

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

February 9, 2008

9:03 a.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Bob Roses, Vice Chair
Representative Anna Fairclough
Representative Wes Keller
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 337

"An Act establishing the Alaska Health Care Commission and the Alaska health care information office; relating to health care planning and information; repealing the certificate of need program for certain health care facilities and relating to the repeal; annulling certain regulations required for implementation of the certificate of need program for certain health care facilities; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 345

"An Act amending the certificate of need requirements to exclude expenditures for diagnostic imaging equipment in certain circumstances."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 337

SHORT TITLE: HEALTH CARE: PLAN/COMMISSION/FACILITIES

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/22/08	(H)	READ THE FIRST TIME - REFERRALS
01/22/08	(H)	HES, FIN

01/24/08 (H) HES AT 3:00 PM CAPITOL 106
 01/24/08 (H) Heard & Held
 01/24/08 (H) MINUTE(HES)
 01/31/08 (H) HES AT 3:00 PM CAPITOL 106
 01/31/08 (H) Heard & Held -- Assigned to
 Subcommittee
 01/31/08 (H) MINUTE(HES)
 02/09/08 (H) HES AT 9:00 AM CAPITOL 106

BILL: HB 345

SHORT TITLE: MEDICAL FACILITY CERTIFICATE OF NEED

SPONSOR(S): REPRESENTATIVE(S) KELLY

01/30/08 (H) READ THE FIRST TIME - REFERRALS
 01/30/08 (H) HES, FIN
 02/09/08 (H) HES AT 9:00 AM CAPITOL 106

WITNESS REGISTER

KARLEEN JACKSON, Commissioner
 Department of Health and Social Services
 Juneau, Alaska

POSITION STATEMENT: Presented HB 337 on behalf of the governor.

JAY BUTLER, M.D.; Chief Medical Officer
 Department of Health and Social Services
 Anchorage, Alaska

POSITION STATEMENT: Participated in the presentation of HB 337.

JEANNINE HINMAN, Health Care Legal Consultant
 Advanced Medical Centers of Alaska
 Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 337.

NORMAN STEPHENS, Chief Executive Officer
 Mat-Su Regional Health Care Center
 Palmer, Alaska

POSITION STATEMENT: Testified during the hearing on HB 337.

PAULA EASLEY, Member
 Alaska Mental Health Trust Authority Board of Directors
 Department of Revenue
 Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 337 on behalf of the Alaska Mental Health Trust Authority (AMHTA).

ROB GOULD, Chief Financial Officer; Head of Operations

Fairbanks Memorial Hospital and Denali Center
Fairbanks, Alaska

POSITION STATEMENT: Testified during the hearing on HB 337.

BOB URATA, M. D.; Member
Bartlett Regional Hospital Board of Directors; Health Care
Strategies Planning Council
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 337.

ROB BETIT, Chief Executive Officer
Alaska State Hospital and Nursing Home Association (ASHNHA)
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 337,
representing ASHNHA, and answered a question representing
himself.

JOEL GILBERTSON, Representative
Providence Health & Services Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 337.

REPRESENTATIVE MIKE KELLY
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 345 as the sponsor.

DEREK MILLER, Staff
to Representative Mike Kelly
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for HB
345, Version E, on behalf of Representative Kelly, sponsor.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social
Services Standing Committee meeting to order at [9:03:38 AM](#).
Representatives Wilson, Roses, Seaton, Gardner, Fairclough, and
Keller were present at the call to order. Representative Cissna
arrived as the meeting was in progress.

HB 337-HEALTH CARE: PLAN/COMMISSION/FACILITIES

[9:05:18 AM](#)

CHAIR WILSON announced that the first order of business would be HOUSE BILL NO. 337, "An Act establishing the Alaska Health Care Commission and the Alaska health care information office; relating to health care planning and information; repealing the certificate of need program for certain health care facilities and relating to the repeal; annulling certain regulations required for implementation of the certificate of need program for certain health care facilities; and providing for an effective date."

[9:05:51 AM](#)

CHAIR WILSON described the procedure for witness testimony.

[9:07:28 AM](#)

KARLEEN JACKSON, Commissioner, Department of Health and Social Services, informed the committee that the mission of the Department of Health and Social Services (DHSS) is to promote and protect the health and well being of Alaskans. House Bill 337, The Health Care Transparency Act, accomplishes this because it gives Alaskans the tools to responsibly manage their health care. Two items form the basis of this act: a health care committee to oversee health planning and develop a health care plan, and the creation of an easily accessible and updated website to provide evidence based price and quality information about health care providers and services. The information office would begin work on July 1, 2008, to consolidate all of the data on health care facilities for Alaska consumers.

[9:09:52 AM](#)

COMMISSIONER JACKSON continued to explain that the third part of HB 337 was the repeal of the Certificate of Need (CON) program. She observed that the health council addressed the underlying purpose of the CON program, which was to reduce the cost of health care and improve access to health care for Alaskans. Commissioner Jackson acknowledged that the Alaska Social Services Certificate of Need Negotiated Rule Making Committee did not recommend repealing the CON program; however, it did review several factors that suggested a higher level of enforcement by the DHSS was warranted if the program was to continue.

[9:11:36 AM](#)

COMMISSIONER JACKSON recalled that the CON program was a federal mandate in the 1970's. Since that time, market forces have changed, along with the health care industry. Today, with the diversity of services and the variety of technological approaches, many states have modified or repealed CON laws. The negotiated rule making committee recommended that the state collect additional data on the CON program. Commissioner Jackson opined that collecting data for the consumer website, instead, will help Alaskans become more informed consumers and more responsible for their health care. The negotiated rule making committee also recommended that the voices of health care consumers need to be heard; in fact, the governor's bill focuses on health care from the consumer's perspective. This is one of the reasons for the wide diversity of opinions on the bill. She then assured the committee that the committee substitute has addressed the needs of small community hospitals by the exception of residential psychiatric treatment centers, nursing homes, and critical access hospitals from repeal of the CON.

[9:15:16 AM](#)

REPRESENTATIVE GARDNER observed that the complexity of the issue warrants a complete study of CON laws in Alaska, as the materials available to the committee are from other states. She stated her support for a data driven, independent, quality study, perhaps by the new health care commission, but would be unable to support a bill of any kind based on her current knowledge.

[9:17:27 AM](#)

JAY BUTLER, M.D.; Chief Medical Officer, Department of Health and Social Services, supported Representative Gardner's call for additional study of the CON issue; however, he opined that the new health care task force will have too many other responsibilities to complete this additional task. He clarified that one role of the health information office would be to provide information on the prevention of disease and to encourage personal health responsibility. Additional information will be phased in as the feasibility and success of the program allow. Dr. Butler described different uses of the information system and stated that an informed patient is a healthier patient. Finally, he commented that the content disclosed by the health information office would create a hub for useful advice for consumers.

[9:20:47 AM](#)

REPRESENTATIVE GARDNER suggested that the University of Alaska could facilitate a study of the CON program in Alaska and indicated concern with eliminating or making major changes in the current system in the absence of data.

[9:21:25 AM](#)

CHAIR WILSON called the committee's attention back to the first and second parts of the bill.

[9:21:50 AM](#)

REPRESENTATIVE ROSES asked whether the information that would be required to be reported to the health information office under HB 337, is now being required under a CON application.

COMMISSIONER JACKSON answered that what is required for the CON program is focused on the need to build a specific facility to provide a service and the financial impact on existing facilities. Information for the health information office would be focused on the consumer's perspective as to where services are located, at what cost, and the expected outcomes.

[9:23:33 AM](#)

REPRESENTATIVE ROSES asked whether the DHSS would be ready to gather data and implement the provisions in the bill in July.

COMMISSIONER JACKSON responded that on July 1, the information office would start hiring staff and the commission would begin its work on the website. She estimated that data would be posted on the website within one year.

[9:24:33 AM](#)

REPRESENTATIVE ROSES encouraged the committee to create the commission prior to making decisions on the other aspects of the bill. The commission could then address the many details surrounding the information office and deal with the CON. This issue has a tremendous amount of interest and affects health care across the state for providers and consumers. Representative Roses opined that the members of the commission will be best qualified to make these decisions.

[9:27:27 AM](#)

REPRESENTATIVE CISSNA expressed her belief that a study of the CON program in Alaska could be done simultaneously with the formation of the commission.

[9:28:41 AM](#)

COMMISSIONER JACKSON noted that fiscal considerations are the reason that HB 337 contains three purposes. She cited the cost impact of outstanding lawsuits, in addition to the cost of the CON program, and pointed out that proceeding with the commission and the information office, without addressing the CON program, would have a significant fiscal impact.

[9:29:31 AM](#)

REPRESENTATIVE ROSES expressed his belief that concern over the lawsuits should be set aside, as that should not be the driving force behind the decisions that establish health care policy for the citizens of the state.

[9:30:37 AM](#)

COMMISSIONER JACKSON re-stated that the issue with the law suits is the cost and that the purpose of the program is to lower the cost of health care.

[9:30:55 AM](#)

REPRESENTATIVE SEATON asked whether the fiscal impact of the lawsuits on the DHSS is the dollar cost or the diversion of resources.

COMMISSIONER JACKSON said both.

[9:31:32 AM](#)

REPRESENTATIVE SEATON remarked:

As I see it, Section 1 has you, the department, charged with doing the health care plan. And that wouldn't be the charge really of the commission. So, I'm trying to figure out, if we would go forward with Section 2 and establish the commission, without having the policy decision made for the transparency section, ... then the commission's role would be to, um, assess, through the full range of things that might influence costs in the state, and then come back with

a policy question. Is that where we'd be if we institute Section 1 without, the commission, without the policy choice being made by the legislature?

9:33:02 AM

COMMISSIONER JACKSON asked Representative Seaton for clarification of the question.

9:33:25 AM

REPRESENTATIVE SEATON further stated that, in the web base program, it appears that a policy choice would be made about the responsibilities of the commission, but on page 3 it states that "the commission is going to be looking at recommendations to foster development of statewide plan and to review facility care information." He then asked whether Commissioner Jackson saw any difference in the charge if the legislature only institutes that as a policy.

COMMISSIONER JACKSON answered that there would be differences if the transparency piece was not there to focus on the consumer. The health plan would then be focused on facilities, as it is now, rather than the comparison of prices for the consumer.

9:34:55 AM

REPRESENTATIVE SEATON further asked whether the sections of the bill could be broken apart to establish the commission without the information office. If so, would that affect the direction of the bill.

COMMISSIONER JACKSON stated that the commission, without the information office, would not be able to implement its recommendations. There would not be the ability to implement the policy decisions and make a direct connection to Alaskans.

DR. BUTLER reiterated that, to begin the work of the commission without the tool of the health information office, could limit its effectiveness.

9:36:51 AM

CHAIR WILSON expressed her understanding that the health care commission would evaluate health care, in Alaska on the whole, and make recommendations for improvements. The health care information office would be responsible for providing the public

with information to allow individuals to make wise decisions about their personal health care. She opined that the responsibilities of the commission and the information office are not the same.

COMMISSIONER JACKSON agreed.

[9:38:41 AM](#)

REPRESENTATIVE SEATON asked whether enacting the sections separately would mean that the policy choice for the commission can not include transparency for consumers.

[9:39:14 AM](#)

CHAIR WILSON opined that the commission and the information office are two separate entities operating, for the most part, in two separate realms.

[9:39:37 AM](#)

REPRESENTATIVE SEATON surmised that doing one without the other indicates that the commission was tasked to bring forward a plan. The committee was not making a policy decision that consumers should have individual information; that was a policy decision that the commission would integrate into its recommendations.

[9:40:21 AM](#)

CHAIR WILSON asked whether Representative Seaton was suggesting putting everything into one.

REPRESENTATIVE SEATON related that the suggestion has been made to only pass the commission, without policy direction. He noted that the commission's plan may or may not have the transparency focus and he wished to ensure that the commission does have a policy direction integrated into their charge.

[9:41:57 AM](#)

CHAIR WILSON recalled her experience on the governor's health care council. She opined that the commission would be an extension of the health care council and would make recommendations that may be developed into policy by the legislature. The formation of the health care information office

would be the result of policy decisions by the legislature and the DHSS.

[9:43:52 AM](#)

DR. BUTLER expressed his concern about splitting the information office. The details of what the health information office does should be part of the charge of the commission, as the health information office is answerable to the commission. Dr. Butler opined that the commission and the health information office would not function well completely independent of one another.

[9:44:42 AM](#)

REPRESENTATIVE ROSES called the committee's attention to the task of the commission as written in the bill. The responsibility of the DHSS is also established by the bill. He opined that transparency is an overused term, and that, unfortunately, the public does not see all of the information about government. Keeping the public informed is important, but there is so much data that some confusion is certain. He stressed that, if the commission is established solely, the department still has a responsibility for its tasks. In fact, the commission will decide what needs to be changed and what strategies will be used. He re-stated his suggestion to allow the commission to develop its goals independently from the legislature. He cautioned against writing legislation that does not solve the problem.

[9:48:28 AM](#)

CHAIR WILSON asked whether Representative Roses wanted to delay part two.

REPRESENTATIVE ROSES said no. He explained that the state already has the responsibility, outlined by [eleven paragraphs] in the bill, that establishes the strategy and the collaborative approach to improve health care. He drew attention to the [paragraphs] and stated that the commission's responsibility is to make recommendations for changes in the plan to help implement the plan and to ensure that the information is on the website for consumers.

[9:50:30 AM](#)

CHAIR WILSON pointed out that the first section of the bill is in current statute and the only change was the addition on page 2, lines [8 through 10] that read:

(A) a statewide health plan under AS 18.09 based on recommendations of the Alaska Health Care Commission established in AS 18.09.010;

[9:51:10 AM](#)

REPRESENTATIVE CISSNA stated her support for the commission and for a health information office; however, the information office should not only be available electronically. She expects that the commission would explore other sources of information and work to eliminate duplicity. Representative Cissna then expressed her support for enacting the purposes of the bill separately.

[9:52:46 AM](#)

COMMISSIONER JACKSON disagreed, and stated that she expects the information office to immediately begin to work with other sources of information, while the commission is determining what is missing. In addition, she noted that health care transparency is a national term in use in many states.

[9:53:20 AM](#)

REPRESENTATIVE KELLER stated that he has participated in the health council meetings and expressed his support for addressing the two parts of the issue, an overall look and the perspective of the consumer, in one bill. He pointed out that there is a disconnect between the parties in the health care situation and expressed his interest in keeping the bill intact.

[9:54:53 AM](#)

CHAIR WILSON informed the committee that HB 337 and HB 345 were held over for further discussion.

[9:55:37 AM](#)

CHAIR WILSON opened public testimony on the first two sections of HB 337.

[9:56:17 AM](#)

JEANNINE HINMAN, Health Care Legal Consultant, Advanced Medical Centers of Alaska, pointed out that there have been restrictive CON laws in Alaska for decades and stated her support for HB 337.

[9:57:13 AM](#)

NORMAN STEPHENS, Chief Executive Officer, Mat-Su Regional Health Care Center, informed the committee that he was a participant in the CON task force. He supported the idea of slowing the process down and cautioned the committee against creating the commission and rushing ahead with an information office. Mr. Stephens opined that hospitals are now in competition to lower the cost of contracts and keep costs low. On the Medicare side, cost reports are already mandated to be public information; however, they are very complicated and difficult to understand. Mr. Stephens concluded by pointing out that statistics from smaller hospitals, that perform fewer operations, can not be fairly compared to statistics from large hospitals.

[9:59:59 AM](#)

PAULA EASLEY, Member, Alaska Mental Health Trust Authority Board of Directors, Department of Revenue, testified on behalf of the Alaska Mental Health Trust Authority (AMHTA) and requested that HB 337 include a representative of AMHTA on the health care commission. She noted that the AMHTA, in conjunction with the DHSS, develops a comprehensive five year mental health plan and advises the state on mental health program funding that amounted to approximately \$27 million this year. In addition, the AMHTA leads system planning in many areas related to beneficiaries. Ms. Easley stated other goals of the AMHTA and stressed that, in the process of its duties, it collects a significant amount of research. This research would be invaluable to the work of the health care commission. Turning to the issue of the health care information office, she advised the committee of the new United Way statewide referral service. Ms. Easley listed many of the services provided via the Alaska 211 telephone number and recommended that the information office establish a link to the services provided on the phone line, thus saving duplication and a considerable amount of money.

[10:04:06 AM](#)

ROB GOULD, Chief Financial Officer; Head of Operations, Fairbanks Memorial Hospital and Denali Center, stated his support for the commission and opposition to the creation of the

health care information office. He opined that the information that would be posted would be incomplete and would not provide transparency. In addition, Alaska is a data rich state and the DHSS already has relevant information.

[10:06:19 AM](#)

BOB URATA, M. D., Member, Bartlett Regional Hospital Board of Directors and the Health Care Strategies Planning Council, stated his support for the creation of the health care commission and the information office. He recalled that one of the goals of the Health Care Strategies Planning Council is to develop [a vehicle to] provide information to support consumerism in the health care system. In fact, Medicare now requires information, on the Internet, about how hospitals are doing in certain health areas. He related the Health Care Strategies Planning Council's hope that this information would be expanded to include hospitals and physician's offices. Turning to the health care commission, he opined that the health care problems in the state will take time to solve and recommended that more stakeholders should be included to serve on the commission.

[10:09:46 AM](#)

CHAIR WILSON stated her appreciation for Dr. Urata's support of the bill.

[10:10:13 AM](#)

DR. URATA opined that many hospital representatives feel that there is an unlevel playing field. The commission can address this problem, if all parties are represented.

[10:10:55 AM](#)

REPRESENTATIVE GARDNER asked Dr. Urata to submit a list of parties who should be included in the commission.

[10:11:21 AM](#)

ROB BETIT, Chief Executive Officer, Alaska State Hospital and Nursing Home Association (ASHNHA), informed the committee that the members of the ASHNHA support the creation of the statewide health plan and the health care commission. However, he recommended changes in the membership of the commission to ensure a more balanced representation. Also, he expressed his

belief that the reporting provision of the health care information office should include pharmacies and physicians.

[10:15:01 AM](#)

REPRESENTATIVE ROSES asked Mr. Betit for the charge of the health care commission on which he served in Utah.

MR. BETIT stated that the Utah commission addressed the issues of access, insurance coverage, and cost. The commission consisted of six public members, six legislators, and was initially chaired by the governor. During its tenure, the commission created a road map of issues and staff support was provided by an information office at the Utah department of health. Mr. Betit related the successes of the commission.

[10:16:53 AM](#)

REPRESENTATIVE ROSES further asked whether the Utah commission outlined medical protocol and procedures for testing.

MR. BETIT answered that the commission set a policy for physicians to follow, but the details were developed by physicians and ethicists.

[10:18:05 AM](#)

REPRESENTATIVE ROSES then asked whether the protocols were established for the state.

MR. BETIT said that protocols recognized by the physician's community and by the national health sciences group were embraced by the Utah commission.

[10:18:35 AM](#)

REPRESENTATIVE SEATON asked whether there should be additional representation by the legislature on the commission.

MR. BETIT, speaking now only as an individual, advised that, without the governor's support, the health care commission will not make progress. In addition, representation by the legislature is required to ensure support and funding for the commission's policy recommendations. He opined that the legislature needs additional representation on the commission.

[10:20:49 AM](#)

REPRESENTATIVE CISSNA asked for a description of the members of the Utah commission.

[10:21:22 AM](#)

MR. BETIT answered that there were two members each from the majority and minority parties of each body, who were chosen for their interest and commitment to health care.

[10:22:05 AM](#)

JOEL GILBERTSON, Representative, Providence Health & Services Alaska, stated his support for the commission as well as the information office. However, he cautioned that it is important to consider the membership of the commission. He opined that, in order to promote health care reform in Alaska, stakeholders, providers, employers, consumers, and government representatives would all be needed. Also, he cautioned that oversimplification of the information provided by the information office would not be valuable to the consumer, especially without data on physician's costs.

[10:25:31 AM](#)

REPRESENTATIVE GARDNER asked Mr. Gilbertson how large a commission could be and still be workable.

MR. GILBERTSON suggested that the commission should consist of 11 to 12 members.

[10:26:21 AM](#)

REPRESENTATIVE KELLER asked whether there is the possibility of a [commission] made of two layers of representation.

MR. GILBERTSON stressed that individuals representing conflicting interests would be needed to work out real solutions. He stated that he was unfamiliar with a tiered approach to the problem.

[10:28:33 AM](#)

CHAIR WILSON closed public testimony on the first two parts of HB 337.

[HB 337 was held over.]

[10:28:52 AM](#)

HB 345-MEDICAL FACILITY CERTIFICATE OF NEED

[10:29:12 AM](#)

CHAIR WILSON announced that the final order of business would be HOUSE BILL NO. 345, "An Act amending the certificate of need requirements to exclude expenditures for diagnostic imaging equipment in certain circumstances."

[10:29:42 AM](#)

REPRESENTATIVE MIKE KELLY, Alaska State Legislature, disclosed his uncompensated service to the Greater Fairbanks Community Hospital Foundation and to the Committee on Governance for the American Hospital Association. He, as the prime sponsor, introduced HB 345 and stated that the bill is a compromise that attempts to eliminate the CON program for a portion of businesses, thus is a step in the direction of more competition in the health care industry. Representative Kelly pointed out that provisions for a [health care commission] and a health care information office are not included in HB 345, and he expressed his concerns that both of these provisions constitute increased government involvement in private business. In addition, he opined that 50 percent of the industry is not included in the information office data.

[10:3:55 AM](#)

CHAIR WILSON noted that, page 6, [paragraph (2)] of HB 337, read:

The facility cost and provider cost...

[10:34:22 AM](#)

REPRESENTATIVE KELLY opined that the requirement to disclose costs by private sector businesses was an "additional step." He then asked his staff to review HB 345.

[10:34:34 AM](#)

DEREK MILLER, Staff to Representative Mike Kelly, Alaska State Legislature, presented the sectional analysis for HB 345, Version E, on behalf of Representative Kelly, sponsor. Mr.

Miller informed the committee that Section 1 adds a cross-reference to an additional exemption to the Certificate of Need process in existing statute. Section 2 defines "critical access hospital" as a small, rural, hospital that is financially challenged given the population that it serves. Section 3 adds an exemption that permits a person to make an expenditure of \$1 million or more for diagnostic imaging equipment, without authorization under the terms of the CON process, as long as the equipment is located in a borough with a population of 60,000 or more, in a city that does not have a critical access hospital, and is at least 50 percent owned by one or more licensed physicians who are qualified to and actually perform interpretations of the images produced at the facility. Finally, Section 4 provides applicability standards for health care facilities in existence or proposed after the effective date of the act.

[10:36:19 AM](#)

REPRESENTATIVE SEATON asked for an explanation of the requirement of 50 percent ownership, by physicians, of the diagnostic imaging facility.

REPRESENTATIVE KELLY suggested that the percentage was chosen as a compromise between the opposing parties.

[10:38:43 AM](#)

REPRESENTATIVE SEATON further asked for the purpose of requiring physician ownership, if the intent of the bill is to open competition.

REPRESENTATIVE KELLY explained that physician ownership is not prevented, but if participation is less than 50 percent by physicians, CON laws still apply. The intent is to encourage competition, as long as the two parties are working together.

[10:40:53 AM](#)

REPRESENTATIVE GARDNER asked whether this was a compromise between the hospitals and the physicians.

REPRESENTATIVE KELLY said that the bill was a significant compromise, but the dispute is not entirely between hospitals and physicians. House Bill 345 was a solution based on what has been done in other states that have improved their CON laws.

[10:42:04 AM](#)

REPRESENTATIVE GARDNER asked for the position of the consumers in the division between the hospitals and the doctors.

REPRESENTATIVE KELLY opined that it depends on where the federal government leads this debate. Unlike fire, car, and life insurance, the consumer is a small part of health care and remains uninformed, uninvolved, and under served. In Anchorage and Fairbanks, physicians are not accepting Medicare patients; this will soon be a crisis as the number of seniors will double in Alaska by 2030. Representative Kelly pointed out that all three aspects of HB 337 would not solve the issues that HB 345 would solve by compromise.

[10:45:50 AM](#)

REPRESENTATIVE GARDNER asked whether HB 345 would resolve any, or all, of the pending lawsuits.

REPRESENTATIVE KELLY expressed his understanding that this bill would settle from 75 percent to 90 percent of the lawsuits. He blamed weak regulations for the legal problems and provided analogies to the California power system deregulation. Representative Kelly predicted that a sudden change in the CON system would cause a similar situation.

[10:49:49 AM](#)

REPRESENTATIVE CISSNA opined that one's health is 80 percent based on personal choices and learned habits. She acknowledged that the CON program needs work, but expressed her concern about the health of the hospitals that are needed to provide emergency care. She asked how HB 345 will safeguard the health of a hospital.

REPRESENTATIVE KELLY observed that HB 345 was a carefully crafted compromise. He suggested that, if it is not passed, this struggle will continue. Furthermore, HB 345 is supported by a large sector of the health care system.

[10:53:13 AM](#)

REPRESENTATIVE ROSES expressed his concern that the limitation on the cost of equipment may affect the quality of care.

REPRESENTATIVE KELLY agreed and pointed out that HB 345 eliminates this possibility.

[10:54:39 AM](#)

REPRESENTATIVE ROSES clarified his question.

[10:54:59 AM](#)

REPRESENTATIVE KELLY confirmed that the exemptions provided by HB 345 negate the applicability of the CON under the conditions described by Representative Roses.

[10:55:21 AM](#)

REPRESENTATIVE ROSES further asked whether the 50 percent ownership requirement was supported by the negotiated rule making committee.

REPRESENTATIVE KELLY assured the committee that the support of the negotiated rule making committee was considered in the drafting of HB 345.

[10:56:34 AM](#)

CHAIR WILSON announced that further testimony would be heard on the nineteenth of February, 2008.

[HB 345 was held over.]

[10:57:22 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at [10:58:03 AM](#).