

**Recommendation Form for the  
2015 Transition to Employee Choice  
Due to HHS June 2, 2014 for FF-SHOP States**

---

**Instructions:** Please fill out the following form and attach your recommendation for a one year transition to employee choice including an evidence-based assessment of the full landscape of the small group market in your State.

**State:** Alaska

**Insurance Commissioner (signature):**



---

**Lori K. Wing-Heier, Director  
Division of Insurance  
State of Alaska**

*Please adequately explain that it is in your expert judgment, based on a documented assessment of the full landscape of the small group market in your State that the 2015 Transition to Employee Choice would be in the best interest of small employers and their employees and dependents, given the likelihood that implementing employee choice would cause issuers to price their products and plans higher than they would otherwise price them. Please base your recommendation on discussions with those issuers expected to participate in the SHOP, including naming those issuers, and keep your recommendations specific to 2015 since this is a one year transitional policy.*

**See attached letter.**



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

Department of Commerce, Community,  
and Economic Development

OFFICE OF THE COMMISSIONER

550 W. 7<sup>th</sup> Avenue, Suite 1535  
Anchorage, Alaska 99501-3567  
Main: 907.269.8100  
TDD: 907.465.5437  
Fax: 907.269.8125

June 2, 2014

The Honorable Kathleen Sebelius  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Sebelius:

Please consider this letter as a request from the State of Alaska for a one-year transition in the implementation of employee choice from the Federally-facilitated Small Business Health Options Program (FF-SHOP). Alaska has only two insurers likely to participate in the FF-SHOP; the majority of the small groups being underwritten by Premera Blue Cross Blue Shield of Alaska. They have advised us that participation in the FF-SHOP could result in a significant impact to the cost of the health care plans selected by the employees. Adverse selection is the primary driver behind the increase, but the insurers are equally concerned with the lack of credible historical data needed to price insurance as well as other factors.

As recent as last week, the Anchorage Daily News, featured an article where several small group employers emphasized their financial struggle with the cost of available health care plans and providing such for their employees. Small businesses play a major role in the Alaska economy and statistics show that close to 95% of the private employers are the small group employers that would be so deeply impacted by the FF-SHOP. Any increase in the cost to their health care plans will have a deep effect on their financial stability.

While neither of the two insurers in the federally facilitated exchange has filed their proposed rates for 2015, both have indicated that there will be increases to the currently available plans. An additional increase as a result of the implementation of employee choice could be disastrous to these small group employers and their ability to provide health care plans to their employees.

Alaska is a large state with a small population. Unlike many states in the Lower 48, we have a very limited number of insurers willing to underwrite insurance because of our small population. In addition the cost of health care in Alaska is amongst the highest in the nation which results in equally high cost of health insurance. It is not in the best interest of the Alaska economy, our small employers or their employees that employee choice be implemented in 2015.

After much thought and in consideration of the above, it is my opinion that the small group employers and their employees will be better served if there is a one-year transition in the implementation of employee choice for the FF-SHOP.

If you have any questions please do not hesitate to contact our director of the Division of Insurance, Lori Wing-Heier at 907-269-7900.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Susan Bell".

Susan Bell  
Commissioner

Cc: Lori K. Wing-Heier, Director, Division of Insurance