


**SB**

**160**

**SFIN**

**FILE**



*Health Insurance For All Alaskans*

Senators French, Ellis and Wielechowski

# **A Bipartisan Solution To Cover The Health Needs Of All Alaskans**

SB 160 - Senate Finance Bill Packet

## **Comments about the legislation:**

*Anchorage Daily News Editorial:*

*"BOTTOM LINE: Here's a promising, market-based, consumer-driven approach to universal health insurance in Alaska."*

*- Published September 23rd, 2007*

*Al Parrish, VP/Chief Executive, Providence Health Systems Alaska:*

*"I believe it is crucial for Alaskans to engage in a public policy debate on this important issue and this legislation provides an excellent forum around which this discussion can be held."*

*- Written in a letter to Senator French and included in this packet*

*Laile Fairbairn, Managing Owner, Snow City Café (located in Anchorage, AK):*

*"I feel that Senate Bill 160 is a very promising solution to a significant problem faced by a large number of Alaskan businesses."*

*- Testimony during the September 10th bill hearing in Anchorage, AK*

# SB 160

## Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

# Legislation Summary

Senate Bill 160 is an innovative, market based solution to the national health care crisis in Alaska. It is not socialized medicine. By maximizing consumer choice and creating a health insurance clearinghouse, this legislation guarantees affordable quality health coverage for all legal Alaskan residents.

Many working Alaskans cannot acquire insurance because the cost of coverage places a plan out of reach. While all Alaskans have legal 'access' to insurance products, those who cannot afford the full cost must hedge their bets on good health. Alaska's unique economy adds additional challenges: seasonal employees, for instance, find themselves outside the traditional 'group' market, lacking an easy route to maintain continuous, portable coverage. And with the amount of uncompensated care rising, the pressure on individuals and businesses who do buy coverage will only increase, because unpaid hospital bills are essentially transferred to those who pay for services. SB 160 will reduce uncompensated care and ensure that all Alaskans have meaningful access to health coverage, regardless of job type.

The solution requires that all Alaskans participate. While individuals will have the responsibility to acquire coverage under the bill, the state will guarantee that a quality insurance product will be affordable. Sliding scale vouchers will assist Alaskans that cannot afford the full price of coverage on their own. The bill allows for unique plans that cater specifically to young Alaskans. This legislation does not assume that a one size fits all solution will work for Alaska.

The health care 'clearinghouse' will give participating Alaskans choices when it comes to health coverage, in a competitive marketplace framework. It allows for unsatisfied consumers to change insurers or plans without a loss of benefits, and provides a private market solution to rising costs. By placing the consumer in control and providing information about comparable products, the clearinghouse should reduce cost increases while increasing customer satisfaction.

In short, this legislation will ensure that all Alaskans have access to health care in times of great need, through an equitably financed system.

### Table of Contents:

Frequently Asked Questions	3
Personal Choice Under The Bill	4
Reducing Medical Bankruptcy	5
Vouchers Ensure Affordability/Access	6
Prevention and Innovation	7
Individual Responsibility	8
Proven Concepts	11
Seasonal Employment Issues	12
Small Businesses/Young Alaskans	13
Massachusetts and SB 160 Compared	14
SB 160 and Other State Efforts	15
Framework Chart	16
SB 160 Articles	17
Letters of Support	20

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

**SB 160**

## *Health Insurance For All Alaskans*

Senators French, Ellis and Wielechowski

### Frequently Asked Questions

*Why is this bill necessary?*

As medical costs increase uninsured Alaskans have greater difficulty taking charge of their own health, because the cost of insurance becomes prohibitive. Through a unique voucher system, this bill will allow individuals to purchase coverage that is affordable, putting everyone in charge of their own medical future.

*Why is this bill necessary now?*

Recent reports show that medical expenses for Alaska's families have increased 4.3 times faster than the median family income. Businesses across the country have expressed concern about rising insurance costs and the difficulty of providing quality health coverage to employees. The time has come to ensure that all Alaskans have access to affordable coverage, since without action things will only get worse.

*How many Alaskans currently lack health insurance?*

The latest numbers developed by the Lewin Group estimate that 15.5% of Alaskans lack health insurance, for a total uninsured population of 97,689.

*I already have insurance, so why should this bill be of interest to me?*

The impact of the uninsured is felt by all Alaskans, not only socially, but economically. When someone cannot pay their medical bills, the costs for their care is essentially covered by hospitals, businesses and the individuals who can pay. A recent legislative research report found that the State of Alaska, as an employer, paid an extra 18.9 million dollars for state employee benefits because of the increased prices caused by uncompensated care.

This bill ensures equitable financing of the health care system while reducing expensive emergency room procedures by encouraging preventative care.

*Does this bill change my current employer based health insurance plan?*

No - if you are satisfied with your current coverage and it provides essential health services no changes will occur.

*Is this bill socialized medicine?*

No, and far from it. Socialized medicine is characterized by government run health care: this bill protects consumer choice and encourages competition through a unique voucher system. Under the bill, the government only acts as a facilitator in the health coverage arena, making certain that everyone can afford quality health coverage.

For more information, contact Sen. French's office:

Phone: (907) 269-0153 E-Mail: Senator\_Hollis\_French@legis.state.ak.us

[www.healthyalaskans.com](http://www.healthyalaskans.com)

## SB 160

# Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

## Personal Choice Under The Bill

For more than 70 years a majority of Americans have received health coverage through their employer. Some see the system of employer based coverage as an unfortunate historical accident, largely resulting from federal tax loopholes following World War II. Others note that employers worldwide play a large role in providing coverage to their employees. SB 160 works within this country's traditional employer-based framework while guaranteeing portable, consumer centric coverage. This legislation places Alaskans in full control of health care decisions that dramatically affect their lives.

Nothing in SB 160 would require a person to change their health coverage if they are satisfied with the benefits they receive today. However, many Alaskans want more options. Through the health care Clearinghouse, this legislation will facilitate a new relationship between individuals and insurance providers: the bill does not assume that a one size fits all solution will work for all Alaskans.

SB 160 places individuals in control of their coverage decisions. Under the employer based system, the employer is a middleman between an individual and health coverage. Currently 80% of employer offerings give only one plan option to employees, and the individual must either accept or refuse that coverage. When employers decide which insurance company to contract with, the way a plan serves employees is clearly considered but coverage decisions

aren't left to the individual. The clearinghouse under this legislation provides consumers with information, leaving decisions of plan type and provider up to the person who is affected most by the decision.

The health care clearinghouse established under this legislation will create a marketplace where health insurance information is shared. The annual open season encourages competition by allowing individuals to change plan types and providers seamlessly, which has the potential to reduce rates. In short, this legislation will put Alaskans in a new position of control when designing their plan and choosing an insurer, through a competitive, market based framework.

***80% of employers who offer subsidized health plans only offer employees one type of plan design.***

- Heritage Foundation

#### References/For More Information:

Edmund Hansmann - "The Mass Health Reform: Assessing Its Significance and Progress" - Heritage Foundation 2007

For more information, contact Sen. French's office:

Phone: (907) 269-0153 E-Mail: Senator.Hollis.French@legis.state.ak.us

[www.healthyalaskans.com](http://www.healthyalaskans.com)

**SB 160**

## *Health Insurance For All Alaskans*

Senators French, Ellis and Wielechowski

### **Reducing Medical Bankruptcy**

Half of all personal bankruptcies in America are caused by medical problems. While health insurance alone won't provide perfect protection from large health costs, SB 160 could dramatically reduce the bankruptcy rates of Alaskans who will be faced with high medical expenses.

Coverage through the Clearinghouse separates insurance from employment, making a health insurance plan continuous despite job status. Sliding scale vouchers will exist for those who truly cannot afford the full price of a plan on their own, helping those who haven't had access to health coverage. For seasonal employers who generally don't offer a group plan to employees, the option of contributing some funds towards an employee's plan would become easier, and multiple employers could contribute. By ensuring affordable coverage, individuals will have financial protection in times of great need.

Three out of four people who cite medical problems as a partial reason for declaring bankruptcy had health coverage when their ailment began, but most had a lapse in that coverage before declaring bankruptcy. In an employer based coverage system, a job loss is coupled with a loss of employer subsidized benefits. While options do exist to extend coverage, these options charge an individual the full price of the employer offering, and often leave little or no choice in plan design. As mentioned earlier, over 80% of employer sponsored health plans across the country only offer one type of plan that employees

can either accept or reject. Often, employees with pre-existing conditions must either drop coverage altogether or pay for a 'Cadillac' plan if they want continuation of benefits, since private carriers in the individual market aren't required to provide them with a plan. For people participating in the clearinghouse, this legislation would open up options when it comes to plan design and portability.

To protect Alaskans, SB 160 makes certain that insurance products are of good quality, with the capability to protect the plan holder from a medical catastrophe. Insurance plans come in all shapes and sizes today, and that is a great thing for consumer choice. However, a one size fits all approach won't work in Alaska. As an example, while many Alaskans may prefer a low premium, high deductible health plan, a policy that has a \$10,000 deductible won't be of much use to an individual who makes minimum wage, amounting to approximately \$15,000 a year. By setting deductible, co-pay and out of pocket maximums for plans that qualify for sliding scale vouchers, SB 160 ensures that everyone has access to quality coverage that fits their financial needs.

**References/For More Information:**

David U. Hummelstein et al - "Marketwatch: Illness And Injury As Contributors To Bankruptcy" Health Affairs 2005

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

### Voucher System Ensures Affordability, Access

The voucher system in this legislation promotes consumer choice for all Alaskans. Two types of vouchers will be issued under the bill. The first type puts the price of insurance within the reach of all Alaskans by providing assistance, on a sliding scale, to those who cannot afford the full cost of a plan. The funding for these vouchers would come from the levy charged to non-providing employers, as well as from state and federal contributions. Without sliding scale vouchers the individual responsibility component of the legislation wouldn't be meaningful, because insurance is priced out of reach for many working Alaskans.

The second type of voucher is issued to specified individuals, who have had contributions made on their behalf by an employer or another individual, for use on health insurance products. These vouchers create a convenient way for employers to pool health contributions for an individual, whether they have one or many jobs. In particular, specified beneficiary vouchers are particularly appealing for individuals with multiple jobs, because it helps multiple employers share the cost of coverage. The system also gives businesses some certainty of their

health expenditures in a given year, since expenses can be defined by contribution level and not by benefit package. The choice of plan type is left to the individual, for the obvious reason that he or she is most affected by the selection.

Contributions to specified beneficiary vouchers will not be mandated; instead, that element of the bill promotes equitable financing of health coverage by making it easier than ever for employers to contribute to the health and well being of their employees.

#### Affordability provides true access

Under current Alaska law any small business can buy private coverage, and every individual can buy an insurance plan, either through the private market or ACHHA (the state high risk pool). However, claiming that this equals access to health insurance is simply false. Access to health care must be more than just the legal right to buy a policy; it should ensure that all Alaskans have coverage in times of need. SB 160 mandates true access to health care through a unique voucher system that makes coverage affordable for all Alaskans.

*Alaskans spent \$5.3 billion on health care in 2005, a 230% increase from 1991.*

- ISER

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: Senator\_Hollis\_French@legis.state.ak.us

[www.healthyalaskans.com](http://www.healthyalaskans.com)

**SB 160**

## *Health Insurance For All Alaskans*

Senators French, Ellis and Wielechowski

### **Prevention, Innovation and The Affordability Guarantee**

#### **Prevention and Innovation**

This legislation acknowledges that lowering costs while improving quality requires innovative solutions to old problems. Under SB 160, the Alaska health care board will weigh in on potential cost and quality improvements, including but not limited to recommendations on:

- Electronic health records and health information exchanges
- Denali Kid Care/Medicaid effectiveness
- Prescription drug bargaining
- Insurance market reforms
- Mandated benefits
- Evidence based treatment procedures
- Recruitment and retention of medical professionals
- University of Alaska offerings in medical fields

The health care board's suggestions regarding cost and quality improvements will be given to the commissioner of the Department of Health and Social Services and the legislature in an annual report. This report will get the consideration of both the legislative and executive branches, where substantive health policy changes can be considered, discussed and implemented.

*More than half of Alaska's  
uninsured population is  
employed.*

*- Families USA*

#### **The Affordability Guarantee**

SB 160 requires that quality basic health insurance is made affordable for all Alaskans. If an individual feels that he or she cannot afford coverage under the legislation's framework, that person has a right to an appeal before the health care board. If the board reviews the case and agrees that an insurance plan places an undue financial burden on the household, the requirement to have coverage will be lifted. While SB 160 should place the price of coverage within reach for all Alaskan families, the affordability clause in the bill provides a guarantee that no one will be forced to purchase coverage they cannot afford.

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

### Individual Responsibility - Financial Relief

*Critics of the new type of universal health care efforts being implemented around the country have questioned the necessity of requiring that all residents have some form of health coverage. Yet, judging from these efforts, a consensus has been reached: Until something is enacted on a federal level, mandating coverage is the only responsible option for promoting universal health coverage in a state today. Beyond the social benefit of making certain that all residents have better access to health care, there are also economic reasons why reform efforts must include everyone.*

#### Financial Relief For Current Policyholders

In a sense, universal health care is already provided in America because emergency rooms cannot turn down a person in need of medical attention. While this system may provide emergency care for all Alaskans, it doesn't equal universal access to health care in times of need, nor does it protect the financial concerns of the insured or uninsured alike. In addition to producing less than ideal health outcomes for those who lack coverage, it also places an undue financial burden on people who do buy coverage. And this financial burden is large.

The amount of uncompensated care in Alaska is staggering. Families USA estimate that \$125 million of uncompensated care is provided each year in Alaska, and that only 21% of that bill is reimbursed by federal, state and local governments. That leaves

medical providers with \$100 million of unpaid bills every year. This doesn't mean that hospitals 'lose' money every year: To make up for outstanding bills, hospitals charge more to people who can actually pay for services. Since government health care reimbursement rates are often at or below the actual price of providing care in Alaska, nearly the entire burden of uncompensated care is recouped through inflated insurance premiums.

How much does the cost of an average plan go up? Families USA estimates that 13.6% of an insurance premium in Alaska covers uncompensated care costs, meaning that, for a family of 4 with a comprehensive policy, nearly \$1,500 a year go towards covering uncompensated care. SB 160 ensures that everyone can afford quality basic coverage, potentially reducing the amount of uncompensated care given out by hospitals. This element of the bill will give much needed relief to everyone who currently invests in health coverage.

***An estimated 125 million dollars of medical bills aren't paid each year in Alaska.***

- Families USA

#### References/For More Information:

Families USA - "Paying a Premium: The Added Cost of Care for the Uninsured" - June 2005

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: Senator.Hollis.French@legis.state.ak.us

[www.healthyalaskans.com](http://www.healthyalaskans.com)

**SB 160**

## *Health Insurance For All Alaskans*

Senators French, Ellis and Wielechowski

### **Individual Responsibility - Improving The 'Pool'**

#### **Improving the 'Pool' to Increase Affordability**

An insurance 'pool' is a bundle of risks. It works this way: for the sake of determining premiums, a 'pool' is a group of individuals who are considered together when determining expected medical costs. Once anticipated costs are determined, each member of that pool can be billed for a fair portion of what expenses the 'pool' is likely to incur on their behalf.

Adverse selection occurs when individuals utilize their private knowledge of their own health when deciding whether to buy health insurance. Since an individual has better knowledge of their lifestyle, habits and health than an insurance company, adverse selection has the potential to greatly affect who buys insurance. Simply put, people who expect to be sick want health insurance more than healthy people.

Certain pools are affected by adverse selection more than others. As an example, in the individual market, the decision to buy or forego insurance isn't left to chance - someone must make the conscious decision to buy a plan. Employer provided coverage, on the other hand, doesn't always require that the employee opt in. Often coverage is highly subsidized or provided free of cost.

The best insurance pool includes both healthy and

sick individuals. If pools are structured to distinguish between people by health, the cost of insurance for those with severe illnesses will be extraordinarily high, and out of reach for most Alaskans. Similarly, if a pool only includes healthy individuals, the costs of a plan may be lower for those who are included, but the amount of uncompensated care would be high, since plans for those with severe health problems would be cost prohibitive. Today the amount of uncompensated care is large, and as discussed earlier, that cost is transferred to Alaskans that do have coverage.

Adverse selection has undoubtedly raised the costs of plans in Alaska's health insurance marketplace through self selection within the individual market. And while the Alaska Comprehensive Health Insurance Association (ACHIA) was created by the state to provide health coverage to individuals with pre-existing health conditions, the offered plans are often cost prohibitive for normal Alaskans. This legislation will reduce adverse selection by ensuring that all Alaskans participate.

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

**SB 160**

## *Health Insurance For All Alaskans*

Senators French, Ellis and Wielechowski

### **Individual Responsibility - Avoiding Price Spirals**

Damaging price spirals are often caused by adverse selection in voluntary participation health reform efforts. When an individual weighs the decision to buy coverage they consider many factors, including the cost of a plan, what they can afford, and the probability of requiring care. This often causes people of good health to forego insurance, since they figure the odds are in their favor. And when healthier individuals don't acquire coverage, the pool of people who do purchase insurance is more likely to require health attention. As a result, premiums increase.

The price of coverage in voluntary state reform efforts that include some individual contributions have often spiraled upward after introduction, with plan costs increasing when the healthiest individuals decide to hedge their bets on good health. Once the healthiest people in the pool leave, the expected cost per member increases. If these price increases are charged to individuals within the pool, additional people may reconsider their participation in a voluntary plan. Maine's Dirigo program ran into this problem, when fewer people than expected signed up, and once the program began, the spiraling effect occurred as the participation price increased. If everyone is required to get "in the pool" this price spiral will be eliminated.

*"The problem is that the individuals in the insurance pools don't cooperate. Guaranteed issue and community rating regulations cause premiums to be higher than would otherwise be the case. As a result, the healthiest individuals drop their coverage, leaving the members with the highest health care costs in the pool. As the cost of care rises, premiums also go up, causing more members to drop out and creating a rising spiral of cost and premium increases."*

- Portland Press/Maine Sunday Telegram,  
October 28, 2007

**References/For More Information:**

David U. Himmelstein et al - "Marketwatch: Illness And Injury As Contributors To Bankruptcy" Health Affairs 2005

Martin Jones - "Rules make health insurance in Maine costly" - Portland Press/Maine Sunday Telegram, published October 28th 2007

#### **Not Socialized Medicine**

This legislation does not create a socialized system of medicine in Alaska. Socialized medicine is characterized by government run health care. Under this legislation, the only role of the government is to guarantee that all residents have true access to health coverage.

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

## SB 160

# Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

## Proven Concepts - Learning From Programs That Work

While many critics of consumer centered health reform claim that the ideas haven't been tested, these critics fail to recognize several extremely successful consumer driven programs in place today.

The first is the Federal Employees Health Benefit program. This program provides federal employees, retirees and their survivors with the "widest selection of health plans in the country" through a mechanism much like the clearinghouse under SB 160.

The program provides information about numerous plan providers and types, giving consumers a meaningful role in choosing their health coverage. Plans offered through the FEHB program feature no waiting periods for enrollees, and all participants are guaranteed that a plan will accept them. The health care clearinghouse in SB 160 will provide a similar system which can be accessed by all Alaskans.

The bi-partisan reform effort being implemented in Massachusetts is still young, but the results thus far are encouraging. One year after the legislation was enacted over 200,000 previously uninsured residents gained health coverage in Massachusetts. This effort ensures that similar successes can be seen in Alaska, largely through the Massachusetts inspired sliding scale voucher system under SB 160.

Since the passage of Governor Romney's health reform effort, consumer choice has drastically increased while uncompensated care has decreased in the state of Massachusetts. Over 44 different types

of plans are available in the Massachusetts Connector, which, when compared to the standard employer offering of only one plan type, represents a large improvement of choice for residents of the state. Furthermore, uncompensated care has decreased by almost 13% in the state during the first year, even though the plan was just being implemented during that time. When everyone has coverage further declines should be seen.

By no means is this to say that a silver bullet exists, but, so far, the results of both programs are encouraging. This legislation builds an Alaskan version of health reform practices like these that are working in different parts of the country.

### Learn about these successful programs online

#### **Federal Employee Health Benefits Program:**

<http://www.opm.gov/insure/health/>

#### **Massachusetts Commonwealth Connector:**

<http://www.mahealthconnector.org/>

#### **References For More Information:**

Federal Employee Health Benefits Program

<http://www.opm.gov/insure/health/about/felhb.asp>

Lisa Eckloff/Edger - "The Insurance Countdown" - Worcester Telegram and Gazette, published November 18th, 2007

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

### Continuity of Coverage

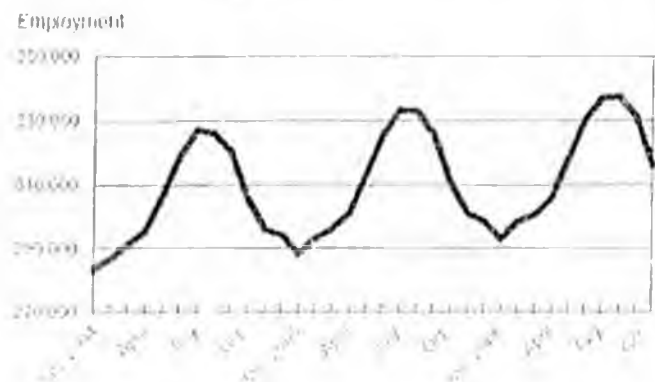
#### Seasonal Employment Requires a Creative Solution

Alaska's natural landscape provides unique employment opportunities in the state. Both the tourism and fishing industries peak during summer months, with relatively little activity during the middle of winter. Judging from historic employment data, there are roughly 45,000 fewer jobs during the peak of winter compared to the busiest months in the summer. While the economic benefits that come with seasonal employment are great for Alaskans – tourism alone brought \$1.8 billion into the state last year - many workers in seasonal industries work for multiple employers over the course of a year. Unfortunately, this doesn't line up with the traditional employer based health insurance model.

The United Fishermen of Alaska have expressed particular concern over this issue, noting that a lack of health insurance options creates a significant barrier of entry for future generations of commercial fishermen. In particular, they note difficulty with the traditional group market structure, because fishing organizations don't fit the traditional mold of a group employer. The marketplace solution provided through the health care Clearinghouse should help fishermen, and all other seasonal employees, get many of the group benefits of coverage while maintaining the portability that seasonal workers require. Edmund Haislmaier, a senior research fellow at the Heritage Foundation, noted that few people are unin-

sured for years at a time: In fact, he has found that up to 40% of the national uninsured problem could be solved if coverage was tied to an individual, and not an employer, because the shorter lapses of coverage could be prevented. Alaska's seasonal industries give the state even more reason to tie coverage to the individual, to make certain that benefits are available when they are needed.

Chart from "Making sense of Alaska's unruly numbers":



Source: Alaska Department of Labor & Statistics, "Alaska Economic Trends: December 2006" - Alaska Department of Labor & Statistics

#### References For More Information:

Dan Robinson - "Making sense of Alaska's unruly numbers" - Alaska Economic Trends, December 2006

United Fishermen of Alaska - "Alaska Fishermen's Health Care - Challenges and Opportunities" - Aug. 2001

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## *Health Insurance For All Alaskans*

Senators French, Ellis and Wielechowski

### **Unique Solutions for Business, Young Alaskans**

#### **Structured With Small Business In Mind**

Most Alaskans who lack health coverage also work for a living, leaving behind the notion that only the unemployed require assistance when it comes to making health coverage affordable. Even the most successful small Alaskan businesses can have difficulty providing coverage, because of the high costs of health plans. This legislation aims to strengthen businesses around the state by putting coverage in reach for all employees.

Clearly a healthy workforce is more productive, because absenteeism and productivity is tied to the health of an individual. But in addition to health benefits that would arise if everyone had access to basic medical care, Alaska's businesses have much to gain through this legislation economically. Retaining qualified employees is difficult for businesses that cannot afford coverage. This forces high retraining expenses on employers, since they must fill vacancies more frequently than businesses that provide coverage. In addition, recruitment is more difficult for companies that don't offer coverage.

Not all businesses can afford the full price of health coverage. In addition, not all employees need insurance through their employer - many have coverage through spouses or public programs. Roughly 20% of Alaskans have limited health coverage through the Indian Health Service. Because of this, an employer will not be taxed under this legislation for not

providing coverage to someone that already has health access, as defined in the legislation.

The employer levy is simple. It is calculated by adding up the gross payroll of all employees who participate in the framework of this bill. For businesses that pay less than \$500,000 gross annually to employees who lack health coverage, no levy will be collected. For businesses that pay between \$500,000 to \$1,000,000 a year, the levy will be 1% of payroll. For over \$1,000,000 annually, the payroll tax will be 2%. Companies that currently invest even a small amount of money into employee health coverage will be exempt from this levy, whether that investment consist of a modest contribution towards the price of a premium, or through the establishment of a Section 125 account, which facilitates pre-federal tax purchases of health coverage.

#### **Young Alaskans Have Unique Needs**

Young Alaskans have special needs when it comes to their health coverage. Statistically, they require less health services than their older counterparts. They also show less of a willingness to pay for expensive, comprehensive coverage, and even a moderate deductible can be difficult to pay, particularly for college aged students. This legislation acknowledges that young Alaskans have unique needs, and it provides for a special category of plans that are designed specifically to fulfill their health requirements.

For more information, contact Sen. French's office:  
Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

### Massachusetts and SB 160 Compared

Issue Area	Alaska - SB 160	Massachusetts - Enacted
<b>Sliding Scale Subsidies</b> <i>Definitions:</i> FPL = Federal Poverty Line	<b>Yes:</b> Households with incomes below 300% of the FPL will receive vouchers to make the price of coverage affordable. Residents only eligible for ACA coverage will receive vouchers up to 450% FPL.  Health care vouchers will put the consumer in control when choosing a plan and a provider.	<b>Yes:</b> Households with income below 300% receive subsidized health coverage through the connector. For individuals who utilize vouchers one plan type is available to households below 200% FPL and two plan types are available to those earn between 200-300% FPL.
<b>Establishing A New Insurance Marketplace</b>	The health care Clearinghouse will disseminate information, encourage competition, and help residents learn about different health coverage options.	The Connector provides information, encourages competition, and helps residents learn about different coverage options. It is a web-based marketplace.
<b>Requirements for Consumers</b>	All Alaskans would be required to have a minimum level of coverage, as defined by statute. If a product isn't affordable a hearing process allows for some exceptions.	All residents must have a minimum level of coverage, as defined by the Connector board. However, some residents have been exempted from the mandate because an affordable product isn't available to them.
<b>Effect on Existing Public Programs</b>	No changes to existing publicly funded programs.	Free care funds will still be available to hospitals, but the program will shift dollars from this account to the reform effort as more people get coverage and don't require free care.  Medicaid reimbursement rates were also increased under the legislation.
<b>Financing</b>	Employer payroll tax, varying from 0-2% of payroll depending on payroll size and the number of uncovered employees.  Federal dollars will be pursued through 1115 waivers.  State funds will also be used	Employer payroll tax of up to \$295 per employee for employers with more than 10 full time workers. A free rider surcharge can also be assessed if employers don't help employees get coverage and they utilize free care.  Federal dollars from 1115 waivers have been funneled to the project.
<b>Insurance Market Reforms</b>	<b>Yes:</b> Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection.	<b>Yes:</b> By merging the non-group and small group markets, insurance is portable and not tied to employment. Massachusetts already had guarantee issue laws

For more information, contact Sen. French's office:

Phone: (907) 269-0153 E-Mail: Senator\_Hollis\_French@legis.state.ak.us

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

### Other State Reform Efforts

Issue Area	Alaska - Senate Bill 160	California - Governor Schwarzenegger's Plan	Colorado—Legislature's Blue Ribbon Commission
Sliding Scale Subsidies  <i>Definitions:</i> FPL = Federal Poverty Line	<b>Yes:</b> Households with incomes below 300% of the FPL will receive vouchers to make the price of coverage affordable. Residents only eligible for ACHIA coverage will receive vouchers up to 450% FPL.  Health care vouchers will put the consumer in control when choosing a plan and a provider.	<b>Yes:</b> Households with incomes below 400% of the FPL will receive a tax subsidy to help cover insurance costs, residents below 250% FPL won't pay more than 5% of income for coverage, and individuals below 150% FPL won't pay anything- including co-pays and deductibles - for health care	<b>Yes:</b> Full subsidy of most basic plan for households with incomes below 250% FPL and partial subsidy for households below 300%.  Colorado is also proposing a asset test and an additional subsidy to households below 400% of the FPL if a premium will be more than 9% of household income.
Establishing A New Insurance Marketplace	The health care Clearinghouse will disseminate information, encourage competition, and help residents learn about different health coverage options.	A purchasing pool will be established for residents who receive sliding scale assistance to cover health insurance costs.	The Coverage Clearinghouse will disseminate information, encourage competition, and help residents learn about different health coverage options.
Requirements for Consumers	All Alaskans would be required to have a minimum level of coverage, as defined by statute. If a product isn't affordable a hearing can allow an exception.	All Californians must have a minimum level of coverage, as defined by the Secretary of Health and Human Services, through the regulatory process.	All legal residents of Colorado must have basic plan coverage, with some exceptions if a product isn't affordable. Basic coverage includes plans with benefit caps.
Effect on Existing Public Programs	No changes to existing publicly funded programs.	Expansion of S-CHIP to 300% regardless of immigration status, and Medicaid expansions to certain groups up to 250% FPL.	Expansion of S-CHIP to 250% and Medicaid. Allows for a Medicaid buy in program for households at 200% FPL and up.
Financing	Employer payroll tax, varying from 0-2% of payroll depending on payroll size and the number of uncovered employees.  Federal dollars will be pursued through 1115 waivers.  State funds will also be used	Employer payroll tax, varying from 1-6.5% of payroll depending on payroll size.  Hospitals will pay 4% of revenue towards the reform effort.  Federal dollars will be pursued through 1115 waivers.	Increases in alcohol and tobacco taxes. In addition, taxes on snacks and soda will be established.  Increase the state income tax.  Federal dollars will be pursued through 1115 waivers.
Insurance Market Reforms	<b>Yes:</b> Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection.	<b>Yes:</b> Guarantee issue and guarantee renewal to all Californians in the individual market.  Rating bands will ensure that only age and geography determine premiums.  Health plans will have to spend 85% of premiums on patient care.	<b>Yes:</b> Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection.  High risk pool will exist for those who currently are uninsured. Premiums will equal the normal price paid in the individual market.

For more information, contact Sen. French's office:

Phone: (907) 269-0153 E-Mail: Senator Hollis.French@legis.state.ak.us [www.healthyalaskans.com](http://www.healthyalaskans.com)

**SB 160**

# Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

## Detailed Bill Summary

**SECTION 1 of the bill – Findings**

Updated 3/17/2008 - Corresponds with version WW

**SECTION 2 of the bill - Provides the framework for the bill**

**Sec. 21.54.200: Establishes the health care program**

This section lays out what the legislation will accomplish.

- it ensures that all state residents can afford quality health coverage that suits their particular needs
- it requires that health coverage is meaningful, as discussed later in AS 21.54.250
- it reduces unsustainable health care cost increases, through encouraging primary care and prevention
- it centers on consumer choice by providing a framework for competition, where insurance plans must compete to acquire and retain customers

**Sec. 21.54.210: Establishes the Alaska Health Care Board**

This section establishes the Alaska Health Care Board under the Division of Insurance. The board will have 13 voting members, and will include:

- one insurance producer licensed to do business in the state
- one representative from a health insurance company licensed in Alaska
- one representative that works for a large business
- one representative that works for a small business
- two representatives from Alaska hospitals
- one representative of a labor organization
- two licensed Alaska physicians
- two consumer advocates
- one registered nurse
- the commissioner of Health and Social Services, or their designee

Each member, except the commissioner, serves a 3 year term and are subject to appointment and reappointment by the Governor. Members will be entitled to standard per diem and transportation costs under AS 39.20.180. The board will select a chair and a vice chair, and a majority of the board will be considered a quorum for transacting business.

**Sec. 21.54.220: Defines the powers and duties of the Alaska Health Care Board**

The board oversees two of the main elements in this bill: the health care Clearinghouse and the health care fund, the function of which are described in later sections of the bill.

In particular, the board will:

- ensure that a variety of plans are available in the clearinghouse, where individuals make plan selections based on their personal needs
- help educate the public about different plan options, and ensure that residents are enrolled in a health benefit plan
- establish enrollment criteria and procedures for individuals, and provide for an annual open season when customers can change their plan selections.

**For more information, contact Sen. French's office:**

Phone: (907) 269-0153 - E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

In particular, the board will *(continued)*:

- The board will hear complaints or objections to decisions made by the program or clearinghouse. Individuals who feel aggrieved by a decision of the board are entitled to a hearing
- Establish criteria and implement the voucher system, which will be discussed in a later section
- Ensure that plans protect individuals from severe financial hardship in times of medical need

### Sec. 21.54.230: Alaska Health Care Clearinghouse

The health care clearinghouse will be the 'place' where Alaskans are connected up with private health plans that suit their needs. The clearinghouse will disseminate information about health insurance and the plans that are 'certified' to fulfill the essential health care services criteria, as defined later in the bill.

The Clearinghouse will be the place where individuals with health care vouchers make plan selections and are connected up with quality insurance products.

### Sec. 21.54.240: Establishes the Voucher system, and includes the individual responsibility clause

This section ensures that all Alaskans can afford quality health coverage. It begins in (a) with the individual responsibility clause, which requires that all Alaskans have health coverage that provides essential health care services. This requirement will only affect those who don't currently have coverage: (1) - (8) outline specific examples of individuals who will be exempt from the individual responsibility clause. Exempted from the requirement are individuals who receive benefits under employer plans or publicly funded programs, including HIS recipients. In addition, individuals who have objections to the requirement to have health coverage on religious grounds can apply to be exempt from the individual responsibility clause.

Subsections (b) through (e) describe the sliding scale voucher system which makes health coverage affordable for all legal residents. Sliding scale vouchers are issued to individuals in households based on the federal government's federal poverty level criteria (FPL), which sets a poverty line annually based on household size. This year the FPL has been set at \$13,000 of gross income a year for an individual, or \$26,500 per year for a family of four.

Subsection (c) provides a guarantee that anyone who falls below the federal poverty line won't have to pay for health coverage.

Subsection (d) provides vouchers, on a sliding scale, to individuals in households that earn between 100% and 300% of the FPL. Using the numbers from above, this means that an individual who earns between \$13,000 and \$39,000 a year or a family of four that has a household income between \$26,500 and \$79,500 will be eligible for a sliding scale voucher that makes health insurance affordable. The amount of these vouchers will be set by the board, and will vary, with more assistance going to those who earn less.

Subsection (e) requires that all individuals over 300% of the FPL acquire health coverage. While these individuals will not receive needs based vouchers, they will be eligible to receive specified beneficiary vouchers, which are discussed in a later section of the bill.

For more information, contact Sen. French's office:

Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans Senators French, Ellis and Wielechowski

Subsection (b) provides larger vouchers to individuals who only qualify for ACHIA coverage, making the cost of coverage equal to that available in the normal market. These vouchers will be issued to people who earn up to 450% of the FPL.

Subsection (f) ensures that only legal residents of Alaska receive needs based vouchers.

### **Sec. 21.54.250: Defines essential health care services**

This section defines the benefits that all health insurance plans sold through the clearinghouse must include.

Insurance plans will include coverage for:

- preventative and primary care
- emergency services
- inpatient services and hospital treatment
- ambulatory patient services
- prescription drug coverage
- mental health services

### **Sec. 21.54.260: Relates to employer provided health coverage**

(a) and (b) are included to make it clear that nothing in this legislation changes employer based health coverage for companies that elect to provide it.

(c) and (d) relate to the employer levy, which ensures that all employers contribute to the health of employees around the state. This tax is only levied against employers who don't offer health coverage, and the amount depends on the number of employees who lack health coverage and are required to attain it under this legislation. For businesses that pay below \$500,000 gross annually to employees that are required to participate, no levy will be charged. For businesses with \$500,000 to \$1 million a year in gross payroll to employees required to participate in the plan, the levy will be 1% of gross payroll. For \$1 million or greater, the levy will be 2%. If an employer either a) offers to pay 33% of premium costs or b) successfully enrolls 25% of employees in an employer sponsored plan they will be exempt from this tax. In addition, if an employer establishes a so-called 'Section 125' cafeteria plan that allows employees to purchase health coverage with pre-federal tax dollars, the employer will be exempt from this levy.

### **Sec. 21.54.270: Relates to the structure of insurance plans available in the clearinghouse**

This section requires that plans provide coverage for essential health care services, as described in 21.54.250.

(b) in this section mandates that an insurance company not turn down an individual looking for coverage.

Subsection (c) makes clear that health insurance plans can have varied levels of deductibles, co-pays, co-insurance and out of pocket maximums. They can include high deductible health care plans, and benefit levels can be different for in network and out of network providers. In addition, this subsection encourages lower cost plans that are especially designed for young adults, ages 18-30, which have different terms than are found in normal plans.

**For more information, contact Sen. French's office:**

Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

[www.healthyalaskans.com](http://www.healthyalaskans.com)

# SB 160

## Health Insurance For All Alaskans Senators French, Ellis and Wielechowski

Subsection (d) increases the length of time that a child must be covered under a clearinghouse plan to 25 years of age, or until 2 years after the dependent no longer resides with the family.

### **Sec. 21.54.280: Establishes the Alaska Health Fund and Specified Beneficiary vouchers**

The health fund is established as a separate trust fund of the state, and will include:

- state money and appropriations
- federal money, pursued through a variety of routes including 1115a waivers
- employer levy established in 21.54.260
- health care premiums received and appropriated to the fund
- money from any source that is given with purposes consistent with the purpose of the program

(b) establishes specified beneficiary vouchers, which gives an employer, employers or individuals the ability to contribute to the health premium of a given individual, through a voucher.

### **Sec. 21.54.290: Disputes and appeals**

This section gives an individual the opportunity for a hearing if they are denied health coverage by a certified plan, or if a plan fails to deliver essential health care services. In addition, if a person feels adversely affected or aggrieved by a decision of the board or clearinghouse, they have the right to a hearing.

### **Sec. 21.54.300: Reporting**

This section provides for an annual report by the health care board that includes statistics relating to how the health reform program is performing. In addition, the board will also give an evaluation and recommendations on a variety of important health reform topics, including the use of electronic health records, S-CHIP, the effect of mandated benefits, prescription drug bargaining, ways to maximize federal health care dollars, recruitment and retention of medical professionals, evidenced based treatment procedures, Medicaid effectiveness/expansions and more.

### **Sec. 21.54.310: Regulations**

This section requires that the board establish regulations under the Administrative Procedure Act.

The remainder of the bill deals with definitions, transitional provisions and effective dates.

For more information, contact Sen. French's office:

Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us)

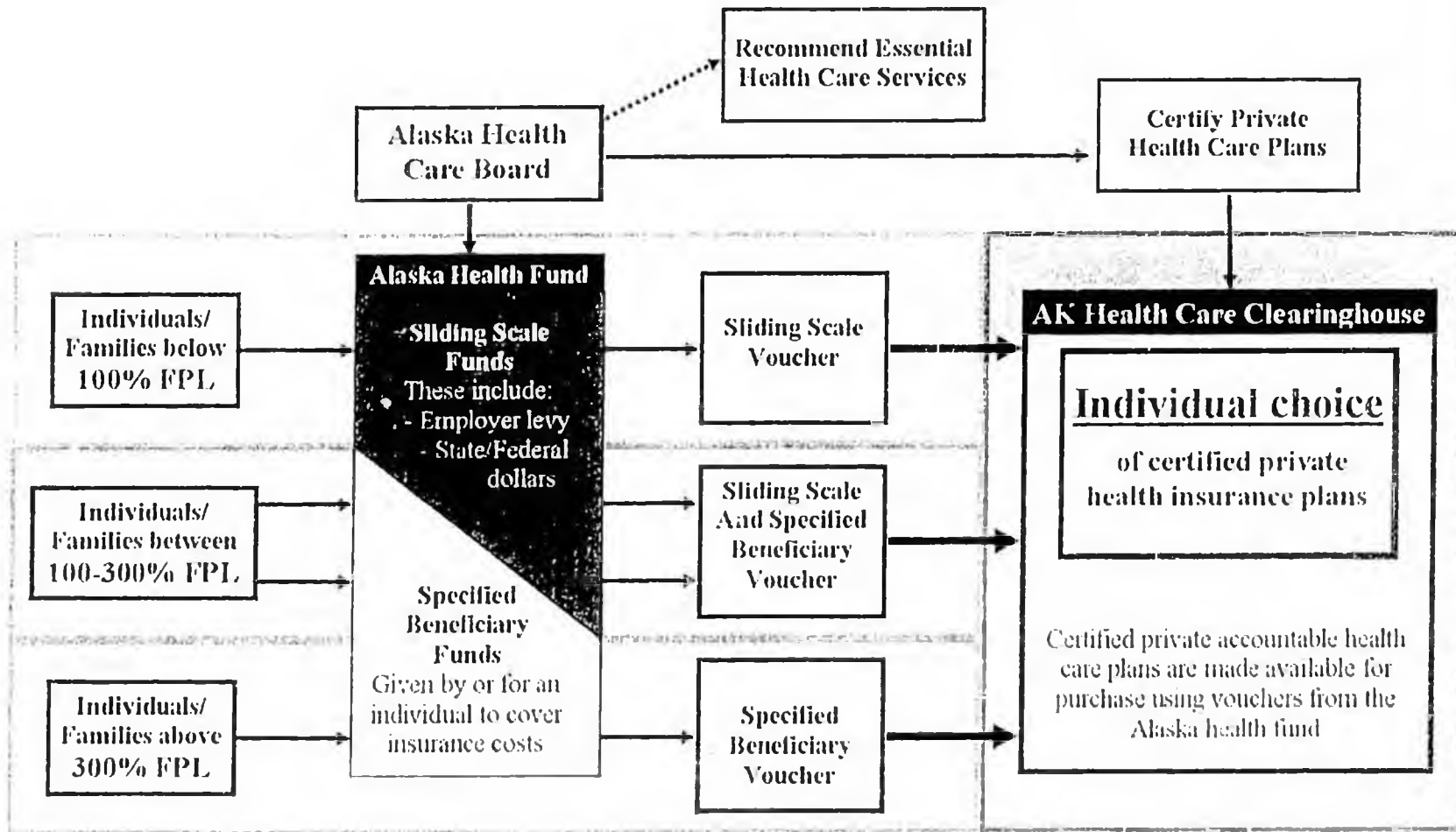
[www.healthyalaskans.com](http://www.healthyalaskans.com)

# Alaska Health Care: The Framework For Change

**SB 160**

*Health Insurance For All Alaskans*

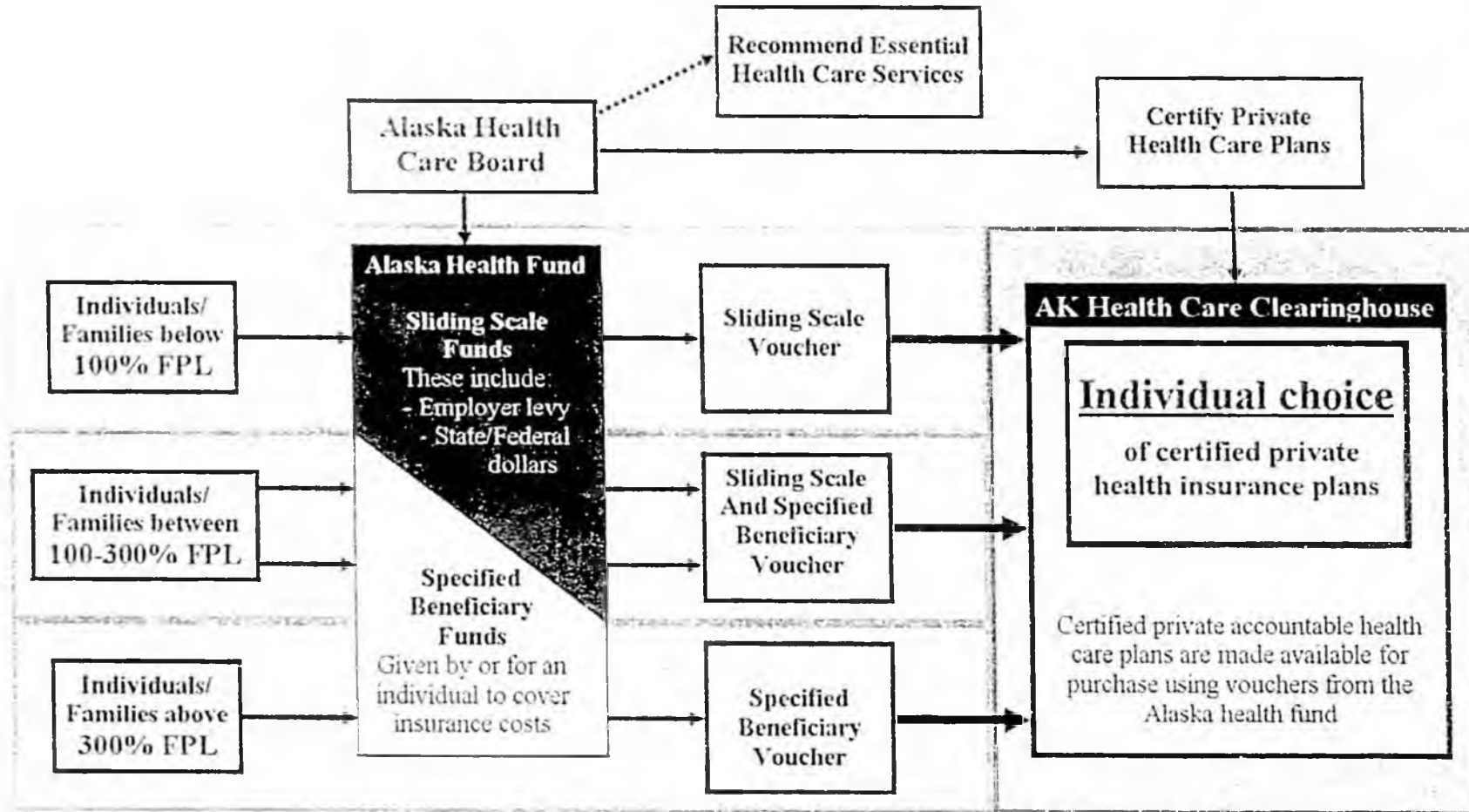
Senators French, Ellis and Wielechowski



For more information, contact Sen. French's office:  
 Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us) [www.healthyalaskans.com](http://www.healthyalaskans.com)

# Alaska Health Care: The Framework For Change

**SB 160**



*Health Insurance For All Alaskans*  
 Senators French, Ellis and Wielechowski

For more information, contact Sen. French's office:  
 Phone: (907) 269-0153 E-Mail: [Senator\\_Hollis\\_French@legis.state.ak.us](mailto:Senator_Hollis_French@legis.state.ak.us) [www.healthyalaskans.com](http://www.healthyalaskans.com)

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSB 160(HES)  
 (S) Publish Date: 2/19/08  
 Dept. Affected: Health & Social Services  
 RDU: Departmental Support Services  
 Component: Commissioner's Office

ID (File name) SB160-DHSS-CO-1-28-08

Title MANDATORY UNIVERSAL HEALTH CARE

Sponsor FRENCH

Requester SENATE (HES)

Component No. 317

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

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services	2,880.5		3,393.0	3,393.0	3,393.0	3,393.0	3,393.0	3,393.0
Travel	433.5		445.0	445.0	445.0	445.0	445.0	445.0
Contractual	2,275.0		1,300.0	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0
Supplies	470.0		520.0	520.0	520.0	520.0	520.0	520.0
Equipment	416.5		62.0	62.0	62.0	62.0	62.0	62.0
Land & Structures								
Grants & Claims	164,111.1		328,222.2	328,222.2	328,222.2	328,222.2	328,222.2	328,222.2
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>170,586.6</b>	<b>0.0</b>	<b>333,942.2</b>	<b>333,942.2</b>	<b>333,942.2</b>	<b>333,942.2</b>	<b>333,942.2</b>	<b>333,942.2</b>
<b>CAPITAL EXPENDITURES</b>								
<b>CHANGE IN REVENUES (0)</b>								

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	7,825.5		15,625.0	15,625.0	15,625.0	15,625.0	15,625.0
1003 GF Match	7,825.5		15,625.0	15,625.0	15,625.0	15,625.0	15,625.0
1004 GF	5,824.5		4,470.0	4,470.0	4,470.0	4,470.0	4,470.0
1037 GF/Mental Health							
NEW AK Health Care Fund-GF	147,620.0		295,240.0	295,240.0	295,240.0	295,240.0	295,240.0
NEW AK Health Care Fund-RSS	1,491.1		2,982.2	2,982.2	2,982.2	2,982.2	2,982.2
<b>TOTAL</b>	<b>170,586.6</b>	<b>0.0</b>	<b>333,942.2</b>	<b>333,942.2</b>	<b>333,942.2</b>	<b>333,942.2</b>	<b>333,942.2</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time	43		43	43	43	43
Part-time						
Temporary						

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

The purpose of this bill is for all Alaskans to have access to essential health care services. It requires all residents to have health insurance and creates the Alaska health care program. Within the Department of Health and Social Services, the bill establishes the Alaska Health Care Board to oversee the program and the Alaska Health Care Clearinghouse as a division to administer the program, under the direction of the Board. The Board and Clearinghouse are effective immediately and are estimated for a full year for FY2009. The rest of the regulations are not effective before January 1, 2009 and assume 1/2 year for FY2009.

Continued on page 2.

Prepared by: William Streu  
 Division: Health Care Services  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone 269-7827  
 Date/Time 01/25/2008  
 Date 01/29/2008

**STATE OF ALASKA  
2008 LEGISLATIVE SESSION****ANALYSIS CONTINUATION**

The bill lacks the specifics necessary to estimate accurately the fiscal impact. In this fiscal note, we present one scenario assuming a comprehensive health insurance plan similar to the State of Alaska employee plan.

This fiscal note takes a macro look at potential costs for state financial assistance to low-income persons through benefits provided under Medicaid or premium subsidies.

Costs for insurance premiums and the cost to Medicaid are very preliminary until the "essential health care services" are defined. This fiscal note reflects the high-premium scenario using the State of Alaska employee plan as a model and is not broken out by budget component.

**Alaska Health Care Program**

Participation is required for every resident who is not enrolled in a public medical assistance program (i.e. Medicaid) or a private insurance program that provides essential health care services. Persons below 100% of the poverty level would have no cost (presumably the state would pay). Persons between 100%-300% of poverty would pay premiums on a needs-based sliding scale. Coverage cannot be denied and persons with preexisting conditions can purchase additional coverage Eff. Jan. 2009.

**Assumptions:**

\*The Fund only pays for the non-Medicaid eligible population. State matching funds for Medicaid do not come from the Fund.

\*The estimated cost for insurance premiums is \$11,000 per person per year (based on the State of Alaska employee insurance plan).

\*The cost of premiums to purchase insurance are on a needs-based sliding scale beginning with an individual between 101-125% of poverty paying 10% and increasing until an individual between 275-300% pays 80%. The state share of premiums will be paid from the Fund.

\*Co-pays and deductibles are not addressed in the bill so we assume none are required by any plan.

\*The estimated cost for medical benefits is \$3,000 per person per year (based on analysis of Medicaid claim payments). The federal government will reimburse the state approximately 50% of the cost for Medicaid claims.

\*There are an estimated 109,500 uninsured persons in Alaska (children = 17,200, adults = 91,500, elderly = 800).

\*Approximately 20% of the uninsured population are Alaska Natives who have access to the tribal health system. Under this bill, they must participate and are included in our estimates.

Continued on page 3.

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

## ANALYSIS CONTINUATION

Cost Estimates for Alaska Health Care Program:

*Below 100% of poverty: \$81,000.0 (7,500.0 fed/7,500.0 GF/66,000.0 Fund):*

\*27,000 persons are below 100% of the poverty level. No cost to the individual.

– 5,000 are children who would likely be eligible for Medicaid x \$3,000 per capita annual Medicaid benefits = \$15,000.0 (7,500.0 fed/7,500.0 GF).

– 22,000 would not qualify for Medicaid. We assume these individuals would have their coverage paid by the Fund in the form of medical benefits rather than more costly insurance premiums.  $22,000 \times 3,000 = \$66,000.0$  Fund.

*100-300% of poverty: \$247,222.2 total (7,500.0 fed/7,500.0 GF/232,222.2 Fund)*

\*43,000 have incomes between 100% and 300% of poverty. They would pay premiums on a needs-based sliding scale.

– 5,000 are children who would likely be eligible for Medicaid x \$3,000 per capita annual Medicaid benefits = \$15,000.0 (7,500.0 fed/7,500.0 GF). No cost to the individual.

– 38,000 would not qualify for Medicaid. The state and the individual share the cost of premiums. The annual per capita cost to the individual would range from \$1,100 (10%) to \$8,800 (80%) for an average of \$5,000.  $38,000 \times \$11,000$  annual per capita premium = \$232,222.2 State pays from Fund; Individuals pay \$185,777.8.

*Above 300% of poverty: \$0 total. No cost to the State.*

\*39,000 are above 300% of the poverty level and would bear the full cost of the mandatory insurance.  $39,000 \times \$11,000$  premium = \$429,000.0 cost to the individual.

*Totals*

Total the State pays: \$328,222.2 (15,000.0 fed/15,000 GF/298,222.2 Fund).

Total individuals pay: \$614,777.8

Grand total: \$943,000.0

Summary of Costs for Medicaid Program \$30,000.0 per year (\$15,000.0 federal/\$15,000.0 GF match). Eff. Jan. 2009. Of the 109,500 persons, an estimated 10,000 persons, mostly children below 175% of poverty, could be enrolled in Medicaid/SCCHIP without changes to the current eligibility guidelines. The 10,000 additional persons who could enroll in Medicaid are estimated to cost an average of \$3,000 annually for medical benefits per person. Options could be explored to expand Medicaid eligibility to maximize federal funding but it would be a lengthy process and as such are not included in this analysis.

NOTE: Additional costs of approx. \$1,250.0/yr (\$650.0 federal/\$650 GF match) to administer the additional Medicaid caseload are included in this fiscal note including 18 new positions (12 eligibility technicians, 1 supervisor and 3 administrative support).

Continued on page 4.

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

**ANALYSIS CONTINUATION****Alaska Health Fund**

This bill establishes the Alaska Health Care Fund as a separate trust fund consisting of state and federal appropriations, employer & individual contributions, premiums, and interest. Individual and employer contributions can be designated to a particular person who receives an Alaska Health Care Voucher in that amount to purchase an insurance plan. Employer contributions also come from employers with 10 or more employees that provide coverage to fewer than 25% of employees or pay less than 33% of the employee premiums. Employers with 10-20 employees contribute 1% of the employer's gross payroll. Employers with more than 20 employees contribute 2%.

\*We assume the Fund will be comprised of 1% employer contributions in the form of receipt supported services (RSS) and 99% general fund. Massachusetts recently implemented a universal health program partially funded by employer contributions. Massachusetts estimated that less than 2% of their revenue would be come from these contributions. Of the \$24 million expected they are now expecting just \$5 million.

**Other Costs**

\*Alaska Health Care Board = \$940.0 GF/yr including four State positions (350.0), travel (200.0), supplies (120.0), contractual (250.0), commodities/equipment (20.0), and one-time costs (67.0). Eff. immediately.

\*Alaska Health Care Clearinghouse = \$3,530.0 GF/yr including 21 positions (2,018.0), travel (220.0), contractual (1,000.0), supplies (250.0), commodities/equipment (42.0), and one-time costs (287.5). Eff. immediately.

\*The contractual costs are for a premium collection system. The department does not currently have a system to handle premium collections. The Medicaid program collects premiums only from a few hundred persons. The estimated cost to develop this system is \$2,000.0. The cost to maintain is \$1,000.0/yr.

\*There is no known database of employers who provide insurance and to what level they provide it to determine if an employer must contribute to the Fund. This fiscal note does not include the cost of creating or maintaining such a database, which most likely would be under the Department of Labor and Workforce Development.

**Alternate Low-Premium Scenario**

An alternate premium scenario was prepared assuming a low premium of \$3,600 annual per capita (if similar to Arizona's plan). The cost for medical benefits remains \$3,000 per person per year. The annual per capita cost to the individual would range from \$400 (10%) to \$2,900 (80%) for an average of \$1,600.

Total the State pays: \$172,000.0 (15,000.0 fed/15,000 GF/142,000.0 Fund)

Total individuals pay: \$201,200.0

Grand total: \$343,200.0

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2  
 Bill Version: CSSB 160(L&C)  
 (S) Publish Date: 3/14/08  
 Dept. Affected: Health & Social Services  
 RDU Public Assistance  
 Component Public Assistance Field Svcs

ID(File name) SB160CS(HES)-DHSS-PAFS-02-23-08  
 Title MANDATORY UNIVERSAL HEALTH CARE  
 Sponsor FRENCH  
 Requester SENATE (L&C)

Component No. 236

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

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

	Appropriation		Information						
	Required		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>									
Personal Services	1,162.4		1,549.8	1,549.8	1,549.8	1,549.8	1,549.8	1,549.8	1,549.8
Travel	34.5		34.5	34.5	34.5	34.5	34.5	34.5	34.5
Contractual	138.0		161.0	161.0	161.0	161.0	161.0	161.0	161.0
Supplies	174.8		18.4	18.4	18.4	18.4	18.4	18.4	18.4
Equipment									
Land & Structures									
Grants & Claims									
Miscellaneous									
<b>TOTAL OPERATING</b>	<b>1,509.7</b>	<b>0.0</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>

<b>CAPITAL EXPENDITURES</b>									
-----------------------------	--	--	--	--	--	--	--	--	--

<b>CHANGE IN REVENUES (0)</b>									
-------------------------------	--	--	--	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	754.9		881.9	881.9	881.9	881.9	881.9	881.9
1003 GF Match	754.8		881.8	881.8	881.8	881.8	881.8	881.8
1004 GF								
1037 GF/Mental Health								
Other(Specify Type-do not abbreviate)								
Other(Specify Type-do not abbreviate)								
<b>TOTAL</b>	<b>1,509.7</b>	<b>0.0</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>	<b>1,763.7</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time	23		23	23	23	23	23
Part-time							
Temporary							

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

The purpose of this bill is for all Alaskans to have access to essential health care services. It requires all residents to have health insurance and creates the Alaska health care program, which is administered by the Division of Insurance.

The bill is expected to increase enrollment in Medicaid, which will increase costs. The Division of Public Assistance accepts applications and determines whether a person meets program criteria and financially qualifies for the Medicaid program. This fiscal note reflects the additional administrative costs needed to support the increased workload as a result of more people applying for Medicaid.

(continued on page 2)

Prepared by: Elle Fitzjarrald, Director  
 Division Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-2680  
 Date/Time 02/22/2008  
 Date 02/23/2008

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Administrative Cost Assumptions:

CS SB 160 (HES) has a January 1, 2009 effective date.

The department anticipates receiving a significant increase of people applying for Medicaid, since enrollment in Medicaid is one of the criteria that makes a person ineligible for health care coverage under the new program.

In FY 09, the department anticipates receiving 14,000 Medicaid applications from persons who do not currently receive Medicaid.

Additional staff will be needed to manage the increased application volume and workload. Funding for additional staff will include a three month start up period to accommodate hiring and training for Medicaid, one of the division's more complex programs.

Fourteen Eligibility Technician II's are needed to make the initial and ongoing determinations of eligibility; two Eligibility Technician III Lead Workers and one Eligibility Technician IV are needed for supervisory and management support; and four administrative support staff are needed to manage the increased workload as a result of more people applying for assistance. These positions provide customer service, communicate with applicants, and verify applicant information..

The increased volume of applications is anticipated to result in increased denials of eligibility and fair hearing requests. Hearing requests usually result when applicants do not receive an affirmative decision on their application. This increased demand will result in the need for one additional Public Assistance Analyst to serve as a hearing representative and support the fair hearing function.

Additionally, interaction with another department will also increase complexity of referrals and processing of applications. A Project Coordinator is necessary to establish and maintain service coordination and collaboration with the Alaska Health Care Program, and to facilitate consumer education, etc.

This is essentially a new service population with which the division has little experience and it is difficult to assess the full impacts of this legislation. Costs associated with this new program will need to be reevaluated as the program ages.  
(Continued on page 3)

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

**FY 09 Administrative Costs (for 9 months): \$1,509.7**

Personal Services: \$1,162.4 (salary and benefits for 23 new positions)

Travel: \$34.5

Contractual: \$138.0 (annual cost for information technology, telecommunication, office space, phones)

Supplies: \$174.8

- Training materials and office supplies: \$13.8

- Desktop computers, printers, and workstations for new positions (one-time cost for FY 09): \$161.0

**FY 10 – FY 14 Administrative Costs: \$1,763.7 per year**

Personal Services: \$1,549.8 (salary and benefits for 23 new positions)

Travel: \$34.5

Contractual: \$161.0 (annual cost for information technology, telecommunication, office space, phones)

Supplies: \$18.4 (program materials and office supplies)

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSSB 160(L&C)  
 (S) Publish. Dat: 3/14/08  
 Dept. Affected: Health & Social Services  
 RDU: Health Care Services  
 Component: Medicaid Services

ID(File name) SB160CS(HES)-DHSS-MS-02-23-08  
 Title: MANDATORY UNIVERSAL HEALTH CARE

Sponsor: FRENCH  
 Requester: SENA (L&C) Component No: 2077

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

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

	Appropriation		Information					
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims			12,000.0	24,000.0	24,000.0	24,000.0	24,000.0	24,000.0
Miscellaneous								
<b>TOTAL OPERATING</b>			<b>12,000.0</b>	<b>0.0</b>	<b>24,000.0</b>	<b>24,000.0</b>	<b>24,000.0</b>	<b>24,000.0</b>

**CAPITAL EXPENDITURES**

**CHANGE IN REVENUES (0)**

**FUND SOURCE**

(Thousands of Dollars)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts	7,800.0	15,600.0	15,600.0	15,600.0	15,600.0	15,600.0
1003 GF Match	4,200.0	8,400.0	8,400.0	8,400.0	8,400.0	8,400.0
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>12,000.0</b>	<b>0.0</b>	<b>24,000.0</b>	<b>24,000.0</b>	<b>24,000.0</b>	<b>24,000.0</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Full-time						
Part-time						
Temporary						

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

The purpose of this bill is for all Alaskans to have access to essential health care services. It requires all residents to have health insurance and creates the Alaska health care program, which is administered by the Division of Insurance.

This bill is expected to increase enrollment in Medicaid, which will increase costs. This fiscal note reflects the portion of additional costs to the Medicaid program for health care services, other than behavioral health.

Continued on page 2

Prepared by: William J. Steur, Deputy Commissioner  
 Division: Health Care Services  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone: 334-2520  
 Date/Time: 02/21/2008  
 Date: 02/23/2008

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

ANALYSIS CONTINUATION  
ASSUMPTIONS

Enrollment

\*Participation is required for every resident who is not enrolled in a public medical assistance program (e.g. Medicaid, Medicare) or a private insurance program that provides essential health care services.

\*There are an estimated 109,500 uninsured persons in Alaska (children = 17,200, adults = 91,500 and elderly = 800) who would be required to take up coverage. About 20% of the uninsured are Native who have coverage under Indian Health Services.

\*Of the 109,500 uninsured persons, an estimated 10,000 persons, mostly children below 175% of poverty, could be enrolled in Medicaid/SCHIP without changes to the current eligibility guidelines. This includes the IHS eligible Native population who we assume would enroll in Medicaid as a result of outreach/advertising for the AK Health Care program.

\*Options could be explored to expand Medicaid eligibility to maximize federal funding, but it would be a lengthy process and as such are not included in this analysis.

Expenditures

\*Once deemed eligible, a Medicaid enrollee is entitled to all Medicaid services, and is not limited to only those "essential health care services" listed in the bill.

\*The average cost for all Medicaid benefits for children is \$3,000 per person per year (based on analysis of Medicaid claim payments for non-disabled children). Most children who need long term care are expected to have already applied for Medicaid.

\*The total cost for benefits (all Medicaid components) is \$30 million per year (10,000 persons x \$3,000).

\*About 80% of the total Medicaid costs will be for services managed by Health Care Services-Medicaid Services component. Services include inpatient/outpatient hospitals, physicians & clinics, prescription drugs, dental, transportation, lab/x-ray, durable medical equipment, physical/occupational/speech therapy, vision, and home health/hospice.

Continued on page 3.

FISCAL NOTE # 3

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

BILL NO: CSSB 160(L&C)

**ANALYSIS CONTINUATION**

Fund Source

\*The federal government reimburses the state approximately 50% of the cost for most Medicaid claims. Some claims get an enhanced match rate (e.g. Indian Health Services is 100% federal).

\*The fund source is based on the weighted average federal revenue from SFY 2008, which for Health Care Services-Medicaid Services was 65% federal funds.

\*State matching funds for Medicaid are GFM and do not come from the AK Health Care Fund.

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 4  
 Bill Version: CSSB 160(L&C)  
 (S) Publish Dat: 3/14/08  
 Dept. Affected: Health & Social Services  
 RDU: Behavioral Health  
 Component: Behavioral Hlth Medicaid Svcs

ID(File name) SB160CS(HES)-DHSS-BHMS-02-23-08  
 Title MANDATORY UNIVERSAL HEALTH CARE  
 Sponsor FRENCH  
 Requester SENATE (L&C)

Component No. 2660

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

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

	Appropriation		Information					
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>	<b>FY 2009</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	3,000.0		6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>3,000.0</b>	<b>0.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>
<b>CAPITAL EXPENDITURES</b>								
<b>CHANGE IN REVENUES (0)</b>								

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	1,740.0		3,480.0	3,480.0	3,480.0	3,480.0	3,480.0
1003 GF Match	1,260.0		2,520.0	2,520.0	2,520.0	2,520.0	2,520.0
1004 GF							
1037 GF/Mental Health							
Other(Specify Type-do not abbreviate)							
Other(Specify Type-do not abbreviate)							
<b>TOTAL</b>	<b>3,000.0</b>	<b>0.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

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

The purpose of this bill is for all Alaskans to have access to essential health care services. It requires all residents to have health insurance and creates the Alaska health care program, which is administered by the Division of Insurance.

This bill is expected to increase enrollment in Medicaid, which will increase costs. This fiscal note reflects the portion of additional costs to the Medicaid program for behavioral health services.

Continued on page 2.

Prepared by: William J. Streur, Deputy Commissioner  
 Division: Health Care Services  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone: 334-2520  
 Date/Time: 02/21/2008  
 Date: 02/23/2008

STATE OF ALASKA  
2008 LEGISLATIVE SESSIONANALYSIS CONTINUATION  
ASSUMPTIONS

## Enrollment

\*Participation is required for every resident who is not enrolled in a public medical assistance program (e.g. Medicaid, Medicare) or a private insurance program that provides essential health care services.

\*There are an estimated 109,500 uninsured persons in Alaska (children = 17,200, adults = 91,500 and elderly = 800) who would be required to take up coverage. About 20% of the uninsured are Native who have coverage under Indian Health Services.

\*Of the 109,500 uninsured persons, an estimated 10,000 persons, mostly children below 175% of poverty, could be enrolled in Medicaid/CHIP without changes to the current eligibility guidelines. This includes the IHS eligible Native population who we assume would enroll in Medicaid as a result of outreach/advertising for the AK Health Care program.

\*Options could be explored to expand Medicaid eligibility to maximize federal funding but it would be a lengthy process and as such are not included in this analysis.

## Expenditures

\*Once deemed eligible, a Medicaid enrollee is entitled to all Medicaid services, and is not limited to only those "essential health care services" listed in the bill.

\*The average cost for Medicaid benefits for children is \$3,000 per person per year (based on analysis of Medicaid claim payments for non-disabled). Most children who need long term are expected to have already applied for Medicaid.

\*The total cost for benefits (all Medicaid components) is \$30 million per year (10,000 persons x \$3,000).

\*About 20% of the total Medicaid costs are for services managed by the Behavioral Health Medicaid Services component. Services include acute psychiatric hospital, residential psychiatric treatment centers and outpatient mental health services.

Continued on page 3.

**ANALYSIS CONTINUATION**

Fund Source

\*The federal government reimburses the state approximately 50% of the cost for most Medicaid claims. Some claims get an enhanced match rate (e.g. Indian Health Services is 100% federal).

\*The fund source is based on the weighted average federal revenue from SFY 2008, which for Behavioral Health Medicaid Services was 58% federal funds.

\*State matching funds for Medicaid are GF/M and do not come from the AK Health Care Fund.

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number: 5  
Bill Version: CSSB 160(L&C)  
(S) Publish Date: 3/14/08

Identifier (file name): SB160CS(HES)-CED-INS-02-22-08 Dept. Affected: DCCED  
Title: Mandatory Universal Health Care RDU: Insurance (116)  
Component: Insurance  
Sponsor: French, Ellis, Wielechowski  
Requester: Senate Labor & Commerce Component Number: 354

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

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

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
<b>TOTAL OPERATING</b>		.	.	.	.	.	.
<b>CAPITAL EXPENDITURES</b>							
<b>CHANGE IN REVENUES ( )</b>							

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>		.	.	.	.	.	.

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

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

This legislation would establish a health care program to ensure all Alaskans to have access to essential health care services. It would require all residents to have health insurance and would establish the Alaska health care program under AS 21 Insurance. By statute the division regulates insurance providers and has not created or operated these types of programs. Accordingly, the division is unable to estimate the fiscal effect of this legislation at this time.

Prepared by: Linda S. Hall, Director  
Division: Insurance  
Approved by: Emil R. Notti, Commissioner  
Agency: Commerce, Community, and Economic Development

Phone 907.269.7900  
Date/Time 2/22/08 7:08 PM  
Date 2/22/2008

# Alaska State Legislature



Senator Hollis French

## Sponsor Statement

### *SB 160 - Affordable Health Insurance for All Alaskans*

The time has come for us to begin addressing the health care crisis in Alaska. Increasing costs have made it difficult for businesses and individuals to acquire the health services they need. This crisis is only getting worse; family health insurance premiums have risen 4.6 times faster than the median earnings of Alaskans over the past 6 years. As costs continue to increase, it is likely that additional hard working Alaskans will go uninsured. Employers who choose to provide employee health plans will watch their costs go up, making it difficult to run a competitive business in the state. No longer can we wait for the federal government to take action on this important issue.

Many other states have joined the universal health care debate, but this bill is uniquely Alaskan. This bill puts people in control of their own health, giving them the tools they need to make smart investments. Vouchers, funded by a variety of stakeholders, make the prospect of acquiring health coverage realistic to all Alaskans. By guaranteeing that everyone has coverage, insurance premiums will go down. This bill ensures that everyone can purchase an affordable health plan that they select to fulfill their medical needs.

This bill establishes a framework mandating and ensuring affordable health coverage for all Alaskans. A board of 13 stakeholders will oversee the plan, making certain that residents are able to choose and purchase coverage that provides adequate care. The bill also provides:

**A framework for personal choice:** This bill facilitates a relationship between health insurance providers and individuals, and doesn't assume that a one size fits all solution will meet the health care needs of all Alaskans.

**A unique voucher system:** By pooling money from all stakeholders, a sliding scale voucher system will ensure that every Alaskan can take personal responsibility for acquiring health insurance coverage. The system will also make it easy for multiple entities to contribute towards a health plan for an individual.

**A health care clearinghouse:** The clearinghouse will disseminate information about quality health care products, assisting Alaskans who are utilizing vouchers under the Alaska health care plan.

**The Alaska health care fund:** This fund will receive contributions from individuals, businesses and government to ensure that all interested parties contribute to the health of Alaskans.

Satisfied with your current coverage? This bill will not affect employer based health plans that provide quality health care coverage. In addition, the bill may reduce cost increases for those who currently pay for coverage. A hospital cannot turn down anyone in need of emergency care, and when someone cannot pay their medical costs, those who can pay are forced to subsidize the cost of the uninsured. A recent study estimated that Alaska health insurance premiums are 13.6% higher than they would be if everyone had health coverage (Families USA report). Through ensuring equitable financing of the health care system, SB 160 will reduce the burden on individuals and businesses currently buying coverage.

This bill isn't really about reforming the health care system; it is about ensuring the health of residents across the state. I urge you to consider supporting this bill as we work to improve the quality of life for all Alaskans.



# Anchorage Daily News

**Michael J. Sexton** President and Publisher  
**Patrick Dougherty** Senior Vice President & Editor  
**Matt Zencey** Editorial Page Editor

Founded in 1946 by Norman C. Brown

Fuller A. Cowell, Publisher, 1993-1999 Katherine Fanning, Editor and Publisher, 1971-1983  
 Gerald E. Grilly, Publisher, 1984-1993 Lawrence Fanning, Editor and Publisher, 1967-1971

# OPINION

## OUR VIEW

# Health coverage

*Support grows for state action that will help the uninsured*

**W**ill Alaska join the ranks of states working on ways to expand health care coverage? An advisory council appointed by Gov. Sarah Palin looks like it will give a helpful push in that direction after all. The council's support is welcome, but its recommendations are small steps compared with the ambitious health insurance plan being promoted by state Sen. Hollis French.

In a preliminary plan released earlier this month, the governor's Health Care Strategies Planning Council wasn't ready to make any recommendations about health insurance. At the council's latest meeting, though, members agreed the state should support efforts to bring health insurance to more Alaskans.

The council endorsed a specific but small step toward that goal: expand the state's health insurance program for children, known as Denali KidCare.

Other ideas offered by the council were more vague. It suggests the state offer incentives for individuals to get catastrophic health care coverage. The council sup-

*Will Gov. Palin and her health care council help pass SB 160?*

ports tax-deductible health savings accounts, which could help the uninsured buy health insurance or pay for medical care.

The Legislature would have to agree to expand Denali KidCare. It's a good idea, especially since the feds pay the majority of the cost. But it won't be easy. Earlier this year, it took a long hard fight before lawmakers agreed to cover children in families whose income is up to 175 percent of the federal poverty level. The governor's

council says the income cap should be raised to 200 percent.

Some Alaska legislators, led by Sen. French of Anchorage, are pushing a much bolder initiative. Their bill, SB 160, would require uninsured Alaskans to get some minimum level of coverage.

To make it affordable, the bill offers health insurance vouchers, with the amount of aid based on income. Employers can also contribute to vouchers, instead of directly providing their workers with health insurance. Some funding for the insurance aid would come from money the government already spends to pay for charity medical care. Sen. French recently announced some refinements in the legislation to improve the odds of passage.

If a comprehensive health insurance initiative like SB 160 is going to pass, it's going to need all the help it can get. Like maybe support from Gov. Palin and her health care council?

**BOTTOM LINE:** The more effort to cover uninsured Alaskans, the better.

**GOV. PALIN'S HEALTH CARE STRATEGIES PLANNING COUNCIL:** is taking public comment through close of business Monday. Visit [www.hcs.state.ak.us/hspc/](http://www.hcs.state.ak.us/hspc/). For information on SB 160, to insure the uninsured, visit [www.healthyalaskans.com/](http://www.healthyalaskans.com/).

**adn.com**

Anchorage Daily News

Print Page

Close Window

## Universal health care can work for us

By SEN. HOLLIS FRENCH

*(Published: March 16, 2007)*

A wave is beginning to build in state capitols across the country. In the face of inaction by the federal government, Maine, Massachusetts, Oregon, Vermont and now California are leading the effort to promote universal health care coverage among their citizens. In May 2006, Gov. Mitt Romney signed a bill that ensures health care coverage for all Massachusetts residents. California Gov. Arnold Schwarzenegger recently proposed a similar plan for the people of his state.

In the past, powerful interests have opposed universal health coverage. However, recent policy innovations have convinced many business and political leaders that fears about health care rationing and restricted access to doctors and hospitals are no longer valid.

These new plans do not call for the replacement of the current health care system with a new and untested model. This is not socialized medicine. Indeed, it is not the so-called single-payer system sought by the most progressive reformers. Instead, policymakers are taking the more pragmatic approach of retooling health care delivery methods that are currently in use.

The first principle of this new wave of health care legislation is individual responsibility. These laws impose a duty on each citizen to acquire some minimal form of health insurance coverage. This key idea recognizes that while the government has a role in shaping the health insurance landscape, ultimately it is the individual who must see to his or her own basic needs. This provision also ensures that the cost of health care is shared as broadly as possible.

Another major change in the law calls for employers who do not offer health insurance to their employees to contribute to a fund that would help pay for coverage of the working uninsured. This is a particularly needed reform here in Alaska. While many small business owners would like to offer health insurance to their employees, the cost is often out of reach. Some subsidy will be necessary to help those who work for very small businesses.

A comparison between Alaska and Lower 48 small businesses reveals the necessity of this reform. A March 2006 ISER study showed that only a third of Alaska businesses with fewer than 50 employees offer coverage, compared with 43 percent nationwide. The ISER study noted that 91,500 of the state's 224,500 private industry employees work for small businesses, meaning that over 60,000 working Alaskans do not get health care insurance through their jobs. This study helps defeat the notion that only the lazy or the poor are not covered by health insurance.

This reform does not have to be expensive. For example, the California plan requires businesses that do not offer health insurance and that have 10 or more workers to pay 4 percent of their total wages to a state fund that would be used to subsidize the purchase of health policies.

Another innovation redistributes Medicaid coverage in a couple of ways. The first is simply to expand Medicaid eligibility guidelines for children and adults and add enhancements such as dental and vision benefits. The other change is to take the Medicaid dollars currently being spent to reimburse hospitals and other providers for the free care they provide to the uninsured, and use

the money instead to subsidize health insurance for those who cannot afford it. Stop for a moment and consider what a good idea this is: Take the money spent on hospital bills each year for the uninsured, and buy health insurance instead.

These policy changes all lead to the goal of covering every citizen with a basic form of health insurance. I believe it is time for Alaska to take up the same challenge. I plan to introduce legislation that uses these enhanced policy tools to pave the way to universal health care coverage for all Alaskans.

Changing the health insurance system is not easy. Yet I am certain that someday we will look back on this era and ask ourselves, "What took so long?" There is no reason not to begin what will certainly be a spirited debate.

---

Hollis French is a Democrat who represents northwest Anchorage in the Alaska Senate.

Print Page

Close Window

Copyright © 2007 The Anchorage Daily News ([www.adn.com](http://www.adn.com))



April 23, 2007

3200 Providence Drive  
 P.O. Box 196604  
 Anchorage, Alaska  
 99519-6604

Tel 907.562.2211

The Honorable Hollis French  
 Alaska State Senate  
 State Capitol, Room 417  
 Juneau, AK 99801-1182

Dear Senator French:

I write today in support of the concepts contained in your legislation establishing the framework to ensure affordable health coverage for all Alaska. I applaud your leadership, and that of the Senate, for bringing this critical issue to the forefront.

Providence Health System remains deeply concerned about the increasing problem of access to affordable, quality health care for the uninsured and the under-insured, as do I personally. As this problem continues to grow, it results in cost increases for medical care. Escalating health care costs are creating great difficulties for Alaska's employers, as I know you are aware.

I believe it is crucial for Alaskans to engage in a public policy debate on this important issue and this legislation provides an excellent forum around which this discussion can be held. Providence stands ready to assist in any effort that stands to improve the quality of health care delivery in our state, improves access to that quality care, and strives to make health care delivery more affordable.

Again, thank you for your willingness to begin a serious debate on this vitally important issue.

Sincerely,

Al Parish  
 VP/Chief Executive

April 20, 2007

Senator Hollis French  
State Capitol, Room 417  
Juneau, AK 99801-1182

Honorable Senator French,

I have reviewed your proposed health care bill, and want to wholeheartedly lend my support to your efforts to provide insurance to both the uninsured and the under-insured. It is time for all Alaskans, including legislators, health care providers, and citizens to recognize that there is indeed a health care crisis both nationally and in Alaska. With this bill, you are taking the aggressive step to solve the Alaskan problem with an Alaskan solution.

Your bill begins a discussion that is sorely needed. My experience both in the insurance and provider industry makes me appreciate your out-of-the-box thinking to create a system that relies on a privately funded health care insurance pool, not government-provided health care.

Finally, I want to thank you for addressing the coverage gap for Alaskans frequently and callously referred to as the "working poor." These hard-working Alaskans oftentimes have either no insurance or minimal insurance. The positive choice of maintaining employment comes with the penalty of unattainable health care coverage.

Please continue your good work and let me know how I can help.

Sincerely,

James W. Shill  
CEO



February 26, 2008

The Honorable Johnny Ellis Chair  
Senate Labor and Commerce Committee  
Alaska State Capitol, Room 9  
Juneau, AK 99801-1182

RE: SB 160 (French)--Support

Dear Chair Ellis:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Labor and Commerce Committee to support SB 160, authored by Senator Hollis French and co-sponsored by Senator Wielechowski and you.

We applaud Senator French's efforts to develop a health care plan that works toward access to adequate coverage for all residents of all ages.

AARP pledges that we will work with Senator French and your colleagues in the Legislature to support efforts to provide high quality, accessible and affordable health care that offers reasonable choices for all Alaskans.

One of the basic legislative principles AARP supports is that expansion of health coverage is desirable. Those who lack either private or public coverage are less likely to receive access to timely medical care and more likely to experience adverse health outcomes.

We understand that SB 160 is a work in progress and is probably the initial effort in what will take several sessions to work out. That's fine with us. The more participatory the debate, the more all Alaskans will understand how important it is to cover all of us.

There are major issues that should be addressed in SB 160 and each of these issues should be thoroughly debated in the Legislature, in the media, and over the dinner table.

Who is covered and how comprehensive is the coverage?

Is SB 160 efficient and economically practical?

Will the bill result in fairness and equity?

How much choice and autonomy does the bill permit?

Health care, as you all know, is extremely complex. For example, if SB 160 passes, will there be a need for additional physician visits and nursing care? Do we have the health professionals to provide them? What new or expanded medical technology resources will be consumed as a result of coverage expansion? Conversely, what will we save in fewer visits to an emergency room through program expansion?

What will be the effect on quality of care, eg., medical outcomes and patient satisfaction?

What will be the effect on physician patterns of practice, eg., will we have greater adherence to practice guidelines?

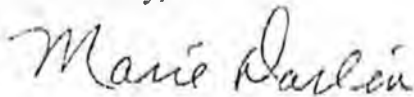
The questions can go on for pages...and they should. SB 160 is a bill that deserves serious debate in every Committee of referral. AARP believes that we will eventually come out with a bill that all of us can live with and one that will improve the health status of all Alaskans of all ages. Let's keep that discussion going in Senate Labor and Commerce.

We urge an "AYE" vote on SB 160.

Should you have any questions about our position, please feel free to contact me (586 3637) or Patrick Luby, AARP Advocacy Director (907 762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator  
AARP Capital City Task Force  
415 Willoughby Avenue, Apt. 506  
Juneau, AK 99801  
586-3637 (voice)  
463-3580 (fax)

CC: Senator Gary Stevens  
Senator Bettye Davis  
Senator Lyman Hoffman

Senator Con Bunde  
Senator Hollis French

The Honorable Hollis French  
Alaska State Senate  
State Capitol, Room 420  
Juneau, Alaska 99801-1182

Re: Support for the Promotion of Health Insurance Coverage for All Alaskans

March 11, 2008

Dear Senator French,

The Alaska Health Assurance Advocacy Team (AHAAT) represents 14 statewide organizations concerned with health care related issues. With significant experience in and knowledge of health care delivery and health insurance, AHAAT is the foremost coalition in Alaska with expertise and interest in analyzing and advocating for expanding health insurance to increase access to health care.

AHAAT would like to begin by thanking you for opening up the discussion in the Legislature on this important topic with your legislation, SB 160.

Our coalition knows that expanding insurance to cover those who are uninsured will increase the access to health care services for the 114,000 Alaskans who lack health insurance<sup>1</sup>. As 52% of the uninsured in Alaska are employed<sup>2</sup> and 84% of the uninsured in Alaska are from working families,<sup>3</sup> AHAAT understands that this issue impacts individuals and entities statewide and that there is a clear need to provide affordable insurance to working families.

AHAAT also recognizes that lack of health insurance coverage results in higher health risks because the uninsured receive less preventive care; illnesses are diagnosed at later stages; and the uninsured have a greater likelihood of developing chronic conditions that are difficult and expensive to treat.<sup>4</sup> Often, the uninsured are hospitalized for avoidable conditions which can become acute and very costly when left untreated.

AHAAT supports the concept of expanding health coverage insurance to all Alaskans, appreciates that the discussion has begun, and looks forward to working with the Legislature and Governor to find a workable and affordable solution to increase access to health care through more Alaskans having coverage.

Before closing, AHAAT would like to provide you with an alphabetical listing of the organizations participating in our coalition.

AARP - Alaska	Alaska Native Health Board
Alaska Association of Health Underwriters	Alaska Native Tribal Health Consortium
All Alaska Pediatric Partnership	Alaska Primary Care Association
Alaska Behavioral Health Association	Alaska State Chamber of Commerce
Alaska Center for Public Policy	Alaska State Hospital and Nursing Home Association
Alaska Health Care Roundtable	American Cancer Society - Alaska
Alaska Mental Health Trust Authority	American Heart Association - Alaska

Respectfully,

*Shelley S. Hughes*  
Shelley S. Hughes  
AHAAT Co-Chair  
Alaska Primary Care Association  
Government Affairs Director

*Kip Knudson*  
Kip Knudson  
AHAAT Co-Chair  
Alaska State Chamber of Commerce  
Legislative Committee Chair

<sup>1</sup> State of Alaska, DHSS, Health Planning & Systems Development, State Planning Grant Power Point Presentation: Alaskans' Health Insurance Coverage, July 17, 2007: Local and Regional Perspectives.

<sup>2</sup> State of Alaska, DHSS, Health Planning & Systems Development, State Planning Grant Power Point Presentation: Alaskans' Health Insurance Coverage, July 17, 2007: Local and Regional Perspectives.

<sup>3</sup> Email Communication by Alice Rarig, Ph.D., State of Alaska, DHSS, Health Planning & Systems Development to Shelley Hughes, Alaska Primary Care Association, Oct. 16, 2007.

<sup>4</sup> Legislative Health Care Initiatives Presentation to the Anchorage Chamber of Commerce, August 27, 2007.