



HEALTH REFORM IN ALASKA

HERE'S WHAT THE NEW LAW MEANS

Affordable Coverage Options for Alaska Small Businesses

- Small businesses make up 78.4 percent of all Alaska businesses, yet just 31.6 percent of these small businesses are able to offer health insurance to their employees. [AHRQ, accessed 3/20/10; AHRQ, accessed 3/20/10] Starting this year, up to 8,590 Alaska small businesses will be eligible for tax credits for a percentage of their contribution to their employees' health insurance. [HealthReform.gov, accessed 3/20/10] Small businesses of the size that qualify for these tax credits employ 47,353 Alaskans. [AHRQ, accessed 3/20/10]

Protecting Children

- Recognizing the special vulnerability of children, health reform prohibits insurance companies from excluding coverage of pre-existing conditions for the 183,546 children in Alaska. This takes effect six months after enactment and applies to all new plans. [U.S. Census Bureau, 1/7/10]

Strengthening Medicare for Alaska Seniors

- Health reform improves Medicare benefits for the 59,400 Medicare beneficiaries in Alaska. [HealthReform.gov, accessed 3/20/10] Each year, 10,600 Alaska seniors hit the Medicare Part D "doughnut hole." [HealthReform.gov, accessed 3/20/10] Starting this year, seniors who hit this gap in their prescription drug coverage will receive a \$250 check, and the "doughnut hole" will be completely closed by 2020. Medicare beneficiaries in Alaska will see other improvements to the program, including a free, annual wellness visit and no cost-sharing for prevention services. Finally, by gradually moving to a more fair payment system for private insurance companies who participate in Medicare Advantage, health reform will lower Medicare costs for the 59,000 Alaska seniors not enrolled in Medicare Advantage (fewer than 400 Alaskans have it), by as much as \$45 in premium costs each year. [Senate Finance Committee]
- The reform bill includes a 10 percent payment bonus for primary care providers who treat Medicare patients.

Affordable Coverage Options for Alaskans

- Health reform will provide immediate access to quality, affordable health insurance for as many as 16,519 uninsured Alaskans who are unable to obtain health insurance because of a pre-existing condition. [staff estimate using AHRQ, 4/09 and HealthReform.gov, accessed 3/20/10] This new \$5 billion program will take effect 90 days after enactment of health reform.

- Reform will ensure that the 120,000 uninsured Alaskans and 27,000 Alaskans who purchase health insurance through the individual market have access to affordable health insurance options through state-based health insurance Exchanges. [HealthReform.gov, accessed 3/20/10]
- By reforming the insurance market and forcing insurance companies to compete for business through the Exchange, health reform will reduce family health insurance premiums by \$2,030 - \$2,900 for the same benefits. [Senate Finance Committee estimate based on CBO, 11/30/09]
- In addition, 52,600 Alaskans will receive premium tax credits to help make health insurance even more affordable. [HealthReform.gov, accessed 3/20/10] In Alaska, the credits will be available for single people earning up to \$54,000 and for a family of four making up to \$110,000.
- During the first five years that the health insurance Exchange is operational, Alaskans will receive \$850 million in premium and cost-sharing tax credits to further reduce the cost of health insurance. [Senate Finance Committee]
- Health reform will open access to Medicaid for 49,996 newly eligible Alaskans, by expanding eligibility to non-elderly parents, childless adults, children and pregnant women with income up to 133 percent of the federal poverty level. [Urban Institute, 1/25/10] [Note: The State of Alaska, citing a Lewin Group analysis, estimates that 41,647 Alaskans will become eligible for Medicaid under health reform]
- The federal government will fully fund the cost of covering these newly eligible individuals for three years and after that will pay 90 percent, compared to the current federal contribution in Alaska of just 51 percent. This means Alaska can cover tens of thousands more people at a cost to the state of no more than 10 cents on the dollar. Alaska could receive up to \$2 billion in federal funding during just the first five years of this coverage expansion. [Senate Finance Committee]

Affordable Coverage Options for Alaska Young Adults

- According to the National Conference of State Legislatures, “Young adults often lose their health insurance if covered under a parent’s or guardian’s policy at age 19 or upon graduation from high school or college.” [NCSL, accessed 3/20/10] Starting this year, 76,354 young adults in Alaska will be able to remain covered by their parent’s insurance policy until age 26. [U.S. Census Bureau, 1/7/10] In addition, once the health insurance Exchanges are operational in 2014, 121,291 Alaskans under age 30 will have access to less costly catastrophic-only health insurance plans. [U.S. Census Bureau, 1/7/10] These plans will also be available to others who are exempt from the individual responsibility policy.

Job Creation

- A recent analysis found that slowing the growth rate of health care costs will make it more profitable for businesses to expand employment, leading to estimated job gains nationwide of 250,000 – 400,000 per year for the next decade as a result of health reform. [Center for American Progress, 1/10] For Alaska, this could mean 700 - 1,200 new jobs each year. [U.S. Public Interest Research Group, 1/20/10]

Support for Alaska Community Health Centers

- Community health centers provide critical health care to Alaskans, regardless of their ability to pay. Health reform makes an immediate and substantial investment in the 174 federally-funded health centers in Alaska. [National Association of Community Health Centers, 2009]
- More than 80,000 Alaskans make more than 300,000 visits to these health centers each year. Many of them are on Medicare – for instance, about one-third of all Anchorage Neighborhood Health Center patients.