ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SHES 1246

Table 3
Results, *P*-values, and effect sizes of planned comparisons

Item	Group difference	*P*-value	Effect size
Overall performance	ST > C	<0.001	1.17
	HS > C	<0.001	0.89
	ST > HS	0.031	0.34
Assess responsiveness	ST > C	<0.001	1.70
	HS > C	<0.001	1.12
	ST = HS	0.057	0.36
Call 911	ST > C	<0.001	0.52
	HS > C	<0.001	0.78
	ST = HS	0.40	−0.24
Adequate ventilation volume	ST > C	<0.001	1.08
	HS > C	<0.001	0.83
	ST > HS	0.014	0.40
Proper hand placement for compressions	ST > C	0.026	0.39
	HS = C	0.380	0.27
	ST = HS	0.393	0.27
Adequate compression depth	ST = C	0.999	0.08
	HS = C	0.878	0.19
	ST = HS	0.999	−0.11

Note: equal sign (=) signifies no statistically reliable difference; greater-than sign (>) signifies statistically reliable advantage of first group over second group; alpha = 0.05 for all comparisons.

Table 3 summarizes the planned comparisons among HS, C, and ST-Combined groups, with obtained *P*-values and effect sizes.

4. Discussion

Whether skills were assessed by CPR instructors who were experimentally blind or whether skills were measured objectively by the manikin, self-training produced an effect on skill acquisition that was at least as great as the effect seen with traditional Heartsaver training, but in about one-eighth the time. Further, traditional training failed to show a reliable advantage over self-training for any of the skills tested by either method or for overall adequate performance as assessed by instructors. Self-training produced a reliable advantage for overall performance and for ventilation.

The data show a clear pattern of evidence in favor of self-training. These results are consistent with previous studies of VSI, which demonstrate that a well designed, shortened course can be an efficacious method of CPR training in general [4,5,15], and specifically for laypersons over the age of 40 [15,16]. Our study strengthens this converging evidence by being the first such investigation that incorporates random assignment of subjects to training interventions; an untrained control group against which to measure presence or absence of training effects; blinding of examiners to subjects' training and to study hypotheses; and a video that is by far the briefest CPR instructional medium for which published outcome data exist.

Potential limitations of the study include lack of data on: longer term retention; specific contributions of the separate training components (Mini Anne, CPR Coach, and video); potential to affect learning in settings outside the laboratory; effective means of distributing the kits so that they will be opened and used; and ways to tailor the video and packaging to appeal to particular user groups (e.g., adolescents versus older adults). Research to define effective distribution channels and user-friendly modes of labeling and packaging is particularly important because previous work indicates that even when a video training package is delivered free of charge to the homes of potential older learners, only about half will open the package and watch the video [6].

Although our study's results are consistent with those of other investigators in showing that brief VSI produces CPR skill performance equivalent to or better than traditional training, none of these previous studies used an interactive device like the CPR Coach to aid performance of compressions during training. Paradoxically, however, subjects who trained with this device performed no better during the skills assessment than did Heartsaver subjects. Although the average percentage of adequately deep compressions did not differ for VSI, Heartsaver, and control groups, the data on average compression depth clearly show that those who were trained by any method produced deeper compressions than did the controls; however, trained subjects still tend not to compress deeply enough to meet the criterion for effective perfusion. Other studies [18,22,23] that have tested feedback devices directly suggest that compressions performed with such devices tend to be deeper than those performed without them. For the sake of experimental control, all subjects in our study were tested without the CPR Coach; therefore, we must assume that if the CPR Coach enhances performance, it can only do so while it is in hand. In other words, previous use does not appear to foster retention of knowledge or skill for subsequent performance. Additional investigations are needed to determine whether use of the CPR Coach in both training and test, versus in training only, can produce a higher percentage of adequately deep compressions.

A training program such as the one we tested offers potential learners logistical convenience, a comfortable learning environment, and time efficiency without compromising acquisition of CPR skills. Communities could come significantly closer to the Utstein [1] ideal of attempted bystander CPR for every witnessed cardiac arrest if training alternatives were easily procured for people who cannot or will not go to longer courses. For example, CPR training in the workplace would undoubtedly be more attractive to employers if training could be accomplished in 30 min chosen at the learner's or employer's convenience, rather than in 3 or 4 h that must disrupt the schedule of many individuals. This program, combined with a distribution strategy that produces a high rate of learner use, could expand the reach of layperson CPR instruction significantly.

Conflict of interest statement

This research was funded by the American Heart Association and the Laerdal Medical Corporation.

Acknowledgements

We thank the American Heart Association's National Center and the Laerdal Medical Corporation for financial support. We thank Jerry Potts for substantive contributions to all phases of the study, Tom Rea and Mickey Eisenberg for helpful comments on the design, Alan Braslow and Robert Brennan for advice on the assessment, and two anonymous reviewers for their careful attention to all aspects of the manuscript. The authors gratefully acknowledge Gwen Hyatt's database expertise and the high level of professional participation and involvement from RMC Research support staff, particularly in subject recruitment and retention, which were critical to the study's success.

Appendix A. Examiner checklist

AHA CPR study: examiner checklist and performance guidelines

Learner ID: Instructor ID:

Skills (PLACE A CHECK IN THE BOX ONLY IF THE SKILL WAS PERFORMED ADEQUATELY.)

- ☐ Assess responsiveness
- ☐ Call 911
- ☐ Adequate ventilation
- ☐ Proper hand placement for compression
- ☐ Adequate compression depth

If no skills marked, what best describes the reason?

- ☐ Executed skills inadequately
- ☐ Did not attempt listed skills
- ☐ Attempted no action
- ☐ Other

☐ Actively refused / withdrew participation

Overall, performance was adequate.

- ☐ Yes
- ☐ No

Skill	Performance guidelines
Assess responsiveness	The examinee must have physical contact with the manikin and speak loudly enough to awaken a sleeping person
Call 911	The examinee must pretend to call, or send someone to call 911
Adequate ventilation	The examinee must provide adequate ventilations to cause the chest to rise
Proper hand placement	The examinee must demonstrate the proper hand position over the sternum
Adequate compression depth	The examinee must depress the chest approximately 1.5–2 in.
Overall, performance was adequate	Perfection is not necessary; the key is to determine whether the learner's actions would adequately perfuse the patient such that the patient's chances of survival would be increased, relative to no action

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First Committee of Referral

DATE: 4/2/07

FURTHER: State Affairs

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: _____

Health, Education and Social Services Committee considered SENATE BILL NO. 151

SB 151 NEW DRIVER'S LIC. /PERMIT:CPR/ FIRST AID

"An Act relating to cardiopulmonary resuscitation and first aid classes for initial applicants for driver's licenses and instruction permits."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title
_____
HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton	✓			
				✓	
	Thomas	✓			
CHAIR: Bethyle Davis	DAVIS	X			

SB

160

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 4/23/07

FURTHER: Labor and Commerce
Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 2/19/08

Health, Education and Social Services Committee considered SENATE BILL NO. 160

SB 160 MANDATORY UNIVERSAL HEALTH CARE

"An Act establishing an Alaska health care program to ensure insurance coverage for essential health services for all residents of the state; establishing the Alaska Health Care Board to define essential health care services, to certify health care plans that provide essential health care services, and to administer the Alaska health care program and the Alaska health care fund; establishing the Alaska health care clearinghouse to administer the Alaska health care program under the direction of the Alaska Health Care Board; establishing eligibility standards and premium assistance for persons with low income; establishing standards for accountable health care plans; creating the Alaska health care fund; providing for review of actions and reporting requirements related to the health care program; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 160 (HES)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
HSS	1/29/08	✓			

PREVIOUS FISCAL NOTE

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	✓			
	Elton	✓			
CHAIR: Bettye Davis	DAVIS	✓			

25-LS0728\V.1
Bailey
2/18/08

AMENDMENT # 1

OFFERED IN THE SENATE BY

TO: CSSB 160( ), Draft Version "V"

Page 10, line 23, following "Medicaid":

Insert "and the potential expansion of the Alaska Medicaid program, including a comparison between the costs of expanding the Alaska Medicaid program and the cost of providing benefits through the Alaska health care program"

Senator Hollis French
Capitol Room 417
465-3892
465-6595 fax

MEMORANDUM

Date: January 23rd, 2008

To: Senator Bettye Davis, Chair
Senate Health, Education and Social Services Committee

From: Senator Hollis French HF

RE: Request for Hearing -- SB 160 Mandatory Universal Health Insurance

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This is a request that you schedule a hearing on SB 160 "Mandatory Universal Health Insurance" at the earliest possible date.

I have attached a copy of the Sponsor Substitute of the bill, a sponsor statement, and a bill packet for your use. Please contact Andy in my office at ex. 3892 if you have any questions.

I appreciate your consideration.

Attachments

25-LS0728\V
Bailey
1/25/08

CS FOR SENATE BILL NO. 160( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS FRENCH, Ellis, Wielechowski

A BILL

FOR AN ACT ENTITLED

"An Act establishing an Alaska health care program to ensure insurance coverage for essential health services for residents of the state; establishing the Alaska Health Care Board to administer the Alaska health care program and the Alaska health care fund; establishing the Alaska health care clearinghouse to administer the Alaska health care program under the direction of the Alaska Health Care Board; establishing eligibility standards and premium assistance for persons with low income; creating the Alaska health care fund; providing for review of actions and reporting requirements related to the health care program; and providing for an effective date."

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

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

FINDINGS; PURPOSE. (a) The legislature finds that

(1) the current health care system is unsustainable;

(2) improving and protecting the health of Alaskans must be a primary goal of the state;

(3) all Alaskans should have access to essential health care services that are affordable, that are based on publicly debated criteria, and that consider the well-being of individuals across their life spans;

(4) Alaska has an economic interest in ensuring equitable financing of essential health care for Alaskans who do not have access to basic health care;

(5) health care policies should emphasize public health and encourage the use of quality service and evidence-based treatment that are appropriate and safe and that discourage over-treatment;

(6) health care providers and informed patients must be the primary decision makers who are accountable for an individual's health;

(7) health care funding should be explicit, predictable, and economically sustainable;

(8) an economically sustainable health care system requires that providers receive fair and adequate compensation;

(9) health care must be balanced with other programs that also affect health; and

(10) health care must account for the allocation of resources and the human consequences of funding decisions.

(b) The purpose of this Act is to address the findings and concerns listed in (a) of this section by creating the Alaska health care program.

*** Sec. 2.** AS 21.54 is amended by adding new sections to read:

Article 2A. Alaska Health Care Program.

Sec. 21.54.200. Alaska health care program. The Alaska health care program is established to

(1) ensure that residents of the state have access to affordable health care insurance;

(2) require that residents of the state have, at a minimum, insurance covering essential health care services;

(3) reduce unsustainable health care cost increases;

(4) establish a system of health care insurance that integrates public involvement and oversight, consumer choice, and competition within the private health care insurance market;

(5) use models of health care insurance benefits, service delivery, and payments that control costs and overuse, emphasizing preventative care and chronic disease management within a primary care environment; and

(6) provide services for humane and dignified end-of-life care.

Sec. 21.54.210. Alaska Health Care Board. (a) The Alaska Health Care Board is established in the division to manage the Alaska health care program.

(b) The board shall consist of 13 members, including 12 members appointed by the governor, subject to confirmation by the legislature, and the commissioner of health and social services or the commissioner's designee, serving ex officio. The members of the board appointed by the governor must include

(1) one representative each from two health care insurers licensed to transact health care insurance in the state;

(2) two representatives of the business community other than health care insurers, one representing large businesses, and one representing small businesses;

(3) one representative each from two Alaska hospitals;

(4) one representative of a labor organization;

(5) two physicians licensed in Alaska;

(6) two health care consumer advocates; and

(7) one registered nurse.

(c) Except for the commissioner or the commissioner's designee, who serves ex officio, each board member serves for a term of three years beginning on January 1 and until a successor has been appointed. A member is eligible for reappointment.

(d) If there is a vacancy, the governor shall make an appointment, effective immediately, for the balance of the unexpired term.

(e) Members of the board are entitled to per diem and transportation costs under AS 39.20.180.

(f) The board shall select a member to serve as chair and a member to serve as vice-chair for a term and with duties and powers necessary to perform their functions.

(g) A majority of the board constitutes a quorum for transacting business.

Sec. 21.54.220. Powers and duties of the Alaska Health Care Board. (a) The Alaska Health Care Board shall

(1) administer, as a fiduciary, the Alaska health care fund established under AS 21.54.280 in accordance with the Alaska health care program established by AS 21.54.200 - 21.54.310;

(2) establish types or categories of health care insurance plans offered through the Alaska health care clearinghouse;

(3) classify each plan offered through the clearinghouse as a comprehensive or basic health care insurance plan, based on criteria including the financial cost of the plan, including premium cost, deductible costs, and co-pay provisions;

(4) establish criteria for participation by residents and insurers in the Alaska health care program;

(5) establish an Alaska health care voucher system that provides health care insurance to each individual who meets the needs-based participation criteria set out in AS 21.54.240 or who is the beneficiary of contributions made to the fund that specify the individual as the beneficiary under AS 21.54.280(b);

(6) ensure that eligible individuals are enrolled in a health care insurance plan that provides essential health care services;

(7) prescribe the method for determining individual income for the purpose of the Alaska health care program;

(8) establish procedures for enrolling a participant in the Alaska health care program, including enrollment procedures describing when an individual may enroll or select a different health insurance plan offered through the Alaska health care clearinghouse; the procedures established under this paragraph must allow an individual insured by a health care insurance plan offered through the Alaska health care clearinghouse to select a different health care insurance plan from the plans offered through the clearinghouse and to make that selection at least annually;

(9) require that participants receive complete information regarding the cost of obtaining health care insurance; and

(10) establish procedures for notice and hearings for a person aggrieved by a decision of the board or the Alaska health care clearinghouse.

(b) The board may hold regular and special meetings as the board considers necessary; board meetings may be held by teleconference; meetings shall be recorded and made available on request.

Sec. 21.54.230. Alaska health care clearinghouse. (a) The Alaska health care clearinghouse is established in the division.

(b) The clearinghouse shall be administered by the director.

(c) The clearinghouse shall

(1) administer the Alaska health care program under the direction of the Alaska Health Care Board;

(2) disseminate information about health care insurance products available through the clearinghouse; and

(3) provide assistance in the enrollment process for a small business or an individual.

Sec. 21.54.240. Essential health care services; eligibility. (a) Every resident of the state shall participate in the Alaska health care program except a resident who

(1) is a beneficiary of a health care plan that provides health care benefits that meet or exceed the benefits for essential health care services;

(2) is eligible to be enrolled in a publicly funded medical assistance program providing services that meet or exceed the benefits required as essential health care services;

(3) is enrolled in Medicaid or Medicare;

(4) is receiving health care benefits under a health benefit plan regulated by 29 U.S.C. 1001 - 1461 (Employee Retirement Income Security Act of 1974) that meet or exceed the benefits for essential health care services;

(5) has resided in the state for less than one year; however, a person who has resided in the state for less than one year may receive services provided by the Alaska health care clearinghouse under AS 21.54.230;

(6) is an individual insured under an individual state plan of health insurance under the Comprehensive Health Insurance Association under AS 21.55; and

(7) is receiving health care benefits under a medical care program of the Indian Health Service that meet or exceed the benefits for essential health care services; however, a person receiving health care benefits under a medical care plan of the Indian Health Service may elect to participate in the Alaska health care program.

(b) The Alaska Health Care Board shall provide a voucher to a resident with an income that is not more than 450 percent of the most recent federal poverty guidelines, updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2), and who is only eligible for coverage through the Comprehensive Health Insurance Association (AS 21.55). A voucher authorized by this subsection must equalize the cost of insurance under the Comprehensive Health Insurance Association with the cost of purchasing a health care insurance plan that provides substantially equivalent benefits through the Alaska health care clearinghouse. For purposes of cost comparison under this subsection, the Alaska Health Care Board shall determine whether a plan provided under the Comprehensive Health Insurance Association provides substantially equivalent benefits to a health care insurance plan offered through the clearinghouse.

(c) A resident with an income that is not more than the most recent federal poverty guidelines, updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2), who is required to participate in the Alaska health care program shall receive private health care insurance coverage for essential health care services at no cost, paid from the fund.

(d) A resident with an income between 100 percent and not more than 300 percent of the most recent federal poverty guidelines, updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2), who is required to participate in the Alaska health care program shall pay premiums for health care insurance for essential health

care services on a sliding scale established by the board.

(e) A resident with an income of 300 percent or more of the most recent federal poverty guidelines, updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of 42 U.S.C. 9902(2), who is required to participate in the Alaska health care program shall pay the premium for health care insurance for essential health care services.

(f) A person who is an alien is not eligible for assistance under AS 21.54.200 - 21.54.310 unless the person is a qualified alien, as defined under 8 U.S.C. 1641, or an alien excepted under 8 U.S.C. 1612(b). However, a qualified alien may only be eligible for assistance under AS 21.54.200 - 21.54.310 if the person is not precluded by the limited eligibility provision of 8 U.S.C. 1613.

Sec. 21.54.250. Essential health care services. For purposes of AS 21.54.200 - 21.54.310, essential health care services means medical services performed for an individual covered by a health care plan for the diagnosis or treatment of nonoccupational disease or nonoccupational injury. The medical services that must be performed for an individual covered by a health care plan include, as a minimum,

(1) preventative and primary care;

(2) emergency services;

(3) inpatient services and hospital treatment;

(4) ambulatory patient services;

(5) prescription drug coverage; and

(6) mental health services.

Sec. 21.54.260. Alternative or additional health care services. (a) An employer may offer health insurance coverage that meets or exceeds coverage for essential health care services.

(b) An individual or employer may purchase health care insurance for health care services in addition to the essential health care services required under AS 21.54.200 - 21.54.310.

(c) If an employer does not provide a health care insurance plan for employees or provides a health care insurance plan that meets or exceeds coverage for essential health care services but does not enroll at least 25 percent of the employer's employees

in the plan or does not offer to pay at least 33 percent of the premium for health care insurance under the plan, the employer shall pay the department as follows:

(1) if an employer has at least 10 and not more than 20 full-time employees, the employer shall pay one percent of the employer's gross payroll; or

(2) if an employer has more than 20 full-time employees, the employer shall pay two percent of the employer's gross payroll.

(d) An employer that establishes a cafeteria plan under 26 U.S.C. 125 (Internal Revenue Code) that offers employees the option to elect health care insurance coverage that meets or exceeds essential health care services is not subject to the payment requirements under (c) of this section, regardless of whether an employee elects to receive the offered health care insurance.

(e) In this section, "essential health care services" means those services set out in AS 21.54.250.

Sec. 21.54.270. Health care insurance plan; children's coverage. (a) A health care insurance plan that is approved by the director that provides coverage for essential health care services under AS 21.54.200 - 21.54.310 and meets the other requirements established under this title may be offered through the Alaska health care clearinghouse.

(b) A health care insurance plan offered through the Alaska health care clearinghouse may not deny enrollment to an eligible individual.

(c) A health care insurance plan offered through the Alaska health care clearinghouse may include

(1) different benefits for network or out-of-network providers;

(2) varied levels of copayment, coinsurance, deductable amounts, out-of-pocket maximums;

(3) high deductible health plans as defined by 26 U.S.C. 223(c)(2) (Internal Revenue Code); and

(4) special insurance terms applicable only to individuals between 18 and 30 years of age.

(d) A health care insurance plan offered through the Alaska health care clearinghouse that covers children must provide that the coverage will continue until

the earlier of the child's reaching 25 years of age or two years after the child no longer resides with the family.

Sec. 21.54.280. Alaska health care fund. (a) The Alaska health care fund is established as a separate trust fund of the state. The fund consists of

(1) state money appropriated to the fund;

(2) federal money appropriated to the fund;

(3) private employer and employee health care contributions or fees received by the department and appropriated to the fund;

(4) health care premiums received by the department and appropriated to the fund;

(5) other appropriations by the legislature;

(6) contributions appropriated to the fund from the United States government and its agencies, or from any other source, public or private, provided for purposes that are consistent with the goals of the Alaska health care program; and

(7) interest earnings from investments of the fund appropriated to the fund.

(b) Contributions may be made to the fund by an employer, employers, or an individual that is specified for a particular beneficiary. If a contribution is made to the fund for the benefit of a particular beneficiary, the beneficiary shall receive a health care voucher in the amount of the contribution that may be used to purchase a health care insurance plan. Money collected under AS 21.54.260(c) is not considered made for the benefit of a particular beneficiary.

(c) The board may use the fund for the purpose of administering the Alaska health care program consistent with AS 21.54.200 - 21.54.310.

Sec. 21.54.290. Disputes and appeals. A person is entitled to notice and an opportunity for a hearing under regulations adopted by the Alaska Health Care Board if

(1) the board or the Alaska health care clearinghouse denies enrollment to the person;

(2) an accountable health care plan refuses to enroll an individual or fails to provide essential health care services; or

(3) the person is adversely affected or aggrieved by a decision of the board or the clearinghouse.

Sec. 21.54.300. Reporting. The Alaska Health Care Board shall submit a written report on the operation of the Alaska health care program to the commissioner and to the legislature by January 1 of each year. The report must include

(1) the number of individuals enrolled in the Alaska health care program;

(2) the cost savings to the state, to employers, and to health care providers;

(3) a measure of patient satisfaction;

(4) an assessment of patient access to essential health care services;

(5) a description of the changes or adjustments made to the program during the period covered by the report;

(6) a discussion of the state agencies delivering redundant services, if any, relating to health care benefits;

(7) an evaluation of state programs that regulate or deliver health care benefits;

(8) recommendations for legislative changes necessary to meet the goals of the program;

(9) an evaluation of and recommendations on the following topics:

(A) the use of electronic health records;

(B) children's health insurance programs;

(C) the effectiveness of Medicaid; Add Amend

(D) the effect of mandated benefits;

(E) prescription drug bargaining;

(F) evidence-based treatment procedures including a comparison of the use of evidence-based treatment in other states;

(G) the recruitment and retention of medical professionals in the state;

(H) expanding offerings of the University of Alaska in medical fields;

(I) maximizing federal funding to implement the program;

(J) innovations that could produce health care cost savings, including waivers under 42 U.S.C. 1315 (sec. 1115, Social Security Act), which allows experimental, pilot, or demonstration projects likely to assist in promoting the objectives of the Medicaid statute.

Sec. 21.54.310. Regulations. The Alaska Health Care Board shall adopt regulations under AS 44.62 (Administrative Procedure Act) consistent with AS 21.54.200 - 21.54.310.

*** Sec. 3.** AS 21.54.500 is amended by adding new paragraphs to read:

(30) "alien" means a person who is not a citizen or national of the United States;

(31) "board" means the Alaska Health Care Board;

(32) "fund" means the Alaska health care fund;

(33) "resident" or "residency" has the meaning given in AS 01.10.055.

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

TRANSITIONAL PROVISIONS. Notwithstanding AS 21.54.210, enacted by sec. 2 of this Act, the initial terms for members of the Alaska Health Care Board, except for the commissioner of health of social services who serves ex officio, are as follows:

(1) four members shall be appointed to serve for a term ending December 31, 2009;

(2) four members shall be appointed to serve for a term ending December 31, 2010; and

(3) the remaining members shall be appointed to serve for a term ending December 31, 2011.

*** Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISIONS: REGULATIONS. The Alaska Health Care Board established under AS 21.54.210, enacted by sec. 2 of this Act, may proceed to adopt regulations necessary to implement this Act under AS 21.54.310, enacted by sec. 2 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not

before January 1, 2009.

*** Sec. 6.** AS 21.54.210, 21.54.220, and 21.54.230, enacted by sec. 2 of this Act, and sec. 5 of this Act take effect immediately under AS 01.10.070(c).

*** Sec. 7.** Except as provided in sec. 6 of this Act, this Act takes effect January 1, 2009.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM April 24, 2007

SUBJECT: Sectional summary of SB 160, relating to an Alaska health care plan and health care insurance (Work Order No. 25-LS0728\M)

TO: Senator Hollis French
Attn: Andy Moderow

FROM: Dennis C. Bailey DCB
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. States the findings supporting the bill.

Section 2. Sec. 18.06.010 creates the Alaska health care program to ensure that all residents have access to health care, to require that all residents have health care insurance, to reduce unsustainable health care costs, to establish a health care system that integrates public involvement, consumer choice, and competition in the private market; and to use health care models emphasizing preventive care and chronic disease management in a primary care environment.

Sec. 18.06.020 creates the Alaska Health Care Board.

Sec. 18.06.030 establishes the power of the board to certify certain health care plans, administer the Alaska health care fund, and adopt regulations that define services, establish standards, certify plans, establish criteria for participation in the program, and provide for the administration of the program.

Sec. 18.06.040 creates the Alaska health care clearinghouse to administer the health care program.

Sec. 18.06.050 requires that Alaska residents participate in the Alaska health care program subject to certain exceptions, provides that certain low income individuals receive coverage for essential health care services paid by the Alaska health care fund on a sliding scale, allows employers to provide health care coverage in addition to coverage for essential health care coverage, requires certain employers to pay penalties depending

on coverage and employee enrollment, and allows individuals to contract for additional coverage.

Sec. 18.06.060 requires plans to enroll individuals holding an Alaska health care card, defines coverage for preexisting coverage and coverage for children.

Sec. 18.06.070 establishes the Alaska health fund consisting of money appropriated from state, federal and private sources, premiums, interest earnings, and other sources. Allows contributions for a particular beneficiary to purchase health care coverage. The fund may be used by the board to administer the health care program.

Sec. 18.06.090 requires the board to report to the legislature regarding the operation of the plan and to provide recommendations for legislation to meet the goals of the plan.

Sec. 18.06.990 defines terms within the chapter.

Section 3. Outlines transitional provisions for the terms of the initial board.

Section 4. Allows the board to adopt regulations before their effective date, January 1, 2009.

Section 5. Provides for an immediate effective date for the bill sections that establish the board, the board's powers, the health care clearinghouse, and for the authority of the board to adopt regulations before the remainder of the bill becomes effective.

Section 6. Provides that the remainder of the Act, not effected by secs. 4 and 5 becomes effective January 1, 2009.

DCB:med
07-266.med

Alaska State Legislature

Senator Hollis French

Sponsor Statement

SB 160 - Affordable Health Insurance for All Alaskans

The time has come for us to begin addressing the health care crisis in Alaska. Increasing costs have made it difficult for businesses and individuals to acquire the health services they need. This crisis is only getting worse; family health insurance premiums have risen 4.6 times faster than the median earnings of Alaskans over the past 6 years. As costs continue to increase, it is likely that additional hard working Alaskans will go uninsured. Employers who choose to provide employee health plans will watch their costs go up, making it difficult to run a competitive business in the state. No longer can we wait for the federal government to take action on this important issue.

Many other states have joined the universal health care debate, but this bill is uniquely Alaskan. This bill puts people in control of their own health, giving them the tools they need to make smart investments. Vouchers, funded by a variety of stakeholders, make the prospect of acquiring health coverage realistic to all Alaskans. By guaranteeing that everyone has coverage, insurance premiums will go down. This bill ensures that everyone can purchase an affordable health plan that they select to fulfill their medical needs.

This bill establishes a framework mandating and ensuring affordable health coverage for all Alaskans. A board of 13 stakeholders will oversee the plan, making certain that residents are able to choose and purchase coverage that provides adequate care. The bill also provides:

A framework for personal choice: This bill facilitates a relationship between health insurance providers and individuals, and doesn't assume that a one size fits all solution will meet the health care needs of all Alaskans.

A unique voucher system: By pooling money from all stakeholders, a sliding scale voucher system will ensure that every Alaskan can take personal responsibility for acquiring health insurance coverage. The system will also make it easy for multiple entities to contribute towards a health plan for an individual.

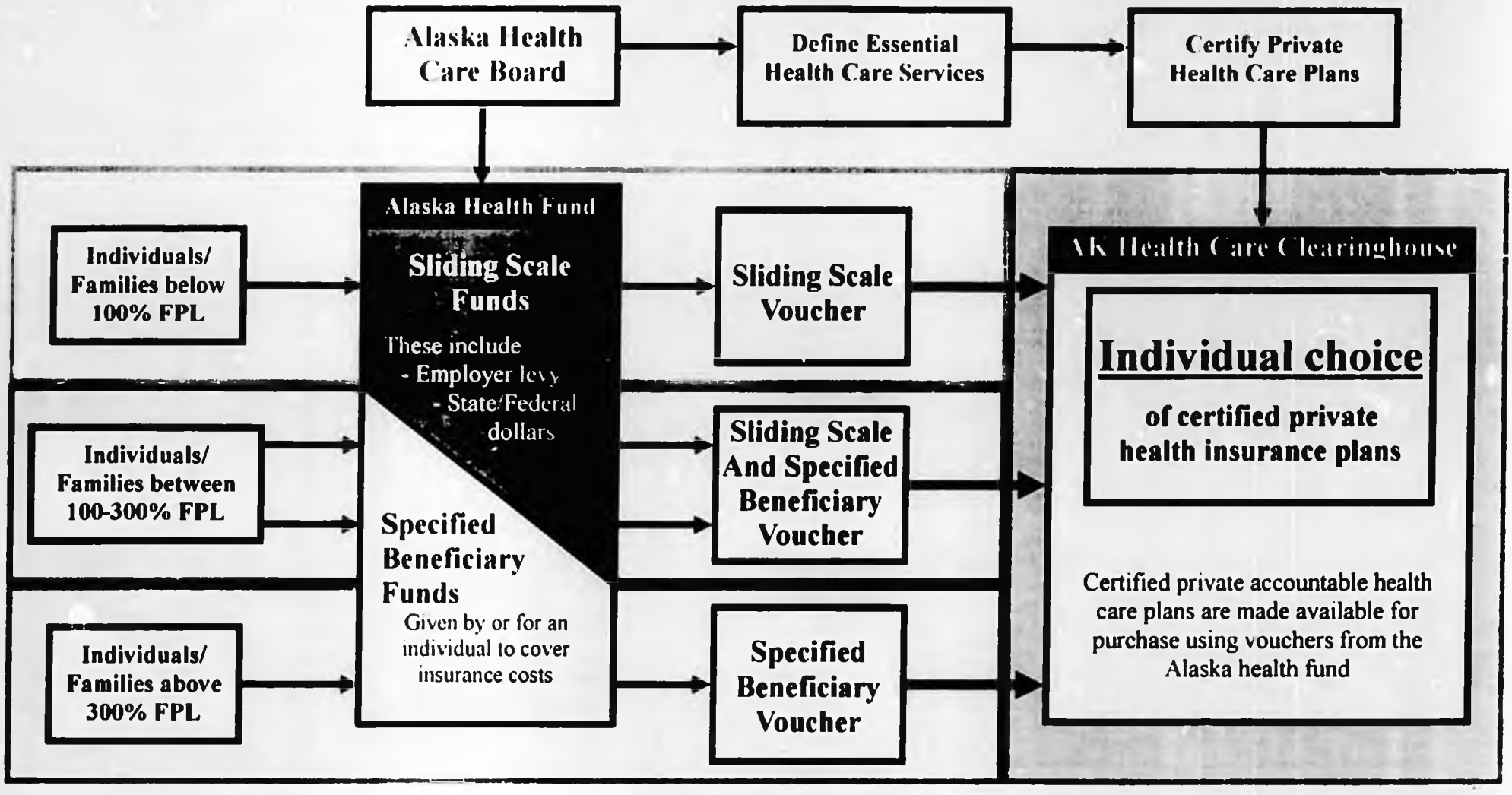
A health care clearinghouse: The clearinghouse will disseminate information about quality health care products, assisting Alaskans who are utilizing vouchers under the Alaska health care plan.

The Alaska health care fund: This fund will receive contributions from individuals, businesses and government to ensure that all interested parties contribute to the health of Alaskans.

Satisfied with your current coverage? This bill will not affect employer based health plans that provide quality health care coverage. In addition, the bill may reduce cost increases for those who currently pay for coverage. A hospital cannot turn down anyone in need of emergency care, and when someone cannot pay their medical costs, those who can pay are forced to subsidize the cost of the uninsured. A recent study estimated that Alaska health insurance premiums are 13.6% higher than they would be if everyone had health coverage (Families USA report). Through ensuring equitable financing of the health care system, SB 160 will reduce the burden on individuals and businesses currently buying coverage.

This bill isn't really about reforming the health care system; it is about ensuring the health of residents across the state. I urge you to consider supporting this bill as we work to improve the quality of life for all Alaskans.

Alaska Health Care: The Framework For Change



Senator Hollis French
Senator Johnny Ellis

Contact: Senator French
State Capitol, Room 417
Juneau, Alaska 99801
Phone: (907) 465-3892
Fax: (907) 465-6595

Affordable Health Insurance for All Alaskans

Frequently Asked Questions

Why is this bill necessary?
As medical costs increase uninsured Alaskans have greater difficulty taking charge of their own health, because the cost of insurance becomes prohibitive. Through a unique voucher system, this bill will allow individuals to purchase coverage that is affordable, putting everyone in charge of their own medical future.

Why is this bill necessary now?
Recent reports show that medical expenses for Alaska's families have increased 4.3 times faster than the median family income. Businesses across the country have expressed concern about rising insurance costs and the difficulty of providing quality health coverage to employees. The time has come to ensure that all Alaskans have access to affordable coverage, since without action things will only get worse.

How many Alaskans currently lack health insurance?
Numbers developed by the Lewin Group estimate that 15.5% of Alaskans lack health insurance, for a total uninsured population of 97,689.

I already have insurance, so why should this bill be of interest to me?
The impact of the uninsured is felt by all Alaskans, not only socially, but economically. When someone cannot pay their medical bills, the costs for their care is essentially covered by hospitals, businesses and the individuals who can pay. A recent legislative research report found that the State of Alaska, as an employer, paid an extra 18.9 million dollars for state employee benefits because of the increased prices caused by uncompensated care.

This bill ensures equitable financing of the health care system while reducing expensive emergency room procedures by encouraging preventative care.

Does this bill change my current employer based health insurance plan?
No - if you are satisfied with your current coverage and it provides essential health services no changes will occur.

Is this bill socialized medicine?
No, and far from it. Socialized medicine is characterized by government run health care; this bill protects consumer choice and encourages competition through a unique voucher system. Under the bill, the government only acts as a facilitator in the health coverage arena, making certain that everyone can afford quality health coverage.

How does the bill work?

This bill would establish the Alaska health care board, which would oversee the Alaska health fund and the Alaska health clearinghouse. The main goal of this bill is to have all Alaskans secure insurance by making basic health care plans affordable. Under the bill:

- The Alaska health care board will define essential health care services and certify private plans which meet the basic criteria
- The Alaska health care fund will enable all Alaskans to purchase insurance, giving vouchers on a sliding scale to those who simply cannot afford insurance on their own.
- The Alaska health care clearinghouse will provide information about health insurance products and will oversee the transfer of vouchers from the fund to an insurance provider, selected by the individual.

Alaska State Legislature

Senator Hollis French
Senator Johnny Ellis

Contact: Senator French
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Affordable Health Insurance for All Alaskans

Summary of Bill Elements

Alaska Health Care Board ('the Board'):

Under the Department of Health and Social Services, this Board will consist of a broad based group of health stakeholders. The Board will:

- Administer the Alaska Health Fund
- Define essential health care services
- Establish criteria for participation in the Alaska Health Fund
- Establish procedures for enrolling participants in the Alaska Health Care Program
- Provide for issuing Alaska Health Cards to eligible individuals

An Alaska Health Card:

Issued to everyone who applies to use the Clearinghouse and is eligible for services under the Alaska Health Plan (residency is the only requirement).

Essential health care services:

Defined by the Alaska Health Care Board, essential services include the minimum set of benefits that must be included in an accountable health care plan

Accountable health care plan:

A health care plan that is certified as providing the minimum set of essential health care services

Alaska Health Care Clearinghouse:

The Clearinghouse will administer the Alaska Health Care Plan under the direction of the Board. It will also:

- disseminate information about insurance products
- set up a framework for purchasing insurance with pre-tax dollars
- issue sliding scale and specified beneficiary health care vouchers to qualified recipients, as defined below

The Alaska Health Fund:

The Fund will receive dollars from:

- state funds, including money currently allocated for uncompensated care
- federal funds
- private individual, employer and employee contributions

The Alaska Health Fund (cont.):

Dollars will leave the account in the form of health care vouchers, to be used only on accountable health care plans.

Health care vouchers:

Two types of health care vouchers will be issued from the Alaska Health Care Fund;

Sliding Scale vouchers

Paid on a sliding scale to those under 300% of the federal poverty level

Specified beneficiary vouchers

These vouchers are paid to a beneficiary who had contributions to the fund on their behalf, made by any party. The voucher amount will equal the full amount of the contributions made, and can be used to purchase coverage for the beneficiary and/or immediate family members

An individual who qualifies for a sliding scale voucher is also eligible to receive a specified beneficiary voucher.

adn.com
Anchorage Daily News

Universal health care can work for us

By SEN. HOLLIS FRENCH

(Published: March 16, 2007)

A wave is beginning to build in state capitols across the country. In the face of inaction by the federal government, Maine, Massachusetts, Oregon, Vermont and now California are leading the effort to promote universal health care coverage among their citizens. In May 2006, Gov. Mitt Romney signed a bill that ensures health care coverage for all Massachusetts residents. California Gov. Arnold Schwarzenegger recently proposed a similar plan for the people of his state.

In the past, powerful interests have opposed universal health coverage. However, recent policy innovations have convinced many business and political leaders that fears about health care rationing and restricted access to doctors and hospitals are no longer valid.

These new plans do not call for the replacement of the current health care system with a new and untested model. This is not socialized medicine. Indeed, it is not the so-called single-payer system sought by the most progressive reformers. Instead, policymakers are taking the more pragmatic approach of retooling health care delivery methods that are currently in use.

The first principle of this new wave of health care legislation is individual responsibility. These laws impose a duty on each citizen to acquire some minimal form of health insurance coverage. This key idea recognizes that while the government has a role in shaping the health insurance landscape, ultimately it is the individual who must see to his or her own basic needs. This provision also ensures that the cost of health care is shared as broadly as possible.

Another major change in the law calls for employers who do not offer health insurance to their employees to contribute to a fund that would help pay for coverage of the working uninsured. This is a particularly needed reform here in Alaska. While many small business owners would like to offer health insurance to their employees, the cost is often out of reach. Some subsidy will be necessary to help those who work for very small businesses.

A comparison between Alaska and Lower 48 small businesses reveals the necessity of this reform. A March 2006 ISER study showed that only a third of Alaska businesses with fewer than 50 employees offer coverage, compared with 43 percent nationwide. The ISER study noted that 91,500 of the state's 224,500 private industry employees work for small businesses, meaning that over 60,000 working Alaskans do not get health care insurance through their jobs. This study helps defeat the notion that only the lazy or the poor are not covered by health insurance.

This reform does not have to be expensive. For example, the California plan requires businesses that do not offer health insurance and that have 10 or more workers to pay 4 percent of their total wages to a state fund that would be used to subsidize the purchase of health policies.

Another innovation redistributes Medicaid coverage in a couple of ways. The first is simply to expand Medicaid eligibility guidelines for children and adults and add enhancements such as dental and vision benefits. The other change is to take the Medicaid dollars currently being spent to reimburse hospitals and other providers for the free care they provide to the uninsured, and use

the money instead to subsidize health insurance for those who cannot afford it. Stop for a moment and consider what a good idea this is: Take the money spent on hospital bills each year for the uninsured, and buy health insurance instead.

These policy changes all lead to the goal of covering every citizen with a basic form of health insurance. I believe it is time for Alaska to take up the same challenge. I plan to introduce legislation that uses these enhanced policy tools to pave the way to universal health care coverage for all Alaskans.

Changing the health insurance system is not easy. Yet I am certain that someday we will look back on this era and ask ourselves, "What took so long?" There is no reason not to begin what will certainly be a spirited debate.

Hollis French is a Democrat who represents northwest Anchorage in the Alaska Senate.

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3200 Providence Drive
P.O. Box 196604
Anchorage, Alaska
99519-6604

Tel 907.562.2211

April 23, 2007

The Honorable Hollis French
Alaska State Senate
State Capitol, Room 417
Juneau, AK 99801-1182

Dear Senator French:

I write today in support of the concepts contained in your legislation establishing the framework to ensure affordable health coverage for all Alaska. I applaud your leadership, and that of the Senate, for bringing this critical issue to the forefront.

Providence Health System remains deeply concerned about the increasing problem of access to affordable, quality health care for the uninsured and the under-insured, as do I personally. As this problem continues to grow, it results in cost increases for medical care. Escalating health care costs are creating great difficulties for Alaska's employers, as I know you are aware.

I believe it is crucial for Alaskans to engage in a public policy debate on this important issue and this legislation provides an excellent forum around which this discussion can be held. Providence stands ready to assist in any effort that stands to improve the quality of health care delivery in our state, improves access to that quality care, and strives to make health care delivery more affordable.

Again, thank you for your willingness to begin a serious debate on this vitally important issue.

Sincerely,

Al Parrish
VP/Chief Executive

North Star

2530 DeBarr Road • Anchorage, Alaska 99508
(907) 258-7575 • Fax (907) 277-7844
1-800-478-7575

April 20, 2007

Senator Hollis French
State Capitol, Room 417
Juneau, AK 99801-1182

Honorable Senator French,

I have reviewed your proposed health care bill, and want to wholeheartedly lend my support to your efforts to provide insurance to both the uninsured and the under-insured. It is time for all Alaskans, including legislators, health care providers, and citizens to recognize that there is indeed a health care crisis both nationally and in Alaska. With this bill, you are taking the aggressive step to solve the Alaskan problem with an Alaskan solution.

Your bill begins a discussion that is sorely needed. My experience both in the insurance and provider industry makes me appreciate your out-of-the-box thinking to create a system that relies on a privately funded health care insurance pool, not government-provided health care.

Finally, I want to thank you for addressing the coverage gap for Alaskans frequently and callously referred to as the "working poor." These hard-working Alaskans oftentimes have either no insurance or minimal insurance. The positive choice of maintaining employment comes with the penalty of unattainable health-care coverage.

Please continue your good work and let me know how I can help.

Sincerely,

James W. Shill
CEO

[redacted]

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

A Bipartisan Solution To Cover The Health Needs Of All Alaskans

Senate Bill 160 Bill Packet—January 2008

Comments about the legislation:

Anchorage Daily News Editorial:

"BOTTOM LINE: Here's a promising, market-based, consumer-driven approach to universal health insurance in Alaska."

- Published September 23rd, 2007

Al Parrish, VP/Chief Executive, Providence Health Systems Alaska:

"I believe it is crucial for Alaskans to engage in a public policy debate on this important issue and this legislation provides an excellent forum around which this discussion can be held."

- Written in a letter to Senator French and included in this packet

Laile Fairbairn, Managing Owner, Snow City Café (located in Anchorage, AK):

"I feel that Senate Bill 160 is a very promising solution to a significant problem faced by a large number of Alaskan businesses."

- Testimony during the September 10th bill hearing in Anchorage, AK

SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Legislation Summary

Senate Bill 160 is an innovative, market based solution to the national health care crisis in Alaska. It is not socialized medicine. By maximizing consumer choice and creating a health insurance clearinghouse, this legislation guarantees affordable quality health coverage for all legal Alaskan residents.

Many working Alaskans cannot acquire insurance because the cost of coverage places a plan out of reach. While all Alaskans have legal 'access' to insurance products, those who cannot afford the full cost must hedge their bets on good health. Alaska's unique economy adds additional challenges: seasonal employees, for instance, find themselves outside the traditional 'group' market, lacking an easy route to maintain continuous, portable coverage. And with the amount of uncompensated care rising, the pressure on individuals and businesses who do buy coverage will only increase, because unpaid hospital bills are essentially transferred to those who pay for services. SB 160 will reduce uncompensated care and ensure that all Alaskans have meaningful access to health coverage, regardless of job type.

The solution requires that all Alaskans participate. While individuals will have the responsibility to acquire coverage under the bill, the state will guarantee that a quality insurance product will be affordable. Sliding scale vouchers will assist Alaskans that cannot afford the full price of coverage on their own. The bill allows for unique plans that cater specifically to young Alaskans. This legislation does not assume that a one size fits all solution will work for Alaska.

The health care 'clearinghouse' will give participating Alaskans choices when it comes to health coverage, in a competitive marketplace framework. It allows for unsatisfied consumers to change insurers or plans without a loss of benefits, and provides a private market solution to rising costs. By placing the consumer in control and providing information about comparable products, the clearinghouse should reduce cost increases while increasing customer satisfaction.

In short, this legislation will ensure that all Alaskans have access to health care in times of great need, through an equitably financed system.

Table of Contents:

For more information, contact Sen. French's office:
Phone: (907) 269-0153 E-Mail: Senator_Hollis_French@legis.state.ak.us
www.healthyalaskans.com

SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Frequently Asked Questions

Why is this bill necessary?
As medical costs increase uninsured Alaskans have greater difficulty taking charge of their own health, because the cost of insurance becomes prohibitive. Through a unique voucher system, this bill will allow individuals to purchase coverage that is affordable, putting everyone in charge of their own medical future.

Why is this bill necessary now?
Recent reports show that medical expenses for Alaska's families have increased 4.3 times faster than the median family income. Businesses across the country have expressed concern about rising insurance costs and the difficulty of providing quality health coverage to employees. The time has come to ensure that all Alaskans have access to affordable coverage, since without action things will only get worse.

How many Alaskans currently lack health insurance?
The latest numbers developed by the Lewin Group estimate that 15.5% of Alaskans lack health insurance, for a total uninsured population of 97,689.

I already have insurance, so why should this bill be of interest to me?
The impact of the uninsured is felt by all Alaskans, not only socially, but economically. When someone cannot pay their medical bills, the costs for their care is essentially covered by hospitals, businesses and the individuals who can pay. A recent legislative research report found that the State of Alaska, as an employer, paid an extra 18.9 million dollars for state employee benefits because of the increased prices caused by uncompensated care.

This bill ensures equitable financing of the health care system while reducing expensive emergency room procedures by encouraging preventative care.

Does this bill change my current employer based health insurance plan?
No – if you are satisfied with your current coverage and it provides essential health services no changes will occur.

Is this bill socialized medicine?
No, and far from it. Socialized medicine is characterized by government run health care; this bill protects consumer choice and encourages competition through a unique voucher system. Under the bill, the government only acts as a facilitator in the health coverage arena, making certain that everyone can afford quality health coverage.

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SB 160

Health Insurance For All Alaskans

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Personal Choice Under The Bill

For more than 70 years a majority of Americans have received health coverage through their employer. Some see the system of employer based coverage as an unfortunate historical accident, largely resulting from federal tax loopholes following World War II. Others note that employers worldwide play a large role in providing coverage to their employees. SB 160 works within this country's traditional employer-based framework while guaranteeing portable, consumer centric coverage. This legislation places Alaskans in full control of health care decisions that dramatically affect their lives.

Nothing in SB 160 would require a person to change their health coverage if they are satisfied with the benefits they receive today. However, many Alaskans want more options. Through the health care Clearinghouse, this legislation will facilitate a new relationship between individuals and insurance providers: the bill does not assume that a one size fits all solution will work for all Alaskans.

SB 160 places individuals in control of their coverage decisions. Under the employer based system, the employer is a middleman between an individual and health coverage. Currently 80% of employer offerings give only one plan option to employees, and the individual must either accept or refuse that coverage. When employers decide which insurance company to contract with, the way a plan serves employees is clearly considered but coverage decisions aren't left to the individual. The clearinghouse under this legislation provides consumers with information, leaving decisions of plan type and provider up to the person who is affected most by the decision.

The health care clearinghouse established under this legislation will create a marketplace where health insurance information is shared. The annual open season encourages competition by allowing individuals to change plan types and providers seamlessly, which has the potential to reduce rates. In short, this legislation will put Alaskans in a new position of control when designing their plan and choosing an insurer, through a competitive, market based framework.

80% of employers who offer subsidized health plans only offer employees one type of plan design.

- Heritage Foundation

References/For More Information:
Edmund Haislmaier - "The Mass. Health Reform: Assessing Its Significance and Progress" - Heritage Foundation 2007

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www.healthyalaskans.com

SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Reducing Medical Bankruptcy

Half of all personal bankruptcies in America are caused by medical problems. While health insurance alone won't provide perfect protection from large health costs, SB 160 could dramatically reduce the bankruptcy rates of Alaskans who will be faced with high medical expenses.

Coverage through the Clearinghouse separates insurance from employment, making a health insurance plan continuous despite job status. Sliding scale vouchers will exist for those who truly cannot afford the full price of a plan on their own, helping those who haven't had access to health coverage. For seasonal employers who generally don't offer a group plan to employees, the option of contributing some funds towards an employee's plan would become easier, and multiple employers could contribute. By ensuring affordable coverage, individuals will have financial protection in times of great need.

Three out of four people who cite medical problems as a partial reason for declaring bankruptcy had health coverage when their ailment began, but most had a lapse in that coverage before declaring bankruptcy. In an employer based coverage system, a job loss is coupled with a loss of employer subsidized benefits. While options do exist to extend coverage, these options charge an individual the full price of the employer offering, and often leave little or no choice in plan design. As mentioned earlier, over 80% of employer sponsored health plans across the country only offer one type of plan that employees can either accept or reject. Often, employees with pre-existing conditions must either drop coverage altogether or pay for a 'Cadillac' plan if they want continuation of benefits, since private carriers in the individual market aren't required to provide them with a plan. For people participating in the clearinghouse, this legislation would open up options when it comes to plan design and portability.

To protect Alaskans, SB 160 makes certain that insurance products are of good quality, with the capability to protect the plan holder from a medical catastrophe. Insurance plans come in all shapes and sizes today, and that is a great thing for consumer choice. However, a one size fits all approach won't work in Alaska. As an example, while many Alaskans may prefer a low premium, high deductible health plan, a policy that has a $10,000 deductible won't be of much use to an individual who makes minimum wage, amounting to approximately $15,000 a year. By setting deductible, co-pay and out of pocket maximums for plans that qualify for sliding scale vouchers, SB 160 ensures that everyone has access to quality coverage that fits their financial needs.

References/For More Information:
David U. Himmelstein et al - "Marketwatch: Illness And Injury As Contributors To Bankruptcy"-Health Affairs 2005

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SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Voucher System Ensures Affordability, Access

The voucher system in this legislation promotes consumer choice for all Alaskans. Two types of vouchers will be issued under the bill. The first type puts the price of insurance within the reach of all Alaskans by providing assistance, on a sliding scale, to those who cannot afford the full cost of a plan. The funding for these vouchers would come from the levy charged to non-providing employers, as well as from state and federal contributions. Without sliding scale vouchers the individual responsibility component of the legislation wouldn't be meaningful, because insurance is priced out of reach for many working Alaskans.

The second type of voucher is issued to specified individuals, who have had contributions made on their behalf by an employer or another individual, for use on health insurance products. These vouchers create a convenient way for employers to pool health contributions for an individual, whether they have one or many jobs. In particular, specified beneficiary vouchers are particularly appealing for individuals with multiple jobs, because it helps multiple employers share the cost of coverage. The system also gives businesses some certainty of their health expenditures in a given year, since expenses can be defined by contribution level and not by benefit package. The choice of plan type is left to the individual, for the obvious reason that he or she is most affected by the selection.

Contributions to specified beneficiary vouchers will not be mandated; instead, that element of the bill promotes equitable financing of health coverage by making it easier than ever for employers to contribute to the health and well being of their employers.

Alaskans spent $5.3 billion on health care in 2005, a 230% increase from 1991.

- ISER

Affordability provides true access

Under current Alaska law any small business can buy private coverage, and every individual can buy an insurance plan, either through the private market or ACHIA (the state high risk pool). However, claiming that this equals access to health insurance is simply false. Access to health care must be more than just the legal right to buy a policy; it should ensure that all Alaskans have coverage in times of need. SB 160 mandates true access to health care through a unique voucher system that makes coverage affordable for all Alaskans.

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SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Prevention, Innovation and The Affordability Guarantee

Prevention and Innovation

This legislation acknowledges that lowering costs while improving quality requires innovative solutions to old problems. Under SB 160, the Alaska health care board will weigh in on potential cost and quality improvements, including but not limited to recommendations on:

- Electronic health records and health information exchanges
- Denali Kid Care/Medicaid effectiveness
- Prescription drug bargaining
- Insurance market reforms
- Mandated benefits
- Evidence based treatment procedures
- Recruitment and retention of medical professionals
- University of Alaska offerings in medical fields

The health care board's suggestions regarding cost and quality improvements will be given to the commissioner of the Department of Health and Social Services and the legislature in an annual report. This report will get the consideration of both the legislative and executive branches, where substantive health policy changes can be considered, discussed and implemented.

More than half of Alaska's uninsured population is employed.

- Families USA

The Affordability Guarantee

SB 160 requires that quality basic health insurance is made affordable for all Alaskans. If an individual feels that he or she cannot afford coverage under the legislation's framework, that person has a right to an appeal before the health care board. If the board reviews the case and agrees that an insurance plan places an undue financial burden on the household, the requirement to have coverage will be lifted. While SB 160 should place the price of coverage within reach for all Alaskan families, the affordability clause in the bill provides a guarantee that no one will be forced to purchase coverage they cannot afford.

For more information, contact Sen. French's office:
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www.healthyalaskans.com

SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Individual Responsibility - Financial Relief

Critics of the new type of universal health care efforts being implemented around the country have questioned the necessity of requiring that all residents have some form of health coverage. Yet, judging from these efforts, a consensus has been reached: Until something is enacted on a federal level, mandating coverage is the only responsible option for promoting universal health coverage in a state today. Beyond the social benefit of making certain that all residents have better access to health care, there are also economic reasons why reform efforts must include everyone.

Financial Relief For Current Policyholders

In a sense, universal health care is already provided in America because emergency rooms cannot turn down a person in need of medical attention. While this system may provide emergency care for all Alaskans, it doesn't equal universal access to health care in times of need, nor does it protect the financial concerns of the insured or uninsured alike. In addition to producing less than ideal health outcomes for those who lack coverage, it also places an undue financial burden on people who do buy coverage. And this financial burden is large.

The amount of uncompensated care in Alaska is staggering. Families USA estimate that $125 million of uncompensated care is provided each year in Alaska, and that only 21% of that bill is reimbursed by federal, state and local governments. That leaves medical providers with $100 million of unpaid bills every year. This doesn't mean that hospitals 'lose' money every year: To make up for outstanding bills, hospitals charge more to people who can actually pay for services. Since government health care reimbursement rates are often at or below the actual price of providing care in Alaska, nearly the entire burden of uncompensated care is recouped through inflated insurance premiums.

How much does the cost of an average plan go up? Families USA estimates that 13.6% of an insurance premium in Alaska covers uncompensated care costs, meaning that, for a family of 4 with a comprehensive policy, nearly $1,500 a year go towards covering uncompensated care. SB 160 ensures that everyone can afford quality basic coverage, potentially reducing the amount of uncompensated care given out by hospitals. This element of the bill will give much needed relief to everyone who currently invests in health coverage.

An estimated 125 million dollars of medical bills aren't paid each year in Alaska.

- Families USA

References/For More Information:
Families USA - "Paying a Premium: The Added Cost of Care for the Uninsured" - June 2005

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SB 160

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Individual Responsibility - Improving The 'Pool'

Improving the 'Pool' to Increase Affordability

An insurance 'pool' is a bundle of risks. It works this way: for the sake of determining premiums, a 'pool' is a group of individuals who are considered together when determining expected medical costs. Once anticipated costs are determined, each member of that pool can be billed for a fair portion of what expenses the 'pool' is likely to incur on their behalf.

Adverse selection occurs when individuals utilize their private knowledge of their own health when deciding whether to buy health insurance. Since an individual has better knowledge of their lifestyle, habits and health then an insurance company, adverse selection has the potential to greatly affect who buys insurance. Simply put, people who expect to be sick want health insurance more than healthy people.

Certain pools are affected by adverse selection more than others. As an example, in the individual market, the decision to buy or forego insurance isn't left to chance – someone must make the conscious decision to buy a plan. Employer provided coverage, on the other hand, doesn't always require that the employee opt in: Often coverage is highly subsidized or provided free of cost.

The best insurance pool includes both healthy and sick individuals. If pools are structured to distinguish between people by health, the cost of insurance for those with severe illnesses will be extraordinarily high, and out of reach for most Alaskans. Similarly, if a pool only includes healthy individuals, the costs of a plan may be lower for those who are included, but the amount of uncompensated care would be high, since plans for those with severe health problems would be cost prohibitive. Today the amount of uncompensated care is large, and as discussed earlier, that cost is transferred to Alaskans that do have coverage.

Adverse selection has undoubtedly raised the costs of plans in Alaska's health insurance marketplace through self selection within the individual market. And while the Alaska Comprehensive Health Insurance Association (ACHIA) was created by the state to provide health coverage to individuals with pre-existing health conditions, the offered plans are often cost prohibitive for normal Alaskans. This legislation will reduce adverse selection by ensuring that all Alaskans participate.

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SB 160

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Individual Responsibility - Avoiding Price Spirals

Damaging price spirals are often caused by adverse selection in voluntary participation health reform efforts. When an individual weighs the decision to buy coverage they consider many factors, including the cost of a plan, what they can afford, and the probability of requiring care. This often causes people of good health to forego insurance, since they figure the odds are in their favor. And when healthier individuals don't acquire coverage, the pool of people who do purchase insurance is more likely to require health attention. As a result, premiums increase.

The price of coverage in voluntary state reform efforts that include some individual contributions have often spiraled upward after introduction, with plan costs increasing when the healthiest individuals decide to hedge their bets on good health. Once the healthiest people in the pool leave, the expected cost per member increases. If these price increases are charged to individuals within the pool, additional people may reconsider their participation in a voluntary plan. Maine's Dirigo program ran into this problem, when fewer people than expected signed up, and once the program began, the spiraling effect occurred as the participation price increased. If everyone is required to get 'in the pool' this price spiral will be eliminated.

"The problem is that the individuals in the insurance pools don't cooperate. Guaranteed issue and community rating regulations cause premiums to be higher than would otherwise be the case. As a result, the healthiest individuals drop their coverage, leaving the members with the highest health care costs in the pool. As the cost of care rises, premiums also go up, causing more members to drop out and creating a rising spiral of cost and premium increases."

- Portland Press/Maine Sunday Telegram, October 28, 2007

References/For More Information:

David U. Himmelstein et al - "Marketwatch: Illness And Injury As Contributors To Bankruptcy"-Health Affairs 2005

Martin Jones - "Rules make health insurance in Maine costly" - Portland Press/Maine Sunday Telegram, published October 28th 2007

Not Socialized Medicine

This legislation does not create a socialized system of medicine in Alaska. Socialized medicine is characterized by government run health care: Under this legislation, the only role of the government is to guarantee that all residents have true access to health coverage.

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SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Proven Concepts - Learning From Programs That Work

While many critics of consumer centered health reform claim that the ideas haven't been tested, these critics fail to recognize several extremely successful consumer driven programs in place today.

The first is the Federal Employees Health Benefit program. This program provides federal employees, retirees and their survivors with the "widest selection of health plans in the country" through a mechanism much like the clearinghouse under SB 160. The program provides information about numerous plan providers and types, giving consumers a meaningful role in choosing their health coverage. Plans offered through the FEHB program feature no waiting periods for enrollees, and all participants are guaranteed that a plan will accept them. The health care clearinghouse in SB 160 will provide a similar system which can be accessed by all Alaskans.

The bi-partisan reform effort being implemented in Massachusetts is still young, but the results thus far are encouraging. One year after the legislation was enacted over 200,000 previously uninsured residents gained health coverage in Massachusetts. This effort ensures that similar successes can be seen in Alaska, largely through the Massachusetts inspired sliding scale voucher system under SB 160.

Since the passage of Governor Romney's health reform effort, consumer choice has drastically increased while uncompensated care has decreased in the state of Massachusetts. Over 44 different types of plans are available in the Massachusetts Connector, which, when compared to the standard employer offering of only one plan type, represents a large improvement of choice for residents of the state. Furthermore, uncompensated care has decreased by almost 13% in the state during the first year, even though the plan was just being implemented during that time. When everyone has coverage further declines should be seen.

By no means is this to say that a silver bullet exists, but, so far, the results of both programs are encouraging. This legislation builds an Alaskan version of health reform practices like these that are working in different parts of the country.

Learn about these successful programs online

Federal Employee Health Benefits Program:
http://www.opm.gov/insure/health/

Massachusetts Commonwealth Connector:
http://www.mahealthconnector.org/

References/For More Information:
Federal Employee Health Benefits Program:
http://www.opm.gov/insure/health/about/fehb.asp

Lisa Eckelbecker - "The Insurance Countdown" - Worchester Telegram and Gazette, published November 18th, 2007

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SB 160

Health Insurance For All Alaskans

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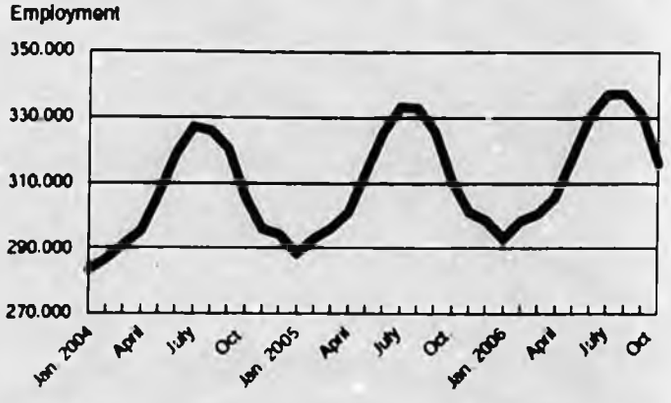
Continuity of Coverage

Seasonal Employment Requires a Creative Solution

Alaska's natural landscape provides unique employment opportunities in the state. Both the tourism and fishing industries peak during summer months, with relatively little activity during the middle of winter. Judging from historic employment data, there are roughly 45,000 fewer jobs during the peak of winter compared to the busiest months in the summer. While the economic benefits that come with seasonal employment are great for Alaskans – tourism alone brought $1.8 billion into the state last year - many workers in seasonal industries work for multiple employers over the course of a year. Unfortunately, this doesn't line up with the traditional employer based health insurance model.

The United Fishermen of Alaska have expressed particular concern over this issue, noting that a lack of health insurance options creates a significant barrier of entry for future generations of commercial fishermen. In particular, they note difficulty with the traditional group market structure, because fishing organizations don't fit the traditional mold of a group client. The marketplace solution provided through the health care Clearinghouse should help fishermen, and all other seasonal employees, get many of the group benefits of coverage while maintaining the portability that seasonal workers require. Edmund Haislmaier, a senior research fellow at the Heritage Foundation, noted that few people are uninsured for years at a time: In fact, he has found that up to 40% of the national uninsured problem could be solved if coverage was tied to an individual, and not an employer, because the shorter lapses of coverage could be prevented. Alaska's seasonal industries give the state even more reason to tie coverage to the individual, to make certain that benefits are available when they are needed.

Chart from "Making sense of Alaska's unruly numbers":



Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section, Employment and Earnings Report

References/For More Information:

Dan Robinson - "Making sense of Alaska's unruly numbers" - Alaska Economic Trends, December 2006

United Fishermen of Alaska - "Alaska Fishermen's Health Care - Challenges and Opportunities" - Aug. 2001

For more information, contact Sen. French's office:
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SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Unique Solutions for Business, Young Alaskans

Structured With Small Business In Mind

Most Alaskans who lack health coverage also work for a living, leaving behind the notion that only the unemployed require assistance when it comes to making health coverage affordable. Even the most successful small Alaskan businesses can have difficulty providing coverage, because of the high costs of health plans. This legislation aims to strengthen businesses around the state by putting coverage in reach for all employees.

Clearly a healthy workforce is more productive, because absenteeism and productivity is tied to the health of an individual. But in addition to health benefits that would arise if everyone had access to basic medical care, Alaska's businesses have much to gain through this legislation economically. Retaining qualified employees is difficult for businesses that cannot afford coverage. This forces high retraining expenses on employers, since they must fill vacancies more frequently than businesses that provide coverage. In addition, recruitment is more difficult for companies that don't offer coverage.

The employer levy under the bill provides for equitable financing of health coverage. For businesses with fewer then 10 full time employees, no non-providing employer levy will be charged . For businesses with 10 to 20 employees, a 1% gross payroll tax will contribute towards health coverage for the uninsured. For businesses with 20 employees or more, a 2% tax will be levied. However, businesses get a lot from this levy; it includes a state guarantee that all current and potential employees will have health coverage in Alaska. In addition, companies that currently invest even a small amount of money into employee health coverage will be exempt from this levy.

Young Alaskans Have Unique Needs

Young Alaskans have special needs when it comes to their health coverage. Statistically, they require less health services than their older counterparts. They also show less of a willingness to pay for expensive, comprehensive coverage, and even a moderate deductible can be difficult to pay, particularly for college aged students. This legislation acknowledges that young Alaskans have unique needs, and it provides for a special category of plans that are designed specifically to fulfill their health requirements.

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SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Massachusetts and SB 160 Compared

Issue Area	Alaska - SB 160	Massachusetts - Enacted
Sliding Scale Subsidies *Definitions:* FPL = Federal Poverty Line	**Yes:** Households with incomes below 300% of the FPL will receive vouchers to make the price of coverage affordable. Residents only eligible for ACHIA coverage will receive vouchers up to 450% FPL. Health care vouchers will put the consumer in control when choosing a plan and a provider.	**Yes:** Households with income below 300% receive subsidized health coverage through the connector. For individuals who utilize vouchers, one plan type is available to households below 200% FPL and two plan types are available to those earn between 200-300% FPL.
Establishing A New Insurance Marketplace	The health care Clearinghouse will disseminate information, encourage competition, and help residents learn about different health coverage options.	The Connector provides information, encourages competition, and helps residents learn about different coverage options It is a web-based marketplace.
Requirements for Consumers	All Alaskans would be required to have a minimum level of coverage, as defined by statute. If a product isn't affordable a hearing process allows for some exceptions.	All residents must have a minimum level of coverage, as defined by the Connector board. However, some residents have been exempted from the mandate because an affordable product isn't available to them.
Effect on Existing Public Programs	No changes to existing publicly funded programs.	Free care funds will still be available to hospitals, but the program will shift dollars from this account to the reform effort as more people get coverage and don't require free care. Medicaid reimbursement rates were also increased under the legislation.
Financing	Employer payroll tax, varying from 0-2% of payroll, depending on the number of employees. Federal dollars will be pursued through 1115 waivers. State funds will also be used.	Employer payroll tax of up to $295 per employee for employers with more than 10 full time workers. A free rider surcharge can also be assessed if employers don't help employees get coverage and they utilize free care. Federal dollars from 1115 waivers have been funneled to the project.
Insurance Market Reforms	**Yes:** Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection.	**Yes:** By merging the non-group and small group markets, insurance is portable and not tied to employment. Massachusetts already had guarantee issue laws.

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SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Other State Reform Efforts

Issue Area	Alaska - Senate Bill 160	California - Governor Schwarzenegger's Plan	Colorado—Legislature's Blue Ribbon Commission
Sliding Scale Subsidies *Definitions:* FPL = Federal Poverty Line	**Yes:** Households with incomes below 300% of the FPL will receive vouchers to make the price of coverage affordable. Residents only eligible for ACHIA coverage will receive vouchers up to 450% FPL. Health care vouchers will put the consumer in control when choosing a plan and a provider.	**Yes:** Households with incomes below 400% of the FPL will receive a tax subsidy to help cover insurance costs, residents below 250% FPL won't pay more than 5% of income for coverage, and individuals below 150% FPL won't pay anything- including co-pays and deductibles - for health care	**Yes:** Full subsidy of most basic plan for households with incomes below 250% FPL and partial subsidy for households below 300%. Colorado is also proposing a asset test and an additional subsidy to households below 400% of the FPL if a premium will be more than 9% of household income.
Establishing A New Insurance Marketplace	The health care Clearinghouse will disseminate information, encourage competition, and help residents learn about different health coverage options.	A purchasing pool will be established for residents who receive sliding scale assistance to cover health insurance costs.	The Coverage Clearinghouse will disseminate information, encourage competition, and help residents learn about different health coverage options.
Requirements for Consumers	All Alaskans would be required to have a minimum level of coverage, as defined by statute. If a product isn't affordable a hearing can allow an exception.	All Californians must have a minimum level of coverage, as defined by the Secretary of Health and Human Services, through the regulatory process.	All legal residents of Colorado must have basic plan coverage, with some exceptions if a product isn't affordable. Basic coverage includes plans with benefit caps.
Effect on Existing Public Programs	No changes to existing publicly funded programs.	Expansion of S-CHIP to 300% regardless of immigration status, and Medicaid expansions to certain groups up to 250% FPL.	Expansion of S-CHIP to 250% and Medicaid. Allows for a Medicaid buy in program for households at 200% FPL and up.
Financing	Employer payroll tax, varying from 0-2% of payroll, depending on the number of employees. Federal dollars will be pursued through 1115 waivers. State funds will also be used.	Employer payroll tax, varying from 1-6.5% of payroll depending on payroll size. Hospitals will pay 4% of revenue towards the reform effort. Federal dollars will be pursued through 1115 waivers.	Increases in alcohol and tobacco taxes. In addition, taxes on snacks and soda will be established. Increase the state income tax. Federal dollars will be pursued through 1115 waivers.
Insurance Market Reforms	**Yes:** Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection.	**Yes:** Guarantee issue and guarantee renewal to all Californians in the individual market. Rating bands will ensure that only age and geography determine premiums. Health plans will have to spend 85% of premiums on patient care.	**Yes:** Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection. High risk pool will exist for those who currently are uninsured. Premiums will equal the normal price paid in the individual market.

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SB 160

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

Summary of Bill Elements

Alaska Health Care Board ('the Board'):
Under the Department of Health and Social Services, this board will be a broad based group of health stakeholders.

The Board will:

- Administer the Alaska Health Fund
- Establish criteria for participation in the Alaska Health Fund
- Establish procedures for enrolling participants in the Alaska Health Care Program

An Accountable Health Care Plan:
Health plans that meet minimum benefits defined under the legislation will be certified as accountable health care plans, and be sold through the health care clearinghouse.

Alaska Health Care Clearinghouse:
The Clearinghouse will be a competitive marketplace where Alaskans can learn about different types of health insurance and purchase a plan which best suits their needs.

In addition, the clearinghouse will:

- Disseminate information about insurance products and set up a framework for comparing plans
- Provide information about purchasing insurance with pre-tax dollars
- Issue sliding scale and specified beneficiary health care vouchers to qualified residents
- Hold an open season, once a year, to allow maximum consumer choice of plans

The Alaska Health Fund:
Financing for this legislation will come from:

- The state, eventually including money that is currently allocated for uncompensated care
- The federal government, pursued through a Section 1115a waiver and other routes
- Private individual, employer and employee contributions

Dollars will leave the fund as vouchers, to be used only on accountable health care plans

Sliding Scale vouchers

- Paid on a sliding scale to those under 300% of the federal poverty level
- For Alaskans who only qualify for coverage under ACHIA, vouchers will be issued to individuals under 450% FPL

Specified Beneficiary vouchers
These vouchers are paid to a beneficiary who had contributions to the fund on their behalf, made by any party.

For more information, contact Sen. French's office:
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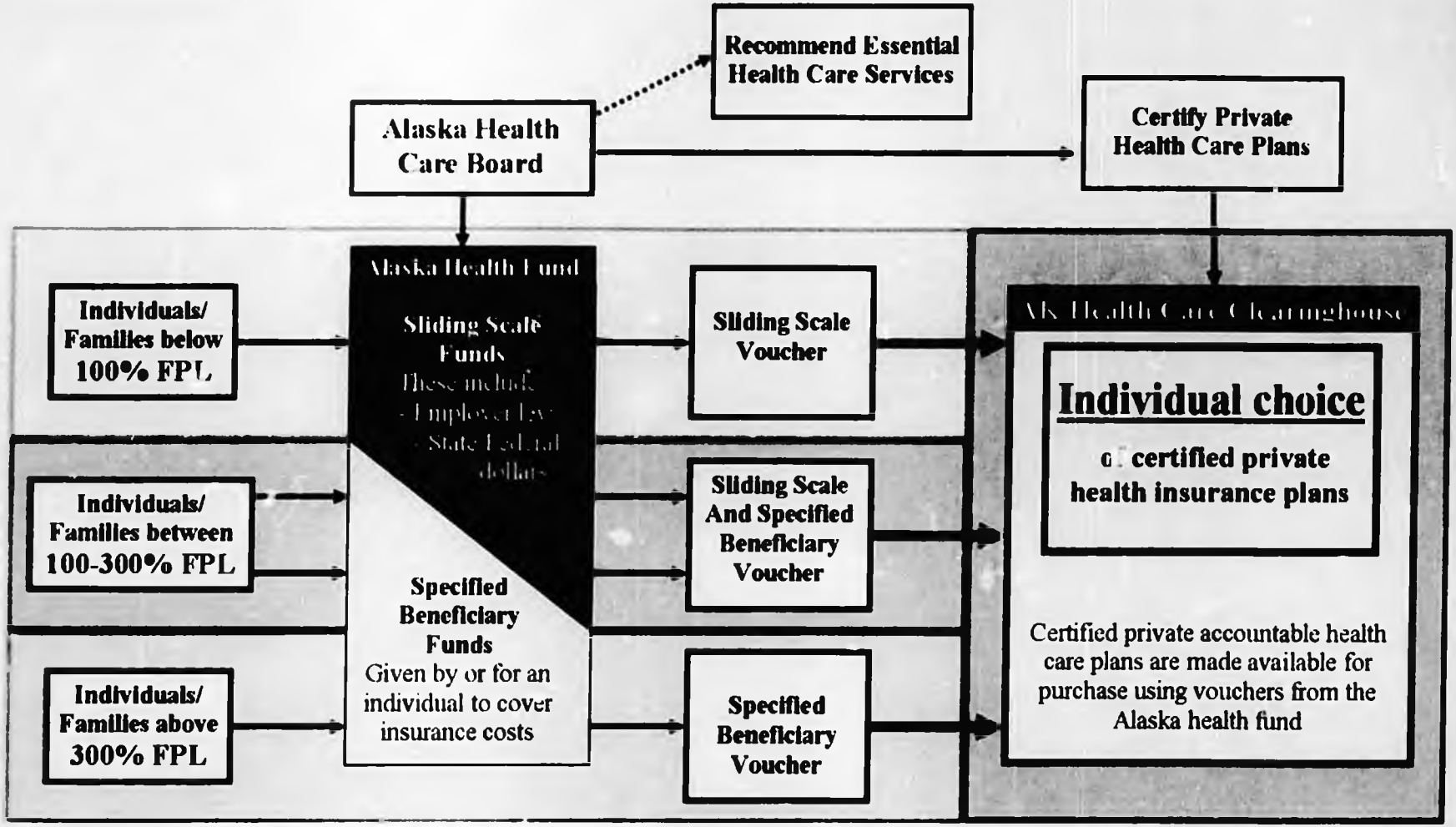
Alaska Health Care: The Framework For Change



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SB 160

Health Insurance For All Alaskans

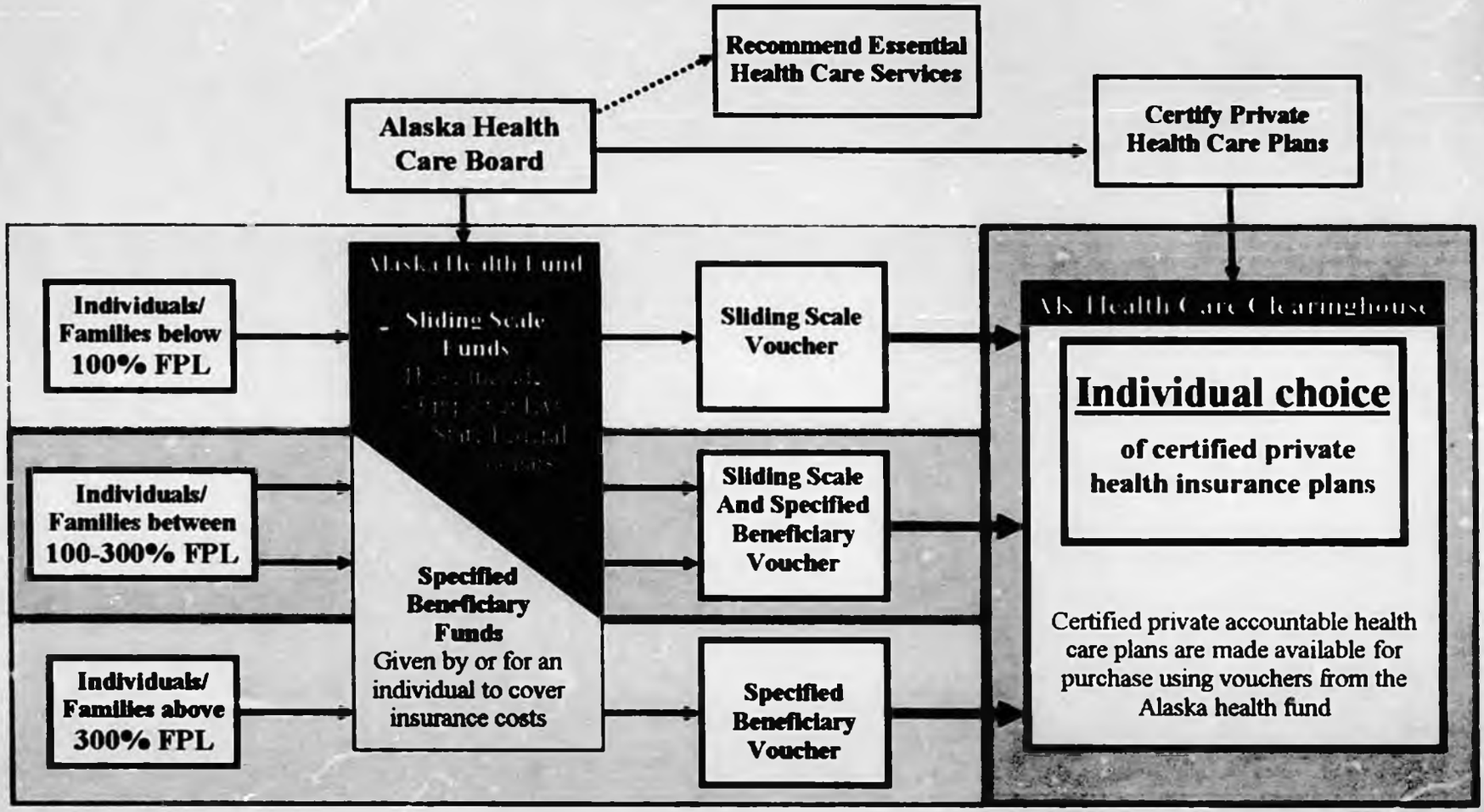
Senators French, Ellis and Wielechowski

Alaska Health Care: The Framework For Change

SB 1005

Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski



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FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 160
() Publish Date:

ID(File name) SB160-DHSS-CO-1-28-08
Title MANDATORY UNIVERSAL HEALTH CARE

Dept. Affected: Health & Social Services
RDU Departmental Support Services
Component Commissioner's Office

Sponsor FRENCH
Requester SENATE (HES)

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2009**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**
Personal Services	2,880.5		3,393.0	3,393.0	3,393.0	3,393.0	3,393.0
Travel	433.5		445.0	445.0	445.0	445.0	445.0
Contractual	2,275.0		1,300.0	1,300.0	1,300.0	1,300.0	1,300.0
Supplies	470.0		520.0	520.0	520.0	520.0	520.0
Equipment	416.5		62.0	62.0	62.0	62.0	62.0
Land & Structures							
Grants & Claims	164,111.1		328,222.2	328,222.2	328,222.2	328,222.2	328,222.2
Miscellaneous							
TOTAL OPERATING	**170,586.6**	**0.0**	**333,942.2**	**333,942.2**	**333,942.2**	**333,942.2**	**333,942.2**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (0)							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	7,825.5		15,625.0	15,625.0	15,625.0	15,625.0	15,625.0
1003 GF Match	7,825.5		15,625.0	15,625.0	15,625.0	15,625.0	15,625.0
1004 GF	5,824.5		4,470.0	4,470.0	4,470.0	4,470.0	4,470.0
1037 GF/Mental Health							
NEW AK Health Care Fund-GF	147,620.0		295,240.0	295,240.0	295,240.0	295,240.0	295,240.0
NEW AK Health Care Fund-RSS	1,491.1		2,982.2	2,982.2	2,982.2	2,982.2	2,982.2
TOTAL	**170,586.6**	**0.0**	**333,942.2**	**333,942.2**	**333,942.2**	**333,942.2**	**333,942.2**

Estimate of any current year (FY2008) cost:

POSITIONS							
Full-time	43		43	43	43	43	43
Part-time							
Temporary							

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

The purpose of this bill is for all Alaskans to have access to essential health care services. It requires all residents to have health insurance and creates the Alaska health care program. Within the Department of Health and Social Services, the bill establishes the Alaska Health Care Board to oversee the program and the Alaska Health Care Clearinghouse as a division to administer the program, under the direction of the Board. The Board and Clearinghouse are effective immediately and are estimated for a full year for FY2009. The rest of the regulations are not effective before January 1, 2009 and assume 1/2 year for FY2009.

Continued on page 2.

Prepared by: William Streur — Phone 269-7827
Division: Health Care Services — Date/Time 01/25/2008
Approved by: Karleen Jackson, Commissioner — Date 01/29/2008
Agency: Department of Health and Social Services

ANALYSIS CONTINUATION

The bill lacks the specifics necessary to estimate accurately the fiscal impact. In this fiscal note, we present one scenario assuming a comprehensive health insurance plan similar to the State of Alaska employee plan.

This fiscal note takes a macro look at potential costs for state financial assistance to low-income persons through benefits provided under Medicaid or premium subsidies.

Costs for insurance premiums and the cost to Medicaid are very preliminary until the "essential health care services" are defined. This fiscal note reflects the high-premium scenario using the State of Alaska employee plan as a model and is not broken out by budget component.

Alaska Health Care Program

Participation is required for every resident who is not enrolled in a public medical assistance program (i.e. Medicaid) or a private insurance program that provides essential health care services. Persons below 100% of the poverty level would have no cost (presumably the state would pay). Persons between 100%-300% of poverty would pay premiums on a needs-based sliding scale. Coverage cannot be denied and persons with preexisting conditions can purchase additional coverage. Eff. Jan. 2009.

Assumptions:

- The Fund only pays for the non-Medicaid eligible population. State matching funds for Medicaid do not come from the Fund.
- The estimated cost for insurance premiums is $11,000 per person per year (based on the State of Alaska employee insurance plan).
- The cost of premiums to purchase insurance are on a needs-based sliding scale beginning with an individual between 101-125% of poverty paying 10% and increasing until an individual between 275-300% pays 80%. The state share of premiums will be paid from the Fund.
- Co-pays and deductibles are not addressed in the bill so we assume none are required by any plan.
- The estimated cost for medical benefits is $3,000 per person per year (based on analysis of Medicaid claim payments). The federal government will reimburse the state approximately 50% of the cost for Medicaid claims.
- There are an estimated 109,500 uninsured persons in Alaska (children = 17,200, adults = 91,500, elderly = 800).
- Approximately 20% of the uninsured population are Alaska Natives who have access to the tribal health system. Under this bill, they must participate and are included in our estimates.

Continued on page 3.

ANALYSIS CONTINUATION

Cost Estimates for Alaska Health Care Program:

Below 100% of poverty: $81,000.0 (7,500.0 fed/7,500.0 GF/66,000.0 Fund):

*27,000 persons are below 100% of the poverty level. No cost to the individual.

~ 5,000 are children who would likely be eligible for Medicaid x $3,000 per capita annual Medicaid benefits = $15,000.0 (7,500.0 fed/7,500.0 GF).

~ 22,000 would not qualify for Medicaid. We assume these individuals would have their coverage paid by the Fund in the form of medical benefits rather than more costly insurance premiums. 22,000 x 3,000 = $66,000.0 Fund.

100-300% of poverty: $247,222.2 total (7,500.0 fed/7,500.0 GF/232,222.2 Fund)

*43,000 have incomes between 100% and 300% of poverty. They would pay premiums on a needs-based sliding scale.

~ 5,000 are children who would likely be eligible for Medicaid x $3,000 per capita annual Medicaid benefits = $15,000.0 (7,500.0 fed/7,500.0 GF). No cost to the individual.

~ 38,000 would not qualify for Medicaid. The state and the individual share the cost of premiums. The annual per capita cost to the individual would range from $1,100 (10%) to $8,800 (80%) for an average of $5,000. 38,000 x $11,000 annual per capita premium = $232,222.2 State pays from Fund; Individuals pay $185,777.8.

Above 300% of poverty: $0 total. No cost to the State.

*39,000 are above 300% of the poverty level and would bear the full cost of the mandatory insurance. 39,000 x $11,000 premium = $429,000.0 cost to the individual.

Totals

Total the State pays: $328,222.2 (15,000.0 fed/15,000 GFM/298,222.2 Fund).
Total individuals pay: $614,777.8
Grand total: $943,000.0

Summary of Costs for Medicaid Program $30,000.0 per year ($15,000.0 federal/$15,000.0 GF match). Eff. Jan. 2009. Of the 109,500 persons, an estimated 10,000 persons, mostly children below 175% of poverty, could be enrolled in Medicaid/SCHIP without changes to the current eligibility guidelines. The 10,000 additional persons who could enroll in Medicaid are estimated to cost an average of $3,000 annually for medical benefits per person. Options could be explored to expand Medicaid eligibility to maximize federal funding but it would be a lengthy process and as such are not included in this analysis.

NOTE: Additional costs of approx. $1,250.0/yr ($650.0 federal/$650 GF match) to administer the additional Medicaid caseload are included in this fiscal note including 18 new positions (12 eligibility technicians, 1 supervisor and 3 administrative support).

Continued on page 4.