

SB

363

SENATE COMMITTEE REPORT

FURTHER

2/2/88

DATE TURNED INTO OFFICE 3/30/88

Mr. President:

Finance Committee considered SB 363

insurance coverage for treatment of alcoholism or drug abuse

and recommended

replace with _____ CS SB (Finance)) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)
 new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

Jim Duncan
Willie Kunkle
John [unclear]
Paul [unclear]

OTHER RECOMMENDATIONS

Don Frink (No Rec)
John [unclear] (No Rec)

Rich [unclear] do pass
Chairman signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Administration
 Title: An Act Relating to Insurance BRU: Retirement and Benefits
Coverage for Alcoholism
 Sponsor: _____ Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The technical changes in this draft do not cause any increase to the anticipated fiscal impact shown in our earlier fiscal note for SB 363.

Prepared By: Robert F. Stalnaker Phone: 465-4470
 Division: Retirement and Benefits Date: February 22, 1988

Approved by Commissioner: John M. Andrews Date: _____
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CS Senate Bill 363 (Fin)
Publish Date: _____

REQUEST: _____

Revision Date: _____
Title: "An Act relating to insurance cover-
age for treatment of alcoholism and drug abuse."
Sponsor: Binkley
Requestor: _____

Agency Affected: Health & Social Services
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The enactment of SB 363 would have no direct fiscal impact on the Department of Health and Social Services.

Prepared by: Matthew Felix by George Mundell Phone: 586-6201
Division: Alcoholism and Drug Abuse Date: 2/1/88

Approved by Commissioner *George Mundell* Date: 2-1-88
Agency: *Alcoholism and Drug Abuse*

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Insurance coverage for treatment of alcoholism or drug abuse
Sponsor: Binkley, et al.
Requestor: Senate HESS Committee

Agency Affected: Commerce & Economic Dev.
BRU: Insurance
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal impact to the Division of Insurance.

Prepared by: John L. George, Director Phone: 465-2515
Division: Insurance Date: 1/29/88

Approved by Commissioner: J. Anthony Smith Kathy Marshall Date: 1/29/88
Agency: Commerce & Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsors: Binkley, Halford,
Sturgulewski, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 363 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to insurance coverage for treatment
7 of alcoholism or drug abuse; and providing for an
8 effective date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

* Section 1. AS 21.36.090(d) is amended to read:

11

(d) Except to the extent necessary to comply with AS 21.42.365,

12

a [A] person may not practice or permit unfair discrimination against
13 a person who provides a service covered under a group disability
14 policy that extends coverage on an expense incurred basis, or under a
15 group service or indemnity type contract issued by a nonprofit corpo-
16 ration, if the service is within the scope of the provider's occupa-
17 tional license. In this subsection, "provider" means a state licensed
18 physician, dentist, osteopath, optometrist, chiropractor, nurse mid-
19 wife, naturopath, physical therapist, or occupational therapist.

20

* Sec. 2. AS 21.42 is amended by adding a new section to read:

21

Sec. 21.42.365. COVERAGE FOR TREATMENT OF ALCOHOLISM OR DRUG

22

ABUSE. (a) An insurer authorized under AS 21.09 to offer, issue for
23 delivery, deliver, or renew a group disability insurance policy for
24 major medical coverage on an expense-incurred basis in the state, or a
25 hospital or medical service corporation authorized under AS 21.87 to
26 offer or renew a group subscriber's contract for medical coverage in
27 the state, shall provide the covered person the following coverage for
28 treatment of alcoholism or drug abuse:

29

(1) benefits of at least \$7,000 over two consecutive

1 benefit years; and

2 (2) lifetime benefits of at least \$14,000.

3 (b) The benefits specified in (a)(1) and (2) of this section
4 shall be adjusted every three years, by the director, to correspond
5 with the change in the medical care component of the consumer price
6 index for all urban consumers for the Anchorage Metropolitan Area
7 compiled by the Bureau of Labor Statistics, United States Department
8 of Labor. The base year for the computation shall be the first full
9 calendar year for which insurance is obtained under this section.

10 (c) The insurer or hospital or medical service corporation
11 providing coverage under this section may not

12 (1) require that the covered person be responsible for a
13 deductible or co-payment that is different for the determination of
14 benefits relating to treating alcoholism or drug abuse than for the
15 determination of benefits for treating another covered illness;

16 (2) use a different claim payment methodology in determin-
17 ing the benefits relating to treating alcoholism or drug abuse than
18 that used in determining the benefits for treating another covered
19 illness;

20 (3) require prenotification of treatment or a second opin-
21 ion unless the requirement is applicable to other covered major ill-
22 nesses;

23 (4) limit coverage by provisions of the insurance contract
24 that are not applicable to other covered major illnesses, including
25 but not limited to provisions concerning preexisting illnesses or
26 provisions requiring that the exact date of onset be known;

27 (5) limit treatment services under the insurance contract
28 to either an inpatient or outpatient service;

29 (6) exclude from coverage the cost of medically necessary

1 treatment, including medical or psychiatric evaluation, activity or
2 family therapy, counseling, or prescription drugs or supplies received
3 at an approved treatment facility; or

4 (7) deny reimbursement for actual services rendered solely
5 because treatment was interrupted or not completed.

6 (d) Notwithstanding (a) of this section, if the insured or
7 subscriber is an employer who employs fewer than 20 permanent, full-
8 time employees for each working day during each of at least 20 calen-
9 dar workweeks in either the current calendar year or the preceding
10 calendar year, the insurer, hospital, or medical service corporation
11 is not required to provide the coverage specified in (a) of this
12 section to the insured or subscriber but shall offer that coverage to
13 the insured or subscriber as optional coverage.

14 (e) In this section

15 (1) "alcoholism or drug abuse" means an illness charac-
16 terized by

17 (A) a physiological or psychological dependency, or
18 both, on alcoholic beverages or controlled substances as defined
19 in AS 11.71.900; or

20 (B) habitual lack of self control in using alcoholic
21 beverages or controlled substances to the extent that the per-
22 son's health is substantially impaired or the person's social or
23 economic function is substantially disrupted;

24 (2) "approved treatment facility" means treatment in a
25 facility that is either approved under AS 47.37.140 or located and
26 licensed for treatment of alcoholism or drug abuse in another state;

27 (3) "catastrophic illness insurance" means a major medical
28 insurance contract or subscriber contract that provides benefits for
29 hospital and medical care with potential lifetime maximum benefits per

1 insured of at least \$250,000 and that has a deductible of at least
2 \$5,000;

3 (4) "co-payment" means the portion of the eligible expenses
4 in excess of the deductible to be paid by the covered person;

5 (5) "cost" means the least of the following:

6 (A) the actual charge for the treatment received for
7 alcoholism or drug abuse;

8 (B) the usual, customary, and reasonable charge for
9 the treatment; or

10 (C) the charge agreed to by contract between the
11 treatment provider and the insurer, hospital, or medical service
12 corporation;

13 (6) "covered person" means the insured or subscriber or the
14 insured or subscriber's covered spouse or dependent child;

15 (7) "deductible" means the portion of eligible expenses for
16 which the covered person is responsible;

17 (8) "group disability insurance" means a major medical
18 insurance contract or subscriber contract that provides major medical
19 coverage for five or more employees of the employer, but does not
20 include catastrophic illness insurance;

21 (9) "major medical" means a disability insurance contract,
22 or subscriber contract that provides benefits for hospital and medical
23 care with potential lifetime maximum benefits per insured of at least
24 \$10,000;

25 (10) "treatment" means medical care, including detoxifica-
26 tion, as an inpatient or outpatient at an approved treatment facility.

27 * Sec. 3. AS 21.87.340 is amended to read:

28 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the
29 provisions contained or referred to previously in this chapter, the

1 following chapters and provisions of this title also apply with re-
2 spect to service corporations to the extent applicable and not in
3 conflict with the express provisions of this chapter and the reason-
4 able implications of the express provisions, and for the purposes of
5 the application the corporations shall be considered to be mutual
6 "insurers":

- 7 (1) AS 21.03
- 8 (2) AS 21.06
- 9 (3) AS 21.09, except AS 21.09.090
- 10 (4) AS 21.18.010
- 11 (5) AS 21.18.030
- 12 (6) AS 21.18.040
- 13 (7) AS 21.18.120
- 14 (8) AS 21.21.321
- 15 (9) AS 21.36
- 16 (10) AS 21.69.400
- 17 (11) AS 21.69.520
- 18 (12) AS 21.69.600, 21.69.620, and 21.69.630
- 19 (13) AS 21.78
- 20 (14) AS 21.90
- 21 (15) AS 21.42.345 - 21.42.365 [AS 21.42.345 AND 21.42.355]
- 22 (16) AS 21.89.040
- 23 (17) AS 21.89.060.

24 * Sec. 4. AS 21.42.365, enacted by sec. 2 of this Act, applies to group
25 disability insurance policies and hospital or medical service group sub-
26 scriber contracts entered into or renewed on or after January 1, 1989.

27 * Sec. 5. This Act takes effect January 1, 1989.

*Adopted by SFC
3/30/88*

A M E N D M E N T

Offered in the SENATE

By Binkley

TO: CSSB 363(Finance)

Page 3, after line 18:

Insert a new paragraph to read:

"(3) "catastrophic illness insurance" means a major medical insurance contract or subscriber contract that provides benefits for hospital and medical care with potential lifetime maximum benefits per insured of at least \$250,000 and that has a deductible of at least \$5,000;"

Renumber following paragraphs accordingly.

Page 4, after line 3:

Insert a new paragraph to read:

"(8) "group disability insurance" means a major medical insurance contract or subscriber contract that provides major medical coverage for five or more employees of the employer, but does not include catastrophic illness insurance;"

Renumber following paragraphs accordingly.

3/29/88

A M E N D M E N T

Offered in the Senate Finance Committee

Proposed by National Federation of Independent Business

TO: CSSB 363 (Finance)

Page 4, Line 1:

Insert a new subsection to read:

(7) "Group disability insurance policy" means a policy purchased by an employer which provides major medical coverage for five or more employees of the employer but does not include a policy which provides coverage only for catastrophic illness.

Renumber subsequent subsections accordingly.

3/29/88

HOLD Am
Reschedule for 3/30/88

S^o on

Ford to write legal
definition of catastrophic
illness.

Jenkins (NFIB)
3/29/88

5-1553Bb
Ford
Adopted by SFC
3/29/88

A M E N D M E N T

Offered in the SENATE

By Binkley

TO: CSSB 363(Finance)

Page 3, after line 5:

Insert a new subsection to read:

"(d) Notwithstanding (a) of this section, if the insured or subscriber is an employer who employs fewer than 20^① employees for each working day during each of at least 20 calendar workweeks in either the current calendar year or the preceding calendar year, the insurer, hospital, or medical service corporation is not required to provide the coverage specified in (a) of this section to the insured or subscriber but shall offer that coverage to the insured or subscriber^② as an option (RH)." ^{PFT (Jenkins)}

^② as optional coverage (Ford)

Reletter subsequent subsection accordingly.

① Am to Am
JB: y; vob
FZ: y; vob
Adopted

② Am to Am
RU: y; vob
FZ: y; vob

3/29/88
3/28/88

SFC Adopted 3/29/88

5-1553B

Ford

3/24/88

Original sponsors: Binkley, Halford,
Sturgulewski, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 363 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for treatment
7 of alcoholism or drug abuse; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 21.36.090(d) is amended to read:

11 (d) Except to the extent necessary to comply with AS 21.42.365,
12 a [A] person may not practice or permit unfair discrimination against
13 a person who provides a service covered under a group disability
14 policy that extends coverage on an expense incurred basis, or under a
15 group service or indemnity type contract issued by a nonprofit corpo-
16 ration, if the service is within the scope of the provider's occupa-
17 tional license. In this subsection, "provider" means a state licensed
18 physician, dentist, osteopath, optometrist, chiropractor, nurse
19 midwife, naturopath, physical therapist, or occupational therapist.

20 * Sec. 2. AS 21.42 is amended by adding a new section to read:

21 Sec. 21.42.365. COVERAGE FOR TREATMENT OF ALCOHOLISM OR DRUG
22 ABUSE. (a) An insurer authorized under AS 21.09 to offer, issue for
23 delivery, deliver, or renew a group disability insurance policy for
24 major medical coverage on an expense-incurred basis in the state, or a
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28 treatment of alcoholism or drug abuse:

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1 benefit years; and

2 (2) lifetime benefits of at least \$14,000.

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5 with the change in the medical care component of the consumer price
6 index for all urban consumers for the Anchorage Metropolitan Area
7 compiled by the Bureau of Labor Statistics, United States Department
8 of Labor. The base year for the computation shall be the first full
9 calendar year for which insurance is obtained under this section.

10 (c) The insurer or hospital or medical service corporation
11 providing coverage under this section may not

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18 that used in determining the benefits for treating another covered
19 illness;

20 (3) require prenotification of treatment or a second opin-
21 ion unless the requirement is applicable to other covered major ill-
22 nesses;

23 (4) limit coverage by provisions of the insurance contract
24 that are not applicable to other covered major illnesses, including
25 but not limited to provisions concerning preexisting illnesses or
26 provisions requiring that the exact date of onset be known;

27 (5) limit treatment services under the insurance contract
28 to either an inpatient or outpatient service;

29 (6) exclude from coverage the cost of medically necessary

1 treatment, including medical or psychiatric evaluation, activity or
2 family therapy, counseling, or prescription drugs or supplies received
3 at an approved treatment facility; or

4 (7) deny reimbursement for actual services rendered solely
5 because treatment was interrupted or not completed.

6 (d) In this section

7 (1) "alcoholism or drug abuse" means an illness charac-
8 terized by

9 (A) a physiological or psychological dependency, or
10 both, on alcoholic beverages or controlled substances as defined
11 in AS 11.71.900; or

12 (B) habitual lack of self control in using alcoholic
13 beverages or controlled substances to the extent that the per-
14 son's health is substantially impaired or the person's social or
15 economic function is substantially disrupted;

16 (2) "approved treatment facility" means treatment in a
17 facility that is either approved under AS 47.37.140 or located and
18 licensed for treatment of alcoholism or drug abuse in another state;

19 (3) "co-payment" means the portion of the eligible expenses
20 in excess of the deductible to be paid by the covered person;

21 (4) "cost" means the least of the following:

22 (A) the actual charge for the treatment received for
23 alcoholism or drug abuse;

24 (B) the usual, customary, and reasonable charge for
25 the treatment; or

26 (C) the charge agreed to by contract between the
27 treatment provider and the insurer, hospital, or medical service
28 corporation;

29 (5) "covered person" means the insured or subscriber or the

1 insured or subscriber's covered spouse or dependent child;

2 (6) "deductible" means the portion of eligible expenses for
3 which the covered person is responsible;

4 (7) "major medical" means a disability insurance contract,
5 or subscriber contract that provides benefits for hospital and medical
6 care with potential lifetime maximum benefits per insured of at least
7 \$10,000;

8 (8) "treatment" means medical care, including detoxifica-
9 tion, as an inpatient or outpatient at an approved treatment facility.

10 * Sec. 3. AS 21.87.340 is amended to read:

11 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the
12 provisions contained or referred to previously in this chapter, the
13 following chapters and provisions of this title also apply with re-
14 spect to service corporations to the extent applicable and not in
15 conflict with the express provisions of this chapter and the reason-
16 able implications of the express provisions, and for the purposes of
17 the application the corporations shall be considered to be mutual
18 "insurers":

19 (1) AS 21.03

20 (2) AS 21.06

21 (3) AS 21.09, except AS 21.09.090

22 (4) AS 21.18.010

23 (5) AS 21.18.030

24 (6) AS 21.18.040

25 (7) AS 21.18.120

26 (8) AS 21.21.321

27 (9) AS 21.36

28 (10) AS 21.69.400

29 (11) AS 21.69.520

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(12) AS 21.69.600, 21.69.620, and 21.69.630

(13) AS 21.78

(14) AS 21.90

(15) AS 21.42.345 - 21.42.365 [AS 21.42.345 AND 21.42.355]

(16) AS 21.89.040

(17) AS 21.89.060.

* Sec. 4. AS 21.42.355, enacted by sec. 2 of this Act, applies to group disability insurance policies and hospital or medical service group subscriber contracts entered into or renewed on or after January 1, 1989.

* Sec. 5. This Act takes effect January 1, 1989.

COSTS

* Alcohol and drug abuse costs us all.

* In 1985 SOADA estimated costs of alcoholism and drug abuse:

Public Assistance Payments	5,828,210
Medical Assistance Payments	5,650,892
Social Services (foster care, protective services, daycare, institutional care for children)	8,718,444
Motor Vehicle (accidents, property damage, injury)	31,903,460
Driminal Justice System	78,644,355
SOADA	15,109,700
Costs of Lost Production	19,870,000
Estimated Institutional Excess Costs	
Health and Medical Care	19,569,000
Council on Domestic Violence	<u>3,510,360</u>
Total Costs	188,804,421
When this was offset by revenue to the state from license fees and taxes	- <u>14,868,433</u>
Net Cost to State	170,425,628

Estimated loss of income to AK families 54,900,000

* Alcoholics tend to have multiple medical problems that are covered under most insurance programs. Debilitating physical results of alcoholism are treated many times, at great expense, without ever treating alcoholics with the correct diagnosis.

* Families of alcoholics tend to have multiple medical problems that are caused by living with the alcoholics, including ulcers, chronic nausea, sleeping problems, eating disorders and dermatitis.

* Costs to correctional system - DWI: \$87.56 per day--costs to incarcerate

- First DWI - 3 days in jail
- Second DWI - 20 days
- Third DWI - 30 days

* Sick Leave

BENEFITS

* Benefits of health insurance coverage:

- Makes it possible for more alcoholics to receive treatment when needed.
- Reduces costs to society (loss of work, safety problems, automobile accidents, overuse of insurance for related maladies, workers comp claims--all minimized when an alcoholic recover)
- Reduces costs to insurers (insurers pay the cost of alcoholism through treatment claims--the physical effects--for other medical problems when alocholism--the cause--is not treated. --applies to both alcoholic and to family members

Note *Alcoholism Treatment and Total Health Care Utilization and Costs Study*, enclosed.

"In the years prior to initial alcoholism treatment, alcoholics incurred gradually increasing total health care costs on the average. These costs rose dramatically in the six months prior to treatment, began to decline after treatment initiation, and continued to fall during several follow-up years."

Pat

Sen. Binsley

15700 Dayton Avenue North/P. O. Box 327
Seattle, Washington 98111-0327
206/361-3000

February 1, 1988

Blue Cross of Washington and Alaska would like to raise some concerns we have identified while reviewing Senate Bill 363, regarding mandated coverage for alcoholism and drug abuse treatment.

This bill requires that coverage is mandated in both group and individual contracts. Blue Cross is opposed to a mandate which affects individual coverage, knowing that the increased costs that the mandate will add to the premium will make the purchase of individual coverage more unaffordable. That, in turn, will increase the number of Alaskans who have no coverage or who will need to turn to the state of Alaska for their health care needs.

Subsection (a) of Section 21.42.365 also reads "shall provide the insured or subscriber the following coverage...". Blue Cross is assuming that this bill is intended to provide coverage to all persons who are covered by an insured's or subscriber's policy. If that is indeed the intent, you may want to insert on line 26 of page 1 "and all covered dependents" after "subscriber" so that all persons having coverage through the policy or contract are covered by the provisions of this bill.

In subsection (c) of that same section, you have listed several restrictions which an insurer or service contractor may not use. While several of them are clearly directed toward assuring that the coverage provides an adequate provision for alcoholism or drug abuse treatment, Blue Cross would ask you to modify subsection (2). We are concerned with the restriction on second opinions or prenotification.

Because of the need to contain costs, preauthorization of treatment is required in many contracts to assure that proposed treatment is medically necessary and to deter overutilization. This subsection would eliminate that cost containment tool and may result in undesirable increases in the cost of this coverage. This subsection could be modified so that preauthorization or second opinions used for other conditions in that coverage are allowed. The subsection would then read "(2) require prenotification or preauthorization of treatment or a second opinion which is not required for other conditions or treatments in the contract or policy". The other restrictions in subsection (2) would then become a new subsection.

Page 2.

While Blue Cross does not support the mandating of benefits, this bill is well thought out and does include several points which are commendable. SB 363 covers both alcoholism and drug abuse treatment. This will allow contracts to continue to provide coverage for both conditions in a way which eliminates duplicative coverage for two very similar conditions.

Blue Cross continues to be concerned with legislation which requires a specific amount of treatment, in either days/visits of treatment or in dollar minimums. In the present economic climate in the State of Alaska, this increased coverage requirement may result in more employers reducing other benefits or eliminating coverage entirely. While the provision of this type of coverage may be needed, its overall effect on health care coverage in general in the state must be considered.



Employee Benefits Division

151 Farmington Avenue
Hartford, CT 06156
(203) 273-0123

February 5, 1988

Garden

*FYI - we (HIAA)
still want to oppose
this legislation.*

Ms. Amanda Sheedy
Assistant Counsel, HIAA
1350 E. Touhy Avenue
Suite 380 W
Des Plaines, Illinois 60018

AS

Subject: Alaska Proposed Alcoholism/Drug Abuse Legislation

Dear Ms. Sheedy:

Attached is a copy of a bill under consideration in Alaska. This draft contains several troublesome provisions that we at Aetna would like to see amended or deleted.

- (1) Sub-section (b) of Section 21.42.365 provides for a yearly adjustment of the mandated minimum benefit levels, based on the medical component of the local consumer price index.

CPI

This provision would result in yearly amendments to the contracts and certificate documents of our Alaskan policyholders. This process, over the long run, will prove very costly to those policyholders.

Additionally, in the future, without prompt promulgation of rules describing the new minimum benefit levels, we as insurers, may be placed in a position where we are paying benefits at "old" levels. This could result in the administrative and costly burden of retroactive adjustments to paid claims.

We believe that higher minimum benefit levels, adjusted on a less frequent basis, would be more workable for the State and insurers, as well as much less complicated to the individual insureds.

- (2) Sub-section (c) (2) of Section 21.42.365 precludes insurers from (1) requiring prenotification (pre-certification); (2) from limiting coverage; and (3) from requiring a specific form of treatment.

We believe it is unreasonable to preclude a pre-certification requirement. Precertification, in our view, is an appropriate vehicle for limiting plan costs by cutting down on confinements that are not medically necessary. Such a provision is also helpful in containing employer and insurer costs associated with confinements that are prolonged to the point where they are no longer medically necessary.

Page 2
Ms. Amanda Sheedy
February 5, 1988

We presume the prohibition for limiting coverage applies with respect to limitations more severe than those allowed by the bill. This could clearly be stated more precisely.

It is not clear what the legislature's intent is with respect to the preclusion of requiring a specific form of treatment. Any attempt to have this item clarified would be appreciated.

(3) Sub-section (c) (3) of Section 21.42.365 prohibits the exclusion of "activity or family therapy".

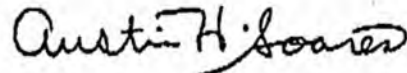
We are not clear on the meaning of "activity therapy".

Anything you can do to convey these points to the legislature will be greatly appreciated.

If further information or clarification of any information contained herein is needed, please call.

Thank you very much.

Very truly yours,



Austin H. Soares
Contract Consultant
Employee Benefits Division
Etna Life Insurance Company
(203) 636-5037

AHS/rh/pll
Attachment

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Binkley
Alaska State Legislature

FROM: Carol R. Vandor *CRV*
Senate Advisory Council

DATE: February 16, 1988

RE: Private Businesses that Provide Employee Coverage for Substance Abuse Treatment: IR# 88-003230

February 8, 1988, Pat Jackson, of your staff, verbally requested that the Senate Advisory Council determine if major businesses operating in Alaska provide medical coverage to employees for substance abuse treatment. Pat requested that the information be provided for a committee meeting scheduled February 9, 1988. Following is the information I verbally provided to Pat for the February 9, meeting.

I contacted six major firms operating in Alaska; Fred Meyer, Pay N Save, Nordstrom, ARCO, Chevron, and Standard Alaska Production Company. All six companies provide coverage to their employees for substance abuse treatment. Each policy, however, does have internal limits. The limits vary with in-patient/out-patient treatment, limitations on consecutive days of treatment, one-time/life-time limits, etcetera.

February 9, 1988, Pat verbally requested that the Senate Advisory Council survey several local small businesses to determine what, if any, type of coverage was provided to employees for substance abuse treatment. Pat wanted this information for a committee meeting scheduled February 17, 1988. Following are the businesses I contacted and the information I obtained.

Elgee & Rehfeld, CPA's. Elgee & Rehfeld employ 7 people. Their medical plan covers treatment for alcohol abuse but does not cover abuse of drugs, or complications from drug use, for drugs that have not been approved by the Food and Drug Administration.

Lyle's Hardware. Lyle's employs 22 people. Their current medical plan includes coverage for alcohol and drug abuse treatment.

Senator Binkley
February 16, 1988
Page 2

Foodland Super Drug. Foodland Super Drug employs 12 people. Their plan states specifically that there is coverage for alcohol abuse treatment; they assume there is coverage for drug abuse treatment also.

Ace Hardware. Ace Hardware employs from 8 to 12 people. They provide no employee group health plan. They have liability insurance and workmen's compensation only.

Juneau Drug. Juneau Drug employs 4 full-time people and 2 to 3 part-time people. The full-time employees have individual policies and the part-time employees have no medical coverage.

Alaska Federal Savings & Loan (AFS&L). AFS&L employs approximately 60 people. Part-time employees and employees who have been employed less than 6 months have no medical coverage. All other employees have medical coverage that includes provisions for treatment of substance abuse.

Channel Sanitation. Channel Sanitation employs approximately 35 people. Their medical plan provides coverage for treatment of substance abuse.

Don Abel Building Supply. Don Abel employs approximately 20 people. Their medical plan provides coverage for treatment of substance abuse.

Each policy for the above-mentioned small businesses does have internal limits. The limits vary with in-patient/out-patient treatment, limitations on consecutive days of treatment, one-time/life-time limits, etcetera.

If you have any questions, please let me know.

Business	Number of Employees	Medical Plan
Elgee & Rehfeld, CPA	7	includes alcohol abuse but not drug abuse
Lyle's Hardware	22	includes alcohol and drug abuse treatment
Foodland Super Drug	12	alcohol abuse
Ace Hardware	8-12	no group health plan
Juneau Drug	4 full-time 2-3 part-time	individual policies no medical coverage
Alaska Federal Savings and Loan	60	includes substance abuse (part-time and those less than 6 months--no medical coverage)
Channel Sanitation	35	includes substance abuse
Don Abel Building Supply	20	includes substance abuse

Each policy does have internal limits . . . (in-patient/out-patient treatment, limitations on consecutive days of treatment, one-time/life-time limits, etc.)



Alaska State Legislature

SENATE

Committee on Finance

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

January 9, 1988

TO: Senator John Binkley

FROM: Pat Jackson *Pat Jackson*
Administrative Assistant

JB

RE: Senate Bill 363 - Insurance Coverage for
Treatment of Alcoholism and Drug Abuse

Sampling of Coverage Among Large Employers in Alaska

The concern had been raised during discussion on Senate Bill 363 that the requirement that alcohol and drug abuse treatment be included in group health insurance policies would not impact the larger self-insured and multi-employer trusts. At our request Carol Vander from the Senate Advisory Council did a quick, cursory review of some of the major firms doing business in Alaska to determine whether their health insurance policies included drug and alcohol treatment.

<i>Company</i>	<i>Type of Insurance</i>	<i>Drug and Alcohol Included?</i>	<i>Notes</i>
Fred Meyer	Different Types . . . -union/non-union	Yes, in Alaska	with limitations
Pay & Save	M. E. T.	Yes	with limitations
Nordstroms	Self-insured	Yes	with limitations
ARCO		Yes	with limitations
Chevron	M. E. T.	Yes	with limitations
Standard Alaska	Different Types	Yes, in Alaska	with limitations

Limitations mentioned include: 100% coverage but 45 day maximum; out-patient 50%, inpatient 100%; 100% if hospital is approved, if doctor is approved; limited to 20% out-patient if not approved.

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Binkley
Alaska State Senate

FROM: Carol R. Vandon *CRV*
Senate Advisory Council

DATE: March 25, 1988

SUBJECT: Addendum to IR#88-003250; Insurance Coverage for Substance Abuse

My March 14, 1988, memorandum listed 26 groups of employers in Alaska and outlined the health benefit they provide to their employees for alcohol and drug abuse treatment. You also requested that we indicate whether or not the employer is self-insured. The information is as follows.

Groups that are Self-Insured

Health Provider - Great West Life

Fairbanks North Star Borough
Fairbanks North Star Borough School District
City of Fairbanks
North Slope Borough School District

Groups that are Fully Underwritten Experience Rated

Health Provider - Blue Cross

Kodiak Island Borough School District
City and Borough of Juneau
City and Borough of Juneau School District
Nome Public Schools
City of Ketchikan

Health Provider - Aetna

Nenana School District
Dillingham City School District
Ketchikan Gateway Borough School District

Senator Binkley
March 25, 1988
Page 2

Groups that are Pooled

Health Provider - Blue Cross

Alaska Gateway School District
Annette Island School District
Bristol Bay Borough and School District
Wrangell General Hospital
Klawock City School District
Southwest Region School District
Lower Yukon School District
Cordova Public Schools
Galena City Schools
City of Kotzebue
City of Wrangell
City of Yakutat
Valdez Public Schools
City of Valdez

If you have any questions about the groups under these definitions, please contact the appropriate health provider and ask for the following individual(s). They will be able to provide you with detailed information about how each policy is written.

Nita Schaerer
Blue Cross
(907) 561-5065

Steven LeBrun
Aetna
(206) 441-2803

Ellen Kariya
Great West Life
(206) 822-5575

POSITION PAPER
FOR
SENATE BILL NO. 363

"An Act relating to insurance coverage for treatment of alcoholism and drug abuse."

Passage of SB 363 would require providers of health insurance to include treatment for drug and alcohol abuse with benefits of at least \$7,000 over two consecutive years and lifetime benefits of at least \$14,000. Benefits would be adjusted annually to correspond to the consumer price index. Insurers could not require higher deductibles for the cost of this treatment than for other types of coverage, not require prenotification of treatment, a second opinion concerning treatment, a specific form of treatment or limit coverage to either an inpatient or outpatient basis. Insurers could not exclude coverage for medical or psychiatric evaluation, activity or family therapy, counseling, or prescription drugs or supplies received at an approved treatment facility. Insurers may not deny coverage for the sole reason that treatment was not completed. A definition is provided for alcoholism and drug abuse. Approved treatment facility is defined as treatment in a facility approved under AS 47.37.140 (Uniform Alcoholism Intoxication and Treatment Act.) Treatment would include both inpatient and outpatient services. The effective date on SB 363 is January 1, 1989.

From a public health and public safety perspective alcoholism and drug abuse seriously impact the lives of many Alaskans. These substances contribute to the alarmingly high state rates of accidental personal injury and death. Alaska ranks consistently among the leading states in the per capita consumption of alcoholic beverages. This high level of consumption places Alaskans at risk for related illnesses such as cancer, infectious diseases, and diseases of the liver and pancreas. Living in an alcoholic or drug abusive home can also contribute to a variety of stress related disorders among family members.

Like many preventive approaches to public health problems, the cost versus benefits achieved with the passage of SB 363 will be difficult to measure. However, evidence exists that alcoholism treatment costs can be offset by a reduction in overall health care costs within two to three years following the initiation of treatment.

Holder and Blöse studied the impact of alcoholism treatment on health care utilization and costs for health insurance enrollees under the Federal Employees Health Benefit Program (1) Their results indicated that monthly health care costs for families with an alcoholic member were almost twice as high as health care costs for families with no aparent alcoholic member. The results of the study showed that following the initiation of alcohol treatment, the health care costs of alcoholics declined significantly. Total health care costs averaged \$294 per month during the six months following the initiation of treatment, but only \$194 per month by the third post-treatment year.

Another study, by Holder and Hallan (2) of public employees in California, yielded similar findings, and a five-year follow-up of 90 families of alcoholics showed a reduction in monthly medical expenditures of \$72. per person, bringing them to the same level as a comparison group of non alcoholic families.

It has been suggested that following the passage of SB 363, employers' health insurance premiums could increase. We are unable to determine the validity of this claim. However, even though claims may increase initially, and we recognize that this may cause some hardship on some employers, evidence suggests that alcohol and drug abuse coverage decreases the use of benefits for related medical conditions thereby offsetting premium increases in the long run.

Many of the alcohol and drug abuse treatment policies currently in effect in Alaska only cover treatment which is provided in a hospital or by a physician. SB 363 provides for treatment in all programs approved by the SOADA under AS 47.37.140. This provision would make current drug abuse and alcohol coverages more cost-effective by allowing treatment in settings which are less expensive than those provided by physicians or hospitals. This would result in greater access to service and make all coverage more cost-effective.

Presently, 34 states have similar legislation. Under the duties of this department's Office of Alcoholism and Drug Abuse (SOADA), AS 47.37.040(16) mandates that the SOADA shall "encourage all health and disability insurance programs to include alcoholism as a covered illness." At a November 1987 meeting the Review Board on Alcoholism and the Advisory Board on Drug Abuse passed the following resolution: "Resolved that: The State of Alaska should require that medical insurance policies should be required to reimburse for alcoholism and drug abuse treatment services including those that are state approved."

The Department of Health and Social Services is supportive of the approach and intent contained in SB 363.

1. Harold Holder, Ph.D. and James Blose, MPP. Alcoholism Treatment and Total Health Care Utilization and Costs. JAMA. September 19, 1988, Vol. 256, No. 11
2. Harold Holder, Ph.D. and Jerome Hallen, Dr.P.H., Medical Care and Alcoholism Treatment Costs and Utilization: A Five Year Analysis of the California Pilot Project to Provide Health Insurance Coverage for Alcoholism. National Institute on Alcohol Abuse and Alcoholism, (Contract ADM 291-79-0008), December 1981

Myra M. Munson 2/9/88
Myra M. Munson Date

Matthew C. Felix 2/5/88
Matthew C. Felix Date

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 22, 1988

SUBJECT: Insurance for Alcoholism or Drug Abuse
CSSB 363 (Fin)

TO: Senator John Binkley

FROM: Michael F. Ford *m.f.*
Legislative Counsel

The following is a sectional analysis of the draft of
CSSB 363 (Fin):

Section 1 - Establishes an exception in the statute that prohibits discrimination against a person who provides a service covered under a group disability insurance policy. This provision is necessary in order to require alcoholism or drug treatment at an approved treatment facility.

Section 2 - Requires certain insurers to provide coverage for treatment of alcoholism and drug abuse, and specifies the maximum benefits to be provided. Requires the benefits to be adjusted annually and imposes specific limitations on the coverage offered by the insurer. Defines various terms relating to the insurance coverage required by law.

Section 3 - Specifies that AS 21.42.365 also applies to service corporations, as insurers.

Section 4 - Applicability section.

Section 5 - Effective date.

MF:gc
WKG1:101

ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT

130 Seward, No. 301 • Juneau, Alaska 99801 • (907) 586-3650

Abused Women's Aid in Crisis (AWAIC);
Advocates for Victims of Violence (AVV);
Aiding Women in Abuse and Rape Emergencies (AWARE);
Alaska Women's Resource Center (AWRC); Arctic Women in Crisis (AWIC);
Bering Sea Women's Group (BSWG); Emmonak Women's Shelter;
Kodiak Women's Resource & Crisis Center (KWRC);
Maniilaq Regional Women's Crisis Program; MEN, Inc.;
Safe & Fear-Free Environment (SAFE); Sitkans Against Family Violence (SAFV);
Southwestern Alaska Council for the
Prevention of Child Sexual Assault (SWACPCSA);
South Peninsula Women's Services (SPWS);
Standing Together Against Rape (STAR); Tundra Women's Coalition (TWC);
Valley Women's Resource Center (VWRC);
Women in Crisis Counseling & Assistance (WICCA);
Women in Safe Homes (WISH); Women's Resource & Crisis Center (WRCC)

POSITION PAPER SUPPORT

MANDATORY INSURANCE COVERAGE FOR THE TREATMENT OF ALCOHOL AND DRUG ABUSE

The Alaska Network on Domestic Violence and Sexual Assault supports the concept of mandatory insurance coverage for the treatment of alcohol and drug abuse. While none of the literature on substance abuse and family violence supports the existence of a direct causal relationship between alcohol or drug use and woman battering and child abuse, studies indicate that chemical dependence is an important factor in the frequency and severity of violence.

"Men's substance abuse PRIOR to marriage has been found in one study to be a strong predictor of certain characteristics of family violence IF it occurs in the marriage. These characteristics are:

- higher frequency of violence;
- more probability that alcohol or drug use is involved in the most serious incidents;
- and long duration of violence in the relationship.

There is also research support for the observation that batterers who abuse alcohol inflict more serious injuries on their victims than batterers who do not."

"In yet another study, 85% of batterers with chemical dependence problems admitted that they were also assaultive when sober. ...it seems clear that we cannot predict an individuals' violent behavior by his alcohol consumption, either as a pattern or in particular incidents. However, these findings also suggest that battering is even more dangerous if the batterer drinks at all, whether or not he is intoxicated at the time of an incident."

In one study of battered women and alcohol abuse, the majority of the women developed their problems with alcohol after being in an abusive relationship for some time.

Finally, there is evidence that alcohol or drug use by a batterer increases the potential that the violence will end in death.

In light of this research, the Network feels strongly that the availability of substance abuse treatment should be increased and is an important aspect of assisting families where there is violence.

(Research excerpted from an address presented by Melissa Eddy at the Sixth Annual Texas Council on Family Violence Conference, October 28, 1987, Austin Texas.)

fewer accidents, less workmen's compensation and health insurance expense (and lower insurance rates); and for the employee: better health and greater career opportunity.

Employer-sponsored EAPs cost the taxpayer no dollars. They deserve wide support.

State agencies, businesses, and other organizations interested in reducing alcohol abuse should support establishment of more EAPs. State legislatures and governors can and should focus attention on EAPs, encouraging their implementation throughout industry.

The Alcohol Policy Council believes that every possible effort should be made to expand the workable and proven EAP effort. This is a primary instrument in reducing alcohol abuse. It is a tool, however, that is greatly underused.

Insurance Coverage for the Treatment of Alcoholism

Strides toward improved health care have come about because most Americans have hospital or medical insurance — either private carrier or public sponsor — that covers much of the expense of health care.

Health insurance companies too often exclude from coverage the treatment of alcoholism under the rationale that it is too expensive to cover.

Studies disprove this rationale. Alcoholics tend to have multiple medical problems that are covered

under most insurance programs. Thus debilitating physical results of alcoholism are treated many times, requiring large expenditures without ever treating alcoholics with the correct diagnosis.

Twenty states have mandated that alcoholism be covered under all medical insurance policies. An additional fourteen states require that the option for such coverage be offered at the discretion of the group to be insured as follows:

Alcoholism is an illness, so recognized by the major medical organizations. Thus, expense for its treatment should be covered under health insurance.

Some benefits of health insurance coverage are:

- Makes it possible for more alcoholics to receive treatment when needed. Without insurance treatment is, too often, put off.
- Reduces the costs to society caused by alcoholics. Loss of work, safety problems, automobile accidents, overuse of insurance coverage (for related maladies), workman's compensation claims, etc., are minimized when an alcoholic recovers.
- Reduces costs to insurers. Insurers pay the cost of alcoholism through treatment claims for other medical problems associated with alcoholism. Coverage allows the patient to be admitted for alcoholism, so that the cause of the patient's medical problems are treated — not just the physical effects.
- Encourages families of alcoholics to urge treatment without fear of increased added financial burden.

The benefits of insurance coverage are considerable, both to the state, employers, family and patient. The Alcohol Policy Council believes insurance coverage for the treatment of alcoholism should be available in all states, as a matter of state law or regulation.

States with Mandatory Insurance Coverage (20)	States Requiring Option of Coverage at Discretion of Group to be Insured (14)	States and Territories without Mandatory Coverage or Option Requirement (23)
Connecticut	Alabama	Alaska
Hawaii	California	American Samoa
Illinois	Colorado	Arizona
Maine	Florida	Arkansas
Maryland	Kansas	Commonwealth of the Northern Marianas
Massachusetts	Kentucky	Delaware
Michigan	Louisiana	District of Columbia
Minnesota	Montana	Georgia
Mississippi	Nebraska	Guam
Missouri	South Dakota	Idaho
Nevada	Tennessee	Indiana
New Jersey	Texas	Iowa
New York	Utah	New Hampshire
North Dakota	Vermont	New Mexico
Ohio		North Carolina
Oregon		Oklahoma
Rhode Island		Pennsylvania
Virginia		Puerto Rico
Washington		South Carolina
Wisconsin		Trust Territories of the Pacific
		Virgin Islands
		West Virginia
		Wyoming

Source: National Association of State Alcohol and Drug Abuse Directors (NASADAD)

My name is Judi Bixby and I am the administrator of Milam Recovery Center in Juneau. Milam is an intensive outpatient facility for the treatment of alcohol and other addictions. We have both adolescent and adult ^{treatment} programs. I would like to offer testimony in favor of this legislation.

During the present school year 87-88, we have assessed 80 adolescents for ^{the} disease of chemical dependency. I don't believe the issue here is how many of these kids have insurance as all ^{but} 29 had insurance policies.

The issue is rather how many of these children had policies that restricted placement in ~~a~~ treatment setting ^{recommended. or had a dollar limitation} in one way or another. In other words, the insurance policy dictated what type of treatment they received rather than the addiction specialist.

Some general examples would include 1. often times kids are placed at inpatient programs out of state away from school and families when more appropriate placement might have been right here in Juneau ^{in an outpatient setting.} where their

education could continue and their families could be intimately involved in their treatment. ^{All too often policies don't cover outpatient tx or have dollar limits on the out-pat} A second example or the other side of the coin is that often a child will be assessed for alcoholism and his disease will be so far advanced that he needs to be removed from his drug of choice and placed in the protective environment of an inpatient facility. If his insurance policy only covers outpatient treatment it is indeed a tragic saga that follows if parents continue borrowing the needed monies to get him the help he needs to arrest his disease or put more dramatically, ^{to} prolong his life.

To get more specific, I recently assessed a 14 year old male for alcoholism, his mother worked and held an insurance policy. She also had 3 other children. It was recommended by the addiction treatment professional that due to his disease being so far advanced, and his

2/24/88

mental state so fragile (he had made a suicide attempt while under the influence) that the safe placement for him would be inpatient treatment. There was ^{adequate} no coverage on moms policy for inpatient so he was placed in a the 2nd best alternative, ^{for inpatient} outpatient treatment. He was unable to remain abstinent. ^{and drop out of treatment} He is presently waiting for a scholarship bed at an inpatient facility. At times I wonder if he will be ok until we are able to do that placement. It's cases like this that cause me to feel frustration and anger.

I don't believe the insurance companies have malicious intent but rather have outdated provisions made at a time when little was known about addiction.

I do believe with the professionalism that the field of addiction brings with it today, that the time has come when those professionals should be allowed to recommend the treatment that is most appropriate for their clients.

Thank you for your time and support.

Work Draft - 3/1/88
CS SB 363 (Finance)

"An Act relating to insurance coverage for treatment of alcoholism or drug abuse; and providing for an effective date."

Basic Provisions

- Requires providers of *group* health insurance policies to include treatment for alcohol and drug abuses with caps established at \$7,000 over two years or \$14,000 lifetime. Caps are tied to CPI/Anchorage, adjusted every three years.
 - Alcoholism and drug abuse must be treated the same as other health coverage in terms of deductibles and co-payments and policies must not discriminate between inpatient (hospitalization) and outpatient (counseling).
 - Quality of care for insurance coverage eligibility is provided through facilities certified by the State Office of Alcoholism and Drug Abuse.
 - Effective date: January 1, 1989, with grandfathering of existing policies until such time as they are renegotiated or renewed.
-

Rationale

Number one health problem in Alaska.

Health professionals define chemical dependency as a disease of the body, mind, and spirit. It is widely recognized as the number one health problem in the state.

Individuals who have struggled to overcome the denial prevalent with alcoholism and decide to seek treatment are often surprised to learn their health coverage either doesn't cover alcoholism or drug abuse or has limitations that inhibit their ability to utilize it.

A policy may cover, for example, hospitalization (inpatient) at 100% and outpatient (counseling) treatment at \$500, if at all. An individual is forced to decide between the two forms of treatment. Hospitalization (30 day program) often means losing their job, family, and support groups.

Outpatient treatment is beneficial for those in the early stages of alcoholism because it allows the individual to their keep job and maintain family support . Additionally, family counseling is a major part of outpatient treatment.

Alcohol and drug abuse costs us all.

- In 1985 SOADA estimated the net cost to the state at more than \$170 million, with the loss of income to Alaskan families was nearly \$55 million.
- Municipality of Anchorage estimated economic costs related to alcohol abuse at \$195.5 million; drug abuse at \$62.4 million. Supports legislation.
- Department of Corrections estimates costs to incarcerate individuals charged with DWI: \$87.56 per day.
- Decreases in job performance.
- Increase in absenteeism (4-8 times greater).
- **Increased usage of health insurance by alcoholic** for other medical problems which arise when primary disease of alcoholism is not addressed.
- **Increased usage of health insurance by family members** who develop medical problems caused by living with an alcoholic (i.e, ulcers, chronic nausea, sleeping problems, eating disorders, dermatitis).
- Other serious health issues, including
 - children born with Alcohol Related Birth Defects (FAS and FAE). The expenses incurred by infants with ARBD born during 1987 were \$1,162,500. This did not include costs while at IHS facilities.
 - children of alcoholics (COA's)
 - suicide (attempts by alcoholics estimated to be 6-15 times greater)

Benefits

- Opens a door to more appropriate and individualized methods of treatment and allows for more alcoholics to receive treatment when needed.
- Mode of treatment for recovery is recommended through certified alcohol and drug facilities. Current provisions in most policies restrict one form of treatment over another, i.e., limits to outpatient, (counseling) no limits to inpatient (hospitalization).
- Reduces costs to society (loss of work, safety problems, automobile accidents, overuse of insurance for related maladies, workers comp claims all depreciate when an alcoholic recovers).
- Reduces costs to insurers. The insurer pays the cost of alcoholism through treatment claims for other medical problems.

"In the years prior to initial alcoholism treatment, alcoholics incurred gradually increasing total health care costs on the average. These costs rose dramatically in the six months prior to treatment, began to decline after treatment initiation, and continued to fall during several follow-up years."

*Alcoholism Treatment and Total Health
Care Utilization and Costs Study*

State Impact

Current state plan covers \$2,500 in outpatient coverage with unlimited coverage for hospitalization (inpatient). Legislation will have little or no impact to the State.

Zero Fiscal Notes

Division of Insurance (Department of Commerce)
Division of Retirement & Benefits (Department of Administration)
Division of Alcohol and Drug Abuse Services
(Department of Health and Social Services)

Department Positions

Division of Insurance

Philosophically opposed to mandates; technical amendments offered and included in CS.

Division of Retirement & Benefits

Neutral position on legislation; no fiscal impact to labor contracts due to State's current coverage; increases in usage of outpatient (counseling) will be offset by the "caps" in SB363 which limit costs of hospitalization (inpatient). This shift will result in a net zero cost to the State.

Division of Alcohol and Drug Abuse

Supports legislation; top priority legislation for alcohol and drug abuse treatment efforts statewide. Resolution in support passed by the Governor's Council on Alcohol and Drug Abuse.

Private Sector Impact

Senate Advisory Council Research (2/16/88)

- small businesses (5 employees or less) typically have no health insurance or individual policies not affected by legislation.
- Random sampling of 14 businesses, 12 of which offered some type of substance abuse coverage in their group health plan (limitations include inpatient/outpatient, limits on consecutive days, one-time/life-time limits, etc.)
- Businesses currently providing group health plans typically have limitations on the less expensive choice of treatment (outpatient) and no limitation on the more expensive treatment, hospitalization (inpatient).

Alaska General Contractors (per Resa Jarrell, AGC-Juneau)

- Represents 700 general and associate contractors. Health plan includes \$5,000/2 years; \$10,000/lifetime.
- Estimated impact is \$3.00 per month premium increase .

- Supportive of legislation. It will promote alcohol and drug abuse treatment and will promote a positive impact toward reducing workers comp rates in Alaska.

Effects of Mandated Insurance Coverage, a study of sources located in six states who mandated coverage found:

- 35% had no increase; 11% had increased 1-5%; and 40% increased 5-10%.
- 98% showed no shift to self-insured status due to mandate.
- No indication of elimination of health plans due to mandate.
- 14% experienced measurable health cost reduction.
- States that have *required offer* shift to *mandated* within a few years (i.e., Texas, Vermont).

Request made to National Federation of Independent Businesses for survey of coverage and cost estimates relative to mandate; also the number of NFIB members offering group health plans to their employees. No response to date.

Municipal Impact

Senate Advisory Committee Report (3/14/88)

- 26 groups contacted; major providers: Blue Cross, Aetna
- Typical health plan offered unlimited coverage for hospitalization (inpatient) while restrictions of dollar amounts and lesser percentages of coverage are offered for outpatient (counseling).
- Self-insured municipalities and other entities are not subject to legislation.

Insurance Companies

Philosophically opposed to mandates; however, if that policy decision is made, technical amendments have been offered by the two largest health insurance providers in the state (Aetna and Blue Cross). Amendments have been included in current CSSB363(Fin) draft.

Blue Cross of Washington raised rates 2.5% last year, following mandate in Washington.

Division of Insurance contacted top five carriers in Alaska (80% of the market). Responses ranged from **no increase** for those packages which currently have alcohol and drug plans up to \$5.50 or \$6.00 per month for those with no alcohol or drug treatment. Most estimates were in the \$2.00/month range.

3/28/88

Senator John Binkley

Senate Finance Committee
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985



Finance Committee
Co-Chairman

MEMORANDUM

March 28, 1988

TO: Senate Finance Committee Members
FROM: Senator John Binkley
RE: CSSB 363 (Finance) 3/24/88 draft

The changes to Senate Bill 363 which are incorporated in the 3/24/88 draft are as follows:

- | | | |
|-------------------------------------|--|--|
| page 2, line 4 | insert "every three years"
delete [yearly] | Benefits tied to CPI/Anchorage to be adjusted every three years. Change requested by insurance companies. |
| page 2, line 25 | insert "including but not limited to provisions concerning preexisting illnesses or provisions requiring that the exact date of onset be known." | Onset of alcoholism is not definitive; individual may not be excluded from coverage because date of onset of the illness.

Note: breaks section (3) of previous draft into sections (3) and (4). |
| page 2, line 15
line 19, line 22 | delete [condition or] | In line with preexisting illness change the word "condition" is eliminated so as to avoid standard practices regarding pregnancy. Many policies do not cover pregnancy if the condition predates the policy. |
| page 3, line 27 | new section "(c) the charge agreed to by contract between the treatment provider and the insurer, hospital, or medical service corporation;" | Change requested by Blue Cross to accommodate standard contractual arrangements in the current day market place. |

Requests from Finance Hearing

Response

- How are pre-existing conditions addressed?
New Finance CS provides that pre-existing illnesses shall not be excluded. The word "condition" has been deleted throughout the bill so as not to confuse illnesses with the condition of pregnancy.
- What is the impact on local governments and school districts?
See Senate Advisory Committee memorandum, March 14, 1988.
- Request to Division of Insurance to research potential increases in premiums
See attached data for 5 companies
- Check need for conformity with SB 315 which adds advanced nurse practitioners to AS 21.36.090(d)
Mike Ford says we're okay--the bills address different parts of the section. If both bills pass, the changes in each will be reflected in statute.
- Request to National Federation of Independent Businesses for data
Gary Jenkins provided printout of member file analysis by standard industrial codes. Did not provide membership or data on health insurance coverage.
- Percentage of claims for chemical dependency by state employees (AETNA)
3%. See Memorandum from Retirement & Benefits

Additional Request by Blue Cross

Response

- Inclusion of contractual method of payment under definition of "cost"
Incorporated in new Finance CS. See page 3, line 26

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Binkley
Alaska State Senate

FROM: Carol R. Vandor *nev*
Senate Advisory Council

DATE: March 14, 1988

SUBJECT: Alcoholism and Drug Addiction Treatment Benefit in Selected School District and Municipalities in Alaska; IR# 88-003250

Your memorandum of February 25, 1988, requested that the Senate Advisory Council determine the amount of medical benefit for alcoholism and drug addiction treatment that school districts and municipalities in Alaska provide for their employees. Following is a selection of school districts and municipalities and the type of coverage they have for substance abuse.

Name of Group

Alaska Gateway School District	Cordova Public Schools
Annette Island School District	Galena City Schools
Bristol Bay Borough & School District	City of Kotzebue
Wrangell General Hospital	City of Wrangell
Klawock City School District	City of Yakutat
Southwest Region School District	Valdez Public Schools
Lower Yukon School District	City of Valdez

Health Provider

Blue Cross

Alcoholism Treatment Benefit

In-patient treatment provided in a legally operated hospital or a Blue Cross participating alcoholism treatment facility will be covered under major medical at 90%* as any other condition.

In-patient treatment at a non-participating alcoholism treatment facility will be paid under major medical at 90%* up to a maximum of \$1,000 each calendar year.

Senator Binkley
March 14, 1988
Page 2

Hospital out-patient treatment, treatment on an out-patient basis in an alcoholism treatment facility and physician services are not covered.

Drug Addiction Treatment Benefit

Hospital in-patient treatment incurred at a legally operated hospital and all non-institutional treatment is paid under major medical at 90%*.

*Paid after a \$100 per member, \$300 per family, calendar year deductible has been satisfied. Major medical co-insurance is 90%/10% of the first \$1,955 in covered expenses then 100% for all other covered expenses for the remainder of the calendar year. Once a member has received \$50,000 in major medical benefits that member no longer is required to satisfy a calendar year deductible and reimbursement will be at 100% thereafter up to a maximum of \$250,000.

Name of Group

Kodiak Island Borough School District

Health Provider

Blue Cross

Alcoholism Treatment Benefit

In-patient treatment provided in a legally operated hospital or a Blue Cross participating alcoholism treatment facility will be covered under major medical at 90%* as any other condition.

In-patient treatment at a non-participating alcoholism treatment facility will be paid under major medical at 90%* up to a maximum of \$1,000 each calendar year.

Hospital out-patient treatment, treatment on an out-patient basis in an alcoholism treatment facility and physician services are not covered.

Drug Addiction Treatment Benefit

Hospital in-patient treatment incurred at a legally operated hospital and all non-institutional treatment is paid under major medical at 90%*.

*Paid after a \$50 per member, \$150 per family, calendar year deductible has been satisfied. Major medical co-insurance is 90%/10% of the first \$1,955 in covered expenses then 100% for all other covered expenses for the

Senator Binkley
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Page 3

remainder of the calendar year. Once a member has received \$50,000 in major medical benefits that member no longer is required to satisfy a calendar year deductible and reimbursement will be at 100% thereafter up to a maximum of \$250,000.

All payments are based on customary and reasonable charges.

Name of Group

City and Borough of Juneau

Health Provider

Blue Cross

Alcoholism Treatment Benefit

Combined in-patient and out-patient expenses incurred in a legally operated hospital, or Blue Cross participating alcoholism treatment facility and all non-institutional treatment is covered at a constant 80%* up to a maximum of \$2,000 each calendar year.

Drug Addiction Treatment Benefit

Hospital in-patient expenses incurred at a legally operated hospital and all non-institutional treatment expenses are paid at 80%*.

*Paid after a \$150 per member, \$300 per family, calendar year major medical deductible has been satisfied. Major medical co-insurance at 80%/20% of the first \$5,000 in covered expenses then 100% of other covered expenses for the remainder of the calendar year.

All payments are based on customary and reasonable charges.

Name of Group

City and Borough of Juneau School District

Health Provider

Blue Cross

Senator Binkley
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Page 4

Alcoholism Treatment Benefit

Hospital in-patient and out-patient expenses incurred at a legally operated hospital are paid at a constant 85%* up to a maximum of 30 days each calendar year.

Treatment provided at a state approved alcoholism treatment facility on an in-patient and out-patient basis is paid at 85%* up to the maximum of \$2,500 each calendar year.

Note: Each day of in-patient care will be charged as one day of in-patient hospital care against the maximum days available. Each day of out-patient care in an alcoholism treatment facility or a detoxification center will be charged as one-half day of in-patient hospital care.

Drug Addiction Treatment Benefit

Hospital in-patient expenses incurred at a legally operated hospital are paid under major medical at 85%* up to a maximum of 30 days each calendar year.

Treatment of non-institutional services is paid at 85%*.

*Paid after a \$50 per member, \$150 per family, calendar year major medical deductible has been satisfied. Major medical co-insurance is 85%/15% of the first \$1,875 in covered expenses for the remainder of the calendar year.

All payments are based on customary and reasonable charges.

Name of Group

Nome Public Schools

Health Provider

Blue Cross

Alcoholism Treatment Benefit

In-patient and out-patient expenses incurred at a legally operated hospital, or Blue Cross participating alcoholism treatment facility and all non-institutional treatment is covered at a constant 80%* up to a maximum of \$2,000 each calendar year.

Senator Binkley
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Page 5

Drug Addiction Treatment Benefit

Hospital in-patient expenses incurred at a legally operated hospital are paid in full (no deductible) up to a maximum of 120 days each calendar year for combined treatment of mental and nervous conditions and drug addiction.

Treatment for non-institutional services is paid at 80%*.

*Paid after a \$100 per member, \$300 per family, calendar year major medical deductible has been satisfied. Major medical co-insurance is 80%/20% of the first \$1,875 in covered expenses then 100% of all other covered expenses for the remainder of the calendar year.

All payments are based on customary and reasonable charges.

Name of Group

City of Ketchikan

Health Provider

Blue Cross

Alcoholism Treatment Benefit

Combined expenses for in-patient and out-patient treatment at a legally operated hospital or an approved alcoholism treatment facility are paid at 80%* up to a maximum of \$2,000 each calendar year.

Drug Addiction Treatment Benefit

Hospital in-patient expenses incurred at a legally operated hospital are paid in full (no deductible) up to a maximum of 30 days each calendar year. Treatment after 30 days is paid under major medical at 80%*.

Treatment for non-institutional services is paid at 90%*.

*Paid after a \$100 per member, \$300 per family, calendar year major medical deductible has been satisfied. Major medical co-insurance is 80%/20% of the first \$1,875 in covered expenses then 100% of all other covered expenses for the remainder of the calendar year.

All payments are based on customary and reasonable charges.

Senator Binkley
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Page 6

Name of Group

Nenana School District

Health Provider

Aetna

Alcoholism Treatment Benefit

"Standard Coverage" as described on the attached letter is available for in-patients, subject to a \$100 deductible, 20% individual co-payment (plan pays 80%), and a \$500 per person co-payment calendar year limit after which benefits are paid at 100% by the Plan for the rest of the year. Alcoholism abuse charges for out-patients are included as part of the psychiatric benefit, payable at 50% after the deductible up to \$1,000 per person per year.

Drug Addiction Treatment Benefit

"Standard Coverage" as described on the attached letter is available for in-patients, subject to a \$100 deductible, 20% individual co-payment (plan pays 80%), and a \$500 per person co-payment calendar year limit after which benefits are paid at 100% by the Plan for the rest of the year. Drug abuse charges for out-patients are included as part of the psychiatric benefit, payable at 50% after the deductible up to \$1,000 per person per year.

Name of Group

Dillingham City Schools

Health Provider

Aetna

Alcoholism Treatment Benefit

There is an "Optional" 45 day in-patient treatment benefit included subject to a \$100 deductible, 20% individual co-payment and \$500 per person co-payment out-of-pocket calendar year limit. Out-patient treatment is included in psychiatric benefit at 50% after the deductible to \$1,000 per year.

Senator Binkley

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Page 7

Drug Addiction Treatment Benefit

There is an "Optional" 45 day in-patient treatment benefit included subject to a \$100 deductible, 20% individual co-payment and \$500 per person co-payment out-of-pocket calendar year limit. Out-patient treatment is included in psychiatric benefit at 50% after the deductible to \$1,000 per year.

Name of Group

Ketchikan Gateway Borough School District

Health Provider

Aetna

Alcoholism Treatment Benefit

In-patient treatment is covered under "Standard Coverage" subject to a \$50 deductible, 10% individual co-payment and a \$400 per person calendar year out-of-pocket limit. Out-patient treatment is included in psychiatric benefit at 50% after deductible (no calendar year dollar limit).

Drug Addiction Treatment Benefit

In-patient treatment is covered under "Standard Coverage" subject to a \$50 deductible, 10% individual co-payment and a \$400 per person calendar year out-of-pocket limit. Out-patient treatment is included in psychiatric benefit at 50% after deductible (no calendar year dollar limit).

Name of Group

Fairbanks North Star Borough
Fairbanks North Star Borough School District

Health Provider

Great West Life

Alcoholism Treatment Benefit

Treatment for alcoholism is covered in the same way as any other illness. However, for in-patient or out-patient care provided in a regular hospital or in an approved alcoholism treatment facility, benefits will be

Senator Binkley
March 14, 1988
Page 8

paid under the Plan for 80% of reasonable and customary expenses up to the Lifetime Maximum benefit of \$6,500.00 per person.

There is an annual \$50.00 deductible per person, \$150.00 deductible per family. The Plan will pay 80% of the first \$1,500 annually and 100% thereafter.

Drug Addiction Treatment Benefit

Drug addiction treatment benefits are not specifically addressed. However, for in-patient care provided in a legally operated hospital or in an approved treatment facility, benefits will be paid under the Plan as comprehensive/major medical.

Out-patient treatment for drug addiction is not specifically addressed, however, it would likely be considered psychiatric care. Out-of-Hospital Psychiatric Coverage is as follows:

Co-Payment	100%
Maximum Payment Per Treatment	\$ 50
Maximum Benefit Per Year	\$1,000

There is an annual \$50.00 deductible per person, \$150.00 deductible per family. The Plan will pay 80% of the first \$1,500 annually and 100% thereafter.

Name of Group

City of Fairbanks

Health Care Provider

Great West Life

Alcoholism Treatment Benefit

Treatment for alcoholism is covered in the same way as any other illness. However, the patient must be confined as an in-patient in a regular hospital or in an approved alcoholism treatment facility. For treatment in an alcoholism treatment facility, benefits will be paid under the plan for only one such confinement in any 12-month period and the plan will not pay more than a total of \$1,500 under the plan for all expenses incurred and all services rendered during such confinement.

Senator Binkley
March 14, 1988
Page 9

Out-patient treatment for alcoholism is considered psychiatric care. Out-of-Hospital Psychiatric Coverage is as follows:

Co-Payment	80%
Maximum Allowance Per Treatment	\$ 25
Maximum Payment Per Year	\$1,000

Drug Addiction Treatment Benefit

Drug addiction treatment benefits are not specifically addressed. However, for in-patient care provided in a legally operated hospital or in an approved treatment facility, benefits will be paid and will be considered under the Plan as comprehensive/major medical.

Out-patient treatment for drug addiction is not specifically addressed, however, it would most likely be treated as psychiatric care. Out-of-Hospital Psychiatric Coverage is as follows:

Co-Payment	80%
Maximum Allowance Per Treatment	\$ 25
Maximum Payment Per Year	\$1,000

Name of Group

North Slope Borough School District

Health Provider

Great West Life

Alcoholism Treatment Benefit

Treatment for alcoholism is covered in the same way as any other illness. However, the patient must be confined as an in-patient in a regular hospital or in an approved alcoholism treatment facility. For treatment in an alcoholism treatment facility, benefits will be paid under the plan for only one such confinement in any 12-month period and the plan will not pay more than a total of \$1,500 under the plan for all expenses incurred for all services rendered during such confinement.

Out-patient treatment for alcoholism is considered psychiatric care. Out-of-Hospital Psychiatric Coverage is as follows:

Maximum Allowance Per Treatment	\$ 25
Maximum Payment Per Year	\$1,000

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There is an annual \$50.00 deductible per person, \$150.00 deductible per family. The Plan will pay 90% of the first \$3,000 annually and 100% thereafter.

Drug Addiction Treatment Benefit

Treatment for substance abuse is covered for confinement in an approved treatment facility or a psychiatric hospital. During a calendar year the plan will not pay more than \$1,500 for all expenses incurred and all services rendered during confinement.

Out-patient treatment for drug abuse is not specifically addressed, however, it would most likely be considered psychiatric care. Out-of-Hospital Psychiatric Coverage is as follows:

Maximum Allowance Per Treatment	\$ 25
Maximum Payment Per Year	\$1,000

There is an annual \$50.00 deductible per person, \$150.00 deductible per family. The Plan will pay 90% of the first \$3,000 annually and 100% thereafter.

If you have any questions, please let me know.

58363

IN 1986 THERE WAS \$173,723,000 OF GROUP A+H COVERAGE WRITTEN IN ALASKA. MARKET SHARE AND WRITTEN PREMIUMS FOR THE TOP 5 CARRIERS WAS:

COMPANY	% MARKET SHARE	(000) WRITTEN PREMIUM
1. AETNA LIFE INS. CO.	41.0	\$ 71,232
2. BLUE CROSS ALASKA-WASHINGTON	29.6	\$ 51,113
3. TRAVELERS INS. CO.	3.8	\$ 6,592
4. GREAT WEST LIFE ASSUR. CO.	3.0	\$ 5,277
5. PRUDENTIAL INS. CO. OF AMERICA	2.6	\$ 4,470
TOP 5 TOTALS	80.0	\$ 138,684
REMAINING	20.0	\$ 35,039
TOTAL ALL COMPANIES	100.0	\$ 173,723

Don Kuch
thought this over
1-25-77



Employee Benefits Division
151 Farmington Avenue
Hartford, CT 06156
(203) 273-0123
March 4, 1988

Mr. Jim Jordan, Officer in Charge of A & H
Department of Commerce, Division of Insurance
P.O. Box D
Juneau, Alaska, 99811

**Subject: Estimated Small Business Rates For Alaska's
Proposed Alcoholism and Substance Abuse Legislation**

Dear Mr. Jordan:

If the proposed legislation is enacted, the following figures represent Aetna's estimated adjustment to manual rates before adjustment for census. These numbers apply to our standard small business policies.

General Assumptions:

- (1) \$100 Deductible; and
- (2) Maximums apply to inpatient and outpatient treatments combined.

The estimated adjustments per person under a Major Medical plan with a 100% feature are:

\$1.51 per month for adult males and females;
.18 per month for dependent children; and
.57 per month for Medicare eligibles.

The estimated adjustments per person under a Major Medical plan with an 80% feature are:

\$1.21 per month for adult males and females;
.15 per month for dependent children; and
.46 per month for Medicare eligibles.

Hopefully, this information will be of some help to you, and if anything further is needed please do not hesitate to call.

Sincerely,

Austin H. Soares
Contract Counseling
Employee Benefits Division
Aetna Life Insurance Company
(203) 636-5037

MEMORANDUM. . .

DATE: March 3, 1988

TO: Jim Jordan
Alaska Division of Insurance

FROM: Erin R. Glynn, Sr. Vice President, Operations
Blue Cross of Washington and Alaska

SUBJECT: SB 363 - ALCOHOL AND DRUG ABUSE BILL

Jim, as you requested, we've developed cost projections relating to the impact of SB 363 on group health insurance rates. In determining these numbers, we assumed that the group is a standard risk small group. For a group that currently has no alcoholism or drug abuse benefits, costs would range from \$5.50 to \$6.00 per employee per contract month. Adding the provisions of SB 363 to a group that has a typical drug and alcohol benefit would cost between \$2.35 and \$2.80 per employee per contract month.

If you need any additional information or would like to discuss these figures in greater detail, I will be in the office on Friday.

ERG:jo



The Travelers Companies
One Tower Square
Hartford, CT 06183

Raymond J. Marra, FSA, M.A.A.A.
Assistant Actuary
Actuarial & Financial Division
Employee Benefits Department
NATIONAL ACCOUNTS GROUP

March 3, 1988

Mr. J. Jordan
Alaska Division of Insurance

Senate Bill #363

This bill provides for Alcohol and Drug Abuse coverage as follows:

Inpatient and Outpatient Care in Treatment Center covered same as any other illness. Maximum benefit in any two consecutive years = \$7,000, with lifetime maximum of \$14,000.

Our standard Small Group package, offered to groups of 2 - 50 lives, already provides:

45 days Inpatient and 100% of Outpatient charges (up to \$1,000 annually) for alcohol and drug abuse treatment.

At your request, we have estimated that benefits specified under Senate Bill #363 are approximately equal in cost to our current alcohol and drug abuse benefits.

As such, no additional rate is required.

The full cost of Senate Bill #363, i.e. in the absence of our standard alcohol and drug abuse treatment benefit, would be approximately \$2.50 per adult per month, and \$3.75 per insured child-unit per month. On a composite basis, this is slightly over 1% of total case premium.

This letter should be considered merely informational. We reserve the right to reevaluate our expected liability with regard to Senate Bill #363 in either its present or revised form. As the information provided is proprietary, we would request that you not divulge company specific results.

Raymond J. Marra

Great-West Life



Great-West Life Center
8505 East Archem Road
Englewood, CO 80111 Tel. (303) 889-3000
Member of the Great-West Life Group, Inc.

Jim Jordan
Division of Insurance, State of Alaska
3601 C Street Suite 777
Anchorage, AK 99503

Dear Mr. Jordan:

I have been asked to respond to you with a comparison of Great-West Life's alcoholism and drug abuse treatment and Alaska's Senate Bill 363.

Our current inpatient benefits more than meet the criteria set in the bill. We pay the claim using the same deductible and copayment as the other covered items in the policy. We do have a \$10,000 annual maximum and a \$25,000 lifetime maximum on these benefits. This does comply with the stated \$7,000 over two years and \$14,000 lifetime as stated in the bill.

Our outpatient benefits, however, would have to be increased to comply with the bill. Currently, the policyholder can choose a \$25, \$50, \$75, or \$100 office visit maximum. The office visit amount is only covered at a 50% coinsurance level and is subject to an annual 50 visit maximum. This coverage is optional.

To comply with Bill 363, I analyzed the results of changing the coinsurance level on outpatient benefits to 80% and also changing the annual and lifetime maximums. I used the following policy to do my analysis:

- 80% coinsurance, \$100 deductible, \$2000 breakpoint, 3X family
- 30 employees, 9 dependents
- Average Age = 30
- Zip Code = 995
- Health Care Review Service included
- Industry Code = E (10% load)
- No other options

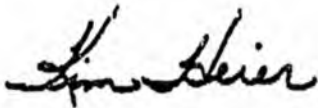
This policy produced a monthly rate of \$5,440.17. When I add the current optional outpatient benefit to this policy using a \$50 office visit maximum, the premium increased to \$5,471.22. This is a .6% increase. At this point I used our actual claims data base and loaded the system to pay outpatient claims at the higher level. This produced a monthly premium of \$5,525.74, a 1% increase over the current outpatient option.

Page Two

In summary, Senate Bill 363 would only affect the payment of outpatient substance abuse claims. It would involve a 1.6% increase over a policy with no outpatient substance abuse coverage.

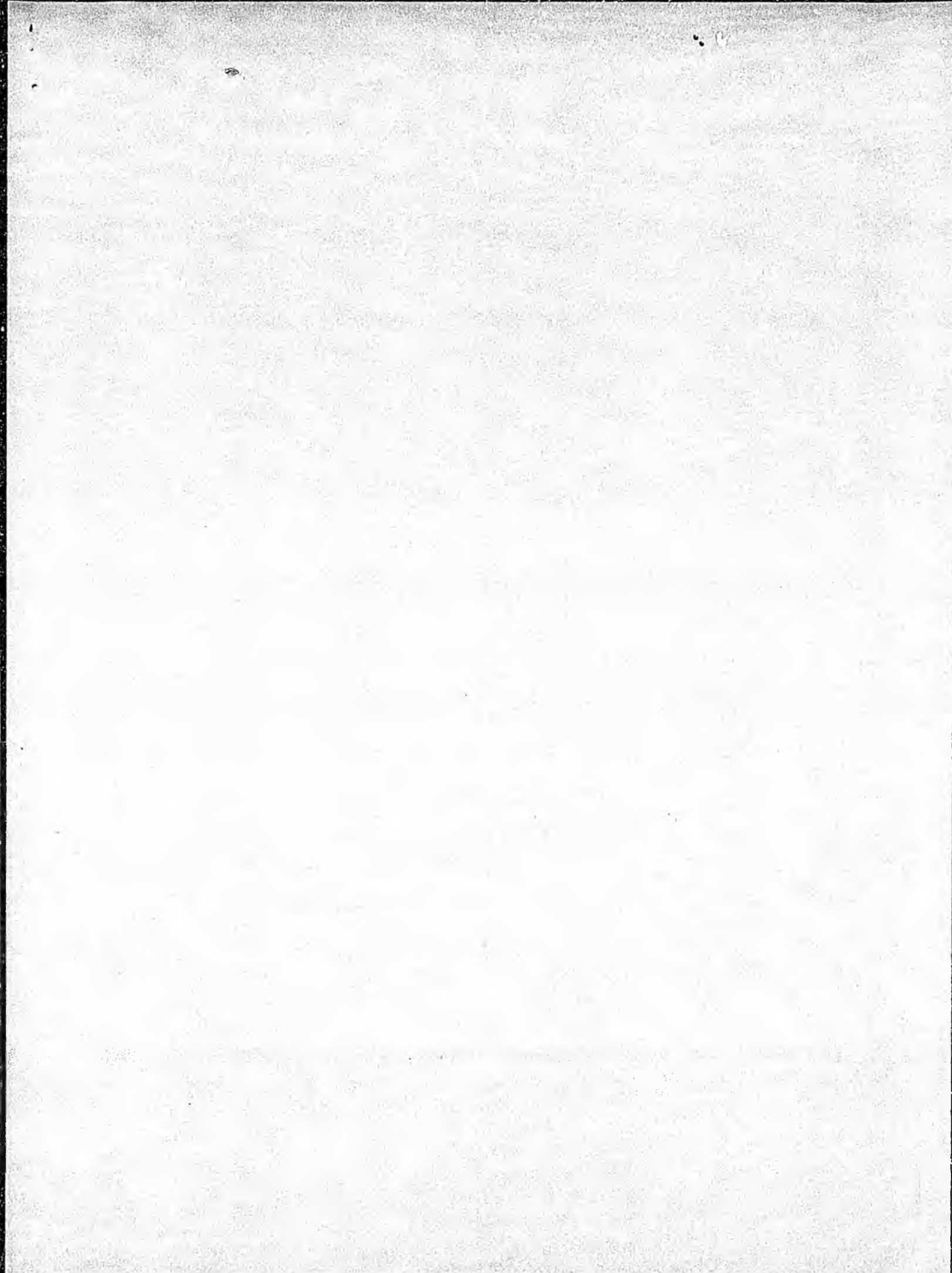
If you need any further information, please feel free to call me at (303)889-3296.

Sincerely,



Kimberly Heier
Actuarial Assistant
Group Insurance Products

KH:glb



10/04/87
PROGRAM SICO205

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
MEMBER FILE ANALYSIS OF STANDARD INDUSTRIAL CODES

ALASKA

SIC	TYPE OF INDUSTRY	GUARDIAN MEMBERS	GDN %	PAYING MEMBERS	ASSOCIATE MEMBERS	TOTAL MEMBERS	TOT %	NUMBER OF EMPLOYEES	AVERAGE GROSS SALES
MANUFACTURING (CONTINUED)									
287	AGRICULTURAL CHEMICALS			1		1	.02	24	\$3,000,000
289	MISC CHEM PROD								
290	PETROLEUM & COAL PRODUCTS			1		1	.02	4	\$75,000
291	PETROLEUM REFINING								
295	PAVING & ROOFING MATERIALS								
299	MISC PETROLEUM & COAL PROD			4	1	5	.13	46	\$500,000
300	RUBBER & MISC PLASTICS PRODUCTS								
301	TIRES & INNER TUBES			2		2	.05	1	\$112,500
302	RUBBER & PLASTICS FOOTWEAR								
303	RECLAIMED RUBBER								
304	RUBBER & PLASTICS HOSE & BELTING								
306	FABRICATED RUBBER PRODUCTS								
307	MISCELLANEOUS PLASTICS PRODUCTS								
310	LEATHER & LEATHER PRODUCTS			3		3	.08	21	\$259,333
311	LEATHER TANNING & FINISHING			1		1	.02	1	\$25,000
313	BOOT & SHOE CUT STOCK FINDINGS								
314	FOOTWEAR-EXCEPT RUBBER								
315	LEATHER GLOVES & MITTENS			3		3	.08	14	\$125,000
316	LUGGAGE								
317	HANDBAGS & PERSONAL LEATHER GOODS								
319	LEATHER GOODS								
320	STONE-CLAY & GLASS PRODUCTS				1	1	.02	8	\$1,500,000
321	FLAT GLASS								
322	GLASS & GLASSWARE-PRESSED OR BLOWN								
323	PRODUCTS OF PURCHASED GLASS								
324	CEMENT-HYDRAULIC								
325	STRUCTURAL CLAY PROD			2	1	3	.08	28	\$291,666
326	POTTERY & RELATED PROD			2		2	.05	2	\$50,000
327	CONCRETE-GYPSUM & PLASTER PROD			1		1	.02	7	\$275,000
328	CUT STONE & STONE PRODUCTS								
329	MISC NONMETALLIC MINERAL PROD								
330	PRIMARY METAL INDUSTRIES			1		1	.02	50	
331	BLAST FURNACE & BASIC STEEL PROD								
332	IRON & STEEL FOUNDRIES								
333	PRIMARY NONFERROUS METALS								
334	SECONDARY NONFERROUS METALS								
335	NONFERROUS ROLLING & DRAWING								
336	NONFERROUS FOUNDRIES								
339	MISC PRIMARY METAL PROD			5		5	.13	37	\$975,000
340	FABRICATED METAL PRODUCTS			2		2	.05	33	\$37,500
341	METAL CANS & SHIPPING CONTAINERS			1		1	.02	22	\$1,500,000
342	CUTLERY-HAND TOOLS & HARDWARE								
343	PLUMBING & HEATING-EXCEPT ELECTRIC			1		1	.02	6	\$275,000
344	FABRICATED STRUCTURAL METAL PROD			10	1	11	.30	80	\$677,272
345	SCREW MACHINE PRODUCTS-BOLTS-ETC			4	2	6	.16	10	\$170,833
346	METAL FORGINGS & STAMPINGS								
347	METAL SERVICES								
348	ORDNANCE & ACCESSORIES								
349	MISC FAB METAL PROD			6		6	.16	44	\$191,666
350	MACHINERY-EXCEPT ELECTRICAL			1	1	2	.05	40	\$425,000

10/D4/87
PROGRAM SICO205

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
MEMBER FILE ANALYSIS OF STANDARD INDUSTRIAL CODES

ALASKA

SIC	TYPE OF INDUSTRY	GUARDIAN MEMBERS	GDN %	PAYING MEMBERS	ASSOCIATE MEMBERS	TOTAL MEMBERS	TOT %	NUMBER OF EMPLOYEES	AVERAGE GROSS SALES
MANUFACTURING (CONTINUED)									
351	ENGINES & TURBINES			1		1	.02	1	\$150,000
352	FARM & GARDEN MACHINERY			1		1	.02	10	
353	CONSTRUCTION & RELATED MACHINERY			4	1	5	.13	53	\$1,285,000
354	METALWORKING MACHINERY			2		2	.05	8	\$1,575,000
355	SPECIAL INDUSTRY MACHINERY								
356	GENERAL INDUSTRIAL MACHINERY								
357	OFFICE & COMPUTING MACHINES			1		1	.02	45	\$3,000,000
358	REFRIGERATION & SERVICE MACHINERY								
359	MISC MACHINERY-EXCEPT ELECTRICAL			1		1	.02	1	\$25,000
360	ELECTRIC & ELECTRONIC EQUIPMENT			1		1	.02		
361	ELECTRIC DISTRIBUTING EQUIPMENT								
362	ELECTRICAL INDUSTRIAL APPARATUS			2		2	.05	5	\$212,500
363	HOUSEHOLD APPLIANCES			1		1	.02	2	\$150,000
364	ELECTRICAL LIGHTING & WIRING EQUIP								
365	RADIO & TV RECEIVING EQUIP								
366	COMMUNICATION EQUIP			3		3	.08	10	\$166,666
367	ELECTRONIC COMPONENTS & ACC			1		1	.02	2	\$75,000
369	MISC ELECTRICAL EQUIP & SUP								
370	TRANSPORTATION EQUIPMENT			1		1	.02	1	\$25,000
371	MOTOR VEHICLES & EQUIPMENT			3	1	4	.11	21	\$781,250
372	AIRCRAFT & PARTS			1		1	.02	3	\$275,000
373	SHIP & BOAT BUILDING & REPAIRING			7		7	.19	25	\$317,857
374	RAILROAD EQUIPMENT								
375	MOTORCYCLES-BICYCLES & PARTS			1		1	.02	3	\$150,000
376	GUIDED MISSILES-SPACE VEHICLES-PRTS								
379	MISC TRANSPORTATION EQUIPMENT								
380	INSTRUMENTS & RELATED PRODUCTS			1		1	.02	10	\$3,000,000
381	ENGRG & SCIENTIFIC INSTRUMENTS			1		1	.02	2	\$275,000
382	MEASURING & CONTROLLING DEVICES			1		1	.02	8	\$3,000,000
383	OPTICAL INSTRUMENTS & LENSES								
384	MEDICAL INSTRUMENTS & SUPPLIES			1		1	.02	3	\$275,000
385	OPHTHALMIC GOODS								
386	PHOTOGRAPHIC EQUIPMENT & SUPPLIES								
387	WATCHES-CLOCKS & WATCHCASES								
390	MISC MANUFACTURING INDUSTRIES			3		3	.08	17	\$516,666
391	JEWELRY-SILVERWARE & PLATED WARE			4		4	.11	8	\$143,750
393	MUSICAL INSTRUMENTS								
394	TOYS & SPORTING GOODS								
395	PENS-PENCILS-OFFICE & ART SUPPLIES			1		1	.02	1	\$25,000
396	COSTUME JEWELRY & NOTIONS			1		1	.02	3	\$150,000
399	MISC HFGS			6		6	.16	13	\$95,833
****	MANUFACTURING TOTALS	1	2.38	160	20	180	7.03	1,338	\$41,378,336 ****
TRANSPORTATION AND PUBLIC UTILITIES									
400	RAILROAD TRANSPORTATION								
401	RAILROADS								
404	RAILWAY EXPRESS SERVICE								
410	LOCAL-INTERURBAN PASSENGER TRANSIT			4		4	.11	42	\$212,500
411	LOCAL & SUBURBAN TRANSPORTATION			5		5	.13	70	\$730,000
412	TAXICABS			1		1	.02	5	\$275,000

10/04/87
PROGRAM SIC0205

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
MEMBER FILE ANALYSIS OF STANDARD INDUSTRIAL CODES

ALASKA

SIC	TYPE OF INDUSTRY	GUARDIAN MEMBERS	GDN %	PAYING MEMBERS	ASSOCIATE MEMBERS	TOTAL MEMBERS	TOT %	NUMBER OF EMPLOYEES	AVERAGE GROSS SALES
TRANSPORTATION AND PUBLIC UTILITIES (CONTINUED)									
413	INTERCITY HIGHWAY TRANSPORTATION			4		4	.11	52	\$262,500
414	TRANSPORTATION CHARTER SERVICE			2		2	.05	8	\$1,537,500
415	SCHOOL BUSES			5		5	.13	72	\$300,000
417	BUS TERMINAL & SERVICE FACILITIES			1		1	.02	1	\$150,000
420	TRUCKING & WAREHOUSING			6		6	.16	73	\$1,145,833
421	TRUCKING-LOCAL & LONG DISTANCE			18		18	.50	204	\$1,273,611
422	PUBLIC WAREHOUSING								
423	TRUCKING TERMINAL FACILITIES			4		4	.11	43	\$1,231,250
440	WATER TRANSPORTATION			1		1	.02	70	
441	DEEP SEA FOREIGN TRANSPORTATION								
442	DEEP SEA DOMESTIC TRANSPORTATION			1		1	.02	3	\$425,000
443	GREAT LAKES TRANSPORTATION			1		1	.02	15	\$1,500,000
444	TRANSPORTATION ON RIVERS & CANALS			1	1	2	.05	20	\$275,000
445	LOCAL WATER TRANSPORTATION			8		8	.22	113	\$534,375
446	WATER TRANSPORTATION SERV			2	1	3	.08	58	\$1,000,000
450	TRANSPORTATION BY AIR	1	2.38	7		7	.19	51	\$550,000
451	CERTIFICATED AIR TRANSPORTATION			22		22	.61	669	\$688,636
452	NONCERTIFICATED AIR TRANSPORTATION			12	1	13	.36	192	\$1,188,461
458	AIR TRANSPORTATION SERV			7	2	9	.25	139	\$222,222
461	PIPE LINES-EXCEPT NATURAL GAS								
470	TRANSPORTATION SERVICES			3		3	.08	42	\$233,333
471	FREIGHT FORWARDING			1		1	.02	10	\$1,500,000
472	ARRANGEMENT OF TRANSPORTATION			6		6	.16	56	\$154,166
474	RENTAL OF RAILROAD CARS								
478	MISC TRANS SERV			5		5	.13	67	\$390,000
480	COMMUNICATION			2		2	.05	3	\$175,000
481	TELEPHONE COMMUNICATION			7	4	11	.30	1,158	\$1,745,454
482	TELEGRAPH COMMUNICATION								
483	RADIO & TELEVISION BROADCASTING			6		6	.16	65	\$591,666
489	COMMUNICATION SERVICES	1	2.38	13	3	16	.44	306	\$550,070
490	ELECTRIC-GAS & SANITARY SERVICES								
491	ELECTRIC SERVICES			3		3	.08	59	\$1,283,333
492	GAS PRODUCTION & DISTRIBUTION			3	1	4	.11	415	\$137,500
493	COMBINATION UTILITY SERVICES								
494	WATER SUPPLY			1		1	.02	11	\$275,000
495	SANITARY SERVICES			4		4	.11	38	\$843,750
496	STEAM SUPPLY								
497	IRRIGATION SYSTEMS								
****	TRANSPORTATION TOTALS	2	4.76	166	13	179	5.00	4,130	\$21,381,090 ****
WHOLESALE TRADE									
500	WHOLESALE TRADE-DURABLE GOODS	1	2.38	3		3	.08	16	\$1,591,666
501	MOTOR VEHICLES & AUTOMOTIVE EQUIP			6	1	7	.19	68	\$1,367,857
502	FURNITURE & HOME FURNISHINGS			1		1	.02	6	\$425,000
503	LUMBER & CONSTRUCTION MATERIALS			6		6	.16	43	\$1,129,166
504	SPORTING GOODS-TOYS-HOBBY GOODS			1	2	3	.08	13	\$2,025,000
505	METALS & MINERALS-EXCEPT PETROLEUM			2	1	3	.08	39	\$3,000,000
506	ELECTRICAL GOODS	1	2.38	6		6	.16	98	\$212,500
507	HARDWARE-PLUMBING & HEATING EQUIP			5		5	.13	59	\$1,530,000
508	MACHINERY-EQUIP & SUP			6		6	.16	30	\$1,333,333

10/04/87
PROGRAM SICO205

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
MEMBER FILE ANALYSIS OF STANDARD INDUSTRIAL CODES

ALASKA

SIC	TYPE OF INDUSTRY	GUARDIAN MEMBERS	GDN %	PAYING MEMBERS	ASSOCIATE MEMBERS	TOTAL MEMBERS	TOT %	NUMBER OF EMPLOYEES	AVERAGE GROSS SALES
WHOLESALE TRADE (CONTINUED)									
509	MISC DURABLE GOODS			4		4	.11	10	\$231,250
510	WHOLESALE TRADE-NONDURABLE GOODS	1	2.38	6	1	7	.19	78	\$1,825,000
511	PAPER & PAPER PROD			2	1	3	.08	21	\$1,500,000
512	DRUGS-PROPRIETARIES & SUNDRIES			4		4	.11	31	\$906,250
513	APPAREL-PIECE GOODS & NOTIONS			3	1	4	.11	10	\$62,500
514	GROCERIES & RELATED PROD			19	1	20	.55	274	\$591,250
515	FARM PRODUCE-RAW MATERIALS			3		3	.08	22	\$1,091,666
516	CHEMICALS & ALLIED PRODUCTS			2		2	.05	18	\$212,500
517	PETROLEUM & PETROLEUM PROD	2	4.76	16	5	21	.58	213	\$1,439,285
518	BEER-WINE & DISTILLED BEVERAGES			4	1	5	.13	24	\$730,000
519	MISC NONDURABLE GOODS			15	2	17	.47	180	\$89,705
****	WHOLESALE TRADE TOTALS	5	11.90	114	16	130	3.63	1,253	\$21,293,928 ****
RETAIL TRADE									
520	BLDG MATERIALS & GARDEN SUPPLIES			7	1	8	.22	149	\$442,500
521	LUMBER & OTHER BUILDING MATERIALS	1	2.38	25	4	29	.81	508	\$1,825,000
523	PAINT-GLASS & WALLPAPER STORES			14	7	21	.58	216	\$1,500,000
525	HARDWARE STORES			17	6	23	.64	200	\$961,956
526	RETAIL NURSERIES & GARDEN STORES	1	2.38	4		4	.11	27	\$456,250
527	MOBILE HOME DEALERS			1		1	.02	2	\$275,000
530	GENERAL MERCHANDISE STORES			3		3	.08	15	\$600,000
531	DEPARTMENT STORES			2		2	.05	53	\$212,500
533	VARIETY STORES			15	1	16	.44	78	\$535,937
539	MISC GENERAL MERCHANDISE STORES			27		27	.75	140	\$339,814
540	FOOD STORES			4	3	7	.19	344	\$1,071,428
541	GROCERY STORES			26	1	29	.81	693	\$905,172
542	MEAT MKTS & FREEZER PROVISIONERS			4		4	.11	24	\$1,181,250
543	FRUIT STORES & VEGETABLE MARKETS			2		2	.05	7	\$50,000
544	CANDY-NUT & CONFECTIONERY STORES			11		11	.30	302	\$334,090
545	DAIRY PRODUCTS STORES			2		2	.05	8	\$112,500
546	RETAIL BAKERIES			6		6	.22	34	\$87,500
549	MISCELLANEOUS FOOD STORES			14	1	15	.41	268	\$503,333
550	AUTOMOTIVE DEALERS & SVC STATIONS			3		3	.08	42	\$1,141,666
551	NEW & USED CAR DEALERS			17	5	22	.61	792	\$771,590
552	USED CAR DEALERS			2		2	.05	3	\$112,500
553	AUTO & HOME SUPPLY STORES			24	3	27	.75	216	\$1,016,666
554	GASOLINE SERVICE STATIONS			62	3	65	1.81	544	\$707,307
555	BOAT DEALERS			6		6	.16	32	\$1,404,166
556	RECREATION & UTILITY TRAILER DLRS			7	1	8	.22	88	\$1,187,500
557	MOTORCYCLE DEALERS			3		3	.08	18	\$258,333
559	AUTOMOTIVE DEALERS			3		3	.08	32	\$3,000,000
560	APPAREL & ACCESSORY STORES			3		3	.08	9	\$550,000
561	MEN'S & BOYS' CLOTHING-FURNISHINGS			2	2	4	.11	13	\$275,000
562	WOMEN'S READY-TO-WEAR STORES			8	1	9	.25	35	\$133,333
563	WOMEN'S ACCESSORY & SPEC STORES			13		13	.36	38	\$132,692
564	CHILDREN'S & INFANTS' WEAR STORES			3		3	.08	19	\$600,000
565	FAMILY CLDTHING STORES			3		3	.08	21	\$1,166,666
566	SHOE STORES			5	1	6	.16	18	\$112,500
568	FURRIERS & FUR SHOPS			1		1	.02	2	\$425,000
569	MISC APPAREL & ACCESSORIES			16		16	.44	68	\$307,812

10/04/87
PROGRAM SIC0205

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
MEMBER FILE ANALYSIS OF STANDARD INDUSTRIAL CODES

ALASKA

SIC	TYPE OF INDUSTRY	GUARDIAN MEMBERS	GON %	PAYING MEMBERS	ASSOCIATE MEMBERS	TOTAL MEMBERS	TOT %	NUMBER OF EMPLOYEES	AVERAGE GROSS SALES	
RETAIL TRADE (CONTINUED)										
570	FURNITURE & HOME FURNISHINGS STORES			4	1	5	.13	19	\$355,000	
571	FURNITURE & HOME FURNISHINGS STORES			18		18	.50	87	\$623,611	
572	HOUSEHOLD APPLIANCE STORES			7	2	9	.25	48	\$127,777	
573	RADIO-TELEVISION & MUSIC STORES			18		18	.50	110	\$322,222	
581	EATING & DRINKING PLACES	1	2.38	140	4	144	4.02	1,625	\$448,437	
590	MISCELLANEOUS RETAIL			49	3	52	1.45	360	\$412,500	
591	DRUG STORES & PROPRIETARY STORES			18	3	21	.58	504	\$871,428	
592	LIQUOR STORES	1	2.38	18	2	20	.55	182	\$271,250	
593	USED MERCHANDISE STORES			5		5	.13	33	\$675,000	
594	MISC SHOPPING GOODS STORES	1	2.38	37	1	38	1.06	137	\$311,184	
596	NONSTORE RETAILERS			5		5	.13	6	\$35,000	
598	FUEL & ICE DEALERS			12	1	13	.36	93	\$998,076	
599	RETAIL STORES (MISC)			85	1	86	2.40	276	\$194,476	
****	RETAIL TRADE TOTALS	5	11.90	785	58	843	23.56	8,538	\$29,279,957	****
FINANCE, INSURANCE, AND REAL ESTATE										
600	BANKING			6	1	7	.19	336	\$507,142	
602	COMMERCIAL & STOCK SAVINGS BANKS			2		2	.05	62		
603	MUTUAL SAVINGS BANKS			1		1	.02	5	\$275,000	
604	TRUST COMPANIES-NONDEPOSIT									
605	FUNCTIONS CLOSELY RELATED-BANKING									
610	CREDIT AGENCIES OTHER THAN BANKS	1	2.38	1		1	.02	5		
611	REDISCOUNT & FINANCING INSTITUTIONS			1		1	.02	3	\$75,000	
612	SAVINGS & LOAN ASSOCIATIONS									
613	AGRICULTURAL CREDIT INSTITUTIONS									
614	PERSONAL CREDIT INSTITUTIONS			1		1	.02	4	\$75,000	
615	BUSINESS CREDIT INSTITUTIONS			3		3	.08	5	\$125,000	
616	MORTGAGE BANKERS & BROKERS			2		2	.05	11	\$897,500	
620	SECURITY-COMMODITY BROKERS-SERVICES									
621	SECURITY BROKERS & DEALERS									
622	COMMODITY CONTRACTS BROKERS-DEALERS									
623	SECURITY & COMMODITY EXCHANGES									
628	SECURITY & COMMODITY SERVICES									
630	INSURANCE CARRIERS	1	2.38	5	1	6	.16	41	\$387,500	
631	LIFE INSURANCE			3		3	.08	5	\$41,666	
632	MEDICAL SERVICE & HEALTH INSURANCE									
633	FIRE-MARINE & CASUALTY INSURANCE	1	2.38	2	1	3	.08	22	\$1,091,666	
635	SURETY INSURANCE			1		1	.02	6	\$1,500,000	
636	TITLE INSURANCE			2		2	.05	10	\$275,000	
637	PENSION-HEALTH & WELFARE FUNDS									
639	INSURANCE CARRIERS			2		2	.05	7	\$350,000	
641	INSURANCE AGENTS-BROKERS & SERVICE	2	4.76	61	4	65	1.81	418	\$774,615	
650	REAL ESTATE	1	2.38	19		19	.53	194	\$593,421	
651	REAL ESTATE OPERATORS & LESSORS			2		2	.05	7	\$1,512,500	
653	REAL ESTATE AGENTS & MANAGERS	1	2.38	25		25	.69	57	\$383,000	
654	TITLE ABSTRACT OFFICES			5	1	6	.16	55	\$179,166	
655	SUBDIVIDERS & DEVELOPERS			4		4	.11	22	\$750,000	
661	COMBINED REAL ESTATE-INSURANCE-ETC	1	2.38	4		4	.11	24	\$500,000	
670	HOLDING & OTHER INVESTMENT OFFICES									
671	HOLDING OFFICES			2		2	.05	9	\$1,537,500	

10/04/87
PROGRAM SICO205

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
MEMBER FILE ANALYSIS OF STANDARD INDUSTRIAL CODES

ALASKA

SIC	TYPE OF INDUSTRY	GUARDIAN MEMBERS	GDN %	PAYING MEMBERS	ASSOCIATE MEMBERS	TOTAL MEMBERS	TOT %	NUMBER OF EMPLOYEES	AVERAGE GROSS SALES
FINANCE, INSURANCE, AND REAL ESTATE (CONTINUED)									
672	INVESTMENT OFFICES			9	1	10	.27	39	\$415,000
673	TRUSTS			1		1	.02	20	\$275,000
679	MISC INVESTING			2		2	.05	7	\$12,500
****	FINANCE, ETC. TOTALS	8	19.04	166	9	175	4.89	1,374	\$12,523,176 ****
SERVICES									
700	HOTELS & OTHER LODGING PLACES			5	1	6	.16	149	\$175,000
701	HOTELS-HOTELS & TOURIST COURTS	1	2.38	31	2	33	.92	358	\$890,151
702	ROOMING & BOARDING HOUSES			4		4	.11	9	\$137,500
703	CAMPS & TRAILERING PARKS			10		10	.27	63	\$270,000
704	MEMBERSHIP HOTELS								
720	PERSONAL SERVICES			6		8	.22	36	\$315,625
721	LAUNDRY-CLEANING & GARMENT SERVICES			24	3	27	.75	595	\$403,703
722	PHOTOGRAPHIC STUDIOS-PORTRAIT			8	1	9	.25	37	\$277,777
723	BEAUTY SHOPS			57		57	1.59	213	\$103,070
724	BARBER SHOPS			11		11	.30	20	\$56,818
725	SHOE REPAIR & HAT CLEANING SHOPS			3		3	.08	7	\$58,333
726	FUNERAL SERVICE & CREMATORIES			5		5	.13	18	\$390,000
729	MISCELLANEOUS PERSONAL SERVICES	1	2.38	133	8	141	3.94	1,625	\$216,312
730	BUSINESS SERVICES			8		8	.22	28	\$896,875
731	ADVERTISING			8		8	.22	66	\$437,500
732	CREDIT REPORTING & COLLECTION			7		7	.19	38	\$371,428
733	MAILING-REPRODUCTION-STENOGRAPHIC	1	2.38	25	4	29	.81	151	\$287,068
734	SERVICES TO BUILDINGS			6	1	7	.19	1,201	\$121,428
735	NEWS SYNDICATES			1		1	.02	5	\$25,000
736	PERSONNEL SUPPLY SERVICES			4		4	.11	228	\$1,250,000
737	COMPUTER & DATA PROCESSING SERV			16	1	17	.47	97	\$229,411
739	MISC BUSINESS SERV			59	7	66	1.84	723	\$393,939
750	AUTO REPAIR-SERVICES & GARAGES			32	2	34	.95	187	\$233,088
751	AUTOMOTIVE RENTALS-WITHOUT DRIVERS			7		7	.19	42	\$753,571
752	AUTOMOBILE PARKING			1		1	.02	15	\$425,000
753	AUTOMOTIVE REPAIR SHOPS	1	2.38	94	3	97	2.71	409	\$229,123
754	AUTOMOTIVE SERV-EXCEPT REPAIR			13		13	.36	84	\$498,076
760	MISCELLANEOUS REPAIR SERVICES			13	1	14	.39	51	\$535,714
762	ELECTRICAL REPAIR SHOPS			22	1	23	.64	85	\$195,652
763	WATCH-CLOCK & JEWELRY REPAIR			1		1	.02	3	\$150,000
764	REUPHOLSTERY & FURNITURE REPAIR			6		6	.16	14	\$104,166
769	MISCELLANEOUS REPAIR SHOPS			57		57	1.59	206	\$367,105
780	MOTION PICTURES								
781	MOTION PICTURE PRODUCTION & SERV			3		3	.08	15	\$108,333
782	MOTION PICTURE DISTRIBUTION & SERV			6	1	7	.19	51	\$189,285
783	MOTION PICTURE THEATERS			2		2	.05	99	\$1,537,500
790	AMUSEMENT & RECREATION SERVICES			15		15	.41	91	\$173,333
791	DANCE HALLS-STUDIOS & SCHOOLS								
792	PRODUCERS-ORCHESTRAS-ENTERTAINERS			2		2	.05	5	\$212,500
793	BOWLING & BILLIARD ESTABLISHMENTS			5	1	6	.16	76	\$637,500
794	COMMERCIAL SPORTS			1		1	.02	8	\$25,000
799	MISC AMUSEMENT-RECREATIONAL SERV			18		18	.50	105	\$291,666
800	HEALTH SERVICES			3		3	.08	7	\$241,666
801	OFFICES OF PHYSICIANS	1	2.38	24	6	30	.83	625	\$340,000

10/04/87
PROGRAM SIC0205

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
MEMBER FILE ANALYSIS OF STANDARD INDUSTRIAL CODES

ALASKA

SIC	TYPE OF INDUSTRY	GUARDIAN MEMBERS	GDN %	PAYING MEMBERS	ASSOCIATE MEMBERS	TOTAL MEMBERS	TOT %	NUMBER OF EMPLOYEES	AVERAGE GROSS SALES
SERVICES (CONTINUED)									
802	OFFICES OF DENTISTS			28	1	29	.81	141	\$264,655
803	OFFICES OF OSTEOPATHIC PHYSICIANS			1		1	.02	2	\$75,000
804	OFFICES-OTHER HEALTH PRACTITIONERS			44	7	51	1.42	412	\$180,392
805	NURSING & PERSONAL CARE FACILITIES			1		1	.02	6	\$150,000
806	HOSPITALS								
807	MEDICAL & DENTAL LABORATORIES			8		8	.22	42	\$196,875
808	OUTPATIENT CARE FACILITIES								
809	HEALTH & ALLIED SERVICES			10	2	12	.33	71	\$362,500
811	LEGAL SERVICES			21	3	24	.67	145	\$394,191
820	EDUCATIONAL SERVICES								
821	ELEMENTARY & SECONDARY SCHOOLS								
822	COLLEGES & UNIVERSITIES								
823	LIBRARIES & INFORMATION CENTERS								
824	CORRESPONDENCE & VOCATIONAL SCHOOLS								
829	SCHOOLS & EDUCATIONAL SERVICES			2		2	.05	12	\$112,500
830	SOCIAL SERVICES								
832	INDIVIDUAL & FAMILY SERVICES								
833	JOB TRAINING & RELATED SERVICES								
835	CHILD DAY CARE SERVICES			3		3	.08	17	\$66,666
836	RESIDENTIAL CARE			1		1	.02	24	\$275,000
839	SOCIAL SERVICES								
840	MUSEUMS-BOTANICAL-ZOOLOGICAL GDNs								
841	MUSEUMS & ART GALLERIES			4		4	.11	14	\$425,000
842	BOTANICAL & ZOOLOGICAL GARDENS								
860	MEMBERSHIP ORGANIZATIONS								
861	BUSINESS ASSOCIATIONS								
862	PROFESSIONAL ORGANIZATIONS								
864	CIVIC & SOCIAL ASSOCIATIONS			3	2	5	.13	67	\$20,000
866	RELIGIOUS ORGANIZATIONS								
869	MEMBERSHIP ORGANIZATIONS			1		1	.02	6	\$1,500,000
881	PRIVATE HOUSEHOLDS	1	2.38	1		1	.02	2	\$75,000
890	MISCELLANEOUS SERVICES			21		21	.58	1,005	\$142,857
891	ENGINEERING-ARCHITECTURAL SERVICES	2	4.76	85	11	96	2.68	1,197	\$664,062
892	NONCOMMERCIAL RESRCH ORGANIZATIONS			1		1	.02	3	\$275,000
893	ACCOUNTING-AUDITING & BOOKKEEPING	7	16.66	80	7	87	2.43	419	\$352,011
****	SERVICES TOTALS	15	35.71	1,073	76	1,149	32.11	11,430	\$20,077,525 ****
NONCLASSIFIABLE ESTABLISHMENTS									
999	NONCLASSIFIABLE ESTABLISHMENTS			16		16	.44	47	\$95,312
UNKNOWN INDUSTRIES									
	UNKNOWN SIC CODES			85	3	88	2.45	428	\$168,750
NOMINEES (EXCLUDED IN ABOVE TOTALS)									
	NOMINEES			429		429	11.98		
***** STATE TOTAL *****		42	100.00	3,340	238	3,578	100.00	33,138	\$176,610,027 ****

STATE OF ALASKA -- ACTIVE EMPLOYEES
 CHEMICAL DEPENDENCY EXPERIENCE - 1986

CHEMICAL DEPENDENCY	Total
-----	-----
Hospital Expenses	\$1,140,457
Inpatient Physician Expenses	17,316
Outpatient Physician Expense	6,394
Hospital Room & Board Days	3,065
Inpatient Physician Claims	135
Outpatient Physician Claims	35
Hospital Claimants	147
Inpatient Physician Claimants	33
Outpatient Physician Claimants	22
Hospital Charge Per Day	\$372
Inpat Phys Charge Per Claim	128
Outpat Phys Charge Per Claim	183
Hospital Charge Per Claimant	\$7,758
Inpat Phys Charge Per Claimant	525
Outpat Phys Charge Per Claimant	291
Hospital Days Per Claimant	20.85
Inpat Phys Claims Per Claimant	4.09
Outpat Phys Claims Per Claimant	1.59

(3% of total)

5-1553B
Ford
3/24/88

Original sponsors: Binkley, Halford,
Sturgulewski, et al.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 363 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for treatment
7 of alcoholism or drug abuse; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 21.36.090(d) is amended to read:

11 (d) Except to the extent necessary to comply with AS 21.42.365,
12 a [A] person may not practice or permit unfair discrimination against
13 a person who provides a service covered under a group disability
14 policy that extends coverage on an expense incurred basis, or under a
15 group service or indemnity type contract issued by a nonprofit corpo-
16 ration, if the service is within the scope of the provider's occupa-
17 tional license. In this subsection, "provider" means a state licensed
18 physician, dentist, osteopath, optometrist, chiropractor, nurse
19 midwife, naturopath, physical therapist, or occupational therapist.

20 * Sec. 2. AS 21.42 is amended by adding a new section to read:

21 Sec. 21.42.365. COVERAGE FOR TREATMENT OF ALCOHOLISM OR DRUG
22 ABUSE. (a) An insurer authorized under AS 21.09 to offer, issue for
23 delivery, deliver, or renew a group disability insurance policy for
24 major medical coverage on an expense-incurred basis in the state, or a
25 hospital or medical service corporation authorized under AS 21.87 to
26 offer or renew a group subscriber's contract for medical coverage in
27 the state, shall provide the covered person the following coverage for
28 treatment of alcoholism or drug abuse:

29 (1) benefits of at least \$7,000 over two consecutive

1 benefit years; and

2 (2) lifetime benefits of at least \$14,000.

3 (b) The benefits specified in (a)(1) and (2) of this section
4 shall be adjusted every three years, by the director, to correspond
5 with the change in the medical care component of the consumer price
6 index for all urban consumers for the Anchorage Metropolitan Area
7 compiled by the Bureau of Labor Statistics, United States Department
8 of Labor. The base year for the computation shall be the first full
9 calendar year for which insurance is obtained under this section.

10 (c) The insurer or hospital or medical service corporation
11 providing coverage under this section may not

12 (1) require that the covered person be responsible for a
13 deductible or co-payment that is different for the determination of
14 benefits relating to treating alcoholism or drug abuse than for the
15 determination of benefits for treating another covered illness;

16 (2) use a different claim payment methodology in determin-
17 ing the benefits relating to treating alcoholism or drug abuse than
18 that used in determining the benefits for treating another covered
19 illness;

20 (3) require prenotification of treatment or a second opin-
21 ion unless the requirement is applicable to other covered major ill-
22 nesses;

23 (4) limit coverage by provisions of the insurance contract
24 that are not applicable to other covered major illnesses, including
25 but not limited to provisions concerning preexisting illnesses or
26 provisions requiring that the exact date of onset be known;

27 (5) limit treatment services under the insurance contract
28 to either an inpatient or outpatient service;

29 (6) exclude from coverage the cost of medically necessary

1 treatment, including medical or psychiatric evaluation, activity or
2 family therapy, counseling, or prescription drugs or supplies received
3 at an approved treatment facility; or

4 (7) deny reimbursement for actual services rendered solely
5 because treatment was interrupted or not completed.

6 (d) In this section

7 (1) "alcoholism or drug abuse" means an illness charac-
8 terized by

9 (A) a physiological or psychological dependency, or
10 both, on alcoholic beverages or controlled substances as defined
11 in AS 11.71.900; or

12 (B) habitual lack of self control in using alcoholic
13 beverages or controlled substances to the extent that the per-
14 son's health is substantially impaired or the person's social or
15 economic function is substantially disrupted;

16 (2) "approved treatment facility" means treatment in a
17 facility that is either approved under AS 47.37.140 or located and
18 licensed for treatment of alcoholism or drug abuse in another state;

19 (3) "co-payment" means the portion of the eligible expenses
20 in excess of the deductible to be paid by the covered person;

21 (4) "cost" means the least of the following:

22 (A) the actual charge for the treatment received for
23 alcoholism or drug abuse;

24 (B) the usual, customary, and reasonable charge for
25 the treatment; or

26 (C) the charge agreed to by contract between the
27 treatment provider and the insurer, hospital, or medical service
28 corporation;

29 (5) "covered person" means the insured or subscriber or the

1 insured or subscriber's covered spouse or dependent child;

2 (6) "deductible" means the portion of eligible expenses for
3 which the covered person is responsible;

4 (7) "major medical" means a disability insurance contract,
5 or subscriber contract that provides benefits for hospital and medical
6 care with potential lifetime maximum benefits per insured of at least
7 \$10,000;

8 (8) "treatment" means medical care, including detoxifica-
9 tion, as an inpatient or outpatient at an approved treatment facility.

10 * Sec. 3. AS 21.87.340 is amended to read:

11 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the
12 provisions contained or referred to previously in this chapter, the
13 following chapters and provisions of this title also apply with re-
14 spect to service corporations to the extent applicable and not in
15 conflict with the express provisions of this chapter and the reason-
16 able implications of the express provisions, and for the purposes of
17 the application the corporations shall be considered to be mutual
18 "insurers":

19 (1) AS 21.03

20 (2) AS 21.06

21 (3) AS 21.09, except AS 21.09.090

22 (4) AS 21.18.010

23 (5) AS 21.18.030

24 (6) AS 21.18.040

25 (7) AS 21.18.120

26 (8) AS 21.21.321

27 (9) AS 21.36

28 (10) AS 21.69.400

29 (11) AS 21.69.520

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(12) AS 21.69.600, 21.69.620, and 21.69.630

(13) AS 21.78

(14) AS 21.90

(15) AS 21.42.345 - 21.42.365 [AS 21.42.345 AND 21.42.355]

(16) AS 21.89.040

(17) AS 21.89.060.

* Sec. 4. AS 21.42.365, enacted by sec. 2 of this Act, applies to group disability insurance policies and hospital or medical service group subscriber contracts entered into or renewed on or after January 1, 1989.

* Sec. 5. This Act takes effect January 1, 1989.

Original sponsors: Binkley, Halford,
Sturgulewski, et al.

OLD

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 363 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for treatment
7 of alcoholism or drug abuse; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 21.36.090(d) is amended to read:

11 (d) Except to the extent necessary to comply with AS 21.42.365,
12 a [A] person may not practice or permit unfair discrimination against
13 a person who provides a service covered under a group disability
14 policy that extends coverage on an expense incurred basis, or under a
15 group service or indemnity type contract issued by a nonprofit corpo-
16 ration, if the service is within the scope of the provider's occupa-
17 tional license. In this subsection, "provider" means a state licensed
18 physician, dentist, osteopath, optometrist, chiropractor, nurse
19 midwife, naturopath, physical therapist, or occupational therapist.

20 * Sec. 2. AS 21.42 is amended by adding a new section to read:

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27 the state, shall provide the covered person the following coverage for
28 treatment of alcoholism or drug abuse:

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1 benefit years; and

2 (2) lifetime benefits of at least \$14,000.

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4 shall be adjusted yearly, by the director, to correspond with the
5 change in the medical care component of the consumer price index for
6 all urban consumers for the Anchorage Metropolitan Area compiled by
7 the Bureau of Labor Statistics, United States Department of Labor.
8 The base year for the computation shall be the first full calendar
9 year for which insurance is obtained under this section.

10 (c) The insurer or hospital or medical service corporation
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16 illness;

17 (2) use a different claim payment methodology in determin-
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19 that used in determining the benefits for treating another covered
20 condition or illness;

21 (3) require prenotification of treatment or a second opin-
22 ion, or limit coverage by provisions of the insurance contract that
23 are not applicable to other covered major illnesses or conditions;

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25 to either an inpatient or outpatient service;

26 (5) exclude from coverage the cost of medically necessary
27 treatment, including medical or psychiatric evaluation, activity or
28 family therapy, counseling, or prescription drugs or supplies received
29 at an approved treatment facility; or

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2 because treatment was interrupted or not completed.

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7 both, on alcoholic beverages or controlled substances as defined
8 in AS 11.71.900; or

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10 beverages or controlled substances to the extent that the per-
11 son's health is substantially impaired or the person's social or
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14 facility that is either approved under AS 47.37.140 or located and
15 licensed for treatment of alcoholism or drug abuse in another state;

16 (3) "co-payment" means the portion of the eligible expenses
17 in excess of the deductible to be paid by the covered person;

18 (4) "cost" means the lesser of the following:

19 (A) the actual charge for the treatment received for
20 alcoholism or drug abuse; or

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22 the treatment;

23 (5) "covered person" means the insured or subscriber or the
24 insured or subscriber's covered spouse or dependent child;

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26 which the covered person is responsible;

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28 or subscriber contract that provides benefits for hospital and medical
29 care with potential lifetime maximum benefits per insured of at least

1 \$10,000;

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3 tion, as an inpatient or outpatient at an approved treatment facility.

4 * Sec. 3. AS 21.87.340 is amended to read:

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9 conflict with the express provisions of this chapter and the reason-
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11 the application the corporations shall be considered to be mutual
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15 (3) AS 21.09, except AS 21.09.090

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17 (5) AS 21.18.030

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27 (15) AS 21.42.345 - 21.42.365 [AS 21.42.345 AND 21.42.355]

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29 (17) AS 21.89.060.

1 * Sec. 4. AS 21.42.365, enacted by sec. 2 of this Act, applies to group
2 disability insurance policies and hospital or medical service group sub-
3 scriber contracts entered into or renewed on or after January 1, 1989.

4 * Sec. 5. This Act takes effect January 1, 1989.
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FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An act relating to insurance coverage for alcoholism.
Sponsor: Binkley
Requestor: _____

Agency Affected: Department of Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Since the State already provides this form of coverage, there is no anticipated increase in the division's budget requirements or the State's health insurance premiums resulting from this bill.

Prepared By: Robert F. Stalnaker Phone: 465-4470
Division: Retirement and Benefits Date: February 1, 1988

Approved by Commissioner: John M. Andrews Date: 2/4/88
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

RECEIVED
FEB 5 1988
LEGISLATIVE FINANCE

ISSUES
MANDATED GROUP HEALTH INSURANCE
FOR
ALCOHOLISM AND DRUG ADDICTION

THE NEED

Alcoholism and drug addiction are primary diseases that kill thousands of Alaskans each year. Addiction is, however, eminently treatable and there are 45 programs approved and partially funded by the state to treat addiction. As many as 35% of the employed patients seeking treatment in Alaska find that they have no insurance coverage or sadly inadequate coverage to pay for the costs of necessary treatment. They are left with borrowing money or returning to their addiction until they become unemployable and seek public support.

The intent of AS SB 363 is simply to recognize chemical addiction as a disease that deserves the same consideration in group health insurance policies as cancer, heart disease and other common illnesses. The bill sets minimum levels of reimbursement for treatment and mandates the same safeguards for treating alcoholics and drug addicts as the insurer provides for victims of other diseases. The long term impact on the insurance industry should be a cost savings since a) studies by insurers (i.e., Philadelphia Blue Cross, California blue Cross) have shown that untreated alcoholics and their families use as much as 10 times the amount of health care services as the norm and b) other studies (i.e., National Council on Alcoholism, U.S. Health and Human Services) reflect that 33% of general hospital beds are filled with patients being treated for illnesses directly related to addiction.

Expected Pro and Con Arguments

Con

State should not mandate insurance coverage.

Mandate will not affect policies written out of state.

Mandate actually shows favoritism for alcoholism and drug addiction.

Mandate costs too much.

Mandate will increase costs of State employee coverage.

Mandate will increase out of state hiring.

Pro

State already mandates coverage for newborns as well as mandatory payment to a wide range of providers. Neither insurers or employers, due to collective denial, will add addiction coverage without mandate.

26 states already have mandates (including Washington and Oregon). In the experience of 7 other states, large numbers and self-insurers use law as guidelines in establishing a standard for their employers and subscribers.

Proposal would simply begin to give parity to addiction treatment in health care plans, other common illnesses carry much higher reimbursement levels than those in the bill.

Historically, only 1/2 of 1 percent of subscribers having coverage actually use coverage, average premium increase in 7 states is 4%, often much less (e.g., blue Cross of Washington requested 2.5% increase after enactment of Washington regulations). We already pay 170-200 million dollars a year in costs due to untreated alcoholism.

If bill is adjusted, the coverage for inpatient treatment could drop to 7,000 from an unlimited amount right now. There should be a cost savings if this occurs.

Blatantly emotional, obstructive argument. The issue is not large enough to cause a ripple in this area.

Some Actual Cases (Fictionalized Names)

Donna K., 16 years old, brought to treatment after suicide attempt and long drug and alcohol addiction. Parents insurance contract would not reimburse for inpatient treatment despite clear need for same. Patient maintained on an outpatient basis while parents seek money for inpatient stay.

Charles T., 35 years old, arrives for treatment admitting addiction has caused him to miss 40 days of work and estrange family. Insurance plan allowed only \$2,000 of coverage with 40% copayment. Discouraged, he has continued drinking and has lost his job.

1 IN THE SENATE

BY BINKLEY, HALFORD, STURGU'LEWSKI,
FAIKS, JONES, RODEY, COGHILL,
DUNCAN, FISCHER AND ZHAROFF

2

SENATE BILL NO. 363

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to insurance coverage for treatment
7 of alcoholism or drug abuse."

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

9 * Section 1. AS 21.36.090(d) is amended to read:

10 (d) Except to the extent necessary to comply with AS 21.42.365,
11 a [A] person may not practice or permit unfair discrimination against
12 a person who provides a service covered under a group disability
13 policy that extends coverage on an expense incurred basis, or under a
14 group service or indemnity type contract issued by a nonprofit corpo-
15 ration, if the service is within the scope of the provider's occupa-
16 tional license. In this subsection, "provider" means a state licensed
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27 of alcoholism or drug abuse:

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2 (b) The benefits specified in (a)(1) and (2) of this section
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4 change in the medical care component of the consumer price index for
5 all urban consumers for the Anchorage Metropolitan Area compiled by
6 the Bureau of Labor Statistics, United States Department of Labor.
7 The base year for the computation shall be the first full calendar
8 year for which insurance is obtained under this section.

9 (c) The insurer or service corporation providing coverage under
10 this section may not

11 (1) require that the insured or subscriber pay a higher
12 deductible or co-payment for the cost of treating alcoholism or drug
13 abuse than for the cost of treating another condition or illness;

14 (2) require prenotification of treatment, a second opinion,
15 limit coverage on an inpatient or outpatient basis, or require a
16 specific form of treatment;

17 (3) exclude from coverage the cost of medical or psychiat-
18 ric evaluation, activity or family therapy, counseling, or prescrip-
19 tion drugs or supplies received at an approved treatment facility; or

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21 or not completed.

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2 or economic function is substantially disrupted;

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7 by the insured or subscriber;

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10 alcoholism or drug abuse; or

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- 6 (12) AS 21.69.600, 21.69.620, and 21.69.630
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13 disability insurance policies and to hospital or medical service subscriber
14 contracts entered into or renewed after January 1, 1989.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: Finance

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/22/88
Mr. President:

DATE TURNED INTO OFFICE _____

HESS

Committee considered

SB 363

insurance coverage for treatment of alcoholism or drug abuse

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass *and a majority of the Comtee recommends do pass with amendments*
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Kattula with Amendments
Stephens with Amendments

Ken Fanning DO Rec

Darl Fisher Do Pass with Amendments
Chairman signature and recommendation

Committee Backup Attached