

**ALASKA STATE LEGISLATURE**  
**HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 28, 2016

3:16 p.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Chair  
Representative Shelley Hughes, Vice Chair  
Representative Jim Colver  
Representative Gabrielle LeDoux  
Representative Cathy Tilton  
Representative Andy Josephson  
Representative Sam Kito

**MEMBERS ABSENT**

Representative Mike Chenault (alternate)

**COMMITTEE CALENDAR**

HOUSE BILL NO. 308

"An Act relating to the limitation of liability for the inspection, installation, or adjustment of a child safety seat or in providing education regarding the installation or adjustment of a child safety seat."

- MOVED HB 308 OUT OF COMMITTEE

HOUSE BILL NO. 372

"An Act relating to insurance; relating to expenses for insurance examinations; relating to regulations for insurance utilization review, benefits determination, health care insurance grievance resolution procedures, independent review of adverse determinations or final adverse determinations, independent review organizations, and continuing education providers; relating to required provisions for health care insurance contracts and policies, including health care provider choice; establishing civil penalties for insurers for failure to provide requested records; amending the definition of 'wet marine and transportation' insurance; amending provisions on limited licenses to include crop insurance; relating to third-party administrator notification requirements; relating to certification filing by reinsurance intermediary brokers; relating to rate filings, delivery of insurance policies or endorsements; relating to refunds of variable life insurance policies and variable annuities; establishing limitations on

issuance of long- term care insurance; relating to requirements for group health insurance policies; amending the definition of 'group health insurance'; relating to motor vehicle service contracts; relating to notice requirements for meetings of stockholders or members of a domestic insurer; establishing a definition of 'bona fide association'; relating to requirements and penalties for committing a fraudulent or criminal insurance act; updating criteria for examinations; relating to rate filing deviations; establishing civil penalties for certain wilful violations; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 214

"An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Alaska Workers' Compensation Board; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions and orders; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 508(g), 601(b), 602, and 603, Alaska Rules of Appellate Procedure; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 308

SHORT TITLE: CHILD SAFETY SEAT INSTALLATION LIABILITY

SPONSOR(S): REPRESENTATIVE(S) MILLETT

02/12/16	(H)	READ THE FIRST TIME - REFERRALS
02/12/16	(H)	L&C, JUD
03/28/16	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 372

SHORT TITLE: OMNIBUS INSURANCE

SPONSOR(S): LABOR & COMMERCE

03/21/16	(H)	READ THE FIRST TIME - REFERRALS
03/21/16	(H)	L&C
03/28/16	(H)	L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE CHARISSE MILLETT  
Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Speaking as the sponsor, introduced HB 308.

LINDSEY WHITT, Staff  
Representative Charisse Millett  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of Representative Millett, sponsor, provided a sectional analysis for HB 308.

JANE FELLMAN, Registered Nurse  
Central Peninsula Hospital  
Coordinator, Kenai Peninsula Safe Kids Coalition  
Soldotna, Alaska

**POSITION STATEMENT:** Testified in favor of HB 308.

DON ETHERIDGE, Spokesperson  
AFL-CIO  
Juneau, Alaska

**POSITION STATEMENT:** Testified in favor of HB 308.

CLINTON POWELL, Senior Captain  
Anchorage Fire Department  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in favor of HB 308.

SARA PENISTEN, Registered Nurse  
Providence Alaska Medical Center  
State Coordinator, Safe Kids Alaska Coalition  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 308, and stated support for the bill.

ANTHONY GREEN, Director of Public Policy  
Safe Kids Worldwide  
Washington, District of Columbia

**POSITION STATEMENT:** Answered a question during the hearing on HB 308, and stated support for the bill.

CORLIS TAYLOR, Director  
Education Department  
Fairbanks Memorial Hospital  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in favor of HB 308.

LORI WING-HEIER, Director  
Division of Insurance

Anchorage Office

Department of Commerce, Community & Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 372 and provided a sectional analysis.

**ACTION NARRATIVE**

[3:16:51 PM](#)

**CHAIR KURT OLSON** called the House Labor and Commerce Standing Committee meeting to order at 3:16 p.m. Representatives Olsen, LeDoux, Kito, Josephson, Hughes, and Tilton were present at the call to order. Representative Colver arrived as the meeting was in progress.

**HB 308-CHILD SAFETY SEAT INSTALLATION LIABILITY**

[3:17:01 PM](#)

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 308, "An Act relating to the limitation of liability for the inspection, installation, or adjustment of a child safety seat or in providing education regarding the installation or adjustment of a child safety seat."

[3:17:27 PM](#)

REPRESENTATIVE CHARISSE MILLETT, Alaska State Legislature, speaking as the sponsor of HB 308, informed the committee the bill limits the liability of those who volunteer to properly install child safety car seats for parents. She relayed that car seats for infants and toddlers have been shown to save lives and reduce injuries in the case of an accident. At this time, those who inspect child safety seats as part of their job at a fire station or a hospital, have limited liability; in a similar manner, HB 308 would limit the liability for child passenger safety technicians who volunteer to do so at community gatherings, for example, in rural Alaska. Representative Millet said technicians complete hours of training and keep kids safe and their parents comfortable by correctly installing car seats. She concluded that the bill advocates for safety seat use and protects technicians from the fear of being sued.

[3:21:13 PM](#)

LINDSEY WHITT, Staff to Representative Millett, Alaska State Legislature, sponsor of HB 308, paraphrased from the following sectional analysis [original punctuation provided]:

Section 1:

Provides that the following are not civilly liable in the case of an act or omission that occurs in the inspection, installation, or adjustment of a child safety seat or in providing education regarding the installation or adjustment of a child safety seat: - A certified Child Passenger Safety Technician (CPST) - A person who arranges or offers the services of a CPST for the community - A person who owns property where a CPST is operating A CPST must offer their services for free or for the amount of their actual costs, in good faith, and within the scope of their training. They may also not be sponsored by a child passenger safety device manufacturer or retailer.

Section 2:

Applicability clause.

CHAIR OLSON asked whether the bill applies to firefighters and emergency medical technicians (EMTs) who have received training.

REPRESENTATIVE MILLET said the aforementioned firefighters and EMTs would be covered by their employers; however, the bill would cover them if they volunteered outside of the firehouse or police station.

REPRESENTATIVE LEDOUX asked for clarification.

REPRESENTATIVE MILLETT further explained that liability is covered through the municipality for which they work; the bill applies when they are volunteering, and not representing a municipality or a private employer. In further response to Representative LeDoux, she said insurance is through an employer. The bill applies, for example, when a state employee gets a certificate to install safety seats on a voluntary basis, and completes the training and volunteers to install a car seat, his/her liability would be limited if the car seat or the installation of the car seat failed.

REPRESENTATIVE LEDOUX suggested volunteers would be covered by their homeowners insurance. She questioned whether insurance companies have requested the bill.

REPRESENTATIVE MILLETT said HB 308 was requested by off-duty police officers and firefighters who are certified technicians and would like to offer installation service, but without civil liability. In further response to Representative LeDoux, she pointed out that not all people own homes.

REPRESENTATIVE HUGHES asked whether all new parents and baby leave the hospital with a car seat installed.

[3:26:23 PM](#)

MS. WHITT recommended that expectant parents contact someone locally to take a class and learn how to install the baby safely; she said help and instructions can be found at firehouses and police stations. There are over 200 technicians throughout the state and anyone could call "one of the numbers provided."

REPRESENTATIVE MILLETT said she would verify with hospitals across the state that they are aware of the service.

REPRESENTATIVE LEDOUX directed attention to the bill on page 1, beginning on line 13, and continuing to page 2, line 10, which read:

(1) the person

(A) has successfully completed the National Child Passenger

Safety Certification Training program and maintains a current child passenger safety technician or technician instructor certification issued under that program;

(B) offers or arranges a nonprofit child safety seat educational program, checkup event, or checking station program for the public with instruction by certified child passenger safety technicians or technician instructors; or

(C) owns property where a nonprofit child safety seat educational program, checkup event, or checking station program for the public occurs with instruction by certified child passenger safety technicians or technician instructors;

REPRESENTATIVE LEDOUX inquired as to aforementioned subparagraph (C) and the relevance of owning property where the educational program occurs.

REPRESENTATIVE MILLETT deferred the question to Legislative Legal Services, Legislative Affairs Agency, and offered that the bill applies to those who do not work at a police station, hospital, or firehouse, but are interested in child car seat safety.

[3:30:16 PM](#)

CHAIR OLSON opened public testimony on HB 308.

[3:30:33 PM](#)

JANE FELLMAN, registered nurse, Central Peninsula Hospital, and coordinator, Kenai Peninsula Safe Kids Coalition, said she has been a child passenger safety technician (CPST) since 1998, and an instructor since 2000. The Kenai Peninsula Safe Kids Coalition has spent many years assisting parents properly place their children in car seats. The requirements are continuously changing because motor vehicle safety is improving, and CPSTs are a resource for parents, inspecting seats and providing proper installation. They also educate parents about how to prevent and correct the misuse of car seats. Ms. Fellman said in Alaska, the misuse of car seats is 85 percent, so CPSTs are needed. In order to keep technicians, and have more who are not employed by an agency, the bill is needed to provide a level of protection for them. She encouraged the committee to support the bill.

[3:33:13 PM](#)

DON ETHERIDGE, Spokesperson, AFL-CIO, said his organization in supports the bill because many of its members provide car seat installation training on a voluntary basis. He advised that the local hospital sends expectant parents to the police department for a car seat and instruction. Mr. Etheridge gave a personal story of the improper use of a car seat, and restated his support of the proposed legislation.

[3:34:31 PM](#)

CLINTON POWELL, Senior Captain, Anchorage Fire Department, expressed support for the bill. The Anchorage Fire Department has an inspection program and checks almost 400 seats every

year. In addition, the department conducts award-winning outreach throughout the state, and HB 308 provides a statewide benefit to educators.

REPRESENTATIVE HUGHES asked about coordination with new parents at Providence Alaska Medical Center.

[3:36:26 PM](#)

SARA PENISTEN, registered nurse, Providence Alaska Medical Center (Providence), and state coordinator, Safe Kids Alaska Coalition, said she has been a child passenger safety technician since 1999, and an instructor since 2006. Regarding hospital policy and protocol at Providence, she advised that every newborn leaving Providence has its car seat checked for recall status, appropriate fit, and expiration date. If requested, certified CPSTs on the hospital staff will assist parents. Ms. Penisten noted that some children have unique transportation needs and the hospital provides special training. However, the aforementioned policies and procedures are not required of hospitals, and each hospital in the state differs in the matter of car seats for pediatric patients and newborns. Further, not every hospital has certified technicians; in fact, some hospitals are reluctant to check car seats because of the liability involved. She said HB 308 would take the liability issue away due to the certification of the technicians, which requires a three-day nationally standardized course involving evaluations, written examinations, and participation in a public check-up event. In response to Representative LeDoux, she directed attention to [Section 1, subparagraph (B)], and explained that this addresses those who arrange public check-up events, not necessarily the technicians, and [Section 1, subparagraph (C)] addresses the potential liability of a property owner where the event takes place, such as a child care center or public school.

REPRESENTATIVE HUGHES questioned whether for-profit hospitals are liable.

MS. PENISTEN advised that it is not the nonprofit status of the property owner - but the status of the event - that is valid. For example, the nonprofit child safety seat education program check-up event does not charge a fee for attendance. In further response to Representative Hughes, Ms. Penisten said if an employee is acting within the scope of his/her employment, the employer's insurance provides primary coverage; HB 308 applies when certified technicians are not working for an employer,

such as a firefighter who volunteers for a public car seat safety event during his/her off-duty hours.

REPRESENTATIVE HUGHES returned attention to the policy at Providence and asked whether car seats are brought in to the hospital to be checked, or whether hospital personnel go to the vehicle.

MS. PENISTEN stated that at Providence the protocol and policy are that a car seat for a newborn is brought in to the hospital.

REPRESENTATIVE HUGHES asked whether there are any past or pending lawsuits against technicians in the state related to the installation of car seats.

MS. WHITT said no. In further response to Representative Hughes, she said she is aware of one case outside of Alaska. The issue in Alaska is the recruiting of and the retention of technicians.

[3:45:48 PM](#)

ANTHONY GREEN, Director of Public Policy, Safe Kids Worldwide, stated that he is aware of one incident in which a parent had an issue related to a car seat inspection. His organization is responsible for the training of child passenger safety technicians, and Mr. Green expressed his strong support for HB 308 and providing a level of comfort to volunteers. He observed that 94 percent of cars in the U.S. that have been inspected have had car seats installed, and 46 percent of those are incorrectly used.

REPRESENTATIVE HUGHES inquired as to the cause of the higher incorrect installation percentage in Alaska.

MS. WHITT said in 2014, the percentage of incorrectly installed car seats in Alaska was 85 percent; she added that she did not know the cause.

[3:48:47 PM](#)

CORLIS TAYLOR, Director, Education Department, Fairbanks Memorial Hospital, stated she is a child passenger safety technician and an instructor. For more than 20 years she has been involved in this issue, and she spoke in favor of HB 308. As an instructor she has trained many technicians in Fairbanks, and she restated that 85 percent of the seats installed by those

who attend events are incorrectly installed. Ms. Taylor observed there is a need to educate parents on how to transport children safely. Fairbanks Memorial Hospital has a program to work with families of children with disabilities and special needs. She restated her support for the bill.

REPRESENTATIVE HUGHES restated her question.

MS. TAYLOR recalled that in the beginning of the program, the nationwide percentage for incorrect installation was 85 percent to 95 percent; she suggested that the percentage has declined in the Lower 48 because there are more technicians and advertising, which differs in Alaska.

[3:52:34 PM](#)

CHAIR OLSON after ascertaining no one further wished to testify, closed public testimony on HB 308.

[3:52:49 PM](#)

REPRESENTATIVE HUGHES moved to report HB 308 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 308 was reported from the House Labor and Commerce Standing Committee.

[3:53:13 PM](#)

The committee took an at ease from 3:53 p.m. to 3:55 p.m.

### **HB 372-OMNIBUS INSURANCE**

[3:55:06 PM](#)

CHAIR OLSON announced that the next order of business would be HOUSE BILL NO. 372, "An Act relating to insurance; relating to expenses for insurance examinations; relating to regulations for insurance utilization review, benefits determination, health care insurance grievance resolution procedures, independent review of adverse determinations or final adverse determinations, independent review organizations, and continuing education providers; relating to required provisions for health care insurance contracts and policies, including health care provider choice; establishing civil penalties for insurers for failure to provide requested records; amending the definition of 'wet marine and transportation' insurance; amending provisions on limited licenses to include crop insurance; relating to

third-party administrator notification requirements; relating to certification filing by reinsurance intermediary brokers; relating to rate filings, delivery of insurance policies or endorsements; relating to refunds of variable life insurance policies and variable annuities; establishing limitations on issuance of long-term care insurance; relating to requirements for group health insurance policies; amending the definition of 'group health insurance'; relating to motor vehicle service contracts; relating to notice requirements for meetings of stockholders or members of a domestic insurer; establishing a definition of 'bona fide association'; relating to requirements and penalties for committing a fraudulent or criminal insurance act; updating criteria for examinations; relating to rate filing deviations; establishing civil penalties for certain wilful violations; and providing for an effective date."

[3:55:13 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community & Economic Development, introduced HB 372, the omnibus insurance bill for the Division of Insurance, which relates to the following issues: addresses key federal preemptions brought about by the Patient Protection and Affordable Care Act of 2010 (PPACA); provides modernization and updates to existing law; amends the cost of market conduct examinations; addresses modernized recordkeeping requirements; requires the designation of one compliance officer in certain circumstances; clarifies continuing education requirements; modernizes existing law pertaining to licensing; clarifies the payment of certain fees; clarifies associations; amends existing law dealing with criminal fraud and associated fines and penalties; provides filing efficiencies; allows for endorsements to be posted on a web site; clarifies the value of a variable life or variable annuity refund; modernizes existing law related to group life insurance.

MS. WING-HEIER paraphrased the following sectional analysis for HB 372: [original punctuation provided]

Sec. 1 AS 21.06.120(a) Examination of insurers

- Subsection (a) is amended to reflect the correct references to the handbooks used throughout the country for financial and market conduct examinations. Both publications are published by the National Association of Insurance Commissioners (NAIC). Formerly, the term "Examiners' Handbook" was a sufficient description as both the financial

examination and market conduct examination handbooks used the term in their title. Now, however, the "Market Conduct Examiners Handbook" is no longer published and is part of the "Market Regulation Handbook".

Sec. 2 AS 21.06.140(f) Conduct of examination

- Subsection (f) is amended to reflect the correct references to the handbooks used throughout the country for financial and market conduct examinations. Both publications are published by the National Association of Insurance Commissioners. Formerly, the term "Examiners' Handbook" was a sufficient description as both the financial examination and market conduct examination handbooks used the term in their title. Now, however, the "Market Conduct Examiners Handbook" is no longer published and is part of the "Market Regulation Handbook".

Sec. 3 AS 21.06.160(a) Examination expense

- Subsection (a) is amended to exclude managing general agents, third-party administrators, reinsurance intermediary managers, motor vehicle service contract providers, and surplus lines brokers from the requirements of paying for division personnel and overhead costs relating to an examination; such entities would still be required to pay for the division's "out-of-pocket" expenses including travel expenses and for compensation of a contract examiner, however, the entities could apply for a waiver from the director based on financial hardship

[3:59:57 PM](#)

REPRESENTATIVE JOSEPHSON asked for a description of an examination conducted by the division.

MS. WING-HEIER explained that personnel from the division will go to a brokerage firm and examine its books to confirm it is in compliance with [Alaska Statutes Title 21], and then the division bills the firm for its expenses; however, some firms and agents are very small, independent offices in the state, and the examination costs including travel and days of work could be more than the firm's annual income, thus the division stopped the examinations. Since the affected firms and agents are already paying the division for licensure, the bill allows the

division to make an examination, and not bill for the salaries of division personnel.

CHAIR OLSON surmised the division would conduct an examination immediately if illegal activity was suspected.

MS. WING-HEIER indicated yes.

REPRESENTATIVE JOSEPHSON inquired as to lost revenue for the state.

MS. WING-HEIER restated that the firms are already paying for a license to support the division, thus the division is recouping its cost. She continued paraphrasing the sectional analysis for HB 372, as follows: [original punctuation provided]

Sec. 4 AS 21.07.005 Utilization review and benefit determination, grievance procedures, and external review

- A new section, AS 21.07.005 provides authority for the director to adopt regulations relating to utilization review and benefit determinations; grievance procedures; external review requirements for health care insurance; and registration and regulation of independent review organizations including the establishment of fees. These regulations are necessary to make Alaska's laws consistent with national standards and federal law. The regulations will be based on model laws developed by the National Association of Insurance Commissioners.

REPRESENTATIVE JOSEPHSON inquired as to whether the threat of federal preemption was that the state was not performing its utilization review.

MS. WING-HEIER answered that the state has been performing its external review under federal law, not under state law. She continued paraphrasing the sectional analysis for HB 372, as follows: [original punctuation provided]

Sec. 5 AS 21.07.010(a) Patient and health care provider protection

- Subsection (a) is amended to require that contracts between a participating health care provider and a health care insurer include a provision that clearly states that the health care provider will adhere to

the health care insurer's policies and procedures regarding referrals and obtaining prior authorization and providing services under a treatment plan approved by the health care insurer. Non-substantive drafting convention changes are also made.

Sec. 6 AS 21.07.020 Required contract provisions for health care insurance policy

- AS 21.07.020 is amended to revise and update the provisions that must be included in a health insurance policy and to comply with federal law.

[4:05:15 PM](#)

REPRESENTATIVE JOSEPHSON asked for a description of the repealed language in proposed Section 6.

MS. WING-HEIER said the repealed language will be put into regulations. She continued paraphrasing the sectional analysis for HB 372, as follows: [original punctuation provided]

Sec. 7 AS 21.07.030(d) Choice of health care provider

- Subsection (d) is amended to require a health care insurer to permit a covered person to designate a pediatrician where the insurer offers a health care policy that requires or provides for a designation by the covered person of a participating primary care provider.

Sec. 8 AS 21.07.030(e) Choice of health care provider

- Subsection (e) is amended to recognize an exception to the subsection's requirements due to a new subsection (h).

Sec. 9 AS 21.07.030(h) Choice of health care provider

- New subsection (h) prohibits a health care insurer that offers a health care insurance policy that provides coverage for obstetric and gynecologic care and that requires designation by a covered person of a participating primary care provider from requiring authorization or referral for a female patient to receive obstetric gynecological care from a participating provider. A health care insurer shall treat authorizations by an obstetrics and gynecology specialist as the authorization of the primary care provider.

Sec. 10 AS 21.07.250(3) Definitions

- Paragraph (3) is repealed and reenacted to define "emergency services" to mean medical care services or items furnished or required to evaluate and treat an emergency medical condition.

Sec. 11 AS 21.07.250(14) Definitions

- Paragraph (14) is repealed and reenacted to define "utilization review" to mean a set of techniques designed to monitor the use of, or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of, health care services, procedures, or settings; techniques may include ambulatory review, prospective review, second opinion certification, concurrent review, case management, discharge planning, or retrospective review.

Sec. 12 AS 21.07.250(15) Definitions

- New paragraph (15) defines " emergency medical condition" to mean the sudden and, at the time, unexpected onset of a medical condition or illness that requires immediate medical attention and where failure to provide immediate medical attention would result in (A) the placing of the person's health in serious jeopardy; (B) a serious impairment to bodily functions; or (C) a serious dysfunction of any bodily organ or part.

Sec. 13 AS 21.09.320(b) Maintenance Records

- Subsection (b) is amended to require that an insurer, to meet the requirements of AS 21.09.320(a), shall keep records as required by the maintenance records requirements of the insurer's domicile jurisdiction.

Sec. 14 AS 21.09.320(c) and (d) Maintenance of records

- New subsection (c) requires the insurer not later than 10 business days after the date of the request to provide the records to the director or make the records available for inspection and copying. The records inspected or examined under this subsection are confidential but may be used by the director in a proceeding against the insurer.
- New subsection (d) provides that failure of the insurer to provide the information required by this section may result in a civil penalty of up to \$1,000

for each violation and, an additional civil penalty of up to \$50 for each day the information requested is not provided.

Sec. 15 AS 21.12.090(b) Marine, wet marine, and transportation insurance defined

- Subsection (b) is amended to define "wet marine and transportation" insurance as that part of marine insurance that includes only (1) insurance on vessels, crafts, and hulls, and insurance of interests in or with relation to vessels, crafts, and hulls; (2) insurance of marine builder's risks, marine war risks, and contracts of marine protection and indemnity insurance; (3) insurance of freights and disbursements pertaining to a subject of insurance coming within this section; or (4) insurance of personal property and interests in personal property, in the course of exportation from or importation into any country, and in the course of transportation coastwise or on inland waters, including transportation by land, water, or air from point of origin to final destination, in respect to , appertaining to, or in connection with, any and all risks or perils of navigation, transit, or transportation, and while being prepared for and while awaiting shipment, and during delays, storage, transshipment, or reshipment incident thereto. The amendment corrects a drafting error that required all four of the paragraphs to be met to meet the definition.

Sec. 16 AS 21.27.020(c) General qualifications for license

- Paragraph (c)(3) is amended to provide that a firm insurance producer, firm managing general agent, firm intermediary broker, firm reinsurance intermediary manager, firm surplus lines broker or firm independent adjuster applicant or license in designating one or more compliance officers for the firm may only designate one compliance officer for each class of authority. A non-substantive drafting convention change is also made to paragraph (c)(5).

Sec. 17 AS 21.27.020(f) General qualifications for license

- Subsection (f) is amended to make clear the authority of the director to adopt regulations establishing

additional education or experience requirements for continuing education providers.

Sec. 18 AS 21.27.025(a) Required notice of licensee

- Subsection (a) is amended to require a licensee to report to the director in writing any administrative action taken against the licensee by a financial industry regulatory authority sanction or arbitration proceeding. Non-substantive drafting conventions changes are also made.

Sec. 19 AS 21.27.150(a) Limited licenses

- Subsection (a) is amended to give the director authority to issue a crop insurance limited producer license. Non-substantive drafting conventions changes are also made.

Sec. 20 AS 21.27.380(a) License renewal, lapse, and reinstatement

- Subsection (a) is amended to make non-substantive changes to conform the language to State Based Systems (SBS), an electronic system owned by the National Association of Insurance Commissioners for use by state regulators in support of insurance regulatory functions. SBS enables the division to more efficiently and effectively process license applications, renewals, inquiries, complaints, enforcement actions and other functions while remaining compliant with national uniformity initiatives.

Sec. 21 AS 21.27.380(b) License renewal, lapse, and reinstatement

- Subsection (b) is amended to make non-substantive changes to conform the language to SBS.

Sec. 22 AS 21.27.380(d) License renewal, lapse, and reinstatement

- Subsection (d) is amended to make non-substantive changes to conform the language to SBS.

Sec. 23 AS 21.27.640(b) Third-party administrator qualifications

- Subsection (b) is amended to require a third-party administrator registrant to notify the director not later than 30 days after the final disposition of an

administrative action taken against the registrant by a governmental agency of another state, by a governmental agency of another jurisdiction, or by a financial industry regulatory authority sanction or arbitration proceeding. The registrant must also submit to the director documents relating to the final disposition. A non-substantive drafting convention change is also made.

Sec. 24 AS 21.27.650(r) Operating requirements for third-party administrators

- New subsection (r) requires insurers to review its books and records quarterly to determine whether a person or insurance producer has acted as the insurer's third-party administrator. If the insurer so finds, the insurer must notify the person or insurance producer and the director. The insurer and the person or insurance producer must then fully comply with AS 21.27 not later than 30 days after notification.

Sec. 25 AS 21.27.690(b) Operating requirements for reinsurance intermediary brokers; actions for loss

- Subsection (b) is amended to add the requirement that an insurer may not use a nonresident reinsurance intermediary broker who is not licensed under this chapter unless the reinsurance intermediary broker has filed a certification with the director that the reinsurance intermediary broker is operating only for a foreign insurer. Subsection (b) is also amended to add the requirement that a domestic insurer may not use an alien reinsurance intermediary broker unless the alien reinsurance intermediary broker has filed a certification with the director that the reinsurance intermediary broker is operating only for a domestic insurer.

Sec. 26 AS 21.34.035(b) Health care insurance

- Subsection (b) is amended to change references from a repealed statute (AS 21.87.190) to the correct references of AS 21.51.405 and AS 21.54.015.

Sec. 27 AS 21.34.050(a) Listing eligible surplus lines insurers

- Subsection (a) is amended to remove the authority of the director to adopt a regulation to charge fees to eligible nonadmitted insurers. This amendment is necessary to meet the requirements of the federal

Nonadmitted and Reinsurance Reform Act of 2010 (NRRA). The division has not been charging this fee since 2011 due to this federal law.

Sec. 28 AS 21.34.050(c) Listing eligible surplus lines insurers • Subsection (c) is amended to remove references to fees charged to eligible nonadmitted insurers.

Sec. 29 AS 21.34.180(a) Surplus lines tax • Subsection (a) is amended to add "home state" to the subsection to be consistent with the NRRA and previous amendments to AS 21.34.

Sec. 30 AS 21.36.025(b) and (c) Unfair marketing practices prohibited

- New subsection (b) provides that a person may not sell a membership in an association or labor union for the purpose of qualifying for an individual for group insurance.
- New subsection (c) provides that a person that sells a membership in an association may not offer group insurance for purposes of selling memberships in an association or labor union.

Sec. 31 AS 21.36.185 Maintenance of complaint handling records

- This section is amended to account for differences in recordkeeping requirements between this section and those in the National Association of Insurance Commissioners Health Carrier Grievance Procedure Model Act which the director will be required to adopt under section 4 of the bill

[4:12:14 PM](#)

REPRESENTATIVE LEDOUX questioned the necessity for Section 30.

MS. WING-HEIER explained that one cannot form a fictitious group solely for the purpose of selling insurance; for example, the National Rifle Association (NRA) has a group life insurance product it can sell to its members, but the main purpose of the NRA is not to sell insurance. This also applies to unions or other associations in the state. In further response to Representative LeDoux, she said PPACA is tough on associations because it wants insurers to join the group or individual

insurance market. The state does not want the associations in the state that have insurance programs to be disbanded, but the bill does state that associations cannot be formed solely for the purpose of selling insurance, or solicit members solely for the same, to remain in compliance with PPACA. This is not a new provision.

REPRESENTATIVE LEDOUX restated her question.

MS. WING-HEIER gave an example of the Sons of Norway approaching a prospective member with an offer to sell insurance, which it should not do, because they are not licensed as an insurance company to sell insurance.

REPRESENTATIVE LEDOUX asked whether the provision only applies to medical insurance.

MS. WING-HEIER opined this applies to medical insurance, and she said she would confirm that it does not apply to life insurance. She continued paraphrasing the sectional analysis for HB 372, as follows: [original punctuation provided]

Sec. 32 AS 21.36.225(a) and (b) Notice of health insurance coverage cancellation, coverage change, or premium change

- Subsections (a) and (b) are amended by changing the term "covered individual" to "policyholder" as the intent of the provisions were not to require that every covered person under, for example, a family policy receives the notice. The intent is for the primary insured to receive the notice and in the case of a group for the policyholder to receive the notice.

Sec. 33 AS 21.36.360(b) Fraudulent or criminal insurance acts

- Subsection (b) is amended to clarify that a fraudulent insurance act is committed by a person who, with intent to injure, defraud, or deceive knowingly omits material information 1) when presenting to an insurer a written or oral statement in support of a claim for payment or other benefit under an insurance policy or 2) when assisting or conspiring with another to prepare or make a written or oral statement that is submitted to an insurer in support of a claim or benefit under an insurance policy.

- Subsection (b) is also amended by adding a new paragraph (7) that would provide that a fraudulent

insurance act is committed by a person who, with intent to injure, defraud, or deceive makes a written or oral statement in response to an insurer's inquiries related to another's claim for payment or other benefit under an insurance policy, knowing the statement contains false, incomplete, or misleading information, or omits information concerning a matter material to the claim. This statutory change is intended to address the situation where a person obtains insurance immediately after an accident (to avoid arrest for driving without insurance) and then claims he/she was insured at the time of the accident when the other driver's insurer inquiries about the person's coverage.

Sec. 34 AS 21.36.360(q) Fraudulent or criminal insurance acts

- Subsection (q) is amended to provide for a class C felony for a fraudulent insurance act that (1) falsely makes, completes, or alters a certificate of insurance or other document relating to insurance and (2) knowingly possesses a forged certificate of insurance or other document relating to insurance. The current statute does not specify a penalty for these offences.

[4:19:04 PM](#)

REPRESENTATIVE COLVER asked whether the level of offense is determined by the dollar amount of the infraction.

MS. WING-HEIER said the amount of the felony is found elsewhere in the bill.

REPRESENTATIVE COLVER questioned how the division will determine intent to defraud, as opposed to a mistake.

CHAIR OLSON suggested that only the person committing fraud has liability.

MS. WING-HEIER explained that insurance brokers or agents issue the certificates of insurance, thus unless the consumer modifies the document, the consumer is not party to fraud.

REPRESENTATIVE COLVER then gave examples of a broker who failed to renew a policy after receiving payment from a consumer, or a broker who made an accounting error.

MS. WING-HEIER said that insurance agencies such as State Farm are responsible for their agents; in a brokerage agreement, the consumers would look to the broker's errors and omissions insurance (E&O). In further response to Representative Colver, she said brokers are not required to carry E&O insurance.

REPRESENTATIVE COLVER suggested an agency would declare bankruptcy in the instance of a large claim.

CHAIR OLSON noted that insurers would have a bond.

[4:25:24 PM](#)

REPRESENTATIVE LEDOUX surmised that brokers are agents of insurance companies, therefore, the insurance company would be liable.

MS. WING-HEIER clarified that an agent is an agent for an insurance company, and a broker is independent and solicits bids from independent insurance companies, and has "no right to bind the insurance company to that client."

CHAIR OLSON added that they also need to have received money for a premium.

REPRESENTATIVE LEDOUX opined that if money changed hands, and a binder was issued, the binder would obligate the insurance company.

MS. WING-HEIER said if a broker takes consumers' money and does not have an agreement from an insurance company to accept the risk - that is fraud.

REPRESENTATIVE COLVER asked whether a national insurance company has a duty to pay the claims of an agent, even in the case of consumer fraud.

[4:28:02 PM](#)

MS. WING-HEIER said the difference is an agent represents for example, State Farm Insurance or Allstate, but a broker represents a client, and in a manner similar to that of a real estate broker, can show a client a variety of policies.

REPRESENTATIVE COLVER suggested that if a mistake was made by the agent, the company would have a duty to insure as represented by the agent.

[4:28:54 PM](#)

MS. WING-HEIER said yes, in most cases. She continued paraphrasing the sectional analysis for HB 372, as follows: [original punctuation provided]

Sec. 35 AS 21.36.390(b) Notice to director

- Subsection (b) is amended to require an insurer or licensee that has reason to believe that an insurance producer with which it is doing business is involved in violation of (1) AS 21.36.030 (Misrepresentation and false advertising of insurance policies), (2) AS 21.36.050 (Twisting prohibited), and (3) AS 21.36.360 (Fraudulent or criminal acts), to immediately send to the director a report disclosing the basis for that belief and any other information that the director may require.

Sec. 36 AS 21.39.040(a)(2) Rate filings

- Paragraph (a)(2) is amended to clarify what is an acceptable effective date for a rate filing.

Sec. 37 AS 21.39.070(a) Deviations

- Subsection (a) is repealed and reenacted to allow the division to consider a member's or subscriber's application for a deviation from a rating organization's class rates, schedules, rating plans, or rules respecting a kind of insurance, or class of risk with a kind of insurance, or combination as part of the regular filing process without requiring a formal order from the director. The amendment would also eliminate the requirements that casualty insurance deviations may only be a uniform percentage deviation and that deviation application copies must also be sent simultaneously to the rating organization.

Sec. 38 AS 21.42.160(d) Contents of policies in general

- Subsection (d) is amended to eliminate the requirement that insurers print the year of adoption on all forms submitted to the division.

Sec. 39 AS 21.42.250(c) Delivery or posting of policy; notifications

- Subsection (c) is amended to expand the applicability of the subsection to all lines of insurance rather than to just property and casualty lines. The subsection provides for an insurer providing a policy or endorsement by posting the policy or endorsement on the insurer's Internet website and clearly identifying the posted policy or endorsement purchased by the insured in the declaration page provided to the insured.

Sec. 40 AS 21.45.020(d) Standards provisions required; return and refund

- Subsection (d) is amended to correct drafting errors.

Sec. 41 AS 21.48.010(a) Group requirements for group contracts

- Subsection (a) is amended to clarify what constitutes a valid group for issuance of life insurance and gives the director authority to add additional requirements by regulation.

Sec. 42 AS 21.48.010(b) Group requirements for group contracts

- Subsection (b) is amended to provide that this section does not apply to certain specified life insurance policies.

Sec. 43 AS 21.48.010(e) and (f) Group requirements for group contracts

- New subsection (e) provides that a group life insurance policy may be issued to a group that does not meet one or more of the requirements under subsection (a) if the director finds that issuance is in the best interests of the public, results in economies of acquisition or administration, and meets other requirements established by regulation.

- New subsection (f) provides that the director must approve the issuance of a group life insurance policy under subsection (a) or (e) prior to issuance of a policy by the insurer under subsection (a) or (e).

Sec. 44 AS 21.51.020 Scope, format of policy • Paragraph (3) is amended to allow a policy of health insurance to cover children of a policyholder under a specified age may not exceed 25 years. The amendment is necessary to avoid conflict with federal law.

Sec. 45 AS 21.51.070(a) Reinstatement • Subsection (a) is amended to provide for an exception to the subsection for a policy offered or renewed in this state on a health care exchange and subject to federal regulation on reinstatement. The amendment is necessary to avoid conflict with federal law.

Sec. 46 AS 21.51.405(b) Rate requirements; filings; regulations

- Subsection (b) is amended to extend the waiting period for the effective date for individual health insurance rates from 45 days to 90 days to allow time for review and approval of the rates while also allowing sufficient time for insurers to provide the required 45 days' notice of a change in premium.

Sec. 47 AS 21.51.500 Definitions

- New paragraph (4) defines "health care exchange" to mean an American Health Benefit Exchange established under 42 U.S.C. 18031.

Sec. 48 AS 21.53.068 Limitations related to producers and third-party administrators

- This section is amended to correct a drafting error by changing "compensates" to "does not compensate".

Sec. 49 AS 21.54.015(b) Rate requirements; filings; regulations; health care insurance restrictions

- Subsection (b) is amended to correct the paragraph citation to AS 21.54.060 due to amendments being made to AS 21.54.060.

Sec. 50 AS 21.54.015(c) Rate requirements; filings; regulations; health care insurance restrictions

- Subsection (c) is amended to extend the waiting period for the effective date for large employer health care insurance plan premium rates from 45 days to 90 days to allow time for review and approval of the rates while also allowing sufficient time for insurers to provide the required 45 days' notice of a change in premium.

Sec. 51 AS 21.54.060 Group health insurance defined

- Paragraph (2) is amended to clarify that associations and labor unions issued group health insurance policies under this section must be "bona fide

associations". A nonsubstantive drafting convention change is also made.

- Paragraph (3) is amended to clarify that group health insurance may be issued under a policy issued to the trustees of a fund adopted or participated in by two or more employers or by one or more labor unions or by one or more employers and one or more labor unions or by an association as defined in paragraph (2). The requirement that the employers be in the same or related industry is deleted with respect to trusts.
- Paragraph (5) is deleted and is replaced by the new subsection (b) of AS 21.54.060.

Sec. 52 AS 21.54.060(b) and (c) Group health insurance defined

- New subsection (b) provides that a group health insurance policy may be issued to a group that does not meet one or more of the requirements under AS 21.54.060(1)- (4) and (6) if the director finds that issuance is in the best interests of the public, results in economies of acquisition or administration, and meets other requirements established by regulation. This replaces the existing authority and makes it consistent with the group life provision.
- New subsection (c) provides that an insurer must submit a form filing that complies with AS 21.42.123 (Form filing subject to prior approval) and establish that the group meets the requirements of subsection (e) in order to issue a group health insurance policy to a group under subsection (e). The director must also affirmatively find that the group meets the requirements of subsection (e) prior to the insurer issuing a group health insurance policy under this section.

Sec. 53 AS 21.54.500(4) Definitions

- Paragraph (4) repeals and reenacts the definition of "bona fide association" to the meaning given in AS 21.97.900

Sec. 54 AS 21.56.110(a) Applicability

- Subsection (a) is amended to reconcile any conflicts between AS 21.56 and federal law by adding the language "except as prohibited by federal law."

Sec. 55 AS 21.56.120(e) Premium rate restrictions; disclosures; reports; confidentiality

- Subsection (e) is amended to correct the paragraph citation to AS 21.54.060 due to amendments being made to AS 21.54.060.

Sec 56 AS 21.56.250(6) Definitions

- Paragraph (6) is amended to reflect the definition of "bona fide association" has the meaning given in AS 21.97.900.

Sec. 57 AS 21.59.150(a) and (b) Provider license renewal, lapse, reinstatement.

- Subsection (a) and (b) are amended to make non-substantive changes to conform the language to State Based Systems (SBS), an electronic system owned by the National Association of Insurance Commissioners for use by state regulators in support of insurance regulatory functions. SBS enables the division to more efficiently and effectively process license applications, renewals, inquiries, complaints, enforcement actions and other functions while remaining compliant with national uniformity initiatives.

Sec. 58 AS 21.59.170(a) Return and cancellation

- Subsection (a) is amended to correct a drafting error by deleting the word "unearned". Non-substantive drafting convention changes are also made.

Sec. 59 AS 21.59.170(b) Return and cancellation

- Subsection (b) is amended to correct a drafting error by adding the word "unearned". Non-substantive drafting convention changes are also made.

Sec. 60 AS 21.59.180(a) Provider's financial responsibility

- Subsection (a) is amended to correct a drafting error by deleting the words "a provider".

Sec. 61 AS 21.69.310(a) Meetings of stockholders or members

- Subsection (a) is amended to remove the requirement for stockholder or member meetings to be held in the city or town of a company's principal office or place

of business in this state. The amended statute reflects the reality of the Alaska domiciled insurers and of the nationwide insurance industry. Of the seven Alaska domestic insurers, one is a U.S. branch of a UK company with central administration in the UK and two other insurers are members of holding company systems that are domiciled in other states and are centrally administered there. This is common nationwide where holding company systems have insurer members domiciled in states other than where the holding company is domiciled. Significant administrative functions are often centralized at the holding company domiciled location for the whole group. The amended statute also accommodates three Alaska domestic insurers from the difficulty of always having to hold stockholder or member meetings at their principal office or place of business. These insurers have board members that are disbursed throughout the state and in other states. Annual meetings are often held in locations other than the principal office or place of business such as in Anchorage where travel to and from is easiest, or rotated to other areas of the state to make it more convenient for members to attend the meetings and to participate on the boards. These insurers are still able to request approval of the director to hold these meetings at a location that is not the principle office or place of business.

Sec. 62 AS 21.69.310(c) Meetings of stockholders or members

- Subsection (c) is amended to give the director discretion to approve a date for an annual meeting later than the first six months of each calendar year upon a written request for approval for good cause. The request for approval must be made at least 30 days before the end of the six-month requirement. This amendment reflects the fact that annual meetings of Alaska insurers cannot always be held within the first six months of the calendar year due to the wide disbursement of board members and to the differing requirements for the timing of annual meetings of other states where holding companies with Alaska insurers are domiciled.

Sec. 63 AS 21.69.390(b) Home office and records

- Subsection (b) is amended to delete the reference AS 21.69.390(d) as that subsection is being repealed for

the reasons as stated in Sec. 67 of this Bill Analysis.

REPRESENTATIVE JOSEPHSON redirected attention to proposed Section 61, and asked whether domestic insurers are based in Alaska.

MS. WING-HEIER said yes. In further response to Representative Josephson, she said domestic insurers have registered in Alaska, but may have stockholders who live outside the state or outside the U.S., thus the bill allows for stockholder meetings to be held elsewhere. She provided several examples of domestic insurers, and stated that the important point was for the state to receive the required notice, attendance, and minutes of the stockholders' meetings.

[4:39:48 PM](#)

REPRESENTATIVE HUGHES asked why the director of the division seeks to approve the location of a stockholder meeting.

MS. WING-HEIER advised that if it is prudent for a company to come to Alaska for an open meeting that the division could attend, she would require it to do so.

REPRESENTATIVE LEDOUX inquired as to whether meetings can be held telephonically.

MS. WING-HEIER said no. In further response to Representative LeDoux - as to why telephonic meetings are not allowed - she said she would research that question.

REPRESENTATIVE LEDOUX asked whether board of directors' meetings could be telephonic.

[4:42:29 PM](#)

MS. WING-HEIER said board of directors meetings are not addressed in proposed Section 61, and she would conduct additional research.

[4:43:27 PM](#)

MS. WING-HEIER, in response to Representative Josephson, said FFM is an acronym for the federally facilitated marketplace,

healthcare.gov. She continued paraphrasing the sectional analysis for HB 372, as follows: [original punctuation provided]

Sec. 64 AS 21.85.500(5) Definitions

- Paragraph (5) is amended to change the definition of "multiple employer welfare arrangement" to conform with the meaning of the term as defined under 29 U.S.C. 1002.

Sec. 65 AS 21.97.020 General penalty

- The general penalty amounts are being updated to be more consistent with other penalty provisions in AS 21 such as AS 21.27.440 and to provide a mechanism to use under section four of the bill and for market conduct enforcement. This section has not been updated for over 30 years.

Sec. 66 AS 21.97.900(47) Definitions for title

- Amended to add a new paragraph (47) defines "bona fide association".

Sec. 67 Repeals the following provisions: • AS 21.06.087 (Insurance report) Repeal of this section removes the requirement that the division report annually on the impacts of tort reforms enacted in 1997 (chapter 26, SLA 1997). This report has not been updated since 2004. At this time, it would be difficult to attribute observed changes in the market to the tort reform legislation.

- AS 21.07.250(9) (Definitions) The definition of "medical emergency" is repealed as it is being replaced by the definition for "emergency medical condition".

- AS 21.54.500(4) (Definitions) The definition of "bona fide association" is no longer needed in this chapter because an updated definition of the term has been added to AS 21.97 by section 58 of the bill.

- AS 21.69.390(d) is outdated as books and records are increasingly being maintained electronically and access can be made remotely or on-site at the home office of an insurer. The division also can access a company's financial filings with the NAIC electronically. AS 21.06.140 requires examinations of domestic, foreign and Canadian insurers to be conducted at an insurer's home office or at other

places where the records are kept, not at the insurer's principal place of business in the state.

Sec. 68 Repeals the following provisions

- AS 21.07.050 (External health care appeals) AS 21.07.060, (Qualifications of external appeal agencies), AS 21.07.070 (Limitation on liability of reviewers), AS 21.07.250(1), (2), and (7), (Definitions). These provisions are no longer needed due to Section 4 of the bill which requires the director to adopt by regulation the National Association of Insurance Commissioners model acts.

Sec. 69 Repeals the following provisions

- AS 21.27.115(8) crop insurance is removed as a line of authority due to section 16 of the bill which provides that crop insurance is a limited line of authority consistent with national uniformity licensing standards.
- AS 21.27.115(9) surety insurance is removed as a line of authority to be consistent with national uniformity licensing standards.

Sec. 70

- Provides for an uncodified new section outlining the timing of when the director of insurance may adopt regulations.

Sec. 71

- Provides for a revisor's instruction to change the catch line of AS 21.27.380.

Sec. 72

- Provides that section 70 of the bill takes effect immediately under AS 01.10.070(c).

Sec. 73

- Provides that section 68 of the bill takes effect January 1, 2017.

Sec. 74

- Provides that AS 21.27.150(a)(9), enacted by section 19 of the bill, and section 69 of the bill take effect March 1, 2017.

[4:45:35 PM](#)

CHAIR OLSON pointed out the bill has a zero fiscal note attached.

REPRESENTATIVE HUGHES returned attention to proposed Section 4, which said the regulations would be based on model laws developed by the National Association of Insurance Commissioners (NAIC), and questioned whether the regulations would not be based on Alaska Statutes.

MS. WING-HEIER answered PPACA allows for three processes: a utilization review, an internal review, and an external review of claims presented. Subsequent to PPACA, the reviews have been informally performed by the division. Many states did not agree with the PPACA processes, and the NAIC produced three model acts: the utilization review and benefit determination act; the uniform health carrier external review act; health carrier grievance procedure model act. The division proposes to place the model acts in regulation, so they can be revised for Alaskans as necessary.

REPRESENTATIVE HUGHES asked whether anything based on the three model acts conflicts with Alaska state statutes.

MS. WING-HEIER said no.

REPRESENTATIVE COLVER clarified that the state would not reference national standards in its regulations; in fact, if the national standards change, the state regulations would not automatically be affected.

MS. WING-HEIER agreed that the regulations would be "based on what works for Alaskans, not a one-size-fits-all."

[4:50:27 PM](#)

CHAIR OLSON said the state has used model legislation from NAIC six or seven times; model legislation helps consumers by providing standardization and reciprocity with other states. The division can rely on audits provided by other states because they meet the same standards, thereby saving millions of dollars. Standardized policies and insurance certificates are helpful to those who do business in more than one state, and the goal is to help those buying insurance.

MS. WING-HEIER added that since PPACA, various states have taken the model regulations, statutes, and a combinations thereof.

REPRESENTATIVE HUGHES directed attention to the bill on page 4, beginning on line 22, which read:

(2) clearly states that the health care provider will adhere to the health care insurer's policies and procedures, including procedures regarding referrals, obtaining prior authorization, and providing services under a treatment plan approved by the health care insurer;

REPRESENTATIVE HUGHES expressed her concern about whether the medical community would accept paragraph (2) because the health care provider needs to determine the health care treatment plan, and the insurance company should not dictate care.

MS. WING-HEIER observed that there are two parts to the provision: the relationship between the provider and the patient, and the relationship between the insurer and the provider. Included in the regulations pertaining to grievance procedures is "predetermination," so that a patient knows the cost of a service and what insurance will pay. The network provider has signed a contract with an insurer regarding the fee, so a patient is informed of the cost, and can make a choice of provider.

REPRESENTATIVE HUGHES restated her concern related to "providing services under a treatment plan approved by the health care insurer," because sometimes a health care provider needs to suddenly change the approved plan, and this would tie their hands.

CHAIR OLSON stated that the Alaska State Hospital and Nursing Home Association (ASHNA), hospitals, and physicians have been participating as stakeholders in the bill, and he assured the committee that their opinions will be heard.

REPRESENTATIVE JOSEPHSON agreed with Representative Hughes' concern and pointed out similar questions are raised on page 9, beginning on line 17, which read:

(14) "utilization review" means a set of techniques designed to monitor the use of, or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of, health care services, procedures, or settings; techniques may include ambulatory review, prospective review, second opinion certification,

concurrent review, case management, discharge planning, or retrospective review.

REPRESENTATIVE COLVER also agreed with Representative Hughes.

[HB 372 was held over.]

[4:58:19 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:58 p.m.