

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 12, 2016
1:36 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Cathy Giessel, Vice Chair
Senator Kevin Meyer
Senator Gary Stevens

MEMBERS ABSENT

Senator Johnny Ellis

COMMITTEE CALENDAR

SENATE BILL NO. 203

"An Act relating to overtime pay eligibility for medical care providers employed by common air carriers or by carriers that transport mail by air for the federal government and to overtime pay eligibility for flight crews and medical care providers employed by air ambulance service providers."

- MOVED SB 203 OUT OF COMMITTEE

SENATE BILL NO. 118

"An Act relating to surveys required to be submitted to the Department of Natural Resources; relating to peer review by the State Board of Registration for Architects, Engineers, and Land Surveyors of required surveys submitted to the Department of Natural Resources; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 156

"An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date."

- BILL HEARING CANCELED

HOUSE BILL NO. 125

"An Act relating to the sale of products containing dextromethorphan; relating to the regulation of dextromethorphan by municipalities; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 314

"An Act relating to the Alaska regional economic assistance program; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

- MOVED SCS HB 314(L&C) OUT OF COMMITTEE

SENATE BILL NO. 206

"An Act relating to a reinsurance program for residents who are high risks and insurer assessments to cover the costs of the reinsurance program; relating to application for state innovation waivers for health care insurance; relating to definitions of 'residents who are high risks' and 'covered lives'; and providing for an effective date."

- MOVED SB 206 OUT OF COMMITTEE

HOUSE BILL NO. 254

"An Act extending the termination date of the Big Game Commercial Services Board; and providing for an effective date."

- MOVED HB 254 OUT OF COMMITTEE

SENATE BILL NO. 55

"An Act relating to the practice of optometry."

- MOVED CSSB 55(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 203

SHORT TITLE: MEDI-VAC FLIGHT CREW OVERTIME PAY

SPONSOR(s): JUDICIARY

03/11/16	(S)	READ THE FIRST TIME - REFERRALS
03/11/16	(S)	L&C
03/24/16	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/24/16	(S)	Heard & Held
03/24/16	(S)	MINUTE (L&C)
04/08/16	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

04/08/16 (S) -- MEETING CANCELED --
04/09/16 (S) L&C AT 4:00 PM BELTZ 105 (TSBldg)
04/09/16 (S) -- MEETING CANCELED --
04/12/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 118

SHORT TITLE: DNR LAND DISPOSAL SURVEYS; PEER REVIEW
SPONSOR(s): COSTELLO

01/19/16 (S) PREFILE RELEASED 1/8/16
01/19/16 (S) READ THE FIRST TIME - REFERRALS
01/19/16 (S) L&C, RES
02/25/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/25/16 (S) <Bill Hearing Canceled>
04/07/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/07/16 (S) Heard & Held
04/07/16 (S) MINUTE (L&C)
04/09/16 (S) L&C AT 4:00 PM BELTZ 105 (TSBldg)
04/09/16 (S) -- MEETING CANCELED --
04/12/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 125

SHORT TITLE: RESTRICTIONS ON SALE OF DEXTROMETHORPHAN
SPONSOR(s): MILLETT

02/25/15 (H) READ THE FIRST TIME - REFERRALS
02/25/15 (H) JUD
04/09/15 (H) JUD AT 1:00 PM CAPITOL 120
04/09/15 (H) Moved HB 125 Out of Committee
04/09/15 (H) MINUTE (JUD)
04/10/15 (H) JUD RPT 1DP 6NR
04/10/15 (H) DP: MILLETT
04/10/15 (H) NR: CLAMAN, LYNN, FOSTER, GRUENBERG,
KELLER, LEDOUX
03/16/16 (H) TRANSMITTED TO (S)
03/16/16 (H) VERSION: HB 125
03/18/16 (S) READ THE FIRST TIME - REFERRALS
03/18/16 (S) L&C
04/08/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/08/16 (S) -- MEETING CANCELED --
04/09/16 (S) L&C AT 4:00 PM BELTZ 105 (TSBldg)
04/09/16 (S) -- MEETING CANCELED --
04/12/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 314

SHORT TITLE: AK REG ECON ASSIST. PROGRAM; EXTEND
SPONSOR(s): HUGHES

02/17/16 (H) READ THE FIRST TIME - REFERRALS
 02/17/16 (H) L&C
 03/09/16 (H) L&C AT 3:15 PM BARNES 124
 03/09/16 (H) Scheduled but Not Heard
 03/11/16 (H) L&C AT 3:15 PM BARNES 124
 03/11/16 (H) -- MEETING CANCELED --
 03/21/16 (H) L&C AT 3:15 PM BARNES 124
 03/21/16 (H) Moved HB 314 Out of Committee
 03/21/16 (H) MINUTE (L&C)
 03/23/16 (H) L&C RPT 6DP 1NR
 03/23/16 (H) DP: LEDOUX, COLVER, JOSEPHSON, KITO,
 HUGHES, OLSON
 03/23/16 (H) NR: TILTON
 03/23/16 (H) FIN REFERRAL ADDED AFTER L&C
 03/29/16 (H) FIN REFERRAL WAIVED
 04/01/16 (H) TRANSMITTED TO (S)
 04/01/16 (H) VERSION: HB 314
 04/04/16 (S) READ THE FIRST TIME - REFERRALS
 04/04/16 (S) L&C, FIN
 04/07/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/07/16 (S) Heard & Held
 04/07/16 (S) MINUTE (L&C)
 04/09/16 (S) L&C AT 4:00 PM BELTZ 105 (TSBldg)
 04/09/16 (S) -- MEETING CANCELED --
 04/12/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 206

SHORT TITLE: REINSURANCE PROGRAM; HEALTH INS. WAIVERS
 SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

03/25/16 (S) READ THE FIRST TIME - REFERRALS
 03/25/16 (S) L&C, FIN
 03/29/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 03/29/16 (S) Heard & Held
 03/29/16 (S) MINUTE (L&C)
 04/12/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 254

SHORT TITLE: EXTEND BIG GAME COMMERCIAL SERVICES BOARD
 SPONSOR(S): STUTES

01/19/16 (H) READ THE FIRST TIME - REFERRALS
 01/19/16 (H) RES, FIN
 03/23/16 (H) RES AT 1:00 PM BARNES 124
 03/23/16 (H) Moved HB 254 Out of Committee
 03/23/16 (H) MINUTE (RES)

03/24/16 (H) RES RPT 6DP 3NR
03/24/16 (H) DP: HERRON, OLSON, TARR, SEATON,
TALERICO, NAGEAK
03/24/16 (H) NR: JOHNSON, JOSEPHSON, CHENAULT
04/04/16 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/04/16 (H) Moved HB 254 Out of Committee
04/04/16 (H) MINUTE (FIN)
04/05/16 (H) FIN RPT 6DP 4NR 1AM
04/05/16 (H) DP: GARA, GUTTENBERG, GATTIS, EDGMON,
MUNOZ, THOMPSON
04/05/16 (H) NR: SADDLER, PRUITT, WILSON, NEUMAN
04/05/16 (H) AM: KAWASAKI
04/08/16 (H) TRANSMITTED TO (S)
04/08/16 (H) VERSION: HB 254
04/09/16 (S) READ THE FIRST TIME - REFERRALS
04/09/16 (S) L&C, FIN
04/12/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 55

SHORT TITLE: OPTOMETRY & OPTOMETRISTS

SPONSOR(s): GIESSEL BY REQUEST

02/18/15 (S) READ THE FIRST TIME - REFERRALS
02/18/15 (S) HSS, L&C
03/18/15 (S) HSS AT 1:30 PM BUTROVICH 205
03/18/15 (S) Heard & Held
03/18/15 (S) MINUTE (HSS)
02/01/16 (S) HSS AT 1:30 PM BUTROVICH 205
02/01/16 (S) Moved SB 55 Out of Committee
02/01/16 (S) MINUTE (HSS)
02/08/16 (S) HSS RPT 3DP 1NR
02/08/16 (S) DP: STEDMAN, STOLTZE, GIESSEL
02/08/16 (S) NR: ELLIS
03/10/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/10/16 (S) Heard & Held
03/10/16 (S) MINUTE (L&C)
03/29/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/29/16 (S) Heard & Held
03/29/16 (S) MINUTE (L&C)
04/12/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

WESTON EILER, Staff
Senate Labor and Commerce Standing Committee and
Senator Mia Costello
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Reviewed the changes in the CS for SB 118; the CS for HB 314; and the CS for SB 55.

BRENT GOODRUM, Director
Division of Mining, Land and Water
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Provided supporting testimony for SB 118.

GRACE ABBOTT, Staff
Representative Charisse Millett
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 125 on behalf of the sponsor.

KACI SCHROEDER, Assistant Attorney General
Legal Services Section
Criminal Division
Department of Law (DOL)
Juneau, Alaska

POSITION STATEMENT: Testified that the administration does not have an official position on HB 125.

SEAN MOORE
Consumer Health Care Product Association (CHCPA)
Washington, D.C.

POSITION STATEMENT: Testified in support of HB 125.

BRITTENY CIONI-HAYWOOD, Director
Division of Economic Development
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions related to HB 314.

DOUG GRIFFIN
Southwest Alaska Municipal Conference
Anchorage, Alaska

POSITION STATEMENT: Testified that the reporting requirements called for in HB 314 would not be problematic for the SWAMC ARDOR.

REPRESENTATIVE SHELLEY HUGHES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 314.

FRED PARADY, Deputy Commissioner
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Provided supporting testimony for SB 206.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Provided supporting information for SB 206.

SHEELA TALLMAN, Legislative Policy Manager
Premera Blue Cross Blue Shield of Alaska
Seattle, Washington

POSITION STATEMENT: Testified that Premera supports SB 206.

JASON GOOTEE, Director
MODA Health
Anchorage, Alaska

POSITION STATEMENT: Testified that MODA supports SB 206

STEVE HANDY, Staff
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 254 on behalf of the sponsor.

KRIS CURTIS, Legislative Auditor
Division of Legislative Audit
Juneau, Alaska

POSITION STATEMENT: Summarized the legislative audit findings related to HB 254.

SARAH CHAMBERS, Operations Manager
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions relating to HB 254.

SAM ROHRER, President
Alaska Professional Hunters Association (APHA)
Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 254.

DICK ROHRER, representing himself
Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 254.

ROD ARNO, Executive Director
Alaska Outdoor Council (AOC)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 254.

ACTION NARRATIVE

[1:36:42 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Senators Meyer, Stevens, and Chair Costello.

SB 203-MEDI-VAC FLIGHT CREW OVERTIME PAY

[1:37:31 PM](#)

CHAIR COSTELLO announced the consideration of SB 203. She relayed the intent to adopt a committee substitute (CS), take members questions, and look to the will of the committee.

[1:37:38 PM](#)

At ease

[1:37:55 PM](#)

CHAIR COSTELLO reconvened the meeting and clarified that there is no committee substitute.

SENATOR GIESSEL joined the committee.

[1:38:44 PM](#)

SENATOR MEYER moved to report SB 203, labeled 29-LS1566\A, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, SB 203 is reported from the Senate Labor and Commerce Standing Committee.

[1:38:56 PM](#)

At ease

SB 118-DNR LAND DISPOSAL SURVEYS; PEER REVIEW

[1:40:20 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 118. She relayed the intent to adopt a

committee substitute, hear from the department and hold the bill in committee.

[1:41:07 PM](#)

SENATOR MEYER moved to adopt the work draft CS for SB 118, labeled 29-LS0318\E, as the working document.

CHAIR COSTELLO objected for an explanation of the changes.

[1:41:32 PM](#)

WESTON EILER, Staff, Senate Labor and Commerce Standing Committee and Senator Mia Costello, explained that the CS for SB 118 removes the involvement of the Board of Registration for Architects, Engineers, and Land Surveyors and the Department of Commerce, Community and Economic Development from the peer review process for land survey work. He relayed the sponsor's intent to continue to work with the Department of Natural Resources to avoid additional cost to the state.

Section 1 provides that if the department notifies a person within two weeks of its intention to review a survey, the person has the alternate option of working directly with a qualified land surveyor who will conduct the review. He noted that the Municipality of Anchorage employs this model for peer review.

Section 2 relating to powers of the commissioner is the same as Section 5 of the original bill. It adds a new paragraph (9) providing for peer review of a survey.

Section 3 has transition language that largely mirrors the effect of the original bill.

[Section 4 provides for an immediate effective date.]

CHAIR COSTELLO removed her objection and the CS for SB 118 was adopted.

[1:45:04 PM](#)

BRENT GOODRUM, Director, Division of Mining, Land and Water, Department of Natural Resources (DNR), provided supporting testimony for SB 118. He said the department has reduced the backlog of authorizations more than 63 percent since FY2012. Several of those authorizations had ties to survey work and the department has identified improvements it can make in this area. DNR is interested in ensuring a timely turnaround of these important land ownership documents and that a quality product goes out the door.

CHAIR COSTELLO expressed appreciation for what the department has done to address the backlog. She said she looks forward to continuing to work with the department pursuing this type of approach that has seen some success in other jurisdictions.

[1:47:04 PM](#)

CHAIR COSTELLO held SB 118 in committee.

[1:47:17 PM](#)

At ease

HB 125-RESTRICTIONS ON SALE OF DEXTROMETHORPHAN

[1:47:20 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 314. She relayed the intent to hear from the sponsor and the administration, take member's questions, and hold the bill for future consideration.

[1:47:58 PM](#)

GRACE ABBOTT, Staff, Representative Charisse Millett, introduced HB 125 on behalf of the sponsor speaking to the following sponsor statement:

For over 50 years, families have relied upon cough and cold medicines containing dextromethorphan (DXM) to treat their coughs. Today, more than 100 over the counter cough and cold products contain DXM. When used correctly, DXM-containing medicines are safe and effective, but when abused can produce dangerous side effects. According to a 2013 National Institute of Drug Abuse study, four percent of teenagers - 8th graders through 12th graders - have intentionally taken exceedingly large amounts of cough medicine containing DXM to get high. At high doses, e.g. 8 to 50 times the maximum labeled dose, DXM can produce hallucinations, confusion, blurred vision, nausea, excessive fatigue, and loss of motor control.

To help address this problem and combat the number of teens who abuse DXM, House Bill 125 prohibits the sale of DXM to those under 18 years of age without a prescription. This simple step, asking for proof of age prior to sale, would maintain access to effective, over the counter cough medicines for Americans who use them to treat cough symptoms associated with colds and

the flu, while limiting access to the small but significant number of adolescents who might abuse them. The penalty for those who sell to minors would be a \$150 for the first violation, and \$250 for the second and any future violation. Alaskans take substance abuse issues very seriously, and the abuse of DXM should be no exception.

[1:50:42 PM](#)

KACI SCHROEDER, Assistant Attorney General, Legal Services Section, Criminal Division, Department of Law (DOL), stated that the administration does not have an official position on HB 125, but believes that Ms. Abbott accurately articulated the problem and that the bill can be implemented as drafted.

[1:51:32 PM](#)

CHAIR COSTELLO opened public testimony on HB 125.

[1:51:54 PM](#)

SENATOR MEYER asked if products containing DXM would be placed behind the counter and customers would need to show ID and register in order to make a purchase.

MS. ABBOTT said no, but an ID check would be triggered at the point of sale. The concern with dextromethorphan relates to age, whereas the concern with Sudafed is the potential manufacture of another drug.

SENATOR MEYER asked if there is a penalty for young people who try to purchase dextromethorphan.

MS. ABBOTT said there is no intent to penalize anyone purchasing the drug; the onus is on the vender.

SENATOR MEYER asked if the vender would display an information sign to keep young people from attempting to purchase the medicine.

MS. ABBOTT replied many retailers voluntarily have put up signs and she believes that is an effective way to get the message across.

[1:54:16 PM](#)

SEAN MOORE, Consumer Health Care Product Association (CHCPA), said he is speaking in support of HB 125 on behalf of the national trade association that represents the over-the-counter medicine industry. They have worked closely with the sponsor. He

summarized that the bill would simply prohibit the sale of over-the-counter products containing dextromethorphan to those under age 18. The drug was first approved by the Food and Drug Administration (FDA) in the 1950s and now is the most widely used cough suppressant on the market. It is nonnarcotic and does not produce physical dependence when taken according to the directions. However, a significant number of teens have been abusing DXM to get high, often ingesting as much as 25 times the recommended dose. This can produce side effects that include distortions of color and sound, confusion, loss of motor control, nausea and vomiting. The National Institute on Drug Abuse in 2009 reported that about 5.25 percent of teens in grades 8, 10, and 12 admitted abusing DXM in the past year.

MR. MOORE said the industry takes the issue of medicine abuse very seriously and has committed to the FDA to help reduce the abuse rate. As part of that effort, they have partnered with organizations that have expertise in preventing and reducing medicine abuse by youth. Members of CHCPA have voluntarily committed to include bold warnings on their packaging and directing parents to a website. More recently, they have begun supporting legislation similar to HB 125. He emphasized that this is an easy bipartisan issue and the evidence shows that it is working. He urged the committee to support HB 125.

[1:57:51 PM](#)

CHAIR COSTELLO closed public testimony and held HB 125 in committee for future consideration.

HB 314-AK REG ECON ASSIST. PROGRAM; EXTEND

[1:58:11 PM](#)

CHAIR COSTELLO announced the consideration of HB 314. She relayed the intent to adopt a committee substitute (CS), take member's questions, and look to the will of the committee.

[1:58:38 PM](#)

SENATOR GIESSEL moved to adopt the CS for HB 314, labeled 29-LS1381\P], as the working document. [The presumption is that the committee intended to adopt a Senate committee substitute for the House bill.]

CHAIR COSTELLO objected for an explanation of changes.

[1:59:07 PM](#)

WESTON EILER, Staff, Senate Labor and Commerce Standing Committee and Senator Costello, said the committee substitute

makes two changes. First, language in Section 3 on page 3, lines 6-11, requires the Department of Commerce, Community and Economic Development (DCCED) to coordinate with the ARDORS to produce an annual report to the legislature that summarizes the previous year's activities of each of the regional development organizations. The second change appears in Section 4 on page 4, removing the sunset provision for the ARDOR program. The program is reauthorized but not funded. The original bill repealed the sunset provision for the ARDOR program on July 1, 2021.

[2:01:17 PM](#)

CHAIR COSTELLO removed her objection and the CS for HB 314 was adopted. [The presumption is that the committee intended to adopt a Senate committee substitute for the House bill.]

[2:01:55 PM](#)

BRITTENY CIONI-HAYWOOD, Director, Division of Economic Development, Department of Commerce, Community and Economic Development (DCCED), introduced herself and offered to answer questions related to HB 314.

CHAIR COSTELLO asked if the reporting requirements in the CS would be unduly burdensome for the ARDORS.

MS. CIONI-HAYWOOD said no. She related she spoke with several ARDORS who indicated that the reporting requirements would not be burdensome; most of the ARDORS will be producing this information anyway.

CHAIR COSTELLO asked if it is the department's intent that the reports will be submitted electronically.

MS. CIONI-HAYWOOD replied her division no longer prints reports; they are posted electronically and that is the intention moving forward.

CHAIR COSTELLO asked Mr. Griffin to answer the same question.

[2:04:14 PM](#)

DOUG GRIFFIN, Southwest Alaska Municipal Conference (SWAMC), stated that the reporting requirements called for in HB 314 would not be problematic. "We generally want you to know what we're doing out here so that is not going to be a problem at all," he said.

CHAIR COSTELLO asked the sponsor if she would like to make any final comments.

[2:04:43 PM](#)

REPRESENTATIVE SHELLEY HUGHES, Alaska State Legislature, sponsor of HB 314, said she appreciates the committee substitute. She added, "If the ARDORs are okay with it I'm good with it; this is really to help them move along." She acknowledged that some of the smaller ARDORs may have some concern but she hasn't heard from any. She opined that the data collected will be important over time.

[2:05:39 PM](#)

SENATOR GIESSEL moved to report the CS for HB 314, labeled 29-LS1381\P, from committee with individual recommendations and attached fiscal note(s). [The presumption is that the committee intended to report a Senate committee substitute for the House bill from committee.]

CHAIR COSTELLO announced that without objection, [SCS HB 314(L&C)] is reported from the Senate Labor and Commerce Standing Committee.

[2:06:06 PM](#)

At ease

SB 206-REINSURANCE PROGRAM; HEALTH INS. WAIVERS

[2:06:57 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 206. She noted this is the second hearing and public testimony is closed. She relayed the intent to hear from the administration, take questions, and look to the will of the committee.

[2:07:36 PM](#)

FRED PARADY, Deputy Commissioner, Department of Commerce, Community and Economic Development (DCCED), stated that SB 206 addresses the fragile condition of Alaska's individual health insurance market. This segment of the insurance market has experienced back-to-back increases of about 36 percent. There are just two remaining insurance carriers in the state and one has been significantly stressed this year. He said SB 206 provides a restructure of the ACHIA program that is grounded in prior Alaska statute.

CHAIR COSTELLO welcomed Senator Stevens.

MR. PARADY directed attention to the highlighted table in the packets from the Division of Insurance 2015 annual report. It shows 236,000 covered lives; the federal reinsurance program - Affordable Care Act 2016 annual fee per member per month of \$2.25; and a 3 percent tax that averages \$30 per member per month for an individual and \$18 per month for a group. For the purposes of the analysis, those two items sunset at the end of 2016.

Page 2 reflects a \$19.36 per month assessment - the rough equivalent to the expiring federal taxes and fees for ACHIA - on the 236,000 covered lives that would generate about \$55 million. The premium impact on the individual market would reduce costs to individuals roughly 15 percent to 18 percent. The division anticipates another year of 36 percent to 40 percent increases so SB 206 would substantially moderate those ongoing cost increases for the 22,000 Alaskans that are insured in the individual market. SB 206 offers a straightforward and doable, but not perfect, solution.

CHAIR COSTELLO mentioned the \$19.38 per member per month estimated reinsurance limit and asked Ms. Wing-Heier if the division had identified the higher cost codes it would capture through the reinsurance.

[2:11:19 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), explained that the division asked the insurance companies and reinsurance companies that were writing in the individual market at the time to submit their claim data and they quantified it for the first 10 highest cost claims, the top 20, the top 30, and the top 40. Those are the claims that are identified as set 1, 2, 3, and 4. The final page of the set of documents titled "Annualized Adjustment Estimate" shows all the data combined. The claims themselves are identified by hierarchical claim condition (HCC) code throughout the document. On each of the last 4 pages, 10 more conditions are added; those are top drivers in the market.

CHAIR COSTELLO asked her to describe the nature of the problem and what SB 206 attempts to achieve.

MS. WING-HEIER said the bill was introduced because the individual insurance market in Alaska is very small and has experienced nearly 40 percent rate increases the last two years. There is no reason to believe that there won't be a third year of rate increases in the individual market of close to 40

percent. There are two remaining insurers in Alaska and one has been financially stressed this year. The insured population is about 23,000 and there is no reason to think it's going to grow at this time. Alaska has had a high risk pool for a number of years, and the idea is to take the individuals that would have been in the high risk pool had it not been for the Affordable Care Act, and place them back into the high risk pool. They will be funded in the high-risk ACHIA pool as they were funded before the Affordable Care Act. This will spread the cost over the entire marketplace (covered lives) as was done before the implementation of the Affordable Care Act. What that hopefully will do is drive the cost down of the individual market or at least stabilize it so people can afford to keep their premiums. She acknowledged that for some there may be a few dollars per month increase, but for those in the individual market there will be a stabilization. Hopefully this will result in insurers staying in the market in Alaska or attract other business.

She shared that since SB 206 was introduced it has received press in the Lower 48. She listed the states that have called asking what is being done with this reinsurance bill because they are experiencing the same struggles.

[2:18:08 PM](#)

At ease

[2:18:48 PM](#)

CHAIR COSTELLO reconvened the meeting and invited Ms. Tallman to comment on the bill.

[2:18:59 PM](#)

SHEELA TALLMAN, Legislative Policy Manager, Premera Blue Cross Blue Shield of Alaska, testified in support of SB 206. She described the individual health insurance market in Alaska as in crisis. The average benchmark plan premium is the highest in the country at over \$700 per month; the next highest cost state is \$468 per month. Premium increases of 40 percent for the past two years have a significant impact when the premium is already so high.

She said the subsidies will help many, but over 1,200 individuals with Premera coverage do not qualify. She expressed concern that premiums will continue to skyrocket due to the small size of the individual pool and the small but significant number of individuals in the pool that have high-cost conditions. These individuals destabilize the pool and dramatically impact costs.

MS. TALLMAN noted that while some insurers have opted to exit the individual market, Premera and MODA Health have been working collaboratively to come up with a sustainable option for Alaskans. Premera supports a balanced assessment that will not place undue burdens on the group market and will also provide some relief to the individual market. SB 206 aims to do this. She urged the committee to support the legislation.

[2:21:16 PM](#)

JASON GOOTEE, Director, MODA Health, Anchorage, Alaska, stated that MODA supports SB 206 as a way of addressing the variability inherent in the Alaska individual insurance market. He said the expansion of the individual market has been difficult for many insurers because the health of the population nationally is worse than expected and Alaska is no exception. Of particular concern in Alaska is the relatively small number of people in the individual market over which to spread the risk.

He reported that MODA has collaborated with the Division of Insurance, Premera Blue Cross Blue Shield of Alaska and ACHIA on a reinsurance program aimed at helping to stabilize this market. MODA and Premera have provided detailed claims data through ACHIA to an actuarial consulting firm to model the impact of such a program. MODA's actuaries have been reviewing the analysis and providing feedback to ensure that the results are sound. He restated support for SB 206 as a means of improving the predictability of the individual pool when setting future rates.

[2:23:11 PM](#)

CHAIR COSTELLO closed public testimony and solicited a motion. She noted the bill has a finance referral.

[2:23:48 PM](#)

At ease

[2:23:59 PM](#)

SENATOR GIESSEL moved to report SB 206, labeled 29-GS2126\A, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, SB 206 is reported from the Senate Labor and Commerce Standing Committee.

[2:24:30 PM](#)

At ease

HB 254-EXTEND BIG GAME COMMERCIAL SERVICES BOARD

[2:26:34 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 254. She relayed the intent to hear from the sponsor, hear a legislative audit update, hear from the administration, take questions and public testimony, and look to the will of the committee.

[2:27:01 PM](#)

STEVE HANDY, Staff, Representative Louise Stutes, Alaska State Legislature, introduced HB 254 on behalf of the sponsor speaking to the following sponsor statement:

House Bill 254 extends the Big Game Commercial Service Board's (BGCSB) sunset date from June 30, 2016, to June 30, 2019.

The BGCSB provides a legislative command to assist in resource conservation and consumer protection. The Board develops professional and ethical standards, administers exams, makes final licensing decisions and takes civil action against persons who violate regulations.

The BGCSB is staffed by the Division of Corporations, Business and Professional Licensing. The BGCSB consists of two licensed Registered Guide Outfitters, two licensed Transporters, two private landholders, two public members, and one member from the Board of Game. Board members are appointed by the Governor and confirmed by the Legislature.

The Board's regulated professions include Assistant Guide, Class A Assistant Guide, Master Guide Outfitter, Registered Guide Outfitter, Retired Guide Outfitter, and Transporter.

MR. HANDY noted that the McDowell Group reported in 2012 that guided hunting in Alaska accounted for 2,210 jobs and \$35 million in labor income, generated \$78 million in economic activity, and brought in nearly \$2 million from hunting licenses and big game tags.

MR. HANDY mentioned the legislative audit and posited that an oversight by the legislature that allowed the board to sunset contributed to some of that debt. He noted that the legislature reinstated the board in December 2015 and SB 206 will extend the current sunset to 2019. He concluded saying that the Big Game Commercial Services Board is essential to the safety of hunters, guides and transporters and to the management of the resource itself. He requested the committee pass HB 254.

CHAIR COSTELLO asked him to submit his comments to the committee in written form.

SENATOR STEVENS asked what happens if the bill doesn't pass.

MR. HANDY replied the board will sunset on June 30, 2016 and will completely shut down in about one year.

[2:31:01 PM](#)

SENATOR MEYER asked if he read that the board is running a \$1 million deficit.

MS. HANDY said he believes it has decreased substantially since that number was published. He deferred further comment on the deficit to the auditor.

[2:31:37 PM](#)

KRIS CURTIS, Legislative Auditor, Division of Legislative Audit, related that the division conducted a sunset review looking at whether the Big Game Commercial Services Board was serving the public interest and should be extended. Overall, the audit found the board provided assurance that individuals licensed to guide, outfit hunts, and transport hunters to and from hunt locations are qualified to do so. Also, the board's regulation and licensing of qualified guides, guide-outfitters, and transporters benefited the public safety and safeguarded the state's wildlife resources.

In recognition that the board reported a \$1 million deficit as of April 30, 2015, the division recommended a conditional three-year extension. The condition is the board demonstrate in January that it has the capacity to address its deficit. When the audit was done last summer, there were proposed regulations to increase licensing fees and add new activity fees. Both the division and the board believed those fees would be able to address the deficit, but the regulations were in draft form at the time of the audit.

MS. CURTIS said the audit also recommended four operational improvements. The first was to the director of the Division of Corporations, Business and Professional Licensing (DCBPL) to ensure that staff adhere to procedures to provide efficient and effective support to the board. This is a repeat finding and while there were some improvements, problems continue in the area of public noticing exams and meetings. Additional improvement was recommended in those areas.

The second recommendation was for the director of DCBPL to take steps to improve the timeliness of investigations. The audit looked at 25 investigative cases and 17 had periods of inactivity. According to the lead investigator, this was due to a lack of resources to address the large case load. The audit also found problems with effective case monitoring.

The third recommendation was for the board and the director of DCBPL to work together to increase licensing fees to address the board deficit. This is the third time an audit has recommended addressing the deficit. The 2011 audit found the board had a deficit of \$374 thousand, and the audit warned that it was likely to increase if the board did not increase fees or reduce expenditures. The deficit as of April last year was over \$1 million. The growth was due to various factors. The board delayed increasing the fees, there was a reduction in the number of license renewals, and the division reallocated its indirect costs that resulted in another \$200 thousand increase in the deficit.

To address the deficit after the 2011 audit, the division proposed an increase in fees between 61 percent and 68 percent. The division did not carry through and raise the fees at that point, but did increase them about 44 percent in FY2014. However, the revenues were not enough to cover expenditures and the deficit continued to grow. The division has indicated it will raise fees and the belief is that those will be effective in addressing the deficit.

The fourth recommendation is for the division director to ensure that the transporter license renewal application form complies with statute. The statute requires the licensees to sign an affidavit in the application that all activity reports have been filed with the department. The audit found no affidavit.

MS. CURTIS reported that overall, the department and board concurred with all the recommendations.

[2:37:40 PM](#)

SENATOR STEVENS asked if her office monitors the board's progress in following the recommendations of the audit.

MS. CURTIS said there is no mechanism to formally monitor progress unless the audit division is formally requested to do so.

[2:38:31 PM](#)

SARAH CHAMBERS, Operations Manager, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), introduced herself.

SENATOR GIESSEL said she assumes that the \$20 thousand reflected in the narrative of the fiscal note is for board travel.

MS. CHAMBERS confirmed the travel is for board members and one staff to attend board meetings. Typically there are two each year, one in Anchorage and one in Fairbanks.

SENATOR GIESSEL suggested the board find ways to reduce traveling costs.

CHAIR COSTELLO asked her to comment on the work to improve the financial standing of boards and her role in helping to address the recommendations in this audit.

MS. CHAMBERS advised that the division has been working for several years with legislative finance, the director of administrative services, and the boards to improve the fee analysis structure by making it more detailed. She noted that board members now receive an interactive Excel spreadsheet that gives a better picture of the impact of different fees. She said that while fees were raised in 2013 and 2015, Legislative Finance warned that trying to eradicate the deficit in one fell swoop would probably put many of the guides and transporters out of business.

She explained that the board and division paid special attention to ensure that non-contracting guides are not penalized. Some of the burden was placed on guides that contract and they also looked for new revenue sources. The hot record and transporter activity report database was restructured in response to the 2011 legislative audit, and a fee was attached to compensate for staff time helping state troopers fulfil their statutory need for that information.

[2:43:33 PM](#)

SENATOR STEVENS asked who is objecting to the fee increases.

MS. CHAMBERS replied transporters, in particular, have expressed concern about the impact of the new transporter activity report fee on their businesses. She has met twice with the transporter subcommittee to solicit new ideas, but the bottom line is that it's necessary to go forward with the deficit reduction.

SENATOR STEVENS commented that it sounds as though the fee structure is in some form of evolution.

MS. CHAMBERS clarified that last November the fees for this renewal period were adopted by the director and signed by the lieutenant governor. The deficit was below \$900 thousand after the second quarter and the third quarter report is anticipated to show additional reduction. She maintained that the division has met the legislative commitment to set fees and will continue to review them through the annual fee analysis.

[2:46:31 PM](#)

SENATOR GIESSEL suggested that transporters pass the licensing fees on to their clients. She pointed out that other boards are subsidizing the shortfall of the Big Game Commercial Services Board and it can't go on. She asked what the transporter license fee is currently.

MS. CHAMBERS replied it is \$850 every two years.

SENATOR GIESSEL pointed out that the fee isn't as high as for other licensed professions such as direct entry midwives. She called on guides, outfitters, and transporters to step up and take responsibility.

[2:48:52 PM](#)

CHAIR COSTELLO opened public testimony on HB 254.

[2:49:06 PM](#)

SAM ROHRER, President, Alaska Professional Hunters Association (APHA), testified in support of HB 254. He said the board is critical to the long-term viability of the guide industry. It provides a conduit for meaningful input on regulations and provides for reasonable testing standards. He highlighted that the guiding industry supported the most recent fee increases. He encouraged the committee to move the bill today.

[2:50:20 PM](#)

DICK ROHRER, representing himself, Kodiak, Alaska, testified in support of HB 254. He related that he became involved in the guiding industry in 1965 when he moved to Alaska and has been through various sunseting and reinstatement of the board. He also served two terms on the board, beginning in 2005, after the board was reinstated. At that time the board, with Senator Steven's help, was able to clarify that privately owned cabins, particularly in remote areas, could be rented to big game hunters without the owner being required to have a guide or transporter license. That favored resident hunters. He also clarified that the point-to-point air taxi operators that do not advertise specifically for transporting hunters or don't charge an extra fee are not required to have a transporter license. Therefore, resident hunters that choose to use air taxi services are not affected. As a past board member, he encouraged the committee to move the bill today.

SENATOR STEVENS asked Dick Rohrer if he supports the fee increases.

DICK ROHRER confirmed that he supports the fees and expressed strong support for the current chief investigator. He expects she will bring investigative costs under control and good progress will be made in the next three years.

[2:55:06 PM](#)

CHAIR COSTELLO closed public testimony on HB 254. She stated her intent to move the bill to give Senate Finance time to review it.

[2:55:16 PM](#)

At ease

[2:59:01 PM](#)

CHAIR COSTELLO reconvened the meeting and reopened public testimony.

[2:59:24 PM](#)

ROD ARNO, Executive Director, Alaska Outdoor Council (AOC), testified in support of HB 254. He said the Big Game Commercial Services Board is needed now more than ever. As federal land managers change their purpose, the guiding industry will be in a pinch on federal lands which will put more pressure on state lands. That is where most Alaskan residents are hunting, particularly those from non-subsistence areas. He urged the committee to pass the bill to extend the sunset on the board.

SENATOR GIESSEL requested he pass along her comments that other boards have been subsidizing the Big Game Commercial Services Board for many years, and it's time for these professions to step up.

MR. ARNOS replied the AOC supports the increased fees.

[3:01:28 PM](#)

CHAIR COSTELLO closed public testimony on HB 254.

[3:01:37 PM](#)

SENATOR GIESSEL moved to report HB 254, labeled 29-LS1309\A, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, HB 254 is reported from the Senate Labor and Commerce Standing Committee.

[3:01:58 PM](#)

At ease

SB 55-OPTOMETRY & OPTOMETRISTS

[3:07:13 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 55. She relayed the intent to adopt a committee substitute (CS), take member's questions, and look to the will of the committee.

[3:07:28 PM](#)

SENATOR GIESSEL moved to adopt the CS for SB 55, labeled 29-LS0524\I, as the working document.

CHAIR COSTELLO objected for an explanation of the changes.

[3:07:43 PM](#)

WESTON EILER, Staff, Senate Labor and Commerce Standing Committee and Senator Mia Costello, explained the changes in the CS for SB 55, version I.

Section 1 - page 1, lines 8-249, adds text under paragraph (4) relating to regulations for the treatment of eye disease. Page 1, lines 12-14, adds a new paragraph (6) relating to regulations that the State Medical Board agrees to regarding the scope of practice to perform ophthalmic surgery and noninvasive procedures.

Section 4 - page 2, lines 18-24 adds new subsections to AS 08.72.272. Subsection (e) prohibits a licensee from injecting a derivative of clostridium botulinum in the ocular globe of the eye. Subsection (f) provisionally prohibits a licensee from prescribing more than a 7-day supply of a controlled substance. Patients needing a refill shall be referred to a licensed physician or ophthalmologist.

Section 5 - page 2, lines 25-31 through page 3, line 1, adds a new Sec. 08.72.278. Subsection (a) states that a licensee may perform services of optometry only if they are within the scope of the licensee's education, training, and experience as established by regulations adopted by the board. Subsection (b) prohibits a licensee from performing ophthalmic surgery described in regulation if it is beyond the scope of the licensee's education, training, and experience.

Mr. Eiler advised that Section 7 of the original bill that defined "invasive surgery" is deleted. It is addressed in the new paragraph (6) in Section 1 relating to regulations that the State Medical Board agrees to regarding the scope of practice to perform ophthalmic surgery and noninvasive procedures.

[3:11:08 PM](#)

CHAIR COSTELLO removed her objection and the CS was adopted.

SENATOR STEVENS asked if paragraph (6) in Section 1 addresses the objections that ophthalmologists have with the bill.

MR. EILER said that's the intent; the CS is a compromise that seeks to get the State Medical Board, licensed physicians, and the Board of Optometry to agree on the terms that will form the regulation in statute.

SENATOR STEVENS offered his understanding that optometrists are governed by the Board of Optometry and ophthalmologists are governed by the State Medical Board.

MR. EILER agreed adding that ophthalmologists are licensed medical doctors.

[3:12:50 PM](#)

SENATOR GIESSEL moved to report the CS for SB 55, labeled 29-LS0524\I, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection CSSB 55(L&C) is reported from the Senate Labor and Commerce Standing Committee.

3:13:12 PM

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:13 p.m.