

Unique Solutions for Business, Young Alaskans**Structured With Small Business In Mind**

Most Alaskans who lack health coverage also work for a living, leaving behind the notion that only the unemployed require assistance when it comes to making health coverage affordable. Even the most successful small Alaskan businesses can have difficulty providing coverage, because of the high costs of health plans. This legislation aims to strengthen businesses around the state by putting coverage in reach for all employees.

Clearly a healthy workforce is more productive, because absenteeism and productivity is tied to the health of an individual. But in addition to health benefits that would arise if everyone had access to basic medical care, Alaska's businesses have much to gain through this legislation economically. Retaining qualified employees is difficult for businesses that cannot afford coverage. This forces high retraining expenses on employers, since they must fill vacancies more frequently than businesses that provide coverage. In addition, recruitment is more difficult for companies that don't offer coverage.

Not all businesses can afford the full price of health coverage. In addition, not all employees need insurance through their employer - many have coverage through spouses or public programs. Roughly 20% of Alaskans have limited health coverage through the Indian Health Service. Because of this, an employer will not be taxed under this legislation for not

providing coverage to someone that already has health access, as defined in the legislation.

The employer levy is simple. It is calculated by adding up the gross payroll of all employees who participate in the framework of this bill. For businesses that pay less than \$500,000 gross annually to employees who lack health coverage, no levy will be collected. For businesses that pay between \$500,000 to \$1,000,000 a year, the levy will be 1% of payroll. For over \$1,000,000 annually, the payroll tax will be 2%. Companies that currently invest even a small amount of money into employee health coverage will be exempt from this levy, whether that investment consist of a modest contribution towards the price of a premium, or through the establishment of a Section 125 account, which facilitates pre-federal tax purchases of health coverage.

Young Alaskans Have Unique Needs

Young Alaskans have special needs when it comes to their health coverage. Statistically, they require less health services than their older counterparts. They also show less of a willingness to pay for expensive, comprehensive coverage, and even a moderate deductible can be difficult to pay, particularly for college aged students. This legislation acknowledges that young Alaskans have unique needs, and it provides for a special category of plans that are designed specifically to fulfill their health requirements.