

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

February 18, 2008

1:35 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Thomas, Vice Chair
Senator John Cowdery (via teleconference)
Senator Kim Elton
Senator Fred Dyson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 117

"An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations."

MOVED CSSB 117(L&C) OUT OF COMMITTEE

SENATE BILL NO. 160

"An Act establishing an Alaska health care program to ensure insurance coverage for essential health services for all residents of the state; establishing the Alaska Health Care Board to define essential health care services, to certify health care plans that provide essential health care services, and to administer the Alaska health care program and the Alaska health care fund; establishing the Alaska health care clearinghouse to administer the Alaska health care program under the direction of the Alaska Health Care Board; establishing eligibility standards and premium assistance for persons with low income; establishing standards for accountable health care plans; creating the Alaska health care fund; providing for review of actions and reporting requirements related to the health care program; and providing for an effective date."

MOVED CSSB 160(HES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 117

SHORT TITLE: WORKERS' COMP: DISEASE PRESUMPTION

SPONSOR(s): SENATOR(s) SENATOR FRENCH

03/14/07 (S) READ THE FIRST TIME - REFERRALS
03/14/07 (S) L&C, HES, FIN
04/12/07 (S) L&C AT 1:30 PM BELTZ 211
04/12/07 (S) Heard & Held
04/12/07 (S) MINUTE(L&C)
05/03/07 (S) L&C AT 1:30 PM BELTZ 211
05/03/07 (S) Heard & Held
05/03/07 (S) MINUTE(L&C)
02/05/08 (S) L&C AT 1:30 PM BELTZ 211
02/05/08 (S) Moved CSSB 117(L&C) Out of Committee
02/05/08 (S) MINUTE(L&C)
02/06/08 (S) L&C RPT CS 2DP 1DNP 2NR SAME TITLE
02/06/08 (S) DP: ELLIS, DAVIS
02/06/08 (S) DNP: BUNDE
02/06/08 (S) NR: STEVENS, HOFFMAN
02/18/08 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 160

SHORT TITLE: MANDATORY UNIVERSAL HEALTH CARE

SPONSOR(s): SENATOR(s) SENATOR FRENCH

04/23/07 (S) READ THE FIRST TIME - REFERRALS
04/23/07 (S) HES, L&C, FIN
09/10/07 (S) HES AT 1:30 PM Anch LIO Conf Rm
09/10/07 (S) Heard & Held
09/10/07 (S) MINUTE(HES)
01/30/08 (S) HES AT 1:30 PM BUTROVICH 205
01/30/08 (S) Heard & Held
01/30/08 (S) MINUTE(HES)
02/18/08 (S) HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR HOLLIS FRENCH
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Presented overview of SB 117 and SB 160.

PAUL LISANKIE, Director
Division of Worker's Compensation
Department of Labor and Workforce Development (DOLWD)
Juneau, AK

POSITION STATEMENT: Answered questions on SB 117.

ANDY MODEROW, Staff
to Senator French

Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Answered questions on SB 117 and SB 160.

JEFF BRIGGS

Alaska Professional Fire Fighters Association (APFFA) and
the International Association of Fire fighters (IAFF) Local 1264
Anchorage, AK

POSITION STATEMENT: Supported SB 117.

MARK DRYGAS President

Alaska Professional Fire Fighters Association (APFFA)
Fairbanks, AK

POSITION STATEMENT: Supported SB 117.

CANDY SIMS

Anchorage, AK

POSITION STATEMENT: Supported SB 160.

PATRICIA SENNER, Advanced Nurse Practitioner

Alaska Nurses Association (ANA)

Anchorage, AK

POSITION STATEMENT: Supported SB 160.

LARRY WEISS, Executive Director

Alaska Center for Public Policy

Anchorage, AK

POSITION STATEMENT: Supported SB 160.

MARK VINSEL, Executive Director

United Fisherman of Alaska (UFA)

Juneau, AK

POSITION STATEMENT: Presented an overview of the health care
challenges facing commercial fishermen.

WILLIAM STREUR, Deputy Commissioner

Medicaid and Health Care Policy

Department of Health and Social Services (DHSS)

Anchorage, AK

POSITION STATEMENT: Supported SB 160.

ACTION NARRATIVE

CHAIR BETTYE DAVIS called the Senate Health, Education and
Social Services Standing Committee meeting to order at [1:35:27](#)
[PM](#). Present at the call to order were Senators Elton, Thomas,
Davis, Dyson and Cowdery (via teleconference).

SB 117-WORKERS' COMP: DISEASE PRESUMPTION

1:36:30 PM

CHAIR DAVIS announced consideration of SB 117. [Before the committee was CSSB 117 (L&C)].

SENATOR FRENCH, sponsor of SB 117, said the idea of the bill is to create a presumption in the workers' compensation laws that certain diseases, cardio vascular emergencies and cancers are work related when contracted by fire fighters during a limited time frame and within specific parameters. The list of ailments on page 2 of the bill is limited to diseases that fire fighters contract more often the general public. Certain contagious diseases such as tuberculosis and meningitis are covered under a presumption for fire fighters and other first responders. In all instances a preponderance of evidence can negate or overcome the presumption. For example, someone with a history of tobacco use is specifically prevented from the worker's comp presumption for respiratory and heart conditions. Other factors including physical fitness, work history and non-employment activities can be considered when the claim is filed. A qualifying medical exam will insure that an ailment wasn't present before a claim is filed.

The presumption for fire fighters is restricted to only those who have served seven years or more, and coverage for qualifying medical events extends to a maximum of sixty months after employment ends. Exposure to a known carcinogen during the course of employment must be established for a cancer claim presumption under the legislation. Alaska is one of only nine states that has not established a workers' comp presumption for fire fighters. The 41 states that have enacted similar laws have found negligible effects on actuarial assumptions for claims payouts. The California retirement system (CALPERS) did an extensive study of this issue to see if establishing this presumption in law would raise workers' comp rates, and they found no noticeable impact as a result of the presumption. Workers' comp claims actually fell in Illinois during the six years after a presumption was placed into law.

The Labor and Commerce (L&C) CS before the committee responds to a single concern that qualifying medical exams would place an unfunded obligation on the employers. The CS says that an employer will not have an obligation to cover the costs of a qualifying exam. It provides that an individual has the option to pay for his own exam if an employer doesn't provide one.

Without an exam, individuals would not get the presumption although they could still make a workers' comp claim. This legislation gives fire fighters the back-up they need when their life-saving work produces adverse effects to their own personal health.

SENATOR FRENCH explained that Section 1 of the bill amends AS.23.30 the Alaska Workers' Comp Act by adding the new section that follows. Subsection (a) on page 1, line 6, establishes the presumption that specified diseases are work-related when contracted by certain emergency workers in the state. It also allows for the presumption to be challenged and it gives examples of evidence that can be used to disprove a presumption. Included on the list are tobacco use, physical fitness and exposures to hazards in other employment or non-employment activities.

Subsection (b) starting on page 1, line 13, outlines the specific illnesses and diseases that fall under the presumption for a fire fighter in addition to the time frame for which the presumption lasts. The diseases are: respiratory; cardio vascular events or emergencies experienced within 72 hours after exposure to smoke, fumes or toxic substances; 8 varieties of cancer which studies have shown are experienced at greater rates among fire fighters than the general public. To qualify for the presumption, a fire fighter must have served at least seven years and must have had a medical exam that didn't show evidence of the disease. If the workers' compensation claim involves any of the listed cancers, the fire fighter must demonstrate that during the course of employment they were exposed to a known carcinogen related to the disabling cancer.

Subsection (c) establishes a presumption that certain contagious diseases listed on page 3, lines 8-13, are work related for fire fighters and emergency rescue personnel. This presumption has the same challenge process and requires a qualifying medical exam showing good health during employment.

Subsection (d) on Page 3 Line 21 states that respiratory conditions or cardio vascular events are not covered if the firefighter has a history of tobacco use.

Subsection (e) is a new element of the bill. It makes clear that an employer will not be forced to purchase a qualifying medical exam. This language is on page 3, line 24.

Subsection (f) on page 3, line 31, establishes that the department will determine through regulations the extent of medical examinations necessary to eliminate evidence of disease in an active or former fire fighter. It also requires the department to define what constitutes a history of tobacco use.

Subsection (g) defines fire fighter as written in statute 09.65.295.

Section 2 makes clear the presumption will apply on any claim filed after the legislation passes, assuming all provisions of the bill including the qualified medical exam have occurred.

[1:43:04 PM](#)

SENATOR THOMAS asked if annual physicals were required by most departments.

SENATOR FRENCH replied they are. He said in 90 cases out of a 100, those exams would satisfy the requirement. There are some places that are too small with four or five fire fighters on the force; they don't pay for annual exams. The concern was not to burden those small departments with a new cost.

SENATOR THOMAS asked about volunteer firemen.

SENATOR FRENCH said they would qualify if they were being paid wages that would allow them to file for workers' comp. If there are no wages there is no Workers' Comp claim. They have to pay for an exam if they want the presumption.

SENATOR COWDERY asked what happens if they fail the exam they are required to take in order to keep the job, and if this would have any effect on the presumption.

SENATOR FRENCH said he would defer that question to someone who can explain how that would work. He said he thinks it would depend on what caused them to fail.

[1:46: 03 PM](#)

PAUL LISANKIE, Director, Division of Worker's Compensation, Department of Labor, Juneau, AK, said it depends on what the exam disclosed. If it was something a fire fighter had to prove he/she didn't have, it would probably disqualify coverage, assuming it wasn't already work related. If it was something that developed during the job, it could support a claim for workers' comp under the existing statute.

SENATOR DYSON said Senator French why the list of contagious diseases was included (page 3, line 6).

SENATOR FRENCH replied that those diseases are human immunodeficiency virus (AIDS), acquired immunodeficiency syndrome (AIDS), all strains of hepatitis, meningococcal meningitis; micro bacterium tuberculosis; and any uncommon infectious diseases the U.S. Secretary of Labor determines are related to hazards a fire fighter faces. The common factor in these six diseases is they are things you get from the blood of another person. Since these individuals go to places where they are rescuing people and giving them Cardio Pulmonary Resuscitation (CPR) under emergency situations, it's entirely foreseeable that fire fighters will come in contact with these diseases more than the general public. The research supports this. Therefore, when they diseases come up, they get a work-related presumption. It can be rebutted, but they get the benefit of the doubt initially.

SENATOR DYSON said there a lot of people in Alaska who work seasonally fighting forest fires from three to five months a year. He asked if they would have to have the same seven times 12 months of on-the-job service to get covered under this bill.

ANDY MODEROW, staff to Senator French, replied the definition does not include wild land volunteer fire fighters but it does include the other employees.

SENATOR DYSON said the forest fire fighters may have volunteered to go but they are paid on contract. He asked if they are volunteers or employees.

[1:51:23 PM](#)

MR. MODEROW replied they are not included in the definition as the bill is written.

CHAIR DAVIS asked if the department had any clarification on who would be eligible for compensation.

MR. LISANKIE said Mr. Moderow is correct. The definition will control who is eligible for coverage and the definition of fire fighter in Alaska statutes describes a person employed by a municipal fire department or who is a member of a volunteer fire department registered with the state fire marshal or a person registered for purposes of workers' compensation with the state fire marshal as a member of a volunteer fire department. The

delineation is going to be what they're doing rather than whether they're paid.

SENATOR DYSON said it sounds like many folks who work seasonally fighting forest fires are not going to be covered and most of those will not be directly working for the state or municipality.

SENATOR FRENCH said forest fire fighters might get workers' comp coverage, but not the presumption.

1:53:05 PM

JEFF BRIGGS, Alaska Professional Fire Fighters Association (APFFA), and the International Association of Fire fighters (IAFF) Local 1264, Anchorage, AK, said this bill is long overdue. There are 40 other states and provinces in Canada that currently have some sort of presumption in place, none of which are experiencing fiscal problems through the implementation of the legislation. Several of the states have many more diseases and cancers covered. Some cover all cancers for a fire fighter's entire life after he retires.

In Alaska, the workers' compensation rate for fire fighters is \$4.68 per hundred dollars of payroll. The claim that Alaska has the highest rate in the nation is erroneous. Vermont in 2007 paid \$14.52 per hundred dollars. This year nationwide already there have been 17 on-duty fire fighter fatalities. In 2007 there were 115. The numbers from 9/11 are well known. The Alaska Supreme Court has ruled that fire fighters and police officers are not allowed to sue negligent parties to recover damages from negligent acts. Considering that fire fighters don't have many benefits, this would be a good place to start.

He said the Alaska Municipal League suggests that workers' comp rates will skyrocket yet the same statement says that these diseases are already covered by workers' comp so there should not be an additional cost. If anything, the bill should streamline the process and possibly save money. Last week Kevin Smith sent a letter to the House Finance committee. Ironically, he supported one of IAFF's claims. Night workers have a higher cancer rate than the general public. Fire fighters often work 24-hour shifts, 56 hours a week. It appears that sleep deprivation increases cancer risk. He urged the committee to pass SB 117.

SENATOR THOMAS asked if Mr. Briggs had a list of where the rates went down and if that was based on the concept that there would

be early detection and intervention potentially under the terms of this bill, rather than down the road when one of the diseases that are listed ends up being an extremely expensive item.

MR. BRIGGS said he thought rates have dropped because workers tend to be safer. Every year equipment is improved and more training is available. IAFF is in the process of gathering more data on rates in other states.

SENATOR DYSON said he's like to see a copy of the data when it's collected.

1:57:43 PM

MARK DRYGAS President, Alaska Professional Fire Fighters Association (APFFA), Fairbanks, AK, said he represents 500 fire fighters and emergency medical service providers. The members of APFFA respond to 75 per cent of the 911 calls in Alaska. He said he is also employed as a battalion chief in the Fairbanks Fire Department. He supported SB 117. Fire fighters face multiple hazards every day. They expose themselves to possible injuries from falls, buildings collapsing, burns, et cetera. The risks they take to provide for the safety and protection of property of others is part of the job. If they are unfortunate enough to suffer an injury, they know they will be provided for by workers' compensation. No one gains, but at least the negative effects are lessened by this coverage. Fire fighters are becoming increasingly aware of the new dangers of the profession. In addition to exposure to injuries, fire fighters are exposed to disease-causing elements on a daily basis. Fire fighters are contracting cancer in all its forms at a rate that exceeds the general public.

He said fire fighters generally represent a healthier segment of the workforce. They are learning to accept some of these risks while making every effort to limit their exposure to toxins. Progress has been made in making equipment safer and improving training. Meanwhile, exposure to cancer toxins increases. Years ago most fires consumed natural products. Nowadays, fires consume a vast array of synthetics, plastics, and unknown chemicals. Advanced breathing apparatuses have lessened inhalation hazards, but many toxins enter the body through skin absorption. It used to be a badge of honor to have a soot-covered bunker coat, but today's fire fighter knows to keep his gear clean. There are hazards in every profession but workers in other professions are informed of the hazards facing them and can establish a safe work environment. A materials safety data sheet (MSDS) is posted in all workplaces.

He asked committee members to imagine the chemicals in their garages, under their sinks, in their laundry rooms, as well as the synthetics and components of a home, from curtains to stereos with no way of knowing what kind of lethal combination they might produce in a fire.

MR. DRYGAS said fire fighters cannot pinpoint where and when they become exposed to hazards that may cause cancer. It could be from a combination of exposure to different fires or from handling fire hose after a fire which is routinely cleaned by the fire fighters on the next shift. A state of Alaska report on occupational injury or illness asks for the date, time and place the exposure occurred. A fire fighter is at a loss trying to fill out one of those forms after being on the job for 10 or 20 years. SB 117 provides for a presumption of coverage, but it is not a guarantee. The employer or insurer must prove that cancer was not related to the job. There are provisions in the bill that allow the insurers to raise family history, lifestyle habits, and smoking in challenging a claim. The insurer must prove by a preponderance of evidence that it is not job related instead of the employee having to prove that it is job related.

He said the bill provides for coverage of certain respiratory diseases and for heart disease or heart attacks following a major event like a structure fire. Exposure to fire and its accompanying chemical compounds has led to an increased incidence of heart attacks in the first 72 hours following a fire. The bill also has a presumption of coverage for certain blood-borne communicable diseases. As first responders, fire fighters enter situations where they don't have the luxuries of a hospital environment or good lighting. They don't know the history of the patient before they deal with them. These claims of disease are at the same time open to proof the exposure occurred outside the job. Some people in the insurance industry will say it's too expensive and not needed, and that fire fighters are already covered. He remarked:

I expect that. That's their job. They're insurance people. Compassion isn't part of their vocabulary. They'll try a counter or scientific research. They'll say it's skewed, that we used poor studies, but they're never going to be able to show that . . . our cancer rate is the same as the general public. Every study shows that fire fighters are getting these cancers. We worked hard on the bill to come up with

the eight cancers that we thought had the best evidence behind [them], the best scientific study.

[2:04:27 PM](#)

MR. DRYGAS said he and the others testifying are not paid lobbyists; they chose to volunteer their time. It is devastating to a fire fighter to contract one of these diseases and devastating to their families. They are just asking that it isn't made worse by having to go through the stress of that in addition to their disease or illness to prove that it is job related. Few people would say that the work of fire fighters is not appreciated. This isn't a labor bill or a union bill. He doesn't even like referring to it as a workers' compensation bill. It's a fire fighters' bill and it shows that people care about their fire fighters.

SENATOR DYSON asked if the record shows that forest fire fighters have much less of these kinds of diseases.

MR. DRYGAS replied that forestry is a different type of problem. Those are wood smoke and not the type of situation found in a structure fire, especially the interior of a structure fire. He said he has talked with people from the Bureau of Land Management (BLM) who have asked him about the various protections they use, especially fighting fires around dump sites.

[2:08:31 PM](#)

SENATOR THOMAS asked if the physicals fire fighters receive in Fairbanks are adequate for detecting these diseases early.

MR. DRYGAS replied that Fairbanks has an extensive pre-employment physical as well as an extensive annual two-day physical. It is in place to protect both the city and the fire fighters. Smaller departments, especially volunteer departments don't have an extensive annual physical.

[2:10:15 PM](#)

SENATOR THOMAS made a clarifying motion that the committee was considering the Senate Labor & Commerce committee substitute, version \M, and there was no objection.

CHAIR DAVIS called back the sponsors of the bill.

SENATOR FRENCH said he had no further statements.

SENATOR DYSON asked if the administration is okay with this bill.

MR. LISANKIE replied that the administration is neutral on the bill.

SENATOR THOMAS moved to report CSSB 117, version \M, from committee with individual recommendations and attached fiscal note(s). There being no objection, CSSB 117(L&C) moved from committee.

SB 160-MANDATORY UNIVERSAL HEALTH CARE

[2:12:17 PM](#)

CHAIR DAVIS announced the consideration of SB 160.

SENATOR FRENCH, sponsor of SB 160, said this is a comprehensive bill. He said the basic idea is to make affordable health insurance available to every Alaskan by establishing a health care board that would oversee a fund and help certify health care plans. Four to five private insurance plans would be available to Alaska citizens who would get a voucher to help them buy one of these plans. Most people would fall into the zone of between 100 and 300 percent of the federal poverty level. They would get a sliding scale voucher depending on their income which would help them buy a plan. This doesn't affect anyone who currently has health insurance; it is only meant for those who don't get health insurance as part of their job. It is not government run or socialized medicine, but rather using the private market place to make private insurance available to Alaska citizens through the creation of a health care fund.

He said this is the third time the committee has heard this bill. There was a hearing in September 2007 in which 12 stakeholders including representatives from small business, the medical profession, and the insurance industry helped outline problems and difficulties with one hundred thousand uninsured Alaskans. Two nationally prominent health care experts from the Heritage Foundation and the Cato Institute commented on the problem here and the solutions proposed. The CS that was presented in January 2008 was the result of numerous conversations and comments since the bill was introduced. He said his office has had meetings with the Alaska Nurses Association, Aetna, representatives from the Department of Health and Social Services, the Division of Insurance, and Commonwealth North's Health Care Roundtable. He has spoken personally with over a dozen groups in the community including

the Alaska Association of Health Underwriters, AFL-CIO's Alaska Conference, AARP, and the Alaska Chamber of Commerce. He will be meeting with the National Federation of Independent Businesses. His office has had hundreds of emails from Alaskans about the bill.

[2:15:42 PM](#)

SENATOR FRENCH said there are misunderstandings about the bill. He recently received an email from a small businessman who was unhappy with an employer levy because while he'd like to provide health insurance for his employees, the levy would put him in the hole. In fact, Senator French said, the bill says there is no levy if an employer has zero to 10 employees. So, it would actually help his employees at no cost to him.

If an employer has between 10 and 20 employees, the levy is percent of the gross payroll. If an employer has 20 or more employees the levy is 2 percent. There are even ways to get around those levies. If an employer offers to pay 33 percent of the premium costs of a health insurance plan, there's no levy. If employers enroll 25 percent of employees in an employer sponsored plan, there's no levy. If an employer sets up a Section 125 cafeteria plan, a plan made available by the federal government to small businesses, that plan allows employees to purchase health care coverage with pre federal tax dollars, making employers exempt from the levy. The cost of a basic 125 plan to an employer is \$300.

SENATOR FRENCH said he has used the internet to get the word out to employees with a website. They have an interactive calculator that allows people to go to the website, plug in their income level, and find out what it would actually cost them to get a health insurance policy. People from all over the state have signed a letter of support and are signed up to get email updates.

He said the bill will not address Medicare or reimbursement rates. People over 65 years of age in Alaska will continue to face difficulties getting a medical doctor as long as the medical reimbursement rates set by the federal government remain so far from the demands of the market. The legislation will not establish a single payer government-run program. He said he gets some flack from the right alleging that he's trying to push socialized medicine which is not true. The same people that object to government run medical care are often are signed up for Medicare which is a single payer system which covers anyone over 65. This bill relies on market forces and competition to

lower costs while at the same time ensuring that patients have the financial capability to get the care they need. It doesn't increase the number of doctors in Alaska.

2:19:51 PM

SENATOR FRENCH said the bill will reduce the unspoken financial penalty paid by individuals and businesses who currently buy coverage for people who opt out or cannot afford health care. Federal law requires that hospitals give medical attention to everyone who needs emergency care. When someone cannot pay, the costs are transferred to those of us who can pay. Fixed state and federal reimbursement rates for medical care prevent this cost shifting from being borne by government programs like Medicare and Medicaid. In 2005 after modest uncompensated care reimbursement from the state and federal government, over \$100 million worth of unpaid medical bills were left outstanding in Alaska. Last September during the SB 160 hearings Joel Gilbertson reported that Providence was likely to surpass \$100 million of uncompensated care in 2007. Families USA estimate that this unspoken tax will easily surpass \$1000 per year per family in 2010. As costs continue to go up, the free rider problem will only get larger increasing the penalty of being unprepared with a health care coverage plan.

SENATOR FRENCH said SB 160 is a work in progress and he'd like to offer an amendment inspired by conversations with Chair Davis. It states that Medicaid will continue to have a crucial role to play in health reform efforts. The amendment charges the health care board to offer recommendations on possible expansion of Medicaid, taking into account the fiscal impact of those changes. From these recommendations the legislature would have a basis to act with the fiscal interests of the state in mind. The legislation is methodical and it's a well thought-out proposal that won't address all medical issues but it's a good start.

2:22:29 PM

CANDY SIMS, Anchorage, AK, said she has three major concerns: the cost to the individual if her family doesn't qualify for the voucher system by making too much money. She asked if there's going to be some kind of a sliding scale. She said she's concerned about the penalties mentioned in the last hearing one of which was if you don't have insurance, perhaps you won't be able to go to college. This would kill her daughter's dreams. Her family doesn't currently have insurance and she has an incurable disease. She was able to afford insurance for a while but at a certain point she couldn't afford both insurance coverage and the cost of prescriptions. When she tried to get

coverage for herself and her daughter, carriers refused to cover her when she mentioned her disease.

MS. SIMS said she received an email from Senator French stating that pre existing conditions would not be a problem. She asked if the clearing house that would be set up would offer insurance policies for people with chronic illness. If she has a problem, for example, if she's been overcharged, she asked how the two medical boards would interact.

CHAIR DAVIS said that she would bring the sponsor back to answer some of Ms. Sims' questions, but some of the questions did not pertain to the bill. This bill is not the answer to all the problems.

[2:28:55 PM](#)

ANDY MODOROW, staff, Senator French, said the guarantee issue as stated in the bill does require that an insurance company issue a policy to an individual who is within the Alaska health care program. Currently there is such a law for Alaska's small group market with between two and fifty and it's one of the things the responsibility clauses in the bill provide for. It reduces the moral hazard that would come about without having coverage required for everyone.

He said college access being tied to health care as an enforcement tool is not in the bill. Some people on ACHIA (Alaska Comprehensive Health Insurance Association) expressed concern about being able to get coverage. ACHIA is Alaska's high risk pool and the current draft of the bill provides vouchers of up to 450 percent of the federal poverty line - an increased amount that should make coverage affordable for them. While the guarantee issue clause does overlap, it will provide a safety valve while this legislation is being implemented.

[2:30:50 PM](#)

PATRICIA SENNER, Advanced Nurse Practitioner, Alaska Nurses Association (ANA), Anchorage, AK said the Alaska Nurses Association is very appreciative of Senators French and Wielechowski for introducing this bill and starting the discussion of how to solve Alaska's current health care crisis. The members are concerned about their patients who are unable to afford health care insurance. She personally had to advise a young man not to get a job so he could remain eligible for Medicaid and be treated for his leukemia. Many members work in hospitals where fewer and fewer patients have health care insurance while at the same time many of the sources of income

for the hospital are being siphoned off by private surgery and imaging centers.

She said it is difficult for the members to analyze whether the model outlined in SB 160 is financially viable, but they are convinced that the solution to getting affordable health care for Alaskans is to have the cost of that insurance be split between the individual, the state and the employer. They also think it is appropriate for the individual to assume some of the responsibility for insuring that health care services are available in Alaska. If Alaskans want a hospital to be available when they need it, they should be willing to help pay for them to keep their doors open.

The members also want to thank the senators for including a nurse on the Alaska Health Care Board. If the board does become a reality, there probably should be two boards, one dealing with financial issues and running the program, and the other board dealing with clinical issues concerning coverage services.

[2:33:17 PM](#)

LARRY WEISS, Executive Director, Alaska Center for Public Policy, Anchorage, AK, said legislators have shown serious interest in a difficult problem and they have put it on the table for wide discussion. He said he does have some concerns about the way the bill is structured and that SB 160 was chosen in comparison to several other possible health reform plans. When California was considering health care reform, state policy analysts invited nine different organizations to submit comprehensive proposals. On one end of the spectrum were proposals that recommended minor tinkering around the edges of the health care industry. At the other end was a proposal to create the California Health Service, a health plan which made all health care facilities publicly owned.

The nine plans were submitted to a large East Coast consulting firm. The final report provides a detailed discussion of the cost and coverage implications of each of the nine proposals. A second selected contractor did a qualitative analysis of the options which included such things as access, utilization, continuity of care, quality of appropriateness of care, etcetera. All the documentation is online. Anyone in California has the ability to look this information up and comment on it.

MR. WEISS said he's also concerned about the over reliance on private health insurance. That means very expensive and unnecessary overhead for the state that isn't characteristic of

other approaches. It will include expensive deductibles and co-payments for patients. Research shows that this will prevent people from using the insurance once they have it. He's also concerned that private health insurance in Alaska is actually a very concentrated market where only one insurer controls 60 percent of all private health insurance in the state. The market here is not competitive.

MR. WEISS expressed concern for the lack of provisions for quality of care and the notion of individual mandates. It's a punitive approach that is stumbling in Massachusetts and is unnecessary with other plans. He suggested they take a serious look at programs already in place that have a demonstrated track record, that are cost effective and that have quality of care elements already built in.

He thought Medicaid should be expanded to the maximum extent possible and went on to discuss some of its benefits.

He also recommended developing a comprehensive package of funding for the 130 community health clinics scattered across Alaska to enable these non-profit federally subsidized clinics to recruit and retain staff and to directly serve those who need health care. This approach would eliminate unnecessary administrative and other costs of private health insurance and at the same time directly provide medical care to those in need. Care costs for community health centers have been documented to be far below those in for-profit health care settings. This approach would also address the Medicare problem because Medicare patients are accepted at every community health clinic in Alaska.

[2:39:37 PM](#)

CHAIR DAVIS said that Medicaid can be expanded but this bill is strictly intended to provide health care for all Alaskans.

[2:40:41 PM](#)

MARK VINSEL, Executive Director, United Fisherman of Alaska (UFA), Juneau, AK, said that UFA doesn't have a position on this bill, but gave an overview of the challenges facing commercial fishermen regarding access to health care and insurance. UFA thinks that commercial fishermen fall through the cracks to an extent that is not seen in any other demographic or occupation that they might compare themselves to. A higher percentage lives in rural areas that are less likely to be served by a hospital or a road system that would provide the ability to get to health care facilities. Being largely self-employed with variable and

seasonable income opportunities, affordable health insurance is difficult to come by. This is a problem that needs to be addressed.

[2:43:15 PM](#)

WILLIAM STREUR, Deputy Commissioner for Medicaid and Health Care Policy, Department of Health and Social Services (DHSS), Anchorage, AK, said Senator French's new amendment has increased his interest. He supported this bill and the intent to make health care a reality for all Alaskans. He spent 30 years helping people get access to health care when there was none, mostly through Medicaid. He advised that the state must also ensure that there are providers of health care available and willing to accept those seeking services. Health insurance alone does not guarantee that those seeking services will receive it if there are no providers.

MR. STREUR said this bill is primarily an access and insurance issue, and is not best placed under the sole management and implementation of DHSS. The issues DHSS deals with like eligibility, provider systems, rates, and premiums are not familiar Medicaid issues. This is a new paradigm for Alaska and no one department may be currently equipped to address this legislation.

[2:45:40 PM](#)

SENATOR COWDERY asked if there were any cost estimates and where the money would come from.

CHAIR DAVIS replied that was not an issue that would be considered in this committee.

[2:46:36 PM](#)

SENATOR THOMAS asked if the administration agreed with the requirement for every Alaskan to have health insurance.

MR. STREUR said the department itself has not taken a position, but it is a goal that access is available to every citizen.

SENATOR DYSON said that access is different than requiring that everyone have health insurance. This bill requires that everyone have health insurance leaving no self-payers in the state. A multi-millionaire who chooses to pay his own bills would not be allowed to do that. He asked Mr. Streur if that was his position.

MR. STREUR replied he was not prepared to answer.

SENATOR DYSON asked for confirmation that Mr. Streur was personally in favor of this bill.

MR. STREUR replied he was.

SENATOR DYSON asked if Mr. Streur's support included that provision.

MR. STREUR replied yes.

SENATOR DYSON asked if Mr. Streur was in favor of forcing an insurance company to take any citizen including one who is being very reckless their health, swapping body fluids or weighing 800 pounds or all kinds of toxic things and the insurance company would have to take that person even though their behavior was destructive and they were unrepentant.

MR. STREUR replied that as a former health care insurer that was what he was faced with.

SENATOR DYSON asked if Mr. Streur was in favor of insurance companies being forced to take people with any pre-existing conditions including ones that are behavior-related.

MR. STREUR replied that if the senator was talking about destructive behavior being allowed, [he thought] it was not covered under this bill but would defer to the sponsor.

[2:48:54 PM](#)

SENATOR ELTON asked who is paying for the health consequences of the behavior previously cited. He said his impression is that much of those health care costs are being borne by the general public. The hospital in his community is a taxpayer-supported hospital. He said it would be helpful to talk about who is paying for the health care consequences of that kind of behavior.

MR. STREUR replied that everyone is paying for it. Providence Hospital has \$11 million in write-offs.

SENATOR DYSON said instead of everyone paying through cost-shifting, individual insurance companies will be forced to take anyone who applies even with pre-existing conditions. Even though everyone is paying now, it is still a paradigm shift to go out there and force someone in private enterprise to assume this burden.

CHAIR DAVIS said people who already have insurance won't be affected by the bill.

SENATOR DYSON said that according to the bill if a person has pre-existing bad behavior and is unrepentant, the insurance company has to take him/her, which is different than paying as part of a public responsibility.

[2:52:02 PM](#)

SENATOR THOMAS asked for an interpretation of lines 30 and 31 on page 2.

SENATOR FRENCH said he appreciated the committee's wrestling with the essence of the bill. Those lines state the requirement that an individual has to have a health insurance policy. This is a topic that's playing out on a national level. One of the big disputes between Barak Obama and Hillary Clinton is that Senator Clinton's plan has a mandatory insurance provision and Senator Obama's does not.

He believes the mandatory requirement has the better of the argument. Universal health care is not achievable by letting healthy adults out of the insurance net. Insurance works best when everyone participates; that is the basic idea behind it. Every human being has a body and they are going to need a doctor sooner or later. If they don't have insurance someone else will pay when they get sick or have an accident. It is possible to set a policy for young healthy adults and people that hate to pay into the system in a way that fits their needs but isn't onerous and doesn't cost a lot, more like a cell phone bill or a cable bill. They chip in to the system to cover themselves for when they do need it. It's part of the human compact.

[2:54:41 PM](#)

SENATOR DYSON restated his concern about the person who is a multi-millionaire and has never had a dime's worth of welfare or had anyone else pay his bill and can easily assume responsibility for their health care but would not be able to do it under this bill.

SENATOR FRENCH said he'd be happy to write an amendment that would excuse the half dozen multi-millionaires in the state that currently don't have insurance if they're willing to post a bond sufficient to cover their health insurance problems when they arise or with the posting of some financial net worth to satisfy the health care board.

SENATOR DYSON said he suspected that both he and Senator French were guilty of demagoguing the issue. To him it is a personal liberties issue. Everyone in the state being forced to do this because of the worry that this multimillionaire might run out of his wealth and not be able to pay his own bills is questionable policy.

He restated his question about not allowing insurance companies to opt out of taking people with bad behavior.

SENATOR FRENCH said the flip side of requiring every citizen to get insurance is to make insurance available in a meaningful way to every citizen. If people who are overweight or who smoke can't be issued policies the whole thing falls apart. As the former witness stated, everyone pays those bills. If a drug-addicted prostitute wakes up tomorrow on the streets of Juneau with HIV, the Juneau hospital will take her in and care for her, and everyone in the state is going to pay those bills because this is a humane society. The idea that we would exclude those individuals from an insurance policy because of the decisions they made is not part of a humane society. He agreed that positive lifestyle choices should get someone a cheaper form of insurance. Healthy people who don't smoke should pay less for insurance but at some level every person must be allowed to buy a policy.

[2:57:27 PM](#)

SENATOR ELTON said Senator Dyson always makes him think. He said there's a model for forcing rich people to buy insurance that everyone has become accustomed to - mandatory auto insurance and nobody has protested it. He asked Senator French if he had thought of his bill in terms of what is now done with auto insurance.

SENATOR FRENCH said the parallels are profound. Some states allow people to post a \$100,000 bond to cover expenses in a car crash. It's conceivable to write this kind of an exception for health insurance.

SENATOR DYSON said he didn't think they were parallel situations because what is required for car insurance is liability so that other people who might be harmed are covered. If you could force people who were swapping needles or body fluids, it would be a parallel situation. Auto insurance is not required unless the car is driven on public roads which is why that analogy breaks down. It's a difference between liability coverage and harm done

to others as opposed to the damage one does to oneself. The system must reward individual responsibility and institute a downside to irresponsible behavior.

He appreciates having an auto insurance company that gives him a reward for having 25 years of accident free insurance. He'd liked to have a reward for having fire alarms and a sprinkler system in his house. He'd like to have his brakes and excellent tires inspected and he'd like to be rewarded for prudent behavior. Ultimately this must be done with health insurance. His concern is that the system is so bastardized. Frank Murkowski talked about having the tax base pay the hospitals for taking care of the indigent. Then those who assume the public and human responsibility would pay directly. Instead the hospitals are forced to do this perverted system of cost-shifting so that they shift the cost to their profit centers and the high return businesses like imaging in order to cover the indigent. It's a shell game that masks the real cost. As a result, a part of the bill has responsible people covering the indigent. He wished for legislation that would at least provide a tax deduction for this charitable gift to the indigent but instead there's a refusal to get at the fundamental issues.

[3:01:27 PM](#)

SENATOR THOMAS asked for clarification of what premiums would be paid by different income levels.

SENATOR FRENCH responded if this bill passes, a millionaire who doesn't have insurance should get a 15 percent reduction in an insurance policy through the clearing house; they wouldn't get a voucher since they are over 300 percent of the federal poverty limit.

[3:03:54 PM](#)

SENATOR ELTON asked if the board of the proposed clearing house would approve private health insurance plans and not others based on deductibles or services covered.

SENATOR FRENCH replied yes and he envisioned a plan something like the state has now and the voucher would get the price down to where a working Alaskan could afford it.

[3:05:41 PM](#)

SENATOR ELTON said he was intrigued by the list of services and asked what happens if there is no private insurer that wants to participate.

SENATOR FRENCH replied he didn't have the answer. He said he assumed someone would move into that market.

[3:06:32 PM](#)

CHAIR DAVIS asked Senator French to explain Amendment 1.

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR FRENCH
TO: CSSB 160(), Draft Version "V"

Page 10, line 23, following "Medicaid":

Insert "and the potential expansion of the Alaska Medicaid program, including a comparison between the costs of expanding the Alaska Medicaid program and the cost of providing benefits through the Alaska health care program"

SENATOR FRENCH said Amendment 1 was prompted by a conversation between himself and the chair to make the most of Medicaid by comparing it to the cost of providing benefits through this bill. If a huge imbalance was found, a push could be made toward Medicaid.

[3:08:42 PM](#)

SENATOR ELTON moved to adopt Amendment 1, labeled 25-LS0728\V.1. There being no objection, the motion carried.

He said this amendment adds a requirement to report on something that makes sense. It does not require action by the legislature, but provides information upon which a decision could be made in the future.

SENATOR DYSON said that most providers argue that Medicaid reimbursement rates are significantly less than the cost of providing the service and that's why indigent people have difficulty finding someone to provide the service. He asked if it's possible for the state to reimburse the provider for the difference between the Medicaid rate and the actual cost.

[3:11:19 PM](#)

SENATOR ELTON moved to report committee substitute for SB 160, as amended, from committee with individual recommendations and attached fiscal note(s).

SENATOR DYSON objected.

A roll call vote was taken. Senators Elton, Thomas, Davis voted yea; and Senator Dyson voted nay; so CSSB 160(HES) moved from committee.

There being no further business to come before the committee, Chair Davis adjourned the meeting at [3:13:32 PM](#).