

HOUSE FINANCE COMMITTEE
February 11, 2014
1:35 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative Lindsey Holmes

ALSO PRESENT

Jo Ellen Hanrahan, Deputy Commissioner, Department of Commerce, Community and Economic Development; Don Habeger, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Crystal Koeneman, Staff, Representative Lora Reinbold; Kris Curtis, Auditor, Division of Legislative Audit.

PRESENT VIA TELECONFERENCE

Leeanne Carrothers, Alaska Physical Therapy Association, Anchorage.

SUMMARY

HB 239 EXTEND BOARD OF EXAMINERS IN OPTOMETRY

HB 239 was HEARD and HELD in committee for further consideration.

HB 240 EXTEND BOARD OF CHIROPRACTIC EXAMINERS

HB 240 was HEARD and HELD in committee for further consideration.

HB 241 EXTEND BOARD OF MARITAL & FAMILY THERAPY

HB 241 was HEARD and HELD in committee for further consideration.

HB 242 EXTEND PT & OCCUPATIONAL THERAPY BOARD

HB 242 was HEARD and HELD in committee for further consideration.

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Co-Chair Stoltze discussed the agenda for the day.

JO ELLEN HANRAHAN, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (DCCED), provided a PowerPoint presentation titled "Corporations, Business and Professional Licensing" dated February 10, 2014 (copy on file). The department believed there was a collective responsibility to balance the encouragement of positive business with the requirements of appropriate accountability and protection of consumers. She stated that the discussion sometimes involved a push and pull between proposed regulations, public input, and policy decisions. The department looked forward to continuing to work with the legislature and with the special designated committees that would be reviewing professional licensing at a broader level.

Ms. Hanrahan communicated that DCCED was cognizant of the issues that had arisen, which seemed to have "festered and grown" over an eight-year period and the department had been working diligently to correct some of them. The department was engaged in significant analysis and efforts to address errors and the issues. She thanked the House Labor and Commerce Committee and noted that they had introduced HB 187, which may help address some of the issues of consistency and fees. She also thanked Representative Mike Hawker who was instrumental in putting

some funding for third-party receipts in the department's budget that allowed it to collect the receipts for board members traveling to national committees.

Ms. Hanrahan stated that DCCED and the division had been focused on business climate and trying to stabilize the cost and establish some consistency over time. The department supported HB 187 as one of the tools that would help lower and provide more consistent fees. The bill had four groupings that allowed DCCED to group licensing professions together to smooth off some fees. The bill allowed for other fund sources to be appropriated and included in the fee setting, it allowed for averaging of revenue and expenditures of current and prior biennial periods, and it allowed DCCED to extend the recovery period over future licensing costs. All of items represented tools that may be used to help smooth the peaks of fees with professional licensing.

Ms. Hanrahan discussed that DCCED had also been focused on ensuring an accounting foundation that had integrity for the licensing program. Specifically, a couple of years earlier the department located and corrected a specific accounting error that had occurred for several years where professional licensing was paying the administrative indirect cost; DCCED shared the information with the Division of Legislative Audit, which included the correction in its report. The department looked at ten years of records and reconciled to the Alaska state accounting system; its foundation in the accounting was currently fairly solid. The department had invested a significant amount of effort into increasing transparency in its reporting to boards, which was part of its analysis related to increasing accounting system integrity. She shared that DCCED now provided quarterly revenue and expenditure reports to the boards; the reports were also posted on the web for licensees, the public, and any stakeholders. During the current year DCCED started providing more detailed accounting system reports in response to boards' inquiries for more detail. She thanked the committee for its time and relayed that the department looked forward to working closely with the legislature on resolving the problems for the business climate in Alaska.

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Representative Costello appreciated the department's attention to the issue, but noted that the issue had not gone away. She stated that in FY 08 and FY 09, 41 percent of the boards had a deficit at the end of a two-year period; the figure rose to 68 percent in FY 10 and FY 11 and the number had since increased to 79 percent. She referred to drivers of the deficit problem and asked if investigations were the main culprit.

Ms. Hanrahan replied in the affirmative. The department had analyzed the number of boards that were hit with investigation costs; it had determined that over a five-year period almost every board had been hit with investigation costs at some point. She shared that the impact could be substantial, particularly in relation to smaller professions. For example, a small profession that included 23 people and had a budget of \$100,000 could get saddled with an investigation that may cost \$100,000 depending on the severity of the situation. The event could double their fees.

DON HABEGER, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, communicated that investigations could be costly. He explained that investigations were typically in response to the public, but could also be brought forward by a board member. He detailed that an investigation usually went through a process to determine jurisdiction and to conclude whether it was a violation; investigators billed for the process. An investigator would bring the issue to a single board member if it looked like the issue was jurisdictional to a board or commission. The single board member was appointed and acted as a consultant to the department with a responsibility to confirm or deny whether an issue was jurisdictional and if it should be further investigated. An investigation would incur additional costs with investigator expenses. The investigation may require expert witnesses and may involve other costs such as working with the Department of Law (DOL) for additional resources. An investigation could conclude back to the board for a disciplinary action, which could be costly.

Representative Costello observed that licensees paid license fee renewals every two years. She wondered how the department made up for costs incurred by investigations that occurred during the middle of a licensing fee system.

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Mr. Habeger replied that the goal was to collect revenues ahead of anticipated expenses by centralized licensing statute. The department typically looked at the prior two years expenses to establish a licensing fee calculation. He explained that the fee calculation was not a single point and most programs had multiple fees based on the centralized licensing statute. He elaborated that there may be a renewal fee. He used slide 3 as an example. The slide showed numerous licensing fees for the Board of Registration for Architects, Engineers, and Land Surveyors. A calculation or analysis would look at each of the fee levels; the division typically adjusted based on a percentage. He explained that if the division anticipated a 30 percent shortfall it may adjust each of the fees by 30 percent. A draft analysis was presented to a board, the board may not agree, but in all cases the working relationship was positive. He had adopted all board recommendations, which went out to public comment (public comment included all licensees and anyone with public interest). Subsequently a regulation was adopted based on the public and board comments.

Representative Costello talked about the process determining whether an investigation would move forward. She asked for comment on who determined whether an investigation would occur. She wondered if there was an opportunity to discontinue an investigation part way through if those conducting the investigation determined there were not sufficient grounds to continue. She pointed to cost savings that could take place if there was the ability to discontinue an investigation if it did not warrant continuation.

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Mr. Habeger answered that one of the department's goals was to protect and be responsive to the public. He discussed that an investigation would move forward if complaints (also referred to as intakes) were valid and under the department's jurisdiction; even cases that were closed presented some costs to a board. Once a case moved forward one or two board members were chosen to act as consultants to the department. He detailed that one or two members were chosen due to ex parte communication; ultimately the board

would sit in judgment on the license and DCCED had been told multiple times by DOL that it could not taint the board. The consultants may tell the division that an item was something that should not go forward.

Representative Costello wondered whether the division ever looked back farther than two years to determine licensing fees. She surmised that some professions may have a propensity towards investigations over time. She wondered if the probability an investigation may occur during the two-year period was factored into the equation. She guessed that some licensing boards did not need to do investigations.

Mr. Habeger replied that currently the division had a policy and procedures on fee review that was adopted in 1997. The fee analysis policy defined how the division determined fees; a look back over multiple cycles was not part of the policy. He recognized that the policies needed updating. The division had spent several years cleaning up a number of processes; updating policies was next on his list. He noted that the proposed legislation HB 187 would allow updating through statute.

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Ms. Hanrahan summarized that the department did a statistical analysis based on revenues and expenditures; however, board concerns, input from the public, and policy concerns were all part of the discussion about fee calculations.

Co-Chair Austerman recalled that three years earlier the legislature had appropriated \$3 million to balance board deficits. He asked which year the appropriation had been made.

Ms. Hanrahan believed the appropriation had been made in the FY 12 supplemental budget. She clarified that the motivation for the appropriation had been an accounting error. She explained that the business licensing program had been paying the professional licensing share of indirect costs for several years. The \$3.4 million appropriation had resulted in some boards having a better balance; however, the reasoning behind the appropriation was to correct the error.

Co-Chair Austerman asked for verification that the appropriation had not corrected any of the board deficits. Ms. Hanrahan answered that the \$3.4 million had provided a positive influx of funds for the boards, which had impacted their balances.

Co-Chair Austerman referred to a recent report showing a current \$3.7 million deficit in the boards. He asked if the figure was accurate. Ms. Hanrahan replied that in a two-year revenue and expenditure comparison the overall deficit was \$3.7 million. She added that some boards had entered the biennium with a positive balance. When existing balances prior to the biennium period were factored in, the overall balance at the end of FY 13 was a positive \$2.6 million.

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Co-Chair Austerman looked at a historical summary showing that only 8 of the 38 boards had positive balances. He observed that the report showed the total deficit was \$3.7 million.

Ms. Hanrahan referred to the document and directed attention to the column on the right showing the FY 13 ending carry-forward balance. She clarified that the column showed the surplus and deficit for the end of FY 13. The column labeled FY 12 and FY 13 only pertained to what had occurred in a two-year period without a starting balance.

Co-Chair Austerman asked for verification that 17 of the boards were in deficit. Ms. Hanrahan responded that 16 or 17 boards were in deficit.

Co-Chair Austerman asked if DCCED was hamstrung by statute in relation to how it ran the boards. Ms. Hanrahan replied that the department was supporting HB 187 partly for that reason; the bill would provide DCCED with increased flexibility in relation to how fees were collected. The current statute was fairly narrow and pertained only to the absolute revenue and expenditures of a biennium period. The proposed legislation would allow the department to average expenditures and revenues over time (an average expenditures and revenues from prior biennium periods). The bill would provide increased statutory flexibility for the department to manage the professional licensing program

with the goal of encouraging a productive business climate, while continuing to protect consumers.

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Co-Chair Austerman asked if DCCED had considered moving investigations over to DOL and setting board fees at a constant basis across boards. Ms. Hanrahan replied that she had not been privy to a conversation on the idea. She relayed that HB 187 would pay for investigator salaries with approximately \$1.7 million in General Funds (GF); therefore, the professional licensing boards would not carry the costs. Boards would continue to carry some costs associated with investigation including costs for expert witnesses and legal costs from DOL.

Representative Thompson remarked that investigations tended to be held to protect the public; typically pertaining to an unqualified or unlicensed person practicing in a profession. He stressed that trained professionals were punished when they were forced to pay for an investigation to protect the public from an unqualified person. He wondered why the professionals following the rules were punished and why those not following the law were not dealt with through DOL or other. He asked if fishing license fees and Board of Fish fees were increased when a person was caught commercial fishing illegally or if the cost of an investigation was charged to other oil companies when a company was caught drilling illegally. He believed it was the state's responsibility to protect the public and not the responsibility of the professional licensed individuals.

Ms. Hanrahan understood the point. She could not speak to how investigations were paid for in other agencies.

Co-Chair Stoltze noted that the questions [related to fishing and oil] were rhetorical.

Ms. Hanrahan pointed back Co-Chair Austerman's earlier question related to constraints of the current statute. She stated that under HB 187 investigations would be a responsibility and cost of the state.

Representative Thompson stated that most of the board renewals had fiscal notes attached that showed funding with receipt authority. He wondered why the costs were shown on

the fiscal notes if the state was not paying for them. He believed there should be a separate pot of money belonging to the licensees. He pointed to past situations when people had been told they could not travel to a national conference because the board's travel budget had been exceeded; the licensees had collected more than the needed amount, but did not get to attend their conference. Another example involved a national association offering to reimburse the state for an individual's travel expenses. He detailed that instead of putting the money back in the licensees' budget, the funds were deposited into the state GF.

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Ms. Hanrahan replied that the fiscal notes accounted for separate funds in the state accounting and budgeting systems. Receipt supported services meant that money was collected outside of state funds. She explained that the funds were accounted for in the state accounting system by restricted revenue codes associated with the specific entities. The information went through the state budgeting system in order to track the cost of doing business.

Mr. Habeger spoke to Representative Thompson's comment related to third-party reimbursement from a national association. The department followed the procedure in the state's Administrative Manual. Travel was required to be expensed through state costs if board members traveled in an official capacity representing the state. The prior year the legislature had put into the budget the ability to withdraw the deposit from the GF and back onto a board's books. The process began occurring in FY 14.

Co-Chair Stoltze asked whether a different triage process would occur related to investigations if they were moved to DOL. He wondered whether a switch to DOL would be worthwhile and if DCCED expected DOL or another entity to make a better decision.

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Mr. Habeger was unsure how to answer the question.

Co-Chair Stoltze asked the department to think about the issue.

Representative Guttenberg provided a hypothetical example related to a public complaint; an investigation was conducted and brought to the board. He asked whether the board was responsible for funding part of the investigation. Mr. Habeger replied in the affirmative. He cited the centralized licensing statute AS 08.01.065. The statute required boards to pay for all of their expenses including investigations.

Representative Guttenberg asked whether the board may have a financial conflict on the decision to move forward with an investigation. Mr. Habeger had heard board members comment on a conflict; however, he had not seen the evidence.

Representative Guttenberg referred to the prosecution of a person for not having a license, which had clearly not been a board responsibility; however, the onus of the investigation had been put on the board. He wondered if the situation was ongoing.

Mr. Habeger replied that unlicensed practice was a board concern. He detailed that MDs had practice protection. He stated that unlicensed practice was looked at by investigators (particularly if there was practice protection). He elaborated that centralized licensing statute provided the department with the authority to investigate. Boards may request investigations; DCCED tried to make an investigation as much of a partnership as possible. However, occasionally the department would look into issues on its own accord.

Representative Guttenberg stated that the department's instigated investigations were charged to the appropriate board. He asked what percentage of the boards and commissions were in deficit because of investigation through prosecution charges.

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Mr. Habegar did not have the information on hand.

Ms. Hanrahan replied that currently investigations brought on by the board or department put the onus on licensees. She stated that the issue was one reason DCCED was looking at HB 187.

Representative Guttenberg asked what percentage of the boards and commissions were in deficit because of investigation through prosecution charges. Ms. Hanrahan replied that the department could follow up with the information. The department had looked at the cost of investigations over a five-year period for all boards. She stated that many things had impacted the boards over the past five to ten years. She communicated that one of the drivers of all state expense related to personal services, particularly in the past five or six years. Investigations and legal costs fell into the personal services category.

Representative Guttenberg was interested to know about the percentage of deficit due to investigations.

Co-Chair Stoltze remarked that the fiscal notes should reflect the costs. Ms. Hanrahan agreed.

Representative Munoz asked how many of the fees would apply to an engineer establishing a Limited Liability Company (LLC). Mr. Habegar if the question pertained to one or many engineers needing initial licensure.

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Representative Munoz wondered how many of the fees would apply to a licensed engineer establishing an LLC. Mr. Habegar pointed to slide 3, line 5. He believed the one \$500 fee would apply.

Representative Munoz asked for verification that the engineer in her example would not need to pay for an application or review fee. Mr. Habeger replied that the other fees would not be applicable.

Representative Munoz asked for confirmation that the applicable cost was a biennial fee of \$500. Mr. Habeger replied in the affirmative. Representative Munoz asked about the cost of a business license. Mr. Habeger replied that the cost was a statutory annual \$50 fee.

Representative Munoz asked if the department had considered combining the general business license fee with the biennial certification cost. She believed it should be possible to pay for a business license when paying for the other costs. Mr. Habeger answered that the issue had not

been tackled yet. He believed the issue was worthy of examination in the future.

Co-Chair Stoltze provided an example related to an engineer fraudulently approving septic system projects. He wondered if the department would assess a criminal investigation related to the fraud. Mr. Habeger replied that criminal matters did not fall under the DCCED purview. The department was only concerned with the professional licensing aspect.

Representative Wilson pointed to a valid investigation pertaining to an unlicensed individual. She assumed there would be a fine and wondered if the individual was required to pay fees back to the organizations. Mr. Habeger replied in the affirmative. He elaborated that the division would levy fines for certain activity. The division's disciplinary document sent to a board was often adopted with the fines. The fines were deposited into GF.

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Representative Wilson asked why the fines would not be paid back to a board to offset all costs charged to the board for an investigation. Ms. Hanrahan answered that in Alaska fines went into the GF and were collected for the general use of the population, which was in line with the state's constitutional prohibition against dedicated funds.

Representative Wilson agreed with earlier testimony that people doing the "right thing are paying for people doing the wrong thing." She asked for verification that statute change was needed to ensure the boards received the money back for costs spent on investigations.

Ms. Hanrahan answered that a change in statute would be necessary to allow fines to be returned to a board.

Representative Wilson wondered if cost associated with an investigation (not including fines) could be refunded to a board without a change in statute. Ms. Hanrahan did not believe so.

Representative Wilson asked if the professionals could chose to not have a board because it was not worth the money. Ms. Hanrahan replied that the division regulated 39 professions and 20 of the total had a board. The boards

were established in statute. She added that 19 of the professional licensing programs were managed by the division.

Representative Wilson surmised that a statute change was needed to ensure that boards did not have to pay and for boards to have their money recouped.

Ms. Hanrahan replied that the programs were treated similarly whether they were a board or other program. She relayed that all of the programs shared the cost.

Co-Chair Stoltze thanked the department for its time.

#hb239

HOUSE BILL NO. 239

"An Act extending the termination date of the Board of Examiners in Optometry; and providing for an effective date."

[2:24:03 PM](#)

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE LORA REINBOLD, addressed the legislation, which would extend the Board of Examiners in Optometry. The Division of Legislative Audit recommended a full eight-year extension, which reflected the division's belief that the board was serving the public's interest by effectively licensing and regulating the profession. The division recommended that the Division of Corporations, Business and Professional Licensing (CBPL) continue its efforts to improve the investigative case management system's integrity and confidentiality. She understood that the department and division had taken great strides on the issue and would continue the efforts in the future.

Co-Chair Stoltze asked for comments on the board's current significant deficit. Ms. Koeneman believed there were steps the department and the division could take to reevaluate how licensing fees were set. She knew improvements had been made in the past couple of years, but the issue continued to need addressing to ensure that programs brought in money that would enable them to operate.

Co-Chair Stoltze remarked that the shortfall was \$44,755.

KRIS CURTIS, AUDITOR, DIVISION OF LEGISLATIVE AUDIT, relayed that the agency had conducted a sunset review of the board dated June 30, 2013. The audit's purpose had been to determine whether the board was serving the public's interest and whether it should be extended. The audit had concluded that the board was serving the public's interest by effectively licensing and regulating optometrists. The board was scheduled to terminate on June 30, 2014; the division recommended extending the termination date to June 30, 2022. The one recommendation had been directed to CBPL and addressed improvements needed in the division's case management system.

Representative Costello wondered if the Division of Legislative Audit had considered recommending that boards share staff or locate other efficiencies.

Ms. Curtis replied that the division would recommend efficiencies if it believed there was a need. She pointed to page 13 of the audit report that addressed board fees. She explained that the board had been operating in a surplus; however, a sharp decrease in revenues had eliminated the surplus in FY 10. Fees had not been increased at the time, but she believed they should have been increased. The fees had been increased in the following licensing cycle. She expounded that when an increase in fees was implemented and a licensing cycle was not complete the division did not typically make a recommendation to change fees until it observed what the true amount was.

Co-Chair Stoltze believed the opticians' board had voted to disband and to be managed by the department. He told an optician joke.

[2:29:21 PM](#)

Co-Chair Stoltze CLOSED public testimony.

Ms. Koeneman relayed that the opticians' board had been repealed in 2008.

Co-Chair Stoltze intended to discuss the fiscal note at a later time.

HB 239 was HEARD and HELD in committee for further consideration.

#hb240

HOUSE BILL NO. 240

"An Act extending the termination date of the Board of Chiropractic Examiners; and providing for an effective date."

2:30:31 PM

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE LORA REINBOLD, communicated that HB 240 would extend the Board of Chiropractic Examiners. The Division of Legislative Audit had recommended a full eight-year extension to June 30, 2022. The division had determined that the board was operating in the best public interest in licensing and regulating the community.

KRIS CURTIS, AUDITOR, DIVISION OF LEGISLATIVE AUDIT noted that the division had conducted an audit of the board to determine whether the board was serving the public's interest and whether the termination date should be extended. The division had determined that the board was serving the public's interest by effectively licensing and regulating chiropractors. The audit had concluded that the board monitored licensees and ensured that only qualified individuals practice. The number of applicants had increased by 28 percent from FY 06 through FY 12. The division recommended the maximum eight-year extension from June 30, 2014 to June 30, 2022.

Ms. Curtis spoke to the division's two recommendations pertaining to the board. The first recommendation was directed to the Division of Corporations, Business and Professional Licensing and addressed improvements needed in the division's case management system. The second was a recommendation to the Office of the Governor to ensure statutory requirements for board members were met prior to appointment. The division had found that the public member on the board was a licensed pharmacist who therefore had a direct financial interest in the healthcare industry, which was prohibited by statute. She relayed that the department [DCCED] and the board concurred with the recommendations.

Co-Chair Stoltze asked whether the department had any comments. He observed that the board had a surplus.

Co-Chair Stoltze CLOSED public testimony.

HB 240 was HEARD and HELD in committee for further consideration.

#hb241

HOUSE BILL NO. 241

"An Act extending the termination date of the Board of Marital and Family Therapy; and providing for an effective date."

[2:33:17 PM](#)

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE LORA REINBOLD detailed that HB 241 would extend the Board of Marital and Family Therapy for four years to June 30, 2018. There had been three recommendations from the Division of Legislative Audit regarding the board. The division believed the board was licensing and regulating the community of marital and family therapists.

KRIS CURTIS, AUDITOR, DIVISION OF LEGISLATIVE AUDIT relayed that the division had conducted an audit of the board to determine whether the board was serving the public's interest and whether the termination date should be extended. The division had determined that the board was serving the public's interest by effectively licensing and regulating marital and family therapists. The division recommended a four-year extension from June 30, 2014 to June 30, 2018. The reduced extension was primarily due to the board not fully addressing a prior audit recommendation regarding adopting regulations that benefit the public interest specifically related to distance therapy and supervision.

Ms. Curtis discussed that marital and family services were not widely available to many areas of the state; therefore, distance therapy and supervision was regarded as a way to help address the need. During the audit period the board had extensively researched and discussed the topic; however, it had made little progress in moving forward out of the discussion phase. The audit recommended that the board develop a strategy to address the need for distance services.

Ms. Curtis communicated that the audit also included two additional recommendations. The first recommendation was directed to the Division of Corporations, Business and Professional Licensing and addressed improvements needed in the division's case management system. Secondly, the division recommended that the Office of the Governor and the board work together to fill vacant board seats in a timely manner.

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Representative Wilson asked why the board was responsible for providing the distance counseling.

Ms. Curtis replied that the finding pertained to criteria used to evaluate whether the board was serving the public's interest. She explained that marital and family services were not widely available in many of the non-urban areas; however, the need existed. The issue came to light when in a review of board minutes the division had observed the significant amount of time the board had spent on the issue. The division had made the observation during the prior sunset review; however, the board had been unable to move beyond the discussion phase.

Co-Chair Stoltze asked about the role of a marital therapist.

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Ms. Koeneman referred to AS 08.63.900, which defined the practice of marital and family therapy as "the diagnosis and treatment of mental and emotional disorders that are referenced in the standard diagnostic nomenclature for marital and family therapy whether cognitive, effective, behavioral, or within the context of human relationships particularly marital and family systems." She remarked that marital and family therapy was for treating, coping, and helping couples. She relayed that the board was working with DOL and the Division of Legislative Audit on drafting regulations to address the need for distance therapy; however, it was determined that a statutory change was necessary in order to make the changes. The board was working on language, which would continue over the upcoming interim.

Representative Wilson remarked that people choose where they live and know what services are available in their communities. She believed saying that a certain service was not provided throughout the state was overstepping what was known about an area. She remarked that the areas may be serviced by another option. She opined that if a community could afford to support the business it would be available. She believed the public need could be there even if every area of the state did not have access. She would follow up to increase her understanding of the issue.

Representative Guttenberg wondered whether four years was too long to wait before a recommendation was made on distance services. Ms. Curtis answered that the four-year time frame had been settled upon because it put the board on the same sunset schedule as professional counselors, psychologists, and social work examiners; therefore, the division would have the ability to review the issue across similar boards.

Representative Gara wondered why boards were being punished for not having a statute that the legislature would need to pass. He believed it was odd. He stated the fact that the legislature had not passed a statute was beyond the control of the therapists. He believed a full [eight-year] extension was in order.

[2:40:24 PM](#)

Ms. Curtis paused at the term punished. She communicated that the recommendation was directed at improving the board's operations. She detailed that individuals working to become therapists were required a certain amount of supervision; they were currently unable to work towards the supervised time requirement through teletherapy or long distance. Making changes to distance services would increase the number of licensees, which would in turn address the distance therapy needs. In general the recommendation would enable the division to review the board's progress. She referred to members' comments questioning whether or not distance therapy or supervision qualified as a public need.

Representative Gara agreed that the services were a good idea. He asked whether a statute change would be required to make changes related to the distance services. He contended that if a statutory change was required, the

board's extension was being cut in half because of statute the legislature had not passed. He believed the issue was incongruous.

Ms. Curtis answered that the recommendation was for a four-year period because the board did not move out of the discussion phase related to distance services. The movement to adopt regulation was new in response to the division's audit.

Co-Chair Stoltze CLOSED public testimony.

HB 241 was HEARD and HELD in committee for further consideration.

#hb242

HOUSE BILL NO. 242

"An Act extending the termination date of the State Physical Therapy and Occupational Therapy Board; and providing for an effective date."

[2:43:03 PM](#)

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE LORA REINBOLD explained that HB 242 would extend the termination date of the State Physical Therapy and Occupational Therapy Board for a full eight-year extension until June 30, 2022. The Division of Legislative Audit had determined that the board was operating in the best public interest.

KRIS CURTIS, AUDITOR, DIVISION OF LEGISLATIVE AUDIT informed the committee that the division had conducted an audit dated June 17, 2013. The division had concluded that the board was operating in the public's interest and had recommended the maximum eight-year extension. The one recommendation was directed to the Division of Corporations, Business and Professional Licensing and addressed improvements needed in the division's case management system.

LEEANNE CARROTHERS, ALASKA PHYSICAL THERAPY ASSOCIATION, ANCHORAGE (via teleconference), told a physical therapy joke.

Co-Chair Stoltze CLOSED public testimony.

HB 242 was HEARD and HELD in committee for further consideration.

Co-Chair Stoltze discussed that the bills would be heard again at a later date.

#

ADJOURNMENT

[2:46:04 PM](#)

The meeting was adjourned at 2:46 p.m.