

H/B-128

"An Act requiring that coverage for newly born children be included in individual or group health and disability plans."

2/6/75

COMMITTEE REPORT

COMMERCE

HOUSE

Mr. Speaker:

Date

Mar 10, 1975

The Committee on HESS has had HB 128

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)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>Susan Sullivan</u>	_____	_____
<u>Thomas J. ...</u>	_____	_____
<u>John ...</u>	_____	_____
<u>...</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Susan Sullivan Chairman



JUNEAU ALASKA

Alaska State Legislature

House

HESS COMMITTEE MEETING

3-10-75

Members Present:

Beirne	Parr
Davis	Sullivan
Hackney	Swanson
Osterback	

Chairman Sullivan called the meeting to order at 3:15.

The first thing I would like to discuss is pertaining to the confirmation of Dr. Williamson. I would like to know your feelings of maybe getting together with him informally, perhaps in the evening on Wednesday, March 12, on a social basis at my house. Would that date be alright with all of you?

Beirne I would request we act on the Commissioner today?

Chairman Sullivan Personally, I have a few more questions to ask him before making my decision. I know that Mr. Hackney and Mr. Swanson feel the same way. I would not want to call another hearing for these few questions. Our hearings on his confirmation this weekend in Anchorage showed tremendous support for his confirmation.

Are there any other announcements?

HB 120

Beirne Gave a briefing of the bill. Its purpose is to include Optometrists under the Medicare Program Act. The Fiscal note indicates the cost of \$38,500 for 1975 year. Presently there are not enough ophthalmologists to care for all of the needs throughout the state and at the present time they are the only Doctors under the Medicare Act.

Hackney Where did they get the figure of 1150 people that would use this service in the position paper in front of us?

Beirne I am not sure of this. This bill will not change the Medicare Act in any way. I would request we ask Mr. Larry Sullivan from the Dept. of H&SS to testify on this question and perhaps we could take up HB 128 until he gets here.

HB 128 Ms. Sullivan gave briefing of her bill. Intended to make insurance available for newborns from the moment of birth. I am interested in it because of my own experience. Before my son was a week old we had thousands of dollars of medical bills and could not get coverage. This seems to me a very logical form of insurance. The bill does not say the state should pay for it only that it should be available to all residents of the state. The increase in the premium cost would only be 5 or 10 cents more.

Hackney I am in favor of this bill.

Don Cooke Div. of Insurance

This bill would require that any insurance policy would include care for the newborn infant. This bill was endorsed by the National Insurance Directors Assoc. and on June 1974 it was law in 17 states and pending in 10 more. We didn't prepare a fiscal note because there wasn't any. The impact on the general fund would be nothing also.

Hackney Insurance is presently provided on the basis of what?

Cooke From day one on Blue Cross for state employees.

Beirne I would presume this would be an option?

Cooke No, I read it as mandatory coverage. Meaning mandate that they have to offer it, Line 15-16.

Beirne I favor this bill and for no cost to the state it seems most worthwhile.

Hackney This bill would also give the tax payers a little break.

Parr I move we pass HB 128 out of committee with a 'do pass' recommendation.
Chairman Hearing no objection, so ordered.

Cooke I would also like to add that SB 141 is exactly the same bill.

HB 120

Mr. Larry Sullivan Dept. of H&SS

Beirne We have the position paper and the fiscal note. Would like to ask you how you arrived at the figure of 1150 people who would take advantage of these services?

Sullivan This is the approximate number of people that would require these services. It would involve a \$38,000 increase in our budget. We do not provide glasses. The only service they will receive is the refraction. Glasses are available on a very limited basis. Available to children under the Medicaid Act for early treatment. Eye, Ear, and Teeth Care for Children up to the age of 21 is mandate under the Federal Program.

Parr How much of this bill is new? Just the Ophthalmologist?

Sullivan Yes, the original bill says 'physician services'.

Parr To what extent are private agencies making glasses available?

Sullivan There is a fair chance of people getting glasses. We refer them to their local Lions Club etc. That is limited however.

Beirne The BIA and USPHS also will buy glasses. Explained difference between ophthalmologist and optometrist.

Hackney How was it that you arrived at the 1150 figure?

Page Three
HESS Committee
3-10-75

Sullivan We took a look at the number of requests and the number of eligible people then took a percentage of these eligible people and arrived at this approximate number.

Beirne It will be 50% federal monies and 50% state monies?

Sullivan Yes, you have to authorize the entire amount in order to be eligible for the federal monies. The state had a contract with Alaska Optical of Anchorage and the contract has not been renewed because of such poor service. Now they can get glasses from their own doctors as long as it is authorized by the department.

Osterback What is the individual costs?

Sullivan Approximately \$35.

Mr. Swanson had a question in line 18 about the word 'may'. The attorney from LAA was brought in to answer his question.

LAA We have a drafting manual that we go by, when using a negative phrase such as none shall, this is the correct form in the meaning of this bill.

Swanson They will do whatever they please under the word 'may'.
I move to amend the bill to read "no services can be provided unless approved by the Legislature".

No Second on Motion, failed.

Hackney I move we pass this bill out of committee with individual recommendations.

Davis Second

(See Committee Report for voting record)

Meeting Adjourned.

Newborn
bill

4B128

PROBLEM:

Health insurance coverage in Alaska frequently does not provide for health care for newborn infants. Such insurance policies written in Alaska presently specifically exclude coverage for infants in the first thirty, sixty, or ninety days of life.

The newborn infant is vulnerable to many health problems. Prematurity and congenital defects often require medical care of an urgent and sophisticated nature.

The cost of this care is presently borne by a combination of families, health care providers (such as physicians and hospitals), governmental agencies (federal, state, and local), and insurance carriers.

By exclusion of newborn health care from their coverage, some insurance carriers are excluding this vulnerable newborn population from their coverage.

PROPOSAL:

The legislative committee of the Alaska State Medical Association and the Alaska Chapter of the American Academy of Pediatrics recommend that health care coverage for newborn infants be included in all health insurance policies written in Alaska.

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100
DEPARTMENT Legislature
ATTENTION Rep. Susan Sullivan

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input checked="" type="checkbox"/> Your Information |

Remarks:

FROM:
MAIL STATION NUMBER 0800
DEPARTMENT Commerce
BY B. Mallow DATE 4-18

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 128
 Title: Requiring coverage for newly born children.
 Requested by: Jim Fennel Date: _____
 Return Date Requested: ASAP
 Agency: Commerce Program: Insurance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

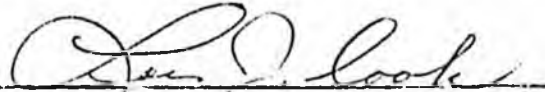
C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

No administrative cost to the Department of Commerce

IV. ATTACHMENTS

V. DATE: April 18, 1975 PREPARED BY: 
 Lois J. Cook

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

ENGSTROM AND EVANS

ATTORNEYS AT LAW

202 NATIONAL BANK OF ALASKA BUILDING

TELEPHONE (907) 586-1445

JUNEAU, ALASKA 99801

ALLAN A. ENGSTROM
GORDON E. EVANS

February 19, 1975

Ms. Susan Moss
Health Education & Social Services
Pouch V
Juneau, Alaska 99811

Re: House Bill 128

Dear Ms. Moss:

In our recent telephone conversation, you indicated that the House Health, Education and Social Services Committee was interested in the approximate cost impact of House Bill 128, as it relates to coverage for new-born infants.


Although it is difficult to be precise, Blue Cross Washington Alaska, Inc., which already provides such coverage in all of its policies, estimates the effect on premium to be approximately one per cent. This is based on a competitive benefit level, in using birth as an effective date as opposed to starting coverage at age 30 days.

Let me try to be more precise by means of an example:

1. Assume that coverage A covers children at birth and coverage B covers children after 30 days.
2. Assume that all other aspects of coverage A and coverage B are identical with respect to benefits.
3. If the monthly family rate for coverage B was \$60.00, then the family rate for coverage A would be approximately 1% higher, or \$60.60.

Please let me know if you have any other questions.

Very truly yours,



ALLAN A. ENGSTROM
Legislative Counsel for
Blue Cross Washington Alaska, Inc.

AAE:rhm

MEMORANDUM

TO: Frederick McGinnis
Commissioner

THRU: Donald K. Freedman, M.D., M.P.H.
Director, Division of Public Health

FROM: David A. Spence, M.D., Chief
Section of Family Health

DATE : September 27, 1974

SUBJECT: Proposed legislation for the
1975 Legislature.

In the last legislative session, Senate Bill 359 was introduced on February 11, 1974, by Senator Lowell Thomas. This Bill would have required that newly-born children be included in group health and disability insurance. This Bill was tied to insurance for alcoholism and was still in committee at the close of the legislative session.

The need for this legislation is greater this year because advances in neonatal care, while preserving intellect and life itself for the premature, are more expensive. We request that this Bill be submitted in essentially the same form again in this next legislative session. Your submission of this legislation will indicate its importance to the legislators and the public as well.

DAS/lb

cc: Dr. carolyn Brown, Legislative Committee, ASMA

ALASKA CHAPTER
American Academy of Pediatrics

CHAIRMAN
J. KENNETH FLESHMAN, M.D.
BOX 7741
ANCHORAGE, ALASKA 99504 99510

January 17, 1974

The Honorable Helen Beirne
Alaska State House of Representatives
Juneau, Alaska 99801

Dear Dr. Beirne:

The Alaska Chapter of the American Academy of Pediatrics is very concerned about the frequent lack of health insurance coverage for newborn infants. Very exciting new advances in the care of prematures or ill newborns has resulted in a significant decrease in deaths and serious life long disability in these infants. This care obviously is very expensive.

Probably the majority of families in Alaska carry health insurance but many are not aware that this policy will not cover a newborn infant. This, we feel, is grossly unfair to these infants and can be financially crippling to their families (often young couples with marginal incomes).

The attached resume prepared at Providence hospital demonstrates that many of the significant insurance carriers in Alaska do not cover newborns except after a 14 day exclusary period. We particularly call your attention to the groups such as laborers, carpenters, and teamsters where the insurance is probably an employment benefit and the average employee would assume that their family is protected.

The Academy of Pediatrics has been active nationally in bringing this to the attention of legislators. In Alaska we are asking that you consider regulations that would require all health insurance policies to cover newborn infants without exclusion. Enclosed is a model law, drafted by Mr. Carroll Calloway, Assistant General Counsel for the Health Insurance Association of America. Similar legislation has been passed by 7 states and is being considered by 26 others.

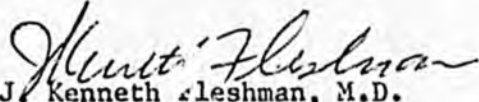
I have discussed this problem with the Insurance Commissioner in Alaska, Mr. O'Shea, and he is well informed about the problem and would be prepared to testify if called.

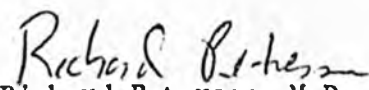
We are aware that similar legislation relating to mental health problems is being considered. We feel our concerns about coverage for newborns should be addressed as a separate issue but will leave this to your judgment.

We can supply further information if necessary for any testimony in this matter.

Thank you for your consideration.

Sincerely yours,


J. Kenneth Flesher, M.D.
Chairman, Alaska Chapter
American Academy of Pediatrics


Richard Peterson, M.D.
Alternate Chairman

Attachments: 2

HEALTH INSURANCE ASSOCIATION OF AMERICA

CHICAGO • NEW YORK • WASHINGTON

LESLIE P. HENRY, *President*

RESEARCH, STATISTICS, AND CONTROL DEPARTMENT

David Robbins, *Vice President and Controller*

New York Office
750 Third Avenue
New York, New York 10017

October 8, 1974

Mr. Vincent B. Jasso
Deputy Superintendent
State of New Mexico
Department of Insurance
Sante Fe, New Mexico 87501

Dear Mr. Jasso:

As I wrote you last week, we are in the process of developing estimated costs for the benefit provisions contained in the proposed New Mexico newborn infant coverage legislation. This data should be finalized in another few weeks.

In the interim, we learned from Mr. Young of the American Life Insurance Association that your Insurance Study Committee is scheduled to meet on October 10 and that you would be interested in the receipt of some preliminary results of our investigations. Our preliminary review of this matter indicates the following:

1. For those major medical contracts which now cover children from birth for sickness or injury and exclude only the first 7 days of hospital room and board charges while covering all other types of eligible expenses from birth, we estimate the additional cost of covering the first 7 days of nursery charges for sick infants to be about \$.80 yearly per employee for group coverage and about \$1.20 for individual coverage.
2. For a policy which provides no coverage at all for the first 14 days, we estimate the additional cost of the required coverage as approximately \$3.20 yearly per employee for group coverage and \$4.80 for individual coverage.

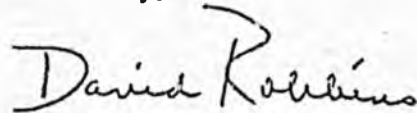
Mr. Vincent B. Jasso

October 8, 1974

Page 2

3. The exclusion of illegitimate children would make relatively little difference on the foregoing cost estimates.

Sincerely,



David Robbins

Vice President and Controller

DR:pw

cc: Mr. Franklin H. Young - ALIA
Mr. Carroll Callaway

Newborn
bill

4B128

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MEMORANDUM

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Commissioner

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cc: Dr. Carolyn Brown, Legislative Committee, ASMA

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ALLAN A. ENGSTROM
Legislative Counsel for
Blue Cross Washington Alaska, Inc.

AAE:rhm

These different coverage options reflect efforts to reduce claim costs and premiums. Basically, an insurance company will sell whatever coverage a policyholder is willing to pay for but there is a trend toward making coverage from birth--full the standard benefit. Of course, "full" coverage does not necessarily mean 100% coverage since there may be deductibles, co-insurance and policy limits.

Following are some examples of NBSCN bills incurred at Providence over the past six months which reflect the variations in insurance benefits and coverage:

<u>Days Hospitalized</u>	<u>Amount</u>	<u>Insurance</u>	<u>Amt. Pd. by Ins.</u>
32	\$5,470.30	Teamsters	--0--
19	3,926.65	Teamsters	--0--
88	19,130.95	Champus	\$19,130.95
7	1,171.75	Blue Cross	937.40
10	1,563.63	Medicaid	1,563.63
2	166.00	Aetna thru Fed. Gov't.	22.50
4	644.00	Equitable thru Standard Oil	644.00
3	318.25	Fireman's Fund (Liability)	318.25
4	1,100.00	Champus	1,100.00
17	1,790.25	Equitable thru N. C.	1,708.00
46	8,934.90	Medicaid	8,934.00
15	2,859.10	Aetna	2,680.53
3	245.13	Medicaid	245.13
3	255.50	Medicaid	255.50
23	3,072.25	Teamsters	Written off to Charity
22	2,187.88	Aetna thru Fed. Gov't	1,750.30
2	195.75	Medicaid	192.75
55	10,527.00	Champus	10,447.00
3	531.25	Sears	425.00
11	2,478.50	A. N. S.	2,478.00
5	440.00	Medicaid	440.00
2	204.75	B. C. thru Cordova Hosp.	123.80
20	5,492.50	B. C. thru State	4,747.68
17	2,900.00	Westcoast Life thru Reeve	
		Aleutian	--0--
1	39.50	B. C. thru Providence	39.50
4	700.75	<u>Double coverage:</u>	
		Teamsters	--0--
		Hotel & Restaurant	--0--
12	2,604.25	B. C. of Louisiana	1,292.75
23	4,137.05	Blue Cross	3,911.30
6	1,113.50	B. C. thru State	850.40
4	657.75	Medicaid	657.75
	<u>TOTAL</u>		<u>\$64,896.12</u>

Difference to be paid by patient or absorbed by hospital:
\$19,962.97

Neonate Insurance Inclusion Now Required in 21 States

World Medical Reports

EVANSTON, Ill. — Legislation requiring all health insurance policies to include coverage for neonates from the moment of birth is now on the books in 21 states—14 more than at the beginning of the year—and the advocates of such legislation expect favorable action in a dozen other states in the next 12 months.

Leading the campaign to eliminate the exclusion of coverage for newborns are the American Academy of Pediatrics, its committee on Third Party Payment Plans, and the AAP's state chapters.

Coverage of newborns from the time of birth is now required in the insurance laws of Arizona, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Iowa, Kansas, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, North Carolina, South Carolina, South Dakota, Tennessee, Texas, and Washington.

In the states where exclusion of newborns from insurance coverage has not been prohibited, instances have been reported by state chapters of the American Academy of Pediatrics in which parents have found themselves confronted with hospital bills of \$12,000, \$27,000 and even larger amounts. In Akron, Ohio, a \$50,000 hospital bill for a newborn's intensive care was reported.

14 Day Exclusions

Dr. Donald W. Schiff, of Littleton, Colo., chairman of the AAP's Committee on Third Party Payment Plans, told this newspaper that the period of exclusion in many insurance policies was the first 14 days of life.

A common practice of health insurance companies is to "extend the exclusion of the newborn until the child is discharged from the hospital" if the child needs above-average care during its first 14 days, said Dr. Schiff, of the University of Colorado Medical School and senior pediatrician at the Littleton Clinic, Denver.

"As an example, a newborn with difficulty on its first day who must be kept in intensive care for 30 days may be under the exclusion from coverage for the entire 14-day period," said Dr. Schiff, who is also the chairman of the Colorado chapter of the American Academy of Pediatrics.

The Committee on Third Party Payment Plans has drafted a model bill and submitted it to all state chapters of the

The model bill is used by AAP members in the various states in their efforts to obtain remedial legislation.

The committee, in a letter sent to the state chapters, scored "the continued existence of exclusionary periods of coverage for newborn infants in a large number of health insurance plans."

"Failure of these plans to provide coverage for infants from the moment of birth is a valueless, discriminatory practice that results in the risk of needless potentially large financial burdens being placed on young parents," the letter said.

The model bill or state insurance legislation amended to conform with the model bill "is the way young couples can be helped in meeting this expensive situation



Dr. Schiff

through their health insurance," Dr. Schiff said.

"We think young parents should not be
(Continued on page 72)

	Citation	Effective Date	Comments
Alabama			
Alaska			
Arizona	H. 2185	1974	Substantially the model bill
Arkansas			
California		1973	
Colorado			
Connecticut	H. 5040	1974	Model bill in substance
Delaware			
Florida	S. 76	1974	Model without notice paragraph
Georgia	H. 995	11-1-74	Model w/ well baby excluded.
Hawaii	H. 2915	6-12-74	Model bill
Idaho	S. 1316	7-1-74	Interpreted as the model bill
Illinois			
Indiana			
Iowa	S. 1290	1974	Model bill
Kansas	H. 1795	1974	Model bill
Kentucky			
Louisiana		7-2-73	
Maine			
Maryland	H. 498	1974	Model bill
Massachusetts			
Michigan			
Minnesota		1973	
Mississippi	S. 1829	1974	Deviates from model bill
Missouri	H. 1487	1974	Model bill
Montana		1973	
Nebraska			
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York			
North Carolina		1973	
North Dakota			
Ohio	S. 330	1-1-75	Substantially model bill
Oklahoma			
Oregon			
Pennsylvania			
Rhode Island			
South Carolina			
South Dakota	H. 1818	7-1-74	Model bill
Tennessee	H. 1386	7-1-74	Substantially model bill
Texas		1973	
Utah			
Vermont			
Virginia			
Washington	H. 1144	2-16-74	Model bill.
West Virginia			
Wisconsin			
Wyoming			

MEMORANDUM

TO: Frederick McGinnis
Commissioner

THRU: Donald K. Freedman, M.D., M.P.H.
Director, Division of Public Health

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Difference to be paid by patient or absorbed by hospital:
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HEALTH INSURANCE ASSOCIATION OF AMERICA

CHICAGO · NEW YORK · WASHINGTON

LESLIE P. HENRY, *President*

RESEARCH, STATISTICS, AND CONTROL DEPARTMENT

David Robbins, *Vice President and Controller*

New York Office

750 Third Avenue

New York, New York 10017

October 8, 1974

Mr. Vincent B. Jasso
Deputy Superintendent
State of New Mexico
Department of Insurance
Sante Fe, New Mexico 87501

Dear Mr. Jasso:

As I wrote you last week, we are in the process of developing estimated costs for the benefit provisions contained in the proposed New Mexico newborn infant coverage legislation. This data should be finalized in another few weeks.


In the interim, we learned from Mr. Young of the American Life Insurance Association that your Insurance Study Committee is scheduled to meet on October 10 and that you would be interested in the receipt of some preliminary results of our investigations. Our preliminary review of this matter indicates the following:

1. For those major medical contracts which now cover children from birth for sickness or injury and exclude only the first 7 days of hospital room and board charges while covering all other types of eligible expenses from birth, we estimate the additional cost of covering the first 7 days of nursery charges for sick infants to be about \$.80 yearly per employee for group coverage and about \$1.20 for individual coverage.
2. For a policy which provides no coverage at all for the first 14 days, we estimate the additional cost of the required coverage as approximately \$3.20 yearly per employee for group coverage and \$4.80 for individual coverage.

Mr. Vincent B. Jasso
October 8, 1974
Page 2

3. The exclusion of illegitimate children would make relatively little difference on the foregoing cost estimates.

Sincerely,

A handwritten signature in cursive script that reads "David Robbins". The signature is written in dark ink and is positioned above the typed name and title.

David Robbins
Vice President and Controller

DR:pw

cc: Mr. Franklin H. Young - ALIA
Mr. Carroll Callaway



COMMITTEE ON THIRD PARTY PAYMENT PLANS

COUNCIL ON PEDIATRIC PRACTICE

AMERICAN ACADEMY OF PEDIATRICS

P.O. BOX 1034

EVANSTON, ILLINOIS 60204

DONALD W. SCHIFF, M.D.
CHAIRMAN
1950 W. LITTLETON BLVD.
LITTLETON, COLORADO 80120

MEMBERS:

W. C. CUNNINGHAM, M.D.
H. ALLENBY S. DODD, M.D.
GORDIAN FERRALL, M.D.
JIMMY HONIG, M.D.
SAMUEL H. SAPIR, M.D.

CONSULTANTS:

GLENN AUSTIN, M.D.
R. JAMES MCKAY, JR., M.D.

STAFF:

ALBERT C. STOLPER

January 29, 1974

TO: District Chairmen
Chapter Chairmen
Chapter Contact Persons for Third Party Payment Plans

FROM: Donald W. Schiff, M.D., Chairman, Committee on Third
Party Payment Plans

SUBJECT: Background Information for the "Model Newborn Children Bill"

On November 30, 1973 the Committee on Third Party Payment Plans (COTPPP) distributed to all chapter chairmen a document entitled "Model Newborn Children Bill" which would require coverage of the "sick" newborn from moment of birth in all health insurance policies and service contracts that have dependent coverage. Many of you are hard at work in your own state attempting to pass this legislation. COTPPP feels that it would be helpful to briefly review some of the factors which determined the final form of the model bill and the background for the attached "Statement of Principles" which was agreed upon by the AAP and the Health Insurance Association of America (HIAA).

We agreed that our first priority was to close the insurance gap for the ill or congenitally malformed newborn who required very expensive care. We recognized that it was desirable to have "well" newborns covered also, but that this group should be given a second place priority in the negotiating process, since the potential financial burden on a family for the health care expenses of their "ill" newborn is so overwhelmingly greater than their health care expenses would be if their newborn was "well." We supported the concept that each chapter would approach its own legislature individually and that variations in the newborn insurance bill would occur. This approach is in no way compromised by our agreement; however, our model bill does not cover routine "well" newborn care (health supervision). We do believe that to legislate coverage of child health supervision (newborn through adolescence) in all health insurance policies and health service contracts requires state or Federal subsidization. Our position does not diminish the importance of child health supervision nor negate the desirability of covering this care in as many insurance plans as possible through voluntary, cooperative efforts between the public, physicians and the insurance industry.

(over)

The "Statement of Principles" agreed upon by the AAP and the HIAA was a result of the negotiating process to create the "Model Newborn Children Bill." The AAP interprets these principles to be consistent with previous AAP policy statements on health insurance for children. Agreement on these principles facilitated HIAA approval of the model bill which will ease its passage in every state.

If you have any further questions regarding the model newborn bill, our agreement with the HIAA or any other aspect of our committee's work, please write me at -

1950 West Littleton Blvd.
Denver, Colorado 80120, or

Al Stolper
Administrative Assistant to the Executive Director
American Academy of Pediatrics
1801 Hinman Ave., P.O. Box 1034
Evanston, Illinois 60204

DWS:k

Encl.



American Academy of Pediatrics

2/3/74

POSITION STATEMENT ON NEWBORN INFANT MEDICAL INSURANCE
WASHINGTON STATE CHAPTER, AMERICAN ACADEMY OF PEDIATRICS (AAP)
(WASHINGTON STATE SOCIETY OF PEDIATRICS).

Consensus Summary developed by:

Washington State Chapter, AAP, Fetus and Newborn Committee:

Donald Sutherland M.D., Bellevue, Chairman
William A. Hodson, M.D., Director Newborn Service, University of Washington
Errol Alden, M.D., Director Newborn Service, Madigan General Hospital, Tacoma
David E. Woodrum, M.D., Dir. Newborn Service, Children's Orthopedic Hospital,
Seattle.
Robert Polley, M.D., Seattle.

David Sparling, M.D., Tacoma; State Chapter Chairman, 1974.

Michael Donlan, M.D., Spokane; State Chapter Alternate Chairman, 1974

Robert A. Tidwell, M.D., Seattle, Chairman Legislative Committee.

Robert Polley, M.D.; Seattle, Chairman 3rd Party (Medical Insurance) Committee.

Blackburn Joslin, M.D., Mercer Island, Past State Chairman.

Abraham Bergman, M.D., Director Outpatient Clinic, Children's Orthopedic Hospital,
Seattle; President, National Foundation for Sudden Infant Death.

THOMAS C. COCK CHAIRMAN DISTRICT VIII AAP.

Topics:

a. "Neonates" (newborn infants) do not become candidates for routine or well newborn infant care until age 48 hours at the earliest.

b. Information:

(1) Disappearance of lung fluid and lung aeration (expansion), approximately 48 hours.

(2) Establish normal heart function with disappearance of murmurs and reverse blood flow through foramen ovale and ductus - 24 to 48 hours.

(3) Temperature (thermal) instability; inability to maintain adequate body temperature without external added heat source - 24 to 48 hours.

(4) Fluid balance, acid base balance, kidney function, urine production, etc., unstable until age 24-48 hours.

- (5) Intestinal tract - no "routine" feedings until patency and mobility of intestinal tract demonstrated (meconium ileus intestinal obstruction) - no "routine" feedings until age 48 hours.
- (6) Blood oxygen level and oxygen supply to organs subnormal until 24-48 hours.
- (7) Infection: Special care to prevent "colonization" until age 48 hours.
- (8) Lungs: Abnormal per x-ray until average age of 12 hours.
- (9) General physiology (homeostasis) - instability of interacting body organs, fluids and functions, until age 48 hours.
- (10) Seizures - due to low blood sugar, hypothermia, brain hemorrhage, etc., first signs or onset up to age 48 hours.
- (11) Jaundice - (high blood bilirubin) due to Rh factor, other blood group incompatibility, liver malfunction, infection, etc., first signs or onset up to age 48 hours.
- (12) Meningitis, blood stream sepsis, etc., first signs or onset up to age 48 hours.

Further information regarding special (non-well) infant care necessity for minimum of 48 hours:

a. Newborn infants not released from quality newborn nurseries (i.e., U. of W.) until after age 48 hours without parents signing an A.M.A. (Against Medical Advice) statement.

b. This year, Washington State Chapter, AAP, obtained \$25-50,000 March of Dimes grant for statewide "Infant Care Program," Janet Murphy, M.D., director, to conduct appraisal and consultation service for care of newborn infants in the 97 hospitals in Washington State with newborn infant nurseries.

c. University of Washington Medical School and School of Nursing students are taught the 48 hour minimum special infant care policy.

Conclusion: The non-well newborn infant or special newborn infant treatment & care situation prevails for a minimum of 48 hours.

Summary prepared by:


Robert Polley, M.D.

2/3/74

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WASHINGTON STATE CHAPTER, AMERICAN ACADEMY OF PEDIATRICS (AAP)
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Al Skinner, M.D., Mercer Island; Past State Chairman.

Abraham Bergman, M.D., Director Outpatient Clinic, Children's Orthopedic
Hospital, Seattle; President, National Foundation for Sudden Infant Death.

Thomas C. Cock, M.D., Chairman, District VIII, AAP.

During the first nine months of life the human dwells in a warm aquatic environment. He receives his total nutritional support from his mother and, with a few exceptions, his bodily functions (e.g. gas exchange, endocrinologic, excretory) are accomplished by the placenta. With birth, the above situation is drastically altered in a very short period of time. There is, in fact, no age during life when so many major adaptations necessary for intact survival occur in such a short time span.

Immediate survival is accomplished by clearance of lung fluid, its replacement with air, and activation of surface active material lining the gas exchange surface of the lung. The result of these processes is an elevation of the oxygen tension in the arterial blood, an increase in pulmonary blood flow, and gradual closure of the fetal shunts (Foramen, Ovale and Ductus Arteriosus).

Adaptive processes of a more gradual but equally important nature involve the gastrointestinal tract - which for the first time must manifest patency from the mouth to the anus; the renal and genitourinary tract - must assume control of fluid and electrolyte balance, and solute excretion; metabolic and endocrine activities vital to nutritional homeostasis, growth and modifications of drugs or bodily breakdown products (e.g. bilirubin) necessary to facilitate excretion.

The newborn is at a further disadvantage in terms of his or her ability to adjust to a new environment. Heat losses may be extensive due to the inordinately high body surface to weight ratio that the small infant manifests, hence the ability to withstand environmental cold stress is severely compromised. Furthermore, inadequate or immature immunologic defense mechanisms impair the ability to ward off certain types of infection.

All of these transitions and/or adjustments occur or have as their major time of impact during the first 48 to 72 hours of life, and the vast majority of potentially anatomic, physiologic or biochemical deviations from normal may be recognized during this time period. With this in mind, it is the policy of this Committee as well as the recommendations of the Department of Pediatrics, Division of Neonatal Biology, University of Washington School of Medicine that optimum care for all newborn infants include a comprehensive physical examination, competent physician and nurse medical care and hospitalization during the first 48 hours of postnatal life.

R. Pally
4/4/74.

MEMORANDUM

December 5, 1973

TO: GARY WANGSMO, Controller
FROM: Bob Harvey, Business Office Manager
SUBJECT: Coverage for infants

Insurance companies generally offer an employer several ways of providing coverage for newborn babies under group health insurance plans.

They are:

- 1) Coverage from birth, limited: In this case, the infant is covered from birth but only for treatment of a disease, injury, congenital deformity or hereditary complications. Prematurity, per se, is not covered.
- 2) Coverage from birth, full: The infant is covered from birth including the cost of nursery, normal baby care, and special care for prematurity.
- 3) Coverage after a certain number of days--commonly 14 days: The infant is covered only after the first 8 or 14 days of life. This is further restricted, in some plans, to require that the infant be not only a certain number of days old but also free of confinement (not hospitalized) before the coverage will take effect.

The following is a partial list of companies and the coverage their plans provide for newborns:

AAA Auto Club of Washington	Birth full
Anchorage Cold Storage	Birth full
Anchorage Daily Times	Birth full
Alaska State Employees	Birth full
Alaska Bar Association	Birth full
Alaska Lumber and Pulp	Birth full



COMMITTEE ON THIRD PARTY PAYMENT PLANS

COUNCIL ON PEDIATRIC PRACTICE

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STAFF:

ALBERT C. STOLPER

REFERENCE:

GUY F. COUNTESS, M.D.
DEACON W. JOHNSON, M.D.
ROBERT F. HALL, M.D.
JIMMY ROSS, M.D.
WALTER D. HADIN, M.D.

January 29, 1974

TO: District Chairmen
Chapter Chairmen
Chapter Contact Persons for Third Party Payment Plans

FROM: Donald W. Schiff, M.D., Chairman, Committee on Third
Party Payment Plans

SUBJECT: Background Information for the "Model Newborn Children Bill"

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October 8, 1974

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Sincerely,

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David Robbins
Vice President and Controller

DR:pw

cc: Mr. Franklin H. Young - ALIA
Mr. Carroll Callaway

Newborn
bill

4B128

PROBLEM:

Health insurance coverage in Alaska frequently does not provide for health care for newborn infants. Such insurance policies written in Alaska presently specifically exclude coverage for infants in the first thirty, sixty, or ninety days of life.

The newborn infant is vulnerable to many health problems. Prematurity and congenital defects often require medical care of an urgent and sophisticated nature.

The cost of this care is presently borne by a combination of families, health care providers (such as physicians and hospitals), governmental agencies (federal, state, and local), and insurance carriers.

By exclusion of newborn health care from their coverage, some insurance carriers are excluding this vulnerable newborn population from their coverage.

PROPOSAL:

The legislative committee of the Alaska State Medical Association and the Alaska Chapter of the American Academy of Pediatrics recommend that health care coverage for newborn infants be included in all health insurance policies written in Alaska.

MEMORANDUM

TO: Frederick McGinnis
Commissioner

THRU: Donald K. Freedman, M.D., M.P.H.
Director, Division of Public Health

DATE: September 27, 1974

FROM: David A. Spence, M.D., Chief
Section of Family Health

SUBJECT: Proposed legislation for the
1975 Legislature.

In the last legislative session, Senate Bill 359 was introduced on February 11, 1974, by Senator Lowell Thomas. This Bill would have required that newly-born children be included in group health and disability insurance. This Bill was tied to insurance for alcoholism and was still in committee at the close of the legislative session.

The need for this legislation is greater this year because advances in neonatal care, while preserving intellect and life itself for the premature, are more expensive. We request that this Bill be submitted in essentially the same form again in this next legislative session. Your submission of this legislation will indicate its importance to the legislators and the public as well.

EAS/lb

cc: Dr. Carolyn Brown, Legislative Committee, ASMA

ENGSTROM AND EVANS

ATTORNEYS AT LAW

202 NATIONAL BANK OF ALASKA BUILDING

TELEPHONE (907) 586-1445

JUNEAU, ALASKA 99801

ALLAN A. ENGSTROM
GORDON E. EVANS

February 19, 1975

Ms. Susan Moss
Health Education & Social Services
Pouch V
Juneau, Alaska 99811

Re: House Bill 128

Dear Ms. Moss:

In our recent telephone conversation, you indicated that the House Health, Education and Social Services Committee was interested in the approximate cost impact of House Bill 128, as it relates to coverage for new-born infants.

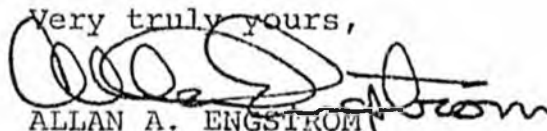
Although it is difficult to be precise, Blue Cross Washington Alaska, Inc., which already provides such coverage in all of its policies, estimates the effect on premium to be approximately one per cent. This is based on a competitive benefit level, in using birth as an effective date as opposed to starting coverage at age 30 days.

Let me try to be more precise by means of an example:

1. Assume that coverage A covers children at birth and coverage B covers children after 30 days.
2. Assume that all other aspects of coverage A and coverage B are identical with respect to benefits.
3. If the monthly family rate for coverage B was \$60.00, then the family rate for coverage A would be approximately 1% higher, or \$60.60.

Please let me know if you have any other questions.

Very truly yours,



ALLAN A. ENGSTROM
Legislative Counsel for
Blue Cross Washington Alaska, Inc.

AAE:rhm

These different coverage options reflect efforts to reduce claim costs and premiums. Basically, an insurance company will sell whatever coverage a policyholder is willing to pay for but there is a trend toward making coverage from birth--full the standard benefit. Of course, "full" coverage does not necessarily mean 100% coverage since there may be deductibles, co-insurance and policy limits.

Following are some examples of NBSCN bills incurred at Providence over the past six months which reflect the variations in insurance benefits and coverage:

<u>Days Hospitalized</u>	<u>Amount</u>	<u>Insurance</u>	<u>Amt. Pd. by Ins.</u>
32	\$5,470.30	Teamsters	--0--
19	3,926.65	Teamsters	--0--
88	19,130.95	Champus	\$19,130.95
7	1,171.75	Blue Cross	937.40
10	1,563.63	Medicaid	1,563.63
2	166.00	Aetna thru Fed. Gov't.	22.50
4	644.00	Equitable thru Standard Oil	644.00
3	318.25	Fireman's Fund (Liability)	318.25
4	1,100.00	Champus	1,100.00
17	1,790.25	Equitable thru N. C.	1,708.00
46	8,934.90	Medicaid	8,934.00
15	2,859.10	Aetna	2,680.53
3	245.13	Medicaid	245.13
3	255.50	Medicaid	255.50
23	3,072.25	Teamsters	Written off to Charity
22	2,187.88	Aetna thru Fed. Gov't	1,750.30
2	195.75	Medicaid	192.75
55	10,527.00	Champus	10,447.00
3	531.25	Sears	425.00
11	2,478.50	A. N. S.	2,478.00
5	440.00	Medicaid	440.00
2	204.75	B. C. thru Cordova Hosp.	123.80
20	5,492.50	B. C. thru State	4,747.68
17	2,900.00	Westcoast Life thru Reeve Aleutian	--0--
1	39.50	B. C. thru Providence	39.50
4	700.75	<u>Double coverage:</u> Teamsters	--0--
		Hotel & Restaurant	--0--
12	2,604.25	B. C. of Louisiana	1,292.75
23	4,137.05	Blue Cross	3,911.30
6	1,113.50	B. C. thru State	850.40
4	657.75	Medicaid	657.75
	<u>TOTAL</u>		<u>\$64,896.12</u>

Difference to be paid by patient or absorbed by hospital:
\$19,962.97

MEMORANDUM

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Commissioner

THRU: Donald K. Freedman, M.D., M.P.H.
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cc: ~~Dr. Carolyn Brown, Legislative Committee, ASMA~~