

HOUSE FINANCE COMMITTEE
March 29, 2022
1:32 p.m.

1:32:55 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:32 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair (via teleconference)
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter
Representative Bryce Edgmon

ALSO PRESENT

Senator Gary Stevens, Sponsor; Tim Lamkin, Staff, Senator Gary Stevens; Sara Chambers, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Genevieve Mina, Staff, Representative Ivy Spohnholz; Representative George Rauscher, Sponsor; Ryan McKee, Staff, Representative George Rauscher; Representative Geran Tarr, Sponsor; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Brenda Stanfill, Executive Director, Alaska Network on Domestic Violence and Sexual Assault; Diane Casto, Executive Director, Council on Domestic Violence and Sexual Assault, Department of Public Safety.

PRESENT VIA TELECONFERENCE

Mark Palmer, President and chief Executive Officer, OBI Seafoods; Abby Fredrick, Director of Communications, Silver Bay Seafoods; Nicole Reynolds, Deputy Director, Tax Division, Department of Revenue; Representative Ivy Spohnholz, Sponsor; Nancy Merriman, Executive Director, Alaska Primary Care Association; Tom Chard, Executive Director, Alaska Behavioral Health Association; Andy Mills, Legislative Liaison, Department of Transportation and Public Facilities.

SUMMARY

HB 265 HEALTH CARE SERVICES BY TELEHEALTH

HB 265 was HEARD and HELD in committee for further consideration.

HB 291 EXTENDING COUNCIL ON DOMESTIC VIOLENCE

HB 291 was HEARD and HELD in committee for further consideration.

HB 296 DONATIONS/GIFTS FOR DOTPF SIGNAGE

HB 296 was HEARD and HELD in committee for further consideration.

CSSB 33 (FIN)

SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT

HCS CSSB(FIN) was REPORTED out of committee with seven "do pass" recommendations and with one "no recommendation" recommendation and with one previously published fiscal impact note: FN2(REV).

Co-Chair Merrick reviewed the agenda for the day.

#sb33

CS FOR SENATE BILL NO. 33 (FIN)

"An Act relating to a fisheries product development tax credit; and providing for an effective date."

[1:33:53 PM](#)

SENATOR GARY STEVENS, SPONSOR, thanked the committee for hearing the bill. He explained that the bill was a value-added bill which would allow seafood processors to use a tax credit to purchase new equipment for their business. He relayed that the process had worked well in the past and there had been a similar program for salmon and herring processing that started in 2003. However, the program came to an end in 2020 because it was not extended. The bill restored the salmon and herring tax credit that had become obsolete and would also make pollock, pacific, and sable fish products eligible for the credit. He reiterated that the program had worked well in the past and suggested that it would also work well in the future.

Co-Chair Merrick noted that Representative Rasmussen had joined the meeting.

[1:35:20 PM](#)

MARK PALMER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, OBI SEAFOODS (via teleconference), wanted to discuss the benefits of the tax credits. He indicated that the erosion of the trade market in China due to hostile trade policies had dramatically impacted the amount of raw material that the United States could export. He shared that the Chinese market had been the largest market for seafood products from Alaska. As this changed, his business had become more reliant on the domestic market and the European market. He perceived these markets to be higher value, and thought it was important to market Alaskan seafood products to them. He thought there was more reason to target domestic markets rather than exporting Alaskan fish. He explained that Russian seafood products could no longer be imported into the United States due to the war in Ukraine. This gave Alaska an opportunity to replace Russian seafood in the domestic and European markets. The tax credit proposed by the bill would allow new infrastructure to be built in Alaska. However, much of the money that OBI Seafoods invested into projects was the company's own money, which benefited the local communities and the fishermen. He echoed Senator Stevens' comments that the program had worked well in the past.

[1:39:11 PM](#)

ABBY FREDRICK, DIRECTOR OF COMMUNICATIONS, SILVER BAY SEAFOODS (via teleconference), had submitted a letter of

support for the bill and did not need to make an additional statement.

1:40:05 PM

Co-Chair Merrick OPENED public testimony.

1:40:19 PM

Co-Chair Merrick CLOSED public testimony.

1:40:26 PM

AT EASE

1:42:59 PM

RECONVENNNED

Co-Chair Merrick indicated the committee would be hearing amendments for SB 33.

1:43:10 PM

Representative Wool MOVED to ADOPT Amendment 1, 32-LS0308\N.6, Nauman, 3/14/22 (copy on file):

Page 3, line 14, following "section":
Insert "(I)"

Page 3, line 16:
Delete ". For"
Insert "; for"

Page 3, line 17:
Delete "subsection"
Insert "paragraph"

Page 3, line 18, following "appeal":
Insert "; or
(2) for property that is the same type of
property as, or that is comparable to, property
(A) on which a tax credit has been
claimed under this section;
(B) that has been removed from the
state; and
(C) that was purchased in the previous
10 years"

Co-Chair Merrick OBJECTED for discussion.

Representative Wool explained that Amendment 1 was a back-stop amendment. He drew attention to Section 1 on page 3 of the bill, which discussed recapture percentage. His amendment stated that if an entity purchased a piece of equipment, the entity would get a full 50 percent tax credit after four years for the purchased equipment. However, the entity could not buy a replacement for the piece of equipment for 10 years. This would prevent companies from buying equipment in Alaska and receiving a tax credit after four years, shipping the equipment to a different state, and buying a new piece of equipment and repeating the process.

Representative Wool MOVED to ADOPT conceptual Amendment 1 to Amendment 1.

Co-Chair Merrick OBJECTED for discussion.

Representative Wool explained conceptual Amendment 1 to Amendment 1. He referenced line 14 through line 15 [of Amendment 1] and proposed removing language to ensure that if an entity purchased the same type of equipment for which it had already received a tax credit, it could not receive an additional tax credit for another 10 years. Starting on line 14 of Amendment 1, he proposed deleting: "as, or that is comparable to, property".

Representative LeBon asked a clarifying question.

[1:46:03 PM](#)

AT EASE

[1:46:43 PM](#)

RECONVENED

Representative Wool reiterated that conceptual Amendment 1 to Amendment 1 proposed the deletion of language beginning on line 14 of Amendment 1.

Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, it was so ordered. conceptual Amendment 1 to Amendment 1 was ADOPTED.

[1:47:31 PM](#)

Representative LeBon asked if a business would be entitled to receiving another tax credit if it shipped a piece of equipment out of state and replaced the equipment four years after receiving a tax credit for the equipment.

Representative Wool responded in the affirmative. An entity would only be eligible to receive the tax credit for the same type of equipment every 10 years, but there would be no limit on the amount of equipment a company could purchase. However, this was only applicable for replacements. If an entity had an ice machine and purchased an additional ice machine, it would still receive the tax credit.

Representative LeBon wondered whether an entity could purchase a new and improved ice machine and replace the original and still qualify for the tax credit.

Representative Wool responded that if it was the same type of property, it would not be eligible for the credit.

Representative LeBon wanted to not discourage the upgrading of equipment.

Representative Wool agreed and did not think an upgrade in technology would be the same. He thought it would still qualify for the tax credit because the upgrades would make the equipment a new type of machinery. That is why he chose the language "same type" to ensure that different types of equipment would remain eligible.

Co-Chair Merrick WITHDREW her OBJECTION to the original Amendment 1 as amended.

There being NO further OBJECTION, it was so ordered. Amendment 1 was ADOPTED as amended.

Co-Chair Merrick indicated Amendment 2 would not be offered.

[1:50:01 PM](#)

Vice-Chair Ortiz MOVED to ADOPT Amendment 3, 32-LS0308\N.9, Nauman, 3/23/22 (copy on file):

Page 2, line 23:

Delete "A"
Insert "Except as provided in (f) of this section, a"

Page 3, line 9, following "service.":
Insert "In this subsection, "eligible fish" does not include pollock, sablefish, or Pacific cod."

Page 3. line 14, following "section":
Insert "(1)"

Page 3, line 16:
Delete ". For"
Insert "; for"

Page 3, line 17:
Delete "subsection"
Insert "paragraph"

Page 3, line 18, following "appeal":
Insert "; or
(2) for property installed on a vessel used primarily to process pollock, sablefish, or Pacific cod"

Page 4, line 27, following "means":
Insert ", except as otherwise provided in (c) of this section,"

Co-Chair Merrick OBJECTED for discussion.

Vice-Chair Ortiz asked Mr. Tim Lamkin to review the amendment.

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, reviewed the amendment. He indicated that Amendment 3 addressed a hypothetical loophole that a value-added tax credit could be applied to processing activities in the facilities that produced pollock, cod, or sablefish aboard vessels outside of state waters. The amendment would ensure that processors of the aforementioned fish would have to process the fish at onshore processing facilities to qualify for the tax credit.

[1:51:44 PM](#)

Representative Josephson shared his understanding that the tax in question brought in around \$50 million to the state. He asked if this number was correct.

Senator Stevens deferred to Ms. Nicole Reynolds.

[1:52:25 PM](#)

NICOLE REYNOLDS, DEPUTY DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE (via teleconference), responded that the tax collections for the fisheries business tax over the past four fiscal years (FY) ranged between \$34.6 million and \$46.2 million.

Representative Josephson reported that historically the credit had been in the low millions of dollars. He wondered about the impact of the proposed reform on the growth of the credit and the tax.

Senator Stevens deferred to Ms. Reynolds.

Ms. Reynolds replied that the historic value of the credit between 2017 and 2020 ranged between \$2.3 million and \$4.4 million. She referred to the fiscal note submitted by the Department of Revenue (control code slwkY) and explained that the department used historical value and utilization rates of the existing salmon and herring credits to estimate the way in which the revenue would be impacted by adding pollock, cod, and sablefish to the eligibility. For FY 23, the department estimated a negative \$1.6 million for the credit. Between FY 24 through FY 27, the department estimated between \$3 million and \$3.6 million.

[1:54:54 PM](#)

Representative Josephson suggested that the tax might increase as value was added to the product.

Ms. Reynolds responded that the value reflected the value of the raw resource. The tax was not applied to the value-added portion.

Representative Josephson thought, "it is what it is."

Ms. Reynolds noted that the tax revenue was not expected to increase due to the credit.

Representative Wool asked about the total for fish business taxes.

Ms. Reynolds responded that the fisheries business tax revenue ranged between \$34.6 million and \$46.2 million over the last four fiscal years.

Representative Wool shared his understanding that half of the taxes went to municipalities and half went to the state. He asked whether the credit only applied to the state's portion. He calculated that that \$34.6 million to \$46.2 million would become roughly \$17 million to \$23 million for the state.

Ms. Reynolds replied, "that's correct."

[1:57:42 PM](#)

Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, it was so ordered. Amendment 3 was ADOPTED.

Vice-Chair Ortiz MOVED to report HCS CSSB 33(FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO further OBJECTION, it was so ordered.

HCS CSSB 33(FIN) was REPORTED out of committee with seven "do pass" recommendations and with one "no recommendation" recommendation and with one previously published fiscal impact note: FN2(REV).

[1:58:10 PM](#)

AT EASE

[2:00:05 PM](#)

RECONVENED

#hb265

HOUSE BILL NO. 265

"An Act relating to telehealth; relating to the practice of medicine; relating to medical assistance coverage for services provided by telehealth; and providing for an effective date."

2:00:10 PM

REPRESENTATIVE IVY SPOHNHOLZ, SPONSOR (via teleconference), introduced the PowerPoint presentation: "HB 265: Health Care Services by Telehealth" (copy on file). She explained that the bill would continue the expansion of telehealth flexibilities to make healthcare more accessible and reduce unnecessary travel during the COVID-19 pandemic. The bill would provide a legislative framework to continue the state's success with COVID-19 related telehealth flexibilities with regard to state and federal oversight. She noted that patients used to have to go to in-patient clinics in order to receive telehealth care, but it was discovered during the pandemic that was not necessary to ensure safe healthcare in the state.

Representative Spohnholz advanced to slide 2 and relayed that the presentation would cover telehealth in Alaska, the importance of HB 265, and the specific actions of the bill. She shared that the bill was a result of collaboration with stakeholders and there were over 33 letters of formal support for the bill.

Representative Spohnholz discussed the current barriers to telehealth on slide 3, such as license regulations and payment barriers. The legislature had been working for years to expand access to telehealth. She noted that in SB 74 in 2016, the legislature expanded Medicaid access to behavioral healthcare and in 2020, the legislature passed HB 229 requiring insurance coverage in a private market for telehealth. Even with the improvements made through the bills, there continued to be barriers to telehealth. Barriers included the lack of telehealth parity laws, lack of coverage of some telehealth services under Medicaid, and a higher burden for audio-only visits. There were also in-person requirements for select healthcare providers that acted as a barrier to service, including prescription of controlled substances.

2:04:28 PM

Representative Spohnholz turned to slide 4 to review the changes to telehealth in Alaska since COVID-19. There was a State Public Health Emergency (SPHE) and a Federal Public Health Emergency (FPHE), which both provided telehealth flexibility. She noted that FPHE was slated to expire in April of 2022 and SPHE expired in April of 2021. This made

the passage of HB 265 more urgent. Currently Medicaid had temporarily expanded access to telehealth coverage and made it easier to bill for audio-only visits, but these changes were not permanent.

Representative Spohnholz explained why HB 265 was needed on slide 5. She wanted to continue some of the telehealth flexibilities from the COVID-19 pandemic by making them permanent in statute. The bill would also reduce bureaucracy by eliminating the need for in-person visits for all licensed healthcare providers prior to a telehealth appointment. It would also expand Medicaid coverage of telehealth services which were reimbursed during the pandemic and increase access to behavioral healthcare. Finally, it would ensure Alaskans had an option to access quality care in a timely manner when an in-person visit was unnecessary or not possible.

Representative Spohnholz moved to slide 6 to review what HB 265 would do:

1. Creates a framework for telehealth in statute.
2. Enhances the telehealth delivery of substance use disorder treatment.
3. Expands Medicaid coverage for telehealth services and modalities.

Representative Spohnholz advanced to slide 7 and explained that the bill created a framework for telehealth in statute. There was a laundry list of healthcare providers that could provide telehealth services in Alaska. The bill would remove additional barriers such as unnecessary efforts to document in-person visits prior to a telehealth appointment. She spoke about the importance of having telehealth appointments available for the various types of providers eligible to provide telehealth services. For example, she had talked to a podiatrist that diagnosed a blood clot via telehealth.

Representative Spohnholz thought it was important to note that HB 265 would not mandate that a patient receive care through telehealth or that a provider offer services through telehealth. For example, if there was a patient who exhibited opioid addiction problems, it would be important for a provider to meet with them in person to obtain additional information before making a diagnosis. The bill would simply remove red tape barriers to access to care. It

would also extend telehealth services to emergency medical services.

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Representative LeBon asked about the list of providers she had provided on slide 7, including dentist. He was trying to envision dental services being provided by telehealth. He asked how an annual dental checkup could be provided via telehealth.

Representative Spohnholz responded that an annual dental checkup would not be provided via telehealth. She suggested that if there was a potential emergency, an examination could take place via telehealth. This would be helpful for individuals in rural areas to help them determine whether they needed to travel to see a dentist or if it was not an urgent problem.

Representative LeBon suggested that the first step of a dental experience might be done via telehealth, but that eventually a patient would have to go see the dentist in person.

[2:10:24 PM](#)

Representative Rasmussen highlighted that the provided list offered more flexibility. She offered an example of her daughter having a bad stomachache and using telehealth as a first step. She ended up admitting her daughter to the hospital based on the information she learned during the telehealth call. She thought in-person visits would still be necessary, but that telehealth could help in the short-term.

Representative LeBon drew attention back to slide 5. He noted that one of the boxes indicated that the bill would eliminate in-person visits for all healthcare providers licensed with the State of Alaska prior to a telehealth appointment. He wondered if it was conceivable for a doctor from out-of-state to provide telehealth services to an Alaska resident. He asked if an in-person visit would be required prior to a telehealth appointment in this scenario.

Representative Spohnholz indicated that any provider giving care in Alaska had to be licensed in Alaska, whether or not

the provider resided in the state. There were already many providers who did not reside in Alaska but were eligible to provide care in the state via telehealth. The licenses were registered with the state and the providers were registered with a telemedicine registry. The bill dictated that a patient should not have to attend an in-person examination in order to receive care via telehealth. However, it needed to be clinically appropriate and there were times where it would not be appropriate; for example, Representative LeBon's example of dental care. Alternatively, it would be appropriate to use telehealth to consult an oncologist out-of-state that specialized in a particular type of cancer. A person should not have to fly out of state to receive this kind of care.

Representative LeBon clarified that the out-of-state provider licensed in Alaska would not be required to have had an in-person appointment with the patient before providing telehealth services.

Representative Spohnholz responded in the affirmative.

[2:14:21 PM](#)

Representative Josephson asked if a licensed provider who was out-of-state and providing telehealth services in Alaska, would the provider be considered licensed in two states.

Representative Spohnholz indicated that a provider could choose to be licensed only in Alaska or choose to be licensed in their home state and in Alaska. She explained that licensing laws in the United States looked to the state of residence of the patient, not the provider.

Representative Josephson asked about international licensure. He wondered whether this would welcome providers from other countries to practice in Alaska.

Representative Spohnholz deferred to Ms. Sara Chambers.

[2:16:00 PM](#)

SARA CHAMBERS, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, clarified that as long

as a provider met the criteria for state licensure, the provider could practice from any location.

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Representative Spohnholz continued on slide 8 of the presentation. She reviewed how the legislation would enhance telehealth access for substance use disorder treatment. The bill would remove the in-person requirement to prescribe controlled substances through telehealth for physicians, podiatrists, osteopaths, physician assistants (PAs), and advanced practice registered nurses (APRNs). It would also allow registered practitioners such as physicians, PAs, and APRNs to prescribe medicine such as buprenorphine via telehealth without an additional healthcare provider present with the patient. She noted that she had heard from providers that it was important to prescribe these types of medicine quickly because patients could be going through opioid withdrawals and need immediate help. She reiterated that all prescribers of controlled substances were still required in the bill to comply with drug enforcement regulations.

2:18:19 PM

Representative Josephson asked if the definition of controlled substances included narcotics and opioids.

Representative Spohnholz responded that it did include those substances. It was important to include opioids in the definition because there were times when an opioid could be prescribed via telehealth in urgent scenarios and prescribers would still be required to comply with controlled substance regulations.

Representative Josephson suggested there would be efforts to abuse such a privilege, by both patients and providers. He wondered if there were protections built into the bill that would prevent abuse of prescriptions.

Representative Spohnholz agreed that it was likely that some people would try to abuse the privilege. She indicated that was why it was important to continue to require providers to participate in federal Drug Enforcement Administration (DEA) regulations and the prescription drug monitoring program (PDMP). There had been some recent advancements in this area and there was no requirement that

a provider must provide medication to a patient that was thought to be seeking drugs. She deferred to her staff to provide some additional detail.

2:20:19 PM

GENEVIEVE MINA, STAFF, REPRESENTATIVE IVY SPOHNHOLZ, explained that federal law required that a patient must receive behavioral health treatment as part of any prescription for medications for opioid use disorder. The bill pertained to buprenorphine in particular, which was a medication that was allowed to be prescribed via telehealth throughout the COVID-19 pandemic. Providers registered to prescribe buprenorphine were also required to submit to physical monitoring tools to ensure that misuse was not occurring, such as regular urine tests. There were additional restrictions such as the seven-day prescription for opioids, which required that there had to be a new prescription on a weekly basis. She echoed Representative Spohnholz's earlier comments regarding the importance of the requirement for providers to participate in DEA regulations and the PDMP.

2:21:43 PM

Representative Josephson understood the importance of the bill and supported it. However, earlier discussions about the PDMP in the committee made it clear that the PDMP was not being followed religiously. He recalled an instance of an Eagle River provider who would have quick interactions with patients and prescribe more and more medication. He was worried about prescriptions getting out of hand. He asked if the physician would be required to look at a patient on a screen or could services be provided via a phone call.

Representative Spohnholz deferred to Ms. Mina.

Ms. Mina responded that prior to the COVID-19 pandemic, the DEA required that patients that received medications for opioid use disorder must receive an in-person examination. The provision was waived during the pandemic and was tied to the FPHE that was set to expire in April of 2022. Additionally, the DEA allowed audio-only prescriptions of buprenorphine during the pandemic. According to providers that she had spoken to, patients thought that in-person examinations were a crucial part of their treatment. Even

if the requirement for an in-person visit prior to providing a prescription was removed, a provider could still choose to see a patient in-person first. The bill deferred to the patient-provider relationship and allowed the provider to make the decision rather than always requiring an in-person visit no matter the circumstances. She noted that access to opioid use disorder medications had been crucial in places like rural Alaska during the pandemic.

[2:24:44 PM](#)

Representative Josephson thought he would likely support the bill. However, he expressed worry about the potential for bad actors. He relayed that the occurrences of abuse that he had read about were egregious.

Representative Spohnholz concurred that there were bad actors and that nothing in the bill would prevent that from happening. However, there were robust prescription drug limits in place and additional enforcement mechanisms in licensing. She thought the PDMP was vital. She noted that buprenorphine was a medication assisted treatment and controlled substance and could be prescribed via telehealth under the bill. There were times where people would need to be on medication assisted treatment for many years. Some of these individuals would be living in remote areas that would make regularly visiting a provider very difficult. It was important for everyone to have access to medication assisted treatment if they needed it.

Representative Wool agreed that all bad actors could not be eliminated. He suggested that a patient seeing a provider for the first time via telehealth and immediately requesting opioids would be a red flag for the provider and assumed that it would not be applicable to first-time patients. He thought that the bill would not apply to veterinarians for animal prescriptions, even though they were registered with the DEA.

Representative Spohnholz responded that the bill did not apply to veterinarians. She indicated that it would be possible for a first-time patient to receive a prescription for medication assisted treatments via telehealth. She relayed that emergency room physicians shared that they often see patients who were going through withdrawals, and it was imperative to ensure that the patients received

access to medication assisted treatment immediately. The situation was time-sensitive, and telehealth made it more possible to respond to the situation in a timely manner.

Representative Rasmussen asked if there were other instances where it would be reasonable to expect first-time patients to be prescribed controlled substances. She provided potential examples of situations that would not qualify as a first-time visit, such as a patient receiving controlled substances after a surgery.

[2:29:26 PM](#)

Representative Spohnholz explained that there were other examples where a first-time patient would need a prescription immediately, such as a patient needing Adderall, which was a controlled substance. Complete examinations with psychiatrists could occur via telehealth and could offer certainty to a provider that the patient was not seeking drugs. She did not want to unnecessarily require someone to see a provider in-person for an examination when it could be thoroughly done via telehealth.

Representative Spohnholz turned to slide 9 of the presentation. She relayed that the bill would also expand Medicaid coverage for telehealth. The bill allowed for reimbursement for services that were already billable via Medicaid if the services were provided in person. Such reimbursable services included behavioral health services, home and community-based services, Medicaid waiver and demonstration services, and services provided at rural clinics and federally qualified health centers.

Representative Spohnholz concluded the presentation on slide 10. She reiterated that HB 265 would ensure robust patient protection in Alaska while expanding some of the flexible services that were permitted during the COVID-19 pandemic. She thanked the stakeholders that had written letters of support for the bill.

Co-Chair Merrick indicated there were invited testifiers.

[2:32:44 PM](#)

NANCY MERRIMAN, EXECUTIVE DIRECTOR, ALASKA PRIMARY CARE ASSOCIATION (via teleconference), expressed support for HB

265. The Alaska Primary Care Association (APCA) supported the operations and development of Alaska's 29 federally qualified health centers. She explained that health centers provided comprehensive care including medical, dental, behavioral, pharmacy, and care coordination services. She relayed that APCA supported the bill because it increased access to primary care and behavioral health services and expanded telehealth access in Alaska. The bill would directly impact health centers by allowing for audio-only telehealth services and allowing for patients and providers to engage outside of a clinical setting if they so choose. The bill would also provide adequate reimbursement for telehealth visits including for substance and behavioral health treatments.

Ms. Merriman shared that in 2020, health centers served over 105,000 patients and telehealth was the fastest growing service provided by health centers. About 40 percent of patients were seen via telehealth, and about half of total opioid use disorder patients were seen via telehealth. The majority of telehealth patients had experienced challenges accessing healthcare including a long distance to reach providers, cost of care, language, and cultural barriers. She suggested that telehealth ultimately would lead to better health outcomes, save lives, and save money. She urged support for the bill.

[2:36:54 PM](#)

Representative Rasmussen asked if Ms. Merriman could identify a circumstance where a first-time patient would require a prescription for a narcotic or opioid.

Ms. Merriman responded that she could return to the committee with that information.

[2:37:31 PM](#)

TOM CHARD, EXECUTIVE DIRECTOR, ALASKA BEHAVIORAL HEALTH ASSOCIATION (via teleconference), relayed that the Alaska Behavioral Health Association (ABHA) fully supported the bill because it improved Alaskans' access to behavioral healthcare. He stated that the Alaska Department of Health and Social Services' (DHSS) annual Medicaid report stated there was a 134 percent increase in telehealth claims paid in FY 21 as compared to FY 20. The report noted that four out of the five top diagnosis codes delivered via

telehealth were behavioral health diagnoses. The data suggested that Alaskans were struggling to access behavioral healthcare, but also pointed to the economic opportunity afforded by early intervention. National insurance companies were rushing to offer virtual-first and digital-first benefits because the companies realized that it saved money to avoid expenses like travel. It also saved money by avoiding the cost of readmission at hospitals and higher acute care. He indicated that the state DHSS reported that Medicaid travel costs decreased by \$45 million from FY 20 to FY 21. By offering preventative care, savings were provided to the overall budget. The economic benefits were merely a small part of the reason ABHA supported HB 265. He hoped that members would support the legislation as well.

Co-Chair Merrick appreciated hearing from the testifiers. She thanked the bill sponsor.

HB 265 was HEARD and HELD in committee for further consideration.

[2:40:48 PM](#)

AT EASE

[2:41:31 PM](#)

RECONVENED

#hb296

HOUSE BILL NO. 296

"An Act relating to program receipts; and relating to the acceptance of gifts, donations, and grants for the purpose of providing signage for assets under the control of the Department of Transportation and Public Facilities."

[2:41:41 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, SPONSOR, suggested that it was important for legislators to acknowledge individuals who had contributed to their community. One of the ways to achieve recognition was to name a geographical location or structure after a person of note. However, this naming could be expensive to implement and the cost alone had caused legislators to vote against legislation proposing a commemorative naming. He explained that HB 296 would

provide a mechanism for funding a commemorative name to a project by allowing receipt authority to the Department of Transportation and Public Facilities (DOT) so it could collect donations for signage. It would not require the costs to be paid by outside groups, but it would ensure that the process not be necessarily reliant on state funds.

[2:43:47 PM](#)

RYAN MCKEE, STAFF, REPRESENTATIVE GEORGE RAUCHER, read the sectional analysis:

Section 1: AS 37.05.146(c) Page 1, Lines 5-7 This section adds gifts, donations, and grants received by DOT & PF to the definition of program receipts and non-general fund programs receipts found in the Fiscal Procedures Act in accordance with section 2 of this bill.

Section 2: AS 44.42.060 Page 1, Lines 8-14, Page 2, Lines 1-3 This section adds that the department may receive gifts, donations, and grants in accordance with a memorandum of understanding with the donor party. This section also outlines that the funds may not be used until the necessary funds have been collected from the donor.

[2:45:02 PM](#)

Representative Wool asked if the bill required the approval of a sign before collecting fees.

Representative Rauscher deferred to Mr. Andy Mills.

[2:45:47 PM](#)

ANDY MILLS, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), responded that when a bill that sought to name state infrastructure was introduced, it would include a provision pointing to the codifying language in HB 296 that would allow the bill to be paid for through outside donations. The interested donators would then sign a memorandum of understanding (MOU) as outlined in the bill's language. The naming legislation would be taken from a legislator to instigate a fiscal note and point to statutorily designated program receipts as the source of funding.

Representative Wool commented that if a group raised money for a sign and received the funding, the group could potentially influence the bill. He was glad there was a solution to the funding problem through donations, but thought it was important that the bill had to come first.

[2:47:44 PM](#)

AT EASE

[2:47:49 PM](#)

RECONVENED

Co-Chair Merrick indicated the Senate version of the bill was an exact match and the committee would be taking that version up in the future.

HB 296 was HEARD and HELD in committee for further consideration.

[2:48:19 PM](#)

AT EASE

[2:49:37 PM](#)

RECONVENED

#hb291

HOUSE BILL NO. 291

"An Act extending the termination date of the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

[2:49:45 PM](#)

REPRESENTATIVE GERAN TARR, SPONSOR, explained that the bill would extend the Council on Domestic Violence and Sexual Assault (CDVSA) through June 30, 2028. The council was set to sunset on June 30 of 2022 and action needed to be taken quickly. She noted that there was a sunset provision in statute that would trigger an audit, which members had copies of in their bill packets.

Representative Tarr highlighted some of the audit report conclusions. She read from the audit report (copy on file):

The audit concluded that the council generally operated in the public's interest by funding and monitoring Alaskan domestic violence and sexual assault programs and prevention activities. The council served as the central coordinator for related services throughout the state, conducted meetings in accordance with council bylaws, effectively met most statutory duties, and did not duplicate the efforts of other entities.

Representative Tarr referred to page 13 of the audit which listed the audit findings. The audit recommended that the council address its statutory responsibility to consult with the Department of Health and Social Services (DHSS) to formulate standards and procedures, that the council's executive director implement written procedures to ensure that public notices were posted timely, and the director should improve grant award and monitoring policies and procedures. She relayed that the council was interested in meeting the recommendations.

Representative Tarr indicated that the bill would add some additional positions to the council. The council was currently comprised of four public members and five state members, and the bill would add a fifth public member. This individual would be part of an Alaska Native organization. The addition was recommended to ensure that Alaska Native communities were represented. The bill also proposed that the governor confer with the council and the Alaska Native Women's Resource Center (ANWRC) to appropriately fill this position. An additional government agency member would be added to the council to balance the additional public member. The issue of whether the Alaska Mental Health Trust Authority (AMHTA) wanted to participate in the council came up in the House State Affairs Committee. She relayed that the executive director of AMHTA was very interested in the trust having a seat on the council.

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Representative Rasmussen thanked the bill sponsor for bringing the bill forward. There was funding that had been secured to offset the rising cost of utilities for many of the groups that belonged to AMHTA, and she thought that funding would be irrelevant if the bill did not pass. She hoped the legislation would be passed into law.

Co-Chair Merrick invited the Legislative Auditor to the table.

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KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, conveyed the conclusions of the audit. She read from page 7 of the audit:

The audit concluded that the council generally operated in the public's interest by funding and monitoring Alaskan domestic violence and sexual assault programs and prevention activities. The council served as the central coordinator for related services throughout the state, conducted meetings in accordance with council bylaws, effectively met most statutory duties, and did not duplicate the efforts of other entities.

The audit also concluded that the council should improve document retention, access to the Battering Intervention Program (BIP) database, and timeliness of annual report submission and regulation changes.

In accordance with AS 44.66.010(a)(5), the council is scheduled to terminate June 30, 2022. We recommend the legislature extend the council's termination date six years, to June 30, 2028.

Ms. Curtis referred to the reports on page 9 that showed financial information about the council's expenditures and revenues. The grant funding increased substantially during the audit period as a result of increasing federal funds. She referred to page 25, which depicted the schedule of grant payments. It showed which entities were receiving funds in various locations in Alaska. There were four recommendations beginning on page 14 of the audit:

Recommendation No. 1: The executive director should allocate resources to ensure the annual report is submitted in accordance with council bylaws.

Recommendation No. 2: The executive director should improve training to help ensure document retention procedures are followed.

Recommendation No. 3: The executive director should work with the Department of Law (LAW) to expedite regulatory updates.

Recommendation No. 4: The executive director should continue to work with DPS and the Office of Information Technology (OIT) to improve access to the BIP database.

Ms. Curtis noted that the improvements under Recommendation No. 4 would require that new users of the BIP database be subject to a background check and fingerprinting. She indicated that the new requirements would make the process cumbersome to users. She relayed that management's response to the audit began on page 29. The commissioner of the Department of Public Safety (DPS) and the CDVSA chair both agreed with the findings and recommendations of the audit.

Co-Chair Merrick moved to invited testimony.

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BRENDA STANFILL, EXECUTIVE DIRECTOR, ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT (ANDVSA), supported the passage of HB 291 and adding two additional seats to the council. She explained that ANDVSA was different than CDVSA and that people often mistake one for the other. She indicated that ANDVSA was made up of the membership of the direct service providers within Alaska. The providers met quarterly to discuss possible improvements in the field, how to support one another, and to note potential statistical trends. The network worked in tandem with the council to ensure that issues were being worked on throughout Alaska in a unified manner. Both entities worked toward ending domestic violence in Alaska but had distinctly different roles.

Ms. Stanfill indicated that ANDVSA members worked together on the ground to provide support to victims while CDVSA worked to ensure that funding was being dedicated to the cause and was being spent in the way it was intended. The network relied on the council to hold quarterly meetings to allow space for individuals to speak about what was happening in their communities. The council also commissioned studies and ensured that the administration was aware of the work that was being done on the ground. She reiterated that the network strongly supported the

addition of two seats to the council. She shared that when she began working in behavioral health 25 years ago, the shelters in the state were being filled up with individuals with substance abuse issues and it was unclear what should be done to address the problem. The issue was just as pervasive today, and there was still no appropriate solution. Additionally, Alaska Native people were overrepresented in every shelter in every situation in the state. She thought it was important for there to be a designated seat on the council for a representative from an Alaska Native organization. It was also important for ANWRC to have a voice in selecting the individual who would get appointed for the seat.

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DIANE CASTO, EXECUTIVE DIRECTOR, COUNCIL ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, DEPARTMENT OF PUBLIC SAFETY, thanked the committee for hearing the bill and Representative Tarr for introducing it. She appreciated the audits and reviews of the council because they brought about improvements. She relayed that in FY 18 there was an in-depth audit done through funding from the Victims of Crime Act (VOCA). It was a long and complete audit and there were 14 recommendations, which was a significant amount. The audit was a catalyst for change and brought about critical improvements in the council's process. For example, the council began to require federal funding be given to grantees as reimbursement, not an advance. The changes improved the council's work, but also placed a large strain on the agency's funding. Overall, it made the council better. In FY 21, there was an audit of the chief financial officer (CFO) of the Department of Justice (DOJ) and the three federal grants from DOJ programs were examined. She shared that there was only one recommendation from that audit. She thought all the changes the council had made were significant and overall improved the program.

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Ms. Casto relayed that CDVSA was created in 1981 to build a sustainable structure to fund and support community-based services and to address the needs of victims, survivors, and others impacted by domestic and sexual violence. Ultimately, CDVSA was created to accept federal money and distribute it appropriately to address these needs. In addition to the nine-member board, there were nine full-

time staff members at the council. The council funded 35 community-based agencies serving Alaskans impacted by domestic violence and within the agencies, managed a total of 101 grant awards. There were many grant types included within the 101 grant awards. Another finding in the audit in FY 18 was that the council was comingling its grant awards, but when there were separate funding services, there needed to be a separate grant award. The council managed 26 victim services programs and 18 enhanced service programs, which included child advocacy centers, legal services, and mental health services for youth. There were also 13 community prevention grants and a total of 10 BIPs that were approved by the state.

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Ms. Casto indicated that the council had made progress on the recommendations made in the most recent audit. She spoke to the first recommendation, which was for the executive director to allocate resources to ensure the annual report was submitted in accordance with council bylaws. There were a number of challenges in 2020 and 2021 due to the significant drop in federal funding during the COVID-19 pandemic. There was also an 18-month period where the council only had six to seven staff due to vacancies and hiring difficulties during the pandemic. As of Monday, April 4, 2022, the council would be fully staffed for the first time in two years. She noted that there was a perception that there was a lack of transparency in the council, but all information and minutes from the quarterly meetings was required to be posted on the state's website for publicly noticed meetings. The council was not trying to hide anything by not having an annual report available on time. The following year's report would be on time and would be released soon.

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Ms. Casto spoke about the second recommendation of the audit which was to train staff to ensure document retention. She indicated that the more important element above training staff was to ensure that the many changes that had been made were operationalized better. At the time the audit had occurred, all staff were not yet up to speed on the new operational changes. She thought that the council was now "out of that forest" and that everything would be well documented going forward.

Ms. Castro referred to recommendation 3, which was for the executive director to work with the Department of Law (DOL) to expedite regulatory updates. During the audit, DOL appointed a regulatory lawyer for the council to have at its disposal. Once legislative session was over, the council would be in the queue to distribute regulatory information to the public. Anything in current regulation that was not in-line with federal requirements was covered in special conditions for the grant awards. Although the regulations were not up to speed, all of the grantees that were receiving funds adhered to the federal requirements due to the special conditions written into the grant awards.

[3:18:21 PM](#)

Ms. Casto continued to the topic of recommendation 4, which was for the executive director to work with DPS and OIT to improve access to the BIP database. She felt strongly that BIP was a critical piece of ending domestic and sexual violence. The council needed to have strong prevention programs, available services for victims, and services to address the root causes of abusive behavior. All three elements were vital to make progress. She explained that when she first came to the council, she reviewed all of the programs and one of the programs in particular horrified her because it was not being properly managed. The mismanagement was due to insufficient funding and the person who had been managing the program resigned, and then the position was removed altogether. She made it her mission to tackle the issues with the BIP program.

Ms. Casto indicated that she started a work group in April of 2021 to determine how to build successful programs that would impact behavior. She needed data which she was told was not available when she first joined the council. She investigated and discovered that there was a database, but that all OIT employees that were aware of the database had since resigned. The council was currently working with OIT and the IT program within DPS to move the database to a different platform, such as a cloud-based platform, to make it easier for grantees to access the database and enter data. She reminded the committee that the process currently required fingerprinting to access the database. The process became so egregious that it was no longer deemed worthwhile to submit data. She hoped that the new system would be

completed within the next six months and that it would require everyone to submit data. The influx of data would inform the council's decision on what needed to be added to the BIP system.

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Representative Rasmussen asked if there was anything in the database that would track offenders and the number of victims they had abused. She thought recidivism would be better if these numbers were provided.

Ms. Casto responded that the council did not track the specific data Representative Rasmussen was looking for. However, there was some data that looked at whether an offender had prior victims and whether the offender continued to be engaged with victims after an incident. She thought the issue of recidivism was difficult because the only way to tell if an offender had recidivated was if the offender was caught again. The question was how to track elements beyond recidivism. The council had been researching other methods and looking at the ways in which other states collected data. Researchers found that Alaska's database was one of the best and included great information; it was simply a matter of having access to it. The database in Alaska looked at the Adverse Childhood Experiences (ACEs) of offenders, which laid a great foundation for discovering the root cause of abuse.

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Representative Rasmussen thought much of the conversation was about modernizing domestic abuse policy. She spoke of a video she saw on Facebook showing abuse without repercussion. She thought there needed to be a broader discussion that looked at childhood.

Ms. Casto agreed and stated that domestic violence and child abuse were interconnected. Many children experienced abuse in the home and a violent atmosphere created tremendous trauma. She started her career in child abuse and neglect prevention and the issue was important to her as well.

[3:27:03 PM](#)

Representative LeBon asked for an example of the data points that would be entered into the database.

Ms. Casto assumed Representative LeBon was talking about the BIP database. She explained that arrest data was not collected. She had a link that she could provide to the committee that showed all collected data. It was also important for victims to be served and protected in some way. One of the things that was found was that when an individual was going through a domestic violence class, program, or treatment, the individual would often become more aggressive because they were being challenged. Victim safety was a key piece of the program.

Representative LeBon noted Ms. Casto had presented to the Public Safety Finance Subcommittee on the same topic. He was aware of a fiscal note and wondered if the fiscal note would be addressed.

Co-Chair Merrick indicated she was not planning on addressing it but would discuss it if Ms. Casto was prepared.

Representative LeBon noted that in 2021, the reduction in VOCA funding was consequential. He referred to the fiscal note [by the Department of Public Safety, control code PqrQf] and asked if Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding was used to back-fill the council's budget. He asked whether she was confident in the federal funding.

Ms. Casto was not confident in the federal funding. In the prior year, the council received a 34 percent reduction in VOCA funding from 2020 to 2021. It was a significant loss of money and it had been dropping significantly in recent years. It had dropped from almost \$8 million in 2018 at the time of the award to \$2.8 million in 2021. The council was unprepared for the substantial 34 percent reduction in one year. She noted that one of the federal grants through DHSS provided to the council three American Rescue Plan Act (ARPA) grants. She relayed that the council was piecing together one-time funding sources to build the FY 22 and FY 24 budgets. There were grants that the council hoped to be awarded to help contribute to the budget. She had been told that the crime victim fund, which was what supported the VOCA funding, was at its lowest level ever. The council would be seeking additional funding in FY 24 and FY 25.

[3:35:32 PM](#)

Representative LeBon pointed to the designated general fund (DGF) money listed on the fiscal note. He asked where the \$2 million listed came from, whether it was predictable, and whether it was subject to the sweep.

Ms. Castro responded that it was predictable now and had also been predictable in the past. It was money that had been given to CDVSA in FY 18 that came about due to SB 91 and came from the marijuana tax fund. So far, the funding had been steady. She was worried when SB 91 was rescinded but the money was not impacted. The money was specifically designated to fund the 13 community-based prevention programs.

Representative LeBon asked if the money was spent before the sweep.

Ms. Casto responded that the money was spent and none was left on the table.

[3:37:13 PM](#)

Representative Rasmussen asked if Ms. Casto knew if any of the organizations that received funding qualified as non-profits. She knew that some organizations were able to qualify and receive money through avenues like pull-tabs.

Ms. Casto responded that she did not know. She had worked for organizations in the past that were able to utilize pull-tab money. She elaborated that normally the council supplemented the budget with fundraising events, but the pandemic had gotten in the way of those efforts.

Representative Rasmussen noted legislation in circulation that would allow for the expansion of pull-tab requirements. The addition of electronic pull-tabs invited new participants and the amount of money was sizable. She was open to working on the issue.

Co-Chair Merrick thanked the testifiers. She noted that in House State Affairs Committee there was one "do not pass" recommendation and wondered about the reason for the opposition.

Representative Tarr responded that Representative Eastman voted "do not pass" because he did not support the addition of a member from an Alaska Native organization.

HB 291 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick relayed the agenda for the following day.

#

ADJOURNMENT

3:41:19 PM

The meeting was adjourned at 3:41 p.m.