

**HJR**

**14**

<TARGET><BILL>HJR 14</BILL><SUBJECT>HJR  
14</SUBJECT><COMM>HHSS28</COMM></TARGET>

# ALASKA STATE LEGISLATURE

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**BILL STOLTZE**  
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## *Sponsor Statement for House Joint Resolution 14*

***"Requesting the United States Congress and the Governor to take actions necessary to delay implementation of the Patient Protection and Affordable Care Act."***

The passage of House Joint Resolution 14 calls on the United States Congress and the Governor of Alaska to delay the implementation of the Patient Protection and Affordable Care Act passed in Congress March 23, 2010.

This resolution highlights the drastic impacts the Affordable Care Act will have on Alaska; including increased demand for state spending, increases in insurance premiums, financial burdens on small businesses, and cost Alaskans jobs.

The Affordable Care Act provides for implementation over a period of years and will lead to federal government takeover of the health care industry, increase health care costs, result in higher taxes, destroy jobs, and impair the ability of businesses to grow, compete, and create jobs in the Alaska.

HJR 1 calls on the United States Congress to delay the implementation of the Affordable Care Act until a full analysis of the economic effects, including job losses in the state, can be clearly quantified.

This resolution requests the Governor to take actions necessary to delay the implementation of the Affordable Care Act in the state to protect Alaskans and the state's economy from the onerous taxes and regulations contained in the law.

I request your support of this resolution, and the call to delay the implementation of this onerous program that has already created great uncertainty among small business owners, slowed economic growth, and limited hiring opportunities for unemployed Alaskans and Americans.

# FISCAL NOTE

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

Bill Version CSHJR 14(HSS)  
Fiscal Note Number 1  
(H) Publish Date 4/4/2013

Identifier (file name) \_\_\_\_\_ Dept. Affected \_\_\_\_\_  
Title Delay Implementing Affordable Care Act Appropriation \_\_\_\_\_  
Allocation \_\_\_\_\_  
Sponsor Representative Stoltze  
Requester House HSS committee OMB Component Number \_\_\_\_\_

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

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

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>FUND SOURCE</b>		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>POSITIONS</b>							
Full-time							
Part-time							
Temporary							

<b>CHANGE IN REVENUES</b>							

Estimated SUPPLEMENTAL (FY13) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY14) costs \_\_\_\_\_ (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? \_\_\_\_\_  
If yes, by what date are the regulations to be adopted, amended, or repealed? \_\_\_\_\_ Discuss details in analysis section.

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Prepared by Paul Verhagen Phone \_\_\_\_\_  
Division Committee Aide Date/Time \_\_\_\_\_  
Approved by Representative Pete Higgins Date 4/4/2013  
Chair, House Health and Social Services Committee

## **Summary of HJR 14 opposing the implementation of the Patient Protection and Affordable Care Act (Obamacare)**

The resolution calls on Congress and the President to delay the implementation of the Affordable Care Act until a full analysis of its economic impact and pending job loss in Alaska and businesses throughout the state can be clearly stated, quantified and evaluated.

The resolution also asks for the delay in implementing the Affordable Care Act until it can be shown that there is no significant increase to business costs or economic uncertainty about the future.

The resolution calls on Governor Sean Parnell to take actions necessary to delay the implementation of the Affordable Care Act, to protect Alaskans and our economy from the onerous taxes and regulations contained in the law.

The implementation of the Affordable Care Act will be devastating to Alaska Businesses, will cost Alaskans jobs and will result in higher insurance premiums for Alaskans.

### **What will happen is the Affordable Care Act is implemented:**

- Alaska's two largest health insurance providers, Premera Blue Cross Blue Shield of Alaska and Aetna Life Insurance Company, both plan to increase premiums between 30 and 80 percent for individual policies
- It will cost an average of \$2,500 a year more for an individual to obtain health insurance than current traditional health insurance, increasing the cost of health care for families and employers
- New taxes imposed by Affordable Care Act, which will continue to kill jobs in industries as to cost of providing health insurance and related taxes are burdensome to employers, limiting the ability by the business community to create jobs
- Big businesses are already putting more workers on part-time status, removing nearly 75 percent of its employees from full time status, in an attempt at limiting the requirement to provide health insurance under the Affordable Care Act mandate
- 21 new or higher taxes on Alaskan and American families and businesses will be implemented, including 12 taxes on families
- An NFIB a survey of American businesses estimates that 30 percent of small businesses in the country anticipate dropping people from coverage
- The required expansion of Medicaid under the Affordable Care Act will cause an increase in the number of Alaskan's covered by the state funded program to increase by at least 30 percent
- The Obama Administration admits that tens of millions of Americans are at risk of losing their health care coverage, including as many as 8 in 10 plans offered by small businesses
- The total cost for the Affordable Care Act is predicted to be at least \$2.6 trillion, nearly three times greater than cost originally stated by President Obama in 2009

## Sources

- **Congressional Budget Office**, *Estimates for the Insurance Coverage Provisions of the Affordable Care Act Updated for the Recent Supreme Court Decision (July 2012)*.
- **Alaska Dispatch**, *Alaska health insurance providers warn that premiums may skyrocket* (January 14, 2013).
- **National Center for Policy Analysis**, *What Does Health Reform Mean to You?*, September 2012.
- **South Carolina Republican Party**, *Resolution Supporting the Repeal of Obamacare; Repeal and Replacement with Free Market Solutions*.
- **Associated Press**, *Darden Restaurants Tests Hiring Of More Part-Time Employees To Avoid Obamacare Costs*, October, 9, 2012.
- **Associated Press**, *Health Changes Spur Test of More Part-Time Workers*, October 9, 2012.
- **Oversight and Government Reform Committee, U.S. House of Representatives**, *Testimony by Jamie Richardson, White Castle Systems Inc.*, July 9, 2012.
- **National Federation of Independent Business**, *Stop the Hit: Support Small Business*; June 2012.
- **National Federation of Independent Business – Research Foundation**, *Small Business and Health Insurance: One Year After Enactment of PPACA*; September, 2011.
- **National Republican Party**, *2012 We Believe in America Republican Party Platform*, August 2012.
- **House Resolution 6079**, *An act to repeal the Patient Protection and Affordable Care Act and health care-related provisions in the Health Care and Education Reconciliation Act of 2010*. Passed by the U.S. House of Representatives July 11, 2012.
- **McKinsey and Company**, *McKinsey Quarterly: How US health care reform will affect employee benefits*, February 2011.
- **American Legislative Exchange Council**, *The State Legislators Guide to Repealing Obamacare*, ©2011, updated 2012.
- **State of Alaska Department of Health and Social Services**, *Health Insurance Exchange Planning Final Report*. June 2012.
- **U.S. House of Representatives Subcommittee on Health, Employment, Labor and Pensions Committee on Education and the Workforce**, Representative Mike Kelly, R- Pennsylvania, at a hearing held in Butler, PA, February 22, 2012.

# NFIB

The Voice of Small Business®

ALASKA

March 22, 2013

The Honorable Bill Stoltze  
State Capitol Building  
Juneau, Alaska 99801-1182

RE: House Joint Resolution 14, Delay Implementing the Affordable Care Act

Dear Representative Stoltze:

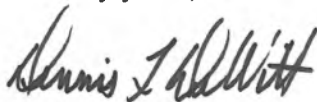
On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our support for House Joint Resolution 14. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

Small businesses in Alaska may or may not be required to provide health coverage mandated by the Affordable Care Act, but if they currently provide employees health insurance, the effect on their premiums can still be staggering. A 40% to 50% increase in premiums is not unexpected. The types of coverage many small businesses can afford are becoming unavailable.

With the huge increase in premiums employers are forced to consider what other expenses they must curtail. Among the unfortunate choices are increasing the percentage of employee cost share, reducing the number of employees, or eliminating employer based health insurance. While these are not the preference of employers, economics cannot be ignored.

Your willingness to raise the concerns listed in HJR 14 will be greatly appreciated by small businesses in Alaska and their employees. While this may not solve all the problems caused by the Affordable Care Act, joining others in raising the problems it causes may bring attention to the needed relief. As the issues of concern are raised to the national discussion, there is hope of some relief.

Sincerely yours,



Dennis L. DeWitt  
Alaska State Director

Cc: NFIB/AK Leadership Council  
House Health & Social Services Committee

**AMENDMENT**

OFFERED IN THE HOUSE

BY REPRESENTATIVE HIGGINS

TO: HJR 14

1 Page 1, line 1:

2 Delete "and the Governor"

3 Insert ", the Governor, and the state's congressional delegation"

4

5 Page 5, following line 12:

6 Insert new material to read:

7 **"FURTHER RESOLVED** that the Alaska State Legislature calls on the state's  
8 Congressional delegation to introduce, sponsor, support, and vote to pass legislation in both  
9 houses of the United States Congress that will delay the implementation of the Patient  
10 Protection and Affordable Care Act until a full analysis of the economic effect of the Act on  
11 Alaskans and Alaska can be clearly quantified; and be it"

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# Study: Health overhaul to raise claims cost 32 pct

Published: March 26, 2013 Updated 3 hours ago

By RICARDO ALONSO-ZALDIVAR — Associated Press

WASHINGTON — Medical claims costs - the biggest driver of health insurance premiums - will jump an average 32 percent for Americans' individual policies under President Barack Obama's overhaul, according to a study by the nation's leading group of financial risk analysts.

The report could turn into a big headache for the Obama administration at a time when many parts of the country remain skeptical about the Affordable Care Act. The estimates were recently released by the Society of Actuaries to its members.

While some states will see medical claims costs per person decline, the report concluded the overwhelming majority will see double-digit increases in their individual health insurance markets, where people purchase coverage directly from insurers.

The disparities are striking. By 2017, the estimated increase would be 62 percent for California, about 80 percent for Ohio, more than 20 percent for Florida and 67 percent for Maryland. Much of the reason for the higher claims costs is that sicker people are expected to join the pool, the report said.

The report did not make similar estimates for employer plans, the mainstay for workers and their families. That's because the primary impact of Obama's law is on people who don't have coverage through their jobs.

The administration questions the design of the study, saying it focused only on one piece of the puzzle and ignored cost relief strategies in the law such as tax credits to help people afford premiums and special payments to insurers who attract an outsize share of the sick. The study also doesn't take into account the potential price-cutting effect of competition in new state insurance markets that will go live on Oct. 1, administration officials said.

At a White House briefing on Tuesday, Health and Human Services Secretary Kathleen Sebelius said some of what passes for health insurance today is so skimpy it can't be compared to the comprehensive coverage available under the law. "Some of these folks have very high catastrophic plans that don't pay for anything unless you get hit by a bus," she said. "They're really mortgage protection, not health insurance."

A prominent national expert, recently retired Medicare chief actuary Rick Foster, said the report does "a credible job" of estimating potential enrollment and costs under the law, "without trying to tilt the answers in any particular direction."

"Having said that," Foster added, "actuaries tend to be financially conservative, so the various assumptions might be more inclined to consider what might go wrong than to anticipate that everything will work beautifully." Actuaries use statistics and economic theory to make long-range cost projections for insurance and pension programs sponsored by businesses and government. The society is headquartered near Chicago.

Kristi Bohn, an actuary who worked on the study, acknowledged it did not attempt to estimate the effect of subsidies, insurer competition and other factors that could mitigate cost increases. She said the goal was to look at the underlying cost of medical care.

"Claims cost is the most important driver of health care premiums," she said.

"We don't see ourselves as a political organization," Bohn added. "We are trying to figure out what the situation at hand is."

On the plus side, the report found the law will cover more than 32 million currently uninsured Americans when fully phased in. And some states - including New York and Massachusetts - will see double-digit declines in costs for claims in the individual market.

Uncertainty over costs has been a major issue since the law passed three years ago, and remains so just months before a big push to cover the uninsured gets rolling Oct. 1. Middle-class households will be able to purchase subsidized private insurance in new marketplaces, while low-income people will be steered to Medicaid and other safety net programs. States are free to accept or reject a Medicaid expansion also offered under the law.

Obama has promised that the new law will bring costs down. That seems a stretch now. While the nation has been enjoying a lull in health care inflation the past few years, even some former administration advisers say a new round of cost-curbing legislation will be needed.

Bohn said the study overall presents a mixed picture.

Millions of now-uninsured people will be covered as the market for directly purchased insurance more than doubles with the help of government subsidies. The study found that market will grow to more than 25 million people. But costs will rise because spending on sicker people and other high-cost groups will overwhelm an influx of younger, healthier people into the program.

Some of the higher-cost cases will come from existing state high-risk insurance pools. Those people will now be able to get coverage in the individual insurance market, since insurance companies will no longer be able to turn them down. Other people will end up buying their own plans because their employers cancel coverage. While some of these individuals might save money for themselves, they will end up raising costs for others.

Part the reason for the wide disparities in the study is that states have different populations and insurance rules. In the relatively small number of states where insurers were already restricted from charging higher rates to older, sicker people, the cost impact is less.

"States are starting from different starting points, and they are all getting closer to one another," said Bohn.

The study also did not model the likely patchwork results from some states accepting the law's Medicaid expansion while others reject it. It presented estimates for two hypothetical scenarios in which all states either accept or reject the expansion.

Larry Levitt, an insurance expert with the nonpartisan Kaiser Family Foundation, reviewed the report and said the actuaries need to answer more questions.

"I'd generally characterize it as providing useful background information, but I don't think it's complete enough to be treated as a projection," Levitt said. The conclusion that employers with sicker workers would drop coverage is "speculative," he said.

Another caveat: The Society of Actuaries contracted Optum, a subsidiary of UnitedHealth Group, to do the number-crunching that drives the report. United also owns the nation's largest health insurance company. Bohn said the study reflects the professional conclusions of the society, not Optum or its parent company.

Medical claims costs are the main driver of health insurance premiums. A study by the Society of Actuaries estimates the new federal health care law will raise claims costs nationally by an average of 32 percent per person in the individual health insurance market by 2017. That's partly due to sicker people joining the pool. The study finds wide disparities among states. The estimates assume every state will expand its Medicaid program.

STATE Percentage change, per-person, per-month

Alabama	60.3%
Alaska	19.2%
Arizona	22.2%
Arkansas	40.9%
California	61.6%
Colorado	39.1%
Connecticut	28.8%
Delaware	29.3%
Washington, D.C.	51.9%
Florida	26.5%
Georgia	27.6%
Hawaii	21.9%
Idaho	62.2%
Illinois	50.8%
Indiana	67.6%
Iowa	9.7%
Kansas	18.9%
Kentucky	34.1%
Louisiana	28.6%
Maine	4.1%
Maryland	66.6%
Massachusetts	-12.8%

Michigan	25.8%
Minnesota	18.9%
Mississippi	43.2%
Missouri	58.8%
Montana	20.1%
Nebraska	30.8%
Nevada	29.2%
New Hampshire	36.8%
New Jersey	-1.4%
New Mexico	34.9%
New York	-13.9%
North Carolina	13.5%
North Dakota	8.4%
Ohio	80.9%
Oklahoma	29.3%
Oregon	14.3%
Pennsylvania	28.0%
Rhode Island	-6.6%
South Carolina	36.8%
South Dakota	29.0%
Tennessee	46.4%
Texas	33.8%
Utah	28.4%
Vermont	-12.5%
Virginia	28.4%
Washington	13.7%
West Virginia	35.3%
Wisconsin	80.0%
Wyoming	31.6%

National 31.5%

Source: Society of Actuaries

AP White House Correspondent Julie Pace contributed to this report.

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# Alaska Dispatch

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[Home](#) > Subway 'wouldn't exist' if started today, says founder DeLuca

Paul Toscano, CNBC  
February 27, 2013

Fred DeLuca, the founder of privately-held Subway Restaurants, said government regulations are hurting small businesses and that this environment has prevented entrepreneurs from creating value in the market.

"If I started Subway today, Subway would not exist," DeLuca told CNBC's "Squawk on the Street" Wednesday.

DeLuca said the environment for entrepreneurs in the United States has "continuously gotten worse because there are more and more regulations. It's tough for people to get into business, especially a small business."

The Subway founder pointed to a number of government regulations that are degrading the business environment for entrepreneurs. Examples include the Affordable Care Act, an increase in the minimum wages and the end of the payroll tax holiday.

The Affordable Care Act, often referred to as "Obamacare," is "the biggest concern of our franchisees," DeLuca said. "They don't know what to expect. It's causing a lot of concern, but that too will be passed on to the consumer."

The payroll tax is another hang-up.

"The payroll tax is affecting sales. It's causing sales declines," he said, estimating a decline of about 2 percentage points off sales at his restaurants. "There are a lot of pressures on consumers," DeLuca said, adding "I think this is on the permanent side, but I think business will adjust to it."

DeLuca also said minimum wages have to increase over time, but doing a sharp raise all at once is a bad idea.

"Minimum-wage workers deserve to make more and a little bit of an increase makes sense to me," he said. "Wages directly affect prices" and "it will cause franchisees to raise prices, there is no question about it."

Subway currently employs minimum-wage workers, but depending on the market wages are often higher based on demand.

DeLuca also said there was "huge interest" in people looking to start Subway franchises, since budding entrepreneurs now find it difficult to get loans. "There are a lot of challenges

out there," he said, suggesting these difficulties encourage entry into an established brand such as Subway.

**Source URL:** <http://www.alaskadispatch.com/article/subway-wouldnt-exist-if-started-today-says-founder-deluca>