

SENATE FINANCE COMMITTEE

April 2, 2015

2:05 p.m.

[2:05:58 PM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 2:05 p.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Cathy Giessel, Sponsor; Scott Watts, Alaska Pharmacy Association, Juneau; Jason Tapley, Self, Juneau; James Armstrong, Staff, Senator Pete Kelly.

PRESENT VIA TELECONFERENCE

Margaret Soden, Self, Fairbanks; Amber Briggs, Self, Soldotna; Ryan Ruggles, District Pharmacy Manager, Carrs Safeway, Anchorage; Barry Christensen, Co-Chair, Alaska Pharmacists Association Legislative Committee, Ketchikan; Erin Narus, Division of Health Care Services, Department of Health and Social Services, Anchorage.

SUMMARY

SB 71 VACCINE CERTIFICATION FOR PHARMACISTS

SB 71 was HEARD and HELD in committee for further consideration.

SB 86 REFINED FUEL SURCHARGE; MOTOR FUEL TAX

SB 86 was SCHEDULED but not HEARD.

CSHB 72(FIN)

APPROP: OPERATING BUDGET/LOANS/FUNDS

SCS CSHB 72(FIN) was REPORTED out of committee with a "do pass" recommendation.

CSHB 73(FIN)

APPROP: MENTAL HEALTH BUDGET

SCS CSHB 73(FIN) was REPORTED out of committee with a "do pass" recommendation.

#sb71

SENATE BILL NO. 71

"An Act relating to the practice of pharmacy; and relating to the administration of vaccines and related emergency medications."

[2:06:27 PM](#)

Co-Chair MacKinnon discussed housekeeping.

[2:06:51 PM](#)

SENATOR CATHY GIESSEL, SPONSOR, provided a sponsor statement:

Currently, Alaska pharmacists require oversight by a medical doctor or nurse practitioner to oversee their immunization authority. SB 71 will give already-trained and certified pharmacists authority to immunize Alaska adults and children without having to contract with often hard-to-find doctors/nurse practitioners to oversee their immunization programs.

This bill will particularly help rural pharmacies increase their reach to populations who often see their pharmacist more often than a medical professional. Consumers would enjoy more flexibility with their schedules and cost savings by being able to access their local pharmacist for crucial immunizations.

SB 71 expands authority for Alaska pharmacists to independently administer all vaccines and would reduce burdensome collaborative practice agreements. Studies have shown that states in which pharmacists are granted broad authority to administer vaccines have higher immunization rates.

In 2013 Alaskan pharmacists administered over 13,000 flu vaccines and this legislation would significantly improve access to additional vaccinations and public health as a result. I ask for your support to expand the authority of pharmacists to independently administer vaccinations.

Senator Giessel added that SB 71 would provide already trained, and certified, pharmacists the authority to immunize Alaska adults and children, without having to contract with physicians or nurse practitioners to oversee their programs. She said that since 2005, all pharmacists had been trained in immunization procedures as part of their education program, pharmacists who attended school before 2005, would be required to take an immunization training program approved by the Board of Pharmacy. She highlighted the details of the training. She believed that the bill would be particularly helpful in rural areas where the populations encountered their pharmacists more often than their medical providers. She opined that Alaska had the lowest immunization rates in the country; studies had shown that in states where pharmacists had the authority to administer medications immunization rates were higher. She stated that all of the vaccinations that would be administered by a pharmacist would be reported to the statewide data program, VacTrack.

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Co-Chair MacKinnon OPENED public testimony.

[2:10:29 PM](#)

SCOTT WATTS, ALASKA PHARMACY ASSOCIATION, JUNEAU, testified in support of SB 71. He related that Alaska was rated below the national level for immunizations. He reiterated that pharmacists were trained in immunizations and were acting as a resource for the public concerning immunization accessibility and travel schedules. He commented that increased vaccination rates would help to lower health care

costs in the state. He commented on the fiscal note and observed that it was a one-time cost, which would be easily off-set by the lower health care costs.

[2:12:18 PM](#)

Senator Olson expressed concern about adequate training for adverse reactions to vaccinations, such as anaphylactic shock.

[2:14:18 PM](#)

Mr. Watts replied that protocol existed for epinephrine injections to halt anaphylactic reactions. He added that the pharmacists that administered the vaccinations were CPR certified.

Senator Olson clarified that pharmacists did not receive the same training as physicians. He said that pharmacists were not trained in intubation.

[2:15:26 PM](#)

AT EASE

[2:15:59 PM](#)

RECONVENED

Senator Olson reiterated that most pharmacists did not have the same training as physicians and were not trained on intubation.

Mr. Watts responded that he had not meant to imply that the two had the same training.

Senator Olson spoke to the state's lagging vaccination numbers. He said that there existed the perception that vaccines delivered in multiple sequences over a short period of time could result in adverse reactions, like Sudden Infant Death Syndrome and Autism, but noted that those theories had largely been debunked.

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MARGARET SODEN, SELF, FAIRBANKS (via teleconference), testified in support of the bill. She related that pharmacies in her community were open evenings and weekends, unlike medical offices; additionally, pharmacists

interacted with patients more often than other practitioners because they returned to the pharmacy on a regular basis. She felt that the legislation would result in more pharmacies offering vaccinations, which would lead to more Alaskans being immunized.

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AMBER BRIGGS, SELF, SOLDOTNA (via teleconference), testified in support of the legislation. She related that she was a pharmacist and had administered many vaccinations. She believed that not providing immunizations would result in adverse economic impacts to the state. She opined that the rates of emergency room visits due to the H1N1 flu virus increased when people did not vaccinate against the flu. She concluded the allowing pharmacists to independently administer vaccinations would help to decrease healthcare costs in the state.

[2:22:09 PM](#)

RYAN RUGGLES, DISTRICT PHARMACY MANAGER, CARRS SAFEWAY, ANCHORAGE (via teleconference), testified in support of the legislation. He echoed the comments of the previous testifiers. He believed that the bill offered convenient and economical access to vaccinations. He noted that pharmacies across the state already administered vaccinations.

[2:24:48 PM](#)

Co-Chair MacKinnon whether shots were administered on site at Carrs Safeway.

Mr. Ruggles indicated that all immunizations were available except for Yellow Fever.

Co-Chair MacKinnon asked whether the store contracted with a doctor.

Mr. Ruggles replied that the store contracted with a nurse practitioner through a collaborative practice agreement.

Co-Chair MacKinnon queried the cost of the contract. Mr. Ruggles responded that contract agreements with providers varied. He could not provide the specific cost offhand, but noted that the price could vary drastically between providers.

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Co-Chair MacKinnon informed the committee that a representative of the Department of Health and Social Services was available online for questions.

[2:26:08 PM](#)

BARRY CHRISTENSEN, CO-CHAIR, ALASKA PHARMACISTS ASSOCIATION LEGISLATIVE COMMITTEE, KETCHIKAN (via teleconference), spoke in favor of the legislation. He believed that the bill would provide improved access to vaccinations and improve public health. He felt that the fiscal note could be justified by the healthcare savings that would be realized by the lesser number of hospitalizations due to the flu virus. He related that, according to the Center for Disease Control (CDC), for every \$1 spent on vaccinations - \$10 in healthcare costs were saved. He noted the letter of support from the National Association of Trade Drugstores in member packets (copy on file).

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JASON TAPLEY, SELF, JUNEAU, testified in support of the bill. He felt that the legislation would increase access to vaccinations for those with disabilities or other travel constraints.

[2:29:39 PM](#)

Senator Olson asked Mr. Tapley what kind of resources and equipment were available to the pharmacists where he worked that addressed adverse reactions to vaccinations.

Mr. Tapley replied that most pharmacists were trained in basic life support; most pharmacies were stocked with epipens and Benadryl, which could be used in the short-term until an ambulance arrived.

[2:31:05 PM](#)

Co-Chair MacKinnon CLOSED public testimony.

[2:31:22 PM](#)

Senator Giessel commented that the collaborative agreements that were in place currently had been in place since 1989.

She asserted that healthcare education had evolved, pharmacists were now required to earn PHD degrees and were highly educated. She contended that intubation was a highly refined skill requiring repeated practice and was a rare necessity.

[2:32:45 PM](#)

Senator Dunleavy queried the fiscal note.

Senator Giessel spoke to the fiscal note 1, from the Department of Commerce, Community, and Economic Development. She stated that the regulatory costs would be covered by the licensing fees. She continued to fiscal note 2, from the Department of Health and Social Services, which reflected a capital budget cost of \$50 thousand. She referred to the audit that had been completed for the department which documented the system deficits and known non-compliance instances for many sections of the state's Medicaid management information services. She argued that the system used for enrollment in and payment for Medicaid needed a complete renovation.

[2:34:31 PM](#)

Senator Olson agreed with Senator Giessel assessment of the immunizations needs of the state.

[2:35:03 PM](#)

Senator Bishop asked whether there was data which reflected the number of cases of adverse reactions to vaccinations in the state.

Senator Giessel commented that the data would need to be gathered.

[2:36:01 PM](#)

Senator Olson asked whether the sponsor had heard from any of the Native Health organizations in rural Alaska.

Senator Giessel responded in the negative. Senator Olson asked whether the administration supported the legislation.

Senator Giessel replied that she did not know.

Senator Olson asked whether the sponsor had heard from the Alaska State Medical Association of the Alaska State Medical Board.

Senator Giessel said that she had not received any negative feedback from either organization.

[2:37:10 PM](#)

Co-Chair MacKinnon commented that there was representation from the state of Alaska available to answer questions.

[2:37:45 PM](#)

ERIN NARUS, DIVISION OF HEALTH CARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, ANCHORAGE (via teleconference), stated that the department did not have a position on the legislation.

Senator Olson asked whether the fiscal notes seemed accurate.

Ms. Narus replied that the request in fiscal note 2 was necessary in order to comply with federal requirements.

SB 71 was HEARD and HELD in committee for further consideration.

[2:39:19 PM](#)

AT EASE

[3:30:56 PM](#)

RECONVENED

Co-Chair MacKinnon handed the gavel over to Co-Chair Kelly.

#hb72

#hb73

CS FOR HOUSE BILL NO. 72(FIN)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs and capitalizing funds; and providing for an effective date."

CS FOR HOUSE BILL NO. 73(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[3:31:12 PM](#)

Co-Chair MacKinnon MOVED to ADOPT Amendment 24(copy on file).

Co-Chair MacKinnon OBJECTED for discussion.

[3:31:39 PM](#)

JAMES ARMSTRONG, STAFF, SENATOR PETE KELLY, discussed Amendment 24:

Page 1, line 2, following "**funds**":

Insert "**amending appropriations**"

Delete all material and insert:

"(c) The amount necessary, after the appropriation made in sec. 28(c), ch. 16, SLA 2014, as amended by sec. 30 of this Act, when added to the balance of the public education fund (AS 14.17.300) on June 30, 2015, estimated to be \$151,000,000, to fund the total amount for the fiscal year ending June 30, 2016, of state aid calculated under the public school funding formula under AS 14.17.41 O(b) multiplied by 0.959, is appropriated from the general fund to the public education fund (AS 14.17.300)."

Page 79, following line 29:

Insert a new bill section to read:

"***Sec. 30.** Section 28(c), ch. 16, SLA 2014, is amended to read:

(c) The sum of **\$1,002,568,100** [\$1,202,568,100] is appropriated from the general fund to the public education fund (AS 14.17.300)."

Renumber the following bill sections accordingly.

Page 80, line 6:

Delete "Section 31"

Insert "Sections 30 and 32"

Delete "takes"

Insert "take"

Page 80, line 8:

Delete "secs. 32 and 33"

Insert "secs. 33 and 34"

Mr. Armstrong said that the change would prorate education at 95.9 percent.

[3:32:59 PM](#)

Co-Chair Kelly clarified that the mechanics of the forward funding for education needed to be reduced for FY 15, money was then moved to the FY 16 account and would be funded at a percentage level lower than had been anticipated. He asserted that the \$983 million would not be a reduction to education, nor would the \$151 million.

[3:33:41 PM](#)

Mr. Armstrong specified that the total funding for FY 16 was 1,151.0.

[3:34:07 PM](#)

Senator Olson understood that instead of the BSA being fully funded, there would be a diminished amount of \$151 million.

Mr. Armstrong clarified that the BSA would be reduced in FY 16 by \$49 million. He explained that the amendment would result in the absence of forward funding; the public education fund would have no money for FY 17. The money would go into the constitutional budget reserve (CBR).

Co-Chair Kelly offered an "at ease" so that Mr. Armstrong could answer committee members question concerning the amendment.

[3:35:28 PM](#)

AT EASE

[3:37:50 PM](#)

RECONVENED

Co-Chair Kelly noted that the fiscal times faced by the state were unprecedented and that "nothing could be beyond scrutiny." He gave assurances that the committee wished to

protect the quality of education in the state, and had taken steps to make minimal reductions in the education budget. He warned that FY 17 would be "even more scary". He shared that oil production in the world could be increasing, which would negatively affect the price of oil and, subsequently, the state budget. He said that if the amendment did not pass, the conference committee would not be able to make necessary reductions to the budget.

Co-Chair Kelly removed his OBJECTION to the ADOPTION of Amendment 1.

[3:39:49 PM](#)

There being NO further OBJECTION, it was so ordered.

Co-Chair MacKinnon MOVED to ADOPT Amendment 25.

Co-Chair Kelly OBJECTED for discussion.

Mr. Armstrong explained Amendment 25:

Page 41, line 33:

Delete "**30,074,300**"

Insert "**30,687,300**"

Delete "**30,024,300**"

Insert "**30,637,300**"

Page 42, lines I 0 - 11:

Delete all material and insert:

"ALLOCATIONS

Legislature State 2,352,000

Facilities Rent -

Anchorage

716 W. 4th Ave.

It is the intent of the legislature that the amount appropriated in this allocation be used to make lease payments under the Anchorage 716 W. 4th Ave. lease through January 2016.

Legislature State 3,837,600

Facilities Rent -

Other than

Anchorage

716 W. 4th Ave."

Adjust fund sources and totals accordingly.

Lease for 716 W. 4th Ave. Narrative:

In the proposed FY 16 Legislature Budget there is a \$4,032,000 request in the "Legislature State Facilities

Rent -Anchorage LIO" component for the lease and expenses for 716 W. 4th Ave., that houses legislators, legislative staff, and the ethics office. Of that amount, \$3,380,000 is rent and \$652,000 is for operating expenses for that facility which includes utilities, insurance, taxes, property management, janitorial, maintenance, security, etc.

This proposed amendment creates two separate allocations instead of one consolidated allocation dealing with rent and leasing: an allocation for "Legislature State Facilities Rent 716 W. 4th Ave.," and a separate allocation for "legislature State Facilities Rent other than 716 W. 4th Ave." In addition, this amendment reduces the appropriation request for 716 W. 4th Ave. to \$2,352,000. That amount will cover the period of July 1, 2015 - January 31, 2016, for rent of \$281,638 per month and operating expenses for that time period. The legislature will not appropriate any additional lease payments under the lease for 716 W. 4th Ave. after termination of the lease on January 31, 2016. Additionally, we are increasing the "Legislature State Facilities Rent - Other Than 716 W. 4th Ave." rent by \$277,000, to cover the remaining five months of Anchorage lease costs at the state Robert B. Atwood Building.

With the adoption of this amendment, and the termination of the lease for 716 W. 4th Ave., and a relocation of the Anchorage legislative information office to the Robert B. Atwood Building after January 31, 2016, there would be a savings of \$1,403,000 for FY 16. The savings per year starting in FY 17 would be \$3,367,224. This translates to \$33,672,240 in savings for a 10-year period.

Co-Chair Kelly REMOVED his OBJECTION to the ADOPTION of Amendment 25.

There being NO further OBJECTION, it was so ordered.

[3:41:38 PM](#)

Co-Chair Kelly MOVED to ADOPT Amendment 26.

Co-Chair MacKinnon OBJECTED for discussion.

Co-Chair Kelly discussed Amendment 26:

Page 72, following line 22:

Insert a new subsection to read:

"(b) Federal designated program receipts under AS 47.07.060 for the proposed expansion of the state's Medicaid program may not be accepted or expended without an acceptable reformation plan and appropriation approved by the legislature.'

Reletter the following subsections accordingly.

Co-Chair Kelly stated that the amendment was a "self defense mechanism" to protect the legislature. He said that Medicaid expansion would continue to be discussed, but assurances were needed that the expansion would not be done unilaterally by one branch of government.

[3:42:43 PM](#)

Senator Olson queried the effects of Medicaid expansion on the state.

Co-Chair Kelly related that the governor's Medicaid expansion bills were actively moving through both bodies. He stated that the amendment was not related to either piece of legislation.

[3:43:13 PM](#)

Co-Chair MacKinnon REMOVED her OBJECTION to the ADOPTION of Amendment 26.

There being NO OBJECTION, it was so ordered.

[3:43:25 PM](#)

Co-Chair Kelly referred to Amendments 17 and 18. He shared that he and the sponsor of the amendments had agreed to take up the issues related in the amendments during the coming conference committee on HB 72.

Senator Olson WITHDREW Amendment 17.

[3:44:04 PM](#)

Senator Olson WITHDREW Amendment 18.

[3:44:20 PM](#)

AT EASE

[3:44:28 PM](#)

RECONVENED

Senator Bishop MOVED that unanimous consent be made under Uniform Rule 31A of the Alaska State Legislature to rescind Amendments 7 and 7B, which dealt with monetary terms of collective bargaining agreements.

Co-Chair MacKinnon OBJECTED for discussion.

Senator Bishop spoke to his motion. He shared that during the FY 15 session he had believed that the administration and collective bargaining units should negotiate contracts, and the legislature should only vote on the monetary terms. He said that the legislature had the authority to fund or not to fund the monetary terms. He understood that the state was in financially precarious times. He offered that bargaining units were aware of the fiscal climate. He thought that the amendments would "taint the water" for future contract negotiations.

[3:48:29 PM](#)

Co-Chair Kelly stated that he could not support the motion.

[3:49:13 PM](#)

Senator Olson related that he had been surprised at reading the amendment the previous day. He referred to the families of employees that would be affected by the proposed amendment and opined that this would upset their carefully laid financial plans. He offered support for the motion.

A roll call vote was taken on the motion.

IN FAVOR: Bishop, Olson

OPPOSED: Dunleavy, Hoffman, Micciche, Kelly, MacKinnon

The MOTION FAILED (2/5).

3:51:50 PM

Co-Chair Kelly thought that there was value in further discussing the state's fiscal situation. He mused that the current fiscal climate was unusual and was projected to remain unstable. He asserted that at this point in history the committee needed to respond in the best interest of the state. He relayed that he found no joy in the cuts that had been made, but believed that they committee had done well to not impact families with the budget cuts. He asserted that the positions that had been cut were mainly "phantom" positions. He said that the committee had worked to maintain grants and had been attentive to Medicaid, health and social service, and education issues. He stressed that the committee had prioritized the cuts to have the least impact on Alaskans. He spoke of future conference committee discussions and believed that the actions of the finance committee would provide leverage when working with the other body. He expressed pride for the operating budget and thanked all of the staff who had worked to craft the bill.

3:55:29 PM

Co-Chair MacKinnon publicly disclosed her close economic relationship and conflict of interest regarding her husband's association with the Construction Education Foundation, which received money from the state through the Department of Labor & Workforce Development.

Co-Chair Kelly retorted that she would still be required to vote on the bill.

3:56:10 PM

Co-Chair MacKinnon opined that the budget cuts had been difficult, but had been the fiscally responsible thing to do for the state. She asserted that reoccurring operating costs needed to be eliminated in order to significantly decrease the hit to Alaska's savings account. She furthered that the state would be drawing, prior to June 30, 2015, \$3.5 billion and eliminating the statutory budget reserve. In July 2016, the state stood to draw another \$3.5 billion, and a vote would be needed to access the funds from the constitutional budget reserve (CBR). She understood that there were cuts to the budget that were unpopular, but the

cuts had been made in an effort to share the economic burden across the state. She hoped that the potential gasline project would provide economic relief to the state. She stated that the vote to not honor state union contracts had been "heart wrenching". She said that the global oil market did not inspire hope for a rebound in price in the foreseeable future. She extended thanks to all of the staff that had worked on the budget.

[3:59:51 PM](#)

Vice-Chair Micciche offered his closing words concerning the budget process for FY 16. He noted that the legislature had seen the budget shortfalls coming several years ago and had prepared accordingly. He lamented that the cuts he had made to the Department of Health and Social Services and Department of Transportation and Public Facilities budgets had been difficult. He said the state was not poor, but tough decisions had to be made and pain needed to be felt by everyone.

[4:04:04 PM](#)

Senator Bishop echoed the comments of Co-Chair MacKinnon. He asserted that the state needed to stay in a strong cash position and encouraged the diversification of Alaska's economy by monetizing North Slope gas.

[4:05:14 PM](#)

Co-Chair Kelly hoped that the capital budget process would result in a \$730 million cut across all FY 16 budgets.

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Senator Hoffman thanked the committee for keeping cuts equal between both urban and rural Alaska. He commented that the initial \$750 million cut would be the easiest cut yet made; if the state cut another \$750 million each year, for the next 4 years, the state would still face a deficit if the price of oil remained low. He stressed the seriousness of the deficit and referred to comments by Legislative Finance Director David Teal, "we cannot cut our way out of this budget deficit." Sooner or later revenue generating measures would need to be seriously considered.

[4:08:23 PM](#)

Senator Dunleavy thanked the committee for all of their hard work. He opined that the collapse in oil prices had led to the state's fiscal crisis. He worried that the recent deal struck between the U.S. and Iran, to prevent Iran from acquiring a nuclear weapon, could lead to more oil production for Iran, which would hurt the Alaskan market. He expressed concern that strategic oil reserves across the world were being filled to capacity. He relayed that when oil prices dropped in 1989, the state's government was smaller. He thought that the current fiscal climate offered an opportunity to explore diversification of the state's portfolio. He understood that the budget cuts would affect all Alaskans.

[4:12:57 PM](#)

Senator Olson mentioned the possibility of other revenue sources for the state. He understood that taxes made people uncomfortable, but thought that they should be considered. He echoed Senator Hoffman's relief that the cuts had been equitable between rural and urban area of the state.

[4:15:25 PM](#)

Co-Chair MacKinnon MOVED to REPORT CSHB 72(FIN) as amended out of committee with individual recommendations, and instructed legislative legal and legislative finance to make the necessary technical and conforming changes.

There being NO OBJECTION, it was so ordered.

[4:15:54 PM](#)

Co-Chair MacKinnon MOVED to REPORT CSHB 73(FIN) as amended out of committee with individual recommendations, and instructed legislative legal and legislative finance to make the necessary technical and conforming changes.

There being NO OBJECTION, it was so ordered.

CSHB 72(FIN) was REPORTED out of committee with a "do pass" recommendation.

CSHB 73(FIN) was REPORTED out of committee with a "do pass" recommendation.

[4:16:29 PM](#)

AT EASE

5:00:54 PM

RECONVENED

Co-Chair MacKinnon took back the gavel.

5:00:57 PM

#

ADJOURNMENT

5:01:03 PM

The meeting was adjourned at 5:01 p.m.