

SENATE FINANCE COMMITTEE  
April 11, 2013  
1:47 p.m.

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CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 1:47 p.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair  
Senator Kevin Meyer, Co-Chair  
Senator Anna Fairclough, Vice-Chair  
Senator Click Bishop  
Senator Mike Dunleavy  
Senator Lyman Hoffman  
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Christine Marasigan, Staff, Senator Kevin Meyer; Joe Balash, Deputy Commissioner, Department of Natural Resources; Lisa Weisslar, Self, Juneau; James Sullivan, Southeast Alaska Conservation Council, Juneau; Deena Paramo, Superintendent, Mat-Su School District, Mat-Su; Carl Rose, Executive Director, Alaska Association of Alaska School Boards; Doug Swanson, Business Manager, Alaskan Public Employees Association; Representative Shelley Hughes; David Scott, Staff, Senator Donny Olson; Ben Brown, Commissioner, Commercial Fisheries Entry Commission.

PRESENT VIA TELECONFERENCE

Rosemary Autuanguaruak, Self, Barrow; Ken Forrest, Mat-Su School District, Mat-Su; Steve Atwater, Superintendent, Kenai Peninsula School District; Dr. Rob Thomason, Superintendent, Petersburg School District, Petersburg; Bruce Johnson, Executive Director, Alaska Council of School Administrators, Juneau; Rhonda Kitter, Chief Financial

Officer, NEA Alaska Health Plan, Anchorage; Jason Hoke, Executive Director, Copper Valley Development Association, Glennallen; Barbara Johnson, Executive Director, North Star Borough Mayor's Office, Fairbanks; Andy Varner, Executive Director, Southwest Alaska Municipal Conference, Anchorage; Melody Nibeck, Bristol Bay Native Association, Dillingham.

SUMMARY

SB 90 SCHOOL DISTRICT EMPLOYEE HEALTH INSURANCE

SB 90 was HEARD and HELD in committee for further consideration.

CS HB 71(FIN)

AK REGIONAL ECONOMIC ASSISTANCE PROGRAM

SCS CS HB 71(FIN) was REPORTED out of committee with a "do pass" recommendation and with two new zero fiscal notes from Department of Fish and Game, and a previously published fiscal impact note: FN2 (CED).

CS HB 129(FIN)

OIL & GAS EXPLORATION/DEVELOPMENT AREAS

CS HB 129(FIN) was HEARD and HELD in committee for further consideration.

#HB 129

CS FOR HOUSE BILL NO. 129(FIN)

"An Act relating to approval for oil and gas or gas only exploration and development in a geographical area; and providing for an effective date."

1:48:32 PM

AT EASE

1:48:51 PM

RECONVENED

CHRISTINE MARASIGAN, STAFF, SENATOR KEVIN MEYER, explained HB 129. She stated that the committee had previously heard SB 59, and Section O of that bill was included in HB 129. She explained that the bill had the same material as SB 59, with the addition of Section 1 of HB 129.

JOE BALASH, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, announced that HB 129 will consolidate the Department of Natural Resources' exploration and development approvals, while still protecting the environment and providing for public participation. The right to explore and develop oil and gas is granted through a lease that has been through an extensive public disposal process. A lease is subject to mitigation measures, multiple agency permits, and plans of operations approval. Exploration and development approvals are made in conjunction with individual plans of operations for a lease or project and include a separate public notice for each approval. Many approvals are repetitive, subject to the same mitigation measures, and within the same geographical area. He explained that HB 129 will allow the department to comprehensively evaluate oil and gas exploration and development in a geographical area, without regard to lease boundaries, and define the criteria by which specific projects are evaluated and approved. The initial comprehensive review of a geographical area gives the public, government agencies and industry an opportunity to participate and identify exploration and development considerations for all subsequent projects. Projects may then move forward within the defined parameters and subject to the lease mitigation measures without additional public review following the geographical area approval process, saving time and resources for both the state and lessee when approving subsequent plans of operations. Approvals covering a broader area would both create efficiencies in the exploration and development review process and provide for the department to look at the overall effects of exploration and development across multiple leases. This bill will still protect the public interest by requiring public notice and an opportunity to comment under AS 38.05.945. Further, it provides certainty to the oil and gas industry that exploration and development projects may proceed within defined parameters.

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ROSEMARY AUTUANGARUAK, SELF, BARROW (via teleconference), testified against HB 129. She felt that the legislation would restrict her ability to participate in the communication regarding decisions related to oil and gas access. She stressed that activity in the Arctic was very expensive, so it took effort to communicate with various

layers in the process to effectively place the concerns. She remarked that if effective participation was restricted, the daily lives of members of the surrounding communities would be negatively impacted. She remarked that traditional cultural activities were often occurring at the same time as oil and gas exploration activities. She stressed the importance of community involvement.

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LISA WEISLAR, SELF, JUNEAU, spoke against HB 129. She looked at the findings section of the bill. She remarked that the section was added on the previous Sunday, with limited testimony and no public comment. She remarked that the section was added as a result to the court case that submitted a decision on March 29, 2013. She explained that the Supreme Court issued a decision that examined the constitutional principle that the state's natural resources were to be made available for maximum use consistent the public interest. She remarked that prior court decisions stated that DNR was required to examine new information that became available for a project. She felt that DNR still had a responsibility to analyze, and consider the cumulative impacts through every phase of an oil and gas project; and provide timely and meaningful public notice of DNR's cumulative impact analysis. She continued to discuss a possible amendment to the bill.

Co-Chair Meyer shared that Mr. Shine would address the legislative findings.

Senator Hoffman asked to receive the amendment that Ms. Weisslar discussed.

[2:04:53 PM](#)

JAMES SULLIVAN, SOUTHEAST ALASKA CONSERVATION COUNCIL, JUNEAU, testified against HB 129. He remarked that he had already testified against the senate version of the bill. He felt that the problems were apparent in the geographic areas. He pointed out that the areas were not defined in statute, and were very nebulous. He remarked that there had been testimony regarding the size of the areas, which gave the impression that the areas could be as small as a unit. He stressed that there was no specific definition as to the size of the area in the bill, and felt that the allowance

gave undue pressure on the public, because they would be unable to provide the needed accurate testimony.

Senator Meyer CLOSED public testimony.

Co-Chair Meyer asked for more information regarding the findings section.

Mr. Balash shared that the findings and intent section was put together by DNR and Department of Law (DOL) in consultation with the Attorney General. He felt that DNR had no reason to question the additions, and shared that DNR was happy with the language in that section. He pointed out that the Supreme Court decision used the verbiage in two places, and remarked that there may be focus on two separate instances within that decision.

[2:10:18 PM](#)

Co-Chair Meyer shared that there were various testifiers available for more information.

Senator Bishop wondered if the bill would slow down development on the North Slope. Mr. Balash replied that he did not believe that the bill would slow down development on the North Slope.

Vice-Chair Fairclough did not know of the Supreme Court ruling, and it had been implied that the Attorney General had turned the case around. She felt that there should be an examination of cumulative impact, and sharing that impact with the public. She asked for more information regarding that proposal. Mr. Balash replied that when DNR considers offering state land for lease, a best interest finding is initially required. The best interest finding was required for a disposal of interest for any property that DNR manages. He furthered that the best interest finding was conducted for each sale area, every ten years. He stated that it was a comprehensive document that requires a substantial amount of public notice, public hearing, and decision making. Once the document is completed, the finding is used for the next ten years. For each of the next ten years, there is an annual call for new information to see if there are any additional studies or developments that may change the evaluation.

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AT EASE

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RECONVENED

Vice-Chair Fairclough looked at page 10 of the Supreme Court decision, and wondered if it references the public notice process. Mr. Balash responded that DNR relied on that statute to serve the best interest of Alaskans.

Senator Hoffman queried the differences between the statutes. Mr. Balash responded that the referenced statute were the factors to consider. He remarked that the methods were outlined in a separate statute.

Senator Hoffman wondered if there would concern if the cumulative impact analysis were included. He felt that there was a concern regarding public participation in the process.

Vice-Chair Fairclough referenced the Alaska Statutes, and stressed that there was required notice for the outlining communities regarding land use.

CS HB 129(FIN) was HEARD and HELD in committee for further consideration.

[2:22:24 PM](#)

AT EASE

[2:24:35 PM](#)

RECONVENED

#sb90

SENATE BILL NO. 90

"An Act relating to group insurance coverage and self-insurance coverage for school district employees; and providing for an effective date."

[2:25:30 PM](#)

Senator Dunleavy explained SB 90, and state that the cost of health care insurance for all employees has escalated far greater than the rate of inflation and Alaska's 53 school districts have felt the financial pinch. Under Senate Bill 90, all Alaska public school districts

employees will be covered by a state-managed group health insurance program. Approximately 19,000 school district employees and their families, an estimated total of 47,000 individuals, would be added to the State of Alaska's Employee Health Plan. This larger insurance pool places the State of Alaska in a position to negotiate a more favorable employee health care insurance plan. By moving school districts into an integrated state plan, the state and school districts benefit from the economies of scale. Currently each school district must obtain its own insurance coverage; consequently, the level of coverage and the cost of premiums vary widely throughout the state. In addition to the potential savings with lower insurance premiums, two other advantages are afforded school districts and the state through this legislation. Senate Bill 90 will provide standardized health care coverage statewide for all school district employees. A person who may elect to move between school districts will know the basic insurance coverage offered before the transfer. Secondly, the need for administrative time and effort by each school district to secure and negotiate a health insurance plan for its employees is eliminated. This responsibility shifts to the Department of Administration (DOA), a department that routinely manages insurance policies for all state employees, and allows school districts to focus on educational policy issues. Starting July 1, 2014, school districts will transition to the new state health care insurance plan as each school district's existing employee contracts expire. All school districts are expected to changeover to the State of Alaska plan within three to five years.

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DEENA PARAMO, SUPERINTENDENT, MAT-SU SCHOOL DISTRICT, MAT-SU, testified in favor of SB 90. She shared that her school district currently spends approximately \$30 million on health insurance benefits each year in its general operating fund, which was roughly 15 percent of all expenditures. With the average cost of health care increasing by approximately 12 percent annual, the Mat-Su Borough School District could potentially experience a \$3.6 million increase, which is the equivalent of 36 teaching positions. In an effort to preserve teaching positions and control escalating costs, the Mat-Su Borough School District fully supports the concept of a statewide insurance plan.

Vice-Chair Fairclough wondered if an employee was covered by another insurance company, the district's contracts required them to pay into the trust, regardless of whether the employee draws that money or not. Ms. Paramo replied that it was not true for the Mat-Su school district, but may be the case in the Anchorage School District.

Senator Dunleavy shared that there was a testifier online who may be able to answer some questions.

Senator Hoffman queried the circumstances for other Alaskan school districts to oppose the legislation. Ms. Paramo replied that the opposition may be based on the costs that they were currently incurring, but felt that, over time, all the school districts would be in the same situation.

[2:34:26 PM](#)

Senator Hoffman remarked that it was difficult to hire teachers in the rural areas of the state, and felt that teachers may be lured away by a premium health care package. Ms. Paramo responded that the cost in each school district would still have an availability to provide the additional coverage. She felt that there could be a premium plan in the statewide plan, and the cost would be determined by the individual school districts.

KEN FORREST, MAT-SU SCHOOL DISTRICT, MAT-SU (via teleconference), explained that there was approximately two years' worth of work to determine the appropriateness of the affordability of sustainable health care plans for the Mat-Su Borough School District employees. He stated a bid was conducted the year prior for non-NEA health trust coverage for classified employees, and it was a very competitive bid. He felt that it was important to examine alternatives, because the employer was responsible for ensuring compliance with the minimal coverage requirements and the part time employee requirements. He pointed out that when a large group of employees were added to any health care plan, the overall cost would be lowered.

Senator Olson wondered if there were any school districts whose health care coverage costs would increase under the legislation. Mr. Forrest replied that there may be some school districts that were paying less, but those costs may be equalized as the 2014 requirements were adopted.

Senator Olson felt that the bill would require the smaller school districts to pay more for their health insurance, because they did not have the economy of scale of Anchorage or Mat-Su. Mr. Forrest responded that there would be an opportunity for the larger groups to spread the costs equitably across the state.

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STEVE ATWATER, SUPERINTENDENT, KENAI PENINSULA SCHOOL DISTRICT (KPBSD) (via teleconference), spoke in support of SB 90. He stated that during FY 12 KPBSD spent \$21,247,476 on employee health care costs. This compares to Si 3,053,373 spent for employee health care costs in FY 08. The cost per employee was \$11,813 in 2008 and it was \$17,204 in 2012. This increase came despite cost savings efforts within the district, and illustrates the need to reduce health care costs in the district. He stressed that the larger pool of participants would experience a greater cost savings, because of the economies and scale and leveraged purchasing afforded by the increased volume. Such savings would allow the district to continue to focus their efforts and resources directly on the instruction of the students, instead of choosing which services or programs would be reduced.

DR. ROB THOMASON, SUPERINTENDENT, PETERSBURG SCHOOL DISTRICT, PETERSBURG (via teleconference), testified in support of SB 90. He remarked that health insurance was a very complex topic, but felt that economies of scale and an increased pool of participants made statistical and economic sense at a time of declining financial resources. He remarked that the employees, students, and programs were stressed due to increased health care costs.

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CARL ROSE, EXECUTIVE DIRECTOR, ALASKA ASSOCIATION OF ALASKA SCHOOL BOARDS (AASB), testified in support of SB 90. He remarked that AASB had recently aligned themselves with Resolution 4.8, which was a resolution related to health care costs and medical insurance. He stated that the effect of the Affordable Care Act was not fully understood, so AASB called upon the governor, legislature, and congress to eliminate the unintended consequences harmful to school districts. He felt that there were many school district

employees who were currently content, but pointed out that there could be negative effects of the Affordable Care Act. He remarked that that the anticipated negative effect would require health insurance payments to go toward people who did not currently hold health insurance.

Senator Olson noted that Mr. Rose had a statewide perspective and wondered the number of school district employees that would be covered would change. Mr. Rose replied that he felt that he was only addressing the current employee number, and AASB was basing their projections on those numbers.

Senator Olson queried if school districts would more if they had a smaller number of employees. Mr. Rose responded that AASB attempted to address the economies of scale through the foundation formula and area cost differential in terms of real dollars. He furthered that the pool was intended to level the marketplace between the large and small school districts.

Senator Olson queried a level-out date for health care cost equity state-wide. Mr. Rose replied that he could not project that far out, and that his membership felt there would be an increase immediately, but not in the long-term.

Senator Olson noted that there were many school district with IHS beneficent employees. He wondered if those employees would be affected. Mr. Rose deferred to experts in the area and related that he was referring in general to the school districts. He stressed that AASB saw a general cost savings, but understood that the cost would vary by district.

Senator Olson wondered if AASB would be in favor of a non-mandatory health insurance plan. Mr. Rose responded that one of the aspects of the legislation was mandatory health care and medical insurance coverage.

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Vice-Chair Fairclough remarked that the state covered the cost of health care for many of the small school district through the base student allocation (BSA) and the distribution of funds. She stressed that the state was paying up to 70 percent for some districts' health care cost increases.

BRUCE JOHNSON, EXECUTIVE DIRECTOR, ALASKA COUNCIL OF SCHOOL ADMINISTRATORS (ACSA), JUNEAU (via teleconference), testified in support of SB 90. He stressed that the cost of health insurance was a major factor in every school district's budget. He pointed out that the total cost of health insurance across the 53 school districts totaled nearly \$300 million with anticipated ongoing increases due to the Affordable Care Act and continued increased costs for health services. He explained that the total cost included school districts and employee contributions to health insurance. He recognized the value of and supported a health work force, and he stressed that he did not want to minimize the importance of quality health insurance coverage and the promotion of wellness. He stressed that health insurance costs would continue to strain school district budgets and would limit the funds that could be directed toward the classroom.

Senator Dunleavy queried the groups that ACSA represented. Mr. Johnson responded that ACSA represented the superintendents, elementary school principals, secondary school principals, and school business officials.

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RHONDA KITTER, CHIEF FINANCIAL OFFICER, NEA ALASKA HEALTH PLAN, ANCHORAGE (via teleconference), testified against SB 90. She referred to a letter of opposition (copy on file).

The NEA-Alaska Health Plan (Trust) was formed in 1996 as a self-insured health trust for the benefit of public education employees. We serve over 5,800 members and including their dependents provide direct services to over 17,000 individuals. The Trust has worked collaboratively with both school districts, employers and bargaining associations to create benefit options that meet the needs of those members.

Through the Trust we are able to provide:

- Eight different medical plan designs
- Two different dental plan designs
- Vision and prescription benefits
- Member (employee) assistance programs
- Orthodontia coverage

Each association/school district has the option of selecting any of the plan design offerings and the associated deductible/out-of-pocket combination. Often the choice is made according to the benefit level although many choose to select a plan based upon its premium. Individual school districts have different approaches in attracting and retaining quality employees to their area. The Trust affords them this opportunity in selecting the plan design that fits their needs.

For the past 15 years the Trust has averaged a less than 10 percent increase annually in premiums. As a non-profit entity, all monies collected by the Trust must be only utilized for the health and welfare benefits of the members. In addition to our lower than average annual health plan cost increases, the Trusts administrative costs are only 3 percent, national benchmarks are 6 percent with several fully insured products averaging closer to 20 percent. To state it another way, 97 cents of every premium dollar collected goes towards paying for the health care received by the members of the Trust. I would challenge any carrier to match that low administrative fee.

Last year the Trust had a zero percent rate increase in its premium. This was a substantial savings for many of Alaska's school districts who were faced with the public news of high double digit increases expected due to ACA.

We work closely with the school districts in helping their employees understand their benefits and our office in Anchorage is a point of contact for members experiencing difficulties with claims and understanding their benefits. The level of customer service provided to both the members and their employers is important to the Trust. We are able to remove grievance issues from the employers as well as the administrative burden of keeping up with health care reform.

As one of the largest self-insured trusts in Alaska we are able to negotiate very favorable contracts with providers in Alaska as well as our contracts with specialists outside of Alaska.

In addition over the last year the Trust has:

- Audited our pharmacy vendor to assure they are in compliance performance standards
- Did a complete assessment of our disease management program to measure its effectiveness
- Identified a need for a new vendor to address behavioral health issues
- Are addressing the cost of air ambulance services
- Piloted a surgical travel benefit
- Are piloting a bio-metric screening program to better manage the population's health
- Are aggressively applying data analytics in order to understand what member health issues we should be focused on
- Are responding to the changing needs of the members as healthcare evolves in Alaska
- Seeking to pilot preferred relationships with medical providers that measure cost and quality

The Trust is always assessing its costs and service to its members and as a result modifies the plans on an annual basis. In this environment any health plan that is restrained so that it can only address its costs every three years at the bargaining table or through a lengthy procurement process cannot be efficient, effective and affordable.

A number of consultants have expressed concern that a State Government take-over of insurance industry, third party administration service seems a little at odds with policy prescriptions in favor of private sector free enterprise

The comments from the sponsor suggest that the State would negotiate with carriers. This implies that the State might enter into a fully-insured contract on behalf of the school districts. This would do nothing but add costs to the programs as new PPACA taxes are going to much more aggressive for fully-insured plans than self-funded programs.

If the State intends to self-fund this plan then it would become the sponsor. The State already sponsors a plan for its employees and retired members. There is nothing to suggest that the State has done a more effective job at maintaining costs and securing preferred contracts that would be better than what most school districts already enjoy.

The State, should it become a sponsor, would have to allow vendors to compete through a restrictive and antiquated procurement process. Healthcare is changing and buying care or more importantly buying services is not the same as buying pencils. The NEA Health Plan is nimble and can respond to the changing needs of the healthcare concerns of our members without being tied to the bureaucratic processes that the State must comply with. The current TPA bid that the State is involved with has already gone on four months longer than anticipated.

We oppose SB 90 and HB 196, the mandate to purchase health insurance through the State of Alaska. The Trust provides school districts with cost effective plan designs, provides low administrative services leaving more premium for benefits, provides local knowledgeable customer service, provides aggressive contract negotiations and has demonstrated successfully since 1996 that we are able to work with our members to control costs and improve their health.

Nothing in the SB 90 or HB 196 demonstrates the ability for the State to have a positive impact on controlling healthcare spending, improve on measurable health of participants, or increase customer service quality.

Senator Dunleavy wondered if NEA was against the bill or the speed at which the bill was progressing. Ms. Kitter responded that NEA was against the speed at which the bill was progressing, because she felt that there had not been sufficient notification to the employees or sufficient research on the impact of the legislation.

Co-Chair Meyer handed the gavel to Co-Chair Kelly.

Senator Dunleavy surmised that NEA was not against the bill, but the speed at which the bill was examined. Ms. Kitter agreed.

Co-Chair Kelly handed the gavel to Vice-Chair Fairclough.

Vice-Chair Fairclough remarked that the state was currently experiencing a revenue shortfall, and the legislature hoped for a positive financial future. She wondered if each district had individual contracts with NEA. Ms. Kitter

responded that the NEA health trust offered a combination of eight different health plans, two different dental plans, and the option to purchase orthodontia. She furthered that, under a matrix formula, there were thirty different available plan designs. She explained that the economy, standard, and premium plans were the three different plans that were offered under the State of Alaska "My Care, Alaska Care" formula.

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Vice-Chair Fairclough wondered if the costs to the thirty plans had increased over the years. She remarked that various school districts had testified about substantial increases since 2000. Ms. Kitter replied that medical inflation was driving the cost of health care upward, but she remarked that the NEA Health Trust maintained a less than 10 percent increase on an annual basis.

Vice-Chair Fairclough inquired if the benefits had increased on the negotiated contracts. Ms. Kitter responded that the benefit increases to NEA members were federally mandated. She remarked that the plans were not under grandfather status. She furthered that the negotiations with the community and the providers significantly decreased the annual increases.

Senator Bishop wondered if the admin fee was 3 percent. Ms. Kitter responded in the affirmative. She furthered that the 3 percent went toward non-claim activity, and specifically pointed out that 97 percent went to direct health, medical, prescription, dental, and vision claims.

Senator Dunleavy wondered if NEA was prepared to release its claims data in order to help the legislature make a final, informed decision. Ms. Kitter responded that NEA would be providing the requested data. She clarified that NEA was against the speed at which the bill was progressing, because they were not able to make a legitimate response on the validity of the outcome of the bill.

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Senator Dunleavy restated his question, and wondered if the NEA would release claims data, in order to determine what is best for Alaska. Ms. Kitter replied that she would take

that question to the trustees, who were meeting the following day.

Senator Dunleavy wondered when he would be able to get a response. Ms. Kitter responded that she would supply a response by Friday evening.

Vice-Chair Fairclough surmised that NEA would be managed under the Affordable Care Act, and wondered if NEA had filed an exemption petition on the basis of a non-profit organization. Ms. Kitter replied that NEA did not have the option of being exempt from the Affordable Care Act.

Vice-Chair Fairclough handed the gavel to Co-Chair Meyer.

Senator Dunleavy remarked that many testifiers spoke in support of the legislation, and wondered if she had more information to those testifiers that they may not understand about the legislation. Ms. Kitter replied that she understands the frustration regarding what some consider the high cost of health insurance. She stressed that individuals had the option to pay for lower cost health insurance, and opted not to.

Senator Dunleavy surmised that some of the individuals had opted to not purchase lower cost health insurance, thus the high cost of insurance was an optional issue that could be dealt with by the school districts. Ms. Kitter replied that there were many different plan designs available, and the school districts had the option to shop for different plan designs to provide for their employees.

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Vice-Chair Fairclough wondered if NEA received contributions from school districts or plan participants on district employees that were not covered by the trust. Ms. Kitter responded that the NEA trust did not directly receive waiver funds for the school district employees who had waived off the plan. She believed there were several school districts that agreed to provide funding for the individuals who had waived; and that funding was then used to offset the premiums that were paid for the individuals who had enrolled in the plan.

Vice-Chair Fairclough surmised that all premiums go to the trust, and all funds received were used to benefit the

employees inside of the trust receiving benefits. Ms. Kitter agreed.

Vice-Chair Fairclough surmised that the NEA did not receive waiver funds. Ms. Kitter agreed, and furthered that the NEA did not receive a direct payment of waiver funds. She shared that the Anchorage School District allocates waiver funds to a separate pool, and then utilize the pool to offset the costs of the enrolled individuals.

Vice-Chair Fairclough wondered where that money was directed. She understood that the money offset premiums, and felt that the NEA should have that money. Ms. Kitter responded that the Anchorage School District and NEA agreed that the district would fund for all eligible employees. The money for employees who chose not to take coverage was set aside into a separate waiver pool in the district. On a monthly basis, the school district utilizes a portion of the funds to pay the premiums that would normally be held by the employees. Anchorage School District employees did not have a deduction from their payroll check for the summer months through December. She furthered that the money that was previously accounted for in waiver funds, became the premium that employees portion of enrolled individuals.

Vice-Chair Fairclough surmised that the Anchorage School District was still collecting money from the state, and the district set that money aside to pay the premiums to NEA. Ms. Kitter replied that Vice-Chair Fairclough's summation reflected Ms. Katter's impression.

[3:33:13 PM](#)

DOUG SWANSON, BUSINESS MANAGER, ALASKAN PUBLIC EMPLOYEES ASSOCIATION, testified against SB 90. He stated that for the current benefit year, July 2012– June 2013, the Anchorage School District has paid \$1,235 per employee per month to the Trust to provide health coverage. Employees who selected coverage under the Trust's full family health plan option, which is similar to the State's Select Benefits Standard Plan and includes dental and vision coverage, School District employees pay \$125 per employee per month. In comparison, this year the State of Alaska paid \$1,330 per employee per month for its employees. In order to obtain family medical, dental, and vision coverage similar to the PE7I plans, employees paid \$214 per month.

If the Public Employees Local 71 bargaining unit of Anchorage School District were covered under the State of Alaska plan this benefit year at the State of Alaska rates, the School District would have paid an additional \$400,000, and each employee who needed the full family plan would have paid an additional \$1,068 for the year. While cost is a meaningful consideration, we believe that customer service is important, as well. We are able to craft our health plan to address the issues which are meaningful to our employees. For example, we were among the Alaska health plans to offer health fairs to our covered members, and provide them with free and low cost inoculations and preventive blood testing. We maintain a Trust office in Anchorage, and Anchorage School District employees are able to meet with our Trust staff in person to discuss enrollment or benefit issues. This has proven invaluable, especially when working with employees and families for whom English is a second language. It also relieves their employer.

Senator Dunleavy wondered if Mr. Swanson would support the legislation, if the data reflected a cost savings. Mr. Swanson replied that he would support cost savings.

SB 90 was HEARD and HELD in committee for further consideration.

[3:43:16 PM](#)

AT EASE

[3:44:56 PM](#)

RECONVENED

#hb71

CS FOR HOUSE BILL NO. 71(FIN)

"An Act requiring the Department of Commerce, Community, and Economic Development to file an annual report to the legislature regarding statewide and regional economic development projects and regional development organizations; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

[3:45:07 PM](#)

REPRESENTATIVE SHELLEY HUGHES, explained HB 71. The bill would extend the program for an additional three years. She shared that there were 12 ardors in Alaska with the purpose of providing local input and she stressed that the program was formed 25 years earlier. She communicated that the program had been a lifeline for some of the state's villages. She discussed the annual cost per ARDOR. She noted there were different accomplishments across the state. She stated that an audit had not been conducted during the program's lifetime. She pointed to an ARDORS Annual Report (copy on file). She explained that Anchorage had worked with their ARDOR to reach out on an international level. She shared that the Anchorage ARDOR had recently hosted a supplier conference related to the Kodiak based aerospace program. She stressed that the ARDORS had a positive impact on Alaska's economic development.

Vice-Chair Fairclough wondered if the public testimony could be heard, before an amendment was addressed.

JASON HOKE, EXECUTIVE DIRECTOR, COPPER VALLEY DEVELOPMENT ASSOCIATION, GLENNALLEN (via teleconference), testified in support of HB 71. He stated that he had developed a food distribution network thanks to the ARDOR program. He remarked that he had reached out to an ARDOR in Nome to share some agriculture feasibility issues. He remarked that the ARDORS had been instrumental in regional energy plans.

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BARBARA JOHNSON, EXECUTIVE DIRECTOR, NORTH STAR BOROUGH MAYOR'S OFFICE, FAIRBANKS (via teleconference), spoke in support of HB 71.

ANDY VARNER, EXECUTIVE DIRECTOR, SOUTHWEST ALASKA MUNICIPAL CONFERENCE, ANCHORAGE (via teleconference), testified in support of HB 71.

MELODY NIBECK, BRISTOL BAY NATIVE ASSOCIATION, DILLINGHAM (via teleconference), spoke in support of HB 71.

Co-Chair Meyer CLOSED public testimony.

[4:00:09 PM](#)

AT EASE

4:00:52 PM

RECONVENED

Senator Olson explained that there was a CS to extend the hair crab and scallop limited entry program for the next five years.

Vice-Chair Fairclough MOVED to ADOPT the Senate committee substitute for CS HB 71(FIN), Work Draft 28-LS0288\P (Martin, 4/11/13).

Co-Chair Meyer OBJECTED for discussion.

DAVID SCOTT, STAFF, SENATOR DONNY OLSON, explained that the change added the extension of the scallop and hair crab limited entry program for five years.

Co-Chair Meyer felt like five years may be too long.

4:04:45 PM

Vice-Chair Fairclough wondered if five years was consistent with a previous bill. Senator Olson shared that the last extension was made five years prior.

Co-Chair Meyer noted that the sponsor requested three years, because there was a requested audit. Vice-Chair Fairclough explained that the programs are two different programs. She wondered if there was a title change in order.

Co-Chair Meyer WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

Representative Hughes stated that she had not reviewed the CS, and hoped that she could have discussions with Senator Olson.

Vice-Chair Fairclough wondered if a conceptual amendment could be offered to insert a severability clause.

Mr. Scott explained that Section 1 was inserted at the advice of Legislative Legal.

Vice-Chair Fairclough felt that the severability clause could be used to separate the program. Mr. Scott agreed.

4:09:23 PM

AT EASE

4:11:06 PM

RECONVENED

BEN BROWN, COMMISSIONER, COMMERCIAL FISHERIES ENTRY COMMISSION, explained that there was not a single subject problem with the legislation, even absent the reporting requirement, based on the precedent of five years prior. He felt that the addition of the reporting requirement, made the two programs very similar.

Vice-Chair Fairclough shared that there were many issue that were important for Alaskans, and wondered if the language was similar to the House version. Mr. Brown agreed to provide that information.

Vice-Chair Fairclough remarked that the House would have conversations regarding this issue.

Senator Olson thanked the sponsor for the legislation

MOVED to REPORT SCS CS HB 71(FIN) out of committee with individual recommendations and the accompanying fiscal note.

SCS CS HB 71(FIN) was REPORTED out of committee with a "do pass" recommendation and with two new zero fiscal notes from Department of Fish and Game, and a previously published fiscal impact note: FN2 (CED).

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ADJOURNMENT

4:15:53 PM

The meeting was adjourned at 4:15 p.m.