

SB

170

ALASKA STATE LEGISLATURE

Session
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Chair
Senate State Affairs
Administrative Regulation Review

Member
Senate Judiciary Committee
Senate Resources Committee

SENATOR LESIL MCGUIRE

MEMORANDUM

To: Representative Peggy Wilson
Chair, House Health, Education & Social Services Committee

From: Senator Lesil McGuire

Date: April 9, 2008

Re: Request for hearing, SB 170 – *Insurance Coverage for Well-Baby Exams*

I respectfully request that SB 170 – *Insurance Coverage for Well-Baby Exams* be scheduled for a hearing pending referral at your earliest convenience. Attached you will find the most current version of the resolution, fiscal note, sponsor statement, and backup information.

If you have any questions or concerns please feel free to contact me personally, or my staff, Trevor Fulton at x3579. Thank you for your time and consideration.

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SPONSOR STATEMENT

SB170 – Insurance Coverage for Well Baby Exams

Infancy is perhaps the most critical period in a child's life. Routine medical checkups during this vulnerable stage are necessary in order to monitor and assess a baby's normal, healthy development. These checkups – commonly referred to as "well baby" exams – not only provide a professional medical assessment of a newborn's health and development, but they also provide the opportunity to educate parents in proper child care.

SB 170 would require health insurers in the State of Alaska to offer coverage for well-baby exams. These exams, considered a part of routine pediatric health supervision, are estimated to cost between \$125 and \$250 per visit. The American Academy of Pediatrics recommends a schedule that includes 10 exams in the first 24 months of a baby's life. A typical well baby exam includes monitoring development and growth rates, hearing, vision, language skills, motor development, diet, general and preventative health care, immunizations, and infectious diseases.

Preventative healthcare coupled with early detection of health related problems not only improves health outcomes but it is also cost-effective over the long run. By averting severe and more costly health problems, including serious illness and emergency care, well baby exams make sense.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
DIVISION OF PUBLIC HEALTH

SARAH PALIN, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

March 12, 2008

The Honorable Lesil McGuire
Alaska State Senate
State Capitol, Room 125
Juneau, AK 99801-1182

Dear Senator McGuire,

Thank you for your question to Stephanie Birch, our Section Chief for Women's, Children's and Family Health, regarding Senate Bill 170 – insurance coverage for well-baby exams. I am responding on behalf of the Division of Public Health and the Department of Health and Social Services. As you know from Ms. Birch's testimony, we support efforts to promote the overall good health of Alaska's children through such exams.

The first twenty-four months of a child's life consist of rapid changes – physically, developmentally and socially. These months are considered some of the most critical to assure later success in school and the transition into adolescence. For that reason one of the primary purposes of well-child visits is to identify children affected by a physical, mental or developmental problem as early as possible. Approximately 16-18 percent of children in the United States are diagnosed with disabilities that include speech-language impairments, mental retardation, learning disabilities and emotional/behavioral disturbances. Yet only 20-30 percent of children with disabilities are diagnosed and start treatment before beginning school.

That is troubling because children with disabilities who enter early intervention programs prior to starting kindergarten are more likely to complete high school; enter and remain in the workforce; and avoid teen pregnancy, delinquency, and violent crime. Research shows that for every dollar spent on early intervention services for children with disabilities, \$13 is saved.

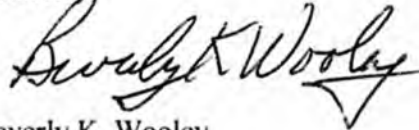
The American Academy of Pediatrics and the American Academy of Family Practice Physicians recommend a schedule of routine visits that coincide with expected developmental targets of children during not only the first twenty-four months of life, but through the toddler, childhood and teen years. These visits include a full head-to-toe physical assessment, as well as screening for visual problems such as neonatal cataracts or amblyopia, dental caries, hearing loss, inappropriate weight (indicating over-feeding or under-feeding), signs of physical abuse, mental health and bonding status, and developmental milestones. Well-child visits are designed to help parents learn how to care for their children and address common problems. Such guidance on topics ranging from injury prevention, discipline and handling behavioral problems and nutrition reduce parental stress, improve productivity and reduce lost work days due to child illness.

A focused and structured well-child visit – timed with developmental milestones – allows parents and their health care provider to discuss their child, explore any concerns and, if necessary be referred for problems identified early. If children are only seen episodically for acute care problems in urgent care settings they will not have the benefit of being seen when well, will generally not have a consistent provider looking at them and will not benefit from the relationship that can develop between the provider and the family.

For all of these reasons – and many more – the Department of Health and Social Services supports efforts to increase the number of children and families receiving these important exams. Your bill does just that by requiring health insurers in Alaska to cover well-baby visits. As a result, DHSS supports Senate Bill 170.

Thank you for the opportunity to comment on this issue.

Sincerely,

A handwritten signature in cursive script that reads "Beverly K. Wooley". The signature is written in black ink and is positioned above the printed name and title.

Beverly K. Wooley
Director
Division of Public Health

Cc: Karleen K. Jackson, Commissioner, Department of Health and Social Services
Stephanie Birch, Chief, Section of Women's, Children's and Family Health

MEMORANDUM

STATE OF ALASKA DEPARTMENT OF ADMINISTRATION

To: Annette Kreitzer
Commissioner
Department of Administration

Thru: Pat Shier *PS*
Director
Division of Retirement and Benefits

From: Freda Miller, CMA, CPC *fm*
Benefits Manager
Division of Retirement and Benefits

Date: January 23, 2008

Phone: 465-4817

Subject: Well-baby exams
Select Benefits plan

The Health Benefits Evaluation Committee met on November 1, 2007 and voted unanimously to recommend adding the American Academy of Pediatrics guidelines of coverage for well-baby exams through the 24th month of life, with no deductible and no co-insurance assessed. Research on the costs and return on investment to include this benefit and the resulting recommendation arose through inquiries from members and legislators over the last few years. The committee reviewed this benefit for inclusion in the plan. Buck Consultants provided the cost analysis and return on investment projections for adding this benefit. The report is attached for your convenience.

The recommendation for the change in well-baby exam coverage will be effective July 1, 2008, for members of the Select Benefits health plan. Please note your approval or disapproval of this plan change below.

- Approve coverage of well-baby examinations per the recommendation above.
 Disapprove coverage of well-baby examinations per the recommendation above.

Annette Kreitzer
Annette Kreitzer, Commissioner

3-3-08
Date

PS/flm

Fact Sheet
Well Baby Checks
March 3, 2008

- Adding well baby care to the State's active and retiree health plans is an investment we believe will pay off in healthier families.
- One of Governor Palin's priorities is strengthening families. This preventive care will go a long way toward keeping families healthier.
- The coverage includes immunizations, vision and hearing screening, height and weight measurements, and guidance on sleep positioning, nutrition and other topics recognized by the American Academy of Pediatrics.
- The coverage will be for newborns through 24 months.
- The State is committed to providing the best value for our active and retired employees, and to keeping the plans financially sound.
- Routine immunizations result in a return of more than \$4 in direct medical cost savings for each dollar invested.
- Children who are up-to-date on their well-child care are significantly less likely to visit an emergency room.
- Healthy children mean less leave time taken for illness, and more time available for vacations and healthy activities.

This coverage is effective July 1 of this year, with no deductible and no co-insurance assessed. The Health Benefits Evaluation Committee, comprised of union representatives and Retirement and Benefits staff, voted unanimously in support of this initiative. The Alaska Retirement Management Board's Health Care Cost Containment Subcommittee also recommends coverage for retirees who might have infants. This number is expected to be relatively small.

FROM DEPT. OF ADMIN.

November 21, 2007

Ms. Freda Miller
 Benefits Manager
 State of Alaska
 PO Box 110203
 Juneau, AK 99811

Re: Cost Impact of Well Baby Care Coverage – Active and Retiree Plans

Dear Freda:

Attached please find Buck's summary of estimated Select Benefits plan costs attributable to coverage of well baby care as defined in the American Academy of Pediatricians (AAP) recommendations for preventive pediatric health care (also attached). Per our discussion in October, return on investment (ROI) for coverage of fairly non-specific well baby care, pre- and post-natal, is difficult to scientifically quantify. Nevertheless, most major carriers include robust well baby care in their insured products, in response to state mandates but also as a self-described "good investment." Premera estimates that adding well-baby exam coverage to the Select Benefits plan for active employees should cost less than \$0.25 pmpm, or about \$20,000 per year. Buck believes this investment will generate positive ROI, especially in light of additional data just published by the National Business Group on Health (NBGH), described below. Per Premera's cost estimate of \$0.75pmpm for current immunization plus additional well-baby exam under the active plan, adjusted for the proportion of Alaska Care retiree members under age 44, we estimate the addition of well baby exams and immunizations for retirees will cost \$0.003 pmpm, or less than \$2,500 annually. We are also confident that retiree ROI will be higher due to the greater potential for higher-risk pregnancies at later ages among the retiree group. We conservatively doubled all cost estimates to illustrate the impact of additional well-baby care coverage that is exempt from out-of-pocket (oop) provisions:

Summary of Well-Baby Cost Estimates (\$0 OOP)	Select Benefits Active Plan – Add Exams	Alaska Care Retiree Plan – Add Immunizations and Exams
Per Member Per Month Cost	\$0.50	\$0.007
Initial Year Annual Cost	\$40,000	\$5,000

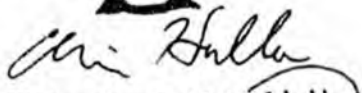
Ms. Freda Miller
November 21, 2007
Page 2

The following bullets summarize well-baby care cost-effectiveness as cited in the NBGH November 2007 monograph, *Investing in Maternal and Child Health* (available at http://www.businessgrouphealth.org/healthtopics/maternalchild/investing/docs/mch_toolkit.pdf):

- Medicaid-enrolled children who are up-to-date on their well-child checkups through 2 years of age are 48% less likely to experience an avoidable hospitalization.
- Children with incomplete care are 60% more likely to visit an emergency department for any cause compared to children who are up-to-date on their well-child care.
- Routine childhood immunizations return \$4.30 in direct medical cost savings for each \$1.00 invested.
- Infant vision screening savings for reduced disability treatment costs exceed the cost of all such screenings cited.
- Newborn hearing screening is deemed cost-effective in terms of "quality-adjusted life years saved" when deafness is diagnosed within 6 months of age, and should reduce health plan speech therapy costs.
- Prenatal care for populations at risk for low birthweight return \$1.37 in direct medical cost savings for each \$1.00 invested. But, prenatal care should be targeted based on risk factors; new research has pointed out methodological flaws in many older studies that indicated prenatal care was cost-effective population wide.
- Postpartum counseling and breastfeeding promotion reduces healthcare costs between \$331 and \$475 per never-breastfed infant.


In sum, we recommend inclusion of no out-of-pocket cost well-baby coverage in accordance with AAP guidelines in both the State's active and retiree healthcare plans.

Sincerely


Christopher R. Hulla
Principal

/kr

c: Pat Shier, DRB
Beth Pitt, Premera
Carolyn Lockman, Premera

Attachments 

SoAK Select Benefits Well Baby Analysis Information

10/18/2007

Source	Estimated Cost	ROI	Comment
Aetna	\$ 1.18 pmpm	n/a	Included in all Aetna insured products; implies that Aetna believes well baby care investment pays off when Aetna is at risk May be reimbursed at 100% under HSA guidelines; implicit validation that tax-exempt well baby care more than offsets tax revenue consequences of conditions prevented Trend toward free well baby care and even incentives for well baby care implies such services may provide a "competitive benefit package value"
Premera	for SoAK demographics: \$ 0.21 pmpm exams only \$ 0.43 pmpm immunizations only \$ 0.70 pmpm all AAP guideline care other AK book demographics: \$ 0.57 pmpm exams only \$ 1.34 pmpm immunizations only \$ 1.91 pmpm all AAP guideline care other Premera book demographics: \$ 0.90 pmpm exams only \$ 2.10 pmpm immunizations only \$ 3.00 pmpm all AAP guideline care	n/a	Cost variance by demographic subgroup reflects percentage of children and child-bearing age female membership.
United	n/a	n/a	75% of insured-product members with children utilized well baby care from birth through age 15 months, even where plans require out-of-pocket for such services 66% of insured-product members with children utilized well baby / well child care after age 15 months, even where plans require out-of-pocket for such services Above implies members find value in well baby coverage and services.

Summary

Hard-dollar ROI data is not available, due mostly to the difficulty of demonstrating incidence of costly health conditions with and without well baby exams attributable solely to such exams (i.e., conditions theoretically prevented or mitigated are not sufficiently specific). Several studies across diverse populations demonstrate positive ROI for 100% coverage childhood vaccinations. Assuming actual SoAK costs at twice the level estimated by Premera and 12,000 members, the annual cost of 100% AAP Guideline Well Baby care should not exceed \$201,600. This amount represents less than 0.5% earnings on fiscal year-end 2007 Select Benefits plan reserves.

While Buck cannot definitively state that adding this benefit will produce positive ROI for the Select Benefits plan we believe the overall cost is low relative to potential economic and employee satisfaction return and strongly recommend that Well Baby care be covered at 100% up to the AAP guidelines and after regular plan deductibles and coinsurance for services that exceed AAP guidelines.



Alaska

February 28, 2007

The Honorable Lesil McGuire
Alaska State Capitol Building
Juneau, Alaska 99801

RE: Senate Bill 170 – Health Insurance Coverage for Well Baby Visits

Dear Senator McGuire,

On behalf of the National Federation of Independent Business/Alaska, I wish to express our appreciation for the amendments you will propose to Senate Bill 170. The National Federation of Independent Business is the largest small-business advocacy group in the state.

We understand the concern with health insurance coverage for well baby visits and believe a mandate that insurance companies must offer coverage is a prudent step towards your goal. This approach will assure that each employer will consider the need and advantages of this benefit for their employees. A mandatory offering, while underscoring the state's belief of the importance of this benefit, leaves the final decision between employees and employers, without the interference of the state.

We hope that the Senate Finance Committee will promptly schedule a final hearing on SB 170. With the changes you have proposed, the NFIB withdraws our previous opposition to the measure.

Sincerely,

Dennis L. DeWitt
Alaska State Director
National Federation of Independent Business

cc: Senate Finance Committee

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

February 11, 2008

Honorable Bettye Davis, Chair Senate Health, Education and Social Services Committee
State Capitol, Room 30
Juneau, AK 99801-1182

RE: CS SB170 - Well Baby Exams

Dear Senator Davis:

The Alaska State Medical Association (ASMA) represents physicians statewide and is primarily concerned with the health of all Alaskans.

CS SB170 provides for mandatory health insurance coverage for the cost of well-baby exams. Monitoring a child's medical metrics in the first 24 months of life is critical to the preventative healthcare and the early detection of health problems. This is good medicine and ASMA supports the enactment of CS SB170.

ASMA urges you to support the enactment of CS SB170.

Sincerely,



J. Ross Tanner, DO, President



American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™



Alaska Chapter

Alaska Chapter Executive Committee

President

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January 29, 2008

The Honorable Lesil McGuire
State Capitol, Room
Juneau, AK 99801-1182

RE: SB 170 Well Baby Exams

Dear Senator McGuire

I am writing to add support for SB 170 that would require insurance carriers to provide well baby coverage for the first 2 years of life. The American Academy of Pediatrics has long been an advocate of routine well visits. Preventative care has been shown to be very cost effective in that early screening allows for early intervention, when problems are small and easily remedied. Regular visits also improve immunization rates. I have included a link to the AAP's Well Visit Periodicity Schedule below. (If you are not able to access this it can also be found in *Pediatrics* December 2007 page 1376-1377)

<http://pediatrics.aappublications.org/cgi/data/120/6/1376/DC11>

Thank you for your continued concern and interest for the well being of Alaska's children

Sincerely yours

Jody Butto MD FAAP
President Alaska Chapter AAP



Voices for Alaska's Children and Youth

February 12, 2008

Dear Members of the Alaska State Senate,

Voices for Alaska's Children and Youth (VACY) is a statewide coalition compiled of numerous organizations representing early care and education, health care, youth development, hunger and poverty, advocacy, child abuse and neglect, businesses, faith based and non-profit agencies. VACY creates awareness and advocates for effective public policy on behalf of Alaska's children, youth and their families.

VACY is writing this letter in support of **SB170- Well Baby Exams** to ensure the long term physical and mental health of young children. Why are Well Baby Exams important:

- The brain development between birth and age three is the most active time every in a humans life.
- Trillion of synaptic connections are being made everyday, building the foundations for all later life.
- The American Academy of Pediatrics recommends 10 exams prior to a child's second birthday to prevent later more costly health care, educational cost but primarily to ensure all children grow up strong and healthy.

Success of Well Baby Exams:

- Well Baby exams not only monitor a child's physical health, but they are also screen for cognitive and social emotional development.
- In Alaska, The Early Childhood Comprehensive Systems Grant is facilitating a project called ABCD. Local pediatrician offices are providing regular developmental and social emotional screening during Well Baby Exams.
- This is an enhancement of the federally mandated Child Find requirements, and is successfully identifying children with cognitive and/ or social emotional concerns and referring them to early intervention services.

If well baby exams are not covered by insurance, more people will not participate in preventative health care and potentials cognitive, emotional and physical delays will go undetected.

Early identification and education are critical factors in reducing long term health cost and most importantly enhancing the physical and mental health of our children. Well-Baby exams are an effective solution to many rising health care cost because they prevent illness in the long run.

Please support **SB170- Well Baby exams** for the future of Alaska's children.

Thank you for your time
VACY Chair
Meghan Johnson M.S.
mjohnson@gmail.com
(907)360-7384



JOY M. NEYHART, D.O., F.A.A.P.
PEDIATRICS

March 5, 2008

Dear Senator McGuire:

I am writing in support of SB 170 which aims to require health care insurers to provide coverage for well baby exams for the first 24 months of life for the dependents of insured parents. This would provide a significant benefit to all Alaska state and City and Borough of Juneau employees, especially school district employees, many of whom do not currently enjoy this coverage.

As a board certified pediatrician, I know how important preventative health care services are for infants and toddlers. Each preventative care visit is more than a physical exam. Developmental screenings are performed and appropriate referrals are generated for any infant or young child who shows signs of developmental or language delay. Early detection and appropriate treatment of developmental and language delay significantly improves school readiness and functional ability of children with delays.

Preventative health care visits are also invaluable opportunities to provide education to parents, especially young or inexperienced parents, regarding dental health, nutrition, injury and accident prevention, the importance of reading aloud to young children and immunizations. This list is in no way exhaustive.

If you have specific questions or concerns regarding these important preventative health care services, please do not hesitate to contact me.

Sincerely,

Joy M. Neyhart, D.O., F.A.A.P.
Diplomate of the American Board of Pediatrics