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## Alaska Fishermen's Health Care – Challenges and Opportunities

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### 1. Executive Summary

#### a. Introduction

In May 2007, United Fishermen of Alaska (UFA) conducted an informal survey of its individual fishing permit holder members with three areas of focus: access to health care; availability of insurance coverage; and individual health factors for fishermen. Staff also compiled data on Alaska commercial fishing permit holders by community and that was cross referenced with medical facilities available. In addition, available options for health insurance were queried through online insurance quote services. Zip codes from both Alaska and Lower 48 fishing communities were searched to provide data for comparison.

#### b. Findings in Brief

- Commercial fishermen are underserved and options for both health care delivery and insurance are limited.
- Alaska fishermen may have lower than average health care costs.
- Health insurance options are difficult to find and vary by location.

- Lack of health insurance is a significant barrier to entry for the next generation of commercial fishermen.
- Lack of health insurance is an increasing concern as the average age of fishermen is gradually rising.
- State and Federal actions might address the problem, but remain uncertain.
- Fishermen's lack of access to health care, and lack of health insurance deserves further research with the goal of defining the problem and providing solutions.
- *Affordable health care and insurance deserve to be national priorities.*

UFA finds that Alaska fishermen are an underserved population when it comes to accessing health care and health insurance creating an undue and unpredictable hardship for individual fishermen and small fishing businesses. The lack of affordable health care plans is a barrier to entry for new fishermen; and communities suffer as young people leave their home towns to seek employment in fields with health benefit packages.

It is beyond the scope of UFA to research this topic thoroughly, but our initial survey clearly reveals the need for further research. Unfortunately, Fishermen's Health Care language that UFA supported was not included in the 2006 Magnuson Stevens reauthorization. UFA will continue to seek all opportunities to address this problem with our delegation in Washington DC and the State of Alaska in coordination with the Commercial Fishermen of America, a new group that is focused on the issue nationwide ([www.cfafish.org](http://www.cfafish.org)).

## **2. Problems and Opportunities**

### **Fishing families and organizations have less than average access to health care**

A major difference between typical U.S. residents and Alaskans, especially those in remote coastal communities, is access to health care services. In the national arena this is often confused with access to health insurance, but for Alaska fishing families the problem begins with access to health care itself.

All but a miniscule proportion of U.S. residents are served by a road system to a choice of hospitals and medical facilities. In contrast, our survey of UFA members indicates that 32% live in communities with no hospital. Many Alaska towns do not even have medical clinics. In order to be nearer the fishing grounds, Alaska fishermen are more likely live in more remote areas where medical facilities are lacking than the general population.

By comparing a database of medical services available to Alaskans, we find that 14.5% percent live in a community with no hospital or are more than 20 miles from a hospital. Analyzing the number of commercial fishing permit holders in these communities, we found that 41% of Alaska resident commercial fishing permit holders live in communities with no hospital.(1)<sup>1</sup>

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<sup>1</sup> We did not include crew members in our analysis.

Transportation costs, an expense rarely included when analyzing health care costs in Alaska, by air or water combined with a limited road system is a heavy burden for many Alaska fishermen seeking healthcare. Even without factoring in the expense of travel, Alaska tops the list of US states when it comes to the cost of healthcare! <sup>2</sup>

### **Alaska fishing families and organizations have less than average access to health insurance**

Alaska's relatively low population, combined with a higher than typical proportion of state and federal government workers, military veterans, and Native Americans covered under Indian Health Services, leaves a relatively small pool of customers available to competing insurance providers. Additionally, most fishing organizations employ fewer than five people and have had difficulty in obtaining group coverage for employees. This situation, coupled with the high cost of medical care and transportation, create a disincentive for insurance carriers to offer individual or small business medical insurance packages in Alaska.

36 % of those responding to UFA's survey receive healthcare through spousal programs or supplemental employment. However, these options are not available in all fishing communities and reliance upon them provides uncertainty and fails to address the underlying problem that exists for members of the commercial fishing industry who need affordable health care.

Roughly 10% of UFA survey respondents are covered by Native and Veterans health care systems, compared to 16% of Alaska residents. 14% of survey respondents report no insurance coverage, compared to 12.8% of the general Alaska population, and we expect this rate of uninsured to be higher among fishing families that do not voluntarily pay annual dues to belong to UFA.

### **Alaska fishermen may represent an unfulfilled opportunity for insurers**

UFA survey findings reveal that Alaska fishermen may live a healthier lifestyle than the general population. Most Alaska fishermen can be expected to enjoy a diet high in fish, regular exercise, and fresh air. <sup>3</sup>

- Only 9% of the survey respondents indicated they use tobacco compared to 24% of Alaskans and 20% of the general U.S. population.
- Only 19.5% of survey respondents indicated they were more than 20% overweight, the clinical definition of obesity, compared to 23.6% for Alaskans and 23.1% in the U.S.

According to a 2003 report by Academy Health on the Massachusetts-based Fishing Partnership Health Plan, health plan administrators and carriers presumed before initiating the plan that fishing is a risky line of work that will likely lead to the high cost of health care services. In fact, fishermen enrolled in the FPHP were shown to have health care costs similar to those who did not fish for a living. <sup>4</sup>

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<sup>2</sup> *Alaska's \$5 Billion health Care Bill – Who's Paying?* (Foster, Scott, Goldsmith, March 2006) University of Alaska Research Summary No. 6. University of Alaska Institute of Social and Economic Research.  
[http://www.iser.uaa.alaska.edu/Publications/researchsumm/RS6\\_06.pdf](http://www.iser.uaa.alaska.edu/Publications/researchsumm/RS6_06.pdf)

<sup>3</sup>These favorable health determinants may be somewhat offset by the industry average age of 47, according to an Alaska Department of Labor 2007 study, which compares to an average of 38 years in other Alaska industries. According to the Commercial Fishery Entry Commission, the average age of fishing permit holders has gradually increased upwards over the past 25 years.

<sup>4</sup> Findings Brief – Health Plan a Good Catch for Fishing Industry, Academy Health,

### **3. Existing Health Insurance Options for Alaska Fishermen**

With few choices, the lack of a competitive marketplace for insurance, and the expense of transportation added to the highest of health care costs, Alaska fishermen must patch together a hodgepodge of insurance opportunities.

#### **Worker's Compensation unavailable and private policies are limited.**

Although Worker's compensation is not available for fishing boats, the situation of Alaska employers is a good illustration of the financial difficulties compared to the rest of the U.S. Over 40% of Alaska businesses fall into an "assigned risk" highest rate pool for Worker's Comp, because insurers will not provide coverage. This situation is mirrored in individual health insurance. A typical lookup on [www.healthinsurance.com](http://www.healthinsurance.com) for health insurance in an Alaska zip code finds only one or two companies, while lookups in Lower 48 zip codes bring up scores of choices. A big reason insurance companies do not choose to do business in Alaska is that such a high proportion of Alaskans are covered by state & federal health care programs. The remaining pool is apparently not worth pursuing.

#### **Alaska Commercial Fishermen's Fund**

For injuries incurred while fishing, fishermen are eligible for reimbursement from the State of Alaska Commercial Fishermen's Fund. The fund has a limit of \$2500, but appeals to reimburse above of this limit are considered for compelling reasons.<sup>5</sup>

#### **Private Insurance**

The selection of individual health insurance plans offered in Alaska is relatively small and the cost is large.

An online lookup for a non-smoking Juneau couple in their fifties displayed options ranging from \$450 to \$1150 and deductibles from \$1500 to \$10,000. In some cases, high deductible medical insurance plans can be combined with Health Savings Accounts, to provide coverage for the high cost of illness or injury, while leaving routine expenses to ones own responsibility on a tax free basis.

#### **Health Savings Accounts**

According to the U.S. Treasury, "[a] Health Savings Account is an alternative to traditional health insurance; it is a savings product that offers a different way for consumers to pay for their health care. HSAs enable you to pay for current health expenses and save for future qualified medical and retiree health expenses on a tax-free basis. You must be covered by a High Deductible Health Plan (HDHP) to be able to take advantage of HSAs. An HDHP generally costs less than what traditional health care coverage costs, so the money that you save on insurance can therefore be put into the Health Savings Account."<sup>6</sup>

Use of a Health Savings Account requires a specified high deductible health insurance package and is thereby somewhat limiting. While the high deductible insurance option may not be appropriate for all, there are some attractive features that can be used by fishing families to cover health care needs.

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Changes in Health Care Financing & Organization, Vol. VI No. 5, October 2003  
<http://www.hcfo.net/pdf/findings1003no5.pdf>

<sup>5</sup> Commercial Fishermen's Fund: (888)520-2766 or <http://labor.state.ak.us/wc/ffund.htm>

<sup>6</sup> US Treasury: [http://www.treas.gov/offices/public-affairs/hsa/faq\\_basics.shtml](http://www.treas.gov/offices/public-affairs/hsa/faq_basics.shtml)

### **Merchant Marine Short Term Contracts.**

Some Alaska fishermen and crew are providing health insurance to their families by serving a minimum 125 day contract in the Merchant Marines or other maritime service where year round health insurance is provided. Training for displaced commercial fishermen from Alaska salmon fisheries was available through this program in 2004 – 2005 through Sea Link of Ketchikan.

Although the program received a Legislative Commendation in the 2007 legislative session, funding through the Department of Labor was not repeated and the program is currently not accepting new applicants. According to Sea Link program director Ralph Minsky, between 180 and 200 Alaska fishermen took part in this program and are currently employed for contracts of various lengths in the global maritime industry, and Alaska Marine Highway system.<sup>7</sup>

### **Fishing and Business Groups, Insurance Pools, etc.**

Fishermen's organizations that are established as for profit entities may be able to obtain group plans for fishermen members by defining shareholders or members as employees, but this would involve state and federal tax implications and paperwork well beyond that required for a health plan.

Most fishing organizations are non-profit membership associations and we have found no group medical insurance coverage for association members, only employers and employees. Requirements for minimum group size and participation prevent many fishing associations from offering group coverage to staff leaving fishing fleets the expense of individual coverage.

Some fishing groups offer vessel insurance pools, but those we have spoken to say that the costs and complexities of administering health insurance programs exceed their capabilities.

Fishing businesses that are members of the **Alaska State Chamber of Commerce** may choose to participate in the chamber's program, which provides supplemental, but not primary, health insurance through Wells Fargo Insurance Services. The program administrators report that participation has been low, and there may be changes coming.

An April 2006, the Juneau Empire reported another alternative for like-minded individuals who have formed insurance pools. In the article, one Alaska fisherman state that, "after getting some high quotes from Blue Cross Blue Shield and State Farm Insurance," they decided instead to go with a cost sharing program called Christian Brotherhood. The individual quoted said, "what it boils down to is there wasn't really another option," citing the major health insurance companies' high premiums. With Christian Brotherhood, the family pays monthly costs of about \$200, but according to the story, the plan pays for hospital visits only.<sup>8</sup>

## **4. What has worked elsewhere: Massachusetts Fishing Partnership Health Plan**

The State of Massachusetts is clear on its goal of 100% coverage for its residents and has developed its own plan for fishermen. Massachusetts fishermen and processor employees are eligible to enroll in the

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<sup>7</sup> Personal Communication with Ralph Minsky. SEA Link, (888)577-7453

[http://www.sitnews.us/LaineWelch/102405\\_fish\\_factor.html](http://www.sitnews.us/LaineWelch/102405_fish_factor.html)

<sup>8</sup> *Fishing for Cheaper Health Car*, (Bluemink, Juneau Empire, April 23, 2006)

[http://www.juneauempire.com/stories/042306/sta\\_20060423011.shtml](http://www.juneauempire.com/stories/042306/sta_20060423011.shtml)

Fishing Partnership Health Plan (FPHP)<sup>9</sup>, which was established with the help of state and federal funding through Tufts Medical Center. The program provides health insurance coverage at subsidized rates.

Alaska's situation differs from Massachusetts in three key ways:

- Massachusetts residents have ready access to medical facilities within their communities or those very close by.
- The Boston area is home to Tufts and Harvard Medical Centers, and other competitive providers and teaching universities.
- The Massachusetts State Legislature has been willing to subsidize health insurance for underinsured populations.

While Massachusetts' solution may or may not work for Alaska fishing families, the fact that its program has shown the cost of health care delivery to the fishing industry to be lower than originally presumed<sup>3</sup> is encouraging and justifies research into a similar program for Alaska fishermen.

### **5. Help in Washington DC?**

FPHP Executive Director David Bergeron and Massachusetts Congressman Barney Frank worked with the commercial fishing industry in 2005 and 2006 to add Fishermen's Health Care provisions to the Magnuson-Stevens Act reauthorization. The language would have provided federal funding for regional studies of the health care problem and to help establish organizations to provide health insurance coverage. Unfortunately, this attempt failed.

UFA will continue to work with the Alaska Delegation, Commercial Fishermen of America, and the Massachusetts FPHP to move forward with similar language in the current session of Congress.

### **U.S. Dept. of Health and Human Services Evidence-based Research**

Research into the lack of health care and insurance options for Alaska fishermen could better define the problem and outline possible solutions and their costs. This information could help justify government support and incentives for a program, or spur private insurers to take a closer look at offering individual or group plans for Alaska fishermen and trade groups at competitive rates.

The Agency for Healthcare Research and Quality within the federal Department of Health and Human Services posts a yearly call for nominations for Topics for Evidence-based Practice Centers.<sup>10</sup> UFA survey data and research affirms the worthiness of this issue for research by this agency. We have initiated discussions in preparation for nominating Alaska fishermen's health care as a study topic in 2008, in the event that we are unable secure Fishermen's Health Care legislation through Congress.

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<sup>9</sup> Massachusetts Fishing Partnership Health Plan: <http://www.mass-fish.org/favorite.htm>

<sup>10</sup> Agency for Healthcare Research and Quality <http://www.ahrq.gov/clinic/epcix.htm>

## 6. Alaska State Government Possibilities

### **SB 160 Mandatory Universal Health Care**<sup>11</sup>

In the waning days of the 2007 Alaska legislative session, Senators French, Ellis, and Wielechowski introduced SB 160. According to the Sponsor Statement, the bill would provide a framework for personal choice, an Alaska Health Care Fund, a clearinghouse for information, and a unique voucher system; “by pooling money from all stakeholders, a sliding scale voucher system will ensure that every Alaskan can take personal responsibility for acquiring health insurance coverage. The system will also make it easy for multiple entities to contribute towards a health plan for an individual....”<sup>12</sup>

A hearing with joint Senate HESS and Labor and Commerce committees is scheduled for September 10<sup>th</sup> in Anchorage. Sponsors have posted more information on the bill and an interactive calculator of the expected effects for an individual at: [www.healthyalaskans.com](http://www.healthyalaskans.com) .

### **Alaska Health Care Strategies Planning Council**

In February 2007, Governor Sarah Palin created the **Alaska Health Care Strategies Planning Council**.<sup>13</sup> The Council will advise the Governor and the Legislature on ways to provide access to quality health care and to help reduce the costs of health care for Alaskans. The Council is tasked to develop a statewide plan which will identify short-term and long-term strategies to effectively address issues of access to, and cost and quality of, health care for Alaskans.

The fact that fishermen are an underserved population may become less relevant if the issue of affordable health care is solved for all Alaskans. Since this may not help non-resident fishermen, UFA will still need to push for Fishermen’s Health Care at the federal level until the problem is solved for all fishermen and their organizations.

## 7. The compelling reason for fishermen’s health care – because Alaska and the USA benefit.

UFA’s research indicated that one of the most important aspects of securing fishermen’s health care is that the *lack of access to health insurance has become one of the most serious barriers to entry into our fisheries by new participants*. This issue is raised repeatedly at meetings amongst fishermen young and old. Further research is necessary to determine the actual extent of this problem, but from our vantage point it appears to be a sobering reality when considering the far-reaching ramifications for Alaska employment, revenue generation, and the health of coastal communities.

The State of Alaska and its communities derive significant revenue from the seafood industry. The loss of fishing jobs will impact not only Alaska, but the nation.

Given that Alaska produces more than half the nation’s seafood and is crucial to the balance of trade, and that our fishermen are reflective of the nation’s health care crisis, *health care for Alaska fishermen should make the list as a top national priority*. In fact, these same arguments would seem to make the case for a national health care plan for the entire commercial fishing industry since many US coastal communities rely on commercial fishing for a significant portion of their economies.

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<sup>11</sup> Alaska State Legislature, 2007 Bill Tracking: SB 160  
[http://www.legis.state.ak.us/basis/get\\_bill.asp?bill=SB%20160&session=25](http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20160&session=25)

<sup>12</sup> Sponsor Statement: <http://aksenate.org/index.php?bill=SB160>

<sup>13</sup> Alaska Health Care Strategies Planning Council <http://www.hss.state.ak.us/hspc/>

## **8. The Topic is Changing Everyday**

The broader issue of health care in the USA is dynamic, with new research and political news every day. It bears careful watching and study, but more importantly, action, if we are to provide secure health care options for our citizens. A lot can happen in a year, but at this time, Health Care is shaping up to be among the top two or three campaign topics for the 2008 congressional and presidential elections. UFA stands ready to assist in bringing the benefits of health care reform to our members and businesses.

### UNITED FISHERMEN OF ALASKA MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Draggers Association • Alaska Independent Tendermen's Association • Alaska Longline Fishermen's Association  
Alaska Shellfish Association • Alaska Trollers Association • Armstrong Keta • At-sea Processors Association • Bristol Bay Reserve  
Cape Barnabas • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United  
Crab Group of Independent Harvesters • Douglas Island Pink and Chum • Fishing Vessel Owners Association • Groundfish Forum  
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • North Pacific Fisheries Association  
Northern Southeast Regional Aquaculture Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation  
Purse Seine Vessel Owner Association • Seafood Producers Cooperative • Sitka Herring Association • Southeast Alaska Fisherman's Alliance  
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Catcher Boats • United Cook Inlet Drift Association • United Salmon Association • United Southeast Alaska Gillnetters  
Valdez Fisheries Development Association • Western Gulf of Alaska Fishermen