

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10668 SENATE STATE AFFAIRS

Prescription Fairness for Fairbanks

Circulated by Fairbanks Coalition for Choice

SUPPORT CONTRACEPTIVE COVERAGE IN INSURANCE!

We strongly urge you - the Alaska state Legislature and the Governor, to support **CONTRACEPTIVE COVERAGE IN INSURANCE** for all Alaskan women.

- ☆ CONTRACEPTIVE COVERAGE IS A FAIRNESS ISSUE. Many insurers already cover pregnancy and abortion costs, as well as vasectomies and Viagra. Women end up paying 68% more in out-of-pocket prescription costs than men do because most insurers do not cover contraceptives.
- ☆ CONTRACEPTIVE COVERAGE SAVES MONEY: for every dollar spent on family planning, taxpayers save three dollars in health care costs. Preventing unintended pregnancy is much less costly than either birth or abortion.
- ☆ CONTRACEPTIVE COVERAGE WOULD REDUCE THE NUMBER OF ABORTIONS.
- ☆ We ask the state to require insurers to cover any prescription contraceptive pill or device. Affordable contraception helps Americans make responsible choices about childbearing.

*Please check next to your name if you do NOT want to be included in a Signature Ad in the local newspaper.

Signature	Printed Name, Mailing Address, Phone #, e-mail
<input type="checkbox"/> <i>Gerald Kusin</i>	Gerald Kusin Brown PO Box 70196 Fairbanks AK 99707
<input type="checkbox"/> <i>Chris J. Shafer</i>	Chris J. Shafer Fairbanks AK 99709
<input type="checkbox"/> <i>Toni L. McFadden</i>	Toni L. McFadden 1122 Koyukuk Ave Fairbanks 99705
<input type="checkbox"/> <i>J. Douglas Leggett</i>	J. Douglas Leggett PO Box 71148 Fairbanks, AK 99707
<input type="checkbox"/> <i>Tina Callaghan</i>	Tina Callaghan PO Box 72674 Fairbanks AK 99707
<input type="checkbox"/> <i>Cori Anthony</i>	Cori Anthony P.O. Box 73854, Fairbanks, AK 99707
<input type="checkbox"/> <i>Delia Harris</i>	Delia Harris PO Box 7425 Fairbanks AK 99707
<input type="checkbox"/> <i>Donna Olesen</i>	Donna Olesen 6580 Johnson Rd Salcha 99714
<input type="checkbox"/> <i>Inna Krewsky</i>	Inna Krewsky 2211 Penrose Lane Fairbanks AK 99709
<input type="checkbox"/> <i>Shanz Fitzpatrick</i>	Shanz Fitzpatrick 995 Lower Ct. Fairbanks, AK 99712
<input type="checkbox"/> <i>Becky Long</i>	BECKY LONG PO Box 10290 Fairbanks AK 99707
<input type="checkbox"/> <i>Pam Rio</i>	Pam Rio 1350 Garay St. Fairbanks AK 99707
<input type="checkbox"/> <i>Todd Burnside</i>	Todd Burnside 724 Miller Hill Fairbanks 99709
<input type="checkbox"/> <i>Jessica Moehlin</i>	Jessica Moehlin Box 83481 Fairbanks AK 99708
<input type="checkbox"/> <i>Decorso Wright</i>	Decorso Wright PO Box 82025 Fairbanks AK 99708
<input type="checkbox"/> <i>Kim Block</i>	Kim Block 9224 Old Pioneer Way Fairbanks AK 99707
<input type="checkbox"/> <i>Mark DeCorso</i>	Mark DeCorso PO Box 2347 Bethel AK 99559 543-1924
<input type="checkbox"/> <i>Karen Jensen</i>	Karen Jensen PO Box 84705 Fairbanks AK 99708
<input type="checkbox"/> <i>Dano James</i>	Dano James Box 94225 Fairbanks AK 99707
<input type="checkbox"/> <i>Michelle DeCorso</i>	Michelle DeCorso PO Box 2347 Bethel AK 99559
<input type="checkbox"/> <i>Gail Davidson</i>	Gail Davidson PO Box 80151 Fairbanks, AK 99708
<input type="checkbox"/> <i>Harvie S. Hildebrand</i>	Harvie S. Hildebrand, PO Box 80312, Fairbanks, AK 99708
<input type="checkbox"/> <i>David N. Lemme</i>	David N. Lemme 1370 Toolik Dr. North Pole, AK 99705
<input type="checkbox"/> <i>Bob Good</i>	Bob Good c/o 10th ANCI 99500
<input type="checkbox"/>	

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Signature	Printed Name, Mailing Address, Phone #, e-mail
<input type="checkbox"/> <i>Alison York</i>	##### ALISON YORK 1170 SUNDANCE RD, FBX, 99709
<input type="checkbox"/> <i>Annette Baker</i>	ANNETTE BAKER RS. 58339 FBKS, AK 99711
<input type="checkbox"/> <i>Kristie Yunker</i>	Kristie Yunker PO 125 Ester, AK 99725
<input type="checkbox"/> <i>David Yunker</i>	David Yunker PO 125 99725
<input type="checkbox"/> <i>Lindsay Dompeling</i>	Lindsay Dompeling 10712 Lafayette Arch. AK 99515
<input type="checkbox"/> <i>Deborah Bredie</i>	Deborah Bredie 3134 Amber Ann FBKS AK 99709
<input type="checkbox"/> <i>Whitney Allen</i>	449 Sun way - Fairbanks AK - 99709
<input type="checkbox"/> <i>Dale Neslund</i>	Dale Neslund Box 72887 FBKS 99709
<input type="checkbox"/> <i>Jennifer Neslund</i>	Jennifer Neslund Box 72887 FBKS 99709
<input type="checkbox"/> <i>Melissa Garden</i>	Melissa Garden 3333 Spruce Branch BNF, AK 99705
<input type="checkbox"/> <i>Amy Miller</i>	Amy Miller 3284 Goldhill Rd FBKS AK 99707
<input type="checkbox"/> <i>Cusan Cudys</i>	Cusan Cudys 577 Seagull Dr. FBKS - 99709
<input type="checkbox"/> <i>Elizabeth Wood</i>	Elizabeth Wood 1328 Polar Dr FBKS AK 99712
<input type="checkbox"/> <i>Mark K Collins</i>	Mark K Collins 4093 Stillwater, Ct FBKS AK 99707
<input type="checkbox"/> <i>JENNIFER PATTERBERG</i>	JENNIFER PATTERBERG BOX 80731 FBKS AK 99708
<input type="checkbox"/> <i>NATASHA RIOPEL</i>	NATASHA RIOPEL 3300 Thomas #66 FBKS 99705
<input type="checkbox"/> <i>Melody Wright</i>	Melody Wright PO Box 81066 Fairbanks AK 99708
<input type="checkbox"/> <i>KHARI HALATH-SCHREIF</i>	KHARI HALATH-SCHREIF P.O. BOX 57242 N.P., AK, 9970
<input type="checkbox"/> <i>Walt Caty</i>	Walt Caty P.O.B. 10126 Ester - Alaska 99710
<input type="checkbox"/> <i>Nancy Brown</i>	Nancy Brown 705 70126 Fairbanks, AK 99707
<input type="checkbox"/> <i>Patricia J. DeBryte</i>	Patricia J. DeBryte 932 Reindeer Dr. Fairbanks, AK 99709
<input type="checkbox"/> <i>Toni DeBryte</i>	Toni DeBryte 932 Reindeer dr. FBKS, AK 99709
<input type="checkbox"/> <i>Clarice Dukeminier</i>	Clarice Dukeminier 1405 Cowles Fairbanks AK 99701
<input type="checkbox"/> <i>Douanne Koerner</i>	DOUANNE KOERNER 3445B WOLF RUN FBX, AK. 99701
<input type="checkbox"/> <i>Fajga Olson</i>	PO BOX 82566 FBKS AK 99708

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Signature Printed Name, Mailing Address, Phone #, e-mail

- [Signature]* : L. G. Roavice PA Box 83754 99708
- [Signature]* : Sandra Juneby 628 Pleasure Dr. NP 99705
- [Signature]* : CONNIE MAYO 1644 Willow FBKS 99701
- [Signature]* : MICHELLE BARTZETT ^{Box 84344 Fairbanks 99708} 1973 Kaktuswa 99708
- [Signature]* : William J. Holman Box 84344 Fairbanks 99708
- [Signature]* : MARTA MUELLER PO BOX 82724 FAIRBANKS AK 99706
- [Signature]* : Patrick J. Hovea 312 E. Birch Hill Rd FAI 99711
- [Signature]* : Susan Grace Stolte P.O. Box 82832 Fairbanks, AK 99708
- [Signature]* : Sally Anne po box 81846 fa, ak. 99708-1846
- [Signature]* : Anita Rose, PO Box 72461, Fairbanks, AK 99707
- [Signature]* : LANALEE CF. PUETZ 4916B Kahulna Ave, Eickson AFB 99712
- [Signature]* : Charles H. Gallagher Box 42 Ester AK 99725
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- [Signature]* : Lawrence Loran PO 3576 Palmer AK 99645
- [Signature]* : L. Diane Worley 300 Hermit St. Juneau 99801
- [Signature]* : Brenda Crawford P.O. Box 79362 FAI 99701
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- [Signature]* : J. Burck PO Box 56786 NP AK 99705
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<input type="checkbox"/> R. W. VanHorsen	RICHARD W. VANHORSEN PO Box 73526 FBX AK 99708
<input type="checkbox"/> Rachel Reynolds	Rachel Reynolds 401 Dark Star Ct FBX AK 99708
<input type="checkbox"/> Christine Smith	Christine Smith 1506 Third Ave Fbks 99701
<input type="checkbox"/> Marilyn Sachty	Marilyn Sachty 422 Slater Dr FBKS 99702
<input type="checkbox"/> Connie Zachel	Connie Zachel 898 Ballaine Rd Fbks 99709
<input type="checkbox"/> Pat Cahill	Pat Cahill P.O. Box 60013 Fbks AK 99706
<input type="checkbox"/> Mary Huskey	Mary Huskey 70 Peppercorn Dr AK 99709
<input type="checkbox"/> Cathy Lang	CATHY LANG 2750 Goldstream Fbks
<input type="checkbox"/> Ann Mathew	ANN MATTHEW PO 82018 FBKS AK 99708
<input type="checkbox"/> Jessica Lawrence	Jessica Lawrence 2450 Columbine Fbks
<input type="checkbox"/> Sunil Thapa	Sunil Thapa 3711 Gardner St Anchorage AK 99505
<input type="checkbox"/> Terry Brown	Terry Brown 3266 Bluebird Ave Fbks AK 99709
<input type="checkbox"/> Bruce Setlow	Bruce Setlow 891 Linden Lane Fbks AK 99712
<input type="checkbox"/> Rebecca Ray-Turner	Rebecca Ray-Turner 602 Lathrop St. Fbks AK 99701
<input type="checkbox"/> Laura W. Reed	Laura W. Reed 659 Weller Ct. Fbks 99712
<input type="checkbox"/> Sharon Sunnybay	Sharon Sunnybay 2691 Dawson Rd N. Pole 99705 488-4119
<input type="checkbox"/> Ian Olson	Ian Olson P.O. Box 80280 Fairbanks 99708-0280
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<input type="checkbox"/> Dr. Ann Roselli	Dr. Ann Roselli 804 8th Ave Fbks AK 99701
<input type="checkbox"/> Tonia Trabant	Tonia Trabant PO Box 80793 Fbks 99708
<input type="checkbox"/> Dawnell M. Houx	Dawnell M. Houx Box 268 Ester 99725
<input type="checkbox"/> Wilma L. Vinton	Wilma L. Vinton 3650 Warrell Ave Fbks AK 99701
<input type="checkbox"/> Cheryl Fidge	PO Box 48 Tanana, AK 99777 Cheryl Fidge (907) 455-7508
<input type="checkbox"/> Shari Luster	P.O. Box 60863 FBKS 99706 SHARI LUSTER 457-7233

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Signature	Printed Name, Mailing Address, Phone #, e-mail
<input type="checkbox"/> <i>[Signature]</i>	POLLY WHEELER PO Box 82291, FAIRBANKS, AK 99708 <small>ffpew@alaska.edu</small>
<input type="checkbox"/> <i>[Signature]</i>	Grant E. M. Matheke 2064 Goldstream Rd Fairbanks AK 99708
<input type="checkbox"/> <i>[Signature]</i>	Brian Barnes 1170 Sundance Ln Fairbanks AK 99708
<input type="checkbox"/> <i>[Signature]</i>	JAMES R. MARCOTE Box 82785 FAIRBANKS 99708
<input type="checkbox"/> <i>[Signature]</i>	DIANE J. PRESTON Box 80872 Fairbanks 99708
<input type="checkbox"/> <i>[Signature]</i>	Tammy Roman 1260 Airport Way ^{3-A-1} Fairbanks 99701
<input type="checkbox"/> <i>[Signature]</i>	KATHY FERRELL PO Box 82290 FAIRBANKS AK 99708
<input type="checkbox"/> <i>[Signature]</i>	Syrdyn Tong 218 Beer Den Fairbanks 99708
<input type="checkbox"/> <i>[Signature]</i>	Melanie Mahurin, 1202 Denali Way, Fairbanks 99701
<input type="checkbox"/> <i>[Signature]</i>	Bob Hadaway 1202 Denali Way, Fairbanks AK 99701
<input type="checkbox"/> <i>[Signature]</i>	Lynn Walker 1424 Lathrop St. Fairbanks 99701
<input type="checkbox"/> <i>[Signature]</i>	William A. Keith 10192 3rd Ave #9 Fairbanks 99701
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<input type="checkbox"/> <i>[Signature]</i>	Charlette C. Whiteley Box 82956 FAIRBANKS, AK 99708
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<input type="checkbox"/> <i>[Signature]</i>	Bernadette Hoffman P.O. Box 83702 FAIRBANKS, AK 99708
<input type="checkbox"/> <i>[Signature]</i>	PO-Box 814 Delta St Fairbanks AK 99708
<input type="checkbox"/> <i>[Signature]</i>	PO Box 83167 Fairbanks, AK 99708
<input type="checkbox"/> <i>[Signature]</i>	Box 61205 FAIRBANKS AK 99708
<input type="checkbox"/> <i>[Signature]</i>	PO Box 439 MT Dora, FL 32756
<input type="checkbox"/> <i>[Signature]</i>	2208 PARSONS CIRCLE, NORTH PO, AK 99705
<input type="checkbox"/> <i>[Signature]</i>	LAWRENCE M. WALLIS 110 Chapman Ct. Fairbanks 99709
<input type="checkbox"/> <i>[Signature]</i>	John Hagen PO 875198 Fairbanks AK 99707
<input type="checkbox"/> <i>[Signature]</i>	



Alaska State Legislature

Official Business, State Capitol, Juneau, Alaska, 99801

MEMORANDUM

To: Senator Gene Therriault, Chair
Senate State Affairs Committee

From: Johnny Ellis, Senate Minority Leader

Date: April 24, 2002

Re: CS for Senate Bill 15

Handwritten initials, possibly "JE", in black ink.

Thanks!

Please find enclosed a CS for Senate Bill 15, The Contraceptive Equity Act of 2002. This CS reflects a change suggested by Bob Lohr, Director, Division of Insurance, during his testimony at the committee hearing April 11. Mr. Lohr suggested removing language that referenced "limited benefit insurance" because it is redundant. This language is already found in statute. Mike Ford from Legislative Legal agreed, and prepared the included CS.

Also included are an updated Sponsor Statement, a letter of support from the Anchorage Women's Commission, a recent bulletin from the Division of Insurance regarding coverage of prescription contraceptives.

We look forward to SB 15 being brought to the committee again in the near future and ask for it's quick passage.

ALASKA STATE LEGISLATURE

While in Session
State Capitol, Rm. 9
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529

While in Anchorage
716 W. 4th Ave, Ste. 440
Anchorage, AK 99501
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Fax: (907) 269-0172



Senate Rules Committee
Senate Judiciary Committee
Department of Law
Budget Subcommittee

SENATOR JOHNNY ELLIS MINORITY LEADER

Sponsor Statement

Senate Bill 15: The Contraceptive Equity Act of 2002

Summary of Senate Bill 15:

Senate Bill 15 amends Alaska Statute 21.42.410 to require all Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

Seventeen states already require private insurers to provide comprehensive coverage for contraception. Maryland was the first state to pass legislation, in 1998, and in recent years it was adopted by CA, CT, DE, GA, HI, IA, MA, MN, MS, NV, NH, NC, RI, TX, VT, and WA. More than half of state legislatures have considered bills to improve insurance coverage of contraception since 1998. Medicaid, the federal government health plan, and tribal health programs already provide full contraceptive coverage to insured beneficiaries. The military program covers oral contraceptives.

Who would be covered under this legislation?

The Alaska Division of Insurance estimates about 30,000 people are insured in small business plans. About 30 percent of this population are women, or about 9,000 total. This legislation excludes churches and self-insured plans.

Why pass this legislation now? Gender discrimination.

In December 2000, the U.S. Equal Employment Opportunity Commission (EEOC) ruled that failure by an employer to provide prescription contraceptives, when its health plan covers other preventive services and devices, constitutes sex discrimination. It based its decision on violations of the federal Pregnancy Discrimination Act (PDA), which requires equal treatment of women "affected by pregnancy, childbirth or related medical conditions." Equal treatment also applies to the prevention of pregnancy. A recent federal district court in the case of Erickson vs. Bartell Drug Company also stated that exclusion of prescription contraceptives from an employee health plan constitutes sex discrimination. (EEOC Summary of Charge, section B, <http://www.eeoc.gov/press/12-13-00.html>)

A legal opinion from the Alaska State Legislature's Division of Legal Services indicates the EEOC's ruling would be applicable to all "employers," which for legal purposes is defined as all businesses with 15 or more employees.

Women do not receive equal coverage or equal care.

While nearly all insurance plans cover prescriptions in general, most treat prescription contraception used only by women (i.e., pills, diaphragms, IUDs, and Norplant) less favorably than medical forms of contraception used by men (i.e., sterilization). Nationwide, 50% of insurance companies *exclude all contraceptives* and only 15% cover all FDA-approved forms of contraception. (Kaiser Foundation Employer Health Benefits: 1999 Annual Survey) (http://204.168.19.126/pub_art_sylvialaw.html)

Women pay more and get less.

There are 140,000 women of childbearing age (15-44) in Alaska. The average woman who wants two children will spend five years trying to get pregnant and more than 20 years trying to avoid pregnancy. During those 20 years, women pay 68 percent more than men in out-of-pocket medical costs. A year's supply of oral contraceptives costs about \$360. A year's supply of Depo Provera can be as high as \$620 a year. Alaska's labor statistics further indicate the burden – women earned 65 cents for every dollar earned by a man in 1997. (AK Economic Trends, Dept. of Labor, 1999)

History of gender discrimination.

History shows that mandates are necessary to secure coverage of women's most basic health care needs. It wasn't until 1978, with the passage of the Pregnancy Discrimination Act, that expenses related to pregnancy, childbirth or related medical conditions were finally covered by insurance. Similarly, coverage for pap smears and mammograms were excluded from insurance policies until state and federal laws required it in the 90s.

Unintended pregnancies have social and financial costs.

Unintended pregnancies are a risk to families. Findings show a higher frequency of inadequate prenatal care and low birth weight infants as well as child abuse, economic hardship and divorce. Almost 50% of pregnancies in the nation are unintended, including 31% of pregnancies among married women. Half of those end in abortion. In Alaska, there are 120 pregnancies for every 1,000 women, 69 % of which end in live births, 16% in abortions.

Of live births, 42 % are unintended. Almost half of unintended pregnancies in Alaska are paid for by a government source. A large number of births are also paid for by private insurance -- costs that are eventually distributed to others in the form of higher insurance premiums. The cost of oral contraceptives for one year is approximately \$300. The cost of a pregnancy is \$5,000 for an uncomplicated delivery and \$10,000 for a cesarean. Low birth-weight babies are even more expensive. ([http://www.hss.state.ak.us/dph/mcfh/dataline/1999/oct99.htm#Unintended Pregnancies Resulting in Live Births](http://www.hss.state.ak.us/dph/mcfh/dataline/1999/oct99.htm#Unintended%20Pregnancies%20Resulting%20in%20Live%20Births))

Contraceptive coverage pays for itself.

Studies show including contraceptives in prescription programs could cost as little as \$1.43 per employee per month to as high as \$3.50 per employee per month. The high estimate is slightly more than the price of one month of oral contraceptives. A 15 percent increase in the number of oral contraceptive users in a health plan would provide enough savings in pregnancy costs alone to provide oral contraceptive coverage for all users in the plan. (American Journal of Public Health, 1995)

Please join me in support of SB 15: the Contraceptive Equity Act of 2002.



Municipality of Anchorage



George P. Wuerch,
Mayor

ANCHORAGE WOMEN'S COMMISSION

P.O. Box 190650
Anchorage, Alaska 99519-5650
<http://www.ci.anchorage.ak.us>

Telephone:
(907) 343-6730

April 11, 2002

Senator Gene Therriault, Chair
Senator Randy Phillips, Co-Chair
Senate State Affairs Committee

Dear Senators Therriault and Phillips:

The Anchorage Women's Commission (AWC) exists to advise the Mayor and Assembly of Anchorage on matters pertaining to the status of women. Today we encourage you to support and pass Senate Bill No. 15 because we believe it will improve the health of mothers and families, prevent unintended pregnancies, is cost effective, and it brings justice in equal treatment to all who use prescription medications.

SB15 is family friendly, makes good sense, and represents legislation that serves our Anchorage community well, especially in helping women and their families live better quality and more balanced lives.

Beyond the sensibility and good judgement to pass SB15 because it is family friendly, we strongly believe that equal treatment of services is the very bloodline of our constitution. Equal coverage for prescriptions will bring us online to ensure that all citizens are treated fairly and equally under the laws of our Great State.

The AWC strongly encourages you to pass SB 15 and provide equity in prescription insurance coverage to all women in Alaska because it truly is the right thing to do.

Very sincerely,

Mary Ideran
Chair

Tony Knowles, Governor



Division of Insurance

3601 C Street, Suite 1324, Anchorage, AK 99503-5948

Telephone: (907) 269-7900 • Fax: (907) 269-7910 • Text Telephone: (907) 465-5437

Email: Insurance@dced.state.ak.us • Website: www.dced.state.ak.us/insurance/

BULLETIN B 02-08

**TO: ALL INSURERS TRANSACTING HEALTH INSURANCE IN ALASKA
AND OTHER INTERESTED PARTIES**

RE: COVERAGE OF PRESCRIPTION CONTRACEPTIVES

On December 14, 2000 the U.S. Equal Employment Opportunity Commission (EEOC) issued a decision on coverage of prescription contraceptives. The EEOC concluded that, pursuant to the Pregnancy Discrimination Act, employers may not discriminate in their health insurance plan by denying benefits for prescription contraceptives when they provide benefits for other prescription drugs and devices.

On June 12, 2001, U.S. District Court Judge Robert S. Lasnik, issued a summary judgement in *Erickson v. Bartell Drug Company*, 141 F. Supp.2d 1266 (W.D. Wa. 2001) in favor of Erickson finding that exclusion of prescription contraceptives from Bartell's comprehensive prescription drug plan constituted discrimination on the basis of sex in violation of Title VII, of the Civil Rights Act of 1964, as amended by the Pregnancy Discrimination Act.

Based on the EEOC decision and U.S. District Court ruling, in order for employers to avoid violation of Title VII, insurance coverage offered to employees should provide coverage for prescription contraceptives to the same extent that the plan provides coverage for other prescription drugs or devices. The division requests your assistance in spreading the word to employers with whom you do business, thereby assuring that they remain in compliance with Title VII by providing comparable coverage for prescription contraceptives when they cover other prescription drugs and devices.

Dated this 16th day of April 2002, at Anchorage, Alaska.

A handwritten signature in black ink, appearing to read "Robert A. Lohr", is written over a horizontal line.

Robert A. Lohr
Director

Testimony of
Elisa Wells, MPH
3224 Purdue Street
Anchorage, AK 99508
907-279-2055

Please support SB 15, which requires insurance coverage for prescription contraceptives. This bill is:

FAIR: If men have coverage for Viagra, women should have coverage for contraceptives. Insurance plans that do not provide equal coverage of prescription drugs have been found to be discriminatory against women (as in Washington State). Let's avoid the expense of a law suit and make laws that are fair and equitable to begin with.

COST EFFECTIVE: By providing coverage for contraceptives, insurers can decrease their expenditures on the more expensive care associated with pregnancy (be it prenatal care and childbirth or abortion).

PRO LIFE: Increasing access to contraceptives is probably the single most important thing we can do to prevent unintended pregnancies, which often result in abortion. Opponents who state that contraceptives cause abortion are ill informed. Any review of the scientific literature will clearly show that contraceptives do not cause abortion. In fact, if a woman who is already pregnant due to oral contraceptive failure continues to take the pill, it will have no effect on the pregnancy. Also, while the IUD (intrauterine device) was long thought to disrupt implantation of a fertilized egg, research has shown that it acts to *prevent fertilization*. It is time we base our decisions on facts and not on misinformation promulgated by a conservative minority with an ideologically driven agenda.

SB 15 is a win-win proposition. Women win by having equal access to prescription drugs. Insurers win by reducing their costs for pregnancy related care. Anti-abortion advocates win by reducing the number of unintended pregnancies. Who can argue with that?

THE COALITION FOR PRESCRIPTION EQUITY

April 9, 2002

Senators Therriault, Phillips, Halford, Stevens and Davis
Alaska State Senate
State Capitol
Juneau, AK 99801

Dear Senators:

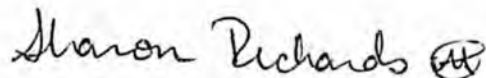
The Coalition for Prescription Equity would like to state our strong support for Senate Bill 15, an act that would require certain health insurance companies to include contraceptives in their prescription plans. We know SB 15 is a solid bill with incredible support from many Alaskans.

This bill is asking not for preferential treatment but rather "only equitable treatment within the context of an existing prescription drug benefit". We agree that such an aim falls within the United States Equal Employment Opportunity Commission's decision [under 42 U.S.C. 200(k)] in December 2000, stating that when an employer offers a health insurance plan that includes coverage for medical conditions, that the employer cannot exclude coverage for prescriptive contraceptive drugs. Specifically, expenses related to pregnancy, childbirth, or related medical conditions must be treated the same as expenses for other medical conditions. Failure to do so constitutes discrimination. The adoption of SB 15 would ensure that Alaska is not violating the Civil Rights Act of 1964.

As member-agencies of the Coalition (please see attached list), we would like to encourage you to move this bill forward this legislative session. We have developed talking points to help you support this bill, which above all else is *a bill in support of women's equity*. Please feel free to contact Vicki Halcro at 463-4997 should you have any questions or desire the talking points.

Thank you for your support.

Sincerely,



Sharon Richards for
The Coalition for Prescription Equity

Attachment - coalition members

THE COALITION FOR PRESCRIPTION EQUITY

MEMBER AGENCIES as of 2/15/02

Alaska Chapter - American College of Nurse Midwives (ACNM)

Alaska Emergency Contraception Project

Alaska Health Education Consortium (AHEC)

Alaska Nurse Anesthetists Association

Alaska Nurse Practitioners Association (ANPA)

Alaska Nurses Association (ANA)

Alaska Pharmaceutical Association

Alaska State Medical Association (ASMA)

Alaska Women's Health Services

Alaska Women's Resource Center

American Association of University Women (AAUW)

American College of Obstetrics and Gynecology (ACOG)

Anchorage Education Association (AEA)

Anchorage Women's Commission

Anchorage Women's Political Caucus

Central Peninsula Counseling Services

Kachemak Bay Family Planning Clinic

League of Women Voters of Alaska

Mental Health Association in Alaska

National Alliance for Mentally Ill (NAMI) - Anchorage

National Organization of Women (NOW) - Anchorage

Planned Parenthood of Alaska

Sitka Medical Center

Sitkans Against Family Violence

Standing Together Against Rape (STAR)

YWCA

THE COALITION FOR PRESCRIPTION EQUITY

April 9, 2002

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Alaska State Senate
State Capitol
Juneau, AK 99801

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Sharon Richards for
The Coalition for Prescription Equity

Attachment - coalition members

ALASKA STATE LEGISLATURE

Senate Rules Committee
Senate Judiciary Committee
Department of Law
Budget Subcommittee



While in Session
State Capitol, Rm. 9
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529

While in Anchorage
716 W. 4th Ave, Ste. 440
Anchorage, AK 99501
(907) 269-0169
Fax: (907) 269-0172

SENATOR JOHNNY ELLIS MINORITY LEADER

Sponsor Statement

Senate Bill 15: The Prescription Fairness Act of 2002

Summary of Senate Bill 15:

Senate Bill 15 amends Alaska Statute 21.42.410 to require all Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

Seventeen states already require private insurers to provide comprehensive coverage for contraception. Maryland was the first state to pass legislation, in 1998, and in recent years it was adopted by CA, CT, DE, GA, HI, IA, MA, MN, MS, NV, NH, NC, RI, TX, VT, and WA. More than half of state legislatures have considered bills to improve insurance coverage of contraception since 1998. Medicaid, the federal government health plan, and tribal health programs already provide full contraceptive coverage to insured beneficiaries. The military program covers oral contraceptives.

Who would be covered under this legislation?

The Alaska Division of Insurance estimates about 30,000 people are insured in small business plans. About 30 percent of this population are women, or about 9,000 total. This legislation excludes churches and self-insured plans.

Why pass this legislation now? Gender discrimination.

In December 2000, the U.S. Equal Employment Opportunity Commission (EEOC) ruled that failure by an employer to provide prescription contraceptives, when its health plan covers other preventive services and devices, constitutes sex discrimination. It based its decision on violations of the federal Pregnancy Discrimination Act (PDA), which requires equal treatment of women "affected by pregnancy, childbirth or related medical conditions." Equal treatment also applies to the prevention of pregnancy. A recent federal district court in the case of *Erickson vs. Bartell Drug Company* also stated that exclusion of prescription contraceptives from an employee health plan constitutes sex discrimination. (EEOC Summary of Charge, section B, <http://www.eeoc.gov/press/12-13-00.html>)

A legal opinion from the Alaska State Legislature's Division of Legal Services indicates the EEOC's ruling would be applicable to all "employers," which for legal purposes is defined as all businesses with 15 or more employees.

-- more --

Women do not receive equal coverage or equal care.

While nearly all insurance plans cover prescriptions in general, most treat prescription contraception used only by women (i.e., pills, diaphragms, IUDs, and Norplant) less favorably than medical forms of contraception used by men (i.e., sterilization). Nationwide, 50% of insurance companies *exclude all contraceptives* and only 15% cover all FDA-approved forms of contraception. (Kaiser Foundation Employer Health Benefits: 1999 Annual Survey) (http://204.168.19.126/pub_art_sylvialaw.html)

Women pay more and get less.

There are 140,000 women of childbearing age (15-44) in Alaska. The average woman who wants two children will spend five years trying to get pregnant and more than 20 years trying to avoid pregnancy. During those 20 years, women pay 68 percent more than men in out-of-pocket medical costs. A year's supply of oral contraceptives costs about \$360. A year's supply of Depo Provera can be as high as \$620 a year. Alaska's labor statistics further indicate the burden – women earned 65 cents for every dollar earned by a man in 1997. (AK Economic Trends, Dept. of Labor, 1999)

History of gender discrimination.

History shows that mandates are necessary to secure coverage of women's most basic health care needs. It wasn't until 1978, with the passage of the Pregnancy Discrimination Act, that expenses related to pregnancy, childbirth or related medical conditions were finally covered by insurance. Similarly, coverage for pap smears and mammograms were excluded from insurance policies until state and federal laws required it in the 90s.

Unintended pregnancies have social and financial costs.

Unintended pregnancies are a risk to families. Findings show a higher frequency of inadequate prenatal care and low birth weight infants as well as child abuse, economic hardship and divorce. Almost 50% of pregnancies in the nation are unintended, including 31% of pregnancies among married women. Half of those end in abortion. In Alaska, there are 120 pregnancies for every 1,000 women, 69 % of which end in live births, 16% in abortions.

Of live births, 42 % are unintended. Almost half of unintended pregnancies in Alaska are paid for by a government source. A large number of births are also paid for by private insurance -- costs that are eventually distributed to others in the form of higher insurance premiums. The cost of oral contraceptives for one year is approximately \$300. The cost of a pregnancy is \$5,000 for an uncomplicated delivery and \$10,000 for a cesarean. Low birth-weight babies are even more expensive. ([http://www.hss.state.ak.us/dph/mcftu/dataline/1999/oct99.htm#Unintended Pregnancies Resulting in Live Births](http://www.hss.state.ak.us/dph/mcftu/dataline/1999/oct99.htm#Unintended%20Pregnancies%20Resulting%20in%20Live%20Births))

Contraceptive coverage pays for itself.

Studies show including contraceptives in prescription programs could cost as little as \$1.43 per employee per month to as high as \$3.50 per employee per month. The high estimate is slightly more than the price of one month of oral contraceptives. A 15 percent increase in the number of oral contraceptive users in a health plan would provide enough savings in pregnancy costs alone to provide oral contraceptive coverage for all users in the plan. (American Journal of Public Health, 1995)

Please join me in support of SB 15: the Prescription Fairness Act of 2002.

ALASKA STATE LEGISLATURE



Senate Rules Committee
•
Senate Judiciary Committee
•
Department of Law
Budget Subcommittee

While in Session
State Capitol, Rm. 9
Juneau, Alaska 99801
(907) 465-3704
Fax: (907) 465-2529

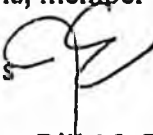
While in Anchorage
716 West 4th Ave., Ste 440
Anchorage, Alaska 99501
(907) 269-0169
fax: (907) 269-0172

SENATE MINORITY LEADER
JOHNNY ELLIS

MEMORANDUM

March 21, 2002

To: Senator Gene Therriault, Chair
Senate State Affairs Committee
Sen. Randy Phillips, Vice Chair
Sen. Rick Halford, member
Sen. Ben Stevens, member
Sen. Bettye Davis, member

From: Sen. Johnny Ellis 

Re: Scheduling Senate Bill 15: The Prescription Fairness Act of 2002

I am writing to request that Senate Bill 15 be scheduled for a committee hearing. This legislation would require Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

This legislation is also currently in the House, introduced by a bipartisan group of women Representatives. Over 30 groups from around the state support this legislation, from the Alaska State Medical Association to the YWCA to the Alaska Nurses Association. To date, 24 states require private insurers to provide coverage for contraception and there is legislation pending in 17 other states. I urge your support for SB 15. Thank you for your consideration.

April 11, 2002

Dear Senate State Affairs Committee Members,

Thank you for taking the time to read this letter. Your attention and hard work is greatly appreciated.

I am writing in support of Senate Bill 15 which provides insurance coverage for contraception.

No doubt you know the finer points in favor of—and against—this bill. I would simply like to say that, as a woman of reproductive age, birth control is an integral part of my health care. As such, I believe it should be covered by my insurance, along with my other basic health care needs.

Since I was 18 years old, I have born the cost, thought and consideration of my birth control. I have suffered from endometriosis since I was 16 and was prescribed birth control pills at that time to prevent rampant growth of the cysts. Due to problems with paperwork and documentation, my insurance provider never covered the cost of these pills. Put simply, regular access to affordable birth control is central to my good health. This would be true even if I did not have endometriosis.

None of us want more abortions, nor do any of us want hundreds of unwanted babies born to Alaskan parents unwilling or unable to care for them. Insurance coverage of contraception simply makes sense. Alaska is a wealthy, successful, well-educated and intelligent member of this fine country. Surely we should be providing this basic facet of health care for all women, particularly those covered under insurance.

I encourage you to vote in favor of SB 15, and to work towards its successful passage.

Sincerely,



Julie Marquardt
1509 Edgecumbe Drive
Sitka, AK 99835
907-747-2667

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 15
 () Publish Date: _____

Revision Date/Time _____ Dept. Affected: Administration
 Title An act requiring contraceptive BRU Centralized Administrative Services
coverage Component Retirement & Benefits
 Sponsor Senator Ellis
 Requester Senate State Affairs Component No. 64

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	*	*	*	*	*	*

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This bill would extend birth control coverage to health insurance plans that offer prescription drug coverage.

 State employees covered under the Select Benefits plan already have birth control coverage; it was added last July. There will be no additional cost to the Select Benefits plan.

 We estimate extending contraceptive coverage to the retiree health plan would increase the monthly premium by less than \$1.00.

Prepared by: Guy Bell, Director Phone 465-2292
 Division Retirement & Benefits Date/Time 4/10/02
 Approved by: Jim Duncan, Commissioner Date 4/10/2002
 Agency Department of Administration

TRACKING TRENDS

From NCSI's HEALTH POLICY TRACKING SERVICE

Update: Contraceptive Coverage

Women's health advocates have long argued that the decision by insurers to exclude contraceptives from their prescription drug coverage poses an undue financial burden to the female gender. With the Food and Drug Administration's approval of Viagra, a male impotency drug, in March 1997 and the subsequent rush by insurers to cover the product, the issue of equity was added into the equation. Bolstered by a December 2000 Equal Employment Opportunity Commission ruling and a June 2001 federal district court decision, both of which declared the

exclusion of contraceptives to be discriminatory, the advocacy groups have stepped up pressure for legislative interventions that mandate equal coverage. Although Congress has taken no action, states have moved over the last four years to ensure comprehensive coverage for contraceptives, either by law or administrative action. In general, "comprehensive coverage" laws require plans that already cover either prescriptions or pregnancy-related services to provide equal coverage for the full range of FDA-approved drugs and devices: oral contraceptives, contraceptive

implants (Norplant), injectible contraceptives (Depo-Provera), IUDs (intrauterine devices), diaphragms, emergency contraceptive pills, cervical caps and the contraceptive patch. In deference to religious groups that oppose contraception, many of the new laws also include "conscience clauses"—language exempting providers, health care facilities and/or employers from providing services for which they have a moral, ethical or religious objection. Of the 24 states that have some degree of contraceptive coverage, 16 have comprehensive requirements; of the 16, all but 5—Georgia, Iowa, New Hampshire, Vermont and Washington—have provisions governing religious exemptions. The graphic below details the timeline of action, including amendments that broadened the reach of the earliest laws. + CP

For more information on this topic call (202) 624-3567 or e-mail info@hpts.org

<p>Laws on the Books</p> <p>1994 - Georgia 1996 - Oklahoma 1997 - Idaho, Iowa, Minnesota, New Mexico, Virginia 1998 - Maryland, New Jersey 1999 - California, Colorado, Connecticut, Georgia, Maine, Nevada, New Hampshire, North Carolina, Vermont 2000 - Delaware, Rhode Island 2001 - Missouri</p> <p>Amended in 1999 Amended in 2000 Amended in 2001</p>	<p>Legislation Pending, 2001</p> <p>Alaska, Nebraska, South Carolina, Arizona, New Jersey, Utah, Florida, New York, Washington, Illinois, North Carolina, Wisconsin, Massachusetts, Ohio, Michigan, Oklahoma, Missouri, Pennsylvania</p>
<p>Administrative Actions</p> <p>1978 - Texas - regulation, codified and expanded in 2001 1994 - Kentucky - Department of Insurance requirement that under standard plan benefits, plans must offer at least one policy with Rx drug/contraceptive coverage 2001 - Washington - Insurance Commission rule prohibiting insurers from issuing health benefit plans that discriminate on the basis of sex</p>	

<p>STATE HEALTH NOTES</p> <p>Please enter my subscription:</p> <p><input type="checkbox"/> One year (24 issues) \$27.00 <input type="checkbox"/> Nonprofit, Univ. & govt. employees \$19.00</p> <p>Tel: 303-830-2200 Fax: 303-863-8003</p> <p>STATE HEALTH NOTES 1560 Broadway, Suite 700 Denver, Colorado 80202</p>	<p><input type="checkbox"/> Check enclosed <input type="checkbox"/> MasterCard <input type="checkbox"/> VISA <input type="checkbox"/> Bill me</p> <p>CARD NUMBER _____ EXP. DATE _____</p> <p>NAME _____ COMPANY/ORGANIZATION _____</p> <p>STREET ADDRESS _____</p> <p>CITY/STATE/ZIP _____</p> <p>SIGNATURE _____ TELEPHONE _____</p>
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Background

ACOG NEWS RELEASE

For Release: June 12, 2001

Gender Equity in Coverage of Prescription Drugs

Statement of The American College of Obstetricians and Gynecologists On *Erickson v. Bartell Drug Company Title VII Case*

WASHINGTON, DC -- We applaud a federal district court ruling today that an employer's exclusion of prescription contraceptives from an employee health plan constitutes sex discrimination. Women are the sole users of prescription contraceptives. A health plan that uniquely excludes women's contraception, but covers other prescription drugs and services, not only makes no medical or economical sense, it is gender biased.

Contraception is a medical necessity for women during three decades of their life span. A woman cannot opt out of the need to control her fertility during nearly 30 reproductive years prior to menopause. To do so is to endure multiple, closely spaced pregnancies -- a health risk in and of itself. Unintended pregnancies also carry higher risks of preterm birth, maternal and perinatal morbidity, and higher rates of abortion.

Contraception brings great financial savings to the health care system, since the alternatives to birth control -- maternity care and delivery, neonatal intensive care, or spontaneous or induced abortion -- are so much more costly. Insurers and employers benefit from the significant savings that contraception brings to a health care plan. But they unfairly require women to subsidize those savings for them, when they cover prescription drugs and services but specifically exclude women's prescription contraception. That is discrimination.

It is time to stop dismissing or trivializing women's reproductive health needs as less important than services unique to men, or less important than services in other areas of health care. Control of reproduction is a fundamental health need. The exclusion of prescription contraception from insurance coverage not only discriminates against women, it reflects a deeply flawed and costly health policy.

###

The American College of Obstetricians and Gynecologists is the national medical organization representing nearly 40,000 physicians who provide health care for women.



OFFICE OF THE INSURANCE COMMISSIONER

**Mike Kreidler
Washington Insurance
Commissioner**

Press Release

FOR MORE INFORMATION, CONTACT:

**Gigi Zenk (360) 664-2879
Sandy Mcaling (360) 586-1002**

Web Page: <http://www.insurance.wa.gov>

December 27, 2001

CONTRACEPTIVE COVERAGE RULE TO TAKE EFFECT JANUARY 1, 2002

OLYMPIA, Wash. - The contraceptive coverage rule signed by Insurance Commissioner Mike Kreidler on Sept. 5, takes effect Tuesday, Jan. 1, 2002, enabling most insured women access to the prescription contraceptive of their choice. The rule states that it is an unfair practice for any health carrier to restrict, exclude, or reduce coverage or benefits under any health plan on the basis of sex.

"For years, women of childbearing years have spent almost 70% more than men for their health care costs," said Insurance Commissioner Mike Kreidler. "Our rule will begin to put an end to this history of inequity and provide women with long overdue coverage that is vital to their economic and physical health."

The rule states that all plans regulated by the Office of the Insurance Commissioner that offer a generally comprehensive prescription drug benefit must also cover FDA-approved prescription contraceptives as well as the medical services associated with the prescribing, dispensing, delivery, distribution, administration and removal of a prescription contraceptive.

"The courts have upheld that failure of insurance plans to cover prescription contraceptives constitutes sex discrimination under Washington state law," said Commissioner Kreidler. "By passing this rule, we are enforcing this law and doing our part to ensure more than 200,000 Washington women have this essential health care coverage."

The rule takes effect Jan. 1, 2002, with coverage required for plans renewed on or after that date. For additional information on the contraceptive rule and or to view our recent Women's Health Study that also includes information on contraceptive coverage, visit our web page at www.insurance.wa.gov or call our Consumer Hot Line at 1-800-562-6900.

Ruling urged on requiring coverage of contraceptives

BY CAROL M. OSTROM
Seattle Times staff reporter

Insurers should be required to include contraceptives in prescription-drug coverage, said most who testified at yesterday's hearing in Olympia on a proposed state rule mandating such coverage.

Several representatives from business groups, however, cautioned that adding mandatory benefits to insurance packages made it more difficult for businesses to offer health insurance to employees.

State Insurance Commissioner Mike Kreidler, who stressed that he would consider all viewpoints, said insurance companies must include contraceptives or run afoul of Washington's anti-discrimination law, which is tougher than the federal law.

Kreidler noted a ruling earlier this summer by a federal judge that required Bartell Drugs, a self-insured company, to cover Food and Drug Administration-approved contraceptives under the Civil Rights Act of 1964. The act prohibits employers of 15 or more from making employment decisions on the basis of sex or pregnancy.

Last month, a lawsuit was filed in state court by the American Civil Liberties Union of Washington and the Washington chapter of the National Abortion and Reproductive Rights Action League against Regence BlueShield, one of the state's largest health insurers.

"I wouldn't have submitted this rule if I didn't think it was required of me to conform to state law," said Kreidler, who added that he was "philosophically in support" of the rule's goals.

Of those who have a prescription-drug benefit, about 80 percent already have some contraceptive coverage. But the

Testimony deadline

The deadline for written testimony on whether insurers should be required to include contraceptives in prescription-drug coverage is 5 p.m. tomorrow. Comments may be submitted:

- By writing to: Office of the Insurance Commissioner; Attention Jon Hedegard, P.O. Box 40255, Olympia, WA 98504-0255
- By e-mail to: jonh@oic.wa.gov
- By fax to: 360-586-3535.

More information on the proposed regulation is available online at www.insurance.wa.gov

regulation would cover not just birth-control pills but all forms of FDA-approved prescription contraceptives.

The rule would not cover self-insured companies, but Kreidler thinks the Bartell decision will persuade most companies to include contraceptives.

Fourteen states already have laws requiring inclusion of contraceptives in prescription-drug coverage, and three others, including Washington, are considering adopting the change.

Barring substantial changes, the regulation likely will be signed Sept. 1 and go into effect for policies written after Jan. 1.

The Seattle Times
8/23/01

Analysis of Senate Bill No. 15

I. The Problem

A. United States

- On average, a woman has 2.1 children during the course of her life.
- A sexually active woman will need contraception for more than twenty years of her life.
- Over 50% of U.S. pregnancies are unintended; 52% end in abortion
- Unintended pregnancies carry appreciable risks (*The Best Intentions*, IOM, 1995)
 - later onset of prenatal care & higher frequency of inadequate prenatal care
 - higher incidence of low birth weight infant (<2500 g)
 - higher incidence of infant mortality, child abuse, and physical abuse of mother
 - higher subsequent divorce rate (3x) and fathers more likely to be absent
 - Children raised by one parent are more likely to drop out of school, to have encounters with the criminal justice system, and more likely to become teen parents
 - higher incidence of economic hardship & failure of parents to achieve educational & career goals

B. Alaska

- There are 140,00 Women of childbearing age in Alaska (ages 15-44).
- Each year in Alaska, 120 pregnancies occur per 1,000 women ages 15-44, 69% of which end in live births, 15% in miscarriage, and 16% in elective abortions.
- 60% of pregnancies in Alaska are from unintended pregnancies.
- 42% of live births in Alaska are from unintended pregnancies. (Source: PRAMS 1996)

II. The Solution: Increasing Contraceptive Access

A. United States

- 97% of typical insurance policies cover most prescription drugs (Alan Guttmacher Institute, 1994)
- Only 33 percent of insurance plans cover birth control pills (Alan Guttmacher Institute, 1994)
- < 20% of traditional health care plans cover all of the most commonly used methods of contraception.
- Women of reproductive age spend 68% more in out-of-pocket expenses than men- most of this is due to reproductive health care.
- In 1998, the AMA and ACOG recommended that all health insurance policies providing prescription benefits should no longer exempt contraceptive prescriptions.
- At least 13 states, Maryland, California, Connecticut, Delaware, Georgia, Hawaii, Iowa, Maine, Nevada, New Hampshire, North Carolina, Rhode Island, and Vermont — have enacted contraceptive equity - laws.
- State contraceptive equity laws only apply to state-regulated insurance plans.
- The "Equity in Prescription Contraceptive Coverage Act," or EPICC, was reintroduced by Sen. Harry Reid, D-Nev., and Sen. Olympia Snowe, R-Maine in 1/01.
- The Pregnancy Discrimination Act, enacted by Congress in 1978, requires that expenses related to pregnancy, childbirth or related medical conditions be treated the same as expenses related to other medical conditions. The law also protects women against discrimination because they have the ability to become pregnant, not just because they are already pregnant
- On 12/13/00, The U.S. Equal Employment Opportunity Commission (EEOC) today issued a Commission Decision finding merit in two charges of discrimination alleging violations of Title VII of the Civil Rights Act of 1964, as amended by the Pregnancy Discrimination Act.
- The Commission based its decision on the grounds that the respondents in the charges excluded the cost of prescription contraceptive drugs - available only to women - from their employee health plan while covering a number of other preventive drugs, devices, and services.
- The EEOC rejected arguments based on cost.
- The ruling applies only to firms with more than 15 workers and is specific to the two cases presented to the commission. It stops short of policy guidance that would apply to all employers
- Deborah Brake, a law professor at the University of Pittsburgh, states. "I would advise [companies] to

[expand coverage] immediately rather than being sued. My reading of the ruling is that it is quite broad," she said (Snowbeck, Pittsburgh Post-Gazette, 1/1).

B. Alaska

- A legal opinion from the Alaska State Legislature's Division of Legal Services indicates the EEOC's ruling would be applicable to all "employers," which for legal purposes is defined as all businesses with 15 or more employees.
- The state is considered an employer and is covered under the Civil Rights Act.
- This ruling would include all small business and self-insured plans, including the State of Alaska
- Legislative Attorney, Mike Ford, has reviewed the EEOC ruling. If a plan does not cover prescriptions, then it would not be required to cover contraceptives.

III. Cost of Increasing Contraceptive Access

A. United States

- When women have to pay out of pocket, they will often opt for less expensive and effective contraceptive methods, thus increasing the likelihood of an unintended pregnancy.
- A large number of unintended births are paid for by private insurance -- costs that are eventually distributed to others in the form of higher insurance premiums.
- Every dollar spent for contraceptive services saves \$3 in public funds that would have been needed to provide prenatal and newborn care alone
- The Health Association of America, a national trade association representing about 270 of the nation's leading health care companies, showed that insurance costs would increase by \$16.00 per year per employee in plans covering other prescription medications.
- Other studies show including contraceptives in prescription programs could cost as little as \$1.43 per employee per month to as high as \$3.50 per employee per month. The high estimate is slightly more than the price of one month of oral contraceptives.
- The Alan Guttmacher Institute, which supports the expanded coverage, cited the cost of coverage for all five forms of reversible contraceptives -- oral contraceptives, diaphragms, intrauterine devices, injectables and implants -- to be \$21 per health plan member per year, or a 0.6% increase in the overall costs of health plans
- A 15 percent increase in the number of oral contraceptive users in a health plan would provide enough savings in pregnancy costs alone to provide oral contraceptive coverage for all users in the plan. (American Journal of Public Health, 1995)

B. Alaska

- Almost half of unintended pregnancies in Alaska are paid for by a government source.
- The prescriptive equity bill just would affect small business plans (2-50 people)
- Total people covered in 4/99 in small business plans: est 30,000 people.
- The bill would exclude private plans, self-insured, and specifically excludes churches.
- Most businesses with more than 100 employees are SELF-INSURED, and many with 50-100 employees are self-insured.
- Self-insurance is regulated by the federal government; the state has no authority to tell policy holders, businesses, or insurance companies what those policies must cover.
- The State of Alaska estimates that employee health insurance costs would increase \$3.25- \$3.50 per month to add coverage for contraceptives
- The State of Alaska also notes that improved access to and use of contraception would save insurers and society money by preventing unintended pregnancies. .

April 11, 2002

Keith Kessler

1807 Elima Place , ♦ Kihei, Maui, HI 96753

Senator Gene Therriault
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801

Subject: Support Affordable Family Planning -- SUPPORT SB 15

Dear Senator Gene Therriault:

As an Alaskan, I am writing to urge you to support SB 15 when it comes before you in the State Affairs Committee this week. This legislation would reduce the number of unplanned and unwanted pregnancies in our state by requiring health insurance plans to include coverage for prescription contraceptives. At a time when nearly half of all pregnancies in the U.S. are unintended or mistimed, enactment of this legislation is greatly needed.

I feel the best way to tackle the enormous problems associated with unintended pregnancy and its effect on population growth is to give women and their families affordable access to contraceptives through their health care plans. Currently, the majority of health care plans cover costs associated with pregnancy, abortion and sterilization. Yet, most of these plans routinely exclude contraception.

Insurance companies argue that including coverage for contraceptives would create a huge financial burden. Independent studies, however, point to lower costs for insurance companies as a result of contraceptive coverage. In addition, providing better access to contraceptives will decrease unintended pregnancies and reduce the need for abortions.

Again, I urge you to co-sponsor SB 15. Thank you for your time and consideration. I look forward to hearing your views on this subject.

Sincerely,

Keith Kessler

Tony Knowles, Governor



Division of Insurance

P.O. Box 110805, Juneau, AK 99811-0805

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Email: Insurance@dced.state.ak.us • Website: www.dced.state.ak.us/insurance/

February 27, 2002

The Honorable Gary Wilken
Alaska State Senate
State Capitol, Room 514
Juneau, AK 99801-1882

Dear Senator Wilken:

Re: Follow-up Response to my Letter Dated December 11, 2001
Regarding Mandating Coverage for Prescription Contraceptives

At your request, the Alaska Division of Insurance has reviewed the federal court case and the Equal Employment Opportunity Commission (EEOC) opinion on coverage of prescription contraceptives and offer the following in response to the questions raised in your letter dated September 24, 2001 on this issue.

We believe that action by the Division is not mandated as a matter of law based on the federal court case or the EEOC opinion. Both the court case and the EEOC opinion are directed at employers, not insurers. Those authorities may support action by the Division, but they do not compel it. The Washington rule mandating coverage of prescription contraceptives was adopted pursuant to Washington's broad insurance rule making authority and anti-discrimination statutes.

As a practical matter, if employers are required to provide coverage for prescription contraceptives, insurers will as a result be required to offer such coverage in order to issue their insurance products to these employers. Therefore, it can be expected that insurers will begin to offer such coverage, if they do not already. According to an informal survey the Division recently conducted regarding coverage of prescription contraceptives, Blue Cross, Aetna, Principal, United HealthCare and Trustmark representing about 75% of the group insurance written in Alaska offer coverage for prescription contraceptives in the group market. None of these insurers offer coverage for prescription contraceptives in the individual market. It is important to note that these insurers offer the coverage to employers, but employers may choose not to purchase the coverage for their employees. The employers decide what benefits to offer their employees. Given the federal court case and the EEOC opinion on contraceptive coverage, employers will likely begin to select coverage for prescription contraceptives.

Despite the federal court case and EEOC opinion, for enforcement purposes a legislative mandate to offer prescription drug coverage or specific legislative authority to mandate

"Promoting a healthy economy and strong communities"

The Honorable Gary Wilken

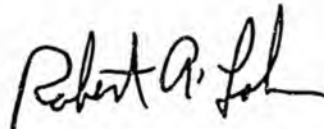
-2-

February 27, 2002

such coverage is preferable. Therefore, the Division supports SB 15 and HB 313 and would be happy to comment on and testify concerning these bills.

As always please feel free to contact me if you have questions or need additional information. I apologize for the delay in responding to your question.

Sincerely,

A handwritten signature in black ink that reads "Robert A. Lohr". The signature is written in a cursive style with a large, prominent initial "R".

Robert A. Lohr

Director

RAL/lvs7932.doc

ALASKA STATE LEGISLATURE

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SENATE MINORITY LEADER
JOHNNY ELLIS

MEMORANDUM

March 21, 2002

To: Senator Gene Therriault, Chair
Senate State Affairs Committee
Sen. Randy Phillips, Vice Chair
Sen. Rick Halford, member
Sen. Ben Stevens, member
Sen. Bettye Davis, member

From: Sen. Johnny Ellis 

Re: Scheduling Senate Bill 15: The Prescription Fairness Act of 2002

I am writing to request that Senate Bill 15 be scheduled for a committee hearing. This legislation would require Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

This legislation is also currently in the House, introduced by a bipartisan group of women Representatives. Over 30 groups from around the state support this legislation, from the Alaska State Medical Association to the YWCA to the Alaska Nurses Association. To date, 24 states require private insurers to provide coverage for contraception and there is legislation pending in 17 other states. I urge your support for SB 15. Thank you for your consideration.

TRACKING TRENDS

From NCSL's HEALTH POLICY TRACKING SERVICE

Update: Contraceptive Coverage

Women's health advocates have long argued that the decision by insurers to exclude contraceptives from their prescription drug coverage poses an undue financial burden to the female gender. With the Food and Drug Administration's approval of Viagra, a male impotency drug, in March 1997 and the subsequent rush by insurers to cover the product, the issue of equity was added into the equation. Bolstered by a December 2000 Equal Employment Opportunity Commission ruling and a June 2001 federal district court decision, both of which declared the

exclusion of contraceptives to be discriminatory, the advocacy groups have stepped up pressure for legislative interventions that mandate equal coverage. Although Congress has taken no action, states have moved over the last four years to ensure comprehensive coverage for contraceptives, either by law or administrative action. In general, "comprehensive coverage" laws require plans that already cover either prescriptions or pregnancy-related services to provide equal coverage for the full range of FDA-approved drugs and devices: oral contraceptives, contraceptive

implants (Norplant), injectible contraceptives (Depo-Provera), IUDs (intrauterine devices), diaphragms, emergency contraceptive pills, cervical caps and the contraceptive patch. In deference to religious groups that oppose contraception, many of the new laws also include "conscience clauses"—language exempting providers, health care facilities and/or employers from providing services for which they have a moral, ethical or religious objection. Of the 24 states that have some degree of contraceptive coverage, 16 have comprehensive requirements; of the 16, all but 5—Georgia, Iowa, New Hampshire, Vermont and Washington—have provisions governing religious exemptions. The graphic below details the timeline of action, including amendments that broadened the reach of the earliest laws. + CP

For more information on this topic call (202) 624-3567 or e-mail info@hpts.org

Laws on the Books

- 1994 – Georgia*
- 1996 – Oklahoma
- 1997 – Idaho, Iowa**, Minnesota, New Mexico***, Virginia
- 1998 – Maryland, New Jersey
- 1999 – California, Colorado, Connecticut, Georgia, Maine, Nevada, New Hampshire, North Carolina, Vermont
- 2000 – Delaware, Rhode Island
- 2001 – Missouri

- * amended in 1999
- ** amended in 2000
- *** amended in 2001

Legislation Pending, 2001

- | | | |
|---------------|----------------|----------------|
| Alaska | Nebraska | South Carolina |
| Arizona | New Jersey | Utah |
| Florida | New York | Washington |
| Illinois | North Carolina | Wisconsin |
| Massachusetts | Ohio | |
| Michigan | Oklahoma | |
| Missouri | Pennsylvania | |

Administrative Actions

- 1978 – Texas – regulation, codified and expanded in 2001
- 1994 – Kentucky – Department of Insurance requirement that under standard plan benefits, plans must offer at least one policy with Rx drug/contraceptive coverage
- 2001 – Washington – Insurance Commission rule prohibiting insurers from issuing health benefit plans that discriminate on the basis of sex.

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ACOG NEWS RELEASE

For Release: June 12, 2001

Gender Equity in Coverage of Prescription Drugs

Statement of The American College of Obstetricians and Gynecologists On *Erickson v. Bartell Drug Company Title VII Case*

WASHINGTON, DC -- We applaud a federal district court ruling today that an employer's exclusion of prescription contraceptives from an employee health plan constitutes sex discrimination. Women are the sole users of prescription contraceptives. A health plan that uniquely excludes women's contraception, but covers other prescription drugs and services, not only makes no medical or economical sense, it is gender biased.

Contraception is a medical necessity for women during three decades of their life span. A woman cannot opt out of the need to control her fertility during nearly 30 reproductive years prior to menopause. To do so is to endure multiple, closely spaced pregnancies -- a health risk in and of itself. Unintended pregnancies also carry higher risks of preterm birth, maternal and perinatal morbidity, and higher rates of abortion.

Contraception brings great financial savings to the health care system, since the alternatives to birth control -- maternity care and delivery, neonatal intensive care, or spontaneous or induced abortion -- are so much more costly. Insurers and employers benefit from the significant savings that contraception brings to a health care plan. But they unfairly require women to subsidize those savings for them, when they cover prescription drugs and services but specifically exclude women's prescription contraception. That is discrimination.

It is time to stop dismissing or trivializing women's reproductive health needs as less important than services unique to men, or less important than services in other areas of health care. Control of reproduction is a fundamental health need. The exclusion of prescription contraception from insurance coverage not only discriminates against women, it reflects a deeply flawed and costly health policy.

###

The American College of Obstetricians and Gynecologists is the national medical organization representing nearly 40,000 physicians who provide health care for women.



OFFICE OF THE INSURANCE COMMISSIONER

**Mike Kreidler
Washington Insurance
Commissioner**

Press Release

FOR MORE INFORMATION, CONTACT:

Gigi Zenk (360) 664-2879

Sandy Mealing (360) 586-1002

Web Page: <http://www.insurance.wa.gov>

December 27, 2001

CONTRACEPTIVE COVERAGE RULE TO TAKE EFFECT JANUARY 1, 2002

OLYMPIA, Wash. - The contraceptive coverage rule signed by Insurance Commissioner Mike Kreidler on Sept. 5, takes effect Tuesday, Jan. 1, 2002, enabling most insured women access to the prescription contraceptive of their choice. The rule states that it is an unfair practice for any health carrier to restrict, exclude, or reduce coverage or benefits under any health plan on the basis of sex.

"For years, women of childbearing years have spent almost 70% more than men for their health care costs," said Insurance Commissioner Mike Kreidler. "Our rule will begin to put an end to this history of inequity and provide women with long overdue coverage that is vital to their economic and physical health."

The rule states that all plans regulated by the Office of the Insurance Commissioner that offer a generally comprehensive prescription drug benefit must also cover FDA-approved prescription contraceptives as well as the medical services associated with the prescribing, dispensing, delivery, distribution, administration and removal of a prescription contraceptive.

"The courts have upheld that failure of insurance plans to cover prescription contraceptives constitutes sex discrimination under Washington state law," said Commissioner Kreidler. "By passing this rule, we are enforcing this law and doing our part to ensure more than 200,000 Washington women have this essential health care coverage."

The rule takes effect Jan. 1, 2002, with coverage required for plans renewed on or after that date. For additional information on the contraceptive rule and or to view our recent Women's Health Study that also includes information on contraceptive coverage, visit our web page at www.insurance.wa.gov or call our Consumer Hot Line at 1-800-562-6900.

-30-

[Return to the Office of the Insurance Commissioner's Home Page](#)

Ruling urged on requiring coverage of contraceptives

BY CAROL M. OSTROM
Seattle Times staff reporter

Insurers should be required to include contraceptives in prescription-drug coverage, said most who testified at yesterday's hearing in Olympia on a proposed state rule mandating such coverage.

Several representatives from business groups, however, cautioned that adding mandatory benefits to insurance packages made it more difficult for businesses to offer health insurance to employees.

State Insurance Commissioner Mike Kreidler, who stressed that he would consider all viewpoints, said insurance companies must include contraceptives or run afoul of Washington's anti-discrimination law, which is tougher than the federal law.

Kreidler noted a ruling earlier this summer by a federal judge that required Bartell Drugs, a self-insured company, to cover Food and Drug Administration-approved contraceptives under the Civil Rights Act of 1964. The act prohibits employers of 15 or more from making employment decisions on the basis of sex or pregnancy.

Last month, a lawsuit was filed in state court by the American Civil Liberties Union of Washington and the Washington chapter of the National Abortion and Reproductive Rights Action League against Regence BlueShield, one of the state's largest health insurers.

"I wouldn't have submitted this rule if I didn't think it was required of me to conform to state law," said Kreidler, who added that he was "philosophically in support" of the rule's goals.

Of those who have a prescription-drug benefit, about 80 percent already have some contraceptive coverage. But the

Testimony deadline

The deadline for written testimony on whether insurers should be required to include contraceptives in prescription-drug coverage is 5 p.m. tomorrow. Comments may be submitted:

- By writing to: Office of the Insurance Commissioner; Attention Jon Hedegard, P.O. Box 40255, Olympia, WA 98504-0255
- By e-mail to: jonh@oic.wa.gov.
- By fax to: 360-586-3535.

More information on the proposed regulation is available online at www.insurance.wa.gov

regulation would cover not just birth-control pills but all forms of FDA-approved prescription contraceptives.

The rule would not cover self-insured companies, but Kreidler thinks the Bartell decision will persuade most companies to include contraceptives.

Fourteen states already have laws requiring inclusion of contraceptives in prescription-drug coverage, and three others, including Washington, are considering adopting the change.

Barring substantial changes, the regulation likely will be signed Sept. 1 and go into effect for policies written after Jan. 1.

The Seattle Times
8/23/01

Analysis of Senate Bill No. 15

I. The Problem

A. United States

- On average, a woman has 2.1 children during the course of her life.
- A sexually active woman will need contraception for more than twenty years of her life.
- Over 50% of U.S. pregnancies are unintended; 52% end in abortion
- Unintended pregnancies carry appreciable risks (*The Best Intentions*, IOM, 1995)
 - later onset of prenatal care & higher frequency of inadequate prenatal care
 - higher incidence of low birth weight infant (<2500 g)
 - higher incidence of infant mortality, child abuse, and physical abuse of mother
 - higher subsequent divorce rate (3x) and fathers more likely to be absent
 - Children raised by one parent are more likely to drop out of school, to have encounters with the criminal justice system, and more likely to become teen parents
 - higher incidence of economic hardship & failure of parents to achieve educational & career goals

B. Alaska

- There are 140,00 Women of childbearing age in Alaska (ages 15-44).
- Each year in Alaska, 120 pregnancies occur per 1,000 women ages 15-44, 69% of which end in live births, 15% in miscarriage, and 16% in elective abortions.
- 60% of pregnancies in Alaska are from unintended pregnancies.
- 42% of live births in Alaska are from unintended pregnancies. (Source: PRAMS 1996)

II. The Solution: Increasing Contraceptive Access

A. United States

- 97% of typical insurance policies cover most prescription drugs (Alan Guttmacher Institute, 1994)
- Only 33 percent of insurance plans cover birth control pills (Alan Guttmacher Institute, 1994)
- < 20% of traditional health care plans cover all of the most commonly used methods of contraception.
- Women of reproductive age spend 8% more in out-of-pocket expenses than men- most of this is due to reproductive health care.
- In 1998, the AMA and ACOG recommended that all health insurance policies providing prescription benefits should no longer exempt contraceptive prescriptions.
- At least 13 states, Maryland, California, Connecticut, Delaware, Georgia, Hawaii, Iowa, Maine, Nevada, New Hampshire, North Carolina, Rhode Island, and Vermont — have enacted contraceptive equity - laws.
- State contraceptive equity laws only apply to state-regulated insurance plans.
- The "Equity in Prescription Contraceptive Coverage Act," or EPICC, was reintroduced by Sen. Harry Reid, D-Nev., and Sen. Olympia Snowe, R-Maine in 1/01.
- The Pregnancy Discrimination Act, enacted by Congress in 1978, requires that expenses related to pregnancy, childbirth or related medical conditions be treated the same as expenses related to other medical conditions. The law also protects women against discrimination because they have the ability to become pregnant, not just because they are already pregnant
- On 12/13/00, The U.S. Equal Employment Opportunity Commission (EEOC) today issued a Commission Decision finding merit in two charges of discrimination alleging violations of Title VII of the Civil Rights Act of 1964, as amended by the Pregnancy Discrimination Act.
- The Commission based its decision on the grounds that the respondents in the charges excluded the cost of prescription contraceptive drugs - available only to women - from their employee health plan while covering a number of other preventive drugs, devices, and services.
- The EEOC rejected arguments based on cost.
- The ruling applies only to firms with more than 15 workers and is specific to the two cases presented to the commission. It stops short of policy guidance that would apply to all employers
- Deborah Brake, a law professor at the University of Pittsburgh, states. "I would advise [companies] to

[expand coverage] immediately rather than being sued. My reading of the ruling is that it is quite broad," she said (Snowbeck, Pittsburgh Post-Gazette, 1/1).

B. Alaska

- A legal opinion from the Alaska State Legislature's Division of Legal Services indicates the EEOC's ruling would be applicable to all "employers," which for legal purposes is defined as all businesses with 15 or more employees.
- The state is considered an employer and is covered under the Civil Rights Act.
- This ruling would include all small business and self-insured plans, including the State of Alaska
- Legislative Attorney, Mike Ford, has reviewed the EEOC ruling. If a plan does not cover prescriptions, then it would not be required to cover contraceptives.

III. Cost of Increasing Contraceptive Access

A. United States

- When women have to pay out of pocket, they will often opt for less expensive and effective contraceptive methods, thus increasing the likelihood of an unintended pregnancy.
- A large number of unintended births are paid for by private insurance -- costs that are eventually distributed to others in the form of higher insurance premiums.
- Every dollar spent for contraceptive services saves \$3 in public funds that would have been needed to provide prenatal and newborn care alone
- The Health Association of America, a national trade association representing about 270 of the nation's leading health care companies, showed that insurance costs would increase by \$16.00 per year per employee in plans covering other prescription medications.
- Other studies show including contraceptives in prescription programs could cost as little as \$1.43 per employee per month to as high as \$3.50 per employee per month. The high estimate is slightly more than the price of one month of oral contraceptives.
- The Alan Guttmacher Institute, which supports the expanded coverage, cited the cost of coverage for all five forms of reversible contraceptives -- oral contraceptives, diaphragms, intrauterine devices, injectables and implants -- to be \$21 per health plan member per year, or a 0.6% increase in the overall costs of health plans
- A 15 percent increase in the number of oral contraceptive users in a health plan would provide enough savings in pregnancy costs alone to provide oral contraceptive coverage for all users in the plan. (American Journal of Public Health, 1995)

B. Alaska

- Almost half of unintended pregnancies in Alaska are paid for by a government source.
- The prescriptive equity bill just would affect small business plans (2-50 people)
- Total people covered in 4/99 in small business plans: est 30,000 people.
- The bill would exclude private plans, self-insured, and specifically excludes churches.
- Most businesses with more than 100 employees are SELF-INSURED, and many with 50-100 employees are self-insured.
- Self-insurance is regulated by the federal government; the state has no authority to tell policy holders, businesses, or insurance companies what those policies must cover.
- The State of Alaska estimates that employee health insurance costs would increase \$3.25- \$3.50 per month to add coverage for contraceptives
- The State of Alaska also notes that improved access to and use of contraception would save insurers and society money by preventing unintended pregnancies. .

ALASKA STATE LEGISLATURE



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SENATE MINORITY LEADER
JOHNNY ELLIS

MEMORANDUM

March 8, 2001

To: Senator Gene Therriault, Chair
Senate State Affairs Committee
Sen. Randy Phillips, Vice Chair
Sen. Rick Halford, member
Sen. Drue Pearce, member
Sen. Bettye Davis, member

Fr: Sen. Johnny Ellis

A handwritten signature in dark ink, appearing to be 'JE' or similar initials, written over the printed name 'Sen. Johnny Ellis'.

Re: Scheduling Senate Bill 15: The Prescription Fairness Act of 2001

I am writing to ask for a hearing on SB 15, which would require Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

Thirteen states already require private insurers to provide comprehensive coverage for contraception. The Washington State Legislature is currently debating prescription fairness legislation with 57 bipartisan co-sponsors. Medicaid, the federal government health plan, and tribal health programs already provide full contraceptive coverage to insured beneficiaries.

While this legislation has been introduced before in Alaska by both Republicans and Democrats, there is new information which makes the issue more topical. In December 2000, the U.S. Equal Employment Opportunity Commission (EEOC) ruled that failure by an employer to provide prescription contraceptives, when its health plan covers other preventive services and devices, constitutes sex discrimination. The Commission based their decision on violations of the federal Pregnancy Discrimination Act (PDA), which is part of the Civil Rights Act, and requires equal treatment of women "affected by pregnancy, childbirth or related medical conditions." Equal treatment also applies to the prevention of pregnancy.

It's a new millenium and I hope you'll agree we can have new attitudes about preventive health care for Alaska families. I urge your support for SB 15.

ALASKA STATE LEGISLATURE



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SENATE MINORITY LEADER JOHNNY ELLIS

Sponsor Statement

Senate Bill 15: The Prescription Fairness Act of 2001

Summary of Senate Bill 15:

Senate Bill 15 amends Alaska Statute (21.42) to require all Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

Thirteen states already require private insurers to provide comprehensive coverage for contraception. Maryland was the first state to pass legislation, in 1998. Since then, legislation has been adopted by CA, CT, DE, GA, HI, IA, MN, MD, NV, NH, NC, RI, and VT. Medicaid, the federal government health plan, and tribal health programs provide full contraceptive coverage to insured beneficiaries.

Who would be covered under this legislation?

The Alaska Division of Insurance estimates about 30,000 people are insured in small business plans. About 30 percent of this population are women, or about 9,000 total. This legislation excludes churches and self-insured plans. The State of Alaska is a self-insured plan.

Why pass this legislation now?

1. Gender discrimination.

While nearly all insurance plans cover prescriptions, most exclude coverage of contraception uniquely prescribed to women (i.e., pills, diaphragms, IUDs, and Norplant). Nationwide, two-thirds of insurance companies *fail to cover any forms of contraceptives* and only 15% cover all FDA-approved forms of contraception. In Alaska, only one of 11 insurance companies regulated by the Division of Insurance offers contraceptive coverage (8 of the 11 cover Viagra).

In December 2000, the U.S. Equal Employment Opportunity Commission (EEOC) ruled that failure by an employer to provide prescription contraceptives, when its health plan covers other preventive services and devices, constitutes sex discrimination. It based its decision on violations of the federal Pregnancy Discrimination Act (PDA), which requires equal treatment of women "affected by pregnancy, childbirth or related medical conditions." Equal treatment also applies to the prevention of pregnancy. (EEOC Summary of Charge, section B, <http://www.eeoc.gov/press/12-13-00.html>)

History shows mandates are necessary to secure coverage of women's most basic health care needs. It wasn't until 1978, with the passage of the Pregnancy Discrimination Act, that expenses related to pregnancy, childbirth or related medical conditions were consistently covered by insurance. Similarly, coverage for pap smears and mammograms was excluded from insurance policies until state and federal laws required it in the 90s.

2. Avoid protracted lawsuits.

A legal opinion from the Alaska State Legislature's Division of Legal Services indicates the EEOC's December 2000 gender discrimination ruling would be applicable to all small business and self-insured plans, including the State of Alaska.

3. Unintended pregnancies have major public health and social costs.

Unintended pregnancies are a risk to the entire family and the rest of the community. Findings show a later onset and less frequent prenatal care, higher frequency of low birth weight infants and more child abuse, economic hardship and divorce.

Almost 50% of pregnancies in the nation are unintended; half of those end in abortion. Even married women report that 31% of their pregnancies are unintended. The United States has one of the highest rates of unintended pregnancy in the industrialized world.

In Alaska, there are roughly 16,000 pregnancies per year, 69% of which end in live births, 16% in abortions. ([http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended Pregnancies Resulting in Live Births](http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended%20Pregnancies%20Resulting%20in%20Live%20Births))

4. Effective contraception saves money.

There are 140,000 women of childbearing age (15-44) in Alaska. The average woman who wants two children will spend five years trying to get pregnant and more than 20 years trying to avoid pregnancy. Insurers have relied on women and their families to pay out of pocket for contraceptive services and supplies, resulting in women paying 68 percent more than men for medical services. A year's supply of oral contraceptives costs about \$360. A year's supply of Depo Provera can be as high as \$620 a year. The cost of a pregnancy is \$5,000 for an uncomplicated delivery and \$10,000 for a cesarean. Low birth-weight babies are even more expensive.

In Alaska, 42% of live births are unintended. Almost half of Alaska's unintended pregnancies are paid for by a government source. A large number of births are also paid for by private insurance -- costs that are eventually distributed to others in the form of higher insurance premiums.

([http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended Pregnancies Resulting in Live Births](http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended%20Pregnancies%20Resulting%20in%20Live%20Births))

Studies show including contraceptives in prescription programs could cost as little as \$1.43 per employee per month to as high as \$3.50 per employee per month. On an annual basis, the high estimate is slightly more than the price of *one month* of oral contraceptives. A 15 percent increase in the number of oral contraceptive users in a health plan would provide enough savings in pregnancy costs alone to provide oral contraceptive coverage for all users in the plan. (American Journal of Public Health, 1995)

Please join me in support of SB 15: the Prescription Fairness Act of 2001.

The U.S. Equal Employment Opportunity Commission

*See website for
full Report*

FOR IMMEDIATE RELEASE
Wednesday, December 13, 2000

CONTACT: Reginald Welch
David Grinberg
(202) 663-4900
TTY: (202) 663-4494

EEOC ISSUES DECISION ON TWO CHARGES CHALLENGING THE DENIAL OF HEALTH INSURANCE COVERAGE FOR PRESCRIPTION CONTRACEPTIVES

WASHINGTON - The U.S. Equal Employment Opportunity Commission (EEOC) today issued a Commission Decision finding merit in two charges of discrimination alleging violations of Title VII of the Civil Rights Act of 1964, as amended by the Pregnancy Discrimination Act. The Commission based its decision on the grounds that the respondents in the charges excluded the cost of prescription contraceptive drugs - available only to women - from their employee health plan while covering a number of other preventive drugs, devices, and services. The plan also covers surgical sterilization for both men and women as well as Viagra.

The charging parties sought to use contraceptives both for birth control and other medical purposes.

The Commission concluded that the respondents' plan violates the Pregnancy Discrimination Act's prohibition against discrimination on the basis of pregnancy. Enacted by Congress in 1978, the law requires equal treatment of women "affected by pregnancy, childbirth, or related medical conditions" in all aspects of employment, including fringe benefits. It protects women from discrimination because they have the ability to become pregnant, and not just because they are already pregnant. The Commission also concluded that the exclusion constitutes prohibited sex discrimination since prescription contraceptives are available only for women.

Commenting on the EEOC's mandate to enforce federal laws prohibiting sex-discriminatory terms and conditions of employment, EEOC Chairwoman Ida L. Castro said, "The selective exclusion of health coverage for prescription contraceptives by this employee health plan violates the law since it covers a number of comparable prescription drugs and other services."

A Commission Decision is a formal Commission determination as to whether there is reasonable cause to believe that unlawful discrimination has occurred with respect to a specific charge or charges. Based on the confidentiality provisions of Title VII, the Commission cannot release the identities of either the charging parties or the respondents. A Question and Answer document on the decision, along with the full text of the Commission Decision, will be available shortly on the Commission's Web site at www.eeoc.gov.

This page was last modified on December 13, 2000.

LEGAL SERVICES

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Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 24, 2001

SUBJECT: Contraceptive coverage under health insurance - (SB 15)

TO: Senator Johnny Ellis

FROM: Michael F. Ford 
Legislative Counsel

You have asked for our opinion on the effect in this State of the recent decision by the United States Equal Employment Opportunity Commission (EEOC) that failure of certain employers to offer health insurance coverage for the cost of prescription contraceptives is a violation of the Civil Rights Act.

The commission determined that under 42 U.S.C. 2000(k), when an employer offers a health insurance plan that includes coverage for medical conditions, that the employer cannot exclude coverage for prescriptive contraceptive drugs. Specifically, expenses related to pregnancy, childbirth, or related medical conditions must be treated the same as expenses for other medical conditions. Failure to do so constitutes discrimination prohibited under 42 U.S.C. 2000(e). It is important to note that "employer" in this case means a business with 15 or more employees.

This determination by the commission is only binding on those employers who participated in the determination. However, the commission's determination is certainly applicable to other employers covered by the Civil Rights Act. In my opinion, if this issue were litigated in Alaska the result would be the same. Therefore, it would seem prudent for those employers who are not in compliance with this determination to voluntarily come into compliance. However, it is also possible that an employer could choose to relitigate the issue and hope for a different ruling in an appeal through the courts.

If you have further questions on this matter please contact me.

MFF:glc
01-026.lmb

THE COALITION FOR PRESCRIPTION EQUITY

MEMBER AGENCIES as of 1/15/01

Alaska Chapter – American College of Nurse Midwives (ACNM)

Alaska Emergency Contraception Project

Alaska Health Education Consortium (AHEC)

Alaska Nurse Anesthetists Association

Alaska Nurse Practitioners Association (ANPA)

Alaska Nurses Association (ANA)

Alaska Pharmaceutical Association

Alaska State Medical Association (ASMA)

Alaska Women's Health Services

Alaska Women's Lobby

Alaska Women's Resource Center

American Association of University Women (AAUW)

American College of Obstetrics and Gynecology (ACOG)

Anchorage Education Association (AEA)

Anchorage Women's Commission

Anchorage Women's Political Caucus

Business and Professional Women (BPW)

Central Peninsula Counseling Services

Kachemak Bay Family Planning Clinic

League of Women Voters of Alaska

Mental Health Association in Alaska

National Alliance for Mentally Ill (NAMI) – Anchorage

National Organization of Women (NOW) – Anchorage

Planned Parenthood of Alaska

Sitka Medical Center

Sitkans Against Family Violence

Standing Together Against Rape (STAR)

YWCA

To: Senator Johnny Ellis
Fr: Diana Rhoades
Re: Contraceptive and Viagra Coverage by Company. List of companies regulated by Div. Of Insurance.
I called all the companies and have compiled a list below of the coverage. Phone numbers available.

Alaska Contraceptive Coverage by Company

Guardian: No contraceptive coverage but covers Viagra

Pacific Life: No contraceptive coverage if used for birth control, covers 6 Viagra pills per month

New England Financial - No contraceptive coverage, covers 6 Viagra pills per month

Golden Rule - No contraceptive coverage but covers Viagra

Mutual of Omaha - No contraceptive coverage but covers Viagra

United of Omaha - No contraceptive coverage but covers Viagra

Great-West - No contraceptive coverage, covers 6 Viagra pills per month

Alta - No contraceptive coverage, covers 6 Viagra pills per month

Aetna - No contraceptive coverage and no Viagra coverage

Blue Cross - No contraceptive coverage and no Viagra coverage

Principal - Both. Covers prescription oral contraceptives and Viagra

February 7, 2001
 To: Senator Johnny Ellis
 Fr: Diana Rhoades
 Re: Mark Bohrer, Pharmacist, Wasilla Fred Meyer
 Home phone: (907) 694-9725

Mark Bohrer listed and priced the Top 25 drugs dispensed at Fred Meyer Wasilla store. All of these *except birth control* are consistently covered by insurance. Left column is drug name, column 2 is typical use, column 3 is quantity normally used in 30 days, and the last column is price for 30 days supply.

Drug	Use	Qty	Price/month (based on Normal Use)
1 Prevacid 30 mg	Ulcers	30	116.59
2 Albuterol Inhaler	Asthma	1 inhaler	21.79
3 Prozac 20 mg	Anti-Depressant	30	100.57
4 Premarin 0.625 mg	Hormone Replacement	30	24.03
5 Ambien 10 mg	Sedative (Sleep Aid)	30	81.90
6 Prilosec 20 mg	Ulcers	30	126.38
7 Celebrex 200 mg	Arthritis	30	83.66
8 Vioxx 25 mg	Arthritis	30	86.13
9 Flonase 0.05% Inhaler	Allergies	1 inhaler	67.64
10 Atenolol 50 mg	Blood Pressure	30	12.46
11 Alprazolam 0.5 mg	Anxiety	90	33.82
12 Lipitor 10 mg	High Cholesterol	30	66.75
13 Paxil 20 mg	Anti-Depressant	30	81.88
14 Wellbutrin SR 150 mg	Anti-Depressant	60	106.59
15 Premarin 1.25 mg	Hormone Replacement	30	33.82
16 Zoloft 100 mg	Anti-Depressant	30	80.99
* 17 Ortho-Tricyclen	Birth Control	28	32.04
18 Zyrtec 10 mg	Allergies	30	67.64
19 Norvasc 5 mg	Blood Pressure	30	47.17
20 Zoloft 50 mg	Anti-Depressant	30	79.21
21 Glucophage 500 mg	Diabetes	60	51.62
22 Claritin 10 mg	Allergies	30	78.32
23 Hydrochlorothiazide 25 mg	Diuretic (Fluid)	30	8.85
24 Prempro 0.625/2.5	Hormone Replacement	28	30.26
25 Atenolol 25 mg	Blood Pressure	30	15.13

* Birth control 1/2 the average drug price

Total = 1536 \$
 ÷ 25 = 61.44



bill
Joe

Senator Gene Therriault
Chair, State Affairs Committee
Alaska Senate
State Capitol
Juneau, AK 99801-1182

January 19, 2001

RE: IMPORTANT LEGISLATIVE ISSUE FOR *WOMEN & THEIR FAMILIES*

Dear Senator Therriault:

The American College of Obstetricians and Gynecologists (ACOG), and its 57 ob-gyns in Alaska, request your support for an important medical issue affecting the women of your state and their families. Health insurers in this country are shortchanging women in prescription drug coverage. How? By treating prescription contraception differently from other medications and failing to include contraception in health benefit packages that cover most other prescription drugs. This insurance exclusion makes no economic or medical sense and has dire consequences for women, their partners and families, and the health care system. We urge your support for legislation requiring insurers to cover prescription contraceptives to the same extent they cover other prescription drugs.

Here's the facts:

- Contraception is medically necessary to a woman for more than thirty years of her life.
- Access to contraceptives is critical in achieving healthy families, both in medical and economic terms.
- It's also critical in the effort to reduce unintended pregnancies.
- Two-thirds of women of childbearing age rely on private, employer-sponsored health plans for their health coverage. A large majority of these plans fail to cover contraceptives.
- Contraceptive coverage yields cost savings. The cost to employers and employees is minimal. Contraceptive coverage pays for itself.

On behalf of the 57 practicing ob-gyns in your state and the women they serve, we are not asking for special treatment of contraceptives - - *just equal treatment*. Thank you for your attention.

For more information, we have enclosed several statements. You may also contact Peter D. Lawrason, MD, Chair of ACOG's Alaska Section at (907) 452-1761; or you may call our office in Washington, DC at (202) 863-2594.

Sincerely,

Kathryn Moore, Director, Dept. of State Legislative & Regulatory Activities

The American College
of Obstetricians
and Gynecologists

ACOG NEWS RELEASE

For Release:

EMBARGOED until:
Tuesday, May 12, 1998,
10:15 a.m. (CDT)

Contact:

Alice Kirkman
tel.(202)484-3321; or
(504)670-4335 (May 11-13)



Nation's Ob-Gyns Assail Gender Bias in Insurance Coverage

Call for Mandated Coverage of Prescription Contraceptives

(New Orleans, LA) -- Health insurers' exclusion of contraception from coverage in health plans places an unfair burden on women, a practice that amounts to gender bias, said officials of The American College of Obstetricians and Gynecologists (ACOG) at their Annual Clinical Meeting today. The College called for passage of legislation to enforce equitable coverage for women, if private insurers do not voluntarily include contraception in health benefit packages that cover other prescription drugs and outpatient services.

"There's nothing 'optional' about contraception. It's a medical necessity for women during 30 years of their lifespan," said Luella Klein, MD, ACOG Director of Women's Health Issues. "To ignore the health benefits of contraception is to say that the alternative of 12 to 15 pregnancies during a woman's lifetime is medically acceptable," she noted.

Two-thirds of US women of childbearing age rely on private, employer-related plans for their health coverage. While most (90%) of these health plans cover prescription drugs and devices, a large majority exclude prescription contraceptives from coverage -- a practice that disproportionately affects women. In fact, women are more likely than men to spend over ten percent of their income on out-of-pocket medical expenses, according to a 1994 report by the Women's Research and Education Institute.

--MORE--

They also pay 68 percent more than men in out-of-pocket expenses and are more likely to need and use reproductive health care during their childbearing years of age 15 to 44.

"The discriminatory exclusion of contraception has dire consequences for women, their partners, and the health care system," said Anita Nelson, MD, Associate Professor of Ob-Gyn at the University of California at Los Angeles. She noted that it places some contraceptive methods beyond the financial reach of many American women and contributes to unacceptably high rates of unintended pregnancy and abortion in the US. (America's unintended pregnancy rate of 60 percent is double that of other developed countries.) "The tragedy is that this is occurring in a country where we have an array of really safe methods, but they are not available to all," said Dr. Nelson.

ACOG questioned why health plans continue to treat prescriptive contraception differently from other medications, when family planning actually prevents other, more expensive medical conditions associated with unintended pregnancy that are usually covered by health plans -- such as spontaneous or induced abortion, maternity care and delivery, and perinatal and maternal morbidity. Contraceptive coverage also pays for itself: a 15 percent increase in the number of oral contraceptive users in a health plan would provide enough savings in pregnancy costs alone to provide oral contraceptive coverage for all users in the plan, according to 1995 report in the American Journal of Public Health.

"This insurance exclusion makes no economic or medical sense and raises gender discrimination issues," said Dr. Klein. "The benefits of contraception provide great savings to the health care system, yet it is the individual woman who is shouldering the burden of this cost savings to insurers."

This burden is all the more egregious, noted Dr. Nelson, because a woman cannot opt out of the need to control her fertility during the three decades prior to menopause without risking multiple pregnancies. "Contraception is not a 'frill.' A woman needs it to protect both her health and quality of life," she said.

--MORE--

ACOG's call for an end to discriminatory coverage of this medical expense coincides with rising public demand for contraceptive coverage. An ACOG-endorsed bill now pending in Congress (S 766/HR 2174) would require any insurers who cover prescription drug benefits and outpatient services to cover all FDA-approved contraceptive drugs and devices as well as the outpatient services associated with their use. Similar bills have been introduced in 20 states this year. A new Maryland law, taking effect in October, mandates that insurers cover contraceptive benefits; six other states (HI, MT, NM, TX, VA, WV) currently have laws or regulations concerning coverage of contraception; and Connecticut lawmakers may pass a bill soon, after a recent state poll found overwhelming public support for requiring insurers to cover prescription birth control (76% overall; 81% among women).

ACOG cited a number of ways insurers fall short in meeting women's needs:

* Both traditional indemnity (fee-for-service) and managed care plans shortchange women in drug coverage. Nearly half (49%) of indemnity plans will not cover *any* reversible method of contraception, such as the pill or IUD, according to The Alan Guttmacher Institute (AGI). While health maintenance organizations (HMOs) have a better record, just 39 percent of HMOs routinely cover five prescription methods of reversible contraception (pill, implants and injectables, IUD and diaphragm). Almost half of the Americans in managed care plans belong to preferred provider organizations (PPOs), yet half of PPOs (49%) fail to cover any reversible method and only 4 in 10 PPOs will cover oral contraceptives.

* Even when a plan does cover contraception, insurers may limit the number of contraceptives covered in a way they would not do with other medications. "I had one official ask me to recommend the *one* brand of birth control pill they would use for their plan," notes Dr. Nelson. "Yet when I asked him which single anti-hypertensive drug was on their drug list (formulary), he said, 'Oh, we have to have more than one of *those*.'" This 'one-size-fits-all' mentality when it comes to women's contraception is unacceptable."

* The potential cost benefits to a health plan of reproductive health coverage are ignored, in an area of health care affecting over half the population for over 30 years of life. Most data collection methods and quality assurance plans in managed care do not include a separate category for family planning data, reports AGI and the Kaiser Family

Foundation. The result is that the potential savings from contraceptive coverage remains invisible. "If you can't see it, it must not be there," commented Dr. Klein.

Among the recommendations made by ACOG today:

1. Women and their families should demand coverage of contraception in their employer health plans and employers should recognize both the cost savings and fairness of adequately insuring their female employees.

2. Private insurers should stop excluding prescriptive contraceptive drugs and devices and outpatient contraceptive services in health plans and should cease other discriminatory practices related to contraception. These include unusual co-payments or waiting requirements for the insured, and discriminatory limitations on the number of contraceptives approved on a health plan's drug formulary. The insurance industry should stop ignoring the cost benefits of family planning: insurers' quality assurance plans, as well as industry outcome measurement plans such as HEDIS (Health Plan Employer Data and Information Set), should include reproductive health criteria and data.

3. Congress should pass the Equity in Prescription Insurance and Contraceptive Coverage Act (S 766/ HR 2174). In the absence of federal action, state lawmakers should continue to pass legislation and regulations and aggressively enforce them. "Implementation will be crucial," notes Dr. Klein. "Women need to know about contraceptive coverage, insurers need to comply, and authorities need to enforce the law."

4. Public policymakers at the federal and state level should adequately fund family planning services in public programs. Although the public sector has done a better job of contraceptive coverage than private employer-related health plans, adequate funding of public programs such as the Title X program is crucial for low-income women needing access to contraception.

5. Funding should be increased for contraceptive research. "Research is an investment that will tell us more about what is safe and most effective for women, and what is most cost-effective for our health system over the long run," said Dr. Klein.

####

ACOG is the national medical organization representing over 38,000 obstetricians and gynecologists who provide health care to women.



Statement on Contraceptive Methods

Debate on several pieces of legislation have recently raised questions regarding how different methods of contraceptives work. This document summarizes what is known about each method.

Essential steps necessary for pregnancy include:

1. Normal maturation of sperm and egg,
2. Release of sperm,
3. Release of egg (ovulation),
4. Transport of sperm through the woman's vagina, cervix, uterus, and Fallopian tube,
5. Final maturation of sperm in preparation for fusion and fertilization,
6. Transport of egg from the ovary into the Fallopian tube,
7. Fusion of sperm with egg and normal steps in fertilization,
8. Transport of the fertilized egg from the Fallopian tube to the uterus,
9. Maturation and cell division leading to blastocyst state,
10. Readiness of the uterine lining for implantation, and
11. Implantation of the blastocyst into the lining of the uterus at the conclusion of which pregnancy is established.

Barrier methods such as the male and female condoms, the diaphragm, and cervical cap, along with female and male sterilization, impose a physical barrier between sperm and egg and thereby prevent fertilization. The contraceptive effectiveness of abstinence, periodic abstinence, and withdrawal also depends on their role in preventing contact between sperm and egg.

The mechanism of action of hormonal contraceptives such as oral contraceptive pills, emergency contraceptive pills, injectable and implant hormone products, and of IUDs (intrauterine devices), cannot be described quite so simply. Each of these methods involves multiple biologic effects that potentially could alter several of the steps involved in becoming pregnant. Oral contraceptives (the "Pill") containing estrogen and progestin are highly effective in preventing ovulation, which is considered their primary mechanism of action. In addition, Pill hormones also result in thick cervical mucus that interferes with sperm transport and may have an effect on fluids in the uterus and Fallopian tubes and on transport for sperm and

egg in the Fallopian tube. These hormones may also affect sperm final maturation and readiness of the uterine lining for implantation.

Hormonal contraceptives that contain only progestin, such as mini-pills, implants, and injectables, as well as emergency contraceptive treatment using hormone pills, also act by blocking ovulation. For these methods, however, the other mechanisms described for Pills also pertain and are believed to play a more important role than is the case for Pills. Women using min-pills and implants, especially, are somewhat more likely to ovulate than are Pill users or injectable users, and emergency contraceptive hormone treatment is in some cases provided after ovulation has already occurred. Thus, the contraceptive efficacy of these methods may involve inhibition of fertilization or steps subsequent to fertilization. Once implantation has occurred and pregnancy is established, none of these methods is effective in interrupting pregnancy or causing abortion.

Two IUD's are currently available in the United States; one releases the hormone progesterone and the other releases copper. Progesterone release causes thickened cervical mucus that blocks sperm transport; the release of copper alters fluids in the Fallopian tubes and uterus in a way that interferes with sperm and egg transport and function. Both can act by inhibiting fertilization, which is considered their primary mechanism of action. In addition, both also alter the lining of the uterus in a way that may be unfavorable for implantation; this effect is probably responsible for the high level of efficacy when copper IUD insertion is used for emergency contraception. Insertion of an IUD in early pregnancy is contraindicated because it may lead to spontaneous abortion and may also result in uterine infection associated with incomplete spontaneous abortion.

In summary, the primary contraceptive effect of all the non-barrier methods, including emergency use of contraceptive pills, is to prevent ovulation and/or fertilization. Additional contraceptive actions for all of these also may effect the process beyond fertilization but prior to pregnancy. For some methods these actions may be significant in contributing to their overall contraceptive efficacy.

Individuals Endorsing ACOG Statement of Contraceptive Methods

Authors: Contraceptive Technology, Seventeenth Edition. New York: Ardent Media, 1998.

Robert A. Hatcher MD
James Trussell PhD
Felicia H. Stewart MD
Willard Cates Jr. MD
Felicia J. Guest MPH
Deborah Kowal PA
Charlotte Ellerston PhD
Elizabeth Raymond MD

Author: The Whole Truth About Contraception: A Guide to Safe and Effective Choices; Washington, D.C.: Joseph Henry Press, 1997.

Beverly Winikoff MD

Authors: A Clinical Guide to Contraception. Second Edition. Baltimore: Williams & Wilkins, 1996.

Philip D. Darney MD
Leon Speroff MD

Others:

Sandra Arnold, The Population Council, New York

Michael Burnhill MD, Vice President of Medical Affairs, Planned Parenthood Federation of America

David Grimes MD, Vice President of Biomedical Affairs, Family Health International, North Carolina

Suzanne Poppema MD, Medical Director, Aurora Medical Services, Washington

Allan Rosenfield MD, Dean, Joseph L. Mailman School of Public Health, Columbia University

Kate Thomsen MD, Medical Director, Planned Parenthood Federation of America

Notable Quotables on Contraceptive Equity

"I urge the EEOC to issue a policy guidance prohibiting the exclusion of contraception from prescription drug coverage. This practice is sex discrimination in violation of Title VII of the Civil Rights Act of 1964."

— **Dr. Ralph W. Hale, Executive Vice President,
American College of Obstetricians & Gynecologists
December 16, 1999**

"Respondents have engaged in an unlawful employment practice in violation of Title VII of the Civil Rights Act of 1964, as amended by the Pregnancy Discrimination Act, by failing to offer insurance coverage for the cost of prescription contraceptive drugs and devices...Because Respondents have treated contraception differently from preventive treatments and services for other medical conditions, they have discriminated on the basis of pregnancy... Respondents' explicit refusal to offer insurance coverage for them is...a sex-based exclusion...The inequality in treatment is apparent...[t]his is because Respondents have circumscribed the treatment options available to women, but not to men. Respondents' health plan effectively covers approved, non-experimental treatments for employees' medical conditions *unless* those treatments involve contraceptives. This is unlawful."

— **Decision, U.S. Equal Employment Opportunity Commission
December 14, 2000**

"This is the fourth or fifth year in a row that teenage pregnancy is still too high. Throughout my tenure as governor, we have encouraged women not to have children until they are able to raise them in an emotional and financially sound manner."

— **Delaware Governor Thomas R. Carper (D)**

"Some HMOs and managed care companies have totally ignored women's health needs. I am thrilled on behalf of the women of Nevada who now will have equity."

— **Nevada Assemblywoman Chris Giunchigliani (D-9)**

"Connecticut voters support 76-18 percent, a proposal to require insurance companies which provide prescription benefits to include prescription birth control methods...women support the idea 81-16, while men back it 71-21 percent. Support among Catholics is 72-23 percent."

— **Quinnipiac College Poll released April 2, 1998**

"Why are oral contraceptives not covered by some insurance plans? Is it benign neglect or is it discrimination? This is a fairness issue."

— **North Carolina Senator, James Forrester (R-39)**

“Kansans expect HMOs and insurance companies to take care of their medical needs...better prevention would save insurers money in the long run.”

— **Kansas Insurance Commissioner, Kathleen Sebelius (D)**

“It’s time to close the longstanding gap in insurance coverage...Women should be afforded the same benefits as men without having to suffer a financial penalty.”

— **Massachusetts Senator Dianne Wilkerson (D-Second Suffolk)**

“Georgia lawmakers did the right thing for women last week...it was no small achievement given that the legislation involved two lightning rods for controversy: sex and insurance.”

— *Macon [Georgia] Telegraph*

“I feel that it is extremely important for oral contraceptives to be covered by the state insurance plan. Currently, Viagra is covered and in the interest of equitable medical care for males and females, oral contraceptives should be covered as well.”

— **South Carolina Governor Jim Hodges (D)**

“...[T]he ability of women to participate equally in the economic and social life of the nation has been facilitated by their ability to control their reproductive lives.”

— **Sandra Day O'Connor, U.S. Supreme Court Justice**

“I am thrilled to report that the number one legislative priority of the Commission — health insurance coverage of all FDA-approved contraceptives — is now law.”

— **Judith Sutphen, Executive Director, Vermont Governor's Commission for Women**

“Why is a law needed? We hear from the insurance companies that coverage should be market-driven, and so if there was a real demand for contraceptive coverage, the market would prevail. Well, this is simply not true...unfortunately, there is a history of women’s health needs being under-served by the insurance market. For example, insurance coverage for childbirth became a legal requirement only in 1978. Mandated coverage for mammograms is even more recent. Before that, I guess there was no market demand.”

— **New Hampshire Senator, Katherine Wheeler (D-21)**

“Today was a long time in coming. Women should have the same rights as men.”

— **Delaware Senator Margaret Henry (D-Wilmington West)**

[2000]

*Notable Quotables on
Contraceptive Equity*

February 21, 2001

Senator Gene Therriault
Chair, Senate State Affairs Committee
State Capitol
Juneau, Ak99801

Re: Senate Bill 15, the Women's Health Equity Act.

Dear Senator Therriault:

This is to request a hearing on Senate Bill 15, the Women's Health Equity Act.

Both the American Medical Association and the American College of Obstetricians and Gynecologists believe that insurance policies should no longer exempt contraceptive prescriptions. Affordable access to contraception is medically necessary to prevent unwanted pregnancy and should be available to all who want it to prevent the personal and social costs associated with unplanned and unwanted pregnancies.

Thank you for considering this request for a hearing on Senate Bill 15.

Sincerely,



DeeAnn H. Grummett
316 Coleman St.
Juneau, Alaska 99801

Cc: Senator Bette Davis
Senator Rick Halford
Senator Drue Pearce
Senator Randy Phillips

ALASKA STATE LEGISLATURE

Senate Rules Committee

Senate Judiciary Committee

Department of Law
Budget Subcommittee



While in Session
State Capitol, Rm. 9
Juneau, Alaska 99801
(907) 465-3704
Fax: (907) 465-2529

While in Anchorage
716 West 4th Ave., Ste 440
Anchorage, Alaska 99501
(907) 269-0169
fax: (907) 269-0172

SENATE MINORITY LEADER
JOHNNY ELLIS

MEMORANDUM

April 12, 2001

To: Senator Gene Therriault, Chair
Senate State Affairs Committee
Sen. Randy Phillips, Vice Chair
Sen. Rick Halford, member
Sen. Drue Pearce, member
Sen. Bettye Davis, member

Fr: Sen. Johnny Ellis 

Re: Scheduling Senate Bill 15: The Prescription Fairness Act of 2001

I am writing to ask for a hearing on SB 15, which would require Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

Thirteen states already require private insurers to provide comprehensive coverage for contraception. The Washington State Legislature is currently debating prescription fairness legislation with 57 bipartisan co-sponsors. Medicaid, the federal government health plan, and tribal health programs already provide full contraceptive coverage to insured beneficiaries.

While this legislation has been introduced before in Alaska by both Republicans and Democrats, there is new information which makes the issue more topical. In December 2000, the U.S. Equal Employment Opportunity Commission (EEOC) ruled that failure by an employer to provide prescription contraceptives, when its health plan covers other preventive services and devices, constitutes sex discrimination. The Commission based their decision on violations of the federal Pregnancy Discrimination Act (PDA), which is part of the Civil Rights Act, and requires equal treatment of women "affected by pregnancy, childbirth or related medical conditions." Equal treatment also applies to the prevention of pregnancy.

It's a new millenium and I hope you'll agree we can have new attitudes about preventive health care for Alaska families. I urge your support for SB 15.

The Coalition for Prescription Fairness

Aiding Women in Abuse and Rape Emergencies (AWARE)
Alaska Chapter, American College of Nurse Midwives,
Alaska Emergency Contraception Project
Alaska Health Education Consortium
Alaska Nurse Anesthetists Association
Alaska Nurse Practitioners Association, Alaska Nurses Association
Alaska Pharmaceutical Association
Alaska Pro-Choice Alliance
Alaska State Medical Association
Alaska Women's Health Services
Alaska Women's Lobby
Alaska Women's Resource Center
American Association of University Women
American College of Obstetrics and Gynecology
Anchorage Education Association
Anchorage Women's Commission
Anchorage Women's Political Caucus (AWPC)
Arctic Business and Professional Women (ABPW)
Business and Professional Women (BPW)
Central Peninsula Counseling Services
Fairbanks Coalition for Choice
Juneau Pro-Choice Alliance
Kachemak Bay Family Planning Clinic
League of Women Voters of Alaska
Mental Health Association in Alaska
National Alliance for Mentally Ill - Anchorage
National Organization for Women - Alaska
Planned Parenthood of Alaska
Southeast Alaska Guidance Association (SAGA)
Sitka Medical Center
Sitkans Against Family Violence
Standing Together Against Rape (STAR)
YWCA
Wellspring Center

ALASKA STATE LEGISLATURE

While in Session
State Capitol, Rm. 9
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Senate Rules Committee
Senate Judiciary Committee
Department of Law
Budget Subcommittee

SENATOR JOHNNY ELLIS MINORITY LEADER

Sponsor Statement

Senate Bill 15: The Prescription Fairness Act of 2001

Summary of Senate Bill 15:

Senate Bill 15 amends Alaska Statute (21.42) to require all Alaska health insurers that cover prescription drugs to include coverage for all FDA-approved prescription contraceptives.

Thirteen states already require private insurers to provide comprehensive coverage for contraception. Maryland was the first state to pass legislation, in 1998. Since then, legislation has been adopted by CA, CT, DE, GA, HI, IA, MN, NV, NH, NC, RI, and VT. Medicaid, the federal government health plan, and tribal health programs provide full contraceptive coverage to insured beneficiaries.

Who would be covered under this legislation?

The Alaska Division of Insurance estimates about 30,000 people are insured in small business plans. About 30 percent of this population are women, or about 9,000 total. This legislation excludes churches and self-insured plans. The State of Alaska is a self-insured plan.

Why pass this legislation now?

1. Gender discrimination.

While nearly all insurance plans cover prescriptions, most exclude coverage of contraception uniquely prescribed to women (i.e., pills, diaphragms, IUDs, and Norplant). Nationwide, two-thirds of insurance companies *fail to cover any forms of contraceptives* and only 15% cover all FDA-approved forms of contraception. In Alaska, only one of 11 insurance companies regulated by the Division of Insurance offers contraceptive coverage (8 of the 11 cover Viagra).

In December 2000, the U.S. Equal Employment Opportunity Commission (EEOC) ruled that failure by an employer to provide prescription contraceptives, when its health plan covers other preventive services and devices, constitutes sex discrimination. It based its decision on violations of the federal Pregnancy Discrimination Act (PDA), which requires equal treatment of women "affected by pregnancy, childbirth or related medical conditions." Equal treatment also applies to the prevention of pregnancy. (EEOC Summary of Charge, section B, <http://www.eeoc.gov/press/12-13-00.html>)

History shows mandates are necessary to secure coverage of women's most basic health care needs. It wasn't until 1978, with the passage of the Pregnancy Discrimination Act, that expenses related to pregnancy, childbirth or related medical conditions were consistently covered by insurance. Similarly, coverage for pap smears and mammograms was excluded from insurance policies until state and federal laws required it in the 90s.

2. Avoid protracted lawsuits.

A legal opinion from the Alaska State Legislature's Division of Legal Services indicates the EEOC's December 2000 gender discrimination ruling would be applicable to all small business and self-insured plans, including the State of Alaska.

3. Unintended pregnancies have major public health and social costs.

Unintended pregnancies are a risk to the entire family and the rest of the community. Findings show a later onset and less frequent prenatal care, higher frequency of low birth weight infants and more child abuse, economic hardship and divorce.

Almost 50% of pregnancies in the nation are unintended; half of those end in abortion. Even married women report that 31% of their pregnancies are unintended. The United States has one of the highest rates of unintended pregnancy in the industrialized world.

In Alaska, there are roughly 16,000 pregnancies per year, 69% of which end in live births, 16% in abortions. ([http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended Pregnancies Resulting in Live Births](http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended%20Pregnancies%20Resulting%20in%20Live%20Births))

4. Effective contraception saves money.

There are 140,000 women of childbearing age (15-44) in Alaska. The average woman who wants two children will spend five years trying to get pregnant and more than 20 years trying to avoid pregnancy. Insurers have relied on women and their families to pay out of pocket for contraceptive services and supplies, resulting in women paying 68 percent more than men for medical services. A year's supply of oral contraceptives costs about \$360. A year's supply of Depo Provera can be as high as \$620 a year. The cost of a pregnancy is \$5,000 for an uncomplicated delivery and \$10,000 for a cesarean. Low birth-weight babies are even more expensive.

In Alaska, 42% of live births are unintended. Almost half of Alaska's unintended pregnancies are paid for by a government source. A large number of births are also paid for by private insurance -- costs that are eventually distributed to others in the form of higher insurance premiums. ([http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended Pregnancies Resulting in Live Births](http://www.hss.state.ak.us/dph/mcfl/dataline/1999/oct99.htm#Unintended%20Pregnancies%20Resulting%20in%20Live%20Births))

Studies show including contraceptives in prescription programs could cost as little as \$1.43 per employee per month to as high as \$3.50 per employee per month. On an annual basis, the high estimate is slightly more than the price of *one month* of oral contraceptives. A 15 percent increase in the number of oral contraceptive users in a health plan would provide enough savings in pregnancy costs alone to provide oral contraceptive coverage for all users in the plan. (*American Journal of Public Health*, 1995)

Please join me in support of SB 15: the Prescription Fairness Act of 2001.

Daily News Letters

Adding birth control to most standard plans wouldn't cost much

Thanks for your coverage of the Rally for Women's Health in Juneau last week. Soon after, the Alaska Senate unanimously passed a pay equity bill to study sex discrimination in the work force. Yet there's another bill languishing in its first committee of referral that would do more than just study sex discrimination; it would end a portion of it.

In December, the U.S. Equal Employment Opportunity Commission ruled that if your employer's prescription insurance plan covers drugs for prevention, then it must also cover prescription birth control, too.

There are more than 30 Alaska organizations representing thousands of Alaska women and families in support of Senate Bill 15, which would require insurance companies to cover all FDA-approved forms of birth control. In 1998, a similar bill passed the House only to die in its last committee of referral in the Senate. Why? Because the insurance industry and their allies in the Senate don't want to pay. Women don't want to pay, either, and some don't — with disastrous results.

Studies show adding birth control to most standard prescription plans will cost about \$2 per person, per month. Is that so much? No. Please write your legislators and ask them to pass SB 15, or a similar bill in the House, and stop discrimination.

— Diana Rhoades
Anchorage

JUNEAU EMPIRE

The Voice of Alaska's Capital City

LETTERS

4/02/01

Prescription fairness

We are writing to alert the community to an important proposal in the Alaska Legislature. SB 15, the Prescription Fairness Act, would require health insurance plans that cover prescription preventive drugs to cover prescription contraceptives.

The double-standard that exists in women's health care has become increasingly blatant in recent years, as insurance companies add Viagra to their list of allowable drugs but refuse to cover contraception. Studies have shown that women pay far more than men do in out-of-pocket health care costs. Much of this disparity is attributable to birth control costs.

It is not surprising that the U.S. Equal Employment Opportunity Commission recently ruled that prescription insurance plans that cover prevention drugs, but exclude contraception, are discriminatory.

The Juneau Pro-Choice Coalition believes that all women should have access to safe, legal, affordable reproductive health services. We are committed to helping prevent unintended pregnancy, one of the leading reasons women seek abortions. Pro-life legislators should "walk the talk" and instead of spending time and energy on legislation to increase barriers for women seeking abortions, they should actively support prescription fairness, to help reduce abortions.

Despite the overwhelming logic of the measure, SB 15 has not even been scheduled for a hearing in the Legislature. Please contact Sen. Gene Therriault (465-4797), chair of the Senate State Affairs Committee, and tell him this bill deserves to be heard.

Please support this effort to bring fairness to health insurance and to help ensure that every child is a wanted child. For more information, see our Web site at juneauchoice.com.

Shannon O'Fallon
Chair, Juneau Pro-Choice
Coalition
Juneau

Daily News Letters

Lawmakers should make insurers cover birth control for women

I am so frustrated about the way women's issues are being addressed in the Legislature that I'm ready to organize a women's health riot.

Eight out of 11 insurance companies in Alaska cover Viagra for men, yet only one covers birth control for women. The insurance industry is opposing birth control coverage, of course, and legislators must be listening.

Here's a question to companies across Alaska: What if all women stopped taking birth control and just pumped out babies instead? Who would work for you? We would all be on family leave, taking your money and bumping up your insurance costs to pay for babies, babies and more babies. I urge responsible Alaskans to please call your legislators in support of SB 15. It's an issue of fairness for women and a medical necessity.

— *Kattaryna Stiles*
Anchorage

SB

24

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH
DIRECTOR'S OFFICE
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501
<http://www.state.ak.us/dec/deh>

Telephone: (907) 269-7644
Fax: (907) 269-7654
e-mail: Janice_Adair@envircon.state.ak.us

February 27, 2001

The Honorable Randy Phillips
Alaska State Senate
Room 103, Capitol Building
Juneau, AK 99801

HAND DELIVERED

Re: SB 24, Seafood and Food Safety Laboratory

Dear Senator Phillips:

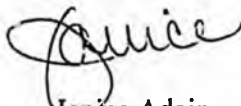
During the hearing on the above-referenced bill in the Senate State Affairs Committee, you asked us to find out how Washington, Oregon, California and an East Coast state fund their laboratories for seafood monitoring. You had mentioned Massachusetts previously in the hearing, so we selected it as the East Coast state. We sent each state an email posing the following questions:

- 1) Do you have a marine toxic monitoring program for shellfish?
- 2) Do you charge fees to the industry for any of the testing you do associated with that program?
 - a) If no, how is your laboratory funded?
 - b) If yes, how much are your fees and do they cover the entire operating and maintenance costs of the marine toxin monitoring program?
 - c) If the fee does not cover the entire cost of running the laboratory, what percentage is covered and how is the balance funded?

All four states answered the questions the same. They all have a marine toxin program for shellfish. The laboratories that conduct this work in each of the four states are funded completely by general state funds. None of the states charge fees for any tests that are done.

I hope this addresses the questions that you had. If there is any other information we can gather for you, please let me know.

Sincerely,



Janice Adair
Director

cc: The Honorable Gene Therriault, Chairman, State Affairs Committee
The Honorable John Torgerson, Chairman, Resources Committee
The Honorable Drue Pearce
The Honorable Rick Halford
The Honorable Bettye Davis

Memorandum

To: Joe Balash, Senate State Affairs Committee
From: *Janice* Janice Adair, Director, Division of Environmental Health
Date: 01/30/01
Re: SB 24, Seafood and Food Safety Lab

Joe, attached you'll find the additional information Senator Therriault requested in our meeting last week plus some other information I thought might be useful.

- Two capital appropriation details, FY 99 and FY 01 for the this project. Both were funded.
- A memo dated January 29, 2001 from Northern Economics; I asked that they put together a more succinct memo that the others that we have
- Copy of AS 36.30.080 (leases), .083 (lease extensions) and .085 (lease-purchases) with the pertinent parts highlighted
- An overview photo that shows the spot where the lab will be built;
- A copy of Section 29 from last year's capital budget that shows the appropriation to repay other certificates of participation; and
- Another letter of support from Pacific Alaska Shellfish, which I believe came in after I provided the first packet of information to you.

If there is anything else you need, don't hesitate to give me a call.

Food Safety Laboratory

FY1999 Request: \$145,700
Reference No: 30694

AP/AL: Appropriation
Category: Health/Safety
Location: Statewide
Election District: Statewide
Estimated Project Dates: Unknown - Unknown

Project Type: Health and Safety

Contact:
Contact Phone: () -

Brief Summary and Statement of Need:

Funding:	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	Total
Gen Fund	\$145,700	\$3,854,300					\$4,000,000
Total:	\$145,700	\$3,854,300	\$0	\$0	\$0	\$0	\$4,000,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased Project	<input type="checkbox"/> On-Going Project
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Total Operating Impact:	0	0
One-Time Startup Costs:	0	
Additional Estimated Annual O&M:	0	0

Prior Funding History / Additional Information:

Food Safety Laboratory**FY1999 Request: \$145,700**
Reference No: 30694

The Palmer laboratory has been in its current leased location for over 25 years. The facility is inadequate for the demands of the microbiology program and must be replaced. This funding request will evaluate the replacement options and prepare the department to pursue the most effective replacement solution.

This request will do the following:

- Prepare laboratory design needs and specifications
- Prepare a conceptual building design
- Estimate cost to construct a new facility including all costs of design, equipment and inspection.
- Estimate maintenance and operations cost for 20 to 40 year occupancy
- Evaluate current lease market conditions for replacement options
- Evaluate potential site locations
- Evaluate economic alternatives of lease versus lease-purchase

Concept Design	85,700
Cost Estimate	5,000
Market/Site Eval	15,000
O&M Estimate	10,000
Lease vs L/P Study	<u>30,000</u>
Total	145,700

**Environmental Health Food Safety Lab Relocation Study
and Specifications**

**FY2001 Request: \$240,000
Reference No: AMD32579**

AP/AL: Appropriation
Historical Category: Health/Safety
Location: Statewide
Election District: Statewide
Estimated Project Dates: 7/1/2000 - 6/30/2005

Project Type: Health and Safety
Contact: Janice Adair
Contact Phone: (907)269-7645

Brief Project Summary and Statement of Need:

Current food safety laboratory lease expires in December, 2000 and cannot be extended or renewed. This project contracts for services for programming, site planning and Bid Specification development to relocate the FSL.

Funding:

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	Total
Gen Fund	\$240,000						\$240,000

Total:	\$240,000	0	0	0	0	0	\$240,000
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<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased Project	<input type="checkbox"/> On-Going Project
= Minimum State Match % Required	<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Total Operating Impact:	0	0
One-Time Startup Costs:	0	
Additional Estimated Annual O&M:	0	0

Prior Funding History / Additional Information:

An appropriation of 145.7 was made for FY 1999 for a feasibility study.

Environmental Health Food Safety Lab Relocation Study and Specifications Cont.

The Environmental Health (EH) Food Safety Lab (FSL) has been located at its present location for approximately thirty years. During that time, the Lab has received only minor upgrades or renovation. The building does not meet current building codes. In FY99 EH contracted for a feasibility study to relocate the FSL. The study included conceptual design, general layout, equipment requirements, cost estimates, and lease versus build evaluation. The study was further refined in FY00, concluding that a build-to-suit State-owned facility was the most economical option. Property evaluations were performed and a State-owned parcel in Anchorage was selected. This appropriation will allow the Department to contract programming and site planning services. The activities will include spatial delineation of activity areas, internal building utility and equipment requirements, site plan and floor plan design, site analysis, material quality identification, estimate refinement, detailed project schedule development, and partial bid specification development.

Memorandum

To: Janice Adair, Department of Environmental Conservation
Bert Hartley, Department of Environmental Conservation

From: Hart Hodges, Northern Economics

Date: January 29, 2001

Re: Seafood and Food Safety Lab Figures

In our report prepared in 1999, Livingston Slone and Northern Economics estimated that project costs for a new seafood and food safety lab would be approximately \$9.3 million. We also estimated that an existing building of the correct size could possibly be renovated at a cost of roughly \$5.1 million. However, in all comparisons of costs between the different options considered in that report (own versus lease, consolidate the SFSL and State Chemistry Lab, etc.), we included a variety of operating and maintenance costs. We did not demonstrate clearly which option had the lowest capital cost.

We subsequently prepared two memoranda in January and February 2000, which focused on the capital cost of different options. In these memoranda, we showed that it would be less expensive for the state to build its own lab, as opposed to having a private developer construct a facility and lease it to the state or to have a private developer renovate an existing facility for the state. Since that time, the design criteria for the lab have changed, more accurate land and building costs have been prepared, and other refinements have been considered. This memorandum attempts to bring together all of the revisions, but still focus on the capital costs of a new seafood and food safety lab.

The following assumptions reflect our best knowledge of the cost of a seafood and food safety lab:

- Public interest rate is 6.1 percent (compared to 5.5 percent in early reports)
- Private interest rate is 9.5 percent (unchanged)
- The capital cost for the project is estimated to be \$13,655,000 (higher than in early reports)

The private rate is higher than the public rate to reflect the cost

of risk and the return necessary to attract a private developer (a private developer would expect to borrow money at a higher rate and earn a return on the investment). Actual rates available to the state or a private developer might differ slightly from the rates used in these calculations, but the relative differences should be similar to the difference in these figures... and it is the difference in the rates that is critical.

The following tables show cost comparisons for two different options (build to own and lease to own) and two different planning horizons. The lease arrangement option does not include adjustments to the interest rate to account for developer profit. However, the same principal amount of \$13.66 million is used for both the state owned option and the lease arrangement. It could be assumed that the private developer would complete the project for a smaller dollar amount and the difference could be viewed as profit.

Table 1 shows costs, by major category, when loans must be repaid within 10 years.

Table 1. Cost of Seafood and Food Safety Lab, State Owned vs. Lease Arrangement - 10-Year Horizon

Fiscal Year	New Build to Suit – State Owned			New Build to Suit – Lease Arrangement		
	Principal	Interest	Total Capital Cost	Principal and Profit	Interest	Total Capital Cost
2002	1,031,122	832,955	1,864,077	877,554	1,297,225	2,174,779
2003	1,094,020	770,057	1,864,077	960,922	1,213,857	2,174,779
2004	1,160,755	703,321	1,864,077	1,052,210	1,122,570	2,174,779
2005	1,231,562	632,515	1,864,077	1,152,169	1,022,510	2,174,779
2006	1,306,687	557,390	1,864,077	1,261,626	913,154	2,174,779
2007	1,386,395	477,682	1,864,077	1,381,480	793,299	2,174,779
2008	1,470,965	393,112	1,864,077	1,512,721	662,059	2,174,779
2009	1,560,694	303,383	1,864,077	1,656,429	518,350	2,174,779
2010	1,655,896	208,181	1,864,077	1,813,790	360,990	2,174,779
2011	1,756,906	107,171	1,864,077	1,986,100	188,679	2,174,779
Total	13,655,000	4,985,768	18,640,768	13,655,000	8,092,793	21,747,793

Table 2 shows costs for a 20 year planning horizon. The capital requirement and interest rates are the same as those given for Table 1. In addition, the following assumptions are added:

- Private develop must repay debt within 10 years.

- Private developer will require lease payments during years 11-20 that are 75 percent of the payments for years 1-10.
- The state could own the leased facility at the end of the 20-year horizon.

Table 2. Cost of Seafood and Food Safety Lab, State Owned vs. Lease Arrangement - 20-Year Horizon

Fiscal Year	New Build to Suit - State Owned			New Build to Suit - Lease Arrangement		
	Principal	Interest	Total Capital Cost	Principal and Profit	Interest	Total Capital Cost
2002	367,233	832,955	1,200,188	877,554	1,297,225	2,174,779
2003	389,634	810,554	1,200,188	960,922	1,213,857	2,174,779
2004	413,402	786,786	1,200,188	1,052,210	1,122,570	2,174,779
2005	438,619	761,569	1,200,188	1,152,169	1,022,610	2,174,779
2006	465,375	734,813	1,200,188	1,261,626	913,154	2,174,779
2007	493,763	706,425	1,200,188	1,381,480	793,299	2,174,779
2008	523,882	676,305	1,200,188	1,512,721	662,059	2,174,779
2009	555,839	644,349	1,200,188	1,656,429	518,350	2,174,779
2010	589,745	610,442	1,200,188	1,813,790	360,990	2,174,779
2011	625,720	574,468	1,200,188	1,986,100	188,679	2,174,779
2012	663,889	536,299	1,200,188	1,631,084	0	1,631,084
2013	704,386	495,802	1,200,188	1,631,084	0	1,631,084
2014	747,354	452,834	1,200,188	1,631,084	0	1,631,084
2015	792,942	407,246	1,200,188	1,631,084	0	1,631,084
2016	841,312	358,876	1,200,188	1,631,084	0	1,631,084
2017	892,632	307,556	1,200,188	1,631,084	0	1,631,084

2018	947,082	253,106	1,200,188	1,631,084	0	1,631,084
2019	1,004,854	195,334	1,200,188	1,631,084	0	1,631,084
2020	1,066,150	134,037	1,200,188	1,631,084	0	1,631,084
2021	1,131,186	69,002	1,200,188	1,631,084	0	1,631,084
Total	13,655,000	10,348,758	24,003,758	29,965,845	8,092,793	38,058,638

These two horizons were chosen for a variety of reasons. The major reason for not considering a longer planning period is the fact that leases for lab facilities would not be expected to extend beyond 20 years. In addition, a private developer would not be likely to receive a loan for much more than 10 years for this type of project.

The option to have a private developer renovate an existing facility and lease it to the state is not presented in the tables because of the finding (presented in earlier reports) that the cost to lease a building that has been renovated is very similar to the cost of leasing a newly constructed facility. In addition, there is a significant amount of uncertainty surrounding the cost of renovation, as well as the operating cost of such a facility, because the actual configuration of the space cannot be known without having a specific building to consider.

Yet another option would be for the state to purchase and renovate a building or renovate an existing state building. No information was available on the stock of buildings that might be considered for this option. In earlier reports, no building was identified that could be renovated (at reasonable cost) to meet the needs of the seafood and food safety lab.

The following two graphs show the same information that is provided in Table 1 and Table 2.

Figure 1. Cumulative Cost (No Discounting) - 10-Year Horizon

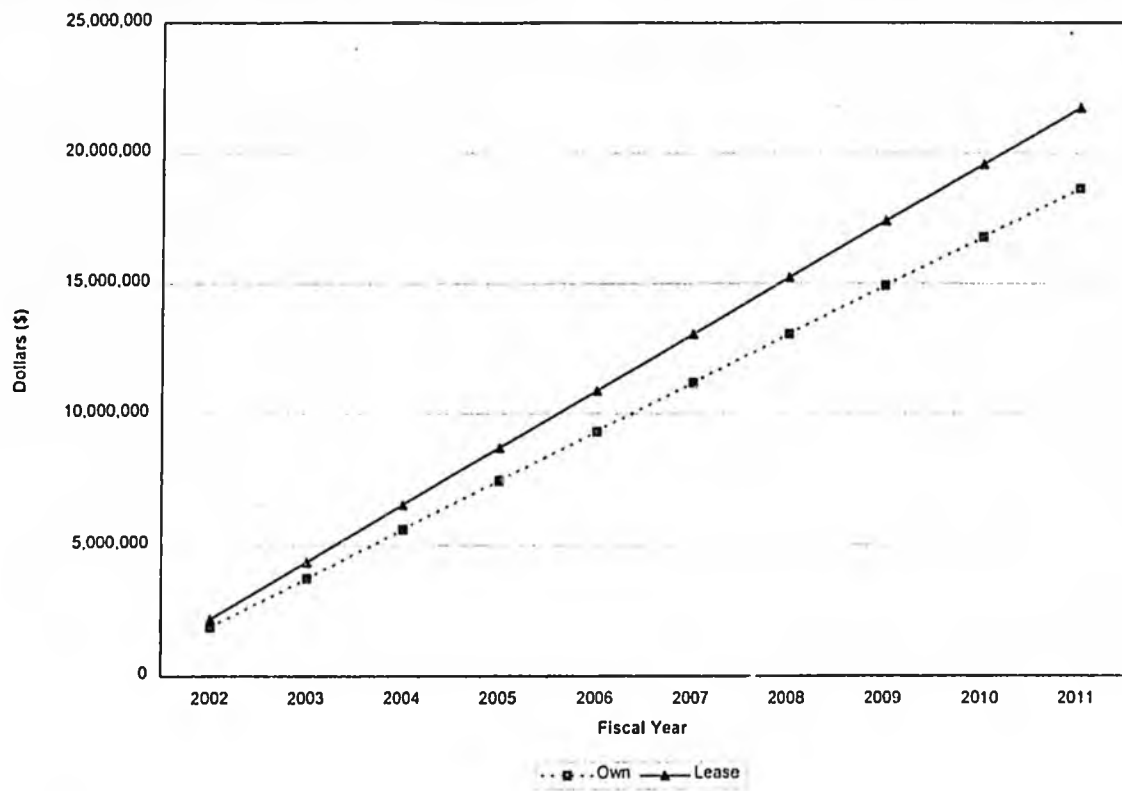
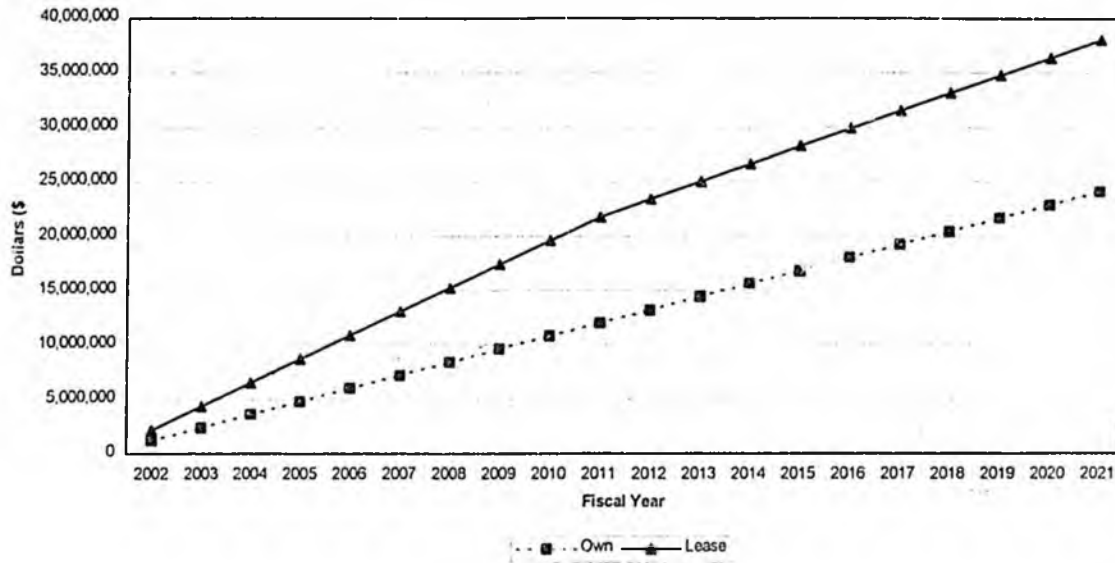


Figure 2. Cumulative Cost (No Discounting) - 20-Year Horizon



Sec. 36.30.070. Supply management. The commissioner shall adopt regulations

governing the

- (1) management of supplies during their entire life cycle;
- (2) sale, lease, or disposal of surplus supplies by public auction, competitive sealed bidding, or other appropriate method;
- (3) purchase of surplus supplies by an employee of the using or disposing agency; and
- (4) transfer of excess supplies. (§ 2 ch 106 SLA 1986)

Sec. 36.30.080. Leases. (a) The department shall lease space for the use of the state or an agency wherever it is necessary and feasible, subject to compliance with the requirements of this chapter. A lease may not provide for a period of occupancy greater than 40 years. An agency requiring office, warehouse, or other space shall lease the space through the department.

(b) *[Repealed, § 11 ch 75 SLA 1994.]*

(c) If the department, the Board of Regents of the University of Alaska, the legislative council, or the supreme court intends to enter into or renew a lease of real property with an annual rent to the department, University of Alaska, legislative council, or supreme court that is anticipated to exceed \$500,000, or with total lease payments that exceed \$2,500,000 for the full term of the lease, including any renewal options that are defined in the lease, the department, the Board of Regents, the legislative council, or supreme court shall provide notice to the legislature. The notice must include the anticipated annual lease obligation amount and the total lease payments for the full term of the lease. The department, the Board of Regents, the legislative council, and the supreme court may not enter into or renew a lease of real property

(1) requiring notice under this subsection unless the proposed lease or renewal of a lease has been approved by the legislature by law; an appropriation for the rent payable during the initial period of the lease or the initial period of lease renewal constitutes approval of the proposed lease or renewal of a lease for purposes of this paragraph;

(2) under this subsection if the total of all optional renewal periods provided for in the lease exceeds the original term of the lease exclusive of the total period of all renewal options.

(d) When the department is evaluating proposals for a lease of space, the department shall consider, in addition to lease costs, the life cycle costs, function, indoor environment, public convenience, planning, design, appearance, and location of the proposed building.

(e) When the department is considering leasing space, the department should consider whether leasing is likely to be the least costly means to provide the space.

(f) When the department is acquiring leased space of 3,000 square feet or less, the department may procure the leased space using the procedures for small procurements under AS 36.30.320, providing public notice is given to prospective offerors in the market area. (§ 2 ch 106 SLA 1986; am § 1 ch 58 SLA 1990; am §§ 8, 9 ch 181 SLA 1990; am §§ 2, 3 ch 73 SLA 1992; am § 3 ch 37 SLA 1993; am §§ 6, 11 ch 75 SLA 1994; am § 10 ch 137 SLA 1996)

Effect of amendments. — The first 1990 amendment, effective June 5, 1990, inserted "or renew" before "a lease" and before "an agreement" in the first and third sentences, respectively, and added the final sentence, in subsection (c).

The second 1990 amendment, effective July 1, 1990, rewrote subsection (b); and, in subsection (c), rewrote the first sentence and inserted "requiring notice" in the third sentence.

The 1992 amendment, effective September 14, 1992, in subsection (c), rewrote the first two sentences and added the last sentence; and added subsections (d) and (e).

The 1993 amendment, effective August 25, 1993, in

subsection (c), added the second sentence and rewrote the remainder of the subsection.

The 1994 amendment, effective June 6, 1994, repealed subsection (b), relating to lease-purchase and lease-financing agreements and rewrote subsection (c).

The 1996 amendment, effective July 9, 1996, added subsection (f).

Editor's notes. — Section 3, ch. 58, SLA 1990 provides that the 1990 amendment to AS 36.30.080(c) by § 1, ch. 58, SLA 1990 "applies to an agreement that is entered into on or after June 5, 1990, and does not apply to a lease or to the renewal of a lease if the lease is in existence on June 5, 1990."

Section 12, ch. 37, SLA 1993 provides: "LEASE EXTENSIONS AUTHORIZED. (a) Notwithstanding AS 36.30, the Department of Administration, the University of Alaska, the legislature, and the court system may extend for up to a maximum extension of five years a real property lease that is entered into under AS 36.30, including procedures and regulations adopted under AS 36.30.005(c) and 36.30.020 — 36.30.030, and that is in existence on the effective date of this section if a minimum cost savings of

"(1) 10 percent can be achieved on the rent due under the lease; or

"(2) five percent can be achieved on the rent due under the lease and the lessor agrees to make modifications of the leased real property to bring the real property into compliance with the requirements of 42 U.S.C. 12101 — 12213 (Americans with Disabilities Act of 1990).

"(b) The cost savings under (a) of this section shall be calculated on the remaining term of the lease and

any renewals, including extensions allowed under (a) of this section.

"(c) The Department of Administration, the University of Alaska, the Alaska Court System, and the Legislative Affairs Agency shall submit a quarterly report to the Legislative Budget and Audit Committee detailing the leases extended and the cost savings achieved under (a) — (b) of this section. The first report is due July 1, 1994, and must cover the period from the effective date of this section through March 31, 1994. The subsequent reports shall be made October 1, 1994, January 2, 1995, and April 1, 1995."

Under § 14, ch. 37, SLA 1993, § 12(a) and (b) are repealed December 31, 1994 and § 12(c) is repealed April 1, 1995.

Opinions of attorney general. — Equipment-lease financing is covered by the procurement code and the statutory requirement of legislative approval. Sept. 17, 1987 Op. Att'y Gen.

NOTES TO DECISIONS

Lease-purchase agreement between Department of Natural Resources and Alaska Court System. — This section (prior to June 7, 1994), § 38.05.035, and § 12, ch. 75, SLA 1994, provided the Department of Natural Resources with authority to enter into a lease-purchase agreement with Alaska Court System for the purchase of a building. *Carr-Gottstein Properties v. State*, 899 P.2d 136 (Alaska 1995).

Funds placed in escrow for the renovation of a building that was the subject of a lease-purchase agreement between the Department of Natural Resources and Alaska Court System did not constitute unrestricted "program receipts" for deposit in the state treasury and did not violate Alaska Const., art. IX, § 13. *Carr-Gottstein Properties v. State*, 899 P.2d 136 (Alaska 1995).

Sec. 36.30.083. Lease extensions authorized. (a) Notwithstanding any other provision of this chapter, the department, the Board of Regents of the University of Alaska, the legislative council, or the court system may extend, for up to a maximum extension of 10 years, a real property lease that is entered into under this chapter including procedures and regulations adopted under AS 36.30.005(c), 36.30.020, and 36.30.030 and has at least six months remaining under the lease term, if a minimum cost savings of

(1) 15 percent can be achieved on the rent due under the lease; or

(2) 10 percent can be achieved on the rent due under the lease and the lessor agrees to make modifications of the leased real property to bring the real property into compliance with the requirements of 42 U.S.C. 12101 — 12213 (Americans with Disabilities Act of 1990).

(b) The cost savings under (a) of this section shall be calculated on the remaining term of the lease and any renewals, including extensions allowed under (a) of this section.

(c) The department, the University of Alaska, the court system, and the Legislative Affairs Agency shall submit individually an annual report to the Legislative Budget and Audit Committee detailing the leases extended and the cost savings achieved by that entity under (a) or (b) of this section. Reports are due August 31 of each year. (§ 11 ch 137 SLA 1996)

Effective dates. — Section 53, ch. 137, SLA 1996, makes this section effective July 9, 1996, in accordance with AS 01.10.070(c).

Editor's notes. — Section 52, ch. 137, SLA 1996

provides that "[n]otwithstanding AS 36.30.083(c), enacted by § 11 of this Act, the first lease extension report under AS 36.30.083(c) is due August 31, 1997, and must cover fiscal year 1997."

Sec. 36.30.085. Lease-purchase agreements. (a) To perform its duties and statutory functions, the department, the Board of Regents of the University of Alaska, the

s allowed under (a)

tration, the Univer-
t System, and the
submit a quarterly
d Audit Committee
d the cost savings
section. The first
st cover the period
ion through March
hall be made Octo-
April 1, 1995."

§ 12(a) and (b) are
§ 12(c) is repealed

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s v. State, 899 P.2d

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August 31, 1997,

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legislative council, or the supreme court may enter into lease-purchase agreements. The department, the Board of Regents, the legislative council, or the supreme court may enter into a lease-purchase agreement only if the department, the Board of Regents, the legislative council, or the supreme court is the lessee under the agreement.

(b) When evaluating proposals to acquire or improve real property under a lease-purchase agreement, the department, the Board of Regents, the legislative council, or the supreme court shall consider

(1) in addition to lease costs, the life cycle costs, function, indoor environment, public convenience, planning, design, appearance, and location of the real property proposed for acquisition or improvement; and

(2) whether acquisition or improvement of the real property by lease-purchase agreement is likely to be the least costly means to provide the space.

(c) A lease-purchase agreement

(1) may not provide for a period of occupancy under the full term of the lease-purchase agreement that is greater than 40 years;

(2) must provide that lease payments made by the department, the Board of Regents, the legislative council, or the supreme court are subject to annual appropriation.

(d) If the department, Board of Regents, legislative council, or supreme court intends to enter into or renew a lease-purchase agreement for real property, the department, Board of Regents, legislative council, or supreme court shall provide notice to the legislature. The notice must include the

(1) anticipated total construction, acquisition, or other costs of the project;

(2) anticipated annual amount of the rental obligation; and

(3) total lease payments for the full term of the lease-purchase agreement.

(e) The department, the Board of Regents, the legislative council, or the supreme court may not enter into a lease-purchase agreement to acquire or improve real property unless the agreement has been approved by the legislature by law.

(f) The provisions of (d) and (e) of this section do not apply to a lease-purchase agreement

(1) related to the refinancing of an outstanding balance owing on an existing lease-purchase agreement; or

(2) by the University of Alaska if the lease-purchase agreement is secured by student fees or university receipts as defined in AS 14.40.491.

(g) In this section,

(1) "full term of the lease-purchase agreement" includes all renewal options that are defined within the lease-purchase agreement;

(2) "lease-purchase agreement" includes a lease-financing agreement. (§ 7 ch 75 SLA 1994; am §§ 2, 3 ch 36 SLA 1995)

Effect of amendments. — The 1995 amendment, effective May 25, 1995, inserted "or improve" in sub-sections (b) and (e) and "or improvement" in paragraphs (b)(1) and (b)(2).

Effective dates. — Section 13, ch. 75, SLA 1994 makes this section effective June 7, 1994, in accordance with AS 01.10.070(c).

NOTES TO DECISIONS

Cited in Carr-Gottstein Properties v. State, 899 P.2d 136 (Alaska 1995).

Sec. 36.30.090. Delivery of supplies. [Repealed, § 48 ch 137 SLA 1996.]

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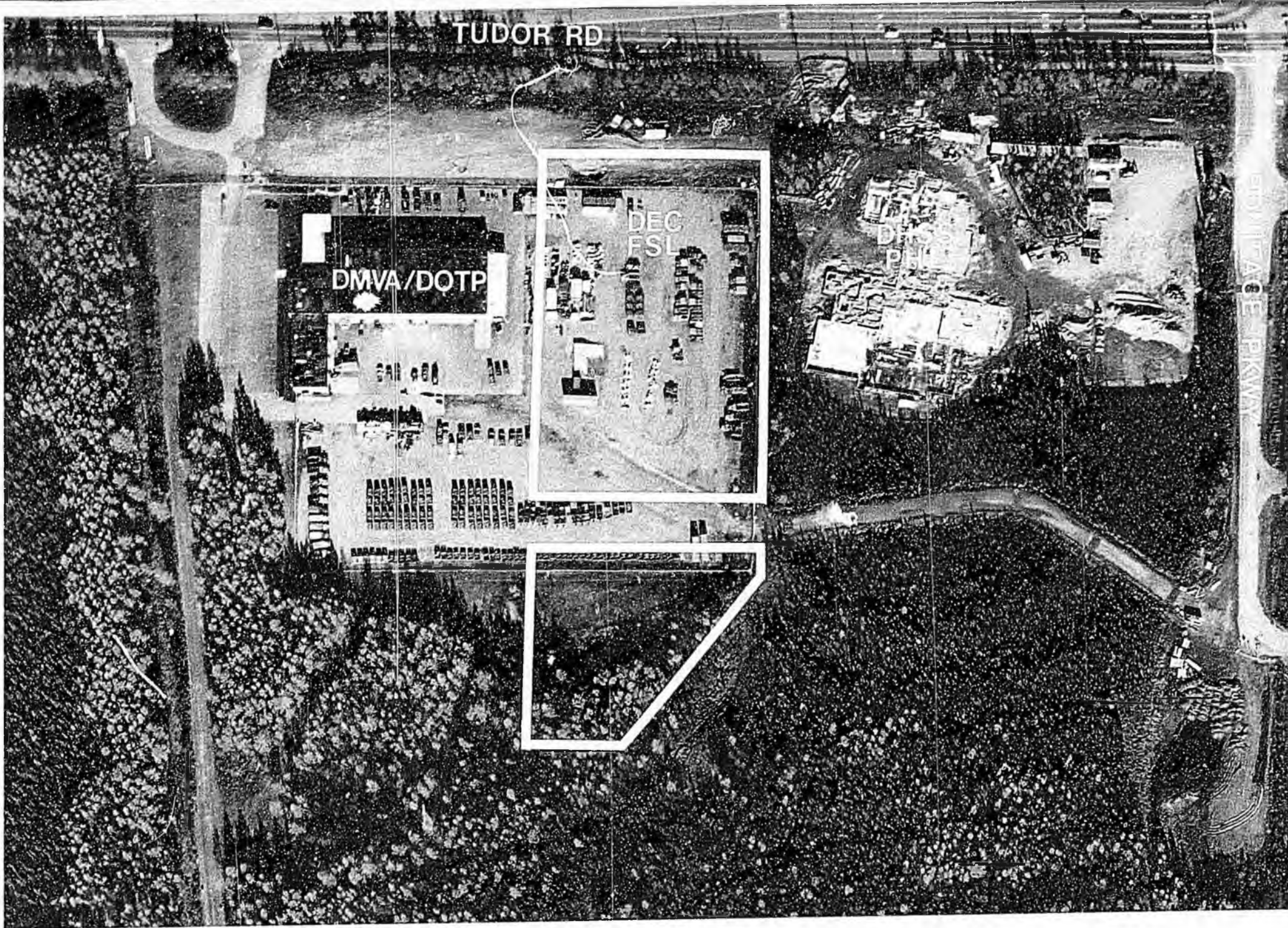
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1 is appropriated to the Regulatory Commission of Alaska for fiscal year 2001 expenditures.

2 * Sec. 26. RETAINED FEES. The amount retained to compensate the collector or trustee
3 of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending
4 June 30, 2001, is appropriated for that purpose to the agency authorized by law to generate
5 the revenue.

6 * Sec. 27. SALMON ENHANCEMENT TAX. The salmon enhancement tax collected
7 under AS 43.76.010 - 43.76.028 in calendar year 1999 and deposited in the general fund under
8 AS 43.76.025(c) is appropriated from the general fund to the Department of Community and
9 Economic Development for payment in fiscal year 2001 to qualified regional associations
10 operating within a region designated under AS 16.10.375.

11 * Sec. 28. SHARED TAXES AND FEES. The amount necessary to refund to local
12 governments their share of taxes and fees collected in the listed fiscal years under the
13 following programs is appropriated to the Department of Revenue from the general fund for
14 payment in fiscal year 2001:

15	REVENUE SOURCE	FISCAL YEAR COLLECTED
16	fisheries taxes (AS 43.75)	2000
17	fishery resource landing tax (AS 43.77)	2000
18	aviation fuel tax (AS 43.40.010)	2001
19	electric and telephone cooperative tax (AS 10.25.570)	2001
20	liquor license fee (AS 04.11)	2001

21 * Sec. 29. STATE DEBT AND OTHER OBLIGATIONS. (a) The amount required to pay
22 interest on any revenue anticipation notes issued by the commissioner of revenue under
23 AS 43.08 is appropriated from the general fund to the Department of Revenue for payment
24 of the interest on those notes.

25 (b) The amount required to be paid by the state for principal and interest on all issued
26 and outstanding state-guaranteed bonds is appropriated from the general fund to the state bond
27 committee for payment of principal and interest on those bonds.

28 (c) The sum of \$13,813,530 is appropriated from the general fund to the Alaska debt
29 retirement fund (AS 37.15.011).

30 (d) The sum of \$12,857,805 is appropriated from the Alaska debt retirement fund
31 (AS 37.15.011) to the state bond committee for trustee fees and lease payments relating to

1 certificates of participation issued for real property.

2 (e) The sum of \$7,906,977 is appropriated from the International Airports Revenue
3 Fund (AS 37.15.430) to the state bond committee for payment of debt service and trustee fees
4 on outstanding international airports revenue bonds.

5 (f) The sum of \$52,818,852 is appropriated to the Department of Education and Early
6 Development for state aid for costs of school construction under AS 14.11.100 from the
7 following sources:

8 Alaska debt retirement fund (AS 37.15.011) \$23,481,517

9 School fund (AS 43.50.140) 29,337,335

10 (g) The sum of \$3,541,385 is appropriated from the general fund to the Department
11 of Administration for payment of obligations to the Alaska Housing Finance Corporation for
12 the Robert B. Atwood Building in Anchorage.

13 (h) The sum of \$1,680,000 is appropriated from interest earnings of the Alaska clean
14 water fund (AS 46.03.032) to the Alaska clean water fund revenue bond redemption fund
15 (AS 37.15.560) for payment of principal of and interest, redemption premium, and trustee fees,
16 if any, on bonds issued by the Alaska clean water fund under AS 37.15.560.

17 (i) Section 69, ch. 2, FSSLA 1999, is amended to read:

18 Sec. 69. The [IN ADDITION TO THE AMOUNT REQUIRED TO BE PAID
19 BY THE STATE FOR PRINCIPAL AND INTEREST ON ALL ISSUED AND
20 OUTSTANDING STATE-GUARANTEED BONDS, THE] sum of \$2,450,000 is
21 appropriated from the general fund to the Alaska debt retirement fund
22 (AS 37.15.011) [STATE BOND COMMITTEE FOR PAYMENT OF ADDITIONAL
23 PRINCIPAL AND INTEREST ON THOSE BONDS].

24 * Sec. 30. STATE TRAINING AND EMPLOYMENT PROGRAM. The lapsing balance
25 of the employment assistance and training program account (AS 23.15.625) on June 30, 2000,
26 is appropriated to the employment assistance and training program account for the fiscal year
27 ending June 30, 2001.

28 * Sec. 31. STATEWIDE PRIMARY AND GENERAL ELECTION YEAR COSTS. (a)
29 The sum of \$1,629,000 is appropriated from the general fund to the Office of the Governor,
30 division of elections, for costs associated with conducting the statewide primary and general
31 elections in the fiscal year ending June 30, 2001.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Central Microfilm Services
Department of Education & Early Development
State of Alaska

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