

SENATE FINANCE COMMITTEE

March 5, 2014

5:09 p.m.

5:09:30 PM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 5:09 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Lyman Hoffman

ALSO PRESENT

Senator Cathy Giessel; Jane Conway, Staff, Senator Cathy Giessel; Doctor Ward Hurlburt, Chief Medical Officer, Department of Health and Social Services; Christine Marasigan, Staff, Senator Kevin Meyer; David Teal, Director, Legislative Finance Division; Tally Teal, Staff, Senator Anna Fairclough; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; David Scott, Staff, Senator Donald Olson; Suzanne Armstrong, Staff, Senator Kevin Meyer; Laura Pierre, Staff, Senator Anna Fairclough; Devon Mitchel, State Debt Manger, Department of Revenue;

PRESENT VIA TELECONFERENCE

Doctor Rosalyn Singleton, Self, Anchorage; Phyllis Arthur, Biotechnology Industry Organization, Washington D.C.; Patricia Senner, Nurse Practitioner Alaska Nurse's Association, Anchorage; Kerri Shelton, Director, Division of Public Health, Department of Health and Social Services, Anchorage; Marcia Davis, General Counsel, Calista Corporation, Anchorage.

SUMMARY

SB 129 EXTEND BOARD OF REAL ESTATE APPRAISERS

CSSB 129(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Senate Finance Committee.

SB 138 GAS PIPELINE; AGDC; OIL & GAS PROD. TAX

SB 138 was SCHEDULED but not HEARD.

SB 161 AUTOPSIES AND DEATH CERTIFICATES

SB 161 was HEARD and HELD in committee for further consideration.

SB 169 STATEWIDE IMMUNIZATION PROGRAM

CSSB 169(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published indeterminate fiscal note: FN5(ADM), a previously published zero fiscal note: FN4(CED), a new fiscal impact note from Department of Health and Social Services, a new fiscal impact note from Department of Health and Social Services, and with an indeterminate fiscal note from Department of Health and Social Services.

SB 191 GENERAL OBLIGATION BOND FUND TRANSFER

SB 191 was HEARD and HELD in committee for further consideration.

#sb169

SENATE BILL NO. 169

"An Act establishing in the Department of Health and Social Services a statewide immunization program and the State Vaccine Assessment Commission; creating a vaccine assessment account; requiring a fee assessment from health care insurers and other program participants for statewide immunization purchases; repealing the temporary child and adult immunization program; and providing for an effective date."

[5:10:12 PM](#)

Co-Chair Meyer discussed housekeeping.

5:11:04 PM

SENATOR CATHY GIESSEL, stated that SB 169 was the second part of a bill that was heard several years prior relating to the state's vaccine program. She recalled that the state had had a universal vaccine program in the past, with \$4.3 million from the federal government in annual funds. By 2013, Alaska was forecasted to have only \$700,000 for the program. As a result, the number of vaccines offered to Alaskans of all ages had diminished significantly. The bill would use state funds to re-establish the vaccine program. She stated that the bill was a result of the efforts between Department of Health and Social Services (DHSS) and insurance companies within the state.

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JANE CONWAY, STAFF, SENATOR CATHY GIESSEL, stated that the bill would setup a state vaccine assessment council to administer the immunization program under the auspices of the Department of Health and Social Services (DHSS). Members of the council would be appointed by the commissioner of DHSS and would consist of the state's chief medical officer or designee, the director of the division of insurance, 3 representatives from insurance entities, 2 healthcare providers and 1 tribal or public healthcare plan person. She stressed that the council would serve without compensation or reimbursement of expenses. The council would not be set up under state boards and commission and staff and assistance would be provided by DHSS. The council would set forth the plan of operation for the calculation of assessment to insurers; the purchase, storage and distribution of vaccines; monitoring and financial tracking of the program and review of financial statements from insurers. She pointed out that at least 9 other states had setup something similar to what was in SB 169, elements of which had been borrowed from each. The department would estimate the costs needed to purchase vaccine universally based on recommended vaccine schedules, vaccine pricing, immunization rates and other factors. The council would then assess the insurers their proportionate share of the cost; a fee established by the council, taking into account estimated covered lives, vaccine usage, administration costs and other variables. The insurers would pay the assessment to the state and the state would use the funds

to purchase specific vaccines in bulk; realizing the best cost savings. The state would store the vaccine and distribute it to the healthcare providers that were participants in the program. Healthcare providers would be able to store the vaccine with other prescribed medicines, enjoy less cumbersome tracking and paperwork, freely administering the vaccine while charging only for the office visit. She hoped that simplifying the procedure would entice more providers to offer the vaccinations and that the public would be more apt to be immunized due to the increased access. She felt that the bill was sound public policy that laid framework for the statewide immunization program.

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Senator Olson understood that there would be no reimbursement for expenses in relation to the assessment council.

Senator Giessel replied that it would not a conventional board and commission where board members would get per diem, lodging, or something similar; DHSS would provide all of the staff support.

Senator Olson inquired if the staff support would include travel expenses.

Senator Giessel replied that there was not any anticipation of travel and that meetings would probably be teleconferenced.

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DR. ROSALYN SINGLETON, SELF, ANCHORAGE (via teleconference), presented a PowerPoint presentation, "Alaska-What have vaccines done for you?"(copy on file).

[5:18:23 PM](#)

Dr. Singleton addressed Slide 2, "Vaccination: an ounce of prevention saves a ton of lives":

- Vaccination is a Global Issue: The World Health Organization estimates that vaccination saves between 2 and 3 million lives every year.

Dr. Singleton stated that vaccine preventable disease was at an all-time low in the United States. She stressed that high-levels of vaccinations were critical to prevent diseases from around the world reemerging in the U.S. and in Alaska. She continued with the presentation:

- In the US, vaccination has prevented 103 million infections and disease rates are at historic lows - However, 1.5 million vaccine-preventable deaths occur each year around the world.
- Keeping vaccination rates high requires sustained commitment and access to vaccines.

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Dr. Singleton spoke to Slide 3, "Vaccine-Preventable Disease Success, Alaska":

- BEFORE VACCINES:
  - Hib meningitis and sepsis - 40-80 cases/yr in children.
  - Hepatitis A - Alaska-wide epidemics with up to 4,000 cases.
  - Hepatitis B -10% of Alaska Natives in some regions.
  - Measles outbreaks contributed to high infant mortality.
- BECAUSE OF VACCINES:
  - 0-2 cases of Hib per year!
  - No hepatitis A epidemics since vaccine!
  - Alaska Natives have the lowest rate of Hepatitis B in the U.S.
  - No measles cases in Alaska since 2000!

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Dr. Singleton addressed Slide 4, "Polio":

- Polio attacks the nervous system and can cause muscle weakness, paralysis or death.
- In 1952 there were 21,000 polio cases in the US - the last US polio case was in 1979.

- Thanks to polio vaccination, polio cases are down 99%; however, polio has recently reemerged in areas that had been polio-free for years.
- Polio is just one plane flight away

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Dr. Singleton discussed Slide 5, "Diphtheria":

- In 1925 a diphtheria epidemic threatened Nome. The nearest serum was in Anchorage.
- A relay of dog teams rushed the vaccine from Nenana to Nome.
- The serum arrived in time to prevent the epidemic and save hundreds of lives.
- Today diphtheria is a disease of the past because of vaccine.
- However, a US citizen who had refused Td vaccine died from diphtheria after visiting Haiti.

[5:19:51 PM](#)

Dr. Singleton addressed Slide 6, "Hib Disease":

- Haemophilus influenzae type b (Hib) causes meningitis, pneumonia, cellulitis, epiglottitis and sepsis in infants & children.
- Alaska Native Hib disease before Vaccine
- 5-10 times higher rate of disease than other US children
- Younger peak age (4-6 months)
- Since Hib Vaccine: Hib disease has decreased >95%

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Dr. Singleton addressed Slide 7, "Hepatitis A and B in Alaska":

- In 1970s-80 Alaska Natives had the highest rate of hepatitis B infection and liver cancer any non-immigrant group in US
- Alaska also had the highest rates of hepatitis A infections in US in most years up to 1995.
- Universal vaccination and School requirements have eliminated spread of hepatitis A and B in Alaska
  - Alaska Native people have the lowest hepatitis B infection rate of any US ethnicity:
  - Alaska has one of the lowest rates of hepatitis A infection of any state.

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Dr. Singleton spoke to Slide 8, "Measles":

- Measles causes a rash, fever, pneumonia and diarrhea, and can leave children blind, deaf or brain damaged.
- Measles deaths have decreased globally by 74%, but measles still kills 450 people each day.
- Although measles is imported into the United States every week, Alaska has had no measles since 2000 - thanks to our 2 dose MMR school requirement

Dr. Singleton related that she supported the bill because she understood that providers had to front the cost of vaccines and keep separate stocks of private and public vaccines. She noted that some providers were finding that the cost and administrative headaches associated with vaccinations were prohibitive. She believed that the bill would streamline the process and provide a self-sustaining, cost saving model that would improve access to vaccines for all Alaskans.

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Co-Chair Meyer announced that the committee would continue with the public testimony before introducing the new committee substitute for the bill.

[5:22:37 PM](#)

PHYLLIS ARTHUR, BIOTECHNOLOGY INDUSTRY ORGANIZATION,  
WASHINGTON D.C. (via teleconference), read from a prepared  
document (copy on file):

Mr. Chairman and Committee members, my name is Phyllis Arthur and I represent the Biotechnology Industry Organization (BIO) and I am here to speak on Senate Bill 169.

BIO opposes Senate Bill (S.B.) 169. While we recognize and share the State's goals of increasing the administrative ease of vaccine administration and achieving high vaccination rates, we believe the proposed program would result in an additional administrative burden for the State, create redundancy relative to the Affordable Care Act (ACA) and have very little impact on immunization rates among Alaskans.

America's vaccine manufacturers strongly support efforts by states to increase immunization rates among people of all ages. We work closely with state governments, insurers and other vaccine stakeholders to develop and implement solutions that are proven to increase access to immunizations through sustainable public-private partnerships.

I would like to discuss three key issues:

1. UP programs have not actually helped to increase immunization rates;
2. The implementation of this program may not actually solve the current issues of many providers; and
3. Providing private insurers access to federally discounted vaccine intended for disadvantaged children runs counter to the original intent of the VFC program and provides a pass through to insurers at the expense of vaccine companies.

The UP program created by S.B. 169, will most likely not lead to higher immunization rates.

- o For 30 years, Alaska had a full UP program. Higher immunization rates along with increased access to vaccines have long been touted as benefits of universal purchase programs.

- o However, according to 2012 data from the CDC, only 3 UP states were ranked among the top 10 states nationally for childhood immunization rates while another 3 UP states were ranked in the bottom 10.[1]

- o From 2000 to 2009 Alaska ranked at or well below the U.S. average for all standard series vaccines.

- o In 2012, the year for which the most recent CDC data is available, the estimated vaccination coverage rate among children aged 19-35 months in Alaska was 59.5%, the lowest in the nation for the standard series. . [2]

The Affordable Care Act (ACA) has addressed many of the financial barriers to immunization affecting patients by requiring private insurers to cover ACIP-recommended vaccines for children, adolescents and adults with no out-of-pocket expense and no deductible. While there are still some issues affecting providers, UP programs may not help to solve these problems.

- o The ability of the state to assess all types of insurance plans in the state is unclear and may not be allowed under federal law. This may result in a multi-tiered immunization system where providers still must access the private sector for some patients or specific vaccines but with smaller volumes.

- o In addition providers will still be required to screen patients for eligibility, stock private sector doses for children and adults whose insurance plan is not paying into the assessment pool, submit for reimbursement and track use of these doses. Moreover, providers will still need to bill for the administration of vaccines.

- o Lastly UP programs often burden state health departments with the additional administrative costs of managing the vaccine supply for the entire state, such as warehousing and shipping doses to multiple sites. Accountability for

ordering, storing, tracking and shipping vaccine ultimately rests with the Alaska Department of Health during a time when public sector funding for infrastructure is being cut.

Lastly this type of UP program, tax assessments and insurance pools, create a pass through of a federal discount intended for vulnerable populations.

- o Parents and employers pay premiums for their immunization coverage, so the vaccine cost is already paid for, as is the visit and all of the other medical care.

- o Vaccine costs are not a high or significant cost for insurers as a portion of insurance premiums. In fact a 2009 HHS study showed that vaccine coverage accounts for only 0.8% of family premiums.

- o Health plans reap the benefits of fully immunized populations through reductions in health expenditures for hospitalizations, office visits, testing, and treatment.

America's vaccine manufacturers are continuously investing in both existing and new vaccines for children, adolescents and adults. This is only possible when there is a sustained, viable market for these vital public health products.

BIO believes that a private sector solution can be found that solves the issues of all vaccine stakeholders - patients, providers, insurers and vaccine manufacturers. We have worked closely with states to develop public-private solutions to many of these same problems. For example, in Colorado BIO works with a large coalition of vaccine stakeholders to develop a set of recommendations for the state on ways to increase immunization access and rates. The group is evaluating unique contracting options specifically targeted to small volume providers in rural and underserved areas, researching organizations that can help providers with billing of insurance plans and developing better educational programs for provider offices and staff. We are working on similar programs in California and New Mexico.

Thank you again for this opportunity to share our issues. I will be glad to answer any questions.

5:30:00 PM

DR. WARD HURLBURT, CHIEF MEDICAL OFFICER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, spoke in support of the bill. He agreed the partnerships that medical profession had with the pharmaceutical industry had been one of the key breakthroughs in supplying vaccinations. He shared that Small Pox was seen in humans around 10,000 B.C. and that in the earliest days of America; about 500,000 Europeans per year were dying of Small pox. He related that even in the 19th century 500 million people per year contracted Small Pox, 1 million died. He explained that in 1796 Edward Jenner, an English physician, observed that milkmaids were not contracting Small Pox because the Cow Pox on the udders was protective. In 1979 the World Health Organization (WHO) stated that Small Pox had been eradicated from the face of the earth; the only people who were currently immunized were research scientists. He said that Polio eradication was on the horizon, which was endemic in Afghanistan, Pakistan and Nigeria. He reiterated that that the bill would create a public/private partnership, modeled on what other states had done. He stated that New Hampshire had participated in a similar program for one year and had seen a 20 percent increase in their immunization rates, second only to Hawaii. He noted that Alaska was cited in 2012 for having the worst infant immunizations rates; however, the data had been incorrect and CDC had made an erroneous presumption. He said that Alaska was now number 38, which was a significant improvement from the past. He stated that the bill had support from the Alaska Pediatric Association and a number of other groups. He stated that the money to buy the vaccine would be recovered through a surcharge on the payers. He relayed that the department wanted to eventually include adults, but that children were the priority.

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Dr. Hurlburt stated that the program could be run as a public/private partnership without accessing state general funds and that less than 1.5 percent of the funds would pay for the storage fees for procurement through the depot. He believed that the bill would reduce costs for the public,

while also benefiting pharmaceutical companies. The program would not be mandatory.

[5:38:02 PM](#)

Senator Olson inquired how many of the vaccines covered by the bill were required for children to attend public school.

Dr. Hurlburt replied that all of the required vaccines would be covered under the legislation.

[5:39:11 PM](#)

Senator Olson inquired how high the hepatitis A vaccine was on the priority list.

Dr. Hurlburt replied that it was one of the most effective vaccines and would be a high priority.

[5:39:36 PM](#)

Senator Olson shared that, in his experience, children with Hepatitis A did not exhibit any symptoms, unlike infected adults. He queried if vaccinating children was the priority, why would the Hepatitis A vaccination take precedence over other vaccinations.

Dr. Hurlburt replied that it would be prioritized based on cost effectiveness. Hepatitis A could spread by the ingestion of contaminated water and that put children at high risk, particularly in rural areas.

[5:40:53 PM](#)

PATRICIA SENNER, NURSE PRACTITIONER, ALASKA NURSE'S ASSOCIATION, ANCHORAGE (via teleconference), voiced the Alaska Nurse's Association's support of SB 168. She attested to the difficulty of providing immunizations to those at most risk. She said that she had to keep two separate sets of vaccines in her clinic: one for those eligible for vaccines through state programs, and one for those who were ineligible. She opined that providing vaccinations to the public was challenging. She stated that the cost difference between the price of vaccinations under the legislation and the current cost to her as a private

provider was tremendous. She concluded that the program would be an immense help to private providers.

[5:43:16 PM](#)

Co-Chair Meyer CLOSED public testimony.

[5:43:30 PM](#)

Vice-Chair Fairclough MOVED to ADOPT the proposed committee substitute for SB 169, WORK DRAFT 28-LS1219\I (Mischel 3/5/14) as a working document. There being NO OBJECTION, it was so ordered.

[5:43:55 PM](#)

AT EASE

[5:44:38 PM](#)

RECONVENED

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CHRISTINE MARASIGAN, STAFF, SENATOR KEVIN MEYER, spoke to the changes in the new committee substitute. She related that the only change could be found on Page 5, section 18.09.230. She said that the language had been changed in order to reflect more flexibility in accounting by allowing the state to capitalize a fund for the vaccine assessment fund. The changes in the bill addressed concerns with the previous fiscal note attached to the bill.

[5:46:53 PM](#)

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, spoke to the fiscal notes attached to the bill. He related that the fiscal notes were complicated because the bill was a fund capitalization, which caused money to move around in ways that were not typical for a fiscal note; this was caused by the language that Ms. Marasigan had mentioned. He explained that there could not be a mixture of duplicated and unduplicated funds going out with a single fund code. He referenced the fiscal note labeled "fund caps".

Co-Chair Meyer noted that the note had a date of 3/5/14 at the bottom.

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Mr. Teal that the words "fund cap" could be found under the department affected on the note.

[5:49:05 PM](#)

AT EASE

[5:49:37 PM](#)

RECONVENED

[5:49:44 PM](#)

Mr. Teal noted that the top of the note reflected \$31.5 million in expenditures. He said that the \$.5 million in general funds going in to the account, with \$27 million of the vaccine assessment program receipts going into the account as well; both would appear as language appropriations because it was a fund capitalization and was contingent on passage. He stressed that both general funds and the program receipts would be appropriated into the account.

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Mr. Teal discussed the other draft fiscal note labeled "epidemiology." He noted that the \$4.5 million in the operating expenditures portion of the note was currently included in the governor's FY15 requested budget. He said that the money would come from the agency and go directly into the account, mirroring the number found on the previously discussed fiscal note. He noted the use of a temporary code, which reflected \$31.5 million, and would be replaced with the vaccine assessment account when the bill passed. He furthered that the money in the account would not lapse; a specific amount could be appropriated in an appropriation bill, or an estimated amount, which would allow the department the flexibility to spend all program receipts should they have higher receipts than anticipated.

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Co-Chair Meyer pointed out to the committee that the backup reflected a net zero fiscal note.

Mr. Teal replied in the affirmative.

Co-Chair Meyer wondered if there was a less complicated way to set up the fund.

Mr. Teal understood that the general fund money going into the general fund was seed money; vaccines would be purchased and then provider would use the vaccine and replace those funds, and the cycle would continue as such. How many times the money would circulate was unknown.

[5:55:40 PM](#)

AT EASE

[5:55:58 PM](#)

RECONVENED

[5:56:08 PM](#)

Co-Chair Kelly MOVED to REPORT CSSB 169(FIN) out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

[5:56:16 PM](#)

CSSB 169(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published indeterminate fiscal note: FN5(ADM), a previously published zero fiscal note: FN4(CED), a new fiscal impact note from Department of Health and Social Services, a new fiscal impact note from Department of Health and Social Services, and with an indeterminate fiscal not from Department of Health and Social Services.

#sb129

SENATE BILL NO. 129

"An Act extending the termination date of the Board of Certified Real Estate Appraisers; and providing for an effective date."

[5:57:02 PM](#)

TALLY TEAL, STAFF, SENATOR ANNA FAIRCLOUGH, stated that the original version of the bill was a sunset bill that extended the board of certified real-estate appraisers for another 4 years; however Department of Commerce, Community and Economic Development had approached the sponsors with additional changes that needed to be made in order to be in compliance with federal requirements. The requirements were

laid out in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which amended Title 11 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. She stated that Section 1 dealt with the extension of the board. An audit completed in June of 2013 recommended that the board be extended until June 2018. The 4 year extension was half of the 8 year maximum and was shortened because of the projected increase in federally mandated responsibilities. She stated that the remaining sections were designed to address the federal mandates.

[5:58:23 PM](#)

Co-Chair Kelly MOVED to ADOPT the proposed committee substitute for SB 129, Work Draft 28-LS1208/P (Martin 3/5/14) as a working document. There being NO OBJECTION, it was so ordered.

[5:58:53 PM](#)

Ms. Teal presented a sectional analysis to the bill:

**Section 1.** Amends AS 08.03.010(c)(19) to extend the termination date of board by four years.

**Section 2.** Amends AS 08.87.020 by adding a reference to the Dodd-Frank Wall Street Reform and Consumer Protection Act to the powers and duties of the board.

**Section 3.** Repeals and reenacts AS 08.87.110(c), which establishes a clearer pathway to license reciprocity with other compliant states.

**Section 4.** Amends AS 08.87.110(e) by adding a reference to the Dodd-Frank Wall Street Reform and Consumer Protection Act to institutional real estate appraiser certification requirements.

**Section 5.** Adds a new subsection, AS 08.87.110(h), which allows the board to issue a general or residential real estate certificate to a person who does not meet the normal requirements if the board deems them otherwise qualified.

**Section 6.** Amends AS 08.87.300(a) to lengthen record retention requirements from three years to five years, and to clarify the requirements for cases involved in litigation.

**Section 7.** Repeals and reenacts AS 08.87.310, effectively removing trainee/supervisor programs from statute and allowing the board to implement the programs through regulations.

**Section 8.** Amends AS 12.62.400(a) to give the Department of Public Safety the authority to complete background checks on applicants for real estate appraiser certification.

**Section 9.** Repeals AS 08.87.300(b), which is rendered unnecessary by the changes made to record retention requirements in section 6 of this bill.

**Section 10.** Amends the uncodified law of the State of Alaska by adding a new section to address the applicability of sections 6 and 7, relating to record retention requirements, and sections 2, 5, 8, and 9, relating to changes in licensing and certification requirements. More specifically, it clarifies that the change in record retention requirements apply to records created on or after the effective date of this Act, and that the changes to certification requirements apply to new certifications issued on or after the effective date of this Act, and to currently-held certifications when they are renewed.

**Section 11.** Provides for an immediate effective date under AS 01.10.070(c).

[6:01:08 PM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, relayed that the division had conducted a sunset review of the board with the purpose to determine whether the board was serving the public interest and should be extended. The division concluded that the board was protecting the public interest by effectively licensing and regulating real estate appraisers. The division had recommended a 4 year extension due to the change in federal law that significantly expanded the board's responsibilities. She stated that the division did have 2 recommendations, neither of which were directed to the board, but to the Division of Corporations, Business and Professional Licensing. The first recommendation was that the division should improve their administrative support to

the board, including delays in investigations. Secondly, it was recommended that the director should improve the investigative case management system. She noted that the division issued recommendations for improvements in case management systems for all occupational board sunsets in 2013.

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Co-Chair Meyer CLOSED public testimony.

[6:04:06 PM](#)

Ms. Marasigan spoke to the new Senate Finance fiscal note attached to the bill. She noted that the first page of the note reflected no changes from the previous note. She noted that the major change to the note could be found on page 2, which included a summary of the board's revenues, expenditures and carry forward balance. She deferred any additional questions concerning the fiscal note to David Teal, Director, Legislative Finance Division.

[6:05:48 PM](#)

Co-Chair Kelly MOVED to REPORT CSSB 129(FIN) out of committee with individual recommendations and the accompanying fiscal note.

[6:06:22 PM](#)

CSSB 129(FIN) was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Senate Finance Committee.

#sb161

SENATE BILL NO. 161

"An Act relating to duties and procedures of the state medical examiner and the Department of Health and Social Services; and relating to death certificates."

[6:07:00 PM](#)

Co-Chair Kelly MOVED to ADOPT the proposed committee substitute for SB 161, Work Draft 28-LS 1405\N (Mischel 3/5/14) as a working document. There being NO OBJECTION, it was so ordered.

[6:07:42 PM](#)

DAVID SCOTT, STAFF, SENATOR DONALD OLSON, stated that the legislation would make minor changes to the medical examiners duties in the effort to be more compassionate to in interactions with family members of the deceased. He provided one example of the way in which current practices were disrespectful to mourning families. He stressed that some of the forms currently available to families could be misleading; for example, offering unnecessary funeral home services that resulted in burdensome expense. He shared that in some cases families could not afford to ship the remains of loved ones home for burial.

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Mr. Scott stated that Section 1 had been changed to reflect:

\* **Section 1.** AS 12.65.025(a) is amended to read:

(a) The state medical examiner shall designate the facilities at which post mortem examinations and autopsies ordered under this chapter may be performed **consistent with this section.** The Department of Health and Social Services shall pay the costs of

(1) post mortem examinations and autopsies ordered under this chapter;

(2) related transportation to the location where the post mortem examination is conducted and then to the community closest to where the death occurred, except that transportation costs to another requested location **shall** [MAY] be paid to the extent that the costs do not exceed the costs **that would otherwise have been paid by the department for** [OF] returning the body to the community closest to where the death occurred;

(3) embalming required by law; and

(4) cosmetology necessary to make the head, face, neck, and hands of the

deceased presentable if those parts of the body are disfigured by the post mortem examination.

Mr. Scott spoke to the changes in Section 2:

\* **Sec. 2.** AS 12.65.025 is amended by adding new subsections to read:

(f) The state medical examiner shall designate a location for conducting a post mortem examination that is in the community closest to where the death occurred if

(1) the state medical examiner has verified that a facility with adequate technology, personnel, and training is available at the location to enable the state medical examiner to direct a remote examination;

(2) the facility meets applicable standards, including inspection and accreditation, for conducting remote post mortem examinations established in the Forensic Autopsy Performance Standards by the National Association of Medical Examiners; and

(3) the cost of conducting the examination in the community closest to where the death occurred is less than the cost of conducting the examination or autopsy at another location, including the cost of transporting the body to and from another location to conduct the examination.

(g) The Department of Health and Social Services shall provide to a person responsible for the burial of a body written notice describing the duties and procedures of the state medical examiner and the department under this chapter; the notice must explain, in a form and language that is designed to be easy to understand, the availability of

(1) an option to release the body after examination and autopsy to a location other than a mortuary without a recommendation or stated preference to do otherwise;

(2) the department's coverage of costs associated with the examination or autopsy, transportation of the body, and necessary cosmetology as provided under

(a) of this section;

- (3) clothing and a casket required under (b) of this section;
- (4) transportation to another location other than the location where the death occurred;
- (5) a burial-transit permit as provided under AS 18.50.250; and
- (6) a death certificate as provided under AS 18.50.230;

Mr. Scott spoke to Sections 3 and 4 of the legislation:

**\*Sec. 3.** AS 18.50.250(a) is amended to read:

(a) Except as provided in (e) of this section, the [THE] funeral director or person acting as the funeral director who first assumes custody of a dead body or fetus shall obtain a burial-transit permit before final disposition or removal from the state of the body or fetus and within 72 hours after death, except as otherwise authorized by regulation for special problem cases.

**\*Sec. 4.** AS 18.50.250 is amended by adding a new subsection to read:

(e) The state medical examiner shall obtain the burial-transit permit before a body is transported under AS 12.65.025(a)(2).

[6:13:07 PM](#)

Co-Chair Meyer OPENED public testimony.

[6:13:11 PM](#)

KERRI SHELTON, DIRECTOR, DIVISION OF PUBLIC HEALTH, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, ANCHORAGE (via teleconference), testified that in 2013 the division processed 1630 cases that were reported to the state medical examiner's office, 850 of which jurisdiction was assumed by the medical examiner's office, meaning that the deaths required further investigation. She said that approximately 95 of the 850 cases required an external examination, the remaining cases required a full autopsy. She stated that the division was willing to work with the sponsor to support families in rural Alaska. She relayed that transporting bodies to a location other than the location of death was standard practice with the medical examiner's office; if the cost was more than shipping the

body back to the location nearest death, the family was responsible for any extra cost. The division provided the burial transit permit as a courtesy. She agreed that the formerly used release of remains form was misleading and had been revised for clarity by the division. She mentioned that the current bill version was accompanied by a new fiscal note. The division believed that any cost incurred would be by local jurisdictions and not the state.

[6:17:19 PM](#)

Co-Chair Meyer understood that the new fiscal note was a zero note.

Ms. Shelton relied in the affirmative.

[6:18:07 PM](#)

Co-Chair Meyer requested that the updated fiscal note be supplied to the committee so it could travel with the bill.

[6:18:28 PM](#)

MARCIA DAVIS, GENERAL COUNSEL, CALISTA CORPORATION, ANCHORAGE (via teleconference), spoke in support the SB 161. She stated that the corporation had looked into issues involving funeral homes and the medical examiner's office pertaining to rural Alaska. She said that the non-profits would run out of money for trying to get the bodies from Anchorage back to her region for burial about midway through the year, which resulted in families going to great extent to get the bodies released for burial. With the help of other native corporations several problems were finally diagnosed. She believed that continuing discussions would result in cost savings to the state, maintenance of tribal justice standards and minimize harm to families. She highlighted that the form provided by the medical examiner's office was misunderstood by native families and was causing them to unnecessarily select funeral homes and once they were on that path the funeral homes would indicate that the families were legally required to embalm when that was not the case, or they would indicate that it was required by the airlines for transport. She believed that the form was being misinterpreted by funeral homes and air carriers, which lead to the changes in Section 1. She explained that embalming was not culturally at part if the natural burial process and that embalmed bodies posed

environmental hazards because the bodies being buried in the region were exposed to water seepage and inundation, which resulted in the embalming chemicals getting into the ecosystem. She believed the bill would be greatly beneficial to the state and the people of Alaska.

[6:25:13 PM](#)

Co-Chair Meyer CLOSED public testimony.

[6:25:28 PM](#)

SB 161 was HEARD and HELD in committee for further consideration.

#sb191

SENATE BILL NO. 191

"An Act relating to the authority to transfer money from the general fund to general obligation bond construction funds or accounts; and providing for an effective date."

[6:25:48 PM](#)

SUZANNE ARMSTRONG, STAFF, SENATOR KEVIN MEYER, stated that SB 191 proposed an administrative fix and would establish parameters for transferring general funds to a geo-bond construction fund. She relayed that under current statute the commissioner of administration on recommendation of the State Bond Committee, and after approval of the Legislative Budget and Audit Committee (LB&A), may temporarily transfer funds from the general fund to geo-bond construction funds when the fund had been temporarily exhausted. She said that the legislation would allow for the transfer to occur without approval from LB&A as long as the transfer did not exceed 25 percent of the amount authorized for the geo-bonds. If the number was over 25 percent it would need to be approved by LB&A. Additionally, SB 191 stipulated that the loan from the general fund must be paid back within a 15 month time period, which fell in line with the Internal Revenue Service (IRS) code requirement that advanced fund bond issuance loans must be repaid by bond proceeds within 18 months. The changes proposed in the bill would allow for increased certainty in project schedule and cash-flow, provide greater ability for the State Bond Committee to respond to unforeseen increases in project expenditures

from the construction funds and provide greater flexibility and potentially a more advantageous position for the State Bond Committee in executing state bond sales. She concluded that the change in law would eliminate the negative carry cost of borrowed funds sitting in construction funds for extended timeframes; the potential opportunity cost of investing funds held in the general fund is off-set by the cost of paying interest expense on the borrowed funds that are not yet needed.

[6:28:56 PM](#)

LAURA PIERRE, STAFF, SENATOR ANNA FAIRCLOUGH, added that added that while the department would no longer have to seek approval from LB&A, the division would still need to be notified when a transfer occurred.

[6:29:31 PM](#)

DEVON MITCHEL, STATE DEBT MANAGER, DEPARTMENT OF REVENUE, related that the state had not issued any general obligation bonds between 1984 and 2003. He said that during that time period there were significant changes to the IRS code relating to tax exempt bonds. The bill would allow for more administrative flexibility for the implementation of the bonds authorized by the legislature.

[6:31:12 PM](#)

Co-Chair Meyer probed the potential savings to the state.

Mr. Mitchell replied that the savings would be noticeable.

[6:33:43 PM](#)

SB 191 was HEARD and HELD in committee for further consideration.

Co-Chair Meyer discussed housekeeping.

#

ADJOURNMENT

[6:34:15 PM](#)

The meeting was adjourned at 6:34 p.m.