

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SL&C 12626

1 health care insurance coverage for essential health care services at no cost, paid from  
2 the fund.

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

9 (e) A resident with an income of 300 percent or more of the most recent  
10 federal poverty guidelines, updated periodically in the Federal Register by the United  
11 States Department of Health and Human Services under the authority of 42 U.S.C.  
12 9902(2), who is required to participate in the Alaska health care program shall pay the  
13 premium for health care insurance for essential health care services.

14 (f) A person who is an alien is not eligible for assistance under AS 21.54.200 -  
15 21.54.310 unless the person is a qualified alien, as defined under 8 U.S.C. 1641, or an  
16 alien excepted under 8 U.S.C. 1612(b). However, a qualified alien may only be  
17 eligible for assistance under AS 21.54.200 - 21.54.310 if the person is not precluded  
18 by the limited eligibility provision of 8 U.S.C. 1613.

19 **Sec. 21.54.250. Essential health care services.** For purposes of AS 21.54.200  
20 - 21.54.310, essential health care services means medical services performed for an  
21 individual covered by a health care plan for the diagnosis or treatment of  
22 nonoccupational disease or nonoccupational injury. The medical services that must be  
23 performed for an individual covered by a health care plan include, as a minimum,

- 24 (1) preventative and primary care;  
25 (2) emergency services;  
26 (3) inpatient services and hospital treatment;  
27 (4) ambulatory patient services;  
28 (5) prescription drug coverage; and  
29 (6) mental health services.

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

1 essential health care services.

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

5 (c) If an employer does not provide a health care insurance plan for all  
6 employees or provides a health care insurance plan that meets or exceeds coverage for  
7 essential health care services but does not enroll at least 25 percent of the employer's  
8 employees in the plan or does not offer to pay at least 33 percent of the premium for  
9 health care insurance under the plan, the employer shall pay the department as  
10 follows:

11 (1) if an employer's annual gross payroll paid to employees who are  
12 required to participate in the Alaska health care plan under AS 21.54.240 is \$500,000  
13 or less, no payment is required;

14 (2) if an employer's annual gross payroll paid to employees who are  
15 required to participate in the Alaska health care plan under AS 21.54.240 is greater  
16 than \$500,000 but less than \$1,000,000, the employer shall pay one percent of the  
17 gross payroll; or

18 (3) if an employer's annual gross payroll paid to employees who are  
19 required to participate in the Alaska health care program under AS 21.54.240 is  
20 \$1,000,000 or greater, the employer shall pay two percent of the gross payroll.

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

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

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

1 clearinghouse.

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

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

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

7 (2) varied levels of copayment, coinsurance, deductible amounts, out-  
8 of-pocket maximums;

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

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

13 (d) A health care insurance plan offered through the Alaska health care  
14 clearinghouse that covers children must provide that the coverage will continue until  
15 the earlier of the child's reaching 25 years of age or two years after the child no longer  
16 resides with the family.

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

19 (1) state money appropriated to the fund;

20 (2) federal money appropriated to the fund;

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

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

25 (5) other appropriations by the legislature;

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

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

31 (b) Contributions may be made to the fund by an employer, employers, or an

1 individual that is specified for a particular beneficiary. If a contribution is made to the  
2 fund for the benefit of a particular beneficiary, the beneficiary shall receive a health  
3 care voucher in the amount of the contribution that may be used to purchase a health  
4 care insurance plan. Money collected under AS 21.54.260(c) is not considered made  
5 for the benefit of a particular beneficiary.

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

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

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

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

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

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

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

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

24 (3) a measure of patient satisfaction;

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

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

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

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

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

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

4 (A) the use of electronic health records;

5 (B) children's health insurance programs;

6 (C) the effectiveness of Medicaid and the potential expansion  
7 of the Alaska Medicaid program, including a comparison between the costs of  
8 expanding the Alaska Medicaid program and the cost of providing benefits  
9 through the Alaska health care program;

10 (D) the effect of mandated benefits;

11 (E) prescription drug bargaining;

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

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

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

18 (I) maximizing federal funding to implement the program;

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

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

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

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

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

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

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

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

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

6                   (1) four members shall be appointed to serve for a term ending December 31,  
7 2009;

8                   (2) four members shall be appointed to serve for a term ending December 31,  
9 2010; and

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

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

14           **TRANSITIONAL PROVISIONS: REGULATIONS.** The Alaska Health Care Board  
15 established under AS 21.54.210, enacted by sec. 2 of this Act, may proceed to adopt  
16 regulations necessary to implement this Act under AS 21.54.310, enacted by sec. 2 of this  
17 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not  
18 before the effective date of the statutory changes.

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

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

# 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 11 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.

SB 160

# Health Insurance For All Alaskans

Senators French, Ellis and Wielechowski

## Detailed Bill Summary

**SECTION 1 of the bill – Findings**

2/19/2008 - Corresponds with version \N

**SECTION 2 of the bill - Provides the framework for the bill**

**Sec. 21.54.200: Establishes the health care program**

This section lays out what the legislation will accomplish.

- it ensures that all state residents can afford quality health coverage that suits their particular needs
- it requires that health coverage is meaningful, as discussed later in AS 21.54.250
- it reduces unsustainable health care cost increases, through encouraging primary care and prevention
- it centers on consumer choice by providing a framework for competition, where insurance plans must compete to acquire and retain customers

**Sec. 21.54.210: Establishes the Alaska Health Care Board**

This section establishes the Alaska Health Care Board under the Department of Health and Social Services.

The board will have 13 voting members, and will include:

- two representatives from the insurance industry
- one representative that works for a large business
- one representative that works for a small business
- two representatives from Alaska hospitals
- one representative of a labor organization
- two licensed Alaska physicians
- two consumer advocates
- one registered nurse
- the commissioner of Health and Social Services, or their designee

Each member, except the commissioner, serves a 3 year term and are subject to appointment and reappointment by the Governor. Members will be entitled to standard per diem and transportation costs under AS 39.20.180. The board will select a chair and a vice chair, and a majority of the board will be considered a quorum for transacting business.

**Sec. 21.54.220: Defines the powers and duties of the Alaska Health Care Board**

The board oversees two of the main elements in this bill: the health care Clearinghouse and the health care fund, the function of which are described in later sections of the bill.

In particular, the board will:

- ensure that a variety of plans are available in the clearinghouse, where individuals make plan selections based on their personal needs
- help educate the public about different plan options, and ensure that residents are enrolled in a health benefit plan
- establish enrollment criteria and procedures for individuals, and provide for an annual open season when customers can change their plan selections.

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## **Health Insurance For All Alaskans**

### **Senators French, Ellis and Wielechowski**

In particular, the board will *(continued)*:

- The board will hear complaints or objections to decisions made by the program or clearinghouse. Individuals who feel aggrieved by a decision of the board are entitled to a hearing
- Establish criteria and implement the voucher system, which will be discussed in a later section

#### **Sec. 21.54.230: Alaska Health Care Clearinghouse**

The health care clearinghouse will be the 'place' where Alaskans are connected up with private health plans that suit their needs. The clearinghouse will disseminate information about health insurance and the plans that are 'certified' to fulfill the essential health care services criteria, as defined later in the bill.

The Clearinghouse will be the place where individuals with health care vouchers make plan selections and are connected up with quality insurance products.

#### **Sec. 21.54.240: Establishes the Voucher system, and includes the individual responsibility clause**

This section ensures that all Alaskans can afford quality health coverage. It begins in (a) with the individual responsibility clause, which requires that all Alaskans have health coverage that provides essential health care services. This requirement will only affect those who don't currently have coverage: (1) – (7) outline specific examples of individuals who will be exempt from the individual responsibility clause. Excepted from the requirement are individuals who receive benefits under employer plans or publicly funded programs, including IHS recipients.

Subsections (b) through (e) describe the sliding scale voucher system which makes health coverage affordable for all legal residents. Sliding scale vouchers are issued to individuals in households based on the federal government's federal poverty level criteria (FPL), which sets a poverty line annually based on household size. This year the FPL has been set at \$13,000 of gross income a year for an individual, or \$26,500 per year for a family of four.

Subsection (c) provides a guarantee that anyone who falls below the federal poverty line won't have to pay for health coverage.

Subsection (d) provides vouchers, on a sliding scale, to individuals in households that earn between 100% and 300% of the FPL. Using the numbers from above, this means that an individual who earns between \$13,000 and \$39,000 a year or a family of four that has a household income between \$26,500 and \$79,500 will be eligible for a sliding scale voucher that makes health insurance affordable. The amount of these vouchers will be set by the board, and will vary, with more assistance going to those who earn less.

Subsection (e) requires that all individuals over 300% of the FPL acquire health coverage. While these individuals will not receive needs based vouchers, they will be eligible to receive specified beneficiary vouchers, which are discussed in a later section of the bill.

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## **Senators French, Ellis and Wielechowski**

Subsection (b) provides larger vouchers to individuals who only qualify for ACHIA coverage, making the cost of coverage equal to that available in the normal market. These vouchers will be issued to people who earn up to 450% of the FPL.

Subsection (f) ensures that only legal residents of Alaska receive needs based vouchers.

### **Sec. 21.54.250: Defines essential health care services**

This section defines the benefits that all health insurance plans sold through the clearinghouse must include. Insurance plans will include coverage for:

- preventative and primary care
- emergency services
- inpatient services and hospital treatment
- ambulatory patient services
- prescription drug coverage
- mental health services

### **Sec. 21.54.260: Relates to employer provided health coverage**

(a) and (b) are included to make it clear that nothing in this legislation changes employer based health coverage for companies that elect to provide it.

(c) and (d) relate to the employer levy, which ensures that all employers contribute to the health of employees around the state. This tax is only levied against employers who don't offer health coverage, and the amount depends on employer size. For businesses with 0-10 full time employees, no levy is taken regardless of whether the employer offers coverage. For employers with 10-20 employees, the tax is 1% of gross payroll. For employers with 20 or more employees, the tax is 2%. If an employer either a) offers to pay 33% of premium costs or b) successfully enrolls 25% of employees in an employer sponsored plan they will be exempt from this tax. In addition, if an employer establishes a so-called 'Section 125' cafeteria plan that allows employees to purchase health coverage with pre-federal tax dollars, the employer will be exempt from this levy.

### **Sec. 21.54.270: Relates to the structure of insurance plans available in the clearinghouse**

This section requires that plans provide coverage for essential health care services, as described in 21.54.250. (b) in this section mandates that an insurance company not turn down an individual looking for coverage.

Subsection (c) makes clear that health insurance plans can have varied levels of deductibles, co-pays, co-insurance and out of pocket maximums. They can include high deductible health care plans, and benefit levels can be different for in network and out of network providers. In addition, this subsection encourages lower cost plans that are especially designed for young adults, ages 18-30, which have different terms than are found in normal plans.

Subsection (d) increases the length of time that a child must be covered under a clearinghouse plan to 25 years of age, or until 2 years after the dependent no longer resides with the family.

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**SB 160**

# **Health Insurance For All Alaskans**

## **Senators French, Ellis and Wielechowski**

### **Sec. 21.54.280: Establishes the Alaska Health Fund and Specified Beneficiary vouchers**

The health fund is established as a separate trust fund of the state, and will include:

- state money and appropriations
- federal money, pursued through a variety of routes including 1115a waivers
- employer levy established in 21.54.260
- health care premiums received and appropriated to the fund
- money from any source that is given with purposes consistent with the purpose of the program

(b) establishes specified beneficiary vouchers, which gives an employer, employers or individuals the ability to contribute to the health premium of a given individual, through a voucher.

### **Sec. 21.54.290: Disputes and appeals**

This section gives an individual the opportunity for a hearing if they are denied health coverage by a certified plan, or if a plan fails to deliver essential health care services. In addition, if a person feels adversely affected or aggrieved by a decision of the board or clearinghouse, they have the right to a hearing.

### **Sec. 21.54.300: Reporting**

This section provides for an annual report by the health care board that includes statistics relating to how the health reform program is performing. In addition, the board will also give an evaluation and recommendations on a variety of important health reform topics, including the use of electronic health records, S-CHIP, the effect of mandated benefits, prescription drug bargaining, ways to maximize federal health care dollars, recruitment and retention of medical professionals, evidenced based treatment procedures, Medicaid effectiveness/expansions and more.

### **Sec. 21.54.310: Regulations**

This section requires that the board establish regulations under the Administrative Procedure Act.

**The remainder of the bill deals with definitions, transitional provisions and effective dates.**

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***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*

# 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.

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## 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.

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

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**SB 160**

# **Health Insurance For All Alaskans**

## **Senators French, Ellis and Wielechowski**

### **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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## **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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## **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

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

***- ISER***

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 employees.

### **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.

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**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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**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 than 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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**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" - Worcester Telegram and Gazette, published November 18th, 2007

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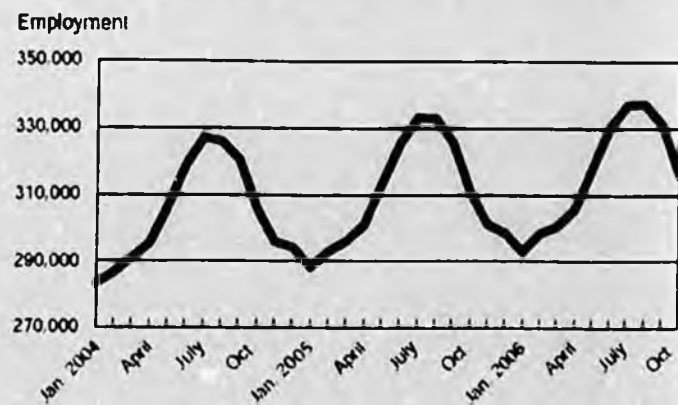
**Continuity of Coverage****Seasonal Employment Requires a Creative Solution**

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 unin-

sured 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

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## **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 than 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
<b>Sliding Scale Subsidies</b>  <i>Definitions:</i> FPL = Federal Poverty Line	<b>Yes:</b> 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.	<b>Yes:</b> 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.
<b>Establishing A New Insurance Marketplace</b>	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.
<b>Requirements for Consumers</b>	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.
<b>Effect on Existing Public Programs</b>	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.
<b>Financing</b>	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.
<b>Insurance Market Reforms</b>	<b>Yes:</b> Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection.	<b>Yes:</b> 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

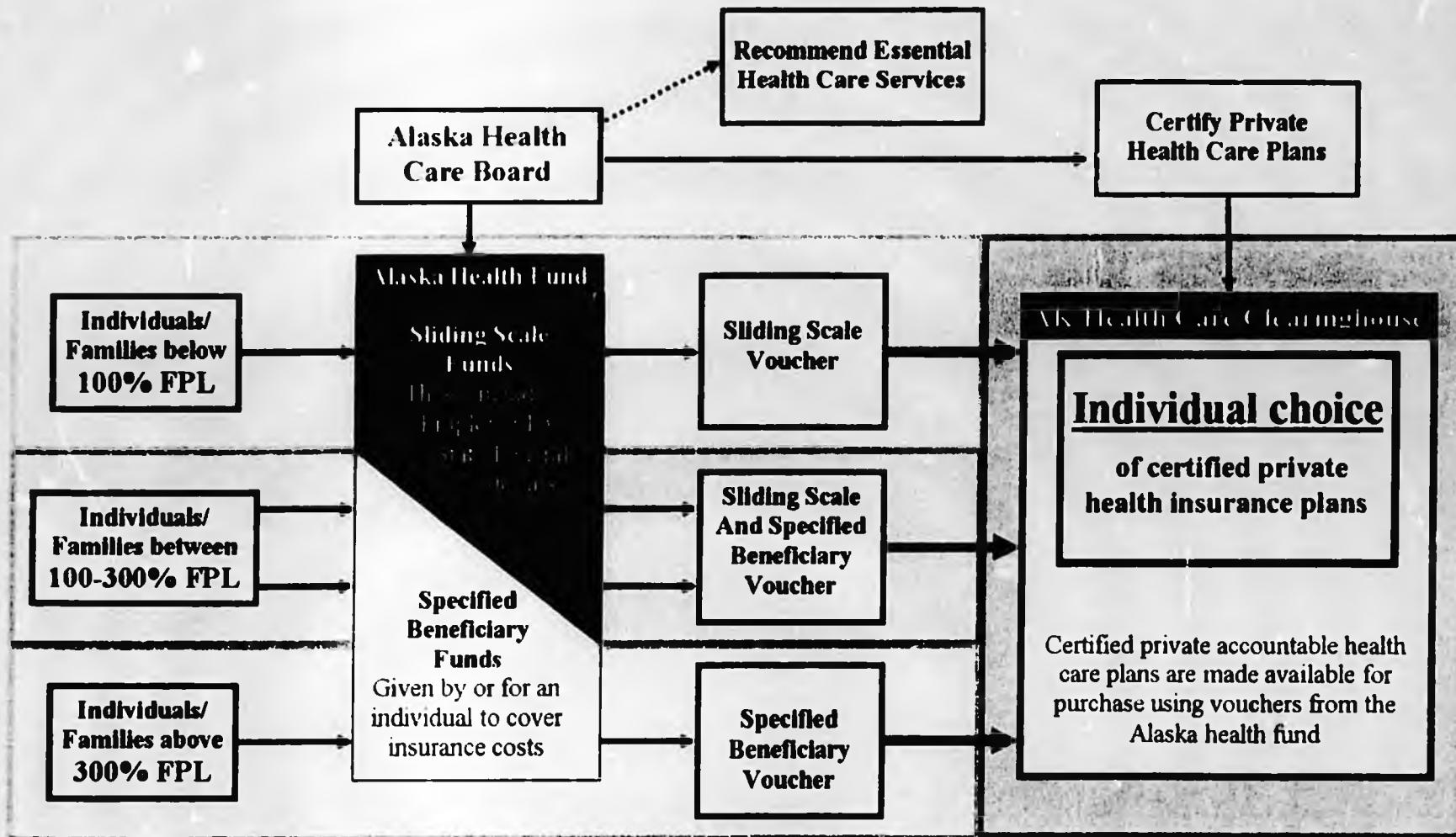
### Other State Reform Efforts

<b>Issue Area</b>	<b>Alaska - Senate Bill 160</b>	<b>California - Governor Schwarzenegger's Plan</b>	<b>Colorado—Legislature's Blue Ribbon Commission</b>
<b>Sliding Scale Subsidies</b>  <i>Definitions:</i> <b>FPL = Federal Poverty Line</b>	<b>Yes:</b> 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.	<b>Yes:</b> 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	<b>Yes:</b> 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.
<b>Establishing A New Insurance Marketplace</b>	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.
<b>Requirements for Consumers</b>	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.
<b>Effect on Existing Public Programs</b>	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.
<b>Financing</b>	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.
<b>Insurance Market Reforms</b>	<b>Yes:</b> Guarantee Issue for individual health plans, on the premise that the individual responsibility clause will prevent adverse selection.	<b>Yes:</b> 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.	<b>Yes:</b> 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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# Alaska Health Care: The Framework For Change

SB 160



*Health Insurance For All Alaskans*  
Senators French, Ellis and Wielechowski

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## 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.

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



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# Anchorage Daily News

**Michael J. Sexton**      **Patrick Daugherty**      **Matt Zencey**  
 President and Publisher    Senior Vice President & Editor    Editorial Page Editor

Founded in 1946 by Norman C. Brown

Fuller A. Cowell, Publisher, 1993-1999    Katherine Fanning, Editor and Publisher, 1971-1983  
 Gerald E. Grilly, Publisher, 1984-1993    Lawrence Fanning, Editor and Publisher, 1967-1971

# OPINION

## OUR VIEW

# Health coverage

*Support grows for state action that will help the uninsured*

**W**ill Alaska join the ranks of states working on ways to expand health care coverage?

An advisory council appointed by Gov. Sarah Palin looks like it will give a helpful push in that direction after all. The council's support is welcome, but its recommendations are small steps compared with the ambitious health insurance plan being promoted by state Sen. Hollis French.

In a preliminary plan released earlier this month, the governor's Health Care Strategies Planning Council wasn't ready to make any recommendations about health insurance. At the council's latest meeting, though, members agreed the state should support efforts to bring health insurance to more Alaskans.

The council endorsed a specific but small step toward that goal: expand the state's health insurance program for children, known as Denali KidCare.

Other ideas offered by the council were more vague. It suggests the state offer incentives for individuals to get catastrophic health care coverage. The council sup-

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*Will Gov. Palin and her health care council help pass SB 160?*

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ports tax-deductible health savings accounts, which could help the uninsured buy health insurance or pay for medical care.

The Legislature would have to agree to expand Denali KidCare. It's a good idea, especially since the feds pay the majority of the cost. But it won't be easy. Earlier this year, it took a long hard fight before lawmakers agreed to cover children in families whose income is up to 175 percent of the federal poverty level. The governor's

council says the income cap should be raised to 200 percent.

Some Alaska legislators, led by Sen. French of Anchorage, are pushing a much bolder initiative. Their bill, SB 160, would require uninsured Alaskans to get some minimum level of coverage.

To make it affordable, the bill offers health insurance vouchers, with the amount of aid based on income. Employers can also contribute to vouchers, instead of directly providing their workers with health insurance. Some funding for the insurance aid would come from money the government already spends to pay for charity medical care. Sen. French recently announced some refinements in the legislation to improve the odds of passage.

If a comprehensive health insurance initiative like SB 160 is going to pass, it's going to need all the help it can get. Like maybe support from Gov. Palin and her health care council?

**BOTTOM LINE:** The more effort to cover uninsured Alaskans, the better.

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**GOV. PALIN'S HEALTH CARE STRATEGIES PLANNING COUNCIL:** is taking public comment through close of business Monday. Visit [www.hss.state.ak.us/hspc/](http://www.hss.state.ak.us/hspc/). For information on SB 160, to insure the uninsured, visit [www.healthyalaskans.com/](http://www.healthyalaskans.com/).

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April 23, 2007

3200 Providence Drive  
P.O. Box 198804  
Anchorage, Alaska  
99519-8804

Tel 907.582.2211

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

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

# AARP Alaska

January 30, 2008

The Honorable Bettye Davis, Chair  
Senate Health, Education and Social Services Committee  
Alaska State Capitol, Room 30  
Juneau, AK 99801-1182

RE: SB 160 (French)

Dear Chair Davis:

On behalf of the 93,000 members of AARP in Alaska, we ask that you and your colleagues on the Senate Health, Education and Social Services Committee welcome SB 160, authored by Senator Hollis French and co-sponsored by Senators Wielechowski and Ellis.

We understand this is a "work in progress" and that you will be dealing with a Committee Substitute today.

We applaud Senator French's efforts to develop a health care plan that works toward access to adequate coverage for all residents of all ages.

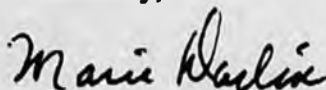
AARP pledges that we will work with Senator French and your colleagues in the Legislature to support efforts to provide high quality, accessible and affordable health care that offers reasonable choices for all Alaskans.

Let the discussion begin!

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator  
AARP Capital City Task Force  
415 Willoughby Avenue, Apt. 506  
Juneau, AK 99801  
586-3637 (voice)  
463-3580 (fax)

CC: Senator Joe Thomas  
Senator John Cowdery

Senator Kim Elton  
Senator Fred Dyson

Senator Hollis French

# Employer Costs Compared

## Senate L+C Hearing 2/28/08

This simplified chart gives an idea of the employer responsibilities in different states and proposals around the country.

	<b>Senate Bill 160</b>	<b>California Proposal</b>	<b>Massachusetts</b>	<b>Vermont</b>
<b>Plan Details</b>	1-2% payroll levy	Minimum investment of 1-6.5% of payroll in health benefits	\$295 dollars per year per employee	\$365 dollars per year per employee
\$20,000/ Year	\$17—33 per month	\$17-108 per month	\$25 per month	\$30 per month
\$40,000/ Year	\$33—67 per month	\$33 - 217 per month	\$25 per month	\$30 per month
\$60,000/ Year	\$50—100 per month	\$50 -325 per month	\$25 per month	\$30 per month
\$80,000/ Year	\$67—133 per month	\$67- 433 per month	\$25 per month	\$30 per month
\$100,000/ Year	\$83—167 per month	\$83 -542 per month	\$25 per month	\$30 per month
<b>Low Cost Option</b>	Establish a Section 125 plan: ~\$300 for all employees per year	No lower cost option	Lowest cost option is likely \$295/year levy, listed above	Lowest cost option is likely \$365/year levy, listed above

*Each program has different thresholds for what qualifies as providing an employee with health benefits, among other criteria. This chart provides a brief overview of usual, non-providing employer costs when the levy threshold has been reached.*

# Employer Costs Compared

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P. O. Box 240976, Douglas, AK 99824  
Phone: (907) 789-1544 Fax: (907) 364-2468  
Email: [bevsmith@gci.net](mailto:bevsmith@gci.net)

To: Senator Johnny Ellis, Chair  
Members of the Senate Labor and Commerce Committee

From: Beverly Smith, Christian Science Committee on Publication for Alaska

Date: February 26, 2008

RE: Senate Bill No. 160

*An Act establishing an Alaska health care program to ensure insurance coverage for essential health services for residents of the state; ...*

Thank you for giving me the opportunity to testify regarding SB 160.

In my capacity as Christian Science Committee on Publication for Alaska, one of my roles is to review proposed legislation to ensure that it preserves the choice of Alaskans to pursue spiritual means for the prevention and cure of disease, including Christian Science treatment and care. I also want to ensure that you have accurate information concerning spiritual healing as practiced in Christian Science, so that this cost effective, reliable and effective form of care is not overlooked or restricted in the State's health care reform efforts.

I commend the sponsors of SB 160 for tackling the issue of affordable health insurance for all Alaskans. The sponsor's statement explains that this bill ensures that everyone can purchase an affordable health plan that they select to fulfill their medical needs. At the last HESS Committee hearing he said that the intent of the bill is to make insurance available in a meaningful way for every citizen. To provide health care coverage that is truly affordable, preventative and lasting, and to meet the health care needs of ALL Alaska residents, this legislation should include coverage for spiritual care similar to the coverage offered by the Federal government and other state plans that currently do so. For state employees and retirees in Alaska, insurance coverage is provided for payment to Christian Science practitioners.

Christian Science is one of the religious non-medical forms of treatment that is available to anyone – not just those who are members of the Christian Science church. It involves reliance on spiritual means through prayer to heal illness, injuries and other conditions. Christian Science treatment and care has been systematically practiced, quietly and

effectively, in many Alaskan families for over one hundred years. Personally I have experienced many physical healings by relying on this method of treatment.

I'm not here to take a position on whether health insurance should be mandated (Massachusetts and other states have considered opt outs based on one's religious beliefs). However, I do feel it is important that any reform discussion include an acknowledgment that spiritual care is a significant part of people's approach to maintaining health, and that costs associated with such care are deserving of inclusion in health care reform so that those relying on spiritual means for healing may have access to their preferred method of treatment. With regard to the health insurance reform proposed in SB 160, we request that "essential health care services" as used in Sec. 21.54.250 be interpreted to include non-medical healthcare services for individuals relying on spiritual means for healing. My request for amendment handout gives the full text of the proposed amendment and explains how we believe this proposed change should appear. The wording is different from what I proposed when I testified before the Senate HESS Committee, and I am open to further change if you feel there is a better way.

I am happy to work with lawmakers to make sure language is included so that insurance coverage is provided for those Alaskans choosing spiritual care to meet their healthcare needs.

This care is both reliable and effective, and makes bodies -- and communities -- healthier. If people are achieving complete healing through spiritual care without incurring large medical bills, society is benefited.

We applaud you for your efforts in bringing solutions to the health care challenges in Alaska and appreciate the desire to make humanity safer and healthier. We respectfully request that the inclusion of spiritual care as a covered benefit be expressed clearly within SB 160.

Thank you.

**CHRISTIAN SCIENCE COMMITTEE ON PUBLICATION FOR  
ALASKA**

P.O. Box 240976, Douglas, AK 99824

Phone: (907) 789-1544 Fax: (907) 364-2468 Email: [bevsmith@gci.net](mailto:bevsmith@gci.net)

February 2008

**Amendments to Committee Substitute For SB160  
Universal Health Care – Spiritual Care Amendment**

To meet the health care needs of Alaska residents, health care reform legislation should include coverage for spiritual care similar to other state and federal government plans that currently do so. To accomplish this, we request that the following amendment be incorporated into such legislation to provide for consideration of spiritual care benefits as follows:

Amend Section 2 of the bill, by adding the following

**“21.54.251. Definitions. The term “essential health care services” as used in Section 21.54.250 shall be interpreted to include nonmedical health care services for individuals relying solely on spiritual means for healing in accordance with the practices or tenets of a church or religious denomination that teaches reliance on spiritual means through prayer for healing.”**

**Explanation**

This amendment is proposed to ensure the public has access to spiritual care. Access to effective health care is a vital issue for us all. As our society is reaching out for solutions to the problem of effective, affordable health care, access to spiritual care and treatment can serve as one of the solutions to that problem and can benefit everyone.

Alaska has an opportunity to shape health care reform for the future, and set the bar on access to health care, including recognition that a spiritual approach to health care has been, and remains, both practical and beneficial to the public. Spiritual care already meets the health care needs of many Alaskans. This care is both reliable and effective, and makes bodies – and communities – healthier. If people are achieving complete healing through spiritual care without incurring large medical bills, society is benefited.

The goal of any mandated universal health care system should be to provide access to care that meets the needs of the entire community that is being asked to support it, encourages participation, and seeks to minimize the costs associated with such care. Spiritual care and treatment can do just that. If a health insurance mandate is imposed on Alaskans, it is crucial for the mandate to embrace access to the diversity of approaches to health care, including spiritual care, and not just a medical approach.

We applaud you for your efforts in bringing solutions to the health care challenges in Alaska and appreciate the desire to make humanity safer and healthier. We respectfully request that the inclusion of spiritual care as a covered benefit be expressed clearly within this legislation, so that legislative guidance is provided concerning the inclusion of coverage for spiritual care.

**SB**

**165**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 4/30/07

FURTHER: Judiciary

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

DATE TURNED  
IN TO OFFICE: 5/8/07

Labor and Commerce Committee considered SENATE BILL NO. 165

**SB 165 TOURISM DISCLOSURES AND NOTICES**

"An Act relating to required onboard disclosures about promotions, tours, flightseeing operations, other shoreside activities, shoreside vendors, and visitors bureaus; and providing for an effective date."

and recommends:

- be replaced with  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
<b>HOUSE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Initial	Final	Check
LOW	5/7/07			✓
COMMERCE	5/6/07			✓

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Initial	Final	Check

APPROPRIATION - no fiscal note

POSITION	NAME	INITIALS	DATE	REMARKS
	C Bunde	Bunde		✓
	B Davis	DAVIS	✓	
	Stuber	STUBER		✗
CHAIR:	Gay Ellis	ELLIS	✓	

# LEGAL SERVICES

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

(907) 485-3867 or 485-2450  
FAX (907) 485-2029  
Mail Stop 3101

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

## MEMORANDUM

May 1, 2007

**SUBJECT:** Sectional summary of SB 165 relating to onboard disclosures  
(Work Order No. 25-LS0906\A)

**TO:** Senator Kim Elton  
Attn: Kristen Bressette

**FROM:** *JB*  
Theresa Bannister  
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.** Amends AS 45.50.474(a) to add disclosure requirements and to delete the requirement that the disclosures be made orally. The new disclosure requirements relate to commissions over a certain level, other available port of call alternatives, and contact information for visitors bureaus.

**Section 2.** Amends AS 45.50.474(b) to change the required disclosures. Requires written disclosure at the point of sale that relate to the relationship between the cruise ship and the shoreside vendor, the availability of port of call alternatives, contact information on visitors bureaus, and seller commissions over a certain level.

**Section 3.** Amends AS 45.50.474(c) to delete the penalty described in that section for a violation of AS 45.50.474.

**Section 4.** Contains the typeface and contrasting color requirements for disclosures that were formally located in AS 45.50.474(a) and (b).

**Section 5.** Gives the bill an immediate effective date.

If I may be of further assistance, please advise.

TLB:med  
07-284.med



**Alaska**

May 1, 2007

The Honorable Kim Elton  
Alaska State Capitol Building  
Juneau, Alaska 99801

RE: Senate Bill 165 - Tourism Disclosures and Notices

Dear Senator Elton,

On behalf of the Alaska Chapter of the National Federation of Independent Business, I wish to express our support for Senate Bill 165. The Alaska Chapter of the National Federation of Independent Business is the largest small-business advocacy group in the state.

Senate Bill 165 resolves a basic unfairness created in the disclosure section of the cruise ship initiative passed last summer. Not only is this corrective legislation supported by NFIB, the initiative sponsors encouraged its passage. The current law requires disclosure of proprietary information of small and independent Alaska shorside businesses. SB 165 provides better disclosure to the consumer without requiring disclosure of proprietary pricing decisions by Alaska's businesses.

It is important to small and independent businesses that we resolve this problem prior to the beginning of the season.

We appreciate your introduction of SB 165 and your willingness to address this important issue affecting small and independent Alaskan businesses.

Sincerely,

A handwritten signature in black ink that reads "Denny". The signature is stylized and written in a cursive-like font.

Dennis L. DeWitt  
Alaska State Director  
National Federation of Independent Business

cc: Senate Labor & Commerce Committee

**Kristen Bressette**

---

**From:** George Reifenstein [George.Reifenstein@Goldbelt.com]  
**Sent:** Wednesday, May 02, 2007 10:24 AM  
**To:** Kristen Bressette  
**Subject:** Greetings From The Tramway - SB165

Hello Miss Bressette,

I'm taking this opportunity to commend Senator Elton for his support and guidance of SB165 in the Senate. This effort protects basic confidentialities that are inherent in the conduct of business in our state. On behalf of the 80+ employees at the Mount Roberts Tramway I extend our thanks to the Senator for his work on this issue.

Thanks,

George Reifenstein  
General Manager  
MRT

**Kristen Bressette**

---

**From:** Dot Wilson [dotw@gci.net]  
**Sent:** Wednesday, May 02, 2007 11:16 AM  
**To:** Kristen Bressette  
**Subject:** SB 165

Kristen: Please let Senator Elton know that although our business does not have a contract with the ships, have never had a contract, and do not anticipate having a contract, I do believe in free enterprise.

I do not believe that passengers on the ships are so naïve that they do not understand they are paying a retail price when they buy through the ships. When I go into a store to buy something I understand that I am paying for rent, payroll, taxes, and other costs of doing business for the convenience of purchasing what I want/need in that store.

Thank Senator Elton for sponsoring the companion bill to HB 217. It is a more fair way to handle this free enterprise issue.

Dot Wilson  
Coastal Helicopters

Cell: 907-321-0288

**Kristen Bressette**

---

**From:** Jim Collins [jcollins@allenmarine.com]  
**Sent:** Wednesday, May 02, 2007 2:52 PM  
**To:** Kristen Bressette  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* In support of SB 165 - Allen Marine Tours - Juneau  
**Importance:** High

## Allen Marine Tours - Juneau

PO Box 211609  
Auke Bay, AK 99821  
(907) 789-0081

May 2nd, 2007

Dear Senator Elton,

I am writing in strong support of SB 165 and I urge you to communicate to others to support it as well.

Ballot Measure 2 as it is currently written will discriminate against, and harm, every Alaska tour company that operates tour programs advertised and sold aboard cruiseships. The disclosure statement language in this legislation would require the cruiselines to reveal their tour vendor's wholesale pricing strategy to competitors. That pricing knowledge will be utilized to provide a clear business advantage to the companies that are not legally forced to disclose their own wholesale pricing strategy.

Allen Marine is an Alaskan family-owned and operated tourism business. For the past 35 years we have been showing visitors to Alaska everything that is special about the Alaska wilderness and wildlife. To a large extent, everything we have learned about operating this business is self-taught and learned through hands on experience.

Whether or not Ballot Measure 2 was truly meant as a direct attack on the Alaskan tourism companies, we have great concern that this legislation, in its present form will cause irreparable harm to our business.

Myself and the approximately 80 other people who work for Allen Marine here in Juneau hope that you will voice our fear and concern about the intended or unintended effects of Ballot Measure 2.

SB 165 helps address some facets to our concerns, and with our passengers for the 2007 season beginning trips with us in 3 business days, it is extremely important that this is addressed as quickly as possible.

Sincerely,

Jim Collins  
Allen Marine Tours – Juneau  
(907) 789-0081 xt. 18  
jcollins@allenmarine.com

**Kristen Bressetta**

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**From:** Diana Lapham [lapham@aptalaska.net]

**Sent:** Wednesday, May 02, 2007 4:12 PM

**To:** Sen. Kim Elton; Sen. Johnny Ellis; Sen. Gary Stevens; Sen. Con Bunde; Sen. Bettye Davis; Sen. Lyman Hoffman

**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* SB165

**Please support SB165. Since tourism is now one of the primary economies in Alaska we need to do all we can to protect our tourism related businesses? There is no value to the "disclosure statement"; I strongly feel that it is a major "step over the line" for businesses to be forced into disclosing their wholesale price to anyone other than the company that they are negotiating with for that particular price. It should be held as confidential information between the two companies. I strongly feel that the authors of Proposition 2 have such strong "ANTI" feelings for this industry (tourism) and Cruise Lines head the list that they will go to extreme measures to stymie this industry.**

**Thank you for your consideration in this extremely important bill.**

**Diana Lapham**

**PO Box 503**

**Haines, Alaska 99827**

**lapham@aptalaska.net**



05.03.05

Dear Senator,

I am writing in support of SB165.

I am a 27 year resident of Alaska and operate a small tour company in Juneau called Cycle Alaska. We employ 24 people during the season.

This bill I believe meets the true intent of the voters. I am certain that the voters would not have intended to hurt fellow Alaskans who operate tour companies by having them disclose wholesale rates. No other industry is required to do this. It also gives an unfair advantage to other operators who may be competitors or potential competitors.

With the session ending soon and the season almost upon us I would ask that you vote on the bill as soon as possible.

I would respectfully ask that you keep the intent of the bill without hurting Alaskan businesses.

Yours sincerely,  
  
John P. McConnochie  
Owner

---

John P. McConnochie, Owner  
Business Mailing Address:  
3217 Pioneer Avenue Juneau, Alaska 99801-1862

Office / Shop: 907.780.2253 Office Fax: 907.780.2207  
Cell: 907.521 BIKE (2453) E-mail: [jpm@goi.net](mailto:jpm@goi.net)  
Website: [www.cycleak.com](http://www.cycleak.com)

***The Bike People.***

**Kristen Bressette**

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**From:** Rob Scheer [rob@lumberjacksports.com]  
**Sent:** Thursday, May 03, 2007 8:53 AM  
**To:** Kristen Bressette  
**Subject:** Re: HB217

---

**From:** Rob Scheer [mailto:rob@lumberjacksports.com]  
**Sent:** Wednesday, May 02, 2007 4:01 PM  
**To:** Sen. Kim Elton  
**Subject:** HB217

Dear Senator Elton,

Please support SB165 to offer relief to small businesses throughout Alaska. The Initiative sponsors themselves have stated in Judiciary the unintended consequences of the Disclosure portion has created economic hardships that need to be corrected.

The Legislature has the power to accept this new language as recommended and maintain constitutionally the intended will of the vote.

Thank you for your support on this urgent matter, we are facing significant peril without this.

Sincerely,

Rob Scheer

President  
Lumberjack Sports International  
The Great Alaskan Lumberjack Show  
Experience Alaska Tours  
Cell - 715-699-3713  
Alaska - 907-225-9050 Summer  
Colorado- 970-264-4767 Winter

5/7/2007



SENATOR KIM ELTON

## SPONSOR STATEMENT

### SB 165 - TOURISM DISCLOSURES AND NOTICES

**"An Act relating to required onboard disclosures about promotions, tours, flightseeing operations, other shoreside activities, shoreside vendors, and visitors bureaus; and providing for an effective date."**

SB 165 is a companion of HB 217, sponsored by Representative Lindsey Holmes.

SB 165 stems from the concerns of Alaska tour operators who sell their tours onboard cruise ships, and the new disclosure requirements of Ballot Measure 2 – Cruise Ship Taxation, Regulation, and Disclosure.

Of greatest concern is the initiative requirement that cruise ships disclose the amount of commission or percentage of the total sale they retain. This would reveal the net rate of all Alaska tours sold onboard cruise ships. SB 165 would change the requirement to cruise ships disclosing, when the percentage of the total sale they retain exceeds 20 percent, that more than 20 percent of the total sale is retained by the cruise ship. This would protect proprietary information of Alaska tour operators who sell their tours onboard cruise ships.

In addition, SB 165 would require cruise ships to disclose that other tours may be available at ports of call, as well as the contact information for visitors bureaus at each port of call. SB 165 would also require cruise ships to disclose that businesses featured in onboard retail promotion have paid to be included. Finally, SB 165 would strengthen the penalty for a violation of disclosure requirements, making the penalty consistent with the standard for an unfair trade practice.

Two of the initiative sponsors have testified in support of the most recent version of HB 217 - CSHB 217(JUD), Version N, which is identical to SB 165.

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