

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 884

FISCAL NOTE

No. 1

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: SB 308

(S) Publish Date: 5/19/91

Revision Date: _____ Department Affected: Administration
Title: State Medical Self Insurance BRU: Risk Management
Component: Risk Management

Sponsor: Dept. of Administration
Requestor: Governor's Office COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared By: Donald J. Hitchcock Phone: 465-2180
Division: Risk Management Date: 5-16-91

Approved by Commissioner: Millett Keller
Agency: Department of Administration Date: 5/16/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill Version: SB 308
(S) Publish Date: 3-6-92

Revision Date: _____
Title: An Act relating to the provision of group life and health insurance for state employees by means of self-insurance

Department Affected: Administration
BRU: Retirement & Benefits

Component: Retirement & Benefits

Sponsor: Senate Rules Committee
Requestor: Governor

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

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

POSITIONS

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

Estimate of current year impact: None

ANALYSIS: (attach a separate page if necessary.) This bill would authorize the Department of Administration to utilize self funding for health insurance in addition to the competitive bid process for insurance carriers. Self-insurance could then be undertaken assuming that savings or other advantages could be demonstrated.

Prepared By: Gary Bader
Division: Retirement and Benefits

Phone: 465-4470
Date: _____

Approved by Commissioner: Nancy Bear Usher
Agency: Department of Administration

Date: 1/24/92

CONTINUATION OF FISCAL NOTE ANALYSIS

For Law Log 91-0103

This bill is enabling legislation to allow the State to self insure state employee medical and life benefits. It is anticipated that any possible increased state administrative costs for such a program would be more than offset through increased income from cash flow and other cost savings. In other words a self insurance program would be implemented only if cost savings is possible.

Potential benefits of a self insurance program would be elimination of certain insurance charges; positive control of the insurance program which might include use of employee incentives to reduce costs; and increased competition from bidders for administration or aggregate loss (excess) insurance policies.

The present medical benefits program for active state employees costs the State approximately \$65,000,000. a year therefore cash flow and interest earnings also become an important fiscal benefit.

Possible problems due to increased claims costs in any one year may be controlled through purchase of aggregate loss policies to pay excess costs either on an individual claim basis or in the aggregate.

Passage of this enabling legislation is fundamental to making all options available to the State in the administration and implementation of a cost effective group health and life benefits plan for its employees.

FISCAL NOTE

No. 2

Bill Version: SB 308

(S) Publish Date: 3-6-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____

Title: An Act relating to group life and health insurance for State employees by means of self-insurance.

Sponsor: Rules Committee

Requestor: Governor

Department Affected: Administration

BRU: Risk Management

Component: Risk Management

COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared by: Donald J. Hitchcock
Division: Risk Management

Phone: 465-2180
Date: 12-11-91

Approved by Commissioner: Nancy Bear Usery
Agency: Administration

Date: 1/24/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

CONTINUATION OF FISCAL NOTE ANALYSIS
Senate Bill No. 308

This bill is enabling legislation to allow the State to self insure state employee medical and/or life insurance benefits. It is anticipated that any possible increased state administrative costs for such a program should be more than offset through increased income from cash flow and other cost savings. In other words a self insurance program would be implemented only if cost savings is possible.

Potential benefits of a self insurance program would be elimination of certain insurance company charges; positive control of the insurance program which might include use of employee incentives to reduce costs; and increased competition from bidders for administration and/or aggregate loss (excess) insurance policies.

The present medical benefits program for active state employees costs the State approximately \$65,000,000. a year therefore cash flow and interest earnings may become an important fiscal consideration.

Possible problems due to a catastrophic increase in claims costs for any one year may be controlled through purchase of aggregate loss policies to pay excess costs either on an individual claim basis or in the aggregate.

Passage of this enabling legislation is fundamental to making all options available to the State in the administration and implementation of a cost effective group health and life benefits plan for its employees.

SENATE BILL NO. 308

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 5/19/91
 Referred: L&C, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the provision of group life and health insurance for state employees
 2 by means of self-insurance; and to payment of administrative costs of providing group
 3 health and life insurance for state employees."

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

5 * Section 1. AS 39.30.090(a)(4) is amended to read:

6 (4) In procuring a policy of insurance under this section or excess loss
 7 insurance as provided in AS 39.30.091, the [THE] Department of Administration shall comply
 8 with the dual choice requirements of AS 21.86.310, and shall obtain the insurance policy from
 9 any insurer authorized to transact business in the state under AS 21.09 and AS 21.90, or from
 10 a health maintenance organization authorized to operate in this state under AS 21.86.

11 * Sec. 2. AS 39.30.090(a)(5) is amended to read:

12 (5) The Department of Administration shall make available bid specifications for
 13 desired insurance benefits to all insurance carriers licensed in the state and qualified to provide
 14 the desired benefits. The specifications shall be made available on or before July 1, 1965, and

1 at least once every succeeding five years. The lowest responsible bid submitted by an insurance
2 carrier with adequate servicing facilities shall govern selection of a carrier under this section, or
3 the selection of a carrier of excess loss insurance as provided in AS 39.30.091.

4 * Sec. 3. AS 39.30 is amended by adding a new section to read:

5 Sec. 39.30.091. AUTHORIZATION FOR SELF-INSURANCE. Notwithstanding AS
6 39.30.090, the Department of Administration may provide, by means of self-insurance, one or
7 more of the benefits listed in AS 39.30.090(a)(1) for state employees eligible for such benefits
8 by law or under a collective bargaining agreement. Any excess loss insurance purchased in
9 conjunction with the self-insurance must be procured in accordance with AS 39.30.090.

10 * Sec. 4. AS 39.30.095 is amended to read:

11 Sec. 39.30.095. GROUP HEALTH AND LIFE BENEFITS FUND. (a) The
12 commissioner of administration shall establish the group health and life benefits fund as a special
13 account in the general fund to provide for group life and health insurance under AS 39.30.090
14 and 39.30.160 or for self-insurance arrangements under AS 39.30.091. The commissioner
15 shall maintain accounts and records for the fund. The fund consists of employer contributions,
16 employee contributions, appropriations from the legislature, and income earned on investment of
17 the fund as provided in (d) of this section.

18 (b) After obtaining the advice of an actuary, the commissioner of administration shall
19 determine the amount necessary to provide benefits under AS 39.30.090, 39.30.091, and
20 39.30.160 and shall set the rate of employer contribution and employee contribution, if any.
21 With money in the fund, the [THE] commissioner of administration shall pay premiums, [AND]
22 claims, and administrative costs in accordance with the insurance policies in effect under AS
23 39.30.090 and 39.30.160, or in accordance with self-insurance arrangements in effect under
24 AS 39.30.091 [WITH MONEY IN THE FUND].

25 (c) The commissioner of administration or the designee of the commissioner is
26 administrator of the fund. The commissioner may contract with

27 (1) an insurance carrier to reimburse the state for the cost of administering group
28 insurance provided under AS 39.30.090 and 39.30.160; and

29 (2) a third-party administrator for the administration of benefit claims and
30 payments under AS 39.30.091.

31 (d) If the commissioner of administration determines that there is more money in the

1 fund than the amount needed to pay premiums, [OR] benefits, and administrative costs for the
2 current fiscal year, the surplus, or so much of it as the commissioner of administration considers
3 advisable, may be invested by the commissioner of revenue in the same manner as retirement
4 funds are invested under AS 14.25.180.

5 (e) In this section, "fund" means the group health and life benefits fund.

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 19, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

300

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would authorize the state to provide group life and health insurance for its employees by means of self-insurance.

Over the last several years, it has become clear that the state must act to contain the cost of its employee health benefits. The state has considered self-insurance, but the current statute, AS 39.30.090, does not authorize it. See 1989 Inf. Op. Att'y Gen. (March 14; 663-89-230). This legislation is proposed to permit the state to self-insure, thereby increasing its flexibility in addressing the cost of group life and health insurance for its active employees.

The bill also authorizes self-insurance administrative costs to be paid from the group health and life benefits fund, and makes clear that the administrative costs of purchasing insurance are also to be paid from the fund.

Among the potential beneficial effects of self-insurance are (1) the reduction or elimination of insurance charges, (2) positive control of the medical plan by the state (including the use of incentive programs) rather than by the commercial insurance market, and (3) increased competition from medical benefits providers, which could result in decreased premiums and administrative costs.

We believe that this bill will significantly increase the ability of the state to keep the cost of employee benefits under control, and increase as well the state's bargaining power when it negotiates with its insurers. In view of its importance to approaching reviews of insurance policy renewal proposals, we urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor

SB313

SENATE FINANCE COMMITTEE REPORT

DATE: 2/5/92

FURTHER:

DATE TURNED INTO OFFICE: 2-20-92

The Finance Committee considered

SENATE BILL NO. 313

"An Act relating to insurance coverage for the treatment of PKU (phenylketonuria)."

and recommends:

replace with _____ CS _____ (FINANCE)

or adopt previous _____ CS _____ (_____)

attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes DHSS 1-24-92

DNA 1-30-92

DCED 2-3-92

fiscal notes _____

DO PASS:

OTHER RECOMMENDATIONS:

1. [Signature]
Co-Chair: Signature/Recommendation

2. [Signature]
Co-Chair: Signature/Recommendation

FISCAL NOTE

No. 1

Bill Version: SB 313

(S) Publish Date: 2-5-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected Health & Social Services
 Title: Insurance coverage for the treatment BRU: State Health Services
of phenylketonuria Component: Maternal, Child & Family Health
 Sponsor: Sturqulewski
 Requestor: HES COMPONENT SERIAL NO. 0-60-40602-290

Expenditures/Revenues (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact

Prepared by: Peter M. Nakamura, MD, MPH
 Division: Public Health

Phone: (907) 465-3090
 Date: 1/23/92

Approved by Commissioner: Theodore Mala, MD, MPH
 Agency: Department of Health and Social Services

Date: 1/24/92

Distribution (by preparer):

Legislative Finance OMB
 Legislative Sponsor Impacted Agency(ies)
 Requestor

FISCAL NOTE

No. 2

Bill Version: SB-313

(S) Publish Date: 2-5-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: An Act relating to insurance coverage for the treatment of phenylketonuria.

Department Affected: All State
BRU: All State

Sponsor: Sturgulewski
Requestor: Senate HESS Committee

Component: _____
COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

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

POSITIONS

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

Estimate of current year impact: None

ANALYSIS: (attach a separate page if necessary.)

Despite the expansion of coverage under this bill, the occurrence of phenylketonuria (PKU) in newborns is so small, the application of an insurance rate increase would be impossible to quantify.

Prepared By: Gary Bader *Gary M. Bader*
Division: Retirement and Benefits

Phone: 465-4470
Date: January 30, 1992

Approved by Commissioner: Nancy Bear Usher *NBU*
Agency: Department of Administration

Date: 1/30/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

FISCAL NOTE

No. 3

Version: 58 313

(S) Publish Date: 2-5-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 2/4/92 Department A:

Title: An Act relating to insurance cover- BRU: Insurance

age for treatment of phenylketonuria Component: Operations

Sponsor: Senator Sturqulewski

Requestor: _____

COMPONENT SERIAL NO.

0	3	5	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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 FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Koch, Chief of Market Surveillance Phone: 465-2577

Division: Insurance Date: 2/4/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 2-3-92

SENATE BILL NO. 313

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR STURGULEWSKI

Introduced: 5/21/91

Referred: HES, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to insurance coverage for the treatment of phenylketonuria."

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

3 * Section 1. AS 21.42 is amended by adding a new section to read:

4 Sec. 21.42.375. COVERAGE FOR TREATMENT OF PHENYLKETONURIA. (a) An
5 insurer authorized under AS 21.09 to offer, issue for delivery, deliver, or renew an individual or
6 a group disability insurance policy for major medical coverage on an expense-incurred basis in
7 the state, or a hospital or medical service corporation authorized under AS 21.87 to offer or
8 renew a group contract for major medical coverage in the state, must provide coverage for the
9 formulas necessary for the treatment of phenylketonuria. This subsection does not apply to

10 (1) a Medicare supplement insurance policy;

11 (2) long-term care insurance;

12 (3) an insurance policy regulated under 5 U.S.C. 89 or 42 U.S.C. 1395mm;

13 (4) an insurance policy that provides services or reimbursement exclusively for
14 optometric or vision care, dental or orthodontic care, podiatric, ambulance, mental health, or

1 chiropractic care;

2 (5) an insurance policy that the director has, in writing, determined should be
3 excluded from this subsection.

4 (b) The insurer or service corporation providing coverage under this section may impose
5 reasonable contract limitations but may not refuse coverage based on a preexisting condition of
6 phenylketonuria or require that the insured or subscriber pay a higher deductible or copayment
7 for the cost of treating phenylketonuria than for the cost of treating another condition or illness.

8 (c) In this section

9 (1) "copayment" means the portion of the cost to be paid by the insured or
10 subscriber in excess of the deductible;

11 (2) "cost" means the lowest of the following:

12 (A) the actual charge for the treatment received for phenylketonuria;

13 (B) the usual, customary, and reasonable charge for the treatment as
14 determined by the contract of coverage; or

15 (C) the charge agreed to by contract between the provider and the insurer,
16 hospital service corporation, or medical service corporation;

17 (3) "deductible" means the portion of covered costs that must be incurred before
18 benefits become payable;

19 (4) "long-term care insurance" has the meaning given in AS 21.53.200;

20 (5) "major medical coverage" means a disability insurance contract, or a
21 subscriber contract, that provides benefits for hospital and medical care with potential lifetime
22 maximum benefits for the insured or subscriber of at least \$10,000.

23 * Sec. 2. AS 21.87.340 is amended to read:

24 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the provisions
25 contained or referred to previously in this chapter, the following chapters and provisions of this
26 title also apply with respect to service corporations to the extent applicable and not in conflict
27 with the express provisions of this chapter and the reasonable implications of the express
28 provisions, and for the purposes of the application the corporations shall be considered to be
29 mutual "insurers":

30 (1) AS 21.03

31 (2) AS 21.06

- 1 (3) AS 21.09, except AS 21.09.090
- 2 (4) AS 21.18.010
- 3 (5) AS 21.18.030
- 4 (6) AS 21.18.040
- 5 (7) AS 21.18.120
- 6 (8) AS 21.21.321
- 7 (9) AS 21.36
- 8 (10) AS 21.69.400
- 9 (11) AS 21.69.520
- 10 (12) AS 21.69.600, 21.69.620, and 21.69.630
- 11 (13) AS 21.78
- 12 (14) AS 21.90
- 13 (15) AS 21.42.345 - 21.42.365, and 21.42.375
- 14 (16) AS 21.89.040
- 15 (17) AS 21.89.060.

16 * Sec. 3. AS 21.42.375, enacted by sec. 1 of this Act, applies to individual and group disability
17 insurance policies and hospital or medical service subscriber contracts entered into or renewed on or after
18 the effective date of this Act.

Alaska State Legislature



SENATOR
ARLISS STURGULEWSKI

3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
(907) 561-7615

While in Juneau
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

Senate

MEMORANDUM

February 5, 1992

TO: Senator Pat Pourchot, Co-Chairman
Senate Finance Committee

FROM: Senate Arliss Sturgulewski *(AS)*
Senate District F

RE: SB 313 "An Act relating to insurance coverage for the
treatment of phenylketonuria."

Senate Bill 313 is now in the Senate Finance Committee. As it has no fiscal impact, would it be possible for the Senate Finance Committee to waive the bill. If it is not possible to waive SB 313, I respectfully request a hearing for the bill.

Senate Bill 313 was heard and passed out the Senate HESS Committee on February 4, 1992. It has three zero Fiscal Notes from the Departments of Health and Social Services, Administration, and Commerce and Economic Development.

I have enclosed a sponsor statement and packet of information for Senate Finance Committee members. If you have any questions on SB 313, please do not hesitate to contact me or Betty Hargrave on my staff.

Thank you for your consideration of this request.

Enclosures

Alaska State Legislature



SENATOR
ARLISS STURGULEWSKI

2/4/92

Senate

3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
(907) 561-7615

While in Juneau
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

Sponsor Statement on:

SB 313 "An Act relating to insurance coverage for the treatment of phenylketonuria."

Senate Bill 313 would amend state law by adding a new section to AS 21.42 requiring insurers and hospital or medical service corporations that offer individual or group disability insurance to provide coverage for treatment of phenylketonuria(PKU).

PKU is a rare inherited metabolic disorder. Babies born with PKU are unable to process proteins, such as milk, and so in order to remain healthy, they must maintain a strict diet and are placed on a mineral and vitamin enriched formula. If this is not done, then the build up of proteins causes severe brain damage and mental retardation. This bill would require insurance companies to cover the cost of PKU formula.

Enclosed is a position paper from Commissioner Mala in support of this bill. Commissioner Mala points out that the cost of the formula is far less than the cost of treatment for the permanent and long term damage caused by the lack of treatment. The Department of Health and Social Services, Division of Public Health has submitted a zero Fiscal Note.

Michael Ford, Legislative Counsel, Division of Legal Service prepared a sectional analysis of SB 313 which I have enclosed.

Also enclosed are zero Fiscal Notes from the Department of Administration, Division of Retirement and Benefits and the Department of Commerce and Economic Development, Division of Insurance.

SENATE BILL NO. 313

For an Act entitled: "An Act relating to insurance coverage for the treatment of phenylketonuria."

Summary

This bill amends AS 21.42, The Insurance Contract, by adding a new section, AS 21.42.375, Coverage for Treatment of Phenylketonuria.

AS 21.42.375 requires an insurer, authorized under AS 21.09 or AS 21.87, to provide coverage for the formulas necessary for the treatment of phenylketonuria (PKU). This section does not apply to

1. a Medicare supplemental insurance policy;
2. long-term care insurance;
3. an insurance policy regulated under 5 USC 89 or 42 USC 135mm;
4. an insurance policy that provides services or reimbursement exclusively for optometric or vision care, dental or orthodontic care, podiatric, ambulance, mental health or chiropractic care; and
5. an insurance policy that the director has, in writing, determined should be excluded from this section.

Discussion

PKU is a rare inherited genetic disorder occurring in approximately 1 in 11,000 live births. Testing for PKU is required during the first week of life (between 48 hours and 7 days of age) and is done with a simple heel prick. Children with PKU are unable to metabolize an essential amino acid (phenylalanine), which is found in the proteins of most foods. To remain healthy, children with PKU must maintain a strict diet and ingest a mineral and vitamin enriched formula. If the protein intake is not severely restricted, the build up of proteins causes severe brain damage and mental retardation. The use of special formulas and a controlled diet can prevent the excess of protein in the individual's body and the brain

damage can be prevented, allowing the individual an opportunity to develop normally. There is an average of one new PKU infant diagnosed yearly in the State of Alaska.

The Department's Section of Maternal, Child, and Family Health sponsors PKU genetic counseling and follow-up services (clinics) in Anchorage (one in the spring and one in the fall). Each clinic is staffed by a physician, nutritionist, social worker, and a genetics counselor. Currently, there are 12 individuals with PKU utilizing the services provided by the State's PKU clinics. Beyond the clinics, the PKU individuals are given a monthly blood test. The results of the blood tests are forwarded to the Anchorage Genetics counselor, then distributed to the PKU individual's pediatrician.

In addition to the blood tests, the diets of PKU individuals are monitored on a monthly basis. Special formula, for PKU individuals, serves the same health and life sustaining purpose that medications do for many other diseases. The cost for formula and special foods vary depending on the child's age. One case of formula costs about \$180. Depending on the child's age, they may use two to three cases of formula per month.

Without the special diet, the cost to the PKU individual is a lifetime as a severely mentally retarded citizen. The financial cost to the State for institutionalization could exceed a million dollars per person over a lifetime. The cost of the formula is far less than the cost of treatment for the permanent, long-term damage caused due to the lack of the special diet.

Many states require, by statute, that insurance companies cover PKU formula, one of which is the State of Washington. Many insurance companies that serve Alaska residents will not cover PKU formula without the statutory requirement. Due to the cost of the special diet to the family of a PKU individual, especially low-income families, there is the risk that the necessary precautions are not taken, thereby subjecting the PKU individual to the risk of permanent, long-term damage.

RECEIVED
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
JAN 24 1992


SB 313
Page 3

Recommendation

The Department supports SB 313, which will require insurance coverage of formula necessary for the treatment of phenylketonuria.

Peter M. Nakamura, MD, MPH, Director
Division of Public Health

Date: _____



Theodore A. Maia, MD, MPH
Commissioner
Department of Health and Social Services

Date: 24 Jan 1992

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

December 10, 1991

SUBJECT: Sectional analysis (SB 313)

TO: Senator Arliss Sturgulewski

FROM: Michael F. Ford *M. F.*
Legislative Counsel

The following is a section by section analysis of SB 313:

Section 1 - Requires insurers and hospital or medical service corporations that offer individual or group disability insurance, to provide coverage for treatment of phenylketonuria. Provides that certain insurance policies are excluded from this required coverage. Allows the insurer or service corporation to impose reasonable contract limitations on the required coverage, not including a preexisting condition exclusion or higher deductible or copayment than for other conditions.

Section 2 - Technical amendment that imposes the required coverage in section 1 upon hospital or medical service corporations.

Section 3 - Applicability section that requires that coverage mandated under section 1 only applies to insurance policies and contracts entered into or renewed on or after the effective date of the Act.

MFF:LMB
91-304.lmb

BROOK & CANDY KRISTOVICH
P.O. Box 103383
430 W. 89th Avenue
Anchorage, Alaska 99510
(907) 344-6364

Senator Arliss Sturgelewski
Juneau, Alaska

Dear Senator:

We would like to take this opportunity to express our support for SB 313.

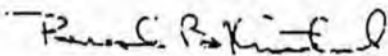
Candy and I have a daughter, Melissa, who was born April 13, 1989, with Phenylketonuria (PKU). We feel that we are one of the lucky parents to have an insurance company such as Blue Cross of Washington and Alaska, which is covering eighty percent (80%) of Melissa's medical and formula.

The Lofenalac that Melissa is required to take in order to survive costs us approximately \$250.00 a month or \$3,000.00 a year, not to mention the other foods she is able to eat in very limited quantities. Her food budget alone is just about as much as it is for the other three in our family (my wife, four year old son, and myself). Without the insurance coverage, we don't know how we would afford to eat.

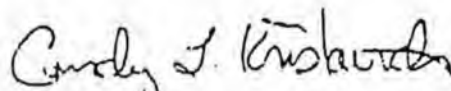
Requiring insurance companies who do business in Alaska to cover people with PKU is a must! We support any Bill that requires this type of coverage!

If we can provide any other support for SB 313, please don't hesitate to call either Candy or myself. Thank you for all your work!

Sincerely,



Brook B. Kristovich



Candy L. Kristovich

February 3, 1992

Sheree Elliott
HCO3-8100-B
Palmer, Alaska 99645

RE: Senate Bill #313 - An Act Relating to Phenylketonuria (PKU)

Senator Sturgulewski,

I am writing you in support of the bill you are introducing to the State legislature regarding insurance coverage for Phenylketonuria (PKU).

My husband, Tom, and I have a five year old daughter with PKU. When Morgan was born in Anchorage in 1986 I was employed at National Bank of Alaska. My medical insurance is with Blue Cross. When it came time to purchase formula for Morgan I had to fight with Blue Cross to cover the cost of 80%. I finally won. However, if the time comes when I choose to quit work, I will not have medical insurance. If I can not be sure that I can get an insurance company to cover the special formula Morgan must have to insure she is a normal and healthy child I will be forced to keep employment with NBA just so my husband and I have insurance coverage on our daughter.

The number of children affected by PKU in Alaska is so small that we wouldn't be talking more than pocket change for the insurance companies. Also, it should be noted that most other states have already mandated insurance companies to cover phenylketonuria if they want to do business in their state.

Your support to this bill is imperative. Please give it so that all health care policies, group and individual, will provide insurance coverage for phenylketonuria in the state of Alaska.

Sincerely,

Sheree Elliott

Sheree Elliott,
Thomas Elliott

257.3457

Mark and Pat Swank
1000 Whitney Road
Anchorage, AK 99501

February 2, 1992

Senator Arliss Sturgulewski
P.O. Box V
Juneau, AK 99811

Dear Senator Sturgulewski:

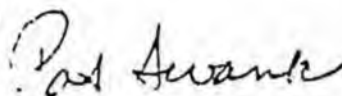
Please accept this letter as our show of support for bill #313, An Act Relating to Insurance Coverage for treatment of Phenylketonuria. We believe Alaska should join the bulk of the rest of the country in mandating insurance companies to provide health insurance coverage for people affected by this birth defect.

The Ingalls family have been friends of ours for more than ten years and we have watched them go through the horror of being told they have a handicapped child and seen the joy this child has brought to them in his "normalcy". We've also seen the fight they've had to obtain health insurance coverage for Derek and feel that no one should have to go through that battle again.

We hope your concern and efforts in presenting this bill will be rewarded.

Sincerely,


Mark Swank


Pat Swank

Haleen Ingalls
118 W. 10th Avenue
Anchorage, AK 99501

February 2, 1992

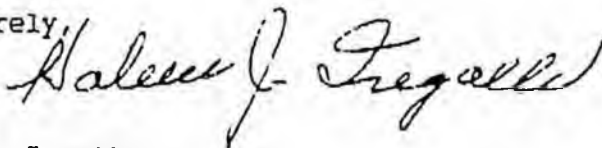
Senator Arliss Sturgulewski
P.O. Box V
Juneau, AK 99811

Dear Senator Sturgulewski:

Please accept this letter as my support for bill #313, "An Act Relating to Insurance Coverage for Phenylketonuria". Alaska's laws need to reflect most of the other states and make insurance companies offer health care coverage for the children that are affected by this birth defect.

My grandson, Derek Ingalls, has PKU and we count our blessings every day that it was caught in time and that his family is able to get the medical foods he needs to keep him sound. I have seen his family struggle with the health insurance issue and shoulder the financial burden of his extra needs and know that it's a hardship that no one should have to bear alone. It's time we made the health insurance companies assist these few families in their special needs.

Sincerely,

A handwritten signature in cursive script that reads "Haleen Ingalls". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Haleen Ingalls

Jeff and Paula Cotton
2800 Pribilof Street
Anchorage, AK 99517

February 1, 1992

Senator Arliss Sturgulewski
P.O. Box V
Juneau, AK 99811

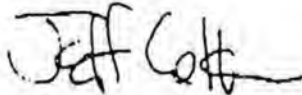
Dear Senator Sturgulreski:

We are sending this letter to you to offer our support for bill #131, An Act Relating to Insurance Coverage for treatment of Phenylketonuria, It's time the insurance companies that are doing business in this state are made to do the responsible thing and give health insurance coverage to any and all persons who have this birth defect.

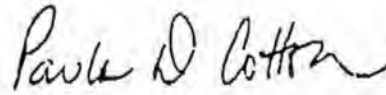
Having been neighbors of the Ingalls family since their son, Derek, was born and knowing what problems they have encountered trying to obtain health insurance for Derek, we feel it's time that our state passed this bill so that no other family has to endure what the Ingalls have had to to get insurance for their healthy "normal" son.

Your efforts in presenting this bill are greatly appreciated.

Sincerely,



Jeff Cotton



Paula Cotton

January 31, 1992

Lorell Bonnet
2801 Pribilof Street
Anchorage, AK 99517

Senator Arliss Sturgulewski
P.O. Box V
Juneau, AK 99811

Dear Senator Sturgulewski:

Please accept this letter as showing my support for bill #313
"An Act Relating to Insurance Coverage for the treatment of
Phenylketonuria".

I have been a neighbor of Derek Ingalls since before his birth
and have had the pleasure of watching him grow into a happy,
healthy, "normal" three year old. What a tragedy it would
have been or be for him to become mentally handicapped because
insurance coverage was not available to his family to help
differ the costs of his medical foods. What a tragedy that
any family should have to face this kind of problem.

Let's make the insurance companies take the burdon off the
state and parents of PKU children. It's time they were made
to take the responsible position of providing insurance cover-
age for the few children affected by this rare birth defect.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lorell Bonnet".

Lorell Bonnet

February 2, 1992

Senator Arliss Sturgulewski
P.O. Box V
Juneau, AK 99811

Dear Senator Sturgulewski:

I would like to add my name to your list of supporters for Bill #313, "An Act Relating to Insurance Coverage for Phenylketonuria". It's time the insurance companies in this state were made to take the responsible stand on this matter and not leave the full burden of keeping the children affected by this birth defect healthy on the parents or the State of Alaska.

Sincerely,

James Patras

JAMES PATRAS

19216 B MONASTERY DR.

EMBLE RIVER AK 99577

7927 Cranberry St.
Anchorage, Ak. 99502
10-5-91

OCT 03 1991

Mr. Mark Hanley
311 C St
Anchorage, Ak. 99503

Dear Mr Hanley

This letter is to ask for your support for bill #313 "An Act Relating to Insurance Coverage for the Treatment of Phenylketonuria". This bill was introduced in the spring 1991 session by Senator Sturgulewski and would require insurance companies to provide health insurance to people with Phenylketonuria, PKU, and to cover the medical foods necessary for their treatment.

Phenylketonuria is a rare birth defect that can cause severe mental retardation if the medical foods needed to control the phenylalanine level in the affected persons system are not used. It would be disastrous for a person with PKU to be denied health insurance and coverage for their medical foods. This would not only affect them and their families, but also the rest of the state by costing us millions of dollars in special education and/or institutional care for an untreated person with PKU. This would be money out of all of our pockets. To mandate insurance companies to cover the required formula and health care on their policies would only cost them three to four thousand dollars per year per PKU applicant as the medical food is the only additional expense needed for a PKU person. Certainly, this amount is not enough to even put a dent in the insurance companies coffers since only one in fifteen thousand babies born has PKU. This would be enough, though, for someone with a marginal income to take themselves out of the workforce and have the state pick up the additional expense of medical foods and welfare costs if they found themselves with a PKU child and no health insurance coverage. This, again, would be a severe draw on "our" pockets.

Most other states have already passed similar bills and I hope Alaska will take the same stand. Insurance companies need to be made to take the responsible position of providing health insurance coverage for Phenylketonuria and its required foods on both group and individual policies.

Sincerely,

Lewis N. Johnston

Lewis Johnston
7927 Cranberry St
Anch, 99502

SB316

SENATE FINANCE COMMITTEE REPORT

DATE: 2/7/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered

2d SS SB 316

"An Act making appropriations to the Department of Education for support of kindergarten, primary, and secondary education and community schools programs and for school construction debt retirement; and providing for an effective date."

DIED

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

DO PASS:

1. _____

Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

OTHER RECOMMENDATIONS:

2. _____

Co-Chair: Signature/Recommendation

CS FOR 2d SPONSOR SUBSTITUTE FOR SENATE BILL NO. 316 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 2/7/92

Referred: Finance

Funding Information:	General Fund	\$127,603,200
	Other Funds	<u>-0-</u>
		\$127,603,200

Sponsor(s): SENATOR KERTTULA

A BILL

FOR AN ACT ENTITLED

1 "An Act making an appropriation to the Department of Education for school construction
2 debt retirement; and providing for an effective date."

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

4 * Section 1. The sum of \$127,603,200 is appropriated from the general fund to the Department of
5 Education for the school construction account (AS 14.11.100(c)) for the fiscal year ending June 30, 1993.

6 * Sec. 2. This Act takes effect July 1, 1992.

2d SPONSOR SUBSTITUTE FOR SENATE BILL NO. 316

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR KERTTULA

Offered: 2/3/92
 Referred: HES, Finance
 Funding Information: General Fund \$755,923,500
 Other Funds 49,833,000
 \$705,756,500

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations to the Department of Education for support of
 2 kindergarten, primary, and secondary education and community schools programs and for
 3 school construction debt retirement; and providing for an effective date."

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

5 * Section 1. The sum of \$678,153,300 is appropriated from the general fund and from other funds
 6 in the amounts listed to the Department of Education for the purposes expressed and allocated in the
 7 amounts listed for operating expenditures for the fiscal year ending June 30, 1993:

8	FUND SOURCE	AMOUNT
9	General fund	\$621,101,900
10	General fund/mental health	7,218,400
11	Public school trust fund (AS 37.14.110)	8,309,000
12	School fund (AS 43.50.140)	2,700,000
13	P.L. 81-874	20,624,000
14	Federal receipts other than	

1	P.L. 81-874	18,200,000
2	PURPOSE	ALLOCATION AMOUNT
3	Foundation program	\$610,195,300
4	Student lunch program	18,100,000
5	Cigarette tax distribution	2,700,000
6	Tuition students	13,878,500
7	Boarding home grants	230,000
8	Youth in detention	800,000
9	Schools for the handicapped	3,077,500
10	Pupil transportation	28,572,000
11	Community schools	600,000

12 * Sec. 2. The sum of \$127,603,200 is appropriated from the general fund to the Department of
13 Education for the school construction account (AS 14.11.100(c)) for the fiscal year ending June 30, 1993.

14 * Sec. 3. This Act takes effect July 1, 1992.

SB318

SENATE FINANCE COMMITTEE REPORT

DATE: 4/15/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE BILL NO. 318

"An Act providing for the issuance of general obligation bonds in the amount of \$200,000,000 for the purpose of paying the cost of acquiring, constructing, and equipping public schools; and providing for an effective date."

DIED

and recommends:

- replace with _____ CS _____ (FINANCE)
or adopt previous _____ CS _____
 attaches amendment(s)

- same title
 new title
 technical title change (HB only)

- adopts _____ Letter of Intent
 further referral to the _____

- do pass
 do not pass
 no recommendation
 individual recommendations

NEW FISCAL NOTES: Dept/Date

- zero fiscal notes _____

 fiscal notes _____

 appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

- zero fiscal notes _____

 fiscal notes _____

DO PASS:

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

SENATE BILL NO. 318

IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR FISCHER

Introduced: 1/13/92
Referred: HES, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for the issuance of general obligation bonds in the amount of
2 \$200,000,000 for the purpose of paying the cost of acquiring, constructing, and equipping
3 public schools; and providing for an effective date."

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

5 * Section 1. For the purpose of paying the cost of acquiring, constructing, and equipping public
6 schools, general obligation bonds of the state in the principal amount of not more than \$200,000,000
7 shall be issued and sold. The full faith, credit, and resources of the state are pledged to the payment of
8 the principal of and interest and redemption premium, if any, on the bonds. The bonds shall be issued
9 under the provisions of AS 37.15 as those provisions read at the time of issuance.

10 Sec. 2. If the issuance of the bonds is authorized by the qualified voters of the state, a special fund
11 of the state to be known as the "1992 public school construction fund" shall be established, to which
12 shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the
13 accrued interest and premium.

14 * Sec. 3. Notwithstanding AS 24.08.037, the amount of \$200,000,000 is appropriated from the "1992

1 public school construction fund" to the Department of Education to be used for the purposes described
2 in sec. 1 of this Act.

3 * Sec. 4. If the issuance of the bonds is authorized by the qualified voters of the state, the amount
4 of \$700,000 or as much of that amount as is found necessary is appropriated from the general fund of
5 the state to the state bond committee to carry out the provisions of this Act and to pay expenses incident
6 to the sale and issuance of the bonds authorized in this Act. The amounts expended from the
7 appropriation authorized by this section shall be reimbursed to the general fund from the proceeds of the
8 sale of the bonds authorized by this Act.

9 * Sec. 5. The amount withdrawn from the public facility planning fund for the purpose of advance
10 planning for the improvements financed under this Act shall be reimbursed to the fund from the proceeds
11 of the sale of bonds authorized by this Act.

12 * Sec. 6. The unexpended and unobligated balance of the appropriation made in sec. 3 of this Act
13 lapses under AS 37.25.020 and is appropriated to the state bond committee to redeem bonds sold under
14 this Act. The amounts expended from the general fund to pay the principal, interest, and redemption
15 premium on bonds issued under this Act shall be reimbursed to the general fund from the appropriation
16 made under this section to the extent that the money is not needed to redeem the bonds.

17 * Sec. 7. The question whether the bonds authorized in this Act are to be issued shall be submitted
18 to the qualified voters of the state at the next general election and shall read substantially as follows:

19 PROPOSITION

20 State General Obligation Public School Construction

21 Bonds \$200,000,000

22 Shall the State of Alaska issue its general obligation bonds in the principal
23 amount of not more than \$200,000,000 for the purpose of paying the cost
24 of acquiring, constructing, and equipping public schools?

25 Bonds Yes []

26 Bonds No []

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

SB320

SENATE FINANCE COMMITTEE REPORT

DATE: 2/21/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered

SENATE BILL NO. 320

"An Act relating to occupational safety and health; and providing for an effective date."

DIED

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date

- zero fiscal notes _____
- _____
- fiscal notes _____
- _____
- appropriation**--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

- zero fiscal notes _____
- _____
- fiscal notes _____
- _____

DO PASS:

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

FISCAL NOTE

No. 1

Version: SB 320

(S) Publish Date: 2-21-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL 1

Revision Date: _____
 Title: "An Act relating to occupational safety & health..."
 Sponsor: Senators Collins & Pearce
 Requestor: Senate Labor & Commerce

Department Affected: Labor
 BRU: Workers' Compensation & LS&S
 Component: Workers' Compensation & Occupational Safety & Health
 COMPONENT SERIAL NO. 344 & 970

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

Changes in CSB 320 (RC) have no fiscal impact. This fiscal note is appropriate.

2-20-92
date

AW
Compte Aide(initial)

Prepared by: Arbe Williams, Special Assistant

Phone: 465-2700

Division: Commissioner's Office

Date: 1/30/92

Approved by Commissioner: John Abshire, Acting Commissioner

Agency: Department of Labor

Date: 1/30/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE

No. 2
Version: SB 320
(S) Publish Date: 2-21-92

Revision Date: _____
Title: An Act relating to occupational safety and health
Sponsor: Collins, Pearce
Requestor: Labor and Commerce

Department Affected: Administration
BRU: Division of Risk Management
Component: Risk Management

COMPONENT SERIAL NO.

0	0	7	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	190.2	190.2	190.2	190.2	190.2	190.2
TRAVEL	75.0	75.0	75.0	75.0	75.0	75.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	4.8	4.8	4.8	4.8	4.8	4.8
EQUIPMENT	5.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	275.0	275.0	275.0	275.0	275.0	275.0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	275.0	275.0	275.0	275.0	275.0	275.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	275.0	275.0	275.0	275.0	275.0	275.0

POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) SB 320 would require Risk Management to contract and develop or implement training programs, provide inspection services, investigate accidents and provide required record keeping. We estimate a minimum of three professionally qualified safety personnel with travel. This would service only those agencies not presently involved in special hazards.

Changes in CSSB 320 (LC) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

Prepared by: Donald J. Hitchcock
Division: Risk Management

2-20-92 date BW Comte Aide (initial) 1-31-92

Approved by Commissioner: Nancy Bear Usura
Agency: Administration

Date: 2/23/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Position Title Risk Management Officer III		No. of Positions 3	Range / Step 19A	Barg. Unit GGU
Time Status PFT	Staff Months 36	Location Juneau		Election District 4
TYPE OF EXPENDITURE		AMOUNT		
Salary		136.8		
Benefits		53.4		
Premium Pay				
Other				
Total Personal Services		190.2		
Travel		75.0		
Contractual				
Commodities		4.8		
Equipment		5.0		
Other				
Total Cost		275.0		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	275.0		
I-A Receipts	1007			
CIP Receipts	1061			
Other				
Justification				
<p>SB 320 would require at least three safety professionals to develop and implement safety training programs, provide scheduled inspection services, investigate employee accidents and provide record keeping requirements or guidance. The safety officers would be in transit most of the time to the many remote areas as well as the populated areas of the state. Average 2-3 thousand dollars per month travel expenses should not be unusual.</p> <p>Necessary equipment, supplies and software requirements are also estimated.</p>				

2/LEG92/3401a.kp

Request For New Position

AGENCY ADMINISTRATION

BRU RISK MANAGEMENT

COMPONENT RISK MANAGEMENT

FY 93

Page 2 of 2
Revised Date: _____

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB320

Revision Date:
Title:

Department Affected: UNIVERSITY OF ALASKA
BRU: Statewide Programs
Component: Statewide Services

Sponsor:
Requestor:

Component Serial No: 730

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	50.4	52.0	54.0	56.0	58.0	60.0
TRAVEL	10.0	10.5	11.0	11.5	12.0	12.5
CONTRACTUAL	3.0	3.2	3.4	3.6	3.8	4.0
SUPPLIES	2.0	2.1	2.2	2.3	2.4	2.5
EQUIPMENT	5.0	-0-	-0-	5.0	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	70.4	67.8	70.6	78.4	76.2	79.0

CAPITAL						
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REVENUE F-D SOURCE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	70.4	67.8	70.6	70.6	76.2	79.0
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL	70.4	67.8	70.6	70.6	76.2	79.0

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS (Attach additional pages as necessary) This increment will fund one (1) position to implement SB320. The person will develop, implement, and monitor the injury prevention program required by SB320. The position will require travel to all locations of the university to implement the employee training and employee safety committee requirements of this bill.

Prepared by: Marsha Hubbard, Director
Division: Statewide Budget Office

Phone: 474-7693
Date: 3/5/92

Approved by: Brian Rogers, Vice President for Finance
Agency: University of Alaska

Date: 3/5/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies)

CS FOR SENATE BILL NO. 320 (L&C)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 2/21/92
 Referred: Finance

Sponsor(s): SENATORS COLLINS, Pearce

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to occupational safety and health; and providing for an effective date."

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

3 * Section 1. AS 18.60 is amended by adding new sections to read:

4 Sec. 18.60.042. INJURY PREVENTION PROGRAM. (a) An employer covered by this
 5 section shall establish a written injury prevention program. The program must include:

6 (1) identification of the individual or individuals responsible for implementing the
 7 program;

8 (2) the employer's system for identifying and evaluating workplace hazards; the
 9 system must include scheduled, periodic inspections to identify unsafe conditions and work
 10 practices;

11 (3) the employer's methods and procedures for correcting unsafe or unhealthy
 12 conditions and work practices in a timely manner;

13 (4) an occupational health and safety training program designed to instruct
 14 employees in general safe and healthy work practices and to provide specific instruction with

1 respect to hazards specific to each employee's job assignment;

2 (5) the employer's system for communicating with employees on occupational
3 health and safety matters, including provisions to encourage employees to inform the employer
4 of hazards at the worksite without fear of reprisal;

5 (6) the employer's system for ensuring that employees comply with safe and
6 healthy work practices; the system may include disciplinary action.

7 (b) An employer shall correct unsafe and unhealthy conditions and work practices within
8 a reasonable time given the severity of the hazard.

9 (c) An employer shall provide training in injury prevention to

10 (1) all employees when the training program is first established;

11 (2) each new employee immediately after the employee is hired;

12 (3) each employee given a new job assignment; and

13 (4) all employees whenever new substances, processes, procedures, or equipment
14 are introduced to the workplace and represent a new hazard and whenever the employer receives
15 notification of a new or previously unrecognized hazard.

16 (d) The employer shall implement and maintain the employer's injury prevention program
17 and keep appropriate records of steps taken to do so.

18 (e) The department shall adopt, by regulation, a standard setting out the employer's duties
19 under this section. In adopting the standard, the department shall include substantial compliance
20 criteria for use in evaluating an employer's injury prevention program. The department may
21 adopt less stringent criteria for employers with fewer employees and for employers in industries
22 with insignificant occupational safety or health hazards.

23 (f) The standard adopted under (e) of this section must specifically permit an employer
24 covered by this section to establish an employer-employee occupational safety and health
25 committee as part of the employer's injury prevention program. The department shall establish
26 criteria for use of these committees. The criteria must include minimum powers and duties and
27 mus'

28 (1) require the committee to review the employer's

29 (A) periodic, scheduled worksite inspections;

30 (B) investigations of causes of incidents resulting in injury, illness, or
31 exposure to hazardous substances; and

1 (C) investigations of an alleged hazardous condition brought to the
2 attention of a committee member;

3 (2) permit the committee to conduct its own inspections and investigations when
4 determined necessary by the committee;

5 (3) require the committee, when requested by the department, to verify abatement
6 action taken by the employer as specified in citations issued by the department.

7 (g) If an employer has established an occupational safety and health committee that meets
8 the criteria established by the department under this section, the employer shall be rebuttably
9 presumed to be in substantial compliance with the requirement to maintain a system of
10 communication with employees under (a)(5) of this section.

11 (h) The department shall adopt regulations specifying the procedures for selecting
12 employee representatives for employer-employee occupational health and safety committees when
13 these procedures are not specified in an applicable collective bargaining agreement. An employee
14 or employee organization may not be held liable for an act or omission in connection with a
15 health and safety committee established under this section.

16 (i) An employer exempt under (j)(3) of this section from the requirements of (a) - (h) of
17 this section shall establish and maintain an effective program of communicating with employees
18 on occupational health and safety matters, including provisions to encourage employees to inform
19 the employer of hazards at the worksite without fear of reprisal.

20 (j) This section does not apply to

21 (1) an employer regulated by 30 U.S.C. 801 - 962, as amended (federal Mine
22 Safety and Health Act;

23 (2) an employer regulated by a state or federal agency that prescribes or enforces,
24 under authority other than this section, standards or regulations affecting occupational health and
25 safety;

26 (3) an employer with fewer than seven employees; however, the employer shall
27 comply with (i) of this section.

28 Sec. 18.60.043. LIST OF HIGH HAZARD INDUSTRIES; REGIONAL
29 ENFORCEMENT PLANS. (a) The commissioner shall establish a list of the 100 highest hazard
30 industries in the state. To assess safety hazards and health hazards, the commissioner shall use
31 data from the Bureau of Labor Statistics annual survey of occupational safety and health injuries

1 and illness, Alaska Workers' Compensation Board, and the division of labor standards and safety,
2 and all other appropriate information available for determining which industries to include on the
3 list because of safety hazards, health hazards, or both. The commissioner shall review the list
4 every year.

5 (b) The department shall establish and maintain regional plans for allocating the
6 department's resources for enforcement activities. In scheduling safety inspections and health
7 inspections covered by the plan, as well as other inspections that the department determines are
8 appropriate to the region, including the cleanup of hazardous waste sites, each regional plan must
9 focus on industries selected from the commissioner's list of high hazard industries established
10 under (a) of this section. The sizes of businesses with the greatest degree of hazards within an
11 industry selected for inspection in the regional plan must be a major criterion in scheduling
12 specific inspections under the plan.

13 (c) In order to maximize the effect of the regional plans, the department shall coordinate
14 its education, training, and consulting services with the priorities established in the regional plans.

15 Sec. 18.60.044. INSPECTIONS. (a) Each inspection conducted by the department shall,
16 if applicable, include an evaluation of the employer's injury prevention program under
17 AS 18.60.042. The department shall evaluate injury prevention programs using the criteria for
18 substantial compliance determined by the department. The evaluation shall include interviews
19 with a sample of employees and the members of any employer-employee occupational safety and
20 health committee. Before an inspection is concluded, the department shall notify the employer
21 of the services available from the department to assist the employer to establish, maintain,
22 improve, and evaluate the employer's injury prevention program.

23 (b) Inspections must also include an evaluation of the condition or conditions

24 (1) alleged in the complaint if the inspection is conducted under AS 18.60.088;
25 (2) related to the asbestos health hazard abatement program under AS 18.31;
26 (3) related to significant safety or health hazards in the industries identified in the
27 regional plans developed under AS 18.60.043; and

28 (4) involved in abatement of previous violations if the employer has been
29 inspected and cited for related or the same violations in the past;

30 (c) The scope of an inspection may be expanded beyond the evaluations specified in (a)
31 and (b) of this section whenever, in the opinion of the department, a more complete inspection

1 is warranted.

2 * Sec. 2. AS 18.60.030 is amended by adding a new paragraph to read:

3 (15) offer a full range of occupational safety and health consulting services to
4 employers including, for employers covered by AS 18.60.042, assisting in the development of
5 injury prevention programs for employees and employers; the department shall give the highest
6 priority for the consulting services to the development of programs for businesses with fewer than
7 50 employees in industries identified in the plans developed under AS 18.60.043; consulting
8 services may also include providing employers or employees with information, advice, and
9 recommendations on maintaining safe employment or a safe place of employment and on
10 applicable occupational safety and health standards, techniques, devices, methods, practices, or
11 programs.

12 * Sec. 3. AS 18.60.089(a) is amended to read:

13 (a) A person may not discharge or discriminate against an employee because the
14 employee has

15 (1) filed a complaint or instituted or caused to be instituted a proceeding related
16 to the enforcement of occupational safety and health standards;

17 (2) [, OR HAS] testified or is expected to testify in a proceeding relating to
18 occupational safety and health;

19 (3) [OR BECAUSE AN EMPLOYEE HAS] exercised personally or on behalf of
20 others a right afforded under AS 18.60.010 - 18.60.105; or

21 (4) participated in an occupational health and safety committee established
22 under AS 18.60.042.

23 * Sec. 4. AS 18.60.095 is amended by adding a new subsection to read:

24 (i) Notwithstanding (h) of this section, if serious injury, illness, exposure, or death is
25 caused by a serious, wilful or repeated violation, or by a failure to correct a serious violation
26 within the time permitted for its correction, the penalty may not be reduced for a reason other
27 than the size of the business of the employer being charged. Whenever the department issues
28 a citation for a violation covered by this subsection, it shall notify the employer of its
29 determination that serious injury, illness, exposure, or death was caused by the violation and
30 shall, upon request, provide the employer with a copy of the inspection report.

31 * Sec. 5. AS 23.30.090 is amended by adding a new subsection to read:

1 (b) The board may, after a hearing, revoke an employer's certificate of self-insurance if
2 the board finds that

3 (1) the employer has been cited for a wilful violation or for repeated, serious
4 violations of the standard adopted under AS 18.60.042; and

5 (2) the citation has become final.

SENATE BILL NO. 320

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATORS COLLINS, Pearce

Introduced: 1/13/92

Referred: L&C, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to occupational safety and health; and providing for an effective date."

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

3 * Section 1. AS 18.60 is amended by adding new sections to read:

4 Sec. 18.60.042. INJURY PREVENTION PROGRAM. (a) An employer shall establish
5 a written injury prevention program. The program must include

6 (1) identification of the individual or individuals responsible for implementing the
7 program;

8 (2) the employer's system for identifying and evaluating workplace hazards; the
9 system must include scheduled, periodic inspections to identify unsafe conditions and work
10 practices;

11 (3) the employer's methods and procedures for correcting unsafe or unhealthy
12 conditions and work practices in a timely manner;

13 (4) an occupational health and safety training program designed to instruct
14 employees in general safe and healthy work practices and to provide specific instruction with

1 respect to hazards specific to each employee's job assignment;

2 (5) the employer's system for communicating with employees on occupational
3 health and safety matters, including provisions to encourage employees to inform the employer
4 of hazards at the worksite without fear of reprisal;

5 (6) the employer's system for ensuring that employees comply with safe and
6 healthy work practices; the system may include disciplinary action.

7 (b) An employer shall correct unsafe and unhealthy conditions and work practices within
8 a reasonable time given the severity of the hazard.

9 (c) An employer shall provide training in injury prevention to

10 (1) all employees when the training program is first established;

11 (2) each new employee immediately after the employee is hired;

12 (3) each employee given a new job assignment; and

13 (4) all employees whenever new substances, processes, procedures, or equipment
14 are introduced to the workplace and represent a new hazard and whenever the employer receives
15 notification of a new or previously unrecognized hazard.

16 (d) The employer shall implement and maintain the employer's injury prevention program
17 and keep appropriate records of steps taken to do so.

18 (e) The department shall adopt, by regulation, a standard setting out the employer's duties
19 under this section. In adopting the standard, the department shall include substantial compliance
20 criteria for use in evaluating an employer's injury prevention program. The department may
21 adopt less stringent criteria for employers with fewer employees and for employers in industries
22 with insignificant occupational safety or health hazards.

23 (f) The standard adopted under (e) of this section must specifically permit an employer
24 to establish an employer-employee occupational safety and health committee as part of the
25 employer's injury prevention program. The department shall establish criteria for use of these
26 committees. The criteria must include minimum powers and duties and must

27 (1) require the committee to review the employer's

28 (A) periodic, scheduled worksite inspections;

29 (B) investigations of causes of incidents resulting in injury, illness, or
30 exposure to hazardous substances; and

31 (C) investigations of an alleged hazardous condition brought to the

1 attention of a committee member;

2 (2) permit the committee to conduct its own inspections and investigations when
3 determined necessary by the committee;

4 (3) require the committee, when requested by the department, to verify abatement
5 action taken by the employer as specified in citations issued by the department.

6 (g) If an employer has established an occupational safety and health committee that meets
7 the criteria established by the department under this section, the employer shall be rebuttably
8 presumed to be in substantial compliance with the requirement to maintain a system of
9 communication with employees under (a)(5) of this section.

10 (h) The department shall adopt regulations specifying the procedures for selecting
11 employee representatives for employer-employee occupational health and safety committees when
12 these procedures are not specified in an applicable collective bargaining agreement. An employee
13 or employee organization may not be held liable for an act or omission in connection with a
14 health and safety committee established under this section.

15 Sec. 18.60.043. LIST OF HIGH HAZARD INDUSTRIES; REGIONAL
16 ENFORCEMENT PLANS. (a) The commissioner shall establish a list of the 100 highest hazard
17 industries in the state. To assess safety hazards and health hazards, the commissioner shall use
18 data from the Alaska Workers' Compensation Board, the division of labor standards and safety,
19 the OSHA Review Board, and all other appropriate information available for determining which
20 industries to include on the list because of safety hazards, health hazards, or both. The
21 commissioner shall review the list every two years.

22 (b) The department shall establish and maintain regional plans for allocating the
23 department's resources for enforcement activities. In scheduling safety inspections and health
24 inspections covered by the plan, as well as other inspections that the department determines are
25 appropriate to the region, including the cleanup of hazardous waste sites, each regional plan must
26 focus on industries selected from the commissioner's list of high hazard industries established
27 under (a) of this section. The sizes of businesses with the greatest degree of hazards within an
28 industry selected for inspection in the regional plan must be a major criterion in scheduling
29 specific inspections under the plan.

30 (c) In order to maximize the effect of the regional plans, the department shall coordinate
31 its education, training, and consulting services with the priorities established in the regional plans.

1 Sec. 18.60.044. INSPECTIONS. (a) Each inspection conducted by the department shall
2 include an evaluation of the employer's injury prevention program under AS 18.60.042. The
3 department shall evaluate injury prevention programs using the criteria for substantial compliance
4 determined by the department. The evaluation shall include interviews with a sample of
5 employees and the members of any employer-employee occupational safety and health committee.
6 Before an inspection is concluded, the department shall notify the employer of the services
7 available from the department to assist the employer to establish, maintain, improve, and evaluate
8 the employer's injury prevention program.

9 (b) Inspections must also include an evaluation of the condition or conditions

10 (1) alleged in the complaint if the inspection is conducted under AS 18.60.088;

11 (2) related to the asbestos health hazard abatement program under AS 18.31;

12 (3) related to significant safety or health hazards in the industries identified in the
13 regional plans developed under AS 18.60.043; and

14 (4) involved in abatement of previous violations if the employer has been
15 inspected and cited for related or the same violations in the past;

16 (c) The scope of an inspection may be expanded beyond the evaluations specified in (a)
17 and (b) of this section whenever, in the opinion of the department, a more complete inspection
18 is warranted.

19 * Sec. 2. AS 18.60.030 is amended by adding a new paragraph to read:

20 (15) offer a full range of occupational safety and health consulting services to
21 employers including assisting in the development of injury prevention programs for employees
22 and employers; the department shall give the highest priority for the consulting services to the
23 development of programs for businesses with fewer than 250 employees in industries identified
24 in the plans developed under AS 18.60.043; consulting services may also include providing
25 employers or employees with information, advice, and recommendations on maintaining safe
26 employment or a safe place of employment and on applicable occupational safety and health
27 standards, techniques, devices, methods, practices, or programs.

28 * Sec. 3. AS 18.60.089(a) is amended to read:

29 (a) A person may not discharge or discriminate against an employee because the
30 employee has

31 (1) filed a complaint or instituted or caused to be instituted a proceeding related

1 to the enforcement of occupational safety and health standards;

2 (2) [, OR HAS] testified or is expected to testify in a proceeding relating to
3 occupational safety and health;

4 (3) [OR BECAUSE AN EMPLOYEE HAS] exercised personally or on behalf of
5 others a right afforded under AS 18.60.010 - 18.60.105; or

6 (4) participated in an occupational health and safety committee established
7 under AS 18.60.042.

8 * Sec. 4. AS 18.60.095 is amended by adding a new subsection to read:

9 (i) Notwithstanding (h) of this section, if serious injury, illness, exposure, or death is
10 caused by a serious, wilful, or repeated violation, or by a failure to correct a serious violation
11 within the time permitted for its correction, the penalty may not be reduced for a reason other
12 than the size of the business of the employer being charged. Whenever the department issues
13 a citation for a violation covered by this subsection, it shall notify the employer of its
14 determination that serious injury, illness, exposure, or death was caused by the violation and
15 shall, upon request, provide the employer with a copy of the inspection report.

16 * Sec. 5. AS 23.30.090 is amended by adding a new subsection to read:

17 (b) The board may, after a hearing, revoke an employer's certificate of self-insurance if
18 the board finds that

19 (1) the employer has been cited for a wilful violation or for repeated, serious
20 violations of the standard adopted under AS 18.60.042; and

21 (2) the citation has become final.

Bill No: Senate Bill No. 320

Date: January 30, 1992

Title: "An Act relating to occupational safety and health; and providing for an effective date."

Contact: Arbe Williams
465-2700

Senate Bill 320 will require employers to establish a written injury prevention program that will include the employer's system for identifying, evaluating, and correcting workplace hazards. The written injury prevention program will also include a training program for all employees on hazards in the workplace to ensure that all employees are informed about occupational safety and health matters. The bill will encourage employers to establish an employer-employee occupational safety and health committee as part of the injury prevention program.

Senate Bill 320 requires the Department of Labor to adopt regulations regarding the employer's responsibility for establishing, implementing, and monitoring the written injury prevention program. The bill also requires the department to: establish and maintain regional plans for scheduling occupational safety and health inspections; include an evaluation of the employer's injury prevention program in the occupational safety and health inspections; offer a full range of occupational safety and health services to include assistance in the development of injury prevention programs; and give an inspection/consultation priority to businesses with fewer than 25 employees in high hazard industries.

Senate Bill 320 provides protection against discharge or discrimination of employees who participate in an occupational safety and health committee; provides that penalties for serious, willful, or repeat violations that cause serious injury, illness, exposure, or death will not be reduced for a reason other than size of the business of the employer being charged; and allows revocation of an employer's certificate of self-insurance for a willful violation or for repeated, serious violations of the provisions of the bill.

Senate Bill 320 sets out in statute many of the provisions already required by administrative regulations or written departmental administrative policy. The General Safety Code, 01.0105, requires that

POSITION PAPER/Department of Labor

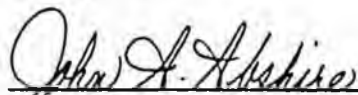
every employer start and maintain an accident prevention program and requires that employers make inspections of their worksites to identify and correct work-related hazards. The code does not require that the injury prevention program be written.

The Department also requires, by administrative policy, that its inspectors evaluate the employer's occupational safety and health program at all worksites inspected. Model written safety programs are available which can be distributed to employers. Employers can use such model safety programs to develop a written injury prevention program that is appropriate to their workplace.

The Department compiles injury and illness related data from workers' compensation files and the annual survey of occupational injury and illness to develop a list of high-hazard industries in the state. This data is used to schedule both its compliance inspections and its outreach program for its consultative and training services. Also, by agreement with the federal Occupational Safety and Health Administration, the department gives small businesses with fewer than 50 employees priority for its consultative and training resources.

In FY '91 the Department's Labor Standards and Safety Division's Consultation and Training Section conducted 258 inspections. Providing assistance to employers in developing a written program and including evaluation of the program during inspections would not impact the Department. An increase in willful, serious, or repeat violations that would impact the Department's Workers' Compensation Division is also not anticipated.

APPROVED:



John A. Abshire, Acting Commissioner
Department of Labor

SB 323

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 29, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/5/92

The FINANCE Committee considered:

CSSSSB 323(FIN)

CS FOR SS FOR SEN. BILL NO. 323(FIN)

SUBSTANCE ABUSE BY LICENSED PERSONS; FEES

"An Act relating to substance abuse by certain persons who are licensed under state law; and relating to occupational licensing fees."

RECOMMENDATIONS:

be replaced with HCS CSSSSB 323(LTC) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) DCEED 3/13/92

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Mike Navarre</u> Navarre	<input checked="" type="checkbox"/>				
<u>Monika Boyer</u> Boyer	<input checked="" type="checkbox"/>				
<u>Fay Brown</u> Brown	<input checked="" type="checkbox"/>				
<u>W. Kopone</u> Kopone	<input checked="" type="checkbox"/>				
<u>Diana Farmer</u> Farmer	<input checked="" type="checkbox"/>				
<u>ROD E. PHILLIPS</u> Phillips	<input checked="" type="checkbox"/>				
<u>Ronald J. Larson</u> Larson	<input checked="" type="checkbox"/>				
<u>William W. Wimer</u> Wimer	<input checked="" type="checkbox"/>				
<u>Ken Sharp</u> Sharp	<input checked="" type="checkbox"/>				

Mike Navarre
CHAIRMAN'S SIGNATURE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO. HCS CSSSSB 323(L&C)

Revision Date: _____ Department Affected: Commerce & Economic Development
 Title: An Act relating to substance abuse by certain BRU: Occupational Licensing
persons who are licensed under state law;... Component: Administration
 Sponsor: Sen. Sturgulewaki and Pearce
 Requestor: House Finance COMPONENT SERIAL NO.

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)
 The bill will allow the department to contract with public and private organizations at the request of any of the ten health care boards listed in the bill, to provide assistance and treatment to licensees who abuse alcohol, other drugs, or other substances. (Continued on attached)

Prepared By: Jennifer Strickler Phone: 465-2144
 Division: Occupational Licensing Date: 05/01/92
 Approved by Commissioner: Glenn A. Olds
 Agency: Commerce & Economic Development Date: 5-1-92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. HCS CSSSSB 323(L&C)

Because of the permissive language used in the bill which provide that the department "may" contract with an organization at the request of the board, new funding will not be necessary to implement the bill at the onset. Currently, the division is aware of only one licensing board committed to a substance abuse type program. As additional licensing boards become involved with similar programs, the department may require additional staff support at that time to coordinate activities between the division and the substance abuse programs.

When additional staff support becomes necessary, licensees may be asked to cover costs associated with the program through an increase in fees.

The bill also makes amendment to the departments statutory authority for setting of fees by regulations. New funds are not required to implement the bill.

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 323 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/29/92

Referred: Finance

Sponsor(s): SENATORS STURGULEWSKI, Pearce

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to substance abuse by certain persons who are licensed under state law;
 2 and relating to occupational licensing fees."

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

4 * Section 1. AS 08.01.050 is amended by adding a new subsection to read:

5 (d) At the request of one of the following boards, the department may contract with
 6 public agencies and private professional organizations to provide assistance and treatment to
 7 persons licensed by the board who abuse alcohol, other drugs, or other substances:

- 8 (1) Board of Clinical Social Work Examiners;
 9 (2) Board of Dental Examiners;
 10 (3) Board of Dispensing Opticians;
 11 (4) State Medical Board;
 12 (5) Board of Nursing;
 13 (6) Board of Examiners in Optometry;
 14 (7) Board of Pharmacy,

- 1 (8) State Physical Therapy and Occupational Therapy Board;
- 2 (9) Board of Psychologist and Psychological Associate Examiners; and
- 3 (10) Board of Veterinary Examiners.

4 * Sec. 2. AS 08.01.065(c) is repealed and reenacted to read:

5 (c) The department shall establish fee levels under (a) of this section so that the total
6 amount of fees collected for an occupation approximately equals the actual regulatory costs for
7 the occupation. The department shall annually review each fee level to determine whether the
8 regulatory costs of each occupation are approximately equal to fee collections related to that
9 occupation. If the review indicates that an occupation's fee collections and regulatory costs are
10 not approximately equal, the department shall calculate fee adjustments and adopt regulations
11 under (a) of this section to implement the adjustments. In January of each year, the department
12 shall report on all fee levels and revisions for the previous year under this subsection to the office
13 of management and budget. If a board regulates an occupation covered by this chapter, the
14 department shall consider the board's recommendations concerning the occupation's fee levels
15 and regulatory costs before revising fee schedules to comply with this subsection. In this
16 subsection, "regulatory costs" means costs of the department that are attributable to regulation
17 of an occupation plus

18 (1) all expenses of the board that regulates the occupation if the board regulates
19 only one occupation;

20 (2) the expenses of a board that are attributable to the occupation if the board
21 regulates more than one occupation.

22 * Sec. 3. AS 08.02.020 is amended to read:

23 Sec. 08.02.020. LIMITATION OF LIABILITY. An action may not be brought against
24 a person for damages resulting from

25 (1) the person's good faith performance of a duty, function, or activity required
26 as

27 (A) a member of, or witness before, a licensing board or peer review
28 committee established to review a licensing matter;

29 (B) a member of a committee appointed under AS 08.64.336(c);

30 (C) a contractor or agent of a contractor under AS 08.01.050(d) or
31 AS 08.64.101(6); [OR]

1 (2) a recommendation or action in accordance with the prescribed duties of a
2 licensing board, peer review committee established to review a licensing matter, committee
3 appointed under AS 08.64.336(c), or contractor or agent of a contractor under AS 08.01.050(d)
4 or AS 08.64.101(6) when the person acts in the reasonable belief that the action or
5 recommendation is warranted by facts known to the person, board, peer review committee,
6 committee appointed under AS 08.64.336(c), or contractor or agent of the contractor under
7 AS 08.01.050(d) or AS 08.64.101(6) after reasonable efforts to ascertain the facts upon which
8 the action or recommendation is made; or

9 (3) a report made in good faith to a public agency by the person, or
10 participation by the person in an investigation by a public agency or a judicial or
11 administrative proceeding relating to the report, if the report relates to the abuse of alcohol,
12 other drugs, or other substances by a person licensed by a board listed in AS 08.01.050(d).

13 * Sec. 4. AS 08.01.065(b) is repealed.

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI



Senate

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ANCHORAGE, ALASKA 99503
(907) 561-7615

While in Juneau
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JUNEAU, ALASKA 99801-1182
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Sponsor Statement for SB 323

Several health care practitioners' groups have recognized the problem of health care practitioners who have become professionally impaired as a result of chemical dependency. These groups wish to find a solution that does not result in loss of licensure. Currently, if a chemically impaired practitioner voluntarily comes forward, or is reported to his or her licensing board, disciplinary action is taken.

Senate Bill 323 amends existing law to allow the Department of Commerce and Economic Development to contract with public agencies and private professional organizations to provide education, recommend treatment, and monitor recovery for certain persons licensed as medical practitioners who abuse alcohol, other drugs, or other substances.

Often a medical professional is hesitant to come forward to seek treatment for substance abuse because he or she is afraid of a possible license revocation. This legislation would provide a formal means by which intervention and monitoring can be done to meet the standards required by the licensing boards.

As this legislation progressed we became aware of a difference between the cost to the Department for regulating occupational licensing boards and the amount of funding received from licensing fees. This difference results in a shortfall in excess of \$300,000. The bill was amended to direct the Department of Commerce and Economic Development to review fee levels for occupational boards and to adopt fee levels that approximately equal the cost to the Department for regulating those boards.

SECTIONAL ANALYSIS
SENATE BILL 323

SECTION 1:

Authorizes the Department of Commerce and Economic Development to contract with public agencies and private professional organizations to provide assistance and treatment to persons licensed by the board who abuse alcohol, other drugs, or other substances.

The contracting would be at the request of one of the following boards:

- (1) Board of Clinical Social Work Examiners;
- (2) Board of Dental Examiners;
- (3) Board of Dispensing Opticians;
- (4) State Medical Board;
- (5) Board of Nursing;
- (6) Board of Examiners in Optometry;
- (7) Board of Pharmacy;
- (8) State Physical Therapy and Occupational Therapy Board;
- (9) Board of Psychologist and Psychological Associate Examiners; and
- (10) Board of Veterinary Examiners.

SECTION 2: (Applies to all boards addressed in AS 08.01.010)

Directs the Department to establish fee levels for occupations which approximately equal the actual cost to the Department for that occupation. Calls for the department to annually review fee levels. If the fee levels are not equal to the actual costs to the Department the Department shall calculate fee adjustments and adopt regulations to implement the adjustments. Recommendations of the effected Board will be considered prior to the increase in fee levels.

SECTION 3:

Releases from any liability those individuals who are involved in reporting, investigating, or hearing a complaint when that complaint relates to the abuse of alcohol, other drugs, or other substances by a licensed individual.

SECTION 4:

Repeals AS 08.01.065(b). Allows the Department to implement fee increases without direct approval of the effected board.

SSSB 323 (L&C):

"An Act relating to substance abuse by certain persons who are licensed under state law."

This bill contains provisions encouraging early intervention and a nondisciplinary approach for handling licensed health care providers who abuse addictive substances. In addition, the bill provides immunity and indemnity for persons who act in good faith in reporting suspected abuse or who assist the board in intervention, peer review, and other activities deemed necessary to rehabilitate or discipline an impaired practitioner.

Section 1 of the bill adds a new subsection which allows specific health care licensing boards to request the department to contract with a professional association or public agency to provide assistance and treatment to persons who abuse addictive substances. The State Medical Board currently has this provision in 08.64.101 (6), and has had an agreement with the Alaska State Medical Association and its Impaired Physician's Committee since June, 1988. Thus far, it has demonstrated effectiveness.

Denial of the disease and threat of licensing discipline prevent many impaired professionals from entering treatment, thus, putting the public at risk for a greater period of time. Co-workers might be more willing to report someone they thought was abusing if the result were treatment, not punishment. With this legislation, the department could enter into contracts which reflect individual board concerns and philosophies. The contracts would include provisions for identifying, confronting, assisting into treatment, and the monitoring of recovery activities of health care professionals in substance abuse recovery.

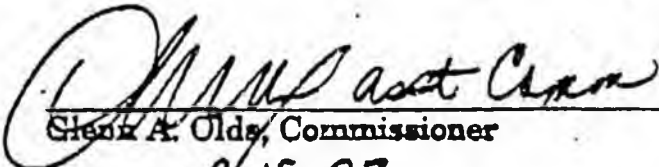
The department's Division of Occupational Licensing currently has staff members who have responsibilities in the area of investigation, education, and monitoring of professionals in recovery who have entered into disciplinary probation agreements with the boards. This problem is growing rapidly nationally and we have no reason to believe Alaska will not have a like increase in impaired practitioners. Having the ability to contract as provided in this bill might ease a strain on staff resources that we are beginning to feel.

Section 2 of the bill extends the limitation of liability protections currently in place for persons assisting the medical board to those other professionals assisting the other health care licensing boards in carrying out their duties. There is considerable fear about litigation or other retaliation for reporting a fellow practitioner. Reports made in good faith should be protected. Failure to provide this protection would preclude members of the professions from participating in the intervention and monitoring committees.

POSITION PAPER
SSSB 323 (L&C)
Page 2

The boards will continue to maintain the ability to discipline the chemically addicted professionals who fail to comply with terms of the optional program of treatment and monitoring among those licensed to practice. The department, not the individual boards, will be entering into the contract with the association or private care provider. The bill is permissive, not mandatory. For these reasons, the department is comfortable with the bill as written.

The department supports passage of SSSB 323 (L&C).



Glenn A. Olds, Commissioner
Date: 2.18.92