

HOUSE FINANCE COMMITTEE

March 5, 2020

1:36 p.m.

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CALL TO ORDER

Co-Chair Johnston called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Jennifer Johnston, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Andy Josephson
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter
Representative Gary Knopp

ALSO PRESENT

Representative Ivy Spohnholz, Sponsor; Melissa Hill, Administrative Operations Manager, Division of Health Care Services, Department of Health and Social Services, Anchorage; Representative Geran Tarr, Sponsor; Carmen Lowery, Executive Director, Alaska Network on Domestic Violence and Sexual Assault; Elise Sorum-Birk, Staff, Representative Andy Josephson; Scott Jordan, Director, Division of Risk Management, Department of Administration.

PRESENT VIA TELECONFERENCE

Dominic Wenzell, Dentist and Board Member, Alaska Board of Dental Examiners, Anchorage; Katrina Virgin, President, Alaska Dental Hygienists Association, Kodiak; Renee Gayhart, Division Director, Healthcare Services, Department of Health and Social Services; Grey Mitchell, Director, Division of Workers' Compensation, Department of Labor and Workforce Development.

SUMMARY

HB 30 WORKERS' COMP: DEATH; PERM PARTIAL IMPAIR

HB 30 was HEARD and HELD in committee for further consideration.

HB 127 DENTAL HYGIENIST ADVANCED PRAC PERMIT

HB 127 was HEARD and HELD in committee for further consideration.

HB 182 SEXUAL ASSAULT EXAMINATION KITS: TESTING

HB 182 was HEARD and HELD in committee for further consideration.

Co-Chair Johnston reviewed the agenda for the day. She reported that the committee would be hearing HB 127, HB 182, and HB 30.

#hb127

HOUSE BILL NO. 127

"An Act relating to the practice of dental hygiene; establishing an advanced practice permit; prohibiting unfair discrimination under group health insurance against a dental hygienist who holds an advanced practice permit; relating to medical assistance for dental hygiene services; and providing for an effective date."

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Co-Chair Johnston invited the bill sponsor to the table.

REPRESENTATIVE IVY SPOHNHOLZ, SPONSOR, reported that the bill created an advanced practice permit which would allow dental hygienists to provide care for underserved populations at senior centers, healthcare facilities, day cares and schools. Dental hygienists would be allowed to provide care to Alaskans who were eligible for Public Assistance, home bound, or lived in an underserved community. The permit would be available for dental hygienists who had a minimum of 4000 hours of clinical experience and who were approved by the Alaska Board of

Dental Examiners. Alaska would not be the first state to make such changes. Dental hygienists practiced under advanced practice permits or similar permits in six other states. She reported that 40 other states were considered "direct access" states meaning that dental hygienists could initiate treatment based on their assessment of a patient's need without the authorization or the presence of a dentist.

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Co-Chair Johnston OPENED Public Testimony.

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DOMINIC WENZELL, DENTIST AND BOARD MEMBER, ALASKA BOARD OF DENTAL EXAMINERS, ANCHORAGE (via teleconference), reported that the board agreed the bill addressed the concerns it initially had with the original Senate version. Members of the board supported HB 127 in its current form.

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KATRINA VIRGIN, PRESIDENT, ALASKA DENTAL HYGIENISTS ASSOCIATION, KODIAK (via teleconference), supported the advanced practice permit. The association had seen a great demand across the state that needed to be filled. The dental hygienists would like to be able to practice to the extent of their licensure and abilities.

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Co-Chair Johnston CLOSED Public Testimony on the bill. She indicated individuals from the Department of Health and Social Services (DHSS) were available online to address questions regarding the fiscal note.

Representative Tilton referenced the fiscal note with an OMB component number of 3234 and cited the cost related to the implementation into the Alaska Health Enterprise System of \$250,000. She asked for an explanation of the cost.

MELISSA HILL, ADMINISTRATIVE OPERATIONS MANAGER, DIVISION OF HEALTH CARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, ANCHORAGE, reported that a portion of the costs were related to hours needed to work on the adjudication and payment process. The division needed to add the billing

provider, as it was new to the system. The cost was approximately \$187,000. Once the billing provider was added to the system, a provider change would be necessary and would take about 600 hours to complete and cost approximately \$63,000.

Co-Chair Johnston asked about the fiscal note for HB 127 in comparison to the fiscal notes for SB 105 related to the Marital and Family Therapist (LMFT) licenses and SB 134 for licensed professional counselors. The fiscal notes for both Senate bills were \$50,000 compared to \$63,000 for HB 127. She queried the difference. Ms. Hill responded that the current legislation created a brand-new provider type. The previous programs could be billed under a health group. If the division was only doing a provider type change it took about 600 hours to do the work which cost about \$50,000 previously. However, the contractor's cost per hour increased.

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RENEE GAYHART, DIVISION DIRECTOR, HEALTHCARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), reported that there was a price increase on the modification hours with the contractor which was the difference between the cost in the previous year of \$50,000 with the LMFTs and the cost of \$63,000 for licensed professional counselors. The claims related to both would be adjudicated through the newly established ASO with Optum, their behavioral health claims. The only cost to and through the Healthcare Services fiscal agent was the enrollment component. The division would not be doing the adjudication, so the price was not included. However, the division would be doing the claims adjudication for the dental hygienists under their new provider type.

Representative Wool asked if 600 hours of programming was the standard every time a provider type was added into the system. Ms. Hill responded affirmatively.

Representative Wool asked if it was an industry standard, or whether the software was particularly cumbersome. Ms. Gayhart replied that the division had the system in place with Conduent, the division's fiscal agent since 2013. New provider types were rarely added to the system. Often, they were added as rendering providers affiliated to a provider. She confirmed that the cost was an industry standard for

implementing a new provider type or I.D. She confirmed that \$63,000 was standard for adding the enrollment component. The work included completing all of the related hard coding for the system to accept a new provider type.

Representative Wool asked about the additional amount of \$180,000. Ms. Gayhart responded that the amount was related to claims adjudication. She explained further that the dental hygienists were currently paid under a dental provider's number. They had a subset of codes they could provide for cleaning and other services. Claims adjudication ensured that as claims came through the system, they edited to ensure that the particular provider type was able to bill for the codes and were paid correctly. Claims adjudication built logic into the system to pay claims appropriately and to deny claims that should not be paid.

Representative Wool asked if behavioral health was easier to enter into the system because it had fewer codes. He asked if he was accurate. Ms. Gayhart indicated that was because the particular claims would be run through the administrative service organization or Optum. They were not paid through the MMIAS which was Conduent, the fiscal agent that the dental hygienists would be under. She continued to explain that the LMFTs and the licensed professional counselors were being paid through a different system.

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Vice-Chair Ortiz was aware the bill was for the purpose of better-serving underserved folks. He wondered about driving down other costs. Representative Spohnholz reported it was difficult to predict cost savings that would result from the bill. However, with folks getting more preventative care, they would likely need less surgeries and removals and have fewer cavities which would, in turn, lead to a savings for the state in the future. There was a value in preventative dental care verses only urgent and treatment related dental. Looking at preventative dental as a whole saved the state money. She hypothesized that by increasing access to preventative dental care, the state would save money down the road.

Vice-Chair Ortiz asked his question because of the communities on the list that he was aware already had dentists providing care including the Ketchikan Indian

Community Tribal Health Clinic. Representative Spohnholz indicated that the practitioner would be paid less and cost the state less.

Representative Wool noted Representative Spohnholz asserting that the state would save money in the long run. He asked, in an underserved area without basic dental hygiene care, if hygienists would find several problems in patients that would require a dentist's intervention. He spoke of his personal experience discovering larger problems during routine dental services. He wondered if the sponsor had anticipated or accounted for such scenarios. Representative Spohnholz suspected there might be an initial short-term upswing in care from a dentist. However, in the end it would likely cost the state less.

Co-Chair Foster commented that he supported the bill. He relayed that the local hospital in Nome, Norton Sound Health Corporation, served 15 villages in the region and supported the bill.

Co-Chair Johnston indicated amendments were due on March 9, 2020 by 5:00 p.m.

HB 127 was HEARD and HELD in committee for further consideration.

#hb182

HOUSE BILL NO. 182

An Act relating to testing of sexual assault examination kits; and providing for an effective date.

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Co-Chair Johnston invited the bill sponsor to provide a summary of the bill.

REPRESENTATIVE GERAN TARR, SPONSOR, relayed that currently state law required rape kits to be processed within 1 year. The bill would change the time to 6 months.

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Co-Chair Johnston OPENED Public Testimony.

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CARMEN LOWERY, EXECUTIVE DIRECTOR, ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, reviewed that the network was a membership-based organization of 21 programs across the state that provided community services for victims of domestic violence. The network also engaged in prevention work and advocacy work to create conditions where sexual assault and domestic violence did not occur and to ensure that victims and survivors were treated with the utmost respect when their rights were violated. The network had been working with Representative Tarr on different iterations of the sexual assault kit initiative. She was very pleased to say that the network was very supportive of the committee substitute (CS) of HB 127. She suggested that although 6 months did not sound like a significant amount of time, a shorter period of getting information back to survivors was a good thing. She furthered that for a victim who reported a sexual assault or a sexual violence crime, they lived in a state of anxiety, stress, and anger while waiting for their results. The bill would reduce the time they did not know what was going on and providing some relief to a victim or survivor. She thought it sent a strong message that the state cared.

Co-Chair Johnston indicated the amendments for the bill were due by Monday, March 9, 2020 at 5:00 p.m.

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RECONVENED

Co-Chair Johnston CLOSED Public Testimony.

HB 182 was HEARD and HELD in committee for further consideration.

#hb30

HOUSE BILL NO. 30

"An Act relating to the exclusiveness of liability of an employer in the case of death; relating to the payment of workers' compensation benefits in the case of permanent partial impairment; relating to notice of workers' compensation death benefits; relating to the payment of workers' compensation death benefits

payable to a child of an employee where there is no surviving spouse; relating to the payment of workers' compensation death benefits for an employee without a surviving spouse or child; and providing for an effective date."

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Co-Chair Johnston invited the bill sponsor to the table.

REPRESENTATIVE ANDY JOSEPHSON, SPONSOR, asked if the chair wanted a reintroduction to the bill. Co-Chair Johnston responded in the affirmative.

Representative Josephson explained that when a person was partially injured at work, a doctor declared whether or not they had a degree of disability. Sometimes a disability was obvious to the eye and, sometimes further study was necessary. For example, a back injury might require additional assessment. The state had a permanent-partial impairment (PPI) rating and a whole-body multiplier. The bill changed the whole-body multiplier which had not been adjusted in 20 years. Alaska ranked between 40th and 50th place amongst the 50 states in terms of impairment ratings. The legislation would result in Alaska moving up to 26th place in ranking in the United States. The bill deleted a category of death benefit for the single childless worker and replaced it with a requirement that a new worker in Alaska received notice of their Worker's Compensation benefits. The bill was designed to put people who were single and childless on notice that they might want to purchase life insurance, as there was no remedy for their family if they were to pass away.

Representative Josephson indicated the bill made one other provision change for a child whose parent died at work. Currently, the child would have 4 years of medical coverage through Worker's Compensation beginning at age 19 as long as they were enrolled at a vocational school or college. The bill removed the provision of having to be enrolled in school. He provided a couple of examples. He suggested that by removing the school stipulation, the provision was more equitable because it captured all different kinds of people between the ages of 19 and 23.

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Representative Wool asked if the purpose of the initial provision was to help a person up to 23 years of age, essentially a dependent, while they were attending school and not earning money. He wondered if there was a distinction between a person in school and a person in the workforce relating to their status as a dependent.

Representative Josephson indicated that the language in AS 23.33.95 was odd and, he was not suggesting making a change to it. However, the way the statute was written, it seemed to infer that a dependent could be 40 years old. If their 65-year-old father died in the workplace because of a work-related accident, they could be eligible for the benefit. However, the language suggested the survivor had to be enrolled in school at the moment of their parent's death. Instead of making a change to the language, the bill was stipulating that the benefit would be available from ages 19-23.

Representative Wool asked for clarification about a 40-year-old dependent who lived with their parents, and could not live on their own. Representative Josephson reminded members they were referring to current law. He opined that it did not require that a person live with their parent. However, he agreed that there was a category of dependents who were either cognitively or physically disabled and could receive their weekly allowance for a significant amount of time. It would remain the same under the legislation.

Vice-Chair Ortiz recalled the bill sponsor reporting that the passage of the bill would place Alaska in the middle of the ranking of the rest of the United States for compensation for death.

Representative Josephson responded that he was not talking about compensation for death, which was a different matter. The bill was talking about compensation for a permanent injury. He reported that the Department of Labor and Workforce Development (DOL) two years prior reported that for the loss of an arm from the shoulder down Alaska was 32nd in payment rankings. He furthered that Alaska ranked 33rd in compensation for the loss of a hip, 35th for the loss of an eye, 33rd for the loss of an ear. He believed Alaska's rankings were worse because there were about 10 or 11 states that had a different way of calculating loss. He referred to an information sheet which he held up from DOL

that showed the loss of 1 eye at work - Alaska was not on the page. The page had to be flipped to find Alaska. If a person lost an eye at work in Maryland, the Worker's Compensation Plan would pay just over \$250,000. If a person were to lose their eye at work in Alaska, they would receive \$44,000 or less than 20 percent of what they would receive in Maryland.

ELISE SORUM-BIRK, STAFF, REPRESENTATIVE ANDY JOSEPHSON, noted the number used in the bill was based on inflation.

Co-Chair Johnston invited Mr. Mitchell to discuss the fiscal notes.

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GREY MITCHELL, DIRECTOR, DIVISION OF WORKERS' COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), relayed that the department had 2 fiscal notes. The first dealt with the Worker's Compensation component. The fiscal note illustrated a revenue increase associated with increasing the permanent-partial impairment benefits. The revenue increase was estimated to be \$110,000 per year. The fiscal note showed an increase of \$55,000 for FY 21 and an increase of \$110,000 per year from FY 22 through FY 26. The amount was based on a 44 percent increase in PPI benefits. He elaborated that the reason the revenue increased to the division was because there were 2 taxes. The first tax was collected by the Division of Insurance on all premiums issued. The increase of 44 percent was expected to increase premiums in a like amount. The other revenue source was a service fee placed on self-insured employers such as the State of Alaska and other large employers that had the resources to self-insure. The insurers were required to pay 2 percent of all the indemnity benefits they paid out over the year.

Mr. Mitchell reviewed the second fiscal note which dealt with the Second Injury Fund. He explained that in Alaska there was a fund that paid benefits for workers who had pre-existing conditions and who had claims that met certain conditions. In order to pay the claims, there was an assessment against of all of the indemnity benefits that were paid out over a year by all employers. He expounded that the assessment was based on the amount of revenue in the account at a given time over the year. The claims that were charged against the account determined a reserve rate.

He reported in the previous year the reserve rate was set at 5 percent. He suggested that for every dollar of indemnity benefit payment, an employer was required to submit 5 percent to the Second Injury Fund. The increase was based on an estimate of an increase of \$4.2 million in indemnity payments. He continued that the amount was based on indemnity payments that were made in 2018 multiplied by 44 percent. The estimated amount of the increase was \$105,000 in FY 21 and \$210,000 each year for FY 22 through FY 26.

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Representative Wool referred to language on the second page of the fiscal note which stated:

"Studies indicate that significant benefit increases are typically accompanied by changes in claimant behavior. Changes in claimant behavior might result in an increased number of PPI claims."

Representative Wool asked if more people would claim they lost their eye because they would receive additional money. He did not see how extra claims would result. He suggested the loss of a limb would be difficult to fake.

Mr. Mitchell responded that Representative Wool's statement was true. The National Council of Compensation Insurance (NCCI) had done an extensive evaluation based on the previous year's version of HB 30. The language was in the previous year's analysis. He suggested that changing the benefits to such a large amount, 44 percent, in a single year might influence claimant behavior. It was a consideration. He agreed that no one would fake the loss of an eye or a similar injury. He reported that because the language was included in the NCCI analysis, the division included it in the fiscal note explanation.

Representative Wool just wanted to point it out.

Mr. Mitchell clarified that Mr. Jordan had a separate fiscal note from the Department of Administration to review. The fiscal note showed the effect the bill would have on an employer. The note showed the cost to the state related to increasing the PPI benefit amount.

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SCOTT JORDAN, DIRECTOR, DIVISION OF RISK MANAGEMENT, DEPARTMENT OF ADMINISTRATION, reported that the department's fiscal note reflected the 44 percent increase on what the state paid out for the PPI rating. The fiscal note reflected a 10-year average of what it paid out which was \$979,286 per year. The amount fluctuated from year-to-year. He continued that the 44 percent increase would increase the amount by \$434,313 and the fee that Director Mitchell had mentioned was also included for \$26,059. The fiscal note for FY 21 was half of the amount because the effective date would be half of the year or \$230,200. In the out years from FY 22 through FY 26 the amount would be \$460,400 per year.

Representative Josephson wanted to see a fiscal note because the point of the bill was to provide more benefit. He noted that in the Worker's Compensation Annual Report from 2018 showed total compensation payments statewide had decreased from \$292 million in 2015 to \$225 million in 2018. He was unclear the reason for the change. The decrease was about \$70 million in indemnity and medical benefit payments.

Co-Chair Johnston reported the amendments were due by March 9, 2020 at 5:00 PM. She relayed the agenda for the following day.

HB 30 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

2:20:33 PM

The meeting was adjourned at 2:20 p.m.