

Requesting the study of statewide health insurance, particularly catastrophic illness insurance.

COMMITTEE REPORT

4/13/76

HOUSE

Mr. Speaker:

Date 5-15-76

The Committee on FINANCE has had HCR 120

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(x) recommends it BE REPLACED WITH CS FOR HCR 120 AND THAT
CS FOR HCR 120 DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-455-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 21, 1976

SUBJECT: Fiscal Note for HCR 120

TO: The Honorable Hugh Malone, Chairman
House Finance Committee

THRU: Jim Rhode, Administrative Assistant

FROM: Brian L. Saylor *BS*
Research Analyst

In response to your request directed to Mr. Gregg Erickson, we have reviewed House Concurrent Resolution 120 which requests the governor to study the feasibility of instituting a state health insurance program. Particular attention is to be given to catastrophic illness insurance. Two alternative fiscal notes have been prepared for your consideration. The first uses primarily personnel employed by the state specifically for the insurance study; the second relies more on consultant services. The total cost of the study is approximately the same for each alternative.

Alternative I: Use of State Employees

A research analyst skilled in health care systems would direct the study. The position would be funded for 12 full months to assure continuity of the project through the legislative session should the implementation of state-wide insurance prove advisable. Primary data would be collected by a Research Analyst I. Having most preliminary data gathering activities completed before consultants arrive could save about 42 days of consultant time. An actuary could be hired by the state for one month.

The advantages of using primarily state employees are the accountability of staff to the head of the department (whichever one eventually manages the study) and the potential follow thru of the work, should the study show positive results.

Among the disadvantages are the possibility of having staff that aren't needed at the time they are hired (probably due to administrative time lags in hiring) and the lack of objectivity which could occur by placing the study team within a division of state government.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS HCR 120

Title: "Requesting a study of state-wide health insurance, particularly catastrophic

Requested by: _____ Date: 5/21/76 illness insurance

Return Date Requested: _____

Agency: Commerce and Economic Development Program: Insurance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		52.6				
200 TRAVEL		4.5				
300 CONTRACTUAL		5.0				
400 COMMODITIES		9				
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		65.5				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		65.5				
FEDERAL FUNDS		0				
OTHER		0				

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/2	/	/	/	/
MAN MONTHS (P./T.)	/	24/9	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See description in attached memo, Alternative I: Use of State Employees

IV. ATTACHMENTS

V. DATE: May 21, 1976 PREPARED BY: Brian L. Saylor, Research Analyst
Legislative Affairs Agency

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Alternative I: Use of State Employees

PERSONNEL \$52,608

	<u>Monthly Salary</u>	<u>No. of Months</u>	<u>Annual Cost</u>
Research Analyst IV R21	\$2,356	12	\$28,272
Research Analyst I R13	\$1,312	8	10,496
Actuary R21	\$2,356	1	2,356
Clerk Typist III R9	\$ 957	12	<u>11,484</u>
			\$52,608

CONTRACTUAL \$ 5,000

Health Economist 10 days @ \$250/day	\$ 2,500
Health Insurance Expert 10 days @ \$250/day	2,500
	<u>\$ 5,000</u>

TRAVEL/PER DIEM \$ 4,503

<u>Research Analyst IV</u>	<u>Air Fare</u>	<u>Days</u>	<u>Per Diem</u>	<u>Trip Total</u>
Hartford, CT	\$490.24	7	\$40	\$ 770.24
Washington, D.C.	\$460.00	5	\$42	670.00
Seattle/Olympia, WN	\$185.65	4	\$40	345.65
Anchorage	\$153.72	3	\$45	288.72
Anchorage	\$153.72	3	\$45	288.72
Fairbanks	\$183.72	3	\$52	339.72
				<u>\$2,703.05</u>
 <u>Consultants</u>				
Health Economist	\$500.00	10	\$40	\$ 900.00
Health Insurance Expert	\$500.00	10	\$40	900.00
				<u>\$1,800.00</u>

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. CS HCR 120
 Title: Requesting a study of state-wide health insurance, particularly catastrophic illness insurance
 Requested by: _____ Date: 5/21/76
 Return Date Requested: _____
 Agency: Commerce and Economic Development Program: Insurance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		39.8				
200 TRAVEL		6.0				
300 CONTRACTUAL		18.3				
400 COMMODITIES		.9				
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		67.5				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		67.5				
FEDERAL FUNDS		0				
OTHER		0				

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 / 0	/	/	/	/
MAN MONTHS (P./T.)	/	24 / 0	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See description in attached memo, Alternative II: Use of Contractual Employees

IV. ATTACHMENTS

V. DATE: May 21, 1976 PREPARED BY: Brian L. Saylor, Research Analyst
Legislative Affairs Agency

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Alternative II: Use of Contractual Employees

PERSONNEL				\$39,756
	<u>Monthly Salary</u>	<u>No. of Months</u>	<u>Annual Cost</u>	
Research Analyst IV R21	\$2,356	12	\$28,272	
Clerk Typist III R9	\$ 957	12	<u>11,484</u>	
			\$39,756	

CONTRACTUAL				\$18,300
Actuary 22 days @ \$150.00			\$ 3,300	
Health Economist 30 days @ \$250.00			7,500	
Health Insurance Expert 30 days @ \$250.00			7,500	
			<u>\$ 18,300</u>	

TRAVEL/PER DIEM					\$ 6,042
<u>Research Analyst IV</u>	<u>Air Fare</u>	<u>Days</u>	<u>Per Diem</u>	<u>Trip Total</u>	
Seattle	\$185.65	4	\$40	\$ 345.65	
Anchorage	\$153.72	3	\$45	288.72	
Anchorage	\$153.72	3	\$45	288.72	
Fairbanks	\$183.72	3	\$52	339.72	
				<u>\$1,262.81</u>	
<u>Consultants</u>					
Actuary	\$500.00	22	\$40	\$1,380.00	
Health Economist	\$500.00	30	\$40	1,700.00	
Health Insurance Expert	\$500.00	30	\$40	1,700.00	
				<u>\$4,780.00</u>	

Alternative II: Use of Contractual Employees

Alternative II strikes a median between solely using state employees and contracting out the study. A state employee would coordinate the study as in Alternative I. Specific health economics, health insurance mechanisms and actuarial skills would be obtained through contract.

The advantages of this alternative are the flexibility of the study team in bringing their skills to the project as needed and the increased objectivity of the study obtained by removing it, substantially, from state government.

The disadvantages are the absence of a data technician (Research Analyst I) and the resulting lack of the data continuity which may be required if the study proved advisable, and the reduced accountability of the contracted study team.

Both alternative staffing costs are presented below. The costs of the alternatives, as mentioned before, are about the same. Completed fiscal notes are attached.

The Health Policy Analysis Program of the University of Washington has been awarded \$250,000 by the federal government to study health care issues within the states of Washington, Oregon, Idaho and Alaska. If they decide to make any financial or personnel contribution to this study the General Fund requirements would be reduced (Fiscal Detail, B).

BLS:jm

Attachments

Original sponsor: Health, Education
and Social Services Committee

Offered: 4/13/76
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 120

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Requesting the study of statewide health
6 insurance, particularly catastrophic
7 illness insurance.

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

9 WHEREAS access to health care at a reasonable cost has become a major
10 concern of the Legislature, public and private health agencies, and health
11 professionals in the state; and

12 WHEREAS there exist in the state population groups whose income is
13 inadequate to provide for routine health care costs; and

14 WHEREAS there exist in the state population groups whose financial
15 resources are adequate to pay or provide for ordinary health care costs but
16 who may experience financial catastrophe as a result of extraordinary health
17 expenses;

18 BE IT RESOLVED by the Alaska State Legislature that the Governor is
19 respectfully requested to conduct a study for the purpose of

20 (1) developing and analyzing alternative methods of providing for
21 a state health insurance program, including a catastrophic illness insurance
22 program;

23 (2) developing information which would enable the state to fore-
24 cast the effects of alternative state health insurance programs on the cost
25 of health care in the state, with particular reference to the effects of the
26 cost of catastrophic illness on families and individuals;

27 (3) recommending actions to implement a state health insurance
28 program, should such a program be considered feasible; and

29 (4) recommending actions to effectively coordinate the efforts of

1 all elements of the health care system, including the Public Health Service,
2 military health service, public and private providers, insurance carriers,
3 and consumers of health care, toward the goal of assisting individuals and
4 families in meeting both routine and extraordinary health costs.
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Introduced: 3/31/76
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO. 120

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Requesting the study of statewide health
6 insurance, particularly catastrophic
7 illness insurance.

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

9 WHEREAS access to health care at a reasonable cost has become a major
10 concern of the Legislature, public and private health agencies, and health
11 professionals in the state; and

12 WHEREAS there exist in the state population groups whose income is
13 inadequate to provide for routine health care costs; and

14 WHEREAS there exist in the state population groups whose financial
15 resources are adequate to pay or provide for ordinary health care costs but
16 who may experience financial catastrophe as a result of extraordinary health
17 expenses;

18 BE IT RESOLVED by the Alaska State Legislature that the Governor is
19 respectfully requested to establish a task force whose membership reflects
20 the diversity of geography, socio-economic status, age, sex, and health care
21 professions in the state for the purpose of

22 (1) developing and analyzing alternative methods of providing for
23 a state health insurance program, including a catastrophic illness insurance
24 program;

25 (2) developing information which would enable the state to fore-
26 cast the effects of alternative state health insurance programs on the cost
27 of health care in the state, with particular reference to the effects of the
28 cost of catastrophic illness on families and individuals;

29 (3) recommending actions to implement a state health insurance

1 program, should such a program be considered feasible; and

2 (4) recommending actions to effectively coordinate the efforts of
3 all elements of the health care system, including the Public Health Service,
4 military health service, public and private providers, insurance carriers,
5 and consumers of health care, toward the goal of assisting individuals and
6 families in meeting both routine and extraordinary health costs.

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