their voucher to the Health Care Clearinghouse and choose their fund.

1:53:30 PM
CHAIR ELLIS asked if this approach is market-based and consumer driven.

SENATOR FRENCH replied yes; market-based means you haven't remade the health insurance landscape to go to a single payer. A single payer operates in different parts of the country; Medicare for instance is a single payer for people over 65, the Veterans Administration is another example. But that model has never proved to be successful in any setting. So, market-based preserves the private insurance industry competing for

customers. The consumer driven portion is just that - by letting an individual with a voucher pick the insurance plan that best meets his or her needs, the bill maintains the vital market-place where consumers meet a seller in a free exchange, staying in line with out capitalistic principles.

SENATOR STEVENS said Senator Ted Stevens was talking about aging of Alaskans a few days ago in addressing the joint body and asked if Alaska is any worse than other states.

1:56:51 PM
SENATOR FRENCH replied he didn't know. He thought Senator Stevens was saying 90 percent of health care costs one incurs are in the last 18 months of one's life, but he didn't think that problem had a solution.

CHAIR ELLIS inserted that people are fearful of rationing care when they get to that age and that this is troubling to medical ethicists.

SENATOR FRENCH said this approach was first enacted in Massachusetts where they were "able to meet in the middle." Everyone could get health insurance entity, and the free market was maintained. Most models being presented now work along the lines of this plan.

CHAIR ELLIS said some folks argue for the single payer approach, which isn't socialized medicine but rather socialized insurance through a government entity; and there are good examples of that. He said criticism exists of this approach that the profit motive is still involved and health insurers will still be making a profit. He asked Senator French if he had any thoughts about controlling costs being a negative to the profit side of the picture.

SENATOR FRENCH replied that is a legitimate concern, but the central question is if you have a health insurance policy; this is a pragmatic approach to the problem. The flip side to lowering costs is better infant care and longer and healthier lives.

CHAIR ELLIS asked if he just faced up to the political reality that the U.S. won't likely pass a law to outlaw private health insurers.

2:00:31 PM

SENATOR FRENCH responded this is a compromise between the left that wants everybody covered and the right that wants a free market approach.

SB 160 sectional analysis

2:01:08 PM
Section 1 is the findings section of the bill. Article 2A is the meat and potatoes of the legislation and starts on page 2, line 26 where it establishes the health care program laying out what the legislation will accomplish. It ensures that all state residents can afford quality health care coverage and that it be meaningful. It reduces unsustainable health care cost increases through encouraging primary care and prevention and it centers on consumer choice by providing a framework for competition where insurance plans must compete to acquire and retain customers.

Section 21.54.210 on page 3, line 9, establishes the health care board under the Department of Health and Social Services (DHSS). It will have 13 voting members divided between those who operate the business side and those who provide the care delivery: labor, physicians, nurses and consumers. The commissioner is the 13th member serving as a tie-breaker.

SENATOR FRENCH said that Section 21.54.220 describes the powers and duties of the board. Essentially it oversees the two main elements of the bill – the health care clearinghouse and the health care fund. In particular it ensures that a variety of plans are available in the clearinghouse and that people are aware of them. It establishes enrollment criteria and procedures and provides for an annual open season when customers can change their plans.

2:04:35 PM
He said this annual open season also keeps the competition element of the bill in force because insurers will have to be concerned about people jumping from one company to another. That concern about losing customers helps them drive prices down and promotes greater efficiency in a private insurance market. The board will also hear complaints or objections to decisions made by the program or the clearinghouse; it also has a hearing process for appeals. Section 21.54.230 on page 5 is about the Alaska health care clearinghouse.

SENATOR FRENCH said Section 21.54.240 establishes the voucher system and includes the individual responsibility clause. This

section ensures that all Alaskans can afford quality health coverage. He explained that the individual responsibility clause puts the responsibility for having an insurance plan on the individual, and he remarked that in the past many plans have called for an employer mandate. This also breaks the problem with individuals who get insurance through their job and then lose it when they change jobs by making it portable with the individual; people now change jobs four or five times in their lifetimes. It also means that individuals have to step up and take responsibility for their own health care. The flip side is once every individual buys health insurance, you can tell the industry it has to offer insurance to people who ask for it. The idea is by grabbing the 20-30 year olds who do not have health insurance and will not buy it unless you nudge them into doing so, you can get the price down for the rest of the consumers. He said this vast segment of the Alaskan population believes they are bullet-proof and expects us to take care of their health care problems when they crash their snow machine, fall into a crevasse or their boat runs out of gas in Cook Inlet. We spend all kinds of money to fix them up; so it's only fair to ask them to contribute something every month to a health insurance policy.

2:08:17 PM
He said the sliding scale vouchers are described on page 6 in subsections (b) - (e). Subsection (c) provides that people who fall below the federal poverty level (FPL) will receive health insurance at no cost. Subsection (d) provides vouchers on a sliding scale to individuals in households that earn between 100-300 percent of the FPL. Subsection (e) on page 7 requires that all individuals over 300 percent of the FPL acquire health coverage. While they won't be able to receive a needs based voucher, they will be eligible to receive "specified beneficiary vouchers" discussed in a later section of the bill.

SENATOR FRENCH said subsection (b) on page 6 was skipped and that is about how ACHIA, the state's high risk pool, fits in. Those rates are typically 150 percent of what normal people pay for their insurance. For ACHIA, the FPL limit is increased to 450 percent to maintain the proportions of going up the scale in income.

SENATOR BUNDE went to subsection (f) and asked if an illegal alien would qualify for this program.

SENATOR FRENCH replied no. But if you're a legal alien – yes.

2:11:30 PM
He said that Section 21.54.250 on page 7 defines essential health care services. They will include coverage for preventative and primary care, emergency services, inpatient services and hospital treatment, ambulatory patient services, prescription drug coverage and mental health services. Section 21.54.260 on page 7 relates to employer provided health coverage. Here he emphasized that nothing happens under this bill if a person already has insurance coverage.

SENATOR BUNDE said including mental health services is being discussed within the industry and this bill requires it. He asked if someone's private insurance didn't allow mental health services, would that mean they would now be required to provide it.

SENATOR FRENCH answered that is a policy decision the legislature will have to make. "As proposed, the short answer is yes."

2:13:27 PM
He said Section 21.54.260 relates to employer provided health coverage; subsections (a) and (b) clarifies that nothing changes for employer based health coverage for companies that elect to provide it. Subsections (c) and (d) pertain to the employer levy which insures that all employers contribute something to the health of employees around the state. The levy is only put against employers who don't offer health coverage and the amount depends on the number of employees they have. There is no levy for zero to 10 full-time employees.

2:15:40 PM
SENATOR BUNDE asked how the levy would compare to buying health insurance.

SENATOR FRENCH replied the levy is fairly low. He said that business is suspicious; the National Federation of Independent Businesses is very nervous, but when they realize how it works, they will see it as a big benefit.

He said Section 21.54.270 on page 8 relates to the structure of the insurance plans available in the clearinghouse. They are required to provide coverage for essential health care services as described in Section 21.54.250. Subsection (b) mandates that an insurance company not turn down an individual looking for coverage. He commented that once you require everyone to get in the pool, the insurance industry has to step up to the plate and

issue a policy. “They are not going to turn you down because of this – because you’re a hundred pounds overweight or you smoke or whatever it is that they try to use to cull individuals out of the herd.”

2:18:26 PM
SENATOR FRENCH said subsection (c) makes clear that the health insurance plans can have various levels of deductibles, co-pays and out of pocket maximums. He said that individuals who are between 18 and 30 can have a specially crafted plan because there is no sense in them having insurance for prostate exams, for example.

Subsection 21.54.290 on page 9 covers disputes and appeals; subsection 21.54.300 on page 10 requires the Health Care Board to provide an annual report that includes statistics on how the health reform program is performing and an evaluation and recommendations on a variety of topics including the use of electronic health records.

SENATOR FRENCH said language inserted by the HES Committee on page 10, lines 23 – 26, requires the board to look at expanding Medicaid every year versus providing vouchers and providing a cost comparison - because many reformers believe that simply expanding Medicaid is the way to cover more individuals. Finally Section 21.54.310 on page 11 establishes some regulations and definitions and transitional provisions.

2:21:50 PM
LINDA HALL, Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED) said she had no position on SB 160. She was interested in the first slide on the percent of gross national product (GDP) spent on health care and remarked that she saw a similar slide at a national meeting that was called “a perfect storm” in reference to projects of how much of our GDP will be used in consuming health care and as that increases what happens to the other things we spend money on. “At some point it does become a value judgment.”

She said this particular CS all of a sudden puts this program in Title 21 Insurance, but the Division of Insurance is a regulatory agency; it doesn’t administer programs and she was concerned about that. She thought there would be a conflict in her regulatory role in overseeing the health insurance companies, adjudicating claims, and similar issues, versus overseeing the health care board and administering a program. It's not insurmountable, but at this point she couldn’t identify

any department that had the expertise to both talk about administration of programs and look at insurance coverages and costs. However, she said the discussion needs to happen.

She said the Department of Health and Social Services (DHSS) received a federal grant to study the uninsured. She was part of a team that held regional forums talking to the uninsured about what they were looking for. The people who participated in the forums wanted to pay, but they couldn't pay a lot; the number she heard regularly was $100/month.

2:27:20 PM
She said health care costs in Alaska are 30-plus percent more than in other states even in Washington. So it's clear that the cost of health has to be realized; it's the major cross driver in workers' compensation premiums. She said for two years Alaska was number one in the highest workers' compensation rates in the country, and she guessed that we are still in the top five even with two years of rate decreases.

MS. HALL emphasized that last week she approved an almost 32 percent increase in the premium for individual health insurance policies written by the state's primary carrier. It was based on increases in two things: cost of health care (which is keeping track with inflation) and, even more, increased utilization of going to the doctor. She said the division's actuary works with these filings. Two years ago the legislature passed standards for health insurance rates; rates can't be excessive, inadequate or unfairly discriminatory. She emphasized that they don't want inadequate rates because they want the insurance company that sold the policy to be able to pay the claim. Anyhow, her actuary tried everything that she could find to reduce this rate, but couldn't. So she approved it.

2:31:23 PM
MS. HALL said she is still stunned by that and suggested that we begin to look in smaller steps at what other states are doing to change in conjunction with the goals of this bill. She had a list of 10 things she saw in other states that we could start with to look at the cost of health care. She said the National Association of Insurance Commissioners (NAIC) spends a lot of time on health insurance issues. She spends a lot of time listening to them and to what states are doing "because every state is suffering from this."

2:32:37 PM

One success she has seen is in Utah where insurance providers send these bills to a clearinghouse, and it pays probably 90 percent of the claims without a problem.

She said much of the cost of health care is not in the actual health care; it's in the paperwork that is involved in the health care system. Utah's system is run by a private entity, but it is supported by state agencies. She stated that Alaska has a really good record for telemedicine and she thought electronic medical records could be expanded.

MS. HALL said she could work with the individual responsibility the bill sponsor talked about - to talk about evidence-based medicine and optimizing care suggesting alternative treatment or generic drugs, consumer education and questioning treatments. Alaska could expand its efforts in those areas to avoid emergency room visits and to encourage looking over a bill received from a doctor. She once had an insurance company that paid you half of what you saved if you found errors in the doctor bill.

She said they don't put enough emphasis on employer health insurer wellness programs – for things like preventative measures, health assessments and health club memberships. She has asked for increased funding to investigate and prosecute health care fraud and they need to talk about what fraud costs all of us.

MS. HALL concluded that access to health care and finding ways to pay for it is a complex issue for all Alaskans. She had no position on this bill, but she urged them to find a way to adopt some initiatives that could immediately make inroads into the cost of health care as they study these programs.

2:36:26 PM
CHAIR ELLIS asked if she wanted cost containment requirements added to the bill.

MS. HALL replied that things like that should be adopted before looking at spending as much as this bill would require. A health care board could look into those things and other states have.

CHAIR ELLIS asked how many states have rate review authority inherent in their division of insurance regulation.

MS. HALL replied she didn't know.

CHAIR ELLIS said most states have stronger authority than Alaska.

MS. HALL commented that Washington's Division of Insurance doesn't do rate review, but its legislature has introduced a bill today to fix that.

CHAIR ELLIS asked if she was requesting rate review authority.

MS. HALL answered not at this time, but it's important to understand what the division does and doesn't do.

CHAIR ELLIS asked if she requested funding for more investigative resources to get to the fraud she thinks exists in the system.

MS. HALL answered yes. She added that she is seeing a number of bills with insurance coverage mandates. It's important to recognize she regulates the private insurance marketplace that sells to individuals and small groups and that those laws require guaranteed offer of coverage for groups of 2 to 50. So they are discussing things the division already does. But, she said, Alaska has a large population of individuals who are covered under self insurance plans that are governed by federal law.

CHAIR ELLIS said she is giving them the impression that she didn't want this authority, and he asked what she thought about making it a Department of Health and Social Services issue also and sharing the responsibility with them.

2:41:28 PM
MS. HALL wanted to ponder that.

2:41:42 PM
SENATOR BUNDE said this bill is modeled after the Massachusetts experience and he has heard various critiques of that.

MS. HALL replied that she is not familiar with that plan, but has heard mixed reviews. However, she pointed out it is a new program.

SENATOR BUNDE said some plans are Volkswagen models, but Senator French's is a Cadillac plan. He asked where she thought this plan fell.

2:45:05 PM

MS. HALL answered this is the parameters of a program. Different plans are structured around the country. For instance, Montana has a bare-bones program that is geared at preventative care and going in early, and it costs less than $200/month. It depends on the goal and what their philosophy is about health care and she said they need to talk about preventative care and end of life issues, which gets into moral decisions and value judgments. It gets down to what is most important with health care, and she thinks preventative measures, disease management programs and health education are extremely important.

2:46:36 PM
SENATOR BUNDE asked if the proposed assessment would actually provide the coverage being mandated.

MS. HALL answered that she hadn't analyzed that.

2:47:31 PM
SENATOR STEVENS asked how this would mesh with the extensive Native health care system in Alaska.

2:48:26 PM
SENATOR FRENCH went to page 6, lines 4-7, where the bill exempts those who receive Indian health services. The idea is to not disrupt that system. Many Native Alaskans already have access to health care, but they don't have health insurance. If you get sick in Seattle, you can't go to a hospital say "I'm an Alaska Native; take care of me." They do have access in Anchorage to the Alaska Native Medical Center, for instance. This bill, in essence, says that's pretty good. We're going to leave that alone because it seems like its working, but it's not a perfect solution.

SENATOR HOFFMAN remarked he can go to the Indian Health Service Hospital in Seattle, too.

SENATOR STEVENS was worried that Native Alaskans might feel left out.

SENATOR FRENCH said he is trying to fill the gap to make access to health care more like health insurance, but to recognize that a vast majority of those costs are already being absorbed by a different system. There is no sense in recreating the wheel.

SENATOR HOFFMAN suggested addressing that issue by allowing them to be covered as a co-insurer.

2:51:17 PM
LYNN HARTZ, Legislative Committee, Alaska Nurses Association, said that this association represents the Forensic Nurses of Alaska, Certified Nurse Anesthetists, Certified Nurse Midwives and the Alaska Nurse Practitioner Association and it supported SB 160. She elaborated that they favor innovative legislation that makes health insurance affordable for businesses and individuals and this bill meets those goals.

2:53:03 PM
GARVAN BUCARIA, former federal employee representing himself, was very concerned about "mandatory" universal health care. The increases in his costs over the last year are greatly affecting his retirement money. He was very concerned that this proposal didn't eliminate the emergency medical service treatment for uninsured residents and that it has no upper limit for the health care fund. He was also concerned that health care costs are trending upward. For example, he had a CAT-scan that cost $5,000, but an ultrasound would have revealed the problem at a far lower cost. He also mentioned that dental costs vary for services like teeth cleaning, and he thought this meant there are some possible savings. He would like to see an advertised cost per treatment for the various medical services so that clients could level questions at the health professional. He felt very strongly that education in preventative maintenance should have high priority; he did not see the need for mandatory health programs when we are not effectively providing for this first.

CHAIR ELLIS remarked that separate legislation is before them this year about publication of relative medical costs in the state of Alaska so people can shop around.

2:58:52 PM
BEVERLY SMITH, Christian Science Committee on Publication for Alaska, said she reviews legislation to ensure that it preserves the choice of Alaskans to pursue spiritual means for the prevention and cure of disease, including Christian Science treatment and care, which is cost effective, reliable and effective. She commended this bill that ensures that everyone can purchase an affordable health plan that they select to fulfill their medical needs, but she wanted it to include coverage for spiritual care similar to the coverage offered by the federal government and other state plans. In Alaska, she said, state employees and retirees have insurance coverage that includes payment to Christian Science practitioners.

MS. SMITH explained that Christian Science is one of the religious non-medical forms of treatment that is available to anyone, not just members of the church. It involves reliance on spiritual means through prayer to heal illness, injuries and other conditions. It has systematically been practiced quietly and effectively in many Alaskan families for over 100 years. She has experience many physical healings through Christian Science.

She said she was not here to take a position on whether health insurance should be mandated; however any reform discussion should include an acknowledgment that spiritual care is a significant part of people's approach to maintaining health and that costs associated with such care are deserving of inclusion in health care reform, so that those relying on spiritual means for healing may have access to their preferred method of treatment.

She requested that essential health care services as used in Section 21.54.250 on page 7 be interpreted to include non-medical health care services for individuals relying on spiritual means for healing. She provided the committee with the text of her proposed amendment.

CHAIR ELLIS asked if the state covers Christian Science healing expenses now.

MS. SMITH replied yes.

SENATOR ELLIS asked if the federal government pays for Christian Science healing.

MS. SMITH replied that both Medicare and the military benefits do cover it.

She suggested including language saying "non-medical health care services for individuals relying solely on spiritual means for healing in accordance with the practices or tenants of a church or religious denomination that teaches reliance on spiritual means through prayer for healing."

3:05:46 PM
PATRICIA BOILY, representing herself, Homer, had some issues with SB 160. Her impression is that the insurance industry has had quite a hand in developing much of the criteria in this bill

CHAIR ELLIS remarked "Well, not really."

MS. BOILY said she works in the health care industry and has had to plead financial bankruptcy because of health care. One of her concerns was the eligibility to get these services in Section 21.54.240 that excludes people who already have coverage regardless of how expensive it may be, and it doesn't matter if the coverage is different. It also excludes anyone who is already covered by ACHIA, which is a category she falls into, although reluctantly. She explained that she had group health for 12 years, but it terminated on 10/31 through no fault of hers or her employer's and neither she nor her employer could find affordable health insurance to replace it. In the end he offered to subsidize individual plans, which was fine for people who were under 50 without past medical histories.

While at 58 years old, she doesn't consider herself unhealthy, but she was denied coverage. She further stated that 25 percent of women over 50 are denied health care insurance. Her only option to appeal the denial was to send her entire medical record to them, which to her was an intolerable invasion of privacy. She settled for the ACHIA plan with the $5000 deductible. So, if she gets sick or injured this year enough to actually use it, it will start out by costing her $16000. If she stays well enough that she doesn't make her deductible it will still cost her almost $10000 – plus up the $5000 deductible.

MS. BOILY said she has worked for the same employer for 20 years and finding herself in this predicament is unsettling, to say the very least. But to go without any insurance at all puts her family and her future at incredible risk.

She said that small businesses in Alaska are having a particular hard time in today's market. They are not allowed to discriminate against their employees based on age or sex and they are required to abide by the Americans with Disabilities Act. Yet when they purchase insurance for their employees, the quotes they get back are based entirely on the ages, the sex and the past medical histories of their employees. She said:

> This is wrong and Alaska needs to step up to the plate and stop the insurance industry from making its profits off the relatively healthy, while leaving those with maturity and experience scrambling to protect their homes, their life savings and their financial security. Alaska needs to address the dual standards that force businesses to be equal opportunity employers yet denies them the ability to offer their employees affordable health care coverage.

3:09:17 PM
She said SB 160 “needs more tweaking.” All Alaskans regardless of what coverage they have currently should have the option to improve their situation. She suggested the insurance industry is practicing discrimination while charging too much for their products.

MS. BOILY took issue with some of Ms. Hall’s statements that health care premiums are high because of the high cost of health care. But this is an industry that pays its CEOs millions of dollars in salaries, stock options and other benefits.

3:12:29 PM
ANDY MODEROW, staff to Senator French, said the website Senator French created over the summer to share information about the bill is at www.healthyalaskans.com. In addition to bill documents, it has an interactive calculator for comparing health care costs in different states.

CHAIR ELLIS said he would hold SB 160 for a further hearing. There being no further business to come before the committee, he adjourned the meeting at 3:15:01 PM.