

HOUSE FINANCE COMMITTEE
May 06, 2002
2:01 P.M.

TAPE HFC 02 - 103, Side A
TAPE HFC 02 - 103, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 2:01 P.M.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

Senator Pete Kelly; Jerry Burnett, Staff, Senator Lyda Green; Darwin Peterson, Staff, Senator John Torgerson; Deborah Grundmann, Staff, Senator Ben Stevens; Paul Grossi, Director, Division of Workers' Compensation, Department of Labor & Workforce Development; Cathy Giessel, Alaska Nurse Practitioner Association (ANPA), Anchorage; Marie Darlin, Alaska Association of Retired People (AARP), Juneau; Michael Haugen, Executive Director, Alaska Physicians & Surgeons, Inc., Anchorage; Jon Sherwood, Division of Medical Assistance, Department of Health & Social Services

PRESENT VIA TELECONFERENCE

Jim Jordan, Executive Director, Alaska State Medical Association, Anchorage; Mike Wiggen, Vice President, National Accounts, Aetna; Jack McCrae, Senior Vice President, Blue Cross, Blue Shield of Alaska; Marybeth Gardner, Family Nurse Practitioner, Nurse Midwife, Tok; Ed Sniffen, Assistant Attorney General, Department of Law, Anchorage; Pat Senner, President, Alaska Nurses Association, Anchorage; Bob Lohr, Director, Division of Insurance, Department of Community & Economic Development, Anchorage

SUMMARY

SB 37 An Act relating to collective negotiation by physicians with health benefit plans; and to health benefit plan contracts with individual competing physicians.

HCS CS SB 37 (JUD) was reported out of Committee with a "do pass" recommendation and with fiscal notes #6 by the Department of Administration, #8 by the Department of Law and #9 by the Department of Community & Economic Development.

SB 299 An Act relating to the establishment of an additional south-central panel to the Alaska Workers' Compensation Board and to appointments to that panel; and providing for an effective date.

CS SB 299 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Law.

SB 319 An Act relating to shallow natural gas leasing; and providing for an effective date.

HCS CS SB 319 (RES) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Natural Resources.

SB 345 An Act relating to medical assistance for rehabilitative services for certain children with disabilities; relating to agreements to pay medical assistance for covered services paid for or furnished to eligible children with disabilities by a school district; and providing for an effective date.

SB 345 was reported out of Committee with a "no recommendation" and with fiscal note #1 and #2 by the Department of Health & Social Services.

#SB319

CS FOR SENATE BILL NO. 319(FIN)

An Act relating to shallow natural gas; and providing for an effective date.

Co-Chair Mulder MOVED to report HCS CS SB 319 (RES) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CS SB 319 (RES) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Natural Resources.

#SB37

CS FOR SENATE BILL NO. 37(FIN)

An Act relating to collective negotiation by competing physicians with health benefit plans, to health benefit plan contracts, to the application of antitrust laws to agreements involving providers and groups of providers affected by collective negotiations, and to the effect of the collective negotiation provisions on health care providers.

SENATOR PETE KELLY stated that SB 37 attempts to level the playing field for Alaska's patients and the physicians who care for them.

Over the past eight years, the health insurance market has continued to consolidate at a rapid pace. There were once 18 national health insurance companies that physicians could choose to contract with. Those companies have since merged into 6. It is even more severe for Alaskan physicians who have only 2 choices of insurers. Physicians are given little opportunity to advocate for the best care of the patients.

Senator Kelly pointed out that independent physicians are prevented from collective action by federal antitrust laws and are subject to aggressive antitrust enforcement actions. Large corporations, however, can adopt a "take it or leave it" position without any antitrust ramifications, which creates a damaging imbalance in bargaining power. The inequity between health insurers and medical care providers dictates physician contracts. The resulting contracts favor the insurance companies over the health care that patients receive and can result in such policies where physicians are required to use a low cost treatment when a higher cost treatment might be medically necessary.

Senator Kelly stated that SB 37 would enable independent, competing physicians to become effective advocates for their patients through collective negotiations with health insurers. The negotiations would fall into a narrow scope of topics with regard to the provisions of physician service contracts and would be under the scrutiny of the Department of Law. SB 37 would prohibit a group of independent competing physicians from striking or otherwise engaging in activities that could result in a boycott.

Representative Davies asked about the "voluntary" aspect of the legislation. He understood that concerns regarding the

legislation were that the process would begin and then communication would close.

Senator Kelly did not know if that was true. He thought the issue addressed the need to have that type of discussion, since the nature of the health care industry has changed so much. Communication would have the best interest of the patients in mind. That type of dialogue in the contracts would help physicians protect their patients. He acknowledged that concerns regarding the "price" were a more valid argument, noting the condition of payment and quality of care.

Vice-Chair Bunde thought that the logic of allowing doctors to discuss patient care and working for what is best for them was obvious; however, he pointed out that the committee substitute does not allow that type of communication to happen among other health practitioners.

Senator Kelly interjected that nurse practitioners wanted to be exempt from the bill.

Vice-Chair Bunde noted that was not his impression.

MICHAEL HAUGEN, EXECUTIVE DIRECTOR, ALASKA PHYSICIANS & SURGEONS, INC., ANCHORAGE, commented that the bill was tailored for physicians only. He noted that legal counsel for the American Medical Association (AMA), under the State action doctrine, advised that each particular provider group does need to petition the State for their own version of the bill.

Vice-Chair Bunde did not understand the difference between having two separate bills or two groups included in the same one. He asked if that was a good medical practice, why did it not include all medical practitioners.

Mr. Haugen claimed that the AMA had approached the nurse practitioners with an offer, noting that they could borrow the language of the proposed bill verbatim. Mr. Haugen pointed out that the AMA received no answer at that time.

Representative Croft asked if under current Federal Trade Commission (FTC) rules, do the doctors negotiate for the medical necessity term insurance coverage. He asked if by excluding the price provision, could "medical necessity" be negotiated within the bill.

Mr. Haugen explained that without the bill, one could not unless a statutory definition of "necessity" was passed. Through the legislation, one issue could be medical necessity and then defining in the contract what that is. It is very common in the provider contracts to include a

definition of medical necessity. Physicians are currently given no input on what the conditions are.

Representative Croft commented on the "idea" of State action, and understood that something more would be required to get a State exemption in federal law. He realized that the State would need to be actively involved. He asked if the bid could fall under the State action exception.

Mr. Haugen replied that it would. The current requirements are clearly articulated and include active State oversight. The attorney general would be involved in every stage of the process. The Department of Law has veto power over the contract and if it was found that it would not be in the best interest of Alaskan citizens, the office could "pull the plug". The bill would be entirely voluntary on the part of the carriers, physicians and the State.

Mr. Haugen noted that it has come to AMA's attention that the Alaska Nurses Association (ANA), the Alaska Nurse Practitioners Association (ANPA), and nurse midwives oppose SB 37. Mr. Haugen stated that it is important to refute some of the claims made in their letters:

- The nurses claim that the bill would authorize price fixing by physicians. Mr. Haugen clarified that the fact is that price fixing would remain illegal even if the bill were law. Nothing in the bill authorizes price fixing.
- The nurses claim the bill would allow physicians and insurers to discriminatorily exclude nurses from contracts. Mr. Haugen commented that passage of the bill would in no way protect physicians or insurers from State or federal anti-trust laws if either party conspired to shut out a different provider group from a contract. In addition, at the nurse's request, the bill incorporates specific language in Section 23.50.020(p), reiterating the points that the bill does not protect physicians from exclusionary conduct.
- The nurses claim that the bill would increase costs and reduce services, when in fact, the bill requires final approval of a contract, including the fee schedule by the Attorney General.

Mr. Haugen commented that one of the purposes of the bill was to foster open communication between physicians and payers so to address known inefficiencies in the healthcare delivery system, thus potentially lowering the overall cost of healthcare while increasing the level of service.

CATHY GIESSEL, ALASKA NURSE PRACTITIONERS ASSOCIATION (ANPA), ANCHORAGE, stated that nurse practitioners and midwives

ardently oppose SB 37. The original bill provided only for physicians and ignored the fact that nurse practitioners, midwives and physical therapists exist and are valuable health care providers. Those providers were excluded from the competitive market place. Specifically of concern is the exclusion from reimbursement. The House Labor and Commerce Committee heard that concern and removed the "cost" piece from the bill. The bill would jeopardize the nurse practitioner's practice. The House Judiciary Committee heard that concern and placed protective language on Page 2, Line 13.

Ms. Giessel stressed that the ANP fundamentally dislikes SB 37 because it lays the foundation for future amendments that could be detrimental to all providers outside of the physicians. She reiterated that the ANP strongly opposes the legislation and that it would negatively impact healthcare in Alaska.

Vice-Chair Bunde interjected that statement did not "mesh" with previous testimony claiming that nurse practitioners had been consulted and declined to be included.

Ms. Giessel responded that their lobbyist had never heard that they had been approached regarding the issue or on the bill.

Vice-Chair Bunde asked if they were aware of federal level problems if more than one health care provider was contained within a single bill.

Ms. Giessel was not aware that had been considered. She noted that would not address the fundamental concern regarding a non-competitive workplace. She added that including more providers might be able to address those concerns and admitted that she had not explored that idea.

Representative Whitaker inquired how nurse practitioners would be excluded from the competitive market place with the passage of SB 37.

Ms. Giessel explained that the bill as amended in its current form, they would not be excluded; however, the original bill read quite differently. There have been long-term contentions between the medical community and the nurse practitioners as health care needs are addressed with quality of care. Physicians have the potential to exclude nurse practitioners from reimbursement.

Representative Whitaker asked if nurse practitioners were still concerned with that eventual evolution.

Ms. Giessel remarked that there still remains a possibility with amendments pending.

ED SNIFFEN, (TESTIFIED VIA TELECONFERENCE), ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, ANCHORAGE, spoke in opposition to the proposed legislation. The primary concern rests with the State action doctrine and whether or not it rises to the standard to provide any kind of immunity to doctors that could take advantage of the legislation to engage in those negotiations. In the House Labor and Commerce Committee, the federal trade commission testified that the body of the bill does not rise to that level. Granted, without the price provisions in the bill, the anti-competitive concerns have been somewhat alleviated; however, if the doctors engage in any activity that they think might cross the line between quality of care and price, and rely on the provisions of the bill to protect them from that, it would be a mistake. The FTC has made it clear that they would retain jurisdiction to take action if necessary. Mr. Sniffen suggested that the bill would not provide the level of protection that the doctors think it will.

Mr. Sniffen added that SB 37 does not rise to provide the level of protection that the FTC contemplates. He pointed out the January 18, 2002 letter from the FTC to Representative Lisa Murkowski in the House Labor and Commerce Committee, which addresses the State action doctrine aspects of the bill.

Mr. Sniffen noted the Department of Law's \$114 thousand dollar fiscal note. He asked if the State wanted to spend that amount of money to oversee a process that should require no oversight.

Mr. Sniffen mentioned that this is a voluntary act, however, it is "voluntary" only on the part of the providers and health care. The Department would not be able to "cut the process" when determined needed. He referenced language on Page 5, Line 14 of the legislation, which outlines what the Attorney General must do as a result of reviewing the negotiations. He stated that the language is not discretionary and that it would be difficult for the Attorney General to stop the process.

Representative Croft asked if physicians could negotiate medical necessity under SB 37.

Mr. Sniffen replied that if they can discuss it now under FTC guidelines, then they would continue to be able to whether SB 37 was passed or not.

Representative Davies asked what structure the State would need to have in place to provide for that.

Mr. Sniffen responded that the structure, which meets the immunity, would look something like the Regulatory

Commission of Alaska (RCA), an agency responsible for handling and reviewing those matters. He added that the process would be subject to an appeal by the court system and would provide a good level of protection. SB 37 requires a third party negotiator to provide documents to the attorney general for review. Previous Supreme Court decisions have made it clear that the act of supervision is very rigorous to insure that anti-competitive conduct is shielded from antitrust liability.

PAT SENNER, (TESTIFIED VIA TELECONFERENCE), PRESIDENT, ALASKA NURSES ASSOCIATION (ANA), ANCHORAGE, echoed comments made by Ms. Giessel. She added that ANA had not been approached about being included in the legislation. She listed concerns regarding the bill:

- The impact on the cost of health care in Alaska. The economy cannot sustain the dramatic increases in health care costs. The committee substitute that moved out of the House Judiciary Committee includes price and adds protective language for the non-physicians health care providers. She urged that those provisions remain in the bill. Ms. Senner voiced concern that the version that passed from the Senate last year includes price. She recommended that the Committee be "vigilant" with the final version of the bill.

BOB LOHR, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, DIVISION OF INSURANCE, DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT, ANCHORAGE, offered to answer questions regarding the cost of care and/or the effect of SB 37.

Representative Davies asked if the bill were enacted if it would impact the number of people in Alaska that are not insured.

Mr. Lohr responded that the bill would not have as much of a devastating effect that it previously had without the price provisions. He added, it is extremely difficult to separate price and non-price from quality of care issues. The FTC has observed that they have never seen a negotiation with all the non-priced items at the heart of it. It is clear that a bill that does focus on non-price elements would be far less harmful than a bill focused on the other. Mr. Lohr emphasized that the bill could impact the person's ability to receive coverage.

MARYBETH GARDNER, (TESTIFIED VIA TELECONFERENCE), FAMILY NURSE PRACTITIONER, MIDWIFE, TOK, spoke in opposition to SB 37. The bill could limit practice for nurse practitioners in rural Alaska. She stressed that SB 37 was a cumbersome piece of legislation and would limit choices for Alaskans.

MARIE DARLIN, ALASKA ASSOCIATION OF RETIRED PERSONS (AARP), JUNEAU, spoke in opposition of the legislation.

Ms. Darlin agreed that some of the worst aspects of SB 37 had been amended. The bill remains a piece of legislation that will not help any Alaskans, except for the physicians. The Department of Law and the Division of Insurance, Department of Community & Economic Development, have both spoke against the bill. Additionally, the Federal Trade Commission (FTC) has indicated that the bill is inappropriate.

Ms. Darlin stated that AARP considers itself a consumer organization. As consumers, AARP is well aware of the cost of medical services. SB 37 would increase the cost of health care to everyone who pays for it, including the State of Alaska, employees with health benefits, retirees, the self-employed, and the growing number of uninsured.

Ms. Darlin pointed out that AARP members live throughout the State. AARP believes that SB 37 would be harmful to rural members who rely on nurse practitioners for their primary care. Alaska currently has a Patient's Bill of Rights. If the quality of care issues needs to be addressed, it should be determined what is already included in that Patient's Bill of Rights and if additional measures were needed that would be an appropriate venue. At present time, AARP does not identify any issues included in SB 37 that are not already in law.

AARP members, possibly more than any other segment of the population, are consumers of health care. Members have indicated that fewer physicians are willing to accept Medicare, fewer physicians are willing to see Medicare patients, and more and more physicians are telling 64 year olds that they will not see them once they turn 65 and are eligible for Medicare. AARP would prefer to see legislation that addresses improved care rather than improved "profits". SB 37 does not offer opportunity for consumer input regarding this concern. AARP believes that SB 37 will have to increase health care costs without any increase in the quality of care.

JIM JORDAN, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, ALASKA STATE MEDICAL ASSOCIATION, ANCHORAGE, spoke in support for the legislation. He asked to respond to comments of previous speakers.

He addressed the circumstances regarding nurse practitioners and that the bill would restrain trade to the healthcare market place. AMA believes that legal counsel has reviewed the bill and that such activities would currently be illegal and would continue to be if the bill were adopted. He

referenced comments made that a recommendation had been attempted with physicians to the nurse practitioners and that a work session had been organized on December 5th, 2001, with Representative Murkowski. He claimed that the nurse's lobbyist was there as well as a representative from the insurance company.

Mr. Jordan addressed the State oversight of the program. The AMA has testified in previous committees that there is sufficient oversight. He added that the bill does provide an outline for the elements that the Attorney General's office must take into consideration. He added that the bill provides that the attorney general's office can adopt regulations.

Mr. Jordan pointed out that the title insurance companies had filed an agreed upon rate for several states. A separate question in that case was whether there was a sufficient oversight provided by the State insurance department. The Supreme Court decided there was. In viewing that case, there would be no surprises. He noted that the difference was that the bill addresses a group of independent insurance companies coming together to arrive at a title insurance rate. There would be no other involvement in that process. The result is only what goes to the attorney general for extensive oversight. He read an excerpt from a letter from Mr. Charles James.

MIKE WIGGEN, (TESTIFIED VIA TELECONFERENCE), VICE PRESIDENT, NATIONAL ACCOUNTS, AETNA, spoke in opposition to SB 37. He commented that the arguments that AETNA has against the legislation are similar to those voiced by the Division of Insurance.

He identified untrue information that has been made public. That information stipulates that:

- It would force Alaska into sub contractual terms called "gag orders". Mr. Wiggen stressed that was not true. Those issues are prohibited under current statute including the Patient Protection Act to deal with contractual protection.

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Mr. Wiggen continued.

- The quality of care issues. The FTC currently allows that to take place as issued guidelines. According to the FTC, SB 37 is inconsistent with

the federal statutes and is attempting to expand the circumstances under which it could take place.

- Physicians have no choice but to accept the terms and conditions of the contract. If that were true, the cost of health care would be the highest in the nation.

Mr. Wiggen urged members to discuss the market issues. He stated that it is ironic that the issues are still alive in a state where there is no health maintenance organization (HMO). Mr. Wiggen's offered to answer questions of the Committee.

Representative Croft asked if the bill would satisfy the State action doctrine and if physicians could negotiate medical necessity now or under SB 37.

Mr. Wiggen replied that the bill would not allow people to address the State action doctrine. He added, there is a misconception regarding medical necessity. People with non-medical knowledge cannot discuss medical necessity. Such an analysis is based upon medical study and information regarding that concern. If another physician appeals that information, then another doctor would scrutinize the information. Insurance companies will use outside agencies to determine the medical necessity in certain cases. As written, medical necessity is not encompassed in SB 37.

Representative Croft questioned if a group of physicians could negotiate their own definition of "medical necessity" within the quality of care exception to the FTC prohibition.

Mr. Wiggen did not know.

JACK MCCRAE, (TESTIFIED VIA TELECONFERENCE), SENIOR VICE PRESIDENT, BLUE CROSS, BLUE SHIELD OF ALASKA, stated that his agency does oppose the legislation because of the cost "driver". There could be double digit rate increases in Alaska with the legislation enacted. With the rate and fees removed, the legislation is not necessary. The FTC does allow negotiation. He pointed out that Director Lohr had mentioned that it is difficult to separate any rate and fees when considering negotiations.

Mr. McCrae addressed other concerns with the legislation. Pieces of legislation like SB 37 will keep competition out of the State, which will increase rates and that would not be good for the consumer. In 2000, Blue Cross negotiated with the medical association, the Patient's Bill of Rights. That document was agreed upon and was signed by the Governor.

Mr. McCrae commented that they would be willing to negotiate with the medical association regarding the concerns of SB 37. He stressed that the bill is not necessary. There is concern that rates and fees could be reinserted into the legislation at the end of session, which would be a large cost driver for Alaskans.

Vice-Chair Bunde commented that the bill has been around for two or three years. He questioned why there have been no negotiations to date with the medical community.

Mr. McCrae responded that he had spoke with the head of the Alaska Medical Association last summer in Anchorage. The purpose of that trip was to undertake negotiations and that there had not been a response to those discussions.

Representative Foster MOVED to report HCS CS SB 37 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

HCS CS SB 37 (JUD) was reported out of Committee with a "do pass" recommendation and with fiscal notes #6 by the Department of Administration, #8 by the Department of Law and #9 by the Department of Community & Economic Development.

#SB299

CS FOR SENATE BILL NO. 299(FIN)

An Act relating to the establishment of an additional south-central panel to the Alaska Workers' Compensation Board and to appointments to that panel; and providing for an effective date.

DEBORAH GRUNDMANN, STAFF, SENATOR BEN STEVENS, stated that CSSB 299 (FIN) would amend the Workers' Compensation Act to provide for an additional panel for the Alaska Workers' Compensation Board in the South-central venue. She indicated that was needed to help provide more hearings in the area and would address the need to reduce lag time between when a worker files a claim and obtains a hearing. The bill would relieve growing caseloads.

Ms. Grundmann added that the Alaska Workers' Compensation Act requires hearings to be conducted by panels of the Workers' Compensation Board. A panel consists of a labor member and an industry member, with a designee of the commissioner of the Department of Labor and Workforce Development. The commissioner's designee is an employee of the State of Alaska; the other two members are lay volunteers who receive a \$50 per day stipend.

Ms. Grundmann pointed out that the industry seat members of the panels usually work in some management position, while the labor members are usually officers of labor unions, which makes for a "good mix" in deciding the types of cases. Panel members also have full time jobs outside of the division, and have limited time to devote to hearings. Consequently, there are only so many hearings that can be conducted with the current component of panel members. With the adoption of the committee substitute in the Senate Finance Committee, the effective date of the bill was changed to January 1, 2003. Enactment of SB 299 would provide much needed relief to the Worker's Compensation Board.

Representative Foster MOVED to report CS SB 299 (FIN) out of Committee with individual recommendations and with the attached fiscal note. There being NO OBJECTION, it was so ordered.

CS SB 299 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by Department of Law.

#SB345
SENATE BILL NO. 345

An Act relating to medical assistance for rehabilitative services for certain children with disabilities; relating to agreements to pay medical assistance for covered services paid for or furnished to eligible children with disabilities by a school district; and providing for an effective date.

JERRY BURNETT, STAFF, SENATOR LYDA GREEN, commented that under the federal Individuals Disabilities Education Act (IDEA), school districts are required to provide rehabilitative services to qualifying students. Currently, the federal government pays approximately 16% of the cost for services required by IDEA. The balance is paid out of the foundation formula with a mix of State and local funding. To the extent that the students qualify for Medicaid, federal law allows for schools to bill the State Medicaid program for many of the services. However, Alaska State law does not authorize school districts to be Medicaid providers.

Senate Bill 345 authorizes the Alaska Department of Health and Social Services to promulgate the necessary regulations and to contract with school districts to reimburse for rehabilitative services for students who qualify under the Medicaid program. Currently, forty-two other states fund school-based services through the Medicaid program.

Mr. Burnett stated that under the provisions of SB 345, the

school district would pay the State match for the Medicaid services it receives. The only State cost under the bill, would be the cost of promulgating the regulations and some small administrative costs.

Mr. Burnett added that school districts would benefit by receiving federal matching dollars under the Medicaid program for services that they must provide, regardless of how they are funded. For each school district dollar expended for the services, the school district would receive approximately \$1.50 in additional federal dollars. Mr. Burnett claimed that money could help defray the costs of providing special education services.

JON SHERWOOD, DIVISION OF MEDICAL ASSISTANCE, DEPARTEMNT OF HEALTH AND SOCIAL SERVICES, noted that the Department supports the bill. He stated that it was a cooperative effort between Department of Health & Social Services and Department of Education & Early Development. Mr. Sherwood offered to answer questions of the Committee.

Mr. Sherwood pointed out that there are two fiscal notes. One of the notes is for Medicaid services. The bill would enable the school districts to bill Medicaid for services provided to Medicaid-eligible children in special education programs. Districts would reimburse the Department of Health & Social Services for the State match required. There would be no net increase in State general fund match for Medicaid.

The other fiscal note would cover the small administrative fees for expenses associated with making the claim payments. Claim payments for the new service and a small amount of on-going staff support would be needed to policy development.

Vice-Chair Bunde asked if the Medicaid reimbursement would be "trading dollars".

Mr. Sherwood acknowledged that was correct, noting that currently, the federal government pays 60% of the cost for Medicaid services.

Vice-Chair Bunde pointed out that schools claim that the State would be responsible for paying for a portion of those costs.

Mr. Sherwood agreed that was correct, noting that those State dollars would already have been spent.

Representative Foster MOVED to report SB 345 out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 345 was reported out of Committee with a "no recommendation" and with fiscal note #1 and #2 by the Department of Health & Social Services.
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ADJOURNMENT

The meeting was adjourned at 3:05 P.M.