

SENATE FINANCE COMMITTEE
January 31, 2012
9:04 a.m.

[9:04:59 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair
Senator Lesil McGuire, Vice-Chair
Senator Dennis Egan
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair
Senator Johnny Ellis

ALSO PRESENT

Nikole Nelson, Executive Director, Alaska Legal Services Corporation; Nancy Meade, General Council, Alaska Court System; Senator Hollis French.

PRESENT VIA TELECONFERENCE

Fredrick Nielsen, Dillingham; Sunny Radebaugh, Wasilla; Nancy Teitje, Ketchikan; Frances Degnan, Unalakleet; Peggy Brockman, Anchorage; Monica M. Looney, Anchorage;

SUMMARY

SB 13 WAIVE PARK FEE FOR DISABLED VETERANS

SB 13 was HEARD and HELD in committee for further consideration.

SB 62 CIVIL LEGAL SERVICES FUND

SB 62 was HEARD and HELD in committee for further consideration.

SB 70 ALASKA HEALTH BENEFIT EXCHANGE

SB 70 was HEARD and HELD in committee for further consideration

[9:05:33 AM](#)

Co-Chair Stedman stated that SB 70 was receiving its second hearing and that Senator French had prepared responses to questions raised at the previous meeting on the bill.

#sb70

SENATE BILL NO. 70

"An Act establishing the Alaska Health Benefit Exchange; and providing for an effective date."

[9:06:41 AM](#)

Senator Hollis French introduced SB 70 and thanked the committee for giving thorough attention to such a complex bill. The bill would establish an exchange that was an outgrowth of the Patient Protection and Affordable Care Act (PPACA). The exchange would essentially be a state created website that contained insurance policies; it would direct uninsured Alaskans to select a policy and would help them make an informed decision regarding healthcare. The website would offer private company insurance policies and would not be a state entity. Each state was authorized to create its own exchange; if Alaska did not show progress towards creating an exchange by January of 2013, the federal government would create its own for Alaska. It was federally mandated that by 2014 each person in America must be covered by healthcare insurance or be able demonstrate why they could not obtain it. He stated that the bill was a fundamental step towards getting everyone covered by healthcare; it was designed to eliminate the "free rider" problem, whereby uninsured individuals enjoyed free medical care primarily through emergency room visits. He furthered that the legislation addressed the free rider problem by attempting to get those people to pay into the insurance pool. He stated that there were aspects of price control and access issues that were designed into the federal bill, but that SB 70 was meant to help people make the choice

about healthcare coverage. The exchange would also direct eligible individuals to government programs that they might not be aware of and would serve an important information sharing function.

[9:09:38 AM](#)

Senator French addressed the questions raised during the previous hearing on SB 70. He discussed a sectional analysis addressing which provisions of the bill were mandated by federal law (copy on file). He stated the "vast majority" of the pieces of the bill were "basically" mandated by federal law and were required in order to have an exchange. He furthered that these provisions were mainly designed to protect consumers by insuring that people weren't "fleeced" and were able to find a suitable policy.

Senator French pointed out a few areas in Section 2 that were not mandated by federal law but were necessary additions. He explained that (a)(27) on page 8 of the bill was not mandatory, but was added because applying for federal planning and establishment grants was a good idea. He pointed out that (a)(28) on page 9 of the bill also was not mandatory, but was added in response to Co-Chair Hoffman's inquiry about whether the state could form pools. One of the concerns that the administration had was that Alaska would not be a big enough pool to work efficiently in the market; (a)(28) would allow the exchange to look at pooling mechanisms in order to join with other northwest states with similar populations.

[9:11:28 AM](#)

Senator Thomas asked how many people in Alaska were not currently covered by health insurance. Senator Hollis responded that there were about 115,000 uninsured individuals who would be looking for insurance through the exchange. Senator Thomas stated that in respect to forming pools, 115,000 was a large number if only a percentage were served by insurance

Senator Olson asked how many of the 115,000 uninsured people in the state included members of the native population and stated that while a majority those individuals were not insured, they were covered by Indian Health Services (IHS). Senator French responded that he did not believe the figure included IHS beneficiaries. He

observed that IHS beneficiaries were a unique group as they were not formally covered by health insurance, but still had access to health care.

Senator Olson referenced the previously mentioned federal mandate in 2014 and queried how a change in presidency could affect SB 70. Senator French responded that the House and Senate would have to agree with a president's desire to repeal PPACA, but that the exchange would no longer be required if it was overturned. He furthered that it was possible that the U.S. Supreme Court could "gut" the bill by eliminating the individual mandate from the legislation and acknowledged there were political forces that could undermine the legislation.

Senator Olson referenced Alaska's current lawsuit that was challenging the federal mandate and asked how challenges to PPACA in court could affect the legislation. Senator French responded that many states were fighting court battles against PPACA, but were still moving forward with their own exchanges; Florida and Texas were good examples of this. He furthered that it was possible to oppose PPACA through the appropriate venue and still embrace the idea of an exchange to comply with the law as it exists.

[9:15:13 AM](#)

Co-Chair Stedman asked if Senator French was aware of any federal grants that were still available regarding implementing the exchanges. Senator French indicated that that he and the Department of Health and Social Services (DHSS) had "battles" over the issue the prior year, but that the state had missed out on those grants.

Senator French stated that DHSS was currently moving forward with a plan for an exchange and stressed concern that an issue this large was being addressed outside of the legislature. He spoke about importance of the legislature being involved in the formulation of the exchange and expressed interest about where DHSS stood on the issue. He stated that he had spoken to Commissioner Streur's office the day before and was interested in talking to them further in order to gauge where they stood with "respect to this idea".

Co-Chair Stedman discussed a fiscal note from the Department of Administration for \$3.0 million in general

funds for purchasing bandwidth, hardware, software, and maintenance of the system, a fiscal note from the Department of Commerce Community and Economic Development (DCCED) for \$1.8247 million in general funds for 12 new positions for program management, board costs, and supplies. The FY 13 fiscal note from DCCED was increased by \$ 162,600 due to higher personnel service costs. He discussed a fiscal note from DHSS for \$182,700 in general funds and \$182,700 in matching federal funds for 3 new part-time analyst positions and a zero fiscal note from the Division of Insurance.

[9:17:13 AM](#)

AT EASE

[9:17:50 AM](#)

RECONVENED

Co-Chair Stedman asked if the bill sponsor had any closing comments. Senator French stated that he would work outside of the committee with Commissioner Streur to discuss DHSS's efforts to start an exchange.

[9:18:26 AM](#)

SB 70 was HEARD and HELD in committee for further consideration.

#sb13

SENATE BILL NO. 13

"An Act providing for the waiver of certain fees and charges in state parks for disabled veterans."

[9:18:52 AM](#)

Senator French introduced SB 13 and voiced that Alaska was one of the most veteran rich and veteran friendly states in the nation. He related that because of Alaskans' love of the outdoors, it was natural to extend many of the benefits granted to disabled veterans to areas that had been overlooked. In the past the state had granted free and discounted access to park facilities; the bill extended those benefits to boat ramps, RV facilities, day parking, and provided at least a 50 percent discount for public use cabins.

Co-Chair Stedman asked if there was a percentage of disability that triggered the benefit status. Senator

French replied that 50 percent was the standard that the veteran's administration had established. Once it was determined that the disability was service related and more than 50 percent, the veteran would be given disabled status. He furthered that state agencies were accustomed to working with this definition in order to ensure that benefits went to deserving individuals.

Co-Chair Stedman discussed an updated fiscal note from the Department of Natural Resources requesting a \$10,000 general fund appropriation for program administration costs. He stated that \$206,000 was currently in the governor's FY 13 budget request and that approval of the request and this fiscal note would cover the anticipated loss in revenue resulting from SB 13.

[9:22:24 AM](#)

Senator Olson queried if federal parks had waivers or something similar for disabled veterans. Senator French responded that he believed that the national park system admitted disabled veterans free of charge.

Senator Olson inquired how the bill would affect the maintenance budgets of the parks that were covered under the legislation. Senator French replied that the prior year about 1,600 park passes were issued to disabled veterans; it was a small number and had a negligible effect on the overall budget. He acknowledged that the park's budgets were under strain and stated that letting more demographics in for free would leave less money for maintenance.

[9:24:22 AM](#)

SB 13 was HEARD and HELD in committee for further consideration.

#sb62

SENATE BILL NO. 62

"An Act allowing appropriations to the civil legal services fund from court filing fees."

[9:24:50 AM](#)

Senator McGuire stated that although the constitution did not provide a dedicated fund [for the Alaska Legal Services Corporation], the civil legal services fund was set up to allow for appropriations and deposits by the legislature.

SB 62 added language to existing statute that would allow the legislature to appropriate up to 25 percent of filing fees paid to the Alaska Court System during the previous fiscal year into the civil legal services fund. Alaska Legal Services Corporation (ALSC) was a nonprofit association that helped seniors, children, and any Alaskan that was below 125 percent of the Alaska poverty ceiling. She drew the committee's attention to a letter in the packet from the Alaska Commission on Aging and stated that seniors were especially susceptible to fraud and identity theft, and that they needed help from the ALSC with guardianship and conservatorship issues. Due to lack of funding, ALSC was only able to help 1 out of every 5 people who called them for assistance. She mentioned the governor's "choose respect" campaign regarding domestic violence and referenced a letter in the packet from the Alaska Network on Domestic Violence & Sexual Assault (ANDVSA). The letter from ANDVSA showed that women who choose to leave an abusive situation often did not have the resources to seek legal assistance and they came to ALSC for help with things like custody, temporary housing, or lease issues; the current lack of funding forced ALSC to turn away many of those families. She stressed that children were present in 80 percent of the households that had come to ALSC for assistance and stated that the legislation and ALSC's cause was important to her.

[9:27:35 AM](#)

Senator McGuire stated that currently, ALSC had offices in Anchorage, Bethel, Dillingham, Fairbanks, Juneau, Kenai, Ketchikan, Kotzebue, Nome, and Palmer; there were only 20 attorneys servicing those locations. Appropriations to the ALSC from the legislature were at an all-time high in FY 84 at \$1.2 million, but funding had since dwindled to just over \$350,000. She spoke of her efforts over 12 years in the legislature to get consistent funding back into ALSC. She stated that ALSC also assisted the court system by streamlining the process and saving costs. When Alaskans come in to court without legal-council they end up being a drain on the legal system. The bill added to the existing Title 37 language and would give the legislature discretionary power to appropriate any funds it so desired from the general fund to the civil legal services fund, but it also allowed for an amount from the general fund that was up to 25 percent of the filing fees received from the Alaska Court System to be deposited into the fund. In 2011, the court fees totaled \$2.6669 million; 25 percent of that figure would be \$666,725. She stated that an appropriation

under the operating budget would be required, but that the consistent funding would "build the office back up again".

Senator Olson queried how many more lawyers the additional funding would provide. Senator McGuire stated that ALSC wanted more lawyers, but that they had not yet allocated a specific amount for that purpose. She deferred to Nikole Nelson for further explanation.

[9:30:38 AM](#)

Co-Chair Stedman discussed a zero fiscal note from the Department of Law, a zero fiscal note from the Alaska Court System, and an indeterminate fiscal note from the Department of Administration, Office of Public Advocacy.

NIKOLE NELSON, EXECUTIVE DIRECTOR, ALASKA LEGAL SERVICES CORPORATION, responding to an earlier question by Senator Olson, stated that ALSC anticipated that the filing fees would represent about a 20 percent budget increase and would enable them to serve an additional 500 families. In response to an earlier question, she stated that ALSC's attorneys cost about \$77,000 per year and indicated that this was about nine attorneys. ALSC was a nonprofit law firm that had been doing business in Alaska for the last 40 years and had made a big difference in the lives of the low income community. In the last year ALSC had been on the forefront of the fight against domestic violence and had served over 550 victims; 78 percent of these cases had children in the household. ALSC was the largest provider of civil legal services to victims of domestic violence. Over the last year ALSC had helped 600 seniors with financial and physical abuse issues, wills, probates, Power of Attorney issues, and other end of life aging issues. In the prior year ALSC had also assisted 300 disabled individuals gain access to healthcare coverage and social security benefits, and prevented homelessness for over 350 families. She related ALSC's dedication to providing service to rural Alaska and stated that over 40 percent of their clients were in rural Alaskan communities. Over the past year ALSC had provided direct representation to over 2500 families, served "countless" individuals through their website materials, and had nearly 2000 individuals attend their clinics. She indicated that ALSC staff was paid way below the market rate. She stated that a staff attorney starting for their firm in Anchorage would make about \$38,000 per year, while a first year attorney general or district

attorney made about \$68,000 per year. She said that ALSC had a strong base of volunteer attorneys, a volunteer board, as well as widespread community support and local financial contributions which helped ALSC "stretch their dollars".

[9:34:30 AM](#)

Ms. Nelson stated that the "bad news" was that the prior year ALSC had turned away hundreds of families who were seeking help regarding issues like abuse, losing their homes, and healthcare access; the cases were turned away not because they lacked merit, but because ALSC did not have the staff and resources to help. She reported that ALSC was a very effective organization and that they had been successful in 96 percent of the cases where they had represented victims of domestic violence. She related how heartbreaking it was to turn people away from services when it was known that ALSC was so effective and that attorneys could be hired well below the market rate. ALSC's client base had been growing each year and funding had not kept pace. There were an estimated 88,000 Alaskans living in poverty and an Alaska Supreme Court task force estimated that of the 88,000 impoverished Alaskans, 33,000 of them would encounter a civil legal need in a given year. She stated that the "indicators were grim" and urged the need to bridge the gap between those who had access to ALSC's services and those who were able to get them. She believed that SB 62 would go a "long way" to bridging the gap by allowing the legislature to appropriate up to 25 percent of the Alaska Court System's filing fees to ALSC.

NANCY MEADE, GENERAL COUNCIL, ALASKA COURT SYSTEM, introduced herself for the record.

Co-Chair Stedman queried if the filing fees that were collected were general funds. Ms. Meade responded in the affirmative and that the filing fees were deposited into the general fund. Co-Chair Stedman clarified that the fees were already general funds and were being used as general funds. Ms. Meade stated that he was correct.

[9:37:43 AM](#)

FREDRICK NIELSEN, DILLINGHAM (via teleconference), spoke in support of SB 62 and related a personal story about how ALSC helped him save his house and property.

SUNNY RADEBAUGH, WASILLA (via teleconference), expressed support of SB 62 and spoke about how ALSC had helped her deal with a permanent disability and other issues.

[9:40:59 AM](#)

NANCY TEITJE, KETCHIKAN (via teleconference), voiced support of SB 62 and spoke about the services ALSC provided for seniors.

[9:44:30 AM](#)

FRANCES DEGNAN, UNALAKLEET (via teleconference), stressed her support of SB 62 and observed the need for more lawyers. She related how necessary ALSC's services were to the remote communities of Alaska.

PEGGY BROCKMAN, ANCHORAGE (via teleconference), expressed support of SB 62 and told a personal story about how ALSC had helped her resolve two legal issues.

[9:49:03 AM](#)

MONICA M LOONEY, ANCHORAGE (via teleconference), testified in support of SB 62. She related a personal story about being abused by her husband and how ALSC had assisted her with a divorce, child custody, and a long-term violence protective order.

[9:51:58 AM](#)

SB 62 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[9:53:19 AM](#)

The meeting was adjourned at 9:53 AM.