

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7082 HOUSE LABOR & COMMERCE

January 27, 1992

Dear Representative Koponen,

I have recently learned of a bill you introduced which would force insurers to cover infertility treatments for us Alaskans. My husband, Stephen and I are writing to offer our support and appreciation for this legislation. In fact, we would be directly helped by this bill. Let me tell you of our situation.

In 1987, Stephen and I lost our only son, Conor, to premature birth. After many tests on me and Conor, medical doctors could find no reason for his prematurity as we had excellent pre-natal care. Conor struggled hard to live but died after two days of life. Months later in 1988 we began to consider another pregnancy but after one year had not conceived. Exactly one year after Conor's death we found out that we had infertility problems.

From that time on Stephen and I spent thousands of dollars on medical tests and procedures (up to \$1000 EACH month for over a year). After exhausting our options in Anchorage, Stephen and I flew to the University of Washington at our own expense for examinations and testing. Due to the results of some of the initial tests, my husband flew to Seattle again for another test. Again, we paid these expenses out of pocket--plane fares, rental cars, medical

testings costing over \$3000 just for those two trips. After reviewing all the test results and our lack of conception even though we had been through years of treatment, the physicians at UW recommended that our ONLY decent chance for pregnancy was through an in-vitro fertilization procedure.

So, after burying our son, experiencing multiple tests and low-tech attempts to become pregnant, devastating test results in Seattle, Stephen and I gathered our courage and over \$10,000 to try the only means possible for us to have a live child. Things went well with our IVF cycle and we did achieve pregnancy just before our 17th wedding anniversary this last May. Three weeks later we saw a wonderful heartbeat and active fetus. Then without warning our child died at seven weeks gestation and I miscarried. What a blow.. Can you imagine how it feels to bury a child, participate in endless tests and treatments to achieve a pregnancy? Can you imagine how it feels to have such an intimate, personal event become a major orchestration requiring a huge amount of money to even have a decent chance?

Well, for the last six months we have grieved another loss in our endless devastation these last 4 and 1/2 years. Yet somehow we are considering another try--because this is our only way to conceive..our only way to have a live child. At this point, Senator, we deserve some financial support. We are both active, successful employees in jobs in Anchorage

and have been for 13 years. We have both contributed to others in this community. So, now, we are asking for the State to offer us some help...I noticed that state monies financed many women of low income status the dollars to travel outside to receive abortions. How about showing concern for those of us who financially contribute to Alaska who must fly outside to even have a CHANCE to give birth to a baby by requiring insurance companies to meet our needs?

We both ask that you continue to actively support this bill--help us who face the pain of infertility--please.

If you should need any additional information please feel free to contact me at my home phone 337-7318 or work phone 345-8110. Please help us Alaskans.

Sincerely,

Sharon S. Steed

Sharon S. Steed

4350 Butte Circle

Anchorage, AK 99504

19140 Sarichef Loop
Eagle River, AK 99577
907/694-9134

April 7, 1992

Rep. Niilo Koponen
Alaska State Legislature
PO Box V (MS 3100)
Juneau, Alaska 99811

Re: House Bill 412 regarding mandatory coverage
by health insurers for infertility treatment

Dear Rep. Koponen:

We read in the Anchorage Daily News that you have introduced a bill in the House for infertility coverage by health insurance companies operating in Alaska. My husband and I have resided in Alaska since 1984. We have been trying to have a child throughout our 10-year marriage.

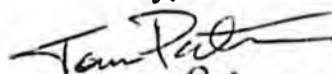
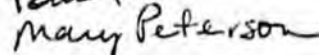
We would like to see the House pass this bill. Since June 1990, we have spent in excess of \$28,000 on infertility treatment for four in-vitro fertilization attempts. This is just for the medical care. We have also spent a small fortune on fertility pharmaceuticals here in Alaska, approximately \$4,200. Since our treatment has taken us out of state to the University of Minnesota and to Redondo Beach, California, we have incurred approximately \$11,000.00 in travel and lodging expenses. Nothing has been covered by our health insurer, Blue Cross of Washington & Alaska (except for a miscarriage after our first in vitro try in December 1990 - approximately \$300.) This also does not include the lost wages I incur every time I have to leave Alaska for the 10-14-day procedure.

We are attaching a listing of our medical billings since 1990 so you can see how incredibly expensive it has been, especially when you factor in that these treatments are available nowhere in the State of Alaska, and treatment must be sought Outside. The grand total for our infertility bills (excluding lost wages) has been \$44,629.66.

We have considered adoption also, and last summer had arranged a private adoption which fell through when the biological parents changed their minds. Private adoption is also an expensive, time-consuming experience. We don't know what the alternatives are for a hardworking, middle-class Alaskan couple to have a family, but extending insurance coverage to cover infertility treatment would be a small step in that direction.

Thank you for your consideration of our letter.

Sincerely,



Tom & Mary Peterson

/mp
Enclosures
cc: Senator Arliss Sturgulewski

1990 MEDICAL EXPENSE REPORT

1st IVF Try - October 1990

Medical Expenses:

In Vitro Fertilization	\$ 5,438.84
Additional Medications	5.05
	5.45
Medical bills leading to IVF	1,555.56 (at U of M)
Real Time Imaging (ultrasound)	169.00
Dr. Owen Bell	80.00
Resolve, Inc. (medical info)	30.00
Basal Body Thermometers (5)	43.05
Humana Hospital	69.84
Dr. Owen Bell	30.00
Alaska Family Medical	40.00
Denali Emergency	40.20
University of Minn.	193.00
Books re miscarriage	19.39
Embryo storage	<u>28.00</u>
Total	\$ 7,747.38

Airline/Ferry Travel Expenses (for 1st try)

June 11 Airline tickets	\$ 992.00
July 25 Airline tickets	500.00
August Amtrak ticket	113.00
Sept. 1 Ferry tickets	1,086.00
October 13 Airline ticket	229.00
October 29 Airline ticket	189.00
November 11 Airline ticket	151.00
November 25 Airline ticket	715.00
November 30 Airline ticket	344.00
December Ferry ticket	450.00
June Auto Rental	<u>213.61</u>
Total:	\$ 4,982.61

Travel Expenses

Gas, lodging	\$ 503.47
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Miscellaneous

Mikulay Parking	\$ 3.75
Mayo Garage	3.00
Bus Passes	100.00
Parking Garage	110.00
Diamond Parking	42.00
Atlas	6.95
Total	\$ 175.70

TOTAL

\$13,409.16

1991 MEDICAL EXPENSE REPORT

2nd Try - May 1991

Dr. Burritt Newton, MD - consult	\$ 70.00
Alfa Lab	315.00
Literature re ovarian cysts	15.95
Alfa Lab	125.00
Resolve, Inc.	30.00
Continental Airlines - tickets	500.00
Long's Drug Store (ovuquick kit)	51.73
Carr's Pharmacy	20.40
University of Minn.	40.00
Ivy Pharmacy (safety filter needles)	10.00
Carr's Pharmacy - Prednisolone	5.00
Carr's Pharmacy - OrthoNovum	34.50
Carr's Pharmacy - Pergonal, Lupron, Metrodin	1,195.00
University of Minn.	40.00
Parking - Mpls	31.50
Alfa Labs	25.00
Alfa Labs	25.00
Car Rental - Mpls	195.00
Hotel - Mpls	89.94
University of Minn.	5,585.77
University of Minn.	20.00
Airfare	<u>1,196.00</u>

Total

\$8,424.85

3rd Try - August 1991

Alfa Lab	\$150.00
Alfa Lab	315.00
Carr's Pharmacy - Pergonal	99.40
Carr's Pharmacy - Prenatal Vitamins Folic Acid	
Carr's Pharmacy - Pergonal, Metrodin, Lupron	1,035.00
Northwest Airlines (Tom's bump coupon)	12.00
Continental Airlines (Mary)	450.00
Infertility literature	13.45
Univ. of Minn.	40.00
Resolve, Inc.	35.00
Parking	50.00
Univ. of Minn.	20.00
Kanabec County Hospital	25.25
Isle Clinic	35.00
Dayton's (cooler for meds)	8.58
Univ. of Minn.	40.00
Univ. of Minn.	6,000.00
Airline tickets	184.54
Hotels	260.25
Car Rentals	<u>418.05</u>

Total:

\$9,191.52

1992 [TO DATE] MEDICAL EXPENSE REPORT

4th Try - (Pre-Try - November 91)

Dr. David Meldrum - phone consult	\$	130.00
UAA Health Sciences Library		58.00
UAA Health Sciences Library		39.00
Dr. David Meldrum - trial transfer		270.00
AMI South Bay Hospital		108.00
Dr. Lisa Peterson, Ph.D.		80.00
Airfare to California (Alaska Airlines)		920.00
Carr's Pharmacy		6.90
South Bay Hospital		33.50

Subtotal: \$1,645.40

4th Try - March 1992

Carr's Pharmacy	6.90
South Bay Hospital	33.50
Carr's Eagle River Pharmacy	1,772.10
ALFA Lab	155.00
Long's Drug Store	68.69
ALFA Lab	125.00
ALFA Lab	125.00
Ivy Pharmacy	15.00
Carr's Pharmacy	38.70
Real Time Images	140.00
ALFA Lab	25.00
Carr's Eagle River Pharmacy	16.90
ALFA Lab	71.00
Real Time Images	75.00
ALFA Lab	140.00
Dr. Meldrum	7,300.00
Airfare	<u>450.00</u>

Subtotal: \$ 10,762.79

Total for 4th Try 12,408.19

GRAND TOTAL:

\$44,629.66

REP. MILO KOPONEN
HOUSE OF REPRESENTATIVES
STATE CAPITOL
JUNEAU, AK 99901-1102

DEAR REP. KOPONEN;

MARCH 20, 1992

WE ARE WRITING TO REQUEST YOUR SUPPORT FOR THE " HB412" THAT IS BEFORE THE HOUSE LABOR AND COMMERCE COMMITTEE, MANDATING INSURANCE COVERAGE FOR INFERTILITY PATIENTS.

AS A COUPLE WHO HAS EXPERIENCED INFERTILITY, WE FEEL THERE IS A JUSTIFIABLE NEED FOR THIS COVERAGE. AFTER 8 YEARS AND NUMEROUS MEDICAL PROCEDURES WE ACCUMULATED APPROXIMATELY \$33,000.00 IN MEDICAL BILLS. FORTUNATELY, WE HAD THE MEANS TO PURSUE THIS NATURAL DESIRE TO HAVE A CHILD BUT NOT WITHOUT HARDSHIPS, MANY TIMES WE HAD TO FOREGO PROCEDURES, IN ORDER TO SAVE ENOUGH MONEY TO PROCEED. WE CANNOT EXPRESS TO YOU, WHAT LIVING WITH THIS VICIOUS CYCLE OF INFERTILITY DOES TO ONE'S EMOTIONAL STABILITY.

THE GOOD NEWS IS, ALL OUR EFFORTS PAID OFF IN ONE BEAUTIFUL BABY BOY. OUR HEART GOES OUT TO THOSE WHO ARE NOT AS FORTUNATE AND ABLE FINANCIALLY, TO PURSUE THEIR DREAM OF HAVING A BIOLOGICAL CHILD. WE SAY THIS AS ADOPTIVE PARENTS. THERE IS NO DIFFERENCE IN THE WAY THAT WE FEEL FOR OUR ADOPTED SON AND OUR HOMEGROWN ONE BUT THE NEED TO PROCREATE, IS ONE THAT IS IN-BREED IN US, AND DOES NOT GO AWAY! WE ARE THANKFUL THAT WE WERE FINANCIALLY SECURE ENOUGH, TO AFFORD THE MEDICAL COSTS ASSOCIATED WITH INFERTILITY CARE.

ONE OTHER POINT WE WOULD LIKE TO MAKE, IS, THAT IN OUR OPINION, THIS BILL IS MORE JUSTIFIA-

BLE, THAN INSURANCE COMPANIES COVERING ALCOHOL
AND DRUG RELATED PROGRAMS. AFTER ALL THESE
VICES ARE SELF INFLICTED, INFERTILITY IS NOT!

WE ARE ASKING YOU TO DO ALL YOU CAN TO
INSURE THIS BILL IS MADE INTO A LAW, HERE IN THE
STATE OF ALASKA. PLEASE, DO IT FOR ALL OUR
FUTURES.

SINCERELY,

Mrs. Cheryl McNamara

MARK AND CHERLYN MCNAMARA

1257 RANGEVIEW DRIVE

NORTH POLE, AK 99705

cc.

Jim Zawacki

Robin Taylor

Ivan Ivan

Dave Donley

Betty Bruckman

Pat Parnell

David Finkelstein

will proceed for the new federal ...

Clip and send to:
Representative Niilo Koponen
Alaska State Capitol
Juneau, AK 99801-1182

Jan 2, 1992

Niilo, here are the issues that are on my mind:

*We are very much interested
in the Bill - requiring Insurance Companies
to pay for infertility workups and surgery, etc.*

Sincerely

J. Leroy Hulsey
Velma F. Hulsey
Box 900-136 Univ. of Alaska
Fairbanks, AK 99775-1040

Representative Niilo Koponen
House of Representatives
State Capitol
Juneau, Alaska 99801-1182

3-18-92

Dear Representative Koponen:

I am writing to express my wholehearted support for HB412.

As a registered nurse and a woman, I am acutely aware of the difficulties encountered by couples who are experiencing infertility. Infertility is, without question, a complex medical problem requiring specialized care. The diagnosis and treatment of infertility must be treated like the diagnosis and treatment of any other medical problem - and in this country, that means being eligible for insurance coverage.

Thank you very much for your sponsorship of this important bill.

Sincerely,

Jessa S. Blesath, BSN/PHN
P.O. Box 372, Ft. Yukon AK 99740

Sherry L. Lawhorn
3850 Westminster Way
Anchorage, AK 99508

March 24, 1992

Representative Niilo Koponen
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Representative Koponen,

I would like to take this opportunity to thank you for caring about individuals dealing with infertility as you introduce HB 412 which would require health plans to cover treatment for infertility.

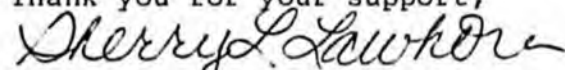
My husband and I have one son who is now 5 years old. He is the result of our first pregnancy and we consider him to be a true miracle child. When our son, Cody, turned 2 we decided that it was time to have another child to add to our family. Since I had no problems conceiving him and no problems carrying him to term, we didn't think twice about our choice. I got pregnant with no problem, and at 13 weeks, we went for a routine doctor appointment just to find out that our baby had died in my uterus. We were absolutely devastated, as you can imagine. After we finally picked up the shattered pieces of our life, we decided to try again, as we really wanted another baby. Unfortunately, we have experienced an additional 4 miscarriages and now we have lost all hopes of ever having more than one biological child.

I consider myself "lucky" that my infertility is a result of repeated miscarriage as opposed to the inability to conceive. I write this because, since I am able to get pregnant, my insurance company covers my condition and will pay for the precious treatment which may, one day, be the answer to what I need to carry a baby to term if we can ever gather the strength to tackle this project again.

I feel for my fellow infertility buddies in that, not only do they have to go through life fighting the silent battle of their infertility, but to add salt to the wound, they have no insurance coverage to ease the burden.

Nobody elects to be an infertility patient. These people do not abuse drugs or alcohol, they exercise and eat healthy. They do anything to aide their chances of conceiving and giving birth to a baby. Insurance does not cover them, but they still pay for the folks who do abuse substances and don't take care of themselves.

Thank you for your support,


Sherry L. Lawhorn

Ann Reynolds
725 W. 19th
Anchorage AK
99503

278-3574

Rep. Nalo Koponen
State Capital
Juneau, AK 99801-1182

Dear Rep. Koponen,

Thank you for your help on Bill 412, requiring insurance companies to provide coverage to individuals seeking to conceive a child.

Infertility is such a difficult situation. The lack of choice couples feel in planning a family is difficult enough without the terrible expense they must face. Our society is not very supportive to these folks about their situation so many choose to be secretive. The non-equality of an insurance company refusing to pay for medical treatment furthers this pain. The issue seems to be one of discrimination, just like the refusal of insurance companies to accept adopted children as they do birth children.

I hope your efforts are rewarded in this important matter.

Sincerely,

A Reynolds

Representative Niilo Koponen
House of Representatives
State Capital
Juneau, Alaska 99801

1/3
3/24/92

Representative Koponen:

I am writing as a resident of Alaska to urge you to do everything within your power as a state representative to ~~ensure~~ ensure the passage of House Bill - to provide Health Insurance Coverage for Infertility Treatment. I recently underwent 3 years of extensive infertility ~~the~~ treatment to allow my husband and myself to become parents. ~~We were fortunate~~ A high percentage of the cost of this treatment was paid for by myself ~~because~~ because my insurance would not cover much of the cost of the treatment. We were fortunate and now have a beautiful baby girl. We were very close to making the decision to remain childless in large part due to the financial strain ~~that~~ bearing the cost of this treatment caused. Had we not been both working full time in professional positions, we

~~They~~ would not be parents today.

I find it incredible and unjust that my insurance premiums are contributing to ^{the treatment of} other peoples illnesses and not my own. I am in excellent physical condition - I have a healthy diet and exercise regularly. I do everything within my control to ensure good health and reduce the burden to the insurance company I hold a policy with. Yet others, who do not put forth the effort I do to maintain a healthy life style, file claims for illnesses and ~~and~~ diseases that their unhealthy life style causes and/or contributes to. - And my premiums are subsidizing their claims!! This is an outrage.

To think that this inequity in the insurance system could have deprived my husband and I of the most wonderful experience of our entire lives - to be parents is more than an outrage it is a ~~tragedy~~ tragedy for many. I ~~also~~ have many friends who remain childless

and their life is filled with
sorrow and anger as a result. Their
inability to bear the financial
burden on their own is a major
factor in their pain.
Please do what you can to help
these people become the wonderful
parents they so desire to be by
working towards the passage of
H-B 412.

Sincerely,

Dorinda C. Sullivan
P.O. Box 67355
Chungate, FL 99567

Antoinette M. Prussia

4305-7 600th St

Ft. Wainwright, AK 99703

HOUSE OF REPRESENTATIVES
State Capitol
Juneau, ALASKA 99801-1182

DEAR Niilo Koponen:

I'm a infertility patient and even with Champus as a insurance it can be very expensive for a patient. I support the bill 100% and it should have been introduced along time ago I feel this bill should be scheduled for a hearing very soon so that other people can have the chance of not paying alot of money out their pockets

Sincerely Yours
Antoinette Prussia

P.O. Box 81902
Fairbanks, AK 99708
March 31, 1992

Representative Niilo Koponen
House of Representatives
State Capitol
Juneau, AK 99801-1182


RE: HB 412

Rep. Koponen,

I'd like to express my interest and support that a hearing be scheduled and Bill 412 be favorably considered and passed, and would also like to request your continued support. As you are aware, the opportunity that passage of this bill would provide for many otherwise childless families is extremely important to many of us in Alaska.

Your continued support is highly appreciated. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Jeanne M. Freeman". The signature is written in dark ink and is positioned above the printed name.

Jeanne M. Freeman

cc: House Labor & Commerce Committee

Peggy A. Downing, M.D., F.A.C.O.G.

508 EAST DAHLIA STREET
PALMER, AK 99645

TELEPHONE: (907) 746-4963

March 2, 1992

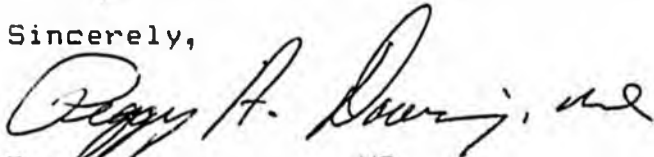
Representative Niilo Koonen
Pouch 7
Juneau, AK 99811

Dear Rep. Koonen:

Since 9/90 I have seen 15 patients with infertility as a diagnosis. So far only one has undergone treatment and artificial insemination. With the great advancements of medical technology, insurance companies need to advance in their coverage too. A person pays good money for insurance coverage - insurance should cover that person's medical needs. With all the different coverage options insurance companies offer, a person who would want in vitro fertilization coverage could opt for it and pay the additional premium. If they don't want that coverage, they don't need to opt for it and shouldn't have to pay for it.

Most doctors are on computers and can access the information you want relatively easy. If I can be of any more assistance, please let me know.

Sincerely,



Peggy A. Downing MD

PAD/dm

MARK J. ZIMMERMAN, M.D., F.A.C.O.G.

DIPLOMATE OF THE AMERICAN BOARD
OF OBSTETRICS AND GYNECOLOGY

JOY E. ZIMMERMAN, R.N.C., A.N.P.

ADVANCED NURSE PRACTITIONER

18 February 1992

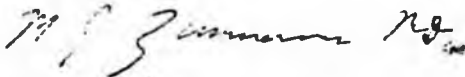
Representative Niilo Koponen
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Honorable Koponen:

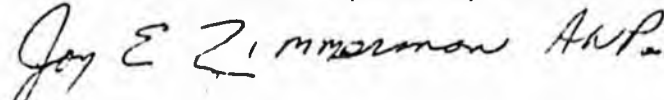
Thank you for your letter of 6 February 1992 regarding HB 412. As infertility specialists, we have sent information to all of the infertility clients in our practice, encouraging them to support this bill.

We appreciate your efforts on behalf of those infertile couples in the State of Alaska.

Sincerely,



Mark J. Zimmerman, M.D., F.A.C.O.G.



Joy E. Zimmerman, R.N.C., A.N.P.

ces



PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE KOPONEN

NAME: SHERRY LAWHORN
TITLE:
ADDRESS: 3850 WESTMINSTER WAY
CITY: ANCHORAGE ZIP: 99508
PHONE: 564-2713
BILL NO: HB 412
SUBJECT: INS. COVERAGE FOR INFERTILITY
MESSAGE: I WOULD LIKE TO EXPRESS MY SUPPORT OF HB 412 REQUIRING HEALTH INSURANCE COMPANIES TO COVER FERTILITY TREATMENTS. I FEEL DISCRIMINATION AGAINST INDIVIDUALS WHO SUFFER FROM INFERTILITY PROBLEMS SHOULD BE STOPPED IMMEDIATELY. /JSM

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DATE: 92/02/14
TIME: 08:31:39
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FINKELSTEIN	PARNELL
CARNEY	LINCOLN
MACLEAN	NAVARRE
BRUCKMAN	DONLEY
IVAN	TAYLOR
ZAWACKI	B.DAVIS
C.DAVIS	GONZALES .
HANLEY	M.A.MILLER
BARNES	BOYER
BROWN	JACKO
LARSON	R.PHILLIPS
SHARP	ULMER

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE KOPONEN

NAME: DEBORAH WARD
TITLE:
ADDRESS: 2010 JARVIS AVENUE
CITY: ANCHORAGE ZIP: 99515
PHONE: 345-1712
BILL NO: HB 412
SUBJECT: INS. COVERAGE FOR INFERTILITY
MESSAGE: I AM REQUESTING YOUR SUPPORT OF HB 412 REQUIRING INSURANCE COVERAGE FOR INFERTILITY INTERVENTION. AS YOU CONSIDER THIS LEGISLATION PLEASE BE AWARE THAT INFERTILITY IS A DISEASE AND THEREFORE SHOULD BE COVERED UNDER INSURANCE JUST AS OTHER MEDICAL CONDITIONS ARE. /CHR

POMID: 03152337
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BRUCKMAN	DONLEY
FINKELSTEIN	IVAN
PARNELL	TAYLOR
ZAWACKI	CARNEY
B.DAVIS	C.DAVIS
GONZALES	HANLEY
LINCOLN	M.A.MILLER
BARNES	BOYER
BROWN	JACKO
LARSON	MACLEAN
NAVARRE	R.PHILLIPS
SHARP	ULMER

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE KOPONEN

NAME: SHARON STEED
TITLE:
ADDRESS: 4350 BUTTE CIRCLE
CITY: ANCHORAGE ZIP: 99504
PHONE: 345-8110
BILL NO: HB 412
SUBJECT: INS. COVERAGE FOR INFERTILITY
MESSAGE: WE URGE YOU TO SUPPORT HB 412 WHICH FORCES INSURANCE COMPANIES TO COVER INFERTILITY TREATMENT. WE SPENT OVER \$10,000 IN 1991 ALONE FOR INFERTILITY PROCEDURES. WE ARE DESPERATE FOR INSURANCE COVERAGE. INFERTILITY IS A DISEASE THAT HAS ROBBED US OF EVER CONCEIVING WITHOUT HIGH-TECH PROCEDURES. PLEASE HELP US. /JSM

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DATE: 92/02/05
TIME: 16:41:46
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BRUCKMAN	DONLEY
FINKELSTEIN	IVAN
PARNELL	TAYLOR
ZAWACKI	CARNEY
B.DAVIS	C.DAVIS
GONZALES	HANLEY
LINCOLN	H.A.MILLER
BARNES	BOYER
BROWN	JACKO
LARSON	MACLEAN
NAVARRE	R.PHILLIPS
SHARP	ULMER

*me out
744*

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE KOPONEN

NAME: CYNTHIA JARANSON
TITLE:
ADDRESS: PO BOX 210082
CITY: ANCHORAGE ZIP: 99521
PHONE: 753-8235
BILL NO: HB 412
SUBJECT: INS. COVERAGE FOR INFERTILITY
MESSAGE: INFERTILITY IS A DISEASE. IT HAS TO BE RECOGNIZED AS A DISEASE AND INSURANCE COMPANIES ARE RESPONSIBLE TO COVER THE COST. /JSM

POMID: 03150205
DATE: 92/02/07
TIME: 15:02:05
LIONAME: ANCHORAGE LIO

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BRUCKMAN	DONLEY
FINKELSTEIN	IVAN
PARNELL	TAYLOR
ZAWACKI	CARNEY
B.DAVIS	C.DAVIS
GONZALES	HANLEY
LINCOLN	H.A.MILLER
BARNES	BOYER
BROWN	JACKO
LARSON	MACLEAN
NAVARRE	R.PHILLIPS
SHARP	ULMER

Loneliness

marks

middle age

for

childless

women

F

Story by NANCY SHULINS
ASSOCIATED PRESS

Sculpture by DEBRA DUBAC

Photo by DAVID POLLER

For 25 years, Dorothy Schlegal worked hard, amassing a resume most baby boomers would envy. She rose to senior management, worked in Europe, and lived a life her mother only dreamed about.

Now 46, Schlegal has two regrets. Their names are Susan and Jonathan. They are the children she never had.

"Back in the '80s, I remember seeing a cocktail napkin with a cartoon of a young woman saying, 'Oh my God! I forgot to have a baby!'" she recalls. "Oh yeah, I thought. There I am."

For Schlegal and others reaching the end of their child-bearing years, a door long left ajar is closing, a long-held dream slipping away. Among those born between 1946 and 1955, nearly one in five is childless. For college-educated

women in their 40s, the rate is one in four. Overall, compared to their mothers' generation, baby boomers are twice as likely not to have children.

Social scientists say more effective birth control and greater opportunity for women are the reasons so many aren't having babies. But the stories behind the statistics are seldom that simple.

Time ran out. Careers got in the way. Visions of motherhood were pre-empted by anxieties about overpopulation, finances, or parenting skills. Marriages crumbled while biological clocks ticked. Some never found the right partner. Among those who did, one in six battled infertility, half of them unsuccessfully — a bitter pill for a generation that came of age believing births could be controlled and families planned.

Women who long for babies they cannot have say the sadness can linger on for a lifetime. "It's the major regret of my life. A part of me will never feel complete and whole," says

Women

Continued from page E1

Kathy Rees, 48, of West Hartford, Conn., a psychotherapist who tried for a decade to conceive.

"I don't think people who have babies can ever really understand what it's like not to have them. People who have enough to eat can never really understand what it's like to be starving."

Those who do understand are coming together.

In one New York suburb, a woman who's endured nine years of surgery, hormone injections and artificial inseminations trying to overcome infertility quits her real estate job. The problem: She weeps uncontrollably each time a prospective homebuyer asks if she has any children.

Another dreads the arrival of warm weather, when she can no longer leave her house without encountering the mothers and toddlers who congregate on her street all summer long.

A third spends holidays alone with her husband; now that her brothers and sisters have babies, family gatherings are too hard.

Kathy Rees recalls when she couldn't bear the sight of a pregnant woman; Jayne Burgess when she couldn't watch a diaper commercial on TV. Robin Secord remembers when it took every ounce of strength to go buy a gift for someone else's baby.

There's often the added pain of being perceived as selfish, as not wanting or liking children.

In Old Greenwich, Conn., Burgess, 34, looks forward to visits from her neighbor, a precocious 4-year-old. "I say hello to his mother whenever I see her. But she will always call him away if she sees him talking to me. 'Stop bothering the lady,'

she says."

"You're definitely not one of them," Rees says of people with children. "They have this information, this experience they all share, and you don't have it and you can't get it. There's a barrier between us."

Women who choose not to have children sometimes feel even more maligned. "People look at them askance, like there's something strange about them," says Linda Hunt Anton, 51, a clinical social worker in Kentfield, Calif.

Those who don't may spend years agonizing over a decision they fear they'll one day regret.

"Having children was something I always assumed I would do," says Laura Reiter, a clinical social worker in private practice in Hartford, Conn. "To realize I had a choice was a burden as well as a relief. It taps into some very difficult feelings about what it means to be me. What kind of person am I? Can a woman be a good person and still choose not to be a mother? It was a terribly difficult decision. I wrestled with it for a long time."

For Teresa Gubbins, 37, the decision was easier. A free-lance writer and music critic now learning pastry-making at a four-star Dallas restaurant, she's happy with her marriage and her life.

Still, "Any firm closing of any door, any choice eliminated, always feels uncomfortable," Gubbins says. "I think I'm going to have a lot of reckoning to do down the road."

She won't be alone. Martin O'Connell, chief of the Fertility Statistics Branch of the U.S. Census Bureau, predicts the childlessness rate will hold steady for women born through 1960.

Women who'd thought they had come to terms with childlessness when they were younger often find old feelings resurfacing at midlife. Once again, they're on the sidelines, watching friends and siblings become grandparents. The chances of having a child, however re-

mote, truly end with the onset of menopause. New worries develop: Who will care for me when I'm old? Who will miss me when I'm gone?

For Robin Secord, 41, of Bennington, Vt., the future hit home after her grandmother died. "The five grandchildren were going through her apartment, divvying it up, and it struck me: I have no one to pass my stuff on to. There'll be no one who'll want it."

But as the numbers of childless women grow, so do the resources to help them.

Thousands of such women gather in coffee shops and living rooms from coast to coast, linked by the national infertility organization Resolve, to discuss matters of mutual concern: How to respond when asked how many children they have. How to survive yet another baby shower. How to cope with the holidays: not Thanksgiving and Christmas. Mother's Day and Halloween.

Society's attitude toward childlessness may be changing, however slowly, says Judy Calica, a Chicago social worker and national board member of Resolve. Mirroring that change, the organization now offers public education seminars on child-free living as an option for couples who can't conceive.

Social worker Linda Hunt Anton bristles at the word "childless." "It's a negative definition — it's what we are not. There's not really any way to describe us without making reference to that which is missing."

Anton has created a 10-step program for women struggling to "end the pain, move beyond the loss, and get on with the business of living." "Never To Be A Mother" hits book stores this summer. Like Ireland, Anton is a former infertility patient who began her project after finding a lack of support.

Childlessness isn't a new phenomenon; women born after the Civil War through the first decade of the 20th

century had childlessness rates in excess of 20 percent. But in the past, "Women who didn't want to become mothers often didn't become wives," says Barbara Katz Rothman, a sociologist at City University of New York and author of "Recreating Motherhood" and "The Tentative Pregnancy."

By contrast, says Rothman, "A very high percentage of women are married now. There are women who are childless and married, and they capture attention differently."

They're also better situated to bring about change. "Now there are more women in public positions able to make issues heard outside of the kitchen."

The issues — female identity, mortality, self-esteem — run deep. "The thing about motherhood is that it's so close to central identity issues," Rothman says. "If you were making a major job change — say, going back to school to become a botanist — you'd start hanging out with a new group of people and stop seeing some of your old friends. But who says, 'It's because I'm not a botanist, isn't it?'"

In America, sociologists maintain, 95 percent of all women intend at some point in their lives to have children. "As a little girl, I never thought about Prince Charming and a big wedding," says Robin Secord. "I just thought about the kids."

The role of motherhood in female identity became apparent to Alfred University sociologist Arthur L. Greil during the two years he spent interviewing infertile couples for a book, "Not Yet Pregnant," published by Rutgers University Press last August.

"Despite 25 years of the women's movement, men still get more of their identity from work," Greil says. "Women still get more from family. They're still more apt to be asked whether they have children. And they're still more apt to work around other women, in environments where children are what people

talk about."

Some infertile couples adopt. Others find the process intrusive and unnerving. As Secord says, "No one goes to a pregnant lady's home and says, 'Why are you doing this? Have you thought this through? Is it the right choice? Can you afford it? How will you pay for college?'"

It took Jean Carter, a Raleigh, N.C., obstetrician, and her husband, Michael, an English professor, two years to choose childlessness.

"We always have a choice how we deal with the rotten things life gives us," says Jean, 40, who battled her own infertility while delivering other women's babies. "I knew I had to take back control of this part of my life. The process of doing so was healing."

In the six years since they stopped trying to be parents, the Carters have written a book, "Sweet Grapes: How to Stop Being Infertile and Start Living Again." Mike is doing more writing. Jean has learned to make quilts.

She anticipates some sadness at menopause, "but I don't see big regrets on the horizon. Regret comes from unmade decisions."

For Dorothy Schlegal, letting go of the dream is easier said than done.

"I could still adopt," she says. She envisions finishing the basement of her Medfield, Mass., condo, or shifting the rooms to accommodate a child.

In her latest fantasy, "I meet a widower who has children, and ... I can enjoy raising his children."

Most likely, she says, she'll do neither.

"Given my past pattern, it appears I'm going to just keep letting it slip by. I think about how I never would have been able to go to Europe and live for 15 months, how that would have been very hard if not impossible. But that's intellectual head stuff."

"The essence of it is about missed opportunities that are irretrievable. I am thinking a lot about loneliness."

Some couples find in-vitro birth leaves them in hock

By Tom McNamee
Staff Writer

Patricia Dillon and her husband, Mark Salisbury, wanted to have a baby for years, but nature refused to cooperate.

So Patricia and Mark, who live in Evanston, pinned their hopes on medical science.

They submitted to a battery of fertility tests, underwent a variety of treatments—including two surgeries for Patricia—and tried in-vitro fertilization.

It worked. On March 15, 1990, Patricia gave birth to twin girls.

But the cost of their medical miracle was high, and their HMO refused to pay more than a fraction of the bill. Patricia and Mark had to take out a second mortgage to pay about \$17,000 in fees.

"I know people who have had to stop treatment because the insurance companies refused to pay," Dillon said Wednesday. "Infertile couples in Illinois should not be put in the position of having to give up on the dream of creating their families."

Such appeals to fairness are at the heart of a bill awaiting Gov. Edgar's signature in Springfield. HB 1470, passed by a one-vote margin in the General Assembly earlier this summer, would require insurance companies in Illinois to pay for most of a couple's fertility treatments, including the highly expensive procedure of in-vitro fertilization.

Edgar, who has until Sept. 24 to sign or veto the legislation, has not revealed a position on the issue, but he long has been a critic of bills that further burden the private sector with new man-

dates. At the same time, supporters of the bill point out that Edgar, by signing the measure, can bolster his pro-family image without costing the state money.

An Edgar spokesman, Daniel Egler, said the governor's staff is reviewing the legislation.

In Illinois, where according to the American Fertility Society there are 80,000 infertile couples, insurance coverage for all forms of infertility treatment varies widely.

Local infertility doctors say some coverage is available to about 80 percent of couples, but Resolve, an Illinois advocacy group for infertile couples, estimates the figure is only 40 percent to 50 percent.

Only about 5 percent of all Illinois couples, Resolve says, enjoy almost complete coverage.

Nay to yea vote

HB 1470 barely made it to the governor's desk. It was approved by the House on June 28 only after Rep. Manny Hoffman (R-Homewood) looked up to the balcony during the voting, felt emotionally moved by the sight of dozens of young mothers and children there in support of the bill and dramatically changed his vote from nay to yea.

"The legislation was more than an insurance issue, it was a moral issue," said Hoffman, who is an insurance agent. "When I looked up and saw all those women and children, I felt you sometimes have to put business in the background and cast a vote for something that's right."

The legislation, however, is strongly opposed by politically powerful business interests in Il-



SUN-TIMES/Jack Lenzner

Patricia Dillon underwent in-vitro fertilization and was able to bear twins, Nina (left) and Maura, now nearly 1½. However, Dillon and her husband, Mark Salisbury, found that their insurance paid only a small fraction of the cost of the procedure and left them with a \$17,000 bill.

linola, including the insurance industry and the Illinois Manufacturers Association, which warn that medical insurance costs already are spiraling out of control. From 1987 to 1990 in the United States, according to the Washington-based Health Insurance Association of America, the average monthly health insurance premium for a family jumped from \$210 to \$318.

"We can build an insurance policy that pays for everything, but people aren't willing to pay for it," said Ron Roberts, public affairs director for the Illinois office of State Farm Insurance. "The more things you mandate, the more we have to charge. It's just a matter of drawing that line."

HB 1470, dubbed the Family

Building Act by its chief sponsor, state Rep. David R. Hultgren (R-Monmouth), would require group health insurance plans to provide coverage for up to four in-vitro fertilizations per client, a procedure that can range in cost from \$3,000 to \$8,000 each time. Most infertile couples, however, usually can be helped by less expensive treatments.

Expanding coverage

The bill would apply to group accident and health insurance policies that include pregnancy related benefits and cover more than 25 employees.

Resolve says nine states have some form of mandatory insurance for infertility treatment: Maryland, Massachusetts, Delaware, Texas, Hawaii, Arkansas,

New York, California and Connecticut.

Based on the experiences of those states, Resolve contends, HB 1470 would increase insurance premiums for a family in a group policy by an average of \$1.19 per month. Roberts said State Farm does not necessarily accept that estimate, but has not calculated its own.

Since the first in-vitro baby, Louise Brown, was born on July 25, 1978, fertility treatment has become a major field of medicine. More than 15,000 babies worldwide have been born as a result of in-vitro fertilization, including more than 8,000 in the United States. The procedure, increasingly refined, has a success level today of 15 percent to 20 percent.

Help for childless

ELMHURST—Infertility affects one out of every six couples. Although some may argue that it is not an illness, all infertility has a basic underlying medical problem requiring medical treatment and health insurance coverage. Other medical conditions such as pregnancy, elective sterilization or bunion removal are also not "illnesses," but usually covered under most health care plans.

Many insurers flatly refuse any costs of infertility diagnosis and treatment, others deny coverage for certain procedures. Only a few insurance companies will pay for all treatment. Infertile couples are required to shoulder the expense of their treatment, while their health insurance payments help to subsidize pregnancy and elective sterilization benefits for fertile couples.

The Illinois legislature has sent House Bill 1470, The Family Building Act, to Gov. Edgar's desk. The bill would require insurance carriers to provide coverage for infertility treatment in any Illinois group insurance policy that provides pregnancy-related benefits.

Infertile couples are often distracted by the emotional and financial hardships of infertility. This anxiety reduces productivity both on the job and at home.

By lessening the financial burden, the overall stress of infertility on couples will also be reduced. This would be an important step towards improving the quality of life for all Illinois couples who face this crisis.

John and Joanne Trumbull

Infertility aid

HIGHLAND PARK—Your Aug. 14 editorial urging Gov. Edgar to veto the Family Building Act states that "advocates make the questionable claim that infertility is a disease." Questionable? My wife has had seven miscarriages over the past 10 years. She has tolerated physical pain. We both have endured emotional pain that I cannot begin to describe. Make no mistake about it. It's a disease.

Your editorial is so callous. You write that "state legislators succumbed to the emotional pressures of a special interest group and to their do-good sentimentality." Why don't you name the organization? It's called RESOLVE. They have done extraordinary work in helping couples cope with infertility.

The new coverage would add no more than \$1.50 per month to the insurance costs for everyone in the groups involved. You don't refute this fact in your editorial, so why should Gov. Edgar veto it? Does this become part of the, as you call it, "serious drag on corporate profitability and competitiveness"? I don't think so. I urge the governor to sign this bill.

Joel Goldman

Time is running out on financial aid for infertile couples

Support group urges governor to sign bill requiring health coverage for treatment.

by Gayle Worland

That small chip of ivory peaking through Deanna Penwell's lower gum is, like any baby's first tooth, something of a miracle. But in her parents' eyes, little Deanna is herself something of a miracle, too.

Nine-month-old Deanna was born only after her parents underwent six years of treatments for infertility—a process that can be physically taxing, emotionally draining, and expensive. A little over half of their medical expenses was paid for by the family's insurance plan, but this is not the rule. Up to now, Illinois insurance companies have not been required to help infertile couples try to have a baby.

Deanna's mother wants to change that. Surrounded by an array of toddler-scale furniture and toys in her Chatham kitchen, Karen Penwell holds the cooing child on her lap and confides that her husband works for an insurance company; until recently, so did she. Now the Penwell family has taken up the fight to help other couples who have tried to conceive but can't. And they've targeted an unexpected adversary—the insurance industry.

Karen Penwell is Springfield coordinator for Resolve of Illinois, a Chicago-based support group for infertile couples. Resolve is behind a major media push this month to persuade Governor Jim Edgar to approve the Family Building Act, which would require health insurance companies to cover the costs of medical diagnosis and treatment for infertility in policies that provide pregnancy-related benefits. The legislation squeaked through the General Assembly last summer and must be signed by Edgar by September 23 to go into effect.

Resolve estimates that the Family Building Act would cost Illinois

policyholders an additional \$1 to \$1.25 per month in premiums. Nine other states already have similar laws, including Minnesota, where Blue Cross/Blue Shield subscribers pay an extra \$1.19 each month. The Illinois act would not apply to businesses with fewer than twenty-five employees, nor to self-insured employers—including the state of Illinois. Religious institutions that might object to certain types of treatment for infertility would also be exempt.

To get this far, Resolve and supporters like the Penwells have had to fight resistance from the Illinois State Chamber of Commerce, the insurance lobby, and other mighty opponents. The Family Building Act is a "grossly unfair attempt to get society in general to underwrite the problem of 85,000 people in Illinois," says Bill Dart, vice president of the Illinois Manufacturers Association, which is actively fighting the bill. Because large, self-insured employers are exempted, says Dart, medium-sized businesses will have to absorb the increased insurance costs. "It really impacts those who can least afford it," he says.

One of the sponsors of the bill, Representative David Hultgren, a Republican of Monmouth, says he fears that a tight-fisted administration might balk at putting "additional mandates on business." The governor is still reviewing the legislation and has not yet made any decision on it, the governor's press office said.

Nearly one of ten couples in Illinois suffers from infertility, which is defined as the inability to conceive a pregnancy after one year of trying, or an inability to carry pregnancies to a live birth. The medical cause of infertility—in either the man or the woman—can be identified 90 per-

cent of the time. For this reason, argues Resolve, infertility treatment should be covered by the same insurance plans that often foot the bill for pregnancy and delivery, sterilizations, and abortions. "To say it's [infertility] not a sickness," says Penwell, who underwent six years of painful operations, drugs, and their side effects in order to conceive, "is very unfair."

Treatment for infertility ranges from drug therapy to in vitro fertilization—the so-called "test-tube baby" method that is used in only 7 percent of infertility cases. Gamete intrafallopian transfer (GIFT), the direct transfer of a sperm/egg mixture into the fallopian tube, is the most advanced procedure offered in the Springfield area. Overall, surgery for infertility-related problems has a success rate of 70 to 80 percent, while GIFT and in vitro fertilization works in up to 25 percent of all cases, says Dr. Phillip Galle, chief of the Division of Reproductive Endocrinology and Infertility at the SIU School of Medicine.

For Illinois couples who now must pay for infertility treatments on their own, the costs can be staggering. Bernadine Dombroski, a founding member of the Lincolnland Infertility Support Group, says that over the past ten years, she and her husband paid more than \$10,000 out of their own pockets for infertility tests and treatments. Insurance covered only a fraction of their expenses. "It's heartache enough to go through all the treatments," Dombroski says, "and then to get a bill that says 'not covered, not covered, not covered.'"

About 60 percent of the Penwells' costs was covered by their insurance, but the couple still had to pay more than \$6,000. Haggling

NEWS



with the insurance companies can delay payments, too. Penwell says that her obstetrician was paid by the insurance company one month after Deanna's birth, but it took another five months to settle the account with the infertility specialist.

Penwell suffered from secondary infertility—she and her husband have a nine-year-old daughter, too, but were unable to conceive a second child—and says that without insurance coverage, many infertile couples can't even afford an initial visit to a specialist. Meanwhile, some couples may find their marriages suffer from the stress and frustration of wanting to start a family. "Infertile people are obsessive," says Penwell. "We obsess about children all the time—about babies, about seeing the kids in the school play, about having grandchildren. The best

way I can put it is that it's an emotional roller coaster."

Dombroski says infertility treatments actually strengthened her marriage. But constant visits to the doctor interfered with her work, and finally she had to quit her teaching job, she says. Two-and-a-half years ago—after ten years on a waiting list—the Dombroskis adopted a daughter from Korea.

Adoption isn't a possibility for many infertile couples, says Dombroski, so this summer she continued to fight for the Family Building Act in state Capitol rallies. Other would-be parents also came—along with formerly infertile moms, dads, and their "miracle" kids in strollers. The children were there to remind lawmakers that, as supporters note, when they grow up, they'll be constituents too. □

COMMENTARY

Insurance should cover fertility care



Carole
Ashkinaze

It looks like fish-or-cut-bait time for Illinois' "pro-family" governor. His pen is poised over the last of three bills sought by working mothers or by couples wanting to become parents.

Jim Edgar has already vetoed two of them. One would have

required the state to study "gender disparities" in its own payroll. The other would have required large companies to provide unpaid leaves for new mothers and others with family or medical emergencies.

He is now under pressure from powerful insurance interests to do the same with House Bill 1470, the most unabashedly "pro-family" bill of all. As the Sept. 23 deadline for his signature draws near, he is said to be gnashing his teeth over the prospect of adding even modestly to the

burdens of insurers. And the bill, requiring group insurance policies that provide pregnancy-related benefits to cover infertility treatments costing up to thousands of dollars each, would do that. There are said to be 85,000 infertile couples in Illinois.

But if Edgar vetoes Monmouth Republican David Hultgren's "Family Building Act," which would not cost the state government a penny, he can pretty much abandon his claim to being "pro-family"—which, at this point, rests on very thin ice.

Hultgren's bill would move Illinois into the ranks of states that, recognizing that infertility is a treatable medical condition, have decided that the treatment shouldn't be reserved for the super-rich.

Middle-class couples have been known to take out second mortgages to pay for in vitro fertilization, priced at from \$3,000 to \$8,000 per treatment and needed in only a small fraction of cases. Even modestly priced drug therapies or corrective surgery, for hormonal imbalances or to correct

blocked fallopian tubes, are beyond the reach of couples who could easily be helped to conceive or to bring a difficult pregnancy to term.

Being able to do so is no longer a matter of enormous personal wealth in Maryland, Massachusetts, Texas, Hawaii, Arkansas, New York, California, Connecticut and Minnesota, all of which have some form of infertility insurance requirement for group insurers; or in Delaware, where Blue Cross/Blue Shield of Delaware found it could provide state employees with infertility coverage for just 60 cents per family per month.

Fewer than a third of infertile couples actually seek such treatments, experts explain, and the impact of offering even comprehensive infertility coverage has been surprisingly light; even less, in many cases, than the cost of adding life-saving mammograms or Pap smears to insurance policies. In fact, no insurer has found it necessary to charge more than \$1.70 per family per

month for the extra coverage—and Maryland Blue Cross/Blue Shield is doing it for \$1 per subscriber per year.

What it comes down to is whether governors and state legislatures, with the authority to mandate certain kinds of coverage for group insurance plans at large companies, regard families as personal luxuries—or as something more.

Families are something more. They are the building blocks of society, the basis of all relationships, the most fundamental units, the links from one generation to the next. And they are seriously threatened by laws and employment policies that actively discourage parents who must work from having families, too.

If Edgar wants to salvage what's left of his pro-family claims, it's time to show it. He should heed the pleas of childless couples or change his tune.

Carole Ashkinaze is a member of the Chicago Sun-Times editorial board.

Waste incinerator ban extended 2 years

By Charles N. Wheeler III

Chief, Springfield Bureau / Chicago Sun-Times

SPRINGFIELD—Permits for new hazardous waste incinerators should be banned through 1993, Gov. Edgar said Monday, but not until 1997 as the Illinois General Assembly proposed.

Using an amendatory veto, Edgar tentatively approved a two-year extension on the ban, which is scheduled to expire Dec. 31.

"I believe a two-year moratorium is needed and justified," he said. "There are serious concerns among the public about hazardous waste incineration. This extension will provide an opportunity to answer health and safety concerns."

The governor said the extension will allow lawmakers time to enact legislation on the siting of hazardous waste incinerators and will give state and local officials a chance to work on waste reduction plans.

"I do not believe extending the moratorium by five years is either wise or necessary," Edgar said, in part because federal environ-



Springfield roundup

mental regulators have warned Illinois the action could jeopardize the state's claim on federal cleanup funds.

The Legislature can accept the governor's changes by simple majorities in both houses, while three-fifths majorities are needed to override the amendatory veto.

If lawmakers do nothing, the measure, by Rep. David B. McAfee (D-Indian Head Park), will die.

FERTILITY HELP: Insurance companies that provide pregnancy-related benefits also will have to cover efforts to become pregnant, under legislation winning the governor's approval.

The bill, by Rep. David Hultgren (R-Monmouth), requires coverage for the diagnosis and treatment of infertility, including in-vitro fertilization.

The measure was opposed strongly by the business community and insurers, who contend it will increase insurance costs.

DU PAGE AIRPORT: Edgar signed legislation that will double Kane County's representation on the Du Page County Airport Authority.

The measure, by Sen. John J. Cullerton (D-Chicago), calls for two members of the nine-

person panel to be named jointly by the mayors of St. Charles, Geneva and Batavia with consent of their city councils.

Currently, the airport panel has one Kane County representative chosen by the Du Page County Board chairman, who also names the other members of the authority.

DAY CARE: A proposal intended to ease the state's day care shortage by allowing licensed facilities in private homes to handle more children was approved by the governor.

Under the measure, by Rep. William Black (R-Danville), the maximum number of children permitted in day care homes will increase by four. With the new limits, a day care home in which one adult is present can handle 12 youngsters, while 16 children can be enrolled in group-care homes, which must have at least two adults on hand.

GASOHOL USE: Saying he would rather rely on Illinois farmers than Middle East oil barons for fuel, Edgar signed legislation promoting the use of gasohol, a mixture of gasoline and ethanol.

The bill, by Sen. Jerome J. Joyce (D-Redick), extends through July 1, 1999, a sales tax break on ethanol purchases that was due to expire in 1993.

September 5, 1991

READER - SECTION 1

HOT TYPE



A Baby in Every Crib?

We learned in school that America's legislative assemblies are the deliberative bodies that decide our laws. After solemn debate the people's representatives vote up or down, and that's more or less the end of the matter. We were misinformed. The most serious deliberation often begins only after the people's reps have done their duty.

We got a call last week from David Hultgren, a state representative from the Galetsburg-Monmouth area. Hultgren wanted to talk up a bill he helped sponsor, House Bill 1470, also known as the Family Building Act. Opponents call it the In Vitro Fertilization Bill—after the procedure whose cost of about \$7,000 per they have no interest in bearing.

We'd never heard of House Bill 1470 under any name. Hultgren explained that the bill's of keen interest to couples who can't have children—it would require group health insurance plans that cover pregnancy costs to also cover treatment for infertility.

"The government steps in and regulates business from time to time," Hultgren argued. "We regulate business to promote fairness, to promote competition, to eliminate discrimination. We have health policies in the state of Illinois that insure pregnancies, that insure abortions, that insure sterilization. But not for this class of people. It's estimated that 1 in 12 couples of childbearing age fall into this category."

So you're trying to promote fairness and eliminate discrimination, we said to Hultgren.

Yes, he said. "It's terribly unfair to allow companies—and indeed, this bill is limited to policies that already offer pregnancy benefits—to discriminate against employees who need coverage for fertility."

HB 1470 was written and lobbied for by Resolve of Illinois, an advocacy group for the infertile. Opposed by both business and insurance interests, it cleared the Illinois house and senate in June without a vote to spare. So why was Hultgren calling? He'd already won, hadn't he?

No, he hadn't. His bill mandates coverage, and Governor Edgar doesn't like mandates. Edgar has until September 24 to sign the bill or veto it, and Hultgren understands that it would be much easier for the governor to veto a bill that passed the General Assembly by a whisker if nobody knew about it than if the public had clasped it to its heart. So he's working the phones. He called us, he called Tom McNamee of the *Sun-Times*, Thomas Hardy of the *Tribune*, and the editor of the *Illinois Times*. McNamee wrote a friendly article last Friday, and as a result a Resolve attorney was invited onto WGN radio that evening. Another Resolve member called every TV station in Chicago, which yielded a report on Channel Seven. And a PR guy working for Resolve called WBEZ and the *Tribune's* Joan Beck.

This campaign has a lot to do with garnering public sympathy—and just as much to do with manipulating someone you've almost certainly never heard of. Erhard Chorle is a special assistant to the governor, and his job is to review HB 1470, study the position papers, listen to the arguments of both sides, and then brief the governor, perhaps throwing in a recommendation of his own.

Chorle has heard from legislators for the bill and against it, from industry groups asking for a veto, from doctors who perform in vitro fertilization, and even from children who are products of fertilization techniques. He's read the papers and watched TV. He's met with representatives of Resolve, and with an emissary from the Illinois Manufacturers' Association who explained why industry does not want this burden on its back.

And so, as they say, the system works. Both behind closed doors and in the media, HB 1470 is receiving vigorous debate. And the General Assembly is irrelevant to the process.

It doesn't surprise Chorle that things got hotter after HB 1470 cleared the legislature. "I can't give you the number of how many pieces of legislation were introduced this session," he told us. "There were 600 bills at the beginning of the session involved with just the area I deal with, business-regulation issues. Ninety-five passed. You can't focus sufficient attention on all 600 of them."

He didn't, and reporters didn't. But the Illinois Manufacturers' Association watched House Bill 1470 from day

one. A spokesman's description of the association's opposition has a Churchillian ring: "If we can't kill it in committee, we try to kill it in the house or senate. And if it goes to the governor, we write letters to the governor trying to get him to kill it."

Brian Boyer, who's doing PR for Resolve, said he naively assumed that when the bill passed the General Assembly there were no more battles to fight. Then he realized that the opposition had merely rolled up its sleeves. "After we found out that the Manufacturers' Association was out there lobbying—and of course they have a lot more muscle and a lot more money than these infertile couples do—I thought it would be a good idea to see whether there could be some favorable articles," Boyer told us. "If there was a supportive column by Joan Beck, certainly that wouldn't hurt."

But Beck didn't write a column. Instead she wrote an editorial urging Edgar to veto the bill.

Beck began by giving HB 1470 its due: "It's one of those warm-your-heart bills it would make you feel good to support. It could help create urgently wanted babies, build families, satisfy innate yearnings to have children. And it wouldn't cost the financially pinched state any new tax dollars."

Sounds great! unwary readers must have marveled. But Beck quickly disabused them. She explained that "state legislators succumbed to the emotional pressures of a special interest group and to their own do-good sentimentality." HB 1470 is "sentimental and well-intended"—which is to say naive and not to be taken seriously by

serious people. "Hard-hearted as [Edgar] will have to be to veto it," she wrote, "the governor should resist this temptation to do good with other people's money."

Why? (We thought we elected governors to do good with money that isn't theirs.) "The General Assembly has no business dictating what kind of health benefits employers must pay for," Beck declared. The *Tribune* considers this general proposition holy writ, and Beck saw no need to argue it—beyond observing that "health insurance costs have been rising so fast and so steeply that they have become a serious drag on corporate profitability and competitiveness."

Would HB 1470 noticeably worsen the drag? Another thing Beck did not do was sort out the competing apples-versus-oranges claims that put the bill's financial costs in dramatically different lights. Resolve argues that HB 1470 would raise insurance costs by about \$1.50 per insured employee per month. IMA lobbyist Boro Relic points out that in vitro fertilization is a chancy process that could be attempted four times under the bill before coverage was cut off. He says that insurers could wind up paying additional medical costs that might approach a billion dollars.

In short, Beck did not provide Erhard Chorle with either fresh facts or fresh arguments to help him frame his brief. Instead, she played to the governor's ego. The editorial's underlying message to the governor, we told Beck, is "Be a man." That's why we were sure she hadn't written the editorial until she told us she had.

"It was meant to be sympathetic," Beck said, and we believe her. How can anyone not feel sympathy for people who long to have children but cannot? And yet what she wrote sounded to us more imperious than sympathetic. It sounded condescending and dismissive.

But that's a common problem at the *Tribune*. Perhaps it's something in the water.

Chicagoland

Section 2 *

Chicago Tribune Tuesday, September 24, 1991

North

Edgar stuns women, business groups as he signs infertility bill

By Hugh Dolkos
and Harlene Ellin

For Tamy and Todd Jacobs, and thousands of other infertile couples, Monday "was the equivalent of a positive pregnancy test."

The law the Jacobses had just watched Gov. Jim Edgar sign won't guarantee they'll conceive their own child, but it will require that Illinois businesses provide insurance so couples like them have access to expensive medical treatment that can help conception.

"It allows us to dream about having a biological child again," said Tamy Jacobs, celebrating with dozens of supporters of the Family Building Act after Edgar signed the bill in a crowded playground at Children's Memorial Hospital.

"This is far better than any World Series or pennant win," agreed her husband Todd, an avid White Sox fan.

Rickling the ire of business leaders while trying to patch up a faltering image as a pro-family and pro-women's rights governor, the Re-

publican Edgar shocked the bill's supporters, opponents and women's groups by making Illinois the 10th state to adopt such legislation.

Casting aside talk of low treatment-success rates, burdens on business and threatened court challenges, Edgar said the bill would not constitute just another costly mandate on business, but would be merely an extension of pregnancy coverage.

"This legislation responds com-

passionately and responsibly to the anguish of infertility experienced by many couples," said Edgar, over the wailing of a baby at the North Side ceremony.

"The Illinois General Assembly declared it in the best interests of this state to assist infertile couples in their efforts to bear a child and that pregnancy coverage should not exclude payment for certain types of infertility treatment. I wholeheartedly agree."

The bill would require companies with over 25 employees to provide

coverage for fertility treatments if their policies already cover normal pregnancy costs. Religious organizations and companies large enough to be self-insured are exempt from the law.

That coverage would include four attempts at in vitro fertilization, which can cost up to \$8,000 per procedure, and two more attempts for a second child, though many couples opt for cheaper treatments such as fertility drugs. Based on the experience of the other nine states that require such coverage, the in-

crease to the premium of a family on a group plan would be no more than \$1.70 a month.

The insurance industry and employers' groups have argued infertility treatments have little chance of success—including just a 20 percent rate for in vitro fertilization—and that it's unfair to make a majority pay for expensive, chancy treatment for a few.

Members of Resolve, the advocacy group that fought for the bill, said the coverage could benefit up

See Fertility, pg. 6

Fertility

Continued from page 1

to 85,000 Illinois couples.

Yet, if Edgar risked angering business operators in an effort to shore up his standing with women's groups, it was only partially successful.

Women's rights activists joined the bill's chief advocates in praising Edgar for his decision, but they said the infertility bill will not make up for two earlier bills on the women's agenda that Edgar vetoed.

One would have required employers to grant unpaid "family leave" to workers for pregnancy or other urgent family reasons. The other, to establish "comparable worth" pay scales, would have reclassified state jobs to correct what some perceive as a salary system unfair to women.

"You're kidding. That's amazing," said Kim Villaveva, president of the Illinois chapter of the National Organization for Women, when told of Edgar's decision. "I think it's a positive sign, but we need more than a sign."

In response, Edgar again defended his record, citing his appointment of

women to his Cabinet and signing of laws that protect women against domestic violence and breast cancer. Edgar said family leave is better left to collective bargaining negotiations, and comparable worth bills would break the state's bank to implement.

"I have supported most of the issues that deal with women," he said.

For business groups, Edgar's signing of the bill was just the latest surprise at the resilience the infertility bill and the advocacy group Resolve showed throughout the legislative process against a powerful industry lobby. Some officials quietly lamented not working harder against the bill before it passed the General Assembly with no votes to spare last June.

"This bill had nine lives," said Jay Dee Shattuck, chief executive officer of the Management Association of Illinois. "Unfortunately, it will focus on companies that can least afford the increases in health care costs. Even without this bill, insurance costs are exploding."

Shattuck and other business leaders claim the new law may conflict with legislation passed last year ordering that no health insurance mandates could be adopted if they

didn't also apply to larger, self-insured groups. They said they were examining whether to mount a legal challenge.

But Erhard Chorle, Edgar's executive assistant for business regulation, dismissed that concern by reiterating that the new law does not constitute a mandate.

Edgar also signed legislation:

- Extending a statewide moratorium on construction of new hazardous waste incinerators. But, using his amendatory veto, the governor shortened the length of the ban from five years to two.

- Prohibiting employers from refusing to hire or firing a person for using lawful products, such as cigarettes or alcohol, away from the workplace and during nonworking hours. Edgar amended the bill to allow distinctions in health, disability or life insurance policies regarding an employee's use of those products.

- Increasing the number of children allowed at day-care homes from eight to 12, and at group day-care homes from 12 to 16.

- Extending an existing 30 percent sales tax exemption for ethanol producers until 1999.

Infertility Insurance Gains Backing

By SONIA L. NAZARIO

Staff Reporter of THE WALL STREET JOURNAL

Couples unable to have children are waging an emotional battle to force insurers to pay for advanced infertility treatments.

The infertile, who account for one in every six U.S. married couples of childbearing age, are successfully lobbying state legislatures to pass laws requiring insurers to offer infertility coverage. Nine states now have laws, and six of them require employers to buy the policies. Similar laws have been introduced in 18 other states. Further, Congress is considering various proposals to make the government pay for infertility treatments for federal employees and veterans.

The moves have raised the ire of insurers. They argue that infertility isn't a bona fide medical malady and that in vitro and other procedures bypass rather than actually fix the problem. Companies should only have to provide coverage for "unpredictable and unavoidable expenses due to illness or injury," one insurer has said.

The companies also argue that the decision by many couples to postpone having children, which increases the risk of infertility, shouldn't be the responsibility of insurance companies.

The debate seems likely to intensify. Of-

fice visits to infertility practitioners nearly tripled between 1968 and 1984, the latest year for which figures are available, when the total was 1.6 million. There are three reasons for the increase: the availability of more effective techniques, the lessening of the social stigma attached to infertility, and the tendency to postpone childbirth.

Cuddly 'Exhibits'

"Everything is built around the joy of parenthood," says Janet Fox, who earlier this year led the successful fight for a Rhode Island infertility bill. Ms. Fox is one of 20,000 members of Resolve Inc., an infertility support group that has led efforts to require insurers to pay for infertility treatments.

For 10 years, the 37-year-old Ms. Fox had undergone dozens of painful tests and treatments, some of which were covered. When she sought in vitro fertilization, which involves the joining of sperm and egg in a lab and the implanting of the resulting embryo in the mother, she found that her insurer didn't cover such treatments.

Childless couples in Rhode Island, speaking in support of an infertility bill, wept as they gave their legislative testimony. And lawmakers were particularly moved when Robert Raphael and Vicki Moss's two-year old son, a so-called "test-tube baby," waddled around and waved to them.

Massachusetts Resolve activists were instrumental in pushing through an infertility bill in that state, lobbying every state senator. One senator normally sympathetic to insurers called an official at Blue Cross and Blue Shield of Massachusetts, Thomas Rafferty, and said: "I'm going to vote for these people." Mr. Rafferty says that the

senator had met with a cuddly, blond, green-eyed baby—conceived in vitro—and her once-infertile parents, who told of their desperation and economic hardship to have the baby.

"Everyone feels for these people. But does this mean the rest of society should pay for them to have children? No," says Walter Morris, an attorney with John Hancock Mutual Life Insurance Co. "There are a number of things in life that are sad and hard, for which there is no recompense. This should be one of them."

The cost of the treatments is a prime argument of insurers against covering them. They say that though infertility coverage may bring reproductive medical miracles to the few, it unfairly raises the price of health care for everyone.

Resolve members dispute that. They say only a third of infertile couples seek treatment; a scant 5% to 15% of these resort to such expensive advanced medical procedures as in vitro, which costs \$5,000 to \$7,000 per treatment cycle and often takes four cycles for success.

Blue Cross and Blue Shield of Massachusetts says that in the year following passage of the state's infertility bill, infertility coverage totaled \$2 million, or 59 cents a month per policy holder. By comparison, coverage of mammograms and pap smears added \$2.57 for each policy holder each month. Furthermore, the total cost included not only in vitro and other expensive treatments, but the maternity care of 47 babies resulting from such procedures.

But Blue Cross and Blue Shield expects costs to rise over the next three years as more practitioners offer the services and

Please Turn to Page B4, Column 6

Hoffman squeezed between babies, insurance lobby

During the recent marathon General Assembly session in Springfield, state Rep. Manny Hoffman (R-37th) of Homewood experienced one of the more gut-wrenching moments of his political career.

The source of Hoffman's angst was



RICK BRYANT

House Bill 1470, a measure that forced him to choose between two

of the most powerful forces on earth: family and money.

As proposed, HB 1470 would require group health insurance policies to include treatment for infertility. Providing help to young couples who want to have children but can't may sound like good policy — unless you're an insurance man.

Hoffman is a successful State Farm insurance agent and he, like the rest of the

industry, strongly opposed the fertility bill.

Infertility treatment can be expensive, costing up to \$40,000 per patient, Hoffman said, and "every time you add a new coverage like that to a policy, everyone's bill goes up."

Early in the session, the House insurance committee, over Hoffman's objections, approved the so-called in vitro fertilization bill and sent it to the House.

There, an unusual but powerful lobbying effort began. The lobbyists weren't high-paid fast-talking lawyers. Anything but. They were babies — all of whom were conceived by test tube or other extraordinary fertilization.

For many days, dozens of the little tykes, in strollers pushed by their mothers, crowded in the Capitol corridors making every a peep but appealing valiantly for their cause.

On June 28, House Speaker Michael Madigan (D-30th) called HB 1470 for a vote, and quickly the mothers, babies and

strollers crowded into the gallery to watch state government at work.

Shortly after voting began, Hoffman pushed the "no" button on his desk, lighting a red bulb by his name on a giant tote board overhead. As other votes lit up, it became clear the number of green yes and red no's were about even-stevens.

The tally after several minutes climbed to 59 yes, but there it stopped — one vote short of the 60 needed for passage.

Employing a common stalling tactic, several reps rose to explain their votes while their colleagues began last-minute arm-twisting in search of but one convert.

For Hoffman, the next few minutes became, well, a lifeline.

After gazing at the board, Hoffman turned around to inspect the gallery, where he caught the idle stare of a little lobbyist. Hoffman turned back around and looked at the 59 on the tote board. Then back to the child. Back at the board. To the child.

"As the clock was ticking down, I saw

a number of young couples in the balcony saying, 'Please,'" Hoffman recalled.

"I started thinking about those families, and about my family and my grandchild. And I started thinking everyone should have an opportunity to have a family.

"That got me thinking that government is more than a piece of paper or a push of a button. Government is moral issues and emotional issues. The longer I stood there, the more caught up I became; the more I felt in my heart.

"I felt like everyone was staring at me. I felt a great deal of pressure. It was my first major vote and I finally decided this was more of a moral issue than a dollars-and-cents issue," the freshman lawmaker convinced himself.

With that, Hoffman leaned to his microphone and said, "Mr. Speaker, change my vote."

After the 60th yes went up, a roar echoed down from the gallery, the speaker closed the board, the bill passed.

Moments later, Hoffman headed for the rotunda to explain his change of heart to the insurance lobby, but there he was swarmed by the young parents, all thanking him for what they called a courageous vote.

The bill later passed the Senate and now awaits Gov. Jim Edgar's signature to become law. Edgar hasn't said whether he would sign it.

Hoffman said State Farm actuaries figured that mandatory fertility coverage would cost the average group insurance policyholder about \$1.50 a year.

The father of three and grandfather of one, Hoffman said he had no regrets about voting from his heart rather than his pocketbook; no qualms about voting as a father rather than a businessman.

"I am still receiving phone calls and letters from people thanking me," the former Homewood mayor said. "One person said, 'There'll be a lot of new babies named Manny.'"

HB

414

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. SSHB414

Revision Date: January 29, 1992
 Title: An Act relating to salmon
marketing taxes
 Sponsor: Reps. Hudson, Jacko, et al.
 Requestor: _____

Department Affected: Department of Revenue
 BRU: Revenue Operations
 Component: Income and Excise Audit
 COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	74.9	74.9	74.9	0.0	0.0	0.0
TRAVEL	15.0	15.0	15.0	0.0	0.0	0.0
CONTRACTUAL	5.0	5.0	5.0	0.0	0.0	0.0
SUPPLIES	2.0	2.0	2.0	0.0	0.0	0.0
EQUIPMENT	10.0	0.0	0.0	0.0	0.0	0.0
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	107.9	97.9	97.9	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	3,000.0	3,500.0	3,500.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER FUND SOURCE	GF	GF	GF			
TOTAL	3,000.0	3,500.0	3,500.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	2.0	2.0	2.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0.0

ANALYSIS: Attach a separate page if necessary.

SEE ATTACHED

Prepared By: Paul E. Dick *psd* *LEN 1-29-92* Phone: (907) 465-2320
 Division: Income and Excise Audit Date: January 29, 1992

Approved by Commissioner: Darrel J. Rexwinkel *Darrel J. Rexwinkel*
 Agency: Department of Revenue Date: _____

SSHB414 ANALYSIS
Prepared by Income and Excise Audit
January 29, 1992

1-29-92

The taxes imposed under this bill are automatically repealed after three years as provided by Section 9.

PERSONAL SERVICES

Tax Examiner, Juneau, Range 12	\$40.4	
Accounting Clerk, Juneau, Range 9	\$34.5	
TOTAL:		\$74.9

TRAVEL

10 Audit Trips	\$10.0	
5 Compliance Trips	\$5.0	
TOTAL:		\$15.0

CONTRACTUAL

Advertising	\$3.0	
Printing	\$2.0	
Mailing	\$1.0	
TOTAL:		\$6.0

SUPPLIES

Office and Computer Supplies	\$2.0	
TOTAL:		\$2.0

EQUIPMENT

Two Computers, Two Printers, Two calculators, Modular Furniture	\$10.0	
TOTAL:		\$10.0

FISCAL NOTE TOTAL:		\$107.9
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* FY93 Only

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO. SSHB 414

Revision Date: _____ Department Affected: Commerce
 Title: "An Act relating to a salmon marketing tax and to the Alaska Seafood Marketing Institute" BRU: Alaska Seafood Marketing Institute
 Component: Alaska Seafood Marketing Institute
 Sponsor: Representative Bill Hudson
 Requestor: _____ COMPONENT SERIAL NO.

3	9	3	
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL	6.4	6.4	6.5	6.5	6.6	6.6
CONTRACTUAL	3,993.6	3,993.6	3,993.5	3,993.5	3,993.4	3,993.4
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0

CAPITAL						
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REVENUE	****	****	****	****	****	****
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**** Funds are collected by the Department of Revenue

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER Program Receipts	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
TOTAL	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: J. C. Shine Phone: 586-2902
 Division: Alaska Seafood Marketing Institute Date: 1/28/92
 Approved by Commissioner: [Signature] [Signature] [Signature]
 Agency: [Signature] Date: 1/28/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



Alaska State Legislature

REPRESENTATIVE BILL HUDSON

State Capitol
Juneau, AK 99801-1182
Official Business
(907)465-3744

January 30, 1992

COMMITTEES

CHAIR
House Special Committee
on Oil & Gas
MEMBER
Resources
Transportation
International Trade & Tourism

FINANCE SUBCOMMITTEE:
Department of Transportation
and Public Facilities

SPONSOR STATEMENT

SSHB 414, An Act relating to salmon marketing tax and to the Alaska Seafood Marketing Institute.

The Alaska salmon industry is facing critical market issues resulting in statewide depressed prices to harvesters, processors and to hatcheries' cost recovery efforts.

Retailers and wholesalers of Alaska salmon are losing revenues resulting from the critical market problems facing Alaska's salmon fishing industry.

Additionally, communities are realizing drastically reduced revenue in the form of raw fish taxes.

Historically, Alaska's fishing and seafood industries employ 33,000 workers and is recognized as the largest private sector employer in the state.

Shorebased seafood harvesters and processors account for more than one billion dollars worth of export products from Alaska and contribute more than \$30 million in raw fish taxes and marine fuel taxes and license fees, as annual revenue to Alaska.

World salmon harvests have nearly doubled in the past ten years and a significant portion is farmed in Norway, Chile, Canada, Scotland and the United States. Farmed salmon has increased from 15 million pounds to 400 million pounds.

The historical primary world market for Alaska salmon is Japan. There are federal market program funds available for the exclusive marketing efforts, promotion and advertising for seafood products in overseas markets in Japan and Europe.

It is widely recognized that a domestic market plan must be developed, implemented and aggressively pursued to enhance the markets for salmon.



MEMORANDUM

TO: Sheri Schlotfeldt

FROM: Kim Elton
ASMI Executive Director

DATE: January 29, 1992

RE: Sponsor Substitute for HB 414

This bill creates a salmon marketing tax. The tax is equal to one percent of the ex-vessel value of salmon harvested in the state and is to be used to enhance ASMI's domestic salmon marketing program. If this tax was in place in 1990, collections would have been \$5.5 million. In 1991, collections would have been \$3.05 million. The legislation also makes adjustments to the structure of the ASMI board. A fiscal note is attached to this memo.

Section 1. Increases the membership of the ASMI board from 18 members to 20 members.

Section 2. Provides that the two additional members of the ASMI board be commercial fishermen or women and redefines large processors as those having annual in-state payrolls of \$2.5 million or more. This also provides that the small processor range be redefined as processors with an annual in-state payroll of between \$50,000 and \$2.5 million. The previous cutoff point between large and small was \$1 million. That cutoff was established a decade ago. The new delineation between large and small was recommended by the ASMI board at its October, 1991, meeting.

Section 3. This provides that a quorum of the ASMI board is 12 instead of the 10 now provided for in statute.

Alaska Seafood Mark
1111 West 8th St
Juneau
Phone
FA



Section 4. This provides that the ASMI board may establish an executive board or committee and, if the executive committee is established, it consist of seven members of the board, at least two of whom are engaged in commercial fishing.

Section 5. This adds language to the existing ASMI statute that clarifies that domestic markets are part of ASMI's targeted world markets.

Section 6. This section creates a "salmon marketing" tax based on 1 percent of the value of the salmon harvest. The section provides that buyers are responsible for the collection of the tax and will remit the proceeds to the Department of Revenue by the last of day of the month following the month the tax was collected by the buyer. The section also provides that the owner of the salmon removed from Alaska is responsible for remitting the tax if the salmon tax was not collected by the buyer. Revenues from this tax will be deposited in the general fund and reappropriated for the ASMI marketing program.

Section 7. Provides that the terms for the two new members appointed to the board be three-year terms.

Section 8. Provides that processors serving on the board who were appointed to the large and small processor seats under the old definition of above or below the in-state payroll of \$1 million (instead of the new \$2.5 million cutoff) will continue to finish the terms to which they were appointed and that those board members appointed after the effective date of this act will be appointed under the new definition for large and small.

Section 9. Sunsets the salmon marketing tax three years after the effective date of this tax act.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



Alaska State Legislature

REPRESENTATIVE BILL HUDSON

State Capitol
Juneau, AK 99801-1182
Official Business
(907)465-3744

January 30, 1992

COMMITTEES

CHAIR
House Special Committee
on Oil & Gas

MEMBER
Resources
Transportation
International Trade & Tourism

FINANCE SUBCOMMITTEE:
Department of Transportation
and Public Facilities

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The historical primary world market for Alaska salmon is Japan. There are federal market program funds available for the exclusive marketing efforts, promotion and advertising for seafood products in overseas markets in Japan and Europe.

It is widely recognized that a domestic market plan must be developed, implemented and aggressively pursued to enhance the markets for salmon.




Since the creation of the Alaska Seafood Marketing Institute in 1981, changing times and current problems facing the salmon industry justify the modifications proposed in Sponsor Substitute for HB 414.

There is a sectional analysis in your packet prepared by Legal Services.

MEMORANDUM

TO: Sheri Schlotfeldt

FROM: Kim Elton 
ASMI Executive Director

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Section 7. Provides that the terms for the two new members appointed to the board be three-year terms.

Section 8. Provides that processors serving on the board who were appointed to the large and small processor seats under the old definition of above or below the in-state payroll of \$1 million (instead of the new \$2.5 million cutoff) will continue to finish the terms to which they were appointed and that those board members appointed after the effective date of this act will be appointed under the new definition for large and small.

Section 9. Sunsets the salmon marketing tax three years after the effective date of this tax act.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

January 29, 1992

SUBJECT: Sectional Summary: SSHB 414; An Act relating to a salmon marketing tax and to the Alaska Seafood Marketing Institute

TO: Representative Bill Hudson

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum is a sectional summary of SSHB 414: An Act relating to a salmon marketing tax and to the Alaska Seafood Marketing Institute.

A sectional summary is not an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Sections 1 and 2 of the bill amend AS 16.51.020(a) and (b), respectively, in order to increase the size of the board of directors of the Alaska Seafood Marketing Institute by two members. The two members added to the board must be persons who are engaged in commercial fishing. The qualifications for the two classes of seafood processor members of the board are amended.

Section 3 of the bill amends AS 16.51.050 to increase the quorum of the board of directors of the Alaska Seafood Marketing Institute from ten to twelve members.

Section 4 of the bill amends AS 16.51.090 to expand the powers of the board of directors of the Alaska Seafood Marketing Institute by authorizing the board to establish an executive board consisting of seven members of the board of directors. At least two members of the executive board must be members who are engaged in commercial fishing.

Section 5 of the bill amends AS 16.51.100 by requiring the board of directors of the Alaska Seafood Marketing Institute to develop market-oriented quality specifications for Alaska seafoods to be used in developing a high quality image for Alaska seafoods in domestic, as well as, world markets.

Representative Bill Hudson

January 29, 1992

Page 2

Section 6 of the bill amends AS 43.76 by adding new sections that establish a mandatory statewide one percent salmon marketing tax on the value of salmon sold or removed from the state by commercial fishermen and provides for collection and payment of the tax. The salmon marketing tax is repealed after three years.

Section 7 of the bill provides that the two new members appointed to board of directors of the Alaska Seafood Marketing Institute shall be appointed to three year terms.

Section 8 of the bill provides for future appointments of seafood processor members of the board of directors of the Alaska Seafood Marketing Institute. Existing seafood processor members of the board are not affected by the change in the qualifications for seafood processor members.

Section 9 of the bill provides for the repeal of the salmon marketing tax three years after the effective date of this Act.

If I may be of further assistance, please advise.

GU:pl

92-049.plm

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 414 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES HUDSON, Jacko, Grussendorf, C.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a salmon marketing tax and to the Alaska Seafood Marketing
2 Institute."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 16.51.020(a) is amended to read:

5 (a) The governing body of the institute is a board of directors. The board consists of 20
6 [18] voting members appointed by the governor. In making appointments to the board, the
7 governor shall consider, but need not appoint, nominees presented by persons engaged in fish
8 processing, the financing of fish processing, or commercial fishing.

9 * Sec. 2. AS 16.51.020(b) is amended to read:

10 (b) Twelve members of the board shall be seafood processors: eight of the seafood
11 processors must have an annual payroll in the state of \$1,000,000 or more; four of the seafood
12 processors must have an annual payroll in the state of \$50,000 - \$1,000,000. Seven [FIVE]
13 members of the board must be engaged in commercial fishing. One member of the board shall
14 be a lay person selected by the governor.

1 * Sec. 3. AS 16.51.050 is amended to read:

2 Sec. 16.51.050. QUORUM. Twelve [TEN] members of the board appointed under
3 AS 16.51.020 constitute a quorum for the transaction of business and the exercise of the powers
4 and duties of the board.

5 * Sec. 4. AS 16.51.090 is amended to read:

6 Sec. 16.51.090. POWERS OF BOARD. In carrying out the powers of the institute, the
7 board may

8 (1) adopt, alter, and use a corporate seal;

9 (2) prescribe, adopt, amend, and repeal bylaws;

10 (3) sue and be sued in the name of the institute;

11 (4) enter into any agreements necessary to the exercise of its powers and
12 functions;

13 (5) cooperate with a public or private board, organization, or agency engaged in
14 work or activities similar to the work or activities of the institute, including entering into
15 contracts for joint programs of consumer education, sales promotion, quality control, advertising,
16 and research in the production, processing, or distribution of seafood;

17 (6) conduct, or contract for, scientific research to develop and discover health,
18 dietetic, or other uses of seafood harvested and processed in the state;

19 (7) receive contributions of money from persons;

20 (8) establish offices in the state and otherwise incur expenses incidental to the
21 performance of its duties;

22 (9) appear on behalf of the institute before boards, commissions, departments, or
23 other agencies of municipal, state, or federal government;

24 (10) acquire, hold, lease, sell, or otherwise dispose of property, but such property
25 is limited to that which is necessary to the administrative functioning of the office of the institute;

26 (11) establish and maintain one or more bank accounts for the transaction of the
27 institute's business;

28 (12) prepare market research and product development plans for the promotion
29 of any species of seafood and their by-products that may be harvested in the state and processed
30 for sale;

31 (13) establish an executive board to assist the board in efficiently exercising

1 the board's powers and duties under this chapter; the executive board shall consist of seven
2 members selected from and by the board and shall include at least two members who are
3 engaged in commercial fishing.

4 * Sec. 5. AS 16.51.100 is amended to read:

5 Sec. 16.51.100. DUTIES OF BOARD. The board shall

6 (1) conduct programs of education, research, advertising, or sales promotion
7 designed to accomplish the purposes of this chapter;

8 (2) promote all species of seafood and their by-products that are harvested in the
9 state and processed for sale;

10 (3) develop market-oriented quality specifications for Alaska seafoods to be used
11 in developing a high quality image for Alaska seafood in domestic and world markets, and adopt
12 and distribute recommendations regarding the handling of seafood from the moment of capture
13 to final distribution;

14 (4) prepare market research and product development plans for the promotion of
15 all species of seafood and their by-products that are harvested in the state and processed for sale;

16 (5) submit an annual report to the governor and the legislature describing the
17 activities of the institute; [AND]

18 (6) develop marketing programs based on the "inspection" and "premium quality"
19 seals designed under AS 03.05.026 [,] and use the seals in advertising and promotion efforts of
20 the institute; and

21 (7) establish a salmon marketing committee to administer the domestic
22 salmon marketing program that is funded through the salmon marketing tax under
23 AS 43.76.110 - 43.76.130; the committee shall consist of seven members appointed from
24 among the membership of the board and shall include four members who are engaged in
25 commercial fishing and three other members of the board; the board may not override an
26 action of the committee except by a vote of a three-quarters majority of the board.

27 * Sec. 6. AS 43.76 is amended by adding new sections to read:

28 ARTICLE 2. SALMON MARKETING TAX.

29 Sec. 43.76.110. SALMON MARKETING TAX. A person holding a limited entry permit
30 or interim-use permit under AS 16.43 shall pay a salmon marketing tax at the rate of one percent
31 of the value, as defined in AS 43.75.290, of salmon that the person removes from the state or

1 transfers to a buyer in the state. The buyer shall collect the salmon marketing tax at the time the
2 salmon is acquired by the buyer.

3 Sec. 43.76.120. COLLECTION OF TAX. (a) A buyer who acquires salmon that is
4 subject to a salmon marketing tax imposed by AS 43.76.110 shall collect the salmon marketing
5 tax at the time of purchase and shall remit the total salmon marketing tax collected during each
6 month to the Department of Revenue by the last day of the next month.

7 (b) A buyer who collects the salmon marketing tax shall

8 (1) maintain records of the value of salmon purchased in the state;

9 (2) report to the Department of Revenue by March 1 of each year the total value,
10 as defined in AS 43.75.290, of the salmon that the buyer has acquired during the preceding year.

11 (c) The owner of salmon removed from the state is liable for payment of a salmon
12 marketing tax imposed by AS 43.76.110 if, at the time the salmon is removed from the state, the
13 tax payable on the salmon has not been collected by a buyer. If the owner of the salmon is liable
14 for payment of the salmon marketing tax under this subsection, the owner shall comply with the
15 requirements under (a) and (b) of this section to remit the tax to the Department of Revenue, to
16 maintain records, and to report to the Department of Revenue.

17 (d) The salmon marketing tax collected under this section shall be deposited in the
18 general fund. The legislature may make appropriations based on this revenue to the Department
19 of Commerce and Economic Development for the purpose of supporting the domestic salmon
20 marketing program of the Alaska Seafood Marketing Institute.

21 Sec. 43.76.130. DEFINITION. In AS 43.76.110 - 43.76.130, "buyer" means a person
22 who acquires possession of salmon from the person who caught the salmon regardless of whether
23 there is an actual sale of the salmon, but does not include a person engaged solely in interstate
24 transportation of goods for hire.

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26 ALASKA SEAFOOD MARKETING INSTITUTE. The persons initially appointed to the new positions
27 added to the board of directors of the Alaska Seafood Marketing Institute by secs. 1 and 2 of this Act
28 shall be appointed to three-year terms.

29 * Sec. 8. AS 43.76.110, 43.76.120, and 43.76.130 are repealed three years after the effective date of
30 this Act.

7-LS1765G
Utermohle
2/5/92

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 414 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES HUDSON, Jacko, Grussendorf, C.Davis

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30 this Act.

HB

417

1992 LEGISLATIVE SESSION

BILL NO. _____

Revision Date: _____ Department Affects: Commerce & Econ. Development
 Title: An Act Relating To The Financing Authority of AIDEA BRU: AIDEA
 Component: AIDEA
 Sponsor: Rep. Choquette
 Requestor: _____ COMPONENT SERIAL NO.

1	2	3	4
---	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

This bill will have no fiscal impact on AIDEA.

Prepared By: William H. Scott, Executive Director Phone: 561-8050
 Division: AIDEA Date: 1/27/92
 Approved by Commissioner: [Signature]
 Agency: _____ Date: 1-29-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Rev 10/7/91

Page 1 of 1

Alaska State Legislature
House of Representatives



INTERIM

3111 C Street
Anchorage, Alaska 99503
(907) 561-2032

SESSION

P.O. Box V
Juneau, Alaska 99811
(907) 465-2995

Representative Dave Choquette

M E M O R A N D U M

DATE: January 31, 1992
TO: Wendy Mulder, Committee Aide
House Transportation Committee
FROM: Josh Fink, Legislative Aide
Representative Dave Choquette
RE: House Bill 417 (HB 417)

Per your request, I have summarized the components of HB 417.

* BONDING AUTHORITY

Chapter 123 SLA 1990 provided for a sunset of AIDEA's ability to issue bonds through a delayed effective date clause. HB 417 would repeal this subsection, which took effect on January 1, 1992, and provide language allowing AIDEA to continue to issue up to \$10 million in bonds without prior legislative approval.

* LOAN PARTICIPATION

Currently, AIDEA may participate up to 80% in loans up to \$10 million. In Alaska, the limited sources of funds for secondary financing has reached a crisis point, and AIDEA has become a primary source of secondary financing. HB 417 would allow AIDEA to participate in loans over \$10 million, but would limit AIDEA's exposure to \$10 million.

* FLOATING INTEREST RATE

Currently, interest rates charged by financial institutions on AIDEA's guarantees are fixed to the prime on the day the loan guarantee is made. HB 417 would allow the interest rates to be floating with the prime.



Wendy Mulder
Memo on HB 417
January 31, 1992
Page 2

* BROADENS DEFINITION OF PROJECT TO INCLUDE
TOURISM DESTINATION FACILITIES

Currently, AIDEA cannot develop, own, and/or operate facilities which enhance Alaska's tourism industry. HB 417 would allow AIDEA to develop, own, and/or operate a new tourism destination facility, or the expansion of a tourism destination facility, if it would not compete with an existing hotel, motel, or restaurant.

* AIR CARGO/AIR TRANSPORT SUPPORT FACILITY IN ANCHORAGE

HB 417 would amend the project approval given by sec. 25, ch. 123, SLA 1990, to express legislative project approval for AIDEA to construct, own, and operate a more versatile aircraft facility at Anchorage International Airport.

In 1990, the legislature gave approval for AIDEA to issue \$50 million in bonds to construct, own and operate a multi-bay aircraft maintenance facility at Anchorage International Airport to be used jointly by Alaska Airlines and Federal Express. Currently only Alaska Airlines wants to move forward with the Authority on this project, and their requirement is for a large maintenance hangar as well as air freight, storage, and ground maintenance complex, all located in a single facility. HB 417 would accommodate these changes.

Much of the language and renumbering in HB 417 is technical and necessary to clean-up the Statute and implement the new provisions.

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 24, 1992

FURTHER REFERRAL

Commerce
Finance

Date of Committee Action: _____

The TRANSPORTATION Committee considered:

HB 417

HOUSE BILL NUMBER 417

LOAN AUTHORITY OF AIDEA

"An Act relating to the loan authority of the Alaska Industrial Development and Export Authority and to a project for which the legislature has approved the Authority's issuance of bonds; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 417 (Trans) the same title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Liz Phillips</i>	<input checked="" type="checkbox"/>	<i>Drew A. Leman</i>		<input checked="" type="checkbox"/>	
<i>Ernest A. Weber</i>	<input checked="" type="checkbox"/>				
<i>Phil Vukobratovic</i>	<input checked="" type="checkbox"/>				
<i>Richard [Signature]</i>	*				

Richard [Signature]
CHAIRMAN'S SIGNATURE

HB 417 An Act relating to the loan authority of the Alaska Industrial Development and Export Authority and to a project for which the legislature has approved the Authority's issuance of bonds.

The Authority supports House Bill 417.

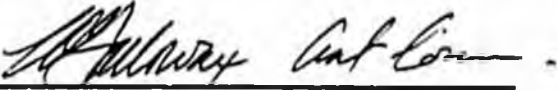
The bill as proposed reinstates the Authority's ability to issue bonds up to \$10,000,000 for projects which enhance Alaska's economy and provide job opportunities for Alaskans; modifies interest rate restrictions of the Authority's guarantee loan programs and allows the Authority to participate in business development or enhancement loans of any size while limiting the Authority's participation or exposure to \$10,000,000; improves the Authority's ability to develop infrastructure and superstructure to support Alaska's expanding tourism industry while not competing with the private sector; allows the Authority to invest assets of the Authority directly into the Alaskan economy without selling bonds; and diversifies the use of an aircraft facility at the Anchorage International Airport approved by the legislature in 1990.

While many section of the proposed legislation are technical amendments, the Authority believes that HB 417 is critical to our continued success. All sections of the proposed bill support and enhance the Authority's mission to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment and to create additional employment. The Alaskan banking industry has expressed an interest in increasingly utilizing the Authority's programs with the modifications to the guarantee loan programs and participation loan programs proposed in HB 417.

While the Authority is in full support of this legislation, we would suggest the following technical amendments:

- Page 1:
 - Line 1: Change loan authority to financing authority.
- Page 2:
 - Line 24: Change word application to applicant.
 - Line 30: Add the words in which the participation is following the word "loan"
- Page 3:
 - Line 3, Line 6, Line 15 and Line 20:
Add the word the, prior to word participation.

Staff of the Authority recommends full support of this bill with the technical amendments above.



Glenn A. Olds, Commissioner
Department of Commerce and Economic Development
Date: 1.29.92

PAST A IDEA PROJECTS

January 30, 1992

DeLONG MOUNTAIN TRANSPORTATION SYSTEM

BACKGROUND

Brief History - The Authority in 1987 sold tax-exempt bonds to construct, own, and operate the DeLong Mountain Transportation System (DMTS) which allowed Cominco (a Canadian based minerals company) and NANA Regional Corporation to develop the "Red Dog" mineral deposit.

The transportation system consists of a 52 mile road from the port site to the mine site, a shallow water dock, offshore conveyor concentrate loading facility, concentrate storage facility, fuel distribution and storage systems, and other port facilities. The road is designed to accommodate multiple users. The port construction includes a loader conveyor system capable of handling 2,000,000 tons of base metal concentrates (per season) and a storage building capable of storing 580,000 tons of lead and zinc concentrates.

The DMTS is an excellent example of the Authority's contribution and commitment to Alaska's economic development. This particular project has created employment opportunities for over 300 residents of the Northwest Arctic Borough.

Participants - The Authority entered into an agreement with Cominco on June 30, 1986, to finance, construct, use, operate, and maintain the DMTS. The DMTS was constructed to facilitate regional transportation in northwest Alaska. Cominco has a non-exclusive priority right to use the DMTS for 50 years to ship ore concentrates over the road, store concentrates in the storage building and transload concentrates onto ore ships. Cominco in turn pays a toll for use of these facilities and is obligated to operate and maintain the DMTS at a commercially reasonable rate of compensation.

Cominco and the Authority (after the first year of operation) determined that certain improvements must be made in order to facilitate a more efficient and environmentally sound facility. Approximately a dozen improvements were identified, at a cost of approximately \$5 million. Also, James M. Montgomery (JMM), Consulting Engineers was hired by the Authority to perform a third party review of the environmental monitoring program being employed by Cominco's contractor, ENSR Consulting and Engineering. Design Alaska, Inc. was contracted by the Authority to do as-built drawings of the Red Dog road and survey the leaseholdings at the port site; all for recording with the Department of Natural Resources.

PROJECT DESCRIPTION

Scope of Work - Improvement projects include: fueling station; air handling system and vacuum systems to filter and collect ore particulate at the barge loader, truck dump and transfer points; truck wash; replacement of fenders for the cells; installation of a new concentrate storage building doors; purchase and installation of a sea water desalination plant, fire pump and gangways at the dock; and other work such as improved drainage around the ore concentrate building.

JMM Consulting Engineers has reviewed the existing documents previously prepared by ENSR to evaluate Cominco's environmental monitoring program at the port site, has provided field oversight of the monitoring program, and has reviewed the documents resulting from the June 1991 field sampling. Results of their effort was forwarded to Cominco for comments and implementation. Third party review will be ongoing.

Design Alaska, Inc. are preparing as-built drawings of the Red Dog road and material site access roads that depict property ownership. They have also completed an uplands survey at the port site that permanently monuments the property limits, and have performed a tidelands survey that monuments the lease boundary and locates the constructed improvements within the tidelands lease. Design Alaska is working with the Department of Natural Resources to record the documents.

PROJECT BUDGET

The Authority is working with Cominco to finalize payment for this work. Cominco has provided the Authority with a final invoice for all of the work accomplished. The total project costs to date are \$5,756,810.

Sources and Uses of Funds - The improvements will be paid for by advances from the Authority that would add to the rate base, or from the sustaining capital fund established for this project.

Objectives - The Authority agreed to finance the DMTS to create new employment opportunities and encourage the diversification and expansion of the Alaskan economy. The Authority's current project objective is to work with the user to improve environmental operating standards and operating efficiencies.

SCHEDULE

The survey work is now scheduled to be complete by February 1992. More improvements such as work on the cathodic protection system for the port are planned for 1992, and discussions are ongoing concerning building a concrete floor and/or expanding the concentrate storage building and completely enclosing the conveyor system in 1992.

STATUS

The Authority obtained sole source approval to contract with Cominco for all of the proposed improvements. Cominco in turn competitively subcontracted the work. A general contract for labor and craftsman was awarded to Alaska Mechanical Incorporated. Contracts for electrical work and for concrete work were also competitively bid and awarded to Alaska Mechanical Incorporated.

Near Term Activities - The Authority will be working with Cominco to define the improvements proposed for 1992.

January 30, 1992

CITY OF UNALASKA MARINE CENTER

BACKGROUND

Brief History - The Authority has agreed to expand the City of Unalaska Dock. The city has transferred title to the existing dock, appurtenant structures and underlying land to the Authority so that the Authority can issue bonds for the expansion of the facility.

Participants - The Authority has signed a lease and construction management agreement with the City of Unalaska to oversee construction of improvements and to operate the marine center as a public facility. The City of Unalaska, with the Authority's approval, has signed subleases with SeaLand Services, Inc., and Petro Marine Services, Inc., for portions of the dock facility. The City of Unalaska is contracting for the improvements so as to coordinate the construction with ongoing operation of the port by the city and freight and fueling operations by the users and tenants. Upon payment of all amounts due or to become due under the lease, the Authority will convey title to the facility back to the City of Unalaska by quitclaim deed.

Objectives - The Authority agreed to finance the project to provide job opportunities and to stabilize the economy of Unalaska which is dependent on Unalaska remaining the hub service facility for the Bering Sea and Gulf of Alaska fisheries as well as the crossroads for transshipment to the far east.

PROJECT DESCRIPTION

Scope of Work - Major improvements include a 730 foot long dock with associated ship handling features, the excavation of 90,000 cubic bank yards from a quarry site (the floor of which will be developed for upland use by the city), the installation of a crane rail system, and miscellaneous support items.

The City of Unalaska under the terms of the "Lease and Construction Management Agreement" and a "Memorandum of Understanding, Design and Construction" does all on-site construction management and administration. A consulting firm, FN&D, under contract to the city does the quality control and provides construction phase engineering services.

PROJECT BUDGET

Approximately \$7,000,000 will be invested by the Authority in the dock and related improvements. SeaLand Services, Inc., and Petro Marine Services, Inc., will invest \$5,000,000 and \$2,500,000 respectively in tenant improvements.

Source of Funds - The Authority will pay for the improvements through the sale of tax-exempt bonds. The City of Unalaska will pay rent under the lease which is sufficient to repay the Authority's bonds and other funds that may be provided by the Authority, using fees paid by users of the facility.

SCHEDULE

The city has awarded a contract for construction of the improvements to Construction and Rigging Inc. The grand opening is scheduled for January 31, 1992 through February 1, 1992.

STATUS

Construction with the exception of final site grading, quarry scaling and grading, and some offsite project mitigation work is complete. The city took occupancy of the dock on January 15, 1992. Contractor has demobilized except for equipment needed to complete the above work.

The Authority made final payments on behalf of the city up to the total amount of the bond sales the week of January 13, 1992. The project came in slightly over budget, but city port revenue funds will make up the difference.

January 30, 1992

SKAGWAY ORE TERMINAL

BACKGROUND

Brief History - The Authority purchased the Skagway Ore Terminal from Pacific and Arctic Railway and Navigational Company and the Skagway Terminal Company, collectively known as "White Pass", on July 24, 1990. The purchased assets included the ore storage building, shop, laboratory, electrical building, utilities, shiploader including conveyor system, and a sublease on land with the City of Skagway.

Participants - On July 24, 1990, the Authority signed a terminal access agreement with Curragh Resources Inc., a Canadian mining firm, to operate and maintain the Skagway ore terminal for the offloading, storing, and transloading onto ore ships of bulk mine products consisting primarily of lead sulfide mineral concentrates and zinc sulfide mineral concentrates. The agreement stipulates that the Skagway ore terminal is a public facility and that third party users may use that portion of the facilities not being used by Curragh.

Objectives - The Authority purchased the Skagway ore terminal and agreed to make improvements to the facility in order to develop a public facility to enhance the shipment of bulk mine products and thereby create jobs and strengthen the local economy. Curragh has used Alaskan contractors in its construction, and in operation of the terminal. The project will retain employment in present operations and adds 4 additional terminal operators since exports from the new Mt. Hundere mine begin.

PROJECT DESCRIPTION

Scope of Work - Phase I included structural building improvements and environmental and safety improvements.

Phase II work is primarily centered around reconstructing the pile foundations under the shiploader and the transfer tower.

PROJECT BUDGET

Phase I	\$8,213,000
Phase II	\$2,494,000

Source of Funds - The Authority sold general obligation Revolving Fund Bonds, Series 1990A in the amount of \$25,000,000 in December 1990 to pay for the initial purchase and the cost of ongoing improvements and bond costs. The Authority's acquisition costs and purchase of tenant improvements totaled \$14,293,000.

SCHEDULE

Phase I improvements have been completed.

Phase II improvements are now under contract. Major work item is shiploader foundation repairs.

STATUS

Completed improvements include a new building skin, new floor, paved yard, new mechanical and electrical systems, landscaping, new equipment, and the conversion of an old generator building into a change facility and office.

Near Term Activities - The Authority received approval to sole source contract Phase II Improvements directly with Curragh Resources, Inc., in order to assure uninterrupted transshipment of ore, to preserve Curragh's obligation to make payments and to continue Curragh's indemnification of the Authority from claims. The Authority signed a contract with Curragh's agent Knik Construction for \$1,759,040 on December 30, 1991 for the Phase II work.

Long Term Activities - Construction associated with the repair of the shiploader foundation will be completed early spring of 1992 before the tour ship season starts.

The Authority is still working with Curragh Resources to take over and finance the tank farm which serves the ore terminal and provides storage for the ore haul operation. Work on the underground piping and electrical work is essentially complete. The tank farm was placed in-service on January 24, 1992.

January 30, 1992

ANCHORAGE INTERNATIONAL AIRPORT
AIRCRAFT MAINTENANCE FACILITY

BACKGROUND

Brief History - The Authority received legislative approval during the sixteenth session to issue bonds in the principal amount not to exceed \$50,000,000 to finance the acquisition, design, and construction of an aircraft maintenance facility at Anchorage International Airport, to be owned by the Authority.

Participants - The Authority, working with the Alaska International Airport System, solicited interest from the airline industry as to their current and future aircraft maintenance requirements. Based on this solicitation, the Authority applied for a land lease at Anchorage International Airport, and is ready to develop a user agreement with Alaska Airlines who has indicated that they want to develop a hangar facility at the airport.

Objectives - The Authority intends to construct one or more aircraft hangars to handle major or minor maintenance of large commercial jet aircraft that serve the state. These facilities will strengthen Alaska's role as an international air crossroads and will help attract air carriers and solidify the presence of existing airlines with basic support services. Additionally, the facilities will assist interstate and intrastate airlines that base their aircraft in Alaska by locating a maintenance station where their aircraft are operated. Financing of this facility by the Authority will create high skill level jobs and additional income for Alaskans. Alaska Airlines has indicated they will have thirteen aircraft based in Anchorage that will use the hangar and that they will also perform routine maintenance for all of Japan Airlines' 747 cargo fleet on an as needed basis.

PROJECT DESCRIPTION

Scope of Work - Alaska Airlines plans to construct a hangar that will accommodate three narrow body aircraft or one wide body aircraft (55,000 sq. ft.), plus a store and fleet servicing facility and new cargo handling facility (105,000 sq. ft.) to replace their existing cargo facility (which will be converted and used for equipment staging) and (20,000 sq. ft.) of shops.

Other airlines such as Northwest Airlines have indicated that they would be interested in the possibility of using and paying for use of facilities operated by others.

PROJECT BUDGET

The projected cost for Alaska Airlines' facilities is approximately \$40-50,000,000 not including the cost of the specialized maintenance equipment that they will install.

Source of Funds - The Authority will finance construction through the sale of tax-exempt bonds. The user airlines, through a lease, will pay sufficient fees to repay the Authority's bonds and any other amount provided or incurred by the Authority.

SCHEDULE

Alaska Airlines has authorized the Authority to proceed with the programming design effort for both the hangar and the new cargo facilities. Alaska Airlines has also authorized the site work design which is scheduled to be advertised for construction this year.

STATUS

The Authority has contracted with R&M Consultants to design and possibly provide construction management of the facilities. The Authority's contract with R&M is for an amount not to exceed \$5.8 million.

The Authority has negotiated for a lease at Anchorage International Airport to accommodate Alaska Airlines' proposed hangar facilities. The lease should be consummated shortly.

The programming documents for both the maintenance hangar and the cargo handling facility will be completed shortly. The next scheduled effort will be to obtain final approval of the Project from the Alaska Airlines' Board of Directors.

Bidding and construction activities are scheduled to be started during 1992 with the completed facility to be placed in-service no later than October 1, 1995.

January 30, 1992

MARKAIR HANGAR ACQUISITIONS

BACKGROUND

Brief History - The Authority was approached by MarkAir to purchase their hangar facilities in Fairbanks, Bethel, and Unalaska with the understanding that they would lease the facilities back and make code improvements as required. MarkAir's maintenance and operation efforts, training center, and reservations system will also be consolidated in Fairbanks.

MarkAir's primary objective for making this sale and leaseback was to raise operating funds which would allow them to expand into the interstate market and increase their intrastate market share in order to stay competitive in the industry. In order to raise the largest amount of funds possible, MarkAir included their new hangars at both Bethel and Dutch Harbor. The Fairbanks purchase also included an attached office building, an air cargo building, and a warehouse building.

Participants - The Authority solicited input from local governments, the legislature, Fairbanks International Airport and the community at large. Based on the importance of MarkAir as the major intrastate cargo and passenger carrier and the significant contribution they make to employment in Alaska, the Authority elected to invest in these holdings. Prior to investing, the Authority contracted with a professional architectural/engineering firm to perform an inventory and condition survey of all three facilities to quantify any building and/or code deficiencies. The Authority also commissioned an independent appraisal to determine the market value of each of the hangars, and financial plan to determine the economic viability of the project.

Objective - The Authority agreed to finance the hangar acquisitions because of the prospect of creating new jobs in the state, the need to maintain a competitive viable transportation alternative for both cargo and passenger service, and to encourage the expansion and diversification of the Alaska economy.

PROJECT BUDGET

The total cost of the Bethel, Dutch Harbor, and Fairbanks hangar facilities was \$8.6 million. The Authority withheld \$2.0 million to correct building and/or code deficiencies. Additionally, the Authority retained \$700,000 to perform environmental studies and to pay for clean-up of any potential site contamination, and \$150,000 to pay for the Authority's closing costs.

Source of Funds - The Authority used Economic Development Funds to purchase and pay for the hangar improvements.

PROJECT DESCRIPTION

Scope of Work - The Authority is using the inventory and condition surveys as a basis in working with MarkAir to correct identified deficiencies. All critical fire and other code deficiencies have jointly been agreed upon.

SCHEDULE

MarkAir's goal is to correct critical code deficiencies within 45 days. The remainder of the work will be accomplished over a nine month period.

Near Term Activities - MarkAir has already contracted with Ghemm Co. and work is currently underway to correct the building deficiencies. MarkAir is also making tenant improvements to accommodate the new training center and reservations center.

Long Term - The Authority is working with the Fairbanks International Airport to provide water and sewer utility extensions to serve the Fairbanks hangar facility.

MarkAir will be performing necessary environmental studies at all three sites and performing any required cleanup activities as soon as weather permits.

January 10, 1992

OVERVIEW AND STATUS OF THE HEALY CLEAN COAL PROJECT

BACKGROUND

- The Healy Clean Coal Project is one of 13 projects, selected by DOE from a list of 48 competitors, for federal funding under the Clean Coal Technology III program. The federal funds constitute about 48.5 percent, or \$93.9 million of the project's proposed total budget of \$193.4 million.
- The project will be located adjacent to the GVEA's existing Healy No. 1 powerplant that was constructed in 1967.
- The information required by the National Environmental Policy Act is being collected. A contractor has been retained by DOE to write an EIS, using input from our engineer, Stone and Webster Engineering Corporation. The EIS and the related permit process should be complete before site construction begins in the spring of 1993.
- A list of team members and their roles is shown in Attachment 1.
- The Cooperative Agreement between the DOE and AIDEA has been signed by both parties.

PROJECT DESCRIPTION

- Fossil fuels typically create oxides of sulfur and nitrogen that can result in air pollution and acid rain. The HCCP integrates two advanced technologies designed to reduce substantially the emissions of these pollutants. It offers other benefits as well in that coal not suited for export can be utilized rather than wasted, and that byproducts from the combustion process are nonpolluting and potentially useful.
- The first component of innovative technology is the TRW entraining combustion system that burns coal in stages to minimize the formation of nitrogen oxides. The combustor also melts and removes as slag the earth or clay contaminants commonly included in coal that would otherwise be wasted at the mine.
- Pulverized limestone will be added to the TRW combustor. The limestone will be converted by heat in the flue gas to lime, which reacts with the sulfur dioxide in the gas and removes it as a sulfate. The unreacted lime and sulfates are caught by the second technology, supplied by the Joy Environmental Equipment Company, and recycled to scrub the flue gas and further reduce the sulfur dioxide content.
- The combustion process occurs in a conventional boiler that produces steam for a conventional turbine to produce 55 megawatts for use by the Golden Valley Electric Association (GVEA).
- The powerplant, which will be operated by GVEA, will provide baseload generation. GVEA is substantially deficient in baseload capacity: the only baseloaded plant in their system is the existing 25 megawatt Healy

plant that will be 30 years old when the HCCP goes into operation. The maximum life of the existing plant is 40 years, so the HCCP may be the only source of baseload capacity after the existing plant ends its economic life.

- A coal test burn using Usibelli coal in a TRW combustor testing facility in Cleveland, Ohio, has demonstrated the applicability of the combustion technology to Healy coal.

BUDGET

The latest sources and uses of funds breakdown for the project is presented in the July, 1991 Financing Plan prepared by R.W. Beck. A copy is included as Attachment 2.

SCHEDULE

- Key dates in the project schedule are:

Detailed Design Started	September, 1991
Continuation Application for Budget Period 2 submitted to DOE	February, 1992
Environmental Process Complete	October, 1992
Release to Fabricate	October, 1992
Site Construction	March, 1993
Demonstration Testing	January, 1996
Commercial Operation	January, 1997

STATUS - Near Term Activities

- Contracts are in place with TRW for the design of the combustion system; Foster Wheeler for the steam generation system (Boiler); Joy Environmental Equipment Company for the scrubber and baghouse systems; and Sumitomo Electric Corporation for the Turbine Generator. Contracts for other plant components are in preparation, with the contractors released for design only.
- Schedule sensitivity to delays in key dates is being evaluated. In particular, potential delays in the EIS schedule identified by DOE are being evaluated.
- A panel of experts has been convened to provide advice concerning effects of the project on visibility in Denali Park.
- An amendment to the coal supply agreement is in preparation to include coal price concessions by Usibelli Coal Mine.
- The Power Sales Agreement between GVEA and AIDEA was filed with the APUC in December, 1991. The Authority filed a Certificate of Public Convenience and Necessity with the APUC, which will be processed in parallel with the Power Sales Agreement filing.