

# ALASKA STATE LEGISLATURE



SENATOR GRETCHEN GUESS

## **Sponsor Statement Senate Bill 19**

*“An Act allowing employers that are small businesses, small nonprofit employee insurance coverage as a group; and providing for an effective date.”*

**Purpose:** The intent of this bill is to help provide quality, affordable health insurance for the many small businesses, non-profits and associations in Alaska that find it cost prohibitive to offer their employees health coverage.

**Background:** The latest United States Census data indicates that 19 percent of Alaskans are uninsured. In 2000, about 700 companies were licensed to offer health insurance in Alaska while only 250 companies wrote some form of health insurance. Even with that fewer than 114,000 Alaskans were covered under individual and group comprehensive health insurance policies written. In 2000, 18 insurers wrote small employer health insurance in the state. 80 percent of those small group policies were written by only three health insurers.

Small businesses, nonprofit and special services organizations are having problems finding and keeping adequate insurance coverage for employees. Small businesses are an important part of our economy, and nonprofit and special services organizations provide many services that government cannot supply.

**Solution:** SB 19 would allow small businesses, small nonprofit organizations, special services organization and small associations to join a group health insurance plan arranged by the State and thus provide coverage for their employees. The small business, nonprofit, or association would be responsible for the premiums due for the coverage of its employees.

In this legislation,

**Small businesses** are defined as entities with at least two and no more than fifty employees. The small business must be located in Alaska.

**Associations** may be composed of Alaskan businesses and/or non-profits organized and operating in Alaska and are not limited in size.

**Non-profit organizations** are not limited in size by this legislation but they must be organized and operating in Alaska exclusively for charitable, religious, scientific, or educational purposes or for the promotion of social welfare and must be recognized as tax-exempt by the IRS.

**Special services organizations** are defined as entities organized and operating in Alaska, including a sole proprietorship and a corporation solely owned by one person, that operates a licensed child care facility, residential child care facility, child placement agency, foster home, maternity home, assisted living home, community-based center for adult day care or an entity providing home care services as defined in statutes.