

S B

3 1 3

FEB 18 1986

\*\*\*\*\*  
\*  
\* DELIVER TO: JFOM \*  
\* \* \* \* \*  
\* ORIGINAL \*  
\* SENT: 02/17/86 TIME: 12:05 \*  
\* FROM: MICKI HENSON \*  
\* SUBJECT: FOM \*  
\* PRINT DATE: 02/17/86 TIME: 12:05 \*  
\*  
\*\*\*\*\*

TO: SENATE LABOR AND COMMERCE COMMITTEE .  
SENS. ZHAROFF, ELIASON, SACKETT, BENNETT, RAY  
FROM: KENT AND MARIE LOCKETT, 5631 SAMOYA ST., ANC 99507  
PHONE: 562-6936  
SUBJECT: SB 313-PROPERLY STAFFED AND EQUIPED CABOOSE  
PLEASE VOTE TO PASS SB 313.

FEB 18 1986

\*\*\*\*\*  
\*  
\* DELIVER TO: JFOM \*  
\* \*  
\* \*  
\* ORIGINAL \*  
\* SENT: 02/17/86 TIME: 13:03 \*  
\* FROM: MICKI HENSON \*  
\* SUBJECT: FOM \*  
\* PRINT DATE: 02/17/86 TIME: 13:04 \*  
\* \*  
\*\*\*\*\*

TO: SENATE LABOR AND COMMERCE COMMITTEE  
SENS. ZHAROFF, ELIASON, SACKETT, BENNETT, RAY  
FROM: BILL D. HIGHTOWER, 8817 HONEYSUCKLE, ANC 99502  
PHONE: 248-5780  
SUBJECT: SB 313- PROPERLY STAFFED AND EQUIPPED CABOOSE  
I SUPPORT SB 313.

**HEALTH  
INSURANCE  
ASSOCIATION  
OF AMERICA**

1350 East Touhy Avenue, Suite 380W, Des Plaines, IL 60018 (312) 297-1490

April 18, 1986

APR 21 1986

Senator Fred Zharoff  
State Capitol, Room 121  
P.O. Box V  
Juneau, Alaska 99811

RE: Opposition to House Bill 313, Relating to Mandated Insurance  
Coverage of Mental Health Treatments

Dear Senator Zharoff:

The Health Insurance Association of America (HIAA) opposes House Bill 313 as introduced, which would require insurers to provide specified benefit coverage for treatment of mental or nervous conditions.

The HIAA is a national trade association representing 338 insurance companies who write approximately 86% of the private health insurance sold in the United States. Most of the companies licensed to sell health insurance in the state of Alaska are members of the HIAA. While the volume of business that these companies conduct in Alaska is small in relation to their overall business, we nevertheless take Alaskan legislation that is adverse to the industry quite seriously.

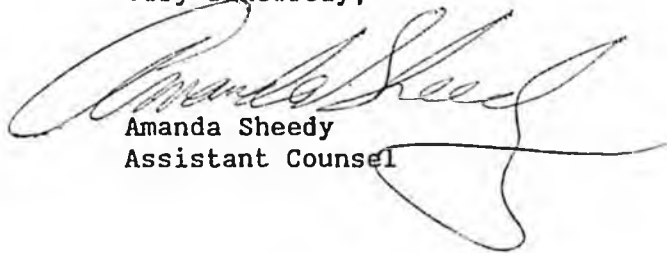
The HIAA favors the freedom of contract that allows insurance purchasers to obtain the kind of available benefit coverage they need or want and can afford. We oppose legislative mandates that restrict consumers' freedom to choose the benefits they wish to purchase and that limit insurers' ability to control costs and keep rates down. House Bill 313 would impose such mandates. Mental health benefits are among the most costly, if not the most costly of benefit coverages, and House Bill 313 would mandate mental health benefit coverage levels significantly higher than those required in any other state that has addressed the issue of mental health insurance coverage. In addition, the bill would provide no upper limit to the dollar amount of such coverage. The cost to an insurer of paying benefits for the required two months of hospitalization, three months of partial hospitalization and thirty out-patient treatment visits per year would be staggering. It is conceivable that affordable premium rates could not be established for individual policies that would be adequate to make such benefit coverage feasible to an insurer.

The net effect of mandating the level of benefits coverage in House Bill 313 would be to increase the cost of benefit coverage to insurers and to drive up the price of insurance premiums to the consumer. This would result in increasing the cost of doing business for employers who offer group coverage to their employees and could lead to their deciding either to discontinue group coverage entirely or to self-insure.

The increased costs of private insurance caused by mandated benefit laws has, in fact, caused employers nationwide to drop their commercial group coverage. Over four years, 1980 - 1984, the percentage of American employers who self-insure jumped from 19% to 57%. Self-insurers are not regulated by state insurance laws and cannot be required to offer specified insurance benefits, nor can employees of self-insureds invoke the protections afforded by insurance laws to employees covered by commercial group insurance. Self-funding therefore has the negative effect of leaving those included in such plans unprotected by insurance regulation against such things as the plan's insolvency. It also results in a loss of revenue to the states, since self-insured plans are not subject to premium tax liability.

For all of the cited reasons the HIAA opposes House Bill 313. If you have any questions concerning our position, or if I can be of any assistance in providing additional information, please do not hesitate to contact me at the Chicago Legal Office of the Association (telephone: 312/297-1490) or Gordon Evans, who is our registered lobbyist in Juneau.

Very sincerely,



Amanda Sheedy  
Assistant Counsel

AS/bb