

SENATE FINANCE COMMITTEE
FOURTH SPECIAL SESSION
June 2, 2016
1:36 p.m.

[1:36:27 PM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Pete Kelly, Co-Chair

ALSO PRESENT

Laura Cramer, Staff, Senator Anna MacKinnon; Fred Parady, Deputy Commissioner, Department of Commerce, Community, and Economic Development; Lori Wing-Heier, Director, Division of Insurance, Department of Commerce, Community and Economic Development; Senator Mia Costello; Senator Cathy Giessel.

SUMMARY

HB 374 REINSURANCE PROGRAM; HEALTH INS. WAIVERS

SCS CSHB 374(FIN) was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 3(CED).

#hb374

CS FOR HOUSE BILL NO. 374(FIN)

"An Act relating to coverage under a state plan provided by the Comprehensive Health Insurance

Association; establishing the Alaska comprehensive health insurance fund; relating to a reinsurance program; relating to the definition of 'residents who are high risks'; relating to an application for a waiver for state innovation for health care insurance; and providing for an effective date."

1:37:00 PM

Vice-Chair Micciche MOVED to ADOPT proposed Senate committee substitute for CSHB 374(FIN), Work Draft 29-GH2126\I (Glover/Wallace, 6/2/16).

Co-Chair MacKinnon OBJECTED for discussion.

1:37:44 PM

AT EASE

1:37:59 PM

RECONVENED

LAURA CRAMER, STAFF, SENATOR ANNA MACKINNON, communicated that there were two changes to consider in the committee substitute. She looked at page 3, line 29, Section 6, which was a sunset for the Alaska Comprehensive Health Insurance Fund. She pointed to page 2, lines 11 and 12, Section 2, which originally read, "and specified covered conditions eligible for payment through appropriations from the Alaska Comprehensive Health Insurance Fund", and cited the statute establishing the fund. She explained that by repealing the fund, there were complications in the specification. She looked at line 12, which stated that it would be payment through the reinsurance program.

Vice-Chair Micciche queried the repeal date. Ms. Cramer specified that the repeal would be on June 30, 2018.

Senator Dunleavy surmised that the diverted stream would go to the general fund. Ms. Cramer agreed.

Vice-Chair Micciche wondered if the committee could discuss the logic of the sunset provision for the public.

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO further OBJECTION, it was so ordered.

Co-Chair MacKinnon shared that the intention of the committee substitute was to provide an opportunity to establish a finance working group to bring in health care providers within the legislative body to examine how to sustain the fund and program in the long term. She believed that the \$55 million would require the administration to cut \$55 million before the beginning of the following legislative session. She queried comments related to the two-year sunset.

FRED PARADY, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, agreed that the work during the interim was valuable to determine the financing mechanisms in support of the sunset.

Co-Chair MacKinnon shared that there had been discussions about a 5-year sunset. She noted that there were multiple committee members who had expressed concern, because 5 years was too much time. She felt that the legislation provided an opportunity to ensure care for Alaskans.

[1:44:11 PM](#)

Mr. Parady shared that he had conversed with the commissioner about the collaborative approach without imbedding the task force, and shared that it was also an attractive approach.

Co-Chair MacKinnon queried comments on the committee substitute.

LORI WING-HEIER, DIRECTOR, DIVISION OF INSURANCE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, concurred with Mr. Parady, and welcomed the opportunity to sunset after two year.

Co-Chair MacKinnon asked about participation in the working group, to utilize the expertise from the administration. She hoped to for a representative from the Department of Health and Social Services (DHSS). She remarked that the state did not want to get in the way of a medical practice, but wanted to manage emergency room costs. Ms. Wing-Heier replied that she would welcome the opportunity to participate in the working group.

Vice-Chair Micciche felt that the CS was an unintended impact of the Affordable Care Act. He felt that the two

years provided the potential for some congressional action to improve the outcome of the regional or national high risk pool. He also felt that the two year provided for other potential state solutions, for considering a regional or national state insurance co-op option. He felt that the state must find an appropriate role in providing incentives to reduce the costs, or the state would continue to add dollars for other health care coverage.

Mr. Parady echoed Vice-Chair Micciche's comments. He stated that the two-year timeline was an intense pressured timeline, because of the slowness of the 1332 waiver.

Co-Chair MacKinnon hoped to make an accomplishment in the first year. She noted that year two would not provide enough notice for the health care providers to be part of the solution. Therefore, there would be nearly \$170 million in year three.

Mr. Parady acknowledged that the two year deadline, and the interior deadline was the following legislative session.

Co-Chair MacKinnon relayed that the committee had received information about the Medicaid (copies on file). She stated that the department was not the holder of the demographic information of the high risk pool. She remarked that the CS did not go further in detail, because there was no data to shape a conversation about the waiver in the bill, rather it was up to the "department's good judgment."

[1:49:39 PM](#)

AT EASE

[1:52:26 PM](#)

RECONVENED

Vice-Chair Micciche MOVED to REPORT SCS CSHB 374 out of committee with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCS CSHB 374(FIN) was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 3(CED).

[1:53:30 PM](#)

AT EASE

1:56:41 PM
RECONVENED

Co-Chair MacKinnon discussed housekeeping.

ADJOURNMENT
1:57:08 PM

The meeting was adjourned at 1:57 p.m.