

HB 45

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 6, 1991

FURTHER REFERRALS:

Date of Committee Action: 4-17-91

The FINANCE Committee considered:

HB 45

HOUSE BILL NO. 45

INSURANCE COVERAGE FOR MAMMOGRAMS

"An Act relating to insurance coverage for mammograms; requiring the medical assistance program to cover mammograms; and reordering the priorities granted to services covered under the medical assistance program."

- RECOMMENDATIONS: [] the same title
 be replaced with _____ [] a new title
 [] have attached amendments(s)
 [X] do pass
 [] do not pass
 [] no recommendations
 [] individual recommendations
 [] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[X] fiscal impact Admin

[] fiscal note(s) _____

[X] zero fiscal note University

[] zero fiscal note(s) _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. Meehan</i>	✓	<i>Bob Thayer</i>		✓	
<i>Mike Savane</i>	✓	<i>RECEIVED</i>		✓	
<i>Mark Boyan</i>	X				
<i>Jim Brown</i>	X				
<i>Rogers</i>	X				
<i>Ronald L. Farrow</i>	X				
<i>Alan Ulmer</i>	X				

Mike Savane Eileen P. Meehan
 CHAIRMAN'S SIGNATURE

HOUSE BILL NO. 45

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES ULMER, Brown, B.Davis, Parnell, Koponen

Introduced: 1/21/91

Referred: Labor and Commerce, Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to insurance coverage for mammograms; requiring the medical assistance
 2 program to cover mammograms; and reordering the priorities granted to services covered
 3 under the medical assistance program."

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

5 * Section 1. AS 21.42 is amended by adding a new section to read:

6 Sec. 21.42.375. COVERAGE FOR MAMMOGRAMS. (a) An insurer authorized under
 7 AS 21.09 to offer, issue for delivery, deliver, or renew an individual or group disability insurance
 8 policy for medical coverage on an expense incurred basis in the state, or a hospital or medical
 9 service corporation authorized under AS 21.87 to offer or renew a subscriber's contract for
 10 medical coverage in the state shall provide coverage for low-dose mammography screening under
 11 the schedule described in (b) of this section if the policy or contract covers mastectomies and
 12 prosthetic devices and reconstructive surgery incident to mastectomies.

13 (b) The minimum coverage required under (a) of this section includes

14 (1) a baseline mammogram for a person who is at least 35 years of age but less

1 than 40 years of age;

2 (2) one mammogram every two years for a person who is at least 40 years of age
3 but less than 50 years of age;

4 (3) an annual mammogram for a person who is at least 50 years of age;

5 (4) a mammogram at any age for a person with a history of breast cancer or
6 whose parent or sibling has a history of breast cancer, upon referral by a physician.

7 (c) The coverage required by this section

8 (1) must be included in the policy or contract on a basis that is not less favorable
9 than for other radiological examinations;

10 (2) may be subject to standard policy provisions applicable to other benefits such
11 as deductible or copayment provisions.

12 (d) This section does not apply to supplemental contracts covering a specified disease
13 or other limited benefits.

14 (e) In this section, "low-dose mammography screening" and "mammogram" mean the X-
15 ray examination of the breast using equipment dedicated specifically for mammography, including
16 the X-ray tube, filter, compression device, screens, films, and cassettes, with an average radiation
17 exposure delivery of less than one rad mid-breast, with two views for each breast.

18 * Sec. 2. AS 21.87.340 is amended to read:

19 Sec. 21.87.340. ~~OTHER PROVISIONS APPLICABLE.~~ In addition to the provisions
20 contained or referred to previously in this chapter, the following chapters and provisions of this
21 title also apply with respect to service corporations to the extent applicable and not in conflict
22 with the express provisions of this chapter and the reasonable implications of the express
23 provisions, and for the purposes of the application the corporations shall be considered to be
24 mutual "insurers":

25 (1) AS 21.03

26 (2) AS 21.05

27 (3) AS 21.09, except AS 21.09.090

28 (4) AS 21.18.010

29 (5) AS 21.18.030

30 (6) AS 21.18.040

31 (7) AS 21.18.120

- 1 (8) AS 21.21.321
- 2 (9) AS 21.36
- 3 (10) AS 21.42.345 - 21.42.365, and 21.42.375
- 4 (11) AS 21.51.120
- 5 (12) AS 21.53
- 6 (13) AS 21.54.020
- 7 (14) AS 21.69.400
- 8 (15) AS 21.69.520
- 9 (16) AS 21.69.600, 21.69.620, and 21.69.630
- 10 (17) AS 21.78
- 11 (18) AS 21.89.040
- 12 (19) AS 21.89.060
- 13 (20) AS 21.90

14 * Sec. 3. AS 47.07.030(b) is amended to read:

15 (b) In addition to the mandatory services specified in (a) of this section, the department
16 may offer only the following optional services: case management and nutrition services for
17 pregnant women; personal care services in a recipient's home; emergency hospital services;
18 long-term care noninstitutional services; medical supplies and equipment; clinic services; inpatient
19 psychiatric facility services for individuals age 65 or older and individuals under age 21;
20 prescribed drugs; physical therapy; occupational therapy; chiropractic services; low-dose
21 mammography screening, as defined in AS 21.42.375(e); treatment of speech, hearing, and
22 language disorders; adult dental services; prosthetic devices and eyeglasses; optometrists'
23 services; intermediate care facility services, including intermediate care facility services for the
24 mentally retarded; skilled nursing facility services for individuals under age 21; and reasonable
25 transportation to and from the point of medical care.

26 * Sec. 4. AS 47.07.035 is amended to read:

27 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the department finds that
28 the cost of medical assistance for all persons eligible under this chapter will exceed the amount
29 allocated in the state budget for that assistance for the fiscal year, the department shall eliminate
30 coverage for optional medical services and optionally eligible groups of individuals in the
31 following order:

- 1 (1) chiropractic services;
- 2 (2) adult dental services;
- 3 (3) emergency hospital services;
- 4 (4) treatment of speech, hearing, and language disorders;
- 5 (5) optometrists' services and eyeglasses;
- 6 (6) occupational therapy;
- 7 (7) mammography screening;
- 8 (8) prosthetic devices;
- 9 (9) [(8)] medical supplies and equipment;
- 10 (10) [(9)] clinic services;
- 11 (11) [(10)] physical therapy;
- 12 (12) [(11)] personal care services in a recipient's home;
- 13 (13) [(12)] prescribed drugs;
- 14 (14) [(13)] long-term care noninstitutional services;
- 15 (15) [(14)] inpatient psychiatric facility services;
- 16 (16) [(15)] intermediate care facility services for the mentally retarded;
- 17 (17) [(16)] intermediate care facility services;
- 18 [(17) REPEALED.]
- 19 (18) individuals under age 21 who are not eligible for benefits under the federal aid to
20 families with dependent children program because they are not deprived of one or more of their
21 natural or adoptive parents;
- 22 (19) skilled nursing facility services for persons under age 21;
- 23 (20) aged, blind, and disabled individuals who, because they do not meet the income
24 requirements, do not receive supplemental security income under Title XVI of the Social Security
25 Act, but who are eligible, or would be eligible if they were not in a skilled nursing facility or
26 intermediate care facility, to receive an optional state supplementary payment;
- 27 (21) individuals in a hospital, skilled nursing facility, or intermediate care facility whose
28 income while in the facility does not exceed 300 percent of the supplemental security income
29 benefit rate under Title XVI of the Social Security Act, but who, because of income, are not
30 eligible for the optional state supplementary payment;
- 31 (22) individuals under age 21 under supervision of the department, for whom

1 maintenance is being paid in whole or in part from public money and who are in foster homes
2 or private child-care institutions.
3 * Sec. 5. AS 21.42.375, enacted by sec. 1 of this Act, applies to individual and group disability
4 insurance policies and to hospital or medical service subscriber contracts entered into or renewed on or
5 after the effective date of this Act.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 45

Revision Date: 4/14/91 Department Affected: University of Alaska
Title: Insurance Coverage for Mammograms BRU: Statewide Programs and Services
Component:

Sponsor: Ulmer
Requestor:

Component Serial No. All

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)	FY92	FY93	FY94	FY95	FY96	FY97
GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Marsha Hubbard, Director
Division: Statewide Budget Office

Phone: 474-7593
Date: 4/14/91

Approved by: Brian Rogers, Vice President for Finance
Agency: University of Alaska

Date: 4/15/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 45

Revision Date: 4/16/91 Department Affected: Dept. of Administration
 Title: Insurance coverage for mammograms BRU: Div. of Retirement & Benefits
 Component: _____
 Sponsor: Ulmer
 Requestor: HOUSE FINANCE COMMITTEE COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	169.2*	719.9	719.9	719.9	719.9	719.9
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	169.2	719.9	719.9	719.9	719.9	719.9

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	135.4	576.0	576.0	576.0	576.0	576.0
FEDERAL FUNDS	22.7	96.5	96.5	96.5	96.5	96.5
OTHER	11.1	47.4	47.4	47.4	47.4	47.4
TOTAL	169.2	719.9	719.9	719.9	719.9	719.9

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

*FY 92 costs reflect only active employee health insurance premium increases.
 Increases to retirement system costs will be reflected in rates developed for FY 93.
 (See attached)

Prepared By: Representative Mike Navarre, Co-Chair Representative Eileen MacLean, Co-Chair Phone: 465-3706
465-3722
 Division: HOUSE FINANCE COMMITTEE Date: 4-17-91

Approved by Commissioner: _____
 Agency: _____ Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

House Bill 45
Insurance Coverage for Mammograms

Analysis of Financial Impact
Revised, April 16, 1991

This bill will not result in additional operations costs for the Division of Retirement and Benefits. For FY 92, only active state employees will accrue costs for this benefit. The estimated cost of \$719.9 to all agencies of the state shown for FY 93 and forward is the result of two components: active state employees and contributions to the retirement funds for retirees.

The bill is estimated to result in an increase of \$.94 per month per active state employee. It is also estimated to result in a .10% in the PERS contribution rate for the state and a .08% increase in the TRS contribution rate for the state.

The total estimated cost to the state is calculated as follows:

Active state employees

The increase of \$.94 per month per employee
times the number of state employees (15,000)
times 12 months, equals \$169,200

Retirement fund contributions

The change in the PERS employer contribution
rate for the state (.10%) times the estimated
FY 92 PERS salaries (\$545,579,183), equals \$545,479

The change in the TRS employer contribution
rate for the state (.08%) times the estimated
FY 92 TRS salaries (\$6,537,114), equals \$5,230

TOTAL COST TO STATE **\$719,909**

In addition to the state costs outlined above, there will also be additional costs for the political subdivisions and school districts that participate in the state's retirement systems and health plan. The total estimated cost for these entities is calculated as follows.

Active political subdivision and school district employees

The increase of \$.94 per month per employee times
the number of employees (1200) times 12 months, equals \$12,536

Retirement fund contributions

The change in the PERS employer contribution rate for
political subdivisions (.10%) times the estimated
FY 92 salaries (\$409,599,379), equals \$409,599

The change in the TRS employer contribution rate for
school districts (.08%) times the estimated FY 92
salaries (\$384,476,586) equals \$307,581

TOTAL COST TO POLITICAL SUBDIVISION & SCHOOL DISTRICTS **\$729,716**

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

MEMORANDUM

April 15, 1991

TO: Rep. Mike Navarre, Co-chair
Rep. Eileen MacLean, Co-chair
House Finance Committee

FROM: Rep. Fran Ulmer

RE: HB 45, relating to insurance coverage for mammograms

HB 45 requires health insurance carriers in Alaska to provide coverage for mammography screening in every policy which includes mastectomies and related procedures, including Medicaid. Mammography screening has proven to be the most effective means of detecting breast cancer in its curable stage. This bill was requested by the American Cancer Society and is supported by the American Medical Association, the Hospital and Nursing Home Association, the Alaska Hospital Council, the Juneau Commission on Aging, and the Alaska Independent Insurance Agents and Brokers Association.

The bill includes:

- (a) a definition of "low-dose mammography"
- (b) frequency standards for mammography screening
(recommended by the American Cancer Society)
- (c) provision for standard co-payment and deductibles
- (d) placement of mammography screening on Medicaid
funding priority list.

Twenty-seven other states currently require some type of mammography screening coverage (see map attached). The experience of those states has shown that over 90% of women whose breast cancer is detected early survive. The medical cost saving from early detection is estimated to be, for the nation, approximately \$200 million. That cost, coupled with the saving of lives which would otherwise be lost, recommends that Alaska take action to make mammography screening a routine procedure for every woman of appropriate age.

Industry cost estimates for this benefit vary widely. Aetna originally estimated a per-employee cost of no more than \$1.50 per month. However, that original estimate was based on erroneous information regarding the cost of mammograms in Alaska.* [Aetna overstated the costs of a screening mammogram by 37.5%.] Blue Cross has priced this benefit for Juneau's Bartlett Memorial Hospital employees at \$.18 per month, or .06% of the total premium. Some

District 4B — Juneau

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providers are offering this coverage at no additional cost . In addition, mammography screening has recently been included in Champus for all U.S. military personnel, and also in Medicare.

It is unclear why there is such a great disparity in costs between providers. A survey, performed by my office, of insurance providers operating in states which currently mandate mammography screening, yielded no useful information because costs for this benefit are not captured separately. Generally speaking, however, cost estimates are based on the cost of the procedure, the number of employees who will use the benefit, and what the claim for that benefit is estimated to be as a portion of the total per-employee claims. No cost estimate takes into consideration the cost savings accruing as a result of preventive measures which avoid the more costly surgical procedures of late detection.

I urge the committee to obtain a clear explanation from Aetna regarding the cost of this benefit. The Department of Administration, Division of Retirement and Benefits has been unable to explain the specific methodology used by Aetna to reach the \$1.50 cost estimate; I have not received a clear explanation from the provider either.

In the absence of clear and convincing estimates of cost, and recognizing that the state will go to bid on the state employee health insurance contract this year, I recommend the committee budget a total of no more than \$170.0 for FY 92 and \$720.0 for FY 93 for this benefit for both active and retired employees. This figure represents the Aetna/Dept. of Administration calculation less 37.5% to correct for inaccurate mammogram costs.

***Note: Aetna's calculation of costs was based on a Juneau cost-of-procedure of \$160. That is the cost of claims which Aetna is currently paying for diagnostic mammograms. The cost of a screening mammogram is \$100. Thus Aetna's figures are overpriced by 37.5%.**

HB 45 -- RELATED TO MAMMOGRAPHY SCREENING
Sectional Analysis

Section 1.(a) Requires Alaska health insurance providers to include low dose mammography screening in every group and individual policy which covers mastectomies and related procedures.

(b) Establishes frequency standards for mammography screening, as recommended by the American Cancer Society.

(c) Requires that payment for mammograms should be not less favorable than for other radiological examinations and may be subject to standard co-payment and deductible provisions.

(d) States that these requirements are not applicable to supplemental contracts covering a specified disease or other limited benefits.

(e) Definition of "low-dose mammography screening".

Section 2. List of statutes that apply to service corporations operating as insurance providers in Alaska; the mammography requirement for insurance providers is included in this list so that the statutes are consistent.

Section 3. Includes mammography screening as a service which may be covered by Medicaid funding.

Section 4. Places mammography screening on the prioritized list of services which will not be funded if funds are not available.

Section 5. States that this act applies to individual and group health insurance policies and to hospital or medical service subscriber contracts entered into or renewed on or after the effective date of the Act.

BARTLETT MEMORIAL HOSPITAL

3260 HOSPITAL DRIVE • JUNEAU, ALASKA 99801 • TELEPHONE (907) 586-2611

March 5, 1991

Representative Fran Ulmer
State of Alaska
House of Representatives
P. O. Box V
Capitol Building, RM 421
Juneau, AK 99811

Dear Representative Ulmer:

We have looked at the financial impact on Bartlett Memorial Hospital as an employer providing insurance coverage to our employees in relation to House Bill Number 45 (An Act relating to insurance coverage for Mammograms). We have been told by our insurance people that the increased cost would be an additional .06% (.0006) on our monthly premium cost of \$305.90. This equates to 18 cents per month or \$2.20 per employee per year.

Attached is a worksheet showing the breakdowns and analysis. The total impact to BMH from this legislation would be \$407 per year. The impact on all of the City & Borough appears to be less than \$3,000 per year. I understand that some insurance companies include screening mammography in policies with no additional premium cost. In our case you can see that the additional cost is very minimal.

We appreciate your efforts in this and many other important areas. Hopefully this will address some of the questions that have arisen as to the financial impact of the Bill. Please contact us if there are additional questions.

Sincerely,



Garth M. Hamblin
Controller

cc: Dr. Mike Franklin
Mr. Chuck Williams, CBJ Risk Manager

BARTLETT MEMORIAL HOSPITAL
 HOUSE BILL 45
 INSURANCE COVERAGE FOR MAMMOGRAMS
 FINANCIAL IMPACT TO BMH & CBJ

MONTHLY INSURANCE PREMIUM	\$305.90
ADDITIONAL COST FOR COVERING SCREENING MAMMOGRAMS	0.06%

ADDITIONAL COST PER MONTH PER EMPLOYEE	\$0.18
ADDITIONAL ANNUAL COST PER EMPLOYEE	\$2.20

	AVERAGE # INSURED EMPLOYEES	EXPECTED TOTAL ANNUAL INCREASE IN COST
	-----	-----
BARTLETT MEMORIAL HOSPITAL	185	\$407.46
CITY/BOROUGH OF JUNEAU	610	1,343.51
SCHOOL DISTRICT	513	1,129.87

TOTAL		\$2,880.84
		=====

BARTLETT MEMORIAL HOSPITAL

3260 HOSPITAL DRIVE • JUNEAU, ALASKA 99801 • TELEPHONE (907) 586-2611

Representative Fran Ulmer
State of Alaska
House of Representatives
P. O. Box V
Capitol Building, RM 421
Juneau, AK 99811


Dear Representative Ulmer:

We have reviewed House Bill Number 45 (An Act relating to insurance coverage for Mammograms). Section 4 of the Bill addresses "Priority for Medical Assistance". In reviewing the listing of services, it seems that there are some which relate to saving or prolonging of life and some that could be said to relate more to matters of comfort or convenience. Clearly items that prevent death should be viewed as more important in this prioritization.

With the high cure rates associated with early detection and treatment of breast cancer, we feel that screening mammography should be placed on a "priority" listing high enough that elimination due to funding shortfalls would be unlikely. Many opinions could be brought forth as to exactly where screening mammography should be placed in the listing. We feel that it is adequately placed in the Bill as proposed (#7). If there is a willingness to move it from this ranking we feel strongly that it should be given a higher number (eliminated later in the event of a shortfall) rather than a lower number (eliminated sooner in the event of a shortfall).

Thank you for efforts to make this important procedure available to more of the women of the State. Please let us know if we can be of assistance. If you have questions, please contact us.

Sincerely,


Gordon Blair, M. D.
Radiologist

HB 45
Insurance Coverage for Mammograms

Questions & Answers

1. Mandated benefit vs Mandated offering

Question: Will the increase in prevention of breast cancer (resulting from a mandated benefit) be great enough to offset the increase in premium cost (\$2 - \$18 annual premium increase)?

There is general agreement among professionals in both the health insurance industry and the medical profession that mammography screening is a cost effective procedure. The President of the American Cancer Society in Alaska testified that the medical cost of treating terminal breast cancer is approximately \$60,000, compared to \$6000 for a mastectomy which occurs early in the development of the disease. Approximately 175 Alaska women will develop breast cancer in 1991; 90% of that group could survive with early screening and detection, resulting in a significant cost savings.

Question: Will the additional premium cost of \$2-\$18 per year cause some persons to drop insurance coverage entirely?

Each benefit included in a health insurance policy increases the cost of the policy. One representative from a health insurance company testified that mammography screening could be the "straw that breaks the camel's back." By itself, mammography screening is a low-cost, highly effective procedure; as an addition to the list of other mandated benefits it may be objectionable because the increase in cost may price insurance premiums out of the range of the average consumer causing her to lose coverage entirely. However, because mammography screening is so cost-effective, the Alaska Association of Independent Insurance Agents has chosen to support HB 45, including the mandated benefit provision. The Association does not believe that the slight increase in premium cost will provide a financial barrier to consumers. In fact, some carriers are providing this coverage at no additional cost.

Question: Would it be desirable to include mammography screening as a mandated offering for a year or two and then phase-in mammography as a mandated benefit?

Attached you will find a list of the top 20 health insurance providers operating within Alaska. A review of the operations of the companies which cover the majority of the Alaska market (over 80%) reveals that all of them operate in states which currently mandate mammography screening as a benefit to be covered in insurance policies. Each company thus has the experience necessary to be able to implement HB 45 readily within their Alaska operations.

From discussions with the Division of Insurance, we have learned that it probably would not be advisable to phase-in a mandatory benefit after a year or two of mandated offering. Costs associated with mammography screening are related to the degree to which the procedure is utilized; greater utilization should yield lower costs. In addition, costs resulting from a mandated offering could very well be higher because there would be greater adverse selection; those purchasing this benefit as an "offering" are more likely to be in a higher risk category.

Thus it is more cost effective, both for the industry and the consumer, to purchase mammography screening as a mandated benefit than as a mandated offering.

2. Medicaid Priority List

Attached you will find opinions regarding the appropriate placement of mammography screening on the priority list from the American Cancer Society, and the Alaska Hospital Society. In addition, the American Medical Association has offered an oral opinion on the priority placement.

American Medical Association: recommends that mammography screening be placed between the items currently listed as #9 (medical supplies and equipment) and #10 (clinic services). The AMA feels that mammography screening should have a **higher priority** than its current placement indicates.

Alaska Hospital Council (letter from Gordon Blair, Bartlett Hospital): recommends that mammography screening **either** remain in current placement (#7) or receive **higher** placement on the priority list. The Council argues that since mammography screening is a life saving procedure, it should be placed high enough to ensure that it will still be funded in the event of funding shortfalls.

American Cancer Society: recommends that mammography screening remain in current placement on the priority list. As a life saving measure, mammography should be high enough to avoid elimination in the event of budget shortfalls.

The conclusion of professionals in the field is that mammography screening must be placed at #7 or higher on the list because it is a cost-effective life saving procedure. Elimination of mammography screening due to funding shortfalls would soon result in increased Medicaid costs for surgical procedures which could have been avoided if screening had been available.

3. Cost of Procedures

Question: what does a screening mammogram cost in Alaska?

A screening mammogram, including both the exam and the reading fee, varies by region and by provider. A sampling is listed below:

Juneau:	\$100 (Bartlett Hospital)
Anchorage:	\$135 (Humana Hospital)
Fairbanks:	\$121 (Fairbanks Memorial)
Ketchikan:	\$190.80 (Ketchikan General)
Nome:	\$110 (Norton Sound Hospital)
Bethel:	\$168 (Bethel Family Clinic)
Sitka:	Service not available until 6/1/91
Barrow & Kotzebue:	Service not available

Question: How does an insurance company determine how much to increase the premium in order to cover mammography screening?

Insurance providers consider a number of factors:

- (a) What percentage of group members are women; how many women are represented in the age groups covered by this benefit;

Alaska State Employees

<u>Number of eligible females</u>	<u>Age category</u>
6,798	35-49
4,184	50-64
2,264	65 & over

- (b) Frequency and utilization rates associated with the procedure;
(c) The cost of a screening mammogram;
(d) The increased percentage of actual, per-member claims the new claim will represent (e.g. \$100 for mammogram vs \$400 in total per-member claims);
(e) The number of screening mammograms the provider is already paying for because they are presented as diagnostic mammograms;
(f) The number of members who will be covered under other programs such as Medicare.

Question: Why do insurance providers represent the increase in premium for retirees as a percent of payroll?

The increased insurance cost for retirees must include total accrued liabilities for current retired and future retired employees, amortized over 25 years. This is always expressed as a percent of payroll.

4. Importance of Prevention

Question: If prevention is the key to saving both lives and medical costs, does HB 45 go far enough to ensure that prevention of breast cancer does occur?

The American Cancer Society has identified two primary barriers to utilization of mammography screening: **cost, and fear of results.** HB 45 addresses the issue of cost.

Although the bill does not address the problem of fear or lack of knowledge, the committee might want to amend the bill to include a state sponsored educational program regarding the importance of regular mammograms for women (and men) in the appropriate age groups. A similar educational program on the effects of fetal alcohol syndrome is now being implemented by the state as a result of a bill sponsored in the last legislature. The total cost for that program was \$12,000.

1989 ACCIDENT & HEALTH MARKET SHARE
GROUP

RANK	COMPANY NAME	PERCENT OF MARKET	DIRECT PREMIUMS WRITTEN
1	AETNA LIFE INS CO	66.81	124,729
2	NEW YORK LIFE INS CO	4.20	7,849
3	PRINCIPAL MUTUAL LIFE INS CO	2.87	5,360
4	LINCOLN NATIONAL LIFE INS CO	2.23	4,168
5	WESTERN LIFE INS CO	1.89	3,533
6	TRAVELERS INS CO LIFE DEPT	1.86	3,465
7	GREAT WEST LIFE ASSURANCE CO	1.82	3,295
8	PRUDENTIAL INS CO OF AMERICA	1.70	3,172
9	DELTA SERVICE PLANS INS CO	1.56	2,905
10	GUARDIAN LIFE INS CO OF AMERICA	1.29	2,410
11	CONTINENTAL ASSURANCE CO	1.28	2,388
12	UNITED OF OMAHA LIFE INS CO	1.23	2,288
13	HOME LIFE INS CO	.93	1,730
14	MUTUAL BENEFIT LIFE INS CO	.90	1,685
15	PROVIDENT LIFE & ACCIDENT INS CO	.73	1,372
16	UNION LABOR LIFE INS CO	.62	1,158
17	NATIONAL AMERICAN LIFE INS CO OF PA	.54	1,008
18	STANDARD INS CO	.51	960
19	AMERICAN CHAMBERS LIFE INS CO	.45	838
20	NORTH AMERICAN LIFE & CAS	.39	724
TOTAL FOR TOP 20 RANKED INSURERS		93.81	175,137
TOTAL FOR ALL 140 INSURERS WRITING THIS LINE		99.95	186,687

Mandated Benefits In Health Insurance Policies

Gregory Krohm and Mary H. Grossman, *Benefits Quarterly*, Fourth Quarter 1990

"According to a research bulletin prepared by the Health Insurance Association of America, state governments had enacted over 730 mandates by 1989—up from 343 in 1978 (*MB*, 12/15/89, p. 3). As shown in Table 2 (page 10), Blue Cross and Blue Shield data show that the total number of distinct treatment benefit mandates adopted with any frequency is about 12. The total number of provider mandates is about the same. There are relatively few mandates relating to special populations. The 10 most common mandates account for over 300 of the 730 mandates listed by HIAA.

Almost any benefit added to a health insurance policy increases the cost of the policy. Only those benefits that clearly serve as substitutes for more costly services or treatment actually would decrease costs. Few mandates, however, increase costs significantly.

There have been several state-level studies of the costs of mandated benefits. Table 3 (page 10) summarizes cost data from the studies that have been conducted.

Opponents of mandated benefits frequently point to the exemption from mandates as a primary reason for employers to decide to self-fund their health benefit plans. If that is the case, one would expect to find that self-funded plans provide less coverage for state-imposed mandates than do insured plans.

Continued

Mandated Benefits (continued)

To determine whether this was the case in Wisconsin, insurers that act as administrators for self-funded plans were surveyed, as were third-party administrators and benefit consultants.

The survey showed that, in 1989, the mandates included in the study

Almost any benefit

increases the cost of the policy.

Few mandates

increase costs significantly.

accounted on average for 10.2 percent of the total medical benefits paid for administrative services—only business and 7.9 percent for insured plans. This indicates that self-funded plans provide at least as many of the mandated benefits as insured plans and in some cases provide more generous coverage." ^{MI}

Table 2. Health benefit mandates adopted by more than five states 1989.

	Number of states enacting mandate
Treatment mandates	
Alcoholism	40
Mental health	27
Mammography	25
Drug abuse	22
Maternity	20
Home health	17
Breast reconstruction	11
Ambulatory surgery	8
Hospice	7
In-vitro fertilization	6
Cleft lip and palate	6
Temporomandibular joint disease	6
Provider mandates	
Chiropractors	39
Psychologists	38
Dentists	30
Optometrists	31
Podiatrists	26
Nurse midwives	23
Social workers	16
Nurse practitioners	14
Osteopaths	11
Psychiatric nurses	9
Nurses	8
Nurse anesthetists	7
Physical therapists	6
Speech/hearing therapists	6
Special populations	
Newborns	48
Mentally/physically handicapped dependents	34
Adopted children	15
Preventive care for children	10
Noncustodial children	7
Dependent students	6

Source: Blue Cross and Blue Shield Association; Krohm and Grossman, 1990

Table 3. Percent of claim dollars attributable to state mandated benefits, by state.

	Iowa (1987)	Maine (1988)	Maryland (HIAA) ¹ (1984)	Maryland BC/BS (1984)	Wisconsin (1989)
Mental health	3.7%	2.6%	6.5%	6.5%	4.8%
Alcoholism and drug abuse	1.7	1.3	(²)	0.8	(²)
Other mandates	(Not significant)	(No data)	5.1	3.8	2.3
Total	5.4	3.9	11.6	11.1	7.1

¹ The Maryland HIAA data are based on a percentage of premium. The others are based on a percentage of claim dollars.

² Included in mental health

Source: Blue Cross and Blue Shield Association; Krohm and Grossman, 1990

BREAST CANCER EARLY DETECTION FACT SHEET

Incidence

Leading cause of premature death in American women
1 in 9 women develop breast cancer
1988: 135,000 new cases in the U.S.; 42,000 deaths
75% of breast cancers occur in women over age 50
40% of breast cancers occur in women over age 65

Early Detection Benefits

Mammography and physical exam detect 95% of breast cancers
Mammography most effective means to detect breast cancer in the curable stage
Over 90% of breast cancers detected early survive **vs** 60% whose tumors have spread **vs** 16% of late detection cancers

Compliance

15%-20% of eligible women have annual mammograms

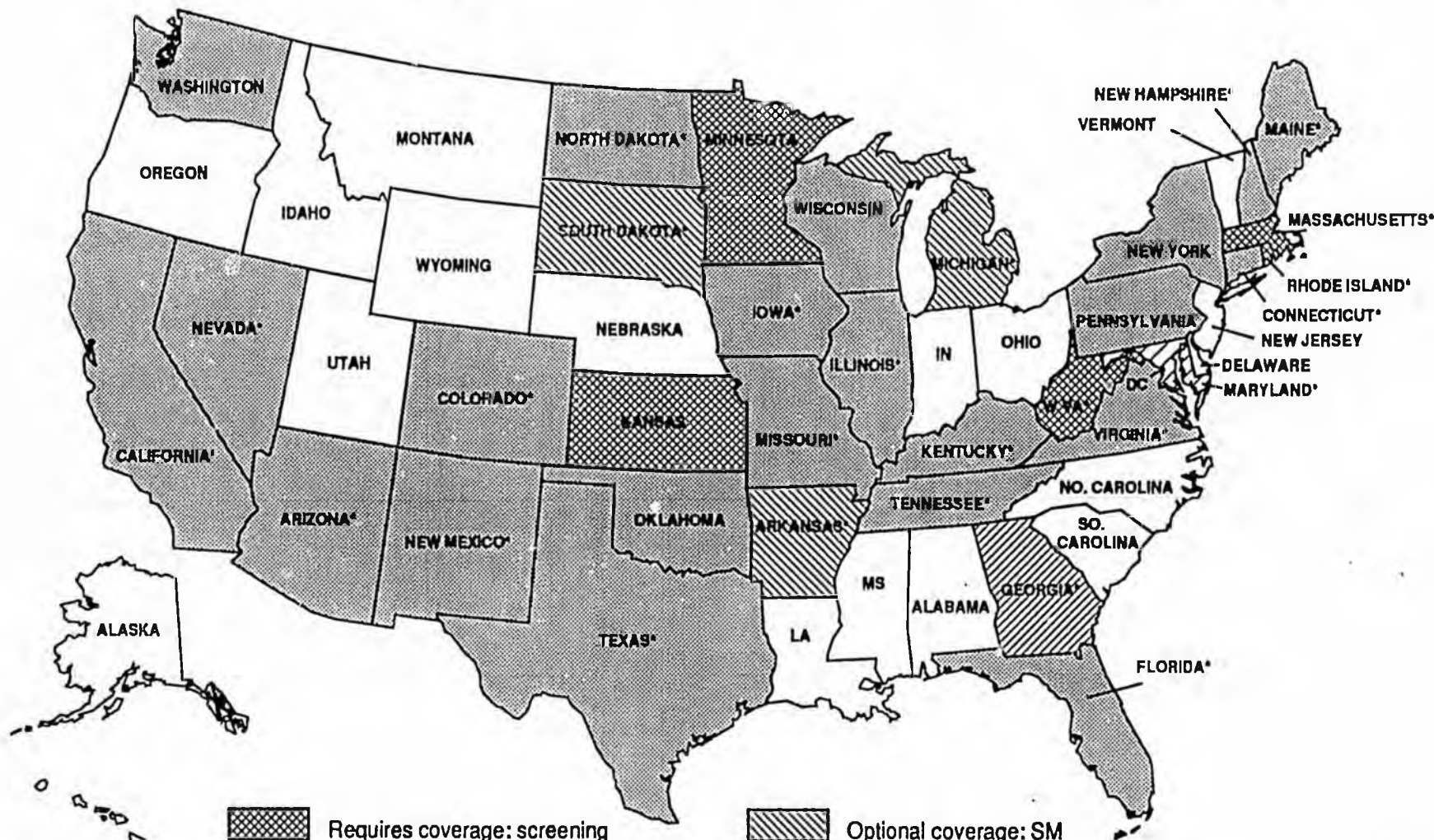
Costs





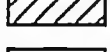

Early detection, breast cancer cured = \$12,000 - \$18,000
No early detection, cancer results in death = \$60,000
Medical cost saving from early detection = \$200 million
Additional productivity cost (individual, financial, societal)
per woman = \$9,000
national total = \$400 million
Total annual cost saving, national = \$600 million

Barriers

Cost -- National avg = \$100-\$200 per mammogram
Fear of results
Fear of radiation - mammogram produces less radiation than a dental X-ray

State Insurance Laws: Cancer Early Detection Tests



-  Requires coverage: screening mammography (SM) and Pap Smear (PS)
-  Optional coverage: SM and PS
-  Requires coverage: SM
-  Optional coverage: SM
-  Medicare Supplemental Policies cover SM
-  No laws

*States with ACS Screening Guidelines

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

MEMORANDUM

January 30, 1991

TO: Rep. Pat Carney, Co-chair
Rep. Georgianna Lincoln, Co-chair
House HESS Committee

FROM: Rep. Fran Ulmer

RE: HB 45, re mammography screening

The following is a list* of those states which currently require insurance coverage for mammography screening:

Washington	Missouri
California	Illinois
Arizona	Kentucky
Nevada	Tennessee
Colorado	West Virginia
New Mexico	Virginia
Texas	Pennsylvania
Oklahoma	New York
Kansas	Massachusetts
North Dakota	New Hampshire
Minnesota	Maine
Wisconsin	Rhode Island
Iowa	Connecticut
Florida	

The largest, most populous states of the nation are included in this list. They have concluded that requiring insurance coverage for mammography screening is an effective means of promoting the use of this cost effective, preventive procedure.

*This information provided by the American Cancer Society.

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& Home Care

Facts About House Bill 45

What is House Bill 45 and what will it accomplish?

House Bill 45 is proposed legislation which will require insurance companies covering breast cancer treatment to cover screening mammography as it is suggested by the American Cancer Society. This is important because most such policies in Alaska excluded coverage for screening mammography. If screening mammograms were covered, more women will get screening mammography and lives will be saved.

What is mammography?

Mammography is a low dose x-ray of the breast which is able to detect breast cancers before they can be detected by patients or their doctors. It has been demonstrated in several large studies that women who get regular mammograms after the age of 40 have a better chance of surviving and being cured of their disease. Approximately one woman in ten will get breast cancer during her lifetime.

Is this radical or innovative legislation?

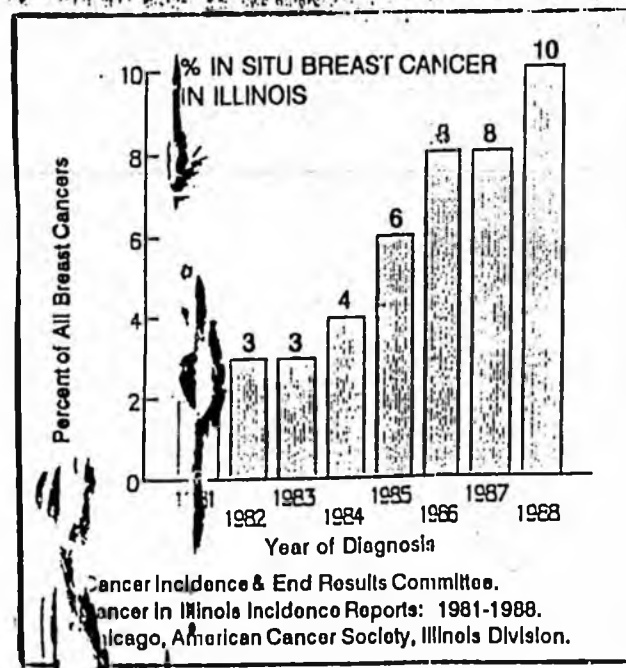
No. Thirty four states already have legislation similar to this bill and most use the same guidelines which come from the American Cancer Society.

What about the expense?

Covering screening mammograms according to the American Cancer Society guidelines is not an "open ended" coverage. The cost of the mammograms is known and the frequency of the test is limited by the coverage guidelines. The estimated cost per covered person has been estimated by the insurance industry at slightly over \$1 per month. In the long run most people agree that the costs to society will be greater if we do not encourage mammography. The cost of treating and curing a small and early stage breast cancer is far less expensive than dealing with advanced disease and deaths.

What are the statistics for breast cancer and what impact can mammography have?

One woman in 10 will get breast cancer. There will be about 150,000 new cases in 1991 and about 44,000 will die of the disease. The current 60-70% survival rate can be increased to 80-90% if enough women have regular mammograms. There will be about 175 new cases of breast cancer in Alaska this year. Until we can prevent this disease, we should do what we can to see that our victims survive.



CONGRATULATIONS. . . You Have Made a Difference

YOUR ACCOMPLISHMENTS TO DATE:

- Since 1981, the proportion of in situ stage breast cancers has increased dramatically from 2% to 10% which is directly attributable to increased use of mammography.
- This increase in diagnosed early stage cancers translates into an additional 2,427 lives saved from 1981 to 1988 and an estimated \$101,934,000 savings in corresponding medical care costs.
- The average fee for a mammogram has decreased from \$105 in 1983 to \$87 in 1989.
- Most women cite their physician's advice as key to whether they have or have not had a mammogram.
- October is National Breast Cancer Awareness Month.



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DOCUMENTS WHICH HAVE NOT BEEN
FILMED BUT ARE AVAILABLE IN THE
ORIGINAL FILE INCLUDE:

letters of support