

HB

483

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 483
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title An Act authorizing state procurement of group insurance for curtain private employees BRU Centralized Administration Service
Component Retirement & Benefits
Sponsor Rep. Wilson, Cissna
Requester House State Affairs Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	28.0	14.0	14.0	14.0	14.0	14.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	61.9	49.5	49.5	49.5	49.5	49.5
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
TOTAL OPERATING	89.9	63.5	63.5	63.5	63.5	63.5

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	89.9	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1017 Benefit System Receipts	0.0	63.5	63.5	63.5	63.5	63.5
TOTAL	89.9	63.5	63.5	63.5	63.5	63.5

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	1.0	1.0	1.0	1.0	1.0	1.0
Temporary	1.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

This bill gives authority to the Commissioner of Administration to procure a health insurance policy to be offered to child care workers, adult care workers and nonprofit entities that receive state grants to provide services.

Start up costs in the first year include surveying the potential participants, developing a plan or plans to meet the needs, writing a request for proposals to obtain an insurer or insurers to administer the plan and mass mail out to invite those eligible to participate in the plan.

We also anticipate the need for a temporary half time employee to assist with the survey and initial enrollment and a permanent half-time position will continue in the following years funded by Benefit System Receipts.

Prepared by: Guy Bell
Division: Retirement and Benefits
Approved by: Jim Duncan, Commissioner
Agency: Department of Administration

Phone 465-2292
Date/Time 3/1/02 4:36 PM
Date 3/1/2002



Alaska State Legislature

Representative Peggy Wilson
Putting Alaska's Families First

SPONSOR STATEMENT

Sponsor: Representative Wilson

HB 483 "Authorizing State procurement of group health insurance for child and adult care workers and for employees of certain non-profit entities"

HB 483 authorizes the Commissioner of Administration to procure group health insurance for state grantees, nonprofit organizations, foster care homes, and child and adult care providers. This insurance pooling plan will create large enough groups to achieve economies of scale and thus more affordable premiums for the participants.

The vast majority of these employees are on a lower pay scale compared to the rest of the workforce, even though their services are critical to family stability and societal well-being. They often have no way to cover health insurance costs without cutting into basic cost-of-living expenses. HB 483 provides a means to offer affordable health insurance for these employees.

Many of the agencies receiving state grants to operate are now paying extremely high insurance rates. Under this legislation their insurance costs would be lowered due to being a part of a larger group. Thus more of their dollars could be used to provide services to the public rather than paying overhead costs.

The Department of Administration's role under HB 483 is limited to procuring an insurance policy or policies from the private insurance industry, which eligible organizations may then elect to purchase from the insurance company. Premiums will be paid directly by the participant to the insurance company.

HB 483 makes two technical changes to the statute on state procurement of group insurance: it eliminates an obsolete provision (page 3, lines 26-29), and clarifies that a provision relating to state contributions for part-time employees pertains only to part-time state employees (page 4, line 5).

It also adds a provision authorizing the Commissioner of Administration to adopt regulations pertaining to the procurement of group insurance. The Commissioner has always had the implicit authority to adopt such regulations, but this bill would make the authority explicit.

HB 483 sponsor 3-13 - 02

SECTIONAL ANALYSIS HB 483

Section 1:

Amends AS 39.30.090(a) to give authority to the Department of Administration to purchase health insurance policies for employees of special service organizations. Payment of premiums is the responsibility of the organization/employer electing coverage under the plan.

Paragraph 6 of the existing statute is being repealed. This section allows for the payment of dividends to employers participating in the political subdivision plan. The plan has not paid a dividend to participating employers in the past 20 years. Any excess money has been retained to reduce premiums for the political subdivision plan.

The rest of the section is renumbered because paragraph 6 is deleted.

Section 2:

Amends the definition of eligible employee to include employees of participating special services organizations.

Section 3:

Amends 39.30.090(b) to include a definition of special services organization. This legislation would extend health insurance coverage to employees in day care facilities, assisted living homes, nonprofit organizations and corporations receiving state funds to provide services if the employer elects to participate in the group plan.

Section 4:

Gives the commissioner of the Department of Administration the authority to adopt regulations to implement AS 39.30.090-39.30.098.

Section 5:

Gives an immediate effective date for Section 4.

P.O. Box 141689 Anchorage, AK 99514-1689
3350 Commercial Drive, Second Floor
Phone: (907) 563-1923 Fax: (907) 563-1959
Email: probinso@childcareconnection.org

Resolution in Support of Health Insurance for Child Care Workers
2002 - 3

Whereas, the care and education of young children is a major economic sector in the state of Alaska; and

Whereas, the profession of child care employs more Alaskans than VECO, Alaska Airlines, BP, and GCI combined, with approximately 5000 workers; and

Whereas, less than one third of these workers have health insurance, and the average cost of purchased health insurance for small businesses (1-9 employees) for employee-only coverage is \$400 per month.¹ This is over one quarter of the average monthly income \$1456 for a child care worker.

Whereas, the lack of health insurance benefits and an average wage of \$8.40 per hour for child care workers in Alaska is the leading cause of the 40% turnover rate in the profession; and

Whereas, it is well known that stability and consistency in caregiver relationships is critical to a child's healthy development and the quality of care; and


Whereas, a strong system of high quality, affordable, and accessible child care is critical to the economic success of families, to the economy, and most importantly to the healthy development of Alaskan children; and

Whereas, the State of Alaska has an extensive group health plan that could be expanded to allow participation by Alaskan child care workers through a buy-in provision; and

Whereas, offering a buy-in program for health insurance to child care workers will contribute to the stabilization of the child care workforce, decrease the employee turnover rate, and attract professional and well trained caregiver and educators to this important field;

Therefore, be it resolved, that the Success By 6 Board strongly urges the Alaska State Departments of Administration, Health and Social Services, Education and Early Development, the Office of the Governor, and the Alaska State Legislature to work together with child care professionals to develop and implement a health care buy-in program for child care workers.

Approved at the regular meeting of the Success By 6 Governance Board on January 31, 2002.


Ernie Hall, Chair

¹ Anchorage Access to Health Care Coalition Health Insurance Benefits Survey - September 2001. Dr. Catherino Schumacher 907-272-7778.



Alaska Community Mental Health Services Association
3050 Fifth Avenue
Ketchikan, Alaska 99901

February 28, 2002

MAR 06 2002

Representative John Coghill, Chair
House State Affairs Committee
Capitol Room 102
Juneau, AK 99801

Dear Representative Coghill:

We urge you to schedule a hearing at your earliest convenience for HB 483, regarding procurement of group health insurance, sponsored by Representative Wilson. Our association, ACMHSA, strongly supports this legislation.

ACMHSA is a statewide association of non-profit mental health providers. Many of our members have endured three-fold increases in insurance premiums in the past few years. With our income sources remaining flat, demand for our services rising, and regulatory constraints increasing, our escalating insurance premiums need some creative remedy which we may find with passage of this legislation. We hope that a pooling structure, as would be established in the above legislation, would help us gain some control of this indispensable cost on services we provide.

We thank you in advance for your consideration of the above.

Sincerely,

Ron Adler, Chair
Alaska Community Mental Health Services Association

RA/kdw

cc: Representative Wilson

Ron Adler
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3050 Fifth Avenue
Ketchikan, AK 99901
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(907) 826-3662

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Member at Large
P.O. Box 32839
Juneau, AK 99803
(907) 796-4123

FEB 28 2002

Alaska Association for the Education of Young Children

February 27, 2002

Representative Wilson
State Capitol
Juneau AK 99801-1182

Greetings,

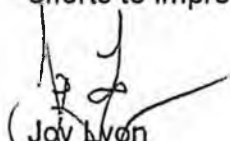
We know that until long range fiscal solutions are in place, legislators and policy makers are facing increasing pressure to reduce spending. It is also true that investing in the care and education of young children is critical to a strong economic future for our state. We ask for your support in two creative solutions with little or no increase in state funds.

Lift the cap on the child care grant program. This program administered by the Department of Education and Early Development, provides federal quality initiative funds as direct support to licensed child care programs for educational supplies, materials, equipment and staff support. It also serves as an incentive for programs to accept families receiving child care assistance who have irregular schedules; facilitating many families in finding the care that enables them to move from welfare into work.

Lifting this cap will allow the Department of Education and Early Development to allocate these federal quality initiative funds as an incentive to achieving higher quality standards.

Support a health insurance buy-in program for child care workers. This solution to the high turnover rate of child care workers has broad support across the state. In the initial stages of a public awareness campaign, the Alaska Association for the Education of Young Children has received over 100 signed resolutions from 30 communities across the state; from Craig to Barrow. These include resolutions from the City and Borough of Juneau, United Way of Anchorage, the Anchorage School District, NASW Alaska Chapter, Chugiak Children's Services, Success By Six, Fairbanks Child Care Coalition, the Alaska Family Child Care Association, along with numerous businesses and children's programs.

Attached is a sample of the resolution in support of health insurance for child care workers. Please take a moment to review this and consider how your office can support efforts to improve the education of young children in our state.



Joy Lyon
President

Subject: Health Insurance

Date: Thu, 21 Feb 2002 11:45:45 -0900

From: "Larry King - Changing Tides" <changing@mitkof.net>

To: <Jean_Ellis@legis.state.ak.us>

Jean,

I am so very pleased to hear that Representative Wilson has introduced a bill to allow those of us in the treatment field to pool for insurance. I am sending a fax to you with the latest quote I received from Blue Cross to provide health insurance for my agency. Our total budget is \$161,981 which includes \$106,649 from our state grant, and the rest from fees and other grants. The quote we received for health insurance for our two full-time employees was from a high of \$1,388 per employee to a low of \$1,087 per employee per month with no prescription coverage. That is about \$33,000 per year, or 20% of our total budget. We have a total of 4 employees in the agency, two full-time and two half time.

I would be glad to talk with anyone concerning this very important issue. I can be reached at the office 907-772-3552 or at home 907-772-3141. Thank Peggy again for all her help with this issue.

Sincerely,

Larry King, CAC II, NCAC I, CCS
Program Director Changing Tides Counseling
Vice-President Substance Abuse Directors Association

FEB 27 2002



Sheri Feasel
Health Core Services
F943

August 1, 2001

ALASKA ADDICTION REHABILITATION SERVICES, INC.
3701 PALMER-WASILLA HIGHWAY
WASILLA, AK 99687

RE: 453341

Aetna U.S. Healthcare is pleased to provide our financial analysis of your Group Insurance Benefit Program in connection with the 10/01/2001 renewal period.

The following factors are among those taken into consideration in determining your premium rates for the coming plan year:

- volume of coverage,
- the experience results for your plan,
- your benefit plan design, and
- changes in the size of your group and the ages of the group members.

The rates for your Life insurance program are guaranteed for two years from their effective date. They will not change in the interim provided the underlying risk factors do not change by more than 15% during that time. Interim rate changes will be guaranteed for one year.

A major component of the change in your medical premium is trend. Trend is the combined impact of changes in the level of medical charges and the utilization of medical products and services. Some of the more significant causes for increases in trend include:

- advances in health care technology,
- aging population,
- increasing use of health care services,
- escalating costs of treatment for serious illnesses, and
- cost shifting of medical expense from the public to the private sector.

We have reviewed the experience results of your combined health insurance coverage and compared this experience with Aetna U.S. Healthcare's overall book of business. The weight, or credibility, given to your own experience in determining your rates is based on the size of your group and the duration of the experience used.

Based on this analysis we have determined the future costs of your health insurance coverage. The resulting changes are displayed on your enclosed rate sheets. These sheets provide a comparison of your current and renewal rates which are effective on 10/01/2001.

Benefit plan design is an integral part of controlling costs and utilization. Aetna U.S. Healthcare has a full portfolio of products and benefit options designed to help control future health care costs. Your Aetna U.S. Healthcare representative will be pleased to consult with you to evaluate your current benefit program.

Aetna U.S. Healthcare values our relationship with your company and we look forward to the continued opportunity to provide you with quality service and insurance protection.

Sincerely,

Sheri Feasel
Financial Underwriter

Alaska Addiction Rehabilitation Services
453341

SUMMARY OF RATE ACTION
CMED
10/01/2001

CMED

(1) Enrolled Employees as of 06/01/2001 14
(2) Current Premium \$85,053

Factor	CMED Change
Trend	1.174
Product Factor	1.000
Area Factor	1.094
Industry Factor	1.031
Case Size	1.010
Age/Gender	1.020
Total Experience Adjustment	1.120
TOTAL(multiply all change factors)	1.527

(3) Required Premium \$129,884

(4) Percentage Change **52.7%**



Honorable John Coghill, Chair
House State Affairs Committee
Alaska Capitol, Room 102-A
Juneau, AK 99801-1182

March 15, 2002

RE: HB 483 (Wilson, Cissna) - SUPPORT

Dear Chair Coghill:

On behalf of the 112,000 members of AARP in Alaska, we urge you and your colleagues on the House State Affairs Committee to support HB 483, authored by Representative Peggy Wilson of your Committee and co-authored by Representative Sharon Cissna.

HB 483 will allow state procurement of group insurance for employees of adult day care centers as well as employees of similar centers and agencies for child care. Alaska has over 19% of our population under 65 without any health insurance at this time. HB 483 will make it easier to reduce the number of our uninsured. AARP believes that all Alaskans should have the benefit of insurance coverage and HB 483 will help move us toward that goal for these employees in the human services.

AARP recommends you and your Committee colleagues vote "AYE" when HB 483 appears before your Committee.

Should you have any questions about our position, please feel free to contact Marie Darlin (907.586.3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby (907.762.3314), AARP Legislative Representative; or me (907.245.5259).

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Marguerite Stetson".

Marguerite Stetson
AARP Alaska
Executive Council Member for Advocacy
3009 Northwood Street
Anchorage, AK 99517-1871
907.245.5259 voice
907.245.5279 fax
ffmas@aurora.uaf.edu

cc: Rep. Peggy Wilson Rep. Jeannette James Rep. Harry Crawford
Rep. "Bud" Fate Rep. Gary Stevens Rep. Joe Hayes Rep. Sharon Cissna

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Melissa Stone

From: Melissa Stone [mstone@seward.net]
Sent: Thursday, March 14, 2002 2:45 PM
To: Representative John Coghill (E-mail); Representative Norm Rokeberg (E-mail); Representative Peggy Wilson (E-mail)
Subject: Health Insurance Legislation

SeaView Community Services is a non profit organization in Seward with centralized management of 12 state grant programs*. SeaView employs about 40 staff, serves 1300 people annually (we currently have served 911 at 8 months yea.-to-date), and has a budget of about \$2.4 million.

Increases in health insurance costs are a serious threat to our ability to retain and recruit staff. Our story: SeaView was one of many Alaskan United Way agencies that were able to join the national United Way pool which provided excellent coverage and response to claims at a reasonable cost (BCBS Care First). In the fall of 2001 we were notified that all of the Alaska United Way agencies were being removed from the national plan and would have to seek new coverage. After months of search, our best alternative was 150% higher cost for the same level of coverage. After several board meeting discussions, in order for the agency and staff to afford the monthly premium the decision was made to increase employee copay from \$38 a month to \$91/month and drop prevention, prescription, substance abuse coverage, dental, and mental health coverage. As a result of the changes, the number of insured employees went from 19 under the old insurance to 10 after the change. *We are now in jeopardy of not having enough employees elected to take the insurance to qualify for the group benefit.* Ironically, now that so many people have dropped insurance, we could afford the higher cost of greater benefits.

I have absolutely no doubt that the high cost and poor coverage (we do not have dental or prescription coverage) will negatively impact our ability to retain current employees and recruit new ones. Seward is a lovely community but the cost of living is high, it is remote, and recruitment is difficult especially for professional positions. Our programs are small - some employ only one full time and one part time person. A vacancy in the full time position can render us incapable of providing service, or triaging to take only the most emergent cases, or creating wait lists, or modifying services to provide only the most basic necessities - and the clients and people of the eastern Kenai community that we serve suffers.

I am very appreciative of your attempts to create solutions for the non profit agencies to join larger pools for health care coverage. This is central to our ability to manage our budget, maintain stable personnel and do our job to provide services to the people of Seward and the Eastern Kenai Peninsula.

** SeaView Grants include: Community Mental Health, Infant Learning, Day Care Assistance, DFYS Family Support, Developmental Disabilities, Outpatient Substance Abuse Treatment, Alcohol Safety Action Program, Community Action Against Substance Abuse, Rural Human Services, Domestic Violence and Sexual Assault, Incest Awareness Campaign, and Emergency Food and Shelter*

Melissa Witzler Stone
Executive Director
SeaView Community Services
Seward
907-224-2960



Alaska Community Mental Health Services Association
3050 Fifth Avenue
Ketchikan, Alaska 99901

February 28, 2002

Representative John Coghill, Chair
House State Affairs Committee
Capitol Room 102
Juneau, AK 99801

Dear Representative Coghill:

We urge you to schedule a hearing at your earliest convenience for HB 483, regarding procurement of group health insurance, sponsored by Representative Wilson. Our association, ACMHSA, strongly supports this legislation.

ACMHSA is a statewide association of non-profit mental health providers. Many of our members have endured three-fold increases in insurance premiums in the past few years. With our income sources remaining flat, demand for our services rising, and regulatory constraints increasing, our escalating insurance premiums need some creative remedy which we may find with passage of this legislation. We hope that a pooling structure, as would be established in the above legislation, would help us gain some control of this indispensable cost on services we provide.

We thank you in advance for your consideration of the above.

Sincerely,

Ron Adler, Chair
Alaska Community Mental Health Services Association

RA/kdw

cc: Representative Wilson

Ron Adler
Chair
3050 Fifth Avenue
Ketchikan, AK 99901
(907) 225-4135

Dave Newell
Vice Chair
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(907) 274-8281

Brenda Knapp
Secretary
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(907) 463-3303

Diana Strzok
Treasurer
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(907) 279-6617

Bill Hogan
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230 East Paulson, Suite 68
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(907) 376-2411

Doug Veit
Member at Large
P.O. Box 806
Craig, AK 99921
(907) 826-3662

Chuck Bennett
Member at Large
P.O. Box 32839
Juneau, AK 99803
(907) 796-4123

Alaska State Legislature

Representative Peggy Wilson
Putting Alaska's Families First

Date: March 13, 2002

To: Representative John Coghill
Chairman House State Affairs Committee

From: Representative Peggy Wilson

Re: HB 483 "An Act authorizing state procurement of group insurance for employees of child care facilities, entities licensed as residential child care facilities, entities licensed as residential child care facilities, child placement agencies, foster homes, and maternity houses, and certain adult residential and day services provides, and for employees of certain nonprofit entities; repealing a provision of the state group insurance procurement law relating to payment of dividends and clarifying a provision of that law relating to part-time employees; authorizing the commissioner of administration to adopt regulations regarding state procurement of group insurance; and providing for an effective date."

This is a formal request to schedule HB 483 for a hearing in front of House State Affairs as soon as possible.

If you have any questions please don't hesitate to contact me.



Alaska State Legislature

Please enter into the record my testimony to the House State Affairs
committee name

Committee on HB 483, dated March 28, 2002
bill # / subject

The Kenai-Soldotna Women's Resource & Crisis Center strongly supports HB 483. Health insurance costs for our agency have risen over 30% per year for the past several years. This legislation would assist non-profits in providing adequate health insurance for employees, thus ensuring that organizations remain stable and that critical services continue to be provided in the state. Please support this bill. Thank you.

Signed: Heather Arnett, Executive Director
Testifier

Kenai-Soldotna Women's Resource & Crisis Center
Representing (optional)

325 S. Spruce Kenai, AK 99611
Address

(907) 283-9479
Phone number



Alaska State Legislature

Please enter into the record my testimony to the HSTA
committee name

Committee on HB 483, dated 3-28-02
bill # / subject

Signed: Heather Arnett, Executive Director
Testifier

Kenai - Soldotna Women's Resource and Crisis Center
Representing (optional)

325 S. Spruce St., Kenai, AK 99611
Address

(907) 283-9479
Phone number



State Of Alaska
Legislative Affairs Agency
Kenai LIO
145 Main St Lp, Ste 217
Kenai, AK 99611
907-283-2030

Date: 3-26-02

Please accept the enclosed original(s) of written testimony
for the HSTA teleconference hearing that
was scheduled on 3-28-02.

A copy of this testimony was transmitted to your committee
via fax on 3-26-02 13:00PM.

Thank You,

M. Byrne