

SENATE FINANCE COMMITTEE
February 14, 2008
9:08 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [9:08:51 AM](#) .

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

Senator Fred Dyson

ALSO PRESENT

Tim McLeod, President and General Manager of Alaska Electric Light and Power Company, (AELP); Connie Hulbert, Chief Financial Officer, AELP; Ginger Blaisdell, Staff, Senator Green

PRESENT VIA TELECONFERENCE

Sara Fisher-Goad, Acting Executive Director, Operations, Alaska Industrial Development and Export Authority, (AIDEA); Valerie Walker, Deputy Director, Finance, AIDEA; Linda Barefoot, Senior Regional Director, State Government Affairs, Purdue Pharma, LP; Patricia Senner, Alaska Nurse's Association; Julie Woodworth, Chair, Legislative Committee of the Homer Chamber Of Commerce

SUMMARY

SB 255 "An Act relating to refunding of certain outstanding bonds issued by the Alaska Industrial Development and Export Authority concerning the Snettisham hydroelectric project and related assets; and providing for an effective date."

SB 255 was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note by the Department of Commerce, Community and Economic Development.

SB 196 "An Act relating to establishing a controlled substance prescription database."

CSSB 196 (FIN) was REPORTED out of Committee with "do pass" recommendation and new fiscal note from the Department of Commerce, Community and Economic Development and the letter of intent from the Senate Labor and Commerce Committee.

9:09:00 AM

SENATE BILL NO. 255

"An Act relating to refunding of certain outstanding bonds issued by the Alaska Industrial Development and Export Authority concerning the Snettisham hydroelectric project and related assets; and providing for an effective date."

Senator Elton presented an overview authorizing Alaska Industrial Development and Export Authority (AIDEA) to refinance bonds for the Snettisham Hydroelectric project in Southeast Alaska. Senator Elton read the sponsor statement.

SB 255 authorizes the Alaska Industrial Development & Export Authority (AIDEA) to refund bonds for the Snettisham hydroelectric project in Southeast Alaska. If bond markets are favorable and the bonds meet both market and AIDEA financial tests, this refinancing will save money for ratepayers whose electricity comes from the Snettisham dam at no cost to the state.

In 1998, AIDEA bonded \$100 million to buy the Snettisham hydro project from a federal energy authority and construct project capital improvements. A private utility pays the debt service on those bonds and operates the project.

Recent trends in the financial markets suggest the debt can be refunded at significantly lower interest rates than the current debt. The utility operating the Snettisham project asked AIDEA to look into refinancing the debt by refunding the remaining bonds, which have an outstanding balance slightly over \$82 million. AIDEA's legal counsel advises that in order to roll the costs of issuing new bonds, along with premiums paid to retire the old bonds early, into the new bond issue, AIDEA must receive legislative authorization.

SB 255 provides an explicit statement of authority to refund the bonds. The bill provides a direct benefit to ratepayers in the form of lower electric bills in homes and businesses buying kilowatt hours generated at Snettisham.

[9:12:40 AM](#)

SARA FISHER-GOAD, ACTING EXECUTIVE DIRECTOR, OPERATIONS, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA), thanked Senator Elton for introducing SB 255 and asked if the Committee had questions.

Senator Thomas questioned the anticipated cost of refinancing this bond. Ms. Fisher-Goad replied that there were \$82 million in bonds outstanding, and although she was unable to give the actual cost of the issuance, she anticipated the cost of 3 per cent to finance the bonds. She also indicated that the market circumstances dictate the amount of savings.

Senator Thomas added that the specific day the transaction occurred would also affect the savings.

Co-Chair Stedman inquired about the coupon rate is on the bond.

VALERIE WALKER, DEPUTY DIRECTOR, FINANCE, AIDEA responded that the current rate range was 4.85 percent to 5.5 percent, but did not have the actual rate available. The bonds are outstanding through 2034 but they are not fully refundable until October 2008, so the rate will be whatever the market is on that date. Refunding will only occur if rates continue to be favorable and rates are favorable at this time. She amended that the current rates ranges are 4.85 percent to 6 percent.

Co-Chair Stedman asked for confirmation that the bonds were callable in October. Ms. Walker clarified that they were callable in January 1, 2009; however the tax rules allow the bonds to be refunded up to ninety days before that date. She continued that a new issue could be made by October 2, 2008, and with the proceeds of the new bond, the old bond would retire on the date of issuance.

TIM MCLEOD, PRESIDENT AND GENERAL MANAGER OF ALASKA ELECTRIC LIGHT AND POWER COMPANY (AELP) supported this bill; he believes there is potential savings for the customers. He noted that Snettisham currently provides about 85 percent of the energy for Southeast Alaska and that the debt service for that project is a significant portion of the rate structure.

[9:18:20 AM](#)

Senator Thomas inquired about the yearly kilowatt hour costs for hydroelectric as opposed to other sources. Mr. McLeod replied that the company normally provides about 100 percent from hydroelectric resources. When in a hydro deficient, as currently being experienced, some power has to be provided

with diesel. Diesel costs approximately 20 cents per kilowatt hour versus hydro costs of 3.5 cents per kilowatt hour.

Co-Chair Stedman inquired if this was the actual cost, not what was being billed to the customer. Mr. McLeod confirmed that this was not the amount billed to the customer.

Senator Huggins inquired on the effect to the company if SB 255 did not pass. Mr. McLeod responded that the company would not be allowed to borrow more than par value of the bonds for the Snettisham project, requiring additional costs to be through traditional financing. This additional cost of \$80,000 to \$100,000 a year would be passed to the customers.

Senator Huggins noted that this could possibly cause a significant rate hike to the customers. Mr. McLeod agreed that additional costs would be passed to the customers but that it would not be a significant rate hike. Senator Huggins asked about the "no cost to state" and wondered if there was any scenario there would be a cost to the state. Mr. McLeod indicated that there would never be a cost to the state.

[9:20:32 AM](#)

Co-Chair Stedman requested from Ms. Fisher-Goad a response to Senator Huggins' question about "no cost to the state" and asked if there is any other entity that AIEDA needs to refinance in the capital markets. Ms. Fisher-Goad replied there would not be any additional costs to the State of Alaska. She added that there are no outstanding bonds at AIDEA that need refunding or legislation.

[9:21:58 AM](#)

Senator Elton MOVED to REPORT SB 255 out of Committee with individual recommendations and the accompanying fiscal note.

Senator Huggins OBJECTED for discussion.

Senator Huggins thanked Senator Elton for his work in making this legislation happen for the people of Southeast Alaska. Senator Elton commented that as a rate payer, he would benefit along with the community.

Senator Huggins WITHDREW his OBJECTION.

[9:23:28 AM](#)

SB 255 was REPORTED out of Committee with a "do pass" recommendation and accompanying new zero fiscal note by the Department of Commerce, Community and Economic Development.

AT EASE: [9:23:47 AM](#)
RESUME: [9:27:03 AM](#)

SENATE BILL NO. 196

"An Act relating to establishing a controlled substance prescription database."

GINGER BLAISDELL, STAFF, SENATOR GREEN, provided an overview on the establishment of a prescription drug database (PDMP) within the Board of Pharmacy. She introduced the legislation by referring to the presentation booklet (Prescription Drug Monitoring Program and Databases, Senate Bill 196, Offered by Senator Green, copy on file). Ms. Blaisdell reported that Senator Green was approached by emergency room doctors, pharmacists, and other medical professionals asking if the State of Alaska would consider introducing this legislation. She pointed out that there is currently prescription monitoring programs in forty of the fifty states; most of the other ten states were looking at legislation and/or a tracking database. She remarked that all states have laws and regulations to govern the distribution and handling of controlled substances. The database would be a new tool in this control. She continued that the diversion of controlled substances and other pharmaceuticals is generally recognized as a serious problem throughout the United States (p. 1). Ms. Blaisdell commented that national news organizations have reported that most states have been pleased with the outcome of the prescription drug monitoring program and have found this program among the most effective tools available to identify and prevent drug diversion (p. 2).

[9:30:11 AM](#)

Ms. Blaisdell explained that drug diversion is taking a legal prescriptive substance and altering it to provide a different effect or selling/giving it to someone, other than the person to whom it was intended. She maintained that these practices affects the health of citizens and often promulgates other criminal activity (p. 3). The goals of the Prescription Drug Monitoring Program (PDMP) are intended to promote pharmaceutical care while deterring diversion through education and law enforcement. She interjected that law enforcement language is contained in the bill to give it more substance. She also mentioned that PDMPs are aimed at upholding statutory mandates in a manner that is supportive of but not disruptive to medical and pharmaceutical practices. Ms. Blaisdell noted that most states are finding that reporting the controlled substances takes about two minutes per day (p. 4). She asserted that there is a national presumption that the misuse of prescription drugs are safer than elicit or "street" drugs, but it is being found that prescription drugs, when used inappropriately,

can cause death, coma, respiratory arrest, and other serious problems. Mixing prescription drugs, with over the counter medications, is becoming the new "party" drug for teenagers and young adults (p. 7). She pointed out that 25 to 40 percent of MySpace websites have direct links on how to get prescription drugs over the internet. She informed the Committee that the most commonly abused prescription medications were painkillers, stimulants, sedatives and tranquilizers (p. 8). Prescription abuser profiles range from young children who "overtake" their medication to the elderly selling part of their medication to provide needed money. She continued that nearly 70 percent of prescription drugs are obtained free from family members and that pain killers are the number one abused drug (p. 9).

[9:34:48 AM](#)

Ms. Blaisdell continued that legislation is being introduced because Senator Green was approached by members of the medical community and law enforcement officials due to the increase in prescription drug diversion criminal activity. She asserted that with this legislation, the state will be eligible for federal funding to pay for the program in full (p. 11). This bill establishes a PDMP within the responsibilities of the Board of Pharmacy which will track all schedule 1-V controlled substances in state and federal law. The prescription data will be electronic rather than paper (p. 12). She noted that licensed prescribers are entitled to use the database: medical doctors, emergency room doctors, dentists, veterinarians, nurse practitioners and licensed or registered dispensers, such as pharmacists (p. 13). Data can also be used by the Board of Pharmacy personnel regarding licensing inquiries and for database management. Ms. Blaisdell continued that this data can be requested through the Board by law enforcement entities with a subpoena or court ordered warrant. This provision is to prevent "fishing" expeditions looking for a prescription drug pattern for an individual (p. 14). The database can be used to improve health care for patients and identify prescribing and dispensing practices that may be in question, such as, individuals who show a pattern of inappropriate use (p. 15). The access and use of this data will be confidential and not subject to public disclosure, with some exceptions (p. 16).

[9:37:41 AM](#)

Ms. Blaisdell discussed the two fiscal notes, starting with the Department of Commerce requesting authorization to receive \$400,000 available in federal funding. The second fiscal note, from Department of Health and Social Services, reflects potential savings in the Medicaid Agency (p. 17). She referenced that members were provided the sectional analysis explaining changes to the legislation in previous

committees (copy on file). She read the letter of intent from Senator Green, Senate Labor and Commerce Committee, which stated,

It is the intent of the Legislature that the Alaska Prescription Monitoring Program be funded with federal grants and state appropriations. It is not the intent of the Legislature that the professional users of the database absorb the costs of managing this public program through their license fees or other fee structure (copy on file).

[9:39:53 AM](#)

Ms. Blaisdell provided members with sample reports describing a "good" prescribing practice that probably would not be questioned (OHIO Automated RX Reporting System, Betty Testpatient, copy on file) and a report reflecting large prescription doses, visits to multiple doctors, numerous pharmacies and frequent personal information changes. The second sample report should raise questions by the doctor or pharmaceutical prescriber (OHIO Automated RX Reporting System, Joseph Llewellyn, copy on file). She outlined the White House national campaign to prevent prescription and over the counter drug abuse by teens (White House Office of National Drug Control Policy National Youth Anti-Drug media Campaign, copy on file).

[9:42:35 AM](#)

Co-Chair Stedman asked for elaboration on how the state and federal databases would interface. Ms. Blaisdell answered that no federal data base existed at this time. The controlled substance information provided to the DEA is viewed in a "big picture" approach. The DEA looks at the amount of pills being manufactured by a company and how these pills are being distributed throughout the United States. She explained that discrepancies in importing and exporting of pills are reviewed. The only states that currently share information are Nevada and California.

[9:44:30 AM](#)

Senator Elton asked about the imposition on the pharmacists per prescription. Ms. Blaisdell explained that the imposition to the pharmacist is two minutes per day total, which accounts for the time the data is transferred. The program would be on the pharmacist's website, then, at the end of the day, the data could be downloaded with a push of a button.

Senator Elton inquired who has access to the database. Ms. Blaisdell explained that the Board of Pharmacy sets a specific set of criteria that allows one to get a log-in ID

to obtain access to the data. This applies to all who can prescribe medicines and pharmacists who are actively dispensing.

[9:47:32 AM](#)

Senator Elton questioned the time limit a name and prescription information is kept in the database. Ms. Blaisdell indicated that most states have time limits of two to three years.

[9:48:18 AM](#)

Senator Elton asked if Medicaid would have to obtain a court order to access the data. Ms. Blaisdell explained that Medicaid and other government agencies could only acquire this information if there was "just cause" to obtain legal access, then it would be through a court order.

[9:49:48 AM](#)

Senator Thomas inquired how this bypasses HIPAA (Health Insurance Portability and Accountability Act). Ms. Blaisdell explained that HIPAA did adopt "exception language" and any state entering into a prescription drug monitoring program, for the purposes of health policy or law enforcement, are exempt from breaking any HIPAA laws.

[9:51:09 AM](#)

Senator Olson wondered what kind of a burden would be placed on the physician to access this information. Ms. Blaisdell responded that it could be "zero" if a doctor chooses not to participate; otherwise it takes about 15 seconds to receive a report. Senator Olson inquired how this would work for physicians without computer access, such as rural Alaska. Ms. Blaisdell explained that this is one of the reasons there is no requirement or mandate in the bill for a doctor to be required to look up the data information. A solution for doctors without computer access could be to request the Board of Pharmacy to run a report and FAX it to the doctor.

Senator Olson inquired if there would be some sort of backlash or discipline to physicians who are seen to overprescribe. Ms. Blaisdell responded that, in past state experiences, most physicians are aware that there may be a doctor overprescribing. Often this problem is settled through "peer review." This database would make the review more efficient.

[9:54:28 AM](#)

Senator Thomas questioned how the security or pin number is protected. Ms. Blaisdell responded that most states use a

physician's Drug Enforcement Administration (DEA) number with a confidential password. The DEA number has recently been scrutinized since it is often written on doctor's forms making it fairly accessible. Some states have chosen to use the NPI number (National Provider Identifier). Pharmacists also have a separate identifier number for individual persons.

Senator Elton did not see that the Medical Board had access to database when considering disciplinary action toward a physician. Ms. Blaisdell responded that the Medical Board would need a court order. Senator Elton inquired if the Medical Board fell under federal, state and local law enforcement authorities (p. 4, Section 5). Ms. Blaisdell responded that board members, appointed by the Governor, are considered state public officials acting on behalf of a government agency.

[9:58:30 AM](#)

Senator Olson added that, having served on the Medical Board, the investigator has no problem obtaining a court order.

[9:58:39 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment #1:

25-LS1092\K.1
Luckhaupt
1/10/11

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 196(L&C)Page 5, lines 18 - 22:

Delete all material and insert:

- "(i) A person
- (1) with authority to access the database under (d) of this section who knowingly
 - (A) accesses information in the database beyond the scope of the person's authority commits a class A misdemeanor;
 - (B) accesses information in the database and knowingly discloses that information to a person not entitled to access or to receive the information commits a class C felony;
 - (C) allows another person who is not authorized to access the database to access the database commits a class C felony;
 - (2) without authority to access the database under (d) of this section who knowingly accesses the

database or knowingly receives information that the person is not authorized to receive under (d) of this section from another person commits a class C felony."

Page 5, following line 26:

Insert a new paragraph to read:

"(3) "knowingly" has the meaning given in AS 11.81.900;"

Co-Chair Stedman OBJECTED for discussion.

Ms. Blaisdell discussed that intent of the amendment is to better clarify what a class "A" misdemeanor and a class "C" felony might involve. A class "A" misdemeanor would cover someone accessing data, beyond one's authority, such as front desk staff in a doctor's office. A class "C" felony applies to someone who tries to alter the data in a PDMP.

[10:00:58 AM](#)

Senator Elton asked what happens if someone inappropriately accesses this information to give it to a pharmaceutical company with the purpose of soliciting the patient with additional drug information. He wondered if a penalty existed for that person or pharmaceutical company. Ms. Blaisdell considered the person giving the information to the pharmaceutical company would have legal repercussions but not certain what penalty would apply to the pharmaceutical company itself.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted.

[10:01:51 AM](#)

Co-Chair Stedman commented positively on the zero line fiscal notes.

[10:02:16 AM](#)

LINDA BAREFOOT, REGIONAL DIRECTOR, STATE GOVERNMENT AFFAIRS, PURDUE PHARMA, L.P., identified the company as a manufacturer and distributor of controlled and non-controlled prescription medication and over the counter products. Purdue Pharma supported SB 196.

Co-Chair Stedman inquired if Purdue Pharma manufactured OxyContin. Ms. Barefoot responded "yes." Co-Chair Stedman wondered if this bill would impact sales or marketing of the drug. Ms. Barefoot responded that the company only wants OxyContin prescribed for legitimate pain patients.

[10:04:07 AM](#)

PATRICIA SENNER, ADVANCED NURSE PRACTITIONER, ALASKA NURSES ASSOCIATION, indicated that the nurses association has been working with Senator Green on this bill and supports the intent of this bill. Many nurse practitioners prescribe medicines and would like the ability to confirm a patient's history when prescribing pain medication. She informed the Committee that, having worked with both teenagers and adults, she found more problems with adults. A major concern about the database has to do with confidentiality and who will have access to the database. The association is concerned about the wrong person getting access to patient addresses with the purpose of robbery to obtain pain medications. She also indicated that inserting into the database information if the patient is currently under a "Pain Management Contract" with a pain doctor would be helpful.

[10:07:04 AM](#)

Senator Olson questioned if Ms. Senner had any experience with any Prescription Drug Monitoring Program. Ms. Senner responded that she had not had experience with any databases.

Senator Olsen wondered if she agreed with the time commitment expressed for the prescribers and pharmacist. Ms. Senner believed that the pharmacist who has it on their computer will have a far shorter time commitment than those that dispense from their office, especially for rural offices.

[10:08:03 AM](#)

JULIE WOODWORTH, CHAIR, LEGISLATIVE COMMITTEE OF HOMER CHAMBER OF COMMERCE supported SB 196. She remarked hearing positive responses to this bill in the medical and local communities.

[10:09:18 AM](#)

Senator Elton asked if Ms. Blaisdell had a comment on the information of individuals obtaining patient addresses for criminal purposes. Ms. Blasdell responded that one of the reasons for pursuing this nationwide database is that access to people's personal information is already occurring.

Co-Chair Hoffman MOVED to REPORT out of Committee as amended with individual recommendations and attached fiscal notes and the letter of intent.

CSSB 196 (FIN) was REPORTED out of Committee with "do pass" recommendation and new fiscal note from the Department of Commerce, Community and Economic Development and the letter of intent from the Senate Labor and Commerce Committee.

ADJOURNMENT

The meeting was adjourned at
[10:11:59 AM](#)