

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 20, 2012

8:06 a.m.

**MEMBERS PRESENT**

Representative Bob Lynn, Chair  
Representative Wes Keller, Vice Chair  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative Max Gruenberg  
Representative Pete Petersen  
Representative Kyle Johansen

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE RESOLUTION NO. 11

In support of providing TRICARE program health care benefits to United States military retirees as promised.

- MOVED CSHR 11(STA) OUT OF COMMITTEE

HOUSE BILL NO. 219

"An Act exempting certain emergency medical and fire department services from regulation as insurance."

- MOVED CSHB 219(STA) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HR 11

SHORT TITLE: MILITARY RETIREES' TRICARE BENEFITS

SPONSOR(S): STATE AFFAIRS

03/12/12	(H)	READ THE FIRST TIME - REFERRALS
03/12/12	(H)	STA
03/20/12	(H)	STA AT 8:00 AM CAPITOL 106

BILL: HB 219

SHORT TITLE: FIRE AND EMERGENCY MEDICAL SERVICES

SPONSOR(S): FEIGE

03/31/11	(H)	READ THE FIRST TIME - REFERRALS
03/31/11	(H)	CRA, STA
02/16/12	(H)	CRA AT 8:00 AM BARNES 124
02/16/12	(H)	Heard & Held
02/16/12	(H)	MINUTE(CRA)
03/01/12	(H)	CRA AT 8:00 AM BARNES 124
03/01/12	(H)	Moved Out of Committee
03/01/12	(H)	MINUTE(CRA)
03/02/12	(H)	CRA RPT 3DP 3NR
03/02/12	(H)	DP: AUSTERMAN, DICK, FOSTER
03/02/12	(H)	NR: SADDLER, GARDNER, MUNOZ
03/15/12	(H)	STA AT 8:00 AM CAPITOL 106
03/15/12	(H)	Heard & Held
03/15/12	(H)	MINUTE(STA)
03/20/12	(H)	STA AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

REPRESENTATIVE DAN SADDLER  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HR 11.

RIC DAVIDGE  
 Vietnam Veterans of America Chapter 904  
 Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HR 11.

MICHAEL PASCHELL, Staff  
 Representative Eric Feige  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Presented HB 219 on behalf of Representative Feige, sponsor.

**ACTION NARRATIVE**

8:06:08 AM

**CHAIR BOB LYNN** called the House State Affairs Standing Committee meeting to order at 8:06 a.m. Representatives Keller, Seaton, Johansen, Petersen, Gruenberg, and Lynn were present at the call to order. Representative P. Wilson arrived as the meeting was in progress.

**HR 11-MILITARY RETIREES' TRICARE BENEFITS**

[8:06:33 AM](#)

CHAIR LYNN announced that the first order of business was HOUSE RESOLUTION NO. 11, In support of providing TRICARE program health care benefits to United States military retirees as promised.

[8:06:37 AM](#)

REPRESENTATIVE KELLER moved to adopt the proposed committee substitute (CS) for HR 11, Version 27-LS1429\I, Wayne, 3/16/12, as a work draft. There being no objection, Version I was before the committee.

[8:06:58 AM](#)

CHAIR LYNN handed the gavel to Vice Chair Keller.

[8:07:24 AM](#)

REPRESENTATIVE LYNN presented HR 11 on behalf of the House State Affairs Standing Committee, sponsor. He disclosed that he receives health insurance from the State of Alaska, through Medicare, and - because of his status as a veteran of the Vietnam War - from the U.S. Government's military Tri-Care plan. He said the federal administration plans to increase costs to military families and retirees by increasing Tri-Care rates, adding enrollment fees, indexing fees to medical inflation, and establishing "means testing." He opined that means testing would "turn earned benefits into a welfare-based handout," and he emphasized that military health care is not welfare. He said the U.S. promised him continued health benefits after a period of twenty years' honorable service. He stated, "A promise is a contract." He said the proposed resolution supports the continuation of the Tri-Care program as it is now.

REPRESENTATIVE LYNN said those in the military swear an oath to protect the nation, and in return they are promised that the country would take care of them. He said that is a promise that must be kept. He offered an excerpt of a 3/12/12 editorial in The Anchorage Daily News, written by Paul Jenkins of The Anchorage Daily Planet, which read as follows:

We send them to the God-forsaken back alleys of the world. We pay them squat. We talk the talk; they and theirs get to walk the talk. We tell them: If you

will offer us your lives, and put your future in doubt, we will take care of you.

REPRESENTATIVE LYNN concluded as follows:

Yes, something does need to be done about [the] out-of-control federal deficit, but we don't need to balance the budget by throwing our military under the bus. The administration's plan to renege on our military is obscene and it's disgraceful; it defaults on the contract between the [U.S.] Department of Defense and America's military. This resolution before you sends a message to those who need to hear it.

[8:11:14 AM](#)

REPRESENTATIVE SEATON directed attention to page 2, lines 3-4, and noted that the proposed resolution would cover only those retired military personnel who had served "during times of war and armed conflict". He asked if it is the intent to exclude those retired military personnel who did not serve during times of war and armed conflict.

CHAIR LYNN said he intended to include all military retirees.

[8:13:38 AM](#)

REPRESENTATIVE DAN SADDLER, Alaska State Legislature, noted that he is the chair of the House Special Committee on Military and Veterans' Affairs, and he stated his support of HR 11. He offered his understanding that the [federal government's] plan is to increase Tri-care fees for military retirees who are under 65 and eligible for Medicare. The increases are from 30 to 78 percent the first year, rising over the next five years to between 94 percent and 345 percent. He said these increases are the U.S. Department of Defense's (DoD's) efforts to cut \$487 billion from its budget over the next ten years. He said parenthetically if cuts cannot be made somewhere else in the multi-trillion-dollar federal budget, then DoD will be back before Congress looking for another half trillion dollars in cuts. Representative Saddler said he does not think military retirees should bear the brunt of these cuts. He echoed Representative Lynn's statement that military members have made a promise to the nation, and the nation in turn has made a promise to them in the form of providing health care.

REPRESENTATIVE SADDLER said it is not yet clear whether the intent of the increased Tri-care fees is to force military retirees in to the "Obama-Care" federal health care program. He said it has been reported that the goal of the administration in making these increases is to discourage the military retirees from using their health care benefits, by increasing the cost. It has further been reported that the increases are not being assessed equitably, because they will hit military retirees but will not affect the civilian employees of DoD. He opined, "That's just not right."

[8:16:01 AM](#)

REPRESENTATIVE GRUENBERG stated his objection to the use of the word "obscene," because he said "that's just name calling." He said the people in Washington are just trying to cut the budget; this may not be the right way to do it. He observed that there is nothing in the committee packet that indicates the reasons for the cuts. He indicated that HJR 11 is a vehicle solely of the House, and he said the committee is only getting one side of the story. He stated, "It sounds pretty partisan to me."

[8:17:46 AM](#)

REPRESENTATIVE SADDLER said a certain amount of passion is brought to this issue, and he offered his understanding that the language to which Representative Gruenberg referred came from the quoted language of the aforementioned Mr. Jenkins.

REPRESENTATIVE GRUENBERG said he is not pointing fingers at anybody, and he knows it is difficult to point out both sides. He said his remarks were intended as "constructive commentary."

[8:19:59 AM](#)

REPRESENTATIVE LYNN, in response to Representative Seaton, acknowledged that the word "obscene" was in his opening statement, but it is not in the proposed resolution. He said those in the military are fighting for one cause, not for partisan politics.

REPRESENTATIVE GRUENBERG stated support of HR 11.

[8:20:49 AM](#)

REPRESENTATIVE JOHANSEN, in response to Representative Gruenberg's previous comment that HJR 11 was only a House

resolution, pointed out that there are a diverse group of people in the caucus.

[8:22:31 AM](#)

REPRESENTATIVE GRUENBERG replied that this is an unusual situation, because normally a measure like this would be a joint resolution, since it is addressed to the federal government.

[8:23:27 AM](#)

REPRESENTATIVE P. WILSON remarked that legislators usually conduct themselves in committee with respect for those who testify.

[8:24:21 AM](#)

VICE CHAIR KELLER, regarding the idea of a broken promise, he said it is not the first. He remarked upon the critical state of the nation's health care system. He mentioned the money that came to the state for inoculations that is now drying up. He stated support for HJR 11. He predicted the legislature will be facing similar issues in the future - not related solely to veterans.

[8:27:17 AM](#)

RIC DAVIDGE, Vietnam Veterans of America (VVA) Chapter 904, testified on behalf of VVA Chapter 904. He said he has served as the national chair of government affairs and chief lobbyist for VVA, as well as the chair of the Commission of Military and Veterans Affairs in the Municipality of Anchorage. He said recently a group of doctors came to the commission with emotional testimony that as a community it is no longer going to be able to provide health care services to Tri-Care members, because Tri-Care now pays only 21 percent of the cost of services. Mr. Davidge said there has been a bi-partisan response to [HJR 11]. He said he does not know any member of Congress who has said he/she supports the cut. He stated, "Both the House and Senate chairs of the respective committees have come out strongly against this reduction."

MR. DAVIDGE said he serves the chair of the National Defense of Veterans Affairs Committee for the Alaska Republican Party. He said there is an amendment to the party platform that basically states that when someone enlists or is commissioned in military service, the benefit package at that time cannot be diminished

over the terms of his/her service. He said he suspects this will be carried forward through state and national conventions, and he noted that there are people in the Democratic Party looking at the same idea.

MR. DAVIDGE said the U.S. Coast Guard is not a part of DoD; it is part of the U.S. Department of Homeland Security. He opined that the U.S. Coast Guard should be included in HJR 11. He said George Washington once stated that the way the nation treats its military veterans will, in many ways, determine the country's ability to defend itself in the future. He stated, "This is a fundamental basic anger that veterans have against their government: the notion that they were promised a certain level of services, based on an extraordinary dedication to protect this country and advance the notion of human freedom, only to find after 20 years of service that those benefits are diminished." He said he thinks that is why both parties are looking at this platform issue.

[8:31:27 AM](#)

REPRESENTATIVE GRUENBERG suggested adding language to the proposed resolution, as follows:

Whereas a group of Anchorage physicians recently announced that, because Tri-Care pays less than 21 percent of the cost of care for eligible patients, they will no longer serve Tri-Care patients.

MR. DAVIDGE said that is a direct reflection of his comments, and he said he would support such an amendment.

[8:32:56 AM](#)

REPRESENTATIVE SEATON asked if including Homeland Security would include more than veterans of the Coast Guard. He said he wants to ensure that the language is not broadened to the point of including non-military personnel.

[8:33:45 AM](#)

MR. DAVIDGE answered that that clarification could be made by specifying the U.S. Coast Guard.

REPRESENTATIVE SEATON suggested: "and Coast Guard personnel of the Department of Homeland Security."

MR. DAVIDGE said that would take care of it.

8:34:40 AM

REPRESENTATIVE PETERSEN noted that Secretary of Defense, Leon Panetta, was quoted as saying that some of the fees have not been increased since 1990. He asked Mr. Davidge if he thinks that is accurate information.

MR. DAVIDGE confirmed that is correct. He said the cost of service has gone up, and the ability to pay has decreased. He said the aforementioned group of doctors had formed a work group to try to find a way to continue to help military families and retired service members, but were unsuccessful.

REPRESENTATIVE PETERSEN asked if the reason for a 300-percent increase in fees is an attempt to catch up with the cost of health care.

MR. DAVIDGE responded that health care is one of the biggest cost explosions that DoD has faced, but one of the biggest bills the department pays each year is unemployment insurance. He stated that the value of tri-care coverage over the last 20 years has deteriorated, and the families have had to come up with the balance.

8:37:22 AM

MR. DAVIDGE, in response to Vice Chair Keller, said he thinks adding "the U.S. Coast Guard/Department of Homeland Security" would make it clear that the only entity outside of DoD to be added to the resolution would be the U.S. Coast Guard.

8:38:10 AM

VICE CHAIR KELLER, after ascertaining that there was no one else who wished to testify, closed public testimony.

8:38:39 AM

REPRESENTATIVE GRUENBERG moved to adopt Conceptual Amendment 1, a handwritten amendment, which read as follows [original punctuation provided]:

Whereas a group of Anchorage physicians recently announced that, because Tricare pays less than 21% of

the cost of care for eligible patients, they will no longer serve Tricare patients; and

Add to the appropriate line in the bill

REPRESENTATIVE KELLER objected for the purpose of discussion.

[8:39:06 AM](#)

VICE CHAIR KELLER moved to amend Conceptual Amendment 1, to change the last line of Conceptual Amendment 1 to reflect that "they have determined to no longer serve". He said the reason is "we don't know exactly what will happen" or "exactly the action that was taken."

[8:40:41 AM](#)

REPRESENTATIVE GRUENBERG clarified that Conceptual Amendment 1, if amended by the proposed amendment to Conceptual Amendment 1, would read as follows:

Whereas a group of Anchorage physicians recently announced that, because Tricare pays less than 21% of the costs of care for eligible patients, they have determined that they will no longer serve Tricare patients; and

[8:41:44 AM](#)

REPRESENTATIVE PETERSEN suggested "they will no longer provide medical services for Tricare patients".

REPRESENTATIVE GRUENBERG said he thinks that should be offered as a separate amendment.

VICE CHAIR KELLER concurred.

[8:42:19 AM](#)

REPRESENTATIVE LYNN questioned whether the proposed changes would be as meaningful on a national level as to Alaska.

REPRESENTATIVE GRUENBERG said he would like the committee to focus on the proposed amendment to Conceptual Amendment 1.

[8:42:47 AM](#)

VICE CHAIR KELLER asked if there was any objection to the motion to adopt the amendment to Conceptual Amendment 1. [No objection was stated, and the amendment to Conceptual Amendment 1 was treated as adopted.]

[8:43:12 AM](#)

REPRESENTATIVE PETERSEN indicated his intent was to offer an amendment to Conceptual Amendment 1, as amended; however, he said he thinks it is not necessary.

REPRESENTATIVE GRUENBERG encouraged Representative Petersen to offer the amendment.

VICE CHAIR KELLER asked the committee to "press on."

[8:43:42 AM](#)

REPRESENTATIVE GRUENBERG spoke to Conceptual Amendment 1, as amended. He said it reflects how this issue is affecting the largest community in Alaska.

[8:44:18 AM](#)

REPRESENTATIVE PETERSEN ventured that if there are physicians in Anchorage who are saying they will no longer be able to treat Tricare patients, then perhaps this is occurring in other locations across the U.S., as well.

[8:44:46 AM](#)

REPRESENTATIVE JOHANSEN expressed concern that adopting Conceptual Amendment, as amended, may adversely affect the chances of the resolution passing on the House floor. He said the identification of "a group of Anchorage physicians" is vague.

[8:46:30 AM](#)

MR. DAVIDGE clarified that this was a group of physicians in Anchorage that had been serving Tricare patients until its members reached a point where they could no longer afford to do so. He stated, "I did not detect any partisan interest at all; this was just genuinely a concern by the medical community in Anchorage." He said the group included surgeons and primary physicians, and he said he could find out the names of those individuals in the group.

[8:47:37 AM](#)

VICE CHAIR KELLER maintained his objection to the motion to adopt Conceptual Amendment 1, as amended.

[8:47:52 AM](#)

[8:48:01 AM](#)

REPRESENTATIVE GRUENBERG said he was unaware of this issue before hearing Mr. Davidge's testimony. He expressed concern about physicians not being able to serve the increasing number of Baby Boomers reaching the age where they qualify for Medicare.

[8:48:43 AM](#)

VICE CHAIR KELLER, in response to Representative Lynn, suggested that the amendment could be added now and addressed by the House Rules Standing Committee or by the body on the House floor.

REPRESENTATIVE LYNN expressed discomfort in adding a local issue to the resolution. He echoed Representative Johansen's remark that he does not know who this group of doctors is.

[8:50:07 AM](#)

REPRESENTATIVE GRUENBERG proffered that apparently this was a significant group of doctors, and the point is that they can no longer serve Tricare patients.

[8:50:27 AM](#)

REPRESENTATIVE JOHANSEN reiterated that he is uncomfortable interjecting a local issue into a broad resolution and not knowing the exact identity of the group of physicians. He said he does not want to jeopardize the resolution. He said, "It's the chairman's bill, and whatever he wants to do I'll support."

[8:52:15 AM](#)

REPRESENTATIVE PETERSEN suggested generalizing [Conceptual Amendment 1, as amended] by taking out "the local option."

VICE CHAIR KELLER said that would require a separate amendment.

[8:52:31 AM](#)

A roll call vote was taken. Representative Gruenberg voted in favor of adopting Conceptual Amendment 1, as amended. Representatives Johansen, Seaton, Keller, Petersen, and Lynn voted against it. Therefore, Conceptual Amendment 1, as amended, failed by a vote of 1-5.

[8:53:03 AM](#)

REPRESENTATIVE SEATON moved to adopt Conceptual Amendment 2, a handwritten amendment, which read as follows [original punctuation provided]:

Page 1 line 13

insert after military

"and US Coast Guard"

There being no objection, Conceptual Amendment 2 was adopted.

[8:53:35 AM](#)

REPRESENTATIVE SEATON moved to adopt Conceptual Amendment 3, as follows:

Page 2, line 3, between "and" and "served":  
Delete "who have"

Page 2, line 4, between "nation" and "the TRICARE":  
Delete "during times of war and armed conflict"

REPRESENTATIVE SEATON said he thinks other language in the resolution has identified those who "are at risk of mortal harm", and he indicated that [Conceptual Amendment 3] would remove a limitation from the proposed resolution.

[8:55:11 AM](#)

REPRESENTATIVE JOHANSEN objected for the purpose of discussion.

REPRESENTATIVE SEATON, in response to Representative Johansen, clarified the reason for taking out "during times of war and armed conflict" is to include those in the military who have served [in times of peace], when they could have been at risk at any time, having sworn an oath.

REPRESENTATIVE LYNN remarked that everyone is at risk of going to war whether or not he/she is sent to war.

REPRESENTATIVE JOHANSEN removed his objection.

[8:56:48 AM](#)

VICE CHAIR KELLER announced that Conceptual Amendment 3 was adopted.

[8:57:00 AM](#)

REPRESENTATIVE SEATON moved to report CSHR 11, Version 27-LS1429\I, Wayne, 3/16/12, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHR 11(STA) was reported out of the House State Affairs Standing Committee.

[8:57:20 AM](#)

The committee took an at-ease from 8:57 a.m. to 8:59 a.m.

[During the at-ease, Vice Chair Keller handed the gavel back to Chair Lynn.]

**HB 219-FIRE AND EMERGENCY MEDICAL SERVICES**

[8:59:41 AM](#)

CHAIR LYNN announced that the final order of business was HOUSE BILL NO. 219, "An Act exempting certain emergency medical and fire department services from regulation as insurance."

[8:59:54 AM](#)

REPRESENTATIVE KELLER moved to adopt the committee substitute (CS) for HB 219, Version 27-LS0638\D, Bailey, 3/15/12, as a work draft. There being no objection, Version D was before the committee.

[9:00:16 AM](#)

MICHAEL PASCHELL, Staff, Representative Eric Feige, Alaska State Legislature, presented HB 219 on behalf of Representative Feige, sponsor. He disclosed that Representative Feige is the chief of the Chickaloon Fire Service, Inc., and said he is the assistant

chief and board member of the Rural Deltana Volunteer Fire Department. He said HB 19 would provide a mechanism to provide fire and emergency services organizations to receive donations or support from community members, and if the entities charge for their services, they could, in turn, discount the services for those people who contributed to the organization. The problem has been that that activity is deemed as insurance, and HB 219 would remove that activity from the state insurance laws.

MR. PASCHELL said Version D would make changes in response to committee comments at the last bill hearing. Those changes are: on page 1, lines 5 and 10, the word "voluntary" was added before "agreement"; and on page 1, lines 8 and 13, the phrase "in the community" was added. In response to a request at the previous hearing, he said he spoke to the Alaska Municipal League (AML), and he indicated that issuing an opinion on HB 219 was not high on AML's priority list.

[9:02:23 AM](#)

REPRESENTATIVE SEATON reported that [his office] contacted Anchor Point Volunteer Fire & Rescue, Bear Creek Fire/Emergency Medical Services Department, Central Emergency Services, Kachamak Emergency Services, Seward Fire Department, Homer Volunteer Fire Department, and Moose Pass Volunteer Fire Company, all of which expressed no problem with the proposed bill and "generally support it."

[9:02:53 AM](#)

REPRESENTATIVE KELLER opined that HB 219 is a good bill.

[9:02:59 AM](#)

REPRESENTATIVE KELLER moved to report CSHB 219, Version 27-LS0638\D, Bailey, 3/15/12, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 219(STA) was reported out of the House State Affairs Standing Committee.

[9:03:45 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:04 a.m.