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# HOUSE COMMITTEE REPORT

(7)

Date Referred: April 20, 1989

FURTHER REFERRALS:

Date of Committee Action: 5-2-89

The LABOR & COMMERCE Committee considered:

HB 225

HOUSE BILL NO. 225 [PAYMENT OF DISABILITY INSURANCE CLAIMS]  
 "An Act relating to payment of disability insurance claims."

**RECOMMENDATIONS:**

- [ ] be replaced with \_\_\_\_\_ [ ] the same title
- [ ] have attached amendment(s) [ ] a new title
- [  ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
 (Dept)

APPROVES PREVIOUS: (Date/Dept)

- [ ] fiscal impact \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_

- [ ] fiscal note(s) \_\_\_\_\_
- [  ] zero fiscal note(s) \_\_\_\_\_
- [ ] zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

David Donley Donley  
Mark Boyer Boyer  
Cliff Baucher Baucher  
Mike Gruenberg Gruenberg

**SIGNING:**

(Check approp. column)

	Do Not PASS	No Rec	Amend
<u>Baron A. Aronow</u> Aronow	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Collins</u> Collins	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

David Donley

Chairman's Signature

# State of Alaska

## Committees

CO-CHAIR, HOUSE JUDICIARY  
E-CHAIR, HOUSE LABOR AND COMMERCE  
HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES



P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4712  
465-4968/4986  
(SESSION)

914 CLAY COURT  
ANCHORAGE, ALASKA 99503  
(907) 276-6844

Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

April 19, 1989

## MEMORANDUM

TO: Representative Dave Donley  
Chair, House Labor and Commerce Committee

FROM: Representative Max Gruenberg

RE: CSHB 225 (HESS)

CSHB 225 (HESS) provides that an insured under a disability insurance policy can require the insurer to pay a provider of health services directly. Under current law, direct payments are at the insurer's option. The bill adds that if a patient asks for direct payments and the insurer instead pays the patient, the insurer remains liable to the provider.

These minor changes in the current law will make insurance payments responsive to the needs of consumers.

I would appreciate your scheduling CSHB 225 (HESS) as soon as possible.

Thank you.

# State of Alaska

## Committees

CO-CHAIR, HOUSE JUDICIARY  
CE-CHAIR, HOUSE LABOR AND COMMERCE  
HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES



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914 CLAY COURT  
ANCHORAGE, ALASKA 99503  
(907) 276-6844

Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

April 26, 1989

## MEMORANDUM

TO: Representative Dave Donley  
Chair, House Labor and Commerce Committee

FROM: Representative Max Gruenberg

RE: HB 225, Relating to Payment of Disability Insurance  
Claims

HB 225 deals with the "direct payment" provisions of Title 21, which governs Alaska insurance contracts. Insurance contracts are indemnity contracts; they generally provide that payments are made to the person who owes the bill, rather than to the person who provided services. Alaska law, however, has "direct payment" provisions which enable an insurance company to pay most health care providers directly if the patient so requests.

HB 225 was drafted in response to concerns raised by the Alaska Dental Society. Dentists are not specifically included in the list of health care providers who may be paid directly by the insurance company. The bill adds dentists to that list.

In addition, the bill strengthens the "direct payment" provisions of a current law. A patient who has received insurance payments that the patient asked be paid to a health care provider might not pay the medical bill. In that situation, under current law, the health care provider would bear the cost rather than the insurance company, which mistakenly paid the patient.

Under HB 225 the insurance company loses the option to disregard a patient's instructions to pay the provider directly. In addition, the bill mandates that if an insurance company ignores the patient's written directive, it remains liable to the provider.

These changes will make the insurance company, rather than the health care provider, bear the risk that a payment improperly sent to the patient will leave a medical bill unpaid.

An insurance company would retain the right to collect any amounts mistakenly paid to a patient from that person. Under current law a health care provider could collect from the patient in the same situation.

In addition to placing the risk of loss on the proper party, HB 225 adds a specific time limit within which medical bills must be paid.

Taken together, these changes in current law will make the Alaska insurance industry more responsive to consumers' needs and to their legitimate requests.

BILL: HB 225

NAME:

TITLE: "AN ACT RELATING TO PAYMENT OF DISABILITY INSURANCE  
CLAIMS."

PRIME SPONSOR: GRUENBERG

CO-SPONSOR: MENARD

CURRENT STATUS: (H) L&C

STATUS DATE: 04/20/89

HEARING: (H) L&C APR 27 03:00 PM

<PENDING REFERRAL>

03/17/89	00653	(H)	READ THE FIRST TIME - REFERRAL(S)
03/17/89	00653	(H)	HESS, LABOR & COMMERCE
04/20/89	01135	(H)	HES RPT CS(HES) 2DP 2NR
04/20/89	01136	(H)	ZERO FISCAL NOTE (COMMERCE) 4/20/89
04/20/89	01136	(H)	REFERRED TO LABOR & COMMERCE

# HOUSE COMMITTEE REPORT

(7)  
Date Referred: March 17, 1989 FURTHER REFERRALS: LABOR & COMMERCE

Date of Committee Action: 4/19/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 225

HOUSE BILL NO. 225 [PAYMENT OF DISABILITY INSURANCE CLAIMS]  
"An Act relating to payment of disability insurance claims."

RECOMMENDATIONS:

- be replaced with CS HB 225 (HESS)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

- |   |   |
|---|---|
| ATTACHES NEW FISCAL NOTE(s):<br>(Dept)                                      | APPROVES PREVIOUS:<br>(Date/Dept)                         |
| <input type="checkbox"/> fiscal impact _____                                | <input type="checkbox"/> fiscal note(s) _____             |
| <input checked="" type="checkbox"/> <u>zero</u> fiscal note <u>Commerce</u> | <input type="checkbox"/> <u>zero</u> fiscal note(s) _____ |
| <input type="checkbox"/> <u>zero</u> with analysis _____                    | <input type="checkbox"/> <u>zero</u> fn/analysis _____    |

SIGNING DO PASS:

\_\_\_\_\_  
*Rep. R. Menhagen*  
 \_\_\_\_\_  
*J. Ellis*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

SIGNING:  
(Check approp. column)

	Do Not Pass	No Rec	Amend
_____			
<i>Cheri Davis</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>		<input checked="" type="checkbox"/>	
_____			
_____			
_____			
_____			
_____			
_____			

\_\_\_\_\_  
*J. Ellis*  
 \_\_\_\_\_  
 Chairman's signature

Original sponsors: Gruenberg and Menard

*Marked up to show changes from original bill  
(sections 1, 2 and 5);  
and from existing law (sections 3 and 4)* BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 225 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to payment of disability insurance  
7 claims."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 21.51.120 is repealed and reenacted to read:

10 Sec. 21.51.120. PAYMENT OF CLAIMS. (a) A disability policy  
11 delivered or issued for delivery must contain the following provi-  
12 sions:

13 (1) indemnity for loss of life shall be paid according to  
14 the beneficiary designation and payment provisions contained in the  
15 policy that are effective at the time of payment; if a beneficiary has  
16 not been designated, indemnity shall be paid to the estate of the  
17 insured; accrued indemnities unpaid at the insured's death shall be  
18 paid to either the beneficiary or the estate, at the option of the  
19 insurer; all other indemnities shall be paid to the insured;

20 (2) the insurer may, and upon request of the insured shall,  
21 within 30 working days after receiving a proof of loss statement, pay  
22 indemnities for hospital, nursing, medical, dental, or surgical  
23 services directly to the provider of the services; an insurer who pays  
24 indemnities to an insured, after the insured has given the insurer  
25 written notice in the proof of loss statement of an election of direct  
26 payment of indemnities to the provider of the services, shall also pay  
27 indemnities to the provider of the services; this paragraph does not  
28 require that services be provided by a particular hospital or person.

29 (b) A disability policy delivered or issued for delivery may, at

*unchanged  
from  
original  
bill*

1 the option of the insurer, require that an indemnity in an amount not  
2 to exceed \$1,000 that is payable to the estate of the insured, an  
3 insured or beneficiary who is a minor, or an insured who is not compe-  
4 tent to give a valid release, be paid to a relative by blood or mar-  
5 riage, or a beneficiary that the insured determines is equitably  
6 entitled to the payment. A good faith payment by the insurer under  
7 this subsection fully discharges the insurer to the extent of the  
8 payment.

9 \* Sec. 2. AS 21.54.020 is repealed and reenacted to read:

10 Sec. 21.54.020. DIRECT PAYMENT OF HOSPITAL, MEDICAL SERVICES.

11 An insurer may, and upon request of the covered person shall, within  
12 30 working days after receiving a <sup>[complete and final billing]</sup> proof of loss statement, pay indem-  
13 nities under a <sup>[or blanket]</sup> group disability policy directly to the provider of the  
14 hospital, nursing, medical, dental, or surgical services. The policy  
15 may not contain a provision requiring that services be provided by a  
16 particular hospital or person. If the insurer pays indemnities to the  
17 covered person after the covered person has given the insurer written  
18 notice in the proof of loss statement of an election of direct payment  
19 of indemnities to the provider of the service, the insurer shall also  
20 pay those indemnities to the provider of the service.

21 \* Sec. 3. AS 21.54.050 is repealed and reenacted to read:

22 Sec. 21.54.050. PAYMENT OF BLANKET DISABILITY POLICY BENEFITS.

23 All benefits under a blanket disability policy shall be paid to (1)  
24 the person insured; (2) the designated beneficiary or beneficiaries of  
25 the person insured; (3) the estate of the person insured; (4) the  
26 parent, guardian, or other person actually supporting the person  
27 insured, if the person insured is a minor or otherwise not competent  
28 to give a valid release; or (5) the employer, if the entire cost of  
29 the insurance has been paid by the employer. An insurer may, and upon

*[at the insured's option]*

1 request of the covered person shall, within 30 working days after  
2 receiving a proof of loss statement, pay benefits directly to the  
3 provider of the hospital, nursing, medical, dental, or surgical  
4 services. The policy may not contain a provision requiring that  
5 services be provided by a particular hospital or person. If the  
6 insurer pays indemnities to the insured after the covered person has  
7 given the insurer written notice in the proof of loss statement of an  
8 election of direct payment of indemnities to the provider of the  
9 service, the insurer shall also pay those indemnities to the provider  
10 of the service. *[Payment so made discharges the insurer.]*

11 \* Sec. 4. AS 21.87.340 is amended to read:

12           Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to  
13 the provisions contained or referred to previously in this chapter,  
14 the following chapters and provisions of this title also apply with  
15 respect to service corporations to the extent applicable and not in  
16 conflict with the express provisions of this chapter and the reason-  
17 able implications of the express provisions, and for the purposes of  
18 the application the corporations shall be considered to be mutual  
19 "insurers":

- 20           (1) AS 21.03
- 21           (2) AS 21.06
- 22           (3) AS 21.09, except AS 21.09.090
- 23           (4) AS 21.18.010
- 24           (5) AS 21.18.030
- 25           (6) AS 21.18.040
- 26           (7) AS 21.18.120
- 27           (8) AS 21.21.321
- 28           (9) AS 21.36
- 29           (10) AS 21.69.400

- 1 (11) AS 21.69.520
- 2 (12) AS 21.69.600, 21.69.620, and 21.69.630
- 3 (13) AS 21.78
- 4 (14) AS 21.90
- 5 (15) AS 21.42.345 - 21.42.365
- 6 (16) AS 21.89.040
- 7 (17) AS 21.89.060;
- 8 (18) AS 21.51.120. *(applies the new "direct payment" provisions to*
- 9 \* Sec. 5. This Act applies to policies of disability insurance entered *hospital and medical service*
- 10 into or renewed after the effective date of this Act. *corporations (i.e., Blue Cross))*

*Marked up to show changes  
from existing law*

1 IN THE HOUSE BY GRUENBERG AND MENARD

2 HOUSE BILL NO. 225

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payment of disability insurance  
7 claims."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 21.51.120 is repealed and reenacted to read:

10 Sec. 21.51.120. PAYMENT OF CLAIMS. (a) A disability policy  
11 delivered or issued for delivery must contain the following provi-  
12 sions:

13 (1) indemnity for loss of life shall be paid according to  
14 the beneficiary designation and payment provisions contained in the  
15 policy that are effective at the time of payment; if a beneficiary has  
16 not been designated, indemnity shall be paid to the estate of the  
17 insured; accrued indemnities unpaid at the insured's death shall be  
18 paid to either the beneficiary or the estate, at the option of the  
19 insurer; all other indemnities shall be paid to the insured;

20 (2) the insurer may, and upon request of the insured shall,  
21 within 30 days after receiving a complete and final billing, pay  
22 indemnities for hospital, medical, <sup>[nursing]</sup> dental, or surgical services  
23 directly to the provider of the services; an insurer who pays indemni-  
24 ties to an insured, after the insured has given the insurer written  
25 notice of an election of direct payment of indemnities to the provider  
26 of the services, shall also pay indemnities to the provider of the  
27 services; this paragraph does not require that services be provided by  
28 a particular hospital or person.

29 (b) A disability policy delivered or issued for delivery may, at

*current  
25. 21. 51.120(9)  
substantively  
unchanged*

*current  
25. 21. 51.120(5)(2)*

*[at the insurer's opt.]*

1 the option of the insurer, require that an indemnity in an amount not  
2 to exceed \$1,000 that is payable to the estate of the insured, an  
3 insured or beneficiary who is a minor, or an insured who is not compe-  
4 tent to give a valid release, be paid to a relative by blood or mar-  
5 riage, or a beneficiary that the insured determines is equitably  
6 entitled to the payment. A good faith payment by the insurer under  
7 this subsection fully discharges the insurer to the extent of the  
8 payment.

*Current  
AS 21.51.120(b)  
(substantively  
unchanged)*

9 \* Sec. 2. AS 21.54.020 is repealed and reenacted to read: *2 [at the insurer's option]*

10 Sec. 21.54.020. DIRECT PAYMENT OF HOSPITAL, MEDICAL SERVICES.

11 An insurer may, and upon request of the insured shall, within 30 days  
12 after receiving a complete and final billing, pay indemnities under a  
13 group or blanket disability policy directly to the provider of the  
14 hospital, nursing, medical, dental, or surgical services. The policy  
15 may not contain a provision requiring that services be provided by a  
16 particular hospital or person. If the insurer pays indemnities to the  
17 insured after the insured has given the insurer written notice of an  
18 election of direct payment of indemnities to the provider of the  
19 service, the insurer shall also pay those indemnities to the provider  
20 of the service. *[Payment so made discharges the insurer.]*

21 \* Sec. 3. This Act applies to policies of disability insurance entered  
22 into or renewed after the effective date of this Act.

STATE OF ALASKA  
THE LEGISLATURE

POLKHY STATE CAPITAL  
JUNIAU ALASKA 99581  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 10, 1989

SUBJECT: Disability insurance claims - HB 225  
TO: Representative Max Gruenberg  
FROM: Michael F. Ford *M.F.*  
Legislative Counsel

You have asked how the existing law under AS 21.51.120 and AS 21.54.020 is changed by HB 225. Existing law is changed by requiring payment of insurance claims 30 days after final billing, and by requiring that an insurer who pays the insured after receiving written notice that direct payment should be made to the service provider, must also make payment to the service provider. Finally, "dental" has been added to the list of service providers, in both sections of law.

I have also attached an amendment to HB 225 that will add "nursing" to the list of service providers, contained in AS 21.51.120. This term exists in present law and was inadvertently omitted in the repeal and reenactment of AS 21.51.-120.

Please contact me if you have further questions.

MF:kb  
wkk3/084

Enclosure

HB 225: An Act relating to payment of disability

This Act pertains to the payment of both group and individual disability insurance claims. It provides for a requirement that, when benefits are assigned to a medical care provider, the benefits must be paid within 30 days after receipt of a final and complete billing, and, if the insurer mistakenly pays the insured, then the insurer must also pay the medical care provider.

Section 1 - AS 21.52.120 - Individual Disability Contracts

Essentially, the repeal and reenactment of AS 21.51.120 does not change the existing law's intent. This section pertains to required contract provisions pertaining to payment of claims in individual disability insurance contracts. Two elements have been added in the situation when benefits have been assigned to a medical care provider:

1. payment must be made within 30 days after receipt of final and complete billing; and
2. if the insurer mistakenly pays benefits to the insured, it must also make payment to the medical care provider. It is assumed that the insurer is penalized for this mistake by the required double payment. Assumedly, both payments would tend to increase future rates.

It should be noted that this section does not create an irrevocable assignment and the insured could change his or her mind and request in writing that the insurer now pay direct to him or her (under AS 21.42.270 and AS 21.51.150). Furthermore, it should be noted that individual subscriber contracts issued by a hospital or medical service corporation that provide indemnity benefits would not be covered by this proposed change in the law.

Section 2 - AS 21.54.020 - Group Disability Contracts

Direct payment of benefits to medical care providers by insurers may provide for:

1. medical care providers not requiring patients to pay for treatment before treatment is given so as not to create a barrier to receiving appropriate medical care; and
2. assurance that at least some portions of the charges for medical care will be paid to the medical care provider.

Most group disability insurance contracts will allow the choice of direct payment to medical care providers to be made by the individual persons covered under the group contract. This election is required to be made in writing and may only be changed by a subsequent written request received before claim payment is made. However, many insurers do retain the contractual option of whether paying direct to the person covered or to a medical care provider. If the covered person has made the written election for direct payment to a provider, the insurer will pay to the provider. If the covered person does not make the written election for direct payment, the insurer must pay any benefits to the covered person.

However, if no direct payment election is made and the amount of the claim is substantial, many insurers will require the covered person to provide proof that the medical care provider has been paid. (An insurer will do this because, if a covered person is paid but the provider ultimately is not paid, those reimbursed charges will be factored into and result in higher charges being made for future medical service.

The new language removes the insurer's discretion in regard to making direct payment to a provider. If the insurer allows for the election of direct payment, then the direct payment must be made unless the election is revoked in writing. It's assumed that the term "insured" means the covered person and not the group policyholder (e.g. the employer, association, union, or trust). If it does include the group policyholder, the policyholder may also make the election of whether or not direct payment must be made. If that is the case, it would seem if the group policyholder made the decision that all payments would be made direct, the covered person would not have the option. Additionally, in such a circumstance, if a provider required full payment before rendering service, the provider would receive double payment and would have to reimburse the covered person the amount in excess of the total charges.

Included in the new language is reference to blanket disability policies. This reference provides conflict with AS 21.54.050 which pertains to payment of benefits under disability policies. This reference either needs to be removed or AS 21.54.050 needs to be amended.

The same 30-day criteria for payment of claims and the double payment features are evident in this amended provision as are in the section pertaining to individual disability contracts.

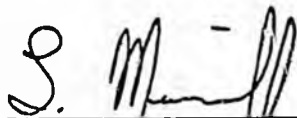
It should also be noted that group subscriber contracts issued by a hospital or medical service association that provide indemnity benefits would not be affected by this Act. Additionally, it should be noted that this Act would not have any effect on self-insureds nor on group contracts issued in another state even though coverage is provided to Alaska residents.

The department's position is neutral.

#### Amendments Proposed

1. If it is the sponsor's intent to include both individual and group subscriber contracts issued by a hospital or medical service corporation that provide indemnity benefits, then AS 21.87 would need to be amended. This could be accomplished by adding references to AS 21.51.120 and AS 21.54.020 to the list of other applicable provisions found in AS 21.87.340.
2. AS 21.54.050 needs to be amended so it does not conflict with the proposed language in AS 21.87.340.

3. AS 21.54.020 should be amended to clarify that the option of the election of direct payment is up to each covered person as opposed to the group policyholder if that is the intent. This is required because technically the "insured" is the group policyholder.
4. In both AS 21.51.120 and AS 21.54.020, the proposed language would trigger the 30-day claim payment upon the insurer receiving a "complete and final billing." Technically this is but one element of the required "proof of loss." For example, other elements include whether or not the person was an eligible group member at the time the loss was incurred either through being employed full time or having premiums paid up-to-date. Therefore, it is recommended that the term "complete and final billing" be replaced with the term "proof of loss."



\_\_\_\_\_  
Larry Mercurieff, Commissioner

Date: 4/12/89

LM/JB/3829D  
041289a

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
 Title: Payment of Disability Insurance  
Claims BRU: Insurance  
 Sponsor: Gruenberg and Menard Components: \_\_\_\_\_  
 Requester: House HESS

**EXPENDITURES / REVENUES : (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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**FUNDING: (Thousands of dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary.)

Prepared by: Paul Roller, Director  
 Division: Insurance

Phone: 465-2515  
 Date: 4-10-89

Approved by Commissioner: Larry Mercurieff *S.M.*  
 Agency: Department of Commerce & Economic Development

Phone: 465-2500  
 Date: 4/10/89

- Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE  
April 13, 1989  
12:00 p.m.

MEMBERS PRESENT

Rep. Johnny Ellis, Chairperson  
Rep. Mark Boyer, Vice Chair  
Rep. Cheri Davis  
Rep. Peter Goll  
Rep. Max Gruenberg

MEMBERS ABSENT

Rep. Furnace  
Rep. Jacko

COMMITTEE CALENDAR

SJR 23: Relating to the labeling of irradiated food

PASSED WITH INDIVIDUAL RECOMMENDATIONS

SB 209: "An Act relating to the sale of organic foods."

PASSED WITH INDIVIDUAL RECOMMENDATIONS

HB 225: "An Act relating to payment of disability insurance claims."

HELD OVER

HJR 16: Relating to medical benefits for veterans.

PASSED WITH INDIVIDUAL RECOMMENDATIONS

SB 73: "An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

HELD OVER

FLOOR/PREVIOUS ACTION

BILL: SJR 23

PRIME SPONSOR: KERTTULA

CO-SPONSOR: SZYMANSKI

JRN-DATE

JRN-PG

ACTION

02/06/89

00329

(S)

READ THE FIRST TIME/REFERRAL(S)

Joan Wilkerson  
Alaska Public Employees Association  
340 North Franklin St.  
Juneau, AK 99801  
Phone: 586-2334  
Position: SUPPORTS SB 73

Dana Olsen  
P.O. Box 5438  
Wasilla, AK 99687  
Phone: 373-4612  
Position: n/a

Dr. Robert Robinson  
P.O. Box 871687  
Wasilla, AK 99687  
Phone: 373-0747  
Position: SUPPORTS HB 225

Dr. William Guy  
506 Marine Way  
Kodiak, AK 99615  
Phone: 486-4095  
Position: SUPPORTS HB 225

Larry LaBolle  
Office of Representative Foster  
P.O. Box V  
Juneau, AK 99811  
Phone: 465-3789  
Position: SPONSOR SPOKESPERSON FOR HJR 16

Bob Stalnaker  
Deputy Director  
Division of Retirement and Benefits  
Department of Health and Social Services  
P.O. Box CR  
Juneau, AK 99811  
Phone: 465-4470  
Position: AVAILABLE FOR QUESTIONS

Mary Bohanan  
P.O. Box 1164  
Delta Junction, AK 99737  
Phone: 895-4379  
Position: SUPPORTS SB 73

Representative Gruenberg  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811  
Phone: 465-4968  
Position: PRIME SPONSOR OF HB 225

Paul Roller  
Director  
Division of Insurance  
Department of Commerce and Economic Development  
P.O. Box D  
Juneau, AK 99811  
Phone: 465-2515  
Position: AVAILABLE FOR QUESTIONS

ACTION NARRATIVE

TAPE 56, SIDE ONE  
Number 000

The House Committee on Health, Education and Social Services was called to order by Chairperson Ellis at 12:00 p.m. Members present were Representatives Ellis, Davis, Goll, and Gruenberg. Representative Boyer arrived after the call to order. Representatives Furnace and Jacko were absent.

The first item of business before the committee was SB 73.

SENATOR JIM DUNCAN, sponsor of SB 73, spoke to the bill. He recalled that the legislature established a retirement incentive program (RIP) in 1986. The stated purpose at that time was to reduce the hardship of layoffs and to resolve a net reduction in personal service costs to the state or other employers during periods of declining revenue. He stated that SB 73 aims toward those goals. He described the crediting system and emphasized that the program was optional for the employer and employee. The savings to the state as a result of the program over a three year period exceeded roughly \$25 million, and over a five year period roughly \$60 million. Senator Duncan said that the school districts, municipalities and the University of Alaska had saved millions. He commented that due to abuse of the system in the past, a special provision had been placed in the bill which would prevent certain high ranking state officials from participating in the program. He said that an indirect benefit of the early retirement incentive program was that compensation dollars are retained in the Alaska economy which might otherwise have been lost if employees had to be laid off. Senator Duncan said that 70% of retirees remain in Alaska, and close to 95% of the RIP retirees choose to remain in Alaska after retirement.

Number 165

Rep. Davis asked if court system employees were eligible for the program.

established guidelines. She remarked that her products would conform to other states and she would like to see Alaska adopt those minimal standards. Ms. Olsen expressed concern that agricultural substances do not break down as quickly in Alaska as they do in warmer climates. She stated that she would like to see a voluntary certification program in Alaska.

Chairperson Ellis referred Ms. Olsen's testimony to the next committee of referral - House Resources. He stated that there may be an additional referral to the Judiciary Committee.

Number 583

Rep. Davis moved that CSSB 209 be passed with individual recommendations.

Hearing no objections, it was so ordered.

The next item of business before the committee was HB 225.

Rep. Gruenberg, prime sponsor, stated that HB 225 would include dentists in the statute. He added that the bill reenacts the statute to require that if the insured requests that the insurer pays the provider and the provider fails to do so and pays the insured instead of the provider, the insurer will have to pay again if the insured skips out. He said that the bill aimed to protect the provider.

PAUL ROLLER, Director, Division of Insurance, Department of Commerce and Economic Development, testified on HB 225. He stated that it was the administration's understanding that the bill would not abridge the additional right that claimants would have under the new unfair claims settlement practice regulations. Mr. Roller said that the only other technical amendment was that the administration used 30 working days and the bill reads 30 calendar days, and the Division recommends changing that.

TAPE 56, SIDE TWO  
Number 000

DR. ROBERT ROBINSON, Dentist, testified on HB 225 from Wasilla. He stated that he was concerned with the payment to the provider. He described typical cases where patients spent the check that should have gone to the provider. He said that the doctor not only loses payment for their labor, but loses payment to staff and materials. Dr. Robinson noted that the average cost of these cases was about \$1400. He would like to see the 30 calendar days provision maintained. He commented that he and other

doctors spend considerable time waiting for insurance companies to pay them.

Number 054

DR. WILLIAM GUY, Dentist, testified on HB 225 from Kodiak. He concurred with Dr. Robinson and remarked that he has problems with the situation involving the insurance companies and the doctors. He said that the companies don't want to open their books, and they blame the liability crisis on the lawyers and the litigious public. Now, when an error is made in the assignment of benefits, the companies don't want to reimburse the doctors. Dr. Guy felt that insurance companies don't have much fiscal responsibility. He urged support of the bill.

Rep. Gruenberg referred to a series of amendments before the committee and requested that his office present a CS at the bill's next hearing.

The request was granted and the bill was held over by Chairperson Ellis.

SJR 23 was brought back to the table for final action.

Rep. Davis moved that SJR 23 pass out of committee with individual recommendations.

Hearing no objection, it was so ordered.

Number 131

HJR 16 was brought back to the committee for a formal vote.

Rep. Davis formally moved that HJR 16 pass out of committee with individual recommendations.

Hearing no objection, it was so ordered.

Chairperson Ellis made one final announcement.

Since there was no further business to come before the House HESS Committee, Chairperson Ellis adjourned the meeting at 12:55 p.m.

HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE  
April 19, 1989  
8:30 a.m.

MEMBERS PRESENT

Rep. Johnny Ellis, Chairperson  
Rep. Mark Boyer, Vice Chair (left early)  
Rep. Cheri Davis  
Rep. Walter Furnace  
Rep. Max Gruenberg (arrived late)

MEMBERS ABSENT

Rep. Peter Goll  
Rep. George Jacko

COMMITTEE CALENDAR

SCR 2: Establishing a Family Support Task Force.

NO ACTION TAKEN - HELD OVER

HB 35: "An Act relating to entry of persons under age 21 to licensed premises."

PASSED OUT WITH INDIVIDUAL RECOMMENDATIONS

HB 225: "An Act relating to payment of disability insurance claims."

PASSED OUT WITH INDIVIDUAL RECOMMENDATIONS

HB 236: "An Act relating to the offense of driving while intoxicated and establishing presumptions of intoxication arising against persons 21 years of age or older and persons under 21 years of age in civil and criminal actions; and providing for an effective date."

NO ACTION TAKEN - HELD OVER

WITNESS REGISTER

Ms. Janet Kowalski  
Professional Assistant  
Sen. Rick Uehling  
P.O. Box V  
Juneau, Alaska 99811  
Phone: 465-4821  
Position Statement: Explained proposed amendment to SCR 2

Ms. K. Michael Ward  
Administrative Assistant  
Rep. Dave Donley  
P.O. Box V  
Juneau, Alaska 99811  
Phone: 465-3892  
Position Statement: Testified regarding HB 236

Andy Hemenway, Staff  
Rep. Max Gruenberg  
P.O. Box V  
Juneau, Alaska 99811  
Phone: 465-4968  
Position Statement: Explained proposed changes to HB 225

Mr. Stan Garlington  
Insurance Market Analyst  
Department of Commerce and Economic Development  
Division of Insurance  
P.O. Box D  
Juneau, Alaska 99811  
Phone: 465-2595  
Position Statement: Supported HB 225

PREVIOUS ACTION

BILL: SCR 2  
PRIME SPONSOR: UEHLING  
CO-SPONSOR: STURGULEWSKI, PEARCE

JRN-DATE	JRN-PG		ACTION
01/10/89	00062	(S)	READ THE FIRST TIME - REFERRAL(S)
01/10/89	00062	(S)	HES, THEN FINANCE
03/13/89	00751	(S)	HES RPT CS 4DP SAME TITLE
03/13/89	00752	(S)	LETTER OF INTENT WITH HES REPORT
03/13/89	00752	(S)	FISCAL NOTE TO SCR PUBLISHED
03/20/89	00859	(S)	THREE ZERO FISCAL NOTES TO SCR PUBLISHED
03/15/89	00790	(S)	FISCAL NOTE TO CS PUBLISHED
03/20/89	00859	(S)	ZERO FISCAL NOTE TO HES CS PUBLISHED

Chairperson Ellis stated that HB 236 would be held over for further consideration. He referred to the amendments, and asked Ms. Ward to explain which reports substantiate which findings for the next meeting on HB 236.

Number 330

The next item of business was HB 225.

REP. GRUENBERG, prime sponsor of HB 225, asked ANDY HEMENWAY of his staff to explain the proposed changes in the draft CSHB 225.

Mr. Hemenway stated that the word "nursing" was added to page 1, line 22. A new section 3 was added which deals with the blanket disability policies regarding direct payment provision. A new section 4 was added which extends the direct payment provisions to hospital service corporations. He referred to section 2, on page 2. He stated that in the past, direct payment provisions were brought in on request of the insured. The change to section 2 now changes from insured to covered persons so that direct payments would be made at the patient's request. The 30-day time limit for payment of bills by the insurance company was added to conform with the draft regulations from the Division of Insurance.

Number 370

Chairperson Ellis asked for a motion to adopt the CSHB 225.

Rep. Gruenberg moved that the CSHB 225 be adopted for discussion. Hearing no objection, it was so ordered.

Chairperson Ellis invited MR. STAN GARLINGTON, Market Analyst with the Division of Insurance, to testify before the committee.

Number 384

Mr. Garlington testified in support of the proposed changes to HB 225, and urged their adoption.

Rep. Gruenberg moved that the CSHB 225 be moved from the HESS Committee with individual recommendations. Hearing no objection, it was so ordered.

Number 399

Chairperson Ellis brought HB 35 back before the committee.

Rep. Furnace moved that the CSHB 35 be adopted. Hearing no objection, it was so ordered.

by the policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of the insured or the beneficiary to the insurer at (insert the location of the office which the insurer designates for the purpose), or to an authorized agent of the insurer, with information sufficient to identify the insured, shall be considered notice to the insurer."

(b) In a policy providing a loss-of-time benefit which may be payable for at least two years, an insurer may at its option insert the following between the first and second sentences of the provision in (a) of this section:

"Subject to the qualifications set out below, if the insured suffers loss of time on account of disability for which indemnity may be payable for at least two years, the insured shall, at least once in every six months after having given notice of the claim, give to the insurer notice of continuance of the disability, except in the event of legal incapacity. The period of six months following a filing of proof by the insured or a payment by the insurer on account of the claim or a denial of liability in whole or in part by the insurer shall be excluded in applying this provision. Delay in the giving of notice shall not impair the insured's right to indemnity which would otherwise have accrued during the period of six months preceding the date on which the notice is actually given." (§ 1 ch 120 SLA 1966)

**Sec. 21.51.090. Claim forms.** There shall be a provision as follows:

"Claim Forms: The insurer, upon receipt of a notice of claim, will furnish to the claimant forms which are usually furnished by it for filing proofs of loss. If the forms are not furnished within 15 days after the giving of notice the claimant shall be considered to have complied with the requirements of this policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, the character and the extent of the loss for which claim is made." (§ 1 ch 120 SLA 1966)

**Sec. 21.51.100. Proofs of loss.** There shall be a provision as follows:

"Proofs of Loss: Written proof of loss must be furnished to the insurer at its office in case of claim for loss for which this policy provides periodic payment contingent upon continuing loss within 90 days after the termination of the period for which the insurer is liable and in case of claim for any other loss within 90 days after the date of that loss. Failure to furnish proof within the time required shall not invalidate or reduce a claim if it was not reasonably possible to give proof within that time, provided that the proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one year from the time proof is otherwise required." (§ 1 ch 120 SLA 1966)

**Sec. 21.51.110. Time of payment of claims.** There shall be a provision as follows:

"Time of Payment of Claims: Indemnities payable under this policy for a loss other than loss for which this policy provides a periodic payment, will be paid immediately upon receipt of due written proof of the loss. Subject to due written proof of loss, all accrued indemnities for loss for which this policy provides periodic payment will be paid (insert period for payment which must not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof." (§ 1 ch 120 SLA 1966)

**Sec. 21.51.120. Payment of claims.** (a) There shall be a provision as follows:

"Payment of Claims: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting the payment which may be prescribed herein and effective at the time of payment. If no designation or provision is then effective, the indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to the beneficiary or to the estate. All other indemnities will be payable to the insured."

(b) The following provisions, or either of them, may be included with the provision in (a) of this section at the option of the insurer:

(1) "If an indemnity of this policy is payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay the indemnity, up to an amount not exceeding \$ (insert an amount which shall not exceed \$1,000), to a relative by blood or connection by marriage of the insured or beneficiary who is considered by the insurer to be equitably entitled thereto. Payment made by the insurer in good faith under this provision shall fully discharge the insurer to the extent of the payment."

(2) "Subject to written direction of the insured in the application or otherwise all or a portion of any indemnities provided by this policy on account of hospital, nursing, medical or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proof of the loss, be paid directly to the hospital or person rendering the services; and it is not required that the service be rendered by a particular hospital or person." (§ 1 ch 120 SLA 1966)

**Sec. 21.51.130. Physical examination, autopsy.** There shall be a provision as follows:

"Physical Examinations and Autopsy: The insurer at its own expense shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy in case of death where it is not forbidden by law." (§ 1 ch 120 SLA 1966)

sidered representations and not warranties, and that a statement made for the purpose of effecting insurance may not void the insurance or reduce benefits unless contained in a written instrument signed by the policyholder or the insured person, a copy of which has been furnished to the policyholder or to the insured person or the beneficiary of the insured person;

(2) a provision that the insurer will furnish to the policyholder for delivery to each employee or member of the insured group, a statement in summary form of the essential features of the insurance coverage of the employee or member and to whom benefits are payable; if dependents are included in the coverage, only one certificate need be issued for each family unit;

(3) a provision that to the group originally insured may be added from time to time eligible new employees or members or dependents, as the case may be, in accordance with the terms of the policy. (§ 1 ch 120 SLA 1966)

*Collateral references.* — Group medical and hospital service plan as constituting insurance, 167 ALR 323.

**Sec. 21.54.020. Direct payment of hospital, medical services.** A group disability policy may on request by the group policyholder provide that all or a portion of any indemnities provided by the policy on account of hospital, nursing, medical or surgical services may, at the insurer's option, be paid directly to the hospital or person rendering the services; but the policy may not require that the service be rendered by a particular hospital or person. Payment so made shall discharge the insurer's obligation with respect to the amount of insurance so paid. (§ 1 ch 120 SLA 1966)

**Sec. 21.54.030. Required provisions of blanket policies.** An insurer authorized to write disability insurance in this state shall have the power to issue blanket disability insurance. A blanket policy may not be issued or delivered in this state unless a copy of the form of the policy has been filed in accordance with AS 21.42.120. Every blanket policy shall contain provisions which in the opinion of the director are at least as favorable to the policyholder and the individual insured as the following:

(1) a provision that the policy, including endorsements and a copy of the application, if any, of the policyholder and the persons insured shall constitute the entire contract between the parties, and that any statement made by the policyholder or by a person insured shall in the absence of fraud be considered a representation and not a warranty, and that no statements shall be used in defense to a claim under the policy, unless contained in a written application; the person, a beneficiary, or assignee, shall have the right to make written request to the

**Sec. 21.54.040. Application and certificates not required.** An individual application may not be required from a person covered under a blanket disability policy or contract, nor is it necessary for the insurer to furnish each person a certificate. (§ 1 ch 120 SLA 1966)

**Sec. 21.54.050. Insurable interest.** All benefits under a blanket disability policy shall be payable to the person insured, the designated beneficiary or beneficiaries of the person insured, or the estate of the person insured; except, that if the person insured is a minor or otherwise not competent to give a valid release, the benefits may be made payable to the parent, guardian, or other person actually supporting the person insured; or if the entire cost of the insurance has been borne by the employer the benefits may be made payable to the employer. Provided however, that the policy may provide that all or a portion of any indemnities provided by the policy on account of hospital, nursing, medical or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time for filing proofs of the loss, be paid directly to the hospital or person rendering the services. Payment so made shall discharge the insurer's obligation with respect to the amount of insurance paid. (§ 1 ch 120 SLA 1966)

**Sec. 21.54.060. Group disability insurance defined.** Group disability insurance is that form of disability insurance covering groups of persons as defined below, with or without one or more members of their families or one or more of their dependents, or covering one or more members of the families or one or more dependents of the groups of persons and issued upon the following basis:

(1) under a policy issued to an employer or trustees of a fund established by an employer, who shall be considered the policyholder, insuring employees of the employer for the benefit of persons other than the employer; in this paragraph the term "employees" includes the officers, managers, and employees of the employer, the individual proprietor or partner if the employer is an individual proprietor or partnership, the officers, managers, and employees of subsidiary or affiliated corporations, the individual proprietors, partners and employees of individuals and firms, if the business of the employer and the individual or firm is under common control through stock ownership, contract, or otherwise; in this paragraph "employees" may include retired employees; a policy issued to insure employees of a public body may provide that the term "employees" includes elected or appointed officials; the policy may provide that the term "employees" includes the trustees or their employees, or both, if their duties are principally connected with the trusteeship; a policy issued to insure employees of a corporation may provide that the term "employees" includes directors of the corporation, whether or not the directors receive compensation;

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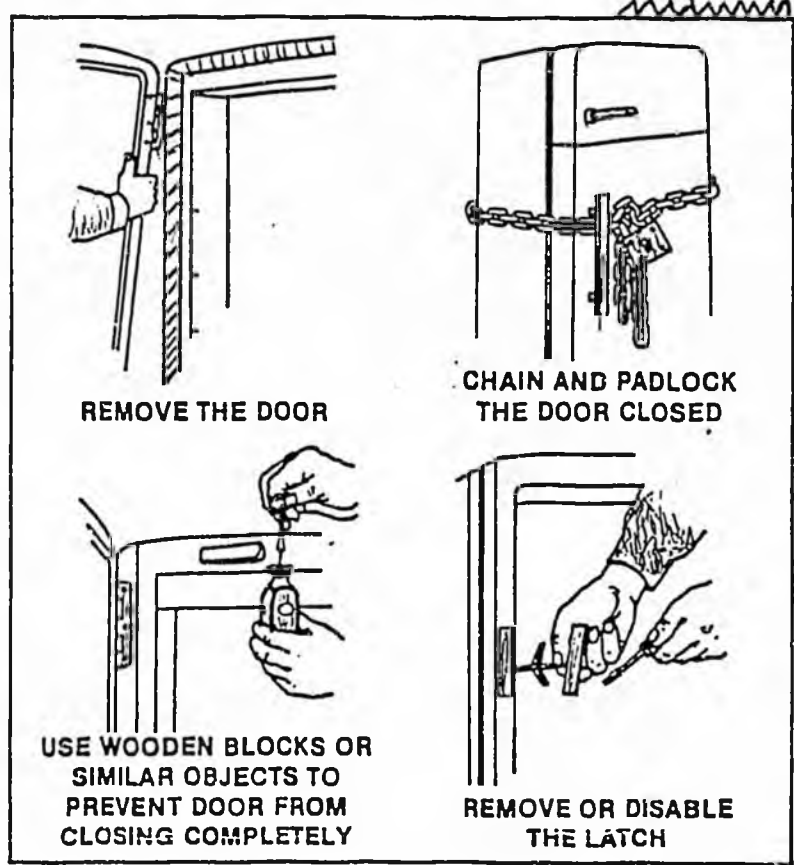
1 Street

**Consumer Product SAFETY ALERT**  
FROM THE U.S. CONSUMER PRODUCT SAFETY COMMISSION, WASHINGTON, D.C. 20207  
June 1984

*Under laws administered by CPSC, an estimated 325 million potentially hazardous products have been called back from the marketplace and consumers since 1973 (when CPSC was created). Most of these were voluntarily recalled by manufacturers who established programs to repair or replace the products, or to refund the purchase price.*

**CPSC Warns About Suffocation and Death of Children in Old Refrigerators**

L.S. & S  
ANCHORAGE JUL 27 1988



The U.S. Consumer Product Safety Commission (CPSC) urges that all unused old-style refrigerators around the home be rendered "child-proof" or, if on public property, appropriate authorities be called to safely dispose of the products. CPSC continues to receive reports about the tragic deaths of young children who are suffocated because of entrapment in old refrigerators.

The Refrigerator Safety Act was enacted August 2, 1956. The

Act's regulations which became effective October 30, 1958 require a mechanism (usually a magnetic latch) which enables the door to be opened from the inside in the event of accidental entrapment. This type of latch, therefore, makes the hazardous refrigerators manufactured before that date easy to identify. The serious entrapment hazard occurs when children, during play, climb inside the old abandoned or carelessly stored refrigerators to hide. Many of these refrigerators are still in

RECEIVED  
JUN 27 1988  
OSH Anchorage

## Suffocation and Death of Child in Old Refrigerators

(continued)

57  
10

use, and when they are carelessly discarded or stored where they are accessible to children, they become a danger.

The CPSC has record of 96 children's deaths since 1973 caused by suffocation resulting from entrapment in those old refrigerators. Children in the 3 and 4 year age brackets have been the most vulnerable.

While there has been some decline in deaths in recent years, 8 children died during 1983 from refrigerator entrapment. Three of these instances were double deaths occurring in Missouri, Texas and West Virginia. The other deaths were separate, involving two 3 year olds in California.

The grim statistics from refrigerator entrapments have already begun for 1984. CPSC has recently received a report of the deaths on January 31, 1984 of cousins, ages 3 and 4 in an old refrigerator in Berkley Township, New Jersey. The refrigerator was one of the old prestandard models with the self-latching mechanism on the door and was stored in an unused neighborhood garage. The children apparently both sat down on the single metal shelf near the bottom of the empty, unplugged refrigerator and the door became latched.

Double deaths are not uncommon because children naturally enjoy playing together, and old refrigerators provide an interesting place to share this fun. However, when the door slams shut, there is sudden darkness, and the normally innocent and familiar refrigerator becomes a

death trap. Suffocation then ensues because the tight fitting gasket, which is on the inside of the door to seal in the cold, cuts off the child's air. This along with the insulated construction of a refrigerator also prevents the children's screams for help from being heard.

There are several ways to "child-proof" these old discarded refrigerators. The surest method is to take off the door completely and in most cases this is a simple process using a screwdriver. If the door will not come off, chain and padlock the door permanently and tightly closed. A third alternative is to remove or disable the latch completely so the door will no longer lock when closed. A wooden block screwed to the door to keep it from closing is also a possibility. Another helpful deterrent is to leave the shelves in the refrigerator to discourage children from getting inside. Also, it is unlawful in many local jurisdictions to discard old refrigerators without first removing the door.

Old electric refrigerators are not the only killer of children. The CPSC is aware of the death of a 3 year old because of suffocation in a self-locking ice refrigerator in a camper. The parents had probably never realized that an ice box which cannot be opened from the inside presents a suffocation hazard to small children.

Consumers wishing additional information should call CPSC's toll-free Hotline at 800-638-CPSC. A teletypewriter number for the hearing impaired is 800-638-8270. (Maryland only, 800-492-8104.)

6-0645E  
Lauterbach  
4/6/89

Original sponsors: Gruenberg and  
Hoffman

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 235 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to safety involving certain kinds of  
7 equipment and containers."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 18.60.400 is repealed and reenacted to read:

10 Sec. 18.60.400. CONTAINER SAFETY REQUIREMENTS. A person may not  
11 dispose of an icebox, refrigerator, freezer, or other equipment or  
12 container of a kind and size sufficient to permit the entrapment or  
13 suffocation of a child under the age of 11 inside the container with-  
14 out first removing the latches, hinges, or cover or otherwise render-  
15 ing it safe. A person may not maintain a container described in this  
16 section in an area that is unattended by an adult and accessible to a  
17 child unless the person ensures that the container does not present an  
18 unreasonable hazard to the safety of a child under the age of 11. A  
19 person may not allow a violation of this section on premises or in an  
20 area under the person's control.

21 \* Sec. 2. AS 18.60.410 is repealed and reenacted to read:

22 Sec. 18.60.410. NEW EQUIPMENT TO HAVE OPENING DEVICE ON INSIDE.  
23 A person may not offer for sale an icebox, refrigerator, freezer, or  
24 other equipment or container of a kind and size sufficient to permit  
25 the entrapment or suffocation of a child under the age of 11 unless  
26 the door can be opened easily from the inside, either by application  
27 of an outwardly directed force to the inside of the door or by the  
28 rotation of a knob similar to a conventional door knob.

29 \* Sec. 3. AS 18.60.420 is amended to read:

1           Sec. 18.60.420. ADMINISTRATION OF AS 18.60.400 - 18.60.460. The  
2 Department of Labor shall administer AS 18.60.400 - 18.60.460. It may  
3 appoint inspectors and [SHALL] inspect all iceboxes, refrigerators,  
4 freezers, and other equipment or containers of a kind and size suffi-  
5 cient to permit the entrapment or suffocation of a child under the age  
6 of 11 if the equipment or containers are [SIMILAR EQUIPMENT] shipped  
7 into the state.

8 \* Sec. 4. AS 18.60.440 is amended to read:

9           Sec. 18.60.440. REVIEW [APPEALS]. A person aggrieved by an  
10 order or act of the Department of Labor or of an inspector under  
11 AS 18.60.400 - 18.60.460 may, within 15 days after notice of the order  
12 or act, request a hearing under AS 44.62.330 - 44.62.640 [APPEAL IN  
13 THE MANNER PRESCRIBED BY AS 18.60.370].

14 \* Sec. 5. AS 18.60.450 is amended to read:

15           Sec. 18.60.450. VIOLATIONS AND PENALTIES. A person who violates  
16 a provision of AS 18.60.400 - 18.60.460 is guilty of a class B misde-  
17 meanor. The mental states that must be proved for a violation under  
18 this section are those described in AS 11.81.610(b) [AND IS PUNISHABLE  
19 BY A FINE OF NOT LESS THAN \$50 NOR MORE THAN \$500].

6-0645D  
Lauterbach  
4/13/89

Original sponsors: Gruenberg and  
Hoffman

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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12 container of a kind and size sufficient to permit the entrapment or  
13 suffocation of a person inside the container without first removing  
14 the latches, hinges, or cover or otherwise rendering it safe. A  
15 person may not maintain a container described in this section in an  
16 area that is unattended by an adult and accessible to others unless  
17 the person ensures that the container does not present an unreasonable  
18 hazard to the safety of a person. A person may not allow a violation  
19 of this section on premises or in an area under the person's control.

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 2 appoint inspectors and [SHALL] inspect all iceboxes, refrigerators,  
 3 freezers, and other equipment or containers of a kind and size suffi-  
 4 cient to permit the entrapment or suffocation of a person if the  
 5 equipment or containers are [SIMILAR EQUIPMENT] shipped into the  
 6 state.

7 \* Sec. 4. AS 18.60 is amended by adding a new section to read:

8       Sec. 18.60.435. EXEMPTION. Equipment or containers of less than  
 9 1.5 cubic feet in capacity are exempt from the provisions of AS 18.-  
 10 60.400 - 18.60.460.

11 \* Sec. 5. AS 18.60.440 is amended to read:

12       Sec. 18.60.440. REVIEW [APPEALS]. A person aggrieved by an  
 13 order or act of the Department of Labor or of an inspector under  
 14 AS 18.60.400 - 18.60.460 may, within 15 days after notice of the order  
 15 or act, request a hearing under AS 44.62.330 - 44.62.640 [APPEAL IN  
 16 THE MANNER PRESCRIBED BY AS 18.60.370].

17 \* Sec. 6. AS 18.60.450 is repealed and reenacted to read:

18       Sec. 18.60.450. VIOLATIONS AND PENALTIES. (a) Except as pro-  
 19 vided in (b) of this section, a person who violates a provision of  
 20 AS 18.60.400 - 18.60.460 is guilty of a violation.

21       (b) A person who violates a provision of AS 18.60.400 - 18.60.460  
 22 who has previously been convicted of violating AS 18.60.400 - 18.60.-  
 23 460 is guilty of a misdemeanor for which the maximum term of imprison-  
 24 ment that may be imposed is 30 days and the maximum fine that may be  
 25 imposed is \$500.

26       (c) The mental states that must be proved for an offense under  
 27 (a) or (b) of this section are those described in AS 11.81.610(b).  
 28  
 29



# Representative Dave Donley, Chair

## House Labor & Commerce Committee

SUBJECT OF MEETING:

HB 155      AB 72  
 HB 235      AB 166

DATE: 4-6-89

PLACE: C#17

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT WHICH BILL?
John Manning	H&SS	Box H-O.G.C. Junction	99811		465-23027	Y <input checked="" type="checkbox"/>	
Kim Smith	MICA	10301 GLACIAL HWY JUNEAU	99801	789-0631	789-2910	<input checked="" type="checkbox"/> N	HB 166
Bob Kerttula	AG's	AGO				Y <input checked="" type="checkbox"/> N	HB 166
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	