

SENATE FINANCE COMMITTEE
February 27, 2018
9:02 a.m.

9:02:03 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Peter Micciche
Senator Donny Olson
Senator Gary Stevens
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Senator Cathy Giessel, Sponsor; Fred Parady, Deputy Commissioner, Department of Commerce, Community, and Economic Development; Senator David Wilson, Sponsor; Gary Zepp, Staff, Senator Wilson; Randall Burns, Director, Division of Behavioral Health, Department of Health and Social Services; Elizabeth Ripley, CEO, Mat-Su Health Foundation; Jon Zasada, Policy Director, Alaska Primary Care Association; Brittany Hartmann, Staff, Senator Anna MacKinnon; Lori Wing-Heier, Director, Division of Insurance, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Debora Stovern, Executive Director, Alaska State Medical Board, Anchorage; Doctor Danny Robinette, Chief Medical Officer, Foundation Health Partners, Fairbanks; Karen Cunningham, Vice President, Marriage and Family Therapy

Board, Anchorage; Ken McCarty, Director, Discovery Cove Recovery and Wellness Center, Eagle River.

SUMMARY

SB 105 MARITAL & FAMILY THERAPY LIC. & SERVICES

SB 105 was HEARD and HELD in committee for further consideration.

SB 108 MEDICAL CARE/LICENSING/MEDICAL BOARD

SB 108 was HEARD and HELD in committee for further consideration.

SB 165 COMPREHENSIVE HEALTH INSURANCE FUND

SB 165 was HEARD and HELD in committee for further consideration.

#sb108

SENATE BILL NO. 108

"An Act relating to the State Medical Board; relating to the licensing of physicians, osteopaths, and podiatrists; and providing for an effective date."

[9:03:32 AM](#)

SENATOR CATHY GIESSEL, SPONSOR, discussed the presentation, "SB 108 State Medical Board" (copy on file).

[9:03:51 AM](#)

Senator Giessel highlighted Slide 2, "Purpose":

1. Streamline Physician Licensing
2. Need for office assistants

[9:04:26 AM](#)

Senator Giessel discussed Slide 3, "Streamline MD licensing":

Section 1, 2, 8, 9, 10
State Medical Board to write regulations to
delegate to EXECUTIVE ADMINISTRATOR:

1. review applications and grant license if requirements are met
2. review applications and issue temporary license if requirements are met
3. grant certification if requirements are met
4. spells out prohibitions to this delegated authority

[9:06:28 AM](#)

Senator Giessel discussed Slide 4, "Streamline MD licensing":

Section 10, 11

1. Allows another person, designated by the board, to help the Executive Administrator to issue temporary license.
2. Outlines when this could happen

Senator Giessel stated that this change was urgently needed and widely supported.

[9:08:20 AM](#)

Senator Giessel highlighted Slide 5, "Medical Assistants - Unlicensed Assistive Personnel":

Medical Assistants
trained in "routine medical tasks"

Section 3

authorizes delegation to unlicensed person
prohibits delegation of pain management or opioid related activities

Senator Giessel offered a brief history of the role of medical assistance in practice.

[9:10:31 AM](#)

Senator Giessel addressed Slide 6, "Medical Assistants - Unlicensed Assistive Personnel":

Section 6

adds unlicensed assistive personnel, performing **delegated routine medical duties** to exception under "License to practice medicine, podiatry, or osteopathy"

Section 13

adds "medical assistants" to **definition of "medical professional"** under Title 12 Criminal Procedure

Senator Giessel stated that only licensed medical professionals could access the state's pharmaceutical database.

[9:12:18 AM](#)

Senator Giessel looked at Slide 7, "Certified Medical Assistants - NEW entity":

Why?

Prescription Drug Monitoring Program (PDMP)

prohibits access by any unlicensed person

envisioned clinician delegate "look up" before prescribing

Problem

No licensed people in MD clinic, other than the MD

Frequent need to check on PDMP

Solution

Alaska's Community Colleges training programs for CMA

National exams for Certification

Done in most other states. Washington State is one example

[9:14:17 AM](#)

Senator Giessel discussed Slide 8, "CMA (Certified Medical Assistant) Process defined":

Section 4

Certification - process will be defined in regulation

Section 5

Title "CMA" and limits its use

Section 12

Penalty for practicing without license as CMA

Senator Giessel addressed Slide 9, "Urgent need for SB 108":

Efficient, expeditious and effective **licensing of MDs**

Legal clarity for delegation of **"routine medical duties" to unlicensed assistive personnel** (medical assistants)

More legally stringent delegated activities to **licensed entity, Certified Medical Assistant**

[9:14:29 AM](#)

Senator Giessel discussed Slide 10, "Urgent need for SB 108":

These changes needed this session

Support

State Medical Board (requested)

Department of Commerce

No opposition

[9:15:10 AM](#)

Senator Stevens asked how long the temporary license would last and whether it removed the responsibility to procure a permanent license.

Senator Giessel replied that the temporary license was time-limited. She deferred to Ms. Stovern.

[9:15:50 AM](#)

Co-Chair MacKinnon wondered whether medical assistants were licensed in other states.

Senator Giessel replied that other states recognized certified medical assistants, which was why the national exams were available.

[9:16:13 AM](#)

Senator von Imhof looked at the fiscal note, which reflected that professional licensing programs were funded by receipt supported services to fund the two new full-time positions that the bill would create, which meant that the expense would be paid by the health professionals that were involved with the board.

Senator Giessel replied in the affirmative.

[9:16:51 AM](#)

Co-Chair MacKinnon wondered whether the structure of the bill was understood by the entire committee.

[9:16:55 AM](#)

Senator Olson asked how the bill would affect health corporations in rural Alaska.

Senator Giessel responded that she had not heard from specific native corporations or native health organizations. She imagined that if Anchorage was experiencing issues then rural areas must be as well.

[9:18:06 AM](#)

Senator Olson wondered about continuing medical education (CME) requirements for medical assistants.

Senator Giessel deferred to Ms. Stovern.

[9:18:31 AM](#)

Senator Olson asked whether other professionals working under the per view of the medical board would be affected by the bill.

Senator Giessel replied that physician's assistants were affected, because they delegated to unlicensed assisted personnel and needed to access the PDMP.

[9:19:23 AM](#)

Co-Chair Hoffman wondered whether the legislation would increase the number of certified medical assistants in the state.

Senator Giessel replied that it was hard to predict whether the numbers would grow but that it was a growing field of work.

[9:20:32 AM](#)

Senator von Imhof read from the sponsor statement:

The bill provides for physician delegation of specific, routine activities to unlicensed personnel working in physician offices.

Senator von Imhof assumed that the "specific, routine activities" would be within the parameters of their training and would be spelled out in regulation.

Senator Giessel replied in the affirmative.

[9:21:33 AM](#)

Senator Micciche spoke to concerns that had been voiced by the American Association of Medical Assistants (AAMA) about confusion surrounding certified medical assistants.

Senator Giessel said that she had been in communication with the association and had clarified with them the importance of the bill. She stated that the association could bring other concerns to the Board of Medicine.

[9:22:13 AM](#)

Co-Chair MacKinnon noted that there was a letter in the packet from the AAMA that offered suggestions on what initials to give certified medical assistants (copy on file).

Senator Giessel stated that she was aware of the letter and had instructed the AAMA to communicate with the Board of Medicine. She asserted that she was carrying the legislation on behalf of the board and would not change any aspects of the bill unless the board agreed.

[9:22:50 AM](#)

Co-Chair MacKinnon wondered how many other states recognized certified medical assistants through licensure programs. She asked whether the final licensure of a doctor coming into the state had to be approved by the board, and after that happened, would a list of physicians officially approved to practice in the state be approved by the board.

Senator Giessel deferred the question to Ms. Stovern.

[9:24:20 AM](#)

Co-Chair MacKinnon understood that a "clean" application would not go before the board, but a questionable application would go before the board for further scrutiny.

Senator Giessel shared that it would be up to the board how they wanted to review applications approved by the executive administrator. She said that the issue was not discussed in the bill.

[9:25:02 AM](#)

FRED PARADY, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, spoke in support of the legislation. He shared that the workload of the medical board had dramatically increased due to telemedicine. He stated that in 2015, the backlog reached 6 months in application processing time due to the volume of applications received. He relayed that in FY17, the division processed 22 percent more medical licenses and 31 percent more nursing licenses than in FY16. He related that to date in FY18, more licenses had been received than the entirety of the previous fiscal year. He shared that the department had worked to streamline the application process for health care professions. He said that a comprehensive examination of the application process had been done to identify areas of friction, or "rubs." He relayed that 27 rubs had been identified, which had been evaluated individually to determine whether the issue served a public

safety purpose, met a public safety need, or whether the process was outdated or obsolete. He explained that a three-pronged approach had been initiated to implementing solutions to streamlining the licensure process. The areas of friction were split in three areas: small changes through board regulations, improvements in technology, and changes to statute that would allow the department to more effectively administer programs. He concluded that legislative support of the bill was the final step in ensuring Alaska's health care facilities were able to stay open, while remaining fully staffed and able to serve the public in a timely fashion.

9:32:10 AM

DEBORA STOVERN, EXECUTIVE DIRECTOR, ALASKA STATE MEDICAL BOARD, ANCHORAGE (via teleconference), stated that under current statute only the board was authorized to grant licenses, the board also had the authority to delegate to her the authority to approve applications for temporary permits, curtesy licenses, and resident permits. She said that because the board only met four times per year, temporary permits allowed applicants with complete files to practice until the next board meeting, when files would be considered by the board for approval of a permanent license. She said that a temporary permit was time-limited to 6 months and could not be extended. She related that as part of the licensing streamlining project that Mr. Parady spoke to, the board had taken actions to improve application processing, including; in office efficiencies, changes to application requirements, the inclusion of participation in programs offered by the Federation of State Medical Boards, the adoption of regulation for an expedited temporary permit. She anticipated that once the legislation passed, the board would continue to delegate the approval authority to the executive secretary as well as the licensing supervisor, for the issuance of the expedited temporary permits. She said that once an expedited file was complete, it would be referred to the executive secretary for approval of the permanent license. Any application with derogatory or adverse information, discrepancies, or questions and concerns would require a board review for approval of temporary or permanent license, as appropriate. She related that under the legislation much of the temporary licensure would be at the discretion of the board. She spoke to the CME question posed by Senator Olson. She said the licensing program

required that assistants maintain their national certification, which meant they had to complete continuing medical education. She anticipated that the board would require something similar with certified medical assistants.

[9:37:11 AM](#)

Senator Stevens wanted a guarantee that no one would be given a temporary license that did not have the necessary medical background.

Ms. Stovern responded that temporary permits were issued on a checklist that had been developed by the board and delineated all of the requirements for licensure. She said that the process ensured that all requirements were met, and all credentials were in place before temporary permits were issued. The board would be tasked with further developing that checklist for the enhanced process.

[9:38:33 AM](#)

Senator Stevens wanted assurances that the public would be safe.

Senator Olson commented that he understood Senator Stevens's concerns but that he had witnessed a lack of service in rural areas of the state due to the lack of streamlining in the permitting process.

[9:40:16 AM](#)

Co-Chair MacKinnon felt it was important to note that Senator Olson was a doctor.

Senator Olson said he was first licensed as a medical doctor in 1984 and had practiced in rural Alaska throughout his career. He added that he had been on the medical board from 1995, until he was elected to office.

[9:41:50 AM](#)

Senator Micciche asked whether the bill would speed up the permitting process without reducing the credential requirements.

Ms. Stovern replied yes. She said that the board considered that the credentials had been reviewed for the issuance of a temporary permit and took that into consideration when granting a permanent license.

[9:43:58 AM](#)

Senator Micciche reiterated concern that requirements would be reduced at the risk of public safety.

[9:44:31 AM](#)

Co-Chair MacKinnon understood that Senator Micciche was requesting assurances that there would be no changes in requirements for permanent licensure in the state.

Ms. Stovern replied that the requirements would not be changed.

[9:44:47 AM](#)

Senator Stevens requested further information on the backlog of 290 applications.

Ms. Stovern said that there was not currently a huge backlog. She related that there had been an influx in application due to increased telemedicine. She felt that once streamlining efficiencies were implemented the application processing time would be significantly reduced. She relayed that there were some delays in the process that were outside of the boards control. She stated that once an application was received by her office it took approximately one to three weeks to issue a temporary license. She said that current backlogs were related to missing documents and credentials in files.

[9:47:53 AM](#)

Senator Stevens felt that a 6-month extension would take care of the current backlog.

Ms. Stovern responded in the affirmative.

[9:48:42 AM](#)

DOCTOR DANNY ROBINETTE, CHIEF MEDICAL OFFICER, FOUNDATION HEALTH PARTNERS, FAIRBANKS (via teleconference), understood

the concern about credentials. He encouraged keeping the diligent process intact and not changing the standards. He stressed the importance of a streamlined process for granting privileges to candidates. He related that he had lost candidates to other states because the licensing process had taken too long. He expressed strong support for the legislation.

[9:50:49 AM](#)

Senator Stevens wondered how the bill would help with efficiency of licensure.

Dr. Robinette thought that granting authority to the director would save waiting for the next board meeting for a clean candidate.

[9:51:48 AM](#)

Senator Stevens surmised that if an individual had been given a 6-month extension, but at the end of the 6 months the file was not complete, he would be denied the opportunity to continue to work in the state.

Dr. Robinette agreed.

[9:52:23 AM](#)

Vice-Chair Bishop asked how much it cost to vet applicants.

Dr. Robinette answered that, including the cost of hiring temporary staff to manage the workload, the cost was several hundreds of thousands of dollars. The cost of recruiting an individual physician was between \$30,000 and \$50,000.

[9:53:41 AM](#)

Vice-Chair Bishop remarked that the hospital would spend time vetting the individual, as would the board.

Dr. Robinette agreed, and believed that both vetting opportunities should exist, he thought that anything that could be done to streamline the vetting would be helpful.

[9:54:33 AM](#)

[9:54:55 AM](#)

Co-Chair MacKinnon CLOSED public testimony.

[9:55:02 AM](#)

AT EASE

[9:55:19 AM](#)

RECONVENED

[9:55:22 AM](#)

Co-Chair MacKinnon directed attention to the fiscal note.

[9:55:39 AM](#)

Vice-Chair Bishop discussed the fiscal note from the Department of Commerce, Community and Economic Development (DCCED). He read from the analysis:

One full-time Records and Licensing Supervisor is needed to implement this program. Currently, one existing Records and Licensing Supervisor is spread among numerous programs; only part of that position's time is dedicated to medical programs. As a result of the addition of the certified medical assistant license type, the workload related to medical programs supports a dedicated Records and Licensing Supervisor.

If the bill passes the following expenses will be incurred:

Personal Services: \$177.8 (2 full-time positions)
Travel: \$1.5 (1 training session per year)
Services: \$10.0 (annual legal review)
 \$5.0 (annual investigations)
 \$4.5 (regulations project in the first year)
 \$30.0 (annual core services & allocated costs)
Supplies: \$20.0 (set up for new employees in the first year)
 \$2.5 (postage in the first year) \$1.0 (office supplies)

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation

are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

[9:57:42 AM](#)

Co-Chair MacKinnon asked whether Ms. Stovern had comments pertaining to the AAMA and their concerns with CMAs in Alaska.

Ms. Stovern replied that the board had not considered the concerns.

[9:58:54 AM](#)

Co-Chair MacKinnon spoke again to the letter from Donald A. Balasa, Ms. Davis, MBA, CEO and Legal Counsel for the AAMA. She asked Senator Giessel to speak to her credentials.

Senator Giessel shared that she had been a registered nurse in Alaska since 1974, and Advanced Nurse Practitioner since 2000. She relayed that she had served on the Board of Nursing from 2002 to 2010, five of those years she served as chair of the board. She said that the issue raised by the AAMA was trivial, as opposed to the legislation, which would address a critically urgent matter.

[10:01:07 AM](#)

Senator Olson asked whether Senator Giessel had received letters of support of opposition from physician groups.

Senator Giessel said that she had not received letters from the Alaska State Medical Association or the Association of Physicians and Surgeons. She reminded the committee that the Board of Medicine had written the bill.

Co-Chair MacKinnon announced that amendments were due by 5pm the following day.

SB 108 was HEARD and HELD in committee for further consideration.

#sb105

SENATE BILL NO. 105

"An Act relating to the licensure of marital and family therapists; relating to professional liability insurance for marital and family therapists; relating to medical assistance for marital and family therapy services; and providing for an effective date."

[10:03:46 AM](#)

SENATOR DAVID WILSON, SPONSOR, read from the Sponsor Statement:

If enacted, Senate Bill 105 would add licensed Marital and Family Therapists to the list of independent licensed practitioners, in order to address the shortage of Medicaid-eligible behavioral health providers in the state, afford more options for beneficiaries, and increase access to care.

He shared that approximately 20 percent of Alaska's adult population needed mental or behavioral health services; however, 19 percent of those in need received funding from Medicaid or the Behavioral Health Fund. He said that research had shown that Alaska was in need of additional psychiatrists to meet the state's mental health needs. He read from the Sponsor Statement:

Currently, licensed marital and family therapists (MFTs) are only allowed to provide services in community health clinics of physician mental health clinics, which limits the number of willing providers in the mental health care arena. SB 105 expands medical assistance reimbursement services to cover those services provided by MFTs.

Specifically, SB 105

- Designated LMFTs as providers eligible to render and bill for Medicaid-funded services as independent practitioners under Alaska Statute 47.07.030(b)
- Clarifies supervisory requirements for Marital Family Therapist Licensees
- Requires Marital Family Therapist Licensees to carry Liability Insurance for Regulatory Investigation Fees of at least \$30,000

In 2016, the Alaska Board of Marital and Family Therapy unanimously recommended the statute changes contained in SB 105.

[10:09:44 AM](#)

GARY ZEPP, STAFF, SENATOR WILSON, discussed the Sectional Analysis (copy on file):

Sections 1 & 2 of the bill impact AS 08.63 "Marital & Family Therapy" and the subsections 08.63.100 "Qualifications for license to practice" and 08.63.120 "Authorized Supervisors."

Section 1: "Qualifications for license to practice" - AS 08.63.100

PAGE 2, LINES 17-25: adds a supervision requirement for martial & family therapists and clarifies that the required 1,500 hours of clinical contact must include 100 hours of individual supervision and 100 hours of group supervision and that may be conducted by one or more supervisors. The intent is to allow doctor A to supervise and if Doctor A becomes unavailable, doctor B can continue the supervision a Martial & Family Therapist associate.

Section 1 continues on:

PAGE 2, LINES 29-31: It requires not less than \$30,000 in professional liability coverage for the applicant's regulatory investigation fees in the state.

Section 2: impacts "Authorized Supervisors"

PAGE 3, LINES 2-18: expands the group supervision to include professional counselors, marital & family therapists, physicians who are licensed as a psychiatrist, an advanced practice registered nurse who is authorized by the Board of Nursing to practice as an adult or family psychiatric mental health nurse practitioner, a psychologist, and a social worker.

Sections 3, 4, & 5 impact AS 47.07 "Medical Assistance for Needy Persons" and the subsection AS 47.07.030 "Medical Services to be Provided."

Section 3: impacts "Medical Services to be Provided"

PAGE 3, LINE 31: adds marital and family therapy services to the list of optional services available

through the Dept. of Health & Social Services under this subsection.

Section 4: impacts "Medical Services to be Provided"
PAGE 4, LINES 8-16: adds a new paragraph (g) to AS 47.70.030 to clarify that the term "direct supervision" may be performed by one or more psychiatrists, as long as that supervision takes place on the premises of the clinic 30 % of the time that the clinic is open.

The so-called 30% Rule is found in regulation 7AAC 135.030 "Provider enrollment and organization."

Section 5: impacts "Medical Services to be Provided"
PAGE 4, LINES 17-31 & PAGE 5, LINE 1: adds a new subsection (h) to AS 47.70.030 that allows the department to reimburse a mental health physician clinic for services provided by a psychiatrist, or an individual who works under a psychiatrist and is licensed to practice as a professional counselor, a marital & family therapist, a physician assistant, an advanced practice registered nurse who is authorized by the Board of Nursing to practice as an adult or family psychiatric mental health nurse practitioner, a psychologist, a psychologist associate, and a clinical social worker.

Section 6: PAGE 5, LINES 2-7: amends the uncodified law to authorize the Department of Health and Social Services and the Board of Marital and Family Therapy to adopt regulations to implement the changes of this act.

Section 7: PAGE 5, LINE 8: contains the immediate effective date for Section 6 which refers to the regulation development.

Section [8]: PAGE 5, LINE 9: provides for a January 1, 2019 effective date for all sections other than Section 6.

[10:13:29 AM](#)

Senator Stevens asked for the licensing timeframe to be licensed as a marital and family therapist, and whether temporary licenses could be issued.

Senator Wilson deferred to the invited testimony.

[10:14:26 AM](#)

Senator Stevens hoped that the marital and family therapists would not face the same problems as the medical practitioners of the previously discussed bill.

Co-Chair MacKinnon OPENED public testimony.

[10:15:08 AM](#)

Senator von Imhof assumed that the insurance required in Section 1 could be obtained after training was complete.

Senator Wilson replied that the insurance language was intended to cover investigative regulatory issues after licensure.

[10:16:08 AM](#)

RANDALL BURNS, DIRECTOR, DIVISION OF BEHAVIORAL HEALTH, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, (DHSS) spoke in support of the bill.

[10:16:34 AM](#)

Senator von Imhof read form the Sectional Analysis:

Section 4: impacts "Medical Services to be Provided"
PAGE 4, LINES 8-16: adds a new paragraph (g) to AS 47.70.030 to clarify that the term "direct supervision" may be performed by one or more psychiatrists, as long as that supervision takes place on the premises of the clinic 30 % of the time that the clinic is open.

Senator von Imhof whether the population of psychiatrists in rural Alaska could support the requirement in this section.

Mr. Burns replied that the language was in current regulation. He said that he was in support of changing the language at the direction of the committee. He stated that the division was currently crafting language that was less burdensome to rural clinics.

[10:21:31 AM](#)

AT EASE

[10:21:54 AM](#)

RECONVENED

[10:21:58 AM](#)

Senator Stevens repeated his question about temporary licensing and licensing timelines.

Mr. Burns replied that he could not speak to the question.

[10:22:54 AM](#)

KAREN CUNNINGHAM, VICE PRESIDENT, MARRIAGE AND FAMILY THERAPY BOARD, ANCHORAGE (via teleconference), testified in support of the legislation. She stated that associate licensure was available; board approval was required before the license could be issued and there was a 2-year supervision period. She said that the bill would make the supervision period more accessible for applicants.

[10:24:04 AM](#)

Senator Stevens directed his question to Ms. Cunningham.

Ms. Cunningham replied that applications for associate licensure were submitted to, and approved by, the board. Before the application could be submitted the applicant needed to have a supervision plan laid out for the board to approve. She relayed that there were currently 18 approved supervisors in the state.

[10:25:41 AM](#)

KEN MCCARTY, DIRECTOR, DISCOVERY COVE RECOVERY AND WELLNESS CENTER, EAGLE RIVER (via teleconference), testified in support of the legislation. He shared that the bill would serve a large need in the state. He expressed concern about the Section 4 language referenced by Senator von Imhof. He felt that the language could isolate telemedicine in rural areas.

[10:32:08 AM](#)

ELIZABETH RIPLEY, CEO, MAT-SU HEALTH FOUNDATION, testified in support of the bill. She said that there were critical pieces missing for Alaska's continued care for mental health and substance use disorders; sadly, main paths to treatment are jails and emergency departments. She relayed that the Mat-Su Regional Emergency Department was the number one portal in Mat-Su for people experiencing a behavioral health crisis, in terms of both volume and cost, even though the department does not provide behavioral health services. She shared that in 2016, 3,443 patients with behavioral health diagnosis went to the Mat-Su Regional Emergency Department, which resulted in total charges of \$43.8 million, not counting the additional costs for estimated law enforcement, 911 dispatch, and transportation. She believed that the state could improve the situation by providing care in lower cost settings. She relayed that the average annual growth rate for visits to the Mat-Su Regional Emergency Department by patients with a behavioral health diagnosis grew 20 percent between 2015 and 2017, due to the opioid epidemic and lack of treatment access. She offered further statistics to illustrate the statewide needs that the bill would address.

[10:35:52 AM](#)

Senator Micciche expressed concern with the assumptions made in the fiscal note. He opined the Medicaid utilization rate in the state. He voiced concern that the state would be exposed to increased overutilization.

Ms. Ripley replied spoke of a project called The Alaska Healthcare Blueprint, which hoped to take a bold look at the state's health objectives. She asserted that collaborative work was being done with state partners, providers, and local delegations to take a comprehensive view. She contended that significant research had been done to ensure that health care was being provided efficiently and effectively. She stressed the need for "whole person care." She admitted that there would be additional cost brought on by the bill but that the legislation would be more cost effective in the long-run.

[10:38:47 AM](#)

AT EASE

[10:39:10 AM](#)

RECONVENED

Senator von Imhof understood that the cost would be shifted from expensive emergency room visits to more clinic visits, where the same population would be served, for the same ailments but in a different cost environment.

Ms. Ripley agreed.

[10:40:19 AM](#)

JON ZASADA, POLICY DIRECTOR, ALASKA PRIMARY CARE ASSOCIATION, testified in support of the legislation. He stated that health centers had made major investments in behavioral health integration and whole person care. He said that in the last two years there had been a 25 percent increase in the number of behavioral health providers, encounters, and patients; over 11,000 Alaskans received routine behavioral healthcare in Alaska's community health centers. He lamented that there was a shortage of billable providers in the state; a study completed in December 2017 revealed that Alaska community health centers were short 12 to 18 FTE equivalents, which translated into service to 6,000 to 9,000 patients. He stressed that federally qualified health centers saved the state money by allowing same-day appointments at a single rate. He stated that if LMFTs were included in FQHC Medicaid billing a patient could see a medical provider and a mental health professional in the same day, for a single charge, instead of a referral to two separate charges. He detailed the various ways in which the bill would serve more patients in comprehensive, whole-patient settings.

[10:43:53 AM](#)

Senator Stevens asked which medical professionals could currently bill Medicaid.

Mr. Zasada replied that licensed clinical social workers and psychologists could bill Medicaid.

Co-Chair MacKinnon CLOSED public testimony.

Co-Chair MacKinnon stated that a new fiscal note would be crafted for consideration during the next bill hearing.

[10:45:15 AM](#)

Co-Chair MacKinnon solicited further discussion on the current fiscal note.

Senator Wilson reiterated that the intent of the bill was not to create a new expanded care of treatment but to give patients access to care as primary prevention.

Co-Chair MacKinnon announced that amendments were due the following day by 5pm.

SB 105 was HEARD and HELD in committee for further consideration.

#sb165

SENATE BILL NO. 165

"An Act relating to the Alaska comprehensive health insurance fund; and providing for an effective date."

[10:47:23 AM](#)

BRITTANY HARTMANN, STAFF, SENATOR ANNA MACKINNON, offered a Sponsor Statement:

In 2015, the individual health care market in Alaska was in a precarious state. There were only two insurers with current enrollees in individual healthcare plans in Alaska, and each insurer was experiencing significant losses. Average premium rate increases in 2015 were 38.7% for one insurer and 39.9% for the other. In 2016, one of Alaska's only two remaining insurers gave notice that they would be withdrawing from the Alaska individual market effective January 2017.

The 29th Legislature passed HB 374 in 2016, which created the Alaska Reinsurance Program, and allowed the Division of Insurance to apply for a federal Section 1332 state innovation waiver under the Affordable Care Act (ACA). That legislation included a sunset date of June 30, 2018 to ensure that the diversion of insurance premium taxes from the general fund was not relied upon as a long-term funding mechanism. In July 2017, the waiver was approved by both the Department of Health and Social Services and the Department of Treasury based on the application

submitted by the division, which requested pass-through funding for the Alaska Reinsurance Program.

The federal award for this waiver was approximately \$322 million over five years. The award is to be used, in conjunction with the Alaska Reinsurance Program, to continue to stabilize the individual healthcare market in Alaska.

This legislation extends the sunset provision on the Alaska comprehensive health insurance fund by six years, from June 30, 2018 to June 30, 2024 to allow for the continuation of the Alaska Reinsurance Program and receipt of the federal funding.

The bill also removes the requirement that funds collected under AS 21.09.210 (tax on insurers), AS 21.33.055 (unauthorized insurance premium tax), AS 21.34.180 (surplus lines tax) and AS 21.66.110 (annual tax on title insurance premiums) are to be deposited into the Alaska comprehensive health insurance fund within the general fund.

Passage of HB374 by the 29th Legislature has resulted in stabilization of the individual insurance market. The Section 1332 state innovation waiver provides funding for the Alaska Reinsurance Program, through the Alaska comprehensive health insurance fund. Now this legislation is necessary to ensure the continued effectiveness of the Alaska Reinsurance Program, meet the intent of the waiver, and receive the federal funding.

[10:48:20 AM](#)

Co-Chair MacKinnon relayed that versions the legislation had appeared before the committee before. She said that the bill would create a stable market and that the state had experienced a reduction in premiums because of the reinsurance program. She shared that the legislation would rededicate the revenue stream out of the insurance fund and into the general fund, resulting in a positive fiscal note of approximately \$50 million, annually. She commended the work of Lori Wing-Heier, Director, Division of Insurance, Department of Commerce, Community and Economic Development on the issue of insurance management in the state.

[10:51:01 AM](#)

LORI WING-HEIER, DIRECTOR, DIVISION OF INSURANCE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, said that SB 165 would allow the department to continue the reinsurance program with significant federal funding because of the 1332 waiver for a period of five years, with a possible additional one-year extension. She said that in 2016 the legislature had been instrumental in creating the program, which had proved successful. She stressed that to collect on anticipated federal funds, the sunset date needed to be either removed or extended. The sunset extension would also allow that the premium tax that the division collected would go back to the general fund, as was the original intention.

[10:53:34 AM](#)

Co-Chair MacKinnon solicited the definition of "reinsurance."

[10:54:16 AM](#)

Vice-Chair Bishop expressed appreciation for Ms. Wing-Heier's ability to discuss complicated issues in a clear and simple manner.

Ms. Wing-Heier shared that in the context of the bill, "reinsurance" meant that if you were an individual in Alaska that purchased insurance through the individual market but was then diagnosed with a condition that generated high cost claims, you would still buy insurance from Premera (because that is the only carrier in Alaska) and would never know that your claim had been ceded to the reinsurance program. The claim is then not paid by Premera but by the state, which reduced the overall claims expense for the insurer.

[10:56:25 AM](#)

Co-Chair MacKinnon asked why the federal government would be interested in paying the claims.

Ms. Wing-Heier responded that many Alaskan's premiums were subsidized by the federal government, without a cap. She said that when the large claims could be removed from the calculation, and premiums decreased, the federal government

would save money. That savings returned to the state to fund the reinsurance program. Had the reinsurance program not been enacted, the federal government's premiums for low and moderate-income individuals would have continued to increase, as would those that did not receive subsidies.

[10:58:15 AM](#)

Co-Chair MacKinnon asked about the managed care for individuals that were high cost drivers in the system.

Ms. Wing-Heier replied that there were very strict guidelines for managed care of those particular consumers. She said that the division worked to provide managed care on every claimant that went through the program.

[10:59:20 AM](#)

Senator Stevens asked about the \$25 million return from Premera, and whether similar returns could be expected in the future.

Ms. Wing-Heier did not expect similar future returns. She said that claims had dropped significantly in 2017, which had prompted Premera to contact the division. She said that the drop in claims had been considered an anomaly. She explained that when an insurance company filed rates with the state, a contingency of 3 to 5 percent profit was included in the rate filing. She stated that Premera had known that they were in excess of that contingency percentage. She furthered that Premera involuntarily approached the state and asked that the money for 2017 be put back into the reinsurance program. She relayed that a memorandum of understanding was crafted, without any fault on the part of Premera, that the money would be returned to the state.

[11:00:55 AM](#)

Senator Stevens asked whether additional insurers were interested in working with Alaska.

Ms. Wing-Heier replied that she was hopeful. She felt that any reluctance was not because of the situation in the state but what was happening on the federal level.

[11:01:27 AM](#)

Senator Stevens expressed appreciation for the information.

[11:01:40 AM](#)

Senator von Imhof asked whether there was a way that the state could save as much money as possible in the program just in case the waiver was not extended a second time.

Ms. Wing-Heier responded that the idea had been considered. She thought that what was currently being received from the federal government could carry the program into the 6th year.

Co-Chair MacKinnon CLOSED public testimony.

[11:04:50 AM](#)

Co-Chair Hoffman addressed the zero fiscal note for the Department of Administration (DOA). He read from the analysis:

This bill would extend the repeal date of the Alaska comprehensive health insurance fund statute from June 30, 2018 to June 30, 2024 and, effective July 1, 2018, would deposit insurance premium tax revenues into the general fund instead of the Alaska comprehensive health insurance fund. The general fund and the Alaska comprehensive health insurance funds are existing funds and the change should require minimal work with no significant fiscal impact to the Division of Finance. Therefore, the Division of Finance submits a zero fiscal note.

He spoke to the second zero fiscal note from the Department of Commerce, Community and Economic Development:

This legislation extends the sunset provision on the Alaska Comprehensive Health Insurance Fund by six years, from June 30, 2018 to June 30, 2024. This legislation also removes the requirement that funds collected under AS 21.09.210 (tax on insurers), AS 21.33.055 (unauthorized insurance premium tax), AS 21.34.180 (surplus lines tax) and AS 21.66.110 (annual tax on title insurance premiums) are to be deposited into the Alaska Comprehensive Health Insurance Fund within the general fund.

[11:07:11 AM](#)

Co-Chair MacKinnon understood that the current insurance receipts that were designated general fund would be re-routed into the general fund. She wondered about a projection on the new general fund contribution.

Ms. Wing-Heier relayed that there was approximately \$63 million that would be re-routed back to the general fund and, going forward, all the taxes would go back into the general fund.

[11:08:04 AM](#)

Co-Chair MacKinnon wondered why this was not reflected on the fiscal note as revenue coming into the general fund.

Ms. Wing-Heier said that she would provide the information to the committee later.

Co-Chair MacKinnon announced that amendments were due the following day by 5pm.

SB 165 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[11:09:37 AM](#)

The meeting was adjourned at 11:09 a.m.