

ALASKA LEGISLATURE

2230

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002



Facsimile Cover Sheet

To: Senator Pete Kelly
Company: Alaska State Senate
Phone: 907-465-2327
Fax: 907-465-5241

From: Les Goldberg
Department: State Government Affairs
Phone: 212-640-5028
Fax: 212-619-9739

Date: 5/6/2001

**Pages including this
cover page: 3**

Comments:

Pete:

I really need your help on HB 106. Attached is a copy of my colleague Stephen Lemson's testimony that was submitted to the Senate Judiciary Committee.

I will give you a call on Monday to discuss our concerns.

Thanks,

Les

American Express Testimony in Opposition to Section 55 of House Bill 106

Mr. Chairman and members of the committee, my name is Stephen Lemson. I am Director of State Government Affairs for American Express Company. Thank you for allowing me to speak to you about House Bill 106.

On behalf of American Express, we request that you oppose the proposed amendment to House Bill 106, Section 55, which prohibit a credit card company or a bank from including the amount of a purchase tax (sales tax, use tax and a tax on overnight accommodations) in the amount it uses to calculate the company's business use charge ("merchant discount fee").

Passage of this section would impose substantial harm on financial institutions and consumers alike through higher costs for Alaska consumers and Alaska businesses and a potential loss of business to Alaska retailers. The result would be to inflict significant damage to the state's economy.

It is virtually impossible for financial institutions to determine what portion of a credit card purchase results from the imposition of state purchase taxes and thus, is not subject to the merchant discount. Our systems simply are not designed to segregate the components of a transaction in this manner.

Forcing financial institutions and other participants in credit card payment systems to redesign their entire systems to identify what portion of a particular transaction pertains to purchase taxes and to collect detailed additional information with respect to each transaction would impose tremendous costs on the payment system, costs that ultimately will be borne by consumers in the form of higher prices for credit and/or retail products and services.

In addition, there is simply no policy reason for excluding state purchase taxes from the "merchant discount."

These "merchant discounts" are designed, in part, to compensate the financial institutions and other participants in the credit card payment system for the costs of operating the system and the risks they incur in doing so.

In addition, these costs and risks are present even with respect to the state purchase tax portion of the retail transaction.

For example, a credit card issuer needs to protect itself against the risk that it will not be able to collect the dollar amount of the transaction from the cardholder, including a portion of the transaction relating to state taxes.

As a result, such "merchant discounts" are appropriately imposed on the entire amount of credit card purchases, because this is the amount that the credit card issuer must ultimately collect from the consumer and are a legitimate cost of conducting business.

For these reasons, we respectfully request that you vote oppose the proposed amendment to HB 106, Section 55.

Thank you. I would be happy to answer any questions you might have.

HB106



Insurance Fund or

Sec. 55. AS 45.45 is amended by adding a new section to read:

"NEW" Sec. 45.45.920. Calculations of credit card business use charges. A bank or credit card company may not include the amount of a purchase tax in the amount that it uses to calculate the company's business use charge. In this section,

- (1) "bank or credit card company" means a bank or company that extends credit to a person, by issuing credit cards to the person, to use to pay for purchases;
- (2) "business" means a person who engages in the business of selling at retail goods, services, real property, or interests in real property;
- (3) "business use charge" means the amount a bank or credit card company charges a business to allow the business to accept the bank's or credit card company's credit card from a customer as payment for a customer's purchases;
- (4) "credit card" means a card that authorizes purchases on credit;
- (5) "purchase tax" means a tax imposed on a retail purchase by the state or a municipality, including a sales tax, use tax, and a tax on overnight accommodations, but not including an income tax.

Sec. 56. AS 06.05.005(b)(3), (6.05.175, 06.05.272(d), 06.05.990(10); and AS 06.20.330(a) are repealed.

Sec. 57. The uncodified law of the State of Alaska is amended by adding a new section to read:

INDIRECT COURT RULE AMENDMENTS. AS 06.01.022(b), added by S.S. 07

"NEW" =

Insurance Fund or

which has the effect of changing Rule 45, Alaska Rules of Civil Procedure, Rules 17 and

Passed
Unanimously

Proposed Legislative Position for the Alaska State Chamber of Commerce

Title: Support for an amendment to House Bill 106 to remove language relating to the calculation of credit card business use charges.

Position Statement: The Alaska State Chamber of Commerce urges the Senate Finance Committee to support an amendment to remove language that restricts a bank or credit card company from including the amount of a purchase tax in the amount that it uses to calculate the merchant's business use charge.

Need for Position:

House Bill 106 which makes a number of important changes to the state banking code, passed the House 37-2. The House passed bill was the result of lengthy, technical hearings and careful compromise that led to a bill supported by both the administration and the banking industry.

In the last days of the legislative session it was amended in the Senate Judiciary Committee to include language to exempt all purchase taxes from the merchant discount rate. There was no testimony taken or notice given to impacted parties regarding this amendment.

Reasons for removing the purchase tax exemption are:

Financial institutions assume the liability for collecting the full value of the transaction, including taxes. The merchant fee is based on the full amount of the credit extended and processed through the system. These fees are negotiated individually between competing financial institutions and merchants for each merchant's business.

No other jurisdiction in the world has implemented such an exemption.

If Alaska becomes the first jurisdiction to implement such a restriction, each credit card company may have a different method of dealing with the law, such as:

- Allowing the system to be used for the base purchase only without taxes, leaving the merchant to collect the taxes by cash or check.
- Require two separate transactions for each sale, one for the tax and one for the product or service. (This would require major reprogramming of worldwide systems.)
- Pull out of the Alaska market since it is comparatively small.
- Implement the law in some way and raise the merchant discount rate for Alaska businesses.

Sponsor: Alaska Bankers Association

Contact persons: Jerry Weaver, Wells Fargo Bank 265-2920

Thyes Shaub, Shaub & Associates 463-5118

provided by: Alaska State
Chamber

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 106
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3552
WWW.STATE.AK.US

February 2, 2001

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

Dear Speaker Porter:

This bill I transmit today allows state financial institutions to compete on equal terms with their federal counterparts by removing current restraints on the state's financial industry. These changes are encouraged under the federal Gramm-Leach-Bliley Act which permits the combining of banking institutions with insurance and securities businesses. Previous federal law prohibited this practice.


This bill allows the Department of Community and Economic Development to grant state banks those powers enjoyed by national banks in a simplified, efficient process.

The bill is patterned after federal law, but offers greater protection to depositor and consumer financial records. The state would use the more stringent practice of asking depositors and consumers to choose to allow specific disclosure of their records. Conversely, federal law and many other states allow disclosure unless the depositor or consumer specifically requests confidentiality.

The bill also clarifies and updates existing statutes, partly in response to discussions with the financial industry. For example, the bill allows state banks to publish their financial reports in electronic form or in a local newspaper, and simplifies the procedure by which state banks obtain authority to install off-premises automated teller machines. The bill also removes the statutory limitation on the interest rate and fees state banks may charge on credit cards and grants credit unions the authority to issue credit cards. These provisions will keep Alaska banks competitive with out-of-state banks.

As a means of modernizing Alaska's financial institutions, I urge your prompt and favorable action on this measure.

Sincerely,


Tony Knowles
Governor

HR 106

SENATE COMMITTEE REPORT

DATE: 5/1/01

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5-6-01

Judiciary Committee considered CS FOR HOUSE BILL NO. 106(L&C) am
FINANCIAL INSTITUTIONS

and recommends:

- be replaced with \$CS CS HB 106 (JUD)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by Committee
- further referral to Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # 16

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	1/26	.	✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>			✓	

HB 106-FINANCIAL INSTITUTIONS
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: Terry Eller Subject/Bill No: 106
Co./Dept./Title: Director Banking, Securities & Loans Phone: 2521
Address: Po Box 110807 Zip: 99811-0807
Do you wish to testify? Yes No Respond To Questions

NAME: Terry Lutz Subject/Bill No: 106
Co./Dept./Title: DBSC Phone: 2521
Address: P.O. Box 110807 Zip: 99811-0807
Do you wish to testify? Yes No Respond To Questions

NAME: ~~_____~~ Subject/Bill No: ~~_____~~
Co./Dept./Title: ~~_____~~ Phone: ~~_____~~
Address: ~~_____~~ Zip: ~~_____~~
Do you wish to testify? Yes No Respond To Questions

NAME: Lisa Bell Subject/Bill No: HB106
Co./Dept./Title: Alaska Bankers Assoc. Phone: 790-5104
Address: Alaska Pacific Bank
2094 Jordan Ave. Juneau Zip: 99801
Do you wish to testify? Yes No Respond To Questions

HB

108

HFIN

FILE

HB108 – Recorder's Office Receipt Supported Services
Scheduled for House Finance April 25,2001

- This Legislation will still require the Recorder's Office to submit its Operating and Capital Budgets and require Legislative appropriation.
- The Recorder's Office competes for resources with other DNR programs, such as Oil & Gas, Parks, Forestry, Mining, Land & Water for incremental funding. This year's increment (See Fiscal Note) was \$150.0 for increase Facility Lease cost, postage, etc.
- The Annual Revenues are ~\$4.0 million a year while direct appropriations to the Recorder's Office in the Operating Budget are \$2.4 million GFPR.
- The program should pay for "program" cost in other State Budgets such as:
 - Facilities Rent in DOA – Leasing = \$320.0
 - DP Chargeback cost for mainframe = \$ 50.0
 - Statewide cost – DOA = \$ 30.0
 - DNR Indirect Cost = \$130.0
- Annual Capital Budget - \$200.0 - \$250.0 currently funded with GFPR
- Other Recorder's Offices around the Nation have funding outside the state general fund, in order for them to fund their capital budgets.
- Industry Support for this legislation from members of:
 - Credit Union League
 - Alaska Miners Association
 - Alaska Association of Realtors
 - Alaska Land Title Association
 - Alaska Bankers Association
- Motznik & Assoc:

A question may be asked how the Recorder's office is doing with Mr. Motznik. Since the implementation of the State's Recorder's Office Index System we have provided a daily on-line transfer of the complete index without missing a day. Data entry quality concerns Mr. Motznik has raised are addressed through more timely updates and correction, and a plan to scanning and bar coding all the documents.
- Three Recorder's Offices still are housed in the Court System: Valdez, Chitna (Glennallen), and Seward.
- Recording Office fees have been in place since 1991 and are low compared to other fees charged in other States/Counties.

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB108
P.O. Box 110001
Juneau, Alaska 99811-0001
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www.gov.state.ak.us

February 2, 2001

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

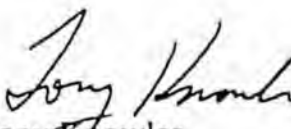
Dear Speaker Porter:

I am transmitting this bill to help ensure the state recorder's office can do the best possible job in its task as depository of vital documents related to real estate and secured personal property transactions throughout Alaska.

Under this bill the customers who use the recorder's office, well over 50,000 contacts annually, will directly support its operations. Receipts for recording and other fees of this office will be accounted for separately and intended for appropriation to run the recording functions of the state. This funding method should provide the recorder's office with the resources needed to maintain and improve operations, including upgrading recording office systems to stay abreast of technological advances in the field, as well as to permanently preserve the millions of records in its custody.

The state recorder's office is responsible for recording and preserving more than 200,000 documents per year. It is necessary to the health of Alaska's economy that this office functions efficiently and offers excellent service to its users.

Sincerely,


Tony Knowles
Governor

HR108

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1

Bill Version: HB 108

(H) Publish Date: 2/5/01

Dept Affected: Natural Resources

BRU: Information/Data Management

Component: Recorder's Office/UCC

Revision Date/Time:
Title: Recorder's Office Receipt Supported Services

Sponsor: Rules Committee

Requestor: Governor

Component No. #802

Expenditures/Revenues (Thousands of Dollars)
Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
PERSONAL SERVICES	20.0	20.0	20.0	20.0	20.0	20.0
TRAVEL						
CONTRACTUAL	115.0	115.0	115.0	115.0	115.0	115.0
SUPPLIES	15.0	15.0	15.0	15.0	15.0	15.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	150.0	150.0	150.0	150.0	150.0	150.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	(2,388.9)	(2,388.9)	(2,388.9)	(2,388.9)	(2,388.9)	(2,388.9)
1037 GF/Mental Health						
1156 Receipt Supported Services	2,538.9	2,538.9	2,538.9	2,538.9	2,538.9	2,538.9
TOTAL	150.0	150.0	150.0	150.0	150.0	150.0

Estimate of any current year (FY2001) cost: \$ 0.0

POSITIONS	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

This legislation will switch the funding source for the Recorder's Office from 1005/General Fund Program Receipts to 1156/Receipt Supported Services category. There will be no operational change as a result of this legislation.

\$150.0 Increase in Operational Costs:
The component continues to place increased emphasis on the critical need to preserve its historic records dating back to the 1800's. At the same time the component is moving into newer technologies and applications that will make access to new recordings faster and easier than it has ever been before. Both of these demands are draining existing component resources to unprecedented levels.

..... continued on next page

Prepared by:	<u>Sharon Young</u>	Phone:	<u>907-269-8882</u>
Division:	<u>Support Services Division</u>	Date:	<u>13-Nov-00</u>
Approved by Commissioner:	<u>Pat Pourchol</u>	Date:	<u>13-Nov-00</u>
Agency:	<u>Natural Resources</u>		

For distribution information, call the Governor's Legislative Office

COMMITTEE COPY

Continuation of fiscal note for:

Recorder's Office Receipt Supported Services

Repetitive status quo operational funding over a number of years, coupled with significant increases in contractual and supply costs, has required the component to forego or limit expenditures in several areas, including equipment maintenance and repairs, postage, archiving, and equipment replacement. Due to such cost increments and increased demands for the component's services, the component will not be able to continue status quo operations into FY02 without added funding.

DNR has requested a fund source change in FY02 relating to the accounting and appropriation of fees for recording and related services provided by the component. The change would allow the component's program receipts to be accounted for separately and would allow for more appropriate budgeting for the needs of the department. This fiscal note reflects an increase of \$150.0 over the Governor's budget request for this component. This additional funding is necessary to cover the component's increased operating expenses in a number of areas related to technology and records preservation – the two major forces currently impacting the component's operations. Specifically, this increase includes:

\$15.0 to cover increased lease costs associated with acquisition of additional historical records from various magistrate offices throughout the state and to cover space needs for thousands of plat mylars that are expected to be returned to the component for permanent storage;

\$30.0 to cover increased maintenance costs for reader/printers and other equipment in recording offices throughout the state;

\$20.0 to cover off-site records storage and costs associated with accessioning permanent film records to State Archives in Juneau;

\$20.0 to cover increased postage and courier expense;

\$5.0 to cover increased phone line expense to support WAN connections in all recording offices statewide;

\$20.0 to provide non-perm or intern staffing to address mailout backlogs in various offices;

\$15.0 to cover supply needs associated with new technology and new equipment, including archive film, CDs, labels, bar code software, bar code printers, etc.;

\$25.0 to address digital conversion of film records in various locations.

All of these expenditures are necessary for continuation of basic recording functions as mandated by statute. This increase is necessary to facilitate the component's basic mission: to provide and maintain a secure and impartial place of record for legal documents affecting real and personal property in the manner prescribed by Alaska law and to protect, preserve and enhance the permanent public record for the benefit of present and future generations.

HB

108

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAY 06 2001

SENATE FINANCE
COMMITTEE

DATE: 5/4/01

FURTHER:

DATE TURNED
IN TO OFFICE:

6 May 2001

Finance Committee considered **HOUSE BILL NO. 108**

HB 108 DEPT NATURAL RESOURCES RECORDING FEES

"An Act relating to the accounting for and appropriation of fees for recording and related services by the Department of Natural Resources; and providing for an effective date."

and recommends:

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

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DNR	5/6/01	75.0		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			(X)	
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>	✓			

MAY 06 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SCSHB108(FIN)
 () Publish Date: _____
 Dept. Affected: Natural Resources
 BRU: Information/Data Mgt
 Component: Recorder's Office/UCC
 Component Number: 802

Revision Date/Time (Note if correction): 05/06/2001
 Title: DNR Recording Fees
 Sponsor: Rules by Request of Governor
 Requester: (H) FIN

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual	75.0	75.0	75.0	75.0	75.0	75.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	75.0	75.0	75.0	75.0	75.0	75.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	(2,392.2)	(2,392.2)	(2,392.2)	(2,392.2)	(2,392.2)	(2,392.2)
1037 GF/Mental Health						
1156 Receipt Supported Services	2,467.2	2,467.2	2,467.2	2,467.2	2,467.2	2,467.2
TOTAL	75.0	75.0	75.0	75.0	75.0	75.0

Estimate of any current year (FY2001) cost: none

Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will switch the funding source for the Recorder's Office from 1005/General Fund Program Receipts to 1156/Receipt Supported Services category. There will be no operational change as a result of this legislation.

\$75.0 Increase in Operational Costs:

The component continues to place increased emphasis on the critical need to preserve its historic records dating back to the 1800's. At the same time the component is moving into newer technologies and applications that will make access to new recordings faster and easier than it has ever been before. Both of these demands are draining existing component resources to unprecedented levels.

..... continued on next page

Prepared by: Sharon Young Phone 269-8882
 Division: Support Services Date/Time 06-May-01
 Approved by: Pat Pourchol Date 06-May-01
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

Relative status quo operational funding over a number of years, coupled with significant increases in

Repetitive status quo operational funding over a number of years, coupled with significant increases in contractual and supply costs, has required the component to forego or limit expenditures in several areas, including equipment maintenance and repairs, postage, archiving, and equipment replacement. Due to such cost increments and increased demands for the component's services, the component will not be able to continue status quo operations into FY02 without added funding.

DNR has requested a fund source change in FY02 relating to the accounting and appropriation of fees for recording and related services provided by the component. The change would allow the component's program receipts to be accounted for separately and would allow for more appropriate budgeting for the needs of the department. This fiscal note reflects an increase of \$75.0 over the Governor's budget request for this component. This additional funding is necessary to cover the component's increased operating expenses in a number of areas related to technology and records preservation – the two major forces currently impacting the component's operations. Specifically, this increase includes:

\$20.0 to cover increased lease costs associated with acquisition of additional historical records from various magistrate offices throughout the state and to cover space needs for thousands of plat mylars that are expected to be returned to the component for permanent storage; and to cover off-site records storage and cost associated with accessioning permanent film records to State Archives.

\$30.0 to cover increased maintenance costs for reader/printers and other equipment in recording offices throughout the state;

\$20.0 to cover increased postage and courier expense;

\$5.0 to cover increased phone line expense to support WAN connections in all recording offices statewide;

All of these expenditures are necessary for continuation of basic recording functions as mandated by statute. This increase is necessary to facilitate the component's basic mission: to provide and maintain a secure and impartial place of record for legal documents affecting real and personal property in the manner prescribed by Alaska law and to protect, preserve and enhance the permanent public record for the benefit of present and future generations.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

400 WILLOUGHBY AVE. #500
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FAX: (907) 465-3886

SPONSOR STATEMENT

HB108 – Recorder's Office switch to Receipt Supported Services Funding

- This Legislation is patterned after last year's HB418 in which similarly situated programs were switched to a Receipt Supported Service Funding Source (such as Licensing, and Banking & Securities, and Corporations,).
- This legislation does NOT set up a dedicated Fund – it sets up an account within the General Fund and it will still require the Rec. Office to submit it's annual Operating and Capital Budgets for Legislative appropriation.
- The Fiscal Note will switch \$2,392,2 in GF/Program Receipts to Receipts Supported Services and allow for a \$150.0 increase to pay for Facility Lease cost, postage, equipment maintenance, etc.
- This bill will provide for a stable funding source from the fees paid by the customers of the Recording Office.
- SB29(CIP) includes \$225.0 for Rec. Office Receipt Supported Services – Equipment and Filming. Without this legislation this needs to be switched to GF Program receipts.
- The Annual Revenues are ~\$4.0 million a year while direct appropriations to the Recorder's Office in the Operating Budget are \$2.4 million GFPR.

SENATE COMMITTEE REPORT

DATE: 5/1/01

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/3/01

Resources Committee considered HOUSE BILL NO. 108

DEPT OF NATURAL RESOURCES RECORDING FEES

"An Act relating to the accounting for and appropriation of fees for recording and related services by the Department of Natural Resources; and providing for an effective date."

and recommends:

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

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

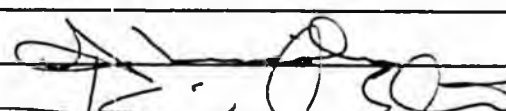
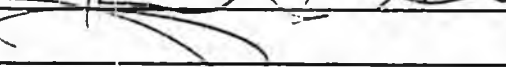
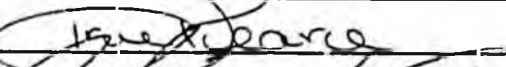
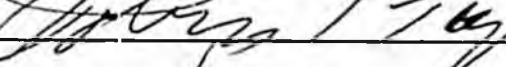
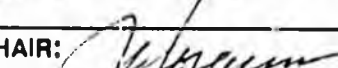
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DNR	11/13/00	✓		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	✓			
	✓			
	✓			
	✓			
CHAIR: 	✓			

HB

113

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 113(L&C)
 (H) Publish Date: 3/7/01

Revision Date/Time (Note if correction): 02/23/2001 5:05p.m. Dept. Affected: DCED
 Title: Health Care Insurance Payments BRU: Insurance Operations
 Component: Insurance Operations
 Sponsor: Representative Green
 Requester: House Labor & Commerce Component Number: 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation, unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 2001) cost: 0.0

Check this box (X) if funding (or this bill) is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 The bill has no fiscal impact on this component

Prepared by: Robert A. Lohr, Director Phone 907-269-7900
 Division: Insurance Date/Time 02/23/2001 5:05p.m.
 Approved by: Commissioner Deborah B. Sedwick Date 2/23/2001
 Agency: Department of Community & Economic Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB (113) (HES)
 Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: "An Act relating to health care insurance BRU: Centralized Admin. Services
payments for hospital or medical..." Component: Retirement & Benefits
 Sponsor: Representative Green
 Requester: House Finance Component Number: 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (TRS 1034)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach if separate pages if necessary)

CSHB113(HES) requires medical insurers to adjudicate claims within 30 calendar days of receipt. Currently the State of Alaska requires its third party administrator- Aetna - to pay 80% of claims within 12 calendar days. If it does not, penalties are assessed on Aetna for late payment. The penalties are paid to the plan. Although the state's medical plans are self-insured and the state is not legally bound to mandates and requirements set out in Title 21, the state has generally followed such mandates and requirements as a matter of public policy. Given the timelines set out in the committee substitute, the Department of Administration believes this legislation would have no fiscal impact on state administered medical plans.

Prepared by: Guy Bell, Director Phone 465-4471
 Division: Retirement and Benefits Date/Time April 3, 2001
 Approved by: Jim Duncan, Commissioner Date April 3, 2001
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Colorado	Yes CRS § 10-16-106.5	Yes	Yes	45 calendar days after receipt	30 calendar days after receipt	Carrier must: 1) Notify within 30 calendar days of receipt; 2) explain what info. is needed; 3) dispense of claim within 90 calendar days of initial receipt	10% per annum	3% of total claim if originally contested/ incomplete claim not paid within 90 days of receipt; Ins. Commissioner may assess additional penalties	Retroactive denials allowed in certain cases; carrier may deny claim if info. requested is not received within 30 days of request
Connecticut *	Yes Conn. Gen. Stat. § 38a-816	No	No	45 days, or as stipulated by contract, after receipt	Same	--	15% per annum	Penalties assessed pursuant to Unfair Business Practice Act	--
Delaware *	Yes 18 Del. C. § 2304 et seq.	No	No	45 days after receipt	Same	Insurer must notify within 30 days of receipt if claim is denied	Maximum allowed by law	Insurance Commissioner may assess penalties under Unfair Business Practice Act	--
District of Columbia	No	--	--	--	--	--	--	--	--
Florida	Yes Fla. Stat. § 627.613	No	No	45 days after receipt	Same	Insurer must: 1) Notify within 45 days of receipt; 2) pay within 60 days of receipt of necessary information; 3) pay/deny all claims within 120 days of receipt	10% per annum	--	Permits retroactive denials if insurer finds that provider improperly billed patient

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Georgia	Yes O.C.G.A. §§ 33-20A-6; 33-24-59.5	No	No	15 working days of receipt	Same	Insurer must: 1) Notify within 15 days of receipt; 2) state reasons for failure to pay; 3) itemize documents needed to process; 4) pay undisputed part of claim; 5) pay/deny claim within 15 working days of receiving necessary info.	18% per annum	Penalties may be assessed under general insurance laws	Insurance Commissioner requires all insurers to file data on the speed of claims handling with their quarterly reports
Hawaii	Yes HRS § 431:13-108; 431:13-201	No	No	30 days after receipt	15 days after receipt	Insurer must: 1) Notify within 15 days (7 days for electronic); 2) identify contested portion and reason for contesting/ denying claim and may request additional information; 3) pay within 30 days (7 days for electronic) after receiving information	15% per annum; may be suspended by Insurance Commissioner in certain cases	In determining gravity of penalty, Insurance Commissioner may consider relevant factors bearing upon violation.	--
Idaho	No	--	--	--	--	--	--	--	--
Illinois	Yes 215 ILCS 5/356y	No	No	30 days after receipt	Same	Insurer must notify of any known failure to provide sufficient documentation within 30 days after receipt	9% per year; must be paid within 30 days of the claim payment	Insurance Dept. may enforce the act pursuant to its general enforcement powers	--
Indiana	No	--	--	--	--	--	--	--	--
Iowa	No	--	--	--	--	--	--	--	--
Kansas	No	--	--	--	--	--	--	--	--
Kentucky	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claims" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Louisiana	Yes R.S. 22:250-31 et seq.	No	Yes	45 days after receipt, if submitted within 45 days of the date of service; 60 days after receipt if submitted after 45 days	25 days after a correctly completed uniform claim form is transmitted	Non-electronic: Insurer must review claim within a reasonable time of receipt; if incomplete, notice must be given within 3 business days (2 business days for electronically submitted claims) of review	12% per annum	Monetary penalties, suspension/revocation of cert. of authority	--
Maine	Yes 24-A M.R.S. § 2436	No	No	30 days after receipt and ascertainment of the loss is made	Same	Insurer must: 1) Notify claimant within 30 days of receipt that additional info. is required; 2) pay within 30 days of receipt of such information	18% per annum	Reasonable attorney fees paid by insurer if overdue benefits are recovered in an action against insurer or if overdue benefits are paid after receipt of notice of the attorney's representation	--
Maryland	Yes Md. Ins. Code § 15-1005; Md. Health Code § 15-102.3	No	No	30 days after receipt	Same	Insurer must: 1) Send notice of refusal to reimburse within 7 weeks of receipt; 2) include reason for refusal/ what info. is necessary; 3) reimburse within 30 days after receipt of necessary documentation	1.5% for 31 st through 60 th day; 2% from 61 st through 120 th day; 2.5% after 120 th day	--	Insurer may retroactively deny reimbursement up to 6 months after claim payment is made
Massachusetts	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Michigan	Yes MSA 24.12006	No	No	30 days after receipt	Same	Insurer must: 1) Specify materials constituting satisfactory proof of loss within 30 days after receipt; 2) pay supported portion of claim within 60 days after receipt; 3) pay remainder of claim within 60 days of receipt of information	12% per annum	--	--
Minnesota	Yes 2000 SB 2167 (eff. 1/1/01)	Yes	No	30 days after receipt	Same	--	1.5% per month	Commissioner may not assess a financial administrative penalty against a plan for violation of the law	Plan must itemize interest payments made separately from other payments; plan may require provider to bill plan or TPA for interest
Mississippi	Yes Miss. Code Ann. § 83-9-5	No	No	45 days after receipt	Same	Payment is overdue if not made within 45 days after necessary information is received; if necessary information is not supplied for the entire claim, the amount supported by reasonable proof is overdue if not paid within 45 days of receipt of such proof	18% per annum	Person entitled to benefits may bring action to recover benefits, interest and any other damages allowable by law	--
Missouri	Yes § 376.387 R.S. Mo	No	No	45 days after receipt	Same	Insurer must: 1) Send notice of refusal to pay and include reason for refusal or state that more info is necessary; 2) pay or deny within 10 days after additional info. is received	12% per annum	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Montana *	Yes Mont. Code Anno. § 33-18-232	No	No	30 days after receipt of a proof of loss	Same	Insurer must pay or notify the insured or assignee of the reasons for failure to pay in full and/or request additional information within 30 days. If the insurer fails to do this, the insured/assignee may report the delay to the Commissioner of Insurance. The Commissioner may investigate to determine if the insurer has failed to pay without good reason, and whether the delay is a general course of business practice.	Upon a determination that a delay is a general course of business practice and for a year thereafter, claims not paid within 30 days without good reason will incur interest at 18% per annum	--	--
Nebraska	No	--	--	--	--	--	--	--	--
Nevada	Yes NRS 683A	No	No	30 days of approval of claim (must be approved within 30 days of receipt)	Same	If additional info. is needed, insurer must notify within 20 days; approve/deny within 30 days after receiving additional info.	Rate of interest established pursuant to law	--	--
New Hampshire	No	--	--	--	--	--	--	--	--
New Jersey	Yes N.J. Stat. § 17B:27-44.2	No	Yes	40 calendar days after receipt	30 calendar days after receipt or time allowed under medicare, whichever is shorter	Insurer must: 1) Notify within 30 days of reason for denial, what info. is needed to process; 2) pay undisputed portion of claim; 3) pay within 40 days (30 for electronic) of receipt of necessary info.	10% per annum	TPA must demonstrate that it will comply with the law, as condition of continued authorization to do business	Payers must maintain claims information that is audited and submit annually to Commissioner, Governor and Legislature; Commissioner may act further if info. warrants

Advocacy Resource Center
April 2000

State	Prompt Pay Law	"Clean Claims" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
New Mexico	Yes SB 164 (2000)	Yes	Yes	45 days after receipt	30 days after receipt	If plan is unable to determine liability for or refuses to pay a claim within specified timeframes, the plan must make a good faith effort to notify the participating provider within 30 days (45 for manual submission) of reasons for denial or specific information required to determine liability	18% per annum	--	Prohibits contractual hold harmless agreements
New York	Yes	No	Yes	45 days after receipt	Same	--	12% per annum or the rate set by the tax commissioner for corporate taxes	--	--
North Carolina	Yes N.C. Gen. Stat. § 58-3-100	No	No	30 days to acknowledge claim, but only if it contains sufficient info. for the insurer to identify the specific coverage involved	--	--	--	Commissioner may invoke civil penalty for violation	--
North Dakota	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Ohio	Yes ORC Ann § 3901.38	No	No	24 days of a completed claim form, or as specified in contract	Same	--	As agreed to by the parties, or as specified in statute	Aggrieved party may file written complaint; Superintendent may issue cease and desist order and may require penalties as specified by law	--
Oklahoma *	Yes 36 Okl. St. § 1219	No	No	30 days after receipt to notify policyholder of the cause for delay in payment; 60 days to pay before interest is incurred	Same	--	T-Bill rate plus 2%	--	--
Oregon	No	--	--	--	--	--	--	--	--
Pennsylvania	Yes 40 P.S. §§ 991.2101, 991.2166	Yes	No	45 days after receipt	Same	--	10% per annum	--	--
Rhode Island	No	--	--	--	--	--	--	--	--
South Carolina	No	--	--	--	--	--	--	--	--
South Dakota	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claims" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Tennessee	Yes (TennCare HMOs) Tenn. Code Ann. § 56-32-226	No	No	90% of claims must be paid within 30 days of receipt; 99.5% must be processed within 60 days of receipt	Same	HMO must notify provider that claim has been denied and specify reasons; provider has 60 days to request reconsideration and must submit additional documentation, if necessary, within 60 days; if HMC doesn't respond within 60 days, provider may request that denial be independently reviewed	--	Provider may pursue contractual and legal action if he does not request independent review	--
Texas	Yes Tex. Stat. Ann. Art. 20A.18B	Yes	No	45 days after receipt	Same (21 days for submission of prescription benefit claim)	Insurer must: 1) pay the total amount of the claim; 2) pay the portion of the claim not in dispute and notify the physician why the remaining portion is in dispute; or 3) notify the physician why the claim will not be paid., within 45 days of receipt	18% per annum	Penalties of up to \$1000 per day	Attorney's fees may be recovered
Utah *	Yes R590-89-7	No	No	30 days after receipt	Same	--	--	Penalties may be imposed under general unfair business practices act	--
Vermont	Yes 18 VSA § 9418	No	No	45 days after receipt	Same	Insurer must: 1) Notify claimant that claim is contested or denied; 2) include specific reasons and describe information necessary to process; 3) pay within 45 days after receipt of information	12% per annum (may be suspended by Commissioner in certain cases)	Commissioner may impose penalty, not to exceed \$500 per violation, if a pattern of denial is established	--

Advocacy Resource Center
April 2000

Virginia	Yes Va. Code Ann. § 38.2- 3407.15	Yes	No	40 days after receipt	Same	Carrier has 30 days after receipt to request info. and documentation necessary to process or determine if claim is clean	As established by law	Penalties under unfair trade practice law	Retroactive denials permitted, with restrictions
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State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/ Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Washington	Yes (reg.) WAC § 284- 43-321	Yes	No	95% of the monthly volume of clean claims must be paid within 30 days of receipt; 95% of the monthly volume of all claims must be paid or denied within 60 days of receipt	Same	Denial must include specific reason why the claim was denied. In cases of denials based on medical necessity, the carrier must disclose the basis for the decision.	12% per annum; interest must be added to the amount of the unpaid claim	--	--
West Virginia	No	--	--	--	--	--	--	--	--
Wisconsin	Yes Wis. Stat. § 628.46	No	No	30 days after receipt	Same	Insurer must pay any partial amount supported by written notice of claim	12% per annum	--	--
Wyoming	Yes Wyo. Stat. § 26-15-124	No	No	45 days after receipt of proof of loss and supporting evidence	Same	Exceptions to the 45 day rule shall be made if there is any question as to the validity or amount of the claim.	10 % per year	Attorney fees may be awarded	--

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Advocacy Resource Center
April 2000

**ALASKA
PULMONARY
CLINIC, LLC**

Suite C-402
2741 DeBarr Rd
Anchorage, AK 99508
(907) 274- LUNG (5864)
(907) 274- 5860 (FAX)
e-mail: glstewart@juno.com

February 28, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HB 113 – The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Internal Medicine and Lung disease. I practice at Alaska Regional and Providence Hospital, as well as being on the consulting staff at Seward, Soldotna, Juneau and Wrangell Hospitals. I am writing to ask for your support of HB 113 for the following reasons:

- 1) Delayed, inaccurate and denied 3rd party payor claims payments have been an on-going problem for my practice for many years.
- 2) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work
- 3) This increased cost of overhead (to cope with insurance company delays) has to be passed on to other "consumers"

● Page 2

February 28, 2001

- 4) Currently 3rd party payors have little incentive to streamline their claims reimbursement process since it is in their benefit to retain the money as long as possible. HB 113's interest penalties should help motivate them to expedite the process. This will ultimately reduce the cost burden to Alaska's medical consumers.

Thank you for your assistance.

Sincerely yours,

George L Stewart, MD



Dwight M. Ellerbe, MD

Facial Plastic & Reconstructive Surgery
Pediatric and Adult Otolaryngology

Diplomate:

American Board of Facial Plastic
and Reconstructive Surgery

American Board of
Otolaryngology/Head and Neck
Surgery

American Board of Pediatrics

February 28, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HB113-The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in ENT. I practice in Anchorage, Alaska at Providence Medical Center and Alaska Regional Hospital. I am writing to ask for your support of HB113 for the following reasons:

1. Delayed, inaccurate and denied 3rd party payor claims payments have been an ongoing problem for my practice for years.
2. Delayed claims by payors can run as much as 6 months behind with tactics like "incorrect code," or "you unbundled this code," and my favorite "we lost your claim, you'll have to start over." I employ a certified medical coder as my office manager, and have also attended numerous coding courses myself. Our actual error rate on insurance coding is very near zero. Our experience has been that the insurance companies make frequent errors, but we pay the price in delayed payments.
3. Nearly every bill that I receive from the vendors who serve me give me a grace period of 30 days before charging interest. I'm sure you find the same to be true in your business and home affairs. I feel I should be treated similarly when I submit bills for payment.
4. Insurance companies are not known for giving their customers (our patients) the option of delaying payment or "loosing" statements without applying penalties or threatening to drop coverage.
5. The inaccuracy and delayed payment of claims have resulted in my having to hire additional office staff just to handle and monitor the increased paperwork.

2841 DeBarr Road, Suite 43 ♦ Anchorage, Alaska 99508
907-279-8800 Fax 907-279-8810

6. The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
7. Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.
8. Our letters of appeal go unanswered for extended periods of time, and many are returned with requests for information that we have already provided them. We know what documentation is usually required or requested, and make sure we submit it with the initial bill.

Sincerely,



Dwight M. Ellerbe, MD

Cc: Alaska State Medical Association
Alaska Physicians & Surgeons



F. LELAND JONES, M.D.
KENNETH S. LAUFER, M.D.
R. MATSON WHITE, JR., M.D.
RICHARD R. TAYLOR, JR., M.D.
CHARLES L. AARONS, M.D.

GLENN J. SCHULTES, M.D.
GARY I. CHILD, D.O.
TIMOTHY COALWELL, M.D.
MARIO A. LANZA, M.D.
MICHELE A. CHASE, M.D.
DARREN B. LEWIS, M.D.

Diplomates American Board of Family Practice

2211 EAST NORTHERN LIGHTS BOULEVARD, ANCHORAGE ALASKA 99508

March 1, 2001

Representative Joe Green
State of Alaska
House of Representative
State Capitol
Juneau, AK 99801-1182

RE: HB 113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Family Practice. I practice in Anchorage, AK with privileges at both ARH and PAMC. I am writing to ask for your support of HB113 for the following reasons:

- 1) Delayed, inaccurate and denied 3rd party payor claims payments, has been an on-going problem for my practice for years.
- 2) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3) The additional staff has to be paid for by someone and, unfortunately, patients in the State of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4) Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures. HB 113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,


Charles Aarons, MD

February 27, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in ophthalmology I practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3rd party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

Edward Howard MD

FEB 28 2001 11:00 AM
MARK E. RICHEY
007422200
11 01/01

Mark E. Richey, M.D., P.C.

Obstetrics, Gynecology & Infertility

February 28, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, Alaska
99801-1182

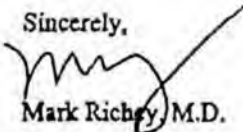
RE: HB113- The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Obstetrics and Gynecology. I practice in Anchorage, Alaska at both Providence and Alaska Regional Hospitals. I am writing to ask for your support of HB113 for the following reasons:

1. Delayed, inaccurate, and denied third party payor claims payments have been an ongoing problem in my practice for years.
2. Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paperwork.
3. The additional staff has to be paid for by someone, and, unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
4. Currently, third party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,


Mark Richey, M.D.

1200 Airport Heights, Suite 205
Anchorage, Alaska 99508



Phone 1-(907) 272-4443
Fax 1-(907) 272-2262

3200 Providence Drive
 P.O. Box 195604
 Anchorage, Alaska
 99513 6604

tel: 907.562.2211



February 28, 2001

Rep. Joe Green
 Alaska State Capitol
 Juneau, AK 99801-1182

FAX: (907) 465-4316

Dear Representative Green,

On behalf of the Providence Health System in Alaska, I am writing this letter to urge your support of House Bill 113, relating to health care insurance payments for hospital or medical services, and to ask you to review one section of this bill for clarification.

This proposal would ultimately ensure health organizations, such as ourselves, receive timely payment from insurance carriers and we truly support the spirit behind this effort.

However, we would like clarification of one statement within this legislation prior to its advancement through committee. We feel the paragraph in Section 1 (e) where it states: *"The policy may not contain a provision requiring that services be provided by a particular hospital or person, except as applicable to a health maintenance organization under AS 21.86"* needs further explanation to ensure it does not affect organizations that have preferred provider agreements with insurance carriers.

We thank you for your commitment to ensuring Alaskans receive the highest quality of medical care available. Your support of legislation that helps the medical community directly positively impacts the healthcare of all Alaskans.

If you have any questions or comments, please feel free to call me at (907) 261-3055 or Jerome Selby, Regional Director of Planning and Development and Government Relations, at (907) 261-3134.

Sincerely,

Doug Bruce
 Chief Executive Officer
 Providence Health System in Alaska

CC: Gene O'Hara
 Rebecca Parker



Fairbanks Clinic

Quality Care Since 1932

February 23, 2001

SENT VIA FAX 907-561-2063 (Jim Jordan)

Representative Joe Green
House of Representatives
State Capitol, Room 403
Juneau, AK 99801-1182

Dear Representative Green:

Dr. Lawrason asked me to provide you with the following information:

As a rule it takes 40-60 days before we receive payments from insurance companies—I feel it is a trend! For example, if several charges are billed on the same form the smaller ones are paid very quickly whereas the larger amounts are being set aside, often with no explanation for the delay. They often engage/hire a third party to negotiate a lesser amount with us. There are several weeks of phone calls back and forth and/or checking of any preexisting status even though we had obtained prior authorization. The slowdown in payments commonly worsens when their insurance companies' fiscal year is at an end—then different delay tactics are used.

Please feel free to contact me for any further information. You may reach me on my direct line at (907) 451-4200.

I applaud your efforts to give us "a cloud" to speed up the time of reimbursement for our services.

Sincerely,

Dita De Boer
Clinic Manager



Alaska Ear Nose & Throat, Inc.

William R. Fell, MD
Jerome List, DDS, MD
Deborah Kiley, ANP

Tel: (907) 261-3096
Fax: (907) 261-3094

February 23, 2001

Representative Joe Green
House of Representatives
State Capitol Room 403
Juneau, Alaska 99801-1182

Dear Representative Green:

This letter is written in an effort to describe the on-going difficulties that our office is experiencing in prompt payment of claims for services rendered by our physicians. This time consuming problem requires a full-time employee to provide follow-up of claims filed with insurance companies for our two physicians and part-time nurse practitioner.

Of particular concern are claims for surgical procedures. 80% of all claims over \$3000.00 are not paid according to provisions of Alaska State Statute 3 AAC 26.070, which requires payment or written notice of denial "within 15 working days after receipt of properly executed claim". Costly claims are routinely "pending for further information" without request for this information in a timely manner.

Our office responds the same day to an insurance request for further information, and our requests for acknowledgment of receipt of this information are consistently ignored. It is not unusual that a request for "additional documentation" is responded to several times, with the insurance company stating that they "never received the material". This seems to be a consistent response whether the documents are sent by fax or U.S. Mail.

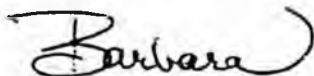
Another concerning problem is the practice of some insurance companies to employ the services of an "independent business" to negotiate fees. These companies contact our office by telephone or fax, and request a reduction in the fee for services, in return for "prompt payment" usually stating a check will be sent "within 24 hours". Additionally, they request that there be no "balance billing" to the patient, including exclusion of the patient's co-pay. I find this practice to be a form of extortion, and I know from experience, that when this offer is denied, payment is further delayed.

3340 Providence Drive, Suite 357 • Anchorage, Alaska 99508

I am hoping that some sort of legislation will take place to hold insurance companies responsible for prompt payment of what they term "clean claims". At the very least, interest should be paid on claims held over 30 days.

Please feel free to contact me should you have any questions or if you would like any further information.

Respectfully,

A handwritten signature in cursive script that reads "Barbara". The signature is written in dark ink and is positioned above the typed name.

Barbara Starr
Office Manager

Sent By: HP LaserJet 3100;
Feb 27 01 11:53a

9075835373;
Phyllis Ann Finley

Feb-27-01 13:28;
9075817704

Page 3/3
p.3

February 27, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in PEDIATRIC EYE. I practice in Anchorage, AK at PROV/ACU hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3rd party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

Robert A. Smith, MD

February 27, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Ophthalmology. I practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

These are all very real problems.
SS

- 1.) Delayed, inaccurate and denied 3rd party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

GRIFF STEINER, MD





Women's Care of Alaska

A Professional Corporation

OBSTETRICS AND GYNECOLOGY

Wynd Counts, M.D.

February 28, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

RE: HB 113 – The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in OB/GYN. I practice in Anchorage, Alaska at both Alaska Regional Hospital and Providence Medical Center. I am writing to ask for your support of HB 113 for the following reasons:

- Delayed, inaccurate and denied 3rd party payor claims payments, has been an on-going problem for my practice for years.
- Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paperwork.
- The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures, and HB 113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

Wynd Counts, M.D.

Action Memo

Date: Tuesday, February 27, 2001
To: Alaska Physicians & Surgeons Members
From: Michael Haugen
Re: HB113 Prompt Pay Bill

Dear APS Member:

The Alaska Prompt Pay Bill HB113 is currently before the House Labor & Commerce Committee. HB113 will force 3rd party payors to pay "clean claims" within 20 business days, or face possible interest penalties. Attached is a form letter of support addressed to the representative in your district who currently sits on the Labor & Commerce Committee.

Faxing the support letter to your representative will let him know that the physician community is paying attention, and should help keep the momentum building in support of the bill.

To fax your support letter to Representative Joe Green call the following number:
907- 465-4316.

Sincerely,
Michael Haugen
Executive Director

CONFIDENTIAL

February 27, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Ophthalmology. I practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3rd party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely


_____, MD

February 27, 2001

Representative Joe Green
State of Alaska
House of Representatives
State Capitol
Juneau, AK 99801-1182

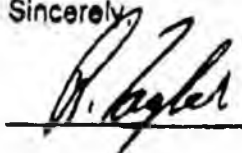
Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Family Practice practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3rd party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3rd party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,


_____, MD

Richard R. Taylor, M.D.
Medical Park Family Care
2211 E. Northern Lights Blvd.
Anchorage, AK 99508-4142
Ph 907-279-8486 / Fax. 907-279-3149

ALASKA STATE MEDICAL ASSOCIATION

4107 Laurel Street Anchorage, Alaska 99508 (907) 562-0304 (907) 561-2063 (fax)

March 26, 2001

Honorable Fred Dyson
Chairman House Education and Social Services Committee
House of Representatives
State Capitol, Room 104
Juneau, AK 99801-1182

RE: CS HB 113 (L&C)

Dear Representative Dyson,

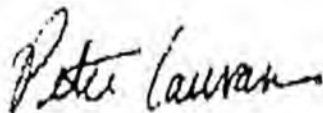
The Alaska State Medical Association (ASMA) represents Alaska's patients and the physicians who care for them.

Simply put, CS HB 113 establishes a parameter of 30 calendar days in which a health insurer must pay a "clean claim" or provide a description of any deficient items. If this doesn't happen, interest accrues on the unpaid amounts. This measure applies to all covered claims for hospital, nursing, medical, dental, and surgical services.

Obviously a key element to this bill is the definition of a "clean claim". The definition of a "clean claim" in AS 21.54.020 (1) (2), page 3 lines 23-25 is patterned after the Medicare definition. It is anticipated that regulations will be adopted that will identify those items on the industry standard claim form (HCFA 1500) that will need to be completed fully for a claim to be "clean". This standard is expected to be a national standard and is currently being developed via the promulgation process for adopting the HIPAA confidentiality for medical information standards. (Determination of the minimum amount of confidential medical information necessary for the payment of a health insurance claim is the key element.)

ASMA supports CS HB 113 (L&C) and urges you to support it as well. We feel it establishes realistic standards for prompt payment of health insurance claims in today's environment.

Sincerely,



BY: Peter Lawrason MD, President
FOR: Alaska State Medical Association

Alaska State Legislature

WHILE IN SESSION:
CAPITOL BUILDING
JUNEAU ALASKA 99801-1192
(907) 465-4931
1-800-870-4931
(907) 465-4316 FAX

INTERIM ADDRESS
716 WEST 4TH AVENUE
ANCHORAGE ALASKA 99501
(907) 269-0123
(907) 269-0124 FAX



Representative Joe Green
District 10

CHAIRMAN, LEGISLATIVE COUNCIL
VICE CHAIR, ECONOMIC DEVELOPMENT
TRADE & TOURISM
MEMBER, RESOURCES
MEMBER, ETHICS
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES
ALASKA COURT SYSTEM
DEPT. OF CORRECTIONS
DEPT. OF LAW

SPONSOR STATEMENT

HOUSE BILL 113

“An Act relating to health care insurance payments for hospital or medical services; and providing for an effective date.”

House Bill 113 builds upon a national trend to develop fair payment provisions that enable health insurance companies to make sound business decisions while ensuring that patients receive benefit payments in an appropriate time frame. This concept of "prompt pay" legislation has been successfully adopted and implemented by 39 states.

House Bill 113 requires health insurers to pay benefits within thirty calendar days of receiving a "clean claim". If a payment is not made on time, the insurer is charged interest on the outstanding claim. HB 113 also establishes a definition for "clean claim" that recognizes an insurance company's need to make payment decisions based upon complete and accurate information.

HB

114

HFIN

FILE

Representative Mary Sattler Kapsner

State Capitol • Juneau, Alaska 99801-1182

Phone: (907) 465-4942 • Fax: (907) 465-4589

E-Mail: Representative Mary_Kapsner@legis.state.ak.us



House District 39
Lower Kuskokwim and Upper Bristol Bay

Resources Committee
Fisheries Committee
Regulation Review Committee

Akiachak
Akiak
Aleknagik
Atmautluak
Bethel
Cheformak
Clarks Point
Dillingham
Eek
Ekuk
Ekwok
Goodnews Bay
Kasigluk
Kipnuk
Koliganek
Kongiganak
Kwethluk
Kwigillingok
Manokotak
Napakiak
Napaskiak
New Stuyahok
Nunapitchuk
Oscarville
Platinum
Portage Creek
Quinhagak
Togiak
Tuntutuliak
Twin Hills

Sponsor Statement

HOUSE BILL NO. 114

"An Act relating to the abuse of Inhalants"

House Bill 114 targets a problem in Alaska that has been neglected for many years. It will provide public safety officials, medical personnel and the courts leverage to place individuals who use and abuse inhalants into rehabilitation. I introduced HB 114 after listening to the concerns of many providers working with young people and to VPSO's who feel they have no tools to intervene when they see someone huffing.

Although the abuse of inhalants is not a new problem, it is reaching rampant proportions throughout Alaska and among youth across the nation. As of January 1999, twenty-four states have passed laws addressing inhalant problems. These laws vary greatly in content, ranging from sending individuals to treatment to criminalizing the behavior.

One of the problems in forging a direction to deal with inhalant abuse is the lack of appropriate treatment facilities. Most substance abuse treatment programs are geared toward problems of alcohol and drugs. Nationally, there are only two residential treatment facilities designed for inhalant abusers, in Texas and South Dakota. Thanks to the efforts of Senators Frank Murkowski and Ted Stevens, the Yukon Kuskokwim Health Corporation in Southwest Alaska received a grant in 1999 to build an inhalant abuse treatment facility. Construction of the facility is presently underway with completion scheduled for August 2001.

A 1998 survey by the YKHC found that during 1996 and 1997, 161 Alaskan sought treatment for inhalant abuse at drug and alcohol programs. During the same period they found 46 people with a history of inhalant abuse died. A 1993 study by the Indian Health Service in Alaska looked at the cost to society if inhalant abusers are left untreated. That study found that a 19 year old with a chronic history of inhalant abuse and significant brain or organic damage will cost society \$1.4 million over a lifetime of treatment, medical care, social services, law enforcement and court costs.

We are fortunate in Alaska to be at a threshold of a new era in addressing inhalant abuse with the coming residential treatment facility. I would hope the legislature takes a pro-active look at ways in which we can raise awareness and address statutory needs to complete a package approach that includes prevention, intervention and treatment.

Thank you for your consideration.

Inhalant Abuse in Alaska Fast Facts

- The Division on Alcoholism and Drug Abuse convened an Inhalant Abuse Steering Committee March 12, 1998. The Committee was composed of representatives from, The Alaska Rural and Native Drug and Alcohol Programs (ARANDAP), the Substance Abuse Directors Association (SADA), the Yukon Kuskokwim Health Corporation, the Advisory Board on Alcoholism and Drug Abuse, the Department of Education, and the Division of Alcoholism and Drug Abuse. The Committee submitted its Preliminary Report and Recommendations, October 30, 1998.
- Potential data sources were identified, including The Alaska Trauma Registry, Vital Statistics-Death Certificates, the Youth Risk Behavior Survey, and ADA's Management Information System - Treatment Client Admission data. Additionally, data was sought from the Tribal Courts and the Youth Courts within the State of Alaska. All data sources had limitations.
- The Alaska Trauma Registry collects information on all injuries resulting in admission to an Alaska hospital. Therefore it does not include patients stabilized without hospitalization or those served by clinics. The data goes back to 1991. However, they only began collecting poisoning data as of July 1993. For the time period July 1993 - December 1996 for people under the age of 20, only two cases were found. They were, one 12-year-old sniffing gas in 1993, and one 15-year-old huffing gas with friends in 1995.
- Vital Statistics data from Death Certificates indicated 9 deaths attributable to inhalants in the past ten years. Age at time of death ranged from 12 to 62 years. The major limitation of the Death Certificate data is the manner in which deaths are coded. For example if someone inhaled gasoline while in a boat, got high, fell overboard, and drowned, it would be coded as a drowning accident.
- The Youth Risk Behavior Survey (YRBS) for 1995 indicates that 22.2% of high school students indicated that they had ever sniffed glue, breathed the contents of spray cans or inhaled paints or sprays to get high, as compared to 20.3% nationally. Middle School (7-8th grade) students surveyed indicated that 19.6% of students reported ever using inhalants.
- Client Treatment Admission data for the past six years was reviewed for primary, secondary, and tertiary problem. The data for FY 98 indicates that 46 admissions had inhalants as a primary problem, 18 as a secondary problem, and 34 as a tertiary problem upon admission to treatment. The major limitation of this Treatment Admission data is that up until July 1998 only the Primary Problem data field was required. Up until that time a secondary or tertiary problem with inhalants might not have been indicated.
- To supplement the existing data, the Steering Committee designed two separate survey instruments, one for youth and one for adults. The protocol called for the survey to be

distributed to all division funded treatment programs for administration to all active clients during one seven day period. The week selected (by convenience) was August 9-15, 1998. This was a "snap shot" sample, which can be compared to data gathered in the future. From the distribution of the surveys, 550 adult and 91 youth responses were captured, representing better than 80% of active clients during the survey week.

- Of the 550 adults responding (age 18 and above), 175 (31.8%) said they had used an inhalant at some time. Of those who had said yes to use, 16 (9.1%) reported having used an inhalant within the past 12 months. The youngest reported age of use was four and the oldest reported age of use was 61. The average number of years using an inhalant reported was 5.8, with a range of using from less than 1 year to using inhalants for 28 years. Also, of the adults who reported having used an inhalant (175) at some point, only 41 (23.4%) reported using only one or two times. Leaving 134 (76.6%) with a reported history of use beyond experimentation.
- Of the 91 youth (age 17 and below) responding, 48 (52.7%) said they had used an inhalant at some time. Of those who had said yes to use, 29 (60.4%) reported having used an inhalant within the past 12 months. The youngest reported age of use was eight and the oldest reported age of use was 17. Of all those who responded to the survey (whether answering yes or no to use) 67.8% reported having friends who used inhalants, and 32.2% reported having friends who were experiencing problems related to inhalant use.
- July 1, 1989 the powers and duties of the Division of Alcoholism and Drug Abuse were extended to include programs and activities relating to the misuse of hazardous volatile substances by inhalant abusers. This was done through an amendment to Title 47. Since that time, the Division has funded three public information campaigns designed specifically to educate parents and children about the harmful effects of inhalants.
- The Division does not fund any treatment programs that address inhalant abusers only. Several of the treatment programs however, have internal expertise for this population and address these client needs in the larger milieu. There are only two specialized treatment programs in the nation, both of which were initially federally funded as demonstration projects. One is for adults (Texas) and the other is for adolescents (South Dakota).
- The Steering Committee had four recommendations addressing the need for good data upon which to make better-informed decisions.

The prevention recommendations included:

- In partnership with the Department of Education, local school districts, the Alaska Association of School Boards, SADA, and ARANDAP support the implementation of age appropriate education and skill building curricula for preschool and elementary students.
- Support initiatives that educate parents and enhance local communities' capacity for local problem solving.

- Develop and distribute educational materials for merchants, including strategies on product placement of commonly abused products.
- In partnership with the Department of Public Safety, support the implementation of training for Village Public Safety Officers and Alaska State Troopers on the signs and symptoms of inhalant use and on reporting of use in investigations where not currently included, such as accidents and drowning.

In regard to treatment there were two recommendations:

- Support the development and dissemination of in-service training materials on inhalants and inhalant abuse for clinical and diagnostic use at the regional and local program level.
- Enhance the knowledge and skill level of current practitioners (both prevention and treatment) through the inclusion of inhalant abuse training at statewide training events.

The Steering Committee is scheduled to reconvene in the Spring of 2000 to review the recommendations and progress made.



INHALANTS & POISONS

THEY'RE UNDER YOUR NOSE.

Inhalants FACT SHEET

February 20, 2001

- | | |
|--|--|
| <ul style="list-style-type: none">▼ Inhalants are not drugs. They are toxic chemicals that when used inappropriately, such as by sniffing or "huffing" the vapors, can cause toxic effects, similar to the "high" obtained with drugs.▼ Inhalants can kill the very first time they are used. Death is usually from heart failure or suffocation.▼ Inhalant highs are the result of intensive penetration of toxic chemicals into the brain tissue, where they are capable of causing irreversible damage.▼ In addition to brain, liver, lung and bone marrow damage, there is evidence that chronic abuse of some inhalants causes chromosome and fetal damage.▼ Inhalants are the fourth most abused substance after alcohol, tobacco, and marijuana among high school students.▼ A 1999 nationwide survey of students indicates that 19.5% of eighth graders have used inhalants compared to 22% who have used marijuana/hashish.▼ However, there are Alaska communities where it is reported that up to 90% of the elementary school students have tried or are using inhalants.▼ Chronic inhalant users can suffer severe and permanent brain damage; some die the first time they try it; other possible risks include loss of consciousness and irreversible damage to the liver, kidneys and bone marrow. | <ul style="list-style-type: none">▼ Inhalants are often a "gateway" to the abuse of other illicit substances. 70% of one group of substance abusers, in treatment, indicated they had started with inhalants and 50% of those indicated they would go back to inhalants (primarily gas) if alcohol was not available.▼ More than 1,400 common, useful and legal household, office and classroom products can be used to "get high".▼ Every year kids die from inhalant use, but many parents and educators remain ignorant of this silent epidemic.▼ Because the chemicals in inhalants enter the lungs in such high concentrations they have a more formidable toxic profile than other types of abused drugs.▼ Inhalant treatment is significantly more complex than most drug abuse treatment. The toxic chemicals remain in the body tissues for extended periods of time, resulting in the need for a four to six week period of detoxification, prior to actual intensive treatment having much positive effect.▼ Youth with a history of chronic inhalant use have strikingly high rates of relapse. Because of the difficult problems associated with inhalant abuse treatment, these youth are often excluded from some drug abuse programs.▼ Chronic inhalant users may suffer withdrawal symptoms, including: hand tremors, chronic headaches, nervousness, anxiety and excessive sweating. |
|--|--|

Signs of Use	Harmful Effects
<p>There is a common link between inhalant abuse and problems in school – failing grades, chronic absences and general apathy. Other signs include the following:</p>	<p>Potential long-term effects of inhalant use include:</p>
<ul style="list-style-type: none"> ▼ Paint or stains on body, clothing, rags or bags ▼ Spots or sores around the mouth ▼ Red or runny eyes or nose ▼ Chemical breath odor ▼ Drunk, dazed or dizzy appearance ▼ Nausea, loss of appetite ▼ Anxiety, excitability, irritability ▼ Restlessness or unexplained moodiness and anger outbursts ▼ Missing abusable household items ▼ Slurred or disoriented speech 	<ul style="list-style-type: none"> ▼ Short-term memory loss ▼ Hearing loss ▼ Limb spasms ▼ Permanent brain damage ▼ Bone marrow damage ▼ Liver and kidney damage ▼ Possible fetal effects similar to fetal alcohol syndrome ▼ Intoxication ▼ Death
Typical Profile of an Inhalant Abuser	RESOURCES
<p>There is no typical profile of an inhalant abuser. Sniffers and huffers are represented by both sexes and all socioeconomic groups throughout the country and Alaska. It is not unusual to see elementary and middle-school age youth involved with inhalant abuse. Although often typified as a "rural" problem, the misuse of inhalable products, besides gas, is, unfortunately, very common in schools and homes throughout both urban and rural Alaska.</p>	<p>Local Substance Abuse Programs</p> <p>Local Community Mental Health Services Programs</p> <p>Yukon-Kuskokwim Health Corporation Inhalant Intervention Project, Bethel, Alaska</p> <ul style="list-style-type: none"> - Jim Henkelman, Statewide Outreach Coordinator - Toll Free: 866-HUFFING [483-3464] - Or: 907-230-6693 <p>National Inhalant Prevention Coalition 1-800-269-4237, or on the World Wide Web at: http://www.inhalants.org</p> <p>National Drug and Alcohol Treatment Referral Service – 1-800-662-HELP</p> <p>National Clearinghouse for Alcohol and Drug Information – 1-800-729-6686 http://www.health.org</p>

States with Current Inhalant Statutes

Confirmed as of January 1999

Arizona	13-3403—Possession and sale of a vapor releasing substance containing a toxic substance; regulation of sale; exceptions; classification.
Arkansas	5-64-12—Nitrous Oxide-possession, distribution, exemptions.
California	Penal Code. Title 10. Sec 380-1.—Regulates toluene.
Colorado	18-18-412—Abusing toxic vapors-prohibited.
Florida	877.111—Inhalation, ingestion, possession, sale purchase or transfer of harmful chemical substances; penalties.
Hawaii	712-1250—Promoting intoxicating compounds.
Idaho	18-1502B—Possession of inhalants by minors.
Indiana	35-46-6—Glue Sniffing.
Kentucky	217.900—Volatile substance defined-Inhalation unlawful. 217.902—Repackaging volatile substances.
Louisiana	§93.1—Model glue; use of; abuse of toxic vapors; unlawful sales to minors; penalties.
Maine	22§2383-C—Unlawful use or possession of inhalants.
Maryland	27-301—"It is unlawful for any person to deliberately smell or inhale substances or chemicals..."
Massachusetts	270-18— Substances having property off releasing toxic vapors; sale, possession and use; 270-19—Sale of glue or cement to minors; smelling deterrent ingredients; register.
Nebraska	28-419—Inhaling or drinking certain compounds; unlawful. 28-420—Selling and offering for sale certain compounds; use; knowledge of seller; unlawful. 28-421—Act, exceptions. 28-422—Selling or offering for sale certain compounds; register, maintain for one year. 28-423—Inducing or enticing; violation. 28-424—Violations; penalty.

Nevada	454.346—Use or possession with intent to use drug, chemical, poison or organic solvent to induce euphoria or hallucinations unlawful; exception.
New Hampshire	644.5a—Inhaling toxic vapors for effect.
New Jersey	2C:35-10.4—Toxic chemicals.
North Carolina	90-113.8A through 113.14—North Carolina Toxic Vapors Act
Ohio	2925.31—harmful intoxicant 2925.32—nitrous oxide
Oregon	1999 Ch. 229. (HB 3276)—Relating to inhalants; and declaring an emergency.
Rhode Island	Ch. 11-48—Substances releasing toxic vapors.
Texas	Health and Safety Code Chapter 484—Inhalants. Chapter 485—Abusable glues and aerosol paints.
Virginia	18.2-264—Inhaling drugs or other noxious chemical substances or causing, etc., others to do so.
Wisconsin	134.63—Nitrous oxide; restrictions on sales; records of certain sales; labeling. 346.935—Intoxicants in motor vehicles. 941.315—Possession, distribution or delivery of nitrous oxide.

STATE INHALANT LEGISLATION


NOTE: The following information was compiled by the National Conference on State Legislatures and may not be a complete report on legislative efforts.

* indicates state which provides a fine, jail time or treatment option for violation of inhalant laws

State	Law Prohibits	Substances Prohibited	Fine	Jail	Treatment
Arizona	sale, transfer, or offer to sell to minor	vapor releasing substance containing toxic substance	*	*	
California	sale, distribution, dispensation, possession to minor	toluene, materials containing toluene, nitrous oxide	*	*	
Colorado	inhaling certain compounds for intoxication	general prohibition of inhalable compounds			
Connecticut	sale, distribution to minor	nitrous oxide, including "whippet kits"	*		
Georgia	general inhalants; also prosecutes inhalants under DUI law	general prohibition of inhalable compounds	*	*	
Florida	inhaling certain compounds for intoxication	general prohibition of inhalable compounds			
Hawaii	knowingly selling toluol or inhalable compounds to minors	liquid/chemical containing toluol, inhalable substances			
Idaho	possession by minors or use of inhalant for intoxication	aerosol spray, other inhalant	*	*	
Illinois	knowingly sell, offer or deliver to minor	liquid/chemical containing toluol, inhalable substances			
Iowa	sale, distribution or use for the purpose of intoxication	nitrous oxide	*	*	
Kentucky	inhaling certain compounds for intoxication	general prohibition of inhalable compounds			
Louisiana	prohibits sale or transfer of possession to minor	model glue, inhalable toluene substances	*	*	
New Mexico	sale to minors; inhaling or possessing for intoxication	model glue, aerosol spray, & chemicals for intoxication	*	*	*

Maine	inhaling toxic vapors for effect; sale or distribution for purpose of intoxicification to minor	general prohibition of inhalable compounds	*	*
Maryland	distribution, instruction to minor; sale or distribution to minor	drugs/noxious substances, including butyl nitrite & butane	*	*
Massachusetts	retailers must require ID for sale and maintain register of minors which is available for police inspection; inhalants are required to have noxious deterrents against intoxicification	glue or cement	*	*
Michigan	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Minnesota	sale to minors; use and possession for intoxicification; businesses must post signs stating it is illegal to sell butane/butane lighters to minors	general inhalable compounds, butane/butane lighters		
Mississippi	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Nebraska	inhaling certain compounds for intoxicification; retailers must maintain registry of sale	general inhalable compounds		
New Hampshire	inhaling certain compounds for intoxicification	toxic vapors, not including anesthesia		*
New Jersey	sell or offer to sell to minors	product containing chlorofluorocarbon that is used in refrigerant		
Nevada	sale or offer to give to minors	aerosol paint, glue, cement containing toluene	*	
North Carolina	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
North Dakota	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Ohio	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		

Oklahoma	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Oregon	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Pennsylvania	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds; butane/canisters		
Rhode Island	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
South Carolina	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
South Dakota	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Tennessee	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Texas	possess, sell or buy; businesses required to post warning signage & pay license fees designated for prevention fund	abusable volatile chemicals	*	*
Utah	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		
Vermont	inhaling fumes for effect	certain hazardous inhalants, glues	*	
Virginia	inhaling certain compounds for intoxicification	general prohibition of inhalable compounds		

 HOME PAGE



CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

OFFICE OF THE MAYOR

Telephone: (907) 586-5240;
Facsimile: (907) 586-5385
Sally_Smith@ci.juneau.ak.us

April 9, 2001

Honorable Mary Kapsner
Representative
Alaska State Legislature
State Capitol, Rm. 424
Juneau, AK 99801-1182

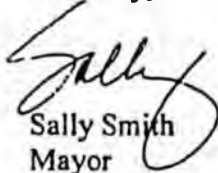
Subject: Resolution of the City & Borough of Juneau, Serial No. 2091
A Resolution Supporting Adoption by the Alaska Legislature of Inhalant Abuse
Legislation

Dear Representative Kapsner:

Enclosed is a copy of a resolution adopted at the April 2, 2001 meeting of the City and Borough of Juneau, Alaska Assembly, in support of House Bill 114, addressing the problem of inhalant abuse in Alaska.

The City and Borough of Juneau unanimously supports the adoption and enactment of House Bill 114, and appreciates your support of the Legislature's leadership on this issue. I would be happy to discuss this with you at your convenience.

Sincerely,


Sally Smith
Mayor

cc: Honorable Kim Elton, Senator
Honorable Bill Hudson, Representative
Honorable Beth Kerttula, Representative
Jim Ayers, Chief of Staff, Governor's Office
Clark Gruening

Presented by: Assemblymember
Wheeler
Introduced: 04/02/2001
Drafted by: J.R. Corso

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2091

A Resolution Supporting Adoption by the Alaska Legislature of Inhalant Abuse Legislation.

WHEREAS, a national survey of 45,000 teenagers has found that for students after the eighth grade, inhalant abuse is the fourth most common intoxicant, ranking after alcohol, tobacco, and marijuana, and

WHEREAS, the percentage of youths who use marijuana increases as they age, from 16% of eighth graders to 38% of twelfth graders, and

WHEREAS the pattern is reversed for inhalants, which are used by 10% of eighth graders but only 6% of twelfth graders, making inhalants the only class of drugs which younger children are using more heavily than older ones, and

WHEREAS, The Center for Disease Control reports that 27% of troubled youth abuse inhalants, and more than half of these do so at least once a month, and

WHEREAS, inhalants are abused by Juneau youths in all cultural and economic groups, and

WHEREAS, the compounds inhaled by these children include cooking spray, disinfectants, furniture polish and wax, hair spray, nail polish remover, oven cleaner, spray deodorant, butane, gasoline, glues and adhesives, paint and paint thinner and rust remover, and

WHEREAS, ingestion of these chemicals can dissolve fatty tissues, arrest breathing, cause cardiac seizure and irreversibly damage the brain, liver, kidneys, and other organs, and

WHEREAS, the risk of sudden death, known as "sudden sniffing death" or SSD is particularly acute with this form of substance abuse, and

WHEREAS, prevention of inhalant abuse requires involved parents, alert educators, and a society that shows its children there is more to life than getting by and getting high, and

WHEREAS, legislative action is an essential part of the solution, with at least 27 states having enacted legislation to address the problem of inhalant abuse, and

WHEREAS, the Alaska Legislature is considering adoption of inhalant abuse legislation, presently before the House as HB 114, and

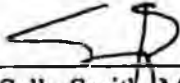
WHEREAS, the Assembly proposes to defer action on any municipal inhalant policy until the legislature has exercised its leadership on this issue;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. The Assembly endorses HB 114 and respectfully urges the Alaska Legislature to enact it and the Governor of Alaska to enforce it in a manner that will preserve for municipalities an opportunity to implement solutions for local aspects of the inhalant abuse problem.

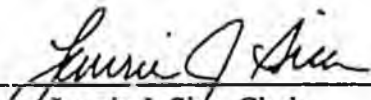
Section 2. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 2nd day of April, 2001.



Sally Smith Mayor

Attest:



Laurie J. Sica, Clerk



April 4, 2001

The Honorable Mary Kapsner
Room #424
Alaska State Capitol
Juneau, AK 99801-1182

Dear Representative Kapsner:

On behalf of all Alaskan School Districts, thank you for initiating HB 114. Because of your commitment to the health and safety of Alaska's children, you addressed the statutory need for protective custody and admission to an approved treatment facility for these persons who appear to be incapacitated by alcohol, inhalants, or other drugs.

As you are well aware, drug related problems, including inhalant, alcohol, tobacco, and other drug use, are major debilitating influences on the lives of youth in Alaska. They have also proven to be the primary contributing factor in the alarming number of youth suicides in the State.

Too many children are harmed each year by inhalant use, and inhalants are the third most abused substance among those in their early teens. Furthermore, after some effective prevention in the 1980's, studies show that inhalant abuse is on the rise.

To address some of the manifestations of these problems, law enforcement officials and other professionals must be given the power to protect the health and safety of our children. In our opinion, HB 114 does just that. This bill represents a straightforward approach to providing the necessary tools for intervention and treatment of abuse of all types by our young people. Thank you for your advocacy on behalf of Alaska's children.

Sincerely,

Carl Rose
Executive Director
Association of Alaska School Boards



AASB POSITION PAPER HB 114, AN ACT RELATING TO ABUSE OF INHALANTS

While there are laws concerning alcohol and other drug use, there is to date, nothing in Alaska statute which addresses the issue of inhalant abuse.

AASB believes that we must acknowledge the seriousness of the inhalant abuse problem among our youth, and equip our law enforcement with the ability to take action. Although the problem of inhalant abuse is widespread, there are no laws to restrict inhaling dangerous substances and there are no residential treatment facilities within the State for those young people who are addicted to inhalants.

AASB supports legislation that would:

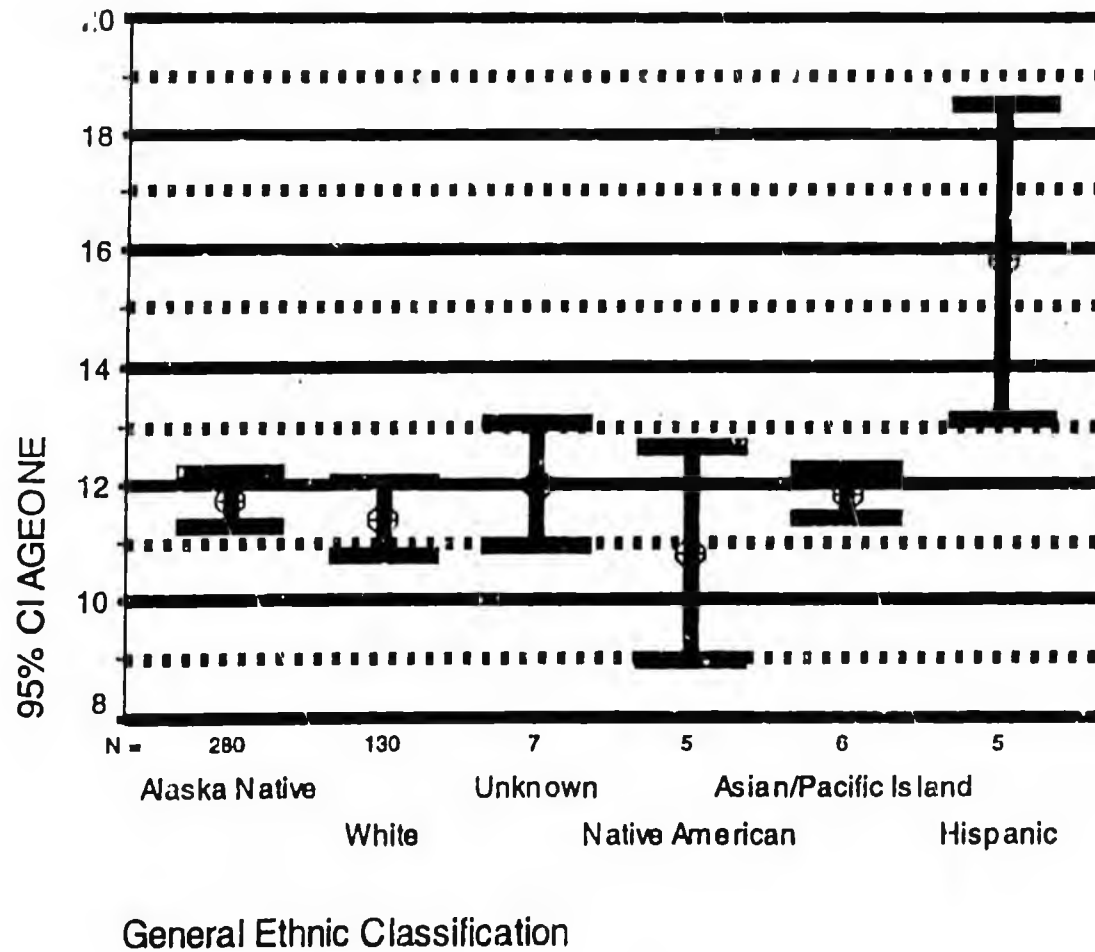
- Enable law enforcement officials to place persons who appear to be incapacitated by inhalants in protective custody;
- Compel admission to an approved treatment facility;
- Provide for a 30-day involuntary commitment of an inhalant abuser to an approved treatment facility, if said person has threatened, attempted to inflict, is likely to inflict, or has inflicted harm on another person, or is incapacitated by inhalants;
- Provide for at least a 180-day involuntary commitment of the inhalant abuser by the director of the treatment facility during the initial 30-day commitment if the director deems the extended treatment necessary.

AASB supports the efforts of the legislature to address the problem of inhalant abuse among the youth of Alaska. With this legislation, we can provide a basic level of protection to our young people and provide treatment for those who are in need.

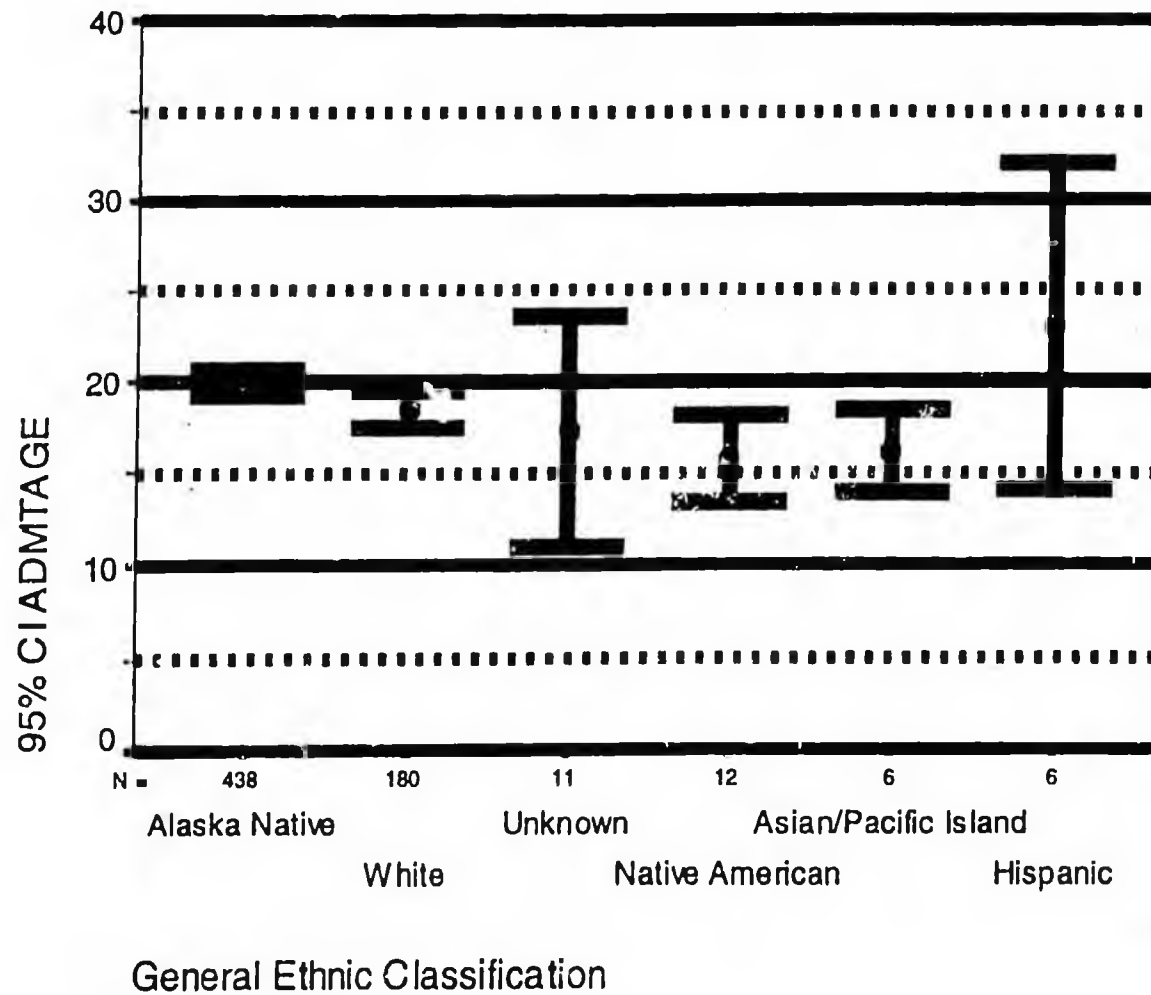
It is not enough to stop the pain and repair the damage that is caused by inhalants. What we must do is strive to prevent all kids from ever beginning to use inhalants in the first place. The book, *Helping Kids Succeed-Alaskan Style*, shows what we each can do to protect the health and safety of all our children and youth. The graphs on pages four and five of the book, show that the more assets a youth has, the less likely she/he is to use inhalants (and participate in other risk behaviors).

It is far easier to start building assets than it is to stop inhalant use. To this end, Alaskans have identified common sense and practical things that each of us can do to help all our kids be successful and healthy. How can the Alaska Legislature use its power and voice to ensure that Alaskan youth have the assets necessary to be healthy, strong, and successful?

Inhalant Abuse: Average Age of First Use - Alaska MIS 1988-1999



Inhalant Abuse: Average Age at Admission - Alaska MIS 1988-1999



Inhalant Abuse: Frequency of Admissions - Alaska MIS 1988-1999

