

**ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2**

**3495 HLAB HB 317 - HB 318**

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DELIVER TO: JPOM

ORIGINAL

SENT: 04/05/85 TIME: 08:51

FROM: VERNITA VESTAL

SUBJECT: POM

PRINT DATE: 04/05/85 TIME: 08:51

13

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TO: HOUSE LABOR AND COMMERCE COMMITTEE  
REP. NAVARRE, DAVIS, BOUCHER,  
KOPONEN, PEARCE, COLLINS, HANLEY

SENATE HESS COMMITTEE  
SEN. FAHRENKAMP, STURGULEWSKI, P. FISCHER,  
DEVRIES, JOSEPHSON,

FROM: BARBARA VARRAHER  
7231 KISKA CIRCLE  
ANCHORAGE, ALASKA 99504 (H) 338-1167

RE: HB 317-SB 227 - SOCIAL WORK LICENSING

PLEASE HEAR AND SUPPORT HB 317 AND SB 227 TO INSTITUTE SOCIAL  
WORK LICENSING. ASSURING QUALITY OF CARE TO SOCIAL WORK CLIENTS.

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 \* DELIVER TO: JPOH \*  
 \* ORIGINAL \*  
 \* SENT: 04/04/85 TIME: 13:41 \*  
 \* FROM: JEAN MILLER \*  
 \* SUBJECT: POH \*  
 \* PRINT DATE: 04/04/85 TIME: 13:41 \*  
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HEALTH AND SOCIAL SERVICES COMMITTEE - SENATORS FAHRENKAMP,  
 STURGULEWSKI, DE VRIES, FISCHER, AND JOSEPHSON

HOUSE LABOR AND COMMERCE COMMITTEE, REP NAVARRE, DAVIS, BOUCHER,  
 COLLINS, HANLEY, KOPONEN, AND FEARCE

CAROL NISSEN  
 12900 GAIL ST,  
 ANCHORAGE 99515 H) 345-0150

SUBJECT: SB 227 AND HB 317, SOCIAL WORK LICENSING

IT IS IMPERATIVE THAT LICENSING OF SOCIAL WORKERS OCCUR TO ASSURE  
 THE CONSUMER AS WELL AS THE PROFESSION THAT MINIMUM STANDARDS OF  
 TRAINING HAVE BEEN MET. MASTERS IN OTHER FIELDS DO NOT HAVE THE  
 SAME COURSE WORK AND ONLY REQUIRE 37 HOURS AS OPPOSED TO 64 HOURS  
 REQUIRED BY SOCIAL WORK.

PRIMARY DISTRIBUTION	DATE/TIME SENT
JPOH	04/04/85 13:41
LIOA	04/04/85 13:41

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\* DELIVER TO: JFOM \*  
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\* ORIGINAL \*  
\* SENT: 04/04/85 TIME: 15:24 \*  
\* FROM: LIOA \*  
\* SUBJECT: POM \*  
\* PRINT DATE: 04/04/85 TIME: 15:25 \*  
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TO: SENATE HESS COMMITTEE  
SENATORS FAHRENKAMP, STURGU'LEWSKI, P. FISCHER, DEVRIES AND  
JOSEPHSON

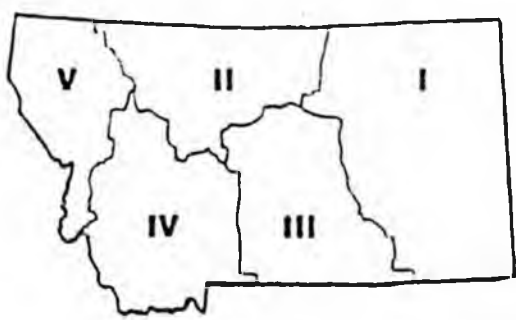
HOUSE LABOR AND COMMERCE COMMITTEE  
REPRESENTATIVES NAVARRE, DAVIS, BOUCHER, KOPONEN, PEARCE,  
COLLINS AND HANLEY

FROM: PATRICIA MANGIARDI  
14800 LOCKLOMAN LANE  
ANCHORAGE, AK. 99516 PHONE: 345-0158

RE: HB 317 AND SB 277-SOCIAL WORK LICENSING

I ENCOURAGE THE PASSAGE OF HB 317 AND SB 277 FOR LICENSURE OF  
SOCIAL WORKERS.

*Navane*



## Montana Council of Regional Mental Health Boards, Inc.

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2/21/86

Nancy Pease  
House Research Agency  
P.O. Box Y  
Juneau, Alaska 99811-3100

Dear Nancy:

In 1983 the Montana legislature passed a law requiring group insurance benefits for mental health treatment. The enclosed materials were presented to the legislative committees and used as justification for passage of the law mandating insurance benefits for the treatment of mental illness.

Testimony also indicated that too often people were being inappropriately hospitalized for psychological services since health insurance plans pay for hospital benefits but not for outpatient mental health treatment. Obviously the incentive was to place people in an expensive hospital because the costs were paid by the health insurance company. Less expensive outpatient services were not a paid benefit so a client's doctor would order hospitalization.

After our phone conversation, I checked the trend in inpatient hospital admissions as reported to our mental health authority, the Department of Institutions. The information was gathered from reports by the Community Mental Health Centers. In fiscal year (FY) 83 there were 6358 mental health inpatient hospitalization units reported. In FY 84 there were 5999 inpatient units. In FY 85 there were 5518 inpatient units. As reported by the Community Mental Health Centers the downward trend in inpatient hospitalization since the passage of the law in 1983 is clear.

**REGION I**  
EASTERN MONTANA COMMUNITY  
MENTAL HEALTH CENTER  
101 Main Street  
Helena, Montana 59701  
(406) 234-1111

**REGION II**  
GOLDEN TRIANGLE COMMUNITY  
MENTAL HEALTH CENTER  
Holiday Village Shopping Center  
P.O. Box 3046  
Great Falls, Montana 59403  
(761) 2100

**REGION III**  
MENTAL HEALTH CENTER II  
1245 North 29th Street  
Billings, Montana 59101  
(252) 5658


**REGION IV**  
MENTAL HEALTH  
SERVICES, INC.  
512 Logan  
Helena, Montana 59701  
(406) 3310

**REGION V**  
WESTERN MONTANA COMMUNITY  
MENTAL HEALTH CENTER  
Fort Missoula 112  
Missoula, Montana 59801  
(728) 6820

As you might guess the health insurance industry is philosophically opposed to any mandated benefits. However, in private conversations with insurance providers they have indicated that mental health benefits are a low cost item. They also were paying for it anyway through increased utilization of hospitalization and other physical illness benefits. In fact, I am not aware of any insurance company that raised their premiums any significant amount. Most insurance providers did not even adjust their premium rate after the passage of the law.

I hope this information is of use to you and the members of the House committee. If I can be of further assistance please feel free to call on me.

Best regards,

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

Steve Waldron  
Executive Director

FACT SHEET:  
EQUAL INSURANCE  
COVERAGE FOR MENTAL ILLNESS

Currently, ten states regulate insurance coverage for treatment of mental and emotional problems by guaranteeing that benefits for mental illness are equal to benefits for physical illness. Most health insurance policies provide inadequate coverage for mental illness by limiting inpatient services and by providing no more than minimal outpatient services. Few, if any policies, cover partial hospitalization. Inadequate or untimely treatment of mental disorders is very costly in terms of the well-being of the individual, stability of the family and productivity in the work place. It may also result in costly and unnecessary hospitalization.

FACT: Over 50% of the patients who go to physicians have symptoms due wholly or in part to mental or emotional factors.

FACT: Some patients are forced to seek costly hospitalization because outpatient or partial hospitalization services are often not covered by their insurance.

FACT: Most current insurance plans provide incentives for inpatient care by paying only for inpatient care rather than for outpatient or partial hospitalization care.

FACT: Partial hospitalization is more effective than inpatient care in effecting client social adjustment and reducing family stress, and is comparable to inpatient care in preventing relapses.

FACT: The cost of partial hospitalization is usually one half, to one third the cost of inpatient care.

Equal insurance coverage for mental illness will decrease medical utilization and result in a cost-offset which should save consumers money.

FACT: Jones and Vischi reviewed 13 studies and found that decreased medical surgical utilization occurred in 12 of 13 <sup>STUDIES</sup> patients when mental health care was insured. Reduction in utilization ranged from 5% to 85% with a median reduction of 20%.

FACT: Blue Cross of Western Pennsylvania instituted psychiatric benefits and found a significant reduction in medical utilization - the monthly cost per patient was reduced 50%.

FACT: The University of Washington Health Services Center found a 41% reduction in the use of outpatient medical services by individuals receiving mental health services.

FACT: The Group Health Association of Washington D.C. found that patients with mental health coverage reduced their medical-surgical utilization by 30.7%.

Equality of insurance coverage for mental illness has significant benefits for business and industry.

FACT: Equitable Life initiated an emotional health program for employees and increased productivity by \$3.00 for every \$1.00 spent.

FACT: Kimberly-Clark began an Employee Assistance Program and realized a 70% reduction in accidents.

FACT: Kennecott Copper started an Employee Assistance Program and found a 6 to 1 benefit to cost ratio; a 52% improvement in attendance; a 74.6% decrease in weekly indemnity costs; and a 52.4% decrease in medical costs.

Currently most insurance policies have higher co-payments, more restrictions and lower limits for mental health care than are placed on physical illness. As a result, the mentally ill, and in some cases, the taxpayer, must bear a far greater burden for the cost of mental illness than for physical illness. Equality of insurance coverage for mental illness will ensure that the private sector shares in the cost of providing mental health, thus freeing limited state dollars to fund services for the chronically mentally ill.

FACT: Nationwide, public funding sources provide 51% of the funds for mental health care, compared with 42% of the funds for general health care.

FACT: Insurance coverage accounts for only 15% of the total expenditures for mental health care compared with 25% of the expenditures for general health care.

FACT: In 1980, fee collections in mental health centers in New Hampshire increased 100% since insurance coverage for mental health care was mandated in 1977.

Equal insurance coverage for mental and nervous conditions prevents unnecessary and costly hospitalization, benefits employers, reduces medical costs by reducing utilization and saves tax dollars.

EQUAL INSURANCE COVERAGE  
FOR  
MENTAL ILLNESS

The Surgeon General has called mental illness the number one health problem in America. Mental illness now costs America at least \$40.3 billion per year and accounts for more days of hospital care than any other illness (Corrigan and Koyanagi, 1982 and the National Council of Community Mental Health Centers, 1982).

The National Council of Community Mental Health Centers (1982), has stated that:

approximately 15% of the population need some type of mental health services

approximately 25% of the population suffers from mild to moderate depression, anxiety, and other indicators of emotional disorders

approximately 10 million Americans have alcohol-related problems

approximately one half of all diseases have stress-related origins

Today, community-based care has replaced hospitalization as the primary treatment for mental illness. Almost three-quarters of the treatment for mentally ill people is provided on an outpatient basis or through partial hospitalization.

Nationwide, public funding sources provide 51% of the funds for mental health services, compared to only 42% of the funds for general health care. Insurance coverage accounts for only 15% of the total expenditure for mental illness, compared with 25% of expenditures for general health (Corrigan & Koyanagi, 1982).

At this time, approximately 63% of the civilian population has hospital coverage for mental illness; 54% have in-hospital provider coverage but only 37% have any outpatient coverage. Furthermore, this outpatient coverage is severely limited by higher co-payment requirements, more restrictions and lower limits than are placed on physical illness (Corrigan and Koyanagi, 1982).

Most health insurance policies provide inadequate coverage for mental illness. These policies limit mental health inpatient services to some extent, most have no more than minimal outpatient services, and few, if any, cover partial hospitalization (Corrigan and Koyanagi, 1982).

The effect of this inadequate coverage is two-fold. First, it acts as a powerful disincentive to seek treatment in less costly and often more effective, outpatient and partial hospitalization settings. Most policies cover only inpatient hospitalization which is more costly and more restrictive than is sometimes necessary. Second, the inadequate coverage destroys the basic principle of insurance: risk sharing. Higher co-payments and limits on benefits result in the mentally ill, and in some cases, the taxpayers, bearing a far greater burden of the costs of treatment for mental illness than for other illnesses (Corrigan and Koyanagi, 1982).

Recognizing the importance of adequate coverage for mental and emotional problems, ten state legislatures have passed laws that ensure equal benefits for the treatment of mental illness. These state legislatures have also recognized that legislation which guarantees equal coverage results in many other benefits.

For example, responsible legislation that guarantees coverage for mental health services will cut down on unnecessary, and costly hospitalization. Many patients are forced to seek hospitalization because outpatient or partial hospitalization services are not paid for covered by their insurance. When mental health benefits are available, medical utilization is often reduced.

Blue Cross of Western Pennsylvania instituted psychiatric benefits and found a significant reduction in the use of medical-surgical services. In fact, the monthly cost per patient was reduced by 50%. The University of Washington Health Services Center reports that individuals receiving mental health services have reduced their use of outpatient medical services by 41% and the Group Health Association of Washington, D.C. reports that patients with mental health coverage have reduced their medical-surgical utilization rate by 30.7% (National Council of Community Mental Health Centers, 1982).

Jones and Vischl reviewed 13 studies and found decreased utilization of medical services occurred in 12 of the 13. Reductions ranged from 5% to 85% with a median reduction of 20%. Furthermore, Jones and Vischl hypothesized that the reduction in medical care utilization would continue to be reduced as the time after psychotherapy increased.

Jones and Vischl found only one study in which medical utilization was not reduced. This study involved a neighborhood health clinic in a medically underserved Mexican-American community. The natural expectation in such a situation is that utilization of all services would increase in response to previously unmet needs (Jones and Vischl, 1979).

The Kaiser Permanente study found a 62% reduction in outpatient medical visits and a 68% reduction in hospital days by the fifth year after psychotherapy. In a West German study, an 85% reduction in average hospital days per year occurred for a five year period after mental health treatment. The West German study concluded that the large decline in hospital utilization was caused by the psychotherapy provided because as many as 80% of the neurotic, psychosomatic and other symptoms reported had been of at least two years duration (Jones and Vischl, 1979).

The strong interrelationship between physical and mental illness is becoming increasingly apparent. There are many studies on the subject, "but the common belief among physicians is that well over half of the patients who come to them have symptoms that are due wholly or in part to mental or emotional factors" (Reibel and McMillen, 1977). Northern California Kaiser Permanente found "68% of its doctor visits are for complaints for which no organic basis can be found" (Personnel Journal, 1981).

Mental health care has not only reduced medical utilization and costs, it has had significant benefits for business and industry. Kennecott Copper instituted an Employee Assistance Program which resulted in a six to one benefit to cost ratio. Kennecott Copper experienced a 52% improvement in attendance, a 74.6% decrease in weekly indemnity costs and a 55.4% decrease in medical surgical costs. The Equitable Life Assurance Society initiated an employee emotional health program and increased productivity by \$3.00 for every \$1.00 spent on the program. The Kimberly-Clark Corporation began an Employee Assistance Program, and reduced on-the-job accidents by 70% in one year (Corrigan and Koyanagi, 1982).

Bertram S. Brown reports that 80-90% of all industrial accidents are related to personal problems; 15-30% of the work force are seriously handicapped by emotional problems; and 65-80% of people fired by industry are terminated because of personal problems (Brown, 1973).

Barrie, found support for Brown's report when he conducted a three year study of absenteeism at Winton Steel Company. Barrie's study demonstrated that psychiatric illness was the principal reason for the absence of 61% of those examined (Barrie, 1980).

Since 1975, there has been a significant growth in employee wellness programs among major industrial employers. However, among smaller companies, little evidence of investment in wellness programs has been shown (Goldbeck and Kelfhaber, 1981).

Insurance companies may oppose guaranteed equal insurance coverage for mental and nervous conditions on the premise that insurers will have to charge high premiums; however, this is not necessarily the case. Two insurance carriers who underwrite health benefits, Crown Life and Massachusetts Mutual, incorporated a pre-paid mental health plan into their total benefits package at no additional cost to the policy holders.

One carrier included the plan in a multi-employer trust. During the first year, (1975) their paid loss ratio dropped from 92% to 67%. Despite inflation in health care costs, there was no rate charge under this policy until the fourth year after the charge. It is interesting that the rate increase, which took effect in late 1978, followed a period in which publicity, employee meetings and distribution of educational materials on the mental health plan were discontinued. Experience with other groups also shows that an ongoing educational effort is essential to the success of this plan (PERSONNEL JOURNAL, 1981).

The experience of many major insurance plans suggests that:

only a small proportion of the insured population uses outpatient mental health benefits;

the number of visits is generally low, particularly when controlled by a combination of co-payments, deductibles or visit limits;

expenditures for mental health services are not a disproportionate part of health benefit packages (Corrigan and Koyanagi, 1982).

Van Korff and Kramer (1979), examined utilization data from 12 large insurance plans that provided coverage for outpatient mental health services. In the group that had the highest percentage of claims for outpatient treatment, only 2.2% of the people made claims. The highest average number of visits was 18.8, in a plan that had no upper limit on the number of outpatient sessions. The weighted average for all 12 plans was 9.5 visits per 100 covered members. With this rate of utilization, and using a cost of \$45 per visit, each covered member would pay \$4.26 per year, or 8 cents per week to cover the full cost of treatment. With 80% co-insurance, each covered member would pay \$3.41 per year or 6.5 cents per week (Van Korff and Kramer, 1979).

Several studies of the Federal Employees Health Benefits Program (FEHBP) high option plan have been conducted. The plan covers 365 days of inpatient mental health care and reimburses 80% of the costs of outpatient treatment after a \$100 deductible.

During the period from 1966 to 1973, when all medical costs were increasing rapidly, Blue Cross/Blue Shield experienced an annual increase of 25% in the cost of claims for treating mental disorders under the FEHBP high option. Because the FEHBP in Washington, D.C. combines comprehensive benefits, a population with abundant providers and an insured population that is willing to use mental health services, some of its experience probably describes the upper limit of mental health utilization (Corrigan and Koyanagi, 1982).

For example, Towery, Sharfstein and Goldberg (1980) examined the FEHBP for the six month period from January to June, 1977 and found that:

two percent of the population used supplemental benefits for outpatient mental health services;

those who used outpatient services made an average of 32.7 visits during the year;

fifty percent of people using outpatient services had visits or less; 63 percent had 30 visits or less and only 1 percent had more than 100 visits.

for 506,451 outpatient contacts, the cost was about \$26.50 per insured person and the average cost for an outpatient visit was \$39.72 (Towery, Sharfstein and Goldberg, 1980).

An earlier study of FEHP showed that mental health care was a small part of total health care costs. In 1974 there were only 5 inpatient admissions for mental disorders per 1000 covered people and the cost of inpatient care for mental illness was \$75 per day compared with \$108 per day. While the average length of stay for people with mental disorders was 17 days, compared with 7.3 days for all other disorders, the cost of inpatient mental health care was only \$6.50 annually per person covered under the FEHP Blue Cross/Blue Shield plan (Corrigan and Koyanagi, 1982).

In "For Ayes Only," Corrigan and Koyanagi (1982) state:

The potential for cost savings by averting inpatient psychiatric care was the major impetus behind the "Effective Care '81" program initiated by Blue Cross and Blue Shield of Minnesota. In 1980, inpatient psychiatric charges averaged \$2,800, while the outpatient average was \$90 - a 30 to 1 differential. For all claims related to mental and emotional disorders, 75% were for inpatient treatment. The Effective Care '81 program was designed to reduce total inpatient days 10% by diverting appropriate cases to outpatient treatment. James O. Regnier, President of Blue Cross and Blue Shield of Minnesota, noted that 'besides the quality and cost considerations, outpatient care often is much less disruptive to the person's family, job and normal routine' (Corrigan and Koyanagi, 1982).

Partial hospitalization is also less expensive and often more effective alternative to inpatient psychiatric hospitalization. The cost of a day of partial hospitalization is usually one half to one third the cost of a day of inpatient care.

Greene and De La Cruz (1981), compared partial hospitalization with inpatient treatment in a review of eleven research studies. They concluded that, overall, partial hospitalization is unequivocally more cost-efficient than inpatient treatment and that partial hospitalization, or day treatment, is superior to inpatient treatment in effecting client social adjustment. The two treatment modes are comparable in alleviating psychopathological symptoms and day treatment is at least comparable to inpatient care in preventing subsequent relapses. Furthermore, day treatment reduces family stress as compared to inpatient care (Greene and De La Cruz, 1981).

If projected savings based on cost offsets and different treatment modes are so significant, legislators may ask why insurers and employers need to be required to provide mental health coverage equal to coverage for physical health. A major obstacle remains - - insurance companies do not routinely collect and analyze their data in a way that allows them to assess cost offsets. The studies which have been cited have been specifically designed to examine the impact of mental health benefits.

It has been demonstrated that equal insurance coverage for mental and nervous conditions should result in reduced medical utilization and lower overall health costs. In addition employers should benefit by having a healthier, happier work force that will have fewer accidents, better attendance and will produce more.

Mentally ill people will benefit from such legislation because they will be able to choose appropriate treatment that may be delivered in time to prevent problems from becoming so severe that hospitalization is necessary. Montana taxpayers should also benefit from mental health coverage that is equal to physical health coverage. The private sector will be required to share the costs of providing mental health care, freeing limited state dollars to fund services for the chronically mentally ill.

#### REFERENCES

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ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

February 24, 1986

MEMORANDUM

TO: Representative Mike Davis

ATTN: Mariiyn Heiman

FROM: Nancy Pease *Nancy Pease*  
Legislative Analyst

RE: Mental Health Insurance for State Employees  
Research Request 86-111

At your request, we have attempted to assess the cost of mandated mental health insurance for state employees in other states.

We have surveyed nine of the fourteen states which currently provide mandated mental health coverage for their employees.<sup>1</sup> In general, spokespersons for the states were unable to estimate the cost of premiums for employee mental health coverage. In some instances, mental health was added simultaneously with other changes to the states' health care policies, so the rise in premiums attributable to mental health could not be determined. In other instances, existing mental health coverage was simply modified to meet state mandates for minimum coverage, and there was no change in health insurance premiums. Finally, a number of states instituted mental health coverage more than ten years ago, and the personnel benefits offices are unable to provide statistics on changes in premiums from that time.

While the states surveyed provided scant information on mental health premiums, they were generally able to provide information on mental health care claims and to comment upon the adequacy of coverage. The amount of mental health claims may not be strictly comparable among states; some states allow a major medical plan to cover mental patients' costs after the mental health benefits are exhausted.

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<sup>1</sup>Nine states responded: Massachusetts (mental health insurance mandated in 1973); Colorado (1975); Minnesota (1975); North Dakota (1975); Wisconsin (1975); Ohio (1982); Maine (1983); Montana (1983); and Oregon (1983).

Several states have adjusted the limits of coverage in recent years by: reimbursing only for treatment by licensed M.D.s; limiting coverage for alcohol abuse; or applying an annual or lifetime limit on benefits. At least one state, North Dakota, has recently expanded mental health benefits.

#### Costs of Mental Health Insurance in Other States

Massachusetts. Massachusetts was also unable to distinguish the cost of mental health premiums from general health premiums. The state pays 90 percent of the employee health premium and 80 percent of employee claims.<sup>2</sup> Spokespersons with Massachusetts's group insurance commission had no statistics on the amount of mental health claims or the adequacy of the \$1,500 per year limit on claims.

Colorado. The State of Colorado pays all health insurance premiums for its employees and was unable to distinguish the cost of mental health premiums from general health premiums. Colorado's health policy covers 50 percent of its employees' mental health care costs.

Mental health claim payments accounted for 7 percent of all health claims paid by the State of Colorado from August 1984 to July 1985--an average of \$172 per state employee.<sup>3</sup> Mental health claims were paid for the following types of care:

In-patient care	\$ 806,230
Out-patient hospital care	17,769
<u>Other out-patient care</u>	<u>762,492</u>
Total mental health care benefits paid by state (Colorado)	\$ 1,586,491 FY 1984

According to Ruth Stambaugh of Colorado's Health Insurance Group, there were few claims for mental health coverage beyond the 45 days per year inpatient or the \$2,000 per year outpatient benefit.

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<sup>2</sup> Massachusetts employee can opt to purchase additional coverage, resulting in up to 96 percent reimbursement of health claims.

<sup>3</sup> Mental health benefits were available to 10,781 state employees, in addition to dependents and retirees not covered through medicare.

Minnesota. In Minnesota, the state pays 100 percent of employee health care premiums and at least 90 percent of family coverage premiums.

In Fiscal Year 1985, the State of Minnesota paid 52 percent of its employees' mental health care claims--an average of \$110 per employee. At a cost of \$5.3 million, the state's mental health care payments accounted for seven percent of the state's total health care costs.

Minnesota has recently reduced its outpatient benefit to 80 percent of the first \$750 in outpatient care per year. According to Cornell Anderson, Minnesota's Employee Benefits Manager, the previous outpatient benefit of was too costly to the state.<sup>4</sup> Employees have filed numerous claims in excess of the current outpatient benefit, which is the state's minimum benefit; legislation has been introduced to raise this outpatient minimum.

North Dakota. North Dakota pays its employees' health premiums in full. A spokesperson for the public retirement system stated that mental health coverage was expanded as of July 1, 1985. Previously, outpatient benefits were limited to \$1,000 per year for care provided by a physician; outpatient benefits now provide for 60 percent copayment of the second \$1,000 of claims and will reimburse for care provided by any licensed counselor. The costs to the state of the expanded coverage are not yet available.

Wisconsin. In Wisconsin, mental health coverage has been provided under the state's comprehensive health policy for over 10 years. Personnel in the benefits office were unable to prorate what portion of the premium covers mental health care. The state pays 100 percent of its employees' health premiums.<sup>5</sup>

Wisconsin offers employees their choice of ten health maintenance options through different health providers and has no state files on the total of mental health claims for state employees. Mental health

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<sup>4</sup>Minnesota's previous outpatient mental health benefits provided for major medical coverage beyond the first \$750 of claims. Under major medical coverage, 80 percent of a mental health patient's care was paid by the state until the patient had paid \$1,000 out of pocket; whereupon, the state paid 100 percent of additional care costs.

<sup>5</sup>Wisconsin state employees' health premiums, which include mental health coverage, average \$65 to \$75 for single employees and \$170 to \$185 for employees and their families).

Representative Davis  
February 24, 1986  
Page 4

covers 30 days or \$6,300 of inpatient care and 20 visits or \$900 of outpatient care per year. Major medical coverage takes over after these limits are reached.

Ohio. The State of Ohio has long carried mental health insurance for its employees; thus, the state's health premiums did not increase with the passage of Ohio's law (effective in 1982) that all employers carry mental health insurance. The state pays 73 percent of health insurance premiums, which amounts to approximately \$200 per month for a family of four.

Ohio's policy pays for 80 percent of outpatient costs and full costs for short-term, acute inpatient coverage of up to 31 days. Only the care of an M.D. is reimbursable and claims are limited to \$15,000 per person per year. These limits are stricter than limits Ohio has had in the past; until 1973, Ohio would reimburse mental treatment provided by any licensed counselor and did not have a lifetime benefit limit. In 1979, Ohio decreased mental health and substance abuse coverage. Currently, state employees are reimbursed for 50 percent of usual co-insurer/reasonable fee charges, up to a maximum of \$500.

Maine. Maine has estimated that the cost of its newly enacted mental health and substance abuse coverage will increase the state's health insurance costs by 6 percent. The new mental health coverage will pay for claims for usual customers and reasonable fees for up to 60 days per year of inpatient care and 40 outpatient visits per year. Maine previously provided 50 percent copayment for mental health care under its major medical carrier. The new coverage took effect on May 1, 1985; annual costs to the state are not yet known.

Montana. According to Steve Waldron of the Montana State Mental Health Association, Montana did not experience an increase in premiums when mental health insurance was added to general health insurance in 1983. Mr. Waldron attributed the lack of increase to limits placed on coverage for alcohol abuse.

Blue Shield of Montana has not yet provided us information on the rate and cost of mental health claims. Concerning the terms of the coverage, Montana's policy currently reimburses most mental treatment prescribed by physicians, including prescriptions for treatment from unlicensed counselors. According to Mr. Waldron, a physician's prescription may encourage a patient to purchase mental treatment less discriminately than if the physician merely provides a referral. Thus, the practice of paying for most prescribed treatment may result in greater mental health claims.

Representative Davis  
February 24, 1986  
Page 5

I have attached a copy of a report received from Mr. Waldron entitled "Equal Insurance Coverage for Mental Illness", as well as a fact sheet concerning the same topic. According to Steve Waldron of the Montana State Mental Health Association, this report references 11 studies to document that the cost of mental health coverage is slight and that mental health care diminishes claims for physical health care. forward a copy of the report upon receipt.<sup>6</sup>

Oregon. When Oregon enacted a mandatory minimum for mental health coverage in 1983, the state simply revised the terms of the mental health policy which it had carried since 1973. There was no increase in the premiums.

In Fiscal Year 1984, Oregon employees received an average of \$27 per employee in inpatient mental health claims.<sup>7</sup> Outpatient mental care is limited to \$2,000 in a 24-month period.

\* \* \*

I hope this information is useful. Please let us know if you have further questions.

NP

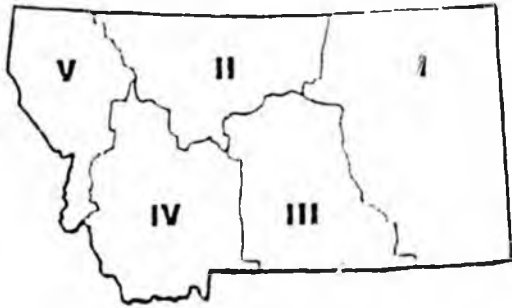
Attachment

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<sup>6</sup>The Montana Mental Health Association or the editor of the report may be contacted directly at the following numbers:

Montana State Mental Health Association (406) 442-7808  
Mr. Steve Waldron  
Mr. Harold Gerke (406) 245-5397  
Chairman, Montana Council of Regional Mental Health Boards  
1201 Clark Street  
Billings, Montana 59102

<sup>7</sup>This average is calculated on information from the Oregon State Benefit Board which handles insurance for approximately one half of Oregon's State workforce. Benefits for bargaining unit employees are handled by a separate insurance board and may be different.



## Montana Council of Regional Mental Health Boards, Inc.

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2/24/86

Pat Crosby  
Lobbyist for Mandated  
Mental Health Insurance  
1200 Fritz Cove Rd.  
Juneau, Alaska 99801  
Ph. (907) 789-2317

Dear Pat:

Enclosed is the information you requested on Montana's mandated mental health insurance coverage law and lobbying effort. I hope this material will be of use to you.

You may wish to call Dick Hruska, Director of the Golden Triangle Mental Health Center, ph. (406) 761-2100. He was very instrumental in the passage of Montana's current law and may be able to offer you some good advise.

I wish you the best of luck in your efforts. Please feel free to call on me if I can be of further service.

Best regards,

Steve Waldron  
Executive Director

**REGION I**  
EASTERN MONTANA COMMUNITY  
HEALTH CENTER  
1819 Main Street  
Missoula, Montana 59701  
(406) 541-1414

**REGION II**  
GOLDEN TRIANGLE COMMUNITY  
MENTAL HEALTH CENTER  
Holiday Village Shopping Center  
P. O. Box 846  
Great Falls, Montana 59403  
(406) 761-9100

**REGION III**  
MENTAL HEALTH CENTER  
1245 North 29th Street  
Billings, Montana 59101  
(252) 565-98

**REGION IV**  
MENTAL HEALTH  
SERVICE, INC.  
517 Logan  
Helena, Montana 59601  
(406) 451-1100

**REGION V**  
WESTERN MONTANA COMMUNITY  
MENTAL HEALTH CENTER  
East Missoula 112  
Missoula, Montana 59801  
(406) 438-7000

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**INDIANA - NEW ENTRY**

Insurers shall reimburse community mental health centers and licensed psychiatric hospitals for inpatient services for treatment of mental illness or substance abuse if a hospital would have received reimbursement for same treatment. §27-8-5-15.5 (9/1/85)

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**LOUISIANA - REVISION**

Group/blanket/franchise/self-insured must offer mental and nervous disorder coverage on same basis as other conditions. Such coverage to include services of licensed psychologist and certified social worker when in collaboration and consultation with physician assuming full patient responsibility. Such offer shall be made in connection with each renewal of the policy unless insured has previously elected not to have the coverage. §22:669 (9/13/81; 9/6/85)

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**NEBRASKA - NEW ENTRY**

Insurers, HMOs, hospital service corporations and other health insurance providers may not deny payment for treatment for mental or nervous disorders on basis that hospital or state institution providing treatment is publicly funded and fees are charged depending on patient's ability to pay. §83-368 (9/6/85)

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**NORTH DAKOTA - REPLACEMENT**

Group insurers, nonprofit health service corporations and HMOs must provide benefits same as for other illnesses for diagnosis, evaluation and treatment of alcoholism, drug addiction or other illnesses in licensed hospital, facility licensed under §23-17.1-01, or regional human service center. Benefit levels include coverage for 70 inpatient days per year, 140 days of partial hospitalization services. Similar levels of benefits for treatment for mental disorder when treated in licensed hospital or facility licensed under §23-17.1-01, which offers treatment for mental disorders or other illnesses. §§26.1-26-08 & 09 (7/1/85)

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**WASHINGTON - NEW ENTRY**

Bul. 84-4 which interpreted the above statutes has been withdrawn. The Department now allows those insurers, contractors and organizations, when acting in good faith, to offer the above coverage only with respect to treatment by a physician or psychologist if the contract holder has first waived the mandated three-party offering. Bul. 85-3 (5/16/85); AGO (5/9/85)

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**WISCONSIN - REPLACEMENT**

Group insurers must provide, per policy year, following benefits: inpatient--lesser of 30 days or \$7,000; outpatient--minimum of \$1,000, coverage to include services provided by licensed psychologist in psychologist's office. Allows copayment of up to 10%. Total coverage for both inpatient and outpatient treatment need not exceed \$7,000. 1985 Wisconsin Act 29 (7/20/85)

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**ALABAMA**

Group/blanket hospital or medical expense and hospital/medical service contracts covering mental health services shall pay for services of psychiatrist or psychologist. Reimbursement to be made for outpatient and inpatient services if requested by attending physician. (Note: does not mandate or require inclusion of mental health services; not to be construed to expand scope or nature of benefits when such services included in contract).  
§27-1-18 (5/4/82)

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**ALASKA**

NONE

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**ARIZONA**

If contract provides coverage for alcoholism, drug abuse or psychiatric services, reimbursement shall be made whether covered service rendered in general hospital or psychiatric special hospital. Applies to contracts delivered on or after 1/1/80 and to existing group contracts thereafter on renewal, anniversary date or expiration of collective bargaining agreement. §§20-841; 20-934; 20-1057; 20-1376; 20-1406 (1/1/80)

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**ARKANSAS**

Individual/group contracts providing payment of any health care services provided by hospitals or related facilities shall cover on equal basis services provided by licensed outpatient psychiatric center. Also applies to out-of-state group contracts. §66-3212(11) (120 days after 7/20/79)

Group/subscriber contracts providing hospital or medical benefits to state residents must offer coverage for mental illness unless refused in writing. Copayments may not exceed 20% for inpatient, partial hospitalization, or outpatient care. Benefit limit not less than \$7,500 per year. §§66-3716 & 3717 (3/3/83; 8/1/85)

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**CALIFORNIA**

Group hospital, medical and surgical contracts must offer to policyholder such benefits as may be agreed upon. If agreed-upon terms of mental health coverage include coverage for services provided in a general or psychiatric acute care hospital, coverage shall extend to care provided by a psychiatric health facility, except that if the policy restricts the choice of providers, such restrictions shall apply. Also provides that coverage may include community residential treatment services. Applies to group disability insurers, nonprofit hospital service plans, and self-funded employee welfare benefit plans; and imposes similar obligations on health care service plans.  
§10125 (1/1/74; 1/1/85)

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**CALIFORNIA (continued)**

Must communicate to prospective group policyholders as to the availability of outpatient coverage for the treatment of mental or nervous disorders. §10125 (1/1/84)

Out-of-state contracts recognizing psychologists in state of issue may not exclude such services rendered by California psychologists not licensed in state of issue. §§10176.5; 10177.5; 11512.2 (1/1/82)

Similar requirement for clinical social workers, mental health nurses, marriage, family and child counselors. §10176.7 (1/1/84; amd. 1/1/85)

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**COLORADO**

Group hospital and medical expense contracts must include as to basic contracts 45 days inpatient and 90 days "partial" on a "2 for 1 day" basis; as to major medical contracts, same as basic with up to 50% coinsurance (also see Alcoholism). §10-8-116 (1/1/76)

Group and nonprofit hospital and health service corporations' policies providing hospitalization or medical benefits must provide benefits for conditions arising from mental illness at least equal to following: major medical - outpatient services furnished by a comprehensive health care service corporation, hospital, or community mental health center or other mental health clinics approved by Department of Institutions to furnish mental health services or furnished by or under supervision of licensed physician or psychologist. Services shall be under direct supervision of physician or psychologist and patient records shall show that attending physician or psychologist either saw the patient or had a written summary of consultations or a personal consultation with the therapist at least once every 90 days. Insurer may require provider to furnish written certification that such services were provided under supervision of licensed physician or psychologist. Reg. 83-2 (2/1/84)

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**CONNECTICUT**

All group contracts must provide up to 60 days inpatient; major medical contracts shall provide benefits (outpatient) after applicable deductible, at 50% rate during any calendar year, up to \$1,000. §38-174d (5/28/75)

Insurer must cover partial hospitalization for mental illness on exchange basis with covered inpatient days; insurers to offer additional outpatient for mental illness treatment. §38-174d (10/1/82)

In case of benefits payable for service of licensed physician practicing as psychiatrist or licensed psychologist, benefits for outpatient services will be payable if rendered: (1) in nonprofit community mental health center as defined by Department of Mental Health or in nonprofit licensed adult psychiatric clinic operated by accredited hospital; (2) under supervision of psychiatrist or licensed psychologist; and (3) within scope of license issued to center or clinic by Department of Health Services. §38-174d(g) (10/1/83)

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DELAWARENONE

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## DISTRICT OF COLUMBIA

NONE

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## FLORIDA

Group, HMO and hospital/medical service corporations shall make available benefits same as other illness except: inpatient may be limited to not less than 30 days per benefit year, any excess need not be same as other illness; if offering outpatient benefits, coinsurance need not be the same, maximum yearly benefit may be limited to \$1,000 for consultations and excess dollar amounts need not be same as applied to physical illness generally. If alternative inpatient-outpatient or partial hospitalization benefits are selected, such benefits shall not be less than the level of benefits specified in subsection (2) of the section; benefits for mental health professionals may be limited to licensed professionals. §627.668 (10/1/83)

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## GEORGIA

Contracts providing hospital care which do not cover mental illness must contain statement in bold face type to this effect on contract and any identification card. §§33-29-5 & 6 (7/1/70)

Major medical contracts issued, delivered or renewed after 1/1/82 must make available to insured, covered spouse and dependents treatment of mental disorders same as other physical illness. Insurers may limit coverage per policy year as follows: Individual: inpatient-30 days; outpatient-48 visits; Group: inpatient-60 days; outpatient-50 visits. §33-24-28.1(b) (10/1/81; 7/1/84)

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## HAWAII

NONE

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## IDAHO

NONE

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## ILLINOIS

Group contracts must offer benefits with annual maximum of at least lesser of \$10,000 or 25% of lifetime policy maximum and coinsurance of 50% or less. §370c (7/1/77)

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HIAA

MENTAL ILLNESS  
7-85

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INDIANA

NONE

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IOWA

NONE

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KANSAS

Unless refused in writing, group insurers must provide coverage for treatment of alcoholism, drug abuse or nervous or mental conditions for no less than 30 days per year in licensed hospital or facility and outpatient benefits limited to not less than 100% of first \$100 and 80% of next \$500 in any year.  
§40-2,105 (7/1/78)

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KENTUCKY

NONE

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LOUISIANA

Group/blanket/franchise/self-insured must offer mental and nervous disorder coverage on same basis as other conditions. Such coverage to include services of licensed psychologist and certified social worker when in collaboration and consultation with physician assuming full patient responsibility. §22:669 (9/13/81)

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MAINE

Group, blanket and nonprofit hospital or medical service corporations shall provide minimum annual benefits for mental illness or nervous conditions as follows: inpatient 30 days with coinsurance of 80% or level of benefits provided for any other illness; \$1,000 for any combination of outpatient and/or day treatment care with coinsurance of 50% of UCR charges; \$100 deductible; maximum lifetime benefit of \$25,000, except that policy total maximum benefit need not be exceeded. Persons covered under both basic and major medical policies may not "stack" benefits of both policies. Policy may limit or exclude benefits to extent coverage would duplicate and be secondary to Medicare but must cover difference between Medicare and minimum required benefits. 24-A§2843 (9/23/83); Rule C. 330 (6/1/84)

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**MARYLAND**

Individual/group/nonprofit contracts must cover expenses for treatment of acute mental illness and emotional disorders which are subject to significant improvement through short-term therapy. Inpatient: 30 days per calendar year or benefit period; major medical: not less than 50% of benefits provided for other types of illness. \*Extraterritorial. 48A§§354D; 470E(a); 47E(a) (7/1/73; 7/1/81\*)

Group/nonprofit contracts must offer option of benefits for psychiatric care through partial hospitalization. Minimum of 30 partial hospitalization days during any consecutive 12-month period. 48A§§354J; 477M (1/1/77)

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**MASSACHUSETTS**

Individual/group/blanket/employee welfare benefit plans must include 60 days inpatient in mental hospital; general hospital same benefits as for other illness; outpatient up to \$500 over 12-month period. C. 175 §47B (6/1/76)

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**MICHIGAN**

NONE

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**MINNESOTA**

Group contracts covering at least 100 state residents or groups comprised of more than 90% state residents which provide mental illness benefits must provide 80% of first \$750 outpatient expense by hospital, community mental health center or approved mental health clinic, or consulting psychologist or psychiatrist. §62A.152 (8/1/75; 8/1/81)

Group/HMOs/health service plans shall include benefits, on same basis as other benefits, for treatment of emotionally handicapped children in residential treatment facility licensed by Commissioner of Public Welfare. §62A.151 (7/1/75)

Group policies providing benefits for mental or nervous disorders in a hospital must provide direct reimbursement for those services when performed by licensed consulting psychologist to extent services are within scope of such license. Carriers in administering claims may require order of physician requesting such services. §62A.152 (7/1/83)

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**MISSISSIPPI**

NONE

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**MISSOURI**

Insurers/health service corporations/HMOs shall offer coverage of psychiatric services for recognized mental illness as follows: (1) if providing inpatient benefits, same as other illness; may be limited to 30 days in benefit period; (2) if providing outpatient benefits, treatment in psychiatric residential treatment center on inpatient or outpatient basis when prescribed by physician specializing in treatment of mental illness. Not less than 50% reasonable charges to maximum of \$1500 in benefit period. Shall offer 50% reasonable charge for 20 psychotherapy services rendered by physician specializing in treatment of mental illness or psychologist unless rejected by policyholder. Frequency of sessions may be limited but benefit shall be available for at least 1 session in any 7 consecutive days. §376.381 (3/13/80)

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**MONTANA**

Insurers and health service corporations' hospital and medical expense contracts must make available benefits for care and treatment of mental illness, alcoholism and drug addiction on same basis as other benefits, except inpatient benefits may be limited to 30 days per year; outpatient to \$1,000 per benefit period; and maximum lifetime benefits to \$10,000 or 25% of lifetime contract limit whichever is less. Does not apply to blanket, shortterm travel, accident only, limited or specified disease, individual conversion, or Medicare Supplement contracts. §§33-22-701 through 704 (1/1/82)

On effective date, amends above to require group/health service corporations' hospital and medical expense contracts to provide minimum aggregate benefit levels. Treatment plans approved by "chemical dependence counselors" (i.e., can't require physician approval). §33-22-701 (12/31/84)

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**NEBRASKA**

NONE

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**NEVADA**

NONE

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**NEW HAMPSHIRE**

Minimum group benefits: (1) basic hospital expense contracts, same benefits as for any other illness; (2) basic medical expense contracts, same benefits as for physicians for other illnesses--outpatient same as any other illness, except may be limited to 15 hours treatment over 12 months; (3) major medical contracts, deductible and coinsurance at least same as for any other illness with 12-month maximum of not less than \$3,000 per covered individual. §415:18-a (amd. 6/4/76)

Group/blanket policies must provide coverage for treatment at psychiatric residential program approved by Division of Mental Health and Developmental Services. §415:18-a.III.b (8/22/83)

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NEW JERSEYNONE

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## NEW MEXICO

NONE

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## NEW YORK

Must make available on request: (1) inpatient, not less than 30 days per calendar year; (2) outpatient may be limited to \$700 per calendar year. New §§3221(k)(5); 4303 [C. 894; §162.16] (1/1/78)

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## NORTH CAROLINA

NONE

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## NORTH DAKOTA

Must provide 70 days inpatient, 140 days outpatient for group/blanket/franchise over 50 lives and who cover 70% or more of group. §26-39-01 (7/1/75); Bul. 30

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## OHIO

Group medical expense contracts, other than accident only or specified disease, that provide benefits for mental or emotional disorders shall provide benefits on outpatient basis equal to \$550 in any calendar year or 12-month period. §3923.28 (1/1/79; 1/1/83)

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## OKLAHOMA

NONE

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## OREGON

Mandated benefits in group policies for alcoholism, chemical dependency and mental illness. Benefits must be provided whether performed in health or residential facilities, or on outpatient basis, or by physicians, psychologists, nurse practitioners, or clinical social workers. May be subject to provisions of policy applicable to other benefits, including coinsurance and deductibles, except that coinsurance and deductibles for treatment in health or residential facilities may not be greater than for hospitalization, and for outpatient treatment, may not be greater than for other outpatient treatment.

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**OREGON (continued)**

Total benefit dollar amounts may be limited depending on whether services are for alcoholism, chemical dependency, mental illness, or combination thereof, or whether provided in health or residential facilities, or outpatient basis, or combination thereof. Insurers allowed option of implementing certain "cost containment" features. §§743.557 & .558 (1/1/84; sunsets 7/1/87)

Individual/group contracts may not exclude benefits for services rendered in state approved community mental health programs. §743.116 (7/21/81)

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**PENNSYLVANIA**

NONE

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**RHODE ISLAND**

NONE

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**SOUTH CAROLINA**

NONE

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**SOUTH DAKOTA**

NONE

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**TENNESSEE**

Unless specifically excluded, individual, franchise, blanket or group contracts must provide benefits for psychiatric disorders, mental or nervous conditions, alcoholism, drug dependence or medical complications of mental illness or mental retardation. Benefits not defined but must be provided for services rendered in health facility licensed in state as hospital accredited by Joint Commission on Accreditation of Hospitals, or facility owned or operated by state which is especially intended for diagnosis, care and treatment of psychiatric, mental or nervous disorders, or licensed and accredited residential treatment facility. §§56-7-1003 (7/1/74); 56-7-1004 (7/1/81)

Group hospital, medical or major medical contracts shall make available outpatient benefits in community mental health centers which shall include minimum of 30 outpatient visits per year and deductibles and coinsurance not less favorable than illness generally. Benefits shall be part of contract unless policyholder rejects in writing. If contract provides inpatient benefits, shall include community mental health centers with inpatient care facilities. §§56-7-1003 & 1004 (7/1/80)

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**TENNESSEE (continued)**

When optional benefits offered under §56-7-1003 are provided for mental, emotional or nervous disorders, alcoholism, drug dependence or medical complication of mental illness or mental retardation, and treatment is received at community mental health center, such benefits provided when services are rendered by a physician shall also be provided when rendered by a member of the clinical staff of the community mental health center provided the center has in effect a plan for quality assurance approved by the Department of Mental Health, and such treatment is supervised by licensed physician or clinical psychologist. §56-7-1003(b) (6/5/84)

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**TEXAS**

Group, HMOs, service plan contractors providing inpatient coverage for mental or emotional illness or disorders shall provide coverage for treatment under direction of M.D. or D.O. in psychiatric day treatment facility that provides organizational structure and individualized treatment plans separate from inpatient programs, subject to same durational limits, deductibles and coinsurance factors. Each full day of treatment equal to half-day inpatient treatment. Policyholder has right to reject coverage for treatment of mental or emotional illness or disorder or may select alternative level of benefits if offered or negotiated. Alternative level of benefits must provide benefits for treatment in such facilities equal to at least one-half that provided for hospital treatment. (Note: policies delivered to group policyholders before effective date governed by law in effect at that time and "continued in effect for that purpose.") Art. 3.70-2(F) (1/1/83)

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**UTAH****NONE**

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**VERMONT**

Group contracts must provide option of "45 day equivalents of active care" per contract or calendar year; outpatient at 100% for first 5 visits, 80% thereafter, up to \$500 per policy or calendar year. 3§4089 (10/1/76)

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**VIRGINIA**

Individual/group contracts must provide same benefits as for other illness, up to 30 days treatment per year. Group contracts must offer outpatient same as other benefits, but may limit to \$1,000 per benefit period at 50% coinsurance. §38.1-348.7 (11/1/77)

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**WASHINGTON**

Group/HMOs/Blues must offer optional supplemental coverage for mental health treatment rendered by licensed physician, psychologist, or community mental health agency at usual and customary rates. Coverage may be subject to contract provisions with respect to reasonable deductibles and copayments. Coverage may be waived for all covered persons if contract holder so states in advance in writing. §48.21.240 (7/1/83); Bul. 83-3 (7/22/83); Bul. 83-5 (11/1/83); Bul. 84-4 (7/2/84)

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**WEST VIRGINIA**

Individual/group contracts shall provide, unless rejected by policyholder, at least 45 days inpatient in mental hospital, outpatient benefits at 50% coinsurance up to \$500 up to 50 visits per year and services in comprehensive health service organization; community mental health center; by psychiatrist or psychologist. Inpatient in regular hospital--same as other illness. §§33-15-4a; 33-16-3a (7/4/77)

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**WISCONSIN**

Group contracts must include at least 30 days inpatient coverage and up to first \$500 of outpatient service per calendar year. Treatment in community-based residential facilities included. §§632.89 & 632.89(2)(b)2 (9/1/74; 7/13/83)

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**WYOMING**

NONE

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**PUERTO RICO**NONE

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Failure to promptly pay -- unfair trade prac-  
tice, 33-18-201.

Limitations on performing autopsies,  
50-21-103.

**33-22-603. Application and certificates not required.** An individual application shall not be required from a person covered under a blanket disability policy or contract, nor shall it be necessary for the insurer to furnish each person a certificate.

History: En. Sec. 390, Ch. 286, L. 1959; R.C.M. 1947, 40-4106.

**33-22-604. Payment of claims — discharge.** (1) All benefits under any blanket disability policy shall be payable to the person insured or to his designated beneficiary or beneficiaries or to his estate; except that if the person insured be a minor or mental incompetent, such benefits may be made payable to his parent, guardian, or other person actually supporting him; or if the entire cost of the insurance has been borne by the employer such benefits may be made payable to the employer. Provided, however, that the policy may provide that all or any portion of any indemnities provided by such policy on account of hospital, nursing, medical, or surgical services may, at the insurer's option, be paid directly to the hospital or person rendering such services; but the policy may not require that the service be rendered by a particular hospital or person.

(2) Payment so made shall discharge the insurer's obligation with respect to the amount of insurance so paid.

History: En. Sec. 390, Ch. 287, L. 1959; R.C.M. 1947, 40-4107.

## Part 7

### Coverage for Mental Illness, Alcoholism, and Drug Addiction

**33-22-701. Scope of part — purpose.** The provisions of this part apply to all group policies of accident and health insurance and group subscriber contracts offered in Montana by insurers and health service corporations for the care and treatment of mental illness, alcoholism, and drug addiction. It is the purpose of this part to preserve the rights of the consumer to have such coverage according to his medical and economic needs.

History: En. Sec. 1, Ch. 197, L. 1979; amd. Sec. 1, Ch. 535, L. 1981; amd. Sec. 1, Ch. 593, L. 1983.

#### Compiler's Comments

**1983 Amendment:** Substituted existing language for former text, which read: "The purpose of this part is to encourage consumers to avail themselves of basic levels of benefits under health insurance policies and contracts for the care and treatment of mental illness, alcoholism, and drug addiction and to preserve the rights of the consumer to select such coverage according to his medical and economic needs."

**1981 Amendment:** Inserted "mental illness" after "treatment of" in the middle of the section.

#### Cross-References

Licensing of hospitals and related facilities, Title 50, ch. 5, part 2.

Alcoholism and drug dependence, Title 53, ch. 24.

Facility standards, 53-24-208.

**33-22-702. Definitions.** For purposes of this part, the following definitions apply:

(1) "Inpatient hospital benefits" means benefits payable for charges made by a hospital or freestanding inpatient facility, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as an inpatient and, with respect to major medical policies or contracts, also includes those benefits payable for charges made by a physician, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as a hospital inpatient.

(2) "Outpatient benefits" means benefits payable for:

(a) reasonable charges made by a hospital for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient;

(b) reasonable charges for services rendered or prescribed by a physician for the necessary care and treatment for mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient;

(c) reasonable charges made by a mental health, alcoholism, or drug addiction treatment center for the necessary care and treatment of a covered person provided in the treatment center; and

(d) reasonable charges for services rendered by a licensed psychiatrist, psychologist, or social worker.

(3) "Alcoholism treatment center" and "drug addiction treatment center" mean a treatment facility which provides a program for the treatment of alcoholism or drug addiction pursuant to a written treatment plan approved and monitored by a physician or chemical dependency counselor certified by the state, and which facility is also:

(a) affiliated with a hospital under a contractual agreement with an established system for patient referral; or

(b) licensed or approved as an alcoholism or drug addiction treatment center by the alcohol authority of the state.

(4) "Mental health treatment center" means a treatment facility organized to provide care and treatment for mental illness through a multiple modalities or techniques pursuant to a written treatment plan approved and monitored by an interdisciplinary team, including a licensed physician, psychiatric social worker, and psychologist, and which facility is also:

(a) licensed as a mental health treatment center by the state;

(b) funded or eligible for funding under federal or state law; or

(c) affiliated with a hospital under a contractual agreement with an established system for patient referral.

(5) "Mental illness" means neurosis, psychoneurosis, psychopathy, psychosis, or personality disorder.

History: En. Sec. 2, Ch. 197, L. 1979; amd. Sec. 2, Ch. 535, L. 1981; amd. Sec. 2, Ch. 593, L. 1983; amd. Sec. 2, Ch. 302, L. 1985.

#### Compiler's Comments

**1985 Amendment:** At end of (2)(d) added "or chemical dependency counselor certified by the state"; in (3)(b) after "licensed" deleted "certified", and before "state" inserted "alcohol authority of the".

**1983 Amendment:** Near beginning of (1), after "hospital" inserted "or freestanding inpatient facility"; near middle of (1), after "confined as" deleted "a hospital" and inserted "an"; inserted

(2)(d); in (3) after "physician" inserted "or chemical dependency counselor certified by the state"; in (3)(b) after "licensed" deleted "certified", and before "state" inserted "alcohol authority of the".

**1981 Amendment:** Inserted "mental illness" after "treatment of" in (1) (two places) and

(2)(a) and after "treatment for" in (2)(b); substituted "a mental health, alcoholism, or drug addiction treatment center" for "an alcoholism or drug addiction treatment center" in (2)(c); and added definitions of "mental health treatment center" and "mental illness".

#### Cross-References

Disclaimer provision allowable — disability insurance, 33-22-231.

Medicine — licensure, Title 37, ch. 3.

Licensure of psychologists, Title 37, ch. 17.

Licensure of social workers, Title 37, ch. 22.

**33-22-703. Coverage for mental illness, alcoholism, and drug addiction.** Insurers and health service corporations transacting group health insurance or group health plans in this state shall provide, under hospital and medical expenses incurred insurance group policies and under hospital and medical service plan group contracts, the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction subject to the right of the applicant to select any alternative level of benefits above the minimum level of benefits described in subsections (1)(b), (2)(a), (2)(b), and (2)(d) as may be offered by the insurer or service plan corporation:

(1) under basic inpatient expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) benefits may be limited to not less than 30 calendar days per year as defined in the policy or contract;

(b) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient expenses under major medical policies and contracts may be limited to no less than:

(i) \$4,000 in any 24-month period; and

(ii) \$8,000 in lifetime benefits;

(2) under major medical policies or contracts, inpatient benefits and outpatient benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) inpatient benefits may be limited to no less than 30 calendar days per year as defined in the policy or contract. If inpatient benefits are provided beyond 30 calendar days per year, the durational limits, dollar limits, deductibles, and coinsurance factors applicable thereto need not be the same as applicable to physical illness generally.

(b) for outpatient benefits, the coinsurance factor may not exceed 50% or the coinsurance factor applicable for physical illness generally, whichever is greater, and the maximum benefit for mental illness, alcoholism, and drug addiction in the aggregate during any applicable benefit period may be limited to not less than \$1,000;

(c) maximum lifetime benefits shall, for mental illness in the aggregate, be no less than those applicable to physical illness generally;

(d) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient expenses under major medical policies and contracts may be limited to no less than:

(i) \$4,000 in any 24-month period; and

(ii) \$8,000 in lifetime benefits.

History: En. Sec. 3, Ch. 197, L. 1979; amd. Sec. 3, Ch. 535, L. 1981; amd. Sec. 3, Ch. 593, L. 1983.

#### Compiler's Comments

**1983 Amendment.** In introductory clause after "transacting" inserted "group"; after "health insurance" inserted "or group health plans"; after "state" substituted "shall provide" for "must make available"; inserted "group" before "policies" and "contracts"; after "applicant" deleted "for a group or individual policy or contract to reject the coverage or"; after "benefits" inserted "above the minimum level of benefits described in subsections (1)(b), (2)(a), (2)(b), and (2)(c)"; in (1) after "basic" substituted "inpatient" for "hospital"; inserted (1)(b); once

in (2) and twice in (2)(a) deleted "hospital" before "benefits"; in (2)(a) after "limited to" inserted "no less than"; in (2)(c) substituted existing language for "maximum lifetime benefits may, for mental illness, alcoholism, and drug addiction in the aggregate, be no less than an amount equal to the lesser of \$10,000 or 25% of the lifetime policy limit."; and inserted (2)(d).

**1981 Amendment.** Added treatment and care of mental illness to available coverages by inserting "mental illness," before "alcoholism, and drug addiction" in three places.

**33-22-704. Applicability.** (1) Except as provided in subsections (2) and (3), this part applies to policies or contracts delivered or issued for delivery in this state more than 120 days after July 1, 1979, but does not apply to blanket, short term travel, accident only, limited or specified disease, individual conversion policies or contracts, or to policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans.

(2) With respect to mental illness, this part applies to policies or contracts delivered or issued for delivery in this state after January 29, 1982.

(3) This part applies to policies or contracts delivered or issued for delivery in this state after December 31, 1983, but does not apply to blanket, short-term travel, accident only, limited or specified disease, or policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans.

History: En. Sec. 4, Ch. 197, L. 1979; amd. Sec. 4, Ch. 535, L. 1981; amd. Sec. 4, Ch. 593, L. 1983.

#### Compiler's Comments

**1983 Amendment.** Near beginning of (1), inserted reference to (3); inserted (3); and made minor change in phraseology.

**1981 Amendment.** Added "Except as provided in subsection (2)" at the beginning of (1); and added subsection (2).

## Part 8

### Extended Health Insurance

**33-22-801. Purpose.** It is the purpose of this part to provide a means more adequately meeting the needs of persons who are 65 years of age or older and their spouses for insurance coverage against financial loss from accident or disease through the combined resources and experience of a number of insurers; to make possible the fullest extension of such coverage by encouraging insurers to combine their resources and experience and to exercise their collective efforts in the development and offering of policies of such insurance to all applicants; and to regulate the joint activities herein

## UNFAIR CLAIMS SETTLEMENT PRACTICES MODEL REGULATION

### Table of Contents

Section 1.	Authority
Section 2.	Scope
Section 3.	Definitions
Section 4.	File and Record Documentation
Section 5.	Misrepresentation of Policy Provisions
Section 6.	Failure to Acknowledge Pertinent Communications
Section 7.	Standards for Prompt Investigation of Claims
Section 8.	Standards for Prompt, Fair and Equitable Settlements Applicable to All Insurers
Section 9.	Standards for Prompt, Fair and Equitable Settlements Applicable to Automobile Insurance

### Section 1. Authority.

Section 4(9) of the Unfair Trade Practices Act prohibits insurers doing business in the state from engaging in unfair claims settlement practices and provides that if any insurer performs any of the acts or practices proscribed by that section with such frequency as to indicate a general business practice, then those acts shall constitute an unfair or deceptive act or practice in the business of insurance.

### Section 2. Scope.

This regulation defines certain minimum standards which, if violated with such frequency as to indicate a general business practice, will be deemed to constitute unfair claims settlement practices. This regulation applies to all persons and to all insurance policies and insurance contracts except policies of Workers' Compensation insurance. This regulation is not exclusive, and other acts, not herein specified, may also be deemed to be a violation of Section 4(9) of the Act.

### Section 3. Definitions.

The definitions of "person" and of "insurance policy or insurance contract" contained in section 2 of the Unfair Trade Practice Act shall apply to this regulation and, in addition, where used in this regulation:

- (a) "Agent" means any individual, corporation, association, partnership or other legal entity authorized to represent an insurer with respect to a claim;
- (b) "Claimant" means either a first party claimant, a third party claimant, or both and includes such claimant's designated legal representative and includes a member of the claimant's immediate family designated by the claimant;
- (c) "First party claimant" means an individual, corporation, association, partnership or other legal entity asserting a right to payment under an insurance policy or insurance contract arising out of the occurrence of the contingency or loss covered by such policy or contract;
- (d) "Insurer" means a person licensed to issue or who issues any insurance policy or insurance contract in this State.
- (e) "Investigation" means all activities of an insurer directly or indirectly related to the determination of liabilities under coverages afforded by an insurance policy or insurance contract.
- (f) "Notification of claim" means any notification, whether in writing or other means acceptable under the terms of an insurance policy or insurance contract, to an insurer or its agent, by a claimant, which reasonably apprises the insurer of the facts pertinent to a claim;
- (g) "Third party claimant" means any individual, corporation, association, partnership or other legal entity asserting a claim against any individual, corporation, association, partnership or other legal entity insured under an insurance policy or insurance contract of an insurer; and

## Unfair Claims Settlement

- (h) "Worker's Compensation" includes, but is not limited to, Longshoremen's and Harbor Worker's Compensation.

### Section 4. File and Record Documentation.

The insurer's claim files shall be subject to examination by the (Commissioner) or by his duly appointed designees. Such files shall contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed.

### Section 5. Misrepresentation of Policy Provisions.

- (a) No insurer shall fail to fully disclose to first party claimants all pertinent benefits, coverages or other provisions of an insurance policy or insurance contract under which a claim is presented.
- (b) No agent shall conceal from first party claimants benefits, coverages or other provisions of any insurance policy or insurance contract when such benefits, coverages or other provisions are pertinent to a claim.
- (c) No insurer shall deny a claim for failure to exhibit the property without proof of demand and unfounded refusal by a claimant to do so.
- (d) No insurer shall, except where there is a time limit specified in the policy, make statements, written or otherwise, requiring a claimant to give written notice of loss or proof of loss within a specified time limit and which seek to relieve the company of its obligations if such a time limit is not complied with unless the failure to comply with such time limit prejudices the insurer's rights.
- (e) No insurer shall request a first party claimant to sign a release that extends beyond the subject matter that gave rise to the claim payment.
- (f) No insurer shall issue checks or drafts in partial settlement of a loss or claim under a specific coverage which contain language which release the insurer or its insured from its total liability.

### Section 6. Failure to Acknowledge Pertinent Communications.

- (a) Every insurer, upon receiving notification of a claim shall, within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgement shall be made in the claim file of the insurer and dated. Notification given to an agent of an insurer shall be notification to the insurer.
- (b) Every insurer, upon receipt of any inquiry from the insurance department respecting a claim shall, within fifteen working days of receipt of such inquiry, furnish the department with an adequate response to the inquiry.
- (c) An appropriate reply shall be made within ten working days on all other pertinent communications from a claimant which reasonably suggest that a response is expected.
- (d) Every insurer, upon receiving notification of claim, shall promptly provide necessary claim forms, instructions, and reasonable assistance so that first party claimants can comply with the policy conditions and the insurer's reasonable requirements. Compliance with this paragraph within ten working days of notification of a claim shall constitute compliance with subsection (a) of this section.

### Section 7. Standards for Prompt Investigation of Claims.

Every insurer shall complete investigation of a claim within thirty days after notification of claim, unless such investigation cannot reasonably be completed within such time.

**Section 8. Standards for Prompt, Fair and Equitable Settlements Applicable to All Insurers**

- (a) Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first party claimant shall be advised of the acceptance or denial of the claim by the insurer. No insurer shall deny a claim on the grounds of a specific policy provision, condition, or exclusion unless reference to such provision, condition, or exclusion is included in the denial. The denial must be given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial.

Where there is a reasonable basis supported by specific information available for review by the insurance regulatory authority that the first party claimant has fraudulently caused or contributed to the loss by arson, the insurer is relieved from the requirements of this subsection. Provided, however, that the claimant shall be advised of the acceptance or denial of the claim within a reasonable time for full investigation after receipt by the insurer of a properly executed proof of loss.

*[Second paragraph of subsection 8(a) added by 1980 NAIC Proceedings II.]*

- (b) If a claim is denied for reasons other than those described in paragraph (a) and is made by any other means than writing, an appropriate notation shall be made in the claim file of the insurer.
- (c) If the insurer needs more time to determine whether a first party claim should be accepted or denied, it shall so notify the first party claimant within fifteen working days after receipt of the proofs of loss, giving the reasons more time is needed. If the investigation remains incomplete, the insurer shall, forty-five days from the date of the initial notification and every forty-five days thereafter, send to such claimant a letter setting forth the reasons additional time is needed for investigation.

Where there is a reasonable basis supported by specific information available for review by the insurance regulatory authority for suspecting that the first party claimant has fraudulently caused or contributed to the loss by arson, the insurer is relieved from the requirements of this subsection. Provided, however, that the claimant shall be advised of the acceptance or denial of the claim by the insurer within a reasonable time for full investigation after receipt by the insurer of a properly executed proof of loss.

*[Second paragraph of subsection 8(c) added by 1980 NAIC Proceedings II.]*

- (d) Insurers shall not fail to settle first party claims on the basis that responsibility for payment should be assumed by others except as may otherwise be provided by policy provisions.
- (e) Insurers shall not continue negotiations for settlement of a claim directly with a claimant who is neither an attorney nor represented by an attorney until the claimant's rights may be affected by a statute of limitations or a policy or contract time limit, without giving the claimant written notice that the time limit may be expiring and may affect the claimant's rights. Such notice shall be given to first party claimants thirty days and to third party claimants sixty days before the date on which such time limit may expire.
- (f) No insurer shall make statements which indicate that the rights of a third party claimant may be impaired if a form or release is not completed within a given period of time unless the statement is given for the purpose of notifying the third party claimant of the provision of a statute of limitations.

**Section 9. Standards for Prompt, Fair and Equitable Settlements Applicable to Automobile Insurance.**

- (a) When the insurance policy provides for the adjustment and settlement of first party automobile total losses on the basis of actual cash value or replacement with another of like kind and quality, one of the following methods must apply:

Unfair Claims Settlement

- (1) The insurer may elect to offer a replacement automobile which is a specific comparable automobile available to the insured, with all applicable taxes, license fees and other fees incident to transfer of evidence of ownership of the automobile paid, at no cost other than any deductible provided in the policy. The offer and any rejection thereof must be documented in the claim file.
  - (2) The insurer may elect a cash settlement based upon the actual cost, less any deductible provided in the policy, to purchase a comparable automobile including all applicable taxes, license fees and other fees incident to transfer of evidence of ownership of a comparable automobile. Such cost may be determined by
    - (A) The cost of a comparable automobile in the local market area when a comparable automobile is available in the local market area.
    - (B) One of two or more quotations obtained by the insurer from two or more qualified dealers located within the local market area when a comparable automobile is not available in the local market area.
  - (3) When a first party automobile total loss is settled on a basis which deviates from the methods described in subsections (a)(1) and (a)(2) of this section, the deviation must be supported by documentation giving particulars of the automobile condition. Any deductions from such cost, including deduction for salvage, must be measurable, discernible, itemized and specified as to dollar amount and shall be appropriate in amount. The basis for such settlement shall be fully explained to the first party claimant.
- (b) Where liability and damages are reasonably clear, insurers shall not recommend that third party claimants make claim under their own policies solely to avoid paying claims under such insurer's insurance policy or insurance contract.
  - (c) Insurers shall not require a claimant to travel unreasonably either to inspect a replacement automobile, to obtain a repair estimate or to have the automobile repaired at a specific repair shop.
  - (d) Insurers shall, upon the claimant's request, include the first party claimant's deductible, if any, in subrogation demands. Subrogation recoveries shall be shared on a proportionate basis with the first party claimant, unless the deductible amount has been otherwise recovered. No deduction for expenses can be made from the deductible recovery unless an outside attorney is retained to collect such recovery. The deduction may then be for only a pro rata share of the allocated loss adjustment expense.
  - (e) If an insurer prepares an estimate of the cost of automobile repairs, such estimate shall be in an amount for which it may be reasonably expected the damage can be satisfactorily repaired. The insurer shall give a copy of the estimate to the claimant and may furnish to the claimant the names of one or more conveniently located repair shops.
  - (f) When the amount claimed is reduced because of betterment or depreciation all information for such reduction shall be contained in the claim file. Such deductions shall be itemized and specified as to dollar amount and shall be appropriate for the amount of deductions.
  - (g) When the insurer elects to repair and designates a specific repair shop for automobile repairs, the insurer shall cause the damaged automobile to be restored to its condition prior to the loss at no additional cost to the claimant other than as stated in the policy and within a reasonable period of time.

*[Previous subsection 9(h) deleted by 1981 NAIC Proceedings I.]*

*Legislative History (all references are to the Proceedings of the NAIC).*

1976 Proc. II 367-370  
1980 Proc. II

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 317  
 Title: Practice of Social Work  
& Estab. Board of Social Work  
 Sponsor: (various Reps.)  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: Consumer Protection  
Examiners  
 BRU, Program or Subprogram(s) Affected:  
Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		33.1	34.8	36.5	38.3	40.2
200 TRAVEL		8.8	9.2	9.7	10.2	10.7
300 CONTRACTUAL		19.3	20.3	21.3	22.4	23.5
400 SUPPLIES		1.0	1.1	1.1	1.2	1.2
500 EQUIPMENT		3.7				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		65.9	65.4	68.6	72.1	75.6

<b>CAPITAL</b>						
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<b>REVENUE</b>		78.8	2.3	67.3	2.3	71.3
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND		65.9	65.4	68.6	72.1	75.6
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		65.9	65.4	68.6	72.1	75.6

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

The bill creates a Board of Social Work Examiners and implements licensing of all social work practitioners in the State. The bill establishes three licensing categories, and unlimited "specialties" left to the discretion of the board. (See attached for further analysis.)

Prepared By: Jennifer Strickler, Mgnt Analyst Phone: 465-2144

Division: Occupational Licensing Date: 4-4-85

Approved by Commissioner: Loren H. Lounsbury Date: 4/8/85

Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Analysis, continued

HB 317 FISCAL IMPACT

(NOTE: 5% inflation factor projected for FY '87 through  
FY '90 for operating costs)

100 PERSONAL SERVICES:

1 Licensing Examiner, Range 12A,  
GGU, 12 months, to be located in Juneau \$33,145.82

200 TRAVEL:

NOTE: Travel costs were based on five (5) members from different geographic regions in the State as required in the bill. The areas used in these calculations were: Anchorage, Fairbanks, Juneau, Kenai, Nome. Also, the bill mandates a minimum of two meetings a year and special meetings at the call of the Chairman or a majority of the board members. Therefore, three (3) meetings are included in this fiscal note.

Anchorage meeting

Anchorage, transportation	-0-
Per diem at \$80 per day x 2 days	160.00
Fairbanks, transportation	212.00
Per diem at \$80 per day x 2 days	160.00
Juneau, transportation at \$352 x 2 (board member & licensing examiner)	704.00
Per diem at \$80 per day x 2 days x 2	320.00
Kenai, transportation	64.00
Per diem at \$80 per day x 2 days	160.00
Nome, transportation	406.00
Per diem at \$80 per day x 2 days	160.00
	<hr/>
	\$ 2,346.00

Juneau meeting

Juneau, transportation	-0-
Per diem at \$80 per day x 2 days	160.00
Anchorage, transportation	352.00
Per diem at \$80 per day x 2 days	160.00
Fairbanks, transportation	564.00
Per diem at \$80 per day x 3* days *(one extra day to travel)	240.00
Kenai, transportation	416.00
Per diem at \$80 per day x 3* days *(one extra day to travel)	240.00
Nome, transportation	664.00
Per diem at \$80 per day x 3* days *(one extra day to travel)	240.00
	<hr/>
	\$ 3,036.00

Fairbanks meeting

Fairbanks, transportation	-0-
Per diem at \$90 per day x 2 days	180.00
Anchorage, transportation	212.00
Per diem at \$90 per day x 2 days	180.00
Juneau, transportation at \$564 x 2 (board member & licensing examiner)	1,128.00
Per diem at \$90 per day x 3 days x 2 (one extra day to travel)	540.00
Kenai, transportation	276.00
Per diem at \$90 per day x 2 days	180.00
Nome, transportation	456.00
Per diem at \$90 per day x 3 days (one extra day to travel)	270.00
	<hr/>
	\$ 3,422.00

300 CONTRACTUAL SERVICES:

Postage, telephone, printing, publications and other operating costs	3,000.00
Computer terminal use, at \$45 per month (Licensing Examiner use only)	540.00
Professional Examination Service fees for licensing examinations: Estimated 315 examinees in FY '86 for initial licensing at \$50 each	15,750.00
Note: 315 social workers were identified by this agency.	
	<hr/>
	\$ 19,290.00

400 COMMODITIES:

Stationery, typewriter ribbons, pens, pencils, and other miscellaneous desk top supplies	1,000.00
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500 EQUIPMENT: (one time costs only)

1 desk, double pedestal, 70" x 36"	747.08
1 chair, swivel with arms	257.69
1 typewriter, IBM Selectric II	1,340.19
1 chair, side without arms	120.33
1 desk calculator	382.89
1 file cabinet, 5 drawer legal with lock	426.63
1 table 72" x 36"	426.63
	<hr/>
	\$ 3,701.44

GRAND TOTAL: \$ 65,941.26

Projected Revenues

FY 86:

Based on the number of practitioners identified, it is anticipated that 315 practitioners will be seeking initial licensure by examination.

315 x \$250 (application & exam fee) \$ 78.8

FY 87:

Based on the assumption that there will be at least 10 new applicants (5 by examination, and 5 by credentials)

This will make a total of 325 licensees. 2.3

FY 88:

Section 08.87.130 of the bill mandates that licenses will lapse after 24 months unless it is renewed. Licenses will be issued upon completion and approval of an application. If Section 08.87.130 remains as stated, each license will be required to renew 24 months from the date of issue, thus causing administrative complications in monitoring the duration period of each license issued. To avoid such administrative difficulties, we would prefer all licenses to expire in a specific year embedded in statutes, and on a date determined by the department.

Projections for this fiscal year is based on the assumption that all licenses will be valid for a two-year period and will be renewed during this year.

Based on 325 licensees x \$200 (renewal fee) = 65.0

In addition, another 10 new licensees to make a total of 335 practitioners. 2.3

67.3

FY 89:

Based on an estimate of 10 new licensees, 5 by examination and 5 by credentials =

This would make a total of 345 licensees. 2.3

FY 90:

Assuming this will also be a renewal year, and based on 345 licensees x \$200 renewal fee =

In addition, another 10 new licensees, to make a total of 355 licensees = 69.0

2.3

71.3

1.	POSITION TITLE <b>LICENSING EXAMINER I (Juneau)</b>				RANGE/STEP 12A	BARG. UNIT GGU	PAGE/LINE	GOV.	APPROV.	DISAPP.	
2.	TYPE OF POSITION PFT	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.			
3.	CONTINUATION LEVEL				JUSTIFICATION						
4.	Type of Expenditure			AMOUNT							
	1	2	3								
	PERSONAL SERVICES										
5.	Salary	24.9									
6.	Benefits	4.0									
7.	Supplemental Benefits	1.5									
8.	Fixed Benefits	2.7									
9.	TOTAL PERSONAL SERVICES	31	33.1								
10.	Travel	02	1.3								
11.	Contractual	03	3.5								
12.	Commodities	04	1.0								
13.	Equipment	05	3.6								
14.	Other										
15.	TOTAL COST		42.5								
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		C.F. Match 1003									
18.		General Funds 1004		42.5							
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR BSM USE ONLY											
KEY NUMBER _____											

This position is necessary to assist in the implementation of the provisions of HB 317. The position would assist the Board in establishing necessary files, prepare application forms for printing, publish notices of meetings and exams, prepare travel authorizations for board members, arrange for meeting rooms and examinations, and perform other administrative duties as needed.

**REQUEST FOR  
NEW POSITION**

AGENCY Commerce and Economic Development  
 PROGRAM Consumer Protection  
 BRU Occupational Licensing  
 COMPONENT Administration

Page 1 of 1  
 Revised Date \_\_\_\_\_

**FY 86**

HB 317 File Contents

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April 22, 1985 Monday

- 18) Senate HESS materials on SB 227 by Fahrenkamp
  - a) Memo to Committee Members from staff, April 16, 1985
  - b) Bill Analysis of first HESS CS draft , April 15, 85 plus additional backup
  - c) Changes in second draft of HESS CS, April 18, 85
  - d) Revised CS SB 227 (HESS)

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April 26, 1985 Meeting

- 19) Draft CS for HB 317 (L & C) -- adopted at April 22 Meeting (Terry Cramer, bill drafter, date of 4/26/85); adopts the same language as the final CS SB 227 (HESS).
- 20) Committee Memo on Draft CS HB 317 -- by Roger Poppe, staff, 4/26/85

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May 1, 1985 Wednesday Meeting

- 21) Draft 2nd CS for HB 317 (L & C) -- Proposed alternative to L & C Committee amendments adopted at previous hearing (draft by Terry Cramer, bill drafter, date of 5/1/85).
- 22) Committee Memo on above, by Roger Poppe, Committee Staff, 5/1/85.

M E M O R A N D U M

To: All members, House Labor and Commerce Committee

From: Roger Poppe, Committee Aide

Date: May 1, 1985

Subject: Updated Overview, HB 317, Licensing of Social Workers

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At the last meeting of the House Labor and Commerce Committee on this bill on Monday, April 22, 1985, the Committee first voted to adopt the language of CS SB 227 (HESS) as the working document for a CS HB 317 (L & C). After taking testimony from Carolyn Frechette and Michael Price of the Division of Family and Youth Service, which indicated a need for some category of Provisional Social Workers to be added to the CS, the Committee voted to adopt these proposed amendments.

However, when the CS HB 317 (L & C) was sent to the bill drafter, Terry Cramer, she had major difficulties with the proposed amendments. Having worked on numerous other pieces of legislation this session dealing with Boards and Commissions, she is more familiar than most people with the general statutory requirements for all boards, including the potential establishment of new boards such as the one proposed in this bill. As with the Barbers and Hairdressers HB 305 bill it appears that with the best of intentions, we have created half a creature. Once again we were faced with making substantive decisions that is really the proper right and duty of the Committee to make instead of the aide and the drafter.

I talked at length with Ms. Frechette and Mr. Price about their actual intent with their proposed amendments; which is to try to include language that would allow para-professionals in the rural areas to be established as an additional category of social worker ("provisional social worker"), so that they could at least be licensed and recognized, and also to set the system up so that if they chose, they could take steps to move up into one of the other categories.

This intent fits in with the what sponsor Koponen had intended, which is to have some provisions to take care of the para-professionals in the bush. Consequently, after clearing this with the sponsor's office, I had Ms. Frechette and Mr. Price contact Terry Cramer directly about what their real intent was, so that Ms. Cramer could redraft their original conceptual ideas that they attempted in the amendments they proposed for Social Workers, into language and phrasing that was consistent throughout the bill. Thus, the 1st proposed CS before the Committee has just the Senate language in it; and the 2nd proposed CS has the language that Terry Cramer revise from the amendments that were proposed and adopted at the last meeting.

The Committee may also wish to restructure the Board makeup to add a paraprofessional, so that the 5 members would include 2 MSWs instead of 3, 1 BSW, 1 provisional social worker, and 1 member of the public, thus preventing the MSWs from totally dominating the Board, while also giving recognition to the provisional social worker.

Keep in mind that these additions are controversial. The NASW in Alaska appears to be opposed to including paraprofessionals in this bill, and that may be a major reason they object to giving paraprofessionals access to academic course work, which, though it may not be allowed under current national or university rules, may be obtained through a waiver. On the other hand, the Division of FYS, DHSS has the responsibility of dealing with social workers in all types of environments, including rural Alaska, and not just those with urban professional concerns.

By adding the provisional social worker sections to this bill, we thus making it different from the Senate version (which is really aimed entirely at urban professionals), and bring the issue of paraprofessionals out on the table. The bill will be passed on to the House HESS Committee, where it may be in a good position during the interim under the sponsor's jurisdiction to work out any further problems and language relating to paraprofessionals, as well as other details.

(continued)

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April 22, 1985 Monday

- 18) Senate HESS materials on SB 227 by Fahrenkamp
  - a) Memo to Committee Members from staff, April 16, 1985
  - b) Bill Analysis of first HESS CS draft , April 15, 85 plus additional backup
  - c) Changes in second draft of HESS CS, April 18, 85
  - d) Revised CS SB 227 (HESS)

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April 26, 1985 Meeting

- 19) Draft CS for HB 317 (L & C) -- adopted at April 22 Meeting (Terry Cramer, bill drafter, date of 4/26/85)
- 20) Committee Memo on Draft CS HB 317 -- by Roger Poppe, staff, 4/26/85

Cramer  
4/26/85 ✓

Original sponsors: Koponen, Larson,  
Hurley, et al

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IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 317 (L&C)

I. THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the practice of social work and  
establishing the Board of Social Worker Examiners;  
and providing for an effective date."

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

\* Section 1. PURPOSE. The purpose of this Act is to assure the consumer that persons providing services under the title "social worker" have completed professional social work education or training, adhere to a code of professional ethics, and are subject to licensure by the Board of Social Work Examiners.

\* Sec. 2. AS 08.01.010 is amended by adding a new paragraph to read:

(26) Board of Social Worker Examiners (AS 08.87.010).

\* Sec. 3. AS 08.03.010(c) is amended by adding a new paragraph to read:

(21) Board of Social Worker Examiners (AS 08.87.010) --

June 30, 1989.

\* Sec. 4. AS 08 is amended by adding a new chapter to read:

CHAPTER 87. SOCIAL WORKERS.

ARTICLE 1. BOARD OF SOCIAL WORKER EXAMINERS.

Sec. 08.87.010. CREATION AND MEMBERSHIP OF BOARD. There is created a Board of Social Worker Examiners consisting of five members, including three licensed master social workers, one of whom is licensed as an independent social worker, one licensed bachelor social worker, and one public member. The public member may not be licensed as a social worker or employed by a licensed social worker. To the extent possible members shall be appointed from different geographic

1 regions of the state. A member who has served two successive full  
2 terms may not be reappointed until four years after the expiration of  
3 the second term.

4 Sec. 08.87.020. TERM OF OFFICE. Each member of the board serves  
5 for a term of four years and until the member's successor is appointed  
6 and qualified. An appointment to a vacancy is for the unexpired term.

7 Sec. 08.87.030. BOARD MEETINGS. The board shall meet at least  
8 two times a year. The board may hold special meetings at the call of  
9 the chair or of a majority of the board members if the meetings are  
10 conducted over the state teleconference network.

11 Sec. 08.87.040. ELECTION OF OFFICERS. The board shall elect  
12 from among its members a chairperson and a secretary. Officers serve  
13 for a term not exceeding two years.

14 Sec. 08.87.050. REMOVAL OF BOARD MEMBERS. The governor may  
15 remove a member of the board for cause. Unexcused absences from  
16 meetings are cause for removal as determined by the board.

17 Sec. 08.87.060. PER DIEM AND TRAVEL. Board members receive no  
18 compensation but are entitled to per diem and travel expenses author-  
19 ized for members of boards and commissions under AS 39.20.180.

20 Sec. 08.87.070. POWERS AND DUTIES OF THE BOARD. The board shall

21 (1) provide for the examination of eligible applicants for  
22 licenses under this chapter;

23 (2) submit an annual report of its proceedings to the  
24 governor, including recommended changes to this chapter and a state-  
25 ment of money received and disbursed;

26 (3) establish standards for specialty designations for the  
27 private practice of social work and authorize speciality designations  
28 on licenses issued under this chapter;

29 (4) after a hearing, impose disciplinary sanctions against

1  
2 a person who violates this chapter, an order of the board, or a regu-  
3 lation of the board;

4 (5) adopt regulations relating to requirements for the  
5 supervision of persons engaged in social work under this chapter who  
6 are not licensed master social workers;

7 (6) adopt regulations requiring proof of continued compe-  
8 tency before a license is renewed;

9 (7) adopt regulations to carry out the purposes of this  
10 chapter.

11 Sec. 08.87.080. ADMINISTRATIVE PROCEDURES. The Administrative  
12 Procedure Act (AS 44.62) applies to regulations and proceedings under  
13 this chapter.

14 ARTICLE 2. LICENSING OF SOCIAL WORKERS.

15 Sec. 08.87.100. LICENSING OF SOCIAL WORKERS. (a) A person is  
16 eligible for a license as a bachelor social worker (LBSW) if the  
17 person

18 (1) is in good professional standing and is fit to practice  
19 social work as determined under regulations of the board;

20 (2) has satisfactorily completed the state examination for  
21 the license;

22 (3) provides three professional references to the board;

23 (4) has a bachelor's degree in social work from a school  
24 with a social work program accredited by the Council on Social Work  
25 Education.

26 (b) A person is eligible for a license as a master social worker  
27 (LMSW) if the person meets the requirements of (a)(1) - (3) of this  
28 section and has a master's degree in social work from a school with a  
29 social work program accredited by the Council on Social Work Educa-  
tion.

1  
2 (c) A person is eligible for a license as an independent social  
3 worker (LISW) if the person meets the requirements of (a)(1) - (3) of  
4 this section, has a master's degree in social work from a school with  
5 a social work program accredited by the Council on Social Work Educa-  
6 tion, and has completed at least 24 months of supervised post-graduate  
7 experience approved by the board in the field of specialty in which  
8 the person intends to engage as a private practitioner.

9 Sec. 08.87.110. SCOPE OF PRACTICE. (a) A person licensed as a  
10 bachelor, master, or independent social worker may provide services  
11 that enhance, protect, or restore people's capacity for social func-  
12 tioning whether impaired by physical, environmental, or emotional  
13 factors, guided by professional social work ethics, knowledge and  
14 intervention methods.

15 (b) A social worker may practice psychotherapy only if the  
16 social worker is licensed as an independent social worker with a  
17 clinical specialty or as a master social worker and is employed and  
18 supervised in a clinical setting.

19 (c) A social worker may practice social work autonomously only  
20 if

21 (1) the person is licensed as an independent social worker;

22 (2) the board has approved the specialty in which the  
23 person may engage as a private practitioner and authorizes designation  
24 of the speciality on the person's license;

25 (3) the license bearing a designation of speciality is  
26 prominently displayed in the place the person engages in private  
27 practice; and

28 (4) the person limits the private practice of social work  
29 to the designated specialty.

Sec. 08.87.120. LICENSE BY CREDENTIALS. The board may provide

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for licensing a person as a bachelor, master or independent social worker without examination if the person

(1) holds a degree in social work from a school with a social work program accredited by the Council on Social Work Education;

(2) has an active license to practice social work in another licensing jurisdiction with requirements at the time of the original licensure that were similar to or higher than those of this state;

(3) is not the subject of an unresolved complaint, review procedure, or disciplinary proceeding undertaken by a professional social worker association or regulatory authority;

(4) has not failed the examination of this state;

(5) has not previously had a license to practice social work revoked in this or another jurisdiction;

(6) submits proof of continued competence as required by regulation of the board; and

(7) pays all required fees.

Sec. 08.87.130. LICENSE RENEWAL REQUIRED. A license issued under this chapter lapses after 24 months unless it is renewed.

Sec. 08.87.140. FEES. The following fees are imposed under this chapter:

- (1) application.....\$ 100
- (2) initial license by examination..... 150
- (3) license by credentials..... 100
- (4) license renewal..... 200
- (5) reexamination..... 150

ARTICLE 3. PROHIBITIONS AND PENALTIES.

Sec. 08.87.200. LICENSE REQUIRED FOR USE OF TITLE. (a) Unless

1 licensed under this chapter, a person may not use the title "social  
2 worker" or a title, designation, or device indicating or tending to  
3 indicate that the person is a social worker or practices social work.  
4 A person may not use the letters "LBSW" as part of a title unless the  
5 person is licensed as a bachelor social worker under this chapter. A  
6 person may not use the letters "LMSW" as part of a title unless the  
7 person is licensed as a master social worker under this chapter. A  
8 person may not use the letters "LISW" as part of a title unless the  
9 person is licensed as an independent social worker under this chapter.  
10 Except as provided in (b) of this section, a person may not use the  
11 title "social worker intern" or "social worker student."

12  
13 (b) A student enrolled in an accredited social work program may  
14 use the title "social worker intern" or "social worker student" if the  
15 person's activities constitute a part of the person's supervised  
16 course of study.

17 (c) A person who is not licensed under this chapter may use the  
18 title "associate social worker" or a similar title while the person is  
19 providing services as a social worker to the state or a political  
20 subdivision of the state under the supervision of a social worker li-  
21 censed under this chapter.

22 Sec. 08.87.210. CONFIDENTIALITY OF COMMUNICATIONS. A social  
23 worker licensed under this chapter or an associate social worker may  
24 not disclose information provided to the social worker by a client in  
25 the course of their professional contact. This prohibition does not  
26 apply if the

27 (1) client provides written consent to the social worker to  
28 reveal the communication;

29 (2) client is incompetent and the guardian or personal  
representative provides written consent to the social worker to reveal

1  
2 the communication;

3 (3) client is dead and a beneficiary of an insurance policy  
4 on the client's life provides written consent to the social worker to  
5 reveal the communication;

6 (4) communication discloses that a crime has been committed  
7 or reveals an intent to commit a crime;

8 (5) client is a minor, the communication discloses that the  
9 client was the victim of a crime or harmful act, and the social worker  
10 reveals the communication only during the course of an official exam-  
11 ination, trial or other proceeding in which the commission of the  
12 crime or harmful act is a subject of inquiry;

13 (6) client brings charges against the social worker and the  
14 social worker reveals the communication only as necessary to defend  
15 the charges;

16 (7) licensee is subpoenaed to testify in court;

17 (8) licensee is collaborating or consulting with profes-  
18 sional colleagues or an administrative superior on behalf of the  
19 client;

20 (9) communication discloses information that the licensee  
21 is required by state or federal laws or regulations to disclose.

22 Sec. 08.87.220. GROUNDS FOR IMPOSITION OF DISCIPLINARY SANC-  
23 TIONS. After a hearing, the board may impose a disciplinary sanction  
24 on a person licensed under this chapter when the board finds that the  
25 licensee

26 (1) secured a license through deceit, fraud, or intentional  
27 misrepresentation;

28 (2) engaged in deceit, fraud, or intentional misrepresenta-  
29 tion in the course of providing professional services or engaging in  
professional activities;

1  
2 (3) advertised professional services in a false or mislead-  
3 ing manner;

4 (4) has been convicted of a crime that has a substantial  
5 relationship to the licensee's activities and services or that affects  
6 the licensee's ability to continue to practice competently and safely;

7 (5) intentionally or negligently engaged in or permitted  
8 the performance of social work by persons under the licensee's super-  
9 vision that does not conform to minimum professional standards regard-  
10 less of whether actual injury occurred;

11 (6) failed to comply with this chapter, with a regulation  
12 adopted under this chapter, or with an order of the board;

13 (7) continued to practice after becoming unfit due to

14 (A) professional incompetence;

15 (B) addiction or dependence on alcohol or other drugs  
16 that may endanger the public by impairing the licensee's ability  
17 to practice;

18 (C) physical or mental disability;

19 (8) engaged in lewd conduct in connection with the delivery  
20 of professional service;

21 (9) has been held liable for malpractice in a civil action;

22 (10) has had a license revoked in another jurisdiction.

23 Sec. 08.87.230. DISCIPLINARY SANCTIONS. (a) If it finds that a  
24 licensee has committed an act set out in AS 08.87.220, the board may  
25 impose the following sanctions singly or in combination:

26 (1) permanently revoke a license to practice;

27 (2) suspend a license for a determinate period of time;

28 (3) censure a licensee;

29 (4) issue a letter of reprimand to the licensee;

(5) place a licensee on probationary status and require the

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licensee to

- (A) report regularly to the board upon matters involving the basis of probation;
- (B) limit practice to those areas prescribed;
- (C) continue professional education until a satisfactory degree of skill has been attained in those areas that are the basis of probation;

(6) impose limitations or conditions on the practice of a licensee;

(7) refuse to renew a license.

(b) The board may withdraw probationary status if it finds that the deficiencies that required the sanction have been remedied.

(c) The board may summarily suspend a license before final hearing or during the appeal process if the board finds that the licensee poses a clear and immediate danger to the public health and safety if the licensee continues to practice. A person whose license is suspended under this section is entitled to a hearing by the board no later than seven days after the effective date of the order. The person may appeal the suspension after a hearing to a court of competent jurisdiction.

(d) The board may reinstate a license that has been suspended or revoked if the board finds after a hearing that the applicant is able to practice with reasonable skill and safety.

(e) The board shall seek consistency in the application of disciplinary sanctions. The board shall explain significant departure from prior decisions involving similar situations in findings of fact or orders.

Sec. 08.87.240. CRIMINAL PENALTY. A person who violates AS 08.87.200 or 08.87.210 of this chapter is guilty of a class B

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misdemeanor.

Sec. 08.87.250. INJUNCTIVE RELIEF. The board may apply to the superior court for an order enjoining a person not licensed under this chapter or whose license is suspended, revoked, or expired from violating this chapter.

#### ARTICLE 4. GENERAL PROVISIONS.

Sec. 08.87.300. DEFINITION. In this chapter "board" means the Board of Social Worker Examiners.

\* Sec. 5. AS 44.62.330(a) is amended by adding a new paragraph to read:

(53) Board of Social Worker Examiners (AS 08.87.010).

\* Sec. 6. Within 60 days after the effective date of this Act the governor shall appoint initial members to the Board of Social Worker Examiners. Notwithstanding AS 08.87.010 as enacted in sec. 4 of this Act, initial members must consist of three persons who have a master's degree in social work from a school with a social work program accredited by the Council on Social Work Education, at least one of whom is engaged in the private practice of social work, one person with a bachelor's degree in social work from a school with a social work program accredited by the Council on Social Work Education, and one public member. Notwithstanding AS 08.87.020 as enacted in sec. 4 of this Act, one initial member shall serve a one-year term, one initial member shall serve a two-year term, one initial member shall serve a three-year term, one initial member shall serve a four-year term, and one initial member shall serve a five-year term, as determined by the governor.

\* Sec. 7. (a) Notwithstanding AS 08.87.100(a) as enacted in sec. 4 of this Act, a person may apply for and receive a license as a bachelor social worker if the person

(1) holds a degree in social work from a school with a social work program that is not accredited by the Council on Social Work Education

1 or a bachelor's or master's degree in a social sciences field related to  
2 social work as defined by the board, and has been practicing under the  
3 title "social worker" for at least 24 consecutive months before July 1,  
4 1987;

5 (2) meets the requirements of AS 08.87.100(a)(1), (3) and (4);

6 or

7 (3) has been practicing social work under the supervision of a  
8 person eligible to be licensed under this Act for at least two years, and  
9 successfully completes the examination required by AS 08.87.100(a)(2).

10 (b) A person who does not meet the requirement under AS 08.87.100-  
11 (a)(2) but otherwise meets the requirements of AS 08.87.100(b) may apply  
12 for and receive a license as a master social worker.

13 (c) A person who does not meet the requirements under AS 08.87.-  
14 100(a)(2) but otherwise meets the requirements of AS 08.87.100(c) may apply  
15 for and receive a license as an independent social worker.

16 (d) An application for a license under this section must be filed  
17 before July 1, 1987.

18 \* Sec. 8. Notwithstanding AS 08.87.200, a person practicing social work  
19 on July 1, 1985, may use a title and letters as part of the title that  
20 indicate that the person is a social worker or practices social work until  
21 June 30, 1987, even if the person is not licensed under AS 08.87.100 or  
22 08.87.120.

23 \* Sec. 9. This Act takes effect July 1, 1985.  
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STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date : \_\_\_\_\_

REQUEST

Bill/Resolution No. : CSHB 317 (L&C)  
 Title : Practice of Social Work & Establishing the Board of Social Work Examiners  
 Sponsor : House Labor & Commerce  
 Requestor : \_\_\_\_\_  
 Date of Request : \_\_\_\_\_

FISCAL DETAIL

Agency Affected : Commerce & Econ. Dev.  
 BRU : Occupational Licensing  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

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

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		33.1	34.8	36.5	38.3	40.2
TRAVEL		5.3	5.6	5.9	6.2	6.5
CONTRACTUAL		4.3	4.5	4.8	5.0	5.2
SUPPLIES		1.0	1.1	1.1	1.2	1.2
EQUIPMENT		3.6				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>47.3</b>	<b>46.0</b>	<b>48.3</b>	<b>50.7</b>	<b>53.1</b>
<b>CAPITAL</b>						
<b>REVENUE</b>		<b>87.6</b>	<b>10.0</b>	<b>85.4</b>	<b>10.0</b>	<b>112.9</b>

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		47.3	46.0	48.3	50.7	53.1
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>47.3</b>	<b>46.0</b>	<b>48.3</b>	<b>50.7</b>	<b>53.1</b>

**POSITIONS :**

FULL-TIME		1				
PART-TIME						
TEMPORARY						

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

The bill establishes a five member Board of Social Work Examiners to license and regulate the practice of social work in three categories, the LBSW, LMSW and LISW. The bill requires members to be appointed from different geographical regions of the State and (see attached)

Prepared by : Jennifer Strickler, Mgnt. Analyst  
 Division : Occupational Licensing

Phone : 465-2144  
 Date : 2/21/86

Approved by Commissioner : [Signature]  
 Agency : Commerce and Economic Development

Date : 2/24/86

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 317 (L&C)

provide for two meetings annually, and additional meetings at the call of the chair. It also establishes a provisional social worker registration for a setting similar to that of an apprenticeship, but makes no assurance that licensure may be granted at the end of the six year time period allowed for a provisional license.

### PERSONAL SERVICES:

Request: 1 Licensing Examiner I, Range 12A, GGU, 12 months  
to be located in Juneau \$33,145.82

The primary concern of this agency is that current responsibilities prohibit new licensing functions from being assumed without additional support staff. While it is possible that approximately one-third of the Licensing Examiner's time may be required to manage the function of licensing social workers, it is necessary that a full time position be requested since inquiries from the general public are not geared toward 'part-time' services in licensing. Staff availability to respond to the public during normal State working hours is crucial to this agency. The lack of available staff support would cause additional burden to the workload of the present staff.

### TRAVEL:

Travel costs are based on two meetings, one in Anchorage and one in Juneau. It is assumed that members will be appointed from Anchorage, Fairbanks, Juneau, Kenai and Nome in accordance with Sec. 08.87.010 which require that members be appointed from 'different geographic regions' of the State.

### CONTRACTUAL:

Contractual costs consist of one six-hour teleconference meeting, one one-hour special teleconference meeting, printing, postage, telephone and funding for public notices as well as a two-hour regulation hearing by teleconference.

### SUPPLIES:

This funding will cover stationary and other miscellaneous desk supplies required to support the function.

### EQUIPMENT: (One time costs only)

These costs are to purchase equipment for the Licensing Examiner I position.

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 317 (L&C)

## PROJECTED REVENUES:

FY 87:	Based on the number of practitioners identified, it is anticipated that 219 practitioners will be seeking initial licensure. 219 x \$400	** \$ 87.6
FY 88:	Based on the assumption that there will be at least 25 new applicants. 25 x \$400	10.0
FY 89:	Projections for this fiscal year are based on the assumption that all licenses will be renewed. Based on 244 renewing x \$350 (renewal fee) In addition, 25 new licensees x \$400	85.4 <u>10.0</u> 95.4
FY 90:	Based on an estimate of 25 new licensees x \$400	10.0
FY 91:	Assuming this will also be a renewal year, 294 licensees x \$350 (renewal fee) In addition, 25 new licensees x \$400	102.9 <u>10.0</u> 112.9

\*\*Note: The 219 practitioners were determined as a result of the 131 State employees not required to be licensed by the bill. Total number of Social Workers identified in Alaska by the Alaska Chapter of the National Association of Social Workers were 350 practitioners.

(continued)

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April 22, 1985 Monday

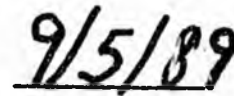
- 18) Senate HESS materials on SB 227 by Fahrenkamp
  - a) Memo to Committee Members from staff, April 16, 1985
  - b) Bill Analysis of first HESS CS draft , April 15, 85  
plus additional backup
  - c) Changes in second draft of HESS CS, April 18, 85
  - d) Revised CS SB 227 (HESS)



# RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

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3 10

COMMITTEE REPORT  
HOUSE

5/1

(7)

FURTHER: FINANCE

4/15/85

Date: \_\_\_\_\_

The Committee on LABOR & COMMERCE has read SSHB 318

"An Act relating to rights of injured state employees."

under consideration and recommends:

do pass  do not pass

do pass with attached amendments(s)

replace with CS for SSHB 318 (A)C  same title  
 new title

and recommends it do pass

AND attaches a "Letter of Intent"  New Fiscal Note  
 reports it back without recommendation  Zero Fiscal Note Attached

referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]  
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[Signature]  
VICE CHAIRMAN



Finance Committee  
Oil and Gas Committee

# Alaska State Legislature

House of Representatives

Representative Mike Szymanski

11920 Johns Road  
Anchorage, Alaska 99515  
Phone (907) 349-3373

While in Session:  
Pouch V

State Capitol  
Juneau, Alaska 99811  
(907) 465-4978/4979

April 24, 1985

TO: Representative Mike Navarre  
Chair, House Labor and Commerce Committee

FROM: Representative Mike *M. Szymanski*

RE: Sectional Analysis Proposed CS HB 318

The purpose of this memo is to advise you of the differences between HB 318 and the proposed committee substitute before you.

Although the intent and essence of the bill remains the same in both versions, there is sufficient difference to warrant independent consideration. The differences reflect amendments made at the suggestion of experts in the field. Mostly technical in nature, the amendments strengthen the legislation and I would strongly recommend that the committee adopt the proposed committee substitute for purposes of discussion.

To aid that process, the attached sectional analysis outlines the intent of each subsection of the proposed Committee Substitute.

Thank you for your consideration of this important matter.

Sectional Analysis  
Proposed Committee Substitute For Sponsor Substitute HB 318

Section 1.

Subsection 39.25.157. Requires the division of personnel, in consultation with the appropriate department or agency, to develop and maintain a detailed position description for each position within the classified and partially exempt services.

Also disallows the imposition of general physical ability requirements on a job class unless each position within the class requires the use of the physical ability.

Subsection 39.25.158.

(a) within 90 days after a physician's release to return to full or modified work, an injured employee must request to return to work for the state to be eligible for reemployment rights under this section.

(b) once an employee requests to return to work, the employee will be certified by the division of worker's compensation or the director of vocational rehabilitation. The certification will determine the employee's reemployment rights under this section.

(c) requires that a state agency offer an injured employee the employee's former position within 30 days, if the employee is certified able to perform the tasks assigned to the position and the position still exists.

(d) requires agencies to make efforts of reasonable accommodation to the physical and mental limitations of an injured employee who is not able to perform all of the tasks assigned to the employee's former position, but who is able to perform the essential functions of the position.

Following federal language, the section defines reasonable accommodation.

(e) if, after reasonable accommodation, the employee is still unable to perform the essential functions of the employee's former position, then the agency is required to offer the employee a position comparable in wage to the position the employee previously held.

If a comparable position within the agency cannot be found, then the employee is entitled to request preference for a comparable position within another agency, providing the employee is able to perform the essential functions of that position.

(f) if the employee cannot be reemployed in a comparable position either by the agency or another agency of the state, then the employee may request preference at a lower wage or accept retraining under AS 23.30.041.

Once training is complete, the employee may request preference for the state position for which the employee has been retrained.

(g) establishes guidelines for refusal by an agency to reemploy or continue the employment of a former employee.

(h) defines factors to be considered when determining if accommodation of an injured employee would constitute undue hardship to an agency. Factors to be considered include the number of employees in the section or office, number or type of facilities, size of budget, nature and cost of the accommodation needed, and the type, composition, and structure of the work force.

(i) requires that an injured employee requesting reemployment, who is able to perform the essential functions of the position, be the only person certified for that position, excepting any employees in layoff status for that job class.

(j) precludes collective bargaining agreements from including terms contrary to this section.

(k) definitions.

"agency" includes a department, division, division, office, agency, board, commission, authority, or other organizational unit of the executive, legislative, and judicial branches of state government including the University of Alaska.

Section 2. states that nothing in the act modifies or terminates the terms of a collective bargaining agreement in existence at the effective date of the act.

Bill No. 2nd Sponsor Substitute for  
House Bill No. 318  
Title "An Act relating to rights of injured  
State employees."

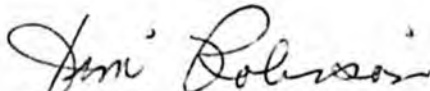
Date April 23, 1985

Contact:  L. McClintock  
465-2790

The Department of Labor supports passage of the 2d Sponsor Substitute for HB 318, providing rehire rights for injured state employees.

The latest sponsor substitute adds several key features which strengthen the provisions of the bill and responds to the Department's concerns over potential conflicts between the earlier provisions of the bill and the workers' compensation rehabilitation provisions of AS 23.30.041.

APPROVED:

  
Jim Robison  
Commissioner

HB 318 File Contents

To: All Members, House Labor and Commerce Committee  
From: Roger Poppe, Committee Aide  
Date: April 15, 1985  
Subject: Overview, HB 318, Rights of Injured Sate employees

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On April 15, 1985, the House Labor and Commerce Committee met in Room 102 of the Capitol Building at 1:15 on HB 318.

There have been no versions of this bill submitted in previous sessions of the legislature; and there is no companion legislation in the Senate.

Basically, the bill grew out of problems that injured state workers encountered in trying to obtain re-employment with the state of Alaska after they had been injured on the job while working for the state. In an effort to address this problem, this bill would give employment preference to such injured state workers in any re-hire application.

The Sponsor has just submitted an official sponsor substitute to the Committee, which I understand has been read across the floor, but is not yet available in the printing office. A draft copy of the SS is available in your file folders. This SS incorporates primarily technical changes in the original bill, along with a substantive change that takes into account the concerns expressed by the Dept. of Labor in their Position Paper, found in your file under #4.

The Dept. of Labor supports the bill, and has a zero fiscal note. The substantive change would allow the employee to take advantage of any retraining options available before he returns to work, and at the same time allows him, whether he has additional training or not, to still receive preferential hire in either his old job or in any new job of comparable worth. Jackie McClintock of the Worker's Compensation offices will be presenting the Department's position at the hearings, and she will be able to explain how the SS covers the Department's concerns. Apparently, a meeting between the sponsor and the Department last week has taken care of the Depts. concerns, which is why the SS was submitted.

Bill No. House Bill 318

Date April 2, 1985

Title "An Act relating to rights of injured state employee."

Contact J. L. McClintock  
465-2790

The Department of Labor supports the passage of HB 318 which provides rehire rights for injured state employees; however we suggest language be added to make the bill more consistent with the rehabilitation provisions of AS 23.30.041 of the Alaska Workers' Compensation Act.

The basic reason for the additional language is that persons covered under this bill are state employees who have been injured on the job and who are, therefore, entitled to benefits under the Workers' Compensation Act. We feel that the closer an injured state employee's rehire rights under AS 39.25.158 mesh with the rehabilitation entitlement under AS 23.30.041, the less chance there will be for the two statutes to conflict with one another.

The proposed language would add the following paragraphs to §.158:

The employee may request preference for rehire with the state if the agency cannot offer a position comparable in wage to the job previously held.

If the employee cannot be placed in a job with either the agency or the state at a wage equal to the employee's previous wage, the employee may choose to accept retraining through AS 23.30.041 and then request preference for rehire with the agency or the state in a position for which the employee has been retrained.


The proposed language would allow the employee to take advantage of any retraining options available under AS 23.30.041 and then request rehire by the state in the position for which the employee has been trained. This does not appear to conflict with the eligibility criteria under §.158(f), in which an employee can request preferential rehire after being injured on the job and laid off or terminated. It only specifically allows the employee to request rehire after completion of retraining, usually a period of not more than two 37 week periods.

Further, it would allow the employee to evaluate available positions within the agency, the state, or after retraining in light of the employee's average weekly wage for compensation purposes. That is, the employee would not lose any preferential rehire rights by choosing to accept a state job outside the agency at a wage equal to the previous wage if the employee refused a job offered by the agency at substantially less than the previous

**POSITION PAPER/Department of Labor**

wage. We believe this specification is consistent with HB 318 terminology regarding offering a "comparable" job, and this is also consistent with the rehabilitation provision's definition of "suitable gainful employment" under AS 23.30.265(28).

APPROVED:

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Jim Robison  
Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: HB 318  
 Title: "An Act relating to ...  
 injured state employees"  
 Sponsor: Szymanski  
 Requestor: House Labor & Commerce  
 Date of Request: 3/27/85

**FISCAL DETAIL**

Agency Affected: Labor  
 Program Category Affected: Public  
 Protection  
 BRU, Program or Subprogram(s) Affected: Workers' Compensation

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

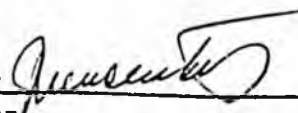
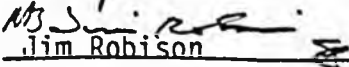
**FUNDING: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared By: <sup>MB</sup> Jacque McClintock  Phone: 465-2790  
 Division: Workers' Compensation Date: 3/28/85  
 Approved by Commissioner: <sup>MB</sup> Jim Robison  Date: 3/28/85  
 Agency: Labor

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)



# Alaska State Legislature

House of Representatives

Representative Mike Szymanski

Finance Committee  
Oil and Gas Committee

11920 Johns Road  
Anchorage, Alaska 99515  
Phone (907) 349-3373

While in Session:  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4978/4979

April 11, 1985

TO: REPRESENTATIVE MIKE NAVARRE, CHAIRMAN  
HOUSE LABOR AND COMMERCE COMMITTEE

FROM: REPRESENTATIVE MIKE SZYMANSKI

RE: HB 318 - RELATING TO REEMPLOYMENT OF INJURED STATE WORKERS

During the past year it has been brought to my attention that current state procedures for reemployment of injured state workers are inadequate. The legislation before you incorporates suggestions from involved state agencies, professional organizations in the field and informed citizens. Additionally, House Research reviewed reemployment policies in other states and provided policy alternatives (attached).

Basically, the bill:

- a) requires the state director of personnel to prepare and maintain a detailed position description for each position in the classified and partially exempt services;
- b) requires state agencies to give employment preference to injured state workers returning to the work force, preferably in the same capacity; and
- c) establishes clear guidelines for refusing to rehire or continue the employment of a former employee if the employment would impose an undue hardship on the operation of an agency's program.

I believe this is an important and needed piece of legislation and encourage your serious consideration of this measure. Thank you.

The second 1982 amendment added paragraph (c)(17).

The third 1982 amendment rewrote this section.

The first 1984 amendment inserted "and Veterans'" in paragraph (1) of subsection (c).

The second 1984 amendment changed the internal reference in subsection (b).

The third 1984 amendment substituted "of the public defender agency, and of the office of public advocacy in the Department of Administration" for "and of the public defender agency" in paragraph (3) of subsection (c).

The fourth 1984 amendment added paragraph (18).

**Sec. 39.25.130. Extension of partially exempt and classified services.** (a) The personnel board, upon written recommendation of the commissioner of administration, may extend the partially exempt service to include any position in the classified service which, in the judgment of the board:

- (1) involves principal responsibility for the determination of policy;
- (2) involves principal responsibility for the way in which policies are carried out; or
- (3) involves responsibilities and duties of a type not susceptible to the ordinary recruiting and examining procedures.

(b) Positions may not be included in the partially exempt service under this section if the inclusion is inconsistent with federal requirements for state agencies supported in whole or in part by federal funds.

(c) The personnel board, upon written recommendation of the commissioner of administration, may extend the classified service to include any position in the partially exempt service. (§ 7 ch 144 SLA 1960; am §§ 9, 10 ch 112 SLA 1982)

**Effect of amendments.** — The 1982 amendment "After June 30, 1961" from the beginning of subsections (a) and (c); deleted "which was" following "include any position" both in the introductory paragraph of subsection (a) and in subsec-

tion (c); and deleted "on April 19, 1960" following "in the classified service" in the introductory paragraph of subsection (a) and following "partially exempt service" in subsection (c).

**NOTES TO DECISIONS**

Cited in *Hafing v Inlandboatmen's Union*, Sup. Ct. Op. No. 1743 (File No. 3438), 585 P.2d 870 (1978).

**Article 3. Personnel Rules.**

<p><b>Section</b> 140. Amendment of personnel rules 150. Scope of the rules</p>	<p><b>Section</b> 153. Departmental personnel officers 155. Vocational substitution program</p>
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**Sec. 39.25.140. Amendment of personnel rules.** (a) The director of personnel shall prepare and submit to the commissioner of administration any proposed amendments to the personnel rules for all positions and employees subject to this chapter.

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(b) The commissioner of administration shall review the amendments and submit them to the personnel board.

(c) At least 30 days before the adoption, amendment, or repeal of a personnel rule, the secretary to the personnel board shall provide notice that the personnel board has the proposed action under consideration. The notice shall be

(1) posted in public buildings throughout the state;

(2) published in one or more newspapers of general circulation throughout the state;

(3) mailed to each person or group that filed a request for notice of proposed action with the secretary to the personnel board;

(4) furnished to each member of the legislature and to the Legislative Affairs Agency.

(d) The rules may provide for exemptions and modifications that are necessary to assure the continuity of federal grants to agencies supported in whole or in part by federal contributions.

(e) The rules adopted under this chapter relate to the internal management of state agencies and their adoption is not subject to the Administrative Procedure Act. The rules shall be published in the Alaska Administrative Register and Code for informational purposes.

(f) Failure to mail notice to a person as required in this section does not invalidate an action taken by the personnel board.

(g) An amendment to the personnel rules takes effect 30 days after it is approved by the personnel board. The board, if requested to do so, may hold a public hearing on a proposed amendment. (§ 12 ch 144 SLA 1960; am § 5 ch 5 SLA 1966; am §§ 11-13 ch 112 SLA 1982)

**Effect of amendments.** — The 1982 amendment rewrote subsection (c), substituted "shall be published" for "may be published" in the second sentence of subsection (e), and added subsections (f) and (g).

**NOTES TO DECISIONS**

A right clearly created by statute cannot be taken away by regulation. *Mueller v. Alaska State Bd. of Personnel*, Sup. Ct. Op. No. 396 (File No. 738), 425 P.2d 145 (1967).

Stated in *Kelly v. Zamarello*, Sup. Ct.

Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

Cited in *State v. Bogenrife*, Sup. Ct. Op. No. 918 (File No. 1665), 513 P.2d 13 (1973).

**Sec. 39.25.150. Scope of the rules.** The personnel rules shall provide for

(1) the preparation, maintenance, and revision by the director of personnel, subject to approval of the commissioner of administration and the personnel board, of a position classification plan for all positions in the classified and partially exempt services; the position classification plan shall include

(A) a grouping together of all positions into classes on the basis of duties and responsibilities;

(B) an appropriate title, a description of the duties and responsibilities, training and experience qualifications, and other necessary specifications for each class of positions;

(2) the preparation, maintenance, revision and administration by the director of personnel of a pay plan for all positions in the classified and partially exempt services; the pay plan (A) shall be based upon the position classification plan; (B) shall provide for fair and reasonable compensation for services rendered, and reflect the principle of like pay for like work; (C) may be amended, approved, or disapproved by the legislature in regular or special session; after the pay plan is in effect, a salary or wage payment may not be made to a state employee covered by the plan unless the payment is in accordance with this chapter and the rules adopted under this chapter or unless the payment is in accordance with a valid agreement entered into in accordance with AS 23.40;

(3) the use of employee selection methods, including open competitive examinations, when appropriate, that will fairly test the capacity and fitness of the person examined to discharge the duties of the class in which employment is sought;

(4) the establishment and maintenance of eligible lists for appointment and promotion providing the names of eligible candidates in order of their relative performance in the examinations;

(5) the procedure for certifying eligible candidates; the rule adopted under this paragraph may include procedures providing a preference for certifying local residents when appropriate;

(6) promotions from within the state service when there are qualified candidates in the state service; vacancies shall be filled by promotion whenever practicable and in the best interest of the state service and promotion shall be by competitive examination whenever possible; in considering promotions, the applicants' qualifications, performance records, seniority, and conduct shall be evaluated;

(7) a period of probation not to exceed one year before an appointment to a position becomes permanent, except that a permanent employee receiving a promotional appointment retains permanent status in the service and job class from which appointed for the duration of the probationary period and may be demoted to a former class without right of appeal, notwithstanding AS 39.25.170, but if the employee is dismissed from the service the appeal rights under AS 39.25.170 apply;

(8) nonpermanent and emergency appointments to positions in the state service in accordance with AS 39.25.195 — 39.25.200;

(9) provisional appointment without competitive examination when appropriate eligible lists are not available;

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