

**ALASKA LEGISLATURE**

**2266**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002**

# Alaska State Legislature



HB 312

Representative Peggy Wilson  
District 2

FOR IMMEDIATE RELEASE: March 26, 2001

CONTACT: Rep. Peggy Wilson (907) 465-3824

## **Bill Seeks Study of School Cost Differences** **Wilson Hoping for More Accurate Education Funding Formula**

(JUNEAU) – Saying Alaskans deserve proof the state is distributing education money fairly, Rep. Peggy Wilson (R-Petersburg) has introduced legislation calling for a study of how the funding formula should compensate for the extra costs of running schools in remote areas.

Wilson's House Bill 203 calls on the state to spend \$350,000 on an independent study to identify the actual basis for the cost differences in operating schools in different parts of Alaska, a factor known as the area cost differential (ACD).

"The current area cost differential is not based on what it actually costs to teach children away from the big cities," Wilson said. "It just measures what districts have spent in the past, and brings that forward into the present. That's not right, and it's not fair to many districts, including some in Southeast Alaska."

The unfairness arises because districts may simply be doing without important but expensive goods or services, which the foundation formula interprets as demonstrating no need for them. Though the state rewrote the foundation formula in 1998's Senate Bill 36, the new formula retained ACD formulas dating to 1986, ignoring significant economic changes.

The Alaska Constitution obligates the state to provide free and appropriate public education to all Alaska children, regardless of where they live. But while the state education formula provides for some differences school districts incur, they are based on a flawed premise, she said.

HB 203 calls for the Legislative Council to contract for a study of the actual costs of doing business in each of the state's 53 districts, including the costs of food, utilities, transportation, medical expenses property values. The study must be presented to the Legislature by Jan. 15, 2002.

The bill was introduced in the House on March 22, and referred to the House Special Committee on Education and the House Finance Committee.

###

Broadcasters note: Comments are available on the Majority Actuality Line 1 (800) 478-6540

## Alaska Dept of Education

Urban/Rural List  
FY01 Participating Share Requirements

<u>URBAN (&gt;30%)</u>		<u>RURAL (&lt;30%)</u>	
SCHOOL DISTRICT	ELECTION DISTRICT	SCHOOL DISTRICT	ELECTION DISTRICT
ALEUTIANS EAST BOROUGH	40	ALASKA GATEWAY	36
ANCHORAGE	10-26	ALEUTIAN REGION	40
BRISTOL BAY BOROUGH	39	ANNETTE ISLAND	1
CORDOVA	35	BERING STRAIT	38
CRAIG	5	CHATHAM	5
DENALI BOROUGH	34	CHUGACH	35
DILLINGHAM	39	COPPER RIVER	35-36
FBX NORTH STAR BOROUGH	29-34	DELTA/GREELY	35
HAINES BOROUGH	5	GALENA	36
JUNEAU BOROUGH	3-4	HOONAH	5
KENAI PENINSULA BOROUGH	7-9	HYDABURG	5
KTN GATEWAY BOROUGH	1	IDITAROD AREA	36
KODIAK ISLAND BOROUGH	6	KAKE	5
MAT-SU BOROUGH	26-28	KASHUNAMIUT	38
NOME	38	KLAWOCK	5
NORTH SLOPE BOROUGH	37	KUSPUK	36
NORTHWEST ARCTIC BOROUGH	37	LAKE & PENINSULA BOROUGH	39
PELICAN	5	LOWER KUSKOKWIM	38-39
PETERSBURG	2	LOWER YUKON	36-38
SITKA BOROUGH	2	NENANA	36
SKAGWAY	5	PRIBILOF	40
UNALASKA	40	SAINT MARY'S	38
VALDEZ	35	SOUTHEAST ISLANDS	5-6
WRANGELL	2	SOUTHWEST REGION	39
YAKUTAT	5	TANANA	36
		YUKON FLATS	36
		YUKON/KOYUKUK	36
		YUPIIT	39

## Alaska Department of Education and Early Development FY2002 Participating Share Requirement

District	FY2000 Full Values	2000 ADM	Value Per ADM	LocalShare
Alaska Gateway	\$0	485.4	0.00	2 %
Aleutian Region	\$0	75.15	0.00	2 %
Aleutians East	\$97,167,900	299.55	324,379.58	30 %
Anchorage	\$16,573,238,790	48157.22	344,148.59	30 %
Annette Island	\$0	368	0.00	35 %
Bering Strait	\$0	1775.45	0.00	2 %
Bristol Bay Borough	\$204,802,200	278.6	735,111.97	35 %
Chatham	\$0	257	0.00	2 %
Chugach	\$0	157.35	0.00	2 %
Copper River	\$0	727.29	0.00	2 %
Cordova	\$173,796,950	485.45	358,012.04	30 %
Craig City	\$103,150,100	420.6	245,245.12	30 %
Delta/Greely	\$0	898.78	0.00	2 %
Denali Borough	\$121,643,100	326.5	372,566.92	30 %
Dillingham City	\$148,150,600	561.8	263,707.02	30 %
Fairbanks	\$4,840,563,260	15804.16	306,284.12	30 %
Galena	\$18,043,700	3660	4,929.97	5 %
Haines	\$204,022,700	413.45	493,464.01	30 %
Hoonah City	\$25,060,000	236.75	105,850.05	10 %
Hydaburg City	\$8,141,600	107.85	75,490.03	35 %
Iditarod Area	\$0	568.1	0.00	2 %
Juneau City Borough	\$2,632,035,700	5646.85	466,106.88	30 %
Kake City	\$17,642,900	166.7	105,836.23	10 %
Kashunamiut	\$0	298.2	0.00	35 %
Kenai Peninsula	\$4,246,869,760	9982.41	425,435.31	30 %
Ketchikan	\$1,116,923,700	2598.9	429,767.88	30 %
Klawock City	\$31,525,500	206	153,036.41	10 %
Kodiak Island	\$977,967,800	2810.05	348,025.05	30 %
Kuspuk	\$0	493.85	0.00	2 %
Lake & Peninsula	\$69,030,900	480.95	143,530.30	35 %
Lower Kuskokwim	\$0	3614	0.00	2 %
Lower Yukon	\$0	1936.15	0.00	2 %
Mat-Su Borough	\$3,256,885,340	12513.08	260,278.47	30 %
Nenana City	\$16,800,100	1005	16,716.52	35 %
Nome City	\$211,123,500	769.1	274,507.22	30 %
North Slope Borough	\$10,851,387,110	2008.9	5,401,656.12	35 %
Northwest Arctic	\$381,186,000	2151.5	177,172.21	10 %
Pelican City	\$12,621,800	33.65	375,090.62	35 %
Petersburg City	\$254,224,500	699.1	363,645.41	30 %
Pribilof Island	\$0	158.25	0.00	2 %
Sitka City Borough	\$658,298,100	1722.11	382,262.52	30 %
Skagway City	\$177,458,900	131.3	1,351,552.90	35 %
Southeast Island	\$0	294.5	0.00	2 %
Southwest Region	\$0	758.25	0.00	2 %
St Marys	\$4,535,700	144.15	31,465.14	35 %
Tanana City	\$5,771,200	92.75	62,223.18	5 %
Unalaska City	\$383,163,500	351.91	1,088,811.05	35 %
Valdez City	\$986,219,470	865.2	1,139,874.54	35 %
Wrangell City	\$150,471,600	505.05	297,934.07	30 %
Yakutat City	\$44,561,300	159.75	278,943.97	30 %
Yukon Flats	\$0	352.1	0.00	2 %
Yukon-Koyukuk	\$0	535.85	0.00	2 %
Yupit	\$0	398	0.00	2 %

Post-It® Fax Note	7671	Date	6/25	# of pages	1
To	Patricia S. Neuman	From	BETH WOODWARD		
Co./Dept.	Rep. Bundes	Phone #	682		
Phone #		Fax #			
Fax #	769-0229				

# Public School Funding

## A Historical Review

Some critics of Senate Bill 36 focus attention on the impact the legislation has on several rural school districts, specifically the loss of state revenue in comparison to the dollar amount previously received. In order to fully understand this argument, it is necessary to put the current funding formula in a historical perspective.

**1985**  
A one year stop-gap funding scheme was adopted.

1985 marked the second year of a three year study to determine a "resource cost model" to fund schools. California consultants were asked to assess the costs involved in educating Alaskan students in three differently sized, hypothetical classrooms. During this lengthy review, school districts were anxious for a change and pressure on the Legislature mounted. For a variety

of reasons, the "resource cost model" was never implemented. Unable to decide upon the funding level, the Legislature approved a stop-gap measure.

An Alaska Geographic Differential Study was conducted in 1985 by Homan-McDowell. The study was based solely on the household cost of living and provided differential data for 19 election districts.

\* \* \* \* \*

**1986**  
A re-write proved impossible; another one year solution.

Still under pressure to adopt a new formula, the Legislature approved SB 408, sponsored by Sen. Frank Ferguson, for one year.

• "[The ACD] has always been a tool used to . . . bring a number up or down, depending upon what a legislator was interested in."

Mike Scott, staff to Sen. Ferguson

• "... most districts generate more special ed. money than they need."

• "... noted the increased need for consolidation of school districts."

Bob Green, School Boards' Assoc.

• "... real equity between urban and rural districts cannot be achieved."

LeRoy Owens, Aleutian Schools

\* \* \* \* \*

**1987**  
After two years of different stop-gap measures, a new proposal was considered.

The Legislature convened and found itself still in a tenuous position. The funding formula was under attack by the Southwest Region School District and the federal government. (Subsequently, the federal government required \$11 million to be repaid by the state to several school districts.)

Governor Cowper proposed a funding formula based on "instructional units" and the cost of living study conducted in 1985 by

Homan-McDowell. City and borough school districts were required to contribute 4 mills of their assessed property value or 35% of their district's basic need. A district's allocation was determined, in part, by the number of "funding communities" within the district.

The House Finance Committee amended the original bill and increased twenty-nine area cost differentials.

**1987**

As a result of several years of turmoil, the proposal was adopted even though the legislation "would be a further setback for railbelt taxpayers and students."

Sen. Joe Josephson (5/19/87)

- "[The new area cost differentials] are not based on the benefit of specific supporting data. For this reason, I do not feel these numbers should be included in the Foundation Formula." Rep. Steve Rieger (4/16/87)

- "[The new area cost differentials] presented are not based on a solid basis of school costs. I do not have confidence in their accuracy." Rep. Pat Pourchot (4/16/87)

- "[The House HESS Committee] urges that the issue of taxation in the unorganized areas be given serious consideration." Rep. Johnny Ellis (3/19/87)

- "... would like a survey of the [unorganized] areas to know the potential of the people being able to pay a percentage of the cost of education in their own areas." Rep. Dave Donley (3/18/87)

- "[I] express concern that surplus funding would be siphoned off by central offices and used to increase administrative hierarchy." Sen. Paul Fischer (5/19/87)

- "... in the rush to adjourn, the Senate Finance Committee reported out of committee without an opportunity for public testimony. It proceeded upon the Senate to return the bill to committee for a public hearing." Sen. John Binkley (5/19/87)

- "... if the 4 mill rate was in place ... North Slope and Valdez would be paying an unrealistic amount in relationship to [their need]." Marshal Lind, DOE Commissioner

- "... noted that [House Finance] had proposed twenty-nine [new ACDs] totaling approximately \$4.2 million for all REAAs." Sen. Paul Fischer (5/19/87)

- "I believe it is dangerous for the Legislature to adjourn without enacting a new formula. Urban members of the Senate HESS Committee acquiesced in a measure that includes area differentials less favorable to urban areas." Sen. Joe Josephson (5/19/87)

- "... there appears to be no objective definition of funding communities." Bill Berrier, small districts' lobby

\* \* \* \* \*

**1998**

SB 36 proposes a funding formula based on

During the past ten years, the Foundation Formula has remained relatively stable. However, the current distribution scheme, developed under pressure with very limited cost data, has proven to be an experiment that has failed.

Issues raised in 1987 – special education spending, administrative overhead, "funding communities," local contribution inequities, inflated area cost differentials – are

still areas of concern and are addressed in SB 36.

Senate Bill 36 is based on a school operating cost study that treats all Alaskan schools equally and fairly. This is the first review of actual school costs in the thirty-nine years of Alaskan statehood.

It is important to remember the historical perspective of the current formula when comparing SB 36 to the existing formula.

**Subject:** [Fwd: SB 36 Effects on Dillingham City School District]  
**Date:** Tue, 29 Jan 2002 13:51:40 -0900  
**From:** Representative Bill Williams <Representative\_Bill\_Williams@legis.state.ak.us>  
**Organization:** Alaska State Legislature  
**To:** Randall Rauro <Randall\_Rauro@legis.state.ak.us>

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**Subject:** SB 36 Effects on Dillingham City School District  
**Date:** Fri, 25 Jan 2002 14:39:55 -0900  
**From:** "DCSD" <loren@dcsd.k12.ak.us>  
**To:** <Representative\_Bill\_Williams@legis.state.ak.us>

For FY 03, Dillingham City School District will be proposing staff cuts for the 4<sup>th</sup> year in a row. If the floor remains in place, DCSD will continue the decline of instructional staff. Dillingham maintains one of the highest percentages of budget spent on instruction, at 76%, yet nearly 20 other districts receive waivers and continue to have multiple levels of administration. Dillingham maintains a one administrator central office, yet there appears to be limited incentive for those districts that maintain over the 70% level that legislators requested. The young people of Dillingham need your support to suspend the funding floor provision and strengthen foundation dollars.

Thank you

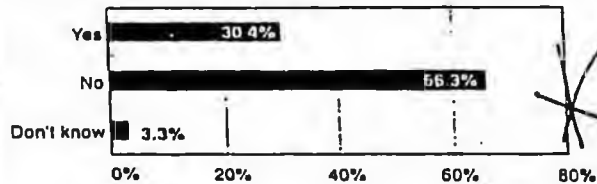
Loren E Berkoski, Superintendent

# ALASKA EDUCATION SURVEY

## School Funding

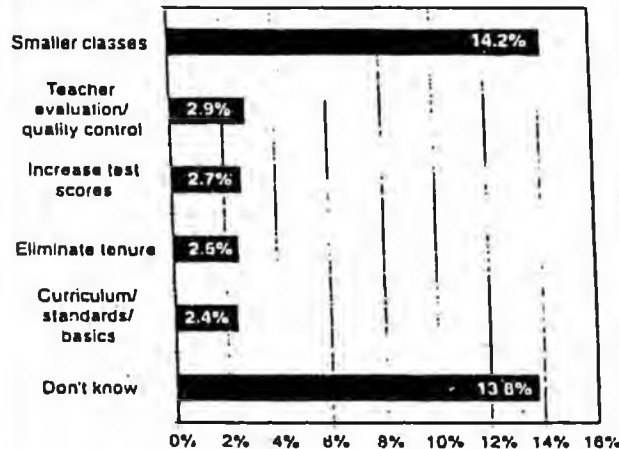
The survey found that only one in three Alaska voters believes that significant increases in education funding would improve the quality of education.

"If state funding of education was increased significantly tomorrow, do you think the quality of education in the state would increase?"



In an open-ended question, respondents reported some of the changes they would need to see that would make them more likely to support increased funding for education. Smaller class size, teacher quality and tenure issues, higher test scores, and better curriculum, higher standards and back-to-basics were the most frequent responses.

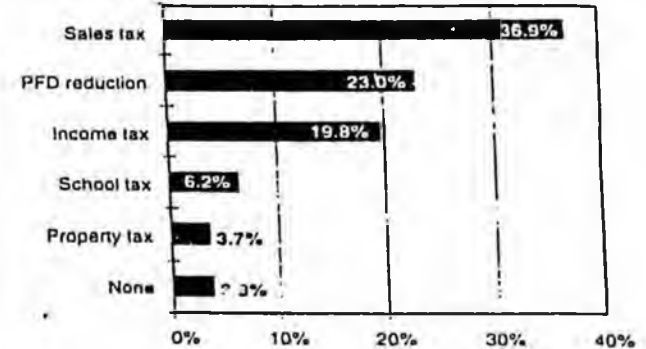
"What's the main thing you'd like to see happen that would make you more likely to pay more money for education?"



Five tax options were presented to respondents: a 1.5% sales tax, a 1% income tax, a 3 mill property tax, a \$160 Permanent Fund deduction, and a \$200 school tax. All of the proposed taxes yield annual revenue in the range of \$60 million to \$80 million. When

asked to make a choice among the tax options, more voters favored the sales tax.

"If the State needed to raise funds in some way to pay for education in Alaska, which of the five revenue sources we discussed would you be most supportive of...?"



The survey also found:

- Nearly half the state's voters think that Alaska is in financial trouble.
- Alaska voters are three times more likely to support cutting expenditures than raising taxes to alleviate state financial problems.
- More than 52% of voters believe that some districts receive too much funding while others receive too little.
- 57% of voters are unaware of the Foundation Formula for school funding. Another 9% are aware of its existence but unfamiliar with how it works.
- 81% believe the state's method of funding schools should be simplified.
- 73% of voters support funding education based on an amount per student, with additional amounts added for special needs, rather than the current instructional unit method.
- Half of those surveyed feel it is reasonable for rural school districts to receive twice the per student funding of urban schools.
- 43% say it makes sense to place all schools into one of four cost brackets representing costs in urban communities, small communities on the road system, rural hubs such as Bethel, and remote rural communities.

Provided by  
Gary Wilken

January 1996

# think **T**ransition SCHOOL FUNDING

## A Summary of the Supplementary Public School Funding Floor

### Historical Review

Why was a new school funding formula adopted in 1998? Why was the "supplementary public school funding floor" added to the school funding formula? A historical review helps answers these questions.

Prior to 1998, the education funding formula was based on the concept of an "instructional unit," a complex and nebulous idea understood by few, mistrusted by many. This old formula, established in 1987, and the subsequent regulations, contained several loopholes that benefited school districts to varying degrees. In 1996, the Department of Education began the process of developing a new formula to rectify some of these known inequities. The governor's subsequent proposal became the blueprint for the current funding formula.

### SB 36 Funding Formula

The new Student Dollar K-12 funding formula allocates state general fund dollars to school districts based on the number of students enrolled, with appropriate consideration and adjustments for the size of the school and its location in Alaska. The public school funding formula recognizes that differences do indeed exist be-

tween our large, urban school districts and Alaska's isolated rural districts and funds them accordingly. For example, a student in Pelican receives more than four times the amount per student from the state than a youngster enrolled in Anchorage.

### A Fair Transition

During the discussion of implementing the new formula, the legislature, not wanting to negatively impact any school district, wrestled with how to transition the school districts from the old formula to the new. The results of this effort provided that no district would lose funding under the new formula even if the district may have financially benefited from the loopholes in the prior funding plan.

The Department of Education calculated each district's funding entitlement under both the old and new

formula. The difference between the plans was the "supplementary public school funding floor" or the "transition dollar amount." The Transition Dollar **supplements** the school district's state support.

### 100 Percent of Increase

If a school district's student enrollment grows, the district's state aid is increased based on the number of students, adjusted for size and location. Or if the Student Dollar is increased, each student gets 100 percent of the added revenue. In either instance, the school district receives 100 percent of its full entitlement under the education funding formula. In **addition** to this full formula funding, 32 districts also receive an additional supplementary funding floor or transition dollar amount. Since FY99, this transition amount has totaled over \$59 million.

### Benefits of the New SB 36 School Funding Formula

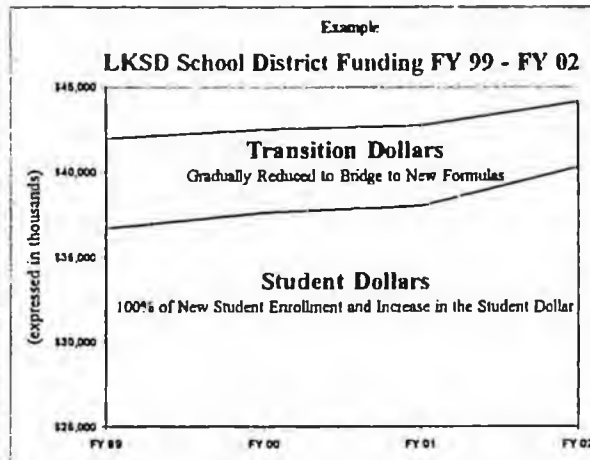
- Created an equitable distribution of state aid based, for the first time, on the actual costs of operating a school in different areas of the state
- Allocated school funding on a per student basis
- Provided for a fair, simple, and easily understood distribution of state education dollars
- Created a school funding formula less subject to manipulation
- Increased confidence in the funding formula led to increased funding for all school districts
- Provided transition dollars to ensure no school district lost funds

## Summary of the Supplementary Public School Funding Floor

As the graph to the right illustrates, the Student Dollar formula is fully funded; LKSD school district's Basic Need is funded at 100 percent. While the district's Transition Dollar, the amount determined in 1998, provides a safe, cushioned change between education formulas.

### Gradual Reduction

However, in order to act as a true transition, this dollar amount must be gradually reduced. Annually the Department of Education compares each district's formula funding to the previous year. Using this information, the department calculates the amount of additional state support each district receives as a transition between formulas. For many school districts, this transition mechanism will provide additional state funding for many years to come, ensuring that



each school district can plan and provide for an excellent education program for its students.

### Conclusion

It is important to remember that the supplementary transition money is given to school districts **over and above** what each district receives under the current funding formula.

The reduction to the Transition Dollars has been very gradual. In spite of what we might have heard about draconian cuts between FY99 and FY02, the total transition dollar amount distributed to school districts has been reduced by just 8.7 percent. This added state support is

a very generous and stable transition between two different funding mechanisms and must be maintained.

*The Student Dollar is funded at 100 percent.*

*The Transition Dollar is gradually reduced.*

## Additional Transition Dollars Received by Eligible Districts

School District	FY99	FY00	FY01	FY02 Preliminary
Alaska Gateway	323,832	323,832	307,640	213,670
Aleutian Region	295,191	172,799	172,799	172,791
Aleutians East Borough	14,054	-	-	-
Anchorage	-	-	-	-
Annette Island	-	-	-	-
Bering Strait	-	-	-	-
Bristol Bay Borough	-	-	-	-
Chatham	-	-	-	-
Chugach	591,834	591,834	591,834	482,622
Copper River	15,984	15,984	15,984	-
Cordova	49,421	49,421	49,421	36,324
Craig	-	-	-	-
Delta/Creech	543,353	445,549	405,450	306,215
Denali Borough	-	-	-	-
Dillingham	215,224	140,553	79,814	79,814
Fairbanks N. Star Borough	-	-	-	-
Galena	2,575,827	2,066,937	2,066,937	1,564,082
Haines Borough	8,572	7,896	7,807	7,261
Hoonah	52,143	45,067	38,495	36,570
Hydaburg	156,987	156,987	145,998	141,618
Iditarod Area	800,310	791,223	705,331	705,331
Jinzeau Borough	-	-	-	-
Kake	80,018	72,016	71,296	47,666
Kashunamiut	-	-	-	-
Kenai Peninsula Borough	-	-	-	-
Ketchikan Gateway Borough	-	-	-	-
Klawock	222,049	205,123	205,123	178,457
Kodiak Island Borough	-	-	-	-

School District	FY99	FY00	FY01	FY02 Preliminary
Kuspuuk	284,722	168,066	168,066	152,940
Lake & Peninsula Borough	240,029	211,226	202,777	190,610
Lower Kuskokwim	5,271,665	4,898,831	4,740,900	4,139,773
Lower Yukon	-	-	-	-
Mat-Su Borough	-	-	-	-
Nenana	589,331	-	-	-
Nome	110,360	110,360	95,798	95,798
North Slope Borough	-	-	-	-
Northwest Arctic Borough	-	-	-	-
Pebcan	272,287	258,208	198,820	170,985
Petersburg	-	-	-	-
Pribilof	14,693	31,305	28,488	27,348
Sitka Borough	-	-	-	-
Skagway	243,759	232,128	211,782	199,075
Southwest Island	510,505	510,505	479,875	422,290
Southwest Region	-	-	-	-
St. Mary's	244,391	161,977	161,977	128,079
Tanana	128,795	114,628	100,873	86,751
Unalaska	421,009	421,009	421,009	344,603
Valdez	617,369	574,801	565,707	492,498
Wrangell	-	-	-	-
Yakutat	292,006	292,006	227,374	188,115
Yukon Flats	995,219	935,506	823,245	727,989
Yukon/Koyukuk	634,345	625,503	550,443	550,443
Yupuk	544,044	544,044	479,208	334,069
Alyeska Central School	-	-	-	-
Mt. Edgecumbe High School	-	-	-	-
TOTAL	17,379,523	15,175,314	14,320,271	12,223,795

\* Denotes an REAA School District

Prepared by the Department of Education and Early Development

**HB**

**314**

**HFIN**

**FILE**

**~ Prime Sponsor Change ~**

**Please discard**

**HB 314**

**and replace it with this corrected version.**

*Chief Clerks Office  
January 28, 2002*

**HB**

**315**

**HFIN**

**FILE**



# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS for SS HB 315(STA)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Correct Fund Source 4/25/02) Dept. Affected: Administration  
 Title An Act allowing small business, small BRU Centralized Administration Service  
nonprofits to join state insurance... Component Retirement & Benefits  
 Sponsor Rep. Rokeberg  
 Requester House Finance Component No. 64

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

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	57.9	46.2	46.2	46.2	46.2	46.2
Travel						
Contractual	74.9	49.5	49.5	49.5	49.5	49.5
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>132.8</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>
<b>CAPITAL EXPENDITURES</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>CHANGE IN REVENUES ( )</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>

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	42.9	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1092 MHTAAR	89.9	0.0	0.0	0.0	0.0	0.0
1017 Benefit System Receipts	0.0	95.7	95.7	95.7	95.7	63.5
<b>TOTAL</b>	<b>132.8</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>

Estimate of any current year (FY2002) cost: 0.0

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

**POSITIONS**

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

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

This bill gives authority to the Commissioner of Administration to procure a health insurance policy or policies for employees of small businesses, small nonprofit organizations, and other small associations. Start up costs in the first year include surveying the potential participants, developing a plan or plans to meet the needs, writing a request for proposals to obtain an insurer or insurers to administer the plan and a mass mail-out to invite those eligible to participate in the plan.

We anticipate the need for a permanent Retirement & Benefits Tech II, and a half-time clerical employee the first year to assist with the survey and the initial enrollment. The Mental Health Trust Authority has agreed to provide funding for \$89.9 of the start-up costs and the following years would be funded by Benefit System Receipts from the participants in the plans.

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

Phone 465-2292  
 Date/Time 4/25/02 9:41 AM  
 Date 4/25/2002

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS for SS HB 315(STA)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Correct Fund Source 4/25/02) Dept. Affected: Administration  
 Title An Act allowing small business, small BRU Centralized Administration Service  
nonprofits to join state insurance... Component Retirement & Benefits  
 Sponsor Rep. Rokeberg  
 Requester House Finance Component No. 64

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

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	57.9	46.2	46.2	46.2	46.2	46.2
Travel						
Contractual	74.9	49.5	49.5	49.5	49.5	49.5
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>132.8</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>

<b>CAPITAL EXPENDITURES</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>
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<b>CHANGE IN REVENUES ( )</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>
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	42.9	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1092 MHTAAR	89.9	0.0	0.0	0.0	0.0	0.0
1017 Benefit System Receipts	0.0	95.7	95.7	95.7	95.7	63.5
<b>TOTAL</b>	<b>132.8</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>

Estimate of any current year (FY2002) cost: 0.0

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

**POSITIONS**

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

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

This bill gives authority to the Commissioner of Administration to procure a health insurance policy or policies for employees of small businesses, small nonprofit organizations, and other small associations.

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

We anticipate the need for a permanent Retirement & Benefits Tech II, and a half-time clerical employee the first year to assist with the survey and the initial enrollment. The Mental Health Trust Authority has agreed to provide funding for \$89.9 of the start-up costs and the following years would be funded by Benefit System Receipts from the participants in the plans.

Prepared by: Guy Bell, Director Phone 465-2292  
 Division: Retirement and Benefits Date/Time 4/25/02 9:41 AM  
 Approved by: Jim Duncan, Commissioner Date 4/25/2002  
 Agency: Department of Administration

*Amended pg 5  
Adopted 4/30/02*

22-LS1177X  
Craver  
4/25/02

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES ROKEBERG, Wilson, Scalzi, Dyson, Cissna, Crawford**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act amending the definition of group health insurance, and allowing the  
2 Department of Administration to obtain a policy or policies of group health care  
3 insurance for employers that are small businesses, nonprofit organizations, special  
4 services organizations, or small associations for insurance purposes; and providing for  
5 an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 **FINDINGS AND INTENT.** (a) The legislature has made the following findings  
10 regarding the facts that support a group insurance policy for qualified entities:

11 (1) the latest United States Census data indicate that 19 percent of Alaskans  
12 are uninsured;

13 (2) in 2000, about 700 companies were licensed to offer health insurance in

1 the state, about 250 companies wrote some form of health insurance in the state, and fewer  
2 than 114,000 Alaskans were covered under individual and group comprehensive health  
3 insurance policies written in the state;

4 (3) in 2000, 18 insurers wrote small employer health insurance in the state; 80  
5 percent of small group policies are written by three health insurers;

6 (4) small businesses are having problems finding and keeping adequate  
7 insurance coverage for employees;

8 (5) nonprofit and special services organizations are having problems finding  
9 and keeping adequate insurance coverage for employees;

10 (6) nonprofit and special services organizations provide many services that  
11 government cannot supply; and

12 (7) adequate and stable health insurance is important to Alaskans;

13 (b) It is the intent of the legislature that this Act assist in providing access to adequate  
14 and stable health insurance for small businesses, nonprofit organizations, and special services  
15 organizations.

16 (c) The Department of Administration, in procuring the policy or policies permitted  
17 by this Act, should explore all options, including preferred provider organizations and lower  
18 cost options such as limited benefit and high deductible coverage.

19 \* Sec. 2. AS 21.54.060 is amended by adding a new paragraph to read:

20 (7) under a policy or policies issued under AS 39.30.097.

21 \* Sec. 3. AS 39.30 is amended by adding a new section to read:

22 **Sec. 39.30.097. Procurement of group health care insurance policies for**  
23 **qualified entities.** (a) The department may obtain a health care insurance policy or  
24 policies to cover a group of qualified entities.

25 (b) In procuring a health care insurance policy or policies under this section,  
26 the commissioner of administration shall comply with the procedure for obtaining  
27 policies of insurance under AS 39.30.090(a)(4) and (5).

28 (c) A qualified entity is eligible for coverage under (a) of this section if the  
29 qualified entity

30 (1) submits a written request for registration to the department; and

31 (2) receives written confirmation from the commissioner of

1 administration that the qualified entity is registered to participate.

2 (c) The request for registration submitted by a qualified entity under (c) of this  
3 section must contain a statement certifying that the entity meets the definition of a  
4 qualified entity under this section and that the entity agrees to pay the required  
5 premiums to the insurance company. The owner, a principal, or another legally  
6 qualified representative of the entity shall sign the statement under penalty of unsworn  
7 falsification and fraud. The department shall register an entity that submits a request  
8 for registration and meets the requirements of this subsection. The department shall  
9 maintain a list of entities registered to participate under this section and shall make the  
10 list available for public inspection.

11 (e) The department may not procure benefits under this section by means of  
12 self-insurance.

13 (f) In this section,

14 (1) "association for insurance purposes" means an association

15 (A) composed of businesses or nonprofit organizations or both;

16 and

17 (B) organized and operating in Alaska;

18 (2) "business" means a business

19 (A) located in Alaska;

20 (B) organized under the relevant provisions of the Alaska  
21 Statutes; if the form of business is not required to be organized under a statute,  
22 then the sole proprietor or joint venturers who own the business must be  
23 Alaska residents; and

24 (C) that employed an average of at least two but not more than  
25 50 eligible employees on the business days during the preceding calendar year  
26 and employs at least two eligible employees on the first day of a health benefit  
27 plan;

28 (3) "department" means the Department of Administration;

29 (4) "employee" has the meaning given in AS 21.54.500;

30 (5) "health care insurance" has the meaning given in AS 21.12.050;

31 (6) "nonprofit organization" means a nonprofit corporation.

1 association, club, or society organized and operating in Alaska exclusively for  
2 charitable, religious, scientific, or educational purposes or for the promotion of social  
3 welfare and that has received an exemption from the payment of federal income tax;

4 (7) "policy" has the meaning given in AS 21.90.900;

5 (8) "qualified entity" means a business, nonprofit organization,  
6 association for insurance purposes, or special services organization;

7 (9) "special services organization" means an entity, corporation, or  
8 nonprofit organization organized and operating in Alaska that is

9 (A) an entity, including a sole proprietorship and a corporation  
10 solely owned by one person,

11 (i) operating a child care facility that is licensed under  
12 AS 14.37;

13 (ii) operating a residential child care facility, child  
14 placement agency, foster home, or maternity home that is licensed  
15 under AS 47.35;

16 (iii) operating an assisted living home that is licensed  
17 under AS 47.33;

18 (iv) operating a community-based center for adult day  
19 care as that term is defined in AS 47.65.290; or

20 (v) providing home care services as defined in  
21 AS 47.65.290;

22 (B) a corporation incorporated under AS 10.20 that

23 (i) receives state grants to provide services; or

24 (ii) makes grants to other corporations incorporated  
25 under AS 10.20 that receive state grants to provide services; or

26 (C) a nonprofit organization, regardless of whether  
27 incorporated, whose primary purpose is to provide assistance to disadvantaged  
28 classes or groups;

29 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 **INITIAL COST RECOVERY.** The commissioner of administration shall recover the

1 initial administrative costs of procuring group health care insurance policies as provided in  
2 AS 39.30.097, added by sec. 3 of this Act, over a period of ~~three~~<sup>5</sup> years. The commissioner  
3 shall fairly allocate the administrative costs among the qualified entities seeking coverage  
4 under AS 39.30.097 based on the numbers of persons covered. The commissioner shall  
5 distribute the administrative costs recovered pro rata to the funds from which initial funding  
6 was made.

7 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).



## **Common questions regarding HB 315 Health Insurance for Business/Nonprofits**

*Will HB 315 limit competition and drive some insurers out of business?*

HB 315 actually supports the tenants of market competition by opening the process up to bid. Insurance agencies would have to compete for the group.

*Would HB 315 put the State in direct competition with private industry?*

No. As stated above, the State would be required to open the process up for bid. A private company, not the state, would be providing the insurance.

*Would HB 315 adversely affect the State health plan?*

No. The newly created group would be separate from the State Health Plan and would, therefore, not have any impact on the state plan. HB 315 proposes to create a *new* group, not to pool small employers into the state health plan.

*Would HB 315 allow those eligible to purchase health insurance through the State department of Administration?*

No. HB 315 would authorize the Commissioner of Administration to procure group private health insurance for those listed. The potential buyers would purchase their insurance from the private insurance agency offering coverage. The department would open up the process for bids from the private sector, allowing insurance companies to compete for the new group. The plan, not a part of the state plan, would also contain a number of coverage options, similar to the various options offered under the state plan.

*Would HB 315 have a negative impact small employer insurance market?*

The insurance market in Alaska is already very limited, specifically for those who are included in the new insurance pools provided in this bill. Furthermore, small employers as defined by this bill by and large cannot afford covered today.

*Have other states have tried this?*

One common example of a "similar" proposal is the state of Kentucky's "Alliance". This is a poor comparison because "The Alliance" pooled small employers into the state plan. As stated above, HB 315 would create a new and separate group that would not be tied to the state health plan. "The Alliance" is not a similar pool to the proposal before us today. We are currently unaware of any similar attempts that have resulted in negative effects.

*Will there be significant cost to the state?*

No. There is a fiscal note attached to the bill that clearly outlines the cost to the State. HB 315 will require an initial investment of around 130 thousand dollars in order to cover the cost of set-up. After the first year any state involvement will be funded by Benefit receipts from the participants, therefore not resulting in continued cost to the State.

*From Representative Peggy Wilson and Representative Sharon Cissna*

April 29, 2002

Re: HB315

To Whom It May Concern:

Although we (Alaska Independent Agents & Brokers) certainly commend the sponsors of this bill for seeking a means of providing affordable health insurance access to small employers, we have serious concerns about whether or not this bill, as written, will actually provide a measurable benefit to the small employer. We also have concerns that the methodology proposed in the bill may actually have a negative impact on health insurance rates for the small employer and the State of Alaska both in the short and long term.

Specifically, larger groups of employees do not necessarily experience lower premiums for comparable coverage. The rates for larger groups with high losses may in fact experience higher rates than a small group with low losses. The experience of the insurance industry would suggest that the majority of the non-profit organizations, for whom this bill seems to be targeted, traditionally have high loss ratios. It is very likely that the pool being proposed will actually generate higher premiums than the plans the targeted employers are currently experiencing.

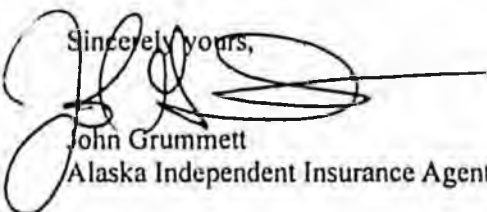
In the long term our concern would be that those insurance companies offering group benefits to the small employer might withdraw from our State due to a significantly reduced market place. Some of the small employer's in the State plan may very well find that their rates have increased if the loss ratios have driven them up. These employers will be left with very limited options, if any, to return to the private market place. Other small employers may find that the level of benefits and premium associated with those benefits in the State plan are simply more than they wish to provide or can afford to offer. In these instances, they may be left with limited or no options in the private market place.

The bill puts the State in direct competition with the private sector in designing products to meet the customer needs and in marketing and selling those products, which may be in conflict with AS2156. We have watched the private sector health insurance market for the small employer dwindle significantly over the years in Alaska. We are concerned that this bill would definitely contribute to further depletion of options. At best, the existing carriers will have fewer incentives to try innovative solutions to meet their customers' needs.

We believe there will be significant costs to the State to develop the new product, register the qualified entities and complete the procurement process. We do not see that there is any assurance that the product will be successful enough to justify the costs to Alaska taxpayers.

In conclusion, we urge you to vote NO on HB315.

Sincerely yours,



John Grummett

Alaska Independent Insurance Agents & Brokers

17521 Steamboat Drive  
Anchorage, AK 99516  
April 29, 2002

VIA FACSIMILE: 907) 465- 3793  
Page 1 of 2

Representative Bill Williams  
State Capitol, Room 511  
Juneau, AK 99801-1182

(  
Dear Mr. Williams:

I am writing regarding H.B. 315, a measure that would allow small employers to purchase health insurance through the state Department of Administration, along with state employees. The House Finance Committee is currently considering this bill. Although it is well intentioned, I am concerned that it will increase state spending by having a negative impact on the State of Alaska's employee health plan. I think that increased state spending on its employees is the opposite of what we need at this time.

The bill also will have a negative impact on both the small-group employer health insurance market. Other states that have established similar pools have found that they did not reduce costs over time, but that they did lead to adverse selection. I am concerned that H.B. 315 will cause similar problems in Alaska when unhealthy small employer groups with bad medical experience and high claims flock to a state plan with low rates. These groups might initially benefit from lower rates, but eventually the state pool will be forced to react to the bad claims experience from these groups and increase premiums. This will hurt not only the small businesses that have joined the pool, but also the state employees who have no other group health insurance options available to them. Also, even though the pool might initially eliminate some administrative costs for small businesses, these are relative small and would be one-time savings. Small-employer premiums will still be subject to factors that drive health insurance premiums today—provider costs, pharmaceutical costs, mandates, technology, increased utilization and an aging population.

Other states have tried to implement measures similar to H.B. 315, with limited success. We can look at the state of Kentucky as an example of why the state employee option may be inadvisable. Kentucky had a program called "The Alliance" which opened the state employee's health plan up to individual purchasers. Independent purchasers did not mix well with the state employee group due to adverse selection and other financial considerations. The ultimate result was the failure of the pool because the state had ignored basic tenets of risk assessment. But before the pool failed, all of the members of the pool, including the state employees who had selected this option, experienced an increase in their rates due to the addition of risk.

H.B. 315 will also have long-term consequences for the private small group health insurance market. Some insurance carriers currently offering products to small employers will likely cease to operate in Alaska due to a significantly reduced marketplace. This measure puts the State in direct competition with the private sector health insurance market. The number of private health insurance options for small employers has dwindled significantly over the years in Alaska; I am concerned that this measure will lead to a further depletion of options.

If H.B. 315 were implemented, it would be critical to maintain a competitive small group health insurance market in the state. Many small groups with low loss ratios will likely decide that joining the State's purchasing pool would not be a preferable option, and a lack of plan choices would hurt these small businesses. Also, small employers who experience higher rates in the State pool due to the adverse selection factor, or employers who would like to provide their employees with a different level of benefits than what is available through the State pool, would suffer if only a limited number of private sector options were available. The adverse affects of H.B. 315 on private small group market competition would likely hurt many Alaska small businesses in the long run.

Finally, in addition to directly increasing employee benefit costs to our state, I am concerned that H.B. 315 will result in significant costs to develop new health insurance products, register the qualified entities and complete the procurement process. We do not see any evidence that this product will be successful enough to justify the costs to Alaska taxpayers.

Due to the negative impact that H.B. 315 will eventually have on state spending, Alaska small businesses, the state's private small group insurance market and the state employee's plan, I urge you to vote against this measure. I appreciate the opportunity to share our views with you, and look forward to hearing about your decision on this important issue.

Respectfully,



Robert F. Hagen



7001 220th St. S.W., Mountlake Terrace, WA 98043-2124  
Post Office Box 327, Seattle, WA 98111-0327  
425/670-5757 Fax 425/670-5635

Jack C. McRae  
Senior Vice President

April 29, 2002

Alaska State Legislature  
House Finance Committee  
Representative Eldon Mulder, Co-Chair  
Representative Bill Williams, Co-Chair

BY FAX: 907/465-3793

Dear Co-Chairs Mulder and Williams and members of the Committee:

I am writing in reference to HB 315, which authorizes the Department of Administration to procure group health care insurance policies for small business and non-profit entities that register with the Department. Blue Cross Blue Shield of Alaska opposes HB 315 because of the significant concerns described below.

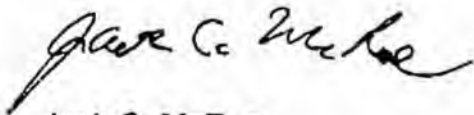
The bill is based on assumptions that create potentially unrealistic expectations. It proposes that the state develop a new insurance product for small business and non-profit organizations and pool those entities together for rating purposes. The bill assumes that the process will result in rates that are more attractive than those available from commercial carriers for similar benefits. There is no reason to believe that pooling alone will produce this result. Insurance rates are driven by the cost of health care and the demographics of the insured group. There is nothing to indicate that the process proposed by HB 315 will produce anything more attractive to purchasers in terms of rates and benefits than choices currently available in the commercial market.

Even if the process itself is successful, the bill could do unintended damage to the Alaska business environment. The increased state presence in the business of health insurance, which puts the state in direct competition with the private sector, will result in Alaska becoming less attractive as a place for commercial insurers to do business. The incentives for healthy competition and innovation will diminish, and the state will have difficulty attracting new market entrants.

As a final point, the Legislature must give serious consideration to the greatly expanded role of state government in health insurance under HB 315. The bill would have the state assume functions commonly performed by the private sector in designing, marketing and purchasing health insurance products. Instead of taking this unprecedented step in expanding the role of government, the Legislature needs to consider the future consequences for all Alaskans and pursue an in-depth understanding of health care cost drivers and the appropriate role of state government in addressing them.

I greatly appreciate your consideration of these comments and I will be glad to provide any additional information you may require.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack C. McRae". The signature is written in a cursive style with a long, sweeping underline.

Jack C. McRae  
Senior Vice President

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS

JUDICIARY COMMITTEE CHAIRMAN  
LABOR & COMMERCE COMMITTEE MEMBER  
LEGISLATIVE COUNCIL MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM MEMBER

website: <http://www.akrepublicans.org/Rokeberg.htm>



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SESSION  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1157  
PHONE (907) 485-4900  
FAX (907) 485-6041

## Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### SPONSOR STATEMENT

**COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL 315(L&C)  
AN ACT AMENDING THE DEFINITION OF GROUP HEALTH INSURANCE, AND ALLOWING THE  
DEPARTMENT OF ADMINISTRATION TO OBTAIN A POLICY OR POLICIES OF GROUP HEALTH  
CARE INSURANCE FOR EMPLOYERS THAT ARE SMALL BUSINESSES, NONPROFIT  
ORGANIZATIONS, SPECIAL SERVICES ORGANIZATIONS, OR SMALL ASSOCIATIONS FOR  
INSURANCE PURPOSES AS A GROUP; AND PROVIDING FOR AN EFFECTIVE DATE.**

**By Representative Norman Rokeberg**

CSSSHB 315(L&C) would allow small businesses, small nonprofit organizations, special services organization or small associations for insurance purposes to join a group health insurance plan arranged by the State and thus provide coverage for their employees. The small business, nonprofit, or association would be responsible for the premiums due for the coverage of its employees.

In this legislation, small businesses are defined as entities with at least two and no more than fifty employees. The small business must be located in Alaska and organized under the relevant Alaska Statutes. An association for insurance purposes may be composed of Alaskan businesses and/or non-profits organized and operating in Alaska and are not limited in size. Non profit organizations are not limited in size by this legislation but they must be organized and operating in Alaska exclusively for charitable, religious, scientific, or educational purposes or for the promotion of social welfare and must have received an exemption from the payment of federal income tax. A special services organization is defined as an entity organized and operating in Alaska, including a sole proprietorship and a corporation solely owned by one person, that operates a licensed child care facility, residential child care facility, child placement agency, foster home, maternity home, assisted living home, community-based center for adult day care or an entity providing home care services as defined in statutes.

According to the Division of Insurance, one health insurance provider writes one-half of the private health insurance policies and three providers write a large percentage of small employer policies. The intent of this bill is to provide quality health insurance by creating a large pool of covered lives.

I urge your support of this legislation.

ED 04:04/23/02

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS

JUDICIARY COMMITTEE CHAIRMAN  
LABOR & COMMERCE COMMITTEE MEMBER  
LEGISLATIVE COUNCIL MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM MEMBER

website <http://www.akrepublicans.org/Rokeberg.htm>



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ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1161  
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FAX (907) 465-4040

## Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### SECTIONAL ANALYSIS

**COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL 315(L&C)  
AN ACT AMENDING THE DEFINITION OF GROUP HEALTH INSURANCE, AND ALLOWING THE  
DEPARTMENT OF ADMINISTRATION TO OBTAIN A POLICY OR POLICIES OF GROUP HEALTH  
CARE INSURANCE FOR EMPLOYERS THAT ARE SMALL BUSINESSES, NONPROFIT  
ORGANIZATIONS, SPECIAL SERVICES ORGANIZATIONS, OR SMALL ASSOCIATIONS FOR  
INSURANCE PURPOSES AS A GROUP; AND PROVIDING FOR AN EFFECTIVE DATE.**

**By Representative Norman Rokeberg**

- Section 1:** Legislative Findings and Intent
- Section 2:** Adds reference to new section in this bill to the definition of group health insurance contained in AS 21.54.060 [Group health insurance defined].
- Section 3:** Adds to Section to Title 39 concerning procurement of group health insurance policies for qualified entities. Defines registration procedures. Eliminates self-insurance as an option for this group. Definitions included in this section.
- Section 4:** Effective date: Immediate.

ED 02:04/23/02



# STATE OF ALASKA

Department of Community and  
Economic Development

## DIVISION OF INSURANCE 63<sup>rd</sup> ANNUAL REPORT

Calendar Year 2000 ♦ Fiscal Year 2001



**IX**

**Statistical  
& Financial  
Data**



**2000 ALASKA HOSPITAL AND  
MEDICAL SERVICE CORPORATIONS  
(\$000)**

**PREMIUMS WRITTEN**

INSURER	GROUP REMITTANCE		GROUP CONVERSION	MEDICARE SUPPLEMENT	INDIVIDUAL	EXPERIENCE RATED	TOTAL
	Community Rated	Family					
PREMERA/ BLUE CROSS	44,354	0	68	1,475	14,706	131,877	192,480
ALASKA VISION	0	1,250	0	0	0	0	1,250

**PREMIUMS EARNED**

INSURER	GROUP REMITTANCE		GROUP CONVERSION	MEDICARE SUPPLEMENT	INDIVIDUAL	EXPERIENCE RATED	TOTAL
	Community Rated	Family					
PREMERA/ BLUE CROSS	44,135	0	67	1,462	14,558	131,443	191,665
ALASKA VISION	0	1,248	0	0	0	0	1,248

**CLAIMS INCURRED**

INSURER	ALL MEDICAL SURGICAL HOSPITAL	DENTAL	VISION	OTHER	TOTAL	NUMBER OF SUBSCRIBERS*
PREMERA/ BLUE CROSS	156,711	0	0	0	156,711	92,616
ALASKA VISION	0	0	1,072	0	1,072	9,499

\*Numbers not rounded to the nearest thousand.

# 2000 ALASKA ACCIDENT & HEALTH/LIFE INSURANCE MARKET SHARE

## 01 - GROUP (\$000)

COMPANY NAME	PERCENT OF MARKET	DIRECT PREMIUMS WRITTEN
Principal Life Ins Co	14.45	18,034
Aetna Life Ins Co	14.33	17,879
Employers Health Ins Co	9.84	12,275
United Healthcare Ins Co	7.84	9,783
Great West Life & Annuity Ins Co	5.62	7,011
Guardian Life Ins Co of Amer	5.39	6,730
United of Omaha Life Ins Co	4.09	5,098
Golden Rule Ins Co	4.02	5,017
Unum Life Ins Co of Amer	3.43	4,285
Mega Life & Health Ins Co The	3.15	3,932
John Alden Life Ins Co	2.37	2,954
Hartford Life & Accident Ins Co	1.81	2,258
JC Penney Life Ins Co	1.81	2,253
Standard Ins Co	1.59	1,989
Mutual of Omaha Ins Co	1.26	1,572
Fortis Benefits Ins Co	1.11	1,389
Life Ins Co of North Amer	1.07	1,335
TransAmerica Life Ins Co	1.04	1,293
States West Life Ins Co	1.02	1,278
Allianz Life Ins Co of North Amer	1.02	1,270
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	86.25	107,639
TOTAL FOR ALL 142 INSURERS WRITING THIS LINE	100.00	124,792

## 02 - CREDIT (\$000)

COMPANY NAME	PERCENT OF MARKET	DIRECT PREMIUMS WRITTEN
American Natl Ins Co	21.42	993
Cuna Mut Ins Society	20.41	946
American Bankers Life Assur Co of FL	15.98	740
North Central Life Ins Co	12.21	566
Union Security Life Ins Co	11.78	540
Minnesota Life Ins Co	10.29	477
Resource Life Ins Co	5.46	253
Centurion Life Ins Co	3.69	171
JC Penney Life Ins Co	0.91	42
Household Life Ins Co	0.88	41
Protective Life Ins Co	0.37	17
Life Investors Ins Co of Amer	0.30	14
Associates Financial Life Ins Co	0.29	14
American Gen Assur Co	0.28	13
Allstate Life Ins Co	0.23	11
Balboa Life Ins Co	0.17	8
USAA Life Ins Co	0.04	2
Central States H & L Co of Omaha	0.00	0
Old Republic Life Ins Co	0.00	0
MIC Life Ins Corp	-0.01	0
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	104.72	4,853
TOTAL FOR ALL 28 INSURERS WRITING THIS LINE	100.00	4,636

# 2000 ALASKA ACCIDENT & HEALTH/LIFE INSURANCE MARKET SHARE

## 9 - ALL OTHER (\$000)

COMPANY NAME	DIRECT PERCENT OF MARKET	PREMIUMS WRITTEN
Fortis Benefits Ins Co	33.58	7,144
American Family Life Asr Co Columbus	20.25	4,309
New York Life Ins Co	4.44	946
Physicians Mut Ins Co	3.70	786
Northwestern Mut Life Ins Co	2.39	509
Unum Life Ins Co of Amer	2.38	506
Golden Rule Ins Co	2.31	491
Colonial Life & Accident Ins Co	2.18	464
Paul Revere Life Ins Co	2.15	458
Provident Life & Accident Ins Co	2.11	448
Mutual of Omaha Ins Co	1.94	413
Equitable Life Assr Soc of The US	1.51	320
Mony Life Ins Co	1.40	298
Bankers United Life Assur Co	1.37	291
John Hancock Life Ins Co	1.23	262
Conseco Senior Health Ins Co	1.14	242
Continental General Ins Co	1.10	234
General Electric Capital Assur Co	0.87	185
Berkshire Life Ins Co	0.85	181
USAA Life Ins Co	0.78	166
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	87.68	18,652
TOTAL FOR ALL 163 INSURERS WRITING THIS LINE	100.00	21,274

## 10 - TOTAL (\$000)

COMPANY NAME	DIRECT PERCENT OF MARKET	PREMIUMS WRITTEN
Principal Life Ins Co	11.58	18,136
Aetna Life Ins Co	11.45	17,923
Employers Health Ins Co	7.84	12,275
United Healthcare Ins Co	6.25	9,783
Fortis Benefits Ins Co	5.45	8,533
Great West Life & Annuity Ins Co	4.48	7,018
Guardian Life Ins Co of Amer	4.35	6,819
Continental Assur Co	3.76	5,884
Golden Rule Ins Co	3.52	5,508
United Of Omaha Life Ins Co	3.26	5,099
Unum Life Ins Co of Amer	3.08	4,820
American Family Life Asr Co Columbus	2.75	4,312
Mega Life & Health Ins Co The	2.51	3,932
John Alden Life Ins Co	1.89	2,962
JC Penney Life Ins Co	1.50	2,352
Hartford Life & Accident Ins Co	1.44	2,259
Mutual of Omaha Ins Co	1.35	2,120
Standard Ins Co	1.27	1,994
New York Life Ins Co	1.12	1,749
Life Ins Co of North Amer	0.85	1,339
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	79.71	124,819
TOTAL FOR ALL 218 INSURERS WRITING THIS LINE	100.00	156,598

# HEALTH INSURANCE BY PRODUCT LINE

## INDIVIDUAL - CALENDAR YEAR 2000

PRODUCT	# POLICIES BEG OF YEAR	# INDIVIDUALS COVERED BEG OF YEAR	# NEW POLICIES ISSUED DURING THE YEAR	# INDIVIDUALS NEWLY ISSUED COVERAGE DURING THE YEAR	# POLICIES TERMINATED DURING THE YEAR	# COVERED INDIVIDUALS TERMINATED DURING THE YEAR	# POLICIES IN FORCE END OF YEAR	# INDIVIDUALS COVERED END OF YEAR	EARNED PREMIUM	INCURRED CLAIMS
ACCIDENT	7,608	15,627	5,089	7,770	2,555	4,210	10,116	16,988	2,289,313	1,040,894
COMP/MED PPO	5,782	16,686	49	388	548	5,163	5,177	9,330	25,000,363	17,609,996
NONPPO	615	1,253	184	350	237	327	536	1,253	2,337,425	1,190,683
DENTAL PPO										
NONPPO	125	247	86	164	85	164	126	247	80,313	26,623
DISABILITY INCOME	4,636	4,763	1,368	1,309	936	1,004	5,217	4,872	3,921,924	966,920
HOSPITAL EXPENSE	773	1,164	256	463	204	313	855	1,314	1,284,847	1,473,652
HOSPITAL INDEMNITY	4,367	7,066	1,182	2,019	1,068	1,766	4,481	7,322	3,936,155	1,561,086
LIMITED BENEFIT	4	4			1	1	3	3	3,651	
LONG TERM CARE	848	868	638	662	80	86	1,409	1,438	2,011,828	427,751
MEDICAL EXPENSE	31	35			8	9	23	27	18,882	27,289
MEDICAL SUPPLEMENT	1,586	1,625	182	141	88	92	1,701	1,580	7,486,946	1,713,079
SPECIFIED DISEASE	4,477	8,743	2,256	3,973	1,146	1,834	5,585	10,880	1,583,694	559,795
VISION PPO	206	397	102	219	90	175	217	441	11,730	6,791
NONPPO										
OTHER	286	306	10	10	21	35	275	282	200,028	26,477
OTHER: INTENSIVE CARE	2,342	5,100	1,124	2,288	781	1,618	2,685	5,770	367,756	107,472
OTHER: GROUP CONVERSI	72	86	1	1	7	9	72	84	111,467	318,086
OTHER: CHAMPUS										
OTHER: SHORT TERM	39	80	163	288	161	277	57	92	57,419	4,199
OTHER: GUAR RENEWAH	2	2			1	1	1	1	5,846	349
OTHER: CREDIT INS										
<b>TOTAL</b>	<b>33,798</b>	<b>64,049</b>	<b>12,720</b>	<b>20,006</b>	<b>6,016</b>	<b>17,083</b>	<b>36,536</b>	<b>63,924</b>	<b>45,778,678</b>	<b>27,330,131</b>

This report was compiled from data provided by the companies. The Division of Insurance does not warrant the accuracy of this information.

# HEALTH INSURANCE BY PRODUCT LINE

## SMALL EMPLOYER (2-50) GROUP - CALENDAR YEAR 2000

PRODUCT	# POLICIES BEG OF YEAR	# INDIVIDUALS COVERED BEG OF YEAR	# NEW POLICIES ISSUED DURING THE YEAR	# INDIVIDUALS NEWLY ISSUED COVERAGE DURING THE YEAR	# POLICIES TERMINATED DURING THE YEAR	# COVERED INDIVIDUALS TERMINATED DURING THE YEAR	# POLICIES IN FORCE END OF YEAR	# INDIVIDUALS COVERED END OF YEAR	EARNED PREMIUM	INCURRED CLAIMS
ACCIDENT	185	2,524	43	791	34	649	194	25,167	591,842	588,225
COMP MED FPO	9292	25,476	147	2,509	542	5,595	11,165	23,366	60,704,541	42,133,840
NON-PPO	735	8,997	311	1,563	169	1,944	655	6,682	21,243,738	14,935,480
DENTAL FPO	4	105					4	102	65,145	
NON-PPO	513	9,423	74	2,548	134	2,221	471	9,443	3,760,795	2,265,508
DISABILITY INCOME	124	2,234	15	705	33	400	108	2,568	653,578	601,803
HOSPITAL EXPENSE	24	151			13	33	11	118	214,808	209,866
HOSPITAL INDEMNITY		148				3		69	7,274	3,789
LONG TERM CARE		8						8	8,369	902
MEDICAL EXPENSE									34,583	87,876
MEDICAL SUPPLEMENT										
SPECIFIED DISEASE	12	15				1	12	17	3,655	
STOP LOSS	3	15		1	1	5	2	11	885	
VISION FPO	13	662					13	730	34,960	26,812
NON-PPO										
OTHER: LONG TERM CARE										
OTHER: HOURLY										
OTHER	1	835					1	835	98	13,810
<b>TOTAL</b>	<b>10,896</b>	<b>73,097</b>	<b>591</b>	<b>8,118</b>	<b>926</b>	<b>10,851</b>	<b>12,639</b>	<b>71,117</b>	<b>87,345,288</b>	<b>60,871,891</b>

# HEALTH INSURANCE BY PRODUCT LINE

## ALL OTHER GROUP - CALENDAR YEAR 2000

PRODUCT	# POLICIES BEG OF YEAR	# INDIVIDUALS COVERED BEG OF YEAR	# NEW POLICIES ISSUED DURING THE YEAR	# INDIVIDUALS NEWLY ISSUED COVERAGE DURING THE YEAR	# POLICIES TERMINATED DURING THE YEAR	# COVERED INDIVIDUALS TERMINATED DURING THE YEAR	# POLICIES IN FORCE END OF YEAR	# INDIVIDUALS COVERED END OF YEAR	EARNED PREMIUM	INCURRED CLAIMS
Accident	3,035	162,357	132	30,028	542	33,121	2,757	152,218	5,215,961	3,712,815
Comp/Med FPO	25,082	65,816	12	140	12	5,556	27,133	66,008	135,751,231	125,172,330
Non-FPO	1,830	16,051	853	4,128	403	3,000	2,124	15,784	19,105,699	11,795,818
Dental FPO	5	925		110	1	335	4	885	324,216	120,971
Non-FPO	35	13,209	7	533	23	6,752	25	6,755	1,537,498	1,049,698
Disability Income	476	33,425	34	13,850	34	2,235	480	41,125	9,794,608	9,460,220
Hospital Expense	8	421					8	419	826,603	1,024,605
Hospital Indemnity	229	4,414	0	121	28	125	205	4,411	703,653	512,572
Long Term Care	15	280	120	422	20	38	320	674	473,273	325,244
Medical Expense	49	111	7	7		2	55	115	133,652	73,550
Medical Supplement	273	4,312	0	145	51	55	257	4,401	5,375,167	4,215,320
Specified Disease	537	1,250	64	2,540	42	1,521	550	2,280	316,937	11,838
Stop-Loss	19	9511	0	13,315	6	1,458	18	20,282	3,445,408	30,058,078
Vision FPO	19	19,402	1	511			20	21,249	1,242,753	1,071,703
Non-FPO	3	5,115			2	1,600	2	13,162	134,777	71,747
Other:	139	1,537	19	1,275	25	1,341	133	1,729	1,505,911	800,754
Other: Special Risk	35	22,531	1	2	2	22	34	22,511	2,971,136	612,536
Other: Credit	24	331	122	180	65	84	120	397	81,759	39,325
Other: Short Term	1	28	1	68	1	79	1	0	15,086	623
Other: Global Acc/sick	1	2			1	2			388	20,697
Other: Campus	22	107			3	8	19	99	16,075	10,705
Other: Airlight Ins							5		557,179	204,450
Other: AH	1	755		253		352	1	605	9,854	7,591
Other: Tricare		12					12	18,505	3,551	
<b>Total</b>	<b>31,841</b>	<b>365,024</b>	<b>1,485</b>	<b>67,744</b>	<b>1,253</b>	<b>57,698</b>	<b>34,474</b>	<b>385,988</b>	<b>189,999,319</b>	<b>164,311,576</b>



## Alaska Insurance Consumer Guide

### Health Insurance

Everyone runs the risk of becoming ill or suffering an accident that results in doctor or hospital bills, and sometimes in loss of income. Most Alaskans need protection from unexpected and sometimes devastating expenses associated with an illness or accident.

How do you choose from the hundreds of medical plans available? To wisely purchase medical care protection you must:

- Determine your family's needs
- Know the different types of protection available
- Choose a plan on the basis of coverage, costs, and services

Before buying a health insurance policy, know what insurance or other benefits you already have. This will help prevent duplicating coverage and will help you determine if you have enough coverage, inadequate coverage, or no coverage at all. Make sure you have up-to-date information on medical insurance, disability benefits, and sick leave benefits provided by your employer. Your first priority should be assuring that you have either a comprehensive major medical insurance policy or both basic medical insurance and supplemental major medical insurance.

### How Health Insurance Policies are Sold

#### Individual Insurance

An individual insurance policy provides coverage to a specific individual or to an individual and their family under a policy issued to that individual. In order to be considered for individual insurance coverage, you will be asked to provide evidence of insurability that may require you to undergo a medical examination. This is called medical underwriting. The same requirements would apply to any dependents you may insure under the policy.

#### Group Insurance

A group insurance policy provides coverage to individuals under a single master policy issued to the group policy owner. Certificates of insurance are provided to the individuals. The policy owner may be an employer, an association, a labor union, or other entity. Unless the group is small, no individual medical underwriting is performed. Instead, insurers require minimum employee or member participation levels and minimum employer contribution levels in order to assure that there are sufficient individuals in the group in good health to balance those in the group in poor health.

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## Alaska Insurance Consumer Guide

### Types of Health Insurance Plans

Following is a summary of several types of health insurance plans sold as group and individual health insurance. The actual health insurance benefits will vary from policy to policy. Therefore, it is important to read and understand your insurance contract. The term **provider** is commonly used in health insurance and in this guide to refer to physicians and other providers of medical care.

#### Basic Medical

A basic medical insurance policy provides coverage for basic hospital, provider and other services. There are limits placed on the benefits for covered services such as a limited number of hospital days, a maximum payment for each day of hospital confinement, or a surgical schedule where a specific payment maximum is established for each procedure. These benefits are provided without deductibles or coinsurance.

#### Supplemental Major Medical

Under a supplemental major medical policy, benefits are structured to supplement a basic medical insurance policy. The policy would pay for any covered services and supplies not covered by the basic medical insurance policy after the required deductible has been paid and subject to the coinsurance requirements. A basic medical policy in combination with a supplemental major medical policy results in coverage similar to a comprehensive major medical policy.

#### Comprehensive Major Medical

A comprehensive major medical policy provides coverage for almost all types of medical care services and supplies and has high benefit limits. These policies cover hospital, provider, and other services subject only to the required deductible, coinsurance, and benefit maximums. Unlike basic medical, individuals are required to share in the cost of their medical expenses. These policies have replaced most of the basic medical insurance policies.

#### Limited Benefit

Limited benefit plans are offered as independent, noncoordinated benefits provided under a separate policy and paid without regard to any other insurance plan. Examples of these types of plans include **hospital indemnity policies** that pay a fixed amount for each day of hospital confinement, and **specified or dread disease policies** that only pay for medical expenses associated with a specified disease (such as cancer or heart disease).

#### Long-Term Care

Long-term care insurance policies provide nursing home or home health care benefits for individuals with a prolonged physical illness, disability or mental disorder, medical condition, or a deficiency affecting activities of daily living or lifestyle. Benefits are provided as a reimbursement for services, but subject to a fixed dollar maximum per day. Usually a waiting period called an **elimination period** of 0, 30, 90, 180, or 360 days is required before the plan will pay benefits. Long-term care insurance may be available as a rider to a life insurance or annuity policy, as well as a separate health insurance policy.

#### Medicare Supplement

Medicare supplement (also called Medigap) insurance is sold to people age 65 and older and helps

pay for medical costs that Medicare Parts A & B do not pay, such as the deductible and coinsurance amounts. Medicare supplement insurance is regulated by both state and federal laws. This coverage can only be provided through ten standard health plans that vary in the amount and type of coverage provided. Coverage is available to individuals without medical underwriting for six months following the date the individual first becomes eligible for Medicare Part B. The Division of Insurance produces, on an annual basis, a rate comparison guide that outlines the basic characteristics of Medicare supplement insurance, describes the ten standard health insurance plans, and shows the current premium rates charged by the insurers selling this insurance in Alaska. There is also a pamphlet entitled "Health Insurance for People with Medicare" produced by the 50 states and the federal government that summarizes the Medicare and Medicare supplement programs. Both publications are available from the Division of Senior Services, 3601 C Street, Suite 310, Anchorage, Alaska 99503, telephone number (907) 269-3680 or (800) 478-6065.

### **Dental Insurance**

Dental insurance covers costs associated with the care of teeth. Benefits for preventive services, such as cleanings and exams are generally limited to once every six months. Most plans contain coinsurance and deductible cost-sharing requirements. The coinsurance provisions will vary based on the type of procedure.

### **Vision Coverage**

Vision coverage provides benefits for glasses, contact lenses, and eye examinations up to a specified amount per year. Vision benefits are often subject to a set schedule of benefits and limits on the frequency of services. A typical vision plan covers the cost for one examination per year, with coverage for glasses and contact lenses limited to once every two years.

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## Alaska Insurance Consumer Guide

### Things to be Aware of Regarding Health Insurance Policies

#### Benefit Limits

- Most health insurance plans set a maximum benefit amount that will be provided for all covered services and supplies over the lifetime of the covered individual. This is called a **lifetime maximum**. This maximum is often set at \$1,000,000.
- Most health insurance plans set a maximum benefit amount that provides for particular services and supplies, such as a maximum benefit of \$250,000 for organ transplants.
- Some health insurance plans limit the benefit that will be provided per day for a covered service. This is called a **daily maximum**. They may also limit the number of days that a service will be covered. These types of limits are generally used for services including mental and nervous disorders, skilled nursing facilities, and home health care.
- Many health insurance plans limit the total benefit that will be provided per year for covered services. This is called an **annual maximum**. These limits are generally used for those services where it is difficult to assess whether the service is medically necessary.
- Most health insurance plans exclude or limit coverage for a period of time for medical conditions that existed within a certain period, commonly six months, prior to the date coverage began for which medical advice, diagnosis, care or treatment was recommended or received. This is called a **preexisting condition waiting period**. The waiting period is commonly 12 months. In most cases, insurance companies must reduce this waiting period by the number of days you were covered under prior health insurance plans, as long as you had no more than a 90-day break in your health insurance coverage.

#### Deductibles, Coinsurance, and Other Charges

- A **deductible** is a specified dollar amount an individual must pay in each policy period before reimbursement for expenses begin. The primary purpose of the deductible is to encourage individuals to use health care services only when necessary. A separate deductible may be required for specified services such as hospital admissions or prescription drugs. Some health plans may include a provision that allows any claims incurred in the last quarter of the policy period to be carried over and applied to meet the deductible in the next quarter.
- **Coinsurance** is that per-centage of covered services and supplies the insurer will pay for after the individual pays the de-ductible. The individual is responsible for the amount the insurer does not pay. A common coinsurance arrangement is for the insurer to pay 80% of charges for covered services and the individual 20%.
- **Out-of-pocket maximum** is the maximum dollar amount the individual pays for covered services and supplies during a specified period, generally a calendar year. This maximum may be defined to include or exclude the deductible. Once the out-of-pocket maximum is paid, benefits are paid at 100% of the costs incurred after that time.
- A **copayment** is the fixed dollar amount that the individual is required to pay at the time each covered service takes place. Copayments vary by type of service. They are commonly used with emergency services and prescription drugs.
- A **usual, customary and reasonable (UCR)** charge is an established maximum amount that an insurance company will reimburse for a medical expense covered under your health insurance policy. UCR charges are generally determined based on charges that are actually billed by providers for each medical procedure or service in a geographical area. In order to

determine a reasonable charge, UCR charges are commonly calculated as a percentile of the charges billed by providers. The percentile is generally set so that a large percentage, such as 80% or 90%, of charges actually billed by providers are reimbursable in full. Note that UCR charges are determined by each insurer and will vary.

- Under most health insurance plans, you will be responsible for paying any amount billed by a hospital or physician that is larger than the insurer's established UCR charges for the service or procedure. However, service corporations, such as Blue Cross, contract with various hospitals and providers who agree to accept the service corporation's payment as payment in full. Therefore you would not be responsible for paying any amount that exceeds their UCR charges, unless you chose to use a hospital or provider that does not have a contract with the service corporation.
- The following is an example of how the various charges described above impact the amount you may be responsible for paying for medical services:

<b>The limits specified by your insurance policy:</b>	
Deductible	\$ 500
Coinsurance	80%
Out-of-pocket maximum	\$1,000
<i>Amount Insurer Owes:</i>	
Charges billed by provider	\$4,200
Amount greater than the UCR for the procedure	<del>\$ 550</del>
Amount you owe for your deductible	<del>\$ 500</del>
Charges eligible for reimbursement by insurer	\$3,150
Insurer's coinsurance	80%
Amount insurer owes before out-of-pocket limit applied	\$2,520
Amount that is greater than your out-of-pocket limit	\$ 130
<b>Total amount insurer owes after out-of-pocket limit applied</b>	<b>\$2,650</b>
<i>Amount You Owe:</i>	
Deductible	\$ 500
Coinsurance amount (20% of \$3,150)	\$ 630
Amount of eligible charges before out-of-pocket limit applied	\$1,130
Amount greater than your out-of-pocket limit	<del>\$ 130</del>
Amount of eligible charges after out-of-pocket limit applied	\$1,000
Amount greater than the UCR for the procedure	\$ 550
<b>Total amount you owe</b>	<b>\$1,550</b>

**Covered Services and Supplies**

There are two basic categories of services and supplies covered by health insurance policies.

- **Hospital Benefits** include expenses associated with stays at hospitals and other covered facilities, such as skilled nursing facilities, nursing homes and outpatient surgery centers. Benefits for hospital services often require that the individual or their physician contact the insurer or the employer to obtain prior approval for the number of days of hospital stay. Without this approval the benefits may be reduced.
- **Physician or Provider Benefits** include services provided by licensed physicians and other medical providers.

There are a number of other charges and services generally excluded from coverage under most health insurance plans. Following are examples of common exclusions:

- Services determined by the insurer to be medically unnecessary
- Services considered experimental by an accepted medical authority
- Services related to cosmetic surgery
- Services for mental or nervous disorders, vision, hearing
- Services that are provided without charge
- Services provided due to war
- Services provided as a result of a work-related injury
- Services provided by a relative
- Services related to normal pregnancy and routine well-baby care (these are generally excluded from individual policies and included in group policies).

Alaska law mandates that the following specific charges or services be covered in health insurance plans sold in Alaska. These requirements do not apply to employers with self-insured health plans.

- Coverage for newly born or adopted children for at least 30 days, if coverage includes dependents
- Coverage for treatment of alcoholism or drug abuse
- Low-dose mammography screening if the contract covers mastectomies and prosthetic devices and reconstructive surgery
- Treatment of phenylketonuria
- Coverage for not less than 48 hours after vaginal birth and 96 hours after a cesarean birth, if the contract covers the costs of childbirth
- Coverage for prostate cancer screening and cervical cancer screening

### **Coordination of Benefits**

This provision applies to the situation where an individual is covered under two different health insurance plans. It is included in almost all group insurance plans. It requires that payments made under the two plans be coordinated so that the individual does not receive duplicate payments for a service, thereby being reimbursed more than what was spent. Duplicate coverage frequently occurs when an individual is covered under both their own and their spouse's insurance plans. Most coordination of benefits provisions require that the individual's own plan pay first on a claim, and the other plan only pay the amounts not covered by the first plan. It is important that this provision be reviewed so that misunderstandings can be avoided regarding the benefit payments each insurer will make.

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## Alaska Insurance Consumer Guide

### Alaska Health Insurance Laws

#### Small Employer Health Insurance

Alaska Statute requires insurers who offer health insurance coverage to small employers in the state to offer each small employer (defined as those with 2-50 employees) all the health insurance plans that they offer to other small employers in the state regardless of the health or claims experience of the group. They must offer coverage to all eligible employees and not deny coverage to an employee. This law does not require an employer to purchase coverage for their employees. Alaska law also requires that insurance companies providing coverage to small employers adhere to certain rating restrictions including a maximum annual rate increase of 15% for poor group claims experience.

#### Large and Small Employer Health Insurance

According to Alaska law, insurance companies that offer health insurance coverage to large and small employer groups:

- May not base eligibility for coverage on health status, claims experience, medical history or condition, disability, receipt of health care, genetic information or any evidence of insurability.
- Must continue to renew the coverage, except in certain specified circumstances such as a failure to pay premiums
- May not require a preexisting condition waiting period that is longer than 12 months for a health condition that existed prior to the effective date of coverage which is called a preexisting condition waiting period. Pregnancy and genetic information cannot be considered preexisting conditions and therefore no waiting period may be applied.
- Must reduce any preexisting condition waiting period by the amount of time an individual was covered under prior health insurance coverage. However, the insurer is not required to reduce such a waiting period by any periods of health insurance coverage before a 90 day or more break in health insurance coverage. For example:
- An individual is covered under employer A's health insurance plan for 6 months before terminating coverage. The individual then terminates employment and is not covered under any health insurance plan for 100 days. The individual then becomes covered under employer B's health plan and remains covered for 5 months. The individual terminates employment and is not covered under any health insurance plan for 45 days. The individual then enrolls in employer C's health insurance plan which has a 12 month preexisting condition waiting period. Since the individual had a break in coverage of more than 90 days between employer A and employer B, the 6 months covered under employer A's health insurance plan are not used to reduce the 12 month preexisting condition waiting period. Therefore, only 5 months of coverage with employer B will be used to reduce the 12 month preexisting condition waiting period. Employer C's health insurance plan may only apply a 7-month waiting period (12 months - 5 months).

#### Comprehensive Health Insurance Association (CHIA)

In 1992, the Alaska legislature established a health insurance program for high-risk individuals. This law allows all individuals who have been refused coverage by at least two insurers, who have a specified medical condition, or who meet certain other criteria, to purchase coverage through the CHIA. Individuals who meet the state definition of a federally defined eligible individual can receive coverage through the CHIA without a waiting period. A federally defined eligible individual is an individual whose most recent coverage was under a group health plan; who had at least 18 months of

health insurance coverage; who has exhausted any available COBRA coverage; whose most recent coverage was not terminated due to nonpayment of premiums or fraud; who does not have other health insurance coverage; and who is not eligible for other coverage.

The premium rates for the program are set at 175% of the average standard risk rate for health insurance plans sold in Alaska with similar benefits.

For information on this program, contact the Division of Insurance in Anchorage at 1-800-467-8725 (in Alaska only) or 907-269-7900.

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## Alaska Insurance Consumer Guide

### Federal Laws Affecting Health Insurance

#### COBRA

COBRA is the federal law that requires employers to continue to provide their health insurance coverage to employees who have been laid off or terminated. The coverage may extend from 18 to 36 months. To obtain coverage under COBRA, the employee or their dependent must apply to the employer within 60 days of termination of their employment. The U.S. Department of Labor handles all inquiries regarding COBRA coverage. Inquiries should be sent to:

Office of Program Services  
Pension and Welfare  
Benefits Administration  
U.S. Department of Labor  
200 Constitution Ave., N.W.  
Washington, DC 20210  
(202) 219-8776

#### ERISA (Employee Retirement Income Security Act)

Many people who believe that they have a health insurance policy through their employer are actually covered under what is called a self-insured health plan. A **self-insured health plan** exists when an employer chooses to pay for medical bills directly, instead of purchasing insurance for that purpose. Most self-insured plans are regulated by the federal government through the Department of Labor under the authority of ERISA and are exempt from state regulation. Most large employers have self-insured health plans. The State of Alaska changed to a self-insured health plan for employees and retirees effective July 1, 1997.

Employers choosing to self-insure their health plans are not subject to state insurance laws such as benefit mandates, state premium taxes, capital and surplus requirements, and reserve requirements. They are also able to gain more control over their cash flow and have more freedom in determining benefits to be provided to their employees. Most employers with self-insured health plans purchase stop-loss insurance from insurance companies to protect themselves against large losses.

Employees who receive health coverage under a self-insured plan are not afforded the protections of state insurance laws and regulations. These protections include financial solvency requirements as well as requirements applying to the payment of claims. If a self-insured plan fails, Alaska benefits and managed care protections, such as standards for grievance procedures, fair disclosure of plan provisions, fair claims settlement practices and consumer services, are not available to employees. The federal laws governing these self-insured plans limit damages to actual costs and may not even cover attorney fees. Individuals covered under a self-insured plan must assume responsibility for all claims if the plan fails. Also, individual employees are required to obtain their own legal counsel to settle disputes, since the U.S. Department of Labor will not become involved in individual disputes over coverage. One other important consideration is that a self-insured employer may make material changes to the health plan (such as reducing or eliminating benefits) without providing advance notice.

#### HIPAA (Health Insurance Portability and Accountability Act of 1996)

This Act establishes federal standards for group and individual health insurance plans. The Act sets minimum standards for guaranteed renewability, preexisting condition waiting periods, and crediting for prior health insurance coverage. Alaska has enacted into law these federal standards which are

discussed in the health insurance sections of this guide.

### **Medical Savings Accounts**

Under this federal law a bank, insurance company, or other federally approved entity may set up an individual savings account called a Medical Savings Account (MSA) where you can set money aside to pay for qualified medical expenses. The deposits (called contributions) in the account are tax deductible. Qualified medical expenses are those expenses paid by you for medical care including any deductible and coinsurance payments. Medical Savings Accounts are regulated by the federal government, not the Alaska Division of Insurance. One advantage to establishing an MSA is that contributions are not subject to tax and qualified medical expenses paid out of the account are not included in gross income for federal income tax purposes.

In order for a savings account to qualify as an MSA, you must be covered by a high deductible health plan offered by a small employer (2-50 employees) or be self-employed and have purchased a high deductible health plan. A high deductible health plan is an individual health insurance policy with deductibles between \$1,500 and \$2,250 and out-of-pocket limit of \$3,000, or a family health insurance policy with deductibles between \$3,000 and \$4,500 and out-of-pocket limit of \$5,500. These high deductible health plans are regulated by the Division of Insurance in the same manner as other health insurance policies.

If you are seeking information on setting up an MSA account, the best place to start is by contacting your financial advisor or producers selling health insurance in Alaska. Producers should have knowledge of the high deductible plans that are available in Alaska and any MSAs that may be offered in conjunction with those plans.

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Clark James Mepler

## Health Insurance Options Limited in Alaska

BY DEBORAH J. MYERS

### Health insurance costs are rising, but employers benefit from providing quality insurance to employees.

**N**o matter what the economic situation is, employee retention helps your business save money. Considering the cost of attracting, screening and interviewing applicants, plus the expensive downtime and potential mistakes while training, you'll save money if you keep the people you have.

Naturally, it helps to offer employees pleasant working conditions and adequate pay. However, benefits play an important role in keeping the grass lush on your side of the fence, so your employees don't seek other, greener pastures.

According to the 2000 Health Confidence Survey conducted by the Employee Benefit Research Institute ([www.ebri.org](http://www.ebri.org)), only 12 percent of people surveyed who have employer-provided health insurance said that they were extremely satisfied with their health insurance. The other 88 percent of people surveyed apparently feel they could do a little better elsewhere.

As an employer, it's in your best interest to offer a good health insurance package. As for insurance companies, their numbers have dwindled considerably, narrowing options.

"We generally have dealt with a number of companies," said Rick Johnson, a broker with Baldwin Financial Concepts in Anchorage and a board member of the National Association of Health Underwriters. "Anthem Health and Life has left the state, as has Humana Employer's Health and Guardian. Aetna has closed its marketing office (in Alaska).

"Other carriers have come in and undercut everyone else and then left the market. That leaves a sour taste with brokers and employers," he said.

At present, Blue Cross/Blue Shield of Alaska, Aetna, Principal, Starmark, United Healthcare and Great West Life offer coverage within the state.

"Blue Cross/Blue Shield of Alaska has the biggest network," Johnson said, "and they boast a pretty wide variety of physicians. We have a couple of carriers doing an outstanding job up here, but I also see employers frustrated at paying a lot for insurance."

Some employers are going online in search of discount health care benefits, but the promised deals aren't always a bargain.

"There are some internet companies

that do (provide insurance) from out of state," Johnson said. "I've been told by folks who have made inquiries that they're the same price or higher."

The basic plans available now are preferred provider options (PPOs) and indemnity plans.

**PREFERRED PROVIDER OPTIONS** PPOs are usually pretty inflexible. "(With PPOs), you're a little bit restricted on where you can go for care," Johnson said.

Employees must visit a care provider on a network list to receive full benefits. Depending upon the plan, visiting a doctor not on the list may reduce or eliminate the amount of coverage, leaving the employee to pay the difference out of pocket.

PPOs also offer advantages over the indemnity plan. A few PPOs require no deductible to pay before receiving coverage. The plan is less expensive for employers, according to Johnson.

"Generally, you can get a PPO plan and it's a reduction in premium for the employer," he said.

This also means a smaller premium for the employees, too. The cost of



Aaron Weaver

Johnson

care is less as well. Employees pay only a small co-payment for each doctor or hospital visit, and/or they meet a small deductible.

"People with young employees like those plans," said Jim Dunlap, owner of the Dunlap Agency in Fairbanks. "Employees only pay a \$10 to \$15 co-pay."

The quality of care is also an important factor for employees who need frequent medical care.

"Some of the chronic care and disease management programs are starting to move into PPOs," said Jeff Davis, executive director and general manager of Blue Cross/Blue Shield of Alaska.

"In the long run, quality care is cost-effective care," he said. "Cost and quality have been the perennial challenges of health care. Simply having a low premium isn't helpful if it doesn't provide the coverage you need."

Another type of PPO is a "hospital-preferred-provider network," Davis said.

These plans provide emergency room and planned inpatient and outpatient coverage once the deductible has been paid.

Like indemnity plans, the deductible is usually about \$300 to \$500 with 80 percent paid after the deductible has been met, according to Davis.

### INDEMNITY PLANS

Indemnity plans are about as popular as PPOs, according to Johnson of Baldwin Financial Concepts. "Fifty percent of my clients are on indemnity plans," he said.

Indemnity plans require employees

to pay a deductible before receiving care. Employees who seldom require care may feel like they are paying for something they never use; however, if they do get seriously ill or injured, at least they have coverage. The benefits are more like fire insurance. You may never use it, but it's good to know it's there for you.

Indemnity plans also usually require employees to answer health questions, such as the occurrence of high blood pressure, cancer or diabetes in their family health history.


The good news is that indemnity plans are very flexible.

Indemnity plans let employees pick where they receive care and coverage is usually at a certain percentage once the deductible has been paid.

"There is a tremendous contingent of employers and employees who say they want to go where they want," Johnson said.

### A THIRD CHOICE

Sometimes PPOs or indemnity plans don't fit into employers' budgets.



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Dunlap

Photo courtesy of Dunlap Agency

Although rate increases are getting smaller (some are less than one percent, Johnson said), many smaller employers still feel the pinch.

Some employers who cancel company plans are still helping their employees with the cost of health insurance. They offer stipends to be applied toward individual coverage. Known loosely as cafeteria plans, employers pay a certain amount directly to the employees for their own use.

"There's a trend toward providing a basic benefit of so many dollars you can spend," Johnson said. "That's the trend of the future."

This leaves the decision and plan management up to the employees. Plans can include health, dental, life, vision or prescription drug coverage from various insurance companies. Like a mess hall, employees can pick and choose from a variety of options. In this way, the stipend scenario is like a formal cafeteria plan.

Unfortunately, employees don't always appropriate the funds that way and the cost to employees is higher.

"Most employers (who end their group

plans) give their employees a couple hundred dollars and say, "You can spend it on insurance," said Johnson, "but most (employees) spend it elsewhere."

One reason for this may be out-of-pocket expense.

"The cost (to employees) is higher for individual insurance," Davis said. "There's no employer contribution to the premium and typically premiums are not tax-deductible."

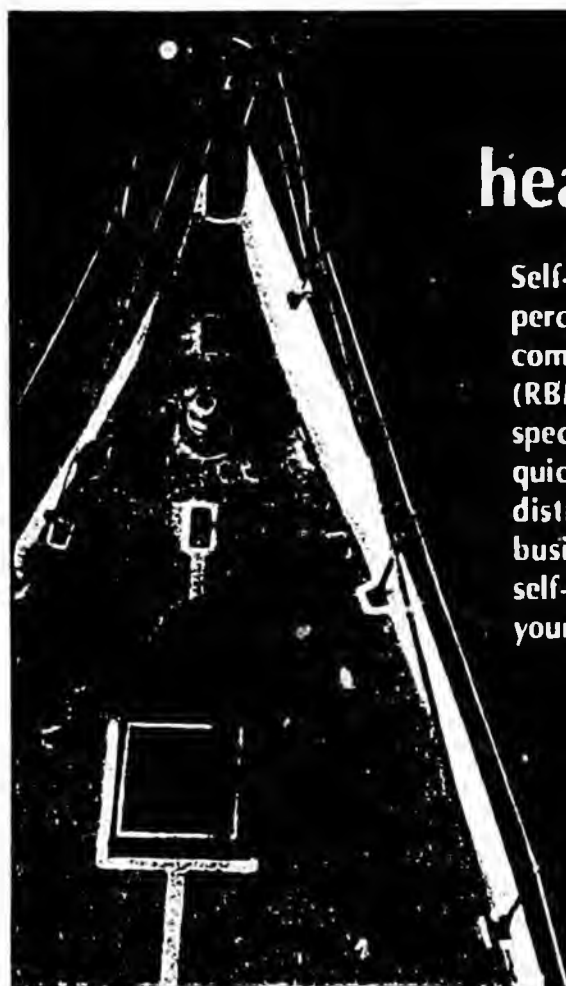
Formal cafeteria plans, officially known as Section 125 plans, are offered through insurance agencies and allow employers to pay the employees' portion of the premium tax-exempt. Most insurance companies give this option to only sizable groups.

### ASSOCIATION PLANS

Some employers have tried to form larger groups by associating with other employers in the same field.

"We have a couple association plans," Johnson said, "such as the Alaska Bar Association."

By mixing employees from different firms into one group, the employees, employers and insurance companies can



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Davis

benefit by better service, lower rates and more dependable payments, respectively.

It sounds like a dream come true for many small employers; however, Johnson warns that it can get tricky to form associations.

"The insurance companies tend to shy away from (association plans)," he said. "The Alaska State Medical

Association (stipulates) that if we get together a certain number of employees, there are no restrictions, regardless of medical conditions."

In other words, for groups of fewer than 100, age and health questions can affect rates. If a company with 30 employees has a disproportionate number of employees over age 50, rates would be higher than a same-sized company comprised of 20 year olds.

Large employers with 100 or more receive a flat rate that does not vary because of the age and health conditions of the group. No matter who is added to or taken from the group, the rate remains the same as long as the group is large enough.

"The pool (of employees) in Alaska tends to be so small that if you want to come in with a guaranteed issue, the rates they initially set may not be correct because of medical conditions. Folks drop out of the plan because it's not cost effective."

There's no easy solution to the state's health care problems.

"If I had a crystal ball, I'd like to be able to solve this thing," Johnson said.

"We need competition up here. There's almost a monopolistic situation with the carriers up here. They're overpriced and noncompetitive."

"There is a market here, if we had some insurance carriers who would come up and do business. We're so small compared to other states and it makes it awfully tough."

To cut costs, many carriers limit the types of plans available.

"We're 10 to 15 years behind the Lower 48 regarding network situations and managed care," Johnson said. "A lot of folks are leery about being restricted."

### NEW CHOICES?

Although Health Maintenance Organizations (HMOs) are nonexistent and unpopular in Alaska, promising changes are dawning on the health care horizon that will include some of their best qualities without the unattractive parts.

"Some of the most progressive companies nationwide are realizing that some services are linked with HMOs that don't have to be," Davis said. "You're starting to see clinical quality

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improvement programs. It makes better for patients and improves the quality of care."

Preventative care and screenings are becoming more popular, according to Davis.

"This is becoming available to some of the more progressive plans without the referrals and expense traditional to HMOs," he said.

Preventative care includes cancer screening and diabetes testing, for example.

The type of health insurance plan you select can impact employees' decision to remain with the company or go elsewhere.

"Employers need to think about what employees value," Davis said. "The value of a local company makes a difference as does the access to and size of physicians' facilities. (Employees) need peace of mind from their health care coverage."

There's a simple way to find out what employees want: ask them. Objectively compare the plans you're considering



on paper, and ask employees to vote on the plan they prefer. Select the plan the majority chooses.

Obtaining good health care coverage for employees will probably not be easy for the near future; however, by listening to employees' needs, you can select a plan that will keep them happy and working for your company. □

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**Subject: HB 315****Date:** Thu, 17 Jan 2002 08:43:39 -0900**From:** "Ronald Jordan" <akrljordan@hotmail.com>**To:** Representative\_Norman\_Rokeberg@legis.state.ak.us

I read HB 315 and a small business owner this sounds great. I believe that this bill would allow many small business owners to cover the many insurance gaps with employees.

Thank You

Ronald Jordan

8170 Woodgreen Cir.

Anchorage, AK. 99518

907-345-2755

or: [akrljordan@hotmail.com](mailto:akrljordan@hotmail.com) .

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## SeaView Community Services

SeaView Community Services (SeaView) is a not-for-profit multi-service agency in existence for 30 years. SeaView is unique in the state, providing centralized management and co-location for 12 distinct state-grant funded programs\*. SeaView operates an assisted living home for adults with serious mental illness, a 4-flex apartment and provides a broad continuum of outpatient services. SeaView's mission is to *provide community-based services that strengthen families, foster self-sufficiency, and enhance quality of life.* SeaView has an annual budget of \$2.4 million, employing 40 people.

### Issues

- Agency insurance rates increased 150% causing agency to reduce coverage to basic medical, increase deductibles, and increase employee copay. Agency is now at risk of not having enough employees taking the insurance and losing our eligibility to provide group coverage.
- There is no reimbursement mechanism for people with mental health diagnoses in long-term care. In addition, Alaska is one of the only states in the US that does not include Alzheimer's disease and Related Dementias (ADRD) as a covered service under Medicaid. With the rapidly growing population of elders in Alaska, increased longevity and increasing tendency for elders to remain in Alaska, these problems need to be resolved.
- Grant funding and restrictions on revenue production do not keep pace with unfunded state mandates, changes in technology, cost-of living, etc. putting the agency's ability to recruit and retain staff and ultimate survival at constant risk.

### Action

- Insurance relief for non-profit, small businesses
- Change State of Alaska Medicaid Regulations to include ADRD as covered problems.
- Develop a mechanism for reimbursement of mental health services for people in Long Term Care
- Support grant reform: increase base grants to keep up with cost of living and grant mandates
- Maintain Denali Kid Care and Medicaid at current level

\*Community Mental Health, Outpatient Substance Abuse Program, ASPECTS, Alcohol Safety Action Program, Rural Human Services, Domestic Violence and Sexual Assault, Incest Awareness Campaign, Infant Learning Program, Disability Services, Family Support, Day Care Assistance, Emergency Food and Shelter

Melissa Witzler Stone, Executive Director  
[mstone@seward.net](mailto:mstone@seward.net)

PO Box 1045  
Seward AK 99664

MAR 01 2002

Alaska Association for the Education of Young Children

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February 27, 2002

Representative Rokeberg  
State Capitol  
Juneau AK 99801-1182

FEB 28 2002

Greetings,

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

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

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

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

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



Joy Lyon  
President

## Resolutions in support of Child Care Workers

### **JUNEAU**

City and Borough of Juneau  
February 11th, 2002 Assembly meeting

Bridget Smith  
Southeast Regional Resource Center  
210 Ferry Way, Suite 200  
Juneau AK 99801

Linda Squibb  
Tlingit and Haida Head Start  
320 W. Willoughby Ave. Suite 300  
Juneau, AK 99801

Nancy Filkin  
St Vincent de Paul Society  
8617 Teal Street  
Juneau, AK 99801

Krista Bertholl  
Auke Bay Co-op Preschool

Jim Scholl  
Juneau Co-op Preschool  
401 W 12th Street

Tracy Moulton  
Rain Forest Child Care  
PO Box 33274  
Juneau, AK 99803

Jennifer Hamilton  
Juneau AK 99801

Eunicee Aulizio  
Little Dreamer Child Care

### **KETCHIKAN**

Gina & Brad Palmer  
3450 Hawkins  
Ketchikan, AK 99901

Stacie Haslett  
Ketchikan General Hospital Child Care  
3100 Tongass Ave  
Ketchikan, AK 99901

Gianna Mason  
Dolly's Preschool

PO Box 23134  
Ketchikan AK 99901

### **HOONAH**

Kathie Dietering  
The Bromley Center  
PO Box 191  
Hoonah AK 99829

### **SKAGWAY**

Skagway Child Care Council  
Mary McCaffrey, President  
PO Box 1134  
Skagway AK 99840

### **HAINES**

Jacklynn Ruggirello  
Box 1628  
Haines AK 99827

Irene Echeniave  
Canal Marine Company  
PO Box 1569  
Haines AK 99827

Jarnes Alborough  
TLC Child Care  
PO Box 552  
Haines, AK 99827

Edna Buttram  
TLC Child Care  
PO Box 552  
Haines AK 99827

### **GUSTAVUS**

Ellie Sharman  
Rookery Preschool  
PO Box 21  
Gustavus, AK 99826

### **CRAIG**

Hannah Fitch  
PO Box 938  
Craig, AK 99921

### **WRANGELL**

Donna McKay  
P.O. Box 1637  
Wrangell AK 99929

### **PETERSBURG**

Petersburg Childrens Center  
Mary Clemens, President  
PO Box 138

Petersburg AK 99929

Erin Willis  
Vickie Franklin  
Good Beginnings Preschool  
PO Box 709  
Petersburg AK 99833

**SITKA**

Michelle Kennedy  
109 Bahrt Circle  
Sitka, AK 99835

Patricia Lehmann  
116 Anna Dr.  
Sitka AK 99835

**ANCHORAGE**

NASW Alaska Chapter  
Marie Lavigne, Director  
4161 Patterson Circle  
Anchorage AK 99504

Carol Cameau  
Superintendent  
Anchorage School District  
Anchorage AK 99504

Alaska Family Child Care Association  
Robbie Brawner, President  
2221 E Northern Lights #201  
Anchorage AK 99508

United Way of Anchorage  
Dean McMath

Mitcheal Donah  
Nursing Director of Childrens Services  
Alaska Regional Hospital  
Anchorage AK 99504

Rolland Eumls  
President  
City Market  
Anchorage Ak 99508

Kathe Boucha  
Director, Telemedicine  
Providence Health System

Jim Stroh  
General Manager  
Peterkin Distributors

Anchorage AK 99508

Sheila Gaddis  
Executive Director  
Alaska Youth and Parent Foundation

ImPACT Family Literacy  
Lori Hessim Anderson  
1345 Rudakof Circle #104  
Anchorage AK 99508

Kathleen Shoop  
PO Box 24491  
Anchorage AK 99524

**WASILLA**

Turning Point Child Care Center  
Judy Barnhard, Manager  
PO Box 875752  
Wasilla AK 99687

**SEWARD**

Brenda Ross-Watkinson  
Roo's Rascals  
PO Box 1905  
Seward AK 99664

**EAGLE RIVER**

Chugiak Childrens Services  
Scott Torrison, President  
16515 Centerfield Dr. Suite 200  
Eagle River AK 99577

Michelle Jaeger  
22846 Myrtle Drive  
Eagle River Ak 99577

Sarah Sherwood  
PO Box 770751  
Eagle River AK 99577

Bonnie James  
PO Box 5531  
Ketchikan, AK 99901

**SCAMMON BAY**

Laura Dobbins  
PO Box 197  
Scammon Bay AK 99662

**KASIGLUK**

Sassa Brink  
PO Box 36  
Kasigluk, AK 99607

**FAIRBANKS**

Fairbanks Environmental Services  
Craig Martin, President  
Fairbanks, AK 99701

**C.A.R.E.S.**

Resource and Referral  
Kelly Doughty, Director

Fairbanks Child Care Coalition  
Cheryl Keepers, Chair

**Educare**

Jackie Haskins, Director  
1414 23rd Avenue  
Fairbanks, AK 99701

**Suellen Nelles**

Fairbanks Regional Director  
CampFire USA

**Juanita Frazier**

Child Care Referral  
Fairbanks North Star Borough

**A Ungalles**

Associate Director  
Early Heat Start  
Fairbanks AK

**Gara Bridwell**

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**Joyce Billups**

Education Coordinator  
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Carmen Del Solar  
Gari Bystedt  
Laura Wieghat  
Christine Merrill

**Katheryn Steadham**

Kim Edwards  
Lynda Page  
Karen Juilianna  
Catherine Laurence  
Marco Balducci  
Teachers  
Golden Heart Head Start  
Fairbanks AK 99701

**Open Arms Child Development Center**

Bonnie Rogers, Director  
Fairbanks Ak 99701

**CareBears Day Care**

Shenaqui Caldwell  
Fairbanks Ak 9970

**Cindy Rucker**

316 Wedgeweoo Drive  
Fairbanks AK 99701

**Nancy Davidisin**

PO Box 72031  
Fairbanks AK 99701

**NORTH POLE**

Joan Mangruno  
2701 Badger Rd  
North Pole AK 99705

**Nanette Britten**

2393 Greer Rd  
North Pole AK 99705

**ATQASUK**

Robanne Stading  
Mead River School  
Atqasuk, AK

**BARROW**

Rosemary Millarich  
Community Child Care & Learning Center  
PO Box 976  
Barrow AK 99723

**WASILLA**

Deeta Coyle  
Box 2090  
Wasilla AK 99654

**CORDCVA**

Susanna Marquette  
PO Box 1891  
Cordova AK 99574

**DILLINGHAM**  
Rachel Muir  
PO Box 1395  
Dillingham AK 99576

**STERLING**  
Cynthia Sawyer  
PO Box 6  
Sterling AK 99672

**SEWARD**  
Lois Saubney  
Box 951  
Seward AK 99664

**SUTTON**  
Charleen Pitta  
PO Box 458  
Sutton, AK 99674

**KENAI**  
Nancy Schrag  
312 Princess  
Kenai AK 99611

**SOLDOTNA**  
Patricia Morrison  
PO Box 1615  
Soldotna AK 99669

*Bargain!*

*A United Way Community Partnership*



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

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

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

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

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

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

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

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

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

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

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

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

---

Ernie Hall, Chair

---

<sup>1</sup> Anchorage Access to Health Care Coalition Health Insurance Benefits Survey – September 2001. Dr. Catherine Schumacher 907-272-7778.

A resolution in support of  
**Health Insurance for Child Care Workers**

**Whereas**...the profession of child care employs more Alaskans than VECO, Alaska Airlines, British Petroleum and GCI combined, with approximately 5000 workers, the care and education of young children is a major economic sector in the state,

**Whereas**...less than one third of these workers have health insurance, and the cost for privately purchased health insurance for a full time child care worker would be over one third of their income in many cases,

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

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

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

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

Now be it resolved that we strongly urge the Alaska State Department of Administration, the Department of Health and Social Services, the Department of Education and Early Development, The Office of the Governor, and the Alaska State Legislature to work together with child care professionals to develop and implement a health care buy in program for child care workers.

Dennis J. Matthews  
Name

President  
Title

United Way of Anchorage  
Organization

12/12/01  
Date

**Chugiak Children's Services, Inc.  
Board of Directors**

**Resolution 02-01**

**A Resolution in support of Health Insurance for Child Care Workers**

Whereas, the profession of child care employs approximately 5,000 workers, making the care and education of young children a major economic sector in the state; and

Whereas, less than one third of these workers have health insurance, and the costs for privately purchased health insurance for a full time child care work would be over one third of their income in many cases; and

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

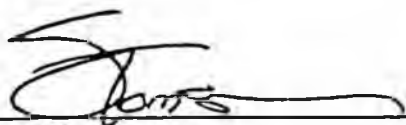
Whereas, it is well known that stability and consistency in caregiver relationships is critical to a child's healthy development and the quality of care; and

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

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

Now, be it resolved, that the Board of Directors of Chugiak Children's Services, Inc. urges the Alaska Department of Administration, the Department of Health and Social Services, the Office of the Governor, and the Alaska State Legislature to work together with child care professionals to develop and implement a health care buy in program for child care workers.

Dated this 5<sup>th</sup> day of February, 2002

  
\_\_\_\_\_  
Scott Torrison  
President, Board of Directors

*A resolution in support of*  
**Health Insurance for Child Care Workers**

**Whereas**...the profession of child care employs more Alaskans than VECO, Alaska Airlines, British Petroleum and GCI combined, with approximately 5000 workers, the care and education of young children is a major economic sector in the state,

**Whereas**...less than one third of these workers have health insurance, and the cost for privately purchased health insurance for a full time child care worker would be over one third of their income in many cases,

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

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

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

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

Now be it resolved that we strongly urge the Alaska State Department of Administration, the Department of Health and Social Services, the Department of Education and Early Development, The Office of the Governor, and the Alaska State Legislature to work together with child care professionals to develop and implement a health care buy in program for child care workers.

  
Marie J. Layton, LMSW

Name

Executive Director

Title

National Association of Social Workers (NASW) Alaska Chapter  
Organization

December 14, 2001

Date

# ALASKA MENTAL HEALTH BOARD

TONY KNOWLES, GOVERNOR  
STATE OF ALASKA

431 N. Franklin, Suite 200  
Juneau, Alaska 99801  
Office: (907) 465-3071  
Fax: (907) 465-3079

February 28, 2002

MAR 01 2002

The Honorable Norm Rokeberg  
Alaska House of Representatives  
State Capitol, Room 118  
Juneau, AK 99801-1182

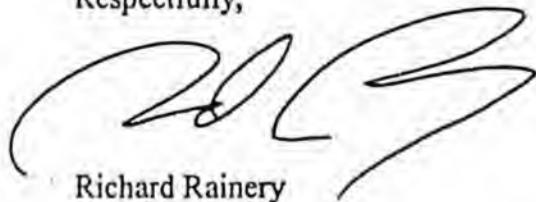
Dear Representative Rokeberg:

As the entity tasked by state law with planning, evaluation, and advocacy for public mental health services in Alaska, the Alaska Mental Health Board (AMHB) works regularly and closely with a wide range of stakeholders in that system. For some time now, the AMHB has heard from the non-profit organizations that provide public mental health services in Alaska that the availability and cost of employee health insurance coverage have become serious issues. Most of these organizations are relatively small by national standards and funding sources have been generally flat for some time. Increases to any component of business expenses are significant under such conditions, but in this case the impact is twofold and inter-related:

- ◆ Rapidly rising costs directly impact the ability of providers to provide mental health services. If grantees seek to maintain current insurance packages (or often even lesser ones), funds must be diverted from providing direct services to insurance bills.
- ◆ If, on the other hand, higher costs are passed on to employees or coverage reduced, the ability to recruit and retain qualified staff suffers. In many cases, Alaskan mental health providers already find it difficult to compete with lower 48 agencies on the basis of salary alone. Reduced employee benefits only exacerbate the situation.

The AMHB has made addressing this question one of its priorities and is pleased to see more than one bill on the subject in the hopper. The Board applauds your initiative in seeking a solution to the dilemma. Please let us know if we can assist in any way. Thank you for this opportunity to comment.

Respectfully,



Richard Rainery  
Executive Director



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

February 28, 2002

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

Dear Representative Coghill:

We urge you to schedule a hearing at your earliest convenience for SSHB 315, regarding state health insurance for business/non-profits, sponsored by Representative Rokeberg. Our association, ACMNSA, strongly supports this legislation.

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

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

Sincerely,

Ron Adler, Chair  
Alaska Community Mental Health Services Association

RA/kdw

cc: Representative Rokeberg

Ron Adler  
Chair  
3050 Fifth Avenue  
Ketchikan, AK 99901  
(907) 275-4135

Dave Newell  
Vice Chair  
1675 C Street, Suite 117  
Anchorage, AK 99501  
(907) 274-6281

Brenda Krapp  
Secretary  
P.O. Box 27090  
Juneau, AK 99801  
(907) 463-3303

Diana Strzok  
Treasurer  
2330 Nichols Street  
Anchorage, AK 99516  
(907) 279-6617

Bill Hogan  
Member at Large  
230 Eisel Paulson, Suite 68  
Wasilla, AK 99567  
(907) 376-2411

Doug Vert  
Member at Large  
P.O. Box 808  
Craig, AK 99821  
(907) 826-3662

Chuck Bennett  
Member at Large  
P.O. Box 22638  
Juneau, AK 99802  
(907) 786-4123



**Michael D. Wiggins**

Vice President  
National Accounts

Tel: (206) 701-8106

**Aetna U.S. Healthcare**

600 University, Suite 1400  
Seattle, WA 98101

Fax: (206) 701-8175

April 10, 2002

Representative Norm Rokeberg  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Rokeberg:

This is a letter in support for CS HB 315 as it moved out of the House State Affairs Committee. Aetna has the second largest share of the Alaska health insurance market. We primarily act as third party administrators or insurers of large and medium size groups. While there will be a number of challenges in working out the details of pooling nonprofits and small businesses, we encourage giving the Administration the opportunity to try to make it work.

Depending on how a pool is structured, it may bring the advantages of size and risk spreading in obtaining premium rates. The rules of entry and exit will be important in obtaining competitive bids on the pool. The structure of the benefit package will also be a critical component of a successful pool.

Passage of HB 315 will give the State the ability to work on these issues while meeting with or surveying the entities that hope to use this mechanism for health insurance. If HB 315 becomes law, we will be pleased to work with the Division of Retirement and Benefits to find a way to make this effort successful.

Sincerely,

Mike Wiggins  
Vice President National Accounts - Seattle  
Aetna U.S. Healthcare

cc. Commissioner Jim Duncan  
Guy Bell

# The TRUST

The Alaska Mental Health Trust Authority

April 23, 2002

Dear Representative Rokeberg,

The Trust is very interested in supporting your effort to address the issue of affordable health insurance for the employees of non-profit agencies. The skyrocketing cost of health insurance has dramatically affected the ability of many agencies serving our beneficiaries to continue to maintain the level and quality of service they are currently providing. Together with the specter of further budget cuts to grant programs, we view this problem as an emergency.

We understand that the fiscal note for HB 315 is approximately \$132,000 and that the portion relating to non-profits is approximately \$90,000. We also understand that in the current fiscal climate, legislation with positive fiscal notes will be difficult to pass. While many of the non-profit agencies covered by the bill serve our beneficiaries, some do not. Nevertheless, it is crucial that this or similar legislation pass this session. Therefore, the Trust is committed to seeing that this non-profit portion of the fiscal note be funded from sources other than the general fund.

The Trust is prepared to commit to ensuring that up to \$90,000 of Mental Health Trust Authorized Receipts (MHTAAR) would be available to meet the non-profit portion of the fiscal note on two conditions. First, every effort must be made to attempt to recover these funds from charge back provisions incorporated into the program. In our view there is no reason that set up costs should not be able to be recovered from the program over time. Second, we will make every effort to secure the support of other funders who also have an interest in seeing that these non-profits have access to affordable health insurance.

Realizing, however, that time is of the essence, we are willing to have the fiscal note reflect that the source for \$90,000 of the fiscal note will be MHTAAR. Thank you for your support of this legislation and please let me know if we can be of further assistance.

Sincerely,

Jeff Jesse  
Executive Director

HB

317

HFIN

FILE

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 9, 2002

FURTHER REFERRALS:

Date of Committee Action: ~~4/9~~ 4/16/02

The FINANCE Committee considered:

HB 317

HOUSE BILL NO. 317

STALKING & PROTECTIVE ORDERS

"An Act relating to stalking and amending Rule 4, Alaska Rules of Civil Procedure, and Rule 9, Alaska Rules of Administration."

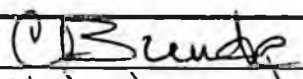
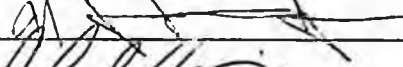
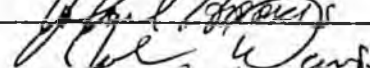
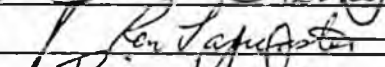
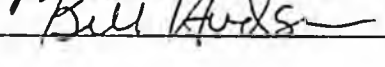
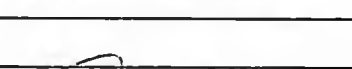
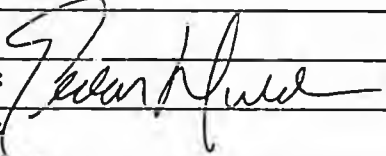
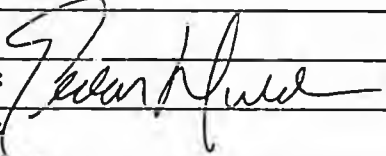
Recommends it be replaced with CS HB 317 (FIN) [ ] Same Title [ ] New Title  
 For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR \_\_\_\_\_

- [ ] attach amendments
- [ ] add new referral to \_\_\_\_\_ Committee
- [ ] Letter of Intent \_\_\_\_\_ Committee

List of Abbrev. for Depts.:  
 ADM  
 CED  
 COR  
 CRT  
 EED  
 DEC  
 DFG  
 GOV  
 HSS  
 LAA  
 LAW  
 LWF  
 MYA  
 DNR  
 DPS  
 REV  
 DOT  
 UA

<u>NEW FISCAL NOTES</u>				
*For Chief Clerk's Office Use Only				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
DPS				✓

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
LAW	#1			✓
DOC	#2		✓	
DOA	#3		✓	

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Bunde	✓			
	Whitaker	✓			
	HARRIS	✓			
	DAVIES	✓			
	Lancaster	✓			
	Hudson	✓			
Chair: 	Mulder	✓			
Chair: 	Mulder	✓			

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 317(JUD)  
(H) Publish Date: 4/9/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
Title: "An Act relating to stalking and amending Rule BRU Criminal Division  
4, Alaska Rules of Civil Procedure, and Rule 9 . . ." Component 1st-4th Judicial Districts; Crminal  
Sponsor: Representative Crawford Appeals/Special Litigation  
Requester: House Judiciary Committee Component No. 2198-99:2201/03/61/79

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

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

<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 (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

HB 317 would allow a person who believes they are a stalking victim to petition the court to grant a protective order to keep the alleged stalker away from them.

While passage of this bill will create new prosecutions, the Department of Law does not anticipate a significant fiscal impact.

Prepared by: Joan M. Kasson Phone (907) 465-5370  
Division: Attorney General's Office Date/Time 3/1/02 1:18 PM  
Approved by: Kathryn Daughhetea for Bruce M. Botelho, Attorney General Date 3/1/2002  
Agency: Department of Law

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 317(JUD)  
(H) Publish Date: 4/9/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Corrections  
Title An Act relating to stalking and amendi BRU Administration and Operations  
Rule 4, Alaska Rules of Civil Procedure..... Component All  
Sponsor Representative Crawford  
Requester House Judiciary Component No. 64

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

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</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 Heal'h						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation creates a new provision to include protective orders related to non-domestic violence stalking. In addition, it includes a violation of this protective order to AS 11.56.740(a). That creates a new provision to the crime of "violating a protective order".

It is expected that there will be relatively few stalking protective orders. In order to obtain a stalking protective order, the victim essentially has to prove that the stalking occurred, and then the stalker can be arrested which will probably be the preferred response. We do not currently have the availability of the protective orders so we do not know how many will be issued, and then subsequently violated, therefore, we are submitting an indeterminate fiscal note.

Prepared by: Candace Brower Phone 465-4652  
Division: Commissioner's Office Date/Time 3/5/02 2:33 PM  
Approved by: Margaret Pugh, Commissioner Date 3/5/02  
Agency: Department of Corrections.

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 3  
Bill Version: CSHB 317(JUD)  
(H) Publish Date: 4/9/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title: "An Act relating to stalking..." BRU: Legal and Advocacy Services  
Component: Public Defender Agency  
Sponsor: Rep. Crawford  
Requester: (H) JUD Component No.: 1631

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

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	.	.	.	.	.	.
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	.	.	.	.	.	.

<b>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 (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	.	.	.	.	.	.

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
See attached.

Prepared by: Barbara Brink, Director Phone (907) 334-4416  
Division: Public Defender Agency Date/Time 3/6/02 11:18 AM  
Approved by: Jim Duncan, Commissioner Date 3/6/2002  
Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CSHB 317(JUD) - FN#3

**ANALYSIS CONTINUATION**

This legislation would create a new section in the protective order statutes to provide for the application and issuance of a protective order for victims of the crime of stalking, that is not a crime of domestic violence. Under the proposed legislation, if a person allegedly violates the protective order, they may be prosecuted for the crime of violating a protective order, a class A misdemeanor.

This legislation will likely have a fiscal impact on the Public Defender Agency, because it broadens the scope of the crime of violating a protective order, which will likely result in more cases, handled by the Agency, charging a violation of this crime. However it is not possible to predict with any certainty the number of new cases this bill will generate, therefore an indeterminate fiscal note is submitted.