

SENATE FINANCE COMMITTEE  
February 11, 2010  
9:24 a.m.

9:24:31 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:24 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Johnny Ellis  
Senator Dennis Egan  
Senator Joe Thomas

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair  
Senator Donny Olson

ALSO PRESENT

David Logan, Alaska Dental Society; Mark Prator, Alaska Dental Society, Wasilla; Senator Joe Paskvan; Trena Heikes, Director, Division of Workers' Compensation, Department of Labor and Workforce Development; Barbara Huff Tuckness, General Teamsters 959. Don Etheridge, Alaska, AFL, CIO; Jon Sherwood, Director, Office of Program Review, Department of Health and Social Services (DHSS).

PRESENT VIA TELECONFERENCE

Kevin Dougherty, Alaska Laborers, Eagle River; Stacy Allen, Laborers Local 341, Anchorage.

SUMMARY

SB 83 VOCATIONAL REHABILITATION COMMITTEE

CSSB 83 (L&C) was REPORTED out of Committee with a "do pass" recommendation and with attached fiscal note by the Department of Labor and Workforce Development.

SB 199 MEDICAID COVERAGE FOR DENTURES

SB 199 was HEARD and HELD in Committee for further consideration.

SB 159 WORKERS' COMPENSATION FUNERAL EXPENSES

SB 159 was HEARD and HELD in Committee for further consideration.

#sb83

SENATE BILL NO. 83

"An Act repealing the governor's committee on employment of people with disabilities; creating the state vocational rehabilitation committee and relating to the committee; and providing for an effective date."

[9:24:53 AM](#)

Co-Chair Stedman introduced SB 83 and explained that today was the second hearing for the bill. Public testimony was taken on February 8, 2010.

[9:26:29 AM](#)

AT EASE

[9:27:00 AM](#)

RECONVENED

Senator Huggins MOVED to report CSSB 83 out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSSB 83 (L&C) was REPORTED out of Committee with a "do pass" recommendation and with attached fiscal note by the Department of Labor and Workforce Development.

#sb199

SENATE BILL NO. 199

"An Act providing for a two-year funding cycle for medical assistance coverage for dentures."

[9:28:08 AM](#)

Senator Ellis shared a story about a gentleman who visited his office and threatened to commit suicide following a negative interaction with employees at the Medicaid Dental Program. The interaction was negative because of statutes and regulations concerning dentures and the Medicaid Dental Program. The gentleman qualified for dentures under the Medicaid Dental Plan, but was told that he had to choose to have either his upper or lower dentures installed. To this person, the situation was of dire concern as he was unable to chew with only one set of dentures. The bill allows patients to forward fund the complete set of dentures versus waiting two years for the entire set of dentures.

Senator Ellis explained that studies have shown that if the government helps people with dental health expenses, expensive fiscal health problems are prevented. Allowing patients to receive a full set of dentures during the same fiscal year is crucial for oral health and will reduce the impact on Medicaid patients and Alaska's dentists. The bill allows patients who are eligible for dentures under the Medicaid Adult Dental Program to forward fund the complete set of dentures. Current law limits patients to \$1150 in preventative or restorative services. The bill does not increase eligibility for the total amount of benefits, it simply allows them to access the funding they would have received the next fiscal year to complete a procedure in a cost effective manner.

[9:33:45 AM](#)

JON SHERWOOD, DIRECTOR, OFFICE OF PROGRAM REVIEW, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (DHSS), stated that the department conceptually approves of the legislation. The department agrees that it is best for patients to receive two sets of dentures in the same appointment. If the legislation passes, patients would receive both sets of dentures in the same year. He acknowledged that the current system does not always work. The department does project that the expenditures will increase as most people will address denture needs in the first few years. The department projects costs of approximately \$900 thousand in the first year, with \$300 thousand from general funds. The second year projection includes \$467 thousand in the second year with \$200 thousand from general funds. Administrative costs include automating the two year limit. He expressed concerns about the automation prior to freezing the claims processing system, which requires one position for one year if manual tracking is required.

[9:37:53 AM](#)

Co-Chair Stedman expressed concern about the fiscal note and the positions needed. Potential positive fiscal effects also exist as savings for people traveling from rural areas to receive dentures.

Mr. Sherwood added that if system changes were implemented prior to the freeze, then the new position is not necessary, which would reduce the cost. He spoke about research to identify means of quantifying potential savings. He stated that the department did not see many travel expenses associated with providing a second set of dentures. Some expenses incurred are the result of emergency room visits. He stated that the department lacked data about potential savings for the state.

Senator Thomas commented on the fiscal notes. He requested further estimates of state expense. He asked about contractual agreements for the department's electronic changes. Mr. Sherwood responded that the department contracts with the Affiliated Computer Systems (ACS) for the operation of the current claims processing system.

Senator Thomas asked if the technical changes were made in conjunction with dental offices. Mr. Sherwood answered that the changes would happen on a technical level. The new system will track expenditures over two years, but will not affect the interaction with dental offices.

Senator Thomas hoped to recruit insight from the dental practitioners about the filing of claims. Mr. Sherwood responded that the change is internal and does not affect the interface with dental offices.

[9:44:26 AM](#)

Co-Chair Stedman asked if the administration has a position on the bill. Mr. Sherwood stated that SB 199 is under consideration by the administration, although a position is not currently stated.

Co-Chair Stedman reviewed the fiscal notes.

[9:45:42 AM](#)

DAVID LOGAN, ALASKA DENTAL SOCIETY spoke in favor of the legislation. He opined that the bill is appropriate for many reasons. The bill serves patients and dentists. He addressed the medical cost of removing damaged teeth. He explained that multiple trips are often required for the construction of dentures. He noted that travel costs often dwarf the denture expenditures. He shared a professional story. He pointed out that SB 199 allows rehabilitation for those patients in need of both upper and lower dentures.

[9:50:01 AM](#)

Senator Thomas compared the dental and the billing procedures. Dr. Logan pointed out that the procedure requires molds and dentures constructed at the same time. He recalled a meeting with the Medicaid Dental Program allowing insight into the process of claims and billing. He thought that potential problems are yet unknown for the dental society.

MARK PRATOR, ALASKA DENTAL SOCIETY, WASILLA, spoke in favor of the legislation. He stated that he does accept Medicaid. He pointed out that he donates approximately half of his fee for the denture procedure, in order to be able to provide the service for the fee provided by Medicaid. He

acknowledged that the cost of travel increases each time a person travels for an appointment. He also saw savings in emergency room visits. In the past, he has remade entire sets of dentures as one set must fit well against the other.

Co-Chair Stedman asked if the department planned to take a positive or negative position on the bill. Mr. Sherwood noted that the administration's position has not been established. Co-Chair Stedman encouraged the administration look at the bill with consideration. Senator Thomas urged the administration to address SB 199 during this session for the benefit of the patients and the state. Senator Huggins encouraged the department to consider the legislation.

[9:58:37 AM](#)

Senator Ellis stated that governor Murkowski brought adult dental Medicaid. The end of the sunset led to the cost savings intention, but he opined that it was not well thought out. He expressed desire to work with the department. He opined that the cost control measure was ill advised.

SB 199 was HEARD and HELD in Committee for further consideration.

#sb159

SENATE BILL NO. 159

"An Act increasing the maximum funeral expenses payable as a workers' compensation death benefit; and providing for an effective date."

[10:00:51 AM](#)

SENATOR JOE PASKVAN presented the legislation and the merits of SB 159. He gave a statement including history about the workers' compensation death benefit. He discussed the cost of funeral expenses. The payment of the death benefit is granted to the survivors. The act increases the maximum funeral expense payable as a workers' compensation death benefit and provides for an effective date. The bill addresses Section 1 of the statute stating that reasonable and necessary funeral expenses are increased from \$5000 to a more appropriate level of \$10,000. During the last ten years there have been an average of 26 fatalities per year in Alaska that require payment of funeral expenses under the workers' compensation statutes. In that decade, the most number of deaths in a year was 39 and the fewest number of deaths was 15. Last year there were 17 fatalities in Alaska that required the payment of workers' compensation funeral expenses. He mentioned the wide range of necessary services involved in a funeral. These funeral services easily surpass the maximum death benefit. If SB 159 is implemented, there

is no fiscal impact to the state. System costs will increase by less than 0.1 percent. Current funeral benefit has been unchanged for a decade, and since then the cost of funeral expenses has risen significantly.

[10:03:58 AM](#)

Co-Chair Stedman asked for an approximation of funeral costs. Senator Paskvan responded that funeral expenses are estimated at \$12 to \$15 thousand. The \$10 thousand benefit is designed to compensate for reasonable and moderate funeral services.

Co-Chair Stedman noted the zero fiscal note from the Department of Labor and Workforce Development.

[10:05:37 AM](#)

TRENA HEIKES, DIRECTOR, DIVISION OF WORKERS' COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT stated that the department does not have a position on the bill. She researched the average funeral cost excluding burial and cemetery charges and the cost is between \$6 and \$7 thousand for the casket and the funeral home cost.

Co-Chair Stedman requested various amounts of funeral expenses comparing cremation versus burial.

Senator Huggins asked if insurance is available to workers in the state. He asked about insurance offered by unions or recurring employers. Ms. Heikes responded that for work related deaths, workers' compensation would pay up to \$5000. She supposed that private insurance and unions might also contribute if a person participated in them.

Senator Huggins asked if the payment is doubled from \$5 to \$10 thousand, who pays for the additional amount.

[10:09:40 AM](#)

Ms. Heikes answered that the workers' compensation insurance carrier who contracts with the employer to provide workers' compensation insurance. The overall increase in premium is 0.1 percent. She clarified that if an employer paid \$1000 premium per year, the cost would be an additional dollar for the increase from \$5 to \$10 thousand.

Senator Thomas asked if private benefits would compromise the ability to collect workers' compensation benefits. Ms. Heikes answered that if the person has private insurance for funerals, then the first \$5000 would be covered by workers' compensation.

[10:11:25 AM](#)

DON ETHERIDGE, ALASKA, AFL, CIO spoke in support of the legislation. He acknowledged that funeral costs have increased dramatically. Typically when a person is lost on the job, the income is lost for the family. He opined that the increase is appropriate.

Senator Huggins asked about the percentage increase for the employees. Mr. Etheridge responded that he was not aware of the percentage increase for individuals. Senator Huggins thought that the information was important to determine exactly how the legislation would impact those involved.

[10:13:29 AM](#)

BARBARA HUFF TUCKNESS, DIRECTOR OF LEGISLATIVE and GOVERNMENTAL AFFAIRS, GENERAL TEAMSTERS LOCAL 959, spoke in support of the legislation. She noted the safety perspective and the history of members lost through work related efforts. She noted that the impact and focus on safety issues is greater. She added that despite the choice of casket versus burial, the act of transporting the body adds additional expense.

[10:16:10 AM](#)

Co-Chair Stedman pointed out questions regarding data retrieval about the number of deaths that occurred in the workplace. He requested data about the cost of funerals and additional expenses. He expressed curiosity about the employees in union and out of union.

KEVIN DOUGHERTY, ALASKA LABORERS, EAGLE RIVER (via teleconference) spoke in favor of the legislation. He pointed out that the amount of work related deaths has declined. He opined that the legislation is of benefit to workers and also saves insurance funding for workers' compensation. He stated that he sent price data to the committee from various funeral homes around Alaska. The data shows that a typical funeral has escalated from \$6 to \$10 thousand. The bill would allow the workers' compensation insurance to cover up to \$10 thousand, but a funeral charge that is less would only receive the amount necessary. He noted that the benefit has not increased for approximately 10 years, yet the cost of funerals has increased considerably.

STACY ALLEN, LOBORERS LOCAL 341, ANCHORAGE (via teleconference) relayed a recent experience where a union member was lost and she was privy to the financial worries that greatly affect families and compound the tragedy. She noted that collections and resources were received from other union members, but she could not imagine the absence of the union family.

[10:21:27 AM](#)

Senator Thomas asked about the fatalities listed in the documentation provided by the Department of Labor and Workforce Development, "Total Filings by Type" (Copy on File). He was uncertain about the fatality numbers listed in the lower section of the table beginning with number 224 in FY99 running to FY08.

Ms. Heikes responded that the upper portion of the data sheet indicates the actual numbers of injuries reported in the division. The lower portion represents the number of files open by insurers. She noted that ongoing death benefits were payable to the survivors under the statute. The insurance carriers would have open files because they continue to pay benefits. The numbers cited by Senator Thomas indicate the ongoing files through which benefits are paid. The questions address the issue of whether or not the workers' compensation act had jurisdiction over the reported injuries.

SB 159 was HEARD and HELD in Committee for further consideration.

[10:29:10 AM](#)

Co-Chair Stedman provided an overview of the upcoming committee meetings.

#  
ADJOURNMENT

The meeting was adjourned at 10:35 AM.