

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION & SOCIAL SERVICES COMMITTEE

May 5, 2001
9:07 a.m.

MEMBERS PRESENT

Senator Lyda Green, Chair
Senator Loren Leman, Vice Chair
Senator Gary Wilken
Senator Bettye Davis

MEMBERS ABSENT

Senator Jerry Ward

COMMITTEE CALENDAR

CS FOR HOUSE BILL NO. 115(HES)

"An Act relating to the definition of 'mental health professional' for certain mental health proceedings and treatments; relating to the services of certain medical professionals in civil proceedings for the commitment of certain intoxicated persons; allowing a physician assistant or advanced nurse practitioner to certify the need for emergency treatment as a result of intoxication; and providing for an effective date."

MOVED SCS CSHB 115(HES) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 113(HES) am

"An Act relating to health care insurance payments for hospital or medical services; and providing for an effective date."

MOVED SCS CSHB 113(HES) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 51(FIN)

"An Act giving notice of and approving the entry into and the issuance of certificates of participation for a lease-purchase agreement for a seafood and food safety laboratory facility; relating to the use of certain investment income for certain construction costs; and providing for an effective date."

MOVED CSHB 51(FIN) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

HB 115 - HB 115 - See HESS minutes dated 4/28/01.

HB 113 - See Labor and Commerce minutes dated 4/26/01.

HB 51 - No previous Senate committee action.

WITNESS REGISTER

Representative Mary Kapsner
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of HB 115

Representative Joe Green
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of HB 113

Roland Gower, M.D.
Alaska Physicians and Surgeons
2841 DeBarr Rd.
Anchorage, AK
POSITION STATEMENT: Supports SCS HB113(HES)

Kurt Fredriksson
Deputy Commissioner
Department of Environmental Conservation
410 Willoughby Ave. Ste. 105
Juneau, AK 99801-1795
POSITION STATEMENT: Presented and answered questions about CSHB 51(FIN)

Janice Adair, Director
Division of Environmental Health
Department of Environmental Conservation
555 Cordova St.
Anchorage, AK 99501
POSITION STATEMENT: Answered questions about CSHB 51(FIN)

ACTION NARRATIVE

TAPE 01-44, SIDE A
Number 001

CHAIRWOMAN LYDA GREEN called the Senate Health, Education & Social Services Committee meeting to order at 9:07 a.m. Present were Senators Wilken, Davis and Green. Senator Leman arrived at 9:08 a.m. The committee took up HB 115.

#HB 115

HB 115-EMERGENCY COMMITMENT ORDERS AND TREATMENT

CHAIRWOMAN GREEN announced that a proposed committee substitute (CS) was before the committee that would require a concurrent resolution due to a title change.

SENATOR WILKEN moved to adopt Version O as the working document of the committee. There being no objection, Version O was adopted.

REPRESENTATIVE KAPSNER, sponsor of HB 115, explained that the mental health professional portion of the bill was removed from Version O. Under the CS, only middle-level practitioners will be able to sign the certificates of need for a petition to the court for involuntary commitment.

CHAIRWOMAN GREEN expressed continuing concern that in communities that have a consortium of providers who interact and exchange information about people, it is absolutely critical that the provider who is authorized to do an involuntary commitment uphold ethical and professional requirements regarding confidentiality. She expressed concern about the network of information that has been created with the one-stop shopping approach for services.

SENATOR LEMAN moved to report SCS CSHB 115(HES) from committee with individual recommendations with accompanying fiscal notes. There being no objection, the motion carried.

SENATOR LEMAN moved the accompanying Senate concurrent resolution (22 LS/C), which pertains to the title change of SCS CSHB 115(HES). There being no objection, the motion carried.

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The committee then took up HB 113.

#HB 113

HB 113-HEALTH CARE INSURANCE PAYMENTS

CHAIRWOMAN GREEN thanked the sponsor and all parties involved in this legislation. She noted this piece of legislation is not one that needed to be hammered out at the committee table. Instead, it was better for all parties involved to come to some kind of workable agreement that would solve the problems for physicians and take into consideration problems faced by insurers when trying to deal with multi-state functions.

REPRESENTATIVE JOE GREEN, sponsor of HB 113, explained that HB 113 is a simple measure. He believes the modifications made by the Senate HESS Committee have improved the bill. HB 113 ensures that insurers of medical practices, either hospitals or physicians, pay claims in a timely fashion. Insurance companies must pay claims within 30 days of submittal of a "clean" claim. If, on the other hand, a submitted claim is problematic, the insurer must notify the medical provider as to what is needed. Once the necessary

information is provided, the insurer must pay that claim within 15 calendar days. This same terminology is used in 39 other states. The insurance companies found this procedure to be acceptable with a few exceptions that have been corrected by the Senate HESS Committee. Interest will accrue after either the 30 day reimbursement period for a clean claim or the extended 15 day period for a problematic claim beginning July 1 of 2002. The bill becomes effective on January 1 of 2002. The six-month delay of the interest provision will ensure that the programs used by the insurance companies are adequately modified so that, for example, electronic claims can be processed in a timely fashion. The second change is that interest in the amount of \$1 or less will not have to be paid.

Number 872

CHAIRWOMAN GREEN asked if this bill addresses claims for new procedures for which rates have not been set and whether non- or delayed payment for those procedures would be considered to be a legitimate dispute.

REPRESENTATIVE GREEN said that is not addressed by this legislation. That matter would be addressed as it is now.

CHAIRWOMAN GREEN took public testimony.

DR. ROLAND GOWER, president of Alaska Physicians and Surgeons, which represents about 180 specialists and primary care physicians, stated support for SCS HB 113(HES). This bill will help physicians stabilize cash flow and is long overdue. Members of his organization understand the need to delay the implementation date of the bill and the \$1 minimum on interest.

CHAIRWOMAN GREEN said had time permitted, she would have liked to look into the fact that some physicians and vendors will not do the second filing for patients with secondary insurance. She urged physicians to do that.

There being no further public testimony, SENATOR LEMAN moved SCS HB 113(HES) - Version R, as the working document of the committee. There being no objection, the motion carried.

SENATOR LEMAN then moved SCS HB 113(HES) from committee with individual recommendations and its zero fiscal note. There being no objection, the motion carried.

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#HB 51

CSHB 51(FIN)-LEGIS APPROVAL OF SEAFOOD/FOOD SAFETY LAB

KURT FREDRIKSSON, Deputy Commissioner of the Department of Environmental Conservation (DEC), explained the purpose of CSHB 51(FIN) is to grant authorization for the issuance of certificates of participation for a lease-purchase agreement for a seafood and food safety laboratory. The existing laboratory in Palmer is 30 years old and DEC's lease expires December 31, 2003. The facility is woefully lacking in terms of what DEC needs to do to run a proper laboratory regarding confidence in lab results and employee safety. He offered to make available a videotape of the facility. He noted that DEC has worked with private consultants over the last few years on the possibility of moving into a more appropriate lab facility. DEC has found a piece of property and received a proposal. CSHB 51(FIN) provides the funds to build a DEC laboratory within the Anchorage area.

The current lab performs a number of functions, the most important being seafood and food safety analysis; 80 percent of the lab work is associated with food safety. Other functions include:

- certification of in-state laboratories for microbiological analysis of drinking water,
- product and water sampling required by the National Shellfish Sanitation Program,
- routine testing of commercial bivalve shellfish for marine toxins,
- analysis of finished seafood and general food products for pathogenic bacterial contamination,
- analysis of fish for five toxic metals
- evaluation and random sampling of finfish for chemical and bacterial contaminants and parasites
- testing of animals required to maintain USDA brucellosis certification.

DEC currently has 11 positions in the Mat-Su area that would move to the Anchorage area if a new lab is built. However, 14 staff who perform other non-lab related functions in the Mat-Su area would remain in their current location.

DEPUTY COMMISSIONER FREDRIKSSON said DEC has had concerns about the cost of the facility and the appropriateness of its size. DEC worked with its prime contractor, Livingston Stone, to assess the appropriateness of the lab design and it also turned to other consultants with lab experience to determine whether the lab design is reasonable. The feedback from the contractors shows the laboratory proposal is efficient, cost-effective and reasonable,

relative to the cost of labs in other parts of the country. He pointed out that the House Finance Committee reduced the amount requested in DEC's original proposal by about \$1 million and 1500 square feet. The proposal has been pared down to the basics but still provides a safe working environment and reliable data.

Number 1524

SENATOR WILKEN asked what prompted the move from Palmer to Anchorage.

DEPUTY COMMISSIONER FREDRIKSSON said a number of factors: available space and an infrastructure to support a laboratory that is primarily seafood-related. The lab needs to have good access to an airport for receipt of samples to allow processing in a timely manner. The lab processes a lot of chemicals so it will need to be connected to a sewer system. DEC also looked for state-owned property to control costs.

CHAIRWOMAN GREEN asked about the square footage of the facility.

DEPUTY COMMISSIONER FREDRIKSSON said the total gross square footage of the current facility is approximately 10,000 square feet. The proposed facility is double that. The increase in space is not for staff space, it will be used to provide secure rooms for gas cylinders and for the ventilation system.

CHAIRWOMAN GREEN noted the proposed facility is 20,500 square feet.

DEPUTY COMMISSIONER FREDRIKSSON clarified that number was reduced by 1500 square feet in the House so that the proposed square footage is now 19,141 square feet.

CHAIRWOMAN GREEN asked what the cost of the new facility will be.

DEPUTY COMMISSIONER FREDRIKSSON said the latest proposal will cost \$12,788,000.

SENATOR WILKEN questioned whether DEC believes that reduction is wise.

DEPUTY COMMISSIONER FREDRIKSSON said he and Ms. Adair believe it will provide a "bottom line" operating facility. He informed the committee that John Wickersham, who has 19 years of lab experience with the USDA, reviewed the proposal and felt the Livingston Stone proposal was on target.

CHAIRWOMAN GREEN agreed that a new lab is necessary but she is not

sure the state needs a lab that will cost \$676 per square foot.

SENATOR DAVIS pointed out that a lab is a specialized facility.

DEPUTY COMMISSIONER FREDRIKSSON said a laboratory consumes a lot of space to prevent cross-contamination. Secure rooms are necessary for gas cylinders; space must be dedicated to clean glassware; and separate space must be provided for laboratory mice. He pointed out the construction cost is \$400 per square foot.

Number 1895

SENATOR LEMAN asked if the proposed site at Boniface and Tudor is the best location.

DEPUTY COMMISSIONER FREDRIKSSON said DEC has looked at every suggested area and determined that location to be the best. Its proximity to the DHSS lab will be an added benefit. DEC turned to Livingston Stone and Northern Economics for expert advice.

CHAIRWOMAN GREEN asked what part Livingston Stone played.

DEPUTY COMMISSIONER FREDRIKSSON said they did the conceptual design and looked at available space. He added DEC will not choose a design firm until this project is authorized.

CHAIRWOMAN GREEN asked Deputy Commissioner Fredriksson to provide the committee with the guidelines or parameters DEC gave to Livingston Stone. She also asked about the financing procedure for this project.

MS. JANICE ADAIR, Director of the Division of Environmental Quality, informed the committee the certificates of participation will be sold by the bond bank; the money will be available 60 to 90 days later.

CHAIRWOMAN GREEN asked for clarification of when the debt will be incurred and when it will be repaid.

SENATOR WILKEN pointed out that, according to fiscal note 3, DEC will have a 20 year lease at 6.1 percent interest.

DEPUTY COMMISSIONER FREDRIKSSON asked Ms. Adair to give the committee a brief description of the directions given to the contractors.

MS. ADAIR said DEC first contracted with Livingston Stone three years ago. DEC asked Livingston Stone to analyze the work done at

the laboratory and to design a conceptual replacement plan that is cost effective and would provide the safest and most efficient use of the space. DEC did not provide a dollar limit but it did stress that it must be cost effective.

CHAIRWOMAN GREEN again asked for copies of that documentation and whether employees in Palmer would have to move.

MS. ADAIR said even though the bulk of the functions are statewide functions, DEC does not plan to move those employees.

CHAIRWOMAN GREEN asked if they will be located in the Mat-Su Valley 80 percent of the time or whether they will be expected to spend more time in Anchorage.

MS. ADAIR explained that some staff will travel all over, such as the state veterinarian, the dairy sanitarian and the pesticide staff. Those positions have statewide responsibilities but the bulk of their work is done between the Mat-Su Valley and Delta Junction.

CHAIRWOMAN GREEN asked if the work done by those positions overlaps with the Division of Agriculture.

MS. ADAIR said Dr. Gore [the state veterinarian] works very closely with the Division of Agriculture staff. The pesticide program issues permits that the Division of Agriculture applies for. The dairy sanitarian inspects dairy farms. DEC provides regulatory oversight for things owned by the Division of Agriculture. She explained the Division of Agriculture inspectors look at quality or grading of eggs and agriculture crops. DEC only gets involved in inspecting those products when they get into the food chain so there is no duplication of services.

CHAIRWOMAN GREEN said she has heard a great deal of concern about moving the non-laboratory positions out of Palmer.

Tape 01-45, SIDE B

SENATOR LEMAN asked for clarification of who will manage and own the project.

MS. ADAIR explained the facility will be state-owned from the start. A design Request for Proposal (RFP) will be issued and the lowest responsible bid will be accepted. The Department of Transportation and Public Facilities (DOTPF) will then issue a construction RFP.

SENATOR LEMAN asked if the state will use its normal selection process according to the procurement code.

MS. ADAIR said it will.

CHAIRWOMAN GREEN announced the committee would take a recess and reconvene at a call of the Chair.

[NO RECORDING AVAILABLE]

At 3:22 p.m., CHAIRWOMAN GREEN called the Senate Health, Education and Social Services Committee back to order. Senators Wilken, Leman, Davis and Green were present.

CHAIRWOMAN GREEN announced her intention to move CSHB 51(FIN) to the Senate Finance Committee so that it can be reviewed within the scope of the entire budget. She also announced that it is her intention that the DEC positions in the Mat-Su Borough, not connected with this project, remain in the Mat-Su Borough.

SENATOR LEMAN moved CSHB 51(FIN) from committee with individual recommendations and its accompanying fiscal notes. The motion carried with no objections.

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CHAIRWOMAN GREEN then announced a recess to the call of the chair.