

HOUSE FINANCE COMMITTEE  
February 8, 2005  
1:37 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:37:09 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Eric Croft (via teleconference)  
Representative Richard Foster  
Representative Mike Hawker  
Representative Jim Holm  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Carl Moses

MEMBERS ABSENT

Representative Bruce Weyhrauch

ALSO PRESENT

Laura Glaiser, Director, Division of Elections, Office of the Lieutenant Governor; Nicole Salinas, Accounting Executive, AETNA Life Insurance Company; Mike Wiggins, AETNA Life Insurance Company.

PRESENT VIA TELECONFERENCE

Representative Eric Croft

SUMMARY

HB 79 "An Act making a supplemental appropriation for increased operating costs of the division of elections; and providing for an effective date."

HB 79 was heard and HELD in Committee for further consideration.

OVERVIEW - AETNA HEALTH CARE PREMIUM

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#hb79

HOUSE BILL NO. 79

"An Act making a supplemental appropriation for increased operating costs of the division of elections; and providing for an effective date."

LAURA GLAISER, DIRECTOR, DIVISION OF ELECTIONS, OFFICE OF THE LIEUTENANT GOVERNOR, explained the need for HB 79 by highlighting examples of unanticipated and/or excessive costs for the 2004 election. She provided a handout (copy on file), which lists extra costs to the Division of Elections. Additional personal services costs of \$304 thousand were incurred due to 5 initiative petitions, one recall petition ballot, and a record number of absentee ballot requests.

Ms. Glaiser referred to a Superior Court decision, which mandated that the Division reprint ballots for the 2004 election. She pointed out that this led to an expenditure of over \$243 thousand for reprint costs. She explained the Municipality of Anchorage (MOA) election costs of adding two bond questions onto the general election ballot.

Vice-Chair Stoltze asked if the MOA election request was from the school district or from the city of Anchorage. Ms. Glaiser replied that it came through the MOA.

Ms. Glaiser explained the costs incurred from conducting two recounts, which totaled over \$39 thousand. She related that the recount total expenditures exceeded the \$750 and \$10,000 deposits required by statute. She listed additional costs to the Division such as independent counsel expenses, mainframe chargeback costs, expedited printing and freight costs for forms, increased postage costs, and additional fax press machine costs.

[1:44:24 PM](#)

In response to a question from Co-Chair Meyer, Ms. Glaiser related that the Division's net request is about \$585 thousand.

Representative Hawker inquired about absentee by-mail ballots and the high number of unreturned ballots. Ms. Glaiser explained that one obvious cause of the problem is the special advanced ballot, which is sent out in advance of the official ballot. Two ballots are sent out, one in advance, but only one ballot is mailed back in and counted. Another factor is that the deadline is 7 days prior to the election, and, due to high numbers this year, the ballots could not be processed quickly enough to send out the second ballot. She reported that many people might have chosen to vote in another manner because of this.

Vice-Chair Stoltze inquired about possible trends in the use of faxed ballots, such as large numbers from one location,

or use by institutions. Ms. Glaiser replied that many ballots were sent from military personnel overseas, but many others also chose to fax their ballots. She noted that there were problems with the transmission in fax voting, but also incredible interest. Vice-Chair Stoltze asked if there were organizations that made heavy use of this process. Ms. Glaiser replied there were not, only individuals.

Co-Chair Meyer applauded Ms. Glaiser's hard work in spite of the challenges. He requested an accounting of the numbers in the U.S Senate race recount. Ms. Glaser replied that there were approximately 800 more votes: 450 for Knowles, and 350 for Murkowski. She suggested that the additional votes were found by human analysis during the second count when problems were resolved. Co-Chair Meyer termed the recount accurate and good.

Representative Holm thanked Ms. Glaser for her work. He wondered what the cost of a recount per district is. Ms. Glaiser replied that it is set statutorily at \$750 per district. Representative Holm inquired if the amount of money requested is close to the cost. Ms. Glaser replied that the statutes have not been changed since the 60's. There is currently a request in SB 66 for an increase in the recount cost and deposit required. Representative Holm asked if the cost of a recount depends on how close the vote is. Ms. Glaiser explained that it does not apply to the type of recount the state is required to pay for when the vote is within 1 percent.

[1:55:10 PM](#)

Vice-Chair Stoltze asked if the goal of the Division is to make the costs match the expenses. Ms. Glaser replied that there is a proposed change in legislation that would result in an increase and would determine what the State's burden in a recount would be.

Representative Hawker pointed out that there is a level where the race is so close that the State does not charge the parties. Ms. Glaser responded that the proposal would not change that situation at all.

Co-Chair Meyer noted that half of the requested money is for personal services. He asked for information about overtime pay and exempt status of employees. Ms. Glaser explained that overtime is both for staff that are on board and for temporaries. It is not a question of exemption, but rather staff duties that determine whether overtime can be received.

Representative Croft reiterated that the proposed legislation would, in certain types of recounts, determine that costs are as close to the actual expenses as possible,

and are the responsibility of the requester of the recount, but not when the election is within 1 percent. Ms. Glaser agreed.

Co-Chair Meyer closed public testimony.

HB 79 was heard and HELD in Committee for further consideration.

[2:00:52 PM.](#)

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OVERVIEW - AETNA HEALTH CARE PREMIUM

The following overview was taken in log note format. Handouts will be on file with the House Finance Committee through the 24th Legislative Session. After the 24th Legislative Session they will be available through the Legislative Library at 465-3808.

<b>TIME</b>	<b>SPEAKER</b>	<b>DISCUSSION</b>
<a href="#">2:01:36 PM</a>	NICOLE SALINAS, ACCOUNTING EXECUTIVE, AETNA LIFE INSURANCE COMPANY	Related the history of AETNA's relationship with the State of Alaska since the first contract in 1982. She explained that there must be a competitive bid every 5 years, and AETNA has been able to come back each time. She noted that there are 52,000 retired members and 14,000 active members.
<a href="#">2:03:48 PM</a>	Ms. Salinas	Explained aspects of the program and the types of claims paid. She reported that \$225 million in medical and pharmaceutical claims was paid for retirees and \$43 million was paid for active members. She pointed out that 1.2 million claims are processed annually. The plan is complex and benefits are often coordinated under multiple plans. AETNA partners with the Department of Administration to keep communication open, seek improvement, and review performance guarantees. She explained the bi-weekly benefit calls, and participation on various boards and committees.
<a href="#">2:05:43 PM</a>	MIKE WIGGINS, AETNA LIFE INSURANCE COMPANY	Clarified a common misconception regarding AETNA. He explained that when AETNA insured the State of Alaska from 1982 until 1996, it actually set premiums and bore the financial risk for the coverage. In 1996 the State went out to bid on a self-funded basis

		and it has been self-funded on medical coverage since 1997. He explained several of the roles that the State bears, such as providing monthly lists of who is eligible for benefits. Unlike in 1982 to 1996, the benefits are determined by the State, and the Department of Administration writes the benefit booklets.
<a href="#">2:07:35 PM</a>	Mr. Wiggins	Explained that the final level of appeals is borne by the State. AETNA deals with claims management, case management, provider-relations issues, and data reporting when requested by the State.
<a href="#">2:09:02 PM</a>	Mr. Wiggins	Related that AETNA negotiates provider discounts. He provided information about the number of AETNA employees who work in Alaska.
<a href="#">2:09:49 PM</a>	Co-Chair Chenault	Asked if Alaska is saving money by being self-insured.
<a href="#">2:10:23 PM</a>	Mr. Wiggins	Replied that most plans this size are self-funded. He said he has seen no financial analysis about this issue.
<a href="#">2:10:58 PM</a>	Co-Chair Chenault	Inquired about the availability of information regarding membership satisfaction, polls, and tracking. Mr. Wiggins replied that a membership satisfaction mail-out has been done, but not recently. He explained a new survey called "First Call First Claim", which asks about customer satisfaction, and is readily available to committee members.
<a href="#">2:12:11 PM</a>	Vice-Chair Stoltze	Inquired who analyzes mandated coverage costs. Mr. Wiggins replied that AETNA has been asked for advice from time to time about newly mandated benefits, but it is ultimately the State's role. Vice-Chair Stoltze asked if AETNA would take suggestions for new benefits from the committee. Mr. Wiggins replied that he is not sure because AETNA has never worked with the committees directly.
<a href="#">2:13:56 PM</a>	Co-Chair Chenault	Noted that since 1999, healthcare premiums for retirees have increased nearly 100 percent. He asked if AETNA has observed any trends relating to that increase. Mr. Wiggins related that pharmacy costs have gone up. He explained the difference in pharmaceutical costs for retirees under

		65 and over 65. Pharmacy costs for retirees are about 30 percent of overall medical costs. He also noted that the population of retirees has increased by 25 percent, and most are under the age of 65 and not covered by Medicare.
<a href="#">2:16:28 PM</a>	Co-Chair Chenault	Asked who is responsible for coverage verification for retiree dependents, AETNA or the State. He suggested that there has been some abuse of this situation.
<a href="#">2:17:47 PM</a>	Mr. Wiggins	Explained that it is a State issue and was caused by a difference between the benefit booklet and the statute.
<a href="#">2:18:14 PM</a>	Co-Chair Chenault	Referred to an earlier statement by Mr. Wiggins and clarified that genetic drugs are cheaper. Mr. Wiggins agreed.
<a href="#">2:18:36 PM</a>	Representative Joule	Requested a prediction about pharmaceutical prices in the future. Mr. Wiggins explained that a Medicare Reform Bill was passed in 2004 at the federal level, which may provide some relief. He mentioned pending, expensive drugs, which will be a factor in the long term. Representative Joule suggested that there might be an increase in the cost of prescription drugs now that the elections are over.
<a href="#">2:20:27 PM</a>	Representative Croft	Requested numbers about self-insurance costs and whether there has been a cost savings since 1996.
		<u>ADJOURNMENT</u>
		The meeting was adjourned at 2:22 PM

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