

ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE

March 28, 2002

8:04 a.m.

MEMBERS PRESENT

Representative John Coghill, Chair
Representative Jeannette James
Representative Hugh Fate
Representative Gary Stevens
Representative Peggy Wilson
Representative Harry Crawford

MEMBERS ABSENT

Representative Joe Hayes

COMMITTEE CALENDAR

HOUSE BILL NO. 397

"An Act exempting a person driving a snowmobile from driver licensing requirements."

- MOVED CSHB 397(STA) OUT OF COMMITTEE

CS FOR SENATE BILL NO. 206(TRA)

"An Act relating to registration plates and parking permits for persons with disabilities and to illegal use of parking spaces for persons with disabilities."

- MOVED CSSB 206(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 483

"An Act authorizing state procurement of group insurance for employees of child care facilities, entities licensed as residential child care facilities, child placement agencies, foster homes, and maternity houses, and certain adult residential and day services providers, and for employees of certain nonprofit entities; repealing a provision of the state group insurance procurement law relating to payment of dividends and clarifying a provision of that law relating to part-time employees; authorizing the commissioner of administration to adopt regulations regarding state procurement of group insurance; and providing for an effective date."

- HEARD AND HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315

"An Act allowing employers that are small businesses, small nonprofit organizations, or small associations for insurance purposes to join state employee insurance coverage as a group; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 438

"An Act relating to motor vehicle registration plates for disabled veterans; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS ACTION

BILL: HB 397

SHORT TITLE: EXEMPTIONS FROM DRIVER'S LICENSING

SPONSOR(S): TRANSPORTATION

Jrn-Date	Jrn-Page		Action
02/08/02	2183	(H)	READ THE FIRST TIME - REFERRALS
02/08/02	2183	(H)	TRA, STA
02/21/02		(H)	TRA AT 1:00 PM CAPITOL 17
02/21/02		(H)	Moved CSHB 397(TRA) Out of Committee
02/21/02		(H)	MINUTE(TRA)
02/25/02	2381	(H)	TRA RPT CS(TRA) NT 6DP
02/25/02	2381	(H)	DP: KOOKESH, KAPSNER, SCALZI, OGAN,
02/25/02	2381	(H)	MASEK, KOHRING
02/25/02	2381	(H)	FN1: ZERO(CRT)
02/25/02	2381	(H)	FN2: ZERO(DPS)
03/21/02		(H)	STA AT 8:00 AM CAPITOL 102
03/21/02		(H)	Scheduled But Not Heard
03/26/02		(H)	STA AT 8:00 AM CAPITOL 102
03/26/02		(H)	Heard & Held
03/26/02		(H)	MINUTE(STA)
03/28/02		(H)	STA AT 8:00 AM CAPITOL 102

BILL: SB 206

SHORT TITLE: DISABLED PARKING AND REGISTRATION PLATES

SPONSOR(S): SENATOR(S) DONLEY

Jrn-Date	Jrn-Page		Action
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04/25/01	1262	(S)	READ THE FIRST TIME - REFERRALS
04/25/01	1262	(S)	STA
06/08/01	1816	(S)	TRA REPLACES STA REFERRAL
02/12/02		(S)	TRA AT 1:30 PM BUTROVICH 205
02/12/02		(S)	Moved CS(TRA) Out of Committee
02/12/02		(S)	MINUTE(TRA)
02/19/02	2220	(S)	TRA RPT CS 5DP SAME TITLE
02/19/02	2220	(S)	DP: COWDERY, WILKEN, TAYLOR, ELTON,
02/19/02	2220	(S)	WARD
02/19/02	2220	(S)	FN1: (ADM)
02/19/02	2220	(S)	FN2: ZERO(DPS)
02/19/02	2220	(S)	FIN REFERRAL ADDED AFTER TRA
02/27/02	2325	(S)	FIN REFERRAL WAIVED REFERRED TO RULES
03/01/02		(S)	RLS AT 10:30 AM FAHRENKAMP 203
03/01/02	2341	(S)	RULES TO CALENDAR 3/1/02
03/01/02	2342	(S)	READ THE SECOND TIME
03/01/02	2343	(S)	TRA CS ADOPTED UNAN CONSENT
03/01/02	2343	(S)	ADVANCED TO THIRD READING UNAN CONSENT
03/01/02	2343	(S)	READ THE THIRD TIME CSSB 206(TRA)
03/01/02	2343	(S)	PASSED Y18 N- E2
03/01/02	2350	(S)	TRANSMITTED TO (H)
03/01/02	2350	(S)	VERSION: CSSB 206(TRA)
03/04/02	2459	(H)	READ THE FIRST TIME - REFERRALS
03/04/02	2459	(H)	STA, FIN
03/19/02	2611	(H)	CROSS SPONSOR(S): MEYER
03/28/02		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HB 483

SHORT TITLE: PROCUREMENT OF GROUP HEALTH INSURANCE
SPONSOR(S): REPRESENTATIVE(S) WILSON

Jrn-Date	Jrn-Page		Action
02/19/02	2317	(H)	READ THE FIRST TIME - REFERRALS
02/19/02	2317	(H)	STA, L&C
02/19/02	2317	(H)	REFERRED TO STATE AFFAIRS
03/28/02		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HB 315

SHORT TITLE:GROUP HEALTH INSURANCE FOR PRIVATE GROUPS
SPONSOR(S): REPRESENTATIVE(S)ROKEBERG

Jrn-Date	Jrn-Page		Action
01/14/02	1957	(H)	PREFILE RELEASED 1/11/02
01/14/02	1957	(H)	READ THE FIRST TIME - REFERRALS
01/14/02	1957	(H)	STA, L&C, FIN
02/15/02	2281	(H)	SPONSOR SUBSTITUTE INTRODUCED
02/15/02	2281	(H)	READ THE FIRST TIME - REFERRALS
02/15/02	2281	(H)	STA, L&C, FIN
03/21/02		(H)	STA AT 8:00 AM CAPITOL 102
03/21/02		(H)	Scheduled But Not Heard
03/26/02		(H)	STA AT 8:00 AM CAPITOL 102
03/26/02		(H)	Heard & Held MINUTE(STA)
03/28/02		(H)	STA AT 8:00 AM CAPITOL 102

WITNESS REGISTER

MIKE KRIEBER, Staff
to Representative Vic Kohring
Alaska State Legislature
Capitol Building, Room 24
Juneau, Alaska 99801

POSITION STATEMENT: Presented HB 397 to the committee on behalf of the bills sponsor, the House Transportation Standing Committee.

SENATOR DAVE DONLEY
Alaska State Legislature
Capitol Building, Room 506
Juneau, Alaska 99801

POSITION STATEMENT: Testified as the sponsor of SB 206.

CHUCK HOSACK, Deputy Director
Division of Motor Vehicles
Department of Administration
3300B Fairbanks Street
Anchorage, Alaska 99503

POSITION STATEMENT: Answered questions related to SB 206.

WILLIAM CRAIG
Alaska Independent Blind
613 Degroff Street
Sitka, Alaska

POSITION STATEMENT: Testified in support of [CSSB 206(TRA)].

RONNI SULLIVAN, Director
Southern Region Emergency Medical Services Council
6130 Tuttle
Anchorage, Alaska 99507

POSITION STATEMENT: Testified in support of HB 483 and SSHB 315.

MARGARET LaVIGUEUR
Homer Senior Center
3935 Svedlund Street
Homer, Alaska

POSITION STATEMENT: Indicated support of "this bill."

BILL HOGAN, Chief Executive Officer
Life Quest Comprehensive Mental Health Services
230 E. Paulson
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SSHB 315.

MARY ROSENZWEIG, Executive Director
Substance Abuse Directors Association
4111 Minnesota Drive
Anchorage, Alaska 99503

POSITION STATEMENT: Testified in support of [SSHB 315].

FRANK KEEN
Health Insurance Broker
3531 W 31st Avenue
Anchorage, Alaska 99517

POSITION STATEMENT: Encouraged the committee to do what it can to improve accessibility [to affordable health insurance].

FRED JENKINS, Executive Vice President
United Way of Anchorage
701 W 8th Avenue, Number 230
Anchorage, Alaska 99501

POSITION STATEMENT: Testified in support of any integration of SSHB 315 and HB 483 [with the addition of] the category for special service organizations to the bill.

CANDACE WINKLER, Associate Executive Director
Child Care Connection
3350 Commercial Drive
Anchorage, Alaska 99501

POSITION STATEMENT: Testified in support of amending SSHB 315 as proposed.

REPRESENTATIVE NORMAN ROKEBERG

Alaska State Legislature
Capitol Building, Room 118
Juneau, Alaska 99801

POSITION STATEMENT: Testified as the sponsor of SSHB 315.

ACTION NARRATIVE

TAPE 02-33, SIDE A
Number 0001

CHAIR JOHN COGHILL called the House State Affairs Standing Committee meeting to order at 8:04 a.m. Representatives Coghill, James, Fate, Stevens, and Crawford were present at the call to order. Representative Wilson arrived as the meeting was in progress.

HB 397-SNOWMOBILE DRIVERS' LICENSING EXEMPTION

CHAIR COGHILL announced the first order of business to be HOUSE BILL NO. 397, "An Act exempting a person driving a snowmobile from driver licensing requirements." [Before the committee was CSHB 397, Version 22-LS1448\0, Ford, 3/22/02.]

Number 0155

MIKE KRIEBER, Staff to Representative Vic Kohring, Alaska State Legislature, presented HB 397 to the committee. He explained that existing law requires an operator to be 16 years of age and to possess a driver's license in order to operate a snowmobile, an all-terrain-vehicle (ATV), a boat, or an airplane. This applies to operators in the backcountry or any type of parkland, in addition to roads. He said, "We feel that that is not ... an appropriate application of the law." He expressed his opinion that a family should determine the appropriate age of the operator and the safety requirements. People should be able to recreate with off-road vehicles without the minimum age requirement and a driver's license, he opined. Many people in rural areas do not have vehicles or access to a [Division of Motor Vehicles] (DMV) field office in order to obtain a license. He said, "There appears to be an inconsistency in an application of a law requiring a driver's license for a vehicle where you don't have any of the common themes of the equipment you're operating compared to a car driving on roads." He stated that

this bill was prepared by and passed out of the House Transportation Standing Committee (HTRA) with unanimous recommendations from its members. He pointed out that a driver's license would still be required on a roadway were HB 397 to become law.

Number 350

MR. KRIEBER reported that [Representative Kohring's office] worked with the [Division] of Motor Vehicles and the Department of Law to draft the current language. He stated that DMV and Department of Law personnel recently testified in support of HB 397. The Department of Natural Resources (DNR) is working with the Snowmobile Trails Advisory Committee (SnowTRAC) to address safety issues. The SnowTRAC board has formed a group to address safety concerns around the state and to make a recommendation for statewide or regional programs to address safety, certification, and age issues. He noted that any recommendations would be made in collaboration with DNR by the fall. He indicated that Jim Stratton, Director, Central Office, Division of Parks and Outdoor Recreation, Department of Natural Resources, testified at the HTRA hearing about the [forthcoming recommendations]. Mr. Kriebler referenced recent testimony in HTRA from a member of SnowTRAC regarding the goals or the SnowTRAC safety program.

Number 0469

REPRESENTATIVE JAMES asked what other states do to address this issue.

MR. KRIEBER replied that many states have safety programs. Some states require certification and set a minimum age for operators.

REPRESENTATIVE JAMES inquired, "Have we ever had anyone in the state that has been seriously injured or killed ... in a snow machine accident that was under the age of 16?"

MR. KRIEBER replied that HTRA had heard statistics that indicated that of the 30-some deaths, 3 deaths were of children under 16 years of age. He added that one of the goals of the legislation is to allow law-abiding citizens to recreate. He related a situation in which non-licensed Boy Scouts couldn't go on a snowmobile trip, although they had taken a safety-training course. This scout leader had to tell his non-licensed scouts that they could not go on the trip.

Number 0546

REPRESENTATIVE JAMES asked how old the scouts were that had to be excluded from the trip.

MR. KRIEBER replied that they were 14 or 15 years of age.

REPRESENTATIVE JAMES asked if these scouts simply didn't understand the law.

Number 0615

MR. KRIEBER answered that this law has been on the books for quite a few years. Various testimony heard last year from the director of DMV evidenced that Alaska requires a driver's license for an airplane. He referenced the Department of Transportation and Public Facilities (DOT&PF) winter transportation study conducted last year that identified this as an issue. A pamphlet was published by DOT&PF last fall concerning requirements for snowmobiles and trails; the Anchorage Daily News ran a headline story about the information in the pamphlet. This story resulted in inquiries and requests from around the state.

REPRESENTATIVE JAMES queried how many of the deaths last year were the result of intoxication, and how many of these people had a revoked driver's license.

MR. KRIEBER replied that he did not know.

Number 0710

REPRESENTATIVE CRAWFORD related that when growing up in Louisiana, operators without a driver's license could operate a small motorcycle under 50 CCs; snowmobiles were not an issue in that state. He stated that he had been working in Houston last winter where he witnessed youth riding snowmobiles alongside the road at a speed faster than he was driving on the highway. He observed that today's snowmobiles can reach speeds of 80 miles per hour and greater. He asked, "Do we really think ... it's a good thing for, possibly, a ... 10 [or] 12-year-old to be out there on a high-powered snow machine or an ATV? Shouldn't there be some sort of requirements?" He referred to the 3 deaths of children last year; these represent 3 families that lost their children. He concluded, "I don't want to rush into anything that we haven't completely ... thought through."

Number 0858

MR. KRIEBER countered, "What we're trying to achieve here is focusing on a law that would address this situation." He stated that leaving the current law on the books creates problems for families. This legislation addresses four-wheelers and other off-road vehicles. For example, families who have set-net permits use four-wheelers and outboard motors for their family fishing operation. The [law] states that people operating such vehicles without a license are in violation of the law. He agreed that these are high-powered machines, and he is appalled that parents allow 10- or 12-year-old children to drive such machines outside a family [activity].

Number 0930

CHAIR COGHILL interjected, "The instance that he was ... alluding to on the highway - it's illegal - whether it's a four-wheeler or a snow machine." He added that some egregious issues with watercraft exist; some personal watercraft can be troublesome when operated irresponsibly. This applies to four-wheelers, snow machines, and small motorbikes. He noted that in his district, some of the off-road vehicles create so much noise that the noise is more troublesome than anything else. Some operators go through peoples' yards and gardens. He said that a greater issue exists beyond that of the licensing matter.

Number 0985

REPRESENTATIVE WILSON commented that when she lived in Tok, during cold spells snowmobiles were the only way some students could get to school quickly. She added that it is not unusual for children to operate watercraft in Southeast; parents teach their children at a young age to run a skiff. It is common in Alaska for people to use off-highway vehicles for everyday transportation. She recognized that this issue is a dilemma.

Number 1076

REPRESENTATIVE COGHILL pointed out that this legislation does not pretend to fix all the problems associated with an operator's irresponsible behavior. It repeals something that is problematic for enforcement and those who want to follow the law, but it is a law that is disregarded by many.

Number 1166

REPRESENTATIVE FATE moved to report CSHB 397 [Version 22-LS1448\0, Ford, 3/22/02] out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE JAMES objected and indicated her trepidation about this bill. However, she noted that she would probably vote to move it out. She agreed that it is a concern especially in rural areas. She said, "I can tell you that these young kids going down ... through my yard is very distressing at 'zumptein' miles per hour, and I don't want to be responsible for changing the law to allow them to kill themselves." She predicted that these youth would probably do the same thing whether the law was changed or not. She noted that she would be comfortable if [the bill] provided a fix instead of an "unfix" for something that doesn't work. She observed that this is not a solution to a problem; it only removes something that doesn't work, but it's not replacing it with something that will work. She removed her objection.

Number 1220

REPRESENTATIVE COGHILL asked Mr. Kriebler whether discussion of further work had occurred to address some of these issues pertaining to irresponsible operation of off-road vehicles.

Number 1234

MR. KRIEBER replied that work would be done with DNR and other groups; many of the forthcoming recommendations will apply to snowmobiles as well as four-wheelers. The boating safety program through DNR is already in place. He stated that some of these issues would be addressed by working with the constituency and the public to determine the best actions to take for various parts of the state. Urban and rural off-road vehicle uses are different. He said, "We do intend on following up on this next year in conjunction with the departments and groups."

REPRESENTATIVE JAMES explained that her house has water on one side and a ditch on the other. She said, "My yard gets used a lot."

REPRESENTATIVE COGHILL added that he lives on the same slough, and it becomes a "raceway" in the summer. He observed that many operators have acted irresponsibly, have wound up in the water, and have had to be rescued. He acknowledged that significant safety problems exist; this [bill] is not pretending to fix them all.

There being no objection, CSHB 397(STA) was reported out of committee.

SB 206-DISABLED PARKING AND REGISTRATION PLATES

CHAIR COGHILL announced that the next order of business would be CS FOR SENATE BILL NO. 206(TRA), "An Act relating to registration plates and parking permits for persons with disabilities and to illegal use of parking spaces for persons with disabilities."

Number 1380

SENATOR DAVE DONLEY, Alaska State Legislature, testified as the sponsor of SB 206. He explained that SB 206 updates Alaska's parking laws for disabled persons. For the last three years Senator Donley has sent requests [for input and interest in this legislation] to all groups and individuals that his office could identify as representing the disabled community. Over the three years there were many changes, which ultimately resulted in SB 206. Senator Donley pointed out that under current law it's not clear whether the handicapped individual has to be in the vehicle in order for the handicap permit to be used. This bill makes it clear that to the use the handicap permit there must be a handicapped/disabled individual in the vehicle getting in and out of the vehicle. Additionally, the fine for illegally parking in a handicap parking spot is increased to \$125 and places two points on a person's driver's license for any offense after the first offense. Moreover, the bill creates a new fine of \$250 and two points on a person's driver's license if an individual misuses a disabled permit.

SENATOR DONLEY noted that the original version of SB 206 was patterned after legislation in other states that require some sort of photo identification so that the permits could be matched to the actual individual that was supposed to use the permit. After talking with the Division of Motor Vehicles (DMV), the division was able to modify its computer programming such that when police officers check for an individual's license and registration, there will be a record as to whether the individual is authorized to use a handicap parking permit. Therefore, the identification wouldn't be necessary. Senator Donley remarked that this legislation adds protections for those who really need handicap parking spaces.

Number 1563

REPRESENTATIVE WILSON said this is important legislation.

REPRESENTATIVE STEVENS inquired as to the rules that businesses must follow when designating handicap parking spots.

Number 1680

CHUCK HOSACK, Deputy Director, Division of Motor Vehicles, Department of Administration, testified via teleconference. In most cases, the number of parking spaces is governed by municipal code. There is no state requirement. Some of the stores with more than the minimum [municipal] requirement have done so by their own choice.

SENATOR DONLEY recalled that per the federal Americans with Disabilities Act (ADA) there are specifications with regard to the size of handicap parking spaces as well as how they should be identified.

MR. HOSAK agreed. He explained that handicap parking spaces must be a certain dimension and allow wheelchair access. The ADA also provides guidelines for the ratio of handicap parking to regular parking.

Number 1765

WILLIAM CRAIG, Alaska Independent Blind, expressed support of [CSSB 206(TRA)]. Mr. Craig related his experience with folks who are not disabled parking a car with disabled plates in a handicap space. Although parking permits for disabled individuals is a good idea, some of the loopholes need to be closed. This legislation appears to do just that.

CHAIR COGHILL highlighted that intent [language] for citizen volunteers. Therefore, he inquired as to how the issuance of these parking permit fines interacts with the citizen groups.

SENATOR DONLEY explained that when comments were solicited on the first draft legislation, one of the more common responses was to provide for voluntary enforcement. Quite a few municipalities in other states have authorized citizens to issue a citation or some sort of enforcement action. Although that option already exists under Alaska law, many of the local governments weren't utilizing that option. Therefore, the

intent language was inserted in order to encourage local governments to use this option.

REPRESENTATIVE FATE directed attention to page 4, line 27, which refers to a fine of \$250 and eight hours of community service for a violation under AS 28.10.181. He inquired as to why the penalty is almost double under AS 28.10.181.

SENATOR DONLEY clarified that the aforementioned penalty is assessed when an individual intentionally misuses a permit and thus there is an element of fraud.

REPRESENTATIVE JAMES asked if the aforementioned fine could be issued in a situation in which a person who isn't handicap is driving a car that has handicap license plates without the handicap person in the car and parks in a handicap parking space.

SENATOR DONLEY replied yes.

Number 1995

CHAIR COGHILL turned to Section 8, which inserts a new subsection that speaks to municipalities. This new subsection seems to increase the awareness of the municipalities.

SENATOR DONLEY agreed. He pointed out that some municipalities in Alaska have adopted their own parking and traffic codes. This language allows the local governments the option to adopt their own [ordinances] in order to do their own enforcement using their own local resources.

REPRESENTATIVE STEVENS mentioned his frustration when he sees seemingly healthy individuals [park in] handicap parking spaces. However, he has been concerned that those people might have a disability that he couldn't see or understand.

SENATOR DONLEY specified that Alaska law is consistent with the federal ADA criteria, although Alaska could adopt its own law if it wanted. He offered to provide the committee with a description of that federal law. In further response to Representative Stevens, Senator Donley clarified that SB 206 doesn't change existing standards nor does it deviate from the national standards.

REPRESENTATIVE JAMES indicated that [ADA] specified a [maximum] length, perhaps 200 feet, that a handicap individual could walk and thus for that length the individual may not look handicap.

Number 2203

REPRESENTATIVE FATE moved to report CSSB 206(TRA) out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, CSSB 206(TRA) was reported from the House State Affairs Standing Committee.

HB 483-PROCUREMENT OF GROUP HEALTH INSURANCE
SSHB 315-GROUP HEALTH INSURANCE FOR PRIVATE GROUPS

CHAIR COGHILL announced that the next order of business would be the following two bills: HOUSE BILL NO. 483, "An Act authorizing state procurement of group insurance for employees of child care facilities, entities licensed as residential child care facilities, child placement agencies, foster homes, and maternity houses, and certain adult residential and day services providers, and for employees of certain nonprofit entities; repealing a provision of the state group insurance procurement law relating to payment of dividends and clarifying a provision of that law relating to part-time employees; authorizing the commissioner of administration to adopt regulations regarding state procurement of group insurance; and providing for an effective date"; and SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315, "An Act allowing employers that are small businesses, small nonprofit organizations, or small associations for insurance purposes to join state employee insurance coverage as a group; and providing for an effective date."

CHAIR COGHILL noted that these bills will be heard together because he understood that they [may be] combined in a committee substitute (CS) for SSHB 315.

Number 2311

RONNI SULLIVAN, Director, Southern Region Emergency Medical Services Council, testified via teleconference. Ms. Sullivan informed the committee that the Southern Region EMS, a 501(c)(3) nonprofit organization, is one of seven regions around the state. Southern Region EMS supports the activities of ambulance and first responder services throughout the region. There are 92 ambulance and first responder services in the region. Ms. Sullivan noted that about 75 percent of the Southern Region EMS funding is received from state grant funds. The Southern Region

EMS has a staff of ten employees, eight of which are full-time employees who are eligible for benefits. The trend over the years has been increasing costs and fixed or decreasing grant funds. Furthermore, health insurance costs have risen disproportionately and perhaps even more disproportionately in small businesses with under ten employees. In the Southern Region, health insurance rates have risen by over 52 percent over the last seven years; 42 percent of that 52 percent increase occurred last year alone.

MS. SULLIVAN reiterated that Southern Region EMS is a small group. Insurers really don't want to insure small groups. She said that insurers of small groups have the ability to provide [small groups] with unfair scrutiny of individual health histories. Whenever there are claims against the policy, it seems that the policy amounts increase the next period. For the most part, the state bears the burden of those increases because Southern Region EMS's grant pays for its personnel and health care costs. Ms. Sullivan noted that Southern Region EMS has tried to live within a reasonable budget and even had to drop dependent coverage due to the increased cost. Furthermore, coverage for Southern Region EMS employees only covers the employee, the deductible was raised, and the coverage was decreased. Little more can be done. Ms. Sullivan informed the committee that for eight employees she pays \$7,000 a month for health care, which is unreasonably high. Unfortunately, there is no relief in sight. Without benefits, she can't keep people, she said. Ms. Sullivan said that both [HB 483 and SSHB 315] would provide an opportunity for Southern Region EMS to provide good insurance for a reasonable price while saving the state money.

MS. SULLIVAN informed the committee that most emergency medical services are nonprofits, which aren't associated with their municipality. There have been problems with recruitment and retention of volunteers willing to take on the degree of responsibility [necessary]. This has also been the case with agencies within the fire service. Therefore, [these bills] would provide an opportunity for those volunteer agencies to perhaps have access to health insurance. In conclusion, she urged the committee's support of both bills whether individually or collectively.

Number 2543

MARGARET LaVIGUEUR, Homer Senior Center, testified via teleconference. Ms. LaViguer agreed with Ms. Sullivan's comments. She indicated support of "this bill."

BILL HOGAN, Chief Executive Officer, Life Quest Comprehensive Mental Health Services, testified via teleconference. He informed the committee that Life Quest is primarily responsible for [providing] most of the mental health needs of the residents of the Mat-Su Valley. Life Quest is funded by a mix of both state and federal grants, contracts, and fees. Over the past five years, Life Quest's health care premiums have increased by over 100 percent. Therefore, a number of years ago Life Quest was forced to drop employer-funded dependent coverage because it became too expensive. The most recent benefit cycle with its dramatic increase in premiums forced Life Quest to drop dental and vision coverage and increase deductibles. With about 110 employees, it's very difficult to find affordable health care premiums. "Our ability to attract and retain qualified, effective employees is compromised by the quality of the health care coverage we're able to provide," he pointed out. Mr. Hogan noted support of the efforts outlined in SSHB 315, which gives nonprofits such as Life Quest access to a larger insurance pool that offers the advantage of premium rates that a large pool can command.

Number 2685

MARY ROSENZWEIG, Executive Director, Substance Abuse Directors Association, testified via teleconference. Mr. Rosenzweig noted that she has sent the committee her testimony. She informed the committee that the Substance Abuse Directors Association represents a little over 50 agencies and individuals across the state who provide substance abuse treatment and prevention services. The issue of health insurance has come to the surface over the past two years when [the association] conducted a survey of its membership. On average the premium increases have been about 36 percent over that two year period. However, some agencies are experiencing a 100 percent increase over the course of a year. In the two years of the survey, the average agency per employee premium has increased from \$4,400 to almost \$6,000. Furthermore, health insurance is taking a larger portion of the [association's] operating budget. In the two years of the survey, the health benefit average rose from 5.8 percent of the operating budget to 7.6 percent of the operating budget. Therefore, there is less money for services. These agencies haven't received any increases, inflationary increases, in more than 12 years. Since many of the agencies are providing state

social services as a nonprofit grantee, this all means that the state is able to purchase less service with its dollars. She informed the committee that the association has increased deductibles and decreased the level of coverage. The association has reached the point at which recruitment and retention is a critical mass. Therefore, [such organizations] are seeking relief, which [SSHB 315] will provide with little cost to the state. In conclusion, Ms. Rosenzweig urged support of [SSHB 315].

Number 2822

FRANK KEEN, Health Insurance Broker, testified via teleconference. He said that he sees the increasing health care costs in Alaska every day and thus he encouraged the committee to do what it can to improve accessibility [to affordable health insurance], especially for organizations that hire lower compensated employees who can't afford health insurance. Mr. Keen noted his opposition to any adverse action on the current Denali Kid Care program. He explained that many of the employers that he serves have employees and dependent children who wouldn't have any coverage without the availability of Denali Kid Care. He identified the biggest problem in Alaska as the lack of competition. Mr. Keen recalled earlier comments regarding discrimination against smaller employers, which he says exists. Therefore, he said he believes that the state should take action to prohibit discrimination against smaller employers.

Number 2928

FRED JENKINS, Executive Vice President, United Way of Anchorage, testified via teleconference. The United Way of Anchorage provides funding for 48 nonprofit health and human service agencies based in Anchorage. Mr. Jenkins said that he felt confident in saying [for those 48 nonprofits] that anything the legislature can do to make health insurance more affordable would be very helpful. Mr. Jenkins explained that the obstacle to affordable health insurance is probably not the fault of the industry but rather it's that the insurance system doesn't work well in Alaska. The reason the insurance system doesn't work well in Alaska is partially because of the small pool of potential insureds as well as some of the characteristics of the population that "we're trying to insure." However, the lack of affordable health insurance is an obstacle to nonprofits having a stable workforce. In November, Mr. Jenkins did a survey of

the 48 funded nonprofits with which he works. He offered to submit [the results] in writing.

TAPE 02-33, SIDE B

MR. JENKINS related [from the findings of his survey] that premium costs averaged \$6,000 per employee, which can only rise. United Way of Anchorage experienced a 40 percent increase in its insurance coverage this year. Mr. Jenkins announced that he would support any integration of SSHB 315 and HB 483 [with the addition of] the category for special service organizations to the bill. He encouraged the committee not to limit access to the plan to organizations who have large numbers of employees. Many nonprofits have large employee bases because they operate multi-site childcare or residential treatment facilities that have to be staffed on a 24-hour basis. However, the number of employees in an organization's base isn't an indicator of their ability to afford insurance.

MR. JENKINS informed the committee that Dennis McMillan, President, United Way of Anchorage, has worked closely with the Departments of Health & Social Services, Administration, and Commerce & Economic Development in order to develop solutions to this problem. However, the major factor in accessing insurance is affordability. Any help that the legislature can offer in that vein would be appreciated.

CHAIR COGHILL noted that the committee substitute (CS) that will be adopted soon does include the special service organizations.

Number 2875

CANDACE WINKLER, Associate Executive Director, Child Care Connection, testified via teleconference in support of amending SSHB 315 as proposed. Ms. Winkler informed the committee that a four-year-old recently illustrated the child care crisis when that child asked the question, "Mommy, who's going to be my teacher today?" This child had three teachers in six months. As an advocate for children and child care providers, Ms. Winkler was disturbed by that comment. The turnover rate [for child care providers] is 49 percent. She attributed the high turnover rates to inadequate pay and lack of benefits. Most child care providers earn between \$16,000-\$19,000 a year. Half of all child care providers are living below the poverty level and less than a third of them have health insurance.

MS. WINKLER emphasized that child care providers are important to Alaska's economy. Currently, two-thirds of families with children have two working parents. Furthermore, 65 percent of mothers with children under six are working. Ms. Winkler highlighted the importance child care providers have on the future of the children with which they have contact. Currently, there are approximately 5,000 child care workers in Alaska. Ms. Winkler said:

For us to be able to provide consistent, quality care to kids, it's important for us to be able to retain staff members who have the experience in child development. We can only do that by making their lifestyle healthier by providing them with access to health insurance. And by promoting the health of the child care providers, we're wisely investing in those who care for and refine Alaska's children. Please do what you can to support this bill and to support the people who are working on the front lines to raise our kids.

CHAIR COGHILL apologized that the committee wouldn't be able to take further testimony today.

Number 2725

REPRESENTATIVE FATE moved to adopt CSSSHB 315, LS1177\0, Craver, 3/27/02, as the working document. There being no objection, Version 0 was before the committee.

CHAIR COGHILL announced that he wouldn't close public testimony today.

Number 2678

REPRESENTATIVE NORMAN ROKEBERG, Alaska State Legislature, testified as the sponsor of SSHB 315. He explained that Version 0 adopts the concept of special service organizations and thus allows people who are sole proprietors to participate. The bill contains a litany of groups covered and defined. He pointed out that Section 5 changes the effective date from July 2003 to January 3, 2003, due to the significant demand for this bill. Section 4 changes the small business organization size requirement of 300 eligible employees to 50 eligible employees. He explained that he has spent the last eight years trying to create an environment in which private insurance underwriters can enter the state. Therefore, he is sensitive to the group

that will be created and the type of competition there will be with the private sector. This bill creates a new group that will be under a private plan. Therefore, it avoids the mingling of private people with state employees, which could jeopardize the governmental exemption under the Employee Retirement and Income Security Act of 1974 (ERISA). The provisions of the bill provide a bidding process under the private sector.

CHAIR COGHILL noted that he will be inquiring as to the [make up] of the pool; its access; and [interaction] with other insurance areas under ERISA.

Number 2517

REPRESENTATIVE WILSON, sponsor of HB 483, said she was pleased that Representative Rokeberg was willing to look at both bills and consider what could be done for those in the special services organizations. She expressed her pleasure in the merging of the two bills. [HB 483 and SSHB 315 were held over.]

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:02 a.m.