

ALASKA LEGISLATURE

1664

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

FEB 22 1996

Washington, D.C. 20201

AI-15-1-5-AK

Peter Gamache
 Director, Medicaid Fraud Control Unit
 Department of Law
 1031 West 4th Avenue, Suite 200
 Anchorage, Alaska 99501-1994

RECEIVED

FEB 26 1996

Department of Law
 Medicaid Provider Fraud

Dear Mr. Gamache:

As part of the annual recertification process, we have reviewed documentation submitted by your office, including the Unit Annual Report, quarterly statistical reports, and the Unit response to our questionnaire. Also reviewed were responses to questionnaires submitted to the Office of Inspector General, San Francisco Field Office, and the Alaska Department of Health and Social Services.

The information provided reflects that the Unit's activities have been directed towards fraud against the Medicaid program. This fulfills the statutory requirements of sections 1903 (a) (6); 1903 (b) (3); and 1903 (1) of the Social Security Act, as amended by the Medicare/Medicaid Anti-fraud and Abuse Amendments (P. L. 94-142) and section 3367 of the Omnibus Budget Reconciliation Act of 1980, P. L. 96-499.

The Alaska Unit is certified as meeting the Federal requirements applicable to the operation of a State Medicaid Fraud Control Unit (42 CFR, Subpart C). Regarding State funding for the Unit, we again maintain that we do not consider the dependence by the Unit on self-generated funding for the required State match as conducive to the proper and professional role of a Federal law enforcement grantee. The State should appropriate adequate matching funds to ensure an effective and efficient Unit.

This certification covers a period of 1-year ending December 31, 1996. For Federal financial participation to continue after that date, application for recertification, including a budget request and annual report, must be made to the State Medicaid Oversight and Policy Staff no later than November 1, 1995.

If you have any questions concerning this certification, please contact John Wright at (202) 619-3557.

Sincerely yours,

Paul F. Conroy
 Assistant Inspector General for
 Investigations Policy and Oversight

MEMORANDUM

State of Alaska

Department of Administration
Division of Administrative Services

To: Jeff Hoover
Division of Budget Review

Date: February 21, 1997


From: Sharon Barton
Director

Phone: 465-5655

Subject: *Stale Dated*
Warrants

Please find attached the second request for the stale dated warrants supplemental appropriation. This second request totals \$15,845.65. The first request amounted to \$17,541.69 for a two request total of \$33,387.34.

If you have questions or need additional information, please contact Eric at 465-5654.

cc Mark Boyer
Alison Elgee
Don Wanie
Eric Swanson

MEMORANDUM

STATE OF ALASKA

Department of Administration

To: Sharon Barton
Director
Division of Admin Services
Department of Administration

Date: February 20, 1997

File No: SDWRT96X.WP6

Phone: 465-2240

From: Don Wanie *DW*
Director
Division of Finance
Department of Administration

Subject: Stale Dated Warrants Supplemental Appropriation

Attached is a portion of the yearly request for a supplemental appropriation to cover the payment of stale-dated warrants. Total for this second memorandum is \$15,845.65. Please add this amount to the miscellaneous appropriation being prepared by your division. Copies of stale-dated warrants and/or requests from agencies are attached. If you have questions about any of these requests you may contact Kollette Imbler at 465-5593 or 465-2240.

attachments

Sec. 11

MEMORANDUM

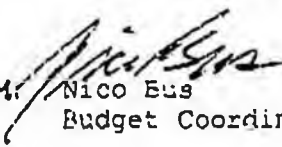
State of Alaska
Department of Military and Veterans Affairs
Division of Administrative Services

TO: Joan Brown
 OMB Budget Review
 Office of the Governor

DATE: February 14, 1997

FILE NO: 97-OBAL.DXC

TELEPHONE NO: 465-4206

FROM: 
 Nico Bus
 Budget Coordinator

SUBJECT: 1997 Ratification
Request - DMVA

The Department of Military & Veterans Affairs request ratification of the following "overspent" appropriations:

AR #	Entity Name	Reason	Amount
34538-85	Alaska Military Academy	Overspent-GF	\$ 90.15
34538-89	State Active Duty	Overspent-I/A Shortfall	144.10

The following appropriation allocation zero balancing problems are a result of revenues posted to incorrect state years and the revenue subsequently lapsing in other years.

AR #	Entity Name	Reason	Amount
34565-88	Federal Community Assistance	Cancel Warrants*	\$ 7,500.00
34537-85	Air Training Support	Revenue Shortfall	15,218.98
34537-86	Air Training Support	Revenue Shortfall	1,419.79
34537-87	Air Training Support	Revenue Shortfall	15,794.56
34532-85	Army Facility Maintenance	Revenue Shortfall	1,754.18

*Warrants canceled and credit posted to the incorrect state fiscal year.

A ratification for the \$41,921.76 is needed in order to "zero" balance the overspent general fund appropriation allocations and the revenue shortfall appropriation allocations. This ratification once approved will eliminate all overspent Department of Military and Veterans Affairs appropriation allocations through the current state fiscal year.

If you have any questions or require additional information. Please contact me. Thank you for your assistance in clearing these appropriation entities so they may eventually zero balance.

Cc: Carol Carroll
 Juno Chance

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To <i>Royce Willis</i>	From <i>Ronald Hansen</i>
Co.	Co.
Dept.	Phone #
Fax # <i>465-2090</i>	Fax #

2090

MEMORANDUM

State of Alaska
Department of Community & Regional Affairs

TO: Pat Pourchot
 Legislative Director

DATE: February 4, 1997

TELEPHONE NO: 269-4641

FROM: Percy Frisby *PF*
 Director

SUBJECT: FY97 PCE Funding Shortage

The Division previously estimated that \$20 million would be needed for full funding of PCE in FY 97. However, the amount appropriated was \$17 million – 85% of the full funding estimate. Therefore, PCE payments have been pro-rated at 85% of the program requirement for the first 7 months of FY 97.

Due mostly to unexpected rate increases over the last several months, the Division now estimates that \$21.8 million would be needed for full funding of PCE in FY 97. If we continue to issue PCE payments at 85% of the program requirement, the \$17 million appropriation will be short by about \$1.5 million and will be exhausted before the end of the fiscal year.

Rising fuel prices are mostly responsible for the utility rate increases, which began to take effect last fall after the utilities reported their fuel costs to APUC. Higher fuel prices increase the cost of diesel-generated electricity in rural Alaska.

Action is needed to contain, or provide for, the increased cost of the PCE program. This could be achieved through: 1) further pro rata reduction of the PCE rates; 2) a supplemental PCE appropriation from the General Fund; or 3) a combination of options 1 and 2.

1. PCE pro rata reduction.

As noted above, PCE payments have been pro rated at 85% during the first 7 months of FY 97. If PCE payments are now pro-rated at 67% of the program requirement from February through June, the \$17 million appropriation will be sufficient to fund the program through the end of the fiscal year.

In other words, if this option is selected, PCE payments will have been paid at 15% below the program requirement for the first 7 months of FY 97, and 33% below the program requirement for the last 5 months of FY 97.

**Power Cost Equalization Program
Bullet Sheet**

We thought we needed \$20 million for full funding during FY97. We have been paying at 85% of the formula requirement. Had our \$20 million estimate been correct, we would have paid out as follows:

- 85% of \$20 million = \$17 million (full year)

It turns out that \$21.8 million would be needed for full funding during FY97. If we continue to pay out at 85% of the formula requirement over the entire year, the following would be required:

- 85% of \$21.8 million = \$18.5 million (full year)

PCE will be paid at 85% over the first 7 months of the fiscal year. Therefore, the amount already committed for eligible claims during this period is:

- 7/12 of \$18.5 million = \$10.8 million (first 7 months - amount committed)

Because \$17 million was appropriated for the entire year, the amount we have left for PCE payments during the final 5 months of the fiscal year is:

- \$17 million - \$10.8 million = \$6.2 million (available for last 5 months)

The estimated amount that would be needed for full funding of the program formula during the last 5 months of the fiscal year is:

- 5/12 of \$21.8 million = \$9.1 million (full funding for last 5 months)

To stretch the available funding over the last 5 months of the fiscal year, PCE payments must be made at about 68% of the full formula requirement:

- \$6.2 million / \$9.1 million = 68%

In other words, PCE payments must be set about 32%** below the full formula requirement for the period February 1 through June 30 to avoid exhausting the \$17 million appropriation before the end of the fiscal year.

**The 32% estimate differs from the 33% actually implemented due to rounding.

2. FY97 supplemental funding.

Considering that the PCE funding shortage results from the higher cost of oil, that the State is receiving about \$500 million in additional revenue due to the high price of oil, and that rural electric customers are already shouldering a 15% PCE reduction, consideration should be given to request supplemental funds to cover the FY 97 increased demand.

A supplemental appropriation of \$1.5 million would permit continued funding of PCE at the 85% level previously approved by the Governor and by the Legislature.

3. Combination of pro-rata reduction and supplemental funding.

This option would apportion the burden of the additional PCE requirement between the PCE eligible customers and the State.

MEMORANDUM

State of Alaska
Department of Law

TO: Annalee McConnell, Director
Office of Management & Budget

DATE: February 26, 1997

FILE NO.:

TEL. NO.: 465-3672

SUBJECT: FY 97 Supplemental
Request Addendum

FROM: *Fred Fisher*
Fred Fisher, Director
Administrative Services Division
Department of Law

The Department of Law hereby requests supplemental appropriations for the following items.

1. Additional FY 97 Judgments & Claims - The attached schedule, now totaling \$251,054.69 reflects additional items totaling \$100,181.84. Additionally the bill should reflect the following fund sources and amounts:

235,111.81	General Funds
12765.73	PERS
3177.15	TRS

Thank you for your consideration of these requests. Please contact me should you have questions or need additional information.

cc: Reading File

Attachments

Department of Law

FY97 Judgments - General Funds

Item #	Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
1	Fope & Katcher Cowper v. Knowles	CBRF litigation	9/19/96	\$4,991.25	\$358.78	\$4,690.03	
2	Kenai Peninsula Borough School District v. State of Alaska	Unemployment Insurance eligibility re: former KFB employee	10/3/96	\$1,290.60	\$96.91	\$1,327.51	
3	Gruenberg & Clover - O Callaghan v. Coghill	Election case concerning form of state primary	5/29/96	\$28,248.66	\$3,271.00	\$31,519.66	
4	Alaska Legal Services Corp. Venetie v. State	Recognition of tribal court adoption decrees	6/6/96	\$11,773.32	\$1,355.80	\$13,109.12	
5	Robinson, Beiswenger, & Ehrhardt Fullen & United Fishermen v. Ulmer & Fairness in Salmon Harvest, Inc.	Challenging the Lt. Gov's certification of the F.I.S.H. Initiative for placement on 11/96 general election ballot	8/26/96	\$1,239.02	\$111.31	\$1,350.33	
6	Valerie Therrien McCosker for T.H. v. State, DOR	Appeal of PFD	10/17/96	\$1,313.43	\$98.07	\$1,411.50	
7	Jermain, Dunnagen & Owens Alaska Public Employees Assoc, Dan Lawn v. State	Re: pipeline oversight position	12/27/96	\$1,000.00	\$53.96	\$1,053.96	
8	Fope & Katcher Capital Info Group v. State	Deliberative Process/Exec Privilege re: certain proposals & memoranda	10/4/96	\$20,000.00	\$1,569.18	\$21,569.18	
9	Chrissitan Bataille, Esq. Arthur Caissie v. State	Age discrimination complaints	12/31/96	\$2,000.00	\$105.58	\$2,105.58	
10	Trust account of Fortier & Mikko, P.C. Eckhart v. CFEC	Eligibility for a commercial fisheries entry permit - attorney's fees	12/6/96	\$3,818.10	\$229.41	\$4,047.51	
11	Kenneth Kirk, Esq. Michael S. Brown v. State	Child support enforcement	10/15/96	\$2,002.55	\$150.69	\$2,153.24	
12	Wayne Anthony Ross Alaska Gun Collectors Assoc v. State	Sale or destruction of firearms by State	8/7/96	\$3,000.00	\$286.13	\$3,286.13	
13	Loren Domke Carlson v. State, CFEC	Non-resident commercial fish fees	6/21/96	\$1,357.67	\$148.10	\$1,505.77	
14	Trust account of Fortier & Mikko, P.C. Eckhart v. CFEC	Eligibility for a commercial fisheries entry permit - cost recovery	12/22/97	\$1,089.65	\$60.39	\$1,150.04	
15	Wevley V. Shen Dansereau v. Ulmer	Alleged irregularities in 94 gubernatorial election	9/4/96	\$22,784.67	\$1,987.04	\$24,771.71	

Department of Law

FY97 Judgments - General Funds

Item #	Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
16	Hedland, Brenna, Heideman Winter Telecom v. Snowden/Alaska Court System	Bid Dispute re: supply and installatin of Nesbett Court House phone system	8/15/96	\$18,186.59	\$1,692.13	\$19,878.72	
17	Rice, Volland, Taylor & Hensley Cleary v. Smith	Rights of incarcerated individuals	1/30/97	\$36,111.66	\$1,590.44	\$37,702.10	
18	Perkins Coie Cleary v. Smith	Rights of incarcerated individuals	11/25/96	\$3,032.10	\$191.91	\$3,224.01	
19	Northwest Women's Law Center Cleary v. Smith	Rights of incarcerated individuals	8/12/96	\$22,721.08	\$2,133.91	\$24,854.99	
20	William Oberly Cleary v. Smith	Rights of incarcerated individuals	8/12/96	\$5,445.22	\$511.40	\$5,956.62	
21	Northwest Women's Law Center Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$2,950.75	\$166.97	\$3,117.72	
22	Perkins Coie Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$10,030.68	\$567.58	\$10,598.26	
23	William Oberly Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$1,061.41	\$60.06	\$1,121.47	
24	Ronald & Sharon Richards Richards v. State	Mental Health Land Trust	1/21/97	\$13,000.00	\$606.67	\$13,606.67	\$235,111.81

Department of Law

FY97 Judgments - Other Fund Sources

Item #	Case Name	Description	Date	Amount	Interest	Total	Fund Source
1	Don Clocksin Nat'l Education Ass'n - Alaska v. Boyer	Class action against TRS & PERS re medical insurance & COL increases	12/10/96	\$3,000.00	\$177.15	\$3,177.15	TRS
				\$4,500.00	\$265.73	\$4,765.73	FERS
2	Lee Holen Law Office Eddy v. Admin PERS	Denial of Occupational Benefits	2/3/97	\$8,000.00	\$0.00	\$8,000.00	PERS

HB

113

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FILE

Senate Bill 83/House Bill 113
FY 97 SUPPLEMENTAL APPROPRIATIONS
(In Thousands)

	DEPT.	BRU/ COMPONENT	DESCRIPTION	Use Sec #	CS for House Bill 113 (Fin)					Total Funds	Gov's Sec #	Governor's Request					Total Funds
					Federal	GF	GF/ Prgm	GF/ Match	Other			Federal	GF	GF/ Prgm	GF/ Match	Other	
1	DOA	Leasing	Lensing and facilities costs (revised)	1 (a)		23.6			309.8	333.4	1 (a)		993.7				993.7
2	DOA	Office of Public Advocacy	Operating costs (revised)	1 (b)		210.5				210.5	1 (b)		247.8				247.8
3	DOA	Public Defender	Operating costs	1 (c)		268.9				268.9	1 (c)		268.9				268.9
4	DOA	EPORS	New retirees	1 (d)		65.6				65.6	1 (d)		65.6				65.6
5	DOA	Leasing	ABB, Inc. v. State (Vintage Park settlement payment)	1 (e)		243.3				243.3	1 (e)		243.3				243.3
6	DOA	Leasing	Claims relating to the DEC laboratory	1 (f)		104.0				104.0	1 (f)		104.0				104.0
7	CED	AK Science and Technology (AST) Foundation	Transfer funding from the AK science & tech foundation endowment earnings reserve to the AST Fund for the Kodiak launch complex under AS 37.17.090(k)(1)	2 (a)							New (n)						
8	CED	AK Aerospace Development Corp.	Capital project - to AK Aerospace Development Corporation for Kodiak launch complex. Funding includes \$5 million transferred in (a)	2 (b)	18,000.0				10,000.0	28,000.0	New (b)	18,000.0				10,000.0	28,000.0
9	CED	Exec Admin & Dev/ Commissioner's Office	Implement the coordinated response to the Southeast Alaska pulp mill closure for fiscal year ending 1997	3		60.0				60.0	New		60.0				60.0
10	CRA	Rural Energy Program - Energy Operations/PCE	Power Cost Equalization (PCE) and rural electric capitalization fund (AS 42.45.100)	4 (n)		1,500.0				1,500.0	New (a)		1,500.0				1,500.0
11	CRA	Rural Energy Program - Energy Operations/PCE	Power Cost Equalization (PCE)	4 (b)					1,500.0	1,500.0	New (b)					1,500.0	1,500.0
12	CRA	Child Assistance/ Head Start	RPL 21-7-0165 One-time federal receipts for Partners for Quality Care & Education Project	4 (c)	50.0					50.0	New	50.0					50.0
13	DMV	Disaster Relief Fund	General Fund appropriation to capitalize the fund	5		115.0				115.0	3		1,000.0				1,000.0

Senate Bill 83/House Bill 113
FY 97 SUPPLEMENTAL APPROPRIATIONS
(In Thousands)

	DEPT.	BRU/ COMPONENT	DESCRIPTION	Hse Sec #	CS for House Bill 113(Fin)					Total Funds	Gov's Sec #	Governor's Request					Total Funds
					Federal	GF	GF/ Prgm	GF/ Match	Other			Federal	GF	GF/ Prgm	GF/ Match	Other	
14	DOE	Teaching & Learning Support/Special & Suppl Svcs	RPL 05-7-0626 New and carryforward funds for Title I and Migrant Education programs	6 (a)	3,750.0					3,750.0	New	3,750.0				3,750.0	
15	DOE	Voc Rehab/Client Services	RPL 05-7-0680 New and carryforward funds for client services programs	6 (b)	600.0					600.0	New	600.0				600.0	
16	DOE	Voc Rehab/ Administration	RPL 05-7-0681 New and carryforward for administration and oversight of direct services	6 (c)	150.0					150.0	New	150.0				150.0	
17	DOE	Teaching & Learning Support	RPL 05-7-0700 Carryforward funds for the School to Work program	6 (d)	1,080.0					1,080.0	New	1,080.0				1,080.0	
18	DOE	AK State Library/Library Operations	RPL 05-7-0738 Computer and software upgrades	6 (e)			30.0			30.0	New			30.0		30.0	
19	DOE	Mt. Edgecumb Boarding School	RPL 05-7-0748 Summer programs in FY97	6 (f)			22.0			22.0	New			22.0		22.0	
20	DOC	Fairbanks Correctional Center	Capital project - Replace boiler system	7 (a)		632.0				632.0	4 (a)		632.0			632.0	
21	DMV	Disaster Planning & Control	Capital project - Radio equipment	7 (b)		100.0				100.0	4 (b)		100.0			100.0	
22	DNR	Parks Management	Capital project - Emergency repairs to Perseverance Trail	7 (c)		120.0				120.0	4 (c)		200.0			200.0	
23	DFG	Wildlife Conservation	RPL 11-7-0234 New and carryforward federal funds for projects.	5 (a)	430.0					430.0	New	430.0				430.0	
24	DFG	Com Fish Mgmt & Dev/Fisheries Mgmt	On-going litigation costs for the fiscal year ending June 30, 1997.	8 (b)		115.0				115.0	3/19/97						
25	DFG	Com Fish Mgmt & Dev/Fisheries Mgmt	Sec. 47, ch. 94, SLA 95, pg 31, ln 20. Extend lapse to June 30, 1997 - Governor's request.								New						
26	HSS	Adult Public Assistance	Estimated FY97 costs	9 (a)		939.0				939.0	5 (a)		939.0			939.0	

Senate Bill 83/House Bill 113
FY 97 SUPPLEMENTAL APPROPRIATIONS
(In Thousands)

DEPT.	BRU/ COMPONENT	DESCRIPTION	Hse Sec #	CS for House Bill 113(Fin)							Governor's Request						
				Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	Gov's Sec #	Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	
27	HSS	Med Assist./ Indian Health Services (IHS)	9 (b)	10,000.0						10,000.0	5 (b)	10,000.0					10,000.0
28	HSS	Family and Youth Services/ Foster Care	9 (c)		750.0					750.0	5 (c)		750.0				750.0
29	HSS	Family and Youth Services/ McLaughlin Youth Center	9 (d)		685.0					685.0	5 (d)		685.0				685.0
30	HSS	State Health Services	9 (e)	99.3						99.3	New		99.3				99.3
31	LAW	Oil & Gas Litigation	10 (a)								6 (a)						
32	V	Legal Services Operations	10 (b)		701.0			16.0		717.0	6 (b)		869.7			16.0	885.7
33	DMV	Disaster Planning & Control	11 (a)		200.0					200.0	7 (a)		220.0				220.0
34	DMV	Disaster, Planning & Control	11 (b)				17.2			17.2	New (b)				17.2		17.2

Senate Bill 83/House Bill 113
FY 97 SUPPLEMENTAL APPROPRIATIONS
(In Thousands)

	DEPT.	BRU/ COMPONENT	DESCRIPTION	Hse Sec #	CS for House Bill 113 (Fin)						Governor's Request					Total Funds	
					Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	Gov's Sec #	Federal	GF	GF/ Prgm	GF/ Match		Other
35	DMV	Disaster, Planning & Control	Appropriate from the Disaster Relief Fund p'ment of premium p'ments for flood - with a lapse date extension of June 30, 1998.	11	(c)					17.2	17.2						
36	DOA	Admin Services	Misc claims, stale date warrants (revised from \$27.3)	12							33.4	8		33.4			33.4
37	C	Admin Services	Misc claims, stale date warrants (revised from \$8.3)	12							9.3	8		9.3			9.3
38	DFG	Admin Services	Misc claims, stale date warrants	12							1.3	New		1.3			1.3
39	HSS	Admin Services	Misc claims, stale date warrants	12							22.2	8		22.2			22.2
40	LAW	Admin Services	Misc claims, stale date warrants	12							0.6	New		0.6			0.6
41	DPS	Admin Services	Misc claims, stale date warrants	12							4.3	8		4.3			4.3
42	DOT	Admin Services	Misc claims, stale date warrants	12							0.9	8		0.9			0.9
43	DNR	Fire Suppression	Funding for fixed costs and fire suppression activities from January - June 1997.	13	(a)						3,788.3	9 (a)		3,788.3			3,788.3
44	DNR	Resource Dev/Land Development	Refunds owed by the veterans' land discount program (AS 38.05.940)	13	(b)						280.0	9 (b)		300.0			300.0
45	DNR	Resource Dev/Land Development	Costs of administering the refunds owed by the veterans' land discount program	13	(c)						20.0						20.0
46	DNR	Resource Dev/Land Development	Removal of existing buildings and other associated facilities at the Old Eagle School site	13	(d)						100.0	9 (c)		100.0			100.0
47	DNR	Natural Resources	Capital project - Purchase of Roberts parcel - \$698.0, Overlook Park parcel - \$279.0, with EVOSS funds.	13	(c)						977.0						977.0
48	DOR	Alaska Mental Health Trust Authority	Capital project - Activities to plan for a new Alaska Psychiatric Institute - with a lapse date extension to June 30, 1998. MITAAR is the funding source	13	(f)						150.0						150.0

Senate Bill 83/House Bill 113
FY 97 SUPPLEMENTAL APPROPRIATIONS
(In Thousands)

	DEPT.	BRU/ COMPONENT	DESCRIPTION	Use Sec #	CS for House Bill 113 (Fin)					Total Funds	Gov's Sec #	Governor's Request					Total Funds
					Federal	GF	GF/ Prgm	GF/ Match	Other			Federal	GF	GF/ Prgm	GF/ Match	Other	
49	DPS	Village Public Safety Officer/Contracts	Section 30, ch. 117, SLA 96, pg 43, in 32 and allocated on line 34 (VPSO, Contracts \$4,965.5 GF). Extend lapse to June 30, 1998	14	(a)						10						
50	DPS	Council on Domestic Violence and Sexual Assault	RPL 12-7-0124 Implement federal Domestic Violence Prevention & Victim Protection Act of 1996	14	(b)	205.5				205.5	New	205.5				205.5	
51	JOA	Various	Ratify overexpenditures: \$47.8	15							11						
52	COL	Various	Ratify overexpenditures: \$25.2	15							11						
53	FSS	Various	Ratify overexpenditures: \$259.4	15							11						
54	DNR	Various	Ratify overexpenditures: \$458.3	15							11						
55	DMV	Various	Ratify overexpenditures: \$41.9	15							New						
56	DOR	Treasury Management	Investment management fees for the CBRF	16	(a)	25.0				25.0	12	(a)	31.0			31.0	
57	DOR	Permanent Fund Dividend	Payment of permanent fund dividends. House includes extended lapse date to June 30, 1998. Withdrawn by Governor.	16	(b)						12	(c)					
58	DOT	Alaska Marine Highway Stabilization Fund	Increased fuel costs	17	(a)	130.0				130.0	13		391.4			391.4	
59	JT	Office of the Commissioner	Capital project - to implement the Copper River consent decree.	17	(b)	444.5				444.5	New		444.5			444.5	
60	CTS	Trial Courts	State welfare reform legislation (revised from \$44.5 initial projection)	18	(a)	32.2				32.2	14		32.2			32.2	
61	CTS	Commission on Judicial Conduct	Increased operating costs and mandatory salary increases	18	(b)	30.4				30.4			23.0			23.0	
62	LAW	Civil Division/ Medicaid Provider Fraud	Add GF/Match, delete GF/Program receipts for Medicaid Provider Fraud (revised)	19			(10.0)	10.0			New		(10.0)	10.0			

**Senate Bill 83/House Bill 113
FY 97 SUPPLEMENTAL APPROPRIATIONS
(In Thousands)**

DEPT.	BRU/ COMPONENT	DESCRIPTION	Hisc Sec #	CS for House Bill 113(Fin)						Governor's Request					Total Funds		
				Federal	GF	GF/ Prgm	GF/ Match	Other	Total Funds	Gov's Sec #	Federal	GF	GF/ Prgm	GF/ Match		Other	
63	DOC	Office of the Commissioner									2			2,300.0			2,300.0
64	HSS	Family and Youth Services/ Central Office									4	(b)		1,247.4			1,247.4
65	HSS	Community Health/EMS Services									4	(c)		200.0			200.0
66	LAW	Civil									6	(c)		485.0			485.0
67	LAW	CSSB 74 (Fin) Am 11 contains \$1.0 million for this purpose									6	(c)		(485.0)			(485.0)
68	DOR	Treasury Management									12	(b)					
69	HSS	Institutions & Admin									New			200.0			200.0
70	CED	Measurement Standards									New			4.3			4.3
71	DPS	Training Academy									3/11/97					2,104.4	2,104.4



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 3, 1997

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker ~~Phillips~~ Phillips:

Last February my transmittal letter for the FY96 supplemental budget bill began:

In the first two weeks of my administration, I made a public commitment not to play the supplemental game. The FY96 supplemental request I am submitting to you now makes good on that promise. It falls within the \$20 million level anticipated in the FY96 budget plan... This is the lowest supplemental request in nearly ten years, a far cry from the \$37 million to \$168 million requests of recent years.

I am pleased to report even further progress on budget discipline with this year's supplemental request of just under \$16 million in general funds. It is well under the amount set aside in the budget plan approved by the Legislature last June.

There are three major categories of supplemental needs. The first is for programs that were acknowledged in the last session to require supplemental appropriations in order to fulfill state responsibilities. Examples are disaster relief, fire suppression, leasing, and adult public assistance. These total just under \$8.6 million of the attached supplemental bill.

A second category is judgments and claims which have traditionally been handled in the supplemental budget. So far this year, these total \$2.8 million, of which \$2.3 million is the estimated cumulative total through the end of FY97 for court-ordered fines under the final order in *Cleary*. Rather than simply appropriate that

The Honorable Gail Phillips

February 3, 1997

Page 2

amount from the operating budget to the general fund, I propose that it be held aside in a capital appropriation as part of the state's overall funding for the construction of new prison beds. Since the fines are for prison overcrowding, construction of new beds would directly address the underlying problem. We particularly need to provide space for women because there are inequities between facilities now available for men and women. As we all know, prisons are a critical part of the work ahead of us to repair and build essential state facilities.

The third category is unanticipated shortfalls or problems that have arisen since the budget was passed last June. Due to strong agency management of their budgets, only \$4.5 million is in this category. The needs range from emergency deferred maintenance to coping with severe overcrowding and security dangers at our juvenile detention facilities to statehood defense.

In cooperation with the legislative leadership, I am requesting an appropriation of \$485,000 to the Department of Law for the state's appeal to the United States Supreme Court in the *Venetie* Indian country case, including related advocacy before the federal courts, Congress, and federal agencies. We must ensure state authority over taxation, fish and game management, and environmental regulation. I suggest appropriating these funds with a lapse date of June 30, 1998, to make it very clear the state is committed to the entire process of appeal to the U.S. Supreme Court, not just to the preliminary phase taking place in the current fiscal year. (An alternative approach would be to make this a capital appropriation.)

Another request could immediately improve the earnings of the Constitutional Budget Reserve Fund (CBR). Revenue Commissioner Condon recently presented to the Senate Finance Committee a proposal to diversify the CBR investment allocation. Investment of the CBR for higher returns was encouraged last year in legislation authorizing the commissioner to determine if financial management by the Permanent Fund Corporation would be advantageous to the state. Although he has determined this would not be the most beneficial arrangement to the CBR or the Permanent Fund, he is recommending the state invest a portion of the CBR in equities. Since it would not be wise to change the allocation policy after only five months, this supplemental should be funded with the intention of annualizing the management fees in the FY98 budget.

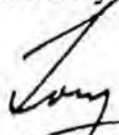
The Honorable Gail Phillips
February 3, 1997
Page 3

Some costs of providing a few basic state services have been much higher than anticipated last spring. More youths have been sent to detention facilities than predicted last year and there have been drive-by shootings and other security breaches. We must increase staffing immediately to handle the overcrowding safely. We do not think it wise to wait until passage of the FY98 budget to begin the procurement process for fences and other security protections. I urge you to appropriate \$2 million in operating and capital supplementals to deal with these critical juvenile crime problems.

Other emergency maintenance items are replacing the Fairbanks correctional facility boiler which is no longer safe, demolishing the Old Eagle school so contaminated soils can be cleaned up with Oil and Hazardous Response Funds (this will help resolve pending litigation), and replacing badly outdated emergency communications equipment. Finally, a young man died tragically this winter on the Perseverance Trail, one of the state's most heavily used by Alaskans and visitors alike. Heavy rains washed out portions of the trail beside a deadly ravine. Since it is virtually impossible to blockade the trail, repairs must be done within the next few months, before the heavy spring/summer use begins again. These emergency maintenance needs total \$1.2 million.

Budget discipline includes taking action on supplemental budget requests early in the session so agencies know up front whether they have the necessary expenditure authority. I urge you to take action as soon as possible.

Sincerely,



Tony Knowles
Governor

HB

114

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/6/97

FURTHER: REPORT
SFC 4/23/97

DATE TURNED
IN TO OFFICE: 4/23/97

Finance Committee considered

HOUSE BILL NO. 114

"An Act relating to health care data and registration of births."

and recommends:

- be replaced with _____ CS _____
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DU PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Rod E. Crill</i>	✓	<i>James Donley</i>	✓		
<i>Sean R. Powell</i>	✓				
<i>Ally Caplan's</i>	X				
<i>John Toranzo</i>	✓				
Co-Chair: <i>George</i>	✓	Co-Chair:			
Co-Chair: <i>David Wang</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
HSS (Epidemiology)	2/12/97	Ø	
HSS (Vital Statistics)	2/13/97	Ø	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

STATE OF ALASKA
1997 LEGISLATIVE SESSION

REPORTED OUT OF
SFC 4/23/97

No. 2
Bill Version: HB 114
(H) Publish Date: 2/26/97

Revision Date: _____
Title: An act relating to health care data
and registration of births
Sponsor: HESS
Requestor: HESS

Dept. Affected: Health and Social Services
BRU: State Health Services
Component: Bureau of Vital Statistics
COMPONENT SERIAL NO. 981
See also (SN#): 296

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
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 EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY97) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

Should this bill not pass, the state would lose \$420.0/year in federal grant funds for the establishment of a cancer registry to monitor the occurrences within the state.

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

Phone: (907) 465-3190
Date: 02/10/97

Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 2/13/97

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STATE OF ALASKA
1997 LEGISLATIVE SESSION

REPORTED OUT OF /
SFC 4/23/97

No. 1
Bill Version: HB 114
(H) Publish Date: 2/26/97

Revision Date: _____
Title: An act relating to health care data
and registration of births
Sponsor: HESS
Requestor: HESS

Dept. Affected: Health and Social Services
BRU: State Health Services
Component: Epidemiology
COMPONENT SERIAL NO. 296
See also (SN#): 961

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	6.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY98	FY99	FY00	FY01	FY02	FY03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

POSITIONS:	FY98	FY99	FY00	FY01	FY02	FY03
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY97) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

Should this bill not pass, the state would lose \$420.0/year in federal grant funds for the establishment of a cancer registry to monitor the occurrences within the state.

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

Phone: (907) 465-3090
Date: 02/10/97

Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 2/12/97

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SENATE FINANCE
COMMITTEE

Amendment Number: 1 0-LS0490\A.1-
Bill Number: HB 114 Lauterbach
Sponsor: Sharp Date: 4/22/97 4/18/97
Logged In By: J. Soltau

AMENDMENT

*moved by Sen. Torgerson
w/o objection, adopted*

OFFERED IN THE SENATE

BY SENATOR SHARP BY REQUEST

TO: HB 114

- 1 Page 1, line 14:
- 2 Delete "a condition or"
- 3 Insert "cancer required to be reported under 42 U.S.C. 280e - 280e-4, or a birth defect
- 4 or infectious"

- 5 Page 2, line 1, following "chapter.":
- 6 Insert "Disclosure of these health care records to the department does not constitute
- 7 a breach of patient confidentiality."

- 8 Page 2, line 5:
- 9 Delete "A record obtained or"
- 10 Insert "Data obtained or a record"

HB

116

HAFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 2, 1997

FURTHER REFERRALS:

Date of Committee Action: 5/6/97

The FINANCE Committee considered:

HB 116

HOUSE BILL NO. 116

WORKERS COMPENSATION SELF-INSURANCE GROUP

"An Act relating to workers' compensation self-insurance."

recommends it be replaced with the following committee substitute CS HB 116 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____ fiscal note(s) DCED 4/25/97
labn 4/25/97

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault			X	
<i>John Mulder</i>	Mulder				X
<i>Terry Martin</i>	Martin				X
<i>Jim Kohring</i>	Kohring	X			
<i>J. Davies</i>	J. Davies			X	
<i>W. Moses</i>	Moses			X	
<i>G. Davis</i>	G. Davis	X			
<i>W. Kelly</i>	Kelly	X			

CO-CHAIR'S SIGNATURE *Gene Therriault*
 Therriault

FISCAL NOTE

Bill Version: CSHB 116(L&C)

(H) Publish Date: 4/25/97

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

Revision Date: _____ Department: Commerce and Economic Development
 Title: An Act relating to workers' compensation BRU: Insurance
self-insurance Component: Insurance
 Sponsor: Kott
 Requestor: _____ COMPONENT SERIAL NO. 324

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	72.0	36.0	37.0	37.0	38.0	38.0
TRAVEL	1.5	1.5	1.6	1.6	1.7	1.7
CONTRACTUAL	2.0	1.0	1.1	1.1	1.2	1.2
SUPPLIES	1.5	0.5	0.7	0.7	0.8	0.8
EQUIPMENT	5.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	82.0	39.0	40.4	40.4	41.7	41.7

CAPITAL EXPENDITURES

CHANGE IN REVENUES/operating	(40.0)	(47.0)	(47.0)	(47.0)	(47.0)	(47.0)
Loss in premium tax/unrestricted	(135.0)	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	72.0	39.0	40.4	40.4	41.7	41.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
1091 Designated Program Receipts	10.0	0.0	0.0	0.0	0.0	0.0
TOTAL	82.0	39.0	40.4	40.4	41.7	41.7

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME	1					
PART-TIME		1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Marianne K. Burke, Director Phone: 465-2515
 Division: Insurance Date: 2-24-97
 Approved by Commissioner: William L. Hensley Date: 2-25-97
 Agency: Commerce and Economic Development

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HB 116 Fiscal Note Analysis

The Division of Insurance assumes that approximately 20 proposed groups will file applications for certificates of approval along with the \$500.00 filing fee. The division anticipates that proposed groups may include homebuilders/contractors, the aviation industry, liquor distributors and a host of others. Assuming that 20 applications will be filed in the first year and each of these groups need only have 5 members, we could possibly have many groups within the same industry.

The first year impact on the division will be primarily the application process. The first year would also include review and development of standard forms and wording for trust documents, the indemnity agreement, and the fidelity bond amount for the administrator and service company, the minimum aggregate excess insurance form and amount. The complexity of this work and the level of expertise needed to perform these functions would require the duties of one full time Financial Examiner II. Additionally, an Examiner II is necessary because these are domestic insurers and not foreign insurers under jurisdiction of another state.

In subsequent years, items would include the general review of financial statement filings and other requests by these groups. The security amount may be reviewed and adjusted; and the aggregate excess insurance may be adjusted. If a self insurance group becomes insolvent, additional staff time will be needed in making that evaluation and in coordinating the wrap up of the group. Termination of a certificate of approval requires review by staff to verify that obligations are taken care of and to assist in hearings if hearings are requested. The director may be called on to approve an administrative fund account of more than 30% or, conversely, approve a claim fund account of less than 70%. These duties would require the services of a permanent part time Financial Examiner II. The responsibilities for review of rates and producer licensing would not result in increase in staff.

FY98

Pers Svcs: 1 PFT Financial Examiner II, Range 21, Anchorage
Travel: Statewide 2 trips \$750 each trip
Contractual: Usual and customary costs, ie: rent, equipment contracts, risk mgmt.
Supplies: Start up supplies
Equipment: Computer, software, desk and related start up items

FY99 and subsequent years*

Pers Svcs: 1 PPT Financial Examiner II, Range 21, Anchorage
Travel: Statewide 2 trips \$750 each trip
Contractual: Usual and customary costs, ie: rent, equipment rent, risk mgmt, etc.
Supplies: Maintenance supplies

**Slight increases are due to inflation factored into costs for later years.*

Loss in Operating Revenue/Premium Tax (unrestricted)

The loss in revenue for an estimated 20 self insurance groups is \$175,000 in FY98 and \$317,000 in subsequent years. These loss amounts are calculated as follows. (Fees support operating costs and premium taxes are unrestricted revenues)

FY98	AK Domestic/Foreign	AK Self Insurance Group
Application Fee	\$2,500.00	\$500.00
Estimated Premium Tax on \$250,000 minimum premium	<u>6,750.00</u>	<u>0.00</u>
	\$9,250.00	\$500.00
 Each Subsequent Year		
Annual Continuation fee	\$2,250.00	0.00
Annual Statement filing fee	100.00	0.00
Estimated Premium Tax on \$500,000 minimum premium*	<u>13,500.00</u>	<u>0.00</u>
	\$15,850.00	0.00

FY98
 $\$6,750 \times 20 = \$135,000$ tax loss
 $\$2,000 \times 20 = \underline{40,000}$ fees loss
\$175,000

Each Subsequent Year
 $\$13,500 \times 20 = \$270,000$ tax loss
 $\$ 2,350 \times 20 = \underline{47,000}$ fees loss
\$317,000

* Per the 1995 Division of Insurance Annual Report, 156 companies are licensed to write workers' compensation insurance in Alaska. Average annual direct premium per company is \$1,141,692.00. Annual premium tax (2.7%) on this premium amount would be \$30,826.00. Substituting the estimated premium tax in the calculation above shows the tax loss for an estimated 20 self insurance groups would be :

FY98 and each subsequent year

\$616,520.00

FISCAL NOTE

No. 2

Bill Version: CSHB 116(L&C)

(H) Publish Date: 4/25/97

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

Revision Date: _____
 Title: Workers' Compensation self-
 Insurance group
 Sponsor: Representative Kott
 Requestor: House L&C

Department Affected: Labor
 BRU: Workers' Compensation
 Component: Workers' Compensation

COMPONENT SERIAL NO. 344

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	37.4	37.4	37.4	37.4	37.4	37.4
TRAVEL						
CONTRACTUAL	6.1	1.1	1.1	1.1	1.1	1.1
SUPPLIES						
EQUIPMENT	5.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	48.5	38.5	38.5	38.5	38.5	38.5

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

CHANGE IN REVENUE						
FUND SOURCE #						

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	48.5	38.5	38.5	38.5	38.5	38.5
1005 GF/Program Receipt						
1006 GF/MHTIA						
1007 Interagency Receipt						
TOTAL	48.5	38.5	38.5	38.5	38.5	38.5

POSITIONS:

FULL-TIME	1					
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

This bill proposee amending AS 21 by adding chapter 47, "Workers' Compensation Self Insurance Groups".
 See attached for the impact to Workers' Compensation.

Prepared by: Paul Grossl, Director *Paul Grossl* Phone: 465-2790
 Division: Workers' Compensation Date: 2/14/97
 Approved by Commissioner: Tom Cashen, Commissioner *Tom Cashen*
 Agency: Department of Labor Date: 2/14/97

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HB 116 Analysis:

The provisions of this bill apply to workers' compensation self insured groups. Under this bill the Division of Insurance would issue a certificate of approval to those persons who qualify for self-insurance coverage. Security from the self insurers would be deposited with the Division of Insurance and assigned to the Workers' Compensation Division to hold in trust, collect and transmit accruing interest to the depositor, and keep the Division of Insurance apprised of individual or group status changes within the self insured group.

A new position would be required to track all securities assigned; establish individual trust; monitor interest accrued and disbursed to the depositor; prepare form letters of status change; and keep the Division of Insurance apprised of any status changes within the self-insured groups.

One staff month of programming time will be required to develop computerized programs to interface with the Division of Insurance and to track self insurer and individual changes within each self insurance group.

Line 100 Personal Services

1 Administrative Clerk III

Salary & Benefits \$37.4

Line 300 Contractual Services

DP Programming (FY98 one time) 5.0

Postage 0.5

DP Operations 0.4

Printing form letters 0.2

\$6.1

Line 500 Equipment

(One time set up costs)

Computer 3.5

Office Furniture 1.5

5.0

Total \$48.5

POSITION INFORMATION HAS BEEN UPDATED

02/14/97

Position Information Inquiry/Update

Prior

11:52:11

Yr Actual

Budgeted

Position: New Position	Project: 0	Salary:	23,953	25,480.56
Comp: 07-06-07-10-01-00	Region: _	Benefits:	9,756	11,917.56
Scenario: 1	FY: 98	COLA %: 1.500	Total:	33,709
				37,398.12

Actuals from Payroll (Status: FILLED) FLSA: N Retirement Code: A

A | Step: A for 12.0 months & Step: B for _0.0 months (total: 12.00)
 97/05/16 | Merit Date; use merit defaults? N (10.5 @ B & 1.5 @ C)
 2 | Class/Sched Prefix: 2 Schedule: 2A (actual: 2A)
 GG | Bargaining Unit: GG Range: 10 (actual: 10)
 EBA ? | Location Code: AWA Place: JUNEAU
 P1135 | Job Class Code: P1135 Title: ADMINISTRATIVE CLERK III _____
 F | Seasonal Indic.: F Type: FACL - FULL TIME / OMB AUTH

Optional Override Salary Rates:

Monthly Rate: 0.00 for _0.0 months & rate of 0.00 for _0.0 months
 Hourly Rate: 0.00 for _0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
 8=Detail Report 12=Exit w/o update Selection: 0_

NO OBJ 5/6/97

AMENDMENT #1

OFFERED IN THE HOUSE

TO: CSHB 116(L&C)

1 Page 5, line 30, following "group.":

2 Insert "A trustee shall observe the standards in dealing with the assets of the group
3 that would be observed by a prudent person dealing with the property of another, and, if the
4 trustee has special skills or is named trustee on the basis of representations of special skills
5 or expertise, the trustee is under a duty to use those skills."

Nb\OBj 5/6/97

AMENDMENT #2

OFFERED IN THE HOUSE
TO: CSHB 116(L&C)

- 1 Page 13, lines 27 - 30:
- 2 Delete all material.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

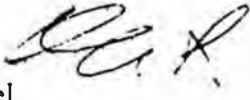
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

May 5, 1997

SUBJECT: Sectional Summary of CSHB 116(L&C)

TO: Representative Pete Kott
ATTN: George

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds a new chapter regarding groups that are allowed to self-insure for purposes of workers' compensation. Each section will be addressed in turn.

Sec. 21.47.010 - Provides that AS 21.47 applies only to workers' compensation self-insurance groups and not to public employees or governmental entities. Also provides that a workers' compensation group is not considered an insurer and is not subject to the insurance laws of AS 21.

Sec. 21.47.020 - Requires a certificate from the director of the division of insurance before a person can act as a self-insurance group.

Sec. 21.47.030 - Establishes the qualifications in order to become an approved self-insurance group, including a filing fee, net worth, bonding and security, and detailed information about the group's members. Requires the director to review and act on an application for a certificate of approval.

Sec. 21.47.035 - Provides that a self-insurance group is subject to the premium tax imposed under AS 21.09.210(b)(1).

Sec. 21.47.040 - Provides for issuance of a certificate of approval to provide workers' compensation benefits, and for termination and revocation of a certificate.

Representative Pete Kott

May 5, 1997

Page 2

Sec. 21.47.050 - Provides for examination of a self-insurance group by the director.

Sec. 21.47.060 - Establishes a five member board for a self-insurance group. Also specifies membership on the board, powers and duties of the board, and imposes certain limits on the board.

Sec. 21.47.070 - Establishes a method for joining a self-insurance group, provides for membership cancellation, for payment of benefits by a group after a member terminates membership, and for continuing liability of a member for incurred benefits.

Sec. 21.47.080 - Imposes restrictions on service companies who handle workers' compensation claims for a self-insured group.

Sec. 21.47.090 - Imposes licensing requirements on agents who solicit membership for a self-insurance group.

Sec. 21.47.100 - Establishes the financial reporting requirements for self-insurance groups, including form, content, and frequency of reporting.

Sec. 21.47.110 - Requires a self-insurance group to make a contribution to the second injury fund as required by AS 23.30.040.

Sec. 21.47.120 - Prohibits material misrepresentation in connection with solicitation of membership in a self-insurance group.

Sec. 21.47.130 - Provides that a self-insurance group may invest funds as allowed under AS 21.21.

Sec. 21.47.140 - Provides for regulation of premium rates and for reporting of rates, by a self-insurance group. Provides for annual audits and gives authority to the director to order an assessment for a deficiency or to order a refund to a member for excess premiums.

Sec. 21.47.150 - Provides for refunds to members, when a self-insurance group has funds in excess of the amount necessary to fund all obligations.

Sec. 21.47.160 - Provides for establishment of a plan for payment of premiums by members and for establishment of loss reserves.

Sec. 21.47.170 - Establishes a guaranty fund for workers' compensation self-insurer groups. Requires each group member make a deposit into the fund.

Sec. 21.47.180 - Provides a method for handling deficits by a self-insurance group, and for declaration of insolvency and liquidation of a group.

Representative Pete Kott

May 5, 1997

Page 3

Sec. 21.47.190 - Provides for civil penalties for a person or group who violates a provision of AS 21.47 and for revocation of a group's certificate of approval.

Sec. 21.47.200 - Provides that the director may revoke a group's certificate of approval for certain reasons, after notice and opportunity for a hearing.

Sec. 21.47.500 - Definitions.

Section 2. Provides that AS 21.80, relating to the Alaska Insurance Guaranty Association, applies to workers' compensation self-insurance groups formed under AS 21.47.

MFF:jdr:glc:lmb

97-075.lmb

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

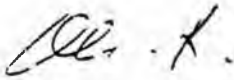
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 7, 1997

SUBJECT: Sectional Summary of HB 116. (Work Order No. 20-LS0463\A)

TO: Representative Pete Kott
ATTN: George

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds a new chapter regarding groups that are allowed to self-insure for purposes of workers' compensation. Each section will be addressed in turn.

Sec. 21.47.010 - Provides that AS 21.47 applies only to workers' compensation self-insurance groups and not to public employees or governmental entities. Also provides that a workers' compensation group is not considered an insurer and is not subject to the insurance laws of AS 21.

Sec. 21.47.020 - Requires a certificate from the director of the division of insurance before a person can act as a self-insurance group.

Sec. 21.47.030 - Establishes the qualifications in order to become an approved self-insurance group, including a filing fee, net worth, bonding and security, and detailed information about the group's members. Requires the director to review and act on an application for a certificate of approval.

Sec. 21.47.040 - Provides for issuance of a certificate of approval to provide workers' compensation benefits, and for termination and revocation of a certificate.

Sec. 21.47.050 - Provides for examination of a self-insurance group by the director.

Representative Pete Kott

February 7, 1997

Page 2

Sec. 21.47.060 - Establishes a five member board for a self-insurance group. Also specifies membership on the board, powers and duties of the board, and imposes certain limits on the board.

Sec. 21.47.070 - Establishes a method for joining a self-insurance group, provides for membership cancellation, for payment of benefits by a group after a member terminates membership, and for continuing liability of a member for incurred benefits.

Sec. 21.47.080 - Imposes restrictions on service companies who handle workers' compensation claims for a self-insured group.

Sec. 21.47.090 - Imposes licensing requirements on agents who solicit membership for a self-insurance group.

Sec. 21.47.100 - Establishes the financial reporting requirements for self-insurance groups, including form, content, and frequency of reporting.

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Sec. 21.47.130 - Provides that a self-insurance group may invest funds as allowed under AS 21.21.

Sec. 21.47.140 - Provides for regulation of premium rates and for reporting of rates, by a self-insurance group. Provides for annual audits and gives authority to the director to order an assessment for a deficiency or to order a refund to a member for excess premiums.

Sec. 21.47.150 - Provides for refunds to members, when a self-insurance group has funds in excess of the amount necessary to fund all obligations.

Sec. 21.47.160 - Provides for establishment of a plan for payment of premiums by members and for establishment of loss reserves.

Sec. 21.47.170 - Provides a method for handling deficits by a self-insurance group, and for declaration of insolvency and liquidation of a group.

Sec. 21.47.180 - Provides for civil penalties for a person or group who violates a provision of AS 21.47 and for revocation of a group's certificate of approval.

Representative Pete Kott

February 7, 1997

Page 3

Sec. 21.47.190 - Provides that the director may revoke a group's certificate of approval for certain reasons, after notice and opportunity for a hearing.

Sec. 21.47.500 - Definitions.

MFF:jdr:glc

97-093.jdr

Alaska State Legislature House of Representatives

Committees

Rules Committee, Chair
Legislative Council
International Trade & Tourism
Military & Veterans Affairs
World Trade & State/Federal Relations



Interim:
10928 Eagle River Rd. Suite 141
Eagle River, AK 99577

Session:
Alaska State Capitol
Juneau, AK 99801

HB 116 SPONSOR STATEMENT

Alaska law permits certain public entities to enter into insurance cooperative arrangements concerning worker compensation, wherein they pool contributions to assume risks from losses or to purchase insurance coverage on a group basis. Currently, this option is available only to municipalities, public corporations, school districts, and regional educational attendance areas. HB 116 would extend this option to "worker compensation self insurance groups".

A "worker compensation self-insurance group" is a not-for-profit association of five or more employers engaged in the same or similar business. The employers must be members of the same trade or professional association, which, in turn, must have been in existence for at least five years.

HB 116 contains numerous substantive and procedural requirements designed to ensure that worker compensation self-insurance groups remain fiscally sound and able to fulfill Alaska's worker compensation requirements. Among other requirements, self-insurance groups must be certified by the state, and the Director of the Division of Insurance may examine the books of such groups as often as is necessary. In addition, other express statutory provisions impose net worth, bonding, and security standards.

Small employers often are assigned a higher risk by insurance carriers. This results in higher insurance costs. By pooling their numbers, small employers would qualify for lower risk assessments and therefore lower premiums.

I commend HB 116 to you, and urge your support.

Representative Pete Kott

Juneau Office (907) 465-3777 Toll Free 1-800-861-KOTT(5688) Fax (907) 465-2819
Eagle River Office (907) 694-8944 Fax (907) 694-8945 E-Mail: representative_pete_kott@legis.state.ak.us

FEB 24 1997

ALASKA BEST PLUMBING & HEATING

1845 Caribou Way
Fairbanks, AK 99709
(907) 455-6506
FAX (907) 455-4871

2/20/97

Chair of the House
Labor and Commerce Committee

Dear Norman Rokeburg,

The Alaska State Home Builders Association has been working with the state legislature and governor to pass legislation that will allow our association and other associations in the state to self insure for worker's compensation insurance through pooling arrangements.

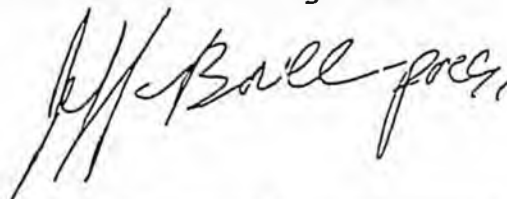
This type of legislation has been enacted in over forty other states with fourteen of these states utilizing the pooling process. As a consequence, workers compensation costs have decreased dramatically for those members of state home builders associations utilizing this type of legislation. Experience has shown that when an association self insures for workers compensation the members of the association tend to focus on fraud and safety issues much more closely than their previous 'for profit' insurance companies causing rates to dramatically decrease.

Workers compensation costs are a substantial portion of the costs of building a new house in Alaska. The average workers compensation cost for a new home in Alaska is in the area of \$4,000 to \$6,000. This cost places a burden on both the consumer of that house and the builder of the house. New housing is expensive in Alaska, anything we can do to reduce the cost will benefit both the consumer and the new home builders. As mentioned, the worker's compensation pooling legislation we support has been shown to decrease these costs through reduction in fraud, improved safety efforts and peer pressure.

I, and hundreds of others in the home building and other associated industries, support this legislation. I'm writing to ask that you also support it.

Thank you for your help on this issue of *critical importance* to the economic health and diversification of our great state.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Ball". The signature is written in a cursive style with a large initial "J" and "B".

ALASKA FILTRATION EQUIPMENT & SERVICES, INC.

PO BOX 533
36180 SPUR HWY. STE. B
SOLDOTNA, AK. 99669

PHONE (907)262-6778
FAX (907)262-9452

February 5, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

The Alaska State Home Builders Association has been working with the state legislature and the governor to pass legislation that will allow our association and other associations in the state to self insure for workers' compensation insurance through pooling arrangements.

This type of legislation has been enacted in over forty other states with fourteen of these states utilizing the pooling process. As a result, workers' compensation costs have decreased dramatically for those members of state home building associations utilizing this type of legislation. Experience has shown that when an association self insures for workers' compensation, the members of the association tend to focus on fraud and safety issues more closely than their previous for profit insurance companies, causing rates to dramatically decrease.

Workers' compensation costs are a substantial portion of the cost of building a new house in Alaska; the average workers' compensation cost for a new home in Alaska is in the area of \$4,000 to \$6,000. This cost places a burden on both the consumer and the builder of that new house. New housing is expensive in Alaska, anything we can do to reduce the cost will benefit both the consumer and the new home builders in our state. As mentioned, the workers' compensation pooling legislation we support has shown to decrease these costs through reduction in fraud, improvement in safety efforts and peer pressure.

I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,

Dennis Day

1997

**BATIR CONSTRUCTION
P.O. BOX 2377
SOLDOTNA, AK 99669**

February 12, 1997

Representative Norman Rokenberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska

Dear Representative Rokenberg,

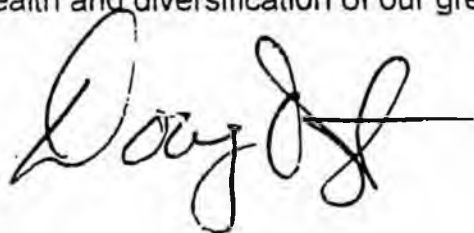
The Alaska State Home Builders Association has been working with the state legislature and governor to pass legislation that will allow our association and other association in the state to self insure for workers compensation insurance through pooling arrangements.

This type of legislation has been enacted in over forty other states with fourteen of these states utilizing the pooling process. As a consequence, workers compensation costs have decreased dramatically for those members of state home builders associations utilizing this type of legislation. Experience has shown that when an association self insures for workers compensation the members of the association tend to focus on fraud and safety issues much more closely than their previous for profit insurance companies causing rates to dramatically decrease.

Workers compensation costs are a substantial portion of doing business in Alaska. As an example, the average workers compensation cost for a new home in Alaska is in the area of \$4,000 to \$6,000. These costs places a burden on both the consumer and the builder. New housing is expensive in Alaska. anything we can do to reduce the cost will benefit both the consumer and businesses in Alaska. As mentioned, the workers compensation pooling legislation we support has been shown to decrease these costs through reduction in fraud, improved safety efforts and peer pressure.

I and many others in non-profit associations management and other associated industries support this legislation. I'm writing to ask that you also support this legislation, Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,



Doug Baxter

BEST
TRANSIT MIX, INC.

FEB 24 1997

February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

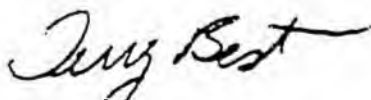
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Workers' compensation costs are a substantial portion of the cost of building a new house in Alaska; the average workers' compensation cost for a new home in Alaska is in the area of \$4,000 to \$6,000. This cost places a burden on both the consumer and the builder of that new house. New housing is expensive in Alaska, anything we can do to reduce the cost will benefit both the consumer and the new home builders in our state. As mentioned, the workers' compensation pooling legislation we support has shown to decrease these costs through reduction in fraud, improvement in safety efforts and peer pressure.

I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,



Terry Best
President

770 1 1997

**BUILDERS UNLIMITED
BOX 1 BOX 122
SOLDOTNA, AK. 99669
(907) 262-7614**

February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

The Alaska State Home Builders Association has been working with the state legislature and the governor to pass legislation that will allow our association and other associations in the state to self-insure for workers' compensation insurance through pooling arrangements.

This type of legislation has been enacted in over forty other states with fourteen of these states utilizing the pooling process. As a result, workers' compensation costs have decreased dramatically for those members of state home building associations utilizing this type of legislation. Experience has shown that when an association self insures for workers' compensation, the members of the association tend to focus on fraud and safety issues more closely than their previous for profit insurance companies, causing rates to dramatically decrease.

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I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,

*Thank You
Andy Benton*

BCI *Byford Construction Inc.*

570 2 9 1997

P.O. Box 138

Soldotna, Ak 99669

907-262-4461

February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

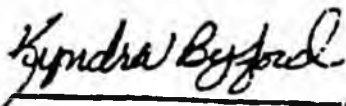
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I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,



byford@akmba.net

FEB 24 1997



February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

The Alaska State Home Builders Association has been working with the state legislature and the governor to pass legislation that will allow our association and other associations in the state to self insure for workers' compensation insurance through pooling arrangements.

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Sincerely,

Christophe Uhenly
President

779 : 7 1997



COLUMBIA PAINT AND DECORATING
35093 Spur Highway
SOLDOTNA, AK 99669

February 5, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

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I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,

C & C GLASS AND MILLWORK, INC.

36180 SPUR HWY.
SOLDOTNA, AK 99669
(907) 262-9413 FAX 262-6699



February 5, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

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I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,

Don Carson

DIX MASONRY, INC.

PO BOX 533
36180 SPUR HWY. STE. B
SOLDOTNA, AK. 99669

PHONE (907)262-5745
FAX (907)262-9452

February 5, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

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Sincerely,

Dennis Day

DENNY'S CONSTRUCTION

36180 SPUR HWY. STE. B
SOLDOTNA, AK. 99669

PHONE (907)262-1552
FAX (907)262-9452

February 5, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

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Sincerely,

Dennis Downs

FEB 24 1997



EAGLE LAKE
BUILDERS

Your Construction and Resident Heat Consultant

February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

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I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ray Lyman". The signature is fluid and cursive, written in a professional style.

P.O. Box 547
Anchor Point, AK. 99558
907-235-8328



Fefelov Construction

Residential Home Builders

Box 3104

Homer, Alaska 99603

FEB 21 1997

February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

The Alaska State Home Builders Association has been working with the state legislature and the governor to pass legislation that will allow our association and other associations in the state to self insure for workers' compensation insurance through pooling arrangements.

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Sincerely,

PETE FEFELOV



FEB 24 1997

First National Bank
of Anchorage

February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

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I and hundreds of others in the home building and associated industries support this legislation. I am writing to ask that you also support this legislation. Thank you for your help on this issue of critical importance to the economic health and diversification of our great state.

Sincerely,

GRIZZELL ENTERPRISES, INC.

BOX 1233
SOLDOTNA, ALASKA 99689
PHONE 282-5082

JAN 16 1997

January 9, 1997

Representative Norman Rokeberg, Chairman
House Labor & Commerce Committee
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Labor and Commerce Committee Members:

The Alaska State Home Builders Association has been working with the state legislature and governor to pass legislation that will allow our association and other association in the state to self insure for workers compensation insurance through pooling arrangements.

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Sincerely,

James C. Grizzell



P.O. Box 1316 • Soldotna, AK 99669
Phone: (907) 262-9133

February 1, 1997

FEB 0 5 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

The Alaska State Home Builders Association has been working with the state legislature and the governor to pass legislation that will allow our association and other associations in the state to self insure for workers' compensation insurance through pooling arrangements.

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Sincerely,

February 1, 1997

Representative Gail Phillips, Speaker of the House
Room 208, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Phillips:

The Alaska State Home Builders Association has been working with the state legislature and the governor to pass legislation that will allow our association and other associations in the state to self insure for workers' compensation insurance through pooling arrangements.

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Sincerely,



MOERLEIN GENERAL CONTRACTING
P.O. BOX 298
KASILOF, AK 99610

February 12, 1997

Representative Norman Rokenberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska

Dear Representative Rokenberg,

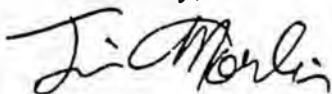
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Sincerely,



Tim Moerlein

P.O. Box 298, Kasilof, Alaska 99610 • (907) 262-3943



SEP 18 1997

STEVE RICH GENERAL CONTRACTOR

Lic. #20926
P.O. Box 4146
Soldotna, AK 99669
(907) 260-5930 Fax (907) 260-5940

Dear Representative Rokenberg,

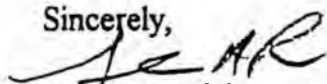
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Myself along with hundreds of others in the home building and other associated industries support this legislation. I am writing to ask that you also support this legislation, Thank you for your help on this issue of critical importance to the economic health of our great state.

Sincerely,


Steven A. Rich,

ROGER'S PAINTING SERVICES

P.O. Box 1311
SOLDOTNA, ALASKA 99669
(907) 262-0574 FAX 262-4497

FEB 7 1997

February 5, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

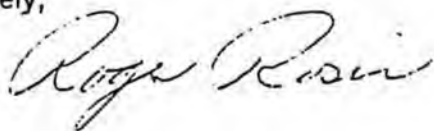
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Sincerely,





RECEIVED
JAN 30 1997

STEVE RICH GENERAL CONTRACTOR

Lic. #20926
P.O. Box 4146
Soldotna, AK 99669
(907) 260-5930 Fax (907) 260-5940

Dear Speaker Phillips;

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Sincerely,


Steven A. Rich,



TransAlaska Title

Anchorage Office
Corporate Office
400 W. Tudor Road
Anchorage, AK 99503
907-561-1844
FAX 561-1948

JANUARY 22, 1997

Eagle River Office
10928 Eagle River Road
Suite 120
Eagle River, Ak 99577
907-694-1456
FAX 694-1474

Fairbanks Office
201 First Avenue
Suite 102
Fairbanks, AK 99701
907-452-2193
FAX 456-4194

Homer Office
395 E. Pioneer Avenue
Suite 2
Homer, AK 99603
907-235-5201
FAX 235-5203

Juneau Office
2227 N. Jordan Avenue
Juneau, AK 99801
907-789-5252
FAX 789-7395

Kenai Office
130 Trading Bay Road
Suite 390
Kenai, AK 99611
907-283-7503
FAX 283-7719

Kodiak Office
326 Center Street
Suite 209
Kodiak, AK 99615
907-486-8338
FAX 486-8383

Seward Office
909 3rd Avenue, Box 469
Seward, AK 99664
907-224-5272
FAX 224-5281

Soldotna Office
176 N. Birch Avenue
Soldotna, AK 99669
907-262-5708
FAX 262-9594

* Wasilla Office
165 E. Parks Highway
Suite 101
Wasilla, AK 99654
907-376-5248
FAX 376-6010

Dear Chariman of the House (Senate) Labor and Commerce Committee:

The Alaska State Home Builders Association has been working with the state legislature and governor to pass legislation that will allow our association and other association in the state to self insure for workers compensation insurance through pooling arrangements.

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Sincerely,

Barbara Carr





CONSTRUCTION

February 9, 1997

Dear Representative Norman Rokeberg,

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Sincerely,

Tom Seggerman, DBA TDS Construction



THERMO-KOOL of Alaska, Inc.

6348 Quinhagak Anchorage, Alaska 99507 • (907) 563-3644 Fax (907) 561-2758

manufacturers of

MONO-THERM

MonoTherm
Cellulose Insulation

**ASTRO-
MULCH**

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Hydro-Seeding Mulch

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Stable News
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LAWN RE-NEW

A Lawn Repair System

February 20, 1997

Representative Norman Rokeberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Committee Members:

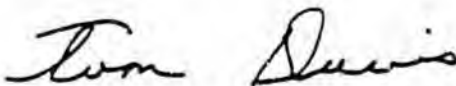
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Sincerely,



Ted Veal & Co.

539 Elderberry Dr.
Homer, AK 99603
(907) 235-7461

February 10, 1997

Representative Norman Rokeberg
Chairman of the House Labor and Commerce Committee
Room 24
State Capitol
Juneau, Ak 99801-1182


Dear Representative Rokeberg, Chairman of the House Labor & Commerce Committee
and Committee Members:

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Sincerely,



Ted Veal

Wisdom & Associates

PO Box 4184
Homer, Alaska
(907) 235 6045

February 12, 1997

Representative Norman Rokenberg, Chairman House Labor & Commerce
Room 24, State Capitol
Juneau, Alaska

Dear Representative Rokenberg,

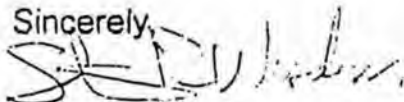
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Sincerely,



Steven R. Wisdom

FEB 7 1997

Western Hills Construction

Specializing in Custom Homes

Dave Petersen (907) 262-5739

Dear Representative Norman Rokeberg:

The Alaska State Home Builders Association has been working with the state Legislature and governor to pass legislation that will allow our association and other associations in the state to self insure for workers compensation insurance through pooling arrangements.

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Sincerely,

Dave Petersen



Zimco Construction

Rt. HC 3 Box 5755 ♦ Seldotna, Alaska 99669
Phone (907) 262-9832 ♦ Fax (907) 262-9832

JAN 16 1997

January 09, 1997

Representative Norman Rokeberg, Chairman
House Labor & Commerce Committee
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeberg and Labor and Commerce Committee Members:

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Sincerely,

Marc Zimmerman
President
Zimco Construction



ALASKA MINERS ASSOCIATION, INC.

501 W. Northern Lights Blvd., Suite 203, Anchorage, Alaska 99503 FAX: (907) 278-7997 Telephone: (907) 276-0347

February 24, 1997

Honorable Pete Kott
Alaska State House of Representatives
Capitol Building
Juneau, AK 99801

RE: HB-116, Worker's Compensation Self-Insurance

Dear Representative Kott,

Thank you for the opportunity to comment on your House Bill 116. The Alaska Miners Association wishes to go on record in support of this bill and we urge its passage.

This bill will allow the AMA and other such associations in the state to self insure for worker's compensation insurance through a system of pooling. The experience in other states has been that such pooling arrangements can greatly reduce the cost of worker's compensation insurance. Currently, if a miner in a remote area transports even one employee from local village in his own aircraft, he is arbitrarily placed in a risk pool that includes a 25% surcharge. That means he must pay a set charge based on a percentage of wages, plus charges for using his own aircraft, plus other charges depending on the mine claim history, plus other factors that are not under their control.

HB-116 will place the management and oversight of the workman's compensation program with people that are here in Alaska and that are concerned about both the safety of employees and the costs. This will allow effective control and ensure that the opportunities for fraud are minimized.

Miners have no control over the prices they receive for their products. However, this bill will give them a better handle on the costs that they face and give them a better chance of being profitable.

Again, we urge passage of HB-116.

Sincerely,

Steven C. Borell, P.E.
Executive Director

FISCAL NOTE

Bill Version: CSHB 116(L&C)
(H) Publish Date: 4/25/97

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

Revision Date: _____ Department: Commerce and Economic Development
 Title: An Act relating to workers' compensation BRU: Insurance
 self-insurance Component: Insurance
 Sponsor: Kott
 Requestor: _____ COMPONENT SERIAL NO. 324

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	72.0	36.0	37.0	37.0	38.0	38.0
TRAVEL	1.5	1.5	1.6	1.6	1.7	1.7
CONTRACTUAL	2.0	1.0	1.1	1.1	1.2	1.2
SUPPLIES	1.5	0.5	0.7	0.7	0.8	0.8
EQUIPMENT	5.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	82.0	39.0	40.4	40.4	41.7	41.7

CAPITAL EXPENDITURES

CHANGE IN REVENUES/operating	(40.0)	(47.0)	(47.0)	(47.0)	(47.0)	(47.0)
Loss in premium tax/unrestricted	(135.0)	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	72.0	39.0	40.4	40.4	41.7	41.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
1091 Designated Program Receipts	10.0	0.0	0.0	0.0	0.0	0.0
TOTAL	82.0	39.0	40.4	40.4	41.7	41.7

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME	1					
PART-TIME		1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Marianne K. Burke, Director Phone: 465-2515
 Division: Insurance Date: 2-24-97
 Approved by Commissioner: William L. Hensley Date: 2-25-97
 Agency: Commerce and Economic Development

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
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COMMITTEE COPY

HB 116 Fiscal Note Analysis

The Division of Insurance assumes that approximately 20 proposed groups will file applications for certificates of approval along with the \$500.00 filing fee. The division anticipates that proposed groups may include homebuilders/contractors, the aviation industry, liquor distributors and a host of others. Assuming that 20 applications will be filed in the first year and each of these groups need only have 5 members, we could possibly have many groups within the same industry.

The first year impact on the division will be primarily the application process. The first year would also include review and development of standard forms and wording for trust documents, the indemnity agreement, and the fidelity bond amount for the administrator and service company, the minimum aggregate excess insurance form and amount. The complexity of this work and the level of expertise needed to perform these functions would require the duties of one full time Financial Examiner II. Additionally, an Examiner II is necessary because these are domestic insurers and not foreign insurers under jurisdiction of another state.

In subsequent years, items would include the general review of financial statement filings and other requests by these groups. The security amount may be reviewed and adjusted; and the aggregate excess insurance may be adjusted. If a self insurance group becomes insolvent, additional staff time will be needed in making that evaluation and in coordinating the wrap up of the group. Termination of a certificate of approval requires review by staff to verify that obligations are taken care of and to assist in hearings if hearings are requested. The director may be called on to approve an administrative fund account of more than 30% or, conversely, approve a claim fund account of less than 70%. These duties would require the services of a permanent part time Financial Examiner II. The responsibilities for review of rates and producer licensing would not result in increase in staff.

FY98

Pers Svcs: 1 PFT Financial Examiner II, Range 21, Anchorage
Travel: Statewide 2 trips \$750 each trip
Contractual: Usual and customary costs, ie: rent, equipment contracts, risk mgmt.
Supplies: Start up supplies
Equipment: Computer, software, desk and related start up items

FY99 and subsequent years*

Pers Svcs: 1 PPT Financial Examiner II, Range 21, Anchorage
Travel: Statewide 2 trips \$750 each trip
Contractual: Usual and customary costs, ie: rent, equipment rent, risk mgmt, etc.
Supplies: Maintenance supplies

**Slight increases are due to inflation factored into costs for later years.*

Loss in Operating Revenue/Premium Tax (unrestricted)

The loss in revenue for an estimated 20 self insurance groups is \$175,000 in FY98 and \$317,000 in subsequent years. These loss amounts are calculated as follows. (Fees support operating costs and premium taxes are unrestricted revenues)

FY98	AK Domestic/Foreign	AK Self Insurance Group
Application Fee	\$2,500.00	\$500.00
Estimated Premium Tax on \$250,000 minimum premium	<u>6,750.00</u>	<u>0.00</u>
	\$9,250.00	\$500.00
Each Subsequent Year		
Annual Continuation fee	\$2,250.00	0.00
Annual Statement filing fee	100.00	0.00
Estimated Premium Tax on \$500,000 minimum premium*	<u>13,500.00</u>	<u>0.00</u>
	\$15,850.00	0.00
FY98		Each Subsequent Year
\$6,750 X 20 = \$135,000 tax loss		\$13,500 X 20 = \$270,000 tax loss
\$2,000 X 20 = <u>40,000</u> fees loss		\$ 2,350 X 20 = <u>47,000</u> fees loss
\$175,000		\$317,000

* Per the 1995 Division of Insurance Annual Report, 156 companies are licensed to write workers' compensation insurance in Alaska. Average annual direct premium per company is \$1,141,692.00. Annual premium tax (2.7%) on this premium amount would be \$30,826.00. Substituting the estimated premium tax in the calculation above shows the tax loss for an estimated 20 self insurance groups would be :

FY98 and each subsequent year **\$616,520.00**

FISCAL NOTE

No. 2
 Bill Version: CSHB 116(L&C)
 (H) Publish Date: 4/25/97

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Labor
 Title: Workers' Compensation self- BRU: Workers' Compensation
insurance group Component: Workers' Compensation
 Sponsor: Representatives Kott
 Requestor: House L&C COMPONENT SERIAL NO. 344

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	37.4	37.4	37.4	37.4	37.4	37.4
TRAVEL						
CONTRACTUAL	6.1	1.1	1.1	1.1	1.1	1.1
SUPPLIES						
EQUIPMENT	5.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	48.5	38.5	38.5	38.5	39.5	38.5
CAPITAL						
CHANGE IN REVENUE						
FUND SOURCE #						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	48.5	38.5	38.5	38.5	38.5	38.5
1005 GF/Program Receipt						
1006 GF/MHTIA						
1007 Interagency Receipt						
TOTAL	48.5	38.5	38.5	38.5	38.5	38.5

POSITIONS:

FULL-TIME	1					
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)
 This bill proposes amending AS 21 by adding chapter 47, "Workers' Compensation Self Insurance Groups".
 See attached for the impact to Workers' Compensation.

Prepared by: Paul Grossi, Director *Paul Grossi* Phone: 465-2790
 Division: Workers' Compensation Date: 2/14/97
 Approved by Commissioner: Tom Cashen, Commissioner *Tom Cashen*
 Agency: Department of Labor Date: 2/14/97

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