



Alaska Trollers Association

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Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young
Washington, D.C.

Dear Alaska Delegation:

I write to you today regarding H.R. 8, the American Taxpayer Relief Act of 2012, which rescinded funding for the health care loan programs under the Patient Protection and Affordable Care Act. Consumer Operated and Oriented Plans (CO-OP) are private, nonprofit health insurance providers that seek to lower costs and improve outcomes for consumers through increased competition and innovative business and health care delivery models. Before the Congress rescinded funds, the Alaska Trollers Association (ATA) was working with a diverse coalition, hoping to obtain the federal funds necessary to establish a CO-OP. We hoped that this CO-OP would provide Alaska families and businesses with viable options to secure high-quality, low-cost, member-governed health insurance.

We are fully aware of the significant budget issues confronting congress, but point out that the current and rising cost of healthcare is also an economic liability for the nation. Providing start up loans for competitive CO-OPs seems fiscally smart in the long-term.

The loan we requested included stringent requirements and timelines for repayment. A portion of the funds were necessary to provide the risk-based capital required of insurance companies by state regulators. The remaining monies would have been used for start-up expenses and capital requirements, and re-paid in five and 15 years, respectively. The Department of Health and Human Services (HHS) awarded funding to 24 other states, providing the foundation from which to launch their CO-OPs. Unfortunately, Congress closed that door for Alaska and many other states with applications pending.

ATA has long been concerned about the lack of affordable health insurance options for Alaska's small business owners. It is fact that a great many of the citizens of our large and mostly rural state are poorly served by both health insurers and healthcare delivery systems. Lack of competition is a significant problem. With only a handful of insurance providers in Alaska, our options are few and policy costs far exceed those available for residents of the Lower 48. Like other small business owners, lack of affordable health insurance is a significant detriment for thousands of commercial fishermen, trade organizations, and the support sector.

Rising healthcare costs are impacting the ability of our businesses to expand, and create a major disincentive when it comes to attracting young fishing families to our industry. Given the high reliance of Alaska's economy on the commercial fishing industry, this situation has serious ramifications for our communities, state, and the Northwest region.

A 2009 study¹ documenting the perspectives of Alaska small business owners, including commercial fishermen, revealed significant concerns about the high cost of health insurance, with **8 out of 10 unable to provide** coverage for either themselves or their employees. **72% of the uninsured fishermen surveyed said they could not afford to purchase insurance. Of those fishermen with coverage, 40% said it was a struggle to pay for it.** An added issue for many of Alaska's small communities is access to adequate healthcare and emergency services.

For many years, ATA has worked with other industry members around the nation, in an attempt to secure access to group healthcare packages for fishing families and organizations - to no avail. We believe that a well-designed and efficiently implemented health co-op could be of great assistance to the fishing industry and a host of other small businesses across the state. Additionally, it could provide a model for similarly situated states.

States like Utah, Connecticut and New York have proven that alternative systems, such as health exchanges, can provide self-employed, small business owners and their employees the opportunity to buy affordable health insurance. **In stark contrast, here in Alaska those small business owners who pay for health insurance are increasingly frustrated by significant annual premium hikes that stress their margins with little to no added benefit for themselves or their employees. I know, because that's the situation for ATA.** The proposed Alaska CO-OP could help find ways to reduce costs for Alaskans and provide a better range of quality insurance and healthcare options.

ATA is deeply concerned about the long-term outlook for healthcare, not only for our staff, members, industry and state, but the nation as a whole. Fishermen know all too well that the cost of even basic health coverage is out of reach for far too many people, particularly those who are self-employed or run small businesses. And with our aging population, this is one of the most significant economic issues facing our state and country today.

As originally envisioned by congress, **the CO-OP's could provide important alternatives** to the current healthcare insurance system, which does little to assist small business owners who would like to secure coverage for their families and employees. Founders of the Alaska Health CO-OP understand the situation here in Alaska and have the expertise and commitment to help make this concept a reality. We believe that organizations such as this are deserving of your support, as they attempt to ensure that all Americans have access to superior, affordable healthcare options.

Action must be taken as soon as possible to remedy this situation on behalf of CO-OPs who were working through the process in good faith and were denied funding through no fault of their own. This is a significant loss to the consumers they planned to serve through increased competition and improved healthcare delivery. We urge you to work with your colleagues to explore a legislative solution to this unfortunate and unanticipated situation.

Thanks in advance for your consideration of ATA's point of view. If I can be of assistance on this or other issues, please don't hesitate to contact me.

Sincerely,

Dale Kelley
Executive Director

¹ Alaska Small Business Healthcare Survey, 2009

