

HB 977

SB 227

FISCAL

NOTES

1	POSITION TITLE Assistant Director			RANGE/STEP 21A	BARG. UNIT. Sup.	LOCATION Juneau	GOV	APPROV.	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	3,113/mo.	37,356						
5	BENEFITS	.1542	5,760						
6	FICA	.0665	2,484						
7	HEALTH INS.	\$127/mo.	1,524						
8	TOTAL PERSONAL SERVICES			47,124					
9	TRAVEL			3,144					
10	CONTRACTUAL			9,000					
11	COMMODITIES			600					
12	EQUIPMENT			3,646					
13	OTHER								
14	TOTAL COST			63,514					
	CODE	FUNDING SOURCE							
15		FED RCPTS							
16		GF MATCH							
17		GEN FUND		63,514					
18		I-A RCPTS							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX	FOR S&M USE ONLY						
1A KEY NUMBER _____ COLUMN NO. _____									

Pers. Services: Salary Schedule eff. 3/16/80.

Travel: Fairbanks, Anchorage, Hawaii, Seattle.

Contractual Svcs: Based on cost per position for Juneau. (See attachment for detailed breakdown).

Commodities: Supplies based on cost per position.

Equipment: Desk, Chair, Bookcase, Dictation Equipment, Guest Chair, Panelling.

Justification: This position will be responsible for developing the administrative, fiscal, management and program policies governing the investigative, auditing and mediation functions of the Section, assuming the legislative intent of the Act.

This position will coordinate activities with other departments and agencies, issue periodic reports as required and provide advice and counseling on controversial issues to staff, employees, employers, insurance representatives and the medical profession.

AGENCY Labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act.

13 REQUEST FOR NEW POSITION.

FY 81

1	POSITION TITLE Administrative Assistant III			RANGE/STEP 16A	BARG. UNIT. GGU	LOCATION Juneau	GOV	APPROV.	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	2,132/mo.	25,584						
5	BENEFITS	.1542	3,945						
6	FICA	.0655	1,701						
7	HEALTH INS.	\$127	1,524						
8	TOTAL PERSONAL SERVICES			32,754	<u>Pers. Services:</u> Salary Schedule eff. 3/16/80 <u>Travel:</u> Anchorage 2 x @ 2 days Fairbanks 2 x @ 2 days <u>Contractual Svcs:</u> Based on cost per position for Juneau (See attachment for detailed breakdown) <u>Commodities:</u> Supplies cost per position. <u>Equipment:</u> Desk, Chair, Bookcase, Dictation Equip. Guest Chair, Panelling. <u>Justification:</u> The Administrative Assistant position is needed to implement and operate a management information system, designed to pro- vide immediate access to employer/insurance carrier file data and current claim status to the field offices. The position is an integral part of an effective management plan, providing for supervision of the administrative process required to support the audit, investigative and hearing functions of the investigators. Supervision of Clerk Typist III.				
9	TRAVEL			1,490					
10	CONTRACTUAL			9,000					
11	COMMODITIES			550					
12	EQUIPMENT			3,452					
13	OTHER								
14	TOTAL COST			47,246					
	CODE	FUNDING SOURCE							
15		FED RCPTS							
16		GF MATCH.							
17		GEN. FUND		47,246					
18		I-A RCPTS							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX	FOR B&M USE ONLY						
44 KEY NUMBER				COLUMN NO.					

AGENCY Labor PROGRAM AREA Worker Protection
Health Administration
BRU Health Care Act
COMPONENT

13 REQUEST FOR NEW
POSITION.

FY 81

1	POSITION TITLE Investigator			RANGE/STEP 18A	BARG. UNIT. GGU	LOCATION Juneau	GOV.	APPROV.	DISAP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	2,465/mo.	29,580						
5	BENEFITS	.1542	4.561						
6	FICA	.0665	1,967						
7	HEALTH INS.	\$127/mo.	1,524						
8	TOTAL PERSONAL SERVICES			37,632					
9	TRAVEL			11,000					
10	CONTRACTUAL			9,000					
11	COMMODITIES			550					
12	EQUIPMENT			4,786					
13	OTHER								
14	TOTAL COST			62,968					
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH.							
17		GEN. FUND		62,968					
18		I-A RCPTS							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX	FOR B&M USE ONLY						
4A KEY NUMBER				COLUMN NO.					

Pers. Services: Salary Schedule effective 3/16/80.

Travel: All Southeast Communities
1 trip per week @ 2 days

Contractual Svcs: Based on cost per position for Juneau. (See attachment for detailed breakdown).

Commodities: Cost per position for supplies.

Equipment: Desk, Chair, Bookcase, Dictation Equipment
Calculator, Tape Recorder, Guest Chair, Panelling.

Justification: The Investigator position will provide advisory service to employees, employers, insurance companies and medical facilities as to procedures and all party's rights and obligations under the Act.

This position will be responsible for investigating claims or complaints, auditing employer and insurance carrier records to ensure compliance with the Act, conducting hearings on disputed claims and cases of employer non-compliance and perfecting the case file for prosecution by the Attorney General's office.

AGENCY Labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act

FY 81

13 REQUEST FOR NEW
POSITION.

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REVISED
DATE

1	POSITION TITLE Investigator			RANGE/STEP 18A	BARG. UNIT. GGU	LOCATION Anchorage	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	HP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT					
	1		2		3				
	PERSONAL SERVICES:								
4	SALARY	2,465/mo.	29,580						
5	BENEFITS	.1542	4,562						
6	FICA	.0665	1,967						
7	HEALTH INS.	\$127/mo.	1,524						
8	TOTAL PERSONAL SERVICES			37,632					
9	TRAVEL			11,370					
10	CONTRACTUAL			10,715					
11	COMMODITIES			550					
12	EQUIPMENT			4,786					
13	OTHER								
14	TOTAL COST			65,053					
JUSTIFICATION:									
<u>Pers. Services:</u> Salary Schedule effective 3/16/80.									
<u>Travel:</u> All Central Region Communities 1 trip per week @ 2 days									
<u>Contractual Svcs:</u> Based on cost per position for Anchorage. (See attachment for detailed breakdown).									
<u>Commodities:</u> Cost per position for supplies.									
<u>Equipment:</u> Desk, Chair, Bookcase, Dictation Equipment Calculator, Tape Recorder, Guest Chair, Panelling.									
<u>Justification:</u> The Investigator position will provide advisory service to employees, employers, insurance companies and medical facilities as to procedures and all party's rights and obligations under the Act.									
This position will be responsible for investigating claims or complaints, auditing employer and insurance carrier records to ensure compliance with the Act, conducting hearings on disputed claims and cases of employer non-compliance and perfecting the case file for prosecution by the Attorney General's office.									
	CODE	FUNDING SOURCE							
15		FED RCPTS							
16		GF MATCH							
17		GEN. FUND			65,053				
18		I-A RCPTS							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX	FOR B&M USE ONLY						
1A KEY NUMBER _____ COLUMN NO. _____									

AGENCY Labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act

13 REQUEST FOR NEW
POSITION.

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REVISED
DATE _____

FY 81

1	POSITION TITLE Investigator			RANGE/STEP 18A	BARG. UNIT. GGU	LOCATION Fairbanks	GOV	APPROV.	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RF No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	2,746/mo.	32,952						
5	BENEFITS	.1542	5,011						
6	FICA	.0665	2,191						
7	HEALTH INS.	\$127/mo.	1,524						
8	TOTAL PERSONAL SERVICES			41,748					
9	TRAVEL			17,420					
10	CONTRACTUAL			10,890					
11	COMMODITIES			550					
12	EQUIPMENT			4,786					
13	OTHER								
14	TOTAL COST			75,394					
JUSTIFICATION:									
<u>Pers. Services:</u> Salary Schedule effective 3/16/80.									
<u>Travel:</u> All Northern Region Communities 1 trip per week @ 2 days									
<u>Contractual Svcs:</u> Based on cost per position for Fairbanks. (See attachment for detailed breakdown).									
<u>Commodities:</u> Cost per position for supplies.									
<u>Equipment:</u> Desk, Chair, Bookcase, Dictation Equipment Calculator, Tape Recorder, Guest Chair, Panelling.									
<u>Justification:</u> The Investigator position will provide advisory service to employees, employers, insurance companies and medical facilities as to procedures and all party's rights and obligations under the Act.									
This position will be responsible for investigating claims or complaints, auditing employer and insurance carrier records to ensure compliance with the Act, conducting hearings on disputed claims and cases of employer non-compliance and perfecting the case file for prosecution by the Attorney General's office.									
	CODE	FUNDING SOURCE							
15		FED RCPTS							
16		GF MATCH							
17		GEN. FUND		75,394					
18		I-A RCPTS							
19		FGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX	FOR BSM USE ONLY						
40 KEY NUMBER _____ COLUMN NO. _____									

AGENCY Labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act

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REVISED DATE _____

FY 81

13 REQUEST FOR NEW
POSITION.

1	POSITION TITLE Data Control Clerk			RANGE/STEP 11A	BARG UNIT. GGU	LOCATION Juneau	GOV.	APPROV.	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	1,533/mo.	18,396						
5	BENEFITS	.1542	2,837						
6	FICA	.0665	1,223						
7	HEALTH INS.	\$127/mo.	1,524						
8	TOTAL PERSONAL SERVICES			23,980					
9	TRAVEL			-					
10	CONTRACTUAL			9,000					
11	COMMODITIES			550					
12	EQUIPMENT			1,390					
13	OTHER								
14	TOTAL COST			34,920					
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH.							
17		GEN. FUND		34,920					
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX	FOR B&M USE ONLY						
4A	KEY NUMBER			COLUMN NO.					

JUSTIFICATION:

Pers. Services: Salary Schedule eff. 3/16/80

Contractual Svcs: Cost per position for Juneau (See attachment for detailed breakdown).

Commodities: Cost per position for supplies.

Equipment: Desk, Chair, Calculator, Credenza, Guest Chair.

Justification: The Data Control Clerk position will prepare input data and maintain file reference records schedule and coordinate data processing operations, develop and maintain control procedures, code, classify and catalog data information, design forms and assist staff and other agencies in use of forms and procedures, review and correct data errors.

Establishing and maintaining complete and accurate records is necessary to enable proper and timely service to those party's covered under the provisions of the Act.

AGENCY labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act

13 REQUEST FOR NEW POSITION.

1	POSITION TITLE Clerk Typist III			RANGE/STEP 8A	BARG. UNIT. GGU	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	1,277/mo.	15,324						
5	BENEFITS	.1542	2,363						
6	FICA	.0665	1,019						
7	HEALTH INS.	\$127/mo.	1,524						
8	TOTAL PERSONAL SERVICES			20,230					
9	TRAVEL			-0-					
10	CONTRACTUAL			9,000					
11	COMMODITIES			550					
12	EQUIPMENT			950					
13	OTHER								
14	TOTAL COST			30,730					
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH							
17		GEN. FUND			30,730				
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION			XXX FOR B&M USE ONLY					
AA KEY NUMBER _____ COLUMN NO. _____									

JUSTIFICATION:

Pers. Services: Salary Schedule effective 3/16/80.

Contractual Svcs: Cost per position for Juneau
(See attachment for detailed breakdown).

Commodities: Cost per position for supplies.

Equipment: Desk, Chair, File Cabinet.

Justification: The Clerk Typist position will provide clerical assistance to maintain case files, current correspondence, transcription and legal typing services and will assist the investigator in scheduling cases for audit and hearing.

This position will also provide assistance to employees in filing claims or complaints and will advise employees, employers and insurance carriers as to procedures and all party's rights and obligations under the Act. Functions as the receptionist, administrative support person, etc.

AGENCY Labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act

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REVISED DATE _____

FY 81

13 REQUEST FOR NEW POSITION.

1	POSITION TITLE Clerk Typist III	RANGE/STEP 8A	BARG. UNIT. GGU	LOCATION Anchorage	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE
						LEG.

3	TYPE OF EXPENDITURE	AMOUNT	
	1	2	3
	PERSONAL SERVICES:		
4	SALARY	1,277/mo.	15,324
5	BENEFITS	.1542	2,363
6	FICA	.0665	1,019
7	HEALTH INS.	\$127/mo.	1,524
8	TOTAL PERSONAL SERVICES		20,230
9	TRAVEL		-0-
10	CONTRACTUAL		10,715
11	COMMODITIES		550
12	EQUIPMENT		950
13	OTHER		
14	TOTAL COST		32,445

JUSTIFICATION:

Pers. Services: Salary Schedule effective 3/16/80.

Contractual Svcs: Cost per position for Anchorage.
(See attachment for detailed breakdown).

Commodities: Cost per position for supplies.

Equipment: Desk, Chair, File Cabinet.

Justification: The Clerk Typist position will provide clerical assistance to maintain case files, current correspondence, transcription and legal typing services and will assist the investigator in scheduling cases for audit and hearing.

This position will also provide assistance to employees in filing claims or complaints and will advise employees, employers and insurance carriers as to procedures and all party's rights and obligations under the Act. Functions as the receptionist, administrative support person, etc.

	CODE	FUNDING SOURCE	
15		FED RCPTS	
16		GF MATCH.	
17		GEN FUND	32,445
18		I-A RCPTS	
19		PGM RCPTS	
20		OTHER	
21	CONTINUATION		
22	ADDITION	XXX	FOR SAM USE ONLY

4A KEY NUMBER

COLUMN NO.

AGENCY Labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act

13 REQUEST FOR NEW POSITION.

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REVISED DATE

FY 81

1	POSITION TITLE Clerk Typist III			RANGE/STEP 8A	BARG. UNIT. GGU	LOCATION Fairbanks	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RF No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	GOV.	LEG.
3	TYPE OF EXPENDITURE			AMOUNT				
	1			2		3		
4	PERSONAL SERVICES:							
	SALARY			1,440/mo.	17,280			
5	BENEFITS			.1542	2,665			
6	FICA			.0665	1,149			
7	HEALTH INS.			\$127/mo.	1,524			
8	TOTAL PERSONAL SERVICES			22,618				
9	TRAVEL			-				
10	CONTRACTUAL			10,890				
11	COMMODITIES			550				
12	EQUIPMENT			950				
13	OTHER							
14	TOTAL COST			35,008				
	CODE	FUNDING SOURCE						
15		FED RCPTS.						
16		GF MATCH.						
17		GEN. FUND		35,008				
18		I-A RCPTS.						
19		PGM RCPTS						
20		OTHER						
21	CONTINUATION							
22	ADDITION		XXX	FOR B&M USE ONLY				
4A KEY NUMBER				COLUMN NO.				

JUSTIFICATION:

Pers. Services: Salary Schedule effective 3/16/80.

Contractual Svcs: Cost per position for Fairbanks.
(See attachment for detailed breakdown).

Commodities: Cost per position for supplies.

Equipment: Desk, Chair, File Cabinet.

Justification: The Clerk Typist position will provide clerical assistance to maintain case files, current correspondence, transcription and legal typing services and will assist the investigator in scheduling cases for audit and hearing.

This position will also provide assistance to employees in filing claims or complaints and will advise employees, employers and insurance carriers as to procedures and all party's rights and obligations under the Act. Functions as the receptionist, administrative support person, etc.

AGENCY Labor PROGRAM AREA Worker Protection

BRU Health Administration

COMPONENT Health Care Act

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REVISED DATE _____

FY 81

13 REQUEST FOR NEW POSITION.

FISCAL NOTE

ATTACHMENT FOR CONTRACTUAL SERVICES

No. Staff	5	2	2	9
Location	Juneau	Anchorage	Fairbanks	Total
330 <u>Rent</u>				
5 pos. x 150 sq. x \$1.70	15,300			15,300
2 pos. x 150 sq. x \$1.25		4,500		4,500
2 pos. x 150 sq. x \$1.25			4,500	4,500
310 <u>Telephone</u>				
Installation	200	80	80	360
Local/Centrex	1,500	250	600	2,350
*Long Distance \$1,500/pos.	7,500	3,000	3,000	13,500
Postage	3,000	1,000	1,000	5,000
320 <u>Printing</u>				
Forms, Envelopes etc.	6,000	2,000	2,000	10,000
320 <u>Advertising</u>				
TV, Radio, Newspaper	6,000	2,000	2,000	10,000
320 <u>Subscriptions</u>	400	300	300	1,000
360 <u>Equipment Rent</u>				
364 Word Processing	3,600	3,600	3,600	10,800
368 Highway Working Cap.		3,600	3,600	7,200
340 Repairs & Maintenance		500	500	1,000
390 Other	1,500	600	600	2,700
	<u>45,000</u>	<u>21,430</u>	<u>21,780</u>	<u>88,210</u>
Cost per position	9,000	10,715	10,890	9,800

*1 - Based on actual exp. FY '75 for Wage & Hour Budget (Similar work).



Official Business

Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

To: J. Hogan, House Finance

From: Thelma Buchholdt
House HESS

Re: HCS CS SSSB227

Please prepare a fiscal note for HCS CS SS SB227.

I would appreciate this information as soon as possible, as

I would like to bring the bill up in Committee next week.

Thank you.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS 6555B 227 (HES)
 Title "An act relating to the health of residents of the state"
 Requested by Health, Education, and Social Services Committee Date _____

II. FISCAL DETAIL

Agency Affected Division of Insurance
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Division of Insurance
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		49.2				
200 TRAVEL		5.0				
300 CONTRACTUAL		24.9				
400 COMMODITIES		.8				
500 EQUIPMENT		4.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<u>Reduction of Unrestricted Tax Receipt #019</u>		90.0				
TOTAL		173.8				

FUNDING (Thousands of Dollars)

GENERAL FUND		83.8				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
<u>Reduction of Unrestricted Tax Receipt #019</u>		90.0				

POSITIONS

FULL TIME <u>Market Analyst III</u>		1				
PART TIME <u>Clerk Typist III</u>		1				
TEMPORARY						

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

IV. DATE May 19, 1980 PREPARED BY HES Staff
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

PERSONAL SERVICES

The law in Connecticut on which this bill is based was implemented with no additional staff. Most of the substantive work was performed by the industry. One new position with clerical support may be justified, however, for drafting the regulations, reviewing the organization of the Health Reinsurance Association and approving the rates and policy forms developed by the carriers for the comprehensive health plan.

Market Analyst III Range 18A 12 months	\$29,580
Clerk Typist III Range 8A half-time, 12 months	8,162
	<u>\$37,742</u>
benefits (.188)	7,095
FICA	
(.0613 x 8162 + 1588)	2,088
health insurance	
(127 x 1.5 x 12)	2,286
	<u>\$49,211</u>

TRAVEL

Travel to Connecticut and Minnesota and to Health Reinsurance Association board meetings	\$5,000
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CONTRACTUAL

Rent 2 positions x 150 sq. ft. x \$1.70 x 12 mo.	\$6,120
Phone (80 install + 600 local + 3,000 long distance)	3,680
Postage	1,000
Printing	1,000
Equipment Rental (typewriter)	2,500
Consulting	10,000
Other	600
	<u>\$24,900</u>

<u>COMMODITIES</u> (1.5 x 500)	\$750
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EQUIPMENT

desks, chairs, bookcase, filing cabinet, caculator, etc.	\$ 4,000
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PREMIUM TAX OFFSET

Estimate #1:

Loss experience under Minnesota Comprehensive Health Plan for 1979:
\$800,000

Alaska population/Minnesota population = 400,000/4,000,000 = .1
Alaska rates/Minnesota rates \approx 1.12

$$\$800,000 \times .1 \times 1.12 = \underline{\$89,600}$$

Estimate #2:

Total comprehensive Health Plan Premiums in Connecticut for 1979:
\$2,785,367 *incl costs*
Total HRA Assessment since April 1, 1976: \$80,000 *incl 1976*

Alaska population/Connecticut population = 400,000/3,000,000 = .133
Alaska rates/ Connecticut rates \approx 1.12
Loss factor 1: (135% - 125%)/135% = .074
Loss factor 2: (150% - 125%)/150% = .166

$$(a) \$2,785,367 \times .133 \times 1.12 \times .074 + (\$80,000/4) = \underline{\$50,703}$$

$$(b) \$2,785,367 \times .133 \times 1.12 \times .166 + (\$80,000/4) = \underline{\$88,875}$$

While estimate 2(a) is the best estimate from available information, rounding the higher estimates up to \$90,000 is the safest estimate.

*benefits pkg. different
slightly more
high rate
loss rates greater*

*7.4% prem. would
show up as loss
w/ rolling
in rate
to*

*total prem. will be
92.59% of actual cost*

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS CSS SB 227

Title _____

Requested by _____

Date _____

II. FISCAL DETAIL

Agency Affected _____

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		48.3	53.2	58.2		
200 TRAVEL		5.0	3.0	3.3		
300 CONTRACTUAL		40.9	26.8	29.4		
400 COMMODITIES		.8	.8	.9		
500 EQUIPMENT		4.0	—	—		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Reduction of Unrestricted Tax Receipt #169		—	45.0 *	99.0 *		
TOTAL						
Assumes 10% inflation		99.0	128.8	190.8		

FUNDING (Thousands of Dollars)

GENERAL FUND		99.0	83.8			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Reduction of Unrestricted Tax Receipt #169			45.0	99.0		

POSITIONS

FULL TIME market Analyst III		1	1	1		
PART TIME Clerk Typist III		1	1	1		
TEMPORARY						

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

* overestimates costs for numerous reasons:

1. assumes full scale operation (only attained in Connecticut after 4 years) in first year
2. includes \$20,000 per year of assessments as losses which were primarily administrative costs and therefore could not be passed on to the state under the Alaska bill
3. generous estimates and margins used throughout.

IV. DATE 5/16/80

PREPARED BY _____

AGENCY _____

Original: Legislative Finance

PHONE _____



THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS C55SB 227 (HESS)

Title An act relating to health insurance for employees in the state

Requested by House Health, Education & Social Service Committee Date _____

II. FISCAL DETAIL

Agency Affected Division of Insurance

Program Category Affected Public Protection

BRU, Program, or Subprogram(s) Affected Division of Insurance

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		537.4	609.1	670.1	737.5	811.5
200 TRAVEL		8.0	9.0	13.0	14.0	15.0
300 CONTRACTUAL		170.0	95.0	100.0	105.0	110.0
400 COMMODITIES		2.5	2.5	2.5	2.5	2.5
500 EQUIPMENT		18.5	1.0	1.0	1.0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		-	39,305.0	43,236.0	47,560.0	52,316.0
Reduction of unrestricted tax receipt #019		-	3,344.0	3,678.0	4,046.0	4,451.0
TOTAL		736.4	43,365.6	47,700.6	52,466.0	57,707.0

FUNDING (Thousands of Dollars)

GENERAL FUND		736.4	40,021.6	44,022.6	48,420.0	53,256.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Reduction of unrestricted tax receipt #019		-	3,344.0	3,678.0	4,046.0	4,451.0

POSITIONS

FULL TIME		20	20	20	20	20
PART TIME						
TEMPORARY						

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

100 Personal Services

- There will be a substantial increase in the filing of health insurance made in Alaska and in the kind of review given. A review of rates being charged by the carriers is necessary, not only upon initial use, but also for renewal. Heretofore, the division's role has been to approve or disapprove filings, in addition, we will now be required to determine that plans of health coverage written by the combination of catastrophic with basic hospital and medical-surgical plans provide at least equivalent benefits as outlined in Section 21.50.020. Also, Section 1 of the Act calls for a substantial number of regulations to be promulgated with some regulations needing to be repromulgated on a yearly basis.

IV. DATE 5-9-80

PREPARED BY James J. Jordan

AGENCY Division of Insurance

PHONE 274-3546

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 977
 Title An Act relating to the health of residents of the state
 Requested by Health, Education & Social Services Committee Date 4/17/80

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Health Administration

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		283.9	283.9	283.9	283.9	283.9
200 TRAVEL		44.4	48.8	53.7	59.1	65.0
300 CONTRACTUAL		88.2	97.0	106.7	117.4	129.1
400 COMMODITIES		5.0	3.3	3.6	4.0	4.4
500 EQUIPMENT		25.7	-	-	-	-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	?	?	?	?	?	?
TOTAL	See Note 3	?	?	?	?	?

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		x	x	x	x	x
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		9	9	9	9	9
PART TIME						
TEMPORARY						

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

- Assumes annual inflation rate of 10%. Personal Services based on Hawaii Program.
- Commodities for FY '81 are 5.0 for initial set up of forms etc. Afterward, it will drop to 3.0 plus inflation.
- Annual operating cost, excluding grants and claims are:

FY '81	FY '82	FY '83	FY '84	FY '85
447.2	433.0	447.9	464.4	482.4

Grants and claims are impossible to estimate. This bill provides for a premium supplementation fund. Currently, ALASKA has 10,424 employers; 72% or 7,463 of these employers would be eligible based on number employed. Without cost containment for coverage, premium costs cannot be estimated.

IV. DATE 4/14/80 PREPARED BY James Souby
 AGENCY Labor
 PHONE 465-2720
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Positions required would be: one - Market Analyst III, two - Market Analyst II, and one - Clerk/Typist III. In addition, the availability of qualified personnel in Alaska is limited. These persons would be in the Market Surveillance Section.

2. Section 21.50.090 of this Act calls for the Division of Insurance to administer a premium supplementation program for employers having ten or less regular employees who meet certain criteria as outlined. The administration of a program of this nature is quite foreign to the Division of Insurance. In function, it is more indigenous to the operation of the Department of Revenue. Primarily, the division will have to develop a quasi-tax return to determine the amount of supplementation and also to provide reasonable audit control. The Department of Revenue has assisted us in analyzing this portion of the fiscal note.

Department of Revenue has indicated that the most expedient way to administer this program is by use of the Federal Tax Return and utilizing primarily "desk audits." If the Federal Tax Return cannot be utilized for legal reasons, the Division of Insurance would, in effect, be required to adopt regulations which would define all items of income and deductible expense in order to effectuate the premium supplementation guidelines. The audit functions would then move from a "desk audit" approach to almost entirely a "field audit" approach requiring definitive audit of the employer's books. If this were to be the case, the following number of positions would need to be doubled. Positions required would be: one - Revenue Auditor III, four - Revenue Auditor II, ten - Tax Examiners, and one - Clerk/Typist III. Anchorage will be the location for these positions. These persons will be in the Financial Examination Section. The availability of qualified personnel to fill these positions is limited.

200 Travel

1. The establishment of the Health Reinsurance Association will require travel and, to a large degree, outside in order to participate in the periodic meetings of the board. The travel outside is due to the fact that the carriers forming the membership are located there.

The implementation phase for this Act will require outside travel to both Connecticut and Minnesota in order to expedite the formation of the Health Reinsurance Association, and to aid in the development of actuarial equivalence standards.

Travel will also be required to perform audits of carriers to verify compliance with the rate standards established by this Act.

2. Travel for the audit of the premium supplementation program will be necessary. The travel will be limited and primarily in-state. The travel item associated is the best possible scenario with the assumption of the primary use of "desk audits." This item would have to increase significantly in the case of the worst scenario of "field audits."

300 Contractual

1. It is anticipated that a substantial amount of contract services will be required in order for the division to develop actuarial equivalence standards, basis for approval or disapproval of rates for coverage written by or through the Health Reinsurance Association, and perhaps to assist in the development of the proto-type forms the association will be utilizing.
2. The premium supplementation program will require the rental of office space in Anchorage, allowance for telephone charges, and a substantial printing allowance for the application forms.

In addition, due to the foreign nature of such a function to the division, contractual services, provided perhaps by the Department of Revenue, will be necessary to establish the parameters and methods of operation for this group of employees.

400 Commodities

Sufficient commodities will be required for the 20 new positions.

500 Equipment

Sufficient office equipment will be required for the 20 new positions. In addition to what normal equipment is necessary, additional storage equipment will be necessary plus equipment that will assure a reasonable level of security in view of the documents to be on hand (e.g., Federal Tax Return).

700 Grants, Claims, Etc.

The fiscal item in this category is comprised entirely of the expected expenditures for the amounts paid to employers pursuant to the premium supplementation program as called for in Section 21.50.090.

A number of assumptions had to be made in arriving at the numbers displayed due to the lack of proper data in a number of areas. The assumptions were chosen, for the most part, to establish the worst possible scenario in order to set the upper bounds of anticipated cost. The assumptions made follow:

1. Employers income, as defined in Section 21.50.200(10), is -0-. This assumption will tend to overstate the result.
2. All effected employers will have coverage and will apply for the premium supplementation. This assumption will tend to overstate the result.
3. All employees have covered dependents. This assumption will tend to overstate the result.
4. All employers contribute 100% of the premium for the health plan. This assumption will tend to overstate the result.
5. The Department of Labor statistics relating to nongovernmental employer units, employees, and wages do not include employers with exactly ten employees. Therefore, the analysis only included employers with nine or less employees. This assumption will tend to understate the result.
6. The employer demographics will not change in the future. The result of the assumption is not determinable as it relates to the complexity of the Alaskan economic situation.
7. The premium rates utilized were 125% of the State of Alaska's rates. This results in an assumption of a rate of \$150/month/employee (125% times \$120). The development was accomplished by using employer size breakdowns of 0-3, 4-6, and 7-9 employees separately. In all breakdowns, the \$150 rate will be less than that for which the coverage will be able to be purchased. This assumption will tend to understate the result.

There will not be a fiscal impact until FY 82 because the Act would not be effective until January 1, 1981 and employers would file for supplementation of premium paid during calendar year 1981 in the first half of 1982.

Reduction of Unrestricted Tax Receipt #019

Section 21.50.050(m) allows a carrier to offset any assessments paid to the Health Reinsurance Association against its income tax under AS 43.20 or its Alaska state premium tax. In addition, it calls for the Commissioner of Revenue to directly reimburse the carrier for assessments paid in excess of the taxes. This item only includes the loss in the premium taxes.

The assumptions made in developing these numbers will produce the worst result. It was assumed that all premium taxes would be offset by the assessments paid. The basis for the amounts were the premium taxes actually paid by carriers for calendar year 1979.

There will not be a fiscal impact until FY '82 because effective the date of this Act is January 1, 1981 and the carriers would not be able to apply the offset for calendar year 1981 premium taxes until 1982.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. _____
 Title _____
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES			334	368	406	445
700 GRANTS, CLAIMS, ETC.		1000 -	3040	3040	3040	3040
TOTAL		1000 -	3040	3040	3040	3040

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE _____ PREPARED BY _____
 AGENCY _____
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Tim ... of back office
call me please when you're
free

B

3 mill. premium tax collected
from carriers + B +
assuming

Can't estimate losses
only can est. assessment exhaust
perm. tax

III.

Premium Taxes Ad 1979

Commercial	{	ad 79	\$ 2,932,789.72
		LICA	6,419.00
			<u>\$ 2,939,209</u>

Hosp. Sec.	Blue X	97,296.44
		<u><u>\$ 3,036,515</u></u>

FY 81 only 1/2 year taxes involved
 worst scenario - ~~at~~ amounts ^{equal} premium tax paid.
 Premium tax will be dependent in future FY based
 on writings of Co. in Alaska - Problems
 with estimating - ~~at~~ much depend on how
 Co's view Alaska & the economy. - Use 10%
 to extrapolate

FY 82	$3,040 \times 1.10 =$	3,344
83		3,678
84		4,046
85		4,451

shown in note as "reduction in unrestricted tax
 receipt #019"

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS CSSSSSB 227 (HESS)

Title An act relating to the health of residents of the State

Requested by _____ Date _____

II. FISCAL DETAIL

Division of Insurance

Agency Affected _____

Program Category Affected Public Protection

BRU, Program, or Subprogram(s) Affected Division of Insurance

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		127.4	140.1	154.1	169.5	186.5
200 TRAVEL		5.0	6.0	10.0	11.0	12.0
300 CONTRACTUAL		100.0	50.0	55.0	60.0	65.0
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		2.5	--	--	--	--
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Reduct. of Unrestricted Tax Rcpt. #019 --	--	--	3,344.0	3,678.0	4,046.0	4,451.0
TOTAL		235.4	3,540.6	3,897.6	4,287.0	4,715.0

FUNDING (Thousands of Dollars)

GENERAL FUND		235.4	196.6	219.6	241.0	264.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Reduction of Unrestrict. Tax Rcpt. #019 --	--	--	3,344.0	3,678.0	4,046.0	4,451.0

POSITIONS

FULL TIME		4	4	4	4	4
PART TIME						
TEMPORARY						

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

IV. DATE May 21, 1980

PREPARED BY Donald P. Koch

AGENCY Division of Insurance

PHONE 465-2577

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

100 Personal Services

There will be a substantial increase in the filing of health insurance contracts and forms made in Alaska as new contracts are generated to comply with the requirement to offer such. In addition, the division will newly be required to conduct rate review on a heretofore uncontrolled line of business. This review will have to be made annually in view of the requirement to upgrade minimum benefit standards as appropriate due to inflation or changes in the prevailing standards in the industry.

The conduct of audits is a time consuming function which is appropriate but necessitate adequate staffing. The section calls for regulations with the need to be repromulgated on a yearly basis. Positions required would be: one - Market Analyst III, two - Market Analyst II, and one - Clerk Typist III. These persons would be in the Market Surveillance Sector.

200 Travel

The establishment of the Health Reinsurance Association will require travel and, to a large degree, outside in order to participate in the periodic meetings of the Board. The travel outside is due to the fact that the carriers forming the membership are located there.

The implementation phase for this Act will require outside travel in order to expedite the formation of the Health Reinsurance Association, and to aid in the development of the prototype.

Travel will also be required to perform audits of carriers to verify compliance with the rate standards established by this Act.

300 Contractual

It is anticipated that a substantial amount of contract services will be required in order for the division to develop basis for approval or disapproval of rates for coverage written by or through the Health Reinsurance Association, and perhaps to assist in the development of the proto-type forms the association will be utilizing.

400 Commodities

Sufficient commodities will be required for the 4 new positions.

500 Equipment

Sufficient office equipment will be required for the 4 new positions.

Reduction of Unrestricted Tax Receipt #019

Section 21.50.040(d) allows a carrier to offset any assessments paid to the Health Reinsurance Association against its income tax under AS 43.20 or its Alaska state premium tax. In addition, it calls for the Commissioner of Revenue to directly reimburse the carrier for assessments paid in excess of the taxes. This item only includes the loss in the premium taxes.

The assumptions made in developing these numbers represent a worst possible scenario. It was assumed that all premium taxes would be offset by the assessments paid. The basis for the amounts were the premium taxes actually paid by carriers for calendar year 1979.

I. REQUEST
 Bill/Resolution No. HB 977
 Title An Act relating to the health of residents of the state
 Requested by Health, Education & Social Services Committee Date 4/14/80

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Health Administration
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		283.9	283.9	283.9	283.9	283.9
200 TRAVEL		44.4	48.8	53.7	59.1	65.0
300 CONTRACTUAL		88.2	97.0	106.7	117.4	129.1
400 COMMODITIES		5.0	3.3	3.6	4.0	4.4
500 EQUIPMENT		25.7	-	-	-	-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	?	?	?	?	?	?
TOTAL	See Note 3	?	?	?	?	?

FUNDING (Thousands of Dollars)

GENERAL FUND		x	x	x	x	x
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		9	9	9	9	9
PART TIME						
TEMPORARY						

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

- Assumes annual inflation rate of 10%. Personal Services based on Hawaii Program.
- Commodities for FY '81 are 5.0 for initial set up of forms etc. Afterwards it will drop to 3.0 plus inflation.
- Annual operating cost, excluding grants and claims are:

<u>FY '81</u>	<u>FY '82</u>	<u>FY '83</u>	<u>FY '84</u>	<u>FY '85</u>
447.2	433.0	447.9	464.4	482.4

Grants and claims are impossible to estimate. This bill provides for a premium supplementation fund. Currently, ALASKA has 10,424 employers; 72% or 7,463 of these employers would be eligible based on number employed. Without cost containment for coverage, premium costs cannot be estimated.

IV. DATE 4/14/80 PREPARED BY James Souby
 AGENCY Labor
 PHONE 465-2720

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

To: Representative Buchholz
From: Kay Shelton, Legislative Reference Librarian

2/1/80

The enclosed folder was part of the information sent to us to place in our information files. I would appreciate your reviewing the information and indicating (on the release form) how you wish such material handled.

Thank you for your attention to this matter.