

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

February 22, 2007

3:04 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Bob Roses, Vice Chair
Representative Mark Neuman
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

Representative Anna Fairclough

COMMITTEE CALENDAR

SENATE CONCURRENT RESOLUTION NO. 2

Relating to establishing March 2007 as brain injury awareness month.

- MOVED SCR 2 OUT OF COMMITTEE

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 100

"An Act relating to exempting certain air ambulance services from insurance regulation and requiring certain air ambulance services to provide services."

- CANCELLED, HEARD TESTIMONY

PREVIOUS COMMITTEE ACTION

BILL: SCR 2

SHORT TITLE: BRAIN INJURY AWARENESS MONTH: MARCH 2007

SPONSOR(s): SENATOR(s) MCGUIRE

01/24/07	(S)	READ THE FIRST TIME - REFERRALS
01/24/07	(S)	HES
02/14/07	(S)	HES AT 1:30 PM BUTROVICH 205
02/14/07	(S)	Moved SCR 2 Out of Committee
02/14/07	(S)	MINUTE(HES)
02/16/07	(S)	HES RPT 5DP
02/16/07	(S)	DP: DAVIS, ELTON, THOMAS, COWDERY, DYSON

02/19/07 (S) BEFORE THE SENATE IN FINAL PASSAGE
02/19/07 (S) TRANSMITTED TO (H)
02/19/07 (S) VERSION: SCR 2
02/21/07 (H) READ THE FIRST TIME - REFERRALS
02/21/07 (H) HES
02/22/07 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 100

SHORT TITLE: AIR AMBULANCE SERVICES
SPONSOR(S): REPRESENTATIVE(S) COGHILL

01/16/07 (H) READ THE FIRST TIME - REFERRALS
01/16/07 (H) HES, L&C
02/15/07 (H) SPONSOR SUBSTITUTE INTRODUCED
02/15/07 (H) READ THE FIRST TIME - REFERRALS
02/15/07 (H) HES, L&C
02/22/07 (H) HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

MARIT CARLSON-VAN DORT, Staff
to Senator Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SCR 2 on behalf of Senator McGuire, sponsor.

ART WARBELOW, President & Owner
Warbelow Air Ventures, Inc.
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to SSHB 100.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social Services Standing Committee meeting to order at [3:04:15 PM](#). Representatives Wilson, Neuman, Seaton, Cissna, Roses, and Gardner were present at the call to order.

SCR 2-BRAIN INJURY AWARENESS MONTH: MARCH 2007

[3:04:41 PM](#)

CHAIR WILSON announced that the first order of business would be SENATE CONCURRENT RESOLUTION NO. 2, Relating to establishing March 2007 as brain injury awareness month.

[A brief discussion regarding SSHB 100 testimony ensued.]

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MARIT CARLSON-VAN DORT, Staff to Senator Lesil McGuire, Alaska State Legislature, sponsor, explained that this resolution is intended to draw awareness to traumatic brain injuries, in addition to supporting those who have suffered from such an injury, their families, and care providers. Traumatic brain injuries are one of the leading causes of death among young people in Alaska. She pointed out that Alaska has the highest number of traumatic brain injuries per capita. An estimated 12,000 Alaskans have suffered from this type of injury. She then gave examples of events that can lead to a traumatic brain injury. Many victims of these injuries live with permanent disability. "The tragedy of traumatic brain injury is exacerbated by the fact that it's preventable," she said. She went on to say that this type of injury is often life-altering, and can place a tremendous strain on everyone involved. March is recognized [as brain injury awareness month] by the Brain Injury Awareness Association of America.

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REPRESENTATIVE NEUMAN inquired as to whether March is currently recognized as an "awareness month."

MS. CARLSON-VAN DORT replied that she is unable to answer this.

REPRESENTATIVE SEATON moved to report SCR 2 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SCR 2 was reported from the House Health, Education and Social Services Standing Committee.

HB 100-AIR AMBULANCE SERVICES

CHAIR WILSON announced that the final order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 100, "An Act relating to exempting certain air ambulance services from insurance regulation and requiring certain air ambulance services to provide services."

CHAIR WILSON explained that the bill hearing was cancelled, therefore SSHB 100 would not be discussed. However, the committee would hear specific testimony.

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REPRESENTATIVE GARDNER stated her appreciation that the committee is able to accommodate the aforementioned testimony.

CHAIR WILSON shared her understanding of the intent behind SSHB 100.

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ART WARBELOW, President & Owner, Warbelow Air Ventures, Inc, ("Warbelow") began by giving a brief history of the company. He stated that Warbelow is a critical care air ambulance provider, and is opposed to SSHB 100. He opined that memberships reduce the efficiency of air ambulances, and will force air ambulance providers to field sales organizations in order to sell memberships. This would take money away from necessary support services. Memberships would also limit patient choices and increase wait times. He stated that this is an insurance product, and expressed concern regarding operators that sell "lifetime memberships." He also stressed the importance of requiring that providers show fiscal responsibility. In regard to deductibles and copays, he stated that consumers may be led to believe that this insurance would protect against high deductibles and copays; however, this only applies to the air ambulance portion. He opined that patients should be aware that this insurance does not protect against hospital deductibles and copays.

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MR. WARBELOW went on to say that air ambulance services are available regardless of whether insurance is available. Air ambulance providers are restricted from inquiring as to whether a patient has the ability to pay. He said "We write off probably about 25 percent of our air ambulance charges, because the people that we transported don't have insurance, and don't have any way to pay." People will not be denied service if SSHB 100 does not pass. He then explained that this type of insurance has been sold by a single carrier for many years. Warbelow contacted the Division of Insurance to find out whether the sale of this type of insurance was legal, and was informed that it was not. The Division of insurance was investigating this. He opined that the current legislation is evidence that sale of this insurance is illegal. If this legislation were to pass, other carriers would be at a competitive disadvantage, as the aforementioned carrier has built up a base of memberships. Therefore, he requested that any carriers that have violated

this law be required to cancel and refund the memberships, in addition to "standing down" for a period of one year. This would create a level playing field for other providers. He opined that it is inappropriate to reward carriers that have disregarded the current regulations and statutes, while penalizing those that have complied.

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REPRESENTATIVE CISSNA requested details regarding the services offered, and related costs.

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MR. WARBELOW described the aircraft used for the air ambulance service. The air ambulance may carry two paramedics, or one paramedic and one nurse, in addition to medical equipment. He explained that state law requires that certain equipment be onboard to be certified as a critical care air ambulance provider. The air ambulance crew and equipment is on call 24 hours, seven days a week, and has a rotating crew. Prices are driven from Medicare and Medicaid reimbursement levels, and are generally in the \$5-\$10 thousand range. In response to additional questions, he explained that the air ambulance can go anywhere in the state; however, most business is in the Tanana Chiefs region. Typically, the flights are 100-300 miles. Warbelow currently has a contract with Tanana Chiefs Conference (TCC).

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MR. WARBELOW, in response to a question from Representative Neuman regarding federal compensation, explained that the only sources of compensation are Medicare, Medicaid, third party insurance, or payment from the contract holder. In response to an additional question, he explained that an air ambulance is restricted from flying if weather minimums are not met.

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REPRESENTATIVE SEATON inquired as to whether all air ambulance services receive the same reimbursement from Medicare and Medicaid.

MR. WARBELOW replied yes. He explained that the rates are established. The company may bill any amount; however, Medicare and Medicaid reimburses based on these rates.

REPRESENTATIVE SEATON posed a scenario in which a village covered by a contract signed up for insurance with a different carrier, and inquired as to how this would work.

MR. WARBELOW replied that this has been a "complicated situation." He shared his experience of local competitors attempting to solicit business from areas covered by a contract with Warbelow. He explained that if enough Medicaid and Medicare reimbursements are received, the contract business can be done "for free." He shared his understanding that this is illegal.

CHAIR WILSON shared her experience with using this type of insurance program to cover air ambulance services.

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REPRESENTATIVE ROSES requested additional information regarding the legality of current policies.

MR. WARBELOW explained that when Warbelow contacted the Division of Insurance to inquire as to whether it might sell this insurance, the Division stated that this would be contrary to current regulations. He added that the Division was investigating the company that was selling the insurance. In response to a question, he stated that this occurred about five years ago.

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REPRESENTATIVE SEATON clarified that SSHB 100 does not exempt air ambulance services from carrying insurance.

MR. WARBELOW stated that while he may not be available for the next hearing of SSHB 100, he will be available for questions after March 1, 2007.

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CHAIR WILSON closed testimony, and stated that her intention is to hear and hold SSHB 100 at the March 1, 2007, meeting of the House Health, Education and Social Services Standing Committee.

[3:30:31 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 3:30.