

SENATE FINANCE COMMITTEE
February 5, 2018
9:04 a.m.

[9:04:44 AM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Peter Micciche
Senator Gary Stevens

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson
Senator Natasha von Imhof

ALSO PRESENT

Juli Lucky, Staff, Senator Anna MacKinnon; Sara Chambers, Deputy Director, Division of Corporations, Business and Professional Licensing, Community and Economic Development; Senator Cathy Giessel, Sponsor; Jane Conway, Staff, Senator Cathy Giessel; Janey McCullough, Director, Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Richard Holt, Vice Chair, Alaska Board of Pharmacy, Eagle River; Leif Holm, Chair, Alaska Board of Pharmacy, North Pole; Barry Christensen, Legislative Co-Chair, Alaska Pharmacy Association, Ketchikan; Derik White, Pharmacist, Sitka; Dr. Jeffrey Moore, Physician, Orthopedic Physicians of Alaska, Anchorage; Debora Stovern, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development.

SUMMARY

SB 4 NON-CHEMICAL BARBERING;HAIR BRAIDING

CSSS SB4(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from Department of Environmental Conservation, and one new fiscal note from Department of Commerce, Community and Economic Development.

SB 37 PHARMA BD & EMPLOYEES;DRUG DIST/MANUFAC

CSSB 37(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Commerce, Community and Economic Development.

SB 126 VISITING PHYSICIANS WITH SPORTS TEAMS

SB 126 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1(CED).

#sb4

SENATE BILL NO. 4

"An Act relating to the Board of Barbers and Hairdressers; and relating to a limited license to practice non-chemical barbering."

[9:05:42 AM](#)

Vice-Chair Bishop MOVED to ADOPT the committee substitute for SS SB 4, Work Draft 30-LS0078\U (Radford, 2/2/18).

Co-Chair MacKinnon OBJECTED for discussion.

[9:06:08 AM](#)

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON, explained the committee substitute. She directed committee attention to Page 10, where language had been added in the transition section to give the Department of Commerce, Community, and Economic Development the authority to implement the changes made by the bill.

9:06:55 AM

Co-Chair MacKinnon asked whether the sponsor supported the legislation.

Senator Micciche replied in the affirmative.

9:07:25 AM

SARA CHAMBERS, DEPUTY DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, COMMUNITY AND ECONOMIC DEVELOPMENT, related that the CS met the need of the division.

9:07:53 AM

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

Ms. Lucky discussed the fiscal note, which was revised but still had no fiscal impact. She read the analysis:

The current version of the bill allows the Department's existing regulations to be enforced by the Board of Barbers and Hairdressers and maintains the Department's ability to regulate and enforce regulations pertaining to body piercing, tattooing, and permanent cosmetic coloring.

The Department discontinued oversight of barbers, hairdressers, manicurist, and esthetician facilities in FY2016. Currently the Department's work is limited to inspection of high-risk body art facilities which is funded by a reimbursable services agreement with DCCED. The duties and authorities are unchanged in the proposed bill, and the result would have no fiscal impact to the Department.

9:08:58 AM

Vice-Chair Bishop MOVED to REPORT CS SS SB 4(FIN), with individual recommendations and accompanying fiscal notes.

CSSS SB4(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from Department of Environmental Conservation, and one new

fiscal note from Department of Commerce, Community and Economic Development.

[9:09:19 AM](#)

AT EASE

[9:10:50 AM](#)

RECONVENED

#sb37

SENATE BILL NO. 37

"An Act relating to the Board of Pharmacy; relating to the licensing and inspection of certain facilities located outside the state; relating to drug supply chain security; and creating a position of executive administrator for the Board of Pharmacy."

[9:11:45 AM](#)

SENATOR CATHY GIESSEL, SPONSOR, discussed the bill. She noted that the bill would help the Board of Pharmacy but assuring the safe practices of pharmacists and the safety of medication entering the state. She offered a Sponsor Statement:

Passage of Senate Bill 37 will create a more secure drug supply chain by allowing for licensing and inspection of wholesale drug distributors outside of the state. Currently, Alaska is one of the few remaining states that does not license out-of-state wholesale drug distributors. With laws and regulations varying from state to state, licensing an out-of-state wholesale distributor can prove arduous. With this legislation, Alaska can take action to eliminate wholesalers looking for loopholes in the regulatory system and ensure that out-of-state applicants seeking licensure comply with the same regulations as Alaska wholesalers.

This legislation is critical and necessary to bring Alaska into compliance with the Drug Quality Security Act (DQSA) and create a new license category for "Out-of-State Wholesale Drug Distributors." Currently, the Board of Pharmacy has no authority to regulate out-of-state wholesale drug distributors or third-party logistic providers (3PLs).

SB 37 would ensure safe delivery of controlled, non-counterfeit medications to Alaskans. SB 37 would require that any out-of-state wholesale drug distributor or outsourcing facility follow specific guidelines including obtaining a license, authorizing inspection of the facility by a designee of the board, and appointing an agent before shipping, mailing or delivering prescription drugs to a licensee in the state or advertising in the state.

Additionally, this legislation allows the Board of Pharmacy to create a new position titled "Executive Administrator" to serve as a liaison to the legislative and executive branches of state government, the media, and other state pharmacy boards, as well as implement board statutes and regulations, and aid in managing current licensees.

Senator Giessel stated that the fiscal note was receipt services. She added that a recent audit had been completed on the board, which currently had \$275,000 in excess revenues from licensing fees that would pay for the const of the range 23 position identified in the bill.

[9:16:50 AM](#)

Co-Chair MacKinnon asked whether Alaska was the only state that lacked the provision for out-of-state drug providers.

Senator Giessel believed that there were 4 states without the provision.

[9:17:22 AM](#)

JANE CONWAY, STAFF, SENATOR CATHY GIESSEL, discussed the Sectional Analysis (copy on file):

Section 1: Amends AS 08.80.030(b) by adding a new subsection:

(14): Establishes qualifications and duties of executive administrator. Executive administrator is delegated authority in order to conduct board business.

Section 2: Amends AS 08.80.030(b) by adding a new subsection:

(15): Amends and allows licensing and inspection for out-of-state drug distributors, third-party logistics providers and outsourcing facilities;

Section 3: Amends AS 08.80.030 by adding a new subsection:

AS 08.80.030(c): Specifications for facilities, equipment, personnel, and procedures for control of drugs in compliance with the federal Drug Supply Chain Security Act.

Section 4: Amends AS 08.80.157 by adding a new subsection:

(k): Requires wholesale drug distributors, third-party logistics providers, and outsourcing facilities outside the state under AS 08.80.159, to be licensed.

Section 5: Amends AS 08.80 by adding a new section:

Sec. 08.80.159: Requires that a wholesale drug distributor, third party logistics provider, or outsourcing facility have a license in Alaska before shipping, mailing, or delivering prescription drugs to a licensee in the state or before advertising in the state, an agent must be appointed in the state, and a designee of the board must authorize inspection of the facility.

An outsourcing facility, in addition, must comply with the federal Drug Quality and Security Act of 2013. The board may require an inspection of facilities located outside of the state, approve a designee to inspect. The board shall adopt regulations to implement this section.

Section 6: Amends AS 08.80 by adding new section to Article 2:

Sec. 08.80.270: Allows the Board to create an executive administrator position. Defines the role and salary range of the executive administrator.

Section 7: Amends AS 08.80.480 by adding a new paragraph:

AS 08.80.480(37): Defines "outsourcing facility"

AS 08.80.480(38): Defines "third party logistics provider"

Section 8: Amends AS 39.25.120(c) (7) by adding

(Q) Board of Pharmacy

Sections 9, 10, 11:

Provides transition language and effective date clause.

[9:20:00 AM](#)

Senator Micciche looked at Section 8. He asked about television commercials that advertised for drugs in the state.

Ms. Conway replied that the language was directed toward the licensing for the wholesalers to reach out to pharmacists to promote their drugs and not for advertisements for drugs on television.

[9:21:23 AM](#)

RICHARD HOLT, VICE CHAIR, ALASKA BOARD OF PHARMACY, EAGLE RIVER (via teleconference), agreed with Ms. Conway's response.

[9:21:43 AM](#)

Mr. Holt added that the legislation had many positive aspects. He believed that the bill would ultimately protect the health and safety of Alaskans. He reiterated that the bill would have no financial impact to Tribal Health facility purchasing.

[9:24:01 AM](#)

LEIF HOLM, CHAIR, ALASKA BOARD OF PHARMACY, NORTH POLE (via teleconference), testified in support of the legislation. He echoed previous testimony. He stated that licensing wholesalers in Alaska was important for the safety of Alaskans. He said that it could be difficult for pharmacists to know who they were doing business with and the kinds of medications those businesses were offering. He felt that the addition of the administrative position was long overdue. He reiterated the non-fiscal impact of the fiscal note.

[9:28:36 AM](#)

BARRY CHRISTENSEN, LEGISLATIVE CO-CHAIR, ALASKA PHARMACY ASSOCIATION, KETCHIKAN (via teleconference), spoke in strong support of the bill.

[9:29:22 AM](#)

Senator Micciche said that he had further questions for DCCED.

[9:29:33 AM](#)

DERIK WHITE, PHARMACIST, SITKA (via teleconference), testified in support of the legislation. He spoke of the importance of regulation of pharmaceutical ingredients and storage.

[9:31:26 AM](#)

Senator Stevens asked whether the bill would affect the many Alaskans who received their prescriptions through Tribal Health and Veteran Associations.

Senator Geissel replied in the negative.

[9:32:33 AM](#)

Co-Chair MacKinnon CLOSED public testimony.

[9:32:56 AM](#)

Vice-Chair Bishop MOVED to ADOPT Amendment 1, 30-LS0191\R.1, Radford, 2/2/18 (copy on file):

Page 6, line 25:

Delete "2018
Insert "2019"

Co-Chair MacKinnon OBJECTED for discussion.

[9:33:06 AM](#)

Co-Chair MacKinnon explained the amendment.

WITHDREW the OBJECTION. There being NO OBJECTION, it was so ordered.

[9:33:25 AM](#)

Vice-Chair Bishop adopt Amendment 2, 30-LS0191\R.2, Radford, 2/2/18 (copy on file):

Page 5, line 16, following "shall":

Insert "(1)"

Page 5, line 17, following "board":

Insert"; and

(2) serve as a liaison to the legislative and executive branches of state government, the media, and other state pharmacy boards"

Co-Chair MacKinnon OBJECTED for discussion.

Co-Chair MacKinnon explained the amendment.

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

[9:34:30 AM](#)

Senator Giessel supported the amendments.

[9:35:04 AM](#)

JANEY MCCULLOUGH, DIRECTOR, CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, related that she was available for questions.

[9:35:12 AM](#)

Senator Micciche asked Ms. McCullough to explain that the bill would be of no cost to the state.

Ms. McCullough explained that statute required any costs associated with regulating an occupation would be covered by licensing fees for said occupation.

[9:36:40 AM](#)

Ms. McCullough explained that an increase in revenue would be offset any costs.

[9:37:56 AM](#)

Co-Chair MacKinnon asked Ms. McCullough to discuss the fiscal note in further detail.

Ms. McCullough read from the analysis:

If the bill passes the following expenses will be incurred: Personal Services: \$136.5 (one permanent full-time executive administrator, range 23)

Travel: \$6.0 (one executive administrator to attend four board meetings per year)

Services: \$16.7 (legal costs to amend regulations, printing, and postage in the first year) \$15.0 (statewide core services RSAs: Human Resources, financial support, mail, software licenses, and department support costs)

Commodities: \$10.0 (computer, office furniture, and other one-time needs in the first year)

[9:38:18 AM](#)

Vice-Chair Bishop expressed support for the legislation.

[9:38:46 AM](#)

Vice-Chair Bishop MOVED to REPORT CS SB 37(FIN) out of committee with individual recommendations and attached fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 37(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Commerce, Community and Economic Development.

[9:39:13 AM](#)

AT EASE

[9:40:45 AM](#)

RECONVENED

#sb126

SENATE BILL NO. 126

"An Act providing for an exception to the regulation of the practice of medicine for a physician who provides medical services to an athletic team from another state."

[9:41:06 AM](#)

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON explained the bill. She offered a Sectional Analysis:

Section 1: Adds a new exemption for athletic team physicians to AS 08.64.370, which lists circumstances where a person can practice medicine in our state without being licensed by the State Medical Board. To qualify for this new exemption, the physician must be licensed to practice medicine in another state, under a written agreement with an athletic team from that state, and only provide services to members of the team while traveling to/from or participating in a sports event in Alaska.

Section 2: Adds a reference to this new exemption to AS 14.30.142(d), which defines "qualified person" for the purposes of evaluating a student athlete who has been removed from a sporting event or practice for suspicion of concussion.

Ms. Lucky specified that the bill would not allow physicians to treat Alaskans, only members of the traveling team. The purpose of the bill was to allow team members to be treated by physicians that best knew them best.

[9:43:17 AM](#)

DR. JEFFREY MOORE, PHYSICIAN, ORTHOPEDIC PHYSICIANS OF ALASKA, ANCHORAGE (via teleconference), spoke in support of the bill. He said that other states had passed similar legislation.

Co-Chair MacKinnon CLOSED public testimony.

Vice-Chair Bishop discussed the fiscal note from Department of Commerce, Community and Economic Development, OMB number 2360. The cost for FY 19 was \$2,500, with no cost in the out-years. The note reflected receipt services.

[9:45:28 AM](#)

Senator Micciche commented that the bill was simple and made sense. He was comfortable moving it with one committee hearing.

[9:45:56 AM](#)

DEBORA STOVERN, DIVISION OF CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), said that the State Medical Board had reviewed the bill, while they had not adopted a position, the board had no concerns with the proposed legislation.

[9:46:52 AM](#)

Vice-Chair Bishop MOVED to REPORT SB 126 out of committee with individual recommendations and attached fiscal notes. There being NO OBJECTION, it was so ordered.

SB 126 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1(CED).

[9:47:13 AM](#)

AT EASE

[9:48:31 AM](#)

RECONVENED

[9:48:41 AM](#)

Co-Chair MacKinnon discussed housekeeping.

#

ADJOURNMENT

[9:49:14 AM](#)

The meeting was adjourned at 9:49 a.m.