

Legislative Health Care Initiatives

Presentation to the
Anchorage Chamber of Commerce

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Overview

Health Insurance in Alaska

- Who has coverage?
- Who provides it?
- Who is not covered?
- What are the impacts of the uninsured?



The Good News

- More than 82% of Alaskans have health insurance.
- That's 544,759 of us.






Who provides it?

- Employers 57%
- Self purchased 5%
- Medicaid 16%
- Medicare 8%
- Military 13%
- Uninsured 17%





The Bad News

- 114,000 Alaskans are uninsured.
 - That's 17% of the population.
 - 18,000 of these are kids.
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Most likely adults to be uninsured

- Self-employed people
- Part-time and seasonal workers
- People who work for small firms
- Young adult males



Uninsured workers

- More than half of the uninsured in Alaska are employed.
- Nationally 8 in 10 live in working families.





Private sector employees

- Less than half (42%) of private sector employees in Alaska have work-based insurance.
- 58% lack coverage.





AK firms offering insurance

- Fewer than 10 employees 23%
- 10-24 employees 55%
- 25-99 employees 78%
- 100+ employees 98%






Reasons for Not Offering Insurance

- “Too expensive” 53%
- “Seasonal employees” 9%
- “Not enough employees” 9%
- “Employees covered already” 7%





Household Income of the Insured

- Less than \$15,000 58%
 - \$15,000 - \$24,999 67%
 - \$25,000 - \$34,999 77%
 - \$35,000 - \$49,999 79%
 - \$50,000 - \$74,999 87%
 - \$75,000 + 95%
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Impacts and Consequences of No Health Insurance




Higher health risks

- The uninsured receive less preventative care.
- Illnesses are diagnosed at later stages.
- The uninsured have a greater likelihood of developing chronic conditions that are difficult and expensive to treat.





Less medical care

- Uninsured kids are 9 times less likely to have a regular doctor.
 - They are 4 times more likely to be taken to emergency rooms.
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Impacts on hospitals

- Hospitals often provide primary treatment for those without access to other health care.
- Providence and Alaska Regional Hospital provided \$89 million in uncompensated care in 2006.





Cost of caring for the uninsured

- In 2005, the total cost of health care in Alaska for the uninsured was estimated to be \$125 million.
- This excludes costs paid out-of-pocket by the uninsured.




Cost-shifting affects all Alaskans

- These costs are passed on to other Alaskans, businesses and governments, raising premiums and out-of-pocket expenses for everyone.





Higher premiums

- Private employers in Alaska pay an average of \$1,466 more per family and \$565 more per individual in premiums to cover the costs of health care for the uninsured.
 - By 2010, this is expected to increase to \$2,248 per family and \$857 per individual.
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Impacts to State premiums

- The cost to the State of Alaska of providing health insurance for its nearly 15,000 full-time, executive branch employees is estimated to be \$19 million higher because health providers shift the cost of caring for the uninsured.





Other impacts: Bankruptcy

- Nationally, individuals unable to pay medical bills are filing for bankruptcy at unprecedented rates.
- Between 1980 and 2001, medically driven bankruptcies increased 23 times. 1/2 of the 1.5 million American families that filed for bankruptcy in 2001 cited medical bills as the cause.

Impacts on kids

- Uninsured kids are 25% more likely to miss school than insured children.
- Continued illness affects school performance and, in the long run, workforce participation.



Economic productivity

- A National Institute of Medicine Study indicates that lack of insurance results in lost national economic productivity of \$65-\$130 billion nationally.





The problem is growing.

- Health care spending in Alaska is increasing rapidly.
- In 1991, about \$1.6 billion was spent.
- In 2005, spending exceeded \$5 billion.
- This is an increase of 176% per Alaskan in 15 years.



Impacts of Rising Costs

- Health care is consuming a growing share of family & government budgets.
- It's increasing labor costs and putting businesses at a competitive disadvantage.
- Many businesses are being forced to drop health insurance for their employees.





Decline in covered kids

- Alaska has seen a 31% decline in the number of children covered by private health insurance in the past decade.



The number of uninsured is increasing

- More than 46 million Americans under the age of 65 lacked health insurance coverage in 2005.
- This is an increase of 1.3 million from the year before and an increase of over 7 million since 2000.





Causes of increased cost

- Most experts cite increased use of new medical technology as the primary cause.
- Medical malpractice accounts for less than $\frac{1}{2}$ of 1% of health care spending and is not a significant factor.

The time for solutions is now.

- We have the resources to ensure that all Alaskans have access to quality care.
- My colleagues will outline 2 different approaches: one for all Alaskans and another targeted at kids.



Why Big Business is Clamoring for Health Care Reform

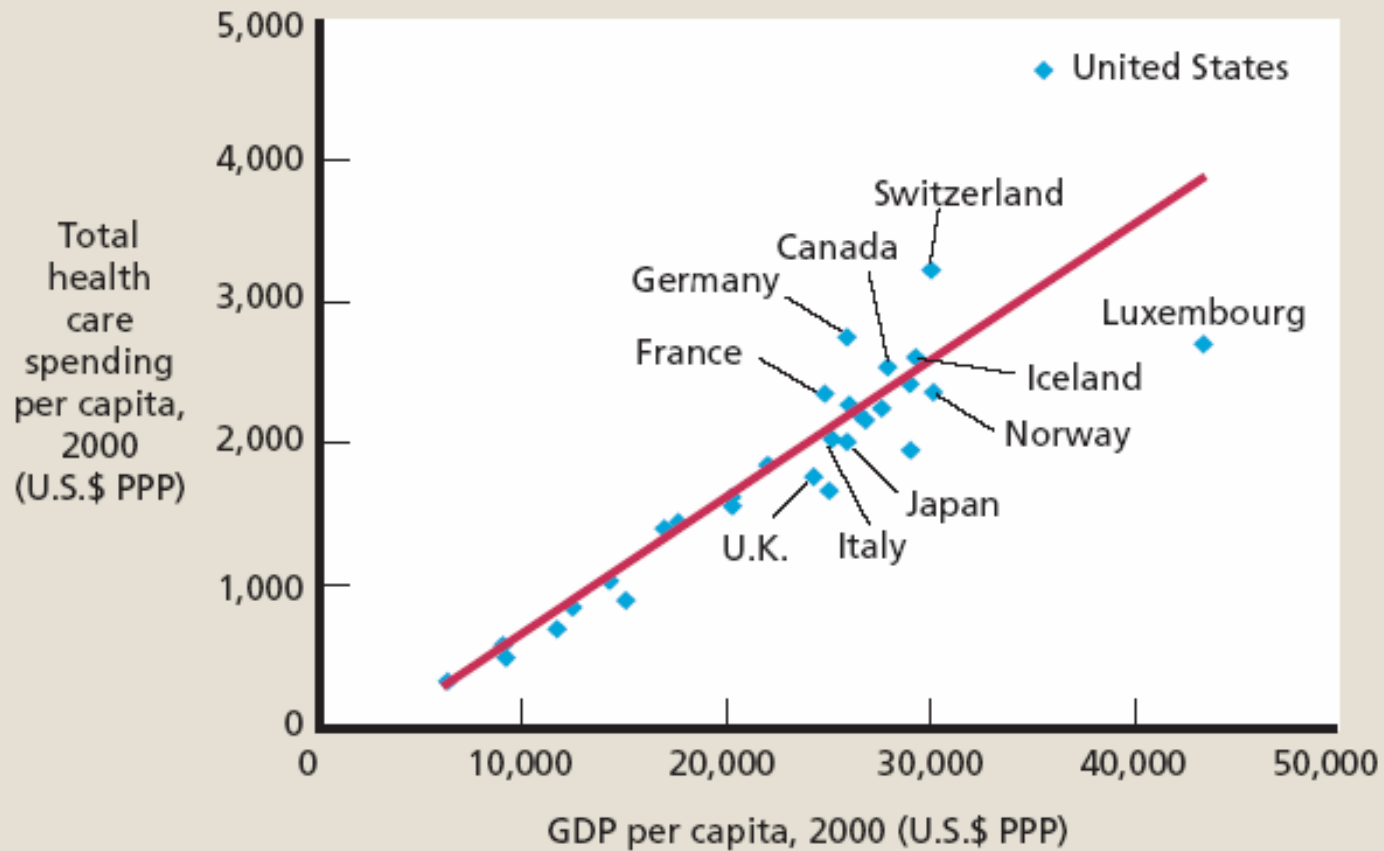
Senator Hollis French

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8/27/2007



The Problem:

Sources: OECD, 2002; Anderson et al., 2003.

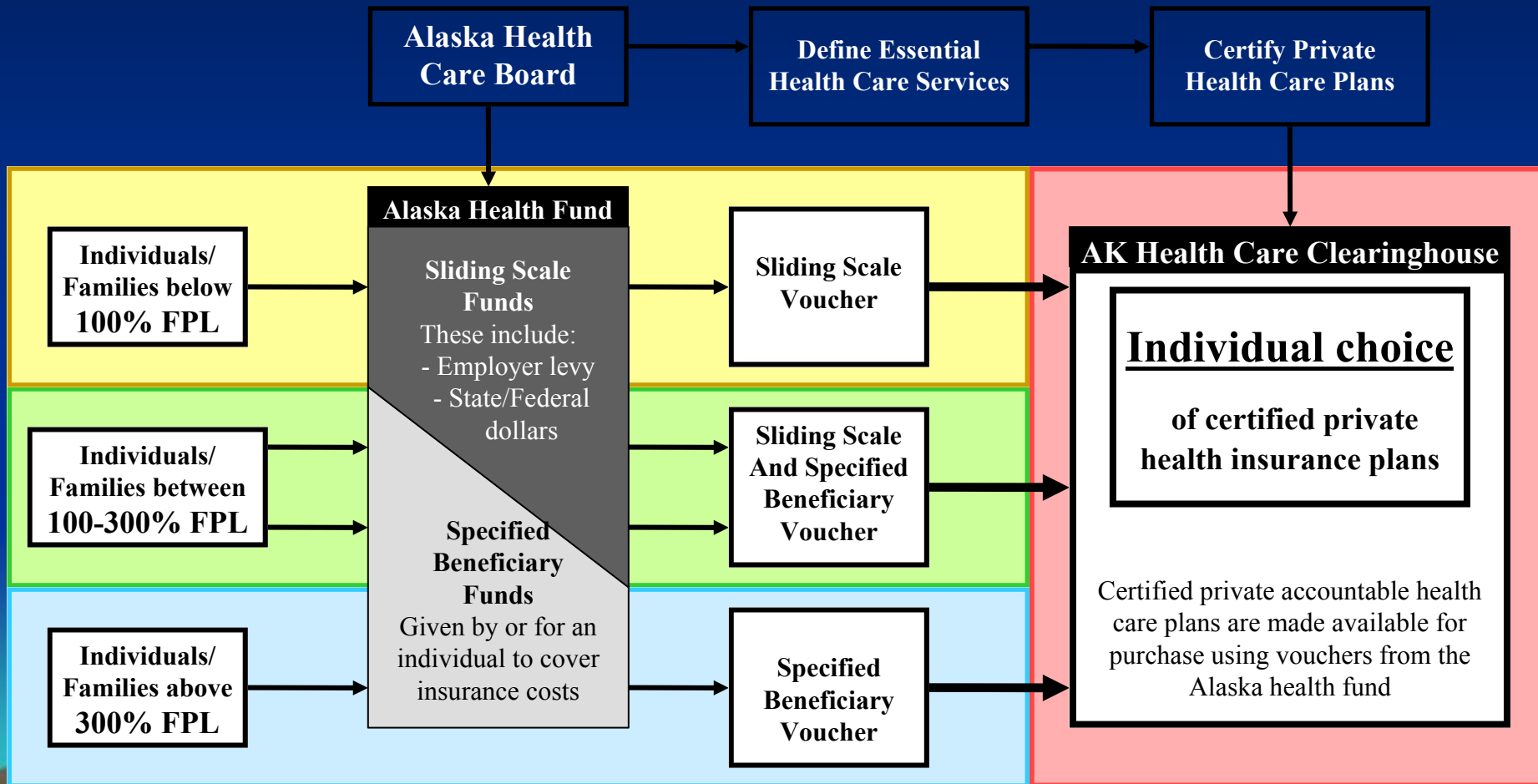


Note: 1999 data for Luxembourg and Poland; 1998 data for Sweden and Turkey; PPP = Purchasing Power Parity.

SB 160 - How It Works: For Alaskans *With* Health Coverage

- **No Changes** to employer health insurance programs that meet basic criteria
- **No New Expenses** to employers who provide coverage
- **No Mandate** to change your current coverage, if it covers basic health needs

SB 160 - How It Works: For Alaskans *Without* Health Coverage



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Universal Children's Health Coverage

It's Inexpensive & It's Needed

By Rep. Les Gara

Presentation to:

Anchorage Chamber of Commerce

"Make It Monday" Forum

8/27/2007



Children Of Working Families Still Uninsured

- Approx 12,000 - 15,000 children of working families remain uninsured
- Roughly 50% of employers' don't offer health coverage
- Most businesses with less than 25 employees don't offer coverage
- Source: May 2007 DHSS Health Caucus Presentation; 2/15/07 Leg Research Report, Denali Kid Care and the uninsured noting that 25 estimated 22,000 uninsured children qualify for IHS Coverage

It's For Working Families

- Alaska's Denali Kid Care Plan
 - Families with non-working parents already covered
 - Children of Families Who Earn Up to 175% of the Federal Poverty Level (FPL) currently covered
 - **Single parent w/ 1 child not covered** if earns more than 175% of FPL = \$29,900/yr. pre-tax; **\$26,800/yr. after taxes.**



Letting Working Families Between 175% - 300% FPL Buy In

- Single Parent, 1 Child:
- 175% Federal Poverty Line (FPL) =
 - \$30,000/year (gross)
 - \$26,800 (est. after taxes)
- 300% Federal Poverty Line (FPL) =
 - \$51,000/year (gross)
 - \$44,000 (est. after taxes)

Cheap But Not Free

- The federal government pays roughly 70% of the cost of Denali Kid Care insurance
- Current total state and federal cost per Child: \$1,387
- State share of children's insurance: **\$420**



Why Do It?

- Many solutions to state's health care crisis are expensive to fix. This one isn't.
- Can leverage federal funds.
- Private insurance cost for those who don't get work coverage: \$3,000 - \$4,000 per child (Premera Children's Plans).

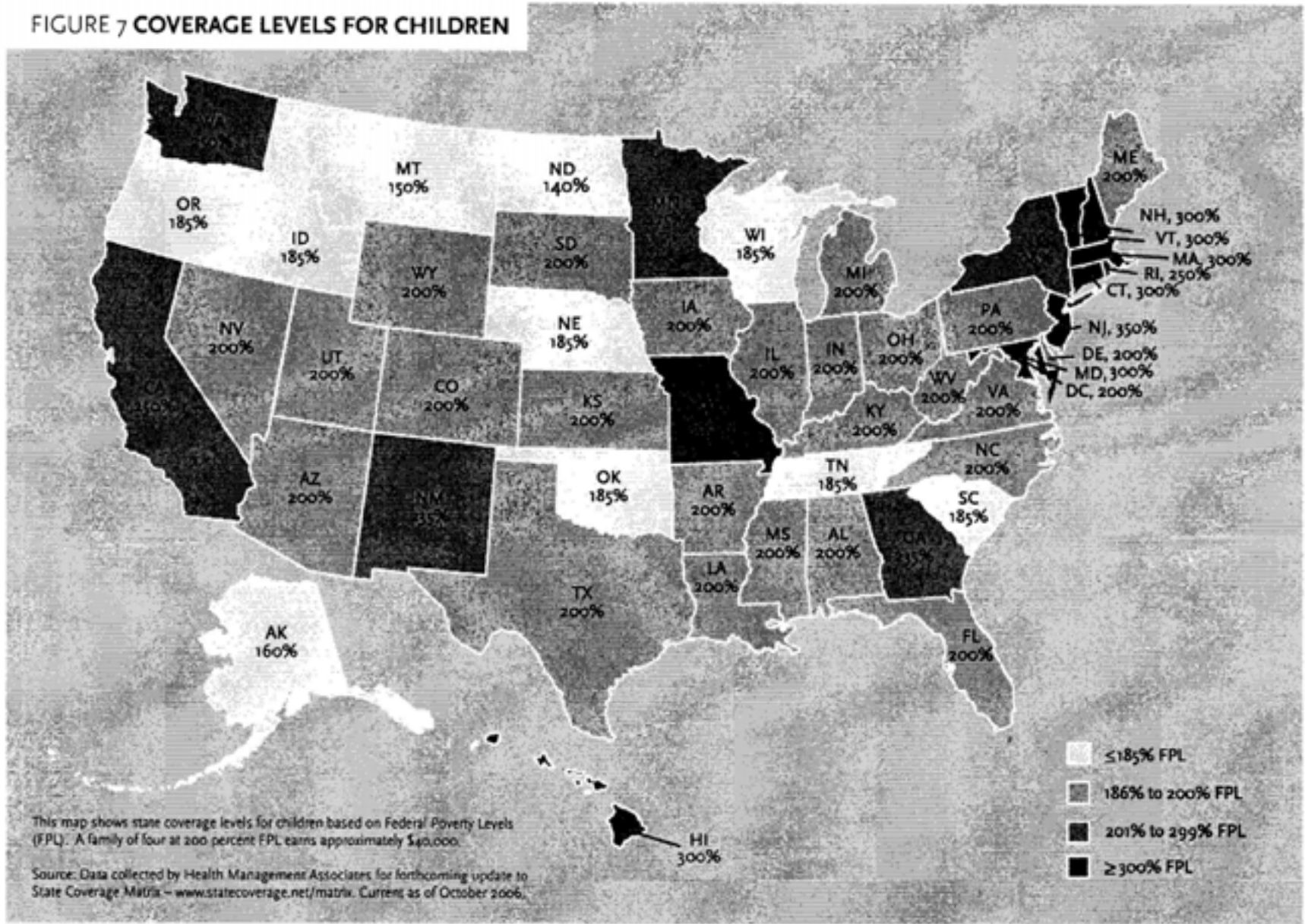


What Are Other States Doing?

- 8 states cover children of families who earn up to 300% of the Federal Poverty Level.
- 40 States Provide Health Insurance to Families Earning up to 200% of FPL.



FIGURE 7 COVERAGE LEVELS FOR CHILDREN



Universal Coverage

- Washington, Virginia and New York recently began buy-in programs for working families above 200% of the FPL.
- 14 states provide coverage up to 300% or 350% of the FPL.

- Source: State Coverage Initiatives, Robert Wood Johnson Fdtn., 2007 State of the States



How Does Alaska Rank?

- Alaska covers children of families that earn up to 175% of the Federal Poverty Line. 2 states provide lower coverage (N. Dakota and Mont.)
- A buy in plan above that income level would:
 - enable nearly universal kid's coverage
 - remain consistent with the legislature's intended limits on free coverage
 - at little cost.
- Source: R.W.J. Foundation State of the States



Working Families Would Buy Insurance

- Working families who earn above 175% or 200% of the poverty level can afford sliding scale cost.
- The sliding scale cost could range anywhere from \$200 - \$400 per child to up to the State's full cost at the highest incomes.
- Co-Pay For Families earning above 250% FPL



The Status Of Federal SCHIP Funding

- House and Senate versions would allow families to buy in.
- President proposes to effectively ban coverage for families earning above 250% of poverty level (approx \$39,000/yr. net for parent and single child).



Require Families To Purchase Insurance If Offered At Work

- Many Families Are Offered Coverage At Work
- We propose requiring families with available children's health coverage at work to purchase it to extent allowed by federal law.



Comparing the Cost

- Universal coverage buy in plan:
\$2 - \$5 million depending on features

As important as?

- \$5 million appropriated for Anchorage Museum (vetoed)?
- \$1 million for Chugiak HS Astro turf?

