

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

April 8, 2024

1:33 p.m.

**MEMBERS PRESENT**

Senator Jesse Bjorkman, Chair  
Senator Click Bishop, Vice Chair  
Senator Elvi Gray-Jackson  
Senator Kelly Merrick  
Senator Forrest Dunbar

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 102

"An Act relating to refuse utility rates and Regulatory Commission of Alaska regulations regarding refuse utilities; and providing for an effective date."

- MOVED SB 102 OUT OF COMMITTEE

SENATE BILL NO. 219

"An Act relating to utilization review entities; exempting certain health care providers from making preauthorization requests for certain services; and providing for an effective date."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 97(JUD) AM

"An Act relating to self-storage facilities for personal property, including vehicles and watercraft; distinguishing self-storage facility liens from another type of storage lien; and excluding self-storage liens from the treatment of certain unclaimed property."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 102

SHORT TITLE: REFUSE UTILITY REGULATIONS

SPONSOR(s): SENATOR(s) MYERS

03/15/23 (S) READ THE FIRST TIME - REFERRALS  
03/15/23 (S) L&C  
03/04/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
03/04/24 (S) Heard & Held  
03/04/24 (S) MINUTE(L&C)  
04/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 219

SHORT TITLE: PRIOR AUTH EXEMPT FOR HEALTH PROVIDERS

SPONSOR(s): SENATOR(s) WILSON

02/07/24 (S) READ THE FIRST TIME - REFERRALS  
02/07/24 (S) L&C, HSS  
03/13/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
03/13/24 (S) Heard & Held  
03/13/24 (S) MINUTE(L&C)  
04/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 97

SHORT TITLE: SELF-STORAGE UNITS: LIENS; SALES

SPONSOR(s): REPRESENTATIVE(s) PRAX

03/06/23 (H) READ THE FIRST TIME - REFERRALS  
03/06/23 (H) L&C, JUD  
03/24/23 (H) L&C AT 3:15 PM BARNES 124  
03/24/23 (H) Heard & Held  
03/24/23 (H) MINUTE(L&C)  
04/14/23 (H) L&C AT 3:15 PM BARNES 124  
04/14/23 (H) Heard & Held  
04/14/23 (H) MINUTE(L&C)  
05/01/23 (H) L&C AT 3:15 PM BARNES 124  
05/01/23 (H) Heard & Held  
05/01/23 (H) MINUTE(L&C)  
05/03/23 (H) L&C AT 3:15 PM BARNES 124  
05/03/23 (H) Moved CSHB 97(L&C) Out of Committee  
05/03/23 (H) MINUTE(L&C)  
05/08/23 (H) L&C RPT CS(L&C) 4DP 2AM  
05/08/23 (H) DP: PRAX, WRIGHT, SADDLER, RUFFRIDGE  
05/08/23 (H) AM: FIELDS, CARRICK  
02/05/24 (H) JUD AT 1:30 PM GRUENBERG 120  
02/05/24 (H) Heard & Held  
02/05/24 (H) MINUTE(JUD)  
02/07/24 (H) JUD AT 1:00 PM GRUENBERG 120  
02/07/24 (H) Heard & Held

02/07/24 (H) MINUTE (JUD)  
 02/09/24 (H) JUD AT 1:30 PM GRUENBERG 120  
 02/09/24 (H) <Bill Hearing Canceled>  
 02/14/24 (H) JUD AT 1:00 PM GRUENBERG 120  
 02/14/24 (H) Moved CSHB 97(JUD) Out of Committee  
 02/14/24 (H) MINUTE (JUD)  
 02/15/24 (H) JUD RPT CS (JUD) 4DP 2NR  
 02/15/24 (H) DP: CARPENTER, SUMNER, ALLARD, VANCE  
 02/15/24 (H) NR: GRAY, GROH  
 03/21/24 (H) TRANSMITTED TO (S)  
 03/21/24 (H) VERSION: CSHB 97 (JUD) AM  
 03/22/24 (S) READ THE FIRST TIME - REFERRALS  
 03/22/24 (S) L&C, JUD  
 04/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

SENATOR ROBERT MYERS, District Q  
 Alaska State Legislature  
 Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of SB 102; gave a recap of SB 102.

DAWSON MANN, Staff  
 Senator Robert Myers  
 Alaska State Legislature  
 Juneau, Alaska  
**POSITION STATEMENT:** Provided comments on SB 102.

KURT FROENING, Division Vice President  
 Waste Connections  
 Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of SB 102.

SENATOR DAVID WILSON, District N  
 Alaska State Legislature  
 Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of SB 219; gave a recap of SB 219.

JULIA FONOV, Staff  
 Senator David Wilson  
 Alaska State Legislature  
 Juneau, Alaska  
**POSITION STATEMENT:** Presented the sectional analysis for SB 219.

EZEQUIEL (ZEKE) SILVA, MD, Delegate  
 American Medical Association  
 Texas Medical Association

Washington D.C.

**POSITION STATEMENT:** Gave invited testimony on SB 219.

JEFF DAVIS, Senior Vice President  
Radiation Business Solutions  
Wenatchee, Washington

**POSITION STATEMENT:** Gave invited testimony on SB 219.

JOHN KELLY, MD; Senior VP  
Radiation Business Solutions  
Wasilla, Alaska

**POSITION STATEMENT:** Provided invited testimony on SB 219.

GARY STRANNIGAN, Vice President  
Congressional and Legislative Affairs  
Premera Blue Cross  
Everett, Washington

**POSITION STATEMENT:** Testified on SB 219.

HEATHER CARPENTER, Deputy Director  
Division of Insurance  
Department of Commerce, Community and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 219.

JARED KOSIN, President  
Alaska Hospital and Healthcare Association  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on SB 219.

REPRESENTATIVE MIKE PRAX, District 33  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 97.

ERICK CORDERO-GIORGANA, Staff  
Mike Prax,  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the sectional analysis for HB 97.

GARY JENKINS, Owner,  
Space Unlimited, Inc.  
Juneau, Alaska

**POSITION STATEMENT:** Testified with concerns on HB 97.

#### **ACTION NARRATIVE**

[1:33:38 PM](#)

**CHAIR JESSE BJORKMAN** called the Senate Labor and Commerce Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Dunbar, Gray-Jackson, Merrick, and Chair Bjorkman. Senator Bishop joined thereafter.

**SB 102-REFUSE UTILITY REGULATIONS**

[1:34:54 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 102 "An Act relating to refuse utility rates and Regulatory Commission of Alaska regulations regarding refuse utilities; and providing for an effective date."

[1:35:32 PM](#)

SENATOR ROBERT MYERS, District Q, Alaska State Legislature, Juneau, Alaska, sponsor of SB 102, gave a recap of the bill. He said SB 102 would extend the simplified rate stacking method currently utilized by the Regulatory Commission of Alaska (RCA) and apply it to refuse utilities. Previously, this method was exclusively applied to electric co-ops by the commission for expediting regulatory procedures.

[1:36:30 PM](#)

CHAIR BJORKMAN stated the committee has received communication from Anchorage residents expressing concerns about the effects of SB 102 on their municipality. He requested a clearer understanding of these impacts, as well as those on similarly situated communities.

[1:36:51 PM](#)

SENATOR MYERS replied that his office had also been in contact with the municipality of Anchorage regarding Solid Waste Services (SWS). They understand that the Regulatory Commission of Alaska (RCA) does not currently regulate solid waste services, and SB 102 would not change this regulatory status.

[1:37:18 PM](#)

DAWSON MANN, Staff, Senator Robert Myers, Alaska State Legislature, Juneau, Alaska, clarified that in past reviews of Regulatory Commission of Alaska (RCA) filings, the RCA has exempted the municipality of Anchorage from certain sections of statute concerning trash collection services. He emphasized SB 102 would not in any way change the existing relationship between the RCA and the municipality of Anchorage.

[1:37:46 PM](#)

SENATOR GRAY-JACKSON expressed her satisfaction upon hearing this clarification, as she previously understood that SWS was not regulated by RCA. She appreciated confirmation.

[1:37:56 PM](#)

SENATOR DUNBAR mentioned that there was discussion on that unique situation during the first hearing. He said there is a simple solution for regulated refuse utilities. He asserted that he would not make a conceptual amendment, as he had not prepared one, but inquired as to whether there is a house companion to SB 102.

[1:38:18 PM](#)

SENATOR MYERS said there was not.

[1:38:22 PM](#)

SENATOR DUNBAR suggested that if SB 102 passes the Senate, the sponsor might consider amending the legislation to add the word "regulated" in front of "refuse utilities" to clarify that SB 102 only applies to currently regulated refuse utilities.

[1:38:45 PM](#)

CHAIR BJORKMAN opened public testimony on SB 102.

[1:39:15 PM](#)

KURT FROENING, Division Vice President, Waste Connections, Anchorage, Alaska, testified in support of SB 102. He said SB 102 would substantially decrease the amount of time and expense required to adjust rates. It would enable refuse utilities to react to market conditions and respond to small and more frequent adjustments rather than large increases that come years apart.

[1:39:55 PM](#)

CHAIR BJORKMAN closed public testimony on SB 102 and sought the will of the committee.

[1:40:12 PM](#)

SENATOR GRAY-JACKSON moved to report SB 102, work order: 33-LS0583\A, from committee with individual recommendations and attached fiscal note(s).

[1:40:25 PM](#)

CHAIR BJORKMAN found no objection and SB 102 was reported from the Senate Labor and Commerce Standing Committee.

[1:40:42 PM](#)

At ease

**SB 219-PRIOR AUTH EXEMPT FOR HEALTH PROVIDERS**

[1:42:31 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 219 "An Act relating to utilization review entities; exempting certain health care providers from making preauthorization requests for certain services; and providing for an effective date."

[1:43:15 PM](#)

SENATOR DAVID WILSON, District N, Alaska State Legislature, Juneau, Alaska, sponsor of SB 219, provided the following statement for SB 219:

[Original punctuation included.]

Sponsor Statement

Senate Bill 219

"An Act relating to utilization review entities; exempting certain health care providers from making preauthorization requests for certain services; and providing for an effective date."

SB 219 aims to reduce the wait time for certain health care services by exempting qualified health care providers from making preauthorization requests for said services. Currently, Alaskans who need certain health care services must wait days or weeks to get preauthorized to receive health care services because of the processing time between the health care provider and insurance companies. This bill would help Alaskans receive health care services immediately, especially health care services that could save their lives.

Health care providers shall qualify for a prior authorization exemption if at least 80 percent of prior authorization requests submitted in the past 12-month period were approved for that health care service. Utilization review entities will provide exempted health care providers with a list of health care services for which the exemption applies and the duration of the exemption. This helps eliminate unnecessary delays in care by granting providers

exemptions who have demonstrated consistent adherence to approval guidelines from prior authorization requirements.

Other states with prior authorization exemptions have seen increased frequency of patients who receive the health care services they need and help eliminate unnecessary delays in care. This bill will help Alaskans receive fast, efficient, and quality healthcare when they need it without waiting for a preauthorization process that could cause their health to decline even more.

Please contact Julia Fonov in my office at (907) 465-4711 or Julia.Fonov@akleg.gov for any questions.

[1:45:47 PM](#)

CHAIR BJORKMAN asked whether "80 percent approval for prior authorizations" is the right number or the right thing to measure. He asked whether insurance companies are incentivized to deny doctors' prior authorization requests so that doctors wouldn't qualify. He suggested the approval standards should be higher than 80 percent. He also suggested that a better measure might be on the back end if claims and care given was paid out because the care was in line with the industry standard and the medical necessity for a patient.

[1:46:55 PM](#)

SENATOR WILSON suggested the people prepared to provide invited testimony could speak to the experience of other states with the 80 percent threshold. He said it was the intent with SB 219 to apply the 80 percent threshold after claims have been processed, so there would not be the issue of claims being denied in order to disqualify a practitioner. He said SB 219 is modeled after legislation in other states. He anticipated testimony on experience with the "back end" of claims.

[1:47:55 PM](#)

JULIA FONOV, Staff, Senator David Wilson, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 219.

[Original punctuation included.]

Sectional Analysis  
Senate Bill 219 v. A

"An Act relating to utilization review entities; exempting certain health care providers from making preauthorization requests for certain services; and providing for an effective date."

**Section 1: Amends AS 21 (Insurance) .07 (Patient Protections Under Health Care Insurance Policies) .005 (Regulations relating to health care insurance policies).**

Page 1, line 5, through line 14: Adds processes for the Director of Insurance to adopt regulations for utilization review entities, who are individuals that perform prior authorization, as established under section 2 of this bill.

**Section 2: Adds a new section .100 (Utilization review entities) to AS 21 (Insurance) .07 (Patient Protections Under Health Care Insurance Policies)**

Page 2, line 1 through line 7: Adds section (a) which explains a healthcare provider is not required to complete prior authorization for a covered person if at least 80 percent of prior authorization requests submitted by the provider for that health care service have been approved in the past 12 months.

Page 2, line 8 through line 12: Adds section (b) which explains a health care provider may be evaluated if they continue to qualify for an exemption not more than once every 12 months, and an existing exemption is not required to be evaluated and a longer exemption period may be established.

Page 2, line 13 through 14: Adds section (c) which explains health care providers do not have to request an exemption to qualify for an exemption.

Page 2, line 15 through 20: Adds section (d) which explains if a health care provider is denied an exemption, they may request evidence once every 12 months on why they were denied an exemption and an explanation of how to appeal the denial, and the health care provider may appeal the denial.

Page 2, line 21 through line 30: Adds section (e) which explains utilization review entities may revoke an exemption after 12 months if: (1) they determine the health care provider does not meet the 80 percent

approval criteria based on a review of the claims for the health care service for which the exemption applies, (2) they provide the health care provider with the information used to determine revoking the exemption, (3) they explain to the health care provider how to appeal the determination.

1:50:05 PM

MS. FONOV continued the sectional analysis.

Page 2, line 31 through page 3, line 3: Adds section (f) which explains the exemption remains in effect until 30 days after the health care provider is notified of the decision to revoke the exemption or, if the health care provider appeals the determination, five days after the revocation is kept after appeal.

Page 3, line 4 through line 8: Adds section (g) which specifies a decision to revoke or deny an exemption by a utilization review entity must be made by a health care provider licensed in Alaska with the same or similar specialty as the health care provider being considered and must have experience providing the health care service for which the requested exemption applies.

Page 3, line 9 through 13: Adds section (h) which specifies a utilization review entity must provide a health care provider who receives an exemption of this section with a notice that includes: (1) a statement that the health care provider qualifies for an exemption from a prior authorization requirement and the duration of the exemption, (2) a list of health care services for which the exemption applies.

Page 3, line 14 through line 23: Adds section (i) which specifies utilization review entities may not deny or reduce payment for a health care service exempted from prior authorization, including a health care service ordered by an exempted health care provider that is performed or supervised by another health care provider, unless the health care provider providing the health care service: (1) knowingly misrepresented the health care service in a request for payment with the specific intent to deceive and obtain an unlawful payment from a utilization review

entity or, (2) failed to substantially perform the health care service.

[1:51:53 PM](#)

MS. FONOV continued the sectional analysis.

Page 3, line 24 through page 4, line 19: Adds section (j) which defines in this section:

(1) "health care service" means: (A) the provision of pharmaceutical products, services, or durable medical equipment or, (B) a health care procedure, treatment, or service provided: (i) in a health care facility licensed in this state or, (ii) by a doctor of medicine, by a doctor of osteopathy, or within the scope of practice of a health care professional who is licensed in this state.

(2) "health maintenance organization" has the meaning given in AS 21.86.900 (means a person that undertakes to provide or arrange for basic health care services to enrollees on a prepaid basis).

(3) "prior authorization" means the process used by a utilization review entity to determine the medical necessity or medical appropriateness of a covered health care service before the health care service is provided or a requirement that a covered person or health care provider notify a health care insurer or utilization review entity before providing a health care service.

(4) "utilization review entity" means an individual or entity that performs prior authorization for: (A) an employer in Alaska with employees covered under a health benefit plan or health insurance policy, (B) a health care insurer, (C) a preferred provider organization, (D) a health maintenance organization or, (E) an individual or entity that provides, offers to provide, or administers hospital, outpatient, medical, prescription drug, or other health care benefits to a person treated by a health care provider licensed in Alaska under a health care policy, plan, or contract.

**Section 3: Effective date.** Provides an immediate effective date.

[1:52:12 PM](#)

CHAIR BJORKMAN announced invited testimony on SB 219.

[1:53:06 PM](#)

DR. EZEQUIEL (ZEKE) SILVA, Texas Medical Association, Washington D.C., said he practices medicine in San Antonio Texas and that he was speaking for the Texas Medical Association (TMA) which collaborated with the Alaska State Medical Association for the American Medical Association. He said the State of Texas was the first state to pass a law to address [the requirement by insurance companies for] prior authorization [of medical services] at the state level and for state-regulated [insurance] plans. He said the Texas legislation passed in 2021 in response to the experience of physicians that prior authorization requirements were causing them undue burden, such as two full-time equivalents doing nothing but [pursuing] prior authorization on a weekly basis and the denial of very commonly preformed services, including services that were very much front and center to what the physicians were experiencing. He said the greatest motivation [to pursue legislation] in Texas was physicians reporting of significant patient harm due to prior authorization requirements. He listed those harms: patients abandoning treatment, not receiving treatment in a timely fashion, loss of bodily function and death. He said the impetus was great and TMA is proud of their actions at the state level.

DR SILVA said the 2021 [Texas] legislation went into effect later in 2021 and in 2023, TMA attempted to "tune up" regulations around the law. He reported that those had not passed and that improvement could be made. He commended the efforts undertaken with SB 219 for Alaska.

[1:55:28 PM](#)

CHAIR BJORKMAN asked whether Dr. Silva could identify pieces of SB 219 that could be improved or things that are right and that the bill sponsor could be proud of.

[1:55:50 PM](#)

DR. SILVA said SB 219 is well-constructed. He opined the 80 percent measure is reasonable and his reading of the bill suggested it would apply to same service, for example, an orthopedic surgeon being approved to provide knee replacements. If the surgeon achieved 80 percent approval for that procedure, it would result in a "gold card", which is an exemption from the prior authorization requirement going forward.

DR. SILVA also addressed the requirement to establish medical necessity for a given service and noted that it is very important to discern and document medical necessity through examination and sound diagnosis.

DR. SILVA noted that only three percent of physicians in Texas have achieved "gold card" status. He suggested that was because the requirements are so specific. He said the 80 percent is not only per physician, but it is per exact procedure described by Current Procedural Terminology (CPT) code and then per payor and sometimes also per individual payor product. He said the consequence of this degree of specificity is that it is hard for physicians to achieve 80 percent across all those metrics. His recommendation would be not to include in Bill 219 a minimum [number of approvals]. He said this is in the interest of maximizing the protection of patients from the harms of prior authorization.

[1:58:17 PM](#)

CHAIR BJORKMAN asked whether it would be beneficial to have the 80 percent mark apply to a group or class of procedures rather than one specific service or procedure.

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DR. SILVA said discussion in Texas centered on situations like hospital admissions which often include multiple patient evaluation and management codes that apply to and describe a patient's situation, treatment and response. He opined that it would be completely logical to have large groups of codes included in the 80 percent benchmark. He said that would maintain the spirit of the legislation which is to make sure that physicians are practicing the best care possible and not further subject to prior authorization, but also acknowledging that patients are different and even though medicine is grounded in science, it is also an art. The decisions between physician and patient may differ based on patients varied circumstances and on the evolution of the practice of medicine.

[2:00:47 PM](#) }

JEFF DAVIS, Senior Vice President, Radiation Business Solutions, Wenatchee, Washington, said he spent 18 years as the president of Premera Blue Cross Blue Shield of Alaska, part of a long career in health care, the past five years on the provider side. He hoped to bring a balanced perspective to the discussion and said SB 219 is primarily about patient protection. He observed that patients are often overlooked in this debate and patients bear the majority of the cost of unnecessary prior authorization in the form of physical, emotional and financial harm resulting from delays in care. He said there are multiple studies that demonstrate the negative impacts of prior authorization. He said it is not trivial and it is not all about the provider or about

the payor, it is about the patient. He said the original goal of prior authorization were good; it was designed to reduce unnecessary care and make sure things that were paid for [by payors/insurance] were needed, but at this time it has grown unchecked and has become a problem rather than a solution.

MR. DAVIS said it is important to remember that SB 219 would not eliminate prior authorization, but it seeks to restore balance to a situation that has become very one-sided in favor of the payor. He added that when a provider signs a network contract, which allows them to provide care as an in-network provider, there is a provision that says the provider agrees to comply with the utilization of requirements of the payor and that the payor may, at any time, amend those requirements. He said the provider is often given a period of time in which to object to those amendments, but the bottom line is usually if the provider doesn't accept those amendments, their only real option is to terminate the contract, which has many consequences for the provider and for their patients. He described this as a very one-sided situation with payors adding multiple layers of prior authorization over the years to the point that the payors themselves recognize that it has gone too far and are eliminating scores of procedures that require prior authorization. He also noted that payors themselves have "gold card" requirements and that if a provider meets the requirements, they are recognized for that. He said SB 219 puts this recognition and exemption from prior authorization in place for providers across the spectrum of the health care environment rather than requiring each provider to go through a costly and time-consuming process of trying to achieve gold card status on their own.

MR. DAVIS said he does believe SB 219 restores the balance in the payor-provider relationship to a large degree. He said he believed a provider who meets the standard 80 percent of the time is likely to meet it 100 percent of the time. He said there are very few providers that require correction by prior authorization, but the current system applies to everyone.

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Senator Bishop joined the meeting.

MR. DAVIS noted studies that show 96 percent of the time, there will be approval and patients and providers are spending their time waiting and the insurers are spending their time and money to go through a process that yields little benefit for anyone involved.

[2:06:18 PM](#)

SENATOR GRAY-JACKSON said one of biggest issues from her perspective is patient claims being denied. She asked whether SB 219 could prevent claim denial. She noted the packet says 15 percent of claims are denied and she opined the percentage of denials is higher than that.

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MR. DAVIS said according to his understanding of SB 219, if a provider has been exempted from prior authorization, it cannot later be denied for lack of prior authorization. He said there are other provisions in a policy, such as the need for demonstrated medical necessity and there could be a time when medical necessity might be found insufficient after the fact, but he did not think SB 219 would impact a situation like that negatively and may in fact help on the other side.

[2:07:58 PM](#)

CHAIR BJORKMAN asked what the effect of similar legislation in other states has had on the cost of health care.

[2:08:23 PM](#)

MR. DAVIS said he doesn't have that experience with other states. He reiterated that 96 percent of the time, prior authorization is approved so he opined that an exemption at 80 percent would have an impact on the cost of health care as a direct result; however, he said there are studies that suggest physicians spend 10-15 percent of their time on prior authorization. He said they spend 10-15 percent of their time on something that 96 percent of the time results in approval and, for most providers, likely 100 percent of the time. If all the physicians in Alaska were able to be 10-15 percent more productive; if they were able to eliminate positions in their practices that deal with prior authorization on a full-time basis, he speculated the increase in physician productivity and the decrease in staff could have a stabilizing or a decrease effect on future cost of health care. He noted that payors probably spend as much time, energy and money on prior authorization as [providers] do and if that were eliminated, it would result in some economies on the payor side as well.

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CHAIR BJORKMAN asked Dr. Silva whether the prior authorization exemption legislation in Texas had reduced health care costs in that state or other states of which he was aware.

[2:11:13 PM](#)

DR. SILVA said he was not aware of studies with documentation showing a reduction in cost, but he said anecdotally there is support for that to be the case. He said he hears many stories about delays in care leading to increased utilization of care by patients. He told of a young person with abdominal pain for whom the physician could not secure prior authorization for a CT scan for multiple days. By the time a scan was authorized, the patient's appendix had ruptured and the patient required significantly more medical intervention. He noted the increased expense from an economic and monetary perspective and also the experience for the patient and the physician in terms of emotional distress and the inability to practice the best care possible. He said, anecdotally, SB 219 would support physicians to provide timely care and the best care possible would also have economic benefits. He hoped for a study that would prove that and said he would share it when he finds it.

[2:13:01 PM](#)

JOHN KELLY, MD; Senior Vice President, Radiation Business Solutions, Wasilla, Alaska, said he is currently based out of Wasilla and transitioning back to his home in Fairbanks. He said he would tailor his comments to multiple sclerosis (MS). He said he has followed this disease through his 34-year career. When he started his career, he said the only treatment he could offer MS patients was high-dose intravenous (IV) steroids for flare-ups. He said the first disease-modifying drugs (interferons) came out about 25-30 years ago and those drugs reduced flare-ups by 25-30 percent which was better than nothing. Interferons caused terrible side-effects. Patients would have flu-like symptoms several days after each injection and injections were given about once weekly. He said there have been tremendous advances in treating MS and today there are treatments that are highly specific and extremely effective, orally or by IV.

[2:16:03 PM](#)

DR. KELLY said there is now a drug which can be given once every six months which allows for near complete control of the disease. He said these new treatments are more expensive than the older treatments, but the dictum of step-therapy has required that treatment begin with older, less effective, poorly tolerated medications and prove that patients failed that by waiting for them to have another flare-up. He noted that flare-ups damage the central nervous system every time and MS progresses by a series of attacks and withdrawals. He said the step therapy approach is required by most insurance companies, which mean starting treatment with less expensive [medication]

even though it's known to be less effective, wait for the drug to fail the patient before moving on to more advanced therapies that are doing such a good job at controlling it.

2:17:47 PM

DR. KELLY said MS treatment was an example for which SB 219 would help prevent harm to patients. He said providers track the disease clinically and by MRI scan to follow the volume of white matter disease. The clinical outcome is known for these patients as the disease continues to progress. They lose function, the rate of disability goes up, cognitive ability goes down and it is an aggressive disease that requires aggressive treatment. He said MS is no place for the step therapy approach favored by insurance companies. He said he has a high success rate of getting the more advanced drugs approved, but that it is time-consuming to jump through the hoops to get the patient on the best possible drug from the get-go. He said it is a frustrating process.

DR. KELLY told about a young, athletic and active patient who wants to remain so, but five weeks after diagnosis, he is still trying to gain approval for her treatment from the insurance company. He said, in the meantime, the patient worries about the possibility of another flare-up and what that might mean for her and her long-term quality of life. He said SB 219 would be beneficial for these patients who are relentlessly and irreversibly harmed by ongoing attacks of the disease while going through the hoops [of prior authorization]. He said it was not defensible to treat a patient that way.

DR. KELLY shared the story of another patient, a 17-year-old who he saw after her third episode of optic neuritis. He said each episode causes loss of vision. He diagnosed her with a variant of MS and prescribed a very specific treatment for her condition that is highly effective. He said nothing else works and he faced the same frustration with insurance companies wanting to go through step therapy. He emphasized the patient was 17 years old, progressively going blind and there is no excuse for such a delay. He said after considerable personal preparation and effort, he was able to persuade the insurance company to approve his prescribed treatment.

2:21:56 PM

DR. KELLY shared his own story as a Type II diabetic. He said he changed insurance companies, and it has taken several months to resume the medications that have controlled his condition very well for years. In the meantime, he was compelled to try

different medications and endure the accompanying negative effects until he could return to the medications that worked for him.

DR. KELLY urged that whatever could be done to stop harm to patients is worthwhile.

2:22:36 PM

CHAIR BJORKMAN noted the testimony that the current system of prior authorization requirements leads to increased frequency of negative outcomes. He asked whether the current system leads to more utilization and higher costs because when people are eventually approved for care they require more intensive treatment.

2:23:10 PM

DR. KELLY concurred. He said it may not seem tangible to the insurance carrier because the current system leads to things like long-term disability or [reducing] the longevity of a patient's work life or their ability to remain independent and walking and able to engage in activities of daily living. He said those things aren't costs felt by the insurance company as much as by the patient. He noted the cost of urinary incontinence may be for "Depends" and urologist visits from the insurance company's perspective, but they don't experience what the patient is experiencing.

DR. KELLY said, regarding treating MS, every patient has the right to the most effective, best tolerated treatment from the get-go; not jumping through hoops with therapies that are known to be less effective and waiting for proof they don't work.

2:24:31 PM

CHAIR BJORKMAN opened public testimony on SB 219.

2:24:55 PM

GARY STRANNIGAN, Vice President of Congressional and Legislative Affairs, Premera Blue Cross Blue Shield, Everett, Washington said Premera Blue Cross Blue Shield had considerable concern with SB 219. He said Premera and other insurance carriers use prior authorization to try to put downward pressure on waste, fraud and abuse, which the American Medical Association (AMA) pegs at about 25 percent. He said it is worth noting that Premera is currently fighting, in concert with the Alaska Department of Insurance and the Federal Bureau of Investigation (FBI), fraud for claims valued at about \$120 million. He said SB

219 will limit the effectiveness of the prior authorization tool to apply that downward pressure.

MR. STRANNIGAN opined SB 219 will be difficult to comply with from an operational program perspective. He said a program would have to be built to track the data, assure accuracy and make decisions based on the data. He suggested the result may be a situation that doesn't make sense because SB 219 only applies to the fully insured market in the State of Alaska. He said it would not apply to the state employee plan. He said it would if this was good policy and the state was willing to pay for it. He said SB 219 does not apply to self-funded insurance plans, either.

MR. STRANNIGAN suggested the following consequence of SB 219. The bill may lead to Premera giving up on prior authorizations. The contracts [with providers] stipulate the insurance pays for medically necessary care. If, retrospectively, a service was determined [by the insurance company] not to be in the best interest of a patient, the insurance will not pay for it. He said it will only take one of two of these incidents for doctors to get the word out and develop a plan to call the insurance company beforehand, which leads right back to the same crummy system with all kinds of friction, which he acknowledged is real and that he is aware of it.

[2:27:38 PM](#)

MR. STRANNIGAN suggested focusing on the friction and trying to minimize it. He said an 80 percent threshold essentially eliminates prior authorization. He suggested instead that turn-around times, as they exist in law, be tightened from five days for standard turnaround and one day for urgent, to three days for standard and remain at one day for urgent. He further suggested requests for prior authorization be submitted using an electronic portal rather than fax, which, necessitates a manual process. He said faxing is what leads to the friction. He urged streamlining the process to make it work better, not throwing it out.

[2:29:00 PM](#)

SENATOR GRAY-JACKSON asked what percentage of claims are denied.

[2:29:16 PM](#)

MR. STRANNIGAN said the percentage is low, but he does not know the number exactly. He offered to get back to the committee with the answer.

[2:29:36 PM](#)

SENATOR GRAY-JACKSON asked what percentage of claims that were denied were reversed after appeal. She acknowledged that he likely could not answer in the meeting and asked for answers to both questions.

[2:30:01 PM](#)

SENATOR MERRICK asked whether an increase from 80 percent to 90 percent in SB 219 would change his opinion of the bill.

[2:30:10 PM](#)

MR. STRANNIGAN said he did not think it would. He said new programming would still be necessary. He noted that in Texas, there is a huge insurance marketplace compared with Alaska's very small insurance marketplace to spread the investment across. He said the difference between 80 percent and 90 percent would not change the need to build that program, whether they were serving Alaskans or Texans. He said it would be difficult to pencil out.

[2:31:15 PM](#)

CHAIR BJORKMAN asked Deputy Director Carpenter whether the Division of Insurance has any concerns with SB 219.

[2:31:44 PM](#)

HEATHER CARPENTER, Deputy Director, Division of Insurance, Department of Commerce, Community and Economic Development, Juneau, Alaska said the Division is neutral on SB 219. She said the division would ask the committee to consider changing from an immediate effective date to a specific effective date that would allow the division time to write regulations.

[2:32:16 PM](#)

CHAIR BJORKMAN suggested that SB 219 be amended to include state insurance plans and asked whether that would influence the Division's position on the bill.

[2:32:28 PM](#)

MS. CARPENTER said, if SB 219 were to extend beyond insured plans it would be necessary to consult with the Department of Law as well as those who represent Alaska Care. She noted conversations on another bill in the Senate Committee on Labor & Commerce noting those plans are not overseen by the Division of Insurance. She said they follow Employee Retirement Income Security Act (ERIS) laws and lots of other things. She said the insured market is what is regulated by the Division of Insurance, which includes the individual market, small group and

large group plans, which comprises about 15% of the health care market in Alaska.

[2:33:22 PM](#)

CHAIR BJORKMAN asked Mr. Kosin how SB 219 would affect Alaska hospitals and their mission to provide care.

[2:33:45 PM](#)

JARED KOSIN, President and CEO, Alaska Hospital and Healthcare Association, Anchorage, Alaska, appreciated previous testimony and the articulation of the issue. He noted that a hospital will treat anyone, regardless of their ability to pay. He said SB 219 is all about putting doctors and patients together and removing unnecessary barriers or hurdles when care is needed.

MR. KOSIN said SB 219 is crafted to take the best of the best providers who have gone through the prior authorization process and achieved a threshold of 80 or 90 percent and determining that they no longer be required to engage the process. He said that would then eliminate the delay for patients who have been told they need a certain procedure and then must wait until the provider and their team can work with the insurance company to determine whether that service will be authorized.

MR. KOSIN said SB 219 would remove all the unnecessary steps for these very specific instances. He said care would be more available and in the hands of the providers and the patients. He said that would be very consistent with the hospitals mission. He said SB 219 is reasonable and it keeps the process in place and provides a reasonable avenue for using it going forward.

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CHAIR BJORKMAN held SB 219 in committee.

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At ease

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CHAIR BJORKMAN reconvened the meeting and closed public testimony on SB 219.

**HB 97-SELF-STORAGE UNITS: LIENS; SALES**

[2:40:42 PM](#)

CHAIR BJORKMAN announced the consideration of CS FOR HOUSE BILL NO. 97(JUD) am "An Act relating to self-storage facilities for personal property, including vehicles and watercraft;

distinguishing self-storage facility liens from another type of storage lien; and excluding self-storage liens from the treatment of certain unclaimed property."

[2:41:11 PM](#)

REPRESENTATIVE MIKE PRAX, District 33, Alaska State Legislature, Juneau, Alaska, Sponsor of HB 97 said HB 97 is about storage liens for self-storage units. He made the following statements regarding HB 97:

- Storage lien laws are the national standard for settling disputes between facility owners and unit renters.
- These laws provide protections for both the unit renters and the storage facility owners in the event that rent is not paid and that contents of a storage unit are abandoned.
- Alaska is the last remaining state without a self-storage lien law, consequently we have no consistent process for resolving these liens, creating confusion for facility owners and tenants and there is relatively little consumer protection for self-storage renters.
- In states with self-storage lien laws there are clear statutory guidelines and procedures for handling delinquent tenants. The absence of such laws in Alaska makes it harder for such customers to understand their rights and responsibilities.
- Self-storage facility owners in Alaska face legal challenges dealing with delinquent tenants because it follows the warehouse lien laws, a court-driven process.
- The absence of clear regulatory guidelines in how to handle non-payment in abandoned storage units makes it difficult to recover unpaid rent, evict delinquent tenants or properly dispose of abandoned items.
- Self-storage facility owners rely on rental income to cover their costs and generate income. Without a stream-lined legal process, these facility owners face financial losses due to unpaid rent and delays in recovering abandoned units. This results in higher rental rates for customers when facility owners must account for potential losses when setting rental prices.
- HB 97 provides a process for addressing these situations in which self-storage unit renter fails to pay their rent or otherwise abandons their unit. The facility owner needs to access the unit to sell the unit owners' property to recover the debt or simply to clean debris out of the unit to make it available for the next renter.

- National data from the self-storage association indicates that facility owners only sell approximately one to three percent of spaces annually. It's an infrequently used procedure but it is necessary for the successful operation of the facility, because they must deal with the other 90 percent which are abandoned with no commercially valuable property in the storage unit.
- HB 97 would require facility owners to include specific information regarding their facility owners' lien rights and the lease that governs the relationship between the parties.
- HB 97 would also require the facility owner to send a default notice to the unit rental before lien enforcement can begin. If the unit renter does not cure the default, the facility owner would then be required to send a second notice of default to the unit renter at least ten days after the first note. The second notice must provide an additional 20-day window for the unit renter to cure the default and pay the rent owed. After all this, if the rent is not paid, then HB 97 would allow the facility owner to proceed with the sale of the abandoned items and recover the rental unit.
- HB 97 details the process and how proceeds from a sale must be applied in a fair and equitable manner.

[2:45:37 PM](#)

SENATOR BISHOP sought to clarify whether one to three percent of the storage units were sold.

[2:45:56 PM](#)

REPRESENTATIVE PRAX corrected his statement, explaining that one to three percent of the lien enforcements involved commercially valuable property stored inside. He said the other 90 percent of the liens enforcement enable the facility owner to access the unit simply to clean it out. He said, ideally they find an empty unit that doesn't require cleaning, otherwise they find packing material and basically junk with no commercial value.

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SENATOR BISHOP clarified that 3 percent of stuff they deal with on nonpayment has some value and can be sold; the other 90 percent goes to the dumpster.

[2:47:02 PM](#)

ERICK CORDERO-GIORGANA, Staff, Mike Prax, Alaska State Legislature, Juneau, Alaska presented the sectional analysis for HB 97.

[Original punctuation included.]

**House Bill 97**  
**Sectional Analysis Version U**

**Section 1** (Page 1, lines 5-7) - Amends AS 28.11.025 relating to abandoned vehicles by stipulating that it does not apply to a vehicle in a self-storage facility under the sections of this bill.

**Section 2** (Page 1, lines 8-10) - Amends AS 34.35 by adding a new section stipulating that AS 34.35.220 and 225 do not apply to a self-storage facility.

**Section 3** - (Page 1, line 11 - Page 6, line 14) - Amends 34.35 to add a new section titled Article 13A. Self-Storage Facilities.

Sec. 34.35.600. Self-storage facility liens; fees. (Page 1, line 12 - Page 2, line 7)

This section details that a facility owner has a storage lien on unit property if the unit renter fails to abide by a written rental agreement, including paying the rental charges and reasonable late fees.

Sec. 34.35.605. Priority of storage lien. (Page 2, lines 8-12) (a) This section notes that if a vehicle is an item of the unit property, a storage lien is superior to a lien or encumbrance established under AS 28.10.371 - 401.

(b) Stipulates that a storage lien is superior to a security interest perfected under AS 45.29. A storage lien is also superior to another lien or security lien, except a tax lien.

Sec. 34.35.610. Attachment of storage lien; rental agreements. (Page 2, lines 13-20)

Stipulates that a storage lien attaches on the date property is placed in storage. A rental agreement must contain a statement notifying the unit renter of the existence of the storage lien and the method by which the facility owner may enforce the lien. This section also requires the unit renter to disclose any lienholders with an interest in the stored property.

[2:49:06 PM](#)

MR. CORDERO-GIORGANA continued the sectional analysis for HB 97.

Sec. 34.35.615. Enforcement. (Page 2, lines 21-22)  
Gives facility owners the right to enforce a storage lien after a unit renter has been continuously in default for at least 10 days.

Sec. 34.35.620. Denial of access; removal of unit property. (Page 2, line 23 - Page 3, line 3)  
Stipulates that after a default, the facility owner may deny the unit renter access to the storage unit and move property to another place for storage. The section also allows the facility owner to tow or otherwise remove a vehicle or watercraft from the storage facility.

Sec. 34.35.625. Default notice (Page 3, lines 4-27)  
Requires a facility owner to notify the unit renter and any lienholders identified in the rental agreement that a unit renter is in default before enforcing a storage lien. Sec. 34.35.630. Authority to dispose of unit property. (Page 3, lines 28-31) Allows the facility owner to dispose of the unit property if a unit renter does not cure a default and pay the amount due by the deadline stated in the lien notice.

Sec. 34.35.635. Sale and disposal of unit property. (Page 4, lines 1-7)  
Section (a) allows a facility owner to sell unit property at the storage facility or nearest suitable location, or on the internet.

Section (b) Allows the facility owner to privately sell, give away, donate, or throw away unit property that is not commercially viable to dispose of by a public sale.

Sec. 34.35.640. Redemption by unit renter, vehicle owner, or vehicle lien holder. (Page 4, lines 8-18)  
Section (a) notes that, before the sale of the property, the unit renter may redeem the unit property by paying the amount due, in which case, the facility owner shall immediately return the unit property to the unit renter.

Section (b) states that if a vehicle owner of record or a lienholder pays the amount due before the facility owner disposes of the vehicle under AS 34.35.635, the facility owner shall transfer possession of the vehicle to the vehicle owner or lienholder who pays the amount due.

Section (c) states that a facility owner is no longer liable for property after it is returned under (a) or (b) of this section.

Sec. 34.35.645. Good faith purchasers. (Page 4, lines 19-23)

A person who purchases unit property in good faith takes possession of the property free of any rights of the unit renter, the facility owner, or any lienholders.

Sec. 34.35.650. Vehicle title. (Page 4, lines 24-27)

Stipulates that if a vehicle is sold at a public sale and is titled, the Department of Administration shall transfer the vehicle title to the purchaser.

[2:51:47 PM](#)

MR. CORDERO-GIORGANA continued the sectional analysis for HB 97.

Sec. 34.35.655. Proceeds of sale. (Page 4, line 28 - Page 5, line 2)

This section details how the storage facility owner is to apply the proceeds from the disposal of private property to satisfy a storage lien.

Sec. 34.35.660. Limit on value of property stored. (Page 5, lines 3-6)

This section details that if a rental agreement specifies a limit on the value of stored property, that limit is the maximum value.

Sec. 34.35.665. Additional rights and obligations. (Page 5, lines 7-11)

Specifies that a rental agreement may contain other rights, duties, and obligations not required in the provisions of this bill.

Sec. 34.35.670. Definitions. (Page 5, line 12 - Page 6, line 14) This section defines terms used in the Act.

**Section 4** (Page 6, lines 15-17) - This section clarifies that AS 34.45.010 - 34.45.085 do not apply to a self-storage facility.

**Section 5** (Page 6, lines 18-22) Amends the uncodified law stating this Act only applies to rental agreements entered on or after the effective date.

[2:53:24 PM](#)

SENATOR BISHOP referred to Sec. 34.35.655 in the sectional analysis and asked whether this would be further defined in regulation. He asked whether the proceeds from a sale would be held in an escrow account in this person's name. He asked whether it would be an interest-bearing account, checking account, cash box etc.

[2:54:16 PM](#)

REPRESENTATIVE PRAX answered that it would be up to the facility owner. As HB 97 is currently written, the facility owner is entitled to past due rent and expenses dealing with cleaning up the unit and selling the property. He said, if there is extra money the facility owner has to keep it for three years and return it to the renter if the renter shows up or to the lienholder in the case of a vehicle. He said the facility owner is not making a profit on the sale. He suggested that if a painting or some item that was of considerable value were sold, he said there is no lien on the painting. If the item sells at auction, the facility owner would keep what is due him for the past due rent and the cost of selling the painting and then he holds on to the rest of the money and the renter can claim the difference when and if they return. He said, if the renter never shows up, then the money goes to the state as unclaimed property. He suggested the next question would be regarding protection for the unit owner. He explained HB 97 requires notification before they can start the sale process and it takes about a month to get through that.

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SENATOR DUNBAR referred to a letter from Global Credit Union with concerns and asked whether there were any proposed amendments to address those concerns, for example: the priority of the lien, title issues, proceeds of sale, etc. In particular, he wondered about the priority of lien and suggested a scenario involving child custody that resulted in a lien for unpaid child support. He asked whether HB 97 would supersede child support.

[2:57:21 PM](#)

REPRESENTATIVE PRAX said he had not considered child support. He noted you can't get ahead of the IRS; he didn't know if you could get ahead of child support.

[2:58:05 PM](#)

CHAIR BJORKMAN opened public testimony on HB 97.

[2:58:13 PM](#)

GARY JENKINS, Owner, Space Unlimited Inc., Juneau, Alaska, said he had several specific concerns about HB 97. He suggested that there were assumptions in HB 97 that are not correct and provisions that are extremely egregious from a public fairness perspective. He said there is a lien law in Alaska which HB 97 referred to as though it were not effective. He said Alaska has been operating under that lien law for 50 years and he said the law is short, but effective. He said HB 97 takes all the provisions of the warehouseman's law, embellishes it and puts it in HB 97. He acknowledged that time was short and said he would like an opportunity to speak in more depth about some of the provisions that would be extremely unfair to the committee's constituents who would be the renters and perhaps themselves if any of the committee rent space.

[3:00:09 PM](#)

SENATOR DUNBAR asked whether Mr. Jenkins could submit his comments in writing.

[3:00:25 PM](#)

MR. JENKINS said he could, but he said the details of the business can be difficult to explain in an email. He said he would comply with the wishes of the committee.

[3:00:44 PM](#)

SENATOR DUNBAR said that he would not speak for the chair, but that he always finds written comments to be helpful.

[3:00:54 PM](#)

SENATOR MERRICK asked whether Mr. Jenkins had found others in the storage space industry who reached the same conclusions he had.

[3:01:01 PM](#)

MR. JENKINS said he spoke with a gentleman who is the largest self-storage operator in Alaska. He said they stated they would operate as they always had and they would prefer not to get into a hassle over the language of HB 97. He said that is what he

would do as well. He said he found HB 97 to be skewed too far in favor of the owners of storage facilities. He said his own policies were more fair than what he considered to be very bad public policies set forth by HB 97.

[3:01:54 PM](#)

CHAIR BJORKMAN asked Mr. Jenkins to highlight provisions of HB 97 that he found problematic with explanations for his objections.

[3:02:09 PM](#)

MR. JENKINS concurred.

[3:02:15 PM](#)

CHAIR BJORKMAN held public testimony for HB 97 open.

[3:02:20 PM](#)

CHAIR BJORKMAN held HB 97 in committee.

[3:02:54 PM](#)

CHAIR BJORKMAN There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:02 p.m.