

HOUSE FINANCE COMMITTEE

March 24, 2014

8:38 a.m.

8:38:06 AM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 8:38 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Lindsey Holmes
Representative Les Gara
Representative Mark Neuman, Vice-Chair

ALSO PRESENT

Representative Costello, Sponsor; Charles Guinchard, Staff,
Representative Costello; Daniel George, Staff,
Representative Bill Stoltze; Dan DeBartolo, Director,
Permanent Fund Dividend, Department of Revenue.

PRESENT VIA TELECONFERENCE

Margaret Brodie, Director, Healthcare Services, Department of Health And Social Services, Anchorage; Barry Christensen, Alaska Pharmacists Association, Ketchikan; Patricia Senner, Alaska Nurses Association, Anchorage; Mike Coons, Self, Palmer; Jeff Jessee, Chief Executive Officer, Alaska Mental Health Trust Authority; Jordan Marshall, Rasmuson Foundation, Anchorage.

SUMMARY

HB 21 FOUR-DAY SCHOOL WEEK

HB 21 was SCHEDULED but not HEARD.

HB 75 CONTRIBUTION FROM PFD: AUDITS; UNIVERSITY

CSHB 75 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note from the Department of Revenue and one new fiscal note from the University.

HB 134 MEDICAID PAYMENT FOR MEDICATED PRESCRIPTION

HB 134 was HEARD and HELD in committee for further consideration.

HB 177 COMMERCIAL FISHING LOANS

HB 177 was SCHEDULED but not HEARD.

HB 202 BISON DRAWING PERMIT FEES

HB 202 was SCHEDULED but not HEARD.

HB 210 STUDENT RESTRAINT, SECLUSION, PSYC DRUGS

HB 210 was SCHEDULED but not HEARD.

HB 278 EDUCATION: FUNDING/TAX CREDITS/PROGRAMS

HB 278 was SCHEDULED but not HEARD.

HCR 15 TASK FORCE ON UNMANNED AIRCRAFT SYSTEMS

HCR 15 was SCHEDULED but not HEARD.

#hb134

HOUSE BILL NO. 134

"An Act requiring Medicaid payment for scheduled unit dose prescription drug packaging and dispensing services for specified recipients."

[8:38:47 AM](#)

REPRESENTATIVE COSTELLO, SPONSOR, introduced the legislation. She offered that the senior citizen population in Alaska was the fastest growing in the country. She explained that Mediset [medication management service] was an enhanced pharmacy service for a patient on multiple medications available by prescription. The pharmacist packaged the medications in order to aid the patient with proper dosing requirements. She elaborated that seniors were often "overwhelmed" when faced with multiple medication dosing requirements and that "medication issues" was a major cause of senior emergency room visits. The Department of Health and Social Services (DHSS) was currently administering the program via regulation and the goal of HB 134 was to establish Mediset in statute. She introduced the legislation in order to facilitate seniors to remain living at home rather than moving to high cost institutions due to medication mismanagement. She reiterated that the bill provided the department statutory oversight for the program. The state was on the "cutting edge" of offering the program to "vulnerable" populations and stressed the importance of the program to be driven by statute and not by regulation.

CHARLES GUINCHARD, STAFF, REPRESENTATIVE COSTELLO, showed a video about the Mediset program.

[8:41:48 AM](#)

Video

[8:45:56 AM](#)

End of video

Co-Chair Stoltze wondered why the fiscal note, FN1 (DHS) was zero when the bill originally had "serious" fiscal implications.

Mr. Guinchard referred to a document: "Explanation of Changes" (copy on file). He explained that the original version of the bill had the same intent but was structured differently. After discussions with DHSS parts of the bill were "reorganized" to eliminate any unintended costs for the department.

Mr. Guinchard provided a sectional analysis. He cited Section 1, paragraph (a) which established the fee for the program:

Sec. 47.07.031. Scheduled units of use prescription drug dispensing services. (a) In addition to the services provided for under AS 47.07.030, the department shall establish a fee to be added to a dispensing fee to pay a qualified pharmacy for dispensing services for a prescription that requires scheduled units of use in medication compliance packaging for the purpose of assisting a qualified medical assistance recipient under (c) of this section to adhere to a specific dosing regimen.

Mr. Guinchard noted a number of qualifiers in the paragraph. He cited line 8, "...to pay a qualified pharmacy..." He reported that a definition of Mediset and qualified pharmacy was included later in the bill. He moved to lines 9 through 10, and explained that the words, "that requires scheduled units of use" mandated the need for a doctor's prescription for a Mediset.

Co-Chair Stoltze asked for clarification about the need.

Mr. Guinchard explained that in order to qualify for a Mediset, the physician must prescribe its use.

Mr. Guinchard continued with paragraph (b):

(b) A pharmacy is qualified to dispense a prescription in medication compliance packaging for payment under this section if the pharmacy is a provider of services under the medical assistance program established under this chapter and provides dispensing services to a qualified medical assistance recipient as follows: (1) consolidating prescriptions for purposes of reporting to the prescriber on prescription compliance; (2) creating medication compliance packaging for the interval specified on the prescription, using trained personnel; (3) offering quarterly review with a recipient or the recipient's representative of a recipient's complete medication profile and medication administration record, including review of compliance; (4) reporting to the prescriber patient compliance, polypharmacy, or other issues related to the recipient's medication at least quarterly; and (5)

delivering prescriptions using the most cost-effective method.

Mr. Guinchard pointed out that the paragraph specified pharmacy qualification or the criteria for qualification. The paragraph included the five criteria for qualification beginning on page 3, line 2. The qualifiers were the cost drivers for a Mediset. He noted that qualification (1) consolidated the patient's prescriptions, (2) created medication compliance packaging, (3) required quarterly review with the patient or representative to "ensure compliance," (4) mandated that the pharmacist report compliance adherence to prescriber, and (5) required delivery to recipient.

Mr. Guinchard continued with paragraph (c):

(c) A medical assistance recipient is qualified to receive a prescription in medication compliance packaging under (a) of this section if the recipient is a person who is eligible for medical assistance under AS 47.07 and is (1) residing in a congregate living home, as defined by the department; (2) receiving community-based waiver services; (3) disabled or blind; (4) an adult with a serious mental illness, as defined by the department; or (5) a child experiencing a severe emotional disturbance, as defined by the department.

Mr. Guinchard observed that the language was added under guidance by the department which ensured that individuals currently covered by Mediset would maintain coverage under the legislation.

[8:50:29 AM](#)

Mr. Guinchard turned to paragraph (d) that included definitions beginning on page 2, line 24:

(d) In this section,
(1) "medication compliance packaging" means a package containing a specified quantity of one or more prescription medications that have been divided by a provider into units of use to be taken over a specified period according to a prescription issued by an authorized health care provider and that requires specialized dispensing services; (2) "units of

use" means a prescription medication packaged in a way that is designed to simplify a medication regimen to improve adherence to a daily therapeutic schedule.

Mr. Guinchard noted that "medication compliance packaging" defined the type of packaging the pharmacist must use. He commented that "units of use" referred to each individual pill separated in parts of the packaging.

Mr. Guinchard continued with page 3, Section 2 and Section 3 regarding the effective date. He detailed that Section 2 specified that any change to the state Medicaid program was contingent upon federal approval. Section 3 provided that the effective date was contingent upon federal approval.

Representative Costello requested that Mr. Guinchard explain the reason why the fiscal note was significantly reduced from the previous committee.

Mr. Guinchard complied and cited one specific change on page 2, beginning on line 3 regarding the five cost drivers. He offered that in the previous version of the bill, [HB 134] DHSS discerned that the language in the legislation required that a fee must be established for each of the cost drivers. The language was changed in the current version [CSHB 134 HSS] on page 2. The current version of the bill established one fee in paragraph (a). He continued that another "significant" change that reduced the fiscal note was the deletion of the paragraph that required DHSS to provide transportation for delivery of the Mediset prescriptions if the pharmacy did not deliver.

Co-Chair Austerman asked for more basic information. He asked if Mediset was a current state program.

Representative Costello replied in the affirmative. She shared that upon regulatory review; the department was considering eliminating the program. She was asked by the department to address the issue, "as a policy decision," in statute. She felt that the Mediset program was important enough to adopt as statute to enable independent seniors and lower cost senior care.

Co-Chair Austerman asked if Medicaid had paid the costs in the past.

Representative Costello deferred to the department to answer the question.

Co-Chair Austerman asked what criteria qualified a prescription for Mediset.

Representative Costello responded that the Mediset packaging required a doctor's prescription. A doctor would prescribe Mediset due to the "complexity of medication" and vulnerability of the patient.

Co-Chair Austerman thought that the benefits were obvious but that the program might be abused without more definitive prescribing regulations.

Co-Chair Stoltze relayed that he was told at a senior center that the [Mediset] "process helped triage the level of care for efficiency" and reduced the number of seniors in required care.

Representative Costello commented that the concern for abuse was warranted. The opportunity for abuse was also lessened because multiple medications with month's long prescriptions would otherwise sit in a person's home. The Mediset pharmacist can stop prescriptions due to contraindications or adverse reactions. Without Mediset the medications required disposal. In some instances, it wasn't safe to have the medications sitting at home on a shelf, creating opportunities for theft and abuse. She thought that Mediset prevented more situations for abuse as opposed to creating situations for abuse.

Representative Wilson referred to paragraph (c) on page 2. She interpreted the legislation to mean that only seniors who were disabled or blind or receiving waiver services qualified for the program. She wondered whether persons covered under the state's retirement system qualified for Mediset.

Co-Chair Stoltze wanted to defer the questions to the department for answers.

Representative Thompson asked about the elimination of transportation costs. He wondered how the medications would be delivered in rural areas without a cost.

Mr. Guinchard noted that the ability to be reimbursed for transportation remained in regulation. The transportation mandate was eliminated from the legislation.

Representative Thompson wondered whether a problem might arise in the future over transportation cost. He wanted the service to be available in remote areas.

Mr. Guinchard deferred to the department to answer the question.

[9:01:53 AM](#)

Co-Chair Stoltze requested that Ms. Brodie state the departments position on the bill and incorporate the member's previous questions in her statement.

MARGARET BRODIE, DIRECTOR, HEALTHCARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, ANCHORAGE (via teleconference), stated that the department supported the Mediset program as a beneficial service. The pharmacy monitored the potential for adverse reactions from the medications interactions and consulted with the prescriber on behalf of the patient. The transportation costs were included in the cost of dispensing the Mediset prescription. Every two years the department considered all of the costs of the program, including mailing to rural areas. She informed the committee that anyone who was prescribed Mediset was eligible, not only individuals on waivers. The majority of senior's medications were covered under Medicare part D rather than Medicaid.

Representative Thompson asked about page 2, line 10 of the legislation and cited the word, "polypharmacy." He wondered how medications were coordinated between prescribers.

Ms. Brodie replied that the coordination occurred through a database. The data base was updated once a month and not in real time. The individual was also expected to notify the pharmacist of their use of other medications.

Representative Wilson asked where the bill stated that anyone who was prescribed Mediset was eligible for the program.

Ms. Brodie replied that medical necessity was the standard for Mediset eligibility. The criteria listed in the bill

defined the medically necessity conditions to qualify for Mediset.

Representative Wilson wondered whether a person in the state's retirement health insurance plan was eligible for Mediset.

Ms. Brodie noted that she did not know what the state's plan covered.

Co-Chair Stoltze stated that the legislation dealt with Medicaid and Medicare recipients and asked for further clarification.

Ms. Brodie stated that she was speaking in regards to Medicaid.

Representative Wilson asked whether a person on Medicaid living at home that did not fall into the criteria listed in the bill qualified.

Ms. Brodie stated that if the physician or pharmacist found it medically necessary outside of the listed criteria a person would qualify.

Representative Guttenberg, in response to Representative Wilson's questions, surmised that "if the doctor prescribed something and it's covered under your plan" the person was eligible.

Representative Edgmon asked whether the bill was "tailored" for the developmentally disabled.

Representative Costello replied that HB 134 was not specifically tailored to anyone. The legislation covered anyone who would benefit from medication management for multiple medications.

Representative Edgmon deduced that the bill was all inclusive but that a subset of beneficiaries would be disabled individuals.

Co-Chair Austerman asked whether a single prescription prescribed for Mediset would be eligible.

Ms. Brodie replied that Mediset addressed only multiple prescriptions.

Co-Chair Austerman wondered whether two medications would qualify.

Ms. Brodie answered in the affirmative.

Representative Munoz asked whether Mediset was currently offered through the department.

Ms. Brodie replied that the Mediset program was not eliminated. A regulation change altered the dispensing fee distribution to once monthly. The Mediset program was currently in place.

Representative Munoz asked how the fee worked and if monthly payment would continue.

Ms. Brodie replied that the legislation would change how the payment was distributed. The legislation would disburse the dispensing fee more often, but decreased the fee by the amount of the Mediset fee. The department paid the same amount as under regulation through a dispensing fee and a Mediset fee and reimbursement would be paid more than once a month.

Representative Munoz questioned what the estimated cost of adding the Mediset fee was.

Ms. Brodie replied that there were no additional costs because the dispensing fee was reduced by the amount of the Mediset fee.

Co-Chair Austerman noted that the fiscal note was zero, FN1 (DHS). He requested a copy of the original fiscal note.

Representative Guttenberg asked whether the program included reductions in pharmaceutical fees. He wondered whether the program was fiscally neutral.

Ms. Brodie replied that no other fees existed. She explained that with passage of the bill, the state paid \$8 for dispensing fees and \$2 for a Mediset totaling \$10.

Representative Guttenberg asked whether the program was revenue neutral.

Ms. Brodie answered in the affirmative.

9:14:38 AM

Co-Chair Stoltze OPENED public testimony.

BARRY CHRISTENSEN, ALASKA PHARMACISTS ASSOCIATION, KETCHIKAN (via teleconference), testified in support of the legislation. He appreciated the sponsor's efforts. He noted past concerns about the department not recognizing certain pharmacies, mainly in the rural areas and recognized their inclusion in the legislation. He referenced page 2 of the bill that provided that if one or more prescriptions were divided [prescribed multiple times per day] the prescription qualified for Mediset. He emphasized that the number of the prescriptions was less important than the number of times per day the medication was prescribed. He felt that having a Mediset to help the patient organize the prescription was important. He remarked that he was confused about the department's explanation of the fee disbursement.

Co-Chair Austerman asked whether the pharmacy only provided Mediset in Ketchikan or included rural areas.

Mr. Christensen replied that his pharmacy only serviced Ketchikan.

Representative Guttenberg asked whether the quarterly review of patients' prescriptions was adequate.

Mr. Christensen replied that in his pharmacy every time a Mediset prescription was filled a review took place. He thought that the quarterly review provision ensured that every pharmacy was performing a minimal level of review.

Representative Guttenberg asked how many pharmacies were located in Ketchikan.

Mr. Christensen replied that there were four pharmacies in Ketchikan. One pharmacy was operated by tribal health, and his pharmacy was the only independent pharmacy and also the only one that filled Mediset prescriptions.

Representative Guttenberg wondered how his pharmacy handled polypharmacy.

Mr. Christensen detailed that all of the prescriptions were processed as "point of sale" which is in real time. The

prescription was entered into a data base and the data base revealed any other prescriptions from any other provider.

Representative Guttenberg had heard that the data base was not updated as timely as necessary.

Representative Munoz asked Mr. Christensen's about his concern over the department's fee payment.

Mr. Christensen replied that Mediset services were more costly than regular prescriptions. He was concerned whether the fees would adequately cover the additional costs. He addressed Representative Guttenberg's concern over the data base. He elaborated that pharmacist had access to the Alaska Medicaid Prescription Drug data base and the Prescription Drug Monitoring Program, which only addressed narcotics. The Alaska Medicaid Prescription Drug data base was done in real time but the monitoring program was not.

Representative Wilson queried whether he filled Mediset prescriptions for other insurance patients.

Mr. Christensen replied that most other insurances did not cover the cost of Mediset and that the cost was paid by the patient.

PATRICIA SENNER, ALASKA NURSES ASSOCIATION, ANCHORAGE (via teleconference), testified in favor of the legislation. She announced that she was a home health nurse for many years, which made her aware of the importance of patient compliance packaging to help keep seniors living at home. She believed that Mediset was equally as valuable in assisted living facilities. She elaborated that the program benefitted the patient by allowing families or other caregivers to monitor the patient's compliance which identified problems earlier. Medisets were dispensed on a weekly basis as opposed to one month or longer. Mediset saved money for the Medicaid program; if a prescription was changed the prescription was paid for each week as opposed to a once a month or more for typically prescribed larger quantities. She noted the safety of only having a one week supply of narcotic medications available in a home. Current regulations restricted Medisets to pharmacies already supplying large volumes of Medisets which did not apply to small communities. The legislation expanded coverage to all pharmacies in the state. She asked the committee to support the legislation.

9:24:34 AM

MIKE COONS, SELF, PALMER (via teleconference), was confused about the legislation. He wondered if the bill pertained to Medicare or Medicaid. He spoke to the packaging of Mediset medications for one week. He thought that the bill would reduce the number of patients that had multiple doctors and multiple prescriptions. He favored the monitoring aspect of the program. He wondered why nursing staff could not accomplish the same service. He felt that the program was not cost-effective. He spoke from his perspective as a paramedic. The bill would help from the standpoint of a medical care provider; a provider or emergency responder could easily determine what medications the patient was taking. He asked for more information about the Mediset program.

Representative Costello replied that the bill pertained to both Medicare and Medicaid recipients. She pointed out that a recipient's medication was packaged as a Mediset if prescribed by a physician. She related that fiscal notes did not provide information on overall savings from programs if applicable but believed the program saved the state money. The Mediset packaging prevented patients from moving into more costly assisted or institutionalized care. She offered that the value of the program was the enhanced quality of life for the patients and their families.

Representative Costello wondered whether the Mediset packaging indicated the prescriptions included in the Mediset.

Co-Chair Stoltze related personal experience. He believed that the prescriptions could be easily included in the Mediset packaging to assist emergency responders.

Representative Guttenberg asked if the daily portions of Medisets were labeled for contents.

JEFF JESSEE, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY (via teleconference), testified in support of the bill. He stated that the bill benefited seniors or others requiring a complicated medical pharmaceutical regimen. He stated that not all individuals lived in an environment providing nursing care nor did they need to be. Many trust beneficiaries needed the Mediset service. Mediset was essential for beneficiaries attempting to

maintain an independent lifestyle. Mediset's were organized by dose and combination making it easier for the emergency responder or healthcare provider to determine the patient's prescription information and protocol. He believed the legislation was important for many trust beneficiaries in order to avoid more costly nursing oversight in their living environments. He reiterated his support of the legislation.

Co-Chair Austerman asked about the basis for the legislation. He understood that currently Mediset was available through the department administered by regulatory oversight. The department changed the payment schedule and planned to continue the program. He wondered why the legislation was necessary.

Mr. Jesse replied that the bill's advantage placed the program in statute which established a clear and predictable set of criteria for implementation. He was not aware of any substantive differences between the policies of the department and the bill, but felt the legislation was valuable.

Co-Chair Stoltze believed that the sponsor would not have introduced the bill if the program was not in jeopardy of being eliminated. He thought the department's position on the program "evolved."

[9:37:23 AM](#)

Mr. Christensen addressed Representative Guttenberg's question regarding labeling. He related that Medisets were governed by pharmacy regulation. The packaging included information about the medications and the dosing schedule and was clearly labeled. He reminded the committee that the legislation authorized that any pharmacy billing Medicaid can fill Mediset prescriptions. Current regulations restricted Mediset to pharmacies that fill a high volume (greater than 75 percent of total business) of Mediset prescriptions.

Representative Guttenberg asked for a description of the packaging.

Mr. Christensen referred to the packaging as a "bubble pack." The medication had to be "pushed out" of the packaging that was separated by dose.

Co-Chair Stoltze CLOSED public testimony.

Representative Guttenberg asked about the previous unpublished fiscal note from DHSS (copy on file) distributed in the prior committee. He referenced the analysis on page 2, which assumed that the program would increase by approximately 20 percent. The calculation for postage costs for 522 new recipients was \$457 thousand which assumed that all of the Medisets would be mailed from outside the recipients' community.

Representative Costello appreciated the committee's scrutiny of the previous fiscal note. She expressed surprise at the expensive fiscal note for a state program that was already in existence. She reported that she met with the commissioner to examine the costs. She explained that under the previous version of the bill the department assumed that the transportation charges applied to each Mediset. The current version of the bill did not contain a separate component for transportation. The department assumed that the program would expand to other areas. The bill required that all pharmacies were eligible for Mediset reimbursement. The inclusion drastically reduced the need for much of the shipping costs. She declared that she never agreed with the assumptions of the previous fiscal note. She felt that the program benefitted the state and that in 2012 Mediset served 2,611 individuals. She discovered that many people who need the service had never heard of the program.

Co-Chair Austerman pointed out that the original fiscal note depicted a 50 percent match between the state and the federal government. He wondered why the general fund appropriation was not contained in the current zero fiscal note. He questioned the issue and noted that general fund matches were common in Medicaid programs. He wanted to understand the changes made from the previous version and how that affected the fiscal note.

Representative Wilson wished to hear from the Department of Administration (DOA) to determine why the state's insurance plans were not covering Mediset since it was medically necessary.

HB 134 was HEARD and HELD in committee for further consideration.

[9:52:21 AM](#)

AT EASE

[9:54:37 AM](#)

RECONVENED

#hb75

HOUSE BILL NO. 75

"An Act repealing certain audit requirements for entities receiving contributions from permanent fund dividends; requiring each campus of the University of Alaska to apply to be included on the contribution list for contributions from permanent fund dividends; and requiring a university to pay an application fee for each campus separately listed on the contribution list for contributions from permanent fund dividends."

[9:54:46 AM](#)

Representative Costello MOVED to ADOPT the proposed committee substitute for HB 75 (FIN), 28-LS0323\O, Work Draft (Martin 3/17/14).

Co-Chair Stoltze OBJECTED for discussion.

DANIEL GEORGE, STAFF, REPRESENTATIVE BILL STOLTZE, explained the changes in the legislation. He stated that on page 1, line 2 the title was changed to "requiring the three main campuses of the university" instead of the previous language, "requiring each campus of the university to apply for contribution lists." He cited page 1, line 4 that previously read, "and requiring a university to pay an application fee" that was changed to "and requiring the university to pay an application fee." He stated that page 1, section 1 was new. He cited Section one language, "each university campus that applied under (m) of this section..." and explained that each university campus may apply for the Pick, Click, and Give program rather than requiring each campus to do so. He noted that page 2, Section 2 was new. Previously the bill repealed the provision on page 2, line 29. The current bill amended the audit requirements in Section 2, item (8) to read:

...this paragraph applies only to an organization that is required by the federal government to complete a

financial audit by an independent certified public accountant...

Mr. George indicated that the audit requirements only applied to organizations that were required to have financial audits by federal law. He offered that Section 3 was formerly Section 1 and was amended to require that each campus that applied for the Pick, Click, and Give program was charged the \$250 fee. He added that Section 4 was formerly Section 2 and specified that each campus of the University of Alaska "shall" apply instead of "must." He read the new additional language on page 3, lines 22 through 24,

...The University of Alaska may apply for each campus other than the three main campuses to be listed on the contribution list for the current dividend year in the manner prescribed by the department.

Mr. George turned to page 3, subsection (n), lines 25 through page 4, line 5. He stated that the language was new and read:

In addition to the application fee in (f) of this section, the department shall withhold a coordination fee from each organization, foundation, or university campus that receives contributions under this section in the immediately preceding dividend year. The coordination fee for an organization, foundation, or university campus that receives contributions under this section shall be seven percent of the amount of contributions reported by the department under (j) of this section for the organization, foundation, or university campus for the immediately preceding dividend year. The coordination fee shall be separately accounted for under AS 37.05.142 and shall be accounted for separately from the application fee collected under (f) of this section. The annual estimated balance in the account maintained under AS 37.05.142 for coordination fees collected under this subsection may be appropriated for costs of administering this section.

DAN DEBARTOLO, DIRECTOR, PERMANENT FUND DIVIDEND, DEPARTMENT OF REVENUE, explained that the operational cost for the division's work was handled by the \$250 fee. The work carried out under the 7 percent coordination fee would

be contracted out to an eligible entity. The division could not provide the services for 7 percent.

Co-Chair Austerman wondered why the repealer in Section 3 was unnecessary. He asked whether the reason was because the provision was amended.

Mr. George answered in the affirmative. He explained that rather than repealing the audit requirement altogether the new provision in Section 2, item (8) required that if the organization was required to provide an audit under federal law the same audit could be submitted as part of its Pick, Click, and Give program application.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered. The committee substitute (CS) was adopted.

JORDAN MARSHALL, RASMUSON FOUNDATION, ANCHORAGE (via teleconference), testified in favor of the changes in the CS. He believed the CS made the program stronger and more sustainable. He relayed that the program was in its 6th year and funneled approximately \$8 million to charitable organizations. The program began as a three year pilot program. He reported that the program had no fiscal impact to the state. He felt that the CS would propel the charitable program "toward long-term self-sufficiency." He noted that the coordination fee ensured that participating organizations sustained the program well into the future.

Co-Chair Stoltze noted the intent of the audit requirement change was designed to "catch the large ones and not overregulate the small ones."

Mr. DeBartolo replied that the previous requirements were burdensome to the small organizations and demonstrated a positive change.

Representative Costello reported that the bill had one new zero fiscal note from the University of Alaska and one new indeterminate fiscal note from the Department of Revenue.

[10:05:19 AM](#)

Representative Munoz MOVED to REPORT CSHB 75 (FIN) out of committee with individual recommendations and the

accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 75 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note from the Department of Revenue and one new fiscal note from the University.

Co-Chair Stoltze

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ADJOURNMENT

10:06:57 AM

The meeting was adjourned at 10:06 a.m.