

**ALASKA STATE LEGISLATURE  
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE**

April 24, 2003  
3:01 p.m.

**MEMBERS PRESENT**

Representative Peggy Wilson, Chair  
Representative Carl Gatto, Vice Chair  
Representative John Coghill  
Representative Paul Seaton  
Representative Kelly Wolf  
Representative Sharon Cissna

**MEMBERS ABSENT**

Representative Mary Kapsner

**COMMITTEE CALENDAR**

HOUSE BILL NO. 195

"An Act relating to coverage offered under an individual policy of health care insurance; and providing for an effective date."

- MOVED CSHB 195(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 270

"An Act relating to the licensure of pharmacists; and providing for an effective date."

- MOVED HB 270 OUT OF COMMITTEE

HOUSE BILL NO. 10

"An Act amending the definition of group health insurance, and allowing the Department of Administration to obtain a policy or policies of group health care insurance for employers that are small businesses, nonprofit organizations, special services organizations, or small associations for insurance purposes; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS ACTION**

BILL: HB 195

SHORT TITLE:INDIVIDUAL HEALTH CARE INSURANCE

SPONSOR(S) : REPRESENTATIVE(S) ROKEBERG

Jrn-Date	Jrn-Page		Action
03/14/03	0541	(H)	READ THE FIRST TIME - REFERRALS
03/14/03	0541	(H)	L&C, HES
04/09/03		(H)	L&C AT 3:15 PM CAPITOL 17
04/09/03		(H)	Scheduled But Not Heard
04/11/03		(H)	L&C AT 3:15 PM CAPITOL 17
04/11/03		(H)	Moved CSHB 195(L&C) Out of Committee MINUTE(L&C)
04/14/03	0962	(H)	L&C RPT CS(L&C) NT 5DP 2NR
04/14/03	0962	(H)	DP: LYNN, GATTO, DAHLSTROM, ROKEBERG,
04/14/03	0962	(H)	ANDERSON; NR: CRAWFORD, GUTTENBERG
04/14/03	0962	(H)	FN1: ZERO(H.L&C/CED)
04/24/03		(H)	HES AT 3:00 PM CAPITOL 106

BILL: HB 270

SHORT TITLE: PHARMACIST LICENSING

SPONSOR(S) : REPRESENTATIVE(S) DAHLSTROM

Jrn-Date	Jrn-Page		Action
04/15/03	0986	(H)	READ THE FIRST TIME - REFERRALS
04/15/03	0986	(H)	HES, L&C
04/24/03		(H)	HES AT 3:00 PM CAPITOL 106

BILL: HB 10

SHORT TITLE: GROUP HEALTH INSURANCE FOR PRIVATE GROUPS

SPONSOR(S) : REPRESENTATIVE(S) HEINZE, ROKEBERG

Jrn-Date	Jrn-Page		Action
01/21/03	0033	(H)	PREFILE RELEASED (1/10/03)
01/21/03	0033	(H)	READ THE FIRST TIME - REFERRALS
01/21/03	0033	(H)	L&C, HES
01/29/03	0088	(H)	COSPONSOR(S): HAWKER
02/07/03	0152	(H)	COSPONSOR(S): FOSTER, STEVENS
02/07/03	0152	(H)	WILSON, SEATON
02/10/03	0172	(H)	COSPONSOR(S): WEYHRAUCH
02/14/03	0218	(H)	COSPONSOR(S): MOSES
02/18/03	0231	(H)	COSPONSOR(S): KERTTULA
02/24/03		(H)	L&C AT 3:15 PM CAPITOL 17
02/24/03		(H)	Heard & Held

			MINUTE(L&C)
03/10/03	0497	(H)	COSPONSOR(S): GRUENBERG
04/11/03		(H)	L&C AT 3:15 PM CAPITOL 17
04/11/03		(H)	Moved CSHB 10(L&C) Out of Committee
			MINUTE(L&C)
04/14/03	0958	(H)	L&C RPT CS(L&C) NT 5DP 2NR
04/14/03	0958	(H)	DP: LYNN, GATTO, DAHLSTROM, ROKEBERG,
04/14/03	0958	(H)	ANDERSON; NR: CRAWFORD, GUTTENBERG
04/14/03	0959	(H)	FN1: ZERO(H.L&C/ADM)
04/14/03	0959	(H)	REFERRED TO HES
04/14/03	0976	(H)	COSPONSOR(S): ANDERSON
04/24/03		(H)	HES AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

REPRESENTATIVE NORMAN ROKEBERG

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As sponsor of HB 195, explained the purpose of the bill and answered questions.

KATIE CAMPBELL, Life and Health Actuary

Division of Insurance

Department of Community and Economic Development

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 195 and answered questions.

ROBIN PHILLIPS, Staff

to Representative Dahlstrom

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 270 on behalf of Representative Dahlstrom, and answered questions.

CINDY AUDET, hospital pharmacists,

Bartlett Regional Hospital

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 270.

BARRY CHRISTIANSON, Pharmacist

Chair, Legislative Committee

Alaska Pharmacists Association

Ketchikan, Alaska

POSITION STATEMENT: Testified in support of HB 270.

REPRESENTATIVE CHERYLL HEINZE

Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: As sponsor of HB 10, explained the purpose of the bill and answered questions.

HELEN BEDDER, M.D., Staff

to Representative Heinze  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Answered questions relating to HB 10.

BENJAMIN BROWN

Alaska State Chamber of Commerce  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 10.

DELISA CULPEPPER, Deputy Director

Alaska Mental Health Trust Authority  
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 10.

#### **ACTION NARRATIVE**

#### **TAPE 03-36, SIDE A**

Number 0001

**CHAIR PEGGY WILSON** called the House Health, Education and Social Services Standing Committee meeting to order at 3:01 p.m. Representatives Wilson, Gatto, Wolf, Seaton, and Cissna were present at the call to order. Representative Coghill arrived as the meeting was in progress.

#### HB 195-INDIVIDUAL HEALTH CARE INSURANCE

Number 0087

CHAIR WILSON announced that the first order of business would be HOUSE BILL NO. 195, "An Act relating to coverage offered under an individual policy of health care insurance; and providing for an effective date." [Before the committee was CSHB 195(L&C).]

REPRESENTATIVE NORMAN ROKEBERG, Alaska State Legislature, sponsor of HB 195, explained the purpose of the bill and answered questions from the members. He explained that this

bill is actually two bills in one. The first part of the bill provides a mechanism to assist in lowering the costs of an individual health insurance policy. He commented that he believes all legislators recognize the health care crisis and the problem of the increasing costs of providing health care services to the citizens of the state and nation. The percentage of disposable income of most families is decreasing as the cost of health care and insurance premiums are increasing. There are many people who are not insured, estimates indicate that as many as 19 percent of Alaskans may be without health insurance.

Number 0196

REPRESENTATIVE ROKEBERG told the committee one of his goals as a legislator is to try to make sure that the legislature does not do anything that would raise the cost of insurance to individuals. One main area of concern that past legislatures have addressed is the issue of mandates which require insurance companies to provide certain services in all types of insurance policies. This has been a large part of the cost driver that raises health insurance premiums. He pointed out that there is not one legislative mandate that has been enacted at the state or federal level that is not a good thing. However, when looking at what those mandates do to the cost of health insurance policies, he believes it is time to look at the creation of an insurance product that deletes those mandates. He summarized that the first part of HB 195 allows the insurance industry to write an individual health insurance policy that excludes those mandates. He referred to the memorandum in the file [Memorandum from Representative Rokeberg to House Health, Education and Social Services Standing Committee dated April 9, 2003] that specifically enumerates those mandates, such as acupuncture, eye care service, substance abuse treatment, mammography coverage, and prostate and cervical cancer screening.

Number 0308

REPRESENTATIVE ROKEBERG pointed out there are also three federal mandates which would stay in place because of federal supremacy and thus those three mandates would not be affected by HB 195. Those mandates are coverage of newly born children, postpartum hospital stay coverage, and reconstructive surgery following mastectomies.

Number 0391

REPRESENTATIVE ROKEBERG told the committee that the largest underwriter in the State of Alaska, Premier Blue Cross and Blue Shield of Washington and Alaska, support this bill. Blue Cross is the largest provider of health insurance and has more than 53 percent of the entire market in Alaska. He said he made a request to Blue Cross to provide the legislature with numbers specifying the kind of savings that could be realized by passing the bill. Although he has not yet received these figures, he related his hope that the Division of Insurance can provide those figures to the committee.

Number 0408

REPRESENTATIVE ROKEBERG explained the second portion of the bill was brought to him by the Division of Insurance. He referred to Sections 2-9 of the bill, which cover the qualifications under the Fair Trade Adjustment Assistance (TAA) Reform Act of 2002. The TAA provides tax credits for up to 65 percent of the amount paid by an eligible individual for qualified health coverage. Therefore, those employees who have been displaced or lost their job because of the importation of commodities from overseas will be eligible for this credit. For example, if oil workers in Alaska lost their jobs because the United States is importing oil from overseas, then those displaced workers would qualify under the provisions of this statute, and therefore qualify to get a 65 percent reimbursement for the cost of their health insurance premiums under the Alaska Comprehensive Health Insurance Association (ACHIA). This bill would amend statute to allow the federal Comprehensive Health Insurance Association (CHIA), the state's insurer of last resort, to be able to write policies at a 65 percent discount for anyone who does not have insurance.

REPRESENTATIVE ROKEBERG noted that members should be aware that ACHIA provides for residents under Alaska and federal law in the Health Insurance Portability and Accountability Act (HIPAA). If an Alaskan is turned down by an insurance company that individual can apply for insurance and be covered. The premiums are 150 percent of the market costs of similar health insurance. He explained that this program allows individuals to enroll in ACHIA and have a significant reduction in health insurance premiums. Even if an individual has existing insurance, for example, if the spouse has an insurance policy to which he/she has to contribute, he/she can still qualify under the TAA provisions for a federal discount.

Number 0588

REPRESENTATIVE ROKEBERG summarized by saying HB 195 is a great piece of legislation in the sense that it is experimental. By saying the insurance industry does not have to underwrite policies with these mandates, thereby lowering the costs in the hope that people will be able to buy a policy that insurance companies might not otherwise be able to write is a risk. Secondly, this bill would allow unemployed individuals and other eligible individuals to obtain health insurance at substantially reduced rates because of the federal subsidies.

Number 0664

CHAIR WILSON commented that affordable health care is a very important issue and she feels it is essential for the members to understand exactly what has transpired during the [committee] process because this version of the bill is very different from the original version.

REPRESENTATIVE ROKEBERG confirmed that HB 195 is a completely different bill and should not to be confused with HB 10 which he and Representative Heinze introduced.

Number 0683

REPRESENTATIVE SEATON turned to page 2, line 6, where the premium was reduced from 200 percent to 150 percent of the standard risk premium rate. Since there is no change in the fiscal note, he asked for clarification on this point.

Number 0744

REPRESENTATIVE ROKEBERG replied that this is the premium for the ACHIA plan for which the premiums are paid by the individuals; therefore, it would not have any effect on state finances.

Number 0761

REPRESENTATIVE CISSNA recalled that the ACHIA plan premium was 200 percent of the prevailing rates. Does this bill lower that amount, she asked.

Number 0796

KATIE CAMPBELL, Life and Health Actuary, Division of Insurance, Department of Community and Economic Development, testified in

support of HB 195 and explained that 150 percent is a requirement under the TAA. Under the TAA, the maximum an individual can be charged is 150 percent of what someone would pay out in the market.

Number 0855

MS. CAMPBELL commented that the rates under the high risk pool for a number of years is at a maximum amount of 200 percent. The board of directors for the high-risk pool have experience across the states regarding what increasing that premium actually does to enrollment in the high-risk pools. [The board of directors] determined that once [the premium] is past 150 percent, the pool loses some of the healthier high-risk people. Therefore, the rate was set at 150 percent and there is no practical effect on the plan.

REPRESENTATIVE ROKEBERG clarified that what Ms. Campbell's testimony means is that by making these statutory changes the state is reducing the 200 percent cap to 150 percent for all of ACHIA. This reflects the current practice. Representative Rokeberg reiterated that premiums are paid into ACHIA by individuals, but the difference between the premium income and the costs of the plan is paid for through a special assessment on all the insurance companies that do business in the state. Last year [that special assessment] amounted to a \$2 million subsidy through the ACHIA program for high-risk individuals.

Number 0937

REPRESENTATIVE CISSNA asked if Representative Rokeberg could help her understand provisions of the bill starting on page 1, line 8, where it says "a health care insurer may offer a health care insurance plan issued in the individual market that does not include the health insurance coverage required" and then it lists a number of statutes. Then on line 12 it says, "the coverage may be offered as optional coverage." She asked Representative Rokeberg if the language here means that the current statutory required services could be included in a policy if the insurance provider offered those provisions.

Number 1014

REPRESENTATIVE ROKEBERG replied that is correct. He highlighted that one of the great things about this bill is, it allows individuals to pick from a menu of items, but takes the absolute mandate out of the coverage. The policies could be restructured

under this law and would allow for that optional coverage. For example, if an individual wanted to include prostate and cervical cancer screening provisions in the policy, the individual could buy that coverage.

Number 1077

CHAIR WILSON surmised that this is essentially allowing insurance companies to give people who are perfectly healthy inexpensive insurance coverage. However, if an individual has diabetes or some other chronic condition, those individuals would pay very high rates.

REPRESENTATIVE ROKEBERG responded that the insurance companies do not cause the cost of high insurance rates; it is the providers who cause that.

CHAIR WILSON related her belief that this bill is really not accomplishing as much as it might appear. This bill allows insurance companies to charge high rates if an individual wants to be covered for a chronic disease like diabetes. By allowing the insurance companies to opt out of all of the mandated health care services it will mean higher premiums for individuals who have medical problems.

Number 1139

REPRESENTATIVE ROKEBERG clarified that this legislation is intended as a supplement to policies already offered, and provides a way for insurance companies to develop a different kind of product. This kind of policy would only be available to individuals, not to group plans. There are approximately 10,000 policies covering 14,000 individual plans in the state right now. He pointed out that most people are involved in some type of health plan and this would not be allowable for those plans. Representative Rokeberg said he believes Ms. Campbell would tell the committee that these policies would be somewhat cheaper to underwrite if this bill becomes law because insurance companies can put options in and out, and do some special underwriting. Typically, an individual policy would be cheaper than a group policy because group policies have to have a guarantee issue where no one can be turned down.

Number 1186

REPRESENTATIVE ROKEBERG opined that many group plans have a contribution from the employer to help offset the dollar cost

within the family's monthly budget. If an individual works for a company that offers health insurance, the company will pay a portion of the cost of the group plan. When an individual is out in the market that individual has to pay 100 percent of the premium, and therefore, he only focused on this issue. He said he does not want to override the entire policy articulated by previous legislatures in getting rid of mandates. This bill is simply an effort to target a small [group] with the highest costs because there is no company reimbursement to induce these individuals to buy health insurance coverage. For the consumer, the question is whether an individual can or cannot afford to purchase a health insurance policy. This would be an alternate product that would be potentially cheaper.

Number 1262

CHAIR WILSON reiterated that this bill addresses policies for individuals who do not get health insurance through the work place. How many insurance companies in Alaska offer individual policies, she asked.

Number 1286

REPRESENTATIVE ROKEBERG replied that he believes of the 150 underwriters registered, six underwriters offer individual policies.

MS. CAMPBELL indicated her agreement with Representative Rokeberg's estimate.

CHAIR WILSON asked if these policies would be offered in a cafeteria-style method.

Number 1333

REPRESENTATIVE ROKEBERG replied no, and explained that individual policies are usually offered as a take it or leave it policy. The cafeteria method is only offered in the group plans. Representative Rokeberg clarified that if this bill passes, there would be flexibility in the kind of policies offered to individuals.

CHAIR WILSON said that typically when coverage for mandated services is included in all policies, the high cost of insurance for those individuals that are sick is spread across all policyholders. However, under this bill healthy individuals will opt out of many of the formerly mandated services and those

who are sick and need the coverage will pay extremely high premiums. She expressed concerned with the high costs that will result for chronically ill persons.

REPRESENTATIVE ROKEBERG said that he does not know if cost shifting will happen. He related his hope that if this bill passes, it will serve as an inducement for individuals to buy health insurance even if all they get is major medical for hospital coverage. He said he believes it is a good social policy. Representative Rokeberg turned to Chair Wilson's concern that if everyone is not contributing to the pool that is covered by these mandates, the insurance premiums will be adjusted to compensate for the lack of contribution to the pool. He deferred to Ms. Campbell on this question.

Number 1437

MS. CAMPBELL agreed that generally that would be true if the only people who selected an option were the people who were at risk for a chronic disease. On the other hand, she told the committee that in the individual market an insurance company will not sell an individual with a health condition a policy in the first place. Therefore, the condition would have to be something that occurred later on. If an individual were diabetic, the insurance company would not issue the policy. Those individuals would go into the high-risk pool. Diabetics are automatically eligible for high-risk coverage. Insurance companies will design a product in the individual market that may or may not cover some of the mandates. She agreed with Representative Rokeberg's opinion regarding the notion that a basic plan might be offered and the individual is also able to select some riders for an additional fee. This bill will give the companies the option to do the aforementioned.

Number 1483

CHAIR WILSON said currently insurance companies would not offer a diabetic individual a policy anyway so that person would automatically be placed in a high-risk pool and pay a high premium.

Number 1522

MS. CAMPBELL pointed out that individuals in the high-risk pool are guaranteed coverage regardless of what an individual's health condition may be.

CHAIR WILSON commented that those individual's will have very high insurance premiums.

MS. CAMPBELL specified that the premium will be approximately 150 percent of the standard rate.

REPRESENTATIVE ROKEBERG said he believes the highest rate right now is \$795.00.

MS. CAMPBELL responded that she has some sample premiums for a \$1,000 deductible. If an individual is 35 years of age, the premium is \$486 per month. The plans go up to \$10,000 deductible plans.

Number 1545

CHAIR WILSON posed a hypothetical situation in which an individual buys a policy that does not include diabetes in the plan because at the time the individual was not diabetic. However, some time later the individual becomes diabetic. If this bill passes, will the individual be covered or will the person lose the health insurance policy because they have developed diabetes.

Number 1561

MS. CAMPBELL replied that as long as the individual pays the premium the policy is guaranteed renewable. That guarantee specifying that an insurance company cannot terminate an individual's policy is actually found in federal and state law.

CHAIR WILSON surmised then that individual would be covered.

REPRESENTATIVE SEATON asked for clarification on that point. He related his understanding that while an individual may still have insurance, he/she will not be covered for anything related to diabetes because the selected plan did not cover diabetes.

REPRESENTATIVE ROKEBERG explained that the plan would cover the individual, but the individual would have to pay out of pocket to cover the cost of diabetes treatment.

MS. CAMPBELL said the mandate on diabetes is for education and training. It is not actually the prescriptions or medications that we are talking about in the mandate. The mandate covered a \$1,500 limit in education and training for an individual to learn how to treat themselves.

REPRESENTATIVE ROKEBERG emphasized that the mandate was only for the education and training portion of diabetes treatment and not the disease of diabetes per se.

Number 1621

REPRESENTATIVE SEATON asked if an insurance policy could be offered that does not include treatment for a specific disease.

MS. CAMPBELL responded that insurance companies can offer that kind of a policy right now, but they do not. If, for instance, an individual had cancer and applied for a policy, the insurance company would simply not cover that individual.

REPRESENTATIVE SEATON asked again for clarification that insurance companies could write a policy that does not cover certain diseases.

MS. CAMPBELL responded that is correct and noted that insurance companies certainly offer rider policies. For example, if an otherwise healthy individual has a known condition right now, but, the insurance company may place a rider on the policy that says it will not cover any of the costs associated with that particular condition. So the insurance policy will cover the individual for everything except what is on the rider.

Number 1682

REPRESENTATIVE CISSNA told the committee she likes this legislation because it is a great idea and opens the discussion in addressing a serious problem. Estimates say there are between [100,000 to 120,000] individuals without insurance and a huge number of those people are working Alaskans. She asked if the above uninsured estimate is correct.

REPRESENTATIVE ROKEBERG replied that no one really knows.

REPRESENTATIVE CISSNA commented that although HB 10 will cover a certain number of those people, it certainly will not cover a huge amount because people need to be able to afford the premiums. The problem for people who earn about \$12 per hour is that they are not going to be able to afford \$400 monthly premiums, which is the cost of less expensive insurance. She said this bill is an effort to get a larger number of people insured. Although this legislation is not enough, it will do

more. She said this is a good debate and noted her appreciation that the committee is looking at this problem.

Number 1784

REPRESENTATIVE ROKEBERG told the committee he has been on this quest for about eight years to reduce the number of uninsured individuals in Alaska. He mentioned that he has been working with Bob Labbe [Deputy Commissioner, Office of the Commissioner, Department of Health and Social Services] and the insurance industry. One phenomena that Alaska has is the Indian Health Service (IHS) and those people are eligible for health care through that organization. He said he believes the number of uninsured individuals in Alaska is overstated because of the IHS, but the state does not have the tools to do the statistics. Representative Rokeberg said he worked with the Division of Insurance a few years ago to pass a bill to start counting covered individuals through annual insurance reports. Another problem in the state is that there are a lot of self-insured large corporations or groups. These individuals would not be in the statistical mix and the state does not have the data to pull that into the mix. There has been an effort to accumulate those numbers more accurately. The idea behind this bill is to get uninsured people insured, even if just partially insured.

Number 1859

REPRESENTATIVE ROKEBERG explained the so-called "Phantom Health Tax" occurs when health provider systems step up and provide health services that are not reimbursable. When the aforementioned happens, all other service charges increase because the portion of charitable contributions from institutions such as hospitals, emergency rooms, and other health care providers that have provided the services need to [recover] these expenses. Other problems like the short paying for five years of Medicare and Medicaid costs is another part of that tax.

Number 1875

CHAIR WILSON said that what is actually happening in Alaska is that people who work for businesses or government have their health care taken care of because the employer provides most of the costs. The people who are on welfare and do not work have their health care paid for through Medicare or Medicaid. But the working people who are really struggling to make ends meet have no way to get insurance because they cannot afford the

premiums. These are the people who are falling through the cracks. This bill will actually provide at least basic insurance to help them. It is not great, but it is better than nothing, she said.

REPRESENTATIVE ROKEBERG asked if Ms. Campbell can provide information about any savings that will be made by passing this bill.

MS. CAMPBELL responded that she contacted Premier Blue Cross and Blue Shield of Washington and Alaska and asked for some estimates, but they have not provided them yet.

REPRESENTATIVE ROKEBERG commented that even if it is \$30 per month, it is something.

Number 1926

CHAIR WILSON asked Representative Rokeberg to explain the cost savings to which he is referring. Are the cost savings the difference between what the insurance companies offer now and what they would offer if this bill becomes law. When do you anticipate that information would be available, she asked.

REPRESENTATIVE ROKEBERG responded that is correct. He said he thought he would have the information by now and will try to get the information soon. Representative Rokeberg told the committee he knows there will be a savings, but the question is how much. There could be a savings of \$35 per month for the substance abuse provision, for example.

Number 1964

REPRESENTATIVE GATTO offered his understanding that Representative Rokeberg has an [real estate] business, and he surmised that Representative Rokeberg probably has some objections when the state makes decisions regarding how he does business. Representative Gatto made the analogy of a realtor being required to take on certain real estate transactions because it is good for people. Not everyone can afford a house, not everyone can afford a lot, and not everyone can afford a trailer. He asked Representative Rokeberg if this had been a decision based on owning a house, would he still be advocating for people that do not have access to a house.

REPRESENTATIVE ROKEBERG replied that he would like to see affordable housing by lowering interest rates through Alaska

Housing (Alaska Housing Finance Corporation). However, he said he is not completely clear on the analogy Representative Gatto is trying to draw. This bill provides that insurance companies do not have to do something the state has told them to do, and it also provides "may" language for options for riders.

Number 2025

REPRESENTATIVE GATTO asked him who does not have to do what the state has told them to do.

REPRESENTATIVE ROKEBERG responded that the underwriter or insurance company is required to offer these mandates now. If this legislation passes, the insurance companies will not have to offer these mandates.

REPRESENTATIVE GATTO commented that what this bill would do, in part, is promote free enterprise. This bill would make it easier for the companies to offer a variety of options. How and why did the legislature get in this situation in which there are some restrictions on companies that the legislature is now trying to remove. What was the motivator that got us into this difficult situation in the first place, he asked. Representative Gatto commented that maybe there is something to keep in place here, but he does not know what it is.

Number 2047

REPRESENTATIVE ROKEBERG responded that he does not want to offend anyone, but the legislature decided to require insurance companies to cover particular items because the legislature thought it was the best public policy. He said that each one of the mandated services on its merits is an undeniable benefit, but the point is that the cumulative effect really starts impacting the economics of the underwriter and the ability of individuals to buy insurance. This bill provides that there will be less government control by eliminating these mandates. Representative Rokeberg clarified that these mandates were government interference with the insurance product and he said he is trying to take that away and provide a cost savings to individuals.

Number 2089

REPRESENTATIVE GATTO asked Ms. Campbell what she sees as the negative effects of the bill.

MS. CAMPBELL replied that this bill simply provides an option for individuals. She pointed out that all of the mandates are not mandates for coverage of an illness; some are mandates for preventative type treatments. These are lower cost items. For example, an annual exam might cost \$200 while hospitalization could cost \$30,000. She said the mandates are for predictable items, with the exception of fetal phenylketonuria [PKU is a genetic disorder which prevents the normal use of protein food. The condition can be treated with a high degree of success if diagnosed shortly after birth].

Number 2150

REPRESENTATIVE SEATON told the committee he believes the mandated items were designed so that cheaper coverage can be offered to everyone. For example, if all men opt out of mammograms, the people who select coverage for mammograms are going to pay more because that cost is not shared by everyone. He said he is not commenting negatively. He said the services are small in cost with the exception of substance abuse treatment. Representative Seaton turned to diabetes treatment, which he understood Ms. Campbell to say is not really treatment.

Number 2202

MS. CAMPBELL explained that the mandate covers the treatment of diabetes, but at the time the mandate was put in place every insurance company already covered insulin under the prescription drug plans. Insulin was never something that was excluded so from a practical standpoint what it added was the education and training piece of the treatment of diabetes.

REPRESENTATIVE SEATON responded that he believes it is important to allow individuals to shop around, but he does not think the members should kid themselves that when an individual selects an option, it is going to make that selection more expensive because the cost is not being shared by everyone. The insurance company writes 3,000 individual policies all of which have the same items offered, but only 10 percent of the people actually have a particular procedure done. Therefore, the amount insurance companies are going to charge each one of those policyholders will be small. In the case where only people who will actually avail themselves of that service will select a particular option, the charge is going to be higher. Representative Seaton said that when the cost breakdown comes from Premier Blue Cross and Blue Shield of Washington and Alaska it will be interesting to see if the individual coverage and the

base premiums are more than the current policy or whether they are equivalent. It comes down to cost shifting. He said he thinks the bill is good and he supports it, especially the Trade Adjustment Assistance (TAA) portion.

Number 2257

REPRESENTATIVE CISSNA related her belief that in the perfect world, individuals would get these mandates. She said she sees value in having all these preventative services. If these health problems are caught early, the costs are small and the huge costs that put individuals into the ACHIA program can be avoided. Unfortunately, the problem is that insurance companies are leaving the state. The state is losing the ability to have private companies insure. She said she does not believe Alaska is ready for universal health care. As long as this is the case the legislature has to take care of Alaskans in every way it can. This may do it, she said.

Number 2310

CHAIR WILSON posed a situation in which this bill passes and works well and saves money. She asked if the state would take note of the savings and look at providing exemptions in its group health care plan because it might be a lot cheaper.

REPRESENTATIVE ROKEBERG responded that he does not think that would happen because this bill addresses the individual market, whereas the state insurance is a group plan. However, the state plan is a much smaller plan because Governor Knowles allowed the bargaining units to take their own groups out, which broke up the state's huge pool. Still, the state plan is a larger group. The costs savings [offered by this bill] are not going to be great, but it will be something. He told the committee the State of Washington is famous for doing a lot of experimental health insurance plans and it currently has a similar bill which is making its way through the State of Washington's legislature.

Number 2361

REPRESENTATIVE CISSNA commented that it would be interesting to hear from individuals in the room who have their own individual policies regarding their feelings on cost shifting if there are no mandates.

**TAPE 03-36, SIDE B**

REPRESENTATIVE ROKEBERG closed his testimony by saying he hopes the committee will pass this bill.

REPRESENTATIVE SEATON asked Chair Wilson if she is ready to move the bill.

CHAIR WILSON responded that she would like to hold it until the committee has some facts, knows what the cost savings will be, and if it will make a difference.

Number 2314

REPRESENTATIVE SEATON responded that what Chair Wilson said about part of the bill is correct, but the portion that deals with TAA eligibility is a huge savings for some individuals. He said many in the state such as those in the salmon industry, oil industry, and timber industry, have been impacted by international trade. There would be a 67 [65] percent savings on insurance if an individual is in that pool. Representative Seaton asked that the committee not hold this bill too long.

CHAIR WILSON asked Ms. Campbell to explain the TAA portion of the bill.

Number 2271

MS. CAMPBELL told the committee that a federal law that passed the U.S. Congress last year will be effective on August 1, 2003. The law provides for a monthly premium tax credit of 65 percent of the premiums for individuals who are eligible under the Act. She said timber, fishing, and oil industry workers who lose their jobs become eligible under that Act. If they apply for coverage through the high-risk pool in Alaska and are eligible, 65 percent of their premiums will be paid through the U.S. Department of Treasury or the IRS [Internal Revenue Service].

CHAIR WILSON inquired if everyone in those professions are included.

MS. CAMPBELL responded that everyone in those professions who lose their job and meet the eligibility requirements would be included.

Number 2230

CHAIR WILSON asked about fishermen who are still out there trying to fish. They have not lost their jobs, but are struggling.

REPRESENTATIVES SEATON commented that a lot of fishermen are not fishing because of the economics; those are the people that would be impacted under this program. This would allow them to keep insurance. Even if they get an interim job, they will still qualify for this coverage and it will allow them to maintain their health insurance instead of dropping it.

Number 2187

CHAIR WILSON asked how long these individuals would be qualified and still get this insurance. For instance, if they took another job how long could they continue coverage before they would lose this benefit.

MS. CAMPBELL responded that these individuals are qualified for two years under the program. The Alaska Department of Labor [DOL] has a Trade Assistance Section that deals with this Act. They estimated that last year there would only be about 200 people in 2002, but over 1,500 people were approved in the last two months. That is a lot of people that would qualify for assistance under that Act.

CHAIR WILSON questioned why this provision is in this bill. If it is federal law, why is it not automatically available to individuals.

MS. CAMPBELL responded that there are four ways an individual can qualify for this credit, the state has to elect to use this one, while the other three are automatic. If you have COBRA coverage and an individual was laid off, it would pay the COBRA at the 65 percent rate. If an individual is covered on their spouse's plan, but the spouse's employer pays less than 50 percent of the individual's premium or if an individual already had an individual health insurance policy when the individual was employed, then, in all of these cases, the individual would receive credit for those coverage. She told the committee different states have different options. Alaska has a high-risk pool for everyone else who does not meet those three categories. In response to Chair Wilson, she said an individual does not have to be categorized as high risk to be included in the high-risk pool.

Number 2086

CHAIR WILSON called a brief at ease at 4:02 p.m. The meeting reconvened at 4:05 p.m.

Number 2077

REPRESENTATIVE WOLF moved to report CSHB 195(L&C) out of committee with individual recommendations, the accompanying fiscal notes, and the caveat that the sponsor provide answers requested by the committee.

REPRESENTATIVE CISSNA objected to the motion. She told the committee that she served on the House Labor and Commerce Standing Committee under the chairmanship of Representative Rokeberg in 1999. One of the things that she discovered is that numerous pieces of legislation come before this body and it is like proofing a text. One member may not see problems with it, but others find many problems. She said the reason she was excited about seeing this legislation is the possibility of having the members really look at [the bill], tear it apart, and really find out what the general public thinks about it. That has not happened. She said she believes there are some reactions to this bill that the committee is not hearing. This committee should be looking at this issue, and therefore she believes it is wrong to pass this bill.

Number 1980

REPRESENTATIVE SEATON said he believes this bill will do a lot of good. It offers another option and does not eliminate the current mandates. This is something an individual would have to select if the reductions in premiums were significant enough to stimulate them to do that. Representative Seaton told the committee he does not see a problem with the option being offered.

Number 1907

A roll call vote was taken. Representatives Wilson, Seaton, and Wolf voted in favor of CSHB 195(L&C). Representative Cissna voted against it. Therefore, CSHB 195(L&C) failed by a vote of 3-1.

[The committee took up HB 195 again later in the meeting.]

The committee took an at-ease from approximately 3:55 p.m. to 4:00 p.m.

HB 270-PHARMACIST LICENSING

Number 1883

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 270, "An Act relating to the licensure of pharmacists; and providing for an effective date."

Number 1829

ROBIN PHILLIPS, Staff to Representative Dahlstrom, Alaska State Legislature, presented HB 270 on behalf of Representative Dahlstrom, and answered questions from the committee. She told the committee that by statute the Board of Pharmacy currently cannot deny a license to an applicant who may have a checkered background, felony drug conviction, or a drug abuse problem. Public safety and the pharmacy profession are both compromised in this situation. The bill puts into statute a fix to the problem and would allow for the board to deny a license to an applicant with a criminal background. All members that the sponsor has spoken with agree with the changes to the statute as they are related in HB 270. Ms. Phillips said she believes there is a local pharmacist available to provide testimony. Also, Barry Christianson who is with the pharmacy association is on-line to answer any questions the members may have about HB 270. She told the committee that unfortunately the state Board of Pharmacy has a meeting in Anchorage and the members were not available to testify today; however, a letter of support from the board is in the bill packet.

Number 1777

CHAIR WILSON asked if language was unintentionally left out of the statutes.

MS. PHILLIPS responded that is correct and HB 270 will fix that problem.

REPRESENTATIVE SEATON asked if the language that HB 270 will insert into statute, is the same language of other medical or health-related boards.

MS. PHILLIPS responded that she could not answer that question, but would provide an answer later. However, she pointed out that the language is the same for imposing disciplinary sanctions on a current licensee.

REPRESENTATIVE SEATON responded that he is satisfied that the language is the same as that for the State Medical Board. He stated that he wanted to be sure that fact is in the record.

CINDY AUDET, Hospital Pharmacist, Bartlett Regional Hospital, testified in support of HB 270. She told the committee that while she is a hospital pharmacist she is representing only herself in her testimony. Ms. Audet said she is supportive of HB 270 because the revised language gives the board the authority to deny a license to an applicant to protect the public. She added that there is currently a pharmacist shortage and it is predicted that trend will continue for at least five to ten more years. That is important to note, because she sees this change in law as a way to streamline the application and licensing process.

Number 1653

BARRY CHRISTIANSON, Pharmacist; Chair, Legislative Committee, Alaska Pharmacists Association, testified in support of HB 270. He told members that he was on the committee when the statutes were redone for the pharmacy practices in the late 1990s. He said none of the pharmacists were lawyers so the result was an omission of some key wording. He thanked Representative Dahlstrom for introducing this bill with this important statute change.

Number 1601

REPRESENTATIVE SEATON moved to report HB 270 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 270 was reported out of the House Health, Education and Social Services Standing Committee.

#### HB 10-GROUP HEALTH INSURANCE FOR PRIVATE GROUPS

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 10, "An Act amending the definition of group health insurance, and allowing the Department of Administration to obtain a policy or policies of group health care insurance for employers that are small businesses, nonprofit organizations, special services organizations, or small associations for insurance purposes; and providing for an effective date." Chair Wilson asked Representative Heinze to come forward and speak to the changes in the most recent committee substitute (CS).

Number 1561

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS) for HB 10, Version 23-LS0030\U, Ford, 4/22/03, as a work draft. There being no objection, Version U was before the committee.

REPRESENTATIVE CHERYLL HEINZE, Alaska State Legislature, sponsor, explained this is an Act which would allow employers and self-insuring individuals to pool for the purpose of providing group health insurance. The goal of this bill is to find a way to provide more affordable health insurance. In this version the state has no involvement and there is a zero fiscal note. This bill allows any group of any size and any self-employed individual to associate for the purpose of obtaining health insurance. Nonprofits fit under this description and are allowed to associate with any other group for the purpose of obtaining health insurance. The Mental Health Trust Authority has indicated a commitment to fund and assist nonprofits in their efforts to find affordable health insurance.

CHAIR WILSON asked if Representative Heinze would clarify her statement about nonprofits and the Mental Health Trust Authority.

REPRESENTATIVE HEINZE responded that nonprofits are included in this bill. The president of the The Foraker Group is very interested in helping nonprofits in pooling insurance. The bill allows nonprofits, large and small organizations, and individuals to pool to obtain affordable medical insurance.

Number 1347

HELEN BEDDER, M.D., Staff to Representative Heinze, Alaska State Legislature, told the committee that the initial bill had a large fiscal note and it had the Department of Administration administering a health insurance policy which included nonprofits and small groups defined as 2 to 50 people.

CHAIR WILSON commented that is amazing, since she recalled there was a zero fiscal note on last year's bill.

DR. BEDDER responded that the fiscal note last year was the same as the one on the initial bill this year. She went on to tell the committee that the insurance industry did not support the original bill. Representative Rokeberg worked with

Representative Heinze and with the insurance companies to come up with a solution that would be palatable to everyone. The version that was adopted by the House Labor and Commerce Standing Committee went back to square one and allowed any group to pool for the purposes of obtaining health insurance with no limit on size. That was all-inclusive and did not exclude nonprofits in any way. It allowed any group to associate for the purpose of health insurance.

Number 1243

DR. BEDDER pointed out that a lot of people were interested in including self-employed individuals. Dr. Bedder said that [the sponsor] worked hard with Katie Campbell [Filings Review Supervisor] of the Division of Insurance who helped write some language that allowed inclusion of self-employed individuals while avoiding the pitfall that prevented their inclusion in the first place. The initial problem with including the single self-employed person with the groups was the fear that a single individual who may not be able to afford insurance because of high risk would want to join the pool that had a pretty good deal going with their insurance rates. That individual would then cause the rates for the group to go up because that individual would be a high-risk person. The thought was that if the individual was not a high-risk individual, then the person would get insurance on his/her own and not be interested in going in the pool. That has been a very big concern for all the insurance companies and the Division of Insurance for the state.

Number 1156

DR. BEDDER told the committee that the version before the committee now [Version U] provides that self-employed individuals are added, but the insurer may restrict the coverage offered to the self-employed individual. She pointed out that insurance companies are not allowed to do that generally, but in this instance the insurance companies can analyze that individual differently than they analyze the individuals who are members of a group. If that person is a particularly high risk individual, they may still join, however, they may have to pay an extra premium in order to do so. She said there are a lot of self-employed people who have no particular health risk and those people would be able to join and be allowed the reasonable rates that any other group would have. However, if there is someone with a high risk, it does not drag everyone else into the higher premiums.

Number 1125

REPRESENTATIVE SEATON asked what the benefit is of joining a group over an individual plan if an individual will be paying for individual coverage based on that individual's risk assessment.

DR. BEDDER replied that if a person is an individual self-employed person, as she was and many constituents are, who do not particularly have a high-risk problem, they and their families can join a group. For instance, the individual might join the local Chamber of Commerce in town and pool to get lower rates, just as large companies now pool. The change is for the people who happen to be high risk who are self-employed who try to get a lower rate consistent with the group's lower rate, but by doing so, raise everyone else's rates. It would raise the rates of the group enough so the group would fail. This is the feeling of the entire industry.

Number 1035

REPRESENTATIVE SEATON restated his concern that what will occur is that there will be a group plan, but the insurance companies will be able to identify the healthy people in the group, those not at high risk, and they will be covered under the group plan. Although those high-risk people can be a member of the group, they have to pay a higher rate.

Number 1015

DR. BEDDER responded that is not the correct assumption. This only applies to a single self-employed person. It does not apply to a group. The insurer cannot pick and choose whom he will insure and charge different rates. That is not allowed.

REPRESENTATIVE HEINZE asked if Representative Seaton is inquiring about the individual who wants to join a pool.

DR. BEDDER, in response to Representative Seaton, reiterated that insurance companies are not allowed to restrict or condition the rates of a group. If, however, an individual self-employed person wants to join a group, that person can be scrutinized as an individual. But the group that has formed, for instance, a group of fishermen, the individuals of that group have to be treated the same way. They cannot be individually scrutinized.

Number 0840

REPRESENTATIVE CISSNA asked Katie Campbell to confirm her explanation if she is correct. What may be confusing, is that there is a discussion going on about different eligible groups. One of the groups is small business, which is defined as 2 to 50 people; a second group, including nonprofits, is also defined as 2 to 50 people, and the third group is self-employed individuals. The self-employed individual is always one person, and never more than one person and the self-employed single person's medical history may be scrutinized. Since there are huge numbers of self-employed individuals in this state and a certain number of those people are sick, if [this legislation would allow] a high-risk [self-employed] individual a way to get health insurance by paying a higher premium. She asked if her comments clarified Representative Seaton's question.

Number 0709

REPRESENTATIVE SEATON replied no. He related his understanding that this bill would allow a group of 50 self-employed people, to form an association to get insurance. However, the bill also seems to allow the medical history of each self-employed person to be screened to determine whether they can be a member of the group. If one of the 50 is not healthy, the insurance company can take the individual at a higher premium.

MS. CAMPBELL responded that the insurance company could also decline to cover these high-risk self-employed individuals, as is the case in the individual market right now. The insurance company will look at these individuals as it does when writing an individual policy. The insurance company will say, this individual will not be covered and must go to the high-risk pool, or the insurance company will cover the individual and restrict the insurance policy. Realistically speak it is not as likely an event for the self-employed, as those that may join with other employers and become part of a bigger pool because there would be no real advantage unless they could get a different type of benefit plan. These [self-employed] individuals could get coverage right now for fairly reasonable rates if they are healthy.

Number 0608

REPRESENTATIVE SEATON commented that this bill allows a self-employed individual to go to a union that has a group policy and

apply to become part of the union's group insurance if they are healthy enough for the insurance company to allow them in.

MS. CAMPBELL responded that she would not use a union as an example. However, a business group in Anchorage with 50 [employees] and some individuals who are self-employed could form an association, set up some rules on how they are going to operate, and the insurance company would look at that. In this case, all of the self-employed people will need to provide a health statement because it is important to know if they could be in the pool. The reason why this would be important is that everyone who is high-risk would be running to join this pool, which would ruin the pool. Right now individuals can be declined and sent to the high-risk pool.

REPRESENTATIVE SEATON said he does not understand the language on page 3, line 24, where it says "the association shall be maintained in good faith for the benefit of persons other than the association or its officers or trustees." Representative Seaton said he understood this language to imply that the association is being maintained for some other reason than health care for the benefit of the persons involved in the association.

Number 0460

MS. CAMPBELL explained that the goal with that provision is to ensure that those who have formed the association and who are doing the administration do not collect all the money and run. Those premiums will be sent on to the health insurance company and pay the health insurance for the benefit of the members of the association, not the association itself.

CHAIR WILSON asked if anyone has reviewed the constitutionality of this bill. She questioned how a pool can be set up and anyone in the state can join the pool, unless the individual happens to be self-employed. If the individual happens to be self-employed, the insurance company can "stick it to" them.

Number 0370

MS. CAMPBELL responded that insurance companies can just refuse to cover a self-employed person, which is the case now.

CHAIR WILSON asked if insurance companies single out self-employed individuals.

MS. CAMPBELL responded that is correct.

Number 0370

REPRESENTATIVE WOLF said as a retired contractor he could not get insurance for his family, partly because he was self-employed and partly because he has a special needs son. This bill would allow nonprofits and employers to join together to develop a pool. This bill makes sense, he said.

CHAIR WILSON stated that if an individual is self-employed and happened to be healthy, this bill would be helpful. However, this bill will not assist [self-employed] individuals who are in a high-risk category.

REPRESENTATIVE SEATON commented that if he is not mistaken, those individuals who are not healthy can go into the high-risk pool. This plan would not help them, but with the amendment in the other bill [HB 270] it means that the maximum that could be charged to those high-risk individuals would be 150 percent of what the average healthy person would be charged.

CHAIR WILSON commented that the people who will be kicked out of these pools would be picked up in the other insurance bill [HB 270].

Number 0239

REPRESENTATIVE HEINZE told the committee before January when she was sworn in as a legislator, she had been on a search for years to find insurance coverage for herself because she is a self-employed individual. It took years to find it and although the policy covered almost nothing, the premiums are around \$1,000 per month. In the case of a serious hospitalization it would have been okay, but nothing else was covered. Representative Heinze commented that if this insurance had been available, she would have jumped at it. It never would have been \$1,000 per month for a healthy individual in this pool.

Number 0169

REPRESENTATIVE CISSNA said that one of the sad things is that there will be people left out of this bill too. There will be people who will not be able to afford the insurance premiums, just as there are many people who have COBRA, cannot afford it. It is a significant number of people. She said she believes this is an incremental fix and she would like to see a bigger

fix, but an incremental fix may be all that can be done right now. This is the only thing on the plate or even comes close to dealing with a problem for a lot of people that really need coverage.

Number 0048

REPRESENTATIVE CISSNA said her understanding, according to the Division of Insurance, is that the term employee and employer can fit in the nonprofit category. Although this does cover nonprofits, someone in the insurance industry suggested that if the legislature inserted the term "nonprofit" as has been done with the self-employed, it would be helpful. Therefore, she indicated that a conceptual amendment inserting the words "non-profit organizations" into the title could be added. Therefore, the title would read: "An Act relating to pooling by employers, self-employed individuals, and non-profit organizations for purpose of group health insurance". However, the definition of nonprofit in the bill is the language that came out of the original bill.

**TAPE 03-37, SIDE A**

Number 0019

REPRESENTATIVE CISSNA said that language may be too broad because it included that nonprofit organizations means clubs, societies, exclusively for charitable, religious, scientific, or educational purposes for the promotion of social welfare and has received an exemption for the payment of federal income taxes. That is what the original bill included. She said she did not believe a definition needs to be included in the bill.

Number 0061

REPRESENTATIVE WOLF commented that the title says "An Act relating to pooling by employers", and a nonprofit organization is an employer.

REPRESENTATIVE CISSNA agreed, but said that according to her sources in the insurance industry, placing the language in the bill will ensure that there is no misconception.

Number 0107

CHAIR WILSON announced that CSHB 10 would be held until Tuesday. She asked Representatives Cissna and Wolf to work on this aspect of the bill and bring an amendment back to the committee.

Number 0172

BENJAMIN BROWN, Alaska State Chamber of Commerce, testified in support of CSHB 10. He told the committee the chamber membership is comprised of 700 small businesses, large businesses, and 35 local chambers of commerce. Every year the chamber asks the members to provide a list of their legislative priorities for the coming year. Based on that, a legislative conference is held in November where the legislative committee, board of directors, and other members of the organization get together and determine the top priorities. This bill addresses two of the chamber's six main priorities. One of which is the provision of affordable health insurance for Alaskans. The chamber urged the legislature to work with the insurance industry to devise alternatives to the continued escalation of health insurance costs. This bill could not be a neater fit to the chamber's priority. The earlier piece of legislation that the committee looked at, HB 195, dealt with individuals. This bill tries to deal with small businesses and nonprofits. Mr. Brown said that Representative Rokeberg, over the course of his career, has worked hard on these issues. Once the pooling was applied to large businesses and shown to be successful, it has been trickling down and getting to smaller groups and individuals. The individuals are not the primary constituency of the state chamber, but small businesses are a very important constituency.

Number 0285

MR. BROWN said that the second priority of the Alaska State Chamber of Commerce is protecting Alaska's fiscal future. This version of the bill is supported by the chamber because it eliminates the role of the state and removes the state from any fiscal note or fiscal impact. It is important not to be burdening the state with costs at a time when the state is trying to cut costs. Mr. Brown summarized his comments by saying that the Alaska State Chamber of Commerce supports this legislation and asks the members to work on the legislation to make it as effective as it can be.

REPRESENTATIVE WOLF pointed out that any nonprofit organizations may use health insurance as an incentive to bring employees on board. There are 5,000 nonprofits in the state of Alaska. Many nonprofits come to the state to ask for money. He said this is an opportunity to lower that request by lowering the cost of health insurance.

Number 0420

DELISA CULPEPPER, Deputy Director, Alaska Mental Health Trust Authority, testified via teleconference in support of CSHB 10. She told the committee that they support any efforts the members make to assist nonprofit organizations in obtaining affordable health insurance. Many of their beneficiaries are served by these nonprofits which have professionals and direct service staff that need health insurance. It enhances stability in the workplace and it is especially difficult in rural Alaska. A bill that would allow pooling may be the only way to lower insurance premiums. She asked the committee to move the bill forward.

Number 0528

REPRESENTATIVE HEINZE commented that Representative Cissna believes that an intent line could be added to the second paragraph of the bill which clarifies [the nonprofit issue].

CHAIR WILSON stated that HB 10 would be held until the next meeting.

HB 195-STATE HEALTH INSURANCE PLAN

CHAIR WILSON returned attention to HOUSE BILL NO. 195, "An Act relating to coverage offered under an individual policy of health care insurance; and providing for an effective date."

CHAIR WILSON said she would entertain a motion on CSHB 195(L&C).

Number 0579

REPRESENTATIVE WOLF made a motion to rescind the committee's action in failing to move CSHB 195(L&C) from committee.

Number 0624

REPRESENTATIVE CISSNA objected to the motion. She said she believes the bill needs more work before being moved from committee.

A roll call vote was taken. Representatives Wilson, Coghill, Seaton, and Wolf voted in favor of the motion to rescind the committee's previous action failing to move CSHB 195(L&C) from committee. Representative Cissna voted against it. Therefore,

the motion to rescind the previous action by the House Health, Education and Social Services Standing Committee passed by a vote of 4-1.

Number 0702

REPRESENTATIVE SEATON moved to report CSHB 195(L&C) out of committee with individual recommendations and the accompanying fiscal, with the caveat that the sponsor provide answers requested by the committee.

REPRESENTATIVE CISSNA objected. She reiterated her belief that the committee should continue to work on the bill.

A roll call vote was taken. Representatives Wilson, Seaton, Wolf, and Coghill voted in favor of reporting CSHB 195(L&C) from committee. Representative Cissna voted against it. Therefore, CSHB 195 (L&C) was reported out of the House Health, Education and Social Services Standing Committee by a vote of 4-1.

CHAIR WILSON called a brief at-ease at 5:00 p.m. The committee reconvened at 5:01 p.m.

#### **ADJOURNMENT**

Number 0787

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 5:02 p.m.