

SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 54

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES KOTT, B.Davis

Introduced: 3/18/94

Referred: Health, Education & Social Services

A RESOLUTION

1 Relating to medical savings account legislation.

2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 WHEREAS it is estimated that 37,000,000 Americans are without health insurance,
4 many while between jobs, and that more Americans are underinsured because of the effects
5 of rising health care costs and spending, which are forcing employers to trim the level and
6 availability of health care benefits provided to their employees; and

7 WHEREAS overutilization of health care services for relatively small claims is one
8 of the most significant causes of health care cost and spending increases: currently more than
9 two-thirds of all insurance claims for medical spending are less than \$3,000 per family per
10 year in this country; and

11 WHEREAS, in response to runaway cost increases for health care spending, the
12 private sector has developed the concept of medical savings accounts, which is designed to
13 ensure health insurance availability and is based on providing incentives to eliminate
14 unnecessary medical treatment and encourage competition in seeking health care; and

15 WHEREAS, under a medical savings account arrangement, an employer currently
16 providing employee health care benefits would purchase a lower cost, higher deductible major
17 medical policy for each employee to replace the existing policy and then set aside the saved

1 premium differential in a medical savings account for the participating employee; and

2 **WHEREAS**, through employer-funded medical savings account arrangements and the
3 reduced cost of qualified insurance policies with higher deductibles, millions of Americans
4 could insure themselves for both routine and major medical services; and

5 **WHEREAS** the participating employees would be able to use the money in their
6 medical savings accounts to pay medical care expenses up to the amount of the insurance
7 policy deductible and any money in the account at the end of the plan year would belong to
8 the employee to use as the employee saw fit; and

9 **WHEREAS** the possibility of using the balance in the employee's medical savings
10 account for other purposes is a strong incentive not to abuse health expenditures and to
11 institute "cost shopping" for medical care services; and

12 **WHEREAS**, by setting aside money for employees to spend on health care, employees
13 could change jobs and use the money they had earned so far to buy interim health insurance
14 or cover health care expenses thereby eliminating the problem of uninsured between jobs and
15 helping to reduce "job-lock"; and

16 **WHEREAS** medical care decisions are highly individualized and involve personal
17 factors that cannot be standardized without interfering with personal choice and so should
18 remain the employee's prerogative; and

19 **WHEREAS**, under medical savings account arrangements, individual policyholders
20 will have a strong stake in reducing costs, and this simple financial mechanism will expand
21 health insurance options to others who presently have no insurance; and

22 **WHEREAS** this method of decreasing the health care cost burdens in this country
23 would require no new federal bureaucracy and would be revenue neutral to employers;

24 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the
25 Congress of the United States to enact legislation swiftly and in good faith to enable
26 Americans to establish medical savings accounts.

27 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
28 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President
29 of the U.S. Senate; the Honorable Robert C. Byrd, President Pro Tempore of the U.S. Senate;
30 the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; and to the
31 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
32 Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.