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STATE OF ALASKA
THE LEGISLATURE

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May, 1988

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Mary Van Nimwegen

House Hess:

February 4, 1988

April 8, 1988



Official Business

COMMITTEE:

HOUSE HESS

DATE: 2-4-88

SIGN-IN

Subject of meeting:

HB 410 Catastrophic Illness
 HB 411 State Health Insurance
 HB 409 Student Loans
 HB 269 Veteran's Interest Rates

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? if yes, which bill?
JAY LIVEY	DHSS	3030	DHSS	410 411
DON KOCH	PO-BOX D PO BOX D	2577	DIV. INSURANCE	410
MARITA STEWART	CAS 507	3706	REP. AL ADAMS	3/5 IF NECESSARY
Michael Lessmeier	One Saraska Plaza Suite 303	586-5912	Allstate, State Farm Independent Agents	No.
KERRY ROMESMIRE	POSTSECONDARY COUNCIL	2954	ACPE	409
John Maynard	"	2854	ACPE	no
Gary Pinner	Cap. 570	3727	Insur.	411
BOB STALNAKER	SO B	4470	RETIREMENT + BENEFITS	411
Connie Sipe	OAC Box C	3250		411 + 410

Blue Cross,
of Washington and Alaska



15700 Dayton Avenue North/P.O. Box 327
Seattle, Washington 98111-C327
206/361-3000

February 4, 1988

Blue Cross of Washington and Alaska has reviewed House Bill 411. We are opposed to the enactment of this bill.

HB 411 would allow any resident to enroll in the state employees coverage program. The premium would be paid by the enrollee. Whenever a program is offered where there is individual selection for coverage and where the costs of the coverage are born by the enrollee selecting to be covered, the persons who elect coverage are those who have need of the benefits. With that adverse selection, the rate impact on the coverage of state employees could be significant.

Current rates for the state coverage range from \$308.45 to \$346.50 per employee per month. That is a substantial premium rate. We believe that persons who would enroll at those rates would probably need the coverage and would utilize benefits heavily.

With the addition of a selective group of residents, the ability of any carrier to project costs and rates would be difficult. With a group of employees, a carrier knows several things about the enrollees. They are employed and so have a health status which allows them to work. They live in areas of the state where their jobs are located and, for the majority of those employees, probably are located in areas where health care facilities are also located. These new factors for residents who elect the program may mean that these people are less well and less able to work or they may be located further from health care providers necessitating more transportation costs or more delay before seeking care. Changes of this sort in the basic makeup of the group could increase utilization and costs.

Blue Cross believes that this solution to the need for health care coverage for Alaskan citizens would increase costs to the state for their employees' coverage by a substantial amount and would jeopardize the ability of the state to get carriers who will bid on that contract.



THE NO-INSURANCE NIGHTMARE



Lack of health plan turns medical bills into prescriptions for poverty

By LARRY CAMPBELL
Daily News reporter

One evening a few weeks back, Dorothy Schooler finally said the word out loud — bankruptcy. After all, husband Dave was the one bringing home the paychecks, but she was the one who saw all the doctors' and hospital bills, the one who went to the pharmacy all the time.

"Well, at this point we're thinking about it," Dave Schooler said. "But it's hard. It's a situation you really don't want to go through. I mean, it's something that'll stick with you for a long time. I mean, a long time."

Dorothy shook her head. "It's crazy. We don't owe a thing to anyone. We don't have any credit cards. No car payments. No mortgage."

"It's all just in medical bills. Just medical bills — doctors, hospital, the kids' medicine. You know? People just wouldn't believe us."

Medical bills, big ones, about \$12,000 worth, are slowly driving the Schooler family to desperation. The youngest boys have been ill all their lives. Blond Clint, 5, suffers chronic ear infections. Doctors implant special tubes behind his eardrums to let fluid drain and fight off infection. Jake, 11 months old, is plagued with...



The Schooler family (from left) in their Eagle River home: Dorothy and Dave with Jake, 11 months; Clint, 5; and Joe, 13.

Anchorage Daily News/Michael Penn

NEIGHBOR TO NEIGHBOR: HOW YOU CAN HELP

WHAT IT IS

The Neighbor-to-Neighbor fund is a group of five community agencies that work together during the holiday season to raise money for people who need help. The groups are: Abused Women's Aid in Crisis, Association for Stranded Rural Alaskans, Catholic Social Services, Providence Hospital Social Services and the Salvation Army. During the fund-raising effort, the Daily News will publish stories about people in need in our community.

WHERE YOUR DONATIONS GO

Every penny contributed goes to those in need. The Daily News donates all administrative costs. Unless designated for a particular organization, contributions to the fund will be apportioned among the agencies. Checks made out specifically to the Neighbor-to-Neighbor fund are tax-deductible.

HOW TO CONTRIBUTE

Checks should be made payable to the Neighbor-to-Neighbor fund and sent to the P.O. Box 145001, Anchorage, Alaska 99514-9001, or brought to the Daily News at 1001 Northway Drive. Donors' names, but not the amount of donations, will be published in the Daily News unless anonymity is requested. Participating agencies are:

- Abused Women's Aid in Crisis, 100 W. 13th Ave.
- Association for Stranded Rural Alaskans Aid, 2701 Denali St.
- Catholic Social Services, 225 Cordova St.
- Providence Hospital Social Services, 3200 Providence Drive
- Salvation Army, 728 E. Ninth Ave.

If you know of a family or an individual who needs help this holiday season, please contact one of these agencies.

DONORS DEC. 21-22

Rozella Argell, John & Helen Ryan, David & Alexandra Sonneborn, Anonymous, Alaska Mutual Bank Real Estate Dept., Brenda & Robert Hester, Jorge Marcos Salazar & Emilee Cruz, Michelle & David Carufel, Wanda Milster, Dennis & Linda Mellor, Diane Aukamp, Marilee Savre, Susan & Richard Jarvis, Gary & Matilda Yeager, Michael & Linda Franger, Sondra Adams, Dale & Carol DeFrees, Iona Crofts, Carla Beam, Vince & Kate Walker, Larry & Vicki Lee Ross, Barbara & Wado Lacey, Anonymous, William Lammo, Lawrence Maxey, James & Anita Coburn (ARCO match), Georgeanna Lewis Reynolds, Joseph & Mary Louise Young, Cheryl Mann, Gene & Marcia Britton, Michael Thomas, Lisa & Glenn Keller, James & Sheila Marchbanks, Cleveland & Ischah Miles, Judy Crandall, Karyl Colton, Anonymous, Mr. & Mrs. D.I. McFarland, Joan Rohlf, Mary Hellen, August & Margritt Engol, J. & M. Hailey, Jennifer Baxter, Beatrice McDonald, Anonymous, Richard & Carol Crosby, Anonymous, Florence Kirkpatrick, D. LeRoy & Alice Strong, Janet McCall, Nancy Crawford, Donald Schulz, Sally Oskolydy & Richard Oelke, Victor & Jean Paul, Joan Lundfoll & Richard Brower, Eileen Harrington, Nancy Simol, Marlene Bennett, Ronald & Terri Davis, Jeff & Diane Hoedberg, John & Bernice Brows, James Scofield, Joan Dickerhoff, Talkeotna Elementary School Second & Third Grade classes, Brian O'Connor, Indelible, Inc., Layne Adams & Beth Crow Adams, Dorothy Fletcher, Anonymous, Hadley & Janice Jenner, Joe Britton, Margaret Anne Leonard, John & Mary Wicks, Barbara Moss, Judith Buzby, L. Fredrich Metzler, Ronald & Janet Mason, Marcus Bultz, Roderick & Donelle Bain, Anonymous, Anonymous, Donald & Marsha Callaway, Jay & Susan Bieber, Jeff & Rochelle Gastaldi, Donna Walker (Hughes, Thorsness, Gantz, Powell & Brundin law office match), J.

Thomas & Rhonda Gibbons, Barbara Lehman, Paul & Jean Schultz, Lizette Doyer & Gregory Meuris, Anonymous, Stephen & Clarissa Street, Della Sutton, Marlene Atkinson, Susan Larsen & Duane Kujala, William & Maryanne Schneider, Anonymous, Donald Hiller, Elwood & Eileen Nash, Jean Kizer, Joshua Wright, Marjorie & Dan Dunaway, Michael & Anne Newman, Andrew Perala, Malt Zencey, Anonymous, Michael & Katherine Wilson, Gerald Grilly, Anonymous, Thomas Adams, Anonymous, Ronald & Kanda Lee Crowe, Anonymous, Donna & Lewis Freedman, Jellerey Richardson, Richard & Patricia Brown, CIRI Employees (CIRI match), Steven Schroeder, Chugach Optional School 1th- & sixth-grade classes, Kathleen Olsen, Lavonne Carolo, Anonymous, John & Barbara Bowerman, James & Valerio Oviatt, Anonymous, Anonymous, Mrs. Cecile Brovill, & Jane Johnson, Edward Patterson, Anonymous, Anonymous, Ryan & Martha Stramp (ARCO match), Robert & Cynthia McCauby, Kenneth & Joanna Welch, Anonymous, ANPAC, INC., Douglas & R. Gardner Johnson, John & Katherine Hummel, Nalilio Finn, Patricia Tomlin, Carol Larson, Alexis, Mary Kay & Phil Taylor, Mary Ann Campbell, James & Marion Taylor, Anonymous, Anonymous, Hugh Grogan, Jim & Randi Carpenter, Joan Katz, Anonymous, Sandra Hayden, James Snyder & Margaret Loudan Snyder, Richard & Maria Layman, Philip & Linda Ressegué, Mr. & Mrs. Chester Bellville, Anonymous, Anonymous, Lyla & Mary Larson, Francis & Sarah Rue, United Presbyterian Women, Anonymous, Linda Beller, Anonymous, Anonymous, James & Kathleen Gilmore, Ronald & May Jo Schaefer, Ronald Lemko, Dorothy & John Forbes, Lee & Jesse Angell, Linda Stacey, Ryan Air Service administrative & accounting employees. Total contributors to date: 525.

night a few weeks ago it got so hard for him to breathe that his parents rushed him to Providence Hospital.

Then, last August, Dorothy needed an emergency appendectomy. More bills. Big, four-figure ones.

Fortunately, Dave Schooler and his oldest son, 13-year-old Joe, are healthy.

"God knows what would happen if something went wrong with me," Dave said.

Lots of families in Anchorage have no idea what the Schoolers are going through. Lots of families have something that, nowadays, seems a guaranteed right — medical insurance. For a few dollars a month, lots of working people just have to fill out a form, and visits to the doctor, medicine and hospital stays are all paid for.

The Schoolers, working-class and modest, have no insurance. So now they are talking bankruptcy.

Tall, lanky Dave Schooler, 38, works at a local feed and seed store. He brings home about \$1,500 a month. The store is barely a year old and small, with only two employees. The owners have been searching for affordable protection for their workers. But for such a small concern, employee insurance rates are high.

"They'd like to find some kind of insurance for us," Schooler said. "They've even been looking into a policy where I'd pay a portion. But even then, we're talking \$150 to \$200 a month I'd pay. And we'd have to find a company that would cover the boys."

Insurance companies routinely restrict coverage on what are termed "pre-existing conditions," meaning if you're already sick when the policy takes effect, insurance won't pay as much or at all.

It was shortly after Dorothy's appendectomy that the couple started taking a hard look at other bills. They pay rent for a two-bedroom apartment in Eagle River, buy food and gasoline. What's left over seems to get sucked up fast — a few dollars to one doctor, a few more to another, some to the anesthesiologist, \$30 for Jake's asthma medicine.

See Page E-2, NIGHTMARE

Radio

Lessons for us all: More Christmas music from KSKA, which plans to run "A Festival of Nine Lessons and Carols" twice today. This joint Minnesota Public Radio/BBC program features a live broadcast of the Christmas service from King's College in Cambridge, England.

Rollies

Wheel fun: Diamond Skateland is running matinee skating sessions on weekdays during the school holidays. If your kids need to work off some excess energy, send them over. Tonight, a Christmas party takes place from 7 to 9:30 p.m. Information: 349-8825.



The tube

Holiday sentiment: Good family fare is "The Homecoming," the 1971 movie that was the pilot for "The Waltons." Patricia Neal is the mother of a large family during the Depression; Richard Thomas originates the role of biggest-brother John-Boy. Show time is 8 p.m. on Channel 11.

Last chance

Oh, you beautiful dolls: Tonight's the last performance of "Small World," which features performers in bright costumes representing dolls from many nations. Show time is from 7 to 8 p.m. at Egan Center. The state troopers will be on hand too, giving away free "Safety Bear" reflectors.

Presents

Breakfast toast: It's probably too late to pick up Rock Maple Liqueur, but there's always next Christmas. The Howard family of Belmont, N.H., produces the stuff from maple syrup at the New Hampshire Winery. It's a 50-proof libation that, according to Roger Howard, gets "the frost off

LD AND WOUNDED

Doctors' bills overwhelm family

Continued from Page E-1

an operation
refuge, rehab,
jured animals

N.Y. — Mary Lou Riccardo waking up every two hours baby raccoon. She's even mice for a hungry owl. ngs even the most devoted do.

foods of the great horned "k," Riccardo said. "That's I will not pick up a dead

rehabilitator, an unpaid ate and federal agencies to phaned animals until they turned to the wild.

often 16-hour-a-day job, occasional donations. But wing number of others who a consuming passion. exhausted, I think I can't do id at her home in suburban little animal comes along now that if I'm not here for 3. And I get all fired up

ter is in the back yard of oaks and cedars conceal a complete with treehouse, c pool; an aviary where n exercise their wings; and sizes to shelter squirrels, whatever else arrives in citizen.

oubles as a clinic, crowded young or very ill. A bag of dangles over the washer e as treatment tables. A tank seethes with black ae, the mealworms con- perating songbirds.

he gets about 1,000 calls a e just need advice: skunks raccoons are nesting in a ecking at a window.

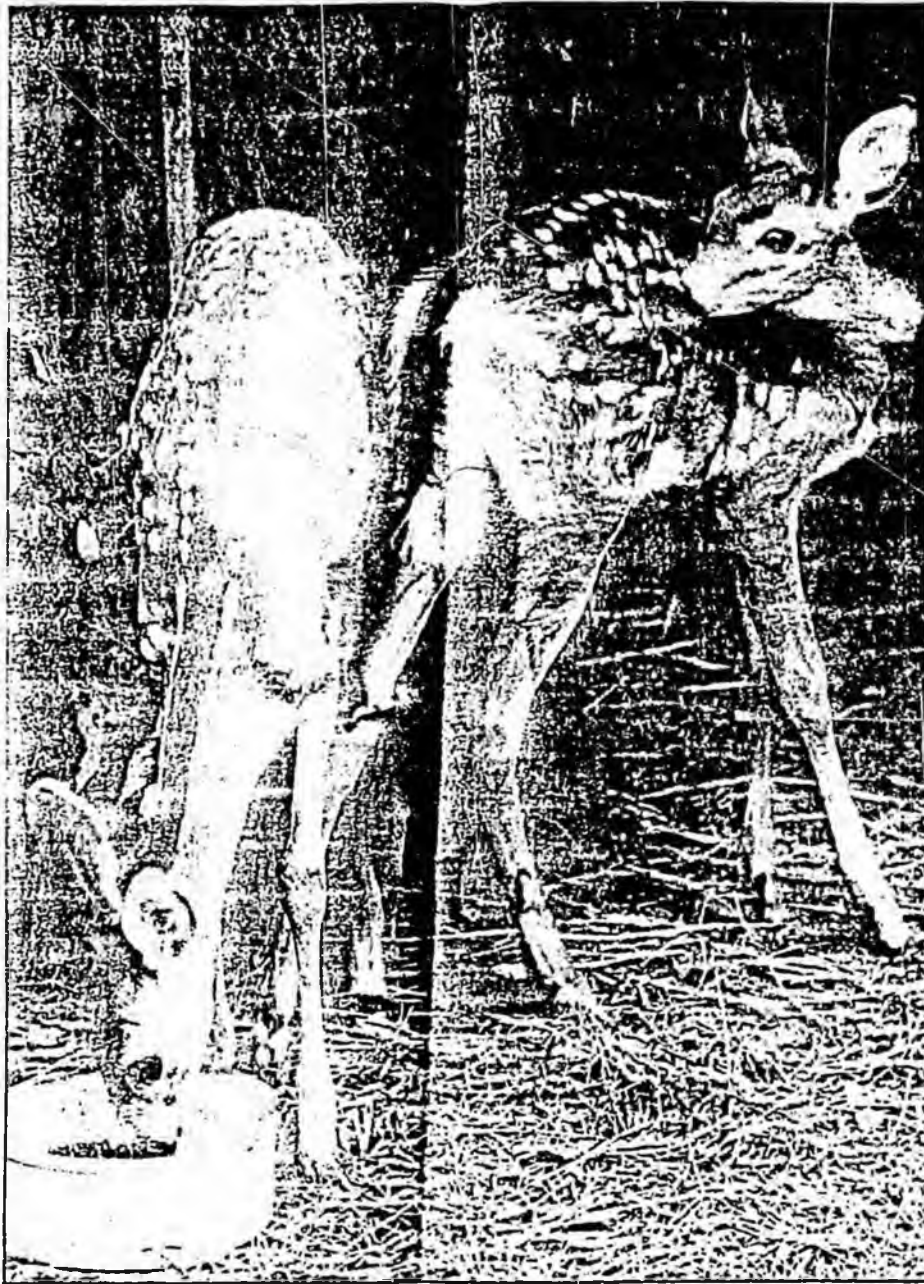
an 200 animals a year. All ets to be turned in to the vironmental Conservation, ators. She refuses nothing. ough to bring it to me, no lu my best to save it," she h sparrows, pigeons, nut- awns, great blue herons, field mice. There's nothing

icensed rehabilitators in many of them limit the animals they will take, most veterinarians won't on't know how to." ber of the International n Council, a California- trains and certifies reha-

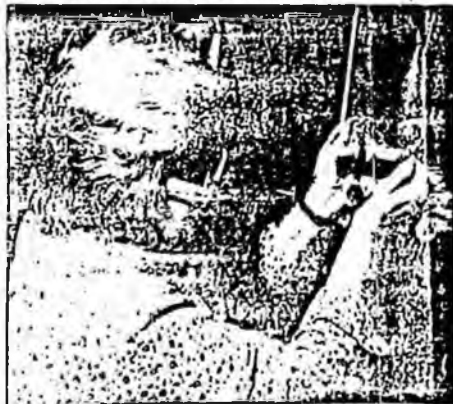
med a coalition of rehabi- ea called Wildlife Rehabi- l Network Inc., or WREN lon will serve as a means expertise.

ie International Wildlife include hands-on training ion of medicine dosages, n of subcutaneous fluids, ig.

eadly. Meat can kill a o digest it. A dehydrated a if given cow's milk. in a blender to feed baby : them to hunt, using live is learn to catch frogs and pool. Riccardo also brings killed animals and other introduce them to things



Two baby white-tailed deer whose mother was killed find refuge at Mary Lou Riccardo's animal convalescent center in Glenmont, N.Y.



Riccardo examines an injured baby raccoon she's nursing back to health.

Riccardo has a few favorite stories of amazing recoveries.

There was the baby raccoon found lying in the road, emaciated and infested with maggots. "He apparently had crawled onto the warm pavement to die," Riccardo said. "He was so dehydrated his

skin was just glued to his skeleton." But she managed to get a needle under the skin to administer subcutaneous fluids, and the animal survived.

Last May, someone brought Riccardo a baby red-tailed hawk that apparently had fallen out of a nest; it was starving. With tube-feeding and tender care, the scrawny bird grew strong. But its flight feathers had been weakened for lack of minerals.

With the help of a falconer, Riccardo replaced the damaged plumage with feathers from a dead hawk of the same species, a procedure called "imping."

But her favorite story is that of a common pigeon, brought to her by an elderly man two summers ago. It had been shot by a pellet gun, its wing tip nearly severed. The man had taped the wing and rushed to Riccardo's house.

"I had to amputate half the wing," she said. "I told the man the bird would never fly with half its flight feathers gone." But when she saw the man's eyes, misty and pleading, she said she'd do her best.

"All winter, that bird exercised his half a wing," she said. In the spring, she took the bird back to the man's house and let it go.

"That bird flew!" she said. "I couldn't believe my eyes."

Last month, Humana Hospital Alaska sent the Schoolers a bill for Dorothy's operation. The hospital wants \$400 a month. The Schoolers can't afford it.

Dorothy tried finding some social service agency, some welfare outlet that could help them. She'd call one agency; it would say "Sorry no," and give her another phone number. She ended up with a long list of phone numbers, but no help.

"Everyone said they couldn't do anything," she said. "Welfare? No way. We've got an income. We're working folks."

Dave shook his head. "You know, I could nickel-and-dime these bills to death and still never get ahead."

The Schoolers feel alone in their dilemma, but so many others are just as alone. Social service workers say they see folks like these constantly — people who are scraping by and proud, only to have their lives eroded by the high cost of health care.

Humana, for example, has seen a definite increase in cases such as the Schoolers, said hospital spokeswoman Lynn Whitley.

"We're seeing more and more of them show up on the books in just the past 12 or 18 months," Whitley said.

While she couldn't discuss the Schoolers' case, she said Humana will work with patients up to a year, on average, trying to come up with payment plans before finally referring cases to collection agencies or writing them off as losses.

One state Department of Health and Social Services study suggests that 10 percent of all Alaskans, perhaps 40,000 people, have no form of health insurance. They are people who could suddenly find themselves in the same predicament as the Schoolers.

But as bleak as things look financially, Dave Schooler said there are always other things he takes care of first.

"There's always going to be food on the table," he said. "We don't eat like kings or anything like that, but we eat. We got a roof over our heads. Everybody else can wait, but my family will have basic needs met first."

"And these kids are going to have a Christmas. You don't have to worry about that. But there will be a few presents under the tree for the kids; clothes, mainly, and a few toys. But mostly the necessities."

Catholic Social Services is the agency helping the family.

The couple said they aren't exchanging gifts themselves this year. The one thing Dave and Dorothy could use under their tree is a health plan.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

February 17, 1987

MEMORANDUM

TO: Representative Niilo Koponen

ATTN: Lisa McLaren

FROM: Karen Oakley
Legislative Analyst

RE: Health Insurance Costs in Alaska
Research Request 87.105 (Supplemental Information)

You asked us to compile further information on health insurance costs in Alaska, specifically: 1) the total amount paid by school districts to insure their employees; and 2) the total amount paid by the federal government to insure their employees and to provide health care to the military.

Health Insurance Costs of Alaska School Districts

The Alaska Department of Education annually compiles information on the operating budgets of each school district. Each district must report how much was spent in each of 14 instructional or support service areas (e.g., regular instruction, special instruction, pupil transportation). Life and health insurance are one component of the expenditures that districts are required to report for each of these service categories. We tallied FY 86 figures as reported by 52 of the 55 school districts (see table on next page). The total amount spent by these school districts on life and health insurance was \$29 million; their total expenditures were \$725 million. In FY 86, Alaska school districts, on average, spent 3.8 percent of their operating budgets on life and health insurance for their employees.

FY 86 Operating Expenditures and Revenues of Alaska School Districts--Percentage of Expenditures Spent on Life and Health Insurance for Employees

School District	Life & Health Insurance (\$)	Total Expenditures (\$)	% of Expenditures for Life & Health Insurance	Local Revenue (\$)	State Revenue (\$)	Federal Revenue (\$)	Percent of Revenue from State
Adak*	76,065	4,678,057	1.6	305,434	2,611,471	2,069,611	52.4
Alaska Gateway	175,003	5,409,762	3.2	171,690	4,339,214	742,014	32.6
Aleutian Region	66,193	2,023,182	3.3	22,123	1,554,613	354,438	80.5
Anchorage	10,423,135	216,148,561	4.8	63,305,348	154,237,713	854,229	70.6
Annette Island	136,136	3,371,474	4.0	90,927	1,535,752	1,486,491	49.3
Bering Straits	350,569	16,989,849	2.1	636,454	12,150,049	4,328,862	71.0
Bristol Bay	44,019	3,011,636	1.5	170,722	2,320,586	330,587	82.2
Chatham	96,589	3,161,377	3.1	154,072	1,976,536	759,990	68.4
Copper River	160,314	5,119,356	3.1	113,185	4,765,899	113,591	95.5
Cordova	95,482	2,979,573	3.2	570,964	2,281,060	13,145	79.6
Delta/Greely*	304,455	7,265,415	4.2	17,483	6,462,700	326,555	94.9
Dillingham	177,179	4,483,202	4.0	167,739	3,990,942	384,886	87.8
Fairbanks*	3,142,439	82,055,480	3.8	21,782,886	61,085,984	105,111	73.6
Galena	68,279	2,241,583	3.0	27,768	1,566,026	567,339	72.5
Haines	133,551	3,367,511	4.0	563	2,630,962	48,714	98.2
Hoonah	55,901	1,871,591	3.0	45,983	1,505,501	304,628	31.1
Hydaburg	22,324	928,058	2.4	19,143	924,410	23,349	95.6
Iditarod	184,644	6,486,052	2.8	202,959	5,219,174	1,089,146	80.2
Juneau	1,111,145	27,048,333	4.1	7,403,483	18,634,883	56,690	71.4
Kake	116,470	2,269,799	5.1	46,436	1,690,296	456,056	77.1
Kashanamuit	68,061	1,775,007	3.8	0	1,559,368	0	100.0
Kenai Peninsula	2,315,890	56,410,879	4.1	18,614,347	38,446,708	195,792	67.1
Ketchikan Gateway	264,577	13,817,478	1.9	4,277,176	10,016,184	9,350	70.0
King Cove	50,103	1,458,852	3.4	42,944	1,289,951	40,301	93.9
Kodiak Island	664,710	15,577,440	4.3	1,553,099	13,682,537	334,930	87.9
Kuspuk	224,424	6,844,974	3.3	237,849	5,123,219	1,100,660	79.3
Lake and Peninsula	104,982	6,291,687	1.7	204,679	6,113,187	286,709	92.6
Lower Kuskokwim*	768,426	29,889,271	2.6	1,257,422	24,524,292	6,544,681	75.9
Lower Yukon	325,560	16,352,231	2.0	1,000,617	13,352,046	1,139,866	96.2
Matanuska-Susitna	2,363,949	49,574,216	4.8	13,973,823	35,638,331	56,175	71.8
Nenana	61,249	2,728,467	2.2	1,309,058	1,315,314	6,270	50.0
Nome	292,213	6,928,066	4.2	630,223	6,251,042	89,547	89.7
North Slope*	698,039	28,246,009	2.5	13,792,598	10,601,352	4,050,362	37.3
Northwest Arctic	405,700	17,198,882	2.4	483,614	13,024,232	3,665,619	75.8
Pelican	26,819	668,003	4.0	25,977	671,786	0	96.3
Petersburg	123,892	3,366,394	3.7	484,261	2,821,303	9,852	85.1
Pribilof	34,881	2,025,772	1.7	70,454	2,085,278	149,756	96.4
Railbelt	101,924	3,846,368	2.6	107,672	3,692,088	5,959	97.0
St. Mary's	49,199	1,905,884	2.6	31,210	1,725,384	475,116	75.6
Sandpoint	44,306	1,071,658	4.1	32,500	1,004,124	0	96.9
Sitka	411,239	9,829,913	4.2	3,123,118	6,893,040	147,942	67.8
Skagway	36,853	928,244	4.0	63,933	915,533	0	93.5
Southeast Island	71,760	5,773,677	1.2	180,605	4,250,190	1,132,307	76.4
Southwest Region	167,347	8,461,334	2.0	476,010	4,926,360	2,205,091	64.8
Tanana City	40,854	1,278,975	3.2	62,196	1,065,407	234,464	78.2
Unalaska	57,265	1,902,784	3.0	33,379	1,572,148	267,642	82.0
Valdez*	288,631	3,174,698	3.5	3,301,718	4,486,425	27,893	57.4
Wrangell	106,859	2,590,254	4.1	454,596	2,528,098	0	84.8
Yakutat	51,646	1,570,259	3.3	43,184	1,354,036	76,213	91.9
Yukon Flats	196,171	5,988,550	3.3	71,000	5,414,370	716,465	97.3
Yukon Koyukuk*	260,908	8,552,788	3.1	171,958	6,149,618	1,921,418	74.5
Yupik	100,154	3,030,295	3.3	87,345	3,859,896	0	97.8
TOTAL	27,718,483	724,969,210	3.8	161,504,427	527,636,698	39,306,812	72.4

Data are from unaudited FY 86 reports from each district to the Alaska Department of Education. Insurance data for Chugach and Craig were not available.

*Self-insured

The State provides much of the funding for operation of schools in Alaska, and you were interested in how much State money is used to provide health insurance to school employees. Schools receive revenues from local and federal sources as well as the State, and there is considerable variation among districts in the proportion of total revenues received from the State. Thus, it is not possible to make a definitive statement about the amount of State money that goes to provide health insurance to school district employees in Alaska. The State provided approximately 72 percent of the revenues received by Alaska school districts. If one assumes that 72 percent of school district expenditures on life and health insurance was paid by the State, the State contributed approximately \$20 million of the \$28 million spent by school districts in FY 86 for life and health insurance.

Health Insurance Costs of the Federal Government in Alaska

The federal government is self-insured. They provide several options to their employees which vary in the amount of coverage and in cost to the employee. The federal government contracts with several insurance companies and health care service organizations for processing of claims. Since the companies do not actually provide insurance, the amount of business they do for the federal government does not show up in their reports to the Alaska Division of Insurance. Thus, the values in Table 1 of my memorandum of February 5, do not reflect the amount of business that Blue Cross or Aetna, for example, did for the federal government.

Through Congressman Young's office, we have requested assistance from Congressional Research in obtaining recent figures on the amount spent by the federal government to insure their employees and the military in Alaska. They expect it will take one to two weeks to retrieve these data.

Electrical Workers Insurance

I was able to obtain further information about health insurance costs for the International Brotherhood of Electrical Workers. They are self-insured and currently have about 4,400 participants. Their premiums for members in the Plan 10 and 20 groups have increased in the following manner since 1983:

<u>Year</u>	<u>Monthly Premium</u>
1983	\$241.20
1984	263.10
1985	274.95
1986	325.29
1987	343.63

Representative Koponen
February 17, 1987
Page 4

The premiums are based entirely on the actual costs to provide health care. They feel that the increases are largely due to increased doctors' fees which they attribute to increased costs of malpractice insurance. They are so concerned about the increasing costs of providing health insurance that they are placing some cost containment measures on an upcoming ballot.

* * * *

I hope you find this information useful. Please let me know if we can provide any further information.

FY 86

Gen. govt	₹ 19,048,100
Supervisory	₹ 2,828,100
Confidential	503,600
Exempt	4,921,100
Excluded	24,000
PSEA	871,200
IBU	1,330,600
Teachers	173,500
MEBA	187,200
Local FI	₹ 3,965,300
MMP	163,300

Total health insurance premiums pd. ₹ 34,029,000

13,500 people

7500 people
7500 people
7500 people

20 000 000

6 000 000

60 million

60 municipalities participating - (16 million in dependent coverage)

FY
85



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

April 13, 1987

MEMORANDUM

TO: Representative Niilo Koponen

ATTN: Lisa McLaren

FROM: Karen Oakley *ke*
Legislative Analyst

RE: Health Insurance Costs in Alaska
Research Request 87-105 (Supplemental Information)

Attached is a letter from Senator Ted Stevens transmitting the information you requested about health insurance costs for federal government employees and for the military in Alaska.

I hope this information is useful. If we can provide any additional information, please let me know.

Attachment

WILLIAM PROxmER WISCONSIN
PATRIK R. INOUYE HAWAII
LUNEST F. HULLINGS SOUTH CAROLINA
LAWTON CHILES, FLORIDA
J. BENNETT JOHNSTON LOUISIANA
QUENTIN N. BURDICK NORTH DAKOTA
PATRICK J. LEAHY VERMONT
JIM SASSER TENNESSEE
DENNIS DECONCINI ARIZONA
DALE BUMBERS ARKANSAS
FRANK R. LAUTENBERG NEW JERSEY
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BARBARA A. MIKULSKI MARYLAND
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United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

FRANCIS J. SULLIVAN, STAFF DIRECTOR
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

March 26, 1987

Karen Oakley
House Research Agency
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Karen:

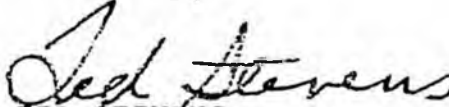
Thanks for contacting my Juneau office requesting information on how much money has been spent to provide health benefits to federal employees and the military employees in Alaska in the past few years.

The spending in Alaska for military health benefits in 1986 was \$9.4 million, in 1985 it was \$7.3 million, and in 1984 it was \$5.2 million.

For federal employees health benefits, the spending in 1986 was \$9.9 million, with \$2.2 million in annuitants. In 1987 the allocation is \$12.2 million, with \$3.5 million in annuitants. I hope this information proves useful. Thanks for letting me be of assistance.

With best wishes,

Cordially,


TED STEVENS

Blue Cross
of Washington and Alaska



3111 C Street, Suite 100
P.O. Box 10-2480
Anchorage, Alaska 99510-2480
(907) 561-5065

April 23, 1986

Representative Niilo Koponen
The Alaska State Legislature
Pouch V (M.S. 3100)
Juneau, Alaska 99811

Dear Representative Koponen:

Blue Cross of Washington and Alaska generally agrees with the legislative findings that there are persons in Alaska with limited access to health care services. We do not have any reference to numbers of persons in need, but feel that it is right and proper for the State to provide incremental support when necessary.

Blue Cross of Washington and Alaska supports the utilization of a managed health care system to meet the requirements for programs directed toward those in need. Not only is a managed system a device for cost control, it puts the patient in partnership with the health care provider in developing a course of action in response to illness. This partnership will provide for the best possible care in the most appropriate setting, thusly conserving dollars and providing personal and professional satisfaction to the provider and patient.

Blue Cross of Washington and Alaska questions the inclusion of the psychological associate in the table of providers. We feel the scope of practice of the psychological associates precludes them from rendering a full measure of care. The psychological associate requires supervision of a psychologist, the work plan must be approved and cognizant department must be kept informed of the individual's area of practice. This use of the associate may violate the concept of the managed health care systems approach.

Blue Cross of Washington and Alaska will cooperate with the Legislature, and the Health, Education and Social Services Committee in particular, in developing a program of assistance

Representative Miilo Koponen
April 23, 1986
Page Two

to those persons in need of assistance in obtaining health
care coverage.

Sincerely,



Martin E. Tj or
Senior Representative
Corporate Relations

MET:pas

POSITION PAPER

HOUSE BILL 675

I. Purpose of HB675

HB675 establishes a comprehensive program to address the unmet medical needs of those Alaskans who are not otherwise protected by a private or group health care plan.

II. Discussion

The number of medically uninsured individuals has been steadily increasing nationally due to unemployment, cuts in state and federal programs, and inability of many self-employed individuals to afford continued health care insurance premiums for their families.

Many states have established task forces to define the scope of the problem, and to make recommendations for reducing the number of persons at risk.

HB675 would make a major state commitment to addressing this problem in Alaska. In short, HB675 directs the Department to design a comprehensive medical program that would be offered to all at risk Alaskans at a price they are able to afford. This effort would be directed by a Basic Health Plan Board composed of nine members appointed by the Governor.

The new program would be based on an insurance model that would depend on individuals recognizing their lack of medical protection, and taking steps to correct that by enrolling in the new program. Those "risk-takers" who chose not to take advantage of this special program would remain vulnerable to the financial catastrophe that almost certainly comes with a major medical problem for those who are not prepared for it.

The program would capitalize on new health care financing ideas being used around the nation, and encourage competitiveness in purchasing health care for the persons covered under it.

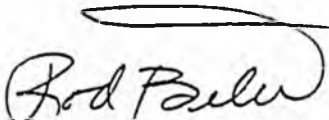
HB675 is a broad, straightforward approach to addressing the needs of medically at risk individuals. The sponsors of HB675 clearly espouse the view that no Alaskan should be confronted with difficulty receiving quality medical attention when confronted with a major medical problem solely due to their inability to purchase adequate health care protection. The Department shares this point of view.

III. Department Position

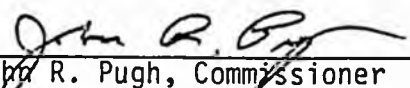
A detailed analysis of HB675 and its financial implications has not been done by the Department. This analysis would be largely dependent on an assessment of the number of individuals who are medically at risk due to lack of medical coverage, or inadequate medical coverage. The Department believes that medical indigency is a serious problem and should be addressed by the Legislature. The Department supports

POSITION PAPER/Department of Health & Social Services

HB675 in concept, but recommends that it be modified to establish funding in the first year to conduct an assessment of the problem, with findings and recommendations reported back to the Legislature in February 1987.

Recommended By: 
Rod Betit, Director
Division of Medical Assistance

Date: 3/26/86

Approved By: 
John R. Pugh, Commissioner
Department of Health and
Social Services