

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

April 14, 2012

8:04 a.m.

MEMBERS PRESENT

Senator Donald Olson, Chair
Senator Thomas Wagoner
Senator Linda Menard

MEMBERS ABSENT

Senator Albert Kookesh
Senator Johnny Ellis

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 219(STA)
"An Act exempting certain activities of ambulance, emergency,
and fire department services from regulation as insurance."

- MOVED CSHB 219(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 219

SHORT TITLE: FIRE AND EMERGENCY MEDICAL SERVICES

SPONSOR(S): REPRESENTATIVE(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
03/20/12	(H)	Moved CSHB 219(STA) Out of Committee
03/20/12	(H)	MINUTE(STA)

03/21/12	(H)	STA RPT CS(STA) NT 5DP 1NR
03/21/12	(H)	DP: KELLER, GRUENBERG, SEATON, PETERSEN, LYNN
03/21/12	(H)	NR: JOHANSEN
04/04/12	(H)	TRANSMITTED TO (S)
04/04/12	(H)	VERSION: CSHB 219(STA)
04/06/12	(S)	READ THE FIRST TIME - REFERRALS
04/06/12	(S)	CRA, STA
04/12/12	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
04/12/12	(S)	Bills Previously Heard/Scheduled
04/14/12	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE ERIC FEIGE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Prime sponsor of HB 219.

LINDA HALL, Director
Division of Insurance
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Testified that DCCED did not oppose HB 219.

ACTION NARRATIVE

8:04:42 AM

CHAIR DONALD OLSON called the Senate Community and Regional Affairs Standing Committee meeting to order at 8:04 a.m. Present at the call to order were Senators Menard, Wagoner and Chair Olson.

HB 219-FIRE AND EMERGENCY MEDICAL SERVICES

8:04:53 AM

CHAIR OLSON announced the consideration of HB 219.

8:04:57 AM

REPRESENTATIVE ERIC FEIGE, Alaska State Legislature, prime sponsor of HB 219, introduced the bill by stating the following:

House Bill 219 addresses an issue important to many organizations, money. Capital grants from the State of Alaska and other entities help many emergency service organizations exist. Unfortunately, money is often available for projects such as buying equipment or

repairing a building, but money is very rarely available for operating expenses.

HB 219 provides a mechanism to help emergency service agencies maintain sustainability. Fire departments, ambulance services and other emergency service organizations often struggle to keep the doors open. In many communities the power to levy taxes provides sufficient funding to operate these departments. When it doesn't, or when it isn't an option, organizations turn to other sources for money - sometimes it's a pancake supper or a fish fry, maybe it's a bake sale or some other project, maybe bingo. In different communities different things work. The problem with these types of activities is they take even more of the emergency volunteers' time, time they need to spend training and responding to emergencies.

Donations are also very helpful, but it is becoming increasingly difficult to convince people to give money to an organization. People have come to expect the government to provide these services. One alternative to encourage people to help support fire and EMS services in the community, is to offer a "no charge policy" to those that give to the organization. Unfortunately, such a simple concept is considered insurance in Alaska, and subject to numerous laws and regulations.

An ambulance service can become a health services corporation and become exempt from many of the insurance laws. To do so requires the organization to put up a minimum bond of \$100,000 along with other requirements. [This is] hardly feasible for a few people in a remote village who want to create a service that takes those that are sick or injured to the local clinic. The alternative [is] hope that somebody comes along that can take them [to the clinic]. If you just charge the individual for the service, it's not a problem. But if you ask for money upfront to keep gas in the ambulance and the station heated, in exchange for not charging the individual if you come to a system, it's considered insurance, and subject to all of the regulations of the Division of Insurance.

In a similar situation, a community that has no fire department might want to start one. Often, organizations charge if they have to come to help you. Others ask for donations. In some areas you might hear it referred to as a subscription department. In a subscription department, you pay in advance to receive the service and then receive a discount on costs if you use the service. If the service then provides assistance to someone who has not paid the subscription and charges the person, the organization is providing insurance to those that paid a subscription.

This bill does only one thing. It exempts municipalities and community nonprofit organizations engaged in emergency services from insurance regulation if they receive money in advance and then don't charge for services offered to those that give donations. You can help by moving HB 219 to exempt those organizations from regulation by the Department of Insurance.

[8:08:44 AM](#)

CHAIR OLSON asked where the idea came from that [subscription sales by fire departments] is considered insurance.

[8:09:25 AM](#)

REPRESENTATIVE FEIGE said he didn't know but it falls under the statutory definition of insurance if a department receives money for services that may be provided. Thus, it is subject to the regulation.

[8:09:46 AM](#)

CHAIR OLSON asked if anyone was against the bill.

REPRESENTATIVE FEIGE answered not at this point.

[8:10:04 AM](#)

LINDA HALL, Director, Division of Insurance, Department of Commerce, Community, and Economic Development, noted that the bill packets included a letter from the Division of Insurance that may answer some questions, but the definition of "insurance" in Title 21 is very broad. Accepting money for a transfer of risk is considered insurance.

CHAIR OLSON asked the thinking behind that because it appeared to be causing trouble, especially in smaller communities.

[8:11:23 AM](#)

MS. HALL answered that it was an unintended consequence when the definition of insurance was written and adopted by the legislature. It's a common definition in other states, and there was probably no intention to pick up things like subscription sales by fire departments. The bill provides an exemption for that action.

[8:12:12 AM](#)

CHAIR OLSON asked if the administration supported the legislation.

MS. HALL answered the division was not opposed to the legislation.

SENATOR MENARD asked how many other states had adopted this definition and if it was common practice in the Lower 48.

MS. HALL said either 17 or 27 states have adopted a waiver for medical transport. She said she wasn't aware of any states that had adopted a waiver for the fire department subscription service, but Alaska probably had more small, volunteer fire departments than many other states.

[8:13:28 AM](#)

CHAIR OLSON closed public testimony.

[8:14:25 AM](#)

At ease from 8:14:25 to 8:14:38.

[8:14:38 AM](#)

CHAIR OLSON asked Representative Feige if he had any closing comments.

REPRESENTATIVE FEIGE disclosed that he was fire chief of a department that would be affected by the bill, and there were several other departments within his district that were engaged in this type of activity.

CHAIR OLSON asked for assurance that he was able to carry the bill without compromising himself.

REPRESENTATIVE FEIGE responded that he declared a conflict on the House floor and he did not believe he was compromised.

[8:15:32 AM](#)

SENATOR MENARD moved to report CS for HB 219, version E, from committee with individual recommendations and attached fiscal note(s).

[8:15:47 AM](#)

SENATOR WAGONER objected to discuss the fact that the bill was not brought in front of the committee.

CHAIR OLSON countered that the bill was before the committee.

[8:15:59 AM](#)

At ease from 8:15 a.m. to 8:17 a.m.

[8:17:05 AM](#)

CHAIR OLSON asked if there was objection to the motion on the floor to report HB 219 from committee. Finding no further objection, he announced that CSHB 219(STA) moved out of the Senate Community and Regional Affairs Standing Committee.

[8:17:15 AM](#)

CHAIR OLSON recessed the Senate Community and Regional Affairs Standing Committee meeting [to a call of the chair].