

STATE OF ALASKA
THE LEGISLATURE

1995

Source
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Legislative
Resolve No.
12



Relating to medical savings account legislation.

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

WHEREAS it is estimated that 37,000,000 Americans are without health insurance, many while between jobs, and that more Americans are underinsured because of the effects of rising health care costs and spending, which are forcing employers to trim the level and availability of health care benefits provided to their employees; and

WHEREAS overutilization of health care services for relatively small claims is one of the most significant causes of health care cost and spending increases: currently more than two-thirds of all insurance claims for medical spending are less than \$3,000 per family per year in this country; and

WHEREAS, in response to runaway cost increases for health care spending, the private sector has developed the concept of medical savings accounts, which is designed to ensure health insurance availability and is based on providing incentives to eliminate unnecessary medical treatment and encourage competition in seeking health care; and

WHEREAS, under a medical savings account arrangement, an employer currently providing employee health care benefits could purchase a lower cost, higher deductible major medical policy for each employee to replace the existing policy and then set aside the saved

premium differential in a medical savings account for the participating employee; and

WHEREAS, through employer-funded medical savings account arrangements and the reduced cost of qualified insurance policies with higher deductibles, millions of Americans could insure themselves for both routine and major medical services; and

WHEREAS the participating employees would be able to use the money in their medical savings accounts to pay medical care expenses up to the amount of the insurance policy deductible and any money in the account at the end of the plan year would belong to the employee to use as the employee saw fit; and

WHEREAS the possibility of using the balance in the employee's medical savings account for other purposes is a strong incentive not to abuse health expenditures and to institute "cost shopping" for medical care services; and

WHEREAS, by setting aside money for employees to spend on health care, employees could change jobs and use the money they had earned so far to buy interim health insurance or cover health care expenses thereby eliminating the problem of uninsureds between jobs and helping to reduce "job-lock"; and

WHEREAS medical care decisions are highly individualized and involve personal factors that cannot be standardized without interfering with personal choice and so should remain the employee's prerogative; and

WHEREAS, under medical savings account arrangements, individual policyholders will have a strong stake in reducing costs, and this simple financial mechanism will expand health insurance options to others who presently have no insurance; and

WHEREAS this method of decreasing the health care cost burdens in this country would require no new federal bureaucracy and would be revenue neutral to employers;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Congress of the United States to enact legislation swiftly and in good faith to enable Americans to establish medical savings accounts.

COPIES of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young,

U.S. Representative, members of the Alaska delegation in Congress.