

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

February 11, 2008

1:34 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Thomas, Vice Chair
Senator John Cowdery
Senator Kim Elton
Senator Fred Dyson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 170

"An Act requiring that health care insurers provide insurance coverage for well-baby exams."

MOVED CSSB 170(L&C) OUT OF COMMITTEE

SENATE BILL NO. 181

"An Act relating to the Uniform Anatomical Gift Act, to anatomical gifts, to donations to the anatomical gift awareness fund, to a registry of anatomical gifts, and to organizations that handle the procurement, distribution, or storage of all or a part of an individual's body."

MOVED CSSB 181(HES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 170

SHORT TITLE: INSURANCE COVERAGE FOR WELL-BABY EXAMS

SPONSOR(s): SENATOR(s) McGUIRE

05/03/07	(S)	READ THE FIRST TIME - REFERRALS
05/03/07	(S)	L&C, HES, FIN
05/09/07	(S)	L&C AT 1:30 PM BELTZ 211
05/09/07	(S)	--Meeting Postponed to Thursday, May 10--
05/10/07	(S)	L&C RPT CS 2DP 2AM SAME TITLE
05/10/07	(S)	DP: ELLIS, DAVIS
05/10/07	(S)	AM: BUNDE, STEVENS
05/10/07	(S)	L&C AT 1:30 PM BELTZ 211

05/10/07 (S) -- Rescheduled from 05/09/07 --
02/11/08 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 181

SHORT TITLE: ANATOMICAL GIFTS

SPONSOR(s): SENATOR(s) McGUIRE

05/15/07 (S) READ THE FIRST TIME - REFERRALS
05/15/07 (S) HES, STA, JUD
02/11/08 (S) HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

DR. GEORGE BROWN, MD
Douglas, AK

POSITION STATEMENT: Supported SB 170.

STEPHANIE BIRCH, Section Chief
RNC, BSN, MPH, MCH Title V and CSHCN Director
Women's, Children & Family Health
Anchorage, AK

POSITION STATEMENT: Supported SB 170.

DENNY DEWITT, Director
National Federation of Independent Business (NFIB)
Juneau, AK

POSITION STATEMENT: Opposed SB 170.

JODYNE BUTTO, MD, FAAP, President
Alaska Chapter of the American Academy of Pediatrics
Anchorage, AK

POSITION STATEMENT: Supported SB 170.

TREVOR FULTON, Staff to Senator McGuire
Anchorage, AK

POSITION STATEMENT: Provided testimony on SB 170 and an overview
of SB 181.

KATIE CAMPBELL, Life and Health Actuary
Department of Commerce
Division of Insurance
Juneau, AK

POSITION STATEMENT: Answered questions regarding SB 170.

WHITNEY BREWSTER, Director
Department of Motor Vehicles (DMV)
Anchorage, AK

POSITION STATEMENT: Was available for questions regarding SB 181.

DEBORAH BAER, Uniform Law Commissioner
Alaska Department of Law
Juneau, AK

POSITION STATEMENT: Answered questions regarding SB 181.

BRUCE ZALNERAITIS, CEO
Life Alaska Donor Services
Anchorage, AK

POSITION STATEMENT: Supported SB 181.

ACTION NARRATIVE

CHAIR BETTYE DAVIS called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:34:42 PM](#). Present at the call to order were Senators Elton, Dyson, Thomas and Davis

SB 170-INSURANCE COVERAGE FOR WELL-BABY EXAMS

CHAIR DAVIS announced consideration of SB 170. [The committee was considering CSSB 170(L&C).]

SENATOR MCGUIRE, Sponsor of SB 170, presented an overview. This bill mandates well-baby exam coverage by insurance providers. She said that, although some people may have a philosophical issue with state interference in the private sector, the importance of providing these critical examinations to children justifies such action.

She pointed out that the bill makes sense economically, because well-baby exams and prevention save money in the long run. It makes sense to ensure that any issue is discovered and dealt with when a child is young, as opposed to later when it has become an expensive emergency treatment matter.

[1:40:32 PM](#)

She summarized by saying that, from a societal standpoint, policy makers have an obligation to speak for children, who cannot speak for themselves. From a policy standpoint, it is sometimes incumbent upon them to step in when the private sector does not recognize the needs of the citizens, and from an economic standpoint, it makes sense to have these exams early to

avoid higher costs down the road. She encouraged passage of SB 170.

1:42:11 PM

DR. GEORGE BROWN, Pediatrician, Douglas AK, spoke in favor of SB 170. He said that the American Academy of Pediatrics (AAP) sponsored research in the 1990s of the cost-effectiveness of preventative actions performed in well-baby visits and found that for every \$1 spent, roughly \$4.50 was saved. He stressed that separating physical and mental health sometimes causes considerable problems for society and for insurers, but if a family has a "medical home," that is a home in which the parents have a relationship with their pediatric specialist and feel that they are being supported, it can help to prevent child-abuse. He said there is every reason for leaders of the State of Alaska to make this investment to ensure that children have access to these examinations, and saluted Senator McGuire for introducing the bill.

SENATOR DYSON asked if Medicaid and Denali Kid Care cover well-baby exams.

DR. BROWN answered that they do.

SENATOR DYSON asked what he would do if the parents of one of his patients did not have insurance and did not qualify for Medicaid or Denali Kid Care.

DR BROWN responded that he had never turned anyone away, whether or not they had insurance, but people are often reluctant to come to him if they don't have insurance.

SENATOR DYSON said that did not really answer his question. If a parent did not have insurance, would he encourage them to have the exams and how much would he charge?

DR. BROWN replied that he encourages all parents to have the well-baby exams and charges the same amount to everyone. In many cases, if parents do not have insurance and cannot afford to pay, he works with them to pay what they can.

SENATOR DYSON asked for a rough estimate of what the exams cost.

DR. BROWN said the range shown in the bill is pretty much the same for all pediatricians.

CHAIR DAVIS interjected that the original bill included an annual cap of \$1500, but it was removed because of variations in charges by individual providers. They were considering a total of \$1500 for the ten suggested visits.

DR. BROWN said that sounds quite reasonable, that the per-visit cost is generally from \$125 to \$250, with his practice falling in the lower range.

SENATOR COWDERY asked if other states have this type of mandate on their books.

CHAIR DAVIS answered that 21 or 22 states have mandated it.

[1:48:31 PM](#)

SENATOR THOMAS asked if insurance companies usually cover the cost of immunizations.

CHAIR DAVIS replied that immunizations would be covered in the well-baby exams.

SENATOR THOMAS said, although they have heard a lot about intervention in the medical area and social service fields having a huge impact on savings of money and services down the road, he had never received any feedback that would provide incentive to continue supporting this type of legislation. He felt that unless they could show the insurance companies statistics to support those savings, insurance premiums would go up.

DR. BROWN said the AAP paper he referenced did look at immunizations and preventing injuries when they came up with their calculation of how much was actually saved. He added that insurance companies seem to be listening to their customers and are becoming more aware of it too.

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STEPHANIE BIRCH, Section Chief, Women's, Children & Family Health, said there have been a number of studies regarding the importance of preventative health care and the dollars saved with early intervention. The studies about early developmental screenings for children indicate that from \$4 to \$6 are saved for each \$1 expended in early identification and treatment.

AAP has long stood behind a schedule of routine visits that coincide with expected developmental targets in children. In addition, the American Academy of Family Practice Physicians

(AFP) supports not only 10 visits during the first 24 months, but scheduled visits that follow toddlerhood, childhood and the teen years. These visits include a full head-to-toe physical assessment, screening for visual problems, dental caries, inappropriate weight gain or loss, any signs of physical abuse, mental health screenings and the state of bonding with a parent, as well as developmental milestones.

MS. BIRCH went on to say the Health Supervision Guidelines that have been developed and published by the Maternal Child Health Bureau in collaboration with several national health provider organizations, recommend a comprehensive developmental approach to health supervision that includes not only physical assessment but social, emotional and cognitive components. This "Bright Futures" approach, offers a uniform standard of care for all children. Many states' Medicaid programs, including ours in Alaska, known as the "Early Periodic Screening, Detection and Treatment Programs," have adopted these standards as a basis for program content.

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AAP also published a recommendation that pediatric visits at ages 18 and 24 months should include screening for autism spectrum disorders. Given that the Centers for Disease Control and Prevention(CDC) estimates 1 in 150 children have autism, it is important to identify it early and assist in connecting them with treatment services.

Obesity is a major health factor nationwide. Studies indicate that children under age 3 with weight over the 90th percentile are at risk for long-term obesity if their weight cannot be controlled with appropriate diet and exercise.

Health supervision visits also provide an opportunity to observe parental behaviors, answer questions, provide guidance and expectations for child safety, feeding etc.

MS. BIRCH summarized by saying that the Department of Health and Social Services (DHSS) supports SB 170 and the intent to promote health, detect problems early, and refer them to the appropriate providers for treatment.

CHAIR DAVIS said that Dr. Butler was available to answer questions.

[1:59:00 PM](#)

SENATOR ELTON asked if savings would accrue both to the state and the insurer.

MS. BIRCH replied that when they talk about savings, they mean that by identifying problems early you may avoid a much more expensive intervention later. For example, if you identify dental caries early, when the child has cavities, you can probably save the teeth and avoid expensive oral surgery under anesthesia.

She related an illustration from her work as a family nurse practitioner regarding treatment for ear infections, commonly called Otitis Media. Many families did not see the value of well-child visits or could not afford to see a care provider, so they would shop around for services. A child with a history of ear infections would not necessarily receive consistent follow-up treatment or evaluation for hearing loss or speech delays as a result.

SENATOR ELTON stated that those savings would then accrue to both the private insurer and, potentially, to the state.

MS. BIRCH confirmed that they would.

[2:01:23 PM](#)

DENNY DEWITT, Director, National Federation of Independent Business (NFIB), opposed the legislation. He did not disagree that the services are a good idea, but with the issue of who pays. This bill would assign responsibility for payment to any employer that chose to offer its employees and dependents health insurance. He felt that it should be left to employees and employers to decide how the limited pool of dollars set aside for employee compensation would be distributed. He referenced a study by Legislative Research indicating that 49 percent of children are covered by employer insurance plans and 4 percent by individual plans. The individual plans would certainly be impacted, but a large number of those covered by employer plans have Employee Retirement Income Security Act (ERISA) plans that are not covered by this bill. He stressed that the bill did not include the State of Alaska, which is a primary insurer in this state and does not provide benefits in this area. Only small employers that cannot use ERISA plans would be affected.

MR. DEWITT said his best guess was that this would increase the insurance premiums for those employers by 1 to 3 percent. NFIB is seeing a 1 to 2 percent reduction annually in the number of small employers that are offering health insurance to their

employees, which just makes it more expensive for those companies that are trying to decide whether to offer health benefits and is driving them out of the market. He maintained that insurance companies just move money around; the \$150 to \$250 a year added to the amount of benefits provided by insurance companies would have to be returned by the individual or small employer paying the premium. It would not impact the health benefit program offered by the State of Alaska. He stated that the Legislature, as the "Board of Directors" for the State of Alaska, should be making decisions for its employees, and felt it was ironic that they were considering legislation that would not impact their own employees but the small private businesses in the state.

[2:05:38 PM](#)

MR. DEWITT said NFIB believed a more reasonable approach would be for the state to make an investment in expanding the use of health clinics throughout the state. While he appreciated the intent of the bill sponsor and others, he felt it was inappropriate that the bill would require a small third party to pay the price for their good intentions.

CHAIR DAVIS recognized that it is a problem that many small businesses cannot afford to provide insurance.

MR. DEWITT assured the committee that NFIB was trying to encourage their employers to provide a good package of benefits to their employees; but each mandate added made it more difficult. NFIB was seeing new businesses, particularly startups, were less likely to offer coverage. Those who did offer health insurance were finding it difficult to get out of the commitment, but some were moving from providing health insurance to providing an amount of money for employees to use to purchase their own policies.

He added that some employees might prefer the option of more income in their checks instead of well-baby exam coverage in their health insurance. He reiterated that the question was not the value of the benefit, but whether or not the state should interject itself in compensation issues.

CHAIR DAVIS asked if Mr. DeWitt knew whether any of their employers were offering this as an option to their employees.

MR. DEWITT replied that he did not know, but would try to find out. Their surveys were not generally that specific.

He commented that there is a difference between insurance and pre-payment. Insurance is when a group puts money together to indemnify themselves against an unusual occurrence. Pre-payment for services is always more expensive.

[2:11:32 PM](#)

SENATOR ELTON said when he asked Ms. Birch whether savings would accrue to the insurance companies, she suggested that was true. He then reminded Mr. DeWitt that he began his testimony saying his "best guess" was that additional costs would accrue to small businesses. Senator Elton said he would need to see something other than a best guess to support the fact the premiums would go up and that there would be no savings to the insurer by doing healthy baby exams.

MR. DEWITT explained that his 1 to 3 percent estimate came from the Council of Affordable Health Insurance and he would be happy to make a copy of their report available.

SENATOR ELTON asked if it addressed well-baby exams specifically.

MR. DEWITT answered "Yes."

SENATOR DYSON added that if this is a good investment as the proponents of mandates say, he has to ask why the insurance companies aren't jumping on board to do this in their own interests. It makes him think that either the insurance companies are very short-sighted or they aren't sure that it pencils out for them. He said his office has been doing a lot of work to find out how to make medical care more affordable, and they have found that the cost of insurance is higher in jurisdictions that have the most mandates, which seems to contradict some of the testimony.

[2:15:07 PM](#)

SENATOR ELTON said one thing that points the other way is the experience of employers like the City and Borough of Juneau (CBJ), which has lowered its health care costs by encouraging healthy behaviors including preventative medicine. He voiced his suspicion that the insurance industry looks for every opportunity to increase their profit-margin.

JODYNE BUTTO, MD, FAAP, pediatrician, President of the Alaska Chapter of the American Academy of Pediatrics, supports requiring insurance companies to cover well-baby visits. She observed that insurance companies count on the fact that they

will get their money now and the savings will come later. She said that an analysis of data from the Pregnancy Risk Assessment Monitoring System (PRAMS) from 2004 to 2006 shows the number of people who said they could not afford well-baby visits went from about 5.1 to 23.4 percent of respondents. Part of the reason for that change is that fewer people are covered by Denali Kid Care.

2:19:08 PM

SENATOR DYSON wondered why people aren't putting the mandate on parents as opposed to a third party, and asked Ms. Butto if she would support legislation to do that.

DR. BUTTO responded that it would be too difficult to enforce such legislation, while requiring the insurance companies to cover it as a condition to do business in Alaska would be possible.

SENATOR DYSON suggested that making the requirement a condition for parents to receive their Permanent Fund Dividends would almost certainly change their behavior.

2:22:06 PM

CHAIR DAVIS asked the sponsors to return to the table to discuss the State of Alaska's insurance and wondered whether anyone from the state's insurance office was available to speak to the matter.

SENATOR McGUIRE responded to Senator Dyson's comments regarding who has responsibility. She agreed that the parents are certainly responsible, but felt that all of us are responsible for the children who are part of our society, and their care is to our benefit. On the issue of state coverage, she absolutely agreed with Mr. DeWitt that the state should be included in the mandate. She explained that multiple sections of state law would have to be changed however, and although she was not afraid to take that on, she felt it was important to move forward with the existing bill and send a letter of intent to the state provider. If they have not agreed to follow the mandate in a year, she would begin the process to change state law as required to mandate compliance.

TREVOR FULTON, Staff to Senator McGuire, confirmed that a long list of coverages were already mandated under state statute and noted that the state has picked up every one. He saw no reason why the state would not fall in line with this.

KATIE CAMPBELL, Life and Health Actuary, Division of Insurance, Department of Commerce, said she could not speak to the State of Alaska's insurance policy. She agreed that historically the state has covered the mandates, but the insurance laws do not apply to the state plan.

[2:26:58 PM](#)

CHAIR DAVIS said the director of insurance testified last year to some of the problems they would have including the state in this type of mandate. She asked Ms. Campbell what mandates she was referring to.

MS. CAMPBELL replied that she was referring to the insurance mandates in title 21, which do not apply to any other government program.

CHAIR DAVIS asked Ms. Campbell if she had a list of all of the mandates that apply only to private insurance.

MS. CAMPBELL said she did not have a list, but all of the mandates could be found in AS 21.42.

SENATOR ELTON asked if the mandates she referred to are handled in the contract with our insurance provider, or if compliance is left up to the provider.

MS. CAMPBELL said the answer would depend on what group you were looking at. Large employers like the State of Alaska or other big employers that self-fund their health plans, negotiate everything with the insurance company. Small employers normally buy packaged plans that are approved through the Division of Insurance. The insurance companies conduct surveys and stay in touch with the needs of their market, adjusting benefit plans as necessary.

SENATOR ELTON agreed that a letter of intent ought to be part of contract negotiations.

[2:30:29 PM](#)

SENATOR DYSON cautioned that they will always have a responsibility to be very careful of the decisions they make, particularly those that spend someone else's money or assume responsibility on others' behalf.

CHAIR DAVIS stated that no one piece of legislation could meet all the needs that must be met. She hoped that the committee would not decide on the bill based on a possibility that some

businesses would have to rework their plans. She felt that, if it took more small businesses "out of the loop" subsequent legislation would be passed to correct it.

SENATOR THOMAS said he would like to see additional research to ensure they are operating on sound information as they move this measure forward.

CHAIR DAVIS said she did not wish to hold the bill pending further information but would prepare a letter of intent to accompany the bill to finance.

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SENATOR DYSON said he would be more comfortable if the state agreed to subsidize \$1500 for infants born to families whose incomes fall below the Federal Poverty Level, rather than putting a mandate on small businesses.

SENATOR ELTON believed that downstream savings would accrue to the parents and perhaps to the insurance industry when problems are discovered and treated early. The problem with Senator Dyson's suggestion that the state pay the upfront costs is that there would be no way to recover those savings.

[2:39:14 PM](#)

SENATOR DYSON contended that Senator Elton's own argument defeats itself. If the state helped the children of poor families get the care they need, the children would have much better incomes and be less likely to be a burden on the public health system. The state would be one of the beneficiaries of more healthy children and more families that are not weighed down by excessive health care costs.

CHAIR DAVIS commented that there was a bill sitting in Finance that would provide healthcare to all children; that there were a number of bills in other committees designed to help poor people, but they did not address help for families that don't fall below the federal poverty level, don't qualify for Denali Kid Care, and yet cannot afford health care. She asked Senator McGuire to comment.

SENATOR MCGUIRE asked the committee to pass the bill on. She commented that when the diabetes and colorectal cancer screening bills were moving through the committee, the same arguments were made about prevention and treatment.

[2:44:18 PM](#)

SENATOR McGUIRE supposed they might only be able to reach 15 percent of insurance companies due to the ERISA exclusion, but they would send a strong statement that the health and well-being of children is important to the state, and may provide some ammunition to employers in negotiating with insurance companies.

[2:46:15 PM](#)

SENATOR ELTON moved to report CSSB 170, version /E, and attached fiscal note(s) from committee with individual recommendations and a notation that the chair is going to include a letter of intent.

He objected in order to state that he felt comfortable making the motion because he believed the sponsor had a good idea of what would be needed regarding cost/benefits for the next committee. With that he withdrew his objection.

There being no further objection, CSSB 170(L&C) moved from committee.

SB 181-ANATOMICAL GIFTS

[2:47:08 PM](#)

CHAIR DAVIS announced consideration of SB 181.

SENATOR McGUIRE summarized that this bill simply updates existing statute with respect to anatomical gifts, bringing it into line with federal law.

[2:48:48 PM](#)

TREVOR FULTON advised that the bill is based on the federal Anatomical Gift Act. It was designed to facilitate organ and tissue donation and transplantation, remove obstacles in the donation process, and increase participation in organ donor programs. He pointed out the blank committee substitute that came from discussions with the Department of Law and Department of Health and Social Services; they concur with the changes.

CHAIR DAVIS asked if Mr. Fulton was referring to version E.

MR. FULTON confirmed that it was version E.

SENATOR THOMAS moved to adopt committee substitute (CS)SB 181, version E, as the working document. There being no objection, version E was before the committee.

[2:50:43 PM](#)

WHITNEY BREWSTER, Director, Department of Motor Vehicles (DMV), directed the committee's attention to section 14 on page 4, subsection (b), line 17 of the bill, which would change the legal age to sign up as an organ donor from 18 to 16 years of age and questioned the implications of that change.

DEBORAH BAER, Department of Law, Uniform Law Commissioner clarified that a minor must have permission from his parents to drive before he can check the box to donate. If allowed to drive, a child would also be allowed to make the decision on anatomical gifts. However, the gift could be revoked if the child died before reaching age 18. She summarized that the bill would not change drivers license law in the state, children must still have parental consent to drive or sign up as organ donors.

SENATOR THOMAS asked what the law meant by "emancipated."

MS. BAER explained that the age of majority in Alaska is 18, but a court can decide a minor child is able to live on his or her own.

[2:54:42 PM](#)

SENATOR COWDERY directed Ms. Baer to page 8, line 31 and asked who is meant by "any other person having authority to dispose of the decedent's body."

MS. BAER responded that one would need to have legal authority to dispose of the body. For example, the medical examiner, at some point, has legal authority to dispose of the body. She affirmed the bill did not create legal authority that is not already in state law.

SENATOR COWDERY asked how the matter of a living will that declines life support would be addressed, since it is necessary to keep the donor on life support to ensure viability of the organ.

[2:56:21 PM](#)

MS. BAER explained that the bill does not try to trump a living will. If a potential donor had a "do not resuscitate order," the doctor would honor that, but if necessary in order to honor both that directive and the wish to donate, the doctor would have the authority to maintain support until the organ donation organization could review the documentation and arrange for the procedure.

SENATOR COWDERY asked if a patient's decision to refuse life support would be tantamount to a decision not to donate?

MS. BAER said they are two separate decisions that a patient would have to make with a doctor and/or legal adviser.

[2:58:12 PM](#)

BRUCE ZALNERAITIS, CEO, Life Alaska Donor Services testified that close to 100,000 people in the United States were waiting for organ transplants, 180 of them in Alaska, and that 18 people in the United States die each day while waiting. By updating Alaska's Uniform Anatomical Gift Act (UAGA) to the 2006 version, SB 181 would remove obstacles to organ and tissue donation by clarifying language on who can grant consent to organ donation. The revised version would also prioritize donations for transplant over research and improve relations between the donor organizations and the medical examiner's office.

[3:01:25 PM](#)

SENATOR DYSON moved to report CSSB 181 from committee with individual recommendations and attached zero fiscal note(s). There being no objection, CSSB 181(HES) moved from committee.

There being no further business to come before the committee, Chair Davis adjourned the meeting at [3:01:51 PM](#).