

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 8, 2018

1:32 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Kevin Meyer, Vice Chair
Senator Gary Stevens
Senator Berta Gardner
Senator Peter Micciche

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 86

"An Act relating to nonrenewal of occupational licenses for default on a student loan."

- MOVED HB 86 OUT OF COMMITTEE

SENATE BILL NO. 205

"An Act relating to the Regulatory Commission of Alaska; and relating to telecommunications regulations, exemptions, charges, and rates."

- HEARD & HELD

SENATE BILL NO. 62

"An Act repealing the certificate of need program for health care facilities; making conforming amendments; and providing for an effective date."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 112

"An Act relating to the controlled substance prescription database; relating to disability; excluding independent contractors from workers' compensation coverage; employer-required drug testing; relating to the office of administrative hearings; and providing for an effective date." relating to the

Alaska Workers' Compensation Board; relating to the payment of workers' compensation or benefits; relating to compensable injuries; relating to rehabilitation and reemployment of injured workers; relating to reemployment vouchers; relating to the treatment or care of employees; relating to use of evidence-based treatment guidelines; relating to prescribing or dispensing a controlled substance to an employee for a compensable injury; relating to workers' compensation prehearings; relating to the filing of claims for workers' compensation benefits or petitions for other relief; relating to the burden of proof and credibility of witnesses in workers' compensation matters; relating to attorney fees; relating to the filing of a verified annual report; relating to permanent total disability; relating to temporary total

- HEARD & HELD

HOUSE BILL NO. 157

"An Act relating to the Alaska Life and Health Insurance Guaranty Association; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 86

SHORT TITLE: STUDENT LOAN DEFAULT/OCC. LICENSE RENEWAL

SPONSOR(S): REPRESENTATIVE(S) CLAMAN

01/27/17	(H)	READ THE FIRST TIME - REFERRALS
01/27/17	(H)	EDC, L&C
03/01/17	(H)	EDC RPT 7DP
03/01/17	(H)	DP: TALERICO, PARISH, KOPP, SPOHNHOLZ, JOHNSTON, FANSLER, DRUMMOND
03/01/17	(H)	EDC AT 8:00 AM CAPITOL 106
03/01/17	(H)	Moved HB 86 Out of Committee
03/01/17	(H)	MINUTE(EDC)
03/22/17	(H)	L&C AT 3:15 PM BARNES 124
03/22/17	(H)	Heard & Held
03/22/17	(H)	MINUTE(L&C)
03/24/17	(H)	L&C AT 3:15 PM BARNES 124
03/24/17	(H)	Moved HB 86 Out of Committee
03/24/17	(H)	MINUTE(L&C)
03/27/17	(H)	L&C RPT 6DP 1NR
03/27/17	(H)	DP: SULLIVAN-LEONARD, STUTES, WOOL, JOSEPHSON, BIRCH, KITO
03/27/17	(H)	NR: KNOPP

03/29/17 (H) TRANSMITTED TO (S)
 03/29/17 (H) VERSION: HB 86
 03/31/17 (S) READ THE FIRST TIME - REFERRALS
 03/31/17 (S) EDC, L&C
 04/12/17 (S) EDC AT 8:00 AM BUTROVICH 205
 04/12/17 (S) Heard & Held
 04/12/17 (S) MINUTE(EDC)
 04/14/17 (S) EDC RPT 4DP
 04/14/17 (S) DP: STEVENS, BEGICH, COGHILL, HUGHES
 04/14/17 (S) EDC AT 8:30 AM BUTROVICH 205
 04/14/17 (S) Moved HB 86 Out of Committee
 04/14/17 (S) MINUTE(EDC)
 01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)
 01/30/18 (S) Heard & Held
 01/30/18 (S) MINUTE(L&C)
 03/08/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 205

SHORT TITLE: TELECOMMUNICATIONS REGULATION/EXEMPTIONS

SPONSOR(s): SENATOR(s) MEYER

02/19/18 (S) READ THE FIRST TIME - REFERRALS
 02/19/18 (S) L&C
 02/27/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/27/18 (S) Heard & Held
 02/27/18 (S) MINUTE(L&C)
 03/08/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 62

SHORT TITLE: REPEAL CERTIFICATE OF NEED PROGRAM

SPONSOR(s): SENATOR(s) WILSON

02/17/17 (S) READ THE FIRST TIME - REFERRALS
 02/17/17 (S) L&C, FIN
 04/06/17 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)
 04/06/17 (S) Heard & Held
 04/06/17 (S) MINUTE(L&C)
 04/06/17 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/06/17 (S) -- Testimony <Invitation Only> --
 04/07/17 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)
 04/07/17 (S) Heard & Held
 04/07/17 (S) MINUTE(L&C)
 02/06/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/06/18 (S) Heard & Held
 02/06/18 (S) MINUTE(L&C)
 03/08/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 112

SHORT TITLE: WORKERS COMPENSATION;DRUG DATABASE & TEST

SPONSOR(s): SENATOR(s) GIESSEL

04/12/17	(S)	READ THE FIRST TIME - REFERRALS
04/12/17	(S)	L&C, FIN
01/22/18	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
01/22/18	(S)	L&C, FIN
02/01/18	(S)	L&C AT 1:00 PM BUTROVICH 205
02/01/18	(S)	Heard & Held
02/01/18	(S)	MINUTE(L&C)
03/08/18	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE MATT CLAMAN

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 86.

NATASHA MCCLANAHAN, Staff

Senator Mia Costello

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced the committee substitute for SB 205, committee substitute for SB 62, and committee substitute for SB 112.

EDRA MORLEDGE, Staff

Senator Kevin Meyer

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Provided information on SB 205 on behalf of the bill sponsor.

STEPHEN MCALPINE, Chair

Regulatory Commission of Alaska

Anchorage, Alaska

POSITION STATEMENT: Provided information on SB 205.

CHRISTINE O'CONNOR, Executive Director

Alaska Telecom Association (ATA)

Anchorage, Alaska

POSITION STATEMENT: Provided information on SB 205.

GARY ZEPP, Staff

Senator David Wilson

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information on SB 62 on behalf of the sponsor.

JEAN MISCHEL, Legislative Counsel
Legislative Legal Services
Legislative Affairs Agency
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As drafter, provided information on SB 62.

KARI NORE, Staff
Senator Cathy Giessel
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Delivered the sectional analysis for version L of SB 112 on behalf of the sponsor.

ACTION NARRATIVE

[1:32:35 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Gardner, Stevens, Meyer, Micciche, and Chair Costello.

HB 86-STUDENT LOAN DEFAULT/OCC. LICENSE RENEWAL

[1:33:09 PM](#)

CHAIR COSTELLO announced the consideration of HB 86 and asked the sponsor to provide a summary.

[1:33:43 PM](#)

REPRESENTATIVE MATT CLAMAN, Alaska State Legislature, Juneau, Alaska, sponsor of HB 86, said the bill repeals statutes that allow the Alaska Commission on Postsecondary Education (ACPE) to threaten nonrenewal of occupational licenses for individuals who have defaulted on student loans. In the past, those who have had their licenses revoked have often left the state to set up practice elsewhere. The state not only loses the ability to collect but also a skilled member of the Alaska workforce. The ACPE has not used this authority since 2010 because wage garnishment is more effective. It makes sense to eliminate this punitive and ineffective method of student loan debt collection.

CHAIR COSTELLO found no questions and solicited a motion.

[1:34:50 PM](#)

SENATOR MEYER moved to report [HB 86], version A, from committee with individual recommendations and attached fiscal note(s).

[1:35:03 PM](#)

CHAIR COSTELLO found no objection and announced that [HB 86] moved from the Senate Labor and Commerce Standing Committee.

[1:35:13 PM](#)

At ease

CHAIR COSTELLO reconvened the meeting and advised that the wrong bill number was read in the previous motion.

[1:35:56 PM](#)

SENATOR MEYER rescinded the previous motion and moved to report HB 86, version A, from committee with individual recommendations and attached fiscal note(s).

[1:36:14 PM](#)

CHAIR COSTELLO stated that without objection, HB 86 moved from the Senate Labor and Commerce Standing Committee.

[1:36:28 PM](#)

At ease

SB 205-TELECOMMUNICATIONS REGULATION/EXEMPTIONS

[1:39:07 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 205. She noted the proposed committee substitute (CS).

[1:39:28 PM](#)

SENATOR MEYER moved to adopt the work draft CS for SB 205, labeled 30-LS1431\D, as the working document.

CHAIR COSTELLO objected for discussion purposes.

[1:40:10 PM](#)

NATASHA MCCLANAHAN, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, reviewed the following changes from version A to version D of SB 205:

- Sec. 5 was removed due to an open docket with the Regulatory Commission of Alaska (R-18-001) in

relation to exchange access charges and the administration of those charges.

- The reference to AS 42.05.850 in sec. 7 was also removed due to the open docket with the Regulatory Commission of Alaska (R-18-001).
- Sections renumbered accordingly.

CHAIR COSTELLO identified the individuals available to answer questions. She asked Ms. Morledge if she had anything to add.

[1:41:16 PM](#)

EDRA MORLEDGE, Staff, Senator Kevin Meyer, Alaska State Legislature, Juneau, Alaska, said the committee substitute makes the relatively minor change of removing Section 5.

CHAIR COSTELLO asked if removing Section 5 and the reference in Section 7 due to an open docket would increase the likelihood that portions of the bill would come back before the legislature in the future.

MS. MORLEDGE said she didn't believe so, but she would defer to the RCA commissioner who was on line.

[1:42:08 PM](#)

STEPHEN MCALPINE, Chair, Regulatory Commission of Alaska, Anchorage, Alaska, said he can't answer that until the commission has the public hearing which is scheduled for next Wednesday. Whether a matter is brought back before the legislature is dependent upon who may disagree with the outcome of the commission's work. The regulation itself is dealt with in public. Several public meetings are typically held and interested parties are invited to comment.

[1:43:38 PM](#)

CHRISTINE O'CONNOR, Executive Director, Alaska Telecom Association (ATA), Anchorage, Alaska, said she didn't expect that Section 5 and the corresponding reference in Section 7 would be brought back to the legislature based on the outcome of the docket. ATA is working with the RCA through docket R-18-001 to create a new version and updates to the Alaska Universal Service Fund. This change will be involved in the resolution.

[1:44:25 PM](#)

SENATOR GARDNER asked Commissioner McAlpine if the RCA had concerns about or had taken a position on SB 205.

MR. MCALPINE said the RCA has done a preliminary analysis of the bill and found it does a tremendous amount of change in a page and a half. Some of the changes would significantly alter the way the RCA does business at the commission and significantly alter the relationship between the commission and the telecommunications industry. Although some have said that the bill does not affect the Alaska Universal Service Fund, he believes the completed analysis will show that the bill offers significant changes. He anticipates that the RCA will take a position on the bill after the public meetings are complete.

SENATOR GARDNER asked if he believes that consumers will be better off or worse off with passage of SB 205.

MR. MCALPINE said he would answer with an example. When he heard the comment that the bill would result in significant consumer changes to RCC [regulatory cost charges] payments, he looked at his own telephone bill. One bill shows a \$0.16 charge as opposed to the Alaska Universal Service Fund, where the bill shows a \$4.87 charge plus a \$4.00 charge that is billed directly from the telephone company and collected by the telephone company. Then there is the federal Universal Service Charge, which is an additional \$3.04. Totaling those numbers shows the Alaska Universal Service Fund in many instances surpasses the amount that is collected at the federal level. At the last look, 19.1 percent of an individual's bill was for the Alaska Universal Service Fund and 19 percent was the federal amount.

MR. MCALPINE said one of the things the regulation looks at is trying to gain control over the ever-increasing charge to the consumer on the Alaska Universal Service Fund. SB 205 would cease the payment of the regulatory cost charges - the \$0.16, as of June 30, 2019. The RCA still has to maintain staff to perform the federal services as well as going through regulatory matters and legislative matters. The staff has been reduced from five to two. But getting rid of the regulatory cost charges (RCCs) does not affect the amount of time and labor these staff are investing. It just eliminates the telephony industry from having to pay their share of that. In addition, the electric, water, sewer, garbage, all of the other utilities, would have to make up for that because it's basically pro-rata on the amount of time the RCA spends with the various industries.

He said he imagines after the commission has done a full and detailed analysis as well as holding public meetings and comments the RCA will be better able to inform the committee.

SENATOR GARDNER said she looks forward to the report once the analysis is complete.

SENATOR MEYER asked when the committee could expect the results of the public meetings and comments and the full analysis.

MR. MCALPINE said the commission did the initial analysis in two days and staff is working on it now. The first public meeting for this agenda item is scheduled for next Wednesday and the analysis should be complete by March 19, 2018.

[1:50:52 PM](#)

At ease

[1:51:57 PM](#)

CHAIR COSTELLO reconvened the meeting and welcomed Ms. O'Connor to respond to Mr. McAlpine's comments.

[1:52:10 PM](#)

MS. O'CONNOR said SB 205 does not change AS 42.05.254 that authorizes the RCA to self-fund. The transition will allow time to adjust the RCCs to actual cost. The bill does eliminate activity that the telecommunications industry generates to the RCA. These are things like tariff filings and reports about long distance competition. She noted that she described those things when she testified previously. There will definitely be a decrease in activity and the transition will provide time to develop a mechanism to assess actual costs per AS 42.05.254.

[1:53:19 PM](#)

SENATOR GARDNER said she had contact with concerned constituents who had misunderstood the bill the same way she had. Two who cannot get good cell phone reception worried about losing their landlines in outlying areas and Ms. O'Connor was going to put on the record that they would not be in danger of losing their landlines.

MS. O'CONNOR said SB 205 does not change the obligation to provide landline service. That obligation exists through the certificate of public convenience and necessity, which is AS 42.05.261 and AS 42.05.271. There must be permission from the RCA to do that. A provision in regulation, 3 AAC 52.365, prohibits long distance carriers from discontinuing service without RCA permission. There is another level of federal rules that require companies to ask permission. She noted 48 percent of households have landlines. They are committed to providing

that service. They are just trying to make the paperwork less expensive for themselves and the RCA.

1:55:33 PM

CHAIR COSTELLO said it is not her intention to slow the bill, but in the interest of the public process it should be held in committee until they have the position of the RCA.

SENATOR MEYER asked for a description of the Alaska Universal Fund. Chair McAlpine expressed concern about not getting the money from that anymore. He did not understand the difference between that and the RCC fund.

MS. O'CONNOR said the Alaska Universal Service Fund comes from a surcharge on customer bills. That fund supports the telecommunications networks in Alaska and is distributed through the Alaska Universal Service Administrative Company, which reports to the RCA. The funds support voice and broadband service because the networks today support all services. Docket R-18-001 is open at the RCA to modernize that. Due to the declining number of landlines that support that fund, it is funded by an assessment on certain revenues. That surcharge has increased to 19 percent and they feel it's too high. They filed a comprehensive proposal in the docket last Monday to set a 10 percent cap. It will have an impact on companies' support for remote areas, but they felt it needed to happen in the consumer interest. It is not connected to this bill. The regulatory cost charge that is allowed to the RCA under AS 42.05.254 is connected and it is much smaller.

SENATOR MEYER said there is talk that this bill would have a negative impact on rural households and the commissioner said other utility companies.

MS. O'CONNOR said there will be no adverse effect on rural communities. Some of the companies that will benefit the most from having more efficiencies in not having to do filings that are characterized as unactionable serve rural areas. They will devote any resources they save to operating their networks. It is not the intent to impact other utility companies. They fully expect to pay the cost of any continuing oversight and regulations of the telecommunications industry. It will be much reduced. Should issues regarding telecommunications come to the RCA, that self-funding statute allows the assessment of actual cost. They are open to proposals and suggestions. The intent is not to disrupt the activities. They are trying to be more efficient for the industry and the RCA.

SENATOR MEYER summarized that should SB 205 pass, there should be less activity for the RCA and there will also be less revenue coming in. He said, "But the two in your mind should balance out. Is that fair?"

MS. O'CONNOR said yes and that is why ATA proposed the year-long extension of the effective date. It is to ensure that there is no disruption.

CHAIR COSTELLO asked Mr. McAlpine if the RCA will use testimony from this committee in its review of the impact of the bill.

MR. MCALPINE replied that's a definite yes.

CHAIR COSTELLO asked if the sponsor had anything to add.

MS. MORLEDGE pointed out that the fiscal note was prepared by the RCA on February 23, 2018. She added, "I think perhaps they have been continuing their analysis of the bill since that time."

[2:01:24 PM](#)

CHAIR COSTELLO removed her objection. Finding no further objection, version D of SB 205 was adopted.

[SB 205 was held in committee.]

[2:01:51 PM](#)

At ease

SB 62-REPEAL CERTIFICATE OF NEED PROGRAM

[2:04:33 PM](#)

CHAIR COSTELLO reconvened the meeting, announced the consideration of SB 62, and noted the proposed committee substitute (CS).

[2:05:02 PM](#)

SENATOR MEYER moved to adopt the work draft CS for SB 62, labeled 30-LS0502\D, as the working document.

CHAIR COSTELLO objected for discussion purposes.

[2:05:19 PM](#)

NATASHA MCCLANAHAN, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, explained the following changes from version A to version D of SB 62:

SB 62 version A would have repealed the certificate of need program for healthcare facilities. After three committee hearings in Senate Labor and Commerce changes were made to the legislation based on conversations with stakeholders and public testimony.

SB 62 version D allows for an exemption from the certificate of need program if the new construction of a healthcare facility, alteration of bed capacity, or addition of a category of health services is in a location that is over 100 miles from another healthcare facility. This removes a barrier for remote communities that are currently struggling to attract and retain healthcare services in an effort to provide equal access to care for all Alaskans.

[2:06:22 PM](#)

CHAIR COSTELLO removed her objection and version D was adopted. She noted an attorney from legislative legal was available to answer questions. She asked Mr. Zepp to comment on how the committee substitute changes the scope of the bill. It is a tailored response to the testimony the committee heard from Interior Alaskans about their inability to access health care in the community. She noted that the next committee of referral is Finance.

GARY ZEPP, Staff, Senator David Wilson, Alaska State Legislature, Juneau, Alaska, said the evolution of the bill is in the right direction for the people of Delta. The original intent was for communities to decide and remove the government barriers that are currently in place for the certificate of need program. While the bill isn't as broad in scope, he believes the sponsor would be pleased that it is still helping Alaskans provide health care services and facilities in their communities.

CHAIR COSTELLO said the committee also heard that going through the process of certificate of need was valuable. Communities can still go through that process. She noted that they reached out to the Department of Health and Social Services (DHSS) for information about applications received and what communities are paying. There was a recognition that the regulations regarding certificate of need have not been updated in some time. Her hope

is that as this version of the bill moves forward, it sends a message to the department that updating the regulations would be helpful. She looks forward to discussion in the Senate Finance because it surrounds the cost of health care. Whether this is the answer remains to be seen.

[2:10:17 PM](#)

SENATOR GARDNER asked if the committee could expect to hear from the Department of Health and Social Services on the committee substitute and see updated fiscal notes.

CHAIR COSTELLO said it was her understanding that DHSS won't state a position on the bill until it looks like it will pass.

MS. MCCLANAHAN agreed; a letter to that effect from [the DHSS deputy commissioner] is in the backup documents.

[2:11:08 PM](#)

SENATOR STEVENS commented that it's backward to think that the department won't get involved until it looks like the bill will pass.

CHAIR COSTELLO said unless it's a governor's bill, that's been the common approach. She said her office could reach out to the department and see if they have a position on the committee substitute.

[2:11:52 PM](#)

SENATOR MICCICHE said the change to AS 18.07.031(a) adds the words "in a location within 100 miles of another healthcare facility." The applicability seems to require two parts - located more than 100 miles from another health care facility and that it has an existing certificate of need issued by DHSS. He asked when a certificate of need exists, does it remain in effect after the construction and during the operation of the health care facility or at some point, could it be closed down after the project is complete and would the applicability affect the outcome of Section 1.

[2:12:59 PM](#)

JEAN MISCHEL, Legislative Counsel, Legislative Legal Services, Legislative Affairs Agency, Alaska State Legislature, Juneau, Alaska, said the applicability provision is essentially a hold harmless provision. The courts have found that certificates of need have some value and are construed as a property interest. They exist during the operation of the health care facility;

they don't go away after construction. They're attached, they get renewed, and modified over time.

SENATOR MICCICHE commented that exactly 100 miles is not covered. Section 1 has more than 100 miles in applicability and within 100 miles, which is somewhat less than 100 miles. He asked if that is a potential problem. Although the chance that it is exactly between 100 and 101 miles is rare, he asked if that is a gap the committee should clarify.

MS. MISCHEL said she didn't see the gap. Legislative legal interprets "within 100 miles" to include 100 miles and "more than 100 miles" would be anything over 100 miles.

[2:15:04 PM](#)

CHAIR COSTELLO stated she would hold SB 62 until the Department of Health and Social Services provided an updated opinion on the topic.

MS. MCCLANAHAN clarified that the letter was from the deputy commissioner of DHSS, not the commissioner.

[2:15:28 PM](#)

At ease

SB 112-WORKERS COMPENSATION;DRUG DATABASE & TEST

[2:17:19 PM](#)

CHAIR COSTELLO announced the consideration of SB 112 and noted the proposed committee substitute (CS).

[2:17:43 PM](#)

SENATOR MEYER moved to adopt the work draft CS for SSSB 112, version 30-LS0318\L, as the working document.

CHAIR COSTELLO objected for discussion purposes.

[2:18:06 PM](#)

NATASHA MCCLANAHAN, Staff, Senator Costello, Alaska State Legislature, Juneau, Alaska, reviewed the following changes from version R to version L of SB 112.

The following changes were made based on conversations with stakeholders, public testimony at the initial hearing before the Senate Labor and Commerce Committee and based on conversations with the Department of Labor:

- The transferring of hearing duties from Hearing Officers to the Office of Administrative Hearings, Administrative Law Judges was removed.
- The PDMP/Controlled Substance sections were revised to prevent possible HIPPA violations.
- Changes to the Workers Comp Board composition have been removed.
- Permanent Total Disability benefit termination has been removed.
- Permanent Partial Impairment benefit termination and lump sum payment have been removed.
- Temporary Total Disability benefit termination at 104 weeks has been removed.
- The repeal and reenacting of the vocational rehabilitation program to a voucher system has been removed.
- Reference to an employer choosing a physician has been removed.
- Reporting duties of the Medical Services Review Committee have been removed.

[2:19:30 PM](#)

KARI NORE, Staff, Senator Cathy Giessel, Alaska State Legislature, Juneau, Alaska, delivered the following sectional analysis for version L of SB 112 on behalf of the sponsor:

Section 1: Amends AS 23.10.620 by adding a new subsection to allow an employer to require an employee to undergo drug testing if the employee has been prescribed a controlled substance under AS 23.30.096.

Section 2: Repeals and reenacts AS 23.30.010(a) to provide that a compensable injury must be established using relevant objective medical evidence and must be the major contributing cause of any resulting condition, disability, or need for medical treatment.

Provides that subjective complaints must be confirmed by physical examination or diagnostic testing.

[2:20:37 PM](#)

At ease

[2:20:55 PM](#)

CHAIR COSTELLO reconvened the meeting.

[2:21:05 PM](#)

MS. NORE continued the sectional analysis for SB 112, version L.

Section 3: Amends AS 23.30.095(a) to require that the employer furnish medical treatment in accordance with evidence-based treatment guidelines. Allows employer or insurer to request a third party to conduct a utilization review for treatment recommended outside of the evidence-based treatment guidelines. Provides that if medical treatment is recommended two years after the date of injury, the employee may not be afforded the presumption of compensability but that the injured will have a right to review by the board.

Section 4: Amends AS 23.30.095(d) to allow for suspension of compensation for refusal of appropriate diagnostic tests.

Section 5: Amends AS 23.30.095(e) to require, in certain circumstances, submission to examination by a mental health provider.

Section 6: Amends AS 23.30.095(o) to require palliative care after medical stability to be consistent with evidence-based treatment guidelines.

Section 7: Amends AS 23.30.095 by adding new subsections relating to payment for durable medical equipment, prosthetics, orthotics or supplies and prescription drugs.

Section 8: Amends AS 23.30 by adding AS 23.30.096 relating to prescribing or dispensing controlled substances to employees.

Section 9: Amends AS 23.30.097(d) to state that payment for medical treatment is not due immediately or on demand, it is due within 30 days after the

employer receives the provider's bill and a completed report.

Section 10: Amends AS 23.30.097(g) to add that an employer shall reimburse an employee's prescription charges within 30 days after the employer receives the employee's request for reimbursement.

Section 11: Amends AS 23.30.105(a) to replace the term disability.

Section 12: Amends AS 23.30.107(b) to remove a reference related to the Second Independent Medical Exam.

Section 13: Amends AS 23.30.110(e) to allow for electronic submission of the acceptance or rejection of a claims.

Section 14: Amends AS 23.30.120(a) to require that an employee establish a preliminary link between employment and resulting condition, disability, or need for medical treatment through objective relevant medical evidence before being afforded the presumptions listed in that subsection.

Section 15: Amends AS 23.30.120 by adding new subsections relating to establishing the preliminary link and presumption under AS 23.30.120(a).

Section 16: Amends AS 23.30.122 by adding new subsections relating to medical expert and lay testimony.

Section 17: Repeals and reenacts AS 23.30.145 governing the award and payment of attorney fees.

Section 18: Amends AS 23.30.155(m) to repeal the \$1,000 civil penalty when an annual report is incomplete when filed.

Section 19: Amends AS 23.30.230(a) to provide a definition of "independent contractor."

Sections 20-21: Amend the definitions of "arising out of and in the course of employment" and "attending physician."

Section 22: Repeals AS 23.30.095(k) (relating to a second independent medical evaluation), 23.30.110(g) (relating to submission to a physical examination), 23.30.135(a) (relating to procedure before the board), 23.30.155(h) (relating to the board's authority).

Section 23: Adds an applicability provision that states that secs. 2-22 of the Act apply to claims for injuries filed on or after the effective dates of those sections.

[2:25:29 PM](#)

CHAIR COSTELLO stated her intention to hold the bill to give members a chance to review it. She asked the members to send any questions to her aide, Natasha McClanahan, and they would be forwarded to Senator Giessel. She asked Ms. Nore if she had anything to add.

MS. NORE advised that the committee substitute was drafted in response to the public testimony and the concerns that were voiced.

[2:26:18 PM](#)

CHAIR COSTELLO removed her objection and version L was adopted. [SB 112 was held in committee with public testimony closed.]

[2:26:49 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:26 p.m.