

HOUSE FINANCE COMMITTEE  
April 14, 2022  
1:33 p.m.

[1:33:14 PM](#)

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Steve Thompson

ALSO PRESENT

Jhonny Meza, Commercial Analyst, Division of Oil and Gas, Department of Natural Resources; Representative Ivy Spohnholz, Sponsor.

PRESENT VIA TELECONFERENCE

John Crowther, Deputy Commissioner, Department of Natural Resources; Doug Chapados, ASRC, Petro Star, Anchorage; Casey Sullivan, Marathon Petroleum, Anchorage; Lance Johnson, Norton Sound Health, Nome; Winn Davis, Senior Policy Analyst, Alaska Native Health Board, Anchorage; Emily Nenon, American Cancer Society, Cancer Action Network, Anchorage; Sara Chambers, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development.

SUMMARY

HB 265 HEALTH CARE SERVICES BY TELEHEALTH

CSHB 265(FIN) was REPORTED out of committee with six "do pass" recommendations and two "no recommendation" recommendations and with one new zero fiscal note by Department of Health, one new fiscal impact note by the Department of Commerce, Community and Economic Development, and two new fiscal impact notes by the Department of Health.

SB 239 APPROVE PETRO STAR INC. ROYALTY OIL SALE

SB 239 was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact note by the Department of Natural Resources.

SB 240 APPROVE MARATHON PETRO ROYALTY OIL SALE

SB 240 was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact note by the Department of Natural Resources.

Co-Chair Merrick reviewed the agenda for the meeting.

#sb239

#sb240

SENATE BILL NO. 239

"An Act approving and ratifying the sale of royalty oil by the State of Alaska to Petro Star Inc.; and providing for an effective date."

SENATE BILL NO. 240

"An Act approving and ratifying the sale of royalty oil by the State of Alaska to Marathon Petroleum Supply and Trading Company LLC; and providing for an effective date."

[1:33:57 PM](#)

JHONNY MEZA, COMMERCIAL ANALYST, DIVISION OF OIL AND GAS, DEPARTMENT OF NATURAL RESOURCES, introduced the PowerPoint

presentation: "The Process for the Sale of ANS Royalty Oil In-Kind and the Proposed Contracts with Marathon and Petro Star - SB 239 AND SB 240." He indicated the beginning of the presentation would be provided by Mr. John Crowther.

[1:34:50 PM](#)

JOHN CROWTHER, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES (via teleconference), emphasized that the royalty oil in-kind sales had been an important element in the state's use and development of natural resources. It had also been an important part in supporting the in-state refining capacity, which benefited consumers through fuel, supply, and security, and also benefited the broader economy. It had also provided additional value over and above the general royalty and value sales. He began with slide 2 of the presentation which stated that it was critical that the proposed contracts be executed by April 22, 2022. The slide showed a summary of the steps needed in order to effectuate the contract and an explanation of why the Department of Natural Resources (DNR) and the administration was seeking an expedited review.

[1:36:24 PM](#)

Mr. Meza turned to slide 4 of the presentation and shared that he would be reviewing some of the contract terms for the companies Marathon and Petro Star. The slide showed a table reflecting the recent history of the royalty oil in-kind contracts. He explained that the state had received royalty oil from the North Slope both in-kind and in-value. When selling royalty oil in-value, the state received a share of the proceeds from the producers according to its royalty rate in the oil and gas contracts. When the state elected to receive its royalty oil in-kind, the majority of the oil produced would come from in-state refineries. The state had a history of entering into royalty in-kind contracts from the beginning of production of oil in the North Slope.

Mr. Meza explained that the contracts with Marathon and Petro Star were highlighted on the slide. The fourth column on the slide showed the way in which the department and the buyers agreed to value the royalty oil, specifically following the netback methodology. He explained that DNR sold its royalty oil at the field; therefore, the price of royalty oil was calculated by "netting back" the price of

Alaska North Slope (ANS) oil at the U.S. West Coast to the field. The netback methodology was essentially the same process as in-value pricing, with the exception of royalty in-kind differential. This was a negotiated term between the department and the in-state refineries. The last column showed the values of the negotiated terms and the royalty in-kind differential throughout the history of the contracts.

Representative Johnson asked if it was better for the state to receive oil in-kind or in-value.

Mr. Meza replied that when the state entered into a royalty in-kind contract, regulations required the price be at least as high as the in-value price. From 2008 to 2021, the department obtained an average premium of \$0.93 per barrel in addition to a royalty in-value oil.

Representative Johnson asked whether the difference between royalty in-kind and royalty in-value related to the chain of events that happened throughout the selling process.

Mr. Meza responded that there was a process for selecting royalty in-kind and that generating a premium over royalty in-value was one of the requirements.

Representative Wool asked whether royalty in-kind was another deduction in the price that would be offered to the state. He understood it to represent the normal price of oil plus another deduction.

Mr. Meza responded that Representative Wool was correct. The royalty in-kind was another deduction in the price, but even so, a premium was still generated over royalty in-value.

[1:41:41 PM](#)

Mr. Meza moved to slide 5 and explained that the slide was a visual representation of the differences between the determination of the price of royalty in-value oil and the price of royalty in-kind oil. The processes were similar in that the netback methodology was applied to both. He indicated that when the state elected to receive royalty ANS oil in-value, producers typically sold that oil outside of Alaska. When the state elected to receive royalty ANS oil in-kind, it typically sold the oil inside of Alaska.

There were some deductions related to the transportation of royalty in-value oil, such as the marine transportation costs. The royalty in-kind oil did not have transportation cost deductions; therefore, the royalty in-kind differential was employed. The department used the deductions and the royalty in-kind differential to determine the oil premium.

Mr. Meza continued to slide 6 which showed some historical information related to the previous graph on slide 5. The graph on slide 6 showed the historical value of the royalty in-kind differential and the marine transportation costs. He explained that the blue line showed the weighted average marine transportation allowance, the green line showed DNR location differential, and the grey line showed the weighted average royalty in-kind differential. He elaborated that the difference between the blue and grey lines was the source of the premium that the department obtained by entering into royalty in-kind contracts. Another consideration was that the department provided supplies to the refineries, but it was not the only supplier. It was important to consider whether the royalty oil was competitive as compared to other suppliers.

[1:45:04 PM](#)

Representative Edgmon asked Mr. Meza to address the revenue difference for the state.

Mr. Meza jumped to slide 9 which showed how much the state had been able to generate in terms of additional revenues. The current Marathon contracts estimated between \$3 million and \$4 million in revenue, and the Petro Star contracts estimated between \$17 million and \$19 million in revenue. The revenue estimates were in excess of what would have been received had the state elected to receive 100 percent of the royalty oil in-value.

Representative Edgmon suggested that there was a reason for the public process. He was a strong supporter of the legislation.

[1:46:49 PM](#)

Co-Chair Merrick asked Mr. Meza to review the fiscal note for SB 239 with a control code EPVzv.

Mr. Meza explained the fiscal note from DNR aimed to decompose the values he had just given for the Marathon and Petro Star contracts. He relayed that 74.5 percent of the revenues for each fiscal year would be allocated to the general fund, 24 percent would be allocated to the Permanent Fund, and 0.5 percent to the school fund.

Co-Chair Merrick noted that there was a typo in the fiscal note that would be corrected before it moved from committee. She asked Mr. Meza to address the fiscal note for SB 240 with control code gjwMS from DNR.

Mr. Meza explained that the process was the same as the previous fiscal note. The main differences were the revenue estimates and the proposed amount of royalty oil dedicated to Marathon.

[1:48:34 PM](#)

Representative Carpenter noticed a discrepancy on the back page of the fiscal note.

[1:48:50 PM](#)

AT EASE

[1:55:46 PM](#)

RECONVENED

Representative Wool asked about for more information on the difference between the grey line and the green line in the prior graphic on slide 6.

Mr. Meza explained that he was comparing the blue line on the top with the grey line on the bottom. This was the important comparison because regulation dictated that the royalty in-kind price had to be at least equal to the royalty in-value price. The royalty in-value price was represented by the blue line.

Representative Wool had a question regarding slide 5. He asked how the oil was transported.

Mr. Meza relayed that DNR was not in charge of the transportation of oil. The state transferred the royalty title at the field. The purpose of including the deduction in the graph on slide 5 was because the price of ANS oil

began at the West Coast of the United States and the royalty oil was sold at the field.

[1:58:16 PM](#)

Representative Wool understood that the oil went through the pipeline, then into a terminal, then into a boat. He did not think the oil went directly to Marathon or Petro Star and wondered where their oil came from.

Mr. Meza responded that Representative Wool was correct. He furthered that Petro Star obtained royalty oil and other types of oil from other producers. Marathon obtained royalty oil from Valdez and it was barged to Nikiski.

Representative Wool thought it made sense that Marathon picked the oil up from Valdez and it was then sold at the field.

Representative Josephson understood that Marathon was located in Nikiski and asked where Petro Star was located.

Mr. Meza responded that Petro Star had a refinery in North Pole and another in Valdez.

Co-Chair Merrick asked Mr. Meza to review Fiscal Note 1 by DNR for SB 239.

Mr. Meza explained the fiscal note with the control code ezbnE. He indicated that the note showed that the allocation to the general fund and other funds were done uniformly. He reminded members that 74.5 percent would be allocated to the general fund, 24 percent to the Permanent Fund, and 0.5 percent to the school fund.

Representative Carpenter requested a brief "At ease."

[2:00:41 PM](#)

AT EASE

[2:01:59 PM](#)

RECONVENED

Representative Carpenter asked about the oil flowing through the pipeline on slide 5. He wondered if there was an impact on the property taxation on the oil when it had a

royalty in-kind status. He wondered if there was any difference in taxation.

Mr. Meza thought there was no difference.

[2:02:53 PM](#)

Co-Chair Merrick OPENED public testimony for SB 239 and SB 240.

DOUG CHAPADOS, ASRC, PETRO STAR, ANCHORAGE (via teleconference), spoke in favor of SB 239. He relayed that Petro Star was the state's only Alaskan-owned refinery. In addition to operating a variety of field terminals located around the state, Petro Star also operated two of the state's three commercial refineries. Both refineries drew crude oil from the pipeline. He thought that the legislation was essential to Petro Star's continued operations. Petro Star's oil was used for things like jet fuel, heating oil, and diesel fuel. The royalty in-kind contract would maximize the revenues generated from Alaska's royalties from oil. It would also help maintain the refining industry in the state.

Representative LeBon thanked the testifier for calling in. He appreciated the information about Petro Star's important role in the state.

[2:06:01 PM](#)

Representative Edgmon asked for more information on the Alaskan hire percentages in his district.

Mr. Chapados indicated that all but two of Petro Star's 275 employees were Alaska residents.

[2:06:48 PM](#)

CASEY SULLIVAN, MARATHON PETROLEUM, ANCHORAGE (via teleconference), thanked the committee for hearing the bill. He shared support for SB 240. The flexibility and stability of the contract would help Marathon optimize the ongoing operations of the Kenai refinery. The Kenai refinery was one of Alaska's longest in-state manufacturers of fuel and had been operating since 1969. The refinery could produce up to 68,000 barrels per day. He noted that much of the oil produced at the refinery was used in

Alaska, and all of the company's employees were Alaskans. The company was seen as an economic engine for communities, and it offered careers, not just jobs. He added that while much of the contract was a renewal, it was result of dialogue and negotiations between Marathon and the Division of Oil and Gas. In conclusion, Marathon was committed to safely and reliably creating quality fuels for Alaskans. He encouraged support for SB 240.

[2:10:32 PM](#)

Co-Chair Merrick CLOSED public testimony for SB 239 and SB 240.

Co-Chair Merrick noted that SB 239 and SB 240 were companion bills to HB 409 and HB 410.

Representative Wool returned to slide 9 which gave information on the additional revenue to the state. He applauded DNR and the administration for looking into all revenue streams, no matter how small.

[2:11:57 PM](#)

Co-Chair Foster MOVED to report SB 239 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

SB 239 was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact note by the Department of Natural Resources.

[2:12:24 PM](#)

Co-Chair Foster MOVED to report SB 240 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

SB 240 was REPORTED out of committee with nine "do pass" recommendations and with one new fiscal impact note by the Department of Natural Resources.

[2:12:40 PM](#)

AT EASE

[2:13:58 PM](#)

RECONVENED

Co-Chair Merrick indicated that the committee would stand at-ease to the call of the chair.

[2:14:05 PM](#)

AT EASE

[RECESSED TO A CALL OF THE CHAIR.]

[4:12:42 PM](#)

RECONVENED

Co-Chair Merrick indicated the committee had heard the HB 265 previously on March 29, 2022. There were three proposed amendments.

#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."

[4:12:51 PM](#)

Co-Chair Merrick gave the bill sponsor the opportunity to make opening comments but Representative Spohnholz declined.

Co-Chair Merrick OPENED public testimony.

[4:13:44 PM](#)

AT EASE

[4:14:10 PM](#)

RECONVENED

LANCE JOHNSON, NORTON SOUND HEALTH, NOME (via teleconference), spoke in support of HB 265. He noted that the COVID-19 pandemic highlighted the positive impact of telehealth. He emphasized the importance of keeping audio-only services accessible. Some people preferred to access

treatment via telephone because they could engage in an appointment in an environment of their choosing. He shared that many patients indicated they would elect to not receive care rather than have to make video or in-person appointments. Reducing access to audio-only care would create unnecessary barriers for people in need of care. Providers had also been able to provide a Medicaid covered crisis intervention service via telephone for over ten years. If providers could stabilize a person in-crisis at their most vulnerable over the phone, it should certainly be possible to offer other effective treatments in the same manner.

[4:17:09 PM](#)

WINN DAVIS, SENIOR POLICY ANALYST, ALASKA NATIVE HEALTH BOARD, ANCHORAGE (via teleconference), supported HB 265. He spoke of the benefits of expanded behavioral health services in Alaska with the option of telehealth access. Continued access to telehealth would decrease travel costs and decrease the frequency of no-shows at appointments. Many Alaskans who lived in villages did not have reliable access to the internet which meant that access to telephone services was vital. He emphasized the importance of continuing to allow the telehealth services to be reimbursable through Medicaid. There would also be increased burn-out rates for providers having to travel to provide care. He suggested Alaskans were at risk without extending telehealth services. He urged members to support the bill.

[4:20:53 PM](#)

Co-Chair Merrick CLOSED public testimony.

[4:21:01 PM](#)

AT EASE

[4:21:50 PM](#)

RECONVENED

Co-Chair Merrick RE-OPENED public testimony due to technical difficulties.

[4:22:21 PM](#)

EMILY NENON, AMERICAN CANCER SOCIETY, CANCER ACTION NETWORK, ANCHORAGE (via teleconference), encouraged members to make HB 265 a reality. The bill would make a huge difference for cancer patients. When the COVID-19 emergency declaration ended, she had to start calling Alaska patients to cancel their telehealth appointments. Many of these patients did not have other options without extensive travel. She shared an example of a rural patient receiving an introductory educational appointment about radiation treatment via telehealth. The telehealth appointment made it possible for the patient to be able to consult with their family and determine that they wanted to go forward with the radiation treatment. By the time the patient arrived in Anchorage, all of the necessary prep work had already been completed. She looked forward to increasing access to care.

[4:25:18 PM](#)

Co-Chair Merrick CLOSED public testimony.

[4:25:25 PM](#)

Representative Josephson MOVED to ADOPT Amendment 1, 32-LS0754\D.4, (Foote, 4/9/22) (copy on file):

Page 9, line 2, through page 10, line 7:

Delete all material and insert:

"" Sec. 8. This Act takes effect immediately under AS 01.10.070(c)."

Representative Carpenter OBJECTED for discussion.

Representative Josephson explained the amendment. He indicated the bill sponsor had asked him to offer the amendment to expedite and simplify the intent of the legislation. There would be a gap of a year before the effective date took hold, and the amendment would make the act take effect immediately. The bill did not need to delay its effective date.

Representative Carpenter WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[4:28:49 PM](#)

Representative Rasmussen MOVED to ADOPT Amendment 2, 32-LS0754\D.2 (FOOTE, 4/12/22) (copy on file):

Page 1, following line 9:  
Insert a new subsection to read:

"(b) A physician licensed in another state may provide health care services through telehealth to a patient located in the state as provided in this subsection, subject to the investigative and enforcement powers of the department under AS 08.01.087, and subject to disciplinary action by the State Medical Board under AS 08.64.333. The privilege to practice under this subsection extends only to ongoing treatment or follow-up care related to health care services previously provided by the physician to the patient and applies only if

- (1) the physician and the patient have an established physician-patient relationship; and
- (2) the physician has previously conducted a physical examination of the patient in person."

Reletter the following subsections accordingly.

Page 2, line 16:  
Delete "(d) and (e)"  
Insert "(e) and (f)"

Page 2, line 28, following "means":  
Insert "(A)"

Page 3, line 8, following "08.95;":  
Insert "or  
(B) a physician licensed in another state;"

Page 3, following line 10:  
Insert a new bill section to read:

"\* Sec. 2. AS 08.64 is amended by adding a new section to read:

Sec. 08.64.333. Disciplinary sanctions: physician licensed in another state. (a) The board may sanction a physician licensed in another state who provides health care services through

telehealth under AS 08.01.085(b) if the board finds after a hearing that the physician

(1) committed an act that constitutes grounds to sanction a physician licensed in this state under AS 08.64.326(a)(1) - (13);

(2) exceeded the scope of the physician's privilege to practice in this state under AS 08.01.085; or

(3) prescribed, dispensed, or administered through telehealth to a patient located in the state a controlled substance listed in AS 11.71.140 - 11.71.190.

(b) If the board finds grounds to sanction a physician under (a) of this section, the board may

(1) permanently prohibit the physician from practicing in the state;

(2) prohibit the physician from practicing in the state for a determinate period;

(3) censure the physician;

(4) issue a letter of reprimand to the physician;

(5) place the physician on probationary status under (d) of this section;

(6) limit or impose conditions on the physician's privilege to practice in the state;

(7) impose a civil fine of not more than \$25,000;

(8) issue a cease and desist order prohibiting the physician from providing health care services through telehealth under AS 08.01.085(b); an order issued under this paragraph remains in effect until the physician submits evidence acceptable to the board showing that the violation has been corrected;

(9) promptly notify the licensing authority in each state in which the physician is licensed of a sanction imposed under this subsection.

(c) In a case involving a physician alleged to have committed an act under AS 08.64.326(a)(13), the final findings of fact, conclusions of law, and order of the authority that suspended or revoked a license or certificate constitute a prima facie case that the license or certificate was suspended or revoked and the grounds under which the suspension or revocation was granted.

(d) The board may place a physician on probation under this section until the board finds that the

deficiencies that required the imposition of a sanction have been remedied. The board may require a physician on probation to

(A) report regularly to the board on matters involving the reason for which the physician was placed on probation;

(B) limit the physician's practice in the state to those areas prescribed by the board;

(C) participate in professional education until the board determines that a satisfactory degree of skill has been attained in areas identified by the board as needing improvement.

(e) The board may summarily prohibit a physician from practicing in the state under AS 08.01.085(b) if the board finds that the physician, by continuing to practice, poses a clear and immediate danger to public health and safety. A physician prohibited from practicing under this subsection is entitled to a hearing conducted by the office of administrative hearings (AS 44.64.010) not later than seven days after the effective date of the order prohibiting the physician from practicing. The board may lift an order prohibiting a physician from practicing if the board finds after a hearing that the physician is able to practice with reasonable skill and safety. The physician may appeal a decision of the board under this subsection to the superior court.

(f) The board may recover from a physician the cost of proceedings resulting in a sanction under (b) of this section, including the costs of investigation by the board and department, and hearing costs.

(g) The board may prohibit a physician from practicing in the state upon receipt of a certified copy of evidence that a license to practice medicine in another state or territory of the United States or province or territory of Canada has been suspended or revoked. The prohibition remains in effect until a hearing can be held by the board.

(h) The board shall be consistent in the application of disciplinary sanctions. A significant departure from earlier decisions of the board involving similar situations must be explained in findings of fact or orders made by the board."

Renumber the following bill sections accordingly.

Page 9, line 7:

Delete "sec. 5"  
Insert "sec. 6"

Page 9, line 14:  
Delete "sec. 2"  
Insert "secs. 2 and 3"

Page 9, line 17:  
Delete "secs. 4 - 7"  
Insert "secs. 5 - 8"

Page 9, line 21:  
Delete "Section 5"  
Insert "Section 6"

Page 9, line 25:  
Delete "sec. 5"  
Insert "sec. 6"

Page 9, line 27:  
Delete "sec. 5"  
Insert "sec. 6"

Page 10, line 2:  
Delete "sec. 5"  
Insert "sec. 6"

Page 10, lines 3 - 4:  
Delete "sec. 10(b)"  
Insert "sec. 11(b)"

Page 10, line 5:  
Delete "Section 9"  
Insert "Section 10"

Page 10, line 6:  
Delete "secs. 11 and 12"  
Insert "secs. 12 and 13"

Co-Chair Merrick OBJECTED for discussion.

Representative Rasmussen explained she was offering the amendment at the request of the bill sponsor. Many Alaskans sought treatment for cancer care out-of-state that was not available within the state. The amendment would allow patients to avoid unnecessary travel expenses while still getting the care they need. Alaska had not joined any

inter-state healthcare compacts and the amendment was a significant step forward in modernizing Alaska's healthcare access via telehealth.

[4:29:56 PM](#)

Representative LeBon asked if an out-of-state provider was required to have an Alaska license.

REPRESENTATIVE IVY SPOHNHOLZ, SPONSOR, replied that the very narrow exclusion that was being advanced was for follow-up care for medical providers who had already delivered in-person care. In the particular example provided by Representative Rasmussen, it was not required that the provider be licensed in Alaska. The language was a result of a compromise to ensure that Alaskans could get access to specialty care without unnecessary travel, but also without reducing Alaska's state sovereignty. It would not reduce Alaska's ability to enforce sanctions against potential bad actors.

[4:32:01 PM](#)

Representative Carpenter asked how an accused physician would be afforded due process.

Representative Spohnholz deferred to Ms. Chambers.

[4:32:44 PM](#)

SARA CHAMBERS, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), explained the amendment allowed the board the ability to work with the Division of Corporations, Business and Professional Licensing to investigate and gather information regarding a complaint filed against a physician that did not have an Alaska license. The process would ultimately culminate in a decision by the Medical Board to determine whether the physician should be relieved of the ability to practice under the proposed exemption. It would be the same process that was currently in place.

[4:34:03 PM](#)

Representative Carpenter asked what the process would be for a doctor that was practicing from out-of-state. He did

not see how the doctor would be allowed a rebuttal to the accusations.

Ms. Chambers replied that there was a process under the Administrative Procedures Act that was echoed on page 3, line 22 of the amendment. A physician had the ability to have a hearing for a short period of time up to seven days. It was already in statute and was not superseding other areas of statute. It reinforced the physician's ability to have a hearing if the board reached a decision that might relieve them of their ability to practice in Alaska. The act also included an appeals process that allowed a physician the chance to challenge the decision. There was a robust process in place with which the amendment aligned.

Representative Carpenter asked whether the process of notifying the licensing authority of each involved state occurred before or after the appeals process had completed.

Ms. Chambers replied that once there was a sanction proposed by the board, the board was bound by existing statute and federal requirements to make sure that other states were notified. It was consistent with the current processes.

[4:37:01 PM](#)

Representative Spohnholz thought that the amendment would create a process that exactly mirrored the process already used for license holders in Alaska. It was a narrow exception that would only apply to providers who were not licensed in Alaska and were providing follow-up care.

Representative Rasmussen asked for members' support.

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

[4:38:21 PM](#)

Vice-Chair Ortiz MOVED to ADOPT Amendment 3, 32-LS0754\D.3 (Foote, 04/12/22) (copy on file):

Page 2, line 11, following "AS 08.64.364":

Insert "and any federal law governing the prescription, dispensing, or administering of a controlled substance"

Page 2, line 15, following "AS 08.68.710":

Insert "and any federal law governing the prescription, dispensing, or administering of a controlled substance"

Page 2, line 17:

Delete "or in another state"

Page 3, following line 20:

Insert a new bill section to read:

\*\* Sec. 3. AS 08.68.100(a) is amended to read:

(a) The board shall

(1) adopt regulations necessary to implement this chapter, including regulations

(A) pertaining to practice as an advanced practice registered nurse, including requirements for an advanced practice registered nurse to practice as a certified registered nurse anesthetist, certified clinical nurse specialist, certified nurse practitioner, or certified nurse midwife; regulations for an advanced practice registered nurse who holds a valid federal Drug Enforcement Administration registration number must address training in pain management and opioid use and addiction;

(B) necessary to implement AS 08.68.331 - 08.68.336 relating to certified nurse aides in order to protect the health, safety, and welfare of clients served by nurse aides;

(C) pertaining to retired nurse status;

[AND]

(D) establishing criteria for approval of practical nurse education programs that are not accredited by a national nursing accrediting body; and

(E) establishing guidelines for rendering a diagnosis, providing treatment, or prescribing, dispensing, or administering a prescription drug to a person without conducting a physical examination under AS

08.68.710; the guidelines must include a nationally recognized model policy for standards of care of a patient who is at a different location than the advanced practice registered nurse;

(2) approve curricula and adopt standards for basic education programs that prepare persons for licensing under AS 08.68.190;

(3) provide for surveys of the basic nursing education programs in the state at the times it considers necessary;

(4) approve education programs that meet the requirements of this chapter and of the board, and deny, revoke, or suspend approval of education programs for failure to meet the requirements;

(5) examine, license, and renew the licenses of qualified applicants;

(6) prescribe requirements for competence before a former registered, advanced practice registered, or licensed practical nurse may resume the practice of nursing under this chapter;

(7) define by regulation the qualifications and duties of the executive administrator and delegate authority to the executive administrator that is necessary to conduct board business;

(8) develop reasonable and uniform standards for nursing practice;

(9) publish advisory opinions regarding whether nursing practice procedures or policies comply with acceptable standards of nursing practice as defined under this chapter;

(10) require applicants under this chapter to submit fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check; the department shall submit the fingerprints and fees to the Department of Public Safety for a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400;

(11) require that a licensed advanced practice registered nurse who has a federal Drug Enforcement Administration registration number

register with the controlled substance  
prescription database under AS 17.30.200(n)."

Renumber the following bill sections accordingly.

Page 9, line 7:

Delete "sec. 5"

Insert "sec. 6"

Page 9, line 17:

Delete "secs. 4 - 7"

Insert "secs. 5 - 8"

Page 9, line 21:

Delete "Section 5"

Insert "Section 6"

Page 9, line 25:

Delete "sec. 5"

Insert "sec. 6"

Page 9, line 27:

Delete "sec. 5"

Insert "sec. 6"

Page 10, line 2:

Delete "sec. 5"

Insert "sec. 6"

Page 10, lines 3-4:

Delete "sec. 10(b) "

Insert "sec. 11(b) "

Page 10, line 5:

Delete "Section 9"

Insert "Section 10"

Page 10, line 6:

Delete "secs. 11 and 12"

Insert "secs. 12 and 13"

Representative Carpenter OBJECTED for discussion.

Vice-Chair Ortiz explained the amendment would clean up the controlled substance language per the recommendations of the sponsor and of Ms. Chambers, who was online for

additional questions. It ensured that the bill complied with federal law and ensured regulatory equity with the Medical Board and the Board of Nursing on tele-prescribing controlled substances.

[4:39:34 PM](#)

Representative Carpenter asked for an example of cleaned up language.

Ms. Chambers asked for clarification of Representative Carpenter's question.

Representative Carpenter restated his question.

Ms. Chambers responded that she had be working with the sponsor to clean up language that ensured that the state was aligning with federal law. A previous version of the bill might have gone too far in superseding the federal law. On page 3, line 20 of the amendment, there was an edit to give the Board of Nursing additional authority which would allow and require the board to establish guidelines for the prescribing of drugs. The guidelines were currently unclear in statute and the amendment would add clarity.

[4:41:41 PM](#)

Representative Spohnholz added that the amendment was of significant importance because it clarified that controlled substances in Alaska could only be prescribed in compliance with the state's drug enforcement statute. It would not allow prescription of an opioid without an in-person visit. Inadvertently, she had excluded the Board of Nursing from the ability to adopt prescribing regulations in an earlier draft of the bill. The amendment would give the Board of Nursing the necessary authority.

[4:42:32 PM](#)

Representative Carpenter asked who identified the oversight.

Representative Spohnholz responded, "Director Chambers."

Representative Carpenter suggested that the amendment was significant. It was a policy decision that he did not understand.

4:43:25 PM

AT EASE

4:44:21 PM

RECONVENED

Vice-Chair Ortiz provided wrap-up comments. He indicated that Amendment 3 would ensure that the bill aligned with federal law. It fixed language which could be interpreted to open out-of-state tele-prescribing authority. It deleted the phrase "In another state" which clarified that only providers licensed in Alaska could tele-prescribe controlled substances. There was a federal law for a Drug Enforcement Administration (DEA) registered practitioner to conduct an in-person examination in order to tele-prescribe controlled substances, which was waived during the COVID-19 pandemic. However, there was federal interest to change the in-person requirement, and if it was changed, it was important to ensure the bill aligned with any changes in federal law while limiting state barriers to telehealth.

Representative Carpenter WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 3 was ADOPTED.

Co-Chair Foster MOVED to report CSHB 265(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CSHB 265(FIN) was REPORTED out of committee with six "do pass" recommendations and two "no recommendation" recommendations and with one new zero fiscal note by Department of Health, one new fiscal impact note by the Department of Commerce, Community and Economic Development, and two new fiscal impact notes by the Department of Health.

4:48:31 PM

AT EASE

4:49:15 PM

RECONVENED

Co-Chair Merrick announced the agenda for the following meeting at 1:30 p.m. on Friday.

#

ADJOURNMENT

[4:49:34 PM](#)

The meeting was adjourned at 4:49 p.m.