

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

April 29, 2019

3:20 p.m.

MEMBERS PRESENT

Representative Adam Wool, Co-Chair
Representative Gabrielle LeDoux, Co-Chair
Representative Zack Fields
Representative Sara Hannan
Representative Louise Stutes
Representative Josh Revak
Representative Dave Talerico

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 97

"An Act relating to the prescription of drugs by a physician assistant without physical examination."

- HEARD & HELD

HOUSE BILL NO. 29

"An Act relating to insurance coverage for benefits provided through telehealth; and providing for an effective date."

- MOVED HB 29 OUT OF COMMITTEE

HOUSE BILL NO. 104

"An Act relating to exemptions from mortgage loan originator licensing requirements; and providing for an effective date."

- MOVED CSHB 104(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 97

SHORT TITLE: TELEHEALTH: PHYSICIAN ASSISTANTS; DRUGS

SPONSOR(S): REPRESENTATIVE(S) KREISS-TOMKINS

03/15/19 (H) READ THE FIRST TIME - REFERRALS

03/15/19 (H) HSS, L&C

03/26/19 (H) HSS AT 3:00 PM CAPITOL 106
 03/26/19 (H) Heard & Held
 03/26/19 (H) MINUTE(HSS)
 03/28/19 (H) HSS AT 3:00 PM CAPITOL 106
 03/28/19 (H) Moved CSHB 97(HSS) Out of Committee
 03/28/19 (H) MINUTE(HSS)
 03/29/19 (H) HSS RPT CS(HSS) NT 4DP 1NR
 03/29/19 (H) DP: CLAMAN, TARR, DRUMMOND, SPOHNHOLZ
 03/29/19 (H) NR: PRUITT
 03/29/19 (H) FIN REFERRAL ADDED AFTER L&C
 04/12/19 (H) L&C AT 3:15 PM BARNES 124
 04/12/19 (H) -- MEETING CANCELED --
 04/15/19 (H) L&C AT 3:15 PM BARNES 124
 04/15/19 (H) Scheduled but Not Heard
 04/24/19 (H) L&C AT 3:15 PM BARNES 124
 04/24/19 (H) Scheduled but Not Heard
 04/29/19 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 29

SHORT TITLE: INSURANCE COVERAGE FOR TELEHEALTH

SPONSOR(s): REPRESENTATIVE(s) SPOHNHOLZ

02/20/19 (H) PREFILE RELEASED 1/11/19
 02/20/19 (H) READ THE FIRST TIME - REFERRALS
 02/20/19 (H) HSS, L&C
 03/26/19 (H) HSS AT 3:00 PM CAPITOL 106
 03/26/19 (H) Heard & Held
 03/26/19 (H) MINUTE(HSS)
 03/28/19 (H) HSS AT 3:00 PM CAPITOL 106
 03/28/19 (H) Moved HB 29 Out of Committee
 03/28/19 (H) MINUTE(HSS)
 03/29/19 (H) HSS RPT 3DP 1NR
 03/29/19 (H) DP: CLAMAN, DRUMMOND, SPOHNHOLZ
 03/29/19 (H) NR: PRUITT
 04/12/19 (H) L&C AT 3:15 PM BARNES 124
 04/12/19 (H) -- MEETING CANCELED --
 04/15/19 (H) L&C AT 3:15 PM BARNES 124
 04/15/19 (H) Scheduled but Not Heard
 04/24/19 (H) L&C AT 3:15 PM BARNES 124
 04/24/19 (H) Heard & Held
 04/24/19 (H) MINUTE(L&C)
 04/26/19 (H) L&C AT 3:15 PM BARNES 124
 04/26/19 (H) <Bill Hearing Canceled>
 04/29/19 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 104

SHORT TITLE: MORTGAGE LOAN ORIGINATOR LICENSING

SPONSOR (s) : REPRESENTATIVE (s) WILSON

03/25/19	(H)	READ THE FIRST TIME - REFERRALS
03/25/19	(H)	L&C
04/10/19	(H)	L&C AT 3:15 PM BARNES 124
04/10/19	(H)	-- MEETING CANCELED --
04/17/19	(H)	L&C AT 3:15 PM BARNES 124
04/17/19	(H)	-- MEETING CANCELED --
04/26/19	(H)	L&C AT 3:15 PM BARNES 124
04/26/19	(H)	Heard & Held
04/26/19	(H)	MINUTE (L&C)
04/29/19	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

REID HARRIS, Staff
Representative Jonathan Kreiss-Tomkins
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 97 on behalf of Representative Kreiss-Tomkins, prime sponsor.

DEBORAH STOVERN
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 97.

CHRISTOPHER DIETRICH, Assistant Medical Director
Orion Behavioral Health Network
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 97.

CHRISTOPHER DIETRICH, Assistant Medical Director
Orion Behavioral Health Network
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 29.

CLAUDIA TUCKER, Government Affairs VP
Teladoc Health
Purchase, New York

POSITION STATEMENT: Testified in support of HB 29.

ROBIN MINARD, Chief Communications Officer
Matsu Health Foundation
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 29.

LYNN FREEMAN, PhD, CEO
Mind Matters Research LLC
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 29.

WADE ERICKSON, MD
Capstone Family Medicine
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 29.

STACY HARVILL, Realtor
Madden Real Estate
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 104.

NADINE WINTERS, Executive Director
Fairbanks Neighborhood Housing Services
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 104.

PATRICK ANDERSON CEO
Rural Community Action Program
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 104.

PATRICE WALSH, Director
Division of Banking and Securities
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 104.

ACTION NARRATIVE

[3:20:49 PM](#)

CO-CHAIR GABRIELLE LEDOUX called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Representatives Revak, Stutes, Hannan, Talerico, LeDoux, and Wool were present at the call to order. Representative Fields arrived as the meeting was in progress.

HB 97-TELEHEALTH: PHYSICIAN ASSISTANTS; DRUGS

[3:21:28 PM](#)

CO-CHAIR LEDOUX announced that the first order of business would be HOUSE BILL NO. 97, "An Act relating to the prescription of drugs by a physician assistant without physical examination."

[3:21:46 PM](#)

CO-CHAIR WOOL moved to adopt the proposed committee substitute (CS) for HB 97, labeled 31-LS0695\S, Fisher, 4/23/19, as the working draft. There being no further objection, Version S was before the committee.

[3:22:57 PM](#)

REID HARRIS, Staff, Representative Jonathan Kreiss-Tomkins, Alaska State Legislature, presented HB 97 on behalf of Representative Kreiss-Tomkins, prime sponsor. He paraphrased parts of the sponsor statement [included in the committee packet], which read in its entirety as follows [original punctuation provided]:

The 2016 Medicaid Reform Bill (SB 74) provided for the use of telehealth, revising Alaska statutes to require the Alaska State Medical Board to adopt regulations and guidelines for physicians rendering a diagnosis; providing treatment; or prescribing, dispensing, or administering a prescription drug to a person without first conducting a physical examination under AS 08.64.364.

However, SB 74 only addressed physicians and the Board's interpretation was that the bill's provisions should not apply to physician assistants (PAs). This effectively barred PAs from practicing telemedicine, requiring them to first conduct in-person examinations.

House Bill 97 aligns statute with the intent of the Medicaid Reform Bill, clarifying that PAs can provide telemedicine in collaboration with and under the oversight of physicians. Under HB97, PAs are subject to the same statutory oversight as physicians regarding the practice of telemedicine, as well as the same disciplinary sanctions when appropriate.

Alaska, with its vast geographical challenges and limited access to vital healthcare, stands to benefit from this legislation. HB 97 will increase patient

access to care, extending the reach of medicine to medically underserved areas

3:25:00 PM

MR. HARRIS directed attention to the document labelled, "AAPA," from the American Academy of Physician Assistants [included in the committee packet] and highlighted what physician assistants (PAs) do, as well as briefly described their education and experience. He said that PAs are not operating independently from a physician and must have an active, collaborative plan of regular contact. Under that plan, physicians authorize their functions and the medications they can prescribe. He pointed out that in Alaska, if a physician assistant (PA) has a Drug Enforcement Administration (DEA) authorization number they can prescribe schedule 2-5 substances.

MR. HARRIS turned attention to two maps from the Health Resources & Services Administration (HRSA) [included in the committee packet] that display health professional shortage areas (HPSA) and medically underserved populations in the United States, both of which are present in Alaska. He further noted that the passage of HB 97 and its companion bill, SB 44, would allow over 700 PAs to engage in telehealth services within the state of Alaska.

3:30:19 PM

CO-CHAIR WOOL sought clarification on whether the 700 PAs would be physically present in Alaska or if they would be out of state and accessed via telehealth.

MR. HARRIS offered his understanding that they would be in Alaska. He recounted that when the first telemedicine statutes were passed several years ago there was concern about medical jobs being outsourced out of state. However, currently, he said that isn't happening.

CO-CHAIR WOOL, in reference to Teladoc, contended that outsourcing is happening.

MR. HARRIS acknowledged that the company Teladoc is in Tennessee; however, the doctors still reside in the state of Alaska.

CO-CHAIR WOOL offered his understanding that the doctors working for Teladoc are on-call 24/7 and located out of state.

[3:32:16 PM](#)

DEBORAH STOVERN, Department of Commerce, Community & Economic Development, in response to Representative Wool, stated that there are approximately 700 licensed PAs in Alaska. She noted that in order to enter a collaborative agreement between a physician and a PA, they must both be licensed in the state of Alaska; however, there is no requirement that either reside in the state.

[3:34:17 PM](#)

REPRESENTATIVE HANNAN asked why the Alaska State Medical Board hasn't taken a position on this bill.

MS. STOVERN explained that the Board reviewed HB 97 in February and took a position in support of the legislation. She noted that they issued a letter referencing their position, which could be provided to the committee upon request.

REPRESENTATIVE HANNAN questioned whether leaving PAs out of the original statute [AS 08.64.364 Prescription of drugs without physical examination] that gives doctors authorization to practice telemedicine was intentional.

MR. HARRIS offered his understanding that the original intent of was to allow both physicians and PAs to practice telemedicine. He added that it's not irrational that the Board interpreted it differently, as the original bill only addressed physicians.

MR. HARRIS noted that HB 97 has an effective date of March 1, 2020, per request of the Alaska State Medical Board.

[3:36:49 PM](#)

CO-CHAIR LEDOUX opened public testimony.

[3:37:00 PM](#)

CHRISTOPHER DIETRICH, Assistant Medical Director, Orion Behavioral Health Network, informed the committee that he is a PA practicing adolescent and child psychiatry in Alaska from Kotzebue to Ketchikan. He noted that he also serves an underserved demographic by offering his services to the Department of Corrections (DOC). He stated that PAs are medical providers who diagnose illnesses, develop and manage treatment

plans, prescribe medications, and often service as a patient's principal healthcare provider. With thousands of hours of medical training, he said, PAs are versatile and collaborative. He expressed his support for HB 97 as to decrease barriers to his patients in rural access areas and to make it easier for all patients to have adequate treatment.

[3:38:55 PM](#)

CO-CHAIR LEDOUX closed public testimony. She announced that HB 97 was held over.

HB 29-INSURANCE COVERAGE FOR TELEHEALTH

[3:39:13 PM](#)

CO-CHAIR LEDOUX announced that the next order of business would be HOUSE BILL NO. 29, "An Act relating to insurance coverage for benefits provided through telehealth; and providing for an effective date."

[3:39:40 PM](#)

The committee took an at-ease from 3:39 to 3:41 p.m.

[3:42:32 PM](#)

CO-CHAIR LEDOUX opened public testimony on HB 29.

[3:42:46 PM](#)

CHRISTOPHER DIETRICH, Assistant Medical Director, Orion Behavioral Health Network, expressed his support for HB 29. He offered his belief that when patients who are covered by both private insurance and Medicaid, receive telehealth service that their private insurance denies, then the cost is shifted over to the state. He stated that this bill would help the state of Alaska save money and help patients receive better care.

[3:44:10 PM](#)

CLAUDIA TUCKER, Government Affairs VP, Teladoc Health, offered support for HB 29. She said that HB 29 will mandate coverage without getting into the contractual relationship for reimbursement between providers and the health plan and does not require a prior in-person [appointment], which she said is good

policy. She reported that Teladoc Health has 47 Alaska licensed physicians working in the state.

[3:45:20 PM](#)

CO-CHAIR WOOL asked if the physicians working for Teladoc Health are physically located in Alaska.

MS. TUCKER replied that they can be both in Alaska and out of state. She said that call volume for 2018 shows approximately 30 percent of calls were answered by physicians living in Alaska. She did note, however, that all Teladoc physicians are at least licensed in this state.

[3:46:22 PM](#)

ROBIN MINARD, Chief Communications Officer, Matsu Health Foundation, voiced her support for HB 29. She stated that this bill addresses and solves both transportation and access to care for Alaskans. She offered her belief that currently, patients postpone preventive care, medication refills, and early intervention due to access, cost, weather, and lack of time, which ultimately increases overall healthcare costs when they end up in the emergency room (ER). She said that HB 29 will help to give quality care to more Alaskans.

[3:49:21 PM](#)

LYNN FREEMAN, PhD, CEO, Mind Matters Research LLC, testified in support of HB 29, stating that it is critical for the wellbeing of patients in Alaska. She informed the committee that her research supports the notion that telehealth can offer the same quality of care as in-office appointments. She contended that in some cases, telehealth can even provide better outcomes.

[3:51:34 PM](#)

WADE ERICKSON, MD, Capstone Family Medicine, stated his support for HB 29. He informed the committee that he has been doing telemedicine for six years as a family physician, noting that he uses it for both rural and local patients. He said that with proper use of telemedicine, he has seen a significant improvement in patient care, access to care, and a reduction in the use of both emergency room and urgent care services.

[3:53:02 PM](#)

CO-CHAIR LEDOUX closed public testimony.

[3:53:20 PM](#)

CO-CHAIR WOOL moved to report HB 29 out of committee with individual recommendations and the accompanying fiscal notes. Without objection, HB 29 was moved from the House Labor and Commerce Standing Committee.

[3:53:45 PM](#)

The committee took an at-ease from 3:53 to 3:56 p.m.

HB 104-MORTGAGE LOAN ORIGINATOR LICENSING

[3:56:41 PM](#)

CO-CHAIR LEDOUX announced that the next order of business would be CS FOR HOUSE BILL NO. 104(L&C), "An Act relating to exemptions from mortgage lender, mortgage broker, and mortgage loan originator licensing requirements; and providing for an effective date."

[3:57:20 PM](#)

CO-CHAIR LEDOUX opened public testimony.

[3:57:34 PM](#)

STACY HARVILL, Realtor, Madden Real Estate, stated her support for HB 104. She offered her belief that HB 104 provides strong consumer protection and provides options for people buying and selling in the state of Alaska. She said that there are often properties that do not fit the traditional financing mold and buyers that do not fit the traditional financing standard. She opined that the solution is owner financing; however, the current law has made it that a private individual cannot do so unless the dwelling serves as the individual's residence. She shared her belief that HB 104 will help to adequately address owner financing and make it easier for individuals to sell their properties in many circumstances.

CO-CHAIR WOOL asked if Ms. Harvill was aware that the current version of the bill allows for nonprofits, as well as individuals, to sell properties.

MS. HARVILL disclosed that she participated in drafting the bill and acknowledged that nonprofits were not originally included. Nonetheless, she said that it makes sense to include nonprofit organizations and expressed support for that addition.

CO-CHAIR WOOL asked if Ms. Harvill would feel differently if the nonprofits were large national groups rather than small "mom and pop" organizations.

MS. HARVILL said, "possibly but not necessarily." She stated that all the nonprofit organizations that were mentioned during the previous bill hearing for HB 104 made sense to her.

[4:01:06 PM](#)

NADINE WINTERS, Executive Director, Fairbanks Neighborhood Housing Services, expressed her support for HB 104, adding that the nonprofit exemption would specifically apply to Fairbanks Neighborhood Housing Services (FNHS). She said they offer products that are not available by traditional lenders and would be exempt by federal law. She opined that this bill would help FNHS fulfill their mission to help low- and moderate-income first-time home buyers get into homes.

[4:03:52 PM](#)

REPRESENTATIVE HANNAN asked what kind of employee screening is done to stop the abuse of loan applicants' financial information.

MS. WINTERS replied that they have confidentiality policies, mortgage underwriting policies and procedures, as well as a litany of assurances required by their funding sources.

REPRESENTATIVE HANNAN asked if that includes a criminal background check.

MS. WINTERS answered yes.

[4:05:34 PM](#)

CO-CHAIR WOOL asked if Ms. Winters, a licensed loan originator, handles all loans in her office.

MS. WINTERS confirmed that. She added that she does the terms with the assistance from a loan processor who does the voluminous paperwork requirements.

CO-CHAIR WOOL considered whether a nonprofit group would be, by definition, a commercial lender if they were to offer the same kind of loan as a bank. He asked if that would make the nonprofit ineligible for the exemption.

MS. WINTERS acknowledged that would meet the definition of "commercial" and the exemption would not apply to them.

CO-CHAIR WOOL sought clarification on the zero percent loan program offered by FNHS. He speculated that their down payment helps people get bank loans to buy a house.

MS. WINTERS said, "Exactly," and added that all her nonprofit's programs are for first-time home buyers. She clarified that every second mortgage that FNHS does is tied to a first lender whose client wouldn't have been able to get into their home without the program assistance offered by the nonprofit.

[4:10:46 PM](#)

CO-CHAIR WOOL suggested a scenario in which someone wants to get a second mortgage on a house they own. He asked if he or she would be required to come up with the down payment if they are already paying for the loan on their house.

MS. WINTERS said if that individual already has an existing mortgage then FNHS would not be assisting them, as the organization helps first-time home buyers. She reiterated that someone looking for a second mortgage on top of an original mortgage would not be a client that they serve. She continued by saying that FNHS helps people with closing costs and the down payment.

CO-CHAIR WOOL offered his understanding that FNHS is helping people out with fees rather than originating their mortgage.

MS. WINTERS acknowledged that they are augmenting a certain population of homebuyers in the community rather than competing.

[4:12:49 PM](#)

PATRICK ANDERSON CEO, Rural Alaska Community Action Program, informed the committee that Rural Alaska Community Action Program (RurAL CAP) is a nonprofit agency operating in Alaska and a licensed mortgage loan originator as required by state law. He expressed full support for HB 104 as it would exempt

nonprofit organizations like RurAL CAP from the requirements. He explained that RurAL CAP closes second mortgages for low-income home buyers that are serviced and funded by Alaska Housing Finance Corporation, noting that in the past 7 years they have closed only 36 such loans while expending in excess of \$20,000 in fees to maintain compliance with regulations.

CO-CHAIR WOOL questioned whether RurAL CAP uses a bank to buy properties.

MR. ANDERSON said that they buy it themselves.

[4:19:34 PM](#)

CO-CHAIR WOOL said the committee has heard from nonprofits who say they don't compete with banks and offer different loans than banks do. He asked for the Division of Banking and Securities' response to that.

PATRICE WALSH, Director, Division of Banking and Securities, Department of Commerce, Community & Economic Development, replied that she views these nonprofits as public assistance because they are offering services to a group that isn't serviced by the state or federally licensed loan originators. She noted that the federal law already allows for this exemption, which other states have adopted, leaving Alaska as an outlier that has yet to convert to keep up with federal law.

[4:21:50 PM](#)

CO-CHAIR WOOL asked if the number of loans would increase if HB 104 were to pass.

MS. WALSH offered her belief that there wouldn't be more loans because the nonprofits get their money through grants, which are limited. She added that she has never seen the volume increase for the few licensees that they have.

[4:24:18 PM](#)

REPRESENTATIVE HANNAN questioned whether Ms. Walsh believes that allowing the nonprofit origination of residential mortgage loans would open a risk to consumers in Alaska.

MS. WALSH answered no, because nonprofits must qualify for this exemption and in that qualification process there is an

extensive review of each organization that must be renewed annually.

[4:26:41 PM](#)

CO-CHAIR LEDOUX closed public testimony.

[4:26:56 PM](#)

The committee took a brief at-ease.

[4:27:53 PM](#)

CO-CHAIR WOOL said he wasn't present for the introduction of the CS at the previous bill hearing. He further noted that the nonprofits seem to have a limited scope of a limited clientele. He added that it would have been helpful to hear from the banking industry during testimony.

[4:28:24 PM](#)

CO-CHAIR WOOL moved to report CSHB 104, Version 31-LS0275\S, Bannister, 4/10/109, out of committee with individual recommendations and the accompanying fiscal notes. Without objection, CSHB 104(L&C) was moved from the House Labor and Commerce Standing Committee.

[4:28:49 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:28 p.m.