

**HB**

**350**



**FISCAL NOTE**

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

BILL NO. CSHB 350(L&C)

Revision Date: 5/8/98  
 Title: "An act requiring that the cost of contraceptives be included in health insurance coverage."  
 Sponsor: Representative Croft  
 Requestor: (S) HES

Department Affected: Administration  
 BRU: Centralized Administrative Services  
 Component: Retirement & Benefits  
 COMPONENT SERIAL NO. 2271

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
<b>TOTAL</b>	*	*	*	*	*	*

Estimate of any current year (FY 98) cost: \$ none

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary.)

This legislation will have no additional cost to state agencies. Although the State of Alaska operates a self-insured health program, it is subject legal mandates set by the legislature in Title 21. Because employer contributions to the state health plan have been capped, this legislation will result in approximately a \$3.25 per employee per month premium increase, which will have to be borne by state employees.

Prepared by: Guy Bell, Director  
 Division: Retirement & Benefits

Phone: 465-4460  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Bover  
 Agency: Department of Administration

Date: 5/8/98

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# FISCAL NOTE

**STATE OF ALASKA  
1998 LEGISLATIVE SESSION**

**BILL NO. HB 350**

Revision Date (Note if correction) \_\_\_\_\_ Dept. Affected Commerce & Economic Development  
 Title Insurance Coverage for Contraceptives BRU Insurance  
 Component Insurance  
 Sponsor Representative Croft  
 Requester (H) HES Component Serial No. 354

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill has no fiscal impact on this component.

Prepared by Mananne K. Burke, Director *Mananne K. Burke* Phone 465-2515  
 Division Insurance Date 2/6/98  
 Approved by Commissioner Deborah B. Sedwick *Deborah B. Sedwick* Date 2-6-98  
 Agency Commerce & Economic Development

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## REPRESENTATIVE ERIC CROFT

### Sponsor Statement

### *The Contraceptive Coverage Act of 1998*

#### *"Fewer Abortions, Fewer Orphans"*

Most health insurance plans do not routinely cover contraceptives. Nationwide, only one third of health insurers cover oral contraceptives, the most popular method. Only 15% cover diaphragms, only 18% cover IUD's and only 24% cover hormonal implants.

Coverage in Alaska is worse: the three insurance companies which sell the most policies in this state provide no routine coverage for any type of contraceptive (unless the policy purchaser pays extra for it). Neither Blue Cross nor NYLCare (the company that insures state employees) provides contraceptive coverage in their basic package.

While non-prescription contraceptive methods (such as condoms and spermicides) are widely available, the most effective methods (such as oral contraceptives and hormonal implants) are more costly and are obtainable only from a health care provider. Thus, women whose



# HB350

## *The Contraceptive Coverage Act of 1998*

- Help prevent unintended pregnancy, thus **reducing demand for abortions**. Half the pregnancies in Alaska are unintended; half those end in abortion.
- The top three insurance companies in Alaska provide **no routine coverage for any type of contraceptive**.
- Nationwide, only one third of health insurers cover **oral contraceptives, the most popular method**.
- Though most insurance plans provide no contraceptive coverage, they routinely cover abortions, sterilizations, and tubal ligations—**all more dangerous and more expensive procedures**.
- **Every dollar spent on contraceptive services saved \$4.40** in funds that would have been spent on medical care (\$3.30), and social services (\$1.10) to women who would have otherwise become pregnant.
- Pregnancy and childbirth (and their related costs) make up **10 to 49% of employers' health care costs**.
- The Adolph Coors Company, Colorado, found in 1987 among its 8,000 employees, **absenteeism due to caring for sick children** amounted to between 7,000 and 10,000 work days a year, at an annual cost to the company of between \$847,200 and \$1,272,000.

# HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811  
(907) 465-3759

## **The Contraceptive Coverage Act**

House Bill 350

### **Letter of Intent**

Contraceptive technology is constantly changing, and even medical experts disagree on how certain methods of contraception work. Thus, this committee believes it is unwise for the legislature to dispute specific methods, but that it is very important to clarify the intent of HB 350.

This legislation is intended to require insurance providers in Alaska to cover contraceptives and contraceptive services.

Contraceptives have the primary purpose of, or special utility for, preventing conception.

The committee intends that conception be understood as the fertilization of an ovum.

The committee does **not** intend to require insurance coverage for any appliance, drug or medicinal preparation (or related health care service) the primary purpose of which is to affect a fertilized ovum. Put more plainly, the committee does not intend to mandate coverage for abortions.

A handwritten signature in cursive script that reads "Con Bunde".

Representative Con Bunde  
Chairman

## INSURANCE COVERAGE FOR FAMILY PLANNING SERVICES

In 1995 there were 10,222 births recorded to residents of the State of Alaska. The following information describes demographics of this cohort.

### **Age of Mother: <sup>1</sup>**

- 1140 (11%) births were to adolescents <20 years of age
- 9072 (89%) births were to adult women

### **Funding for the Birth: <sup>1</sup>**

- 39% of all births in the state were funded through Medicaid
- 66% of births to adolescents were funded through Medicaid

### **Unintended Pregnancies: <sup>2</sup>**

- 41% of all births were unintended
- 74% of births to adolescents were unintended
- 55% of Medicaid-funded births were unintended
- 69% of Medicaid-funded births to adolescents were unintended

### **Cost of Medicaid-Funded Births: <sup>3</sup>**

- Prenatal Care and follow-up care (1993 data) \$6172/year
- Infant Health Care for first year of life (1995 data) \$4256/year

### **Additional Costs to the State for an unintended pregnancy: <sup>4</sup>**

- TANF ATAP \$9852/year
- Food Stamps \$2772/year
- Child Care (school, job training, etc.) \$6000/year
- JOBS Services (Case Mgt., support services) \$2133/year

### **Birth Control Usage:**

- 61% of women who had an unintended pregnancy were not using any method of contraception at the time of conception.<sup>2</sup>
- 90% of women who had an unintended pregnancy were not using a birth control method or were using it ineffectively at the time of conception.<sup>2</sup>
- 94% of adolescents who had an unintended pregnancy were not using any method of contraception or were using it ineffectively at the time of conception.<sup>2</sup>
- During 1991-1994, 16% of Alaskan teen mothers less than 18 years of age were currently sexually active yet not doing anything to prevent a future pregnancy.<sup>5</sup>
- National data has shown that, within a year, a sexually active teenager who does not use a contraceptive has a 90% chance of becoming pregnant.<sup>6</sup>

### **Cost of Family Planning Services:**

- In Alaska, the average cost to Medicaid for family planning services is approximately \$300/yr dependent upon the method of contraception selected and its effectiveness.<sup>3</sup>
- The cost per method ranges from \$16/year for a diaphragm to \$450 for a Norplant (lasts for 5 years).<sup>7</sup>
- By far, the most common contraceptive used in Alaska are oral contraceptives – costs for this method are approximately \$300/year if purchased through a pharmacy.<sup>7</sup>
- Nationally, it has been shown that every dollar spent for contraceptive services saves an average of \$3 in Medicaid costs for pregnancy-related health care and for medical care of newborns alone.<sup>8</sup> In Alaska, due to higher costs of medical care, the expected savings would be higher.
- A study completed in California in 1995 showed that the financial cost savings related to contraceptive use to prevent unplanned pregnancies were between \$8,933 and \$14,122, in medical costs, per individual over a five year period, depending on the method of contraception selected and its effectiveness.<sup>9</sup> In Alaska, due to higher costs of medical care, the expected savings would be higher.
- According to data from the Women's Research and Education Institute, women of reproductive age spend 68% more in out-of-pocket costs than do men, with reproductive health costs accounting for much of the difference. Further, while women may in fact purchase contraceptives on their own, many may choose less expensive and sometimes less effective or medically appropriate methods as a result.<sup>10</sup>

# Alaska State Legislature



Senator Gary Wilken, Chairman  
Senator Loren Lemman, Vice Chairman  
Senator Lyda Green  
Senator Jerry Ward  
Senator Johnny Ellis

State Capitol  
Room 510  
Juneau, Alaska 99801  
(907) 465-3762

## Senate Committee on Health, Education and Social Services

### MEMORANDUM

TO: Senate HESS Committee Members

FROM: Senator Gary Wilken, Chairman  
Senate HESS Committee

RE: Waiver Request  
HB 350 - Contraceptive Coverage Act

DATE: May 6, 1998


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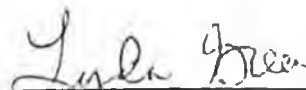
I have received a request to waive HB 350, Contraceptive Coverage Act, from the Senate HESS Committee. The letter of request and a copy of this legislation are attached to this memorandum.

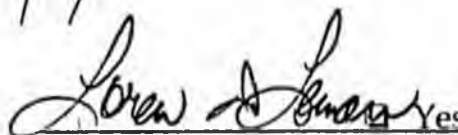
Please review the attachments and let me know of your recommendation.

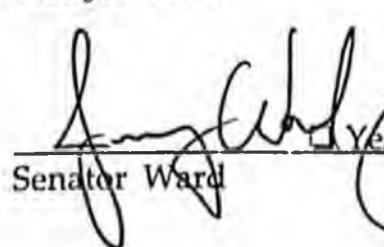
Thank you for your assistance.

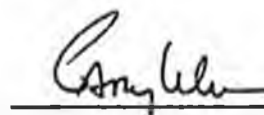
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\_\_\_\_\_  
Senator Ellis  Yes  No

  
\_\_\_\_\_  
Senator Green  Yes  No

  
\_\_\_\_\_  
Senator Lemman  Yes  No

  
\_\_\_\_\_  
Senator Ward  Yes  No

  
\_\_\_\_\_  
Senator Wilken  Yes  No



# Alaska State Legislature

Official Business

State Capitol  
Juneau, AK 99801-1182

May 6, 1998

Senator Gary Wilken, Chair  
Senate Health and Social Services Committee  
Room 510, State Capitol  
Juneau, Alaska 99801-1182

Dear Sen. Wilken,

Thank you very much for your sponsorship of SB260, the Contraceptive Coverage Act. We appreciate your interest in the bill and your support.

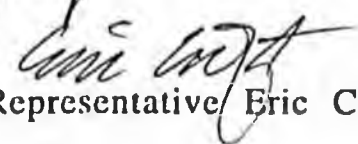
The House companion bill, HB350, passed the House Monday, May 4, and was referred to your Senate HESS committee Tuesday, May 5. HB350 has received very thorough hearings in both House HESS and House Labor and Commerce, where it was amended to exempt individual policies and church-controlled organizations from the mandate. Additionally, Senate HESS held a thorough hearing on SB260 in February.

Because of the thorough previous hearings, a hearing of HB350 in Senate HESS seems unnecessary. Please consider waiving the bill to Senate Finance. Thank you for your assistance.

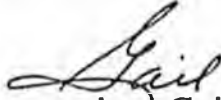
Sincerely,

  
Senator Drue Pearce

  
Senator Johnny Ellis

  
Representative Eric Croft

  
Senator Dave Donley

  
Representative Gail Phillips

## REPRESENTATIVE ERIC CROFT

January 26, 1998

Senator Gary Wilken, Chair  
Senate Health and Social Services Committee  
Room 510, State Capitol  
Juneau, Alaska 99801-1182

Dear Gary,

Thank you very much for your sponsorship of SB260, the Contraceptive Coverage Act. I appreciate your interest in the bill and your support.

I understand you are concerned about whether intrauterine devices (IUD's) are considered contraceptives or abortifacients, and whether or not they would be covered via HB350/SB260.

Medical science is inconclusive regarding how IUD's work. Earlier research indicated that they interfere with attachment of a fertilized ovum to the uterine wall, but recent research suggests that they actually prevent fertilization. Evidence isn't conclusive; nobody really knows.

Thus, since we're not medical experts, I think it is wisest to avoid discussion of what particular methods of contraception we wish to cover and why. We can leave such questions to scientists. If research proves conclusively that IUD's are contraceptives, then they should be covered.

Meanwhile, I'm convinced that it's vitally important to clarify for the record what these bills are intended and not intended to cover. Accordingly, I plan to read the enclosed letter of intent into the



record at HB350's first hearing. I welcome your comments regarding the intent letter (and anything else regarding the bill or the issue).

I also want to clarify for you what happened when the Oregon legislature took up this issue recently. The bill passed the Republican-controlled pro-life State Senate with a vote of 20-10 (11 Republican votes and 9 Democratic votes). In the Republican-controlled House, the insurance lobby killed the bill in committee before it could reach the floor.

I believe strongly that reasonable pro-choice and pro-life forces can agree to require insurance coverage of contraception. It will reduce the number of abortions and diminish a host of social problems.

Again, I appreciate your assistance in taking on this important issue. Please don't hesitate to contact my office any time.

Sincerely,



Representative Eric Croft

cc: Representative Joe Green, Chair, House Judiciary Chairman  
Rep. Jeannette James, Chair, House State Affairs Committee

## REPRESENTATIVE ERIC CROFT

### The Contraceptive Coverage Act

House Bill 350

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