

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7830 HOUSE • HEALTH EDUCATION & SOCIAL SERVICES



Alaska State Legislature
 House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: 3/2/94

PLACE: Capitol Room 106

SUBJECT OF MEETING:
 * HB 340: NO FORFEITURE FOR (LETTER) SEX OFFENDERS
 * HB 337: DRUG FREE RECREATION AND YOUTH CENTERS
 * HJR 52: INCREASE IN FEDERAL MEDICARE FUNDING
 * INDIVIDUALS WITH PUBLIC WORKING

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Wendy Ewing ✓	SEY	203 W 3 rd B Juneau, AK	99804	586-2231	465-3005	(Y) N	HB 340
Gerald W. Bailey ✓	GHS	5597 Aisek Juneau, AK	99801	780-4338	780-4338	(Y) N	HB 340
Cindy Smith ✓	NETWORK on Arm. Violence	#130 Seward # 501	99801	4633350	5863850	(Y) N	340
Diane Schenker ✓	DOC	2200 E. 42 nd Ave. Anch. AK	99508		561-4424 465-4643	(Y) N	HB 340
Laren Robinson ✓		P.O. Box 33702 Juneau, AK 99803		586-1101	same	(Y) N	HB 340
Kim Burch ✓	DHSS	A03 Juneau		465-3355	→	(Y) N	HJR 52
Joyce Anderson ✓	CPUSA	Box 117200 Juneau	99811		465-4356	(Y) N	HB 340
						Y N	
						Y N	
						Y N	
						Y N	



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NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
SHERRIE GOLL	V Alaska Womens Lobby	P.O. Box 22156 Juneau	99802		907-6744	<input checked="" type="radio"/>	N	HB 340
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
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						<input type="radio"/>	N	
						<input type="radio"/>	N	

716 W. FOURTH AVE
ANCHORAGE, ALASKA 99501-2133
258-8191

WHILE IN SESSION:
ALASKA STATE CAPITOL
JUNEAU, ALASKA 99801-1182
465-4968

Alaska State Legislature
House of Representatives



DISTRICT 11:
SAND LAKE
SPENARD
TAKU-CAMPBELL

Representative Jim Nordlund

SPONSOR STATEMENT

HJR 52 urges the amendment of the Social Security Act to increase federal funding for Alaska's Medicaid program. Currently, the federal government sets its medical assistance percentages based on each state's per capita income. Those percentages range from 50% to 79%, with Alaska's matching rate set at only 50%.

We all know that Alaska's per capita income appears high until you consider our high cost of living and medical care. An American Chamber of Commerce study shows that health care costs in Anchorage, Fairbanks, Juneau and Kodiak are between 171 and 190% of the national average.

The federal government already takes into account these higher costs by adjusting our poverty guidelines up 25%. Medicare regulations also recognize the higher cost of health care by providing a funding adjustment of 25% for nursing facilities in Alaska.

Amending the Social Security Act to include a similar 25% adjustment in the federal medical assistance formula would increase the percentage for Alaska's Medicaid program to 62%. This would mean an additional \$31,000,000 in federal funding and would require no increase in state General Fund dollars. The savings could be used for other state purposes while Alaska residents in need of Medicaid would still receive the care they need.

An increase in the Federal Medical Assistance Percentage would also increase funding for aid to families with dependent children, foster care assistance and the JOBS program (Job Opportunity and Basic Skills).

Since Medicaid eligibility is determined according to each state's poverty level, the 25% federal adjustment to Alaska's poverty guidelines increases the number of people we have to cover. This is unfair. On one hand the feds tell us we have to cover these individuals, and yet they don't give us the additional assistance to make it equitable. Given the state's current financial situation, it seems that now is the time to request our fair share.

SPONSOR STATEMENT

Position Paper

A resolution urging the Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when the per capita income of the state is used as a factor in determining the federal share of Medicaid costs.

POSITION

The Department of Health and Social Services strongly supports House Joint Resolution No. HJR 52 which urges Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected in the formula used to calculate the federal financial contribution for programs including Medicaid and Aid to Families with Dependent Children.

Historically, the federal law has mandated a formula which uses a cost of living differential to set a higher poverty level for Alaska. This has the effect of mandating a greater number of eligibles for such programs as Medicaid and Aid to Families with Dependent Children. The federal law fails to specify the use of a cost of living differential to establish the match rate for federal financial contributions to these same programs. The result is that Alaska receives in excess of 40 million dollars less in federal dollars every year than the amount that we believe an equitable formula would provide to us.

All of the current health care reform proposals except the Chaffee Bill employ the same federal match rate formula. Passage of these proposals will further exacerbate the financial burden to Alaska. Senator Stevens instigated the inclusion of this Alaska-specific language in the Chaffee Bill. This was a very important step that we believe must be taken further. The Social Security Act must be amended this year to include this Alaska specific language.

We support Representative Nordlund's resolution to encourage this action by our Congressional delegation.

Recommended by: Kimberly B. Busch
Kimberly B. Busch
Director
Division of Medical Assistance

Date: 1-21-94

Approved by: Margaret R. Lowe
Margaret R. Lowe, M.Ed., Ed.S,
Commissioner

Date: 1-27-94

Medicaid Services Reduced To Meet Budget Constraints

Reductions in Medicaid services were implemented this fall because FY93 medical payments exceeded projections, the FY94 Medicaid budget request was not fully funded by the legislature and, some one time costs were incurred through legal settlements.

Medicaid, an "entitlement program" created by the federal government to provide medical service for low-income citizens, is funded jointly by a state and federal match formula. The program is intended to help those who are elderly, blind, or disabled, and families with dependent children who do not have sufficient money or insurance coverage to pay for health care.

The Division of Medical Assistance is limiting the services it pays for in the following ways:

Increases for inflation adjustments for physicians and dentist fees and for residential psychiatric treatment facility services will not be made; and payments to doctors who assist in surgery will be reduced;

The amount paid to some transportation providers will be capped;

Payment for growth hormones will only be made if the treatment is prescribed by a board-certified endocrinologist to address certain specific medical needs;

The maximum number of chiropractic visits paid for in one year will be reduced from 24 to 12 and payment for x-rays to chiropractors will be limited to one x-ray per year instead of the current three; and,

Prior approval will be required for magnetic resonance imaging (a diagnostic service similar to x-rays).

"In keeping with our mission, we want to ensure access to medical care by low income Alaskans who meet regulatory eligibility and medical need requirements," said Kim Busch, Director of the Division of Medical Assistance. "To that end, the Division reduced expenditures through program changes which limited rather than eliminated optional Medicaid services or eligible groups."



Featured speaker Burdena Pasenelli, Special Agent in charge of the Federal Bureau of Investigations (FBI), Alaska meets with students at McLaughlin during Red Ribbon Week.



Deputy Commissioner Mel Krogseng signing Memorandum of Understanding between the Division of Public Health's Alaska Cancer Prevention and Control Program and the American Cancer Society, Alaska Division Cancer.

Botulism in Alaska:
A Guide for Physicians and Health Care Providers may be obtained by writing Division of Public Health, Section of Epidemiology, P.O. Box 240249, Anchorage, AK 99524-0249.

The Alaska Division of Public Health, the Arctic Investigations Program of the U.S. Centers for Disease Control and Prevention, and the Alaska Area Native Health Service of the U.S. Indian Health Service have produced this monograph to give Alaska health care providers an up-to-date summary of botulism in Alaska.

Botulism in Alaska

A Guide for Physicians and Health Care Providers



FEDERAL MEDICAL ASSISTANCE PERCENTAGE

(FMAP)

- THE FEDERAL BUDGET FOR THE MEDICAID PROGRAM WAS APPROXIMATELY \$121,400,000,000 FOR FEDERAL FY 92.
- THE FEDERAL SHARE OF MEDICAID IN ALASKA FOR THAT PERIOD WAS \$107,700,000, OR LESS THAN \$1 OF EVERY \$1000 IN THE FEDERAL BUDGET.
- THE PROPOSED ADJUSTMENT TO THE FMAP FOR ALASKA WOULD INCREASE FEDERAL FUNDING FOR MEDICAID IN ALASKA BY ABOUT \$30 MILLION, OR 10 CENTS FOR EVERY \$230 SPENT BY THE FEDERAL GOVERNMENT FOR MEDICAID NATIONALLY.
- THE PROVIDER TAX PROGRAM, WHICH OVER 30 STATES USE AS A FUNDING DEVICE TO INCREASE THE FEDERAL SHARE OF THEIR MEDICAID PROGRAM COSTS, WILL INCREASE FEDERAL MEDICAID SPENDING BY \$11,300,000,000 IN FY 93.
- * THE AMERICAN CHAMBER OF COMMERCE (ACCRA) COST OF LIVING INDEX FOR 1992 SHOWS THE COST OF LIVING FOR 4 COMMUNITIES IN ALASKA WHICH RANGE BETWEEN 130% TO 146% OF THE NATIONAL AVERAGE.
- * THE ACCRA INDEX FOR HEALTH CARE COSTS IN THE ALASKA COMMUNITIES IS BETWEEN 171% TO 190% OF THE NATIONAL AVERAGE.
- MEDICARE REGULATIONS RECOGNIZE THE HIGHER COSTS OF HEALTH CARE IN ALASKA BY PROVIDING A FUNDING ADJUSTMENT OF 25% FOR NURSING FACILITIES IN THE STATE.
- ELIGIBILITY FOR MEDICAID IS BASED IN PART ON FEDERAL POVERTY GUIDELINES ESTABLISHED BY THE U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES.
- POVERTY GUIDELINES FOR THE STATE OF ALASKA ARE ADJUSTED UP BY 25% ACCORDING TO THE FEDERAL REGISTER TO REFLECT THE HIGHER COST OF LIVING IN ALASKA.
- ANY ADJUSTMENT TO THE ALASKA FMAP WILL IMPACT NOT ONLY MEDICAID BUT ALSO THE AFDC, FOSTER CARE, AND JOBS PROGRAMS.
- ADJUSTING THE FMAP FOR ALASKA WILL HAVE NO IMPACT ON THE FMAP FOR OTHER STATES.

FACT SHEET IN SUPPORT OF THE FMAP ADJUSTMENT

Sections 1101(a)(8)(B) and 1905(b) of the Social Security Act establishes for each state participating in the Medicaid program a federal matching rate known as the "Federal Medical Assistance Percentage" or FMAP. The FMAP is that percentage of the state's Medicaid expenditures paid by the federal government. The matching rate is established on the basis of the ratio between each state's per capita income and the per capita income of the United States. The intent behind these sections is to assure that states that are poorer in relation to other states will be required to bear a lesser share of the burden of their Medicaid expenditures, with the federal government picking up a larger share. Currently, federal matching rates range from 50% to 79%.

Alaska is unfairly disadvantaged by the current statutory formula. For Alaska the current FMAP rate is 50%, a result of the fact that the Alaska per capita income looks very high in comparison to the per capita incomes of the lower 48 states. However, a simple comparison of per capita income fails to take into account the dramatically higher cost of living and of medical care in Alaska.

Currently Medicare regulations recognize the higher costs in Alaska by providing for an adjustment of 25% for nursing facilities in Alaska. Federal poverty guidelines are also adjusted by 25% for Alaska. The statutory provisions that determine federal matching rates by reference to state per capita income should incorporate a similar cost of living adjustment, so that the share of the Medicaid expenditure burden borne by Alaska will be comparable to that of states where residents with lower per capita incomes also benefit from significantly lower living costs.

The attached legislation to amend sections 1101(a)(8)(B) and 1905(b) would employ an "adjusted per capita income" (per capita income divided by 1.25) to compute the federal matching, FMAP, for Alaska.

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

FMAP BACKGROUND

- FEDERAL FINANCIAL PARTICIPATION FOR THE MEDICAID PROGRAM IS BASED ON THE FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP).
- THE FMAP IS CALCULATED ACCORDING TO A FORMULA BASED ON PER CAPITA INCOME OF THE INDIVIDUAL STATE IN RELATION TO THE PER CAPITA INCOME OF THE UNITED STATES.
- THIS FORMULA IS DEFINED IN THE SOCIAL SECURITY ACT UNDER SECTION 1101 (a)(8)(B) AND SECTION 1905 (b).
- STATE INCOME IS ESTABLISHED AS A DESIGNATED PORTION OF THE NATIONAL INCOME AS DETERMINED AT THE U.S. DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS (BEA). PER CAPITA INCOME OF ALASKA IS DERIVED BY THE BEA AS A PORTION OF NATIONAL INCOME STATISTICS.

FMAP FORMULA

THE FORMULA IS DEFINED IN THE SOCIAL SECURITY ACT, SECTION 1101(a)(8)(B) AND SECTION 1905(b).

THE FORMULA IS:

$$\frac{(\text{STATE PER CAPITA INCOME})^2}{(\text{NATIONAL PER CAPITAL INCOME})^2} \times 45\%$$

Population figures are from the U.S. Department of Commerce-U.S. Census Bureau.

Income figures are "personal income" which includes income derived from all sources. Data is from the U.S. Department of Commerce-Bureau of Economic Analysis.

THE FMAP IS USED TO DETERMINE THE FEDERAL MATCH TO FUND PROGRAMS SUCH AS:

- ★ MEDICAID
- ★ AFDC
- ★ FOSTER CARE
- ★ JOBS PROGRAM

ANY ADJUSTMENTS MADE TO THE FMAP WILL IMPACT THE FEDERAL FUNDING AVAILABLE TO THESE PROGRAMS.

FY 1994 Federal Financial Participation

Proposed FMAP Increase for Alaska

AFDC - Program	
Total Eligible for Federal Match	\$113,600,800
Federal Match @ Proposed Rate	70,432,400
Federal Match @ Current Rate	<u>56,800,400</u>
Proposed Federal Fund Increase	13,632,000
Medicaid - Program	
Total Eligible for Federal Match	\$258,035,000
Federal Match @ Proposed Rate	159,981,700
Federal Match @ Current Rate	<u>129,017,500</u>
Proposed Federal Fund Increase	30,964,200
AFDC & Medicaid Increased Federal Funds	SFY 94 Budget <u>\$ 44,596,200</u>

The \$44.5 million dollars represents an increase in federal funds to the State of Alaska Medicaid and AFDC programs. This estimation is based on the state FY 94 budget. If the proposed change to the FMAP calculation would pass and be effective for FY94, it would mean that federal participation for funding the Alaska Medicaid and AFDC programs would increase by the \$44.5 million, which would reduce the state portion of the Alaska Medicaid budget by \$30.9 million for FY 94 and reduce state expenditures for AFDC by \$13.6 million. That is, overall the state budget for the programs would not change, but the federal participation would increase, thereby decreasing the state GF expenditure.

This letter is to update you with additional information in support of the change we would like to propose to the Social Security Act regarding the Federal Medical Assistance Percentage (FMAP), the federal matching for Medicaid and other programs. At this time we would like to share with you the results of our continued research and other efforts to bring equity to the matching formula for the states of Alaska and Hawaii.

On December 12, 1991 Congress passed the Medicaid Voluntary Contribution and Provider Specific Tax Amendments of 1991. This law was enacted to establish new limitations on Federal Financial Participation (FFP) when states receive funds donated from providers and revenues generated by certain health care related taxes. This legislation was conceived in response to financing methods developed in some states as a method of shifting the burden of Medicaid financing to increase Federal participation, a practice labeled as "a financing scam" and "sleight of hand" by OMB Director, Richard Darman.

Currently there are at least 29 states operating 34 different provider tax or donation programs which cost the federal government \$6.8 billion in FY 92. The George Washington University publication "State Health Notes" begins its June 29 issue with the headlines "Illinois Explores New Provider Tax; Other States May Follow". The lead article states that Illinois Governor Jim Egan has decided to press the issue with the new provider tax legislation by modifying the state's existing assessment program to protect an estimated \$735 million in federal matching funds. This exemplifies the magnitude of and tenacity for these programs which are designed to draw Medicaid money from the federal government to subsidize state Medicaid expenditures.

In spite of HCFA's best efforts to demolish this type of federal underwriting of Medicaid, the legislation which Congress finally enacted has been less effective than was hoped for by that agency. Future costs associated with this method of burden-shifting are shown in the current Federal Medicaid baseline spending projections. The following table shows amounts included in the fiscal year 1993 Federal Medicaid budget associated with State tax and donation programs. These projections which were derived from estimates provided by states show projected federal medicaid spending associated with these programs (in billions of dollars)

FY93	11.3
FY94	14.4
FY95	18.0
FY96	22.00

The States of Alaska and Hawaii however, have never used a provider tax "scam" or collected provider donations to "creatively" fund our Medicaid programs. Medicaid in Alaska

has always been paid for with 50% FFP and 50% State general funds void of any contrived funding mechanism. At this time we still are not initiating a device to finance our Medicaid program through the use of "artificial" provider taxes or donations. All we are seeking is to have our programs funded in terms of dollars that recognize our true costs in these unique settings.

CONSIDERATIONS FOR EQUITY

COST OF LIVING

Alaska is unfairly disadvantaged by the current statutory formula. Alaska's current federal matching rate is 50%, a result of the fact that the Alaska per capita income looks very high in comparison to the per capita incomes of the lower 48 states. However, a simple comparison of per capita incomes fails to take into account the dramatically higher cost of living in Alaska and the even more egregious cost of health care in the state. According to the most recent OPM survey data, residents of Juneau experience a cost of living that exceeds the national standard by more than 32%. The cost of living is even higher in more remote Alaska locations.

These data are confirmed in a study by the American Chamber of Commerce Research Association (ACCRA). Quarterly the association produces the ACCRA Cost of Living Index to provide a reasonably accurate measure of living cost differences among urban areas. The four Alaska communities included in this index all registered current living costs at more than 30% above the average for all participating areas. The Composite Index score for Anchorage was 131%, Fairbanks--130%, Juneau--133%, and Kodiak--146%.

The attached chart displays the ACCRA cost of living data for 34 representative communities when sorted by Health Care Cost standing. The cost of health care in Alaska far exceeds that of any other state. The health care segment of the ACCRA unadjusted composite index reveals the index for Alaska as: Anchorage--179%, Fairbanks--190%, Juneau--182% and Kodiak--171% of the national average.

The ACCRA index reflects cost differentials for a midmanagement standard of living. This standard is set by a weighting structure in which home ownership costs are more heavily weighted than they would be if the index were designed to reflect the average costs for all urban consumers. The remaining charts demonstrate the change in the ranking status of urban areas where the index is recalculated based on a consumer package more in line with a Medicaid eligible's spending ability. That is to say, the mortgage cost has been removed from the calculation. These charts are prepared from ACCRA data for a representative selection of 34 communities: big-small; urban-rural; and nationwide.

When the cost of the mortgage is removed from the composite figure the two Alaska communities included in the 34 immediately come to the top of the list with an even more

substantial gap between Alaska and the other states regarding consumer prices. (Kodiak is now at 141% and Anchorage at 127% with the next two communities, Washington D.C. and Los Angeles, at nearly 10 and 15 percentage points less than Anchorage in living costs.) This large gap demonstrates that Federal match for Medicaid cannot buy services in Alaska comparable to the lower 48 states.

The principals of benefit adequacy and horizontal equity support cost of living differentials in program funding. A health care program receiving federal funding should provide horizontal equity which means adequate and equal treatment of people in similar circumstances. Uniform benefits seemingly would provide horizontal equity in dollar terms. However, if the cost of living varies substantially, the purchasing power of a given amount of money is higher in areas with lower living costs, and the amount of services purchased in one location would not be affordable in another location with a higher cost of living. Financial adjustment to reflect cost of living differences would equalize the real purchasing power of the programs and produce equal treatment for the Alaska Medicaid population.

PROGRAM ELIGIBILITY AND COSTS

Medicaid in Alaska has several program areas where coverage is based on federal poverty levels as a guiding criteria. These programs probably account for at least half of the Medicaid eligible population and an even greater percentage of people actually served under Medicaid. The poverty level is established for the 48 states by family size; guidelines are updated annually from the Department of Health and Human Services.

As prescribed by Federal regulations, the poverty levels for Alaska are set at 125% of poverty in the 48 states, and poverty levels in Hawaii are 115% of US poverty. The Federal Register states this adjustment simply and clearly, "In view of substantially higher costs of living in Alaska and Hawaii, the OEO Income Poverty Guidelines for determining program eligibility in Alaska will be 25% higher, and in Hawaii 15% higher, than the national guidelines."

Federal financial participation for the Medicaid program is based on the Federal Medical Assistance Percentage (FMAP) which is calculated according to a formula based on per capita income in the state in direct relation to the per capita income of the United States. This formula is defined in the Social Security Act under section 1101(a)(8)(B) and section 1905(b). It is to this formula that we hope to add very simple language which will reflect consideration for our documented higher living costs and higher medical care costs in the states of Alaska and Hawaii only.

The methodology used by the federal government to determine the FMAP available to Alaska and Hawaii for the Medicaid program truly produces inequity and diminishes our two states' abilities to purchase care for our Medicaid populations. Amending the Social Security Act to correct this inequity would have increased the federal match by approximately

\$40,000,000 in SFY 93 in Alaska and \$54,000,000 in Hawaii for both the medically indigent people and the health care industry. While significant for these two states, this is an increase of less than 0.2% in federal matching for Medicaid program expenditures. By adjusting the FMAP formula it provides the federal government the opportunity to recognize the true value of per capita income in the financing side of Medicaid for Alaska and Hawaii as it already recognizes our higher living costs in determining who and how many are eligible for program benefits, and still have no impact on the FMAP of other states.

The following is a copy of the language proposed to amend the FMAP formula in a way which will provide relief from the horizontal inequity experienced in the states of Alaska and Hawaii in relationship to our burden of providing higher cost medical care for an expanded Medicaid eligible population. Please contact Kim Busch, Director of Medical Assistance in the Department of Health and Social Services, at 465-3355 for more information regarding the FMAP formula and the proposed amendment to the Social Security Act.

Proposed Amendment to the Social Security Act

Section 1905(b) of the Social Security Act [42 U.S.C. § 1396d(b)] shall be amended to read as follows:

The term "Federal medical assistance percentage" for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to the 45 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (1) for Alaska and Hawaii, the State percentage shall be that percentage which bears the same ratio to 45 per centum as the square of the adjusted per capita income of such State bears to the square of the per capita income of the 50 states; (2) the Federal medical assistance percentage shall in no case be less than 50 per centum or more than 83 per centum; and (3) the Federal medical assistance percentage for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa shall be 50 per centum. "Adjusted per capita income" for Alaska shall be determined by dividing the state three year average per capita income by 1.25, and for Hawaii by dividing the state three year average per capita income by 1.15. The Federal medical assistance percentage for any State shall be determined and promulgated in accordance with the provisions of section 1101(a)(8)(B) of this title. Notwithstanding the first sentence of this section, the Federal medical assistance percentage shall be 100 per centum with respect to amounts expended as medical assistance for services which are received through an Indian Health Service facility whether operated by the Indian Health Service or by an Indian tribe or tribal organization (as defined in section 1603 of Title 25).

COST OF LIVING ANALYSIS
COL SORT by HEALTH CARE COST STANDING

	Location	Health Care 5%	Composite 100%	Grocery 13%	Housing 28%	Utility 9%	Trans. 10%	Misc 35%
1	Anchorage, AK	178.5	131.0	132.1	141.1	98.5	106.9	131.1
2	Kodiak, AK	171.4	145.7	160.6	156.8	172.8	112.2	130.2
3	Washington, DC	142.2	134.4	118.6	175.8	113.7	130.4	112.4
4	Los Angeles, CA	136.5	132.6	107.7	185.3	80.0	119.6	116.4
5	Springfield, MA	110.4	118.7	109.9	135.8	134.9	111.2	108.3
6	Phoenix, AZ	117.0	100.5	100.0	92.6	100.1	106.8	102.9
7	Klamath Falls, OR	112.6	93.1	86.5	89.6	75.6	105.0	93.0
8	Albany, NY	112.5	114.2	110.8	119.8	128.2	104.4	110.3
9	Pittsburg, PA	111.0	107.3	103.4	97.5	149.7	107.8	104.9
10	Visalia, CA	110.1	114.9	107.8	128.9	118.8	106.5	108.4
11	Dallas, TX	107.3	99.1	100.8	93.1	116.0	103.2	96.5
12	Vermillion, SD	106.7	98.4	100.0	88.8	102.7	90.0	100.0
13	Midland, MI	104.8	109.2	106.0	124.6	87.5	100.1	106.9
14	Charleston, SC	103.5	99.4	93.7	96.7	99.2	90.2	105.9
15	Santa Fe, NM	103.3	107.3	98.2	133.4	84.9	102.3	97.7
16	Gainesville, FL	102.4	101.7	95.9	107.0	82.5	107.7	102.7
17	Springfield, IL	102.4	97.8	103.0	92.7	90.6	101.2	100.3
18	Carlsbad, NM	102.3	88.7	102.5	73.8	66.8	106.0	94.1
19	Milwaukee, WI	101.2	104.9	89.5	124.0	95.5	102.1	95.3
20	Sioux Falls, SD	99.4	92.2	97.1	88.7	84.5	99.7	91.9
21	Cincinnati, OH	98.7	106.7	102.7	112.6	94.2	102.6	109.1
22	Cheyenne, WY	97.8	99.2	106.3	95.1	81.1	103.8	103.5
23	Bloomington, IL	96.7	102.7	98.1	98.0	130.1	101.5	102.3
24	Pueblo, CO	96.4	86.0	97.1	73.3	78.6	83.2	93.2
25	Memphis, TN	96.3	94.7	100.0	82.9	89.8	101.5	101.4
26	Tulsa, OK	94.7	88.5	98.3	72.7	90.6	91.4	95.3
27	Macon, GA	94.3	100.1	96.7	94.2	106.6	95.6	106.6
28	Baton Rouge, LA	93.8	97.7	100.5	84.8	117.9	100.7	101.6
29	Birmingham, AL	93.5	99.2	96.2	94.8	121.4	98.7	99.2
30	Bellingham, WA	90.3	93.5	84.3	92.1	84.8	91.0	97.7
31	Lubbock, TX	87.6	94.0	99.3	86.3	83.9	87.3	100.9
32	Louisville, KY	85.2	92.1	88.2	89.2	79.7	92.9	99.7
33	Fort Wayne, IN	83.7	90.6	94.2	89.8	98.3	98.6	86.6
34	Fayetteville, AR	74.9	87.9	94.2	76.4	86.6	95.6	94.8

Prepared using data from the ACCRA COST OF LIVING INDEX, First Quarter 1992 for a representative selection of 34 communities.
 The index reflects cost differentials for a midmanagement (\$32,000/yr.) standard of living.

COST OF LIVING ANALYSIS
COL SORT by COMPOSITE STANDING

	<i>Location</i>	<i>Composite</i> 100%	<i>Grocery</i> 13%	<i>Housing</i> 28%	<i>Utility</i> 9%	<i>Trans.</i> 10%	<i>Health Care</i> 5%	<i>Misc</i> 35%
1	Kodiak, AK	145.7	160.8	156.8	172.8	112.2	171.4	130.2
2	Washington, DC	134.4	118.6	175.8	113.7	130.4	142.2	112.4
3	Los Angeles, CA	132.8	107.7	165.3	80.0	118.6	136.5	116.4
4	Anchorage, AK	131.0	132.1	141.1	88.5	108.9	178.5	131.1
5	Springfield, MA	118.7	109.9	135.8	134.9	111.2	118.4	106.3
6	Visalia, CA	114.9	107.8	128.8	118.8	106.5	110.1	108.4
7	Albany, NY	114.2	110.8	119.8	128.2	104.4	112.5	110.3
8	Midland, MI	109.2	106.0	124.8	87.5	100.1	104.8	106.9
9	Pittsburg, PA	107.3	103.4	87.5	149.7	107.8	111.0	104.8
10	Santa Fe, NM	107.3	98.2	133.4	84.9	102.3	103.3	97.7
11	Cincinnati, OH	106.7	102.7	112.6	84.2	102.8	98.7	109.1
12	Milwaukee, WI	104.9	99.6	124.0	95.5	102.1	101.2	85.3
13	Bloomington, IL	102.7	98.1	88.0	130.1	101.5	96.7	102.3
14	Gainesville, FL	101.7	95.9	107.0	82.6	107.7	102.4	102.7
15	Phoenix, AZ	100.5	100.0	92.8	100.1	106.8	117.0	102.9
16	Macon, GA	100.1	96.7	94.2	108.8	85.8	84.3	106.6
17	Charleston, SC	99.4	88.7	88.7	89.2	80.2	103.5	105.9
18	Birmingham, AL	99.2	86.2	94.8	121.1	98.7	93.5	99.2
19	Cheyenne, WY	99.2	108.3	95.1	81.1	103.8	87.8	103.5
20	Dallas, TX	99.1	100.6	93.1	118.0	103.2	107.3	96.5
21	Springfield IL	97.8	103.0	82.7	90.6	101.2	102.4	100.3
22	Baton Rouge, LA	97.7	100.5	84.8	117.9	100.7	93.8	101.8
23	Vermilion, SD	96.4	100.0	88.8	102.7	90.0	106.7	100.0
24	Memphis, TN	94.7	100.0	82.9	89.8	101.5	96.3	101.4
25	Lubbock, TX	94.0	89.3	88.3	83.8	87.8	87.5	100.0
26	Bellingham, WA	83.5	84.3	92.1	84.8	81.0	80.3	97.7
27	Klamath Falls, OR	83.1	86.5	88.8	75.8	105.0	112.6	93.0
28	Sioux Falls, SD	82.2	87.1	88.7	84.5	89.7	89.4	81.8
29	Louisville, KY	82.1	88.2	89.2	79.7	82.8	85.2	89.7
30	Fort Wayne, IN	80.6	84.2	89.8	98.3	98.6	83.7	86.6
31	Carlsbad, NM	88.7	102.5	73.6	66.8	108.0	102.3	94.1
32	Tulsa, OK	88.5	95.3	72.7	90.6	91.4	94.7	85.3
33	Fayetteville, AR	87.9	94.2	76.4	86.8	95.8	74.8	94.8
34	Pueblo, CO	86.0	97.1	73.3	78.5	83.2	96.4	93.2

Based on data from the ACCRA COST OF LIVING INDEX, First Quarter 1992
for a representative selection of 34 communities.
The Index reflects cost differentials for a midmanagement standard of living.

\\FMAP\COL-100%.WK3

**COST OF LIVING ANALYSIS
COL SORT by HOUSING**

	<i>Location</i>	<i>Composite 100%</i>	<i>Grocery 13%</i>	<i>Housing 28%</i>	<i>Utility 9%</i>	<i>Trans. 10%</i>	<i>Health Care 5%</i>	<i>Misc 35%</i>
1	Los Angeles, CA	132.8	187.7	185.3	80.0	118.8	136.5	116.4
2	Washington, DC	134.4	118.6	175.6	113.7	130.4	142.2	112.4
3	Kodiak, AK	145.7	180.9	156.0	172.8	112.2	171.4	130.2
4	Anchorage, AK	131.0	132.1	141.1	98.5	106.9	178.5	131.1
6	Springfield, MA	118.7	108.9	135.8	134.9	111.2	118.4	106.3
8	Santa Fe, NM	107.3	88.2	133.4	84.9	102.3	103.3	97.7
7	Visalia, CA	114.9	107.8	128.9	118.8	106.5	110.1	108.4
8	Midland, MI	109.2	108.0	124.8	87.5	100.1	104.8	108.8
9	Milwaukee, WI	104.9	99.5	124.0	95.5	102.1	101.2	95.3
10	Albany, NY	114.2	110.8	118.8	128.2	104.4	112.5	110.3
11	Cincinnati, OH	108.7	102.7	112.6	94.2	102.5	98.7	109.1
12	Gainesville, FL	101.7	95.9	107.0	82.5	107.7	102.4	102.7
13	Bloomington, IL	102.7	88.1	98.0	130.1	101.5	86.7	102.3
14	Pittsburg, PA	107.3	103.4	97.5	149.7	107.8	111.0	104.9
15	Charleston, SC	98.4	93.7	96.7	99.2	90.2	103.5	105.9
16	Cheyenne, WY	98.2	108.3	95.1	81.1	103.6	97.8	103.5
17	Birmingham, AL	98.2	98.2	94.8	121.4	88.7	93.6	83.2
18	Macon, GA	100.1	98.7	94.2	108.8	85.8	94.3	108.8
19	Dallas, TX	99.1	100.8	83.1	116.0	103.2	107.3	98.5
20	Springfield IL	97.8	103.0	92.7	80.8	101.2	102.4	100.3
21	Phoenix, AZ	100.5	100.0	92.8	100.1	106.8	117.0	102.9
22	Bellingham, WA	93.5	94.3	92.1	84.8	91.0	90.3	87.7
23	Fort Wayne, IN	90.8	94.2	89.8	88.3	88.6	83.7	88.6
24	Klamath Falls, OR	93.1	98.5	89.8	75.8	105.0	112.8	89.0
26	Louisville, KY	92.1	88.2	89.2	79.7	92.9	85.2	89.7
28	Vernillion, SD	98.4	100.0	88.8	102.7	90.0	108.7	100.0
27	Sioux Falls, SD	92.2	97.1	88.7	84.5	99.7	99.4	81.9
28	Lubbock, TX	94.0	99.3	86.3	83.9	97.3	87.5	100.8
29	Baton Rouge, LA	97.7	100.5	84.8	117.9	100.7	93.8	101.8
30	Memphis, TN	94.7	100.0	82.9	89.8	101.5	96.3	101.4
31	Fayetteville, AR	87.8	94.2	76.4	88.8	85.6	74.9	94.8
32	Carlsbad, NM	88.7	102.5	73.8	66.8	108.0	102.3	94.1
33	Pueblo, CO	88.0	97.1	73.3	78.5	83.2	96.4	93.2
34	Tulsa, OK	88.5	98.3	72.7	80.6	91.4	94.7	95.3

Based on data from the ACCRA COST OF LIVING INDEX, First Quarter 1982
for a representative selection of 34 communities.
The index reflects cost differentials for a midmanagement standard of living.

(FMAP)house - et.WK3

COST OF LIVING ANALYSIS
COL SORT by COMPOSITE STANDING
COMPARISON OF LIVING COSTS WITH and WITHOUT MORTGAGE PAYEMNTS

	Location	With Mortgage Composite	Without Mortgage Composite 100%	Grocery 18%	Utility 13%	Trans. 14%	Health Care 7%	Misc 48%
1	Kodiak, AK	145.7	141.0	180.8	172.8	112.2	171.4	130.2
2	Anchorage, AK	131.0	128.7	132.1	98.5	106.9	178.5	131.1
3	Washington, DC	134.4	117.9	118.8	118.7	130.4	142.2	112.4
4	Los Angeles, CA	132.8	111.8	107.7	80.0	119.6	136.8	116.4
5	Springfield, MA	118.7	111.7	109.9	134.9	111.2	118.4	106.3
6	Albany, NY	114.2	111.6	110.8	128.2	104.4	112.5	110.3
7	Pittsburg, PA	107.3	110.7	103.4	149.7	107.8	111.0	104.9
8	Visalia, CA	114.9	109.1	107.8	118.8	106.5	110.1	108.4
9	Bloomington, IL	102.7	104.2	98.1	130.1	101.5	88.7	102.3
10	Cincinnati, OH	102.7	104.1	102.7	84.2	102.8	88.7	109.1
11	Phoenix, AZ	100.5	103.2	100.0	100.1	108.8	117.0	102.9
12	Midland, MI	109.2	102.8	106.0	87.5	100.1	104.8	108.9
13	Baton Rouge, LA	97.7	102.5	100.5	117.9	100.7	93.8	101.6
14	Macon, GA	100.1	102.1	98.7	108.6	95.6	84.3	108.8
15	Dallas, TX	98.1	101.1	100.8	118.0	103.2	107.3	96.5
16	Birmingham, AL	99.2	100.7	98.2	121.4	98.7	83.5	99.2
17	Cheyenne, WY	98.2	100.5	108.3	81.1	103.8	87.8	103.5
18	Charleston, SC	99.4	100.2	83.7	99.2	90.2	103.5	105.9
19	Springfield IL	97.8	99.5	103.0	90.6	101.2	102.4	100.3
20	Gainesville, FL	101.7	99.8	85.9	82.5	107.7	102.4	102.7
21	Vermillion, SD	96.4	99.1	100.0	102.7	80.0	106.7	100.0
22	Memphis, TN	84.7	99.0	100.0	89.8	101.5	96.3	101.4
23	Milwaukee, WI	104.9	97.1	99.5	95.5	102.1	101.2	95.3
24	Santa Fe, NM	107.3	98.9	98.2	84.9	102.3	103.3	87.7
25	Lubbock, TX	94.0	98.7	99.3	83.9	97.3	87.5	100.9
26	Tulsa, OK	88.5	84.4	98.3	90.6	91.4	84.7	85.3
27	Klamath Falls, OR	93.1	94.2	98.5	75.6	105.0	112.6	93.0
28	Carlsbad, NM	88.7	94.1	102.5	68.8	106.0	102.3	84.1
29	Bellingham, WA	83.5	93.7	84.3	84.8	91.0	90.3	87.7
30	Sioux Falls, SD	92.2	83.2	97.1	84.5	99.7	89.4	91.9
31	Louisville, KY	82.1	92.9	88.2	79.7	92.9	85.2	90.7
32	Fayetteville, AR	87.9	92.1	84.2	86.8	95.8	74.9	94.8
33	Fort Wayne, IN	90.8	90.8	84.2	98.3	98.8	83.7	88.8
34	Pueblo, CO	86.0	90.6	87.1	78.5	83.2	98.4	93.2

Prepared using data from the ACCRA COST OF LIVING INDEX, First Quarter 1992
for a representative selection of 84 communities nationwide.
WOH-SORT 1143

1

COST OF LIVING ANALYSIS
COL SORT by COMPOSITE STANDING

COMPARISON OF LIVING COSTS WITH and WITHOUT MORTGAGE
PAYMENTS

OBSERVATIONS - How the Housing Cost Factor skews the composite index.

When mortgage payment is removed from the composite cost of living determination, the variance or range of difference between highest and lowest is reduced by 9.4 percentage points.

Prioritizing the communities based on the composite number w/ mortgage, there are 12 cities in the range of 100% ± 5.0%.

Prioritizing the communities based on the composite number without mortgage, there are 17 cities, or one-half the population, in the range of 100% ± 5.0%.

The cost of a mortgage is 28% of the composite figure when it is included; this is more than twice the weight of any other single factor accumulated. (Groceries are next high at 13%.)

The range in the mortgage factor is from 185.3 in Los Angeles and 175.8 in Washington DC to 72.7 in Tulsa. This is a difference of 112.6 percentage points.

The one overriding assumption in all these numbers is: this Index reflects cost differentials for a midmanagement standard of living; a family of four with income at \$32,000 annually. } *

The possibility of these AFDC and Medicaid recipients paying a mortgage for housing at this income level is unrealistic. For this reason the mortgage payment was dropped from the COL calculations.

Furthermore, there are several programs which subsidize housing expenses for the poverty and near-poverty income levels, thereby rendering any comparison of housing costs ineffective at this income level.

HJR

54

HOUSE COMMITTEE REPORT

(9)

Date Referred: March 18, 1994

FURTHER REFERRALS:

Date of Committee Action: 3/22/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

SSHJR 54

SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 54

SUPPORT MEDICAL SAVINGS ACCT LEGIS

Relating to medical savings account legislation.

- RECOMMENDATIONS: the same title
 be replaced with _____ a new 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 House HESS Committee

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Pete Kott</i>	✓	<i>For Dan</i>		✓	
<i>Al Veng</i>	✓	<i>Wade Miller</i>		✓	
<i>Bob ...</i>	✓				
<i>Hanley Olberg</i>	✓				
<i>Betty Davis</i>	✓				
<i>Tom Krip</i>	✓				

[Signature]
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

REQUEST:

Revision Date: _____ Dept. Affected NONE
 Title: RELATING TO MEDICAL SAVINGS
ACCOUNT LEGISLATION. BRU: _____
 Sponsor: REP. KOTT Components: _____
 Requestor: REP. KOTT

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
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FUNDING: (THOUSANDS OF DOLLARS)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

ESTIMATE OF ANY CURRENT YEAR (FY 94) COST \$ _____

POSITIONS:

Full-Time	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS (Attach a separate page if necessary)

Prepared By: HOUSE HESS COMMITTEE
 Division: _____
 Approved By: REP. CON BUNDE, CO-CHAIR *CS*
 Agency: REP. CYNTHIA D. TOOHEY, CO-CHAIR
HOUSE HESS COMMITTEE

Phone: 465-3759
 Date: 3-21-94
 Date: 3-21-94



Alaska State Legislature
 House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: 3/22/94

PLACE: Capitol Room 106

SUBJECT OF MEETING:
 *HB 533: ALLOWABLE EFFORT FOR SCHOOL FUNDING
 *HB 521: JUDICIAL REVIEW: TEACHER TENURE DECISIONS
 *HR 54: SUPPORT MEDICAL SAVINGS ACCOUNT LEGISLATION
 - BILLS HELD OVER -
 *HB 412: COMMUNITY CARE FACILITIES
 * INDICATES FIRST PUBLIC HEARING

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
PAT O'BRIEN	NSS				465-2145	(Y) N	HB 412 Answer Questions
DUANE GUILLEY	DDE	801 WEST 10TH ST STE 201	99501		465-2897	Y N	HB 533 AVAILABLE TO ANSWER QUESTIONS
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	



Alaska State Legislature
 House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

SUBJECT OF MEETING:

DATE:

PLACE: Capitol Room 106

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
CLAUDIA DUCLOS	NEA-ALASKA	114 3rd Ave. JUNEAU	99801		580-3870	<input checked="" type="radio"/>	N	HB 521
CARL ROSE	AASB	316 W 11th JUNEAU	99801		61083	<input checked="" type="radio"/>	N	HB 521
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	

Golden Rule[®]

Representative Cynthia Tooley
Co-Chair, House HESS Committee
House of Representatives
State Capitol
Juneau, AK 99801

March 21, 1994

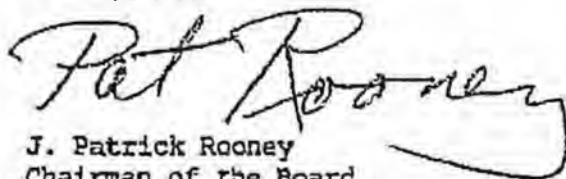
Dear Rep. Tooley:

Not only do I endorse Representatives Kott and Davis' resolution relating to Medical Savings Account legislation, but I also applaud the Alaska Legislature for considering an "American Solution" to the problem of increased spending for health care.

I am aware that the plight of the oft-mentioned 37 million Americans without health insurance is not a result of lack of access. With the exception of about 1% of the population, uninsurability due to health status is not the problem. Cost is the major deterrent, and "job-lock" is also a significant factor.

As the resolution so succinctly states, Medical Savings Accounts will address those problems by empowering people to make their own decisions and at the same time reducing costs throughout the system.

If I or my associates can be of assistance to you, please feel free to contact me.



J. Patrick Rooney
Chairman of the Board

JPR/js

Golden Rule Insurance Company

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712 Eleventh Street
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Alaska State Legislature

House of Representatives



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HEALTH, EDUCATION
& SOCIAL SERVICES
JUDICIARY
STATE AFFAIRS

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MILITARY & VETERANS AFFAIRS
OIL & GAS

INTERIM:
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EAGLE RIVER, AK 99577
PHONE (907) 694-8944
FAX 694-8945

SESSION:
STATE CAPITOL
JUNEAU, AK 99811
PHONE (907) 465-3777

Representative Pete Kott

SPONSOR STATEMENT

HJR 54 – Supporting Medical Savings Account Legislation

As medical costs nationally and in Alaska continue to rise, the need for innovative approaches to health care cost containment becomes more acute. Medical Savings Accounts (MSAs) offer an approach to reducing health care costs that appeals to market forces and minimizes government intrusion into the market. MSAs allow employers and self-employed individuals to purchase a high-deductible catastrophic medical policy and put the premium savings into a special savings account to pay for routine medical care. The funds in the MSA belong to the insured and, if not spent, accumulate as savings, pre-funding future medical care expenses.

Because MSAs belong to the employee, they are fully portable and are not relinquished when the individual changes employment. Over time, MSAs have the potential of building a substantial savings account for the individual, if the person exercises prudence in use of medical care. MSAs will enable a person to purchase health insurance coverage during periods of unemployment if the person so chooses.

MSAs are an attractive health care option because they encourage individual restraint as a means of containing costs. This is compatible with the free market in that it protects individual freedom and rewards prudent decision-making.

HJR 54 urges Congress to enact legislation that will make Medical Savings Accounts a viable option in the national effort to reduce and contain health care costs. I urge its speedy passage.



Medical Savings Accounts: Putting People First in Health Care

By
Victoria C. Craig
Director of Research
The Council for Affordable Health Insurance
February, 1993

Executive Summary

Each of us is mortal — we get sick and we die. And when we do get sick, it is the health care system that reaches out to heal and to comfort us. The health care system will touch each of us at our most vulnerable and intimate moments. How to reform that system is not an abstract exercise, it is a decision that will affect us personally for the rest of our lives. And it is a decision that must put people -- patients -- first, because the only purpose of this or any other health care system must be the care and comfort of the patient.

The Council for Affordable Health Insurance has carefully reviewed the numerous health care reform proposals in the states and at the Federal level. The Council believes that they are all fundamentally flawed because they do not address the real problem in the health care delivery system today — the difference between the person who receives the care, and the person who pays the bill. The Council supports something truly revolutionary for our health care system — a return to market principles through the establishment of medical savings accounts.

Medical savings accounts (MSAs) are tax-deferred accounts set up to pay for routine medical care and to allow for the build-up of funds to pay for future medical expenses. MSAs would allow employers, self-employed individuals, and others to purchase a high-deductible policy and put the premium savings into a medical savings account to pay for routine medical care. The funds in the MSA belong to the insured, and if not spent, accumulate over time as savings, pre-funding future health care expenses.

MSAs have many unique advantages.

- MSAs is the one idea that has the potential to actually reduce health care costs without resorting to rationing.
- MSAs restore the patient/physician relationship, making the patient a buyer as well as user of care.
- MSAs will create a demand for information about the quality and price of health care.
- MSAs will reduce administrative costs,
- MSAs will put insurance companies back in the business of providing real insurance.
- MSAs will end the struggles over state mandated benefits.

By incorporating medical savings accounts with other concepts that have always been the strength of our country — individual freedom and responsibility, a free market for goods, services, and ideas, a robust competitive environment, and limiting government's involvement to protecting those who are incapable of caring for their own needs; we can fix the current health care delivery system instead of destroying it.

This will in turn best accomplish the purpose of a health care system reform — an optimal balance of quality, affordability, and accessibility.

Overall Costs of an MSA

Question: Will administrative costs of the insurance company increase because they will be writing more individual policies? How will this affect the price of the policy?

Answer: It is not clear that there will be more individual policies since we anticipate joint participation between the employer and employee. In fact, if there were an increase in individual policies, that would probably mean that the cost of administering an individual policy would be less than that of a group policy. It must be recognized that administrative costs of the insurance companies will fall since they will not be handling the small dollar claims. And every dollar saved in administrative expenses is a dollar directly available to increase MSA contributions or reduce the cost of the entire insurance program.

Statement: Proponents claim that insurance costs would go down under their plan because consumers would buy their insurance directly from insurers and not through employers. They claim that getting rid of the "third party in the transaction" would greatly reduce administrative red tape and cost. It could be argued, however, that eliminating the employer would lead to increased administrative costs.

Answer: The statement misses the point. We would encourage employers to incorporate the MSA concept into their program. No one is trying to get rid of the employer, but rather to advocate individual responsibility. That is why we envision joint participation, as it is the most efficient and cost effective way to reduce health care costs over a period of time.

Question: Would health insurance premiums be reduced substantially enough to cover the deductible of a catastrophic policy as the medical savings account concept proposes?

Answer: Our actuaries have developed the following estimates based on some of the largest sources of claims data available in the country. These premiums are based on a plan which pays 80 percent of the first \$5,000 of expenses after the deductible and 100 percent thereafter, and assumes a 75 percent loss ratio, and a 40-45 year old head of household.

<u>Deductible</u>	<u>Individual</u>	<u>Annual Premium</u>	
		<u>Individual</u>	<u>Family of 4</u>
\$ 250	\$2,108		\$6,223
<u>2,500</u>	<u>1,132</u>		<u>3,106</u>
Difference	976		3,117

The MSA arrangement is naturally more attractive for families since children's costs are more heavily weighted toward first-dollar expense than those for adults. For about a 40% increase in premiums, the per person \$2,500 deductible can be changed to a per family deductible of \$2,500. In this example, the \$6,223 currently being spent for the \$250 deductible plan could be split as follows:

Premium for a \$2,500 per family deductible	\$4,348
Contribution to the MSA	\$1,875

The maximum out-of-pocket exposure under the \$2,500 deductible plan is \$3,500 or $(\$2,500 + (.20 \times \$5,000))$. The maximum out-of-pocket exposure under the \$250 deductible plan assuming a maximum imposition of three deductibles and three stop-loss expense amounts per family is \$3,750 or $(3[\$250 + (.20 \times \$5,000)])$. Thus the maximum potential out-of-pocket is actually \$250 less under the \$2,500 family deductible even before we consider the amount in the MSA. With the MSA contribution, the financial protection for the family has actually increased by \$2,125. In this example, the individual may want to increase the deductible further to, say, \$5,000. The annual premium for a \$5,000 family deductible would be \$3,135 and the maximum out-of-pocket expense would be \$6,000. Thus, the \$6,223 premium for the \$250 deductible plan could be split with \$3,135 going towards insurance and \$3,088 to the MSA. In this case, the increase in maximum out-of-pocket expense would be $(\$6,000 - \$3,750)$ or \$2,250 which is more than covered by the MSA contribution.

Question: Would raising the deductible from their typical levels of \$100 or \$250 up to \$3,000 really reduce the premiums by 66 percent, thereby assuring that employees would assume no risk of making out-of-pocket expenses with their own money other than out of the MSA?

Answer: It could be as much as two-thirds, but the \$4,500, \$3,000, and \$1,500 figures are meant to be illustrative only. In some cases, they may be

pretty close to the mark, but they will vary widely depending on location and demographics of a particular group. If we use instead numbers based on the same claims data from above, we get a table:

	<u>Deductible</u>	<u>Individual</u>	<u>Family</u>
	\$ 100	\$2,236	\$6,726
	<u>3,000</u>	<u>1,039</u>	<u>2,844</u>
Premium Savings		\$1,197	\$3,882
% Reduction		54%	58%

Question: The reduction in health premiums by 66 percent appears to be implausibly large. It implies that employers currently spend \$3,000 in premiums to reduce each employee family's deductible by at most \$2,900 (from \$3,000 to \$100). Because many families spend less than \$2,900 per year on covered care, the cost of providing low deductible policies (\$3,000 per employee) would be far in excess of the expected cost of the extra care the additional premiums cover, right?

Answer: This is precisely the irony. At lower deductible levels, employers may spend more than one dollar for every dollar of added coverage. This is largely due to the increasing certainty of use of benefits as deductible amounts get lower, combined with the administrative add on of processing these small claims through the insurance mechanism. While a typical health insurance loss-ratio is 75 percent (meaning 25 cents of every premium dollar is spent on taxes, administration, and marketing costs), the distribution of these expenses is much heavier in the handling of small claims where third party involvement is both unnecessary and inefficient.

The cost effect is particularly true for family coverage. For instance, using the numbers above, the cost to reduce the deductible for a family of four from \$3,000 per person to \$100 per person is (\$6,726 - \$2,844) or \$3,882. If we adjust the \$3,000 deductible premium so that it applies on a per family basis, we get (\$2,844 x 1.40) or \$3,982 and the cost of the deductible reduction becomes (\$6,726 - \$3,982) or \$2,744.

This \$2,744 of savings realized by increasing the deductible to \$3,000 will not be diminished by expense loads — every penny is available to spend on health care services or left in the MSA for the future. Another way to look at it is that the premium savings represent average health care expenses of (.75 x \$2,744)

or \$2,058, and an average increase in the MSA of \$686, which makes the option even more attractive to the consumer.

Question: Is it realistic to think that insurers would be willing to sell high-deductible policies? Would policies be affordable?

Answer: Low-cost, high-deductible policies are available today. What is not available is the ability to invest the premium savings in a tax-free account for the purpose of offsetting medical expenses below the deductible amount. Below the table shows some of the annual premiums for policies available in June, 1992. The premiums are based on a family with two adults, age 35, with one child.

Individual Health Insurance Annual Family Premiums With \$2,500 Deductible (June, 1992)					
		Washington National	Fyramid Life	Time Insurance	American Community
Cincinnati	City	\$1,369	\$1,622	\$1,310	\$1,083
	Suburb	1,369	1,622	1,310	1,032
Indianapolis	City	1,369	1,537	1,404	1,259
	Suburb	1,213	1,451	1,216	1,135
Peoria	City	1,542	1,622	1,572	1,032
	Suburb	1,542	1,622	1,572	1,032
Portland	City	N/A	1,878	1,253	N/A
	Suburb	N/A	1,878	1,164	N/A
Des Moines	City	1,369	1,451	1,123	N/A
	Suburb	1,213	1,281	1,123	N/A
Dallas	City	1,836	2,135	1,872	N/A
	Suburb	1,680	1,281	1,123	N/A
Richmond	City	1,525	1,622	1,497	N/A
	Suburb	1,525	1,537	1,497	N/A

(Cents have been truncated to make the chart easier to read)

Some observations about these figures:

1. These policies are on the market today.
2. They are sold individually, not in groups. Medical savings accounts are intended chiefly as a group insurance program and may save additional premiums through economies of scale and the administrative advantages of mass purchasing.
3. These policies contain a per-person deductible, not a family deductible. Going from a per-person to a single family deductible would raise the premium cost by approximately 40 percent.
4. There are extremely wide variations in health care costs and utilization patterns in the United States. These are somewhat reflected on this table in the premium differences between Des Moines and Dallas, but the truly high cost areas (New York, Boston, Los Angeles, and San Francisco) are not included here. Premiums that are appropriate in Des Moines would be far too low for New York (as would deductible levels), and it is important that any legislation allow for the dramatic differences in regional costs.



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January 20, 1994

FOR IMMEDIATE RELEASE

For further information about the survey,
contact Sid Groeneman: (202) 429-6990

Golden Rule Employees
Enthusiastic About Medical Savings Account

An early-January survey demonstrates that employees of Golden Rule, an Illinois-based life and health insurer, are very pleased with their new Medical Savings Account (MSA) plan, are using the funds to pay for services not covered previously, and are saving money for themselves and their company. Sixty-five percent of the employees enrolled in the MSA rate their new form of health insurance as "excellent," and another 32% rate it as "good." Only 2% rate it "only fair," and no one rated it "poor." The employees overwhelmingly prefer the MSA to their former plan, by a margin of 82% to 1%.

"By any standard of comparison, these numbers represent a strong endorsement of the Medical Savings Account," according to Sid Groeneman, a Research Manager for Market Facts, Inc., the firm that conducted the January 7-13 survey for Golden Rule.

The Medical Savings Account is a new form of employer-provided health coverage which uses financial incentives to encourage consumers to purchase health care services more carefully, promoting efficient utilization. With "first-dollar coverage" provided by the MSA, employees can minimize their deductibles and copayments, or avoid them entirely. Under Golden Rule's plan, employees not exhausting the money in their account can choose to receive an end-of-year refund or retain the money in an interest-bearing account to pay for next year's expenses. Golden Rule's MSA plan also offers employees more choice in how they can spend their benefits, as the funds can be used for products and services not covered by most traditional plans such as dental care, eye care, and preventive care.

Most Golden Rule employees chose the MSA originally, at least in part, because they believed it might save them money. As it turned out, they were correct: 93% of enrolled employees received a refund check, averaging \$602. The refunds applied to the period from May through the end of 1993, and likely would have been higher for a full calendar year.

-- MORE --

MARKET FACTS

2

The few MSA-plan employees who didn't receive a refund are just as pleased with the plan as those who did receive a check in December: 19 of the 28 who didn't receive a refund rated the MSA plan as "excellent" (68%), and the remaining nine rated it as "good."

"The thing I'm most pleased about with the Medical Savings Account is the benefit it represents for the single mother," said John M. Whelan, president and chief executive officer. "If she has a child that needs to go to the doctor, she now has first dollar coverage, and she isn't penalized with either a deductible or copayment. It makes it easy for her to take her child to a doctor."

The popularity of the plan extends beyond sheer economics, as 29% also gave a coverage-related reason for choosing the MSA. Most of them mentioned that the MSA pays for routine medical care or miscellaneous expenses not covered by traditional insurance, some noted dental expenses or vision care, and a few mentioned prescription drugs or other items. And about 15% of the employees opting for the MSA mentioned choosing it because they think it helps reduce health/medical expenses for the company or the country.

If it becomes more widely adopted, the MSA form of health coverage should make use of health and medical care services more efficient system-wide. And, while saving money, its proponents believe that it can also promote wellness by expanding consumers' options.

Since Golden Rule's Medical Savings Account went into effect in May 1993, one-fifth of enrolled employees started using a medical service they hadn't used before *because of the plan*, while only 3% indicated they stopped using some service they had been using earlier. Looking toward the future, over half (51%) of the employees think they or their family might use a service they hadn't used before, such as vision or dental care, because of the plan; 4% think they might stop using some medical service or health product.

Twenty-one percent reported "shopping around" or "comparing prices" *more* since the plan went into effect; 9% reported shopping or comparing prices *less*.

Since the Medical Savings Account went into effect, employees have changed their patterns of purchasing health care. One employee said she liked the plan because she now has an incentive "to check on the surgeons' fees before any surgery and even with the regular doctors."

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MARKET FACTS

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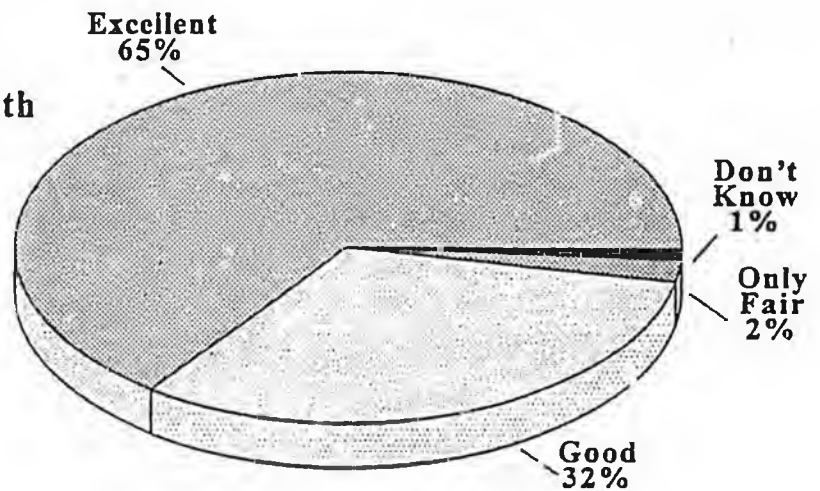
The telephone survey of Golden Rule Insurance employees was conducted by the Washington and Chicago-area offices of Market Facts, Inc., an international survey and market research firm headquartered in Arlington Heights, Illinois. Market Facts made three attempts during the week of the survey to reach and interview the 708 Golden Rule employees for whom phone numbers were available. Five hundred twenty employees were interviewed (73% completion rate). Only 28 employees refused to be interviewed (5% of the eligible employees contacted).

Market Facts conducts research for many of the country's leading corporations, associations, non-profits, and government organizations at all levels. The company recently completed its second personnel survey for the U.S. Postal Service (Summer, 1993), and is about to begin a third USPS survey in 1994. This series includes all USPS employees (over 716,000 in 1993) and represents the largest civilian employee surveys ever conducted.

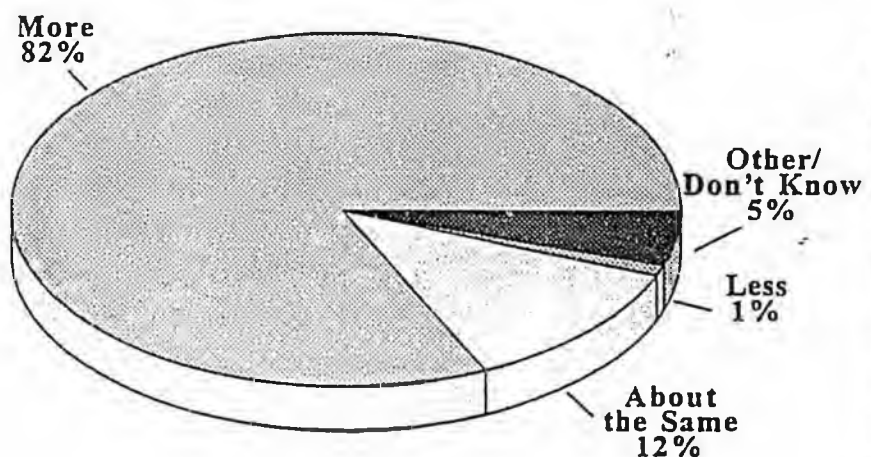
-- GRAPHS ON NEXT PAGE --

Key Findings from Jan. 7-13 Survey of Golden Rule's Employees Enrolled in the Medical Savings Account Plan

"How would you rate the Medical Savings Account health insurance plan overall -- excellent, good, only fair, or poor?"



"Overall, do you like the Medical Savings Account more, less, or about the same as the former Golden Rule plan?"



MEDICAL COSTS IN ALASKA

Alaska has the highest health care costs in the nation. According to Dr. Rodman Wilson costs in Anchorage are 40% higher than in Seattle. In a newspaper article in March of 1993, Ms. Betty Wood, President of Blue Cross Washington/Alaska stated that coronary bypass heart operations were three times as expensive in Anchorage as compared to Seattle. The manager of the Alaska Truckers Association said that he inquired about tying into a Washington State group health insurance plan for the trucking industry and he was told that the Alaska participants would pay a 40% surcharge.

The reason for this situation is overinsurance or excessive demand for medical services.. This is caused by the 130,000 Alaskans who are enrolled in group health insurance plans provided by the State of Alaska, by municipal governments, and by school districts.

The model of these plans is the Aetna plan covering 13,500 Employees of the State of Alaska who are in the Alaska State Employees Association which negotiates this plan. As of March of 1993 this plan had a deductible of \$100, 90% coinsurance to \$3,950, and 100% payment beyond that number.

Suppose that the Union had negotiated a clothing purchase plan instead of the group health insurance plan? State Employees could go to any store that sold clothing and buy as many articles of clothing as they wished. They would be required to have these purchases approved by a Licensed Clothing Advisor who would receive 10% of the purchase as compensation for advice. The participant would be required to pay the first \$100 of the transaction and then 10% of the next \$3,950. For amounts over this number the State would pay 100%. There would be no restrictions on the cost of the clothing or accessories. They could buy Gucci shoes and Brooks Brothers Suits. These purchases would not be taxed as income by the Internal Revenue Service.

If such a plan were to be put into force, Nordstrums, Pennys, Lamonts and other clothing establishments would be jammed with shoppers. The management would expand the facilities and hire more sales and warehouse people. The stores would raise the prices because with the State of Alaska paying the bills, no one will be concerned about cost.

The only difference between the Clothing Purchase Plan and the Group Health Insurance plan is that medical services are intangible and cannot be stored.

The State of Alaska has more people in the service of State and Local government and school districts than any other state, as a percentage of the population. All the group insurance plans of these lesser governmental entities follow the pattern of the State plan negotiated by the Alaska State Employees Union. For example, the group insurance plan of the Copper River School District which has about 100 employees is a clone of the State plan although it is not administered by the

Aetna. It is my estimate that there are 130,000 participants and their dependents in these plans. Private employers such as the banks and the energy companies must pattern their plans after the State Plan.

In February of 1993, the negotiators for the State of Alaska attempted to make some changes to the plan to moderate an anticipated increase in premiums. Aetna had told the State that rates would increase by 30%. This meant an increase in payments to Aetna of about \$20,000,000. The negotiators for the state asked the Union to accept a change in the deductible from \$100 to \$250.00 and a change in coinsurance from 90% of the first \$3,950 to 80% of the first \$5,000 of expense. This change was refused by the Union and the matter has gone to an arbitrator to decide whether the State can alter these provisions.

Why did costs double in the years form 1988 to 1992? According to an article in the Anchorage Times in October of 1989, the 13,500 State employees and their dependents made 338,800 claims in 1988. This is 25 claims per participant. In 1992 the employees made 685,000 claims or about double the number of claims.

Dental and Vision claims remained about the same, The increase was in medical claims.

869% No analysis has ever been made in the State Plan of who makes the claims. Figures in most plans show that 25% of the people make 80% of the claims. Half the people in a plan will make less than 10% of the claims and about 20% of them will not see a physician in the course of a year. Federal Express with 47,000 employees found that 16% of the participants made 80% of claims. I believe that these figures would apply to the State. If my surmise is correct then there are 3.750 participants and their families who made 80% of the claims.

There is no reason why the participants in these governmental plans should not demand as much expensive and extensive health care is available. From the point of view of the doctor he has every reason to supply these services and even urge upon the patient more elaborate and costly procedures. His income and career will benefit by so doing. These fortunate people in the governmental plans have free medical care of the finest quality and this has created unlimited demand and rising costs.

The State will pay \$80,000,000 to pay for the medical, dental and vision costs of 13,500 State Employees. This is about \$6,000 per participant or \$500 per month. We estimate that there are 30,000 people in the plan, including dependents, the cost is about \$2,700 per individual.

These government employees have unlimited access at no cost to the finest in health care. On the other hand, there are 60,000 to 90,000 Alaskans who have no access to health care outside of what they can

pay for themselves. Anchorage has 30,000 of these uninsured people.

On February 6, 1993 there was an article in the Anchorage Daily News concerning the financial problem at the Anchorage Neighborhood Health Center. This is a Community Health Center whose expenses are met in part by the Federal government. These centers were established to provide health care to poor people for a modest fee. The center treated 9,400 people in a year at a cost of \$4,000,000. The doctors at the center work on salary. The cost per person was \$425 per year.

Why does it cost the State \$2,700 per person for health care as compared to \$425 for the Neighborhood Health Center? A partial explanation is that the Health Center provided basic medical care. We know that hospital charges are about 50% of medical costs so let us double the cost for the Health Center per person to \$850. This is 30% of the cost of the State.

The reason for the difference is the State plan is Third Party payments and medicine for a fee with complete choice of physicians available to the participant. The Neighborhood Health Center is direct service with a small payment for service based on the patients ability to pay. It resembles the British System of National Health Service.

The State Group Health Plan could be changed to save millions of dollars. For example a variable deductible could be used as in the Forbes Plan which is attached. Payments could be made to those who made no claims.

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Written at Anchorage, AK. April 6, 1993
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THE INDIANAPOLIS NEWS

"Where the Spirit of the Lord is, There is Liberty."—II Cor. 3:17

MONDAY

DECEMBER 27, 1993

A golden health plan

This Christmas is turning out to be golden for hundreds of Golden Rule employees, thanks to an innovative health program that just could become a model for other employers.

This past year, Golden Rule Chairman J. Patrick Rooney gave his employees a choice between regular, low-deductible health insurance and a new Medical Savings Account plan.

Because low-deductible insurance is so costly, the company devised the new plan: cheaper insurance with a higher deductible, along with a savings account to cover expenses not incurred under the old plan.

The old plan for families had a \$250 deductible and a co-pay that stopped at \$1,000, for a total out-of-pocket employee expense of \$1,250.

The new plan set a \$3,000 deductible, no co-pay, and thus cost Golden Rule far less, but the company then gave the employee \$1,750 to cover the additional deductible expenses.

That made the two plans seemingly equal in merit; in both cases, the employee's out-of-pocket expenses would be the same, \$1,250. But there are some important differences.

Not only did Golden Rule save money on the MSA plan, but now, at year-end, employees are being reimbursed any money not spent from their accounts.

The total reimbursement? An incredible \$468,000.

Under current law, the MSA proceeds are taxable income, as opposed to the tax-free nature of traditional health benefits. But the MSA plan generally would be the better option for those who are able to keep their health costs down in a given year.

The Medical Savings Account plan has some additional benefits. First, the account could be used to pay insurance premiums between jobs. If an

employee loses his or her job or is out on strike, there would be money in the account to continue health insurance.

Too, as Rooney has pointed out, the incentive for employees to be prudent about their health cost spending would be revived under the MSA plan, for employees know they would recoup any unspent money.

In other types of employee health savings accounts, the money reverts back to the employer if it isn't spent by year's end. Thus, especially if it is the employee's own money deducted from his or her paycheck, the employee has a built-in urgency to try to spend the money allocated to the fund, not cut back on health expenditures.

One of the best offshoots of such a plan is that it would encourage more employers to provide health insurance for their employees. People whose companies pay for their insurance often don't realize how much their employers are paying on their behalfs. According to Rooney, annual family premiums in Indianapolis average \$4,300. In Cincinnati, the cost is slightly higher, \$4,500. In Des Moines, that figure nears \$4,700. In Washington, it's closer to \$8,200.

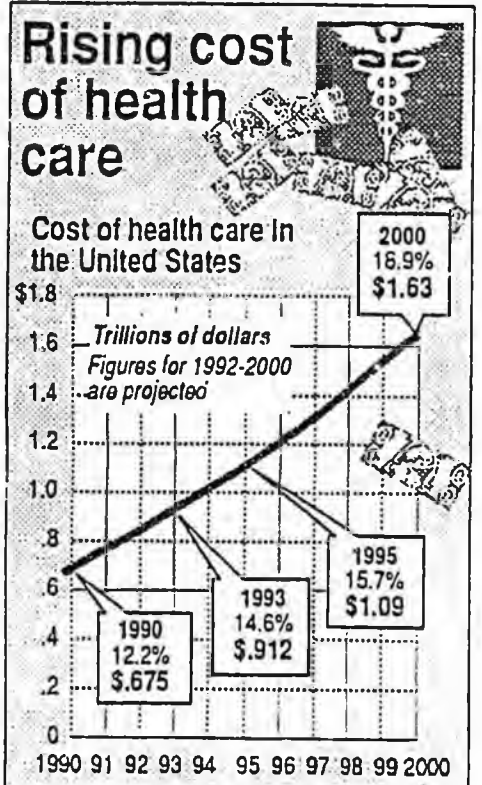
Small businesses often don't provide group insurance, not because they don't care about their employees, but because they can't afford it. That might change if they paid for more reasonably priced high-deductible insurance and employee MSAs.

Congress could get the ball rolling even further by modifying the tax code to allow MSA money to be treated like an Individual Retirement Account, with the fund allowed to accumulate tax-free until it was spent. In fact, Rep. Andy Jacobs, D-Ind., and Sen. Dan Coats, R-Ind., both have introduced legislation to that end.

In particular, Coats' "HealthSave Proposal" would call for participating employers to purchase an umbrella policy for employees for catastrophic medical costs. They then would provide each employee with an MSA of \$3,000 per annum, which would remain on account, tax-free, for future medical bills and other limited uses, such as long-term care and education.

Coats also has called for an increase in tax credits for those whose employers do not offer such coverage.

Americans recognize their critical need for affordable health care, but they also want choices. Golden Rule's MSA plan ought to become a prominent player in the debate over health care options before Congress.



AP/Wm. J. Castello

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COMMENTARY



Mr. Donald F. Foy

Health Care Reform That Works: Medical Savings Accounts

A former Speaker of the House of Representatives once described some pending legislation by saying: "An indefinable something is to be done in a way nobody knows how, at a time nobody knows when, that will accomplish nobody knows what."

How's that for an accurate assessment of today's national

health care debate?

An indefinable something is to be done, because the Clinton administration has staked most of its political capital on bringing manifest change to the way we Americans purchase and receive health care.

It is to be done in a way nobody knows how, because the administration has kept secret its health care plans not in the name of reform but in the interest of politics.

It is to be done at a time nobody knows when, because the administration has discovered that neither Congress nor the nation is thrilled with its economic plan and health care reform involves tinkering with one-eighth of the gross domestic product of the United States.

And it will accomplish nobody knows what, because the types of programs, the extent of the government's involvement, and the economic and social costs they will incur have never before been seen, so the results can only be speculated.

Supply Side Controls Don't Work

The basis of the problem is this: All of these ideas for health care reform impose controls on the supply side of the economic interchange. But the empirical evidence is that controls on the supply side simply don't work.

Medicaid is an excellent example. Statisticians tell us that the average national medical cost of the normally-insured, non-elderly population, including the deductibles and co-insurance they pay out of their own pockets, is \$1,495 per person.

But the average national cost for non-elderly Medicaid patients is \$3,313 . . . more than twice as much!

So what are we accomplishing by controlling medical care costs? We are denying low-income people convenient, quality medical care. Instead, we're sending them to emergency rooms—often in ambulances—at a cost many times greater than if those patients were simply able to visit a neighborhood physician.

Unfortunately, it is this same supply side philosophy that drives the administration's most frequently-mentioned idea for controlling medical costs—managed competition.

Demand Side Idea Makes More Sense

While I don't want to deny the Clinton plan a fair hearing, I think we all would profit by examining an idea from the demand side. It's known as the Medical Savings Account and it allows employers to replace conventional insurance plans with individual savings accounts for employees' medical expenses.

Here's how it works: The average employer nationally paid about \$4,600 in 1992 for health care coverage on an individual worker and family. Nationwide, the annual deductible averages \$212 for one person and \$531 for a family. So when the employee co-payment is included, the employee typically has an average out-of-pocket cost of \$1,000 to \$2,000 for any serious medical expense.

But in most parts of the United States, the employer could buy a catastrophic policy for the worker and his family that will pay all medical expenses above \$3,000 for just 35 to 40% of the cost he has been paying.

If the employer puts \$2,000 into a Medical Savings Account, that employee is guaranteed the same protection he or she had under the previous insurance programs. Here's the difference: if the employee doesn't spend all of the \$2,000, the unspent balance is his to keep.

In a typical American city such as Cincinnati, 23% of all families will spend less than \$500 a year on health care. Those families could retain a savings of \$1,500 or more—if their employers put at least \$2,000 into their Medical Savings Account.

If the employee had a \$100,000 heart transplant operation during the next year, his out-of-pocket costs would still be only \$1,000—no higher than they are today with conventional insurance. The difference is this: with the Medical Savings Account, the insurance company doesn't get involved until the family's medical expenses exceed \$3,000. The employee self-insures the first \$3,000.

Each year, the employee will receive \$2,000—and, at the end of the year, he would be able to roll over any money remaining in his Medical Savings Account into an IRA.

Practical Solution to Cost Control

Medical Savings Accounts offer the most practical method for getting health care spending under control.

- Individuals would have an incentive to spend their health care dollars wisely—they would be using their money, not someone else's.
- The account could be used to pay for any medical expense recognized by the Internal Revenue Service, including preventive care, eye care, dental care and annual physicals.
- Escalating premium increases for employers would stop.
- The accounts would be fully vested in the employee and portable. They would leave with him when he changes jobs.
- Paperwork would be reduced for providers and insurance companies alike, because there is no insurance claim to fill out and no prior approval to be obtained until the expense exceeds \$3,000.
- Medical Savings Accounts would let individuals choose their physicians, rather than have bureaucrats choose for them.
- Medical Savings Accounts would also provide an incentive to stay healthy by allowing individuals to receive preventive care—such as mammograms and pap smears—they might have avoided previously because their insurance didn't cover it or they didn't have the cash.

The Medical Savings Account concept works. At Dominion Resources, Inc., a Virginia utility, a combination of Medical Savings Accounts and other incentives has held health care cost increases to an average of just seven-tenths of one percent over the last three years.

People spending their own money spend it more wisely. So why hasn't a common-sense solution of such obvious merit been adopted nationwide?

Federal Tax Code Presents Obstacle

The primary obstacle is the present federal tax code. When an employer spends a dollar on an employee's health insurance today, that dollar is excluded from the employee's taxable income. But, if the employer wants to establish a Medical Savings Account for the employee, that dollar is subject to federal, state and local taxes—including social security tax. Looking at it another way, today's tax laws encourage us to use health insurance.

The Medical Savings Account would restore competition in the health care marketplace, because the first \$3,000 employees spend would be their own money.

A simple revision of our present tax codes would make Medical Savings Accounts economically attractive to more Americans and begin to apply the brakes to our out-of-control health care costs.

But that isn't the only advantage of the Medical Savings Account.

When employees lose their jobs today, the COBRA legislation guarantees them the right to stay insured by paying an insurance premium to their former employer. The reason most employees don't do that is because they don't have the cash available to pay the premiums that are required.

But, if they had a Medical Savings Account, they would have tax-free money in that account that could be used to pay

Continued on Page 17

(Continued from page 5)–

the COBRA payment and keep insurance in effect until they got a new job.

Half of all uninsured persons are without coverage for four months or less, and 70% are without coverage for 12 months or less. The Medical Savings Account would permit these people to stay insured.

In other words, 25 million Americans—or 70% of the 17 million uninsured—could stay insured without new costs to employers and without new payroll taxes on the workers. This is possible simply by permitting workers to accumulate money in a Medical Savings Account.

The remaining 12 million uninsured could be accommodated by treating all Americans equally on the tax deduction for health benefits.

It's estimated that tax fairness would bring another 9.8 million Americans into the health insurance system at a net cost to the federal government of only \$8 billion a year—small potatoes indeed when compared to the \$150 billion the White House plan may cost! Then, if the government would privatize Medicaid for the non-elderly, we could begin to treat the poor with decency and respect. We could let them go to a neighborhood doctor instead of an emergency room, and we could cut the cost of Medicaid by half.

Savings for the American People

A final point is that this proposal provides much-needed savings for the American people. You'll recall that the individual retirement account was one of the most popular tax benefits ever offered the American workers—before it was repealed!

The Medical Savings Account brings that idea back. It embodies the much-hallucinated tax cut for the middle class—about which we have heard very little lately from our elected leaders in Washington. And it provides each of us with a private-sector solution to our nation's mounting health care crisis.

Instead of waiting for the administration to produce the "indefinable something" in "a way nobody knows how" and "at a time nobody knows when," each of us should tell our representatives in Congress now that we support the Medical Savings Account as the most practical method for getting health care spending under control.

Let me conclude by confiding with you that the Speaker of the House I quoted in the beginning of this article—the man who so succinctly summarized the Clinton administration's jury-rigged approach to health care reform—was Congressman Thomas B. Reed of Maine. He served in Congress between 1877 and 1899!

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Assistant Managing Editors:
RE. Innerst **Michael Keating**
Ted Agres **Barbara Taylor**
Joseph W. Scopin

A proposal for medical savings

The sense of anticipation in the air is palpable. The administration is gearing up its publicity campaign to sell Hillary Rodham Clinton's health care plan, and congressional Democrats tremble at the thought of having to vote for a new round of taxes to pay for it. Meanwhile, the Republicans have been quietly putting together some ideas of their own that could come in handy if the Clinton plan turns out to be so unwieldy and expensive that it sinks under its own weight.

One proposal that holds out a good deal of promise is the medical savings account. According to the National Center for Policy Analysis, which has been working with Republican senators and representatives, the medical savings account plan would have the virtue of cutting costs, simplifying the system and giving consumers more independence in their choice of health care. Here is how it would work:

Currently, the average cost of employment-based family medical insurance plan runs to \$4,500 a year. Part of that is paid by the employer and part by the employee. Instead of the money going to an insurance company as a premium, under this proposal, it would be paid into a tax-free medical saving account, to be spent on health care at the discretion of the consumer. Some people would want to buy into the company plan; others might choose a health maintenance organization (HMO); and others again might want simply to buy a catastrophic health-insurance plan, which can make a lot of financial sense.

Currently, such catastrophic insurance policies cost about \$1,500 to \$1,700 a year. Catastrophic insurance covers most of the costs of hospitalization, which accounts for the majority of the real big-ticket items — major surgery, broken limbs, etc. — that people tend to worry about. By definition, these plans have a high deductible — generally \$2,500 to \$3,000 for the family. That may sound like a lot, but it more or less corresponds to the amount in the medical saving account when the premium has been paid.

It is in that \$3,000 category that real savings can take place. Insurance companies currently find that the vast majority of their claims, over 90 percent, fall into this area. It would be up to the individual consumer to spend the money as each sees fit. If the money is really yours, then chances are you'd want to shop around and compare prices. You would also want to make sure you got the best value for your money. And you would weigh more carefully whether a visit to the doctor is really necessary. An element of competitiveness and accountability would be introduced into the system that is currently lacking, which is one reason that health care costs are zooming out of sight. And, not insignificantly, paperwork for the vast number of minor expenses currently billed directly from the doctor's office to the insurance company would be reduced.

Perhaps the best part for the consumer is that the money not spent would stay in the account from year to year, earning interest. Few people have health care expenses of \$3,000 in a year, so most folks would find their balances growing. At retirement, the final sum would be paid out and possibly rolled over into a pension plan.

But how about those who are currently without insurance? An element of tax fairness could be introduced by making health care premiums tax-deductible for the self-employed. In the lower income ranges, a refundable tax credit could help pay for insurance, and those without incomes could be given health care vouchers, much as they are given food stamps today, to pay for catastrophic insurance and out-of-pocket expenses. That would take them out of the vastly expensive Medicare system.

Right now, it does not seem that Mrs. Clinton's task force has much interest in practical and common-sense approaches such as this. But when the dust settles after the health care battle that will surely come, perhaps the medical savings account will look like an idea whose time has come.

The Tax Trap

IT'S NO MYSTERY why our health-care spending has skyrocketed. Under the law, employers can deduct the cost of health insurance for their employees, but employees cannot deduct insurance they buy themselves. That makes it cheaper for employers to buy insurance than for employees to buy their own. Health-policy analyst Eric-Charles Banfield notes that when federal, state and local taxes take 40 percent of an employee's income, the worker must earn \$3333 to buy a \$2000 insurance policy.

What's more, since employees pay taxes on their salaries but not on their health benefits, they want ever more generous benefits. The result? Today employers offer their workers extravagant coverage for everything from psychological counseling to cosmetic surgery. That makes these services appear free and, says economist John Goodman of the National Center for Policy Analysis, "As long as medical care appears to be free, there will be an unlimited demand for it, driving up costs."

If individuals could deduct the cost of health insurance they bought themselves, many might choose to buy their own—especially if not getting it at the office meant they could earn higher salaries. And if they bought their own, most people would choose more efficient, high-deductible policies. "Insurance should be disaster protection for when the house burns down or the young breadwinner dies," writes Jonathan Kwitny, author of *Acceptable Risks*. "Yet when it comes to health, we send for insurance accountants and adjusters every time we catch cold." The IRS leaves us almost no choice.

all been rather loose affiliations built on contacts. Corporate medicine won't replace that. But as time moves on you'll see more and more systems operate as single entities. They will provide health networks" (Phil West, 2/28). The bill will come before House cmtes. 3/9 (AHL sources).

*7 VIRGINIA: PHYSICIANS DEVISE A CLINTON PLAN ALTERNATIVE

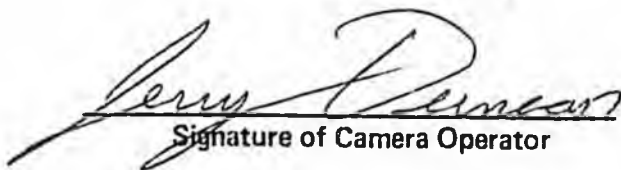
A group of VA doctors proposed an alternative to Pres. Clinton's health reform plan 3/5, "that they say would be less bureaucratic and more patient-friendly." The proposal, dubbed the "American Health Care Plan," would allow people "to put aside monthly amounts into a tax-free medical savings account and ... buy a high-deductible, catastrophic-coverage health insurance policy." The plan was developed by the Jeffersonian Health Policy Fdn., an organization founded by the physicians. The monthly contribution to the savings account for a family of four would be approximately \$400 and the proposed deductible would be \$3,000. JHPF's Joe Elton said the plan is "just like an IRA" -- any money in an individual's account that is not used for medical expenses in a given year will "roll over to the following year." Elton noted that "patients would be paying for their care with their own money and they could choose their own doctors and treatments." RICHMOND TIMES-DISPATCH notes that "poor people would pay what they could afford from their medical savings accounts and ... would receive the care they need from physicians of their own choosing. The physicians treating them would be paid in tax credits." The group will present the proposal to members of Congress in Washington, DC. this month (3/6).

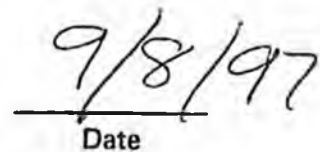


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Date

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FISCAL NOTE

No. 1

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 53

(S) Publish Date: 1/29/93

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: Annuling changes made by certain regu- BRU: Assistance Payments
lations...relating to funding of abortion services... Component: AFDC
 Sponsor: Senate HESS Committee
 Requestor: _____ COMPONENT SERIAL NO. 00220

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(297.3)	(321.5)	(347.7)	(376.1)	(406.7)	(439.9)
MISCELLANEOUS						
TOTAL OPERATING	(297.3)	(321.5)	(347.7)	(376.1)	(406.7)	(439.9)
CAPITAL						
REVENUE FUND SOURCE						

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	(148.7)	(160.8)	(173.9)	(188.0)	(203.4)	(219.9)
1003 GF Match	(148.6)	(160.7)	(173.8)	(188.1)	(203.3)	(220.0)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(297.3)	(321.5)	(347.7)	(376.1)	(406.7)	(439.9)

POSITIONS:

FULL-TIME			
PART-TIME			
TEMPORARY			

Changes in CSA 53 (Fin)
 reflect NO FISCAL CHANGE from the original
 fiscal note. This fiscal note is appropriate.
2-26-93 AK
 date Comte Aide (initial)

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

The fiscal analysis above is based upon the "savings" to the AFDC program resulting from abortions paid for by the General Relief Medical program. Additional information is attached.

This fiscal note is provided to show the estimated cost reduction associated with the proposed legislation. The FY 94 budget, however, does not include adjustments for these cost reductions. No assumption should be made that budget components may be decreased if the legislation passes. The FY 93 impact is shown as 0.0 because there was no consideration of the cost of the regulations addressed by the bill within the FY 93 budget.

Prepared by: Jan Hansen
 Division: Jan Hansen, Director, Division of Public Assistance

Phone: 465-3347
 Date: 1/27/93

Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: Department of Health & Social Services

Date: 1/27/93

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Fiscal Note - H+SS - Assistance Payments - AFDC

ANALYSIS (Cont.)

Aid to Families with Dependent Children

This bill will annul regulations intended to reduce the number of pregnancies that would be aborted because of the availability of payment for that procedure under the General Relief Medical program (GRM). Many of the children who would otherwise be born would be eligible for certain state funded public assistance services. Consequently, this fiscal note relates to the number of children that would not be born and the resultant reduction in utilization of certain state funded services those children would likely have used.

It is assumed that 329 births would be avoided as a result of this bill. That number is based on 40% of the total number of abortions performed with medical assistance funding during FY 91. Of the 329, it is assumed that 55%, or 181 would have been eligible for public assistance programs.

Of the 181 eligible for public assistance, it is assumed that 60%, or 109 would receive Aid to Families with Dependent Children (AFDC) for an average of 6 months during a year; 65 of these children would be new additions to existing cases, at a cost of \$118 per month, and 44 would be first children that bring their parent into AFDC as new assistance cases with an average cost of \$952 per case per month. The FY 94 costs associated with these children are as follows:

65 children X \$118 per month X 6 months =	\$ 46,020
44 children X \$952 per month X 6 months =	\$251,328
Total AFDC costs:	\$297,348

Revenue sources:

50% GF Match:	\$148,674
50% Federal Receipts:	\$148,674

For subsequent years it is assumed that the average annual increase in AFDC caseload will be 5% per year and that there will be an adjustment each year of 3% for increases in the cost of living.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

2
Bill Version: SB 53
(S) Publish Date: 1/29/93

Revision Date: _____ Dept. Affected: Health and Social Services
Title: Annulling changes made by certain regu- BRU: Medical Assistance
lations...relating to funding of abortion services... Component: Medicaid Facilities
Sponsor: Senate HESS Committee
Requestor: _____ COMPONENT SERIAL NO. 00230

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(454.0)	(526.7)	(610.9)	(708.7)	(822.1)	(953.6)
MISCELLANEOUS						
TOTAL OPERATING	(454.0)	(526.7)	(610.9)	(708.7)	(822.1)	(953.6)

CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	(227.0)	(263.3)	(305.5)	(354.3)	(411.0)	(476.8)
1003 GF Match	(227.0)	(263.3)	(305.4)	(354.4)	(411.1)	(476.8)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(454.0)	(526.7)	(610.9)	(708.7)	(822.1)	(953.6)

POSITIONS:

FULL-TIME			
PART-TIME			
TEMPORARY			

Changes in CSB 53 (Fin) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
2-26-93 JK
date Comte Aide (initials)

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)
The fiscal analysis above is based upon the "savings" to the Medicaid Facilities component resulting from abortions paid for by the General Relief Medical program. Additional information is attached.

This fiscal note is provided to show the estimated cost reduction associated with the proposed legislation. The FY 94 budget, however, does not include adjustments for these cost reductions. No assumption should be made that any actual "savings" will result from passage of the legislation. The FY 93 impact is shown as 0.0 because there was no consideration of the cost of the regulations addressed by the bill within the FY 93 budget.

Prepared by: K. B. Burch
Division: Medical Assistance, DHSS
Approved by Commissioner: (R) Theodore A. Mala, MD, MPH
Agency: Department of Health & Social Services

Phone: 465-3355
Date: 1-26-93
Date: 1/27/93

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Fiscal Note - H+SS - Medical Assistance - Medicaid Facilities

ANALYSIS (Cont.)
Medical Assistance
Medicaid Facility Component

This bill will annul regulations intended to reduce the number of pregnancies that would be aborted because of the availability of payment for that procedure under the General Relief Medical program (GRM). Many of the affected women would otherwise continue full-term pregnancies and would be eligible for certain state funded public assistance services as a result. Consequently, this fiscal note relates to the number of women who would not continue their pregnancies and the resultant reduction in utilization of certain state funded services those women would likely have used. It is assumed that the effect of this bill would be to reduce the number of pregnant women who would otherwise be eligible for medical assistance in proportion to the number of abortions performed.

It is assumed that 329 births would be avoided as a result of this bill. That number is based on 40% of the total number of abortions performed with medical assistance funding during FY 91. Of the 329, it is assumed that 55%, or 181 women would have been eligible for medical assistance programs for the pregnancy.

The cost of providing birthing and related services on an inpatient basis to pregnant women are estimated at \$2,508 per pregnancy. For the estimated 181 eligible births these costs total \$454,000 in FY 94.

For subsequent years utilization is anticipated to grow at 11% and inflation is calculated as 5%.

FISCAL NOTE

No. 3

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 53

(S) Publish Date: 1/29/93

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: Annuling changes made by certain regu- BRU: Medical Assistance
lations...relating to funding of abortion services... Component: Medical Non-Facility
 Sponsor: Senate HESS Committee
 Requestor: _____ COMPONENT SERIAL NO. 00229

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(694.4)	(805.5)	(934.4)	(1,083.9)	(1,257.3)	(1,458.5)
MISCELLANEOUS						
TOTAL OPERATING	(694.4)	(805.5)	(934.4)	(1,083.9)	(1,257.3)	(1,458.5)

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	(347.2)	(402.8)	(467.2)	(541.9)	(628.7)	(729.2)
1003 GF Match	(347.2)	(402.7)	(467.2)	(542.0)	(628.6)	(729.3)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(694.4)	(805.5)	(934.4)	(1,083.9)	(1,257.3)	(1,458.5)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Changes in CS5853 (Fin)
 reflect NO FISCAL CHANGE from the original
 fiscal note. This fiscal note is appropriate.
2-26-93 kl
 date Comte Aide (initial)

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

The fiscal analysis above is based upon the "savings" to the Medicaid Non-Facilities component resulting from abortions paid for by the General Relief Medical program. Additional information is attached.

This fiscal note is provided to show the estimated cost reduction associated with the proposed legislation. The FY 94 budget, however, does not include adjustments for these cost reductions. No assumption should be made that any actual "savings" will result from passage of the legislation. The FY 93 impact is shown as 0.0 because there was no consideration of the cost of the regulations addressed by the bill within the FY 93 budget.

Prepared by: [Signature]
 Division: Medical Assistance, DHSS

Phone: 465-3355
 Date: 1-26-93

Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: Department of Health & Social Services

Date: 1/27/93

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H+SS - Medical Assistance - Medical Non Facility

ANALYSIS (Cont.)
Medical Assistance Administration, BRU
Medicaid Non-Facility Component

This bill will annul regulations intended to reduce the number of pregnancies that would be aborted because of the availability of payment for that procedure under the General Relief Medical program (GRM). Many of the children who would otherwise be born would be eligible for certain state funded public assistance services. Consequently, this fiscal note relates to the number of children that would not be born and the resultant reduction in utilization of certain state funded services those children would likely have used.

It is assumed that 329 births would be avoided as a result of this bill. That number is based on 40% of the total number of abortions performed with medical assistance funding during FY 91. Of the 329, it is assumed that 55%, or 181 would have been eligible for public assistance programs after childbirth as would the pregnant mothers previous to childbirth.

The cost of providing prenatal, postpartum, and other medical services to pregnant women and newborns and their parent are estimated at \$3,836 per pregnancy. For the estimated 181 eligible births these costs total \$694,400 in FY 94.

For subsequent years there is an assumed 11% utilization increase and a 5% inflation cost.

H:\POLICY\HSSPLAN\NON-FAC.FN

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

.4
Bill Version: SB 53
(S) Publish Date: 1/29/93

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: Annulling changes made by certain regu- BRU: Medical Assistance
lations...relating to funding of abortion services... Component: General Relief Medical
 Sponsor: Senate HESS Committee
 Requestor: _____ COMPONENT SERIAL NO. 00232

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	288.7	334.9	388.5	450.6	522.7	606.3
MISCELLANEOUS						
TOTAL OPERATING	288.7	334.9	388.5	450.6	522.7	606.3

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	288.7	334.9	388.5	450.6	522.7	606.3
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	288.7	334.9	388.5	450.6	522.7	606.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Changes in CSB 53 (Fix)
 reflect NO FISCAL CHANGE from the original
 fiscal note. This fiscal note is appropriate.
2-26-93 AL
 date Comte Aide (initial)

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

The fiscal analysis above is based upon the "costs" to the General Relief Medical program resulting from abortions paid for through GRM. Additional information is attached.

This fiscal note is provided to show the estimated cost increase associated with the proposed legislation. The FY 94 budget, however, does not include adjustments for these cost increases. No assumption should be made that any actual "new costs" will result from passage of the legislation. The FY 93 impact is shown as 0.0 because there was no

Prepared by: Kimberly B. Bacon
 Division: Medical Assistance, DHSS

Phone: 465-3355
 Date: 1-26-93

Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: Department of Health & Social Services

Date: 1/27/93

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Fiscal Note - H+SS - Medical Assistance - General Relief Medical

ANALYSIS (Cont.)

Medical Assistance Administration, BRU
General Relief Medical, Component

This bill will annul regulations intended to reduce the number of pregnancies that would be aborted because of the availability of payment for that procedure under the General Relief Medical program (GRM). Many of the children who would otherwise be born would be eligible for certain state funded public assistance services. Consequently, this fiscal note relates to the number of children that would not be born and the resultant reduction in utilization of certain state funded services those children would likely have used.

It is assumed that 329 births would be avoided as a result of this bill. That number is based on 40% of the total number of abortions performed with medical assistance funding during FY 91. Of the 329, it is assumed that 55%, or 181 would have been eligible for public assistance programs.

The associated costs with each abortion are estimated to be \$880. For the estimated 329 abortions the total cost is estimated to be \$288,700.

For subsequent years there is an assumed 11% utilization increase and a 5% inflation cost.

H:\POLICY\HSS\PLAN3\GRM.FN

FISCAL NOTE

No. 5

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 53

(S) Publish Date: 1/29/93

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: Annulling changes made by certain regulations...relating to funding of abortion services... BRU: Medical Assistance Administration
 Sponsor: Senate HESS Committee Component: Claims Processing
 Requestor: _____ COMPONENT SERIAL NO. 00243

Expenditures/Revenues: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	(74.2)	(86.1)	(99.8)	(115.8)	(134.3)	(155.8)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(74.2)	(86.1)	(99.8)	(115.8)	(134.3)	(155.8)

CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
1002 Federal Receipts	(55.6)	(64.6)	(74.8)	(86.8)	(100.7)	(116.8)
1003 GF Match	(18.6)	(21.5)	(25.0)	(29.0)	(33.6)	(39.0)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(74.2)	(86.1)	(99.8)	(115.8)	(134.3)	(155.8)

POSITIONS:

FULL-TIME			
PART-TIME			
TEMPORARY			

Changes in CSB 53 (Fin) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
2-26-93 kl
 date Comte Aide (initial)

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

The fiscal analysis above is based on avoidance of the projected costs for processing new claims for newborns and mothers who will utilize the Medicaid program should this bill pass. Additional information is attached.

This fiscal note is provided to show the estimated cost reductions associated with the proposed legislation. The FY 94 budget, however, does not include adjustments for these cost reductions. No assumption should be made that any actual "savings" will result from passage of the legislation. The FY 93 impact is shown as 0.0 because there was no consideration of the cost of the regulations addressed by the bill within the FY 93 budget.

Prepared by: [Signature]
 Division: Medical Assistance, DHSS

Phone: 465-3355
 Date: 1-26-93

Approved by Commissioner: Theodore A. Mala, MD, MPH [Signature]
 Agency: Department of Health & Social Services

Date: 1/27/93

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Fiscal Note - H+SS - Medical Assistance - Claims Processing

ANALYSIS (Cont.)
Medical Assistance Administration, BRU
Claims Processing, Component

This bill will annul regulations intended to reduce the number of pregnancies that would be aborted because of the availability of payment for that procedure under the General Relief Medical program (GRM). Many of the children who would otherwise be born would be eligible for certain state funded public assistance services. Consequently, this fiscal note relates to the number of children that would not be born and the resultant reduction in utilization of certain state funded services those children would likely have used.

It is assumed that 329 births would be avoided as a result of this bill. That number is based on 40% of the total number of abortions performed with medical assistance funding during FY 91. Of the 329, it is assumed that 55%, or 181 would have been eligible for public assistance programs.

The processing costs associated with each claim are estimated to be \$6.23. For the 181 births it is assumed that there will be approximately 65 claims per birth for prenatal care, childbirth, and postpartum care.

For subsequent years there is an assumed 11% utilization increase and a 5% inflation cost.

H:\POLICY\HSSPLAN\CLAIMS.FN

HOUSE COMMITTEE REPORT

(9)

Date Referred: March 26, 1993

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 4/2/93

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: CSSB 53(FIN) am (efd fld)

CS FOR SENATE BILL NO. 53(FIN) am(efd fld) ANNULLING ABORTION FUNDING REGULATIONS
"An Act relating to payment for abortions under Medicaid and general relief medical assistance; annulling changes made by certain regulations adopted by the Department of Health and Social Services relating to funding of abortion services under the general relief medical program."

- RECOMMENDATIONS: [] the same title
 be replaced with _____ [] a new 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 _____

5 ^{Senate} fiscal note(s) H+SS 1/29/93

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
Bettye Dunn	✓	<i>[Signature]</i>	✓		
Irene Nicholas	✓	Car Bunde		✓	
H. Jay Olberg	✓				

[Signature]
CHAIRMAN'S SIGNATURE

4/2/93

LTN1100-R01
04/23/93

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 01
11:11:19

TCN: 30468 DATE & TIME: 04/02/93 15:00 TO 17:00 STATUS: 7 STATS. IN

**** ORDER SUMMARY ****

SPONSOR: HHES HOUSE HEALTH, EDUCATION AND SOCIAL SERVI CHAIRS: TOOHEY
PURPOSE: PUB PUBLIC HEARING BUNDE
CONTACT: LYNNE SMITH TEL#: (907)465-6825
CHAIRING SITE: JUNEAU CAPITOL CAP106

SPONSOR REMARKS(PUB): TESTIMONY: Y ALLOWED 10 MINUTE LIMIT
TCN REQUESTED ON 04/02/93 AND HAS 9 UPDATES

**** AGENDA ****

- 1 HB 148 EXEMPT U OF AK FROM APA PROCEDURES
- 2 HB 210 HIRING OF CHIEF SCHOOL ADMINISTRATOR

**** PARTICIPATING LIOS ****

ANC ANCHORAGE	3111 C STREET	LOCATION	STAFF
FBX FAIRBANKS	119 N CUSHMAN ST	LOCATION	STAFF
* JNU JUNEAU	CAPITOL	CAP106	LOCATION STAFF
KTN KETCHIKAN	352 FRONT STREET	LOCATION	STAFF
PSG PETERSBURG	101 GJOA STREET	LOCATION	STAFF
TOK TOK LIO	MP 1314 AK. HWY	LOCATION	STAFF
VAL VALDEZ	STATE BLDG. #13	LOCATION	STAFF

**** VOLUNTEER & OFFNET SITES ****

ZZZ OF1 OFFNET 1 KUSPUK SD BOBETTE BUSH (907)675-4250

PARTICIPANTS IN ANCHORAGE

1	LARRY WEISS	ANC	TSFY. HB 148
	5862 KENNYHILL DR.	ANCHORAGE	AK 99504 (907)786-4571

PARTICIPANTS IN FAIRBANKS

1	CAROLYN WALLACE	FBX	TSFY. HB 148
	4057 MALLARD WAY	FAIRBANKS	AK 99709 (907)479-4081
2	BONNIE WILLIAMS	FAIRBANKS	TSFY. HB 148
	1335 SUNNY SLOPE RD.	FAIRBANKS	AK 99709 (907)455-6652
3 REF.	TOM BRICE	FAIRBANKS	TSFY. ALL ITEMS
	119 N. CUSHMAN. STE. 205	FAIRBANKS	AK 99701 (907)456-7423

PARTICIPANTS IN: JUNEAU

1	TEST	JNU	TSFY. ALL ITEMS
			AK (907)000-0000
2	TEST	JNU	TSFY. ALL ITEMS
			AK (907)000-0000
3	TEST	JNU	TSFY. ALL ITEMS
			AK (907)000-0000
4	TEST	JNU	TSFY. ALL ITEMS
			AK (907)000-0000
5	TEST	JNU	TSFY. HB 148
			AK (907)000-0000
6	TEST	JNU	TSFY. HB 148
			AK (907)000-0000
7	TEST	JNU	TSFY. HB 210
			AK (907)000-0000
8	OBS	JNU	OBSV. HB 148
			AK (907)000-0000

LTN1100-R01
04/23/93

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 02
11:11:19

TCN: 30468

DATE & TIME: 04/02/93 15:00 TO 17:00

STATUS: 7 STATS. IN

PARTICIPANTS IN: JUNEAU

JNU

9	OBS	2		OBSV. ALL ITEMS (907)000-0000	AK
10	OBS	3		OBSV. ALL ITEMS (907)000-0000	AK
11	OBS	4		OBSV. ALL ITEMS (907)000-0000	AK
12	OBS	5		OBSV. ALL ITEMS (907)000-0000	AK
13	OBS	6		OBSV. ALL ITEMS (907)000-0000	AK
14	OBS	7		OBSV. ALL ITEMS (907)000-0000	AK
15	OBS	8		OBSV. ALL ITEMS (907)000-0000	AK
16	OBS	9		OBSV. HB 210 (907)000-0000	AK

PARTICIPANTS IN: KETCHIKAN

KTN

1 MS. LOIS FOSTER
738 FOREST PARK DRIVE KETCHIKAN
OBSV. HB 148
AK 99901 (907)225-2829

PARTICIPANTS IN: PETERSBURG

PBG

1 MS. MARY FRANCES
BOX 289 PETERSBURG
PBG SCHOOLS SUP. OBSV. HB 210
AK 99833 (907)772-4271

PARTICIPANTS IN: TOK

TOK

1 MS. CATHERINE WILSON
P.O. BOX 226 TOK
AGSD OBSV. HB 210
AK 99780 (907)883-5151

PARTICIPANTS IN: VALDEZ

VAL

1 MR. JOHN TONGEN
BOX 398 VALDEZ
VALDEZ SCHOOLS OBSV. HB 210
AK 99686 (907)835-4357

PARTICIPANTS IN: OFFNET

ZZZ OF1

1 BOBETTE BUSH
KUSPUK
TSFY. HB 210
AK (907)000-0000



Alaska State Legislature

House of Representatives

COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

DATE: APRIL 1, 1993

PLACE: Capitol Room 106

SUBJECT OF MEETING:

SB 53: ANNULLING ABORTION FUNDING REGS.
HB 210: HIRING OF CHIEF SCHOOL ADMINISTRATOR
HB 85: PUBLIC SCHOOL FOUNDATION PROGRAM
HB 195: AUTHORIZING YOUTH COURTS

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
MICHAEL MCGEE	DEPT. OF REVENUE	P.O. Box 110460 JUNEAU, AK 99811	99811		465-2422	Y <input checked="" type="checkbox"/>	SB 53
<i>Christine King</i>	Self	2865 Tenthredin Ave. Apt. 12 JUNEAU	99801		789-9222	(Y) N	53
SID HEIDERSDORF	ALASKANS FOR LIFE	Box 020655, JUNEAU	99802			(Y) N	SB 53
Robin E Stevens	myself	P.O. Box 22070 JUNEAU	99802	586-1565	463-5131	(Y) N	SB 53
Kathy Polk	Self	P.O. Box 020196	99802		463-4846	(Y) N	SB 53
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	

DATE 4/2/93

JOINT _____

TAPE NO. 93-56

JOINT _____

TIME CALLED TO ORDER 3:10 am/pm TIME ADJOURNED 4:24 am/pm

ROLL CALL:	PRES	ABST	TIME	ARRVD	JOINT	MBRS	PRST
<u>REP. TOOHEY</u>	<u>X</u>						
<u>REP. BUNDE</u>	<u>X</u>						
<u>REP. G. DAVIS</u>	<u>X</u>						
<u>REP. VEZEY</u>	<u>X</u>						
<u>REP. KOTT</u>							
<u>REP. OLBERG</u>							
<u>REP. B. DAVIS</u>	<u>X</u>						
<u>REP. NICHOLIA</u>	<u>X</u>						
<u>REP. BRICE</u>							

BILL NO.	SHORT TITLE	ACTION TAKEN
<u>HB 148</u>	<u>Exempt VAW from APA Procedures</u>	
<u>HB 210</u>	<u>Hires of Chief Sec. Admin</u>	
<u>HB 195</u>	<u>Authorizing Youth Court</u>	
<u>SB 53</u>		

OTHER:

SPECIAL ANNOUNCEMENTS:

Subs FROU
New #1
AMENDMENT

FILED

OFFERED IN THE HOUSE

BY REPRESENTATIVE KOTT

TO: CSSB 53(FIN) am (efd fld)

Page 1, line 6, through page 2, line 24:

Delete all material and insert:

"* **Section 1. INTENT.** The intent of this Act is to annul the changes made by certain regulations that were filed with the lieutenant governor in J. 1993 so that abortions are eligible for funding under Medicaid and the general relief medical program to the same extent that they were funded under those programs in December 1992."

Renumber the following bill sections accordingly.

Page 2, line 28:

Delete all material.

1
AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KOTT

TO: CSSB 53(FIN) am(efd fld)

Page 1, lines 1-4:

After "Act," delete remainder of the title.

Insert "annulling changes made by certain regulations adopted by the Department of Health and Social Services relating to funding of abortion services under the general relief medical program.

Page 1, line 6, *Section 1.:

Delete subsection (a).

Page 1, line 14:

After "intent," delete "of sec. 4."

Page 2, line 4 and following:

Delete Sections 2 & 3 of the bill.

Page 2, line 28:

Delete Section 5 of the bill

Renumber remaining parts of the bill as appropriate.

2 - W/DRAWN
AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KOTT

TO: CSSB 53(FIN) am(efd fld)

Page 2, line 7:

Delete the period.

Insert "except as provided in subsection (c) of this section."

Page 2, after line 10:

Insert a new subsection (c) to read:

"(c) The amount of state funds expended under this chapter to pay for abortions in any fiscal year may not exceed the amount appropriated by the legislature from the permanent fund dividend account for the same fiscal year for the purpose of funding abortions."

Page 2, line 13:

After AS 47.25.200, delete "or any other provision of law,"

Insert "except as provided in subsection (c) of this section,"

Page 2, after line 24:

Insert a new subsection (c) to read:

"(c) The amount of state funds expended under this chapter to pay for abortions in any fiscal year may not exceed the amount appropriated by the legislature from the permanent fund dividend account for the same fiscal year for the purpose of funding abortions."

3
AMENDMENT

(3)
FILED 2-7

OFFERED IN THE HOUSE

BY REPRESENTATIVE KOTT

TO: CSSB 53(FIN) a;n(efd fld)

Page 2, line 7:

Delete the period.

Insert "except as provided in subsection (c) of this section."

Page 2, after line 10:

Insert a new subsection (c) to read:

"(c) The amount of state funds expended under this chapter to pay for abortions in any fiscal year may not exceed the amount held by the Department of Revenue in the Abortion Services account as provided in AS 43.23.026.

Page 2, line 13:

After AS 47.25.200, delete "or any other provision of law,"

Insert "except as provided in subsection (c) of this section,"

Page 2, after line 24:

Insert a new subsection (c) to read:

"(c) The amount of state funds expended under this chapter to pay for abortions in any fiscal year may not exceed the amount held by the Department of Revenue in the Abortion Services account as provided in AS 43.23.026.

Page 2, after line 28:

Add a new section to the bill to read:

Sec. 6. AS 43.23 is amended by adding a new section to read:

Sec. 43.23.026. DIVIDEND CHECK-OFF FOR ABORTION SERVICES. There is created in the general fund an Abortion Services account. The Department of Revenue shall prepare the permanent fund dividend application to allow applicants to designate an amount up to and including the total amount of the current year dividend check to be deposited in the Abortion Services account. Permanent fund dividend contributions shall be deposited in the Abortion Services account. Funds in the Abortion Services account may be appropriated by the legislature to the Department of Health and Social Services to fund abortions as provided in AS 47.07.067 and AS 47.25.197.

Change the bill title to reflect these changes.

(3)

⑤
AMENDMENT

FILED
3-6

OFFERED IN THE HOUSE

BY REPRESENTATIVE KOTT

TO: CSSB 53(FIN) am(efd fld)

Page 2, line 15:

After "therapeutic" delete "or elective"

7 
AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KOTT

TO: CSSB 53(FIN) am(efd fld)

Page 2, line 6:

After "procedures" insert "or treatments"

Page 2, line 8:

After "procedure" insert "or treatment"



Alaska State Legislature

House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: APRIL 1, 1993

PLACE: Capitol Room 106

SUBJECT OF MEETING:
 SB 53: ANNULLING ABORTION FUNDING REGS.
 HB 210: HIRING OF CHIEF SCHOOL ADMINISTRAT
 HB 85: PUBLIC SCHOOL FOUNDATION PROGRAM
 HB 195: AUTHORIZING YOUTH COURTS

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
MICHAEL MCGEE	DEPT. OF REVENUE	P.O. Box 110 460 JUNEAU, AK 998	99811		465-2622	Y	SB 53
Christina King	SELF	2865 MENDELHILL Lp. JUNEAU	99801		789-928	(Y) N	53
SID HEIDERSDORF	ALASKANS FOR LIFE	Box 020654 JUNEAU	99802			(Y) N	SB 53
Robin E. Stevens	myself	P.O. Box 22070 JUNEAU	99802	586-1565	463-5131	(Y) N	SB 53
Kathy Polk	Self	P.O. Box 020196	99802		463-4841	(Y) N	SB 53
						Y	
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N

TCN: 30445 DATE & TIME: 04/01/93 15:00 TO 17:00 STATUS: 6 ADJOURNED

4/1/93

**** ORDER SUMMARY ****

SPONSOR: HHES HOUSE HEALTH, EDUCATION AND SOCIAL SERVI CHAIRS: TOOHEY
PURPOSE: PUB PUBLIC HEARING BUNDE
CONTACT: LYNNE SMITH TEL#: (907)465-6825
CHAIRING SITE: JUNEAU CAPITOL CAP106

SPONSOR REMARKS(PUB): TESTIMONY:Y ALLOWED 5 MINUTE LIMIT
TCN REQUESTED ON 04/01/93 AND HAS 15 UPDATES

**** AGENDA ****

1 SB 53 ANNULLING ABORTION FUNDING REGULATIONS

**** PARTICIPATING LIDS ****

* JNU JUNEAU CAPITOL CAP106 LOCATION STAFF
KTN KETCHIKAN 352 FRONT STREET LOCATION STAFF

PARTICIPANTS IN: DILLINGHAM DLG

1 MR. JOHN MARX OBSV. UNKNOWN
AK (907)000-0000
2 MR. DON RENFROE OBSV. UNKNOWN
AND HB210 AK (907)000-0000

PARTICIPANTS IN: HOMER LTC HOM

1 DEBORAH GERMANO TSFY. ALL ITEMS
AK (907)000-0000
2 TOM LAING TSFY. ALL ITEMS
AK (907)000-0000

PARTICIPANTS IN: JUNEAU JNU

1 REP. CON BUNDE TSFY. SB 53
AK (907)000-0000
2 REP. CYNTHIA TOOHEY TSFY. SB 53
AK (907)000-0000
3 REP. PETE KOTT TSFY. SB 53
AK (907)000-0000
4 REP. AL VEZEY TSFY. SB 53
AK (907)000-0000
5 REP. GARY DAVIS TSFY. SB 53
AK (907)000-0000
6 REP. BETTYE DAVIS TSFY. SB 53
AK (907)000-0000
7 REP. TOM BRICE TSFY. SB 53
AK (907)000-0000
8 REP. HARLEY OLBERG TSFY. SB 53
AK (907)000-0000
9 OBSERVER 1 OBSV. SB 53
AK (907)000-0000
10 OBSERVER 2 OBSV. SB 53
AK (907)000-0000
11 OBSERVER 3 OBSV. SB 53
AK (907)000-0000
12 OBSERVER 4 OBSV. SB 53
AK (907)000-0000
13 OBSERVER 5 OBSV. SB 53

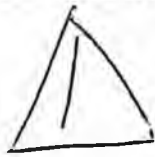
TCN: 30445 DATE & TIME: 04/01/93 15:00 TO 17:00 STATUS: 6 ADJOURNED

PARTICIPANTS IN: JUNEAU JNU

14	OBSERVER	6		OBSV. SB 53	AK (907)000-0000
15	OBSERVER	7		OBSV. SB 53	AK (907)000-0000
16	OBSERVER	8		OBSV. SB 53	AK (907)000-0000
17	OBSERVER	9		OBSV. SB 53	AK (907)000-0000
18	OBSERVER	10		OBSV. SB 53	AK (907)000-0000
19	OBSERVER	11		OBSV. SB 53	AK (907)000-0000

PARTICIPANTS IN: KETCHIKAN KTN

1 MS	KATHY HINSON		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-9133
2 MS	MARSHA GEORGE		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-2490
3 MS	KAREN DANGERFIELD		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-7434
4 MR	BILL FREER		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-5071
5 MS	ELINORE JACOBSEN		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-3395
6 MS	DEBBI LAWE		WARD COVE	TSFY. SB 53	AK 99928 (907)225-3515
7 MS	FRAN YOUNG		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-3528
8 MS	PENNI POET		WARD COVE	TSFY. SB 53	AK 99928 (907)247-8321
9 MS	JANICE DAREFF		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-4333
10 MR.	DONALD POET		WARD COVE	TSFY. SB 53	AK 99928 (907)247-8321
11 MS	MARCIA HILLET		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-5775
12 MS	CARDLYN DIXON		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-2044
13 MS	TERESA CREVIER		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-6588
14 MR.	MIKE MOYER		KETCHIKAN	OBSV. SB 53	AK 99901 (907)225-2193
15 MR.	JOE WILLIAMS		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-4314
16 MS	CANDI AUSTIN		KETCHIKAN	TSFY. SB 53	AK 99901 (907)225-6842



BILL SB 53 DATE 7/1/93
 TAPE 93-55/6 NUMBER ~~543~~
 SUBJECT OF VOTE PK MUSEUM (573)

MEMBER	YEA	NAY	ABS
Rep. Pete Kott	X		
Rep. Harley Olberg		X	
Rep. Bettye Davis		X	
Rep. Irene Nicholia		X	
Rep. Tom Brice		X	
Rep. Cynthia Toohey		X	
Rep. Con Bunde	X		
Rep. Gary Davis	X		
Rep. Al Vezey	X		
TOTAL	4	5	

FML

+++++

BILL SB 53 DATE 4/1/93
 TAPE 93-55/6 NUMBER 053
 SUBJECT OF VOTE PK 3

MEMBER	YEA	NAY	ABS
Rep. Harley Olberg		X	
Rep. Bettye Davis		X	
Rep. Irene Nicholia		X	
Rep. Tom Brice		X	
Rep. Cynthia Toohey		X	
Rep. Con Bunde		X	
Rep. Gary Davis		X	
Rep. Al Vezey	X		
Rep. Pete Kott	X		
TOTAL	2	7	

FAILED

2

BILL SB 53

DATE 4/1/93

TAPE 93-55

NUMBER 137

SUBJECT OF VOTE (4)

MEMBER	YEA	NAY	ABS
Rep. Bettye Davis	—	X	—
Rep. Irene Nicholia	—	X	—
Rep. Tom Brice	—	X	—
Rep. Cynthia Toohey	—	X	—
Rep. Con Bunde	—	X	—
Rep. Gary Davis	X	—	—
Rep. Al Vezey	—	—	—
Rep. Pete Kott	X	—	—
Rep. Harley Olberg	—	X	—

TOTAL 2-6
FAILED

BILL SB 53

DATE 4/1/93

TAPE 93-55

NUMBER 135

SUBJECT OF VOTE (5)

MEMBER	YEA	NAY	ABS
Rep. Irene Nicholia	—	X	—
Rep. Tom Brice	—	X	—
Rep. Cynthia Toohey	—	X	—
Rep. Con Bunde	—	X	—
Rep. Gary Davis	X	—	—
Rep. Al Vezey	X	—	—
Rep. Pete Kott	X	—	—
Rep. Harley Olberg	—	X	—
Rep. Bettye Davis	—	X	—

TOTAL 3-6
FAILED

3

BILL SB 53 DATE 4/1/93
 TAPE 93-55 NUMBER 285
 SUBJECT OF VOTE PK (7) Ann 295

MEMBER	YEA	NAY	ABS
Rep. Tom Brice	---	X	---
Rep. Cynthia Toohey	---	X	---
Rep. Con Bunde	---	X	---
Rep. Gary Davis	---	X	---
Rep. Al Vezey	X	X	---
Rep. Pete Kott	X	X	---
Rep. Harley Olberg	---	X	---
Rep. Bettye Davis	---	X	---
Rep. Irene Nicholia	---	X	---

TOTAL 2-7
 FAILED

BILL SB 53 DATE 4/1/93
 TAPE 93-85 NUMBER ?
 SUBJECT OF VOTE CB
MOVE & IMP RES

MEMBER	YEA	NAY	ABS
Rep. Cynthia Toohey	X	---	---
Rep. Con Bunde	X	---	---
Rep. Gary Davis	---	X	---
Rep. Al Vezey	---	X	---
Rep. Pete Kott	---	X	---
Rep. Harley Olberg	X	---	---
Rep. Bettye Davis	X	---	---
Rep. Irene Nicholia	X	---	---
Rep. Tom Brice	X	---	---

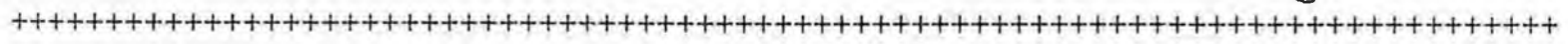
TOTAL 6-3
 PASSED



BILL SB 53 DATE 4/1/93
 TAPE 93-55 NUMBER 405
 SUBJECT OF VOTE FOR RECONSTRUCTION

MEMBER	YEA	NAY	ABS
Rep. Pete Kott		X	
Rep. Harley Olberg	X		
Rep. Bettye Davis			
Rep. Irene Nicholia	X		
Rep. Tom Brice	X		
Rep. Cynthia Toohey	X		
Rep. Con Bunde	X		
Rep. Gary Davis			
Rep. Al Vezey		X	
TOTAL	5	2	

DID THIS MEAN 2/3 MAJ



BILL SB 53 DATE 4/1/93
 TAPE 93- NUMBER 413
 SUBJECT OF VOTE MOVE SB 53 OUT OF COM

MEMBER	YEA	NAY	ABS
Rep. Harley Olberg	X		
Rep. Bettye Davis			
Rep. Irene Nicholia	X		
Rep. Tom Brice			
Rep. Cynthia Toohey			
Rep. Con Bunde			
Rep. Gary Davis			
Rep. Al Vezey			
Rep. Pete Kott			
TOTAL			

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

SR53

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

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 30, 1993

SUBJECT: Procedure to be used in a Committee Meeting: Reconsideration

TO: Representative Pete Kott

FROM: Tamara Brandt Cook
Director
Division of Legal Services *TBC*

You have asked whether a notice of reconsideration may be given as to an action taken in committee. The Uniform Rules are silent on this. Traditionally, the procedure used in committee meetings has been less formal than the procedure used by the full legislature. This lack of formality is acceptable under Mason's Manual, Sec. 632:

1. The rules of procedure in the committee are the same as the rules of the body insofar as such rules are applicable to committee procedure. But insofar as the conditions permit, the rules limiting debate should be relaxed in order to give free discussion and not to handicap the work of the committee. The principal rules which are thus not enforced in their vigor are the following: That no motions to close or limit a debate are allowed, that it is not necessary to arise and address the body before making a motion, that the chairman does not rise to put a question, that he does not leave the chair to speak or to make motions, that motions are not required to be seconded even though this requirement may still be retained by the body, and that a member may speak more than once at the same stage of consideration of a question.
2. There can be no appeal to the presiding officer of the body from decisions on points of order made by committee chairmen.

Note that, basically, committees follow the rules applicable to the body as a whole, so the rules regarding reconsideration should apply on the committee level.

Mason's Manual also specifically addresses the question of reconsideration in a committee.

Sec. 635. Reconsideration by Committee.

1. A standing or special committee has a right to reconsider any action taken by it so long as the subject matter remains in the possession of the committee.
2. Reconsideration in a committee is generally subject to the same rules as in the body. The principal variations are that even when there is a time limit on the motion to reconsider in the main body a reconsideration can be moved at any time while the matter still remains before the committee, and that a reconsideration may be moved by any member, even though he was absent when the vote was taken.

It seems clear that a motion to reconsider can be made in a committee and that the Uniform Rules apply to these motions to the extent that they can be made applicable, except that the time limit on making the motion does not apply. The Uniform Rules treat reconsideration quite differently from Mason's Manual, and under sec. 461, it appears that Mason's uses the terms "motion" and "notice of a motion to reconsider" interchangeably. Therefore, I believe that the Sec. 635 provision that a member of a committee can move to reconsider a vote on a matter at any time while the matter remains before the committee applies to a notice of reconsideration. So, notice of reconsideration in a committee can be given at any time. But, as Mason's observes in sec. 461(2), "In practice the right is closely restricted in time because the motion cannot be made after the subject of the vote is out of possession of the body."

So, if a vote deals with reporting a bill from committee, notice of reconsideration must be given at the meeting the vote is taken. Otherwise the report may be read across and the matter will have left the possession of the committee.

It must also be remembered that, under Uniform Rule 30, reconsideration of a motion to amend is not available. If the matter under consideration is an amendment, a motion to rescind should be used.

APR 01 '93 17:39 LEG. AFFAIRS - KETCHIKAN



TELECOPY COVER SHEET
Ketchikan Legislative Information Office
Office - (907) 225-9675 Fax - (907) 225-8546

TO: House Health Education & Social Services

ATTN: _____ FAX: 465-2864 PHONE: _____

FROM: Ketchikan LIO PHONE: _____

INSTRUCTIONS: Testimony for TD #30445 on SB 53

SENT: Date 4/1/93 Time 4:40 pm

DISPOSAL OF ORIGINAL: Discard _____ Hold for Pickup _____

NUMBER OF PAGES: 17 (NOT counting cover sheet)

TRANSMITTED BY: Ricki

WRITTEN COPIES of
TCP TESTIMONY
(#30445) on SB 53
on 4/1/93



Alaska State Legislature

Please enter into the record my testimony to the House - Hess
committee name

committee on SB53, dated 4/1/93

Today we're not asking you to decide on the legality of abortion. The question is on funding of abortion services under the general relief medical program. Not if abortions should be legal - they are guaranteed in the constitution - but if they should only be guaranteed to women of high incomes.

Denying abortion services to poor women in Alaska is discrimination. It is unfair for low income women to be victimized by the governor's personal beliefs which violate a women's constitutional right to choose. The regulation as established violate right to privacy, equal protection, civil rights and due process which are guaranteed in the Alaska constitution. Without passage of SB53 the regulations, effective February 19, force poor women to carry pregnancies to term even when that is against their best interest and that of their families. Rural women, including Ketchikan women, are hit the hardest since they would have to raise not only the funds for an abortion but for travel to one of the few cities where abortions are available.

The governor's new policy would, as the Dept. of Health and Social Services admits, cost the state millions of additional dollars in medical and welfare costs. If state funds are spent on unwanted pregnancies, this reduces the funds available for needed health care and other services.

I personally believe this issue does not belong in government. It's a personal decision, a very difficult one, that should be made by the woman not by politicians. I'm sure many of you agree. Unfortunately, it has become a political issue. Again, today the decision you have to make is on funding. I ask you to support SB53 that will guarantee this constitutional right to women regardless of income.

Signed: Kleber Lawe
Testifier

Pro-Choice Voters
Representing (Optional)

P.O. Box 1019 - Ward Cove, AK
Address

225-8095
Phone No.



Alaska State Legislature

Please enter into the record my testimony to the HES
committee name

committee on SB53 , dated 3/11/93
bill/subject

SEE attached pages

Signed: _____

Testifier

Representing (Optional)

Address

Phone No.

In good conscience we must protest any public funding of abortion; we would urge any legislator to vote against any such funding in any form.

While abortions may be said to have a positive economic impact by reducing future welfare and social service costs in its elimination of "unneeded" and "unwanted" children, such an assertion serves to acknowledge the personhood of the aborted fetus; and to declare that we would rather eliminate than provide for the babies of the poor. This translates into a policy of genocide directed toward the deprived of our society -- those most in need of our protection -- those in the process of moving into the American mainstream.

Further, we hear of the decreasing number of workers 'coming up' who must support our social security system and consume goods produced by Americans. The true economic advantage would seem to be in preserving the next generation. These young people will produce far more than they will cost our society.