

**HB**

**10**

## SENATE COMMITTEE REPORT

DATE: 5/3/03

FURTHER: Labor and Commerce  
Finance

DATE TURNED  
IN TO OFFICE: 5/17/03

State Affairs Committee considered CS FOR HOUSE BILL NO. 10(HES)

### HB 10 GROUP HEALTH INSURANCE FOR PRIVATE GROUPS

"An Act relating to pooling by employers and self-employed individuals for purposes of group health insurance; and providing for an effective date."

and recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DOA	4/14/03		✓	1

APPROPRIATION - no fiscal note

**SIGNATURES AND RECOMMENDATIONS:**

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
	✓			
	✓			
	✓			
CHAIR:				

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 10(L&C)  
 (H) Publish Date: 4/14/2003

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title An Act relating to health insurance BRU Centralized Admin Services  
for small businesses and non profits Component Retirement & Benefits  
 Sponsor Rep. Heinze and Rokeberg  
 Requester House Labor & Commerce 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						
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--Do not abbreviate)						
<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 (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						
Part-time						
Temporary						

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

Due to the adoption of a committee substitute by the House Labor & Commerce Committee, which no longer requires the involvement of the Commissioner of Administration, this bill will now have a zero fiscal impact.

Prepared by: Representative Tom Anderson Phone \_\_\_\_\_  
 Division Chair, House Labor & Commerce Committee Date/Time 4/14/03 11:44 AM  
 Approved by: Representative Tom Anderson Date 4/14/2003  
 Agency House Labor & Commerce Committee

# Alaska State Legislature

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**Session:**  
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Rep.Cheryll.Heinze@legis.state.ak.us

## Representative Cheryll Heinze

District 24 - Anchorage

### CSHB 10 (HESS)

#### SPONSOR STATEMENT

**"An Act relating to pooling by employers and self-employed individuals for the purposes of group health insurance; and providing for an effective date."**

In this legislation, small and large employers and self-employed individuals are allowed to form an association for the purpose of obtaining health insurance. Under HB 10, an insurer may offer a policy to an association of employers covering the employees and dependents of the employees, or to an association of self-employed individuals covering self-employed individuals and dependents of the self-employed individuals, or to an association that includes a combination of employers and self-employed individuals.

A self-employed individual is defined as an individual who derives a substantial portion of the individual's income from a trade or business through which the individual has attempted to earn taxable income and for which the individual has filed the appropriate Internal Revenue Service form and schedule for the previous year.

An association would be required to establish a constitution and bylaws. The association must be maintained for the benefit of persons other than the association or its officers or trustees. Membership in the association is restricted to large or small employers, or self-employed individuals, who are residents of the state. An employer, however, may reside in another state and may obtain coverage through an association for the employees and dependents of the employees of that employer who are residents of this state.

The association may not condition membership in the association or coverage under a health insurance policy issued to the association. An exception is provided for a self-employed individual where a health care insurer may decline to cover or may restrict coverage offered to that individual under the association plan.

An intent section has been added to the bill to clarify that non-profits are included in those covered by this bill. Specifically, large and small non-profit employers and non-profit self-employed individuals would be allowed to form an association for group health insurance purposes.

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**Representative Cheryll Heinze**  
District 24 - Anchorage

CSHB 10 (HESS)

## SECTIONAL

Section 1. This is a section of uncodified law which expresses the intent to include non-profits .

Section 2. This section amends As 21.54.015 by adding a new subsection to allow an insurer to decline to cover or restrict coverage to a self-employed individual under AS 21.54.060.

Section 3. This section amends AS 21.54.060 defining group health insurance to include as association of employers and their dependents and self-employed individuals and their employers.

Subsection (A) Sets out requirements for the association.

Subsection (B) Defines "self-employed individual"

Section 4. This section amends AS 21.56.120 by adding a new subsection describing how premium rates may be determined .

Section 5. This section provides for an effective date.

Aetna  
601 Union St., Suite 810  
Seattle, WA 98101



**Mike Wiggins**  
National Accounts  
(206) 701-8106  
Fax: (206) 701-8175

May 5, 2003

Representative Cheryl Heinze  
House of Representatives  
Alaska Legislature  
Pouch V  
Juneau, Alaska 99801

Dear Representative Heinze:

Aetna has reviewed CS HB10, which would allow the pooling of small businesses and nonprofit corporations for the purpose of procuring health insurance.

Any organization for pooling would be done privately and independent brokers may have the opportunity to procure insurance for any groups which might be formed.

Aetna does not have any objection to the creation of this additional option to allow businesses an alternate means to find the best possible private health insurance that will fit their needs.

Sincerely,

A handwritten signature in cursive script that reads "Mike Wiggins".

Mike Wiggins 

Cc: Nicole Salinas  
Jeff Beck  
Reed Stoops

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Honorable Tom Anderson, Chair  
House Labor and Commerce Committee  
Alaska Capital, Room 432  
Juneau, AK 99801-1182

February 15, 2003

RE: HB 10 (Heinze & Rokeberg)-Support

Dear Chair Anderson:

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House Labor and Commerce Committee to support HB 10, authored by Representatives Cheryll Heinze and Norman Rokeberg, one of your Committee members, and co-sponsored by nine of your other House colleagues.

Alaska has good reason to be concerned about it's uninsured. Almost one of every five Alaskans between the ages of 50 and 64 has no health insurance coverage. These same statistics hold true for younger Alaskans. HB 10 will offer some opportunity for coverage for employees of small businesses, non-profit organizations and agencies and organizations that band together to form a group pool. AARP is very supportive of such efforts. Indeed, AARP was founded by retired educators in the 1940's and 1950's who were unable to secure any form of health insurance once they left the workforce. This was several years before the enactment of Medicare and AARP pool coverage was often the only health insurance our members could find.

AARP believes that all Alaskans should have access to health insurance coverage. We know that the uninsured often postpone preventive care and end up in emergency rooms, receiving the most expensive and often most serious care. We are also well aware that the health care costs of the uninsured are often shifted to those who do have insurance. Obviously, state government often picks up some of the costs of the uninsured because the State does provide coverage to its employees and retirees. If we could reduce the number of uninsured, we would also reduce the health costs unfortunately being shifted to the State as well as other employers that cover their employees (including AARP).

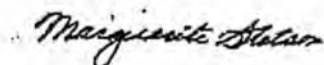
HB 10 will not solve all our problems with the uninsured. However, it has already focused attention in the media on this issue. These are most often our small businesses, farmers, college students, and workers in the non-profit sector. As the authors point out in the bill, expensive turnover for these organizations often eliminates the opportunity for them to retain an experienced workforce. Small business is the future of Alaska. Non-profit organizations, as the bill points out, often provide needed services that the State simply cannot afford to supply.

HB 10 is a very good first effort at addressing this serious problem. AARP encourages you and your colleagues on the House Labor and Commerce Committee to vote "AYE" when HB 10 is heard before you.

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,



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](mailto:ffmas@aurora.uaf.edu)

cc: Vice-Chair Bob Lynn  
Representative Nancy Dahlstrom  
Representative Carl Gatto  
Representative Norman Rokeberg  
Representative Harry Crawford  
Representative David Guttenberg  
Representative Cheryl Helnze  
Marie Darlin  
Patrick Luby

Representative Les Gara  
Representative Lesil McGuire  
Representative Mike Hawker  
Representative Richard Foster  
Representative Gary Stevens  
Representative Peggy Wilson  
Representative Paul Seaton  
Representative Bruce Weyhrauch  
Representative Carl Moses

**Subject: House Bill 10**

**Date: Wed, 29 Jan 2003 09:18:12 -0900**

**From: Debbie McCravey <dmccravey@sremsc.org>**

**Organization: SREMSC**

**To: "Heinze, Representative Cheryll" <Representative\_Cheryll\_Heinze@legis.state.ak.us>, "Rokeberg, Representative Norman" <Representative\_Norman\_Rokeberg@legis.state.ak.u**

Dear Representatives Heinze and Rokeberg,

I would like to thank you for introducing House Bill 10 early in the session. I will be very interested on the progress of this bill.

Our company is Southern Region EMS Council, Inc. We are a non-profit and operate on a grant through the DHSS/CHEMS. Our funding has been flat for the past 6 years and so the health insurance increases, along with other increases in costs, have really had an effect on our funding.

We employ ten people of whom eight are eligible for insurance. Two years ago we were forced to ask our employees to start contributing to the cost of the premiums to hold our costs within our grant budget. This has been devastating for the employee moral since this was truly the only real benefit we can offer our employees. We currently pay close to \$7,000 per month for health insurance.

Please let me know if there is anything I can do to help with your quest to get House Bill 10 passed. I could easily create a spreadsheet showing the premium increases we have suffered for the past several years. These increases have ranged from 10-43% and an annual basis.

Thank you,  
Debbie McCravey

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Debbie McCravey <dmccravey@sremsc.org>

Finance Manager

Southern Region EMS Council, Inc.

May 5, 2003

Gary Stevens, Chair, State Affairs committee, 907 465 3517

Re: HB 10 "An act relating to pooling by employers and self-employed individuals for purposes of group health insurance

Dear Senator Stevens,

I am writing to support HB 10 and encourage its expedient passage through Senate State Affairs committee.

This legislation offers an excellent option for uninsured Alaskans to obtain medical insurance. This would make health care more assessable for many who now put off getting needed medical attention. This usually serves to increase the severity of their illness, making treatment more difficult when they finally do get medical care.

Please pass HB 10 out of SB State Affairs.

Thank you for your service to Alaska in the legislature.

Respectfully,



Cathy Giessei, MSN, FNP-CS  
12701 Ridgewood Rd  
Anchorage, AK 99516-2934

907 345 5470

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## Representative Cheryll Heinze District 24 - Anchorage

- The bill before you today is the CS for HB 10 (HES)
- Current estimates show that more than 100,000 Alaskans are without health insurance coverage.
- HB 10 attempts to help our citizens obtain affordable health insurance
- Current statute (AS 21.54.060), defines the eligible groups for which an insurance company can offer coverage. Currently AS 21.54.060 does not include a group formed for insurance purposes. If a group type is not included in AS 21.54.060, then an insurance company can not offer coverage to that group type.
- HB 10 amends this statute by allowing self-employed individuals and groups of employers, both small and large including non-profits to pool for the purpose of obtaining health insurance.
- Incorporating self-employed individuals into the group associations is a key component of this bill. To make this provision workable, some conditions have been incorporated into the bill.
- Under HB 10, a health care insurer **may decline to cover or may restrict the coverage** offered to a self-employed individual under an association plan. This applies **only** to a **self-employed individual** who joins a group but **not for employees** of either large or small employers.
- The State's Division of Insurance recommended these restrictions to prevent high risk individuals from flocking to these association plans thereby driving up the premiums for the groups.
- Under current statute (AS 21.54.100), a health care insurer may not establish rules for eligibility based on health status, medical history, disability etc., nor may they charge a higher fee for coverage of such an individual. Except in the case of a self-employed individual attempting to join an association for the purpose of obtaining insurance, this statute remains intact.
- Another key feature of this bill is the inclusion of non-profits in the bill's language. Non-profit groups have been amongst those having the most difficulty in obtaining affordable health insurance for their members. Allowing non-profit groups to form associations with other non-profit groups or self-employed non-profit individuals or with any other association may help them to negotiate for more affordable health insurance.
- In addition, The Mental Health Trust Authority has committed to assisting the non-profits in this effort and are currently working with Dennis McMillan of the Foraker Group, a group providing management and organizational training to non-profit staff, to find affordable health options.