

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

May 13, 2023

2:06 p.m.

MEMBERS PRESENT

Representative Jesse Sumner, Chair
Representative Justin Ruffridge, Vice Chair
Representative Mike Prax
Representative Dan Saddler
Representative Stanley Wright
Representative Ashley Carrick
Representative Zack Fields

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 45(L&C) AM

"An Act relating to insurance; relating to direct health care agreements; relating to the duties of the director of the division of insurance in the Department of Commerce, Community, and Economic Development; and providing for an effective date."

- MOVED HCS CSSB 45(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 45

SHORT TITLE: DIRECT HEALTH AGREEMENT: NOT INSURANCE

SPONSOR(S): SENATOR(S) WILSON

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|----------|-----|-------------------------------------|
| 01/25/23 | (S) | READ THE FIRST TIME - REFERRALS |
| 01/25/23 | (S) | HSS, L&C |
| 02/07/23 | (S) | HSS AT 3:30 PM BUTROVICH 205 |
| 02/07/23 | (S) | Heard & Held |
| 02/07/23 | (S) | MINUTE(HSS) |
| 02/09/23 | (S) | HSS AT 3:30 PM BUTROVICH 205 |
| 02/09/23 | (S) | Heard & Held |
| 02/09/23 | (S) | MINUTE(HSS) |
| 02/21/23 | (S) | HSS AT 3:30 PM BUTROVICH 205 |
| 02/21/23 | (S) | Scheduled but Not Heard |
| 02/23/23 | (S) | HSS AT 3:30 PM BUTROVICH 205 |
| 02/23/23 | (S) | Moved CSSB 45(HSS) Out of Committee |

02/23/23 (S) MINUTE (HSS)
 02/24/23 (S) HSS RPT CS 1DP 4NR SAME TITLE
 02/24/23 (S) DP: WILSON
 02/24/23 (S) NR: TOBIN, KAUFMAN, GIESSEL, DUNBAR
 03/27/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 03/27/23 (S) Heard & Held
 03/27/23 (S) MINUTE (L&C)
 04/05/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/05/23 (S) Heard & Held
 04/05/23 (S) MINUTE (L&C)
 04/19/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/19/23 (S) Moved CSSB 45 (L&C) Out of Committee
 04/19/23 (S) MINUTE (L&C)
 04/21/23 (S) L&C RPT CS 1DP 2NR NEW TITLE
 04/21/23 (S) DP: BJORKMAN
 04/21/23 (S) NR: DUNBAR, GRAY-JACKSON
 05/10/23 (S) TRANSMITTED TO (H)
 05/10/23 (S) VERSION: CSSB 45 (L&C) AM
 05/10/23 (H) L&C AT 3:15 PM BARNES 124
 05/10/23 (H) -- MEETING CANCELED --
 05/11/23 (H) READ THE FIRST TIME - REFERRALS
 05/11/23 (H) L&C
 05/12/23 (H) L&C AT 3:15 PM BARNES 124
 05/12/23 (H) Scheduled but Not Heard
 05/13/23 (H) L&C AT 11:00 AM BARNES 124

WITNESS REGISTER

JASMIN MARTIN, Staff
 Senator David Wilson
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: On behalf of the prime sponsor, Senator Wilson, answered questions during the hearing on HCS SB 45, Version R.

SENATOR DAVID WILSON
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: As prime sponsor, answered questions during the hearing on HCS SB 45, Version R.

PAM VENTGEN, Executive Director
 Alaska State Medical Association
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 45.

WADE ERICKSON, MD, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 45.

ACTION NARRATIVE

[2:08:20 PM](#)

CHAIR JESSE SUMNER called the House Labor and Commerce Standing Committee meeting to order at 2:08 p.m. Representatives Saddler, Prax, Carrick, Rufferidge, and Sumner were present at the call to order. Representatives Fields and Wright arrived as the meeting was in progress.

SB 45-DIRECT HEALTH AGREEMENT: NOT INSURANCE

[2:08:44 PM](#)

CHAIR SUMNER announced that the only order of business would be CS FOR SENATE BILL NO. 45(L&C)am, "An Act relating to insurance; relating to direct health care agreements; relating to the duties of the director of the division of insurance in the Department of Commerce, Community, and Economic Development; relating to unfair trade practices; and providing for an effective date." [Before the committee, adopted as a working document on 4/19/23, was the House committee substitute (HCS) for SB 45, Version 33-LS0211\R, Wallace, 4/5/23 ("Version R").]

[2:08:52 PM](#)

REPRESENTATIVE SADDLER moved to adopt Conceptual Amendment 1 to HCS SB 45, Version R. He stated that the amendment would delete language on page 1, line 14 through page 2, line 10 requiring direct care providers to provide care to Medicaid patients; however, it would leave in the requirement for these providers to serve Medicare and uninsured patients. There being no objections, Conceptual Amendment 1 to HCS SB 45, Version R, was adopted.

[2:09:36 PM](#)

REPRESENTATIVE SADDLER moved to adopt Conceptual Amendment 2 to HCS SB 45, Version R, as amended. He stated that the conceptual amendment would add a new section which would require a health care business or health care provider under a direct health care agreement to be subject to AS 21.36. It would also insert a new section which would assert that a health care business or health

care provider under a direct health care agreement that complies with this section is not subject to the section.

[2:10:36 PM](#)

REPRESENTATIVE RUFFRIDGE objected for the purpose of discussion. He asked for clarification regarding Conceptual Amendment 2.

[2:11:29 PM](#)

JASMIN MARTIN, Staff, Senator David Wilson, Alaska State Legislature, on behalf Senator Wilson, prime sponsor of SB 45, answered that Conceptual Amendment 2 would remove certain penalty language from the proposed bill and make changes to the section pertaining to air ambulances.

[2:12:34 PM](#)

REPRESENTATIVE RUFFRIDGE questioned the original language of the proposed legislation.

MS. MARTIN answered that it was added by the Senate Labor and Commerce Standing Committee prior to other aspects of bill changes.

[2:13:38 PM](#)

REPRESENTATIVE RUFFRIDGE withdrew his objection. There being no further objection, Conceptual Amendment 2 was adopted.

[2:13:44 PM](#)

REPRESENTATIVE WRIGHT moved to adopt Conceptual Amendment 3 to HCS SB 45, Version R, as amended, to change the definition of "health care business" to be in line with the original legislation. He maintained that this change is necessary as the requirement of residency would be unconstitutional.

[2:14:04 PM](#)

REPRESENTATIVE RUFFRIDGE objected. He asked whether the bill is designed to prevent larger health care entities from entering into direct health care agreements. In response to a request to repeat the question, he stated that the companion bill had defined only smaller physician-owned practices would be able to participate in a direct health care agreement. He questioned

whether Conceptual Amendment 3 would retain this language or broaden it to allow larger health care systems.

[2:15:33 PM](#)

SENATOR DAVID WILSON, Alaska State Legislature, as prime sponsor of SB 45, answered that the main concern of the amendment is residency requirements. He said that Legislative Legal Services notified his office of concerns relating to discrimination of an individual based on residency, without just cause.

[2:17:28 PM](#)

REPRESENTATIVE RUFFRIDGE expressed the concern that the proposed bill would be too narrow, as many health care businesses are not entirely health care provider owned.

SENATOR WILSON responded that many health care businesses in the state are owned by primary care providers, and there have been concerns regarding the inclusion of corporate entities, such as adventurist capitalist groups. He said that the proposed bill is meant to cater toward health care businesses not owned by corporations and doing this without running afoul of residency-related questions.

MS. MARTIN added that the amendment would broaden the definition to strike a balance.

[2:21:13 PM](#)

The committee took an at-ease from 2:21 p.m. to 2:23 p.m.

[2:23:29 PM](#)

A roll call vote was taken. Representatives Carrick, Wright, Prax, Saddler, and Sumner voted in favor of Conceptual Amendment 3 to HCS SB 45, Version R, as amended. Representative Ruffridge voted against it. Therefore, Conceptual Amendment 3 was adopted by a vote of 5-1.

[2:23:55 PM](#)

REPRESENTATIVE WRIGHT stated that he would not offer Conceptual Amendment 4.

[2:24:09 PM](#)

REPRESENTATIVE RUFFRIDGE moved to adopt Conceptual Amendment 5 to HCS SB 45, Version R, as amended. There being no objection, Conceptual Amendment 5 was adopted.

[2:24:25 PM](#)

The committee took an at-ease from 2:24 p.m. to 2:26 p.m.

[2:26:19 PM](#)

REPRESENTATIVE RUFFRIDGE moved to adopt Conceptual Amendment 6 to HCS SB 45, Version R, as amended. There being no objection, Conceptual Amendment 6 was adopted.

[2:26:28 PM](#)

REPRESENTATIVE CARRICK moved to adopt Conceptual Amendment 7 to HCS SB 45, Version R, as amended.

REPRESENTATIVE SADDLER objected.

[2:26:39 PM](#)

REPRESENTATIVE CARRICK explained that Conceptual Amendment 7 would expand health care options for Alaskans. She stated that direct health care agreements have the potential to be more affordable and accessible. She added that Conceptual Amendment 7 would also provide this affordability and accessibility by expanding insurance coverage for contraceptives and birth control.

[2:28:07 PM](#)

SENATOR WILSON expressed opposition to Conceptual Amendment 7, as there is similar legislation in the Senate which has not yet received a hearing.

[2:28:51 PM](#)

REPRESENTATIVE SADDLER expressed opposition to Conceptual Amendment 7.

[2:29:23 PM](#)

A roll call vote was taken. Representatives Fields and Carrick voted in favor of Conceptual Amendment 7. Representatives Prax,

Ruffridge, Wright, Saddler, and Sumner voted against it. Therefore, Conceptual Amendment 7 failed by a vote of 2-5.

[2:30:06 PM](#)

CHAIR SUMNER opened public testimony on HCS SB 45, Version R.

[2:30:28 PM](#)

PAM VENTGEN, Executive Director, Alaska State Medical Association, stated that the Alaska State Medical Association supports SB 45 because it would allow providers flexibility in how patients receive services. She noted that direct health care is legal in Alaska, but it requires a provider to register as an insurance company, and the bill would eliminate this unnecessary requirement. She added that regulating direct health care agreements as insurance creates a costly and unnecessary burden for both patients and health care providers.

[2:34:21 PM](#)

WADE ERICKSON, MD, representing self, expressed support for the proposed legislation, and he noted that over 40 other states have had success with such a model.

[2:36:00 PM](#)

CHAIR SUMNER, after ascertaining there was no one else who wished to testify, closed public testimony on HCS SB 45, Version R.

[2:36:48 PM](#)

The committee took a brief at-ease.

[2:36:51 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HCS SB 45, Version 33-LS0211\R, Wallace, 4/5/23, as amended, out of committee with individual recommendations and the accompanying fiscal notes and to allow Legislative Legal Services to make any necessary conforming changes to the bill. There being no objection, HCS CSSB 45(L&C) was reported out of the House Labor and Commerce Standing Committee.

[2:37:44 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 2:37 p.m.