

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 14, 2011

2:03 p.m.

MEMBERS PRESENT

Senator Dennis Egan, Chair
Senator Joe Paskvan, Vice Chair
Senator Linda Menard
Senator Bettye Davis
Senator Cathy Giessel

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 164(FIN)

"An Act relating to health care insurance, exemption of certain insurers, reporting, notice, and record-keeping requirements for insurers, biographical affidavits, qualifications of alien insurers assuming ceded insurance, risk-based capital for insurers, insurance holding companies, licensing, federal requirements for nonadmitted insurers, surplus lines insurance, insurance fraud, life insurance policies and annuity contracts, rate filings by health care insurers, long-term care insurance, automobile service corporations, guaranty fund deposits of a title insurer, joint title plants, fraternal benefit societies, multiple employer welfare arrangements, hospital and medical service corporations, health maintenance organizations, and alternate forms of payment to policyholders; and providing for an effective date."

- MOVED SCS CSHB 164(L&C) OUT OF COMMITTEE

SENATE BILL NO. 74

"An Act requiring insurance coverage for autism spectrum disorders, describing the method for establishing a covered treatment plan for those disorders, and defining the covered treatment for those disorders; and providing for an effective date."

- MOVED SB 74 OUT OF COMMITTEE

SENATE BILL NO. 119

"An Act relating to the licensing and regulation of athletic trainers."

- MOVED CSSB 119(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 188

"An Act relating to the interest that may be charged by express agreement."

- MOVED HB 188 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 164

SHORT TITLE: INSURANCE: HEALTH CARE & OTHER

SPONSOR(S): LABOR & COMMERCE

02/18/11	(H)	READ THE FIRST TIME - REFERRALS
02/18/11	(H)	L&C, FIN
02/21/11	(H)	L&C AT 3:15 PM BARNES 124
02/21/11	(H)	Heard & Held
02/21/11	(H)	MINUTE(L&C)
02/23/11	(H)	L&C AT 3:15 PM BARNES 124
02/23/11	(H)	Heard & Held
02/23/11	(H)	MINUTE(L&C)
02/28/11	(H)	L&C AT 3:15 PM BARNES 124
02/28/11	(H)	Scheduled But Not Heard
03/07/11	(H)	L&C AT 3:15 PM BARNES 124
03/07/11	(H)	Moved CSHB 164(L&C) Out of Committee
03/07/11	(H)	MINUTE(L&C)
03/09/11	(H)	L&C RPT CS(L&C) NT 4DP 2NR
03/09/11	(H)	DP: THOMPSON, HOLMES, MILLER, OLSON
03/09/11	(H)	NR: CHENAULT, JOHNSON
03/09/11	(H)	L&C AT 3:15 PM BARNES 124
03/09/11	(H)	<Bill Hearing Canceled>
03/22/11	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
03/22/11	(H)	Heard & Held
03/22/11	(H)	MINUTE(FIN)
03/30/11	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
03/30/11	(H)	Scheduled But Not Heard
04/06/11	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/06/11	(H)	Moved CSHB 164(FIN) Out of Committee
04/06/11	(H)	MINUTE(FIN)
04/07/11	(H)	FIN RPT CS(FIN) NT 3DP 6NR 1AM
04/07/11	(H)	DP: GARA, HAWKER, DOOGAN
04/07/11	(H)	NR: GUTTENBERG, T.WILSON, JOULE, COSTELLO, EDGMON, STOLTZE

04/07/11 (H) AM: FAIRCLOUGH
04/08/11 (H) TRANSMITTED TO (S)
04/08/11 (H) VERSION: CSHB 164(FIN)
04/11/11 (S) READ THE FIRST TIME - REFERRALS
04/11/11 (S) L&C
04/12/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)
04/12/11 (S) Heard & Held
04/12/11 (S) MINUTE(L&C)
04/14/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)

BILL: SB 74

SHORT TITLE: INS. COVERAGE: AUTISM SPECTRUM DISORDER
SPONSOR(s): ELLIS

01/28/11 (S) READ THE FIRST TIME - REFERRALS
01/28/11 (S) HSS, L&C
03/30/11 (S) HSS AT 1:30 PM BUTROVICH 205
03/30/11 (S) Moved SB 74 Out of Committee
03/30/11 (S) MINUTE(HSS)
04/01/11 (S) HSS RPT 4DP 1AM
04/01/11 (S) DP: DAVIS, MEYER, ELLIS, EGAN
04/01/11 (S) AM: DYSON
04/12/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)
04/12/11 (S) Scheduled But Not Heard
04/14/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)

BILL: SB 119

SHORT TITLE: ATHLETIC TRAINER LICENSING
SPONSOR(s): MEYER

04/01/11 (S) READ THE FIRST TIME - REFERRALS
04/01/11 (S) HSS, L&C
04/11/11 (S) HSS AT 1:30 PM BUTROVICH 205
04/11/11 (S) Moved CSSB 119(HSS) Out of Committee
04/11/11 (S) MINUTE(HSS)
04/12/11 (S) HSS RPT CS 4DP NEW TITLE
04/12/11 (S) DP: DAVIS, MEYER, EGAN, DYSON
04/12/11 (S) FIN REFERRAL ADDED AFTER L&C
04/14/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)

BILL: HB 188

SHORT TITLE: INTEREST RATES
SPONSOR(s): LABOR & COMMERCE

03/10/11 (H) READ THE FIRST TIME - REFERRALS
03/10/11 (H) L&C
03/23/11 (H) L&C RPT 6DP

03/23/11 (H) DP: CHENAULT, THOMPSON, SADDLER,
HOLMES, MILLER, JOHNSON
03/23/11 (H) L&C AT 3:15 PM BARNES 124
03/23/11 (H) Moved Out of Committee
03/23/11 (H) MINUTE(L&C)
03/30/11 (H) TRANSMITTED TO (S)
03/30/11 (H) VERSION: HB 188
04/01/11 (S) READ THE FIRST TIME - REFERRALS
04/01/11 (S) L&C
04/12/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)
04/12/11 (S) Scheduled But Not Heard
04/14/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE OLSON
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of HB 164.

LINDA HALL, Director
Division of Insurance,
Department of Commerce, Community and Economic Development
(DCCED)
Juneau, AK

POSITION STATEMENT: Supported HB 164 and had no position on SB 74.

AMORY LELAKE
Staff to Senator Ellis
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Commented on SB 74 for the sponsor.

REPRESENTATIVE PETERSEN
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of companion bill to SB 74, HB 79.

TONJA UPDIKE, member
Governor's Council on Disabilities and Special Education
State of Alaska

POSITION STATEMENT: Strongly supported SB 74.

MILLIE RYAN, Executive Director
Governor's Council on Disabilities and Special Education

POSITION STATEMENT: Strongly supported SB 74.

LEN SORREN, Legislative Affairs Group
BlueCross/BlueShield of Alaska
POSITION STATEMENT: Had concerns with SB 74.

LORRI UNUMB, counsel
National Office of Autism Speaks
State of South Carolina
POSITION STATEMENT: Strongly supported SB 74.

MARC LAMBRIGHT, principal and consulting actuary
Oliver Wyman Actuarial Consulting
POSITION STATEMENT: Opposed SB 74.

KARA THRASHER LIVINGSTON, representing herself
No address provided
POSITION STATEMENT: Supported SB 74.

DEBBIE THOMPSON, Executive Director
Alaska Nurses Association
POSITION STATEMENT: Supported SB 74.

LINDA ROBERTSON, business partner
Step-In Autism Services of Alaska
Fairbanks, AK
POSITION STATEMENT: Supported SB 74.

EMILY ICE, business partner
Step-In Autism Services of Alaska
Fairbanks, AK
POSITION STATEMENT: Supported SB 74.

SENATOR KEVIN MEYER
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Sponsor of SB 119.

CHRISTINE MARASEGAN
Staff to Senator Meyer
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Explained SB 119 for the sponsor.

BRENDA SHELDON, President
Alaska Athletic Trainers Association (AATA)
POSITION STATEMENT: Supported SB 119.

KONRAD JACKSON

Staff to Representative Olson
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Presented HB 188.

GLENDA SEEKEN
Alaska Association of Realtors
POSITION STATEMENT: Supported HB 188.

ACTION NARRATIVE

[2:03:12 PM](#)

CHAIR DENNIS EGAN called the Senate Labor and Commerce Standing Committee meeting to order at 2:03 p.m. Present at the call to order were Senators Paskvan, Menard, Giessel, and Egan.

HB 164-INSURANCE: HEALTH CARE & OTHER

[2:04:17 PM](#)

CHAIR EGAN announced HB 164 to be up for consideration [CSHB 164(FIN) was before the committee].

REPRESENTATIVE OLSON, sponsor of HB 164, came forward to answer questions.

SENATOR GIESSEL asked if section 79 was removed.

[2:05:24 PM](#)

LINDA HALL, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), said the CS did not delete section 79, but it does make a change in it.

SENATOR PASKVAN moved to adopt SCS CSHB 164 (L&C), labeled 27-LS0444\X.

CHAIR EGAN objected for discussion.

[2:07:15 PM](#)

SENATOR DAVIS joined the committee.

MS. HALL explained that there was concern about the clarity of the ability of an individual to purchase an individual health insurance policy in the individual market. Section (c) was in the original bill, but (d) is new language that clearly states their intent that section 79 does not prohibit an individual from purchasing a health insurance policy in the individual market. Then (e) references the definition of "individual

market" in AS 21.51.500. It says any time an employer contributes money, whether directly or indirectly, it becomes a moot policy in the individual market.

SENATOR PASKVAN asked the reason for the tax increase set forth in section 48.

MS. HALL replied that it is not a tax increase, but rather a combination of taxes and fees that are charged separately at 2.7 percent plus a 1 percent filing fee. They have been combined for simplification purposes.

SENATOR PASKVAN remarked that current statute says 3 percent on gross premiums and now we're at 3.7 percent.

MS. HALL responded she would have to look at the statute. It is not their intent to increase the taxes.

[2:09:32 PM](#)

MS. HALL pointed out that the 2.7 percent is mentioned in several places; one is under "unauthorized independently procured." She said the intent was to bring this in line with the premium tax the department charges for admitted insurance so it's the same, which would be the 2.7 percent plus surplus lines that gets an additional 1 percent filing fee. It is actually a reduction from 3 percent plus 1 percent.

SENATOR PASKVAN asked what would be the justification of the reduction of taxes. He was trying to figure out how they get to where they are now.

MS. HALL replied their intent was to bring premium taxes in line with what the admitted insurance market is taxed, not to tax them at a higher rate.

SENATOR PASKVAN asked where the 1 percent is in AS 21.33.061 (c) and secondly, in trying to combine them, are they repealing the 1 percent that is elsewhere in the statute?

MS. HALL answered no; it is not their intent to repeal that; it is their intent to combine them. The filing fee is in section AS 21.34.190 that states "The fee for filing this statement is an amount equal to 1 percent on gross premium charged less...."

SENATOR PASKVAN asked what is being done to section 190, if anything.

MS. HALL replied that section 57 amends section 190 and that 1 percent fee is on taxes in Chapter 34, which is surplus lines and she didn't think the fee was previously charged in Chapter 33, which is unauthorized insurance and independently procured insurance. The same filing fee was added to those two lines and they were combined, so there probably is seven-tenths of a percent increase on unauthorized and independently procured insurance.

[2:14:03 PM](#)

SENATOR MENARD asked Representative Olson to explain one thing that is of utmost importance in dealing with surplus lines, since the bill is so long and no one on the committee had been in the insurance industry before.

REPRESENTATIVE OLSON replied that clean up language mostly in the first 22 pages of the bill is the most important. He always thought the tax was 2.7 percent plus the 1 percent filing fee.

MS. HALL added that there are two pieces to the surplus lines section; one is they need to bring state statutes in compliance with changes in federal law, because it specifically preempts state law. She thought the federal government would enforce those changes if the state doesn't make them and that businesses need to operate knowing that. When she talked about the home state becoming the primary regulator of the transactions, her one thing is to bring statutes into conformance with those federal laws.

SENATOR MENARD asked if that was her number one thing in the whole bill or was it the surplus lines.

MS. HALL replied that it is probably her number one thing in the bill. She didn't want Alaska to be preempted and have the potential for someone else to try to regulate how business is done in the state.

CHAIR EGAN said they received a lot of confused testimony on section 79 and asked if she feels all the concerns were satisfied with the amendments.

[2:18:16 PM](#)

MS. HALL answered that the concerns are not totally satisfied, although at first she thought they were. She explained that section 79 does two things that are good and those would be lost if it was deleted. She, however, said she would prefer to delete it. One of the concerns is that it provides coverage for a new

group of people that don't currently get coverage. One group is the part-time seasonal people who are not eligible for the group coverage and this provision would allow them to purchase individual policies with employer funds; she would hate to lose that.

She would also like to save the protections in the small group law and she said stripping out section 79 won't make the situation any different than it is today.

SENATOR MENARD asked if she would entertain an interest in sunsetting just section 79 to maybe 2014 and let it play out for a couple of years.

MS. HALL replied that she would be fine with that.

SENATOR PASKVAN said he understood that section 79 is intended to be consumer friendly.

MS. HALL responded that it is her intent that it is to be consumer friendly. It provides coverage for a group that today cannot purchase coverage through an employer plan and it protects people in group plans who have health conditions and who would be unable to purchase individual policies in the individual market place.

SENATOR PASKVAN said specifically as to that later category if it provides them with a method of retaining insurance that they would otherwise lose.

MS. HALL responded that they would be underwritten for their health conditions and likely to be refused coverage any place other than the high risk pool.

CHAIR EGAN said one thing concerns him and that is if section 79 is repealed that there would still be issues in current law and he is not comfortable moving it forward now. He would like to work on it until the start of session next year.

MS. HALL replied that was okay with her.

[2:22:36 PM](#)

At ease from 2:22 PM to 2:23 PM.

[2:23:27 PM](#)

SENATOR PASKVAN moved conceptual Amendment 1 to put a one-year sunset on section 79.

MS. HALL responded that was fine with her.

There were no objections and conceptual Amendment 1 was adopted.

[2:24:35 PM](#)

SENATOR PASKVAN moved to report SCS CSHB 164(L&C), version 27-LS0444\X, as amended from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

[2:24:52 PM](#)

At ease from 2:24 PM to 2:26 PM.

SB 74-INS. COVERAGE: AUTISM SPECTRUM DISORDER

[2:26:41 PM](#)

CHAIR EGAN announced SB 74 to be up for consideration. He opened public testimony.

[2:26:58 PM](#)

AMORY LELAKE, staff to Senator Ellis, sponsor of SB 74, said this bill would help children with autism get the treatment they need while increasing the number of autism service providers in Alaska and lowering special education and social service costs. Autism is a devastating disorder affecting at least 1 in 110 American children and despite being treatable, most children diagnosed with autism spectrum disorders (ASD) don't receive the treatment they need.

SB 74 would require insurance coverage for ASDs including evidence-based medically necessary applied behavior analysis (ABA) that have shown to be an extremely effective treatment of these disorders. ABA is a scientifically driven, validated approach to learning and/or change of behavior and has been widely accepted as an effective treatment. The American Academy of Pediatrics and the U.S. Surgeon General have both issued reports corroborating these findings.

MS. LELAKE said that most insurance policies specifically exclude coverage for treating autism even when the services are otherwise covered by a health plan. In the absence of coverage, families are often forced to cover expenses out of pocket. In the process, many risk their homes and the educations of their unaffected children.

According to the Alaska Department of Education and Early Childhood Development, in 1994, 37 children enrolled in special education were classified as having autism. In 2006, that number had grown to 477, an increase of 1200 percent.

She said for many parents school services are a substitute from private insurance services. The goal of the educational system, of course, is not to provide medical service. Schools provide speech therapy and other related services to enable a child with a disability to receive a free appropriate public education. The ability of schools to educate children is compromised when children with autism don't receive appropriate care through private insurance.

MS. LELAKE said a total of 35 states and the District of Columbia have laws related to autism and insurance coverage. At least 25 states specifically require insurers to provide coverage for the treatment of autism.

According to the Governor's Council on Disabilities and Special Education, insurance coverage of treatment of ASDs will save the state \$208,500 per capita in avoided special education costs with a lifetime savings of \$1.8 million per capita.

[2:30:22 PM](#)

According to a Harvard economist's study of the societal costs of autism, every new child diagnosed with autism that is not treated costs an estimated \$3.2 million over their lifetime. A majority of children with autism who receive appropriate intervention and treatment experience marked improvement; 47 percent recover typical function, 40 percent make significant improvement and the remaining 13 percent unfortunately make little progress.

Early intervention and treatment work, she said. Insurance coverage of ASDs can save the state millions and significantly improve the lives of thousands of Alaskan children and families.

MS. LELAKE said that many families are unable to afford treatment and this limits the number of providers available in Alaska. According to the Behavior Analyst Certifying Board (BACB) there are currently only seven certified applied behavior analysts in Alaska. Although, since South Carolina adopted similar legislation three years ago, the number of certified applied behavior analysts has increased three-fold. The University of Alaska is working to increase the ABA workforce in

Alaska and currently 17 people are working towards certification.

Without the help of private insurance coverage, families affected by autism may never be able to get their heads above water and provide their children with the medically necessary evidence-based treatments they need. It is to the advantage of these Alaskan families and to all of society that private health insurance coverage provides these services.

MS. LELAKE said the supporters of this legislation are: Senator Ellis, Representative Peterson, the Governor's Council on Disabilities, the Mental Health Trust Authority, the Stone Soup Group, the Alaska Primary Care Association, the Alaska Association of Homes for Children, the Key Coalition, the Alaska Nurses Association and many others.

[2:32:33 PM](#)

She walked the committee through the bill. Section 1, page 1, line 1, through page 3, line 21, amends AS 21.42 by creating a new section AS 21.42.397 relating to insurance coverage for autism spectrum disorders. Subsection (a), page 1, line 1, through page 2, line 12, requires insurance plans to cover medically necessary treatment for ASDs and exempts plans offered by fraternal benefit societies.

Subsection (b), page 2, lines 13-23, further defines the coverage that must be provided. Subsection (c), page 2, lines 24-25, establishes that this section does not limit coverage already provided. Subsection (d), page 2, lines 26-28, prohibits an insurance company from denying coverage to someone because they have an ASD. Subsection (e), page 2, line 29, through page 3, line 21, defines "autism service provider," "autism spectrum disorders," "health care insurance plan," "health care insurance," and "medically necessary."

Section 2, page 2, lines 22-26, establishes that these provisions in section 1 only apply to insurance policies issued after January 1, 2012. Section 3, page 3, line 27, establishes and immediate effective date.

[2:34:18 PM](#)

REPRESENTATIVE PETERSEN, sponsor of HB 79, companion bill to SB 74, said they had worked very hard on this bill going on three years and he supported it. He said every day this bill is delayed there are children who are losing opportunities to have a chance at a normal life.

[2:35:44 PM](#)

TONJA UPDIKE, member, Governor's Council on Disabilities and Special Education, said she is also the mother of an ASD child. She very strongly supported SB 74. She said it is frustrating to not be able to get private insurance for him. They will cover the rest of her family, but not her ASD child. When he was diagnosed he was not quite 2 and now he's 8 years old and has come very far in so many ways, a real testament to the treatment he has received. She said she knows that everybody wants to save money, so it's important to note that if you spend money early on to treat ASD, you're not going to be spending as much later on through the child's life. She said 1,512 students across Alaska are now diagnosed with autism; many more will be diagnosed in the future.

[2:38:01 PM](#)

MILLIE RYAN, Executive Director, Governor's Council on Disabilities and Special Education, said that the Council strongly supports SB 74. She said their letter goes into a little more detail and offered to answer questions.

[2:38:55 PM](#)

LEN SORREN, Legislative Affairs Group, BlueCross/BlueShield of Alaska, said their several concerns about SB 74 were outlined in a letter submitted to the committee. He said "this benefit mandate" will increase costs for individual and small group employer plans across the State of Alaska on top of federal health care reform requirements which were implemented for most plans in January. Individual plans at that time saw a 2-4 percent increase. Their estimates indicate that the mandate in this bill could add as much as 3 percent to the cost of health insurance premiums in Alaska.

He shared a cost analysis provided to the Washington State Legislature on a very similar bill that was introduced this session. Washington State's Office of Financial Management estimated that the impact of the autism mandate to state health plans would be \$140 million over the two-year budget growing to over \$200 million over subsequent years.

He said any state mandates that go beyond the essential health benefits package that will be designated under federal law must be paid for by the state for all individuals receiving subsidies through the exchanges. The federal government is currently working on these benefits and he believes it is prudent to see

how their work is completed to determine whether the state would have substantial additional benefit costs.

MR. SORREN said individual and small group insurance markets are already under tremendous cost and price pressures and they are concerned that SB 74 will simply add another cost burden.

[2:41:34 PM](#)

SENATOR MENARD said he was citing Washington State legislation, but does exactly mirror SB 74?

MR. SORREN replied yes. The \$140 million was a fiscal note attached to the Washington bill that relates to the Washington employee health plans (called Healthy Options in Washington) and Medicaid.

SENATOR MENARD asked if he agreed that by doing nothing society faces \$3.2 million in costs over the lifetime of an autistic child.

MS. SORREN replied that he didn't know. There are a variety of requirements under federal law that requires ASD services through public schools across the United States. They have some concern that this becomes a cost transfer from the existing federal requirement to the private insurance market in Alaska that is already stressed.

SENATOR GIESSEL asked if SB 74 places this mandate on the State of Alaska's insured population, that is to say, state employees.

MR. SORREN replied that he didn't know the answer, but he wanted to provide them with the State of Washington's Office of Financial Management estimate so they have an idea of the cost of the mandate without specific reference to the State of Alaska's health plan.

[2:44:24 PM](#)

SENATOR DAVIS said Washington has a bigger population than Alaska and she asked what his estimate was for implementing SB 74 in Alaska.

MR. SORREN replied he didn't have those figures for Alaska, but he did have an actuarial estimate that the mandate in this bill could add as much as 3 percent to the cost of health insurance premiums across the individual and small group markets in the State of Alaska.

SENATOR DAVIS responded that even at 3 percent, it wouldn't come anywhere near the Washington State figures he provided.

MR. SORREN responded, "It may or it may not." He didn't know the number of covered persons involved in Alaska that the 3 percent would need to be multiplied by. But by anyone's estimation, a 3 percent increase in response to a single mandate is substantial.

SENATOR DAVIS asked when would be the right time to take action if not now.

MR. SORREN answered that it would be prudent for Alaska to wait until the essential benefits package under the federal health care reform bill is made clear from Washington, D.C. Then Alaska could make an informed judgment whether this additional benefit would be the state's cost for all subsidized folks going through the exchange or a benefit under federal law and therefore not at the state's expense.

The other possible avenue to think through as a way for making this available is giving individual employers the option of covering this in the event they chose to bear the additional cost.

[2:47:21 PM](#)

LORRI UNUMB, counsel, National Office of Autism Speaks, South Carolina, said she is also the parent of a child with autism, and said she supported SB 74. She provided a power point and asked them to go to slide 17, the hard cost data for autism insurance.

She explained that in 2007 South Carolina passed legislation very similar to what they are considering. So, rather than looking at any estimates from states that are still considering legislation, she suggested they look at the hard cost data. The entire cost to the state for providing coverage to the state employee health plan during 2010 was \$2 million, a per-member, per-month increase of 44 cents. So, yes, this does cost something, but there has been no state that has documented a 3 percent cost increase or even 2 or 1 percent cost increase. The states that now have data on this coverage have documented costs increases of around .1 percent or .2 percent. Translated into dollars in South Carolina that came out to 44 cents per member per month. She didn't know of anyone who would not be willing to an extra pay 44 cents a month so that all of the children in Alaska could get the treatment their doctors prescribe.

She asked them to be mindful that these families are not asking for a handout; these are families who are working, they've bought insurance and are paying their premiums every month. They want their end of the bargain; they have insured against medical disaster. It has now befallen their children and they want coverage for the recommended treatments.

MS. UNUMB said state employees are not included in the Alaska bill, so the \$100 million cost impact is not transferable to the state even if it were a close to accurate figure. She also said that 25 other states have already passed similar legislation. Two states have already passed it this year and waiting for federal health care reform is not a good reason to wait on moving this legislation forward. They do not know what the essential benefits package under federal health care reform will include, but they have lots of reasons to believe it will include ABA therapy for children with autism.

[2:51:46 PM](#)

SENATOR MENARD said for the record that she read that autism has had a 600 percent increase over the last 20 years. Is that nation-wide?

MS. UNUMB replied yes.

SENATOR MENARD asked Ms. Lelake what the increase is in Alaska.

MS. LELAKE replied that she didn't know the percentage, but they do know according to the Governor's Council on Disabilities and Special Education there are about 1500 children in Alaska with autism. Between 1994 and 2006 the school district saw a 1200 percent increase.

SENATOR MENARD said she knows the MatSu Borough has over 2500 students (6.5 percent) with special disabilities; it is an increasing cost that has to be looked at. She wanted realistic numbers because of Alaska's small population.

[2:53:36 PM](#)

MARC LAMBRIGHT, principal and consulting actuary, Oliver Wyman Actuarial Consulting, said he prepared a very detailed cross analysis of the cost for various insurance markets in Alaska. He said he completed similar analyses in approximately 20 other states; and the analysis has been made available to the committee.

Brief highlights of the report are that page 8 provides several examples of some very low initial and ongoing costs for states that have mandated autism coverage. Pages 9-15 of the report provide very extensive detail regarding the drivers of cost estimates including treated prevalence to diagnosis, ABA utilization and unit costs. His cost estimates are outlined on page 17; they indicate an anticipated cost per member of about \$20 per year or about \$1.50 per month. That would translate into about .04 to .05 percent of the average premiums in Alaska and an increase of .3 to .7 percent in premiums.

He said there has been no indication anywhere cost data has been collected that costs have been anywhere near the 3 percent level and typically they are less than one-half of 1 percent. Secondly, he said there have been a lot of other independent actuarial analyses completed and typically the cost estimate outlined in them is one-half of 1 percent of premium.

[2:56:29 PM](#)

KARA THRASHER LIVINGSTON, representing herself, said she supported SB 74. She said she has two children who experience autism and received early intervention and special education from the school district. But it would have been nice to have the choice of having their therapy covered by insurance as well. Having worked in long term care, she can understand how having enhanced early intervention available through therapy such as ABA would result in lower costs over a child's lifespan. She thought Alaskans would be willing to pay the added cost.

[2:58:17 PM](#)

DEBBIE THOMPSON, Executive Director, Alaska Nurses Association, said they support SB 74. It is the right thing to do. They must look at what the costs are now as opposed to what they would be later in an autistic child's life. The treatment will impact the lives of not only the child with autism, but all of their family members and those that are around them.

[2:59:13 PM](#)

LINDA ROBERTSON, business partner, Step-In Autism Services of Alaska, Fairbanks, supported SB 74. They are finding families that are very desperate for services and they can't provide them, because these families are not able to provide insurance payments and are not eligible for Medicaid or Tri-Care Insurance. The reason they provide ABA applied behavior analysis is because it is the most effective treatment they have found for kids with autism. She said she had worked in Alaska since 1981 and has spent 35 years as a special educator and found that

children with autism are the most difficult to reach and applied behavior analysis allows them to do that. The right services provide incredible differences.

MS. ROBERTSON said the intensive ABA is not offered in the school system, although many families get it privately. She said they are very eager to bring this service to as many families in Alaska as possible who have children with autism or other disabilities.

[3:01:39 PM](#)

EMILY ICE, business partner, Step-In Autism Services of Alaska, Fairbanks, offered her support for SB 74, as well.

SENATOR GIESSEL said one paper provided by Ms. Hall summarized those who are affected by SB 74. It says self-insured plans are not currently subject to mandates. That means that TERS and PERS beneficiaries would not be required to provide this coverage.

LINDA HALL, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), answered that is accurate.

SENATOR GIESSEL said that shows to be 34 percent of the state's population. And 15 percent of the plans that are directly affected by SB 74 are those that are bought privately.

MS. HALL agreed.

SENATOR GIESSEL asked if that includes small businesses and employers that provide insurance.

MS. HALL replied yes; it applies to the individual market and predominantly the small group market. Most but not all large employers do their health benefits through a self-insured plan which is regulated the federal Department of Labor.

SENATOR GIESSEL asked if Medicaid in Alaska currently provides some treatment for ASD.

MS. HALL replied that she didn't know what Medicaid covers.

SENATOR GIESSEL asked if SB 74 would affect Medicaid.

MS. HALL replied no.

SENATOR GIESSEL asked if she said the Indian Health Service already covers autism.

MS. HALL replied that she would not have commented on those types of programs, because she didn't have any particular knowledge of them.

SENATOR GIESSEL said she was trying to figure out who is going to be affected by SB 74 and it looks like on her chart that it's going to be 15 percent of the Alaska population. Is that true?

MS. HALL replied that is true; when you add a mandate to Title 21, the insurance code, it only impacts the private regulated insurance market unless the bill contains other provisions that broaden the mandate.

SENATOR GIESSEL asked what she thought about the added costs being applied to only 15 percent of the state's population.

MS. HALL replied that she didn't have that estimate. She said her division does a rate review of just one company and she wouldn't have any way to estimate the cost of a particular mandate going forward.

SENATOR GIESSEL asked how many insurance mandates Alaska has now.

MS. HALL replied 15 benefit mandates.

SENATOR GIESSEL asked how much that adds to the cost of the premium.

MS. HALL answered that don't have that information although they have tried to get it.

[3:08:25 PM](#)

SENATOR PASKVAN asked if testimony about avoided costs is accurate.

MS. HALL replied that she didn't have any idea about the other costs.

SENATOR GIESSEL asked her why the cost of health care is higher in Alaska than in other states.

MS. HALL answered no; their study only shows what the differentials are and that Alaska has the highest health care

costs in the country. Correspondingly, Alaska also has the highest health insurance premiums in the country. She estimates just between Seattle and Anchorage there is anywhere from a 30 to 150 percent higher cost for procedures in Alaska.

CHAIR EGAN asked if the administration had a position on SB 74.

MS. HALL replied that the administration had not taken a position.

SENATOR GIESSEL said she thought there were things they don't know about the impacts of adding this mandate to the 15 percent of Alaskans. Already, 16 percent of the Alaska population can't afford health insurance now and she wanted more information about what the premiums would look like.

SENATOR PASKVAN said they had heard a lot of testimony about how the avoided costs of early treatment are so significant that the cost of not doing something to society is much greater than the cost of the de minimis expenditure at this time. He would like to move the bill.

SENATOR DAVIS said she would like to move it, too. But she stated that she didn't think the impact would be on just the 15 percent population and that other agencies provide some services for autism.

SENATOR GIESSEL clarified that the cost of this will be shifted to 15 percent of the population who are at this time under state regulated health insurance. Her concern is that this will shift the cost to small businesses that are struggling right now to provide insurance for their employees and are managing to do it; but additional cost will cause those employers to maybe say they can no longer provide insurance. Moving that 15 percent piece of the pie over to the 16 percent of uninsured in Alaska will escalate health care problems.

SENATOR PASKVAN moved to report SB 74 from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

[3:14:56 PM](#)

At ease from 3:14 PM to 3:16 PM.

SB 119-ATHLETIC TRAINER LICENSING

[3:16:53 PM](#)

CHAIR EGAN announced SB 119 to be up for consideration.

SENATOR PASKVAN moved to bring CSSB 199(), 27-LS0732\D before the committee for purposes of discussion.

CHAIR EGAN objected for discussion.

SENATOR MEYER, sponsor of SB 119, said that athletic trainers are certified health care professionals who practice in the field of sports medicine. Athletic training has been recognized by the American Medical Association; the profession plays a significant role in the management, prevention and recognition of rehabilitation of injured athletes.

He explained that when the traumatic brain injury bill came before the legislature, it was found that there wasn't a group association to deal with it; so Alaska athletic trainers brought it to their attention. Alaska is one of only three states that doesn't license athletic trainers.

SENATOR MENARD said they are most familiar with high school sports where you have an assistant coach who does things like wrap ankles and apply ice to injuries and asked if those assistants could still be used if they weren't licensed trainers.

CHRISTINE MARASEGAN, staff to Senator Meyer, pointed out that this bill is about licensing. All athletic trainers that call themselves athletic trainers are certified through a national board. In terms of how this would play out in Alaska, they want to make sure that personnel are licensed in the State of Alaska to be able to provide treatment. Forty-two people have met all of the certification for being an athletic trainer but aren't licensed in the state. So, they could be at the game and they would not be able to provide service because they are not licensed.

SENATOR MENARD said the glitch for her is that assistant coaches aren't licensed and she didn't want to get them in trouble.

MS. MARASEGAN responded that this bill would not get them in trouble. A provision on page 1, lines 14-15, and (b) on the next page says if you have personnel that can provide assistance that they can provide it. She also pointed out that language on page 2, line 14, of the CS effectively removes the cap on the fee.

[3:22:12 PM](#)

BRENDA SHELDON, President, Alaska Athletic Trainers Association (AATA), supported SB 119. She said they recognize the changes in the CS and acknowledge the challenges of their small number. But 2008 data places the mid-point salary for a full-time athletic trainer in their district at \$40,000. She said many members volunteer as athletic trainers and are not in paid positions. Alaska has many non-profit and community events that they serve and SB 119, section 3, will include Alaska trainers in the immunity for providing free health care services. This is very important to them.

She said what they lack in size they make up for with their certification agency, the Board of Certification. This agency will ensure that athletic training professionals have completed their proper college education; it will administer the entry level examination, track continuing education and continue to enforce the renewal for certification. Because of the board's role they feel their fees should be comparable to that of speech and language pathologists, geologists and dieticians.

MS. SHELDON assured Senator Menard that this bill intends to only speak to athletic trainers and in no way limits what others can do at events with student athletes.

[3:24:41 PM](#)

SENATOR PASKVAN remarked that his daughter is certified by the National Athletic Trainers Association Board of Certification and has been for a long time. She works in a high school of 4,500 students and to address Senator Menard's question, she works with the coaches and the assistant coaches particularly in the area of the football team and concussions. It's her decision as compared to any coach or assistant coach or anyone else on field that controls whether the kid goes back in. His daughter told him that there is no other certifying organization out there and this is the one that should be looked to as the "national gold standard." Therefore, he supported the bill.

SENATOR MENARD said the fees will be collected by the Division of Licensing and asked if it would be necessary to have board representation.

MS. MARASEGAN answered that could be worked out between the Alaska Athletic Trainers Association and the Division of Corporations, Business and Professional Licensing. The ATTA didn't want to create a whole board, because they go through so much for certification already. They simply wanted licensure for the State of Alaska and Alaska would issue the license, but it

would be referring back to the national organization, which is the only one that has been doing so for a number of years.

SENATOR MENARD said she would support having a board member that is representative of what they are trying to do if that ever came up.

[3:28:29 PM](#)

SENATOR PASKVAN moved to report CSSB 119(L&C), version D, from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

[3:29:11 PM](#)

At ease from 3:29 PM to 3:30 PM.

HB 188-INTEREST RATES

[3:30:47 PM](#)

CHAIR EGAN announced HB 188, sponsored by the House Labor and Commerce Committee, to be up for consideration.

KONRAD JACKSON, staff to Representative Olson, chair of the House Labor and Commerce Committee, explained that HB 188 addresses maximum interest allowed on private loans of \$25,000 or less. AS 45.45.010 (b) sets the rate on these loans at 5 percent above the rate charged to banks by the 12th Federal Reserve District. Currently that rate is .75 percent. When the statute was written, people were not imagining that rates would be as low as they are now. HB 188 would allow an individual offering a loan of \$25,000 or less to charge an interest rate the greater of either 10 percent above the interest rate from the Federal Reserve District or 10 percent. So, today the maximum rate would be 10 percent.

The hope is that this bill will encourage more commerce and allow individuals to finance small loans for real property and basically carry the note and get a little bit of return as opposed to 5.75 percent. This law is a default; so if it conflicts with other statutes, those statutes take precedence.

[3:33:03 PM](#)

He said some questions were raised earlier and they have been addressed and since then this bill had had no opposition. The questions that have been asked are about whether this bill applies to credit card interest rates, pay day loans or credit unions and it doesn't; those are all covered under Title 6.

GLEND A SEEKEN, Alaska Association of Realtors, supported HB 188. She said it would help realtors to be able to sell more land.

SENATOR PASKVAN moved to report HB 188 from committee with individual recommendations and attached zero fiscal note. There were no objections and it was so ordered.

[3:35:08 PM](#)

At ease from 3:35 PM to 3:36 PM.

[3:37:25 PM](#)

CHAIR EGAN thanked members of the committee and staff for their hard work this year and adjourned the meeting at 3:37 PM.