

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

April 13, 2017

3:04 p.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Chair
Representative Bryce Edgmon, Vice Chair
Representative Sam Kito
Representative Geran Tarr
Representative David Eastman
Representative Jennifer Johnston
Representative Colleen Sullivan-Leonard

MEMBERS ABSENT

Representative Matt Claman (alternate)
Representative Dan Saddler (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 118

"An Act relating to compensation for wrongful conviction and imprisonment."

- HEARD & HELD

SENATE BILL NO. 32

"An Act relating to biological products; relating to the practice of pharmacy; relating to the Board of Pharmacy; and providing for an effective date."

- MOVED SB 32 OUT OF COMMITTEE

HOUSE BILL NO. 176

"An Act relating to medical assistance reimbursement for ground emergency medical transportation services; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 196

"An Act relating to a tax on certain opioids; relating to the alcohol and other drug abuse treatment and prevention fund; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 118

SHORT TITLE: COMPENSATION FOR WRONGFUL CONVICTION

SPONSOR(s): REPRESENTATIVE(s) KAWASAKI

02/13/17 (H) READ THE FIRST TIME - REFERRALS
02/13/17 (H) HSS, JUD, FIN
04/11/17 (H) HSS AT 3:00 PM CAPITOL 106
04/11/17 (H) Heard & Held
04/11/17 (H) MINUTE(HSS)
04/13/17 (H) HSS AT 3:00 PM CAPITOL 106

BILL: SB 32

SHORT TITLE: PRESCRIPTIONS FOR BIOLOGICAL PRODUCTS

SPONSOR(s): SENATOR(s) HUGHES

01/23/17 (S) READ THE FIRST TIME - REFERRALS
01/23/17 (S) HSS, L&C
02/10/17 (S) HSS AT 1:30 PM BUTROVICH 205
02/10/17 (S) Heard & Held
02/10/17 (S) MINUTE(HSS)
02/15/17 (S) HSS AT 1:30 PM BUTROVICH 205
02/15/17 (S) Moved SB 32 Out of Committee
02/15/17 (S) MINUTE(HSS)
02/17/17 (S) HSS RPT 2DP 1NR 1AM
02/17/17 (S) NR: WILSON
02/17/17 (S) DP: VON IMHOF, BEGICH
02/17/17 (S) AM: GIESSEL
03/07/17 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/07/17 (S) Heard & Held
03/07/17 (S) MINUTE(L&C)
03/14/17 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/14/17 (S) Moved SB 32 Out of Committee
03/14/17 (S) MINUTE(L&C)
03/15/17 (S) L&C RPT 5DP
03/15/17 (S) DP: COSTELLO, HUGHES, MEYER, STEVENS,
GARDNER
03/15/17 (S) FIN REFERRAL ADDED AFTER L&C
03/29/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/29/17 (S) Heard & Held
03/29/17 (S) MINUTE(FIN)
03/30/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/30/17 (S) Moved SB 32 Out of Committee
03/30/17 (S) MINUTE(FIN)

03/31/17 (S) FIN AT 1:30 PM SENATE FINANCE 532
03/31/17 (S) -- MEETING CANCELED --
04/03/17 (S) FIN RPT 1DP 3NR 1AM
04/03/17 (S) NR: MACKINNON, BISHOP, DUNLEAVY
04/03/17 (S) DP: VON IMHOF
04/03/17 (S) AM: OLSON
04/04/17 (S) TRANSMITTED TO (H)
04/04/17 (S) VERSION: SB 32
04/05/17 (H) READ THE FIRST TIME - REFERRALS
04/05/17 (H) HSS, FIN
04/11/17 (H) HSS AT 3:00 PM CAPITOL 106
04/11/17 (H) Heard & Held
04/11/17 (H) MINUTE (HSS)
04/13/17 (H) HSS AT 3:00 PM CAPITOL 106

BILL: HB 176

SHORT TITLE: GROUND EMER. MEDICAL TRANSPORT PAYMENTS

SPONSOR(S): REPRESENTATIVE(S) FANSLER

03/14/17 (H) READ THE FIRST TIME - REFERRALS
03/14/17 (H) HSS, FIN
04/13/17 (H) HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

OLIVIA GARRETT, Staff
Representative Scott Kawasaki
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 118 on behalf of the bill sponsor, Representative Kawasaki.

TIFFANY MERRITT, Graduate Student
University of North Carolina
Greensboro, North Carolina

POSITION STATEMENT: Testified in support of HB 118.

WILLIAM HARRINGTON
Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of HB 118.

AIMEE BUSHNELL, Staff
Senator Shelley Hughes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 32 on behalf of the bill sponsor, Senator Hughes.

SENATOR SHELLEY HUGHES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Reviewed SB 32 as the sponsor of the bill.

ROBERT THOMS
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 32.

CINDY CASERTA
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 32.

BECKY HULTBERG, President/CEO
Alaska State Hospital and Nursing Home Association (ASHNHA)
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 32.

PHIL SCHNEIDER
Alliance for Safe Biologic Medicines
Phoenix, Arizona

POSITION STATEMENT: Testified in support of SB 32.

KERRY McCLELLAND
Colon Cancer Alliance
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 32.

MARK GUIMOND, Director
Legislative Affairs
Arthritis Foundation
Washington, DC

POSITION STATEMENT: Testified in support of SB 32.

THOMAS FELIX, MD
Amgen
Washington, DC

POSITION STATEMENT: Testified in support of SB 32.

CRYSTAL KOENEMAN
Juneau, Alaska

POSITION STATEMENT: Testified during discussion of SB 32.

REPRESENTATIVE ZACH FANSLER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 176 as the sponsor of the bill.

MARGARET BRODIE, Director
Director's Office
Division of Health Care Services
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of HB 176.

BILL HOWELL, Fire Chief
City of Bethel
Bethel, Alaska

POSITION STATEMENT: Testified in support of HB 176.

ALEX BOYD, Assistant Chief
Anchorage Fire Department
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 176.

RICHARD ETHERIDGE, Fire Chief
Juneau, Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 176.

SCOTT CLOUGH
AP Triton
Retired Fire Chief
Sacramento, California

POSITION STATEMENT: Testified during discussion of HB 176.

ACTION NARRATIVE

[3:04:54 PM](#)

CHAIR IVY SPOHNHOLZ called the House Health and Social Services Standing Committee meeting to order at 3:04 p.m. Representatives Spohnholz, Sullivan-Leonard, Edgmon, Johnston, and Tarr were present at the call to order. Representatives Kito and Eastman arrived as the meeting was in progress.

HB 118-COMPENSATION FOR WRONGFUL CONVICTION

[3:05:50 PM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 118, "An Act relating to compensation for wrongful conviction and imprisonment."

[3:06:17 PM](#)

OLIVIA GARRETT, Staff, Representative Scott Kawasaki, Alaska State Legislature, summarized from the Sponsor Statement [Included in members' packets], which read:

Our judicial system is meant to incarcerate the guilty and protect the innocent. If the system fails Alaskans, then the state is responsible to help the innocent get back on their feet.

With increasing technology, DNA exonerations have been on the rise. There have been 349 postconviction DNA exonerations since 1989 with the vast majority occurring since 2000. These individuals spent an average of 14 years behind bars and were released into a changed world. House Bill 118 gives these wrongfully imprisoned victims a chance to start a new life and integrate back into society.

Specifically, HB 118 creates an administrative process whereby victims of overturned criminal convictions can request compensation from the state for time served. They can be compensated up to \$50,000 per year with a lifetime cap at \$2 million, University of Alaska tuition for themselves and their children, state-funded health care including mental health services, up to 3 years of state funded job training services and economic damages including lost wages and attorney fees. In order to qualify for the compensation, the claimant must have served time in prison and then have been exonerated via retrial, dismissed charges, or executive pardon because of innocence.

While there is no price on the emotional and personal suffering of those who were wrongfully imprisoned, HB 118 would bring Alaska up to the federal compensation standards to help right the state's wrong. Financial compensation would help victims of wrongful imprisonment repair their lives by covering costs of education, healthcare, housing and transportation.

Thirty-two states and the District of Columbia have some sort of compensation statute. Every innocent person, regardless of how they became incarcerated, deserves just compensation for the time they wrongly served. HB 118 is a stepping stone in a long process towards ensuring justice for all Alaskans.

[3:07:10 PM](#)

CHAIR SPOHNHOLZ opened public testimony on HB 118.

[3:07:28 PM](#)

TIFFANY MERRITT, Graduate Student, University of North Carolina, noted that she was born and raised in Alaska and was currently attending graduate school at the University of North Carolina. She shared that her master's research was in Sociology, with a concentration in Criminology. She reported that, for three years, she had been doing research on wrongful convictions and she had created a database for the amount of financial redress received by death row exonerees. She stated that only 40 percent of death row exonerees received redress, and that only 31 states had compensation statutes, pointing out that Alaska did not have this statute, even as former Senator Ted Stevens was "technically an exoneree." She reported that exonerees had had everything taken from them. After years of incarceration and the loss of many workable years with the attendant job experience, they were released with a host of health and mental health problems. She relayed that much of this could be addressed by the proposed bill. She stated that the compensation package in the proposed bill was "probably one of the best I've seen in my research." She declared her support for the proposed bill, noting that the United Nations had mandated for countries to provide compensation for those who were wrongfully convicted within their borders.

[3:09:42 PM](#)

WILLIAM HARRINGTON urged swift passage of the proposed bill, and he suggested to amend the bill to include past incidences. He stated that the current treatment of wrongfully convicted in Alaska showed "no dignity." He said that it was necessary for a strong message of dignity to be sent from the Alaska State Legislature and the governor to its citizens.

[3:11:44 PM](#)

CHAIR SPOHNHOLZ closed public testimony.

[3:12:04 PM](#)

CHAIR SPOHNHOLZ announced that HB 118 would be held over.

SB 32-PRESCRIPTIONS FOR BIOLOGICAL PRODUCTS

[3:12:06 PM](#)

CHAIR SPOHNHOLZ announced that the next order of business would be SENATE BILL NO. 32, "An Act relating to biological products; relating to the practice of pharmacy; relating to the Board of Pharmacy; and providing for an effective date."

[3:12:35 PM](#)

AIMEE BUSHNELL, Staff, Senator Shelley Hughes, Alaska State Legislature, briefly recapped the main points of the proposed bill, which included: only bio-similars approved by the U.S. Food and Drug Administration (FDA) as interchangeables could be substituted for the original prescription; within three days of dispensation of the product to the patient, a notification must be sent to the original prescriber; and, the prescriber can write "dispense as written" on the prescription, if this is the only product the prescriber wants for the patient.

SENATOR SHELLEY HUGHES, Alaska State Legislature, reiterated that access to these medications was important to many Alaskans, and that the proposed bill described the arrangement and notifications between the doctor and the pharmacist.

[3:15:13 PM](#)

CHAIR SPOHNHOLZ opened public testimony on SB 32.

[3:15:22 PM](#)

ROBERT THOMS stated that he was also known as Cajun Bob and that he was a Vietnam combat veteran and a recipient of the Silver Star medal, as well as six Purple Hearts. He declared that he had chronic pain for more than 45 years, and that he had been diagnosed with severe rheumatoid arthritis. He reported that his original medication was not a biologic, which "after three years, it almost killed me." He said that he was then prescribed a biologic, Humera, which allowed him to enjoy a functional life after being bed ridden. He noted that, although

he was not yet 100 percent, this had allowed him to do chores and projects with his wife. He declared that, although this biologic "was a miracle," he did not know if it would always work. He emphasized that it was necessary to approve this proposed legislation immediately, as he wanted to have immediately available any approved substitute, should this current biologic cease to work.

[3:18:25 PM](#)

CINDY CASERTA shared that she was also a chronic pain sufferer, and that she spoke as an ambassador for the U.S. Pain Foundation in support of the proposed bill. She referenced a Stanford study of 6200 rheumatoid arthritis patients on biologics, pointing out that 33 percent of these patients stopped taking a biologic within two years because of a loss of effectiveness. She surmised that bio-similars could be the answer for Alaskans.

[3:20:10 PM](#)

BECKY HULTBERG, President/CEO, Alaska State Hospital and Nursing Home Association (ASHNHA), reported that the Alaska State Hospital and Nursing Home Association had consulted with hospital-based pharmacists and physicians to ensure that the proposed bill would supply the necessary guidance to ensure safe and effective treatments for patients, while providing the potential to lower pharmaceutical costs. She reported that, following this consultation, ASHNHA decided to support the proposed bill. She declared that critical components of the bill included its specific communication requirements and timelines for pharmacists associated with dispensing bio-similar medication. She stated that the proposed bill would meet the needs of pharmacists in a variety of settings, and that the proposed bill strikes the right balance for notification and communication. She reported that bio-similars and interchangeable biological products offered affordability as they would provide competition to biologic drugs, similar to the way generic drugs did for brand name drugs. She offered her belief that proposed SB 32 would protect patients and would benefit the state.

[3:21:43 PM](#)

PHIL SCHNEIDER, Alliance for Safe Biologic Medicines, paraphrased from a letter of support [included in members' packets], which read as follows [original punctuation provided]:

As the chairman and advisory board chair of the Alliance for Safe Biologic Medicines (ASBM), we are writing to urge you to support Senate Bill 32 (SB 32) regarding the pharmacy substitution of biosimilar medical products. ASBM is an organization of patients, physicians, pharmacists, manufacturers of both innovative and biosimilar medicines, researchers and others who are working together to ensure patient safety is at the forefront of the biosimilars policy discussion.

As a retired pediatric rheumatologist and a former president of the American Society of Health-system Pharmacists, we are keenly aware of the benefits of biologics in treating serious conditions like cancer, rheumatoid arthritis, diabetes, and MS. "Copies" of these medicines, called "biosimilars" have the potential to provide these therapies at reduced cost. Yet unlike generic versions of chemical drugs biosimilars are not exact duplicates of their reference products. Indeed, the complexity of biologics and their proprietary manufacturing processes mean that these "copies" can only ever be similar, never the same. Even the smallest structural difference between a biologic and its attempted copy can have a significant impact on a patient, including reduced efficacy or unwanted immune responses.

We believe that when interchangeable biosimilar products are substituted, communication between patients, pharmacists, and health care providers is essential to patient care. We fully support and are concerned that patient safety will be compromised if this legislation is not enacted.

Since 2012, ASBM has conducted surveys of physicians in eleven countries, to gather their perspectives on biosimilars. The results of these surveys have since been shared with policymakers in the U.S., Canada, Europe, and the World Health Organization in Geneva, Switzerland.

Our survey of 376 U.S. physicians found that 80% of those surveyed called communication in the event of a biosimilar substitution "very important" or "critical".

Further, 82% of U.S. physicians called the authority to block a substitution by indicating "do not substitute" or "dispense as written" on a prescription "very important" or "critical".

These results are consistent with those of physicians around the world, including those surveyed in Canada and Europe, where biosimilars are currently in clinical use. All ASBM surveys are available on our website at www.safebiologics.org/surveys.

It is our view that SB 32 appropriately reflects the importance of pharmacist-physician communication and keeping treatment decisions the purview of the physician and patient, without posing undue or onerous burdens upon the pharmacist:

It provides that only "interchangeable" biosimilars (those determined by the FDA to produce the same effects in a patient as the reference product without additional risks) may ever be substituted.

It allows a physician to prevent a substitution they consider inappropriate for their patient by writing on the prescription "dispense as written".

It provides that the pharmacist receive the patient's consent in order to make a substitution. The Alliance for Safe Biologic Medicines - PO Box 3691 Arlington, VA 22203 - www.safebiologics.org - (703) 971-1700

Finally, SB 32 requires that the pharmacist communicate to the physician within a reasonable time frame (3 days) which biologic the patient actually received - whether that prescribed by the physician, or a substituted biosimilar- so that an accurate patient record can be kept by all parties.

SB 32 will extend these valuable protections to Alaska's patients while increasing their access to biologic therapies. For these reasons, lawmakers in 26 states and Puerto Rico have passed similar bills in the past few years.

[3:24:49 PM](#)

CHAIR SPOHNHOLZ asked about the substantial differences for side effects and efficacy for interchangeable. She asked whether it was safe for pharmacists to recommend changes at the pharmacy point of sale, rather than from the prescriber.

MR. SCHNEIDER explained that biologics were medicines produced by living cells and that bio-similars were biologics, similar for the therapeutic effect and safety profile, but with minor differences which needed to be considered. He clarified that these were not considered to be interchangeable. He said that the third category was interchangeable bio-similar, which had been categorized by the FDA, based on studies which involved switching patients back and forth between the reference product to the bio-similar, and then back again. These studies had to demonstrate that the interchangeable bio-similar had no differences for both its effectiveness and its safety. He stated that the proposed bill only related to interchangeable bio-similars as considered by the FDA based on the switching studies. He added that the FDA stated that a pharmacist could switch those medicines. The purpose of the state laws was to ensure communication with the prescriber, even though that happened after the fact.

[3:28:09 PM](#)

KERRY McCLELLAND, Colon Cancer Alliance, stating that he was advocating for all cancer patients, shared his history with cancer and various treatments. He declared that it was important to pass the proposed bill so that Alaskans would not have to travel out of state.

[3:30:11 PM](#)

MARK GUIMOND, Director, Legislative Affairs, Arthritis Foundation, stated that the Foundation fully supported proposed SB 32. He pointed out that arthritis was a lifelong chronic disease, which could be debilitating. He stated that biologics offered a benefit, as they changed lives to a good quality of life. He pointed out that these were complex medications because they were live cells and were also very expensive. These represented .01 percent of prescriptions filled at pharmacies. He expressed hope that bio-similiars would have the same effect on the market as generic drugs. He suggested that it was best to pass this legislation immediately. He declared that the communication aspect of the proposed bill was essential, as it created a complete medical record for the patients. He declared support for the proposed bill.

[3:33:24 PM](#)

THOMAS FELIX, MD, Amgen, stated support for the proposed bill, and he discussed one of the five provisions, key to the bill, which was a departure from existing generic substitution law in Alaska. He pointed to the requirement for a pharmacist to communicate with a physician following the substitution of an interchangeable bio-similar. He said that this ensured that members of the health care team were talking with each other, as this created transparency and accessibility to needed information. He allowed that some had advocated for no communication as it was too burdensome. He stated that there had been work with both pharmacists and stakeholders to make sure their perspectives were represented in the proposed bill to make it less burdensome. He said that communication prior to the substitution went against the spirit of the designation of interchangeability. He shared that the federal law which allowed the bio-similar pathway, the description for interchangeability was for the pharmacist to exercise their discretion for substitution without the consent of the prescriber. He relayed that it was important to understand that this facilitated drug safety surveillance, which was required for all biologics, and that bio-similars were also included. He reminded the committee that there were currently four approved bio-similars in the United States, of which two had not yet been distributed. He pointed out that, as two were self-administered, this legislation provided clear terms of use to both the health care team and the patient. He directed attention to a recent draft guidance for interchangeability, which was intended to provide clarity to the community for what was required to receive an interchangeability designation. He added that, as the FDA was very busy developing bio-similars which were trying to mimic 23 reference products coming off patent, there was a need to ensure that the health care community and patients had a clear understanding for use of these products, both when they were interchangeable and when they should not be substituted. He reminded that the FDA had set an appropriate scientific bar for approval of these products and that, once approved, they would be highly similar to an existing reference product and the differences in efficacy and safety should not be a concern. When an interchangeable was approved, it signaled that there was not a concern for its use when switching with the original product. Patients suffering from grievous illness will be comforted by knowing that the appropriate measures that comport with new technologies were being passed.

[3:41:11 PM](#)

CRYSTAL KOENEMAN shared her personal story for the use of a biologic, Humera. She reported that, although this allowed her to play with her young child and function on a day to day basis, these were "scary. They change your chemical make-up and you are no longer the same." She reported that she had recently developed three lesions on her brain, which appeared similar to multiple sclerosis. She was then unable to take biologics for a few months, and now she relied on a name brand. She expressed her concern that with bio-similars, insurance companies would no longer cover name brands. She expressed her understanding that others could not afford the cost and that some bio-similars would work for some when the name brand did not. She expressed support for the proposed bill as it allowed for choice, but she expressed concern for her ability to choose to be taken away as an unintended consequence. She reported that she was not able to take any other biologic that would in any way affect her nervous system. She asked that the committee be cautious.

[3:47:10 PM](#)

CHAIR SPOHNHOLZ closed public testimony.

[3:47:20 PM](#)

CHAIR SPOHNHOLZ moved to adopt Amendment 1, labeled 30-LS0188\J.3, Wallace/Bruce, 4/13/17, which read:

Page 4, following line 10:

Insert a new bill section to read:

"* Sec. 8. AS 21.42 is amended by adding a new section to read:

Sec. 21.42.435. Coverage for biological products.

(a) A health care insurer that offers, issues for delivery, delivers, or renews in this state a health care insurance plan that provides coverage for biological products shall provide coverage for a biological product or interchangeable biological product without requiring prior authorization if the biological product or interchangeable biological product is to be dispensed as prescribed.

(b) In this section, "biological product" and "interchangeable biological product" have the meanings given AS 08.80.480."

Renumber the following bill sections accordingly.

Page 4, line 17:
Delete "Section 8"
Insert "Section 9"

Page 4, line 18:
Delete "sec. 9"
Insert "sec. 10"

CHAIR SPOHNHOLZ objected for discussion.

CHAIR SPOHNHOLZ explained that a "tsunami" of as many as 41 biologic interchangeables was coming and working through the FDA process. She noted how important biologics were for those who took them, as well as the transformative nature they could have for individuals. She shared the story of a biologic that cost \$2000 each day. She explained that her proposed amendment would require that health insurance plans provide coverage for biological products, both interchangeables and biologicals, without prior authorization if the product was to be dispensed as prescribed. She said that this would require coverage of a medication prescribed by a doctor and not necessarily the cheapest one, as a small difference in a product could have a big impact on the health and well-being of an individual. She wanted to ensure that people with serious health care issues in the state be able to have health care coverage by the insurance providers, and that cost not be the only consideration.

[3:50:09 PM](#)

REPRESENTATIVE KITO reflected on the history of the change to generic drugs from name brand drugs, noting that, as there were some changes, some individuals reacted adversely. He encouraged that the insurance companies be sensitive to provide medications as needed for the patient as identified by the medical team.

[3:51:26 PM](#)

CHAIR SPOHNHOLZ withdrew proposed Amendment 1.

[3:51:40 PM](#)

REPRESENTATIVE EASTMAN expressed his support of the proposed bill.

[3:51:45 PM](#)

REPRESENTATIVE EDGMON moved to report SB 32 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 32 was moved from the House Health and Social Services Standing Committee.

[3:52:03 PM](#)

The committee took an at-ease from 3:52 p.m. to 3:54 p.m.

HB 176-GROUND EMER. MEDICAL TRANSPORT PAYMENTS

[3:54:44 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be HOUSE BILL NO. 176, "An Act relating to medical assistance reimbursement for ground emergency medical transportation services; and providing for an effective date."

[3:55:47 PM](#)

REPRESENTATIVE EDGMON moved to adopt the proposed committee substitute (CS) for HB 176, labeled 30-LS0705\J, Glover, 4/7/17, as the working draft.

[3:56:08 PM](#)

CHAIR SPOHNHOLZ objected for discussion.

[3:56:17 PM](#)

REPRESENTATIVE ZACH FANSLER, Alaska State Legislature, paraphrased from the Sponsor Statement [Included in members' packets], which read:

"An Act relating to medical assistance reimbursement for emergency medical transportation services; and providing for an effective date."

Emergency Medical Transportation Services (EMTS) relates to the emergency transportation of patients. For what is traditionally considered an ambulance ride, EMTS reflects Alaska's unique geographical challenges to include air, water, and other approved medical transport services. As it currently stands, Alaska's emergency medical service providers incur additional uncompensated costs when providing services

to Medicaid beneficiaries, by as much as sixty percent.

Reimbursement for ground emergency medical transportation services occurs when the providers submit a billing to the department (specifically to the Medicaid fiscal agent Conduent) for eligible services provided; the department reimburses the provider using the established Medicaid methodology and rate; the department submits documentation supporting the payment of the federal financial participation (FFP) to Centers for Medicare and Medicaid Services (CMS); and once it is approved, the department receives reimbursement for the FFP from CMS that amounts to the appropriate federal assistance percentage (FMAP).

By enacting this legislation along with an amendment to the state Medicaid plan, public EMS providers are eligible to access enhanced federal funding for emergency medical transportation of Medicaid patients. The use of transfers is clearly authorized in federal statute and is both legal and useful. Further, CMS provides reimbursement for the administrative costs associated with administrating EMTS by as much as twenty percent.

Anchorage, Juneau, Kenai, and Ketchikan, combined serve approximately forty-eight percent of the state's population. In 2015 (for Kenai) and 2016 for the others, these departments provided 7,035 transports to Medicaid patients, without EMTS, the departments received just \$2.1 million in reimbursements; a total collective under-compensation of roughly \$3.9 million. Were they EMTS eligible, they could have collected a total of \$6 million.

HB 176 would allow EMS providers around the state to collect underfunded costs from the effective date, providing a financial boon to those organizations and communities. Even smaller communities such as Bethel can see over a quarter of a million dollars in EMTS reimbursements per year.

As you can see from the attached bill packet, there is widespread support for HB 176 throughout the state to

help our local communities receive payments to actively cover the services they provide.

[4:01:46 PM](#)

REPRESENTATIVE KITO asked if the entities that would be eligible for reimbursement had to meet any licensing or registration status.

REPRESENTATIVE FANSLER replied that they did have to meet certain requirements.

REPRESENTATIVE KITO offered his belief that there was a significance difference between ground and air ambulance transportation for how the services were provided and paid. He asked to better understand these cost and payment structures.

REPRESENTATIVE FANSLER deferred to the Department of Health and Social Services and directed attention to the different codes for transportation [Included in members' packets].

[4:03:58 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked how many people who used the ambulances paid cash or billed insurance. She asked if there was a large number of patients who used Medicare or Medicaid, hence the need for this proposed bill.

REPRESENTATIVE FANSLER offered his belief that there was an average of 15,000 transports processed annually throughout the state. He opined that, in Bethel, there was flexibility in the municipal code to waive the fee for those who did not have insurance and were not a Medicaid recipient, rather than leave the patient behind.

[4:06:32 PM](#)

REPRESENTATIVE KITO asked how the transport services were regulated as a designated carrier for emergency services, whether there was any licensing or affiliation with a medical facility.

[4:07:14 PM](#)

MARGARET BRODIE, Director, Director's Office, Division of Health Care Services, Department of Health and Social Services,

explained that the proposed bill was addressing government entities which provide these services. These providers would have to be a government entity, as well as a Medicaid provider.

REPRESENTATIVE KITO asked how many communities this included, noting that several communities had both non-profit and for profit medical service providers.

MS. BRODIE offered to research the exact number.

REPRESENTATIVE KITO asked about the air ambulances.

MS. BRODIE said that she did not know if any rescue units were run by municipalities or government entities.

[4:09:01 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked how many of the 15,000 annual transports were eligible for insurance reimbursement, Medicaid or Medicare reimbursement, or were self-payment.

MS. BRODIE replied that she could only report on the annual amount of Medicaid paid for ground transportation, \$50,362. She said she did not have the figures for private insurance or Medicare.

[4:10:22 PM](#)

CHAIR SPOHNHOLZ removed her objection. There being no further objection, the proposed committee substitute (CS) for HB 176, labeled 30-LS0705\J, Glover, 4/7/17, was adopted as the working draft.

[4:10:52 PM](#)

BILL HOWELL, Fire Chief, City of Bethel, reported that he had been with the department for 25 years and had been the fire chief for the past two years. He shared some of the challenges for providing emergency medical care in Bethel, and stated support for proposed HB 176. He stated that the proposed bill would have a positive, significant, and long-lasting impact on the Emergency Medical Service (EMS) providers. He shared that the Bethel Fire Department EMS call volume had increased by 10 percent over the past six years. He reported that the majority of funding to the City of Bethel was from local sales, lodging, and alcohol taxes, with the balance coming from community support and fees for services, including ambulance service. He

declared that a recent analysis had shown that the ambulance service was losing about \$972,000 per year, noting that Medicaid recipients were the largest users of the service in 2016. He reported that, as Medicaid paid an average of \$455 per call toward an overall cost per transport of \$1287, there was a heavy burden on the City of Bethel. He stated that the financial needs of the Bethel Fire Department were significant, pointing out that additional staff were necessary to cover the increased EMS call volume and that about \$1.5 million was necessary to replace an aging ambulance, a 1980 tanker, and a 1980 ladder truck. He added that the fleet would frequently break down and not allow for response, as they did not have any back-up or mutual aid. He shared that there had been efforts to increase revenue, which included an increase in ambulance fees and close work with the third-party biller to ensure proper documentation for the services and reception of the maximum allowed. He said that funds were raised through the volunteer group and from grants for staffing and equipment. He added that the City of Bethel had also made capital requests to the Alaska State Legislature for a new tanker and ladder truck. He pointed out that the proposed bill would reimburse local EMS providers for the uncompensated costs of providing care to Medicaid recipients. He listed support for the proposed bill from the Bethel City Council, the Alaska Fire Chiefs, and the Bethel Fire Department.

[4:15:02 PM](#)

ALEX BOYD, Assistant Chief, Anchorage Fire Department, emphasized that the scale of the issue was growing exponentially and was impacting the Anchorage Fire Department to an almost unmanageable level. He reported that there had been a 74 percent increase in transport for Medicaid recipients during the past year, resulting in an unrecovered cost of nearly \$3 million. He stated that the proposed bill would provide a dramatic impact on the service to the municipality and would allow the department to improve its system delivery and its impact on the city. He noted that this current trend would result in unrecovered expenses of \$3.2 million for more than 7,000 transports during the calendar year 2017. He said that Anchorage currently collected about \$440 of the \$926 fee. He pointed out that this significant impact on the budget brought challenges for the expansion of staffing to meet these growing needs.

[4:18:12 PM](#)

RICHARD ETHERIDGE, Fire Chief, Juneau, Alaska, shared that Alaska had the most complex, diverse EMS delivery system in the nation, as there were challenges unlike most other areas, including the often high expenses for even getting to a patient. He reported that there had been an increase in demand for EMS services, which made it difficult for fire departments. He stated that the proposed bill provided the authorization to develop a program where local agencies could recover some of their costs for the provision of EMS. He acknowledged that the Medicaid Expansion had an impact on emergency services, noting that in Juneau the number of Medicaid patients transported had more than doubled. He added that the call volumes across the state were increasing, in Juneau there had been a 13 percent increase last year, an amount not uncommon across the state. He pointed out that Medicaid did not reimburse for all expenses, sharing that the average cost of basic life support transport was \$1,680, of which Medicaid paid about \$455. The balance due was absorbed by the fire department, the local community, and the tax payers. He reported that the program utilized funds set aside by the federal Medicaid program just for this purpose and was not tied to the Patient Protection and Affordable Care Act or Medicaid Expansion. He reported that the state could also collect administrative fees, up to 20 percent, an estimated \$2.5 - \$3 million back to the state. He estimated that this could put between \$12 - \$15 million into the local economies for fire departments. He shared that California was already setting up this program. He stated that Alaska relied heavily on the EMS, and that the proposed bill provided a foundation for first responders in local communities to recover "some of the desperately needed financial support and stability across the state."

[4:22:36 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked if the borough paid reimbursement of transportation services through local sales and property tax.

MR. ETHERIDGE replied that fire departments were funded out of general fund or fire service area funds.

REPRESENTATIVE SULLIVAN-LEONARD asked if implementation of the proposed bill would free funds from local taxation.

MR. ETHERIDGE replied that this would be up to each municipality, although it would provide money back to the local municipalities.

REPRESENTATIVE SULLIVAN-LEONARD asked how much this would be.

MR. ETHERIDGE said that each community was different, stating that Anchorage could receive up to \$4 million annually, Nome could receive up to \$16,000 annually, and Juneau could receive between \$600,000 and \$1 million.

[4:24:01 PM](#)

REPRESENTATIVE KITO reflected on the increase in calls statewide and asked what was driving this increase.

MR. ETHERIDGE said that this was actively being researched. He mused that more people were eligible for health care and were no longer self-payers, and that, as it was more difficult to access primary care providers, more people came to emergency rooms and EMS for primary care.

[4:24:45 PM](#)

REPRESENTATIVE JOHNSTON shared that she had read that the impact of Medicaid Expansion on emergency rooms had been far greater than anticipated. She acknowledged that emergency rooms were now being reimbursed, but that the desired policy was not happening. She asked if volunteer fire departments could also participate.

MR. ETHERIDGE said that any fire department which was eligible to bill and did bill for EMS services could participate in the program.

[4:26:28 PM](#)

SCOTT CLOUGH, AP Triton, Retired Fire Chief, explained that he was a retired assistant fire chief from Sacramento and was now a consultant with fire agencies looking to pursue this legislation. He pointed to his initial research in Alaska, which had identified 55 agencies eligible to participate in the program, including the university system and a health care district. He clarified that some public agencies had been identified as eligible to participate in the program, although it did not preclude that private enterprise also benefit. He said that municipalities which utilized the services of a private provider, as well as non-profit and volunteer agencies, could structure to use these revenues. He added that it was important to understand that this was an emergency medical

transport bill tied to a federal cost structure for providing these services. He explained that provider programs, if related to the EMS, could count as a cost. He offered an example for Juneau investing in new extrication equipment, and a new squad for this equipment. Even though this was not a transport vehicle, it was a unit and equipment utilized for delivery of emergency medical services and could be rolled into the new cost of service for a draw down of federal funding. He said there were tremendous benefits to the communities and the Medicaid beneficiaries as it allowed for an opportunity to expand the services and recoup some of that investment. He declared that Alaska was unique, and it was important to include both land and air transport.

[4:32:25 PM](#)

CHAIR SPOHNHOLZ announced that HB 176 would be held over.

[4:32:38 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:33 p.m.