

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

March 13, 2006

1:33 p.m.

MEMBERS PRESENT

Senator Fred Dyson, Chair
Senator Gary Wilken, Vice Chair
Senator Lyda Green
Senator Kim Elton
Senator Donny Olson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR HOUSE BILL NO. 379(JUD)

"An Act relating to scheduling as a Schedule IA controlled substance gamma-hydroxybutyric acid and certain similar substances."

MOVED CSHB 379(JUD) OUT OF COMMITTEE

SENATE BILL NO. 299

"An Act relating to preventing unfair discrimination against a health care provider who is willing to meet a health insurer's terms and conditions for participation in the insurer's plan, policy, or contract for health care services; amending the definition of 'provider' as it relates to authorized collective negotiations by physicians affecting the rights of providers under health benefit plans; and providing for an effective date."

HEARD AND HELD

SENATE BILL NO. 281

"An Act relating to interdistrict operation of public schools; relating to enrollment of students by school districts and regional educational attendance areas; and relating to charter schools and correspondence programs."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 379

SHORT TITLE: CONTROLLED SUBSTANCES, INCL. ANALOGS

SPONSOR(s): REPRESENTATIVE(s) MEYER

01/18/06 (H) READ THE FIRST TIME - REFERRALS
01/18/06 (H) JUD, FIN
01/27/06 (H) JUD AT 1:00 PM CAPITOL 120
01/27/06 (H) Heard & Held
01/27/06 (H) MINUTE(JUD)
02/06/06 (H) JUD AT 1:00 PM CAPITOL 120
02/06/06 (H) Moved CSHB 379(JUD) Out of Committee
02/06/06 (H) MINUTE(JUD)
02/08/06 (H) JUD RPT CS(JUD) NT 3DP 1NR
02/08/06 (H) DP: WILSON, KOTT, MCGUIRE;
02/08/06 (H) NR: COGHILL
02/14/06 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/14/06 (H) Moved CSHB 379(JUD) Out of Committee
02/14/06 (H) MINUTE(FIN)
02/15/06 (H) FIN RPT CS(JUD) NT 9DP 1NR
02/15/06 (H) DP: STOLTZE, KERTTULA, JOULE, HAWKER,
WEYHRAUCH, MOSES, HOLM, FOSTER, MEYER;
02/15/06 (H) NR: KELLY
02/24/06 (H) TRANSMITTED TO (S)
02/24/06 (H) VERSION: CSHB 379(JUD)
02/27/06 (S) READ THE FIRST TIME - REFERRALS
02/27/06 (S) HES, JUD
03/13/06 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 299

SHORT TITLE: NONDISCRIMINATION HEALTH CARE PROVIDERS

SPONSOR(s): SENATOR(s) SEEKINS

02/14/06 (S) READ THE FIRST TIME - REFERRALS
02/14/06 (S) HES, L&C
02/22/06 (S) HES AT 1:30 PM BUTROVICH 205
02/22/06 (S) Heard & Held
02/22/06 (S) MINUTE(HES)
03/13/06 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 281

SHORT TITLE: SCHOOL DIST. ENROLLMENT SHARING/CORRESPON

SPONSOR(s): SENATOR(s) DYSON

02/13/06 (S) READ THE FIRST TIME - REFERRALS
02/13/06 (S) HES, FIN
03/01/06 (S) HES AT 1:30 PM BUTROVICH 205
03/01/06 (S) Heard & Held
03/01/06 (S) MINUTE(HES)
03/03/06 (S) HES AT 2:00 PM BUTROVICH 205

03/03/06 (S) Scheduled But Not Heard
03/13/06 (S) HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Representative Kevin Meyer
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of HB 379.

Mike Pawlowski, Legislative Aide
Staff to Representative Meyer
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Provided information on HB 379.

Chris Beheim, Lab Supervisor
Alaska State Crime Lab
5500 E Tudor Rd.
Anchorage, AK 99507-1221
POSITION STATEMENT: Provided information on HB 379.

Senator Ralph Seekins
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of SB 299.

Mike Hogan, Executive Director
Alaska Physicians and Surgeons
4120 Laurel Street, Suite 206
Anchorage, AK 99501
POSITION STATEMENT: Provided information on SB 299.

Brian Hove, Legislative Aide
Staff to Senator Seekins
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Presented information on SB 299 for the sponsor.

Greg Loudon, Vice President
Willis of Alaska
Anchorage, AK
POSITION STATEMENT: Testified in opposition to SB 299.

Rose Kalamarides, Administrator
Alaska Teamster-Employer Trust

Anchorage, AK

POSITION STATEMENT: Testified in opposition to SB 299.

ACTION NARRATIVE

CHAIR FRED DYSON called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:33:15 PM](#). Present were Senators Gary Wilken, Lyda Green, Kim Elton, Donny Olson and Chair Fred Dyson.

CSHB 379(JUD)-CONTROLLED SUBSTANCES, INCL. ANALOGS

CHAIR DYSON announced CSHB 379(JUD) to be up for discussion.

[1:35:18 PM](#)

REPRESENTATIVE KEVIN MEYER, sponsor of CSHB 379(JUD), said that gamma-hydroxybutyric acid (GHB) is odorless, tasteless, colorless, and easy to slip into a drink; consequently it is gaining popularity as a date rape drug. He related an incident that occurred in the state last year in which a 16-year-old girl died, and an 18-year-old girl was put into a coma after overdosing on GHB.

He said that none of the analogues of GHB are listed under state statute because it is currently listed as a category IV controlled substance. He said that HB 379 would correct this oversight by elevating GHB to class one status, which has been its status with the federal government since the year 2000. He added that the bill would for allow the continued use of GHB in industry.

[1:37:20 PM](#)

CHAIR DYSON said he assumed that most of the violations associated with the drug would be prosecuted in state court if this bill becomes law.

REPRESENTATIVE MEYER replied yes.

[1:37:43 PM](#)

MICHAEL PAWLOWSKI, staff to Representative Meyer, said that the aforementioned overdose case was tried in a federal court because the substance was not covered under state law.

[1:38:11 PM](#)

SENATOR OLSON asked why GHB should be made a Schedule I drug when it does not share the addictive properties of other drugs in that category.

REPRESENTATIVE MEYER replied that the federal government recognizes GHB as a highly addictive drug.

[1:39:33 PM](#)

MR. PAWLOWSKI remarked that Alaska statute is behind federal statute with regard to the classification of GHB because it has only recently become a popular date rape drug.

SENATOR OLSON asked him to describe the effects GHB.

MR. PAWLOWSKI responded that is it slows the heart, respiratory system, and it can cause amnesia. He said that a very small quantity of the drug creates effects similar to that of severe alcohol intoxication.

[1:41:47 PM](#)

SENATOR OLSON asked why this drug should be categorized as a Schedule I drug when it is less addictive than other drugs in that category.

MR. PAWLOWSKI replied that the federal government classified GHB as a Schedule I drug because it is dangerous and addictive, it causes serious withdrawal symptoms, and has significant potential for widespread abuse.

[1:42:06 PM](#)

SENATOR OLSON asked how the drug causes fatalities.

MR. PAWLOWSKI replied the drug kills by causing respiratory system failure and cardiac arrest.

CHAIR DYSON referenced the following from material presented with the bill:

When ingested these analogues produce effects such as relaxation, mild euphoria, and drowsiness. Such effects are similar to the results of alcohol intoxication. They also increase libido, suggestibility, passivity, and amnesia - traits that

make users vulnerable to sexual assault and other criminal acts. On awakening from a coma, users may exhibit extreme combativeness, a condition that is also observed in those addicted to GHB.

1:43:02 PM

CHRIS BEHEIM, Crime Lab Supervisor, Alaska State Crime Lab, said that state law does not cover two of the analogues of GHB. He affirmed that the federal government categorized GHB as a Schedule I drug because of its high potential for widespread abuse and because of its addictive properties.

SENATOR OLSON asked why metabolites of the drug clear so quickly from the liver and the kidney.

MR. BEHEIM replied that question should be directed to a toxicologist.

SENATOR OLSON asked whether metabolites of the drug are detected through spectrometry tests.

MR. BEHEIM replied yes. He stressed that routine tests, such as the ones conducted in a hospital, would not detect the drug or its analogues.

1:45:49 PM

SENATOR ELTON asked how authorities establish whether the drug has been used.

MR. BEHEIM replied that the state lab could detect the drug in a liquid sample. He added that is how it was identified in the aforementioned overdose case.

CHAIR DYSON remarked that the lab might one day have to equip itself to detect the drug in blood and urine samples.

SENATOR OLSON asked whether there is a legal medical application of GHB.

MR. BEHEIM replied that the drug has a legitimate medical application that is protected under the state's controlled substances statutes.

1:49:03 PM

SENATOR OLSON asked whether the medical community has expressed its opinion on the passage of this bill.

MR. BEHEIM replied that the medical community has not expressed an opinion on the bill.

[1:49:31 PM](#)

SENATOR OLSON moved to report CSHB 379(JUD) out of committee. Without objection, CSHB 379(JUD) was reported from the Senate Health, Education and Social Services Standing Committee.

SB 299-NONDISCRIMINATION HEALTH CARE PROVIDERS

CHAIR DYSON announced SB 299 to be up for discussion.

[1:51:29 PM](#)

CHAIR DYSON asked whether there was any objection to adopting Version F as the working document. Without objection, it was so ordered.

SENATOR SEEKINS, sponsor of SB 299, stated that this bill would prevent insurance companies from discriminating against health care providers who meet the terms and conditions of participation in their insurance plans, policies, or contracts for health care services.

[1:53:18 PM](#)

MIKE HOGAN, Executive Director, Alaska Physicians and Surgeons, said that he was available to answer questions on SB 299.

CHAIR DYSON asked him to summarize his previous testimony.

MR. HOGAN responded that the passage of this bill ensures that doctors who meet the credential and licensure requirements for a given health plan could not be denied admission to that plan. He added that this bill would allow Alaska residents to see doctors who are not members of their health care plans.

CHAIR DYSON asked what it means for a physician to be admitted into a plan.

[1:54:20 PM](#)

MR. HOGAN responded that typically, health plan managers construct a panel of providers to establish well-rounded plans; however, certain groups are often excluded from these panels for various reasons. This bill would allow health care professionals to join any plan that they are qualified to join.

[1:55:02 PM](#)

SENATOR SEEKINS remarked that many provider types and services listed in the original A version of the bill were removed in the F version.

[1:55:56 PM](#)

SENATOR ELTON asked how the bill's list of providers was established. He asked specifically why hospital based services were removed from the F version.

[1:57:09 PM](#)

BRIAN HOVE, staff to Senator Seekins, replied that some of the provider types listed in the original version were removed at the request of the drafter because they were not compatible with definitions in existing statute. He said, for example, that statute defines "health care provider" as a state licensee that is certified or otherwise authorized.

CHAIR DYSON called an at-ease from [1:58:23 PM](#) to [1:58:45 PM](#).

[1:59:25 PM](#)

SENATOR ELTON asked why hospital services were excluded from the bill while rural health services remained in it.

SENATOR SEEKINS replied he excluded them at the request of hospital managers who asserted that the bill should apply to persons and not inanimate objects.

SENATOR ELTON remarked that the same argument could be applied to clinics, which are covered under the bill.

SENATOR SEEKINS replied that while that is correct, rural clinics are generally not billed by members of their staff. He added that when he made the list he tried to accommodate the requests of health care providers who requested to be included or excluded from it.

2:01:34 PM

CHAIR DYSON said the bill would be held in committee at the request of the sponsor. He added that the state's current public health director supports the establishment of a comprehensive public information database that lists the state's health care providers and their track records. He said he could imagine a circumstance in which a patient might want to visit a hospital with a better record of performance when given a choice to do so.

SENATOR ELTON remarked that he appreciated the comments of the chair and sponsor and requested they contact his office for further discussion of the matter. He said he would like to know why long-term care facilities and rural health clinics are included in the bill while hospitals were excluded. He asked why respiratory therapists were removed while audiologists were not.

SENATOR SEEKINS replied that respiratory therapists were excluded from the list because they do not fit the statutory definition of "health care providers."

2:04:34 PM

SENATOR GREEN asked why certain doctors are granted membership in health care plans while other qualified doctors were excluded.

MR. HOGAN replied that many physicians join major health care plans because they cover so many potential patients. He added that the bill would confer an advantage to physicians because patients covered under major providers would not be penalized for seeing them.

2:07:40 PM

SENATOR GREEN asked him whether physicians currently covered under insurance plans pay less than 100 percent of the regular cost of insurance.

MR. HOGAN replied that in Alaska they typically pay 90 to 95 percent of the regular cost.

SENATOR GREEN asserted that insurance companies offer a discount to certain physicians to attract a greater volume of customers.

MR. HOGAN replied that is correct in the case of Blue Cross. He commented that Alaska is woefully short of physicians and that insurance plans further limit the access of many patients to their preferred practitioners.

[2:09:41 PM](#)

SENATOR GREEN remarked that the passage of this bill would diminish the revenue of insurance providers because they would have to offer their discounts to every qualified physician that requests membership.

MR. HOGAN acknowledged the concern and remarked that the bill was drafted in the interest of making doctors more accessible to patients and improving the continuity of care for patients when they change their health care plans. He referenced a letter from the Kentucky Environmental and Public Protection Cabinet that indicated it had a similar law on the books for a while and couldn't find any long-term impacts on the amount employers paid for premiums.

[2:12:15 PM](#)

SENATOR WILKEN stated his concern over letters from AETNA and Beach Street Corporation that speak markedly to the fact that this legislation will increase the cost of insurance across the state. He added that the Federal Trade Commission (FTC) stated in a July 2004 report that they are against any willing provider legislation. He asked Mr. Hove to consider how the Department of Justice and FTC would respond to this legislation per the remarks in the aforementioned letters.

MR. HOGAN replied that he did not have the report or the letters before him and could not offer an opinion at the present time.

SENATOR WILKEN suggested that he review the report and the letter and consider how this legislation may run contrary to what the FTC, AETNA, and Beach Street Corporation are suggesting.

[2:14:28 PM](#)

SENATOR OLSON stated for the record that he is a licensed medical physician and is not on any preferred medical provider list.

CHAIR DYSON stated for the record that his retired wife's former profession is listed in the bill.

2:15:23 PM

TOM BRICE, Alaska District Council of Laborers, Laborer's Local 942, Local 341, and Public Employees Local 71, opposed SB 299. He said that the organizations he represents believe that the legislation will hinder their ability to procure the best health care arrangements for their employees. He said these organizations are currently able to negotiate favorable arrangements with health care providers by offering them the patronage of their members. He said that if this bill passes, the organizations will lose the power to negotiate and the cost of their health care will increase.

2:18:16 PM

SENATOR GREEN asked what would be the eventual outcome if all of the practitioners qualified to become preferred providers actually became preferred providers.

MR. BRICE replied that there would ultimately be no preferred provider status because no organization could offer customer volume in exchange for lower rates.

2:21:33 PM

GREG LOUDEN, Vice President, Willis of Alaska, said that Senator Green expressed many his organization's concerns about the bill. He said that the bill would limit the value of many current contracts. He added that in fiscal year 2004, [Indiscernible 2:22:51 to 2:22:54] estimated that changing from a directed preferred provider organization (PPO) to an open PPO was going to save \$1.5 million per year for the state. In the last year the estimate was not a dollar figure but four percent of the gross cost, which comes out to almost the exact same amount, \$1.5 million per year.

2:23:50 PM

ROSE KALAMARIDES, Administrator, Alaska Teamster-Health Plan, said that this bill was introduced under the preface that individuals buy their own health care. However, of the \$5 billion spent on health care in Alaska last year, only five percent was paid on individual policies.

She said that Alaska has the highest cost of health care in the nation and added that spending on health care in the state is expected to increase at the rate of approximately 9 percent a year.

MS. KALAMARIDES said this legislation would impact employers directly and negatively because they would not longer be able to offer customer volume in exchange for discounts. Consequently, their already large health care costs would increase and they would undoubtedly transfer some of the new costs to their employees.

She said this type of legislation has been popular in states with managed health care. However, there is virtually no managed care in Alaska and therefore the scare tactics offered by the proponents of this legislation are a smoke screen. She said this legislation is intended for the benefit of doctors and nothing more.

MS. KALAMARIDES said that according to recent I-Search study, medical and surgical procedures in Alaska cost 18 percent more than elsewhere in the United States. Doctors in Alaska are paid well and do not have to contend with HMOs. She said that regulating this industry through anti-compete legislation may have made sense when we were living in an economy with heavily regulated industries, but today it only serves the interest of doctors. She urged the committee not to pass SB 299.

[2:28:31 PM](#)

CHAIR DYSON held SB 299 in committee.

SB 281-SCHOOL DIST. ENROLLMENT SHARING/CORRESPON

[2:28:50 PM](#)

CHAIR DYSON announced SB 281 to be up for discussion.

[2:29:33 PM](#)

CHAIR DYSON moved to adopt the proposed committee substitute, Version I as the working document. He objected for discussion purposes of discussion. He said:

The I-version says that an enrolling school district will receive the same amount of state revenue as the school district of residence would have received had

the student enrolled in his home district, but only if the enrolling district has a contract with the district of residence. It specifies that the district of residence is to provide the educational facility and the routine mentoring and supervision - it is called daycare here - of the student, and student behavior responsibilities and if not, the student will be funded at the same [level] as a correspondence student at 80 percent of the funding with no allowance for district cost factors.

[2:31:11 PM](#)

CHAIR DYSON removed his objection and asked whether there was any objection to adopting Version I. Without objection, Version I was adopted and the chair announced that SB 281 would be held over.

CHAIR DYSON adjourned the Senate Health, Education and Social Services Standing Committee meeting at [2:31:36 PM](#),