

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5706 HOUSE HEALTH, EDUCATION & SOCIAL SERVICES

withstanding this subsection, an association of employes described in this subsection may elect to be subject to the Insurance Code by a majority vote of its members residing in Oregon.

(2) A doctor contracting to furnish health care services to an association of employes described in subsection (1) of this section.

(3) An association of grade schools, high schools, colleges or universities that:

(a) Provides health care services to students of member institutions; and

(b) Does not compensate anyone for procuring new members.

(4) A patrons of husbandry association, fraternal fire insurance association, fraternal life insurance association, or religious organization providing fire insurance for its members or churches, that was continuously active in this state for 15 years prior to January 1, 1957, and was not required to have a certificate of authority on that date.

(5) A fraternal benefit society that:

(a) Admits to membership only persons engaged in one or more crafts or hazardous occupations, in the same or similar lines of business; and

(b) Insures only its own members and their families, and its ladies' societies or ladies auxiliaries.

(6) An air ambulance service which is operated by a nonprofit corporation, if the majority of the group of persons vested with the management of the affairs of the corporation are not employes of the corporation.

(7) An association of the members of a workers' productive cooperative, which cooperative has been organized under ORS chapter 62 and is engaged primarily in reforestation, if the association insures only the members of the cooperative and their families for health insurance. [1967 c.339 §7; 1971 c.69 §1; 1971 c.336 §1; 1979 c.443 §1]

731.036 Persons completely exempt from application of Insurance Code. The Insurance Code does not apply to any of the following to the extent of the subject matter of the exemption:

(1) A bail bondsman, other than a corporate surety and its agents;

(2) A fraternal benefit society that has maintained lodges in this state and other states for 50 years prior to January 1, 1961, and for which a certificate of authority was not required on that date.

(3) A religious organization providing insurance benefits only to its employes, which organization is in existence and exempt from taxation under section 501 (c) (3) of the federal Internal Revenue Code on September 13, 1975;

(4) Public bodies, as defined in ORS 30.260, that either individually or jointly establish a self-insurance fund for tort liability in accordance with ORS 30.2S2;

(5) Public bodies, as defined in ORS 30.260, that either individually or jointly establish a self-insurance fund for property damage;

(6) Cities and counties that either individually or jointly insure for health insurance coverage, excluding disability insurance, their employes or retired employes, or their dependents, or combination of employes and dependents, with or without employe contributions, if all of the following conditions are met:

(a) The scope of the program meets the following minimum requirement:

(A) In the case of an individual public body program, the number of covered employes and retired employes aggregates at least 1,000 individuals; and

(B) In the case of a joint program of two or more public bodies, the number of covered employes and retired employes aggregates at least 1,000 individuals, or the annual contributions to the program aggregate at least \$500,000;

(b) The health insurance includes all coverages and benefits required of group health insurance policies under ORS chapter 743;

(c) The public body, or the program administrator in the case of a joint insurance program of two or more public bodies, files with the Director of the Department of Insurance and Finance copies of all documents creating and governing the program, all forms used to communicate the coverage to beneficiaries, the schedule of payments established to support the program and, annually, a financial report showing the total incurred cost of the program for the preceding year. A copy of the annual audit required by ORS 297.425 may be used to satisfy the financial report filing requirement; and

(d) Each public body in a joint insurance program is liable only to its own employes and no others for benefits under the program in the event, and to the extent, that no further funds, including funds from insurance policies obtained by the pool, are available in the joint insurance pool; or

(7) Cities, rural fire protection districts and rural ambulance districts providing transport

Revisor's notes. — Reorganized in 1986 to alphabetize the defined terms.

Effect of amendments. — The 1982 amendment added paragraph (2).

Editor's notes. — "Health systems agencies," referred to in (10) of this section, are further described in 42 U.S.C. 3001-1.

NOTES TO DECISIONS

Health care facility. — Federal law defines a skilled nursing facility in a manner which includes such facilities when they are contained in larger institutions such as pioneer homes (42 C.F.R. § 100.102(e)(4) (1979)), Alaska state law

was meant to be no less comprehensive. *South Cent. Health Planning & Dev., Inc. v. Commissioner of Dep't of Admin., Sup. Ct. Op. No. 2359 (File No. 5633), 628 P.2d 551 (1981).*

Chapter 08. Emergency Medical Services.

Section

- 10. Administration
- 20. Advisory Council on Emergency Medical Services
- 30. Composition
- 40. Term of office
- 50. Compensation and per diem
- 60. Meetings

Section

- 70. Special committees
- 80. Regulations
- 82. Issuance of certificates
- 84. Certificate required
- 86. Immunity from liability
- 88. Penalty
- 90. Definitions

Collateral references. — 39 Am. Jur. 2d, Health, §§ 9-16.

39A C.J.S., Health and Environment, §§ 3-17.

Sec. 18.08.010. Administration. The department is responsible for the development, implementation and maintenance of a statewide comprehensive emergency medical services system and, accordingly, shall

(1) coordinate public and private agencies engaged in the planning and delivery of emergency medical services to plan an emergency medical services system;

(2) assist public and private agencies to deliver emergency medical services through the award of grants in aid. (§ 1 ch 100 SLA 1977)

Sec. 18.08.020. Advisory Council on Emergency Medical Services. There is established in the department an Advisory Council on Emergency Medical Services. The council shall

(1) advise the commissioner with regard to the planning and implementation of a statewide emergency medical services system;

(2) assist the Statewide Health Coordinating Council in performing its duties under AS 18.07.011 relating to emergency medical services. (§ 1 ch 100 SLA 1977)

Sec. 18.08.030. Composition. The council consists of 11 members appointed by the governor. Four of the members must be consumers of emergency medical services, and one from each judicial district in the state. (§ 1 ch 100 SLA 1977)

Sec. 18.08.040. Term of office. (a) Members of the council shall be appointed for staggered terms of four years.

(b) Each year the governor shall appoint a consumer to one of the staggered terms on the council that expire during that year.

(c) A vacancy occurring in the membership of the council shall be filled by appointment by the governor in the same manner as original appointments, and when a seat is vacated before expiration of a term, the vacancy shall be filled for the unexpired portion of the vacated term. (§ 1 ch 100 SLA 1977; am §§ 25, 26 ch 37 SLA 1986)

Effect of amendments. — The 1986 "overlapping" in subsection (a) and amendment substituted "staggered" for "overlapping" and rewrote subsection (b).

Sec. 18.08.050. Compensation and per diem. Members of the council receive no salary, but are entitled to per diem, reimbursement for travel, and other expenses authorized by law for boards and commissions. (§ 1 ch 100 SLA 1977)

Cross references. — For provisions relating to per diem, travel and other expenses for members of boards and commissions, see AS 39.20.180.

Sec. 18.08.060. Meetings. The council shall meet at the call of the chairman not less frequently than twice a year. A majority of members constitutes a quorum. (§ 1 ch 100 SLA 1977)

Sec. 18.08.070. Special committees. The council may create special committees or task forces outside its membership and may appoint persons who are not members of the council to serve as advisors or consultants to any committee created to carry out the purposes of the council. (§ 1 ch 100 SLA 1977)

Sec. 18.08.080. Regulations. The department shall adopt, with the concurrence of the Department of Public Safety, regulations establishing standards and procedures for the issuance, renewal, reissuance, revocation, and suspension of certificates required under AS 18.08.084, as well as other regulations necessary to carry out the purposes of this chapter. (§ 1 ch 100 SLA 1977; am § 1 ch 78 SLA 1978)

Sec. 18.08.082. Issuance of certificates. (a) The department shall prescribe by regulation a course of training or other requirements prerequisite to the issuance of certificates that provide for the following:

(1) certifies that a person meets the training and other requirements as an emergency medical technician;

(2) authorizes an emergency medical technician certified under this chapter to provide under the written or oral direction of a physician the advanced life support services enumerated on the certificate;

(3) certifies that a person, organization, or government agency that provides an emergency medical service meets the minimum operating standards prescribed by the department; and

(4) authorizes an emergency medical service certified under this chapter to provide under the written or oral direction of a physician the advanced life support services enumerated on the certificate.

(b) The department is the central certifying agency for personnel certified under (a)(1) and (2) of this section and under regulations adopted under AS 18.08.080. (§ 2 ch 78 SLA 1978)

Sec. 18.08.084. Certificate required. (a) One may not represent oneself, nor may an agency or business represent an agent or employee of that agency or business, as an emergency medical technician certified by the state unless the person represented is certified as an emergency medical technician under AS 18.08.082.

(b) A person, organization, or government agency may not represent itself as an emergency medical service or ambulance service certified by the state unless the person, organization, or government agency is certified as an emergency medical service under AS 18.08.082.

(c) A person may not provide, offer, or advertise to provide advanced life support services outside a hospital unless authorized by law.

(d) A person, organization, or government agency that provides, offers, or advertises to provide an emergency medical service may not provide advanced life support services unless authorized under AS 18.08.082. (§ 2 ch 78 SLA 1978)

Sec. 18.08.086. Immunity from liability. (a) A person certified under AS 18.08.082, or a person or public agency that employs, sponsors or controls the activities of persons certified under AS 18.08.082, who administers emergency medical services to an injured or sick person is not liable for civil damages as a result of an act or omission in administering those services, if done in good faith and if the injured or sick person is in immediate danger of serious harm or death. This

subsection does not preclude liability for civil damages that are the proximate result of gross negligence or intentional misconduct, nor preclude imposition of liability on a person or public agency that employs, sponsors, or controls the activities of persons certified under AS 18.08.082 if the act or omission is a proximate result of a breach of duty to act created under this chapter. For the purposes of this subsection, "gross negligence" means reckless, wilful, or wanton misconduct.

(b) A physician who in good faith arranges for, requests, recommends, or initiates the transfer of a patient from a hospital to another hospital is not liable for civil damages as a result of arranging, requesting, recommending, or initiating the transfer if

(1) in the exercise of that degree of knowledge or skill possessed, or that degree of care ordinarily exercised by physicians practicing the same specialty in the same or similar communities to that in which the physician is practicing, the physician determines that treatment of the patient's medical condition is beyond the capability of the transferring hospital or the medical community in which the hospital is located;

(2) the physician has confirmed that the receiving facility is more capable of treating the patient; and

(3) the physician has secured a prior agreement from the receiving facility to accept and render the necessary treatment to the patient.

(c) A registered nurse or licensed practical nurse who escorts a patient in a means of conveyance not equipped as an ambulance is not liable for civil damages as a result of an act or omission in administering patient care services, if done in good faith and if the life of the injured or sick person is in danger. This subsection does not preclude liability for civil damages that are the result of gross negligence or intentional misconduct. (S 2 ch 78 SLA 1978; am § 2 ch 122 SLA 1986)

Cross references. — For liability for services rendered by a physician-trained mobile intensive care paramedic, see AS 08864.366.

For civil liability for emergency aid, see AS 09.65.090.

Effect of amendments. — The 1986 amendment substituted "if done in good faith and if the injured or sick person is in immediate danger of serious harm or death" for "if done in good faith and if the life of the injured or sick person is in danger" at the end of the first sentence in

subsection (a) and made minor grammatical changes.

Collateral references. — Liability of hospital operating ambulance for personal injuries to person being transported. 21 ALR2d 915.

Hospital's liability as to diagnosis and care of patients brought to emergency ward. 72 ALR2d 396.

Application of rule of strict liability in tort to person or entity rendering medical services. 100 ALR3d 1205.

Sec. 18.08.088. Penalty. A person who violates a provision of this chapter is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$1,000, or by imprisonment for not more than 90 days, or by both. Each violation is a separate offense. (S 2 ch 78 SLA 1978)

Cross references. — For sentences for misdemeanors, see AS 12.55.135.

Sec. 18.08.090. Definitions. In this chapter,

(1) "advanced life support" means emergency care techniques provided under the written or oral orders of a physician that include, but are not limited to, electric cardiac defibrillation, administration of antiarrhythmic agents, intravenous therapy, intramuscular therapy, or use of endotracheal intubation devices;

(2) "ambulance" means any publicly or privately owned means of conveyance intended to be used and maintained or operated for the transportation of persons who are sick, injured, wounded, or otherwise helpless;

(3) "commissioner" means the commissioner of health and social services;

(4) "consumer of emergency medical services" means a person who is not a provider of emergency medical services as defined in this section;

(5) "department" means the Department of Health and Social Services;

(6) "emergency medical care" means the services utilized in responding to the perceived individual needs for immediate medical care in order to prevent loss of life or aggravation of physiological or psychological illness or injury;

(7) "emergency medical service" means the provision of emergency medical care and transportation of the sick and injured;

(8) "emergency medical services system" means a system that provides for the arrangement of personnel, facilities and equipment for the effective and coordinated delivery of health care services under emergency conditions, occurring either as a result of the patient's condition or of natural disasters or similar situations, and that is administered by a statewide network that has the authority and resources to provide effective administration of the system;

(9) "emergency medical technician" means a person trained in emergency medical care and certified in accordance with the regulations prescribed under AS 18.08.080;

(10) "provider of emergency medical services" means a person whose occupation or profession is, or has been, the delivery or administration of emergency medical services; a person who has a fiduciary position with, or has a fiduciary interest in, a health activity, facility

or other health agency, or a legal or financial interest in the rendering of any component of emergency medical services:

(11) "Statewide Health Coordinating Council" means the council created under AS 18.07.011. (§ 1 ch 100 SLA 1977; am § 3 ch 78 SLA 1978)

Revisor's notes. — Reorganized in 1986 to alphabetize the defined terms.

Chapter 10. Health Units and Districts.

Section	Section
10. Local health unit and health board	40. Health districts
20. Health unit in incorporated city	50. Commissioner of department to supervise local health boards
30. Health units in native villages and communities	260. Definitions

Collateral references. — 39 Am. Jur. 2d, Health, §§ 4-7.

39A C.J.S., Health and Environment, §§ 7-15.

Delegation to board or officer of police power to require vacation, destruction, or repair of individual building deemed by such officer or board unsafe or unsanitary, apart from noncompliance with specific regulations. 114 ALR 446.

Extension of police power of municipal corporation beyond territorial limits. 14 ALR2d 103.

Validity and construction of statute requiring establishment of "need" as precondition to operation of hospital or other facilities for the care of sick people. 61 ALR3d 278.

Sec. 18.10.010. Local health unit and health board. Each community or settlement outside an incorporated city is a health unit. In each health unit there shall be a board of health composed of the president of the school board and two citizens of the unit selected by the school board. At least one of the members of the health board must, where practicable, be a licensed physician. In a health unit where there is no school board, the commissioner of the department shall appoint three residents of the unit to the local board of health, at least one member of which must, where practicable, be a licensed physician. (§ 1 ch 118 SLA 1949)

Cross references. — For transitional measures as to local governments, see Alaska Const., art. XV, § 4.

Sec. 18.10.020. Health unit in incorporated city. AS 18.10.010 applies to an incorporated city unless the city otherwise provides for the establishment and maintenance of a local board of health or a health officer. (§ 1 ch 118 SLA 1949)

former paragraphs (7) and (8) to present paragraph (7), added "and" at the end of paragraph (7), redesignated former paragraphs (9) and (10) as present paragraphs

(8) and (9), respectively, and made internal reference changes in paragraphs (5) and (6).

Chapter 87. Hospital and Medical Service Corporations.

Section	Section
10. Applicability	150. Hospital service agreements
20. Purpose and interpretation	160. Subscriber's contracts
30. Provisions exclusive	170. Minimum service benefits
40. Incorporation and certificate of authority required	180. Filing and approval of agreements and contracts
50. Incorporation, approval of articles and amendments	190. Charges and rates
60. Name of corporation	200. Reserves
70. Qualifications for certificate of authority	210. Surplus fund
80. Application for certificate of authority	220. Investments
90. Issuance or refusal of certificate of authority	230. Records and accounts
100. Continuance or expiration of certificate of authority	240. Annual statement
110. Suspension or revocation of certificate of authority	250. Examination
120. Services and benefits which may be provided, medical service corporations	260. Taxation
130. Services and benefits which may be provided, hospital service corporations	270. Joint operations
140. Medical service agreements	280. Combined corporation
	290. Contracts covering workers' compensation risks
	300. Annual adjustment of service payments
	310. Fidelity bond
	320. Fee and licenses
	330. Definitions
	340. Other provisions applicable
	350. Existing certificates of authority

Collateral references. — 44 Am. Jur. 2d, Insurance, § 1542 et seq.; 61 Am. Jur. 2d, Physicians, Surgeons, and Other Healers, §§ 153, 156.

44 C.J.S., Insurance, § 15.
Validity and nature of group medical and hospital service plans, 167 ALR 322.

Sec. 21.87.010. Applicability. (a) This chapter applies to every individual, person, firm, corporation, association, or organization of any kind hereafter engaging or purporting to engage in the provision of all or part of a health care service as defined in AS 21.87.330, for its subscribers in exchange for periodic prepayments in identifiable amount by or as to the subscribers.

(b) This chapter does not apply to

(1) insurers or fraternal benefit societies authorized to transact the kind of insurance involved under other chapters of this title;

(2) fraternal and other organizations exempted from AS 21.24;

(3) health care services provided by an employer to employees and their dependents, with or without contribution to the costs thereof by the employees, through health care service facilities owned, employed, or controlled by the employers;

(4) infrequent instances of prepayment by or for the patient direct to the physician or hospital for specific services thereafter rendered to the patient by the physician or hospital. (§ 1 ch 120 SLA 1966)

Sec. 21.87.020. Purpose and interpretation. (a) It is the purpose of this chapter to regulate in the public interest the formation and operation of prepaid health care service organizations, in order that the services may be made available upon a basis of fair and equitable contracts through state-licensed nonprofit organizations meeting reasonable standards as to administration, reserves, and financial soundness.

(b) This chapter shall be liberally interpreted to effectuate the purpose declared in (a) of this section. (§ 1 ch 120 SLA 1966)

Sec. 21.87.030. Provisions exclusive. A provision of this title does not apply to a health care service corporation unless contained or referred to in this chapter. (§ 1 ch 120 SLA 1966)

Sec. 21.87.040. Incorporation and certificate of authority required. A person otherwise subject to this chapter may not engage or purport to engage in the provision of any part or all of a health care service for its subscribers in exchange for periodic prepayments in identifiable amount unless it is a service corporation incorporated under the laws of Alaska, and currently authorized as such a service corporation under a certificate of authority issued by the director under this chapter. (§ 1 ch 120 SLA 1966)

Sec. 21.87.050. Incorporation, approval of articles and amendments. (a) A service corporation shall be formed as a nonprofit, nonstock medical service corporation, or hospital service corporation, or a combination medical and hospital service corporation, consistent with the applicable requirements of this chapter under the statutes of Alaska governing the formation of nonprofit, nonstock corporations in general.

(b) Before the articles of incorporation of the proposed corporation formed after July 1, 1966, are filed with the commissioner of commerce and economic development, they shall be submitted to the director, and the commissioner may not file the articles unless the director's approval is endorsed thereon. The director shall approve the articles unless the director finds that they do not comply with law. If not approved, the director shall return the proposed articles of incorporation to the incorporators together with a written statement of particulars of the reasons for nonapproval.

(c) An incorporation may not be permitted to and approval ended unless the director's articles of incorporation are approved, the corporation for reasons for non-

Sec. 21.87.060. not have or use "insurance," "other terms describing a corporation may not be a corporation that was formed under ch 120 SLA 19-

Sec. 21.87.070. director may not or act as a service following quali-

(1) it must be medical service a combined medical

(2) it must in as a nonprofit corporation

(3) if a hospital while so authorized located in the a location and shall furnish the hospital corporation to it

(4) if a medical agreements with subscribers' residences and facilities services provided or subscribers;

(5) if a newly formed working funds to new business and or medical services following the date or \$100,000, which

amount unless it is a service corporation incorporated under the laws of Alaska, and currently authorized as such a service corporation under a certificate of authority issued by the director under this chapter.

History.—§ 1, ch. 120, SLA 1966.

§ 21.87.050 Applicability of nonprofit corporation statutes; filing and approval of articles of incorporation

(a) A service corporation shall be formed as a nonprofit, nonstock medical service corporation, or hospital service corporation, or a combination medical and hospital service corporation, consistent with the applicable requirements of this chapter under the statutes of Alaska governing the formation of nonprofit, nonstock corporations in general.

(b) Before the articles of incorporation of the proposed corporation formed after July 1, 1966, are filed with the commissioner of commerce and economic development, they shall be submitted to the director, and the commissioner may not file the articles unless the director's approval is endorsed thereon. The director shall approve the articles unless the director finds that they do not comply with law. If not approved, the director shall return the proposed articles of incorporation to the incorporators together with a written statement of particulars of the reasons for nonapproval.

(c) An amendment of the articles of incorporation of a service corporation may not be filed with the commissioner unless it is first submitted to and approved by the director, and bears the director's approval endorsed on it. The director shall approve the amendment unless the director finds that it was not lawfully adopted or that the articles of incorporation as amended would be unlawful. If not approved, the director shall return the proposed amendment to the corporation together with a written statement of the particulars of the reasons for nonapproval.

History.—§ 1, ch. 120, SLA 1966.

§ 21.87.060 Corporate name

A service corporation may not have or use a corporate or business name which includes the words "insurance," "casualty," "surety," "health and accident," "mutual," or other terms descriptive of an insurer or insurance business. A service corporation may not have or use a name so similar to that of another corporation transacting business in

this state when the service corporation was formed that it would tend to confuse or mislead the public.

History. — § 1, ch. 120, SLA 1966.

§ 21.87.070 Qualifications for certificate of authority

The director may not issue or permit to exist a certificate of authority to be or act as a service corporation to a corporation which does not fulfill the following qualifications:

(1) it must be incorporated as provided in AS 21.87.050, as either a medical service corporation, or as a hospital service corporation, or as a combined medical and hospital service corporation;

(2) it must intend to and actually conduct its business in good faith as a nonprofit corporation;

(3) if a hospital service corporation, it must have in force at all times while so authorized, service agreements with participant hospitals located in the areas of the subscribers' residences, convenient as to location and sufficient as to capacity and facilities reasonably to furnish the hospital services provided or proposed to be provided by the corporation to its subscribers;

(4) if a medical service corporation, it must have in force service agreements with participant providers located in the areas of the subscribers' residences, convenient as to location and sufficient in numbers and facilities reasonably to furnish the medical and surgical services provided or proposed to be provided by the corporation to its subscribers;

(5) If a newly formed corporation, it must possess sufficient available working funds to pay all reasonably anticipated cost of acquisition of new business and operating expenses, other than payment for hospital or medical services, for a period of not less than the six months following the date of issuance of the certificate of authority, if issued, or \$100,000, whichever amount is greater;

(6) it must fulfill all other applicable requirements of this chapter.

History. — § 1, ch. 120, SLA 1966; § 3, ch. 40, SLA 1981.

§ 21.87.080 Application for certificate

(a) Application for a certificate of authority to transact business as a

service corporation shall be made to the director, on forms as prepared and furnished by the director and requiring the information relative to the applicant, its directors, officers, and affairs as the director may reasonably require consistent with this chapter.

(b) The application shall be accompanied by the following documents which are not already on file with the director:

(1) one copy of the applicant's articles of incorporation and of all amendments, certified by the commissioner;

(2) one copy of the applicant's bylaws, certified by its corporate secretary;

(3) if a medical service corporation, a copy of each form of service agreement entered into or proposed to be entered into with participant providers, together with a list showing the name, residence and office addresses, and date of execution of the service agreement by each participant provider;

(4) if a hospital service corporation, a copy of each service agreement entered into with participant hospitals certified by the applicant's corporate secretary;

(5) a copy of each form of subscribers' contract proposed to be offered;

(6) a schedule of the rates proposed to be charged subscribers;

(7) a financial statement of the applicant as of a date not more than 30 days before the filing of the application, showing among other things the amount of working funds available to the applicant, the source of the funds, and accompanied by a copy of the agreement under which the funds were contributed to or provided for the applicant;

(8) a copy of any other relevant document reasonably requested by the director.

(c) At the time of filing the application the applicant shall pay to the director the application fee and the fee for issuance of the certificate of authority set under AS 21.06.250.

History.—§ 1, ch. 120, SLA 1966; § 4, ch. 40, SLA 1981; § 26, ch. 26, SLA 1985.

§ 21.87.090 Issuance or refusal of certificate

(a) If, after the application for certificate of authority is completed,

the director finds that the applicant is fully qualified for a certificate of authority in accordance with this chapter, and that the service agreements, subscribers contracts, schedule of rates are in compliance with the applicable provisions of this chapter, the director shall issue to the applicant a certificate of authority as a medical service corporation or as a hospital service corporation, or as a combined medical and hospital service corporation, as the case may be.

(b) If the director does not so find, the director shall refuse to issue a certificate of authority and shall give the applicant written notice setting out the particulars of the reasons for the refusal, accompanied by return of the fee tendered for issuance of the certificate of authority.

(c) The director shall either issue or refuse to issue the certificate of authority within a reasonable time after the filing and completion of application.

History.—§ 1, ch. 120, SLA 1966.

§ 21.87.100 Continuance or expiration of certificate

(a) A certificate of authority issued to a service corporation shall continue in force as long as the corporation is entitled to it under this chapter, and until suspended or revoked by the director or terminated at the request of the corporation; subject, however, to continuance of the certificate by the corporation each year by

(1) payment, before June 30, of the continuation fee set under AS 21.06.250;

(2) filing by the insurer of its annual statement for the preceding calendar year as required under AS 21.87.240.

(b) If not continued by the service corporation, its certificate of authority shall expire at midnight on the June 30 following the failure of the insurer to continue it in force. The director shall promptly notify the insurer of the occurrence of a failure resulting in impending expiration of its certificate of authority.

History.—§ 1, ch. 120, SLA 1966; § 27, ch. 26, SLA 1985.

§ 21.87.110 Suspension or revocation of certificate

(a) The director shall suspend or revoke the certificate of authority of a service corporation that the director finds, after a hearing, is no longer qualified under this chapter.

working capital to the corporation, the payment to be prorated on a uniform basis among all the outstanding contributions; or

(3) to reduce the rates thereafter to be charged subscribers, or to expand the services or benefits thereafter to be provided under subscription contracts.

History.—§ 1, ch. 120, SLA 1966; §§ 18, 19, ch. 40, SLA 1981.

§ 21.87.310 Fidelity bonds

Each service corporation shall procure and maintain in force a fidelity bond or bonds, with authorized corporate surety, covering every officer or employee entrusted with the handling of its funds, in an amount, but not less than \$5,000, which may be fixed by its board of directors.

History.—§ 1, ch. 120, SLA 1966.

§ 21.87.320 Repealed. § 30, ch. 26, SLA 1985

§ 21.87.330 Definitions

In this chapter

(1) "health care service" means a service rendered to an individual for diagnosis, relief, or treatment of an injury, ailment or bodily condition;

(2) "hospital service corporation" means a service corporation that principally provides hospital services;

(3) "medical service corporation" means a service corporation that principally provides medical or surgical services;

(4) "nurse midwife" means a registered professional nurse who is certified as an advanced nurse practitioner under AS 08.68.410(1) and authorized to practice as a nurse midwife under regulations adopted in accordance with AS 08.68;

(5) "participant hospital" is one which has entered into a service agreement with a service corporation;

(6) "participant provider" means a provider who has entered into a service agreement with a service corporation;

(7) "physician" includes also "surgeon";

MEMORANDUM

State of Alaska

TO: Parties interested in starting
a new domestic insurer

DATE: Updated
July 31, 1969

FILE NO:

TELEPHONE NO:

THRU:

SUBJECT: Relevant Laws

FROM: Eugene W. Furman CPA
Insurance Financial Examiner

From time to time the Department of Commerce and Economic Development, Division of Insurance, is approached by parties interested in starting a new domestic insurer. This memorandum is a non-exhaustive outline of the more important laws dealing with the start up of a domestic insurer.

This memorandum is not intended to substitute for competent legal advice or feasibility studies and economic research normal to the start up of any new business endeavor. There are risk elements in any new business, many of which are magnified for a new domestic insurer due to the size of Alaska's population, lack of a domestically available insurer management pool, lack of a pool of trained insurer employees and many other factors. Perceived high cost of current insurance, lightness in one or more lines of available insurance coverage or enthusiasm by independent promoters and/or insurance sales people should not be considered to represent an available economic opportunity.

As a newly organized entity a new domestic insurer has no operating history. It is likely that there will be no secondary market for its shares or other securities. Accordingly, the securities of a newly formed domestic insurer are likely to be illiquid. Certain provisions of Alaskan law will operate to impair the newly formed domestic insurer's ability to realize the full value of its assets in the event of a voluntary or involuntary liquidation of its assets. An investment in a newly formed domestic insurer is not appropriate for all investors and no assurances can be given that the objectives of the newly formed domestic insurer can be achieved.

This memorandum is intended for the personal use of the organizers of domestic insurers for their informational purposes only. There are other requirements of Alaskan law not contained in the statutes dealing with insurance such as the anti-fraud and disclosure rules of the securities laws which organizers need to consider.

THERE CAN BE NO ASSURANCES BY THE STATE OF ALASKA, ITS EMPLOYEES OR ITS AGENTS AS TO THE ACHIEVEMENT OF THE OBJECTIVES OF THE ORGANIZERS OF A DOMESTIC INSURER. THERE IS NO APPROVAL OR DISAPPROVAL OF ANY PROSPECTUS OR OFFERING CIRCULAR PREPARED USING THIS MEMORANDUM AS A GUIDELINE. FURTHER, THERE IS NO APPROVAL OR DISAPPROVAL OF ANY SECURITIES OFFERED THRU USE OF THIS MEMORANDUM AS A GUIDELINE BY ORGANIZERS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE GOVERNED BY VARIOUS FEDERAL SECURITIES LAWS.

Scope of Insurance Laws

All persons transacting a business of insurance in Alaska, or relative to a subject resident, located or to be performed in Alaska, shall comply with the applicable provisions of Alaskan law, namely, Title 21 - Insurance. (AS 21.03.010) The activity performed by a domestic insurer is considered the transaction of the business of insurance in Alaska. Accordingly, Title 21 applies as do many of the provisions of Title 10, Chapter 05 Alaska Business Corporation Act dated July 1, 1939.

Specifically with respect to Title 21 a person may not act as an insurer and an insurer may not transact insurance in Alaska except as authorized by a valid certificate of authority issued by the director of the Division of Insurance. (AS 21.02.010) Domestic insurers may be incorporated stock insurers, incorporated mutual insurers or reciprocal insurers. (AS 21.02.040) Domestic stock insurers should refer to AS 21.09, while domestic mutual insurers and domestic reciprocal insurers should refer respectively to AS 21.69 and AS 21.75 in addition to AS 21.09.

Application Process

To apply for an original certificate of authority an insurer shall file with the director its application (accompanied by the applicable fees set under AS 21.06.250) showing the information and including the documents called for in AS 21.09.110. A forms packet is available from the Division's Licensing Supervisor in Juneau, (907) 465-2545. Additionally, it is the policy of the division to require complete biographical histories and a listing of business activities of organizers and proposed directors and investigate same under AS 21.09.100 and other provisions of Alaskan Insurance Laws.

Before organizers may advertize, solicit funds, make agreements or generally take any action with respect to organizing a domestic insurer a solicitation permit must be applied for and received from the director. The rules for this process are covered in AS 21.60.060 thru .260. There is a surety bond or cash deposit requirement of the organizers contained in AS 21.60.140. During the organization process and afterwards the director must be appointed as a domestic insurer's attorney to receive service of legal process issued against it in Alaska. (AS 21.09.130 and .190) It is strongly suggested that organizers be very familiar with AS 21.69 which covers organization, corporate procedures and the important concept of bulk reinsurance in sections .610 and .620. Further attention is directed to AS 21.35.250 (c), fraudulent insurance acts associated with forming an insurer and the requirement for pre-approval of insurance contract forms in AS 21.42.120.

If the director finds that the applicant has not the requirements for and is entitled to a certificate of authority under Alaskan Insurance Law, the director will issue a proper certificate specifying the kinds of insurance the

insurer is authorized to transact. This certificate remains at all times the property of the State. If the director does not find that the requirements have been met, the director will issue an order refusing the certificate. (AS 21.09.120)

It would also be important for the organizer to understand the concepts of continuation, amendment and termination of the certificate of authority. These concepts are covered in AS 21.09.130 to .180.

Required Capital

A domestic corporate insurer issuing capital stock applying for its original certificate of authority is required to possess the basic minimum paid-in-capital stock and additional funds in surplus as outlined in AS 21.09.070. In addition to the rules in AS 21.09.070, the required initial minimum surplus for a domestic mutual insurer is governed by AS 21.60, primarily section .220, while the required initial minimum surplus for a domestic reciprocal insurer is governed by AS 21.75, primarily AS 21.75.050 and .055. The amount of surplus is controlled by the types of insurance to be written. Generally, \$1,000,000 of basic capital or surplus and additional surplus for a total of \$2,000,000 is required for a life and disability insurer with \$1,500,000 of basic capital or surplus and additional surplus for a total of \$3,000,000 being required for a property and casualty insurer. Higher initial amounts of additional surplus is a subject which organizers should be prepared to discuss. Generally, organizers should concern themselves with capital in addition to the minimum requirements whenever their business plan filed with the application calls for the new domestic insurer to accept the risk of loss on any single occurrence in excess of \$50,000 to \$100,000.

Organizers should note that a business plan is an item of additional information that the director requires under AS 21.09.110. Domestic insurers desiring to assume reinsurance liabilities should be thinking in terms of \$20,000,000 or greater total initial surplus. Finally, on the subject of initial minimum surplus, there is an important prohibition in AS 21.12.110 requiring any insurer to not retain a risk on any one subject of insurance in an amount exceeding 10% of its surplus to policyholders.

Trust Deposits

All insurers other than title insurers are generally required to have a trust deposit of at least \$300,000 deposited with the director under AS 21.24.030.

Additional Items

The following additional items are a partial list of the concepts with which organizers should become familiar before committing to a decision concerning organizing a domestic insurer:

Additional
Items (Cont.)

SUBJECT	REFERENCE
Reports - Annual Statement	AS 21.09.200
- Premium Tax Report	AS 21.09.210
Records	AS 21.09.390 and .400
Limit of Risk	AS 21.12.010
Reinsurance	AS 21.12.020
Definitions of Coverages	AS 21.12.040 to .110
Assets and Liabilities	AS 21.18, particularly Sections .010 and .030
Investments	AS 21.20, particularly Sections .020, .050, .250, .300 and .321
Holding Companies	AS 21.22, particularly Sections .010, .020 and .060
Insider Trading	AS 21.40
Dividends	AS 21.22.100, AS 21.09.080 (h) AS 21.59.180 to .510 and AS 21.75.240 and .250
Trade Practices	AS 21.35 Particularly Sections .090, .100, .120, .130, .190 and .360
Rates	AS 21.39
Insurance Contracts	AS 21.42 and AS 21.09.110 (9)
Unauthorized Business	AS 21.09.250
Stock of Subsidiaries	AS 21.21.100
Investments Prohibitions	AS 21.21.250 and .321

Addresses and
Phone numbers

Juneau - State of Alaska
 Department of Commerce and Economic Development (907) 465-2515
 Division of Insurance (907) 465-3041 (fax)
 P. O. Box 0
 Juneau, Alaska 99811

Delivery address: 333 Willoughby Street
 Juneau, Alaska 99801

Anchorage - State of Alaska
 Department of Commerce and Economic Development (907) 562-3026
 Division of Insurance (907) 562-0043 (fax)
 3601 C Street, Room 740
 Anchorage, Alaska 99503

S B

549

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMFR. In order to save space copies of minutes have not been left in the files. .

Mary Van Nimwegen

SD 549

H. HESS

5/2/90

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 29, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/2/90

The HESS Committee considered:

SB 549

SENATE BILL NO. 549

CERTIFICATION OF TEACHERS/ADMINISTRATORS

"An Act relating to renewal of a teacher's or administrator's certificate; and providing for an effective date."

RECOMMENDATIONS:

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

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
[] zero fiscal note _____
[] zero with analysis _____

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

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not
Pass
No Rec
Amend

J. Ellis Ellis
Mark G. ... Greenberg
Mark ... Boyce

SIGNING:	Do Not Pass	No Rec	Amend
<i>Cheri Davis</i> Davis	X		
<i>George ...</i> JACO	X		

J. Ellis
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Renewal of a teacher's or
administrator's certificate
Sponsor: Senate HESS
Requestor: Senate Judiciary

Agency Affected: Education
BRU: Education Finance and
Support Services
Components: District Support
Teacher Certification Unit

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Mary Hakala
Division: Commissioner's Office
Approved by *William G. Denmert* Commissioner: William G. Denmert
Agency: Education

Phone: 465-2800
Date: 4/25/90
Date: 4/25/90

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

DEPARTMENT OF EDUCATION

April 26, 1990

FISCAL NOTE ANALYSIS

SB 549: Renewal of a teacher's or administrator's certificate

Although the number of background checks processed by the Department of Education would be reduced by enactment of SB 549, program receipt authorization is necessary. This cost is reflected in the two fiscal notes submitted by the Department of Education for HB 52 (Chapter 7, SLA 90). Since these two fiscal notes assume program receipt revenues generated by applicant fees, any excess in budgeted authority will be restricted; only those revenues realized will be available for expenditure in implementing Chapter 7, SLA 90. Therefore the Department is not submitting any revision to these fiscal notes at this time.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Renewal of Teachers' or
Administrators' Certificates
Sponsor: HESS Committee
Requestor: Senate Judiciary

Agency Affected: Public Safety
BRU: DPS Statewide Support
Component: AK Criminal Records & ID

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER/PROG RCPT						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: M.J. Clemens
Division: Administrative Services

Phone: 465-4336
Date: 4/25/90

Approved by Commissioner: J.A.H. [Signature] Arthur English
Agency: Department of Public Safety

Date: 4-26-90
Page 1 of 2

Fiscal Note Narrative

SB 549

Page 2

This bill repeals Section 4 of HB 52, which passed earlier this session (Chapter 7, SLA 1990). The effect of this is that the Department of Education would no longer be required to request criminal history records checks of persons applying to renew an Alaska teacher's certificate. DOE estimates that there are approximately 2,000 applications for recertification a year.

The fiscal note which accompanied HB 52 (not yet "authorized") allocated 55.4 in inter-agency receipts to DPS. These receipts are to come from fees paid by the applicants, and will be used to fund one full-time and one part-time Clerk IV to process the criminal history records checks. The 55.4 figure was based on an estimated 4,000 records checks a year (2,000 initial and 2,000 renewals).

Based on the number of certification applications now being received by DOE, it appears that the original estimate of the number of applications for initial certification was too low. It now appears that there will be 3,000 to 4,000 of these a year. In addition, we are finding that it takes longer than initially estimated to perform the research necessary to report only those convictions allowed to be reported. Records from other states show the charge for which a person was convicted, but generally do not indicate whether the charge is a felony or misdemeanor. This requires that DPS staff contact the other state to find out if the conviction was for a felony or a misdemeanor under that state's laws at the time.

Because the estimates of the number of applications for initial certification and required research time was too low, passage of SB 549 would leave DPS at "status quo"--processing approximately 4,000 additional fingerprint cards and criminal history records checks a year.



NEA-ALASKA

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Eggen Alaska 99576

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ANCHORAGE ALASKA 99503
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FAX (907) 274 0551

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105 MUNICIPAL WAY SUITE 302
JUNEAU ALASKA 99801
(907) 586 3090
FAX (907) 586 2744

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS ALASKA 99701
(907) 456 4435
FAX (907) 456 2159

April 30, 1990

TO: Representative Johnny Ellis, Chair, and members of the House HESS Committee.

FROM: Bob Manners, Executive Secretary

RE: SB 549; "An Act relating to renewal of a teacher's or administrator's certificate; and providing for an effective date"

NEA-Alaska strongly supports and urges your favorable action on SB 549. We are very appreciative of the willingness of legislators to correct the many problems that have resulted from one portion of the new statute requiring the fingerprinting of teachers.

The original intent of HB 52 was to provide background checks for certification for initial hires and to make the Department of Education, through the Certification Division, the responsible party for such action.

When a person is initially hired and/or licensed to teach in the State of Alaska they must answer in writing the question: "Have you ever been convicted of a felony?" The new legislation serves to validate the answer to that question and is perhaps its most important function.

When the bill was extended to all practicing teachers the logistical problems became enormous, but even more importantly the purpose becomes much more cloudy.

NEA-Alaska is very concerned about the unworkability of the new statute and the varied problems that teachers throughout the state are encountering, but we also believe that you need to address the substantive issues as follows:

Are the protections currently in place regarding the screening of convicted felons from the teaching profession adequate to protect Alaska's youth?

We believe that the answer is yes. Even without fingerprinting each of Alaska's practicing teachers, school districts under AS 12.62.065, are defined as an interested party and authorized to access criminal background information on persons they employ.

Does the fingerprinting of all Alaska's currently practicing teachers enhance the safety factor or accomplish the public interest intent of the legislation?

We believe that it is very unlikely. Even if you take the view that there are convicted felons who have lied on their initial certification application, and employment application, and slipped into Alaska to teach school, the methodology of the fingerprinting on such a massive scale throughout the state indicates that there are no guarantees of the viability of the prints themselves.

Finally, it must be asked if the cost and burden of this fingerprint screening is appropriately placed?

When initially being licensed to practice in the state an applicant is forewarned about what the requirements for that license are and given a choice about whether or not to meet those requirements and pay the costs. That choice is somewhat different for those individuals who are currently practicing and there has traditionally been resistance to increasing the requirements, costs, and burdens to recertify. Given the nature of fingerprinting, and the implication that one might be a convicted felon, that resistance is only intensified.

Because Section 4 of HB 52 created the most unworkable part of the legislation, because the public interest is otherwise protected, and because the fingerprinting of all of Alaska's teaching force is likely to produce little if anything in the way of enhancing public interest, we urge you to support the repeal of Section 4 of HB 52 and return the legislation to the form it was in when it left the house.

Thank you for your consideration of our position.

SCR

|

HOUSE COMMITTEE REPORT

(7)
Date Referred: April 10, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/17/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: SCR 1

SENATE CONCURRENT RESOLUTION NO. 1

[FETAL ALCOHOL SYNDROME AWARENESS WEEK]

Relating to Fetal Alcohol Syndrome Awareness Week.

RECOMMENDATIONS:

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

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
[] zero fiscal note _____
[] zero with analysis _____

- [] fiscal note(s) _____
[X] zero fiscal note(s) 3/21/89 DHSS
[] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not
Pass
No Rec
Amend

J. Ellis
Mark Boyer
Chris Davis
W. Humber
W. Humber

	Do Not Pass	No Rec	Amend

J. Ellis
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Relating to Fetal Alcohol Syndrome Awareness Week
 Sponsor: Binkley, et al.
 Requestor: _____

Agency Affected: Health & Social Services
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Matt Felix, Coordinator *Matt Felix* Phone: 586-6201
 Division: State Office of Alcohol & Drug Abuse Date: 3/15/89
 Approved by Commissioner: Maria M. Munson *Maria M. Munson* Date: 3/15/89
 Agency: Department of Health & Social Services

Distribution (by preparer):

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

SCR

2

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
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Mary Van Nimwegen

SCR 2

H HESS

4/5/89

H HESS

1/12/89

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 21, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/20/89

The HESS Committee considered:

CSSCR 2 (FIN)

CS FOR SENATE CONCURRENT RESOLUTION NO. 2 (Finance)

Establishing a Family Support Task Force.

RECOMMENDATIONS:

be replaced with HCS CSSCR 2 (HESS) the same title
 a new title

have attached amendment(s)

do pass

do not pass

no recommendation

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

fiscal impact _____

fiscal note(s) 3/17/89 DHSS

zero fiscal note _____

zero fiscal note(s) _____

zero with analysis _____

zero fn/analysis _____

SIGNING DO-PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

[Signature]

[Signature]

[Signature]

SIGNING:	Do Not Pass	No Rec	Amend
<u>Bheri Davis</u>		X	

[Signature]
Chairman's Signature

~~HB 72~~
SCR 2

FAMILY SUPPORT ACT of 1988
(P.L. 100-485)

THE FUNDAMENTAL CONCEPTS OF THE WELFARE REFORM LAW

1. Children's basic needs must be protected
2. The family has the primary responsibility
3. The system should strengthen the family
4. An emphasis on education and training is essential

MAJOR PROVISIONS OF THE
FAMILY SUPPORT ACT OF 1988

AFDC CHANGES

- ° Mandatory Unemployed Parent Coverage
 - ° Unemployed Parent Must Participate in Work Programs
- ° Improved Work Incentives While on Assistance
- ° Regular Review of Payment Standards

"JOBS" PROGRAM CREATED TO REPLACE "WIN"

- ° Major Increase in Work Requirements
- ° Child Care Guaranteed During Participation
- ° Participation Must Fit Client's Needs
- ° Emphasis on completing Basic Education and Skills Training
- ° Targeting on the Long-term Dependent
- ° Capped Funding

WORK TRANSITION ENTITLEMENT CREATED

- ° Child Care
- ° Medical Assistance

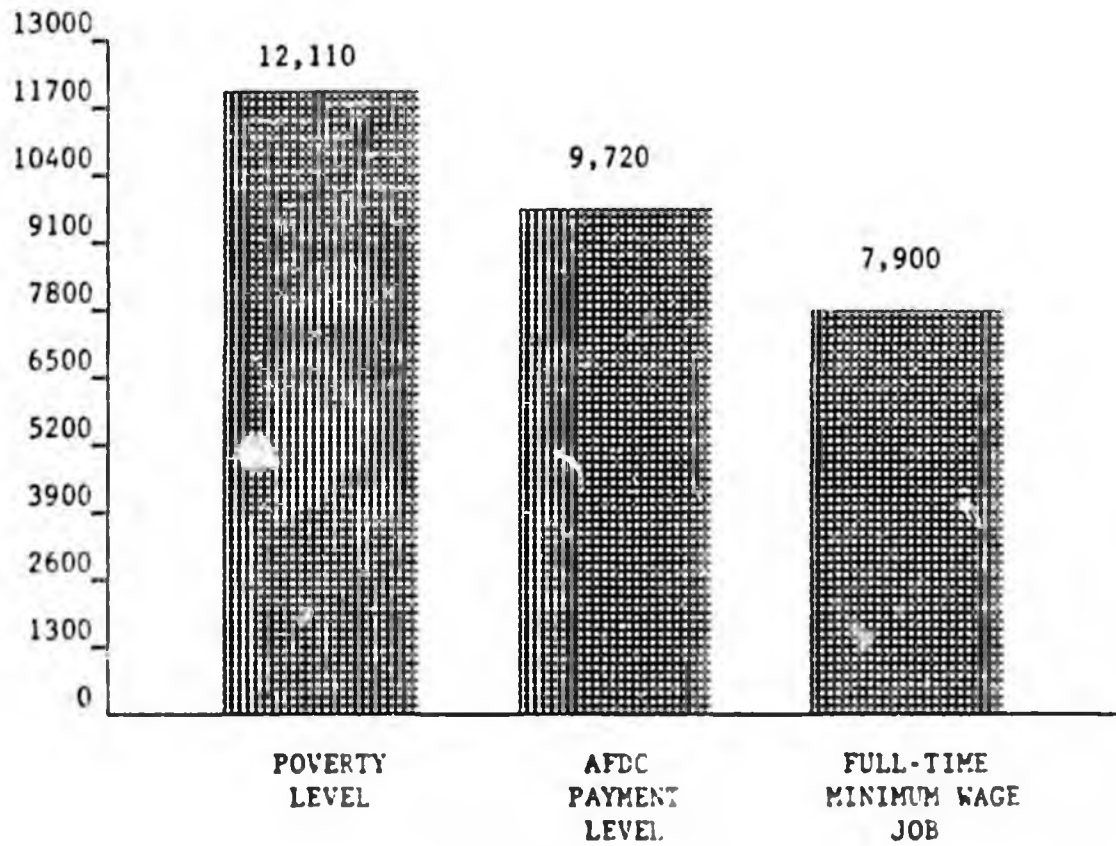
CHILD SUPPORT ENFORCEMENT STRENGTHENED

- ° Mandatory Wage Withholding
- ° Mandatory Support Order Guidelines for Courts
- ° Regular Updating of Support Orders
- ° New Paternity Establishment Mandates

POVERTY LEVEL FOR A

FAMILY OF THREE

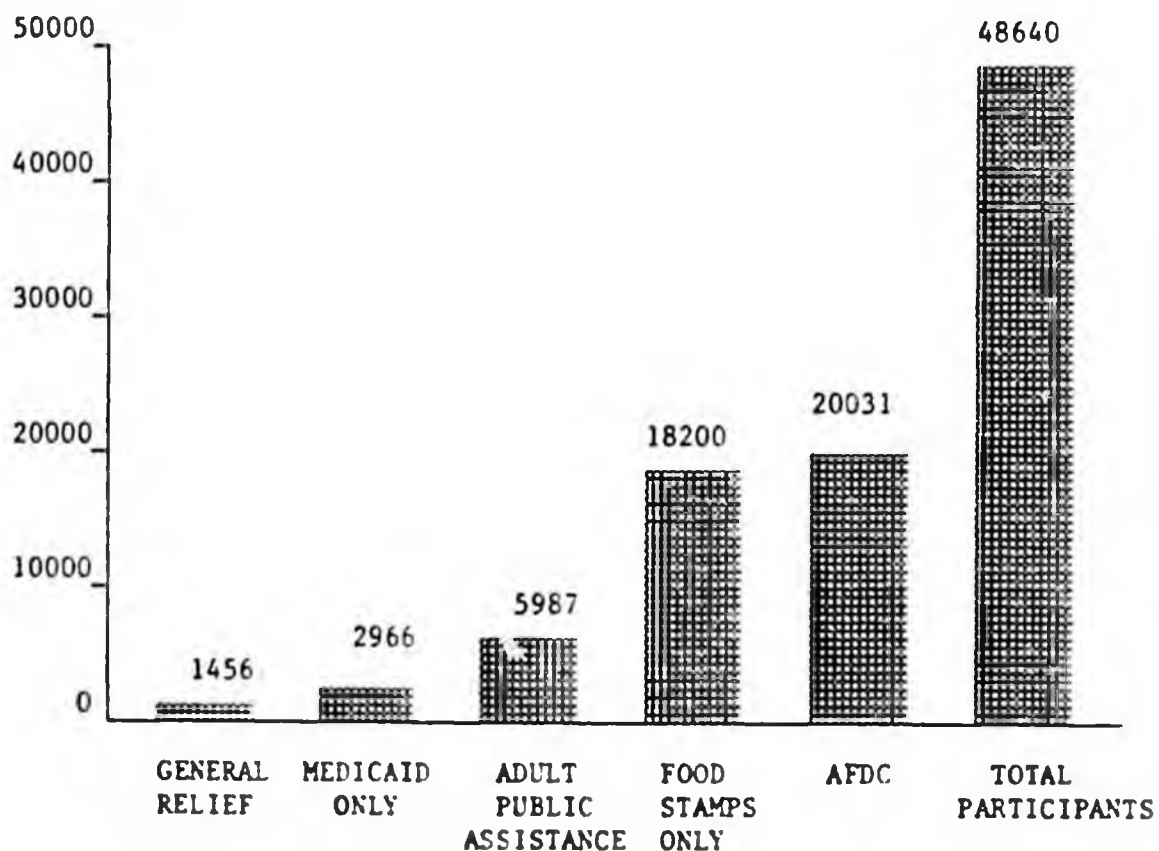
1988



ALASKA WELFARE PARTICIPATION

IN MONTH APRIL 1988

PERSONS



THE AUGUST 1988 ALASKA DEPARTMENT OF LABOR "ALASKA ECONOMIC TRENDS" REPORTED ON POVERTY IN ALASKA. IT ESTIMATED THAT BETWEEN 10-14% OF THE ESTIMATED TOTAL POPULATION IN ALASKA LIVES BELOW THE POVERTY INCOME LEVEL. ASSUMING A CURRENT POPULATION OF 540,000 THERE WOULD BE ABOUT 57,800 PERSONS IN POVERTY IN ALASKA.

Each month approximately 12,900 children receive benefits under the current AFDC program in Alaska.

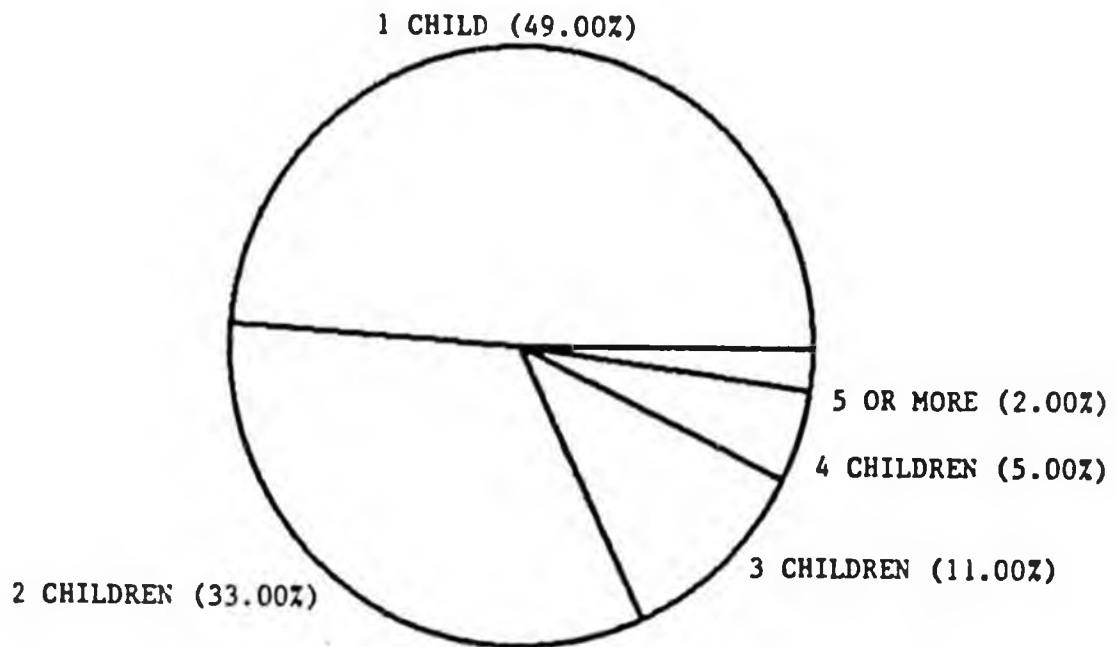
<u>District Area</u>	<u>Average Number of Children Served Monthly</u>	<u>Percent of Total</u>
Anchorage	5,097	39%
Fairbanks	1,541	12%
Bethel	1,136	9%
Wasilla	1,134	9%
Kenai	882	7%
Ketchikan	580	4%
Northern Rural	569	4%
Southcentral Rural	523	4%
Juneau	518	4%
Kotzebue	365	3%
Nome	338	3%
Sitka	<u>210</u>	2%
TOTAL Children	12,893	

In all of FY88 30,123 adults and children (unduplicated) received benefits under the current AFDC-Basic program in Alaska.

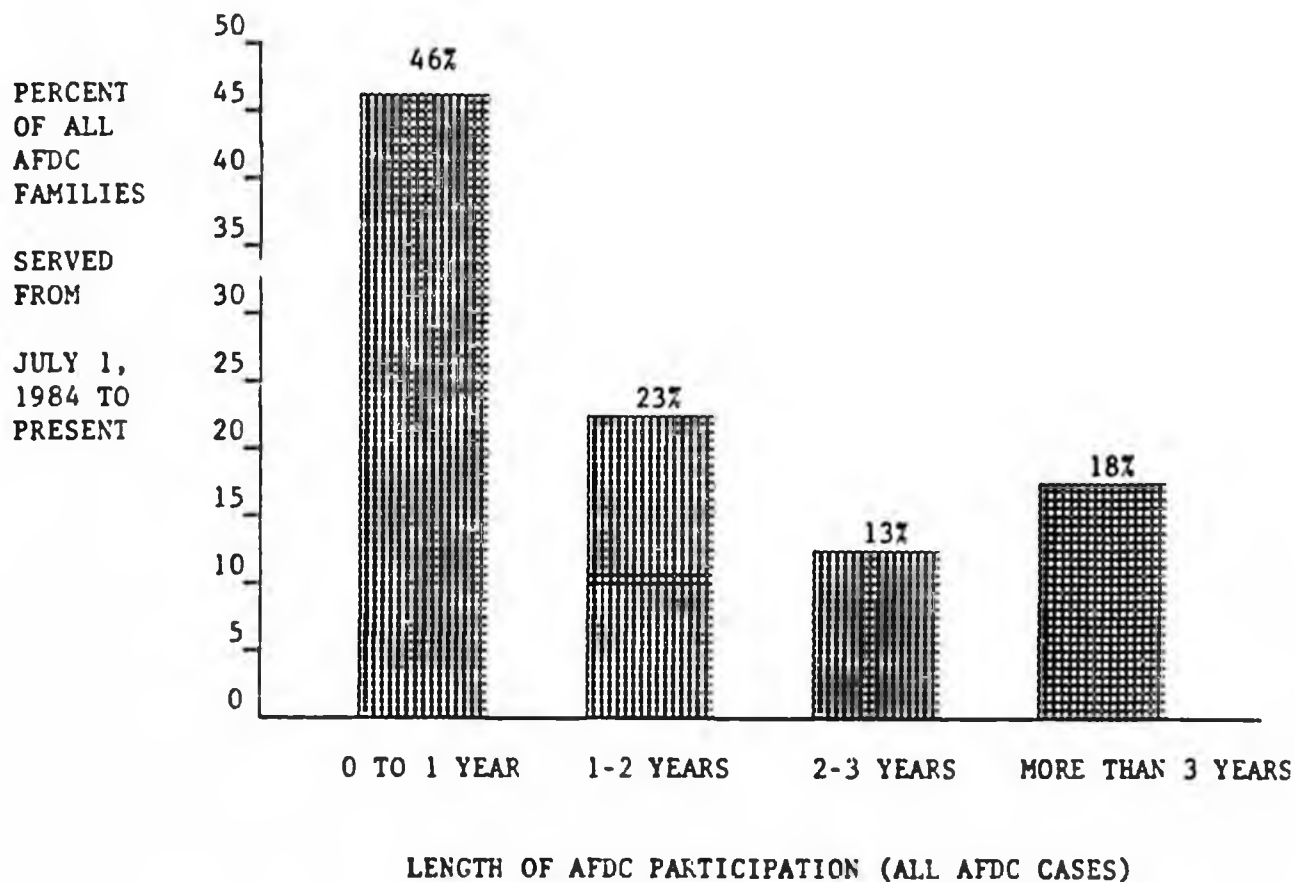
<u>District Area</u>	<u>FY88 Total AFDC Participants</u>	<u>Percent of Total</u>
Anchorage	11,875	39%
Fairbanks	3,575	12%
Wasilla	2,636	9%
Bethel	2,473	8%
Kenai	2,199	7%
Juneau	1,388	5%
Northern Rural	1,320	4%
Ketchikan	1,286	4%
Southcentral Rural	1,269	4%
Kotzebue	778	3%
Nome	769	3%
Sitka	<u>555</u>	2%
TOTAL Persons	30,123	

49% OF ALL AFDC FAMILIES HAVE ONLY ONE CHILD. ONLY 7% OF THE AFDC FAMILIES IN ALASKA HAVE MORE THAN THREE CHILDREN. THE AVERAGE NUMBER OF CHILDREN PER FAMILY IS 1.6.

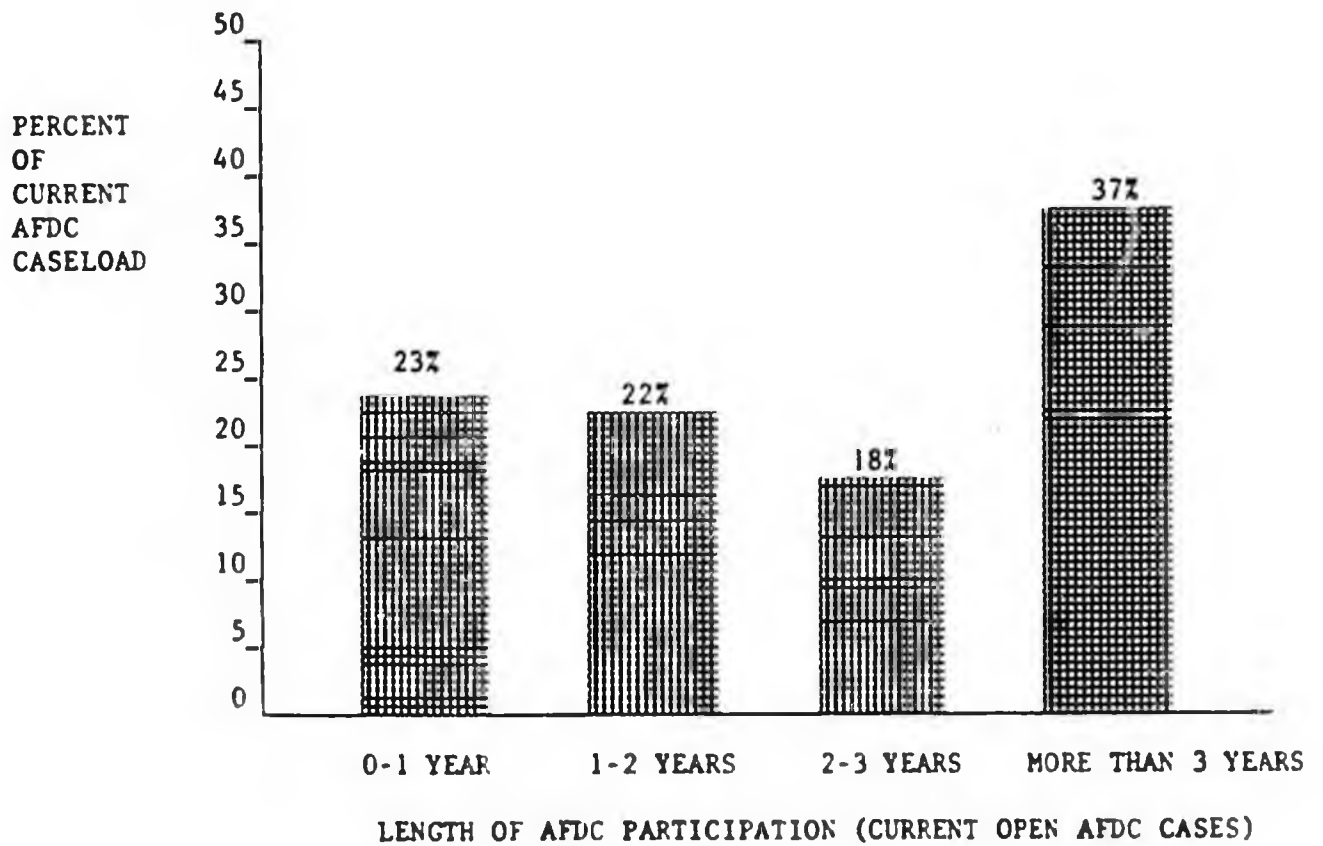
AVERAGE NUMBER OF CHILDREN
IN AFDC FAMILIES IN ALASKA



THE AVERAGE LENGTH OF PARTICIPATION FOR MOST AFDC FAMILIES IS LESS THAN ONE YEAR. OF THE TOTAL NUMBER OF AFDC FAMILIES SERVED SINCE JULY 1984, ONLY 18% HAVE PARTICIPATED FOR MORE THAN 36 MONTHS.

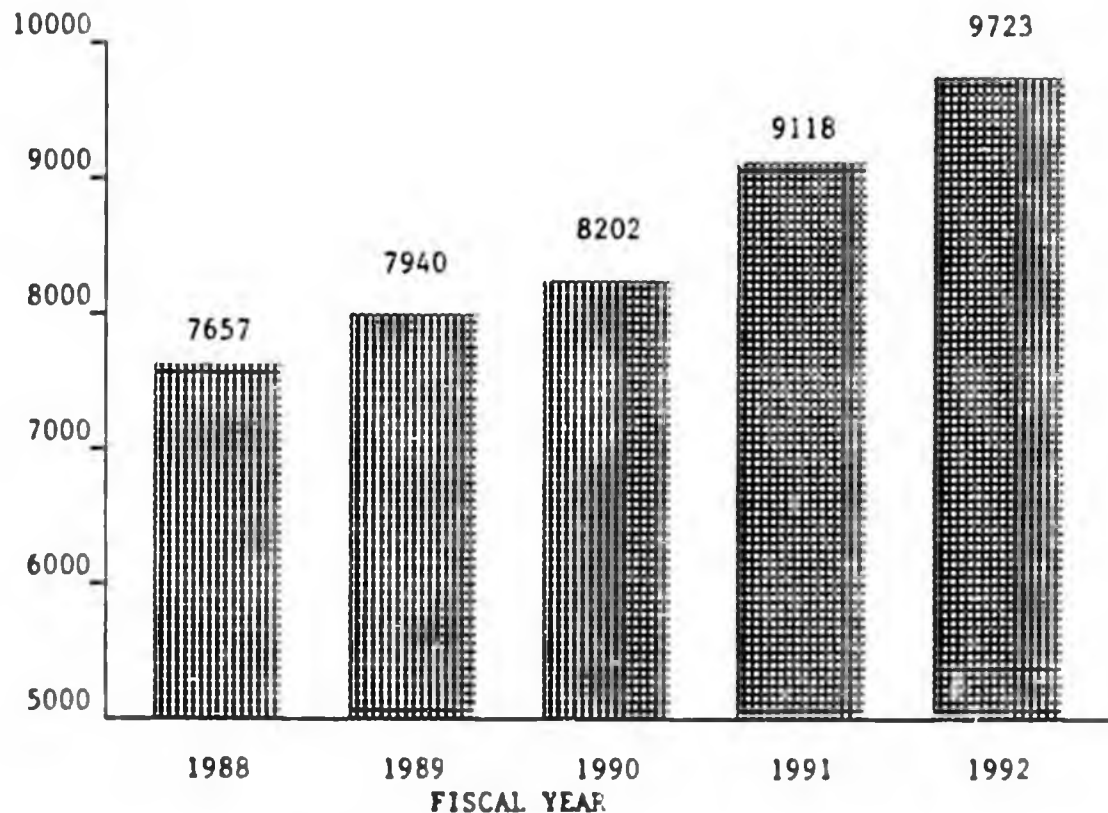


IN ALASKA, 37% OF THE CURRENT AND OPEN AFDC CASELOAD HAVE BEEN ON WELFARE FOR MORE THAN 3 YEARS. NATIONALLY, 44% OF THE CURRENT CASELOAD HAVE RECEIVED 3 OR MORE YEARS OF AFDC ENTITLEMENT.



AFDC BASIC AND TWO PARENT PROGRAM

AFDC AVERAGE MONTHLY CASELOAD BY FISCAL YEAR PROJECTS A 2-3% CASELOAD GROWTH IN THE AFDC BASIC PROGRAM AND ADDS THE AFDC TWO-PARENT CASELOAD BEGINNING OCTOBER 1990.



- EFFECTIVE OCTOBER 1990 (FY91) STATES WERE REQUIRED TO IMPLEMENT AN AFDC TWO-PARENT PROGRAM.
- THIS TWO-PARENT PROGRAM WILL ADD APPROXIMATELY 1148 AFDC FAMILIES TO THE CURRENT AFDC BASIC PROGRAM CASELOAD
- ESTIMATED ANNUAL ENTITLEMENT BUDGET NEED FOR AFDC TWO-PARENT. IF BENEFITS ARE LIMITED TO 6 MONTHS PARTICIPATION IN A 12 MONTH PERIOD FOR OTHERWISE ELIGIBLE TWO PARENT FAMILIES THEN APPROXIMATE COST IS \$5-6 MILLION.
- IF MONTHS OF PARTICIPATION ARE NOT LIMITED THEN THE ANNUAL COST FOR THE PROJECTED AFDC TWO-PARENT FAMILIES IS \$10-11 MILLION

BENEFITS FOR TWO-PARENT FAMILIES

Existing Law

At state option, benefits provided to two-parent families where principal earner is unemployed.




Alaska provides benefits to two-parent families only if one parent is disabled.

Welfare Reform

Benefits to two-parent families with unemployed parent mandatory.

Alaska will provide benefits to about 1100 additional two-parent families under new mandatory provision.



Two-Parent Coverage:

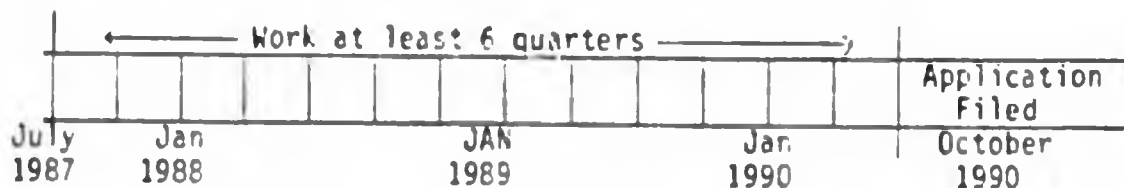
-  * encourages families to remain intact
-  * assures that children in poverty receive benefits whether or not both parents live with them
-  * provides support to families when Unemployment Benefits insufficient to meet need, or exhausted.

Optional Payment Limitation:

- * State can choose to limit cash payments to unemployed-parent households to six months per year
- * If cash payments limited, child care, medical, and JOBS benefits must continue

ELIGIBILITY CRITERIA:

-  * Unemployment is defined as working less than 100 hours per month.
-  * Recent employment history is required. This may be met by:
 - working during 6 of 13 quarters during a period ending within 1 year prior to application. (School or training may substitute for up to 4 quarters)



- eligibility for Unemployment Insurance within 1 year prior to application also satisfies this requirement

WORK REQUIREMENTS FOR AFDC UNEMPLOYED PARENT PROGRAM

START DATE - OCTOBER 1993

STATE PERFORMANCE REQUIREMENTS

One parent in a UP family must be in a work activity at least 16 hours per week. Federal law requires states to require work activity participation in

40% of UP caseload in FY94
60% of UP caseload in FY96

50% of UP caseload in FY95
75% of UP caseload in FY97 & 98

STATE OPTIONS

1. work activity may be
 - a. work supplementation,
 - b. Community Work Experience or other work experience program,
 - c. on-the-job training,
 - d. or a state-designed work program approved by the HHS secretary
2. may require full-time participation (up to 40 hours per week)
3. may hold the AFDC grant until after the required activities have been completed
4. may allow parents under age 25 who are high school dropouts to substitute educational activity for work activity
5. may require both parents to participate if state guarantees child care

CONDITIONS THAT STATES ARE REQUIRED TO MEET:

1. must consider physical capacity, skills, experience, health, safety, family responsibilities and place of residence
2. cannot require unreasonable travel or to be away from home overnight
3. must assure individuals are not discriminated against
4. must consider individual's proficiency and need for child care and other services
5. work hours cannot exceed AFDC benefits divided by state minimum wage
6. after 9 months in work assignment, work hours cannot exceed AFDC grant divided by wage earned by regular employees working at similar jobs
7. must not displace any currently employed worker or position
8. must establish grievance procedures for regular employees
9. must reassess and revise employability plan at the end of a work experience assignment, and at minimum after each 6 months in a work experience

AFDC - EARNINGS DISREGARDS

Existing Law

In calculating monthly countable income, disregards, applied in order are:

Basic Work Expense: \$75
 Child Care Expense, up to: \$160 per child
 \$30 Incentive (up to 12 months): \$30
 33% Work Incentive (up to 4 months): 1/3 of remainder

Welfare Reform

Order and amount of disregards changes.

In calculating monthly countable income, disregards, applied in order, are:

Basic Work Expense: \$90
 \$30 Incentive (up to 12 months): \$30
 33% Work Incentive (up to 4 months): 1/3 of remainder
 Child Care Expense, up to: \$175 per child
 (up to \$200 for child under age 2)

✓ Net effect of changes is an increase in amount of income available to families with a working adult.

Sample Benefit Calculation: Working mother with 2 children, ages 4 and 8. Works 40 hours per week at minimum wage, first 4 months of work. Pays \$250 monthly child care for the younger child. (using 1989 AFDC payment levels).

Existing Law

\$660	Gross Wages
- 75	Earnings Disregard
-160	Child Care Expense
- 30	Incentive
<u>-131</u>	33% Work Incentive
\$264	Countable Income

Welfare Reform

\$660	Gross Wages
- 90	Earnings Disregard
- 30	Incentive
-180	33% Work Incentive
<u>-175</u>	Child Care Expense
\$185	Countable Income

AFDC Payment Standard	\$810
Less Countable Income	<u>-264</u>

AFDC Benefit \$546

Nonreimbursable child care expense: \$90

TOTAL Income from wages and AFDC: \$1,206

AFDC Payment Standard	\$810
Less Countable Income	<u>-185</u>

AFDC Benefit \$625

Nonreimbursable child care expense: \$50

TOTAL Income from wages and AFDC: \$1,285

OTHER AFDC PROGRAM PROVISIONS

Need/Payment Standard Reevaluation:

- * State must evaluate every three years

Quality Control Sanctions:

- * moratorium on collections of fiscal sanctions for excess payment error rates extended 1 year, to July 1, 1989

Earned Income Tax Credits:

- * Tax credit payments no longer treated as income for AFDC eligibility and payment determinations

Preeligibility Fraud Detection:

- * State required to develop/implement preeligibility fraud detection unit by October 1, 1989.

Payment After Performance:

OPTIONAL: State may defer cash assistance to unemployed parent households until after mandatory JOBS activity completed for the month.

Minor Parent:

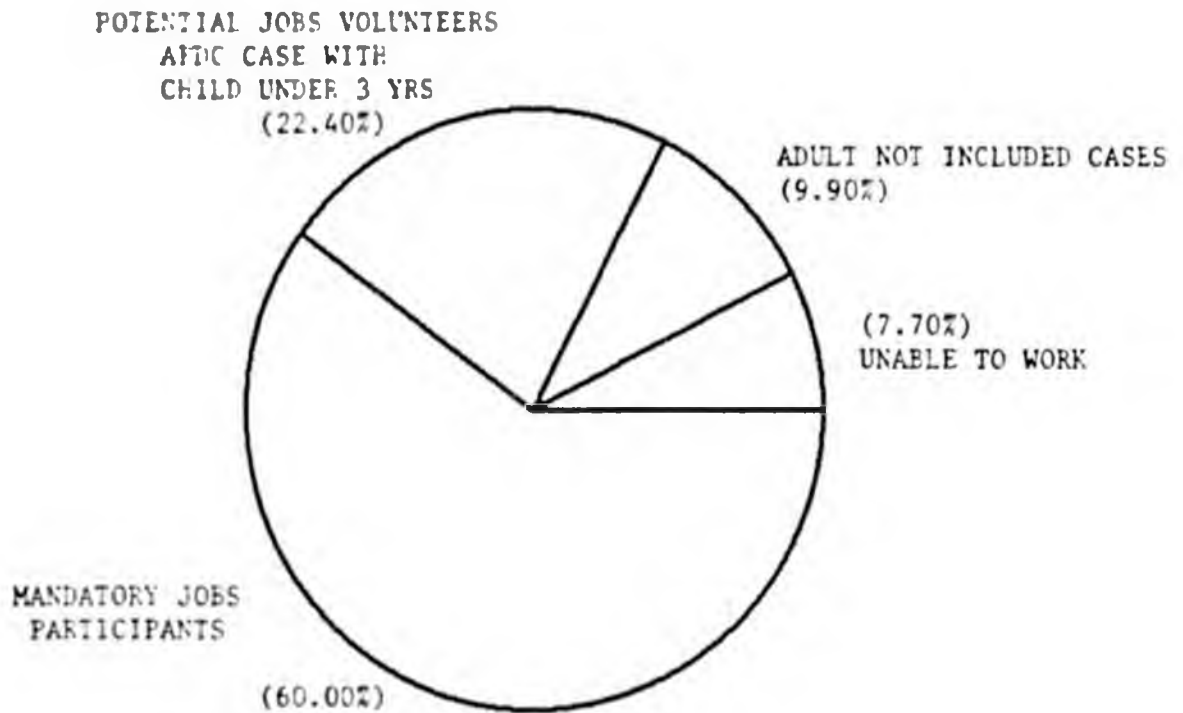
OPTIONAL: State May require parent under 18 to live with parent or legal guardian

- * Payment issued to minor's parent or guardian
- * Exceptions if suitable home unavailable, or has lived apart for one year
- * Adult parents financially responsible

CHARACTERISTICS OF ALASKA FAMILIES RECEIVING AFDC

60% OF ALL AFDC PARENTS WILL BE MANDATORY PARTICIPANTS IN
JOB OPPORTUNITIES AND BASIC SKILLS (JOBS)

PERCENT OF POTENTIAL JOBS PARTICIPANTS
ANNUALLY (STATEWIDE)



NUMBER OF FAMILIES:

ESTIMATED AFDC BASIC PROGRAM - FAMILIES	10,145
ESTIMATED AFDC TWO-PARENT FAMILIES	<u>1,520</u>
TOTAL NUMBER OF AFDC FAMILIES IN A FISCAL YEAR	11,665

EXEMPT STATUS:

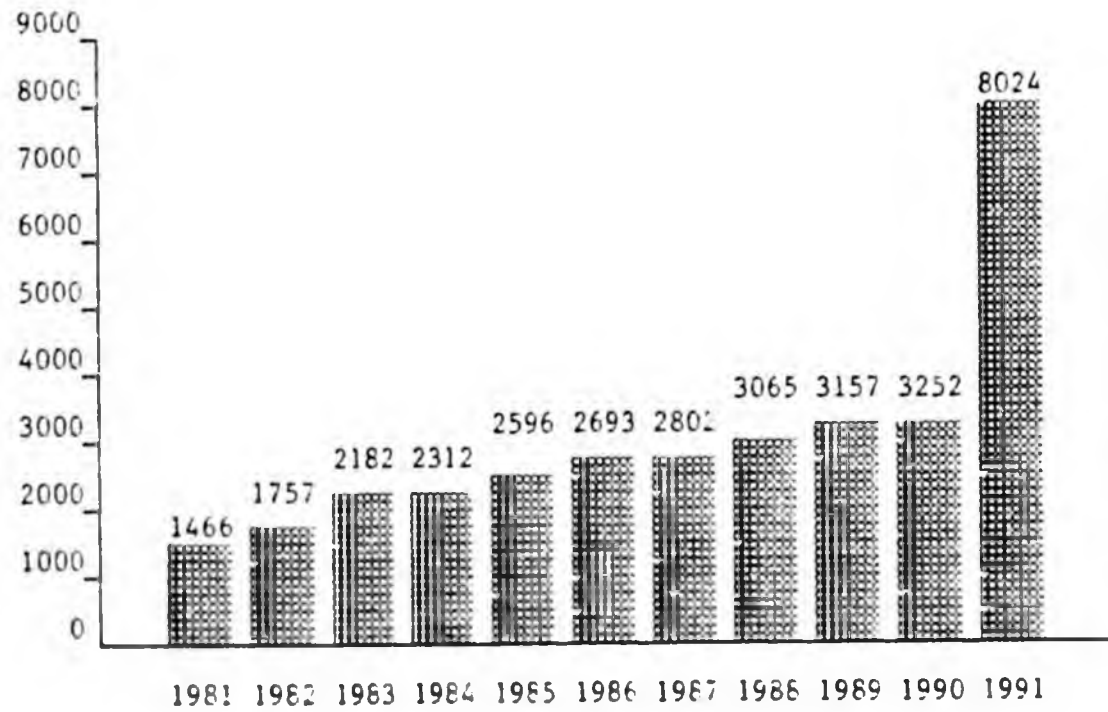
LESS AFDC FAMILIES EXEMPT FOR UNABLE TO WORK	(900)
LESS ADULT NOT INCLUDED (NO ADULT IN AFDC CASE)	<u>(1,150)</u>

TOTAL POTENTIAL JOBS PARTICIPANTS	9,616
JOBS VOLUNTEER FAMILIES (WITH CHILD UNDER 3 YRS OLD)	2,615
JOBS MANDATORY PARTICIPANT FAMILIES	7,000

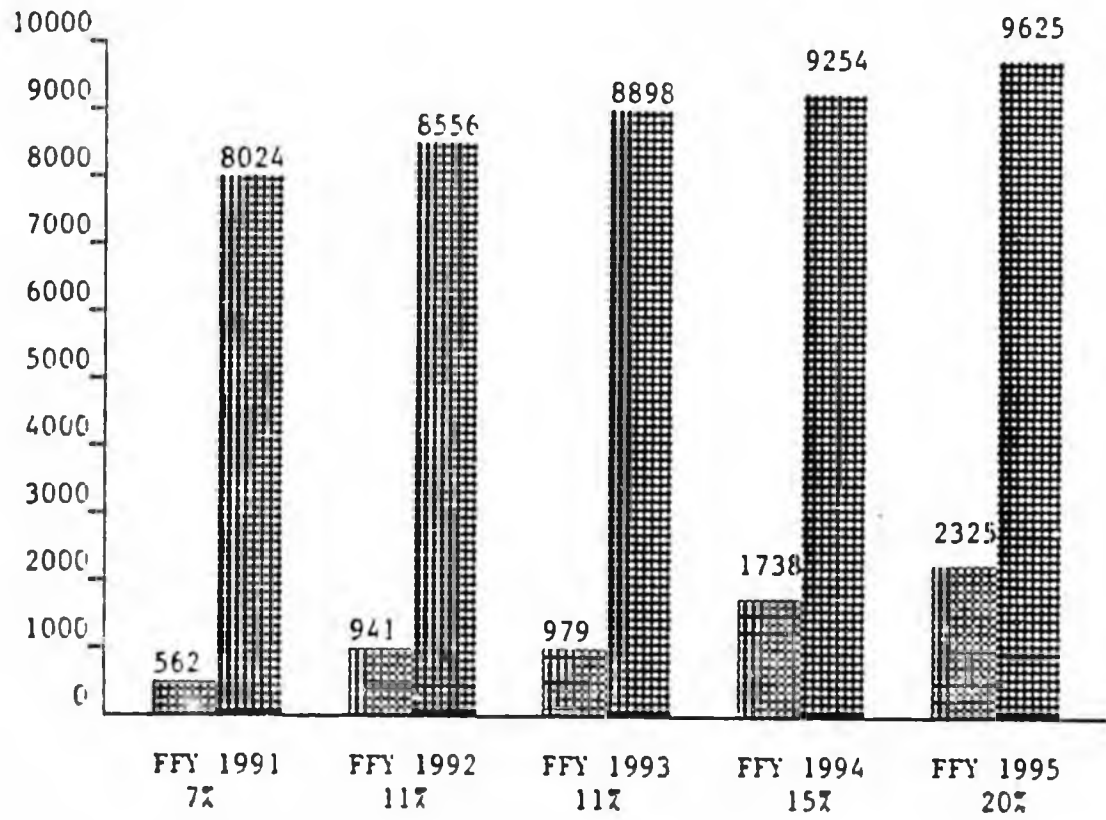
ALASKA WORK PROGRAMS

NUMBER OF PROGRAM PARTICIPANTS

PRESENT PROGRAMS VS. POTENTIAL FOR JOBS



PROJECTED JOBS MANDATORY POPULATION AND
MINIMUM STATE SERVICE LEVELS PERMITTED



JOBS ACTIVITIES AND SERVICES

States are Required
To Provide These
Activities and Services

Activities and Services
That Are Optional
To The States

Individual assessment
Individual Employability Plan
Information and Referral
Help locate child care
Provide child care
Transportation reimbursement
Basic Education
Job Skills Training
Job Readiness Activities
Job Development & Placement
Conciliation Process

Client/Agency contract
Case Management
Postsecondary Education
Tuition
* Grant Diversion
* Work Experience
* Job Search
* On the Job Training

* State is required to provide at least two of these four activities.

MAJOR DIFFERENCES BETWEEN JOBS AND PRESENT PROGRAM BENEFITS

YOUNG PARENTS WHO HAVE DROPPED OUT OF HIGH SCHOOL

JOBS Parents under 20 will receive child care and Educational Activities until they obtain a High School Diploma or GED

PRESENT PROGRAMS no requirement

State options include:

1. Full-time educational activity
2. Exemption of parents under 28 if in area without a program, or if state resources are not available.
3. Work or training activities for parents 18 or 19.

ADVANCED TRAINING OR EDUCATION

JOBS permits long term vocational or postsecondary education

PRESENT PROGRAMS limit training to one year

WORK PROGRAM ACTIVITIES

JOBS requires operation of more work program activities and increases funding

PRESENT PROGRAMS funding limits the number of activities operated; few are required

SOME AFDC RECIPIENTS ARE EXEMPT FROM WORK PROGRAMS

JOBS if personally caring for child under age 3, or at state option age 1 and if child is under 6 participation is limited to 20 hours per week

PRESENT PROGRAMS if personally caring for child under age 6

JOBS if in 2nd Trimester of pregnancy or later

PRESENT PROGRAMS if in 3rd trimester of pregnancy or later

JOBS if second parent in an AFDC-UP case unless state guarantees child care

PRESENT PROGRAMS no AFDC-UP program in Alaska

TARGETED JOBS POPULATION

1. Persons who have received AFDC for any 36 of the preceding 60 months, or
2. Custodial parents under age of 24 who:
 - a. have not completed high school and are not enrolled in high school at the time of application for AFDC, or
 - b. had little or no work experience in the previous year, or
3. Members of a family whose youngest child is within 2 years of being ineligible for AFDC.

55% OF JOBS FUNDS MUST BE SPENT FOR THESE TARGETED POPULATIONS

TRANSITIONAL MEDICAL AND CHILD CARE:

The Benefits a Family Receives When They Go From Welfare to Work

EXISTING LAW

Child Care

- * No child care offered except for families who apply for State Day Care Assistance
- * WIN clients can get 3 months of child care when leaving welfare for work.

Medicaid

- * Most families who leave welfare for work get 4 more months of Medicaid coverage
- * A few families under special circumstances receive 9 months of Medicaid coverage.

Child Support

- * Child Support Enforcement collection activity continues, but support payments are sent directly to the family

WELFARE REFORM

Child Care

- * A parent who leaves welfare for work will receive 12 months of child care
- * Child care costs will be covered on a sliding scale based on income
- * Providing affordable child care to families leaving welfare will support their transition into the workforce

Medicaid

- * Families who leave welfare for work will get 12 months of Medicaid coverage
- * Providing transitional Medicaid coverage will allow welfare recipients entering the work force to remain there without worrying about unanticipated medical expenses

Child Support

- * Child support collections will greatly increase due to expanded and strengthened provisions of Child Support Enforcement.

STATE "JOBS" PLAN PROCEDURES

AFDC Agency Must Coordinate Program

Must Obtain Public Comment

Must Obtain Adult Ed/Voc. Ed/JTPA Comments

Must Consult with Department of Education and Department of Community and Regional Affairs

60-Day Review by State Job Training Coordinating Council

Approval by Governor

Approval by Secretary of Health & Human Services

Re-write Plan at Least Every Two Years

ALASKA NATIVE ORGANIZATIONS

- * Alaska Native Organizations May Participate Separately in JOBS
- * Application Submitted by 4/13/89
- * Direct Funding to the Native Organization
 - Will Reduce State JOBS Funding
 - Matching Funds not required from Alaska Native Organization (100% Funding)
- * Share of funding based on % of adult Native AFDC recipients as a % of State's adult AFDC population
- * Only one organization will be approved in each of the 12 regions

IMPLEMENTATION OF WELFARE REFORM PROVISIONS

PROVISIONS	State FY89				State FY90				State FY91		
	JUL 88	OCT 88	JAN 89	APR 89	JUL 89	OCT 89	JAN 90	APR 90	JUL 90	OCT 90	JAN 91
AFDC Earnings Disregard											
Transitional Medical/Child Care											
Two Parent Family Coverage											
JOBS Program											

IMMEDIATE INCOME WITHHOLDING IN IV-D CASES

By November 1990, States must have laws requiring immediate income withholding:

1. In ALL IV-D cases with new or modified orders

UNLESS

- * There is a written agreement between the parties for an alternative arrangement
- * The court finds good cause not to implement withholding (for these exceptions, as required under existing law, a 30-day arrearage triggers withholding)

2. In ALL IV-D cases with existing orders

WHEN

- * The absent parent requests withholding
- * The custodial parent requests, and state approves, withholding
- * The state chooses to implement withholding

MANDATORY GUIDELINES

By October, 1989, states must have mandatory guidelines which are a rebuttable presumption,

THAT IS:

the guidelines must apply unless:

- * A written finding is made, based on state-developed criteria, that application of the guidelines would be unjust or inappropriate in a particular case

GUIDELINES MUST BE REVIEWED AT LEAST ONCE EVERY 4 YEARS

REVIEW AND MODIFICATION OF ORDERS

By October, 1990, states must have a plan to review and modify orders in IV-D cases at the request of:

- * the absent parent;
- * the custodial parent; or
- * the IV-D agency

By October, 1993, with respect to orders in IV-D cases, states must implement a process of periodic review and modification in accordance with the guidelines, if appropriate

UNLESS

- * in AFDC cases, the state determines it would not be in the best interest of the child and neither parent has requested review
- * in non-AFDC cases, neither parent has requested a review

The State must notify parties of:

- * their right to a review;
- * the date of a review, 30 days in advance;
- * any proposed modification and allow 30 days to challenge the modification

PATERNITY ESTABLISHMENT

1. AUDIT PENALTY FOR FAILURE TO MEET PERFORMANCE STANDARD

- * Beginning October 1, 1991, a state's paternity establishment percentage must equal or exceed:
 - * 50%; or
 - * the national average; or
 - * be 6 percentage points more than it was in FY88 and increase by an additional 3 percentage points for each year after FY92.

- * The paternity establishment percentage is:

Number of all children in IV-D cases born out of wedlock FOR WHOM PATERNITY HAS BEEN ESTABLISHED

- DIVIDED BY -

Number of children in IV-D cases born out of wedlock

- * The Secretary must include data on which paternity establishment percentage is based in the annual report to congress

2. GENETIC TESTS

- * Beginning November 1, 1989, any party may request, and the state must provide, genetic tests in a contested paternity case
- * States may charge any party not receiving AFDC for the costs of the tests
- * Beginning October 1, 1988, federal reimbursement is available at 90% of the laboratory costs of paternity testing

3. STATES ENCOURAGED TO ADOPT CIVIL PROCEDURES FOR PATERNITY ESTABLISHMENT, INCLUDING VOLUNTARY ACKNOWLEDGEMENT.

4. CLARIFICATION OF 1984 AMENDMENTS REQUIREMENT

- * Paternity must be established for any individual who was under age 18 on August 15, 1984, regardless of whether a prior action for paternity establishment was dismissed because of a former statute of limitations

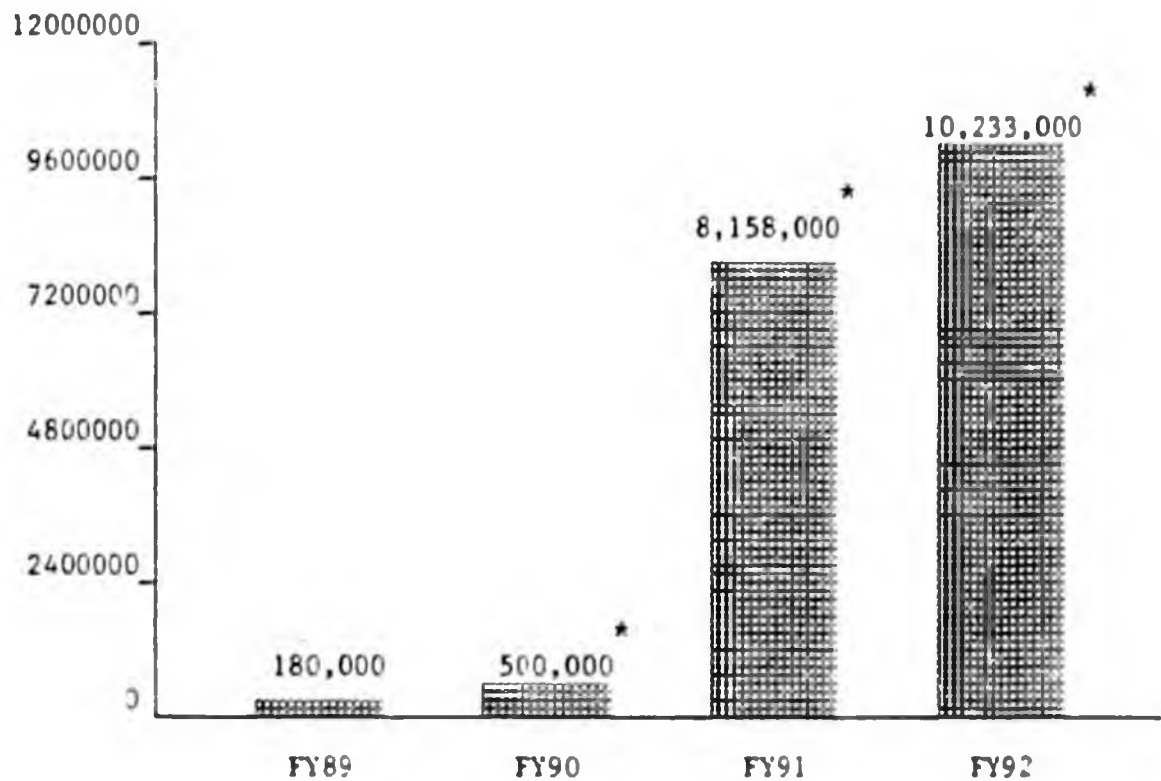
SOCIAL SECURITY NUMBERS PROVIDED AT BIRTH

Effective November, 1990, states must require parents to provide SSNs to state when Birth Certificate is issued

- * SSNs are to be provided to IV-D agencies for child support enforcement purposes

- * SSNs are not to appear on birth certificates

ESTIMATED STATE FUNDING NEEDED
TO IMPLEMENT WELFARE REFORM



FEDERAL MATCHING FUNDS WILL BE AVAILABLE AT SLIGHTLY ABOVE 50/50

*INCLUDES PLANNING AND PROGRAM COSTS, BUT DOES NOT INCLUDE POSSIBLE NEW ADMINISTRATIVE COSTS STARTING IN FY'91. INCLUDES CHILD CARE COSTS, SOME OF WHICH ARE ALREADY BUDGETED IN THE STATE DAY CARE ASSISTANCE PROGRAM.

4/19/89

PROPOSED AMENDMENTS

OFFERED IN THE HOUSE

TO: CSSCR 2 (FINANCE)

Page 2, lines 4-5:

Delete:

"...a public member to be appointed by the
Governor;"

Page 2, after line 16:

Insert a new clause to read:

"FURTHER RESOLVED that the task force shall establish a
formal subcommittee structure to facilitate public
participation, to examine the options available to
the state under the Family Support Act, and to make
recommendations to the task force; and be it"

Original sponsors: Uehling, Sturgulewski,
and Pearce

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE CONCURRENT RESOLUTION NO. 2 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 Establishing a Family Support Task
6 Force.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS Congress enacted the Family Support Act of 1988 which changes
9 many federal laws related to paternity actions, child support, Aid to
10 Families with Dependent Children, Medicaid, and other programs; and

11 WHEREAS the Act requires the state to make changes in Alaska Statutes,
12 rules, and regulations related to these same areas and allows the state to
13 make other changes if the state chooses to do so; and

14 WHEREAS changes made to comply with the Act may have significant
15 fiscal ramifications as well as an effect on the day-to-day operations of
16 state programs; and

17 WHEREAS a comprehensive review of statutes, rules, regulations, and
18 policies related to family support is needed in order to determine how the
19 state can comply with the changes required by federal law and use the
20 options allowed so that the goals of the Family Support Act and the pol-
21 icies of the State of Alaska can be most effectively met in relation to
22 family support:

23 BE IT RESOLVED by the Alaska State Legislature that a Family Support
24 Task Force is established to

25 (1) study Alaska Statutes, rules, regulations, and policies
26 related to family support;

27 (2) recommend to the legislature any changes to the statutes
28 appropriate and necessary for complying with the Family Support Act of
29 1988, using options granted by that Act, or otherwise improving state laws

1 and programs related to family support issues; and

2 (3) investigate the feasibility of applying for demonstration
3 projects under Title V of that Act; and be it

4 FURTHER RESOLVED that the task force shall consist of a public member
5 to be appointed by the Governor; the persons who chair the Senate and House
6 Finance and Health, Education, and Social Services Committees; and the
7 commissioners, or their designees, of the following departments:

- 8 (1) Department of Labor;
- 9 (2) Department of Education;
- 10 (3) Department of Health and Social Services;
- 11 (4) Department of Community and Regional Affairs; and
- 12 (5) Department of Revenue; and be it

13 FURTHER RESOLVED that the task force shall involve members of the
14 public during the course of its work and shall actively seek testimony and
15 advice from ^{persons} clients of (state agencies) who are affected by Titles I - V of
16 the Family Support Act; and be it

17 FURTHER RESOLVED that the terms of task force members shall begin
18 immediately and that the task force shall expire upon the convening of the
19 First Session of the Seventeenth Alaska State Legislature; and be it

20 FURTHER RESOLVED that the task force shall submit to the legislature
21 upon its convening in 1990 a report containing

22 (1) findings with respect to previous changes made by the legis-
23 lature, the judicial system, and the affected departments in response to
24 the Family Support Act of 1988;

25 (2) recommendations for future legislative, judicial, and execu-
26 tive actions in response to the Act; and

27 (3) specific legislative proposals to implement the changes
28 required or allowed by the Act or to otherwise implement a comprehensive
29 and cost effective policy related to family support issues in the state;

1 and be it

2 FURTHER RESOLVED that the administrative and legal services of the
3 Legislative Affairs Agency shall be made available to the task force.

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

Summary for SCR 2

SCR 2 is a member of a group of companion bills which replace the AFDC program with a new Family Support program which emphasizes work, child support, and need based family support supplements.

The program also encourages and assists parents of children in need to obtain the education, training and employment needed to avoid long term welfare dependence.

SCR 2 creates a Task Force which will facilitate interdepartmental cooperation in crafting a Family Support program which meets the needs of Alaskans receiving public assistance and meets federal mandates, as well as provide legislative and public input into the process.

This Task force is necessary due to the complex nature of the federal mandates. Federal requirements cross department lines over issues of childcare, child support, education, medicaid and Family Support payments. The failure of one Department to comply with federal law can result in loss of federal funding for a different Department. Thus, the Family Support program needs the systems wide perspective that this task force provides.

STATE OF ALASKA

BILL VERSION: CS SCR 2 (Finance)

1989 LEGISLATIVE SESSION

PUBLISH DATE: 3/17/89

FISCAL NOTE

REQUEST: _____

REVISION DATE: _____

AGENCY: Dept/Health & Social Services

TITLE: Establishing a Family Support Task ForceBRU: Public Assistance AdministrationSPONSOR: Uehling, Sturgulewski

COMPONENTS: _____

REQUESTOR: Senate Finance

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERS. SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		12.5	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND/BUILD.		-0-	-0-	-0-	-0-	-0-
GRANTS/CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL		12.5	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUNDS		6.25	-0-	-0-	-0-	-0-
FEDERAL FUNDS		6.25	-0-	-0-	-0-	-0-
OTHER		-0-	-0-	-0-	-0-	-0-
TOTAL		12.5	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS:

PREPARED BY: _____



 SENATOR RICK UEHLING, CO-CHAIRMAN
 SENATE FINANCE COMMITTEE
DATE: March 16, 1989PHONE No.: 465-4821

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CS SCR 2 (FIN)

PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: "Establishing a Family Support Task Force." BRU: Employment Security
 Sponsor: Uehling, Sturgulewski & Pearce Components: Employment Services
 Requestor: Senate Finance Work Incentive

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Judy Knight, Deputy Director Phone: 465-2712
 Division: Employment Security Date: 3/17/89
 Approved by Commissioner: Jim Sampson Date: 3/17/89
 Agency: Department of Labor

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

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

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- VI. "Sectional Analysis of the Family Support Act of 1988"
Council of State Governments
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American Public Welfare Association
- VIII. PL 100-485 "Family Support Act of 1988"

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act Establishing a Family Support Task Force
Sponsor: Uehling, Sturgulewski
Requestor: _____

Agency Affected: Health & Social Services
BRU: PA Administration
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	45.5	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	45.5	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	22.7	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	22.8	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	45.5	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: John R. Taber, Director
Division: Division of Public Assistance

Phone: 465-3347
Date: 2/27/89

Approved by Commissioner: [Signature]
Agency: Health & Social Services

Date: 2/24/89

Distribution (by preparer):
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Office of Management and Budget
Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Establishing a Family Support
Task Force _____
Sponsor: Uehling, Sturgulewski, Pearce
Requestor: Senate HESS

Agency Affected: Department of Revenue
BRU: Child Support Enforcement Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Linda Lanzston
Division: Child Support Enforcement Division
Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Phone: 276-3441
Date: March 14, 1989
Date: 3/14/89

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

POSITION PAPER

SENATE CONCURRENT RESOLUTION NO. 2

Senate Concurrent Resolution 2 provides for the creation of a Family Support task force comprised of the Chairs of the Senate and House Health, Education and Social Services Committees and the Senate and House Finance Committees, and the Commissioners, or their designees, of the Departments of Health and Social Services, Revenue, Community and Regional Affairs, Education, and Labor to plan the implementation of the Family Support Act of 1988 (Welfare Reform).

The resolution notes that the Act may have significant fiscal and operational impacts on a number of state programs and will require a comprehensive review of statutes, rules, regulations, and policies related to family support. It clearly sets forth an expectation that the State will both comply with the Act and use the options that it allows to achieve the goals of the Act and the policies of the State in an effective manner.

In response to passage of the Family Support Act of 1988 by the U.S. Congress and its signing into law on October 13, 1988, the Department began its own assessment of the resources that it would need in order to meet the ambitious implementation objectives that the Act requires. Among the conclusions reached was a basic tenet which is embodied in this resolution: to effectively implement the Family Support Act of 1988 in Alaska, the concerted efforts of all five Executive Branch departments named in the resolution would be required. Fortunately, four of the five departments have already agreed to work together under the aegis of the Governor's Mini Cabinet on Employment and Training. Thus a foundation already exists for the interdepartmental cooperation that is needed. In this environment, we are pleased to receive this expression of interest in the welfare reform implementation process from the legislature and welcome the suggested legislative participation. As part of planning welfare reform implementation, we also hope to include representation from the public and such private, non-profit agencies as the Alaska Legal Services Corporation, the Alaska Federation of Natives, one or more non-profit ANCSA corporations, and other, similar interest groups. We would hope that the wording of the resolution would not be interpreted to limit the task force membership to the individuals named in the resolution, but would be read broadly enough to include additional participation by other individuals and organizations.

We would also point out that a fiscal note accompanies the resolution to provide a small amount of funding which is not otherwise available to pay the cost of bringing non-legislative members of the task force to the task force meetings. All other

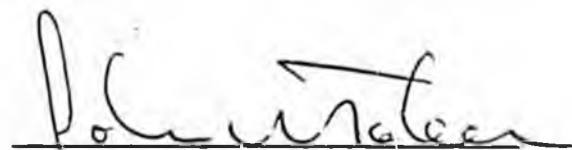
expenses of the task force, including coordination of meetings, preparation of meeting minutes, publication of meeting times and places, and publication of task force findings and recommendations will be paid by the respective agencies, and particularly by the Department of Health and Social Services, in which the state Welfare Reform Coordination team is located.

Finally, in view of the extremely tight implementation deadlines provided by the Act, we would recommend that the terms of the task force members begin immediately, rather than on July 1, 1989, as set forth in the resolution.

RECOMMENDATION

The Department of Health and Social Services recommends that the legislature approve Senate Concurrent Resolution No. 2, with legislative intent consistent with the remarks contained in this position paper.

Recommended by:

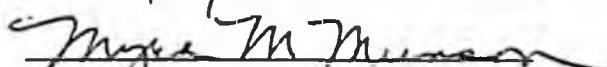


John R. Taber, Director
Division of Public Assistance

Date:

2/21/89

Approved by:



Myra D. Munson, Commissioner
Department of Health &
Social Services

Date:

2/24/89

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

FAMILY SUPPORT ACT of 1988

(P.L. 100-485)

WELFARE REFORM

November 11, 1988

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FAMILY SUPPORT ACT of 1988
(P.L. 100-485)

On October 13, 1988, when President Reagan signed into law the Family Support Act of 1988 (PL 100-485), the legislation was billed as the most comprehensive overhaul of the Aid to Families with Dependant Children (AFDC) program since it was enacted in 1935. Passage of the bill was the culmination of a two year bipartisan effort by the nation's governors to change the current welfare system from what is now primarily an income maintenance system with a minor work component into a system that fosters self-sufficiency.

The governors, in their reform package, stressed the importance of strengthening the nation's child support enforcement system and creating a new national education, training, and employment program to provide critical services to welfare clients to enable them to become self-sufficient, economically independent citizens. Child and medical care and a minimum level of support to families were also viewed as fundamental.

Why the welfare reform debate?

Simplistically, three factors drove this effort:

- a. a view that the current system was archaic, not having kept pace with societal norms, especially with regard to growing female participation in our work force;
- b. that the current system increased poverty rather than cured it; and
- c. because of that, the current system was socially and economically too expensive.

With liberals, conservatives and moderates generally agreeing about what was wrong with the system, consensus was created for the first time in decades about what direction a reform should take. This created a hospitable environment and considerable momentum for Congress to move forward with reform legislation.

Will welfare reform succeed?

The bill that passed Congress was the product of tremendous compromise. The final price tag, \$3.4 billion is a significant reduction from the House version of \$7 billion and a slight rise from the Senate's goal of \$2.8 billion. Many client-oriented provisions were dropped from both measures because they were

considered too expensive. Thus the bill, while a significant step forward, does not meet all the original policy tests of the nation's governors. Its passage cannot be expected to eradicate poverty or cure disenfranchisement experienced by welfare clients today. However, the bill does address some basic deficiencies of the current system by aiding a person in the "transition zone" from welfare dependency to economic independence. Lack of affordable child care, health insurance, and marketable job skills create barriers to getting off public assistance. Welfare reform tries to remove those barriers and increase incentives for a transition to self-sufficiency.

THE FUNDAMENTAL CONCEPTS OF THE WELFARE REFORM LAW

1. Children's basic needs must be protected:

Welfare exists because it provides for the most basic needs of food, shelter, clothing, and medical care to the nation's poorest people, mostly children. Every child has a right of access to a certain standard of living, and that commitment must be maintained. Alaska's welfare system does a good job of providing basic needs. Each month in Alaska, some 12,000 young Alaskans under the age of 18 get their basic needs met from the state in the form of an AFDC check, food stamps, or medical coverage. Nearly \$170 million in benefits will be distributed this year through these programs.

Law Changes

This commitment to maintain an existing level of benefits is stated in the law and cannot be retrenched upon for fiscal reasons.

2. The family has the primary responsibility:

Both parents are primarily responsible for their children and should have an obligation to strive to become self-supporting. In return, government has a reciprocal responsibility to help families get access to training (if needed), support services, and employment opportunities so they can be successful at meeting their obligations. The current system provides many barriers to helping families - and few incentives.

Law Changes

Since both parents are responsible for the well-being of their child, the legislation beefs up collection of child support payments.

The law mandates certain parents to participate in education, employment, or training. In return, they are guaranteed help with medical costs, child care, and transportation during their training and for one year after they are in the work force.

3. The system should strengthen the family:

Welfare systems should strengthen the family. Study after study shows that divorce and out-of-wedlock births are key ingredients to poverty and welfare dependency. Twenty four states award benefits to single-parent families only, denying services to poor children who live with both parents, and perhaps creating an incentive for family break up.

Law Changes

Alaska does not currently have the unemployed parent option. The law mandates all states adopt this option by October 1990. As many as 1,100 new families may participate in services in Alaska.

4. An emphasis on education and training is essential:

Reform requires a shift in emphasis from income maintenance to a focus on skills improvement. Single mothers can't afford to work at low paying jobs because child care and health costs gobble up their margin of savings. They must enter the job market at a level which will provide adequate income to overcome dependency permanently. A good job is seen as a legitimate goal of the program. A majority of Alaska mothers today work outside the home. Reform measures presume AFDC moms will join the national mainstream of the labor force. Work is seen as a way to cut the feeling of powerlessness, by developing personal dignity, self confidence, and identity.

Law Changes

The law expands the ability to help clients who need education and training before working. It mandates education and work for single parents whose youngest child is over two, and for one parent in a two parent family regardless of age of child (subject to participation rates determined by the law).

SUMMARY OF BASIC NEW PROVISIONS OF WELFARE REFORM

PROVISION	SFY IMPLEMENTED	# OF NEW CLIENTS	COST
1) Benefits must be paid to two parent families.	SFY 91	861	\$3.8 million
	SFY 92	1,148	\$5.0 million
2) Access to basic skills development, education, and training is provided.	SFY 91	4,000	\$700,000 jobs \$300,000 child care
3) Guaranteed child care and medical coverage while transitioning into the work force. Federal funds are available when matched with state funds.	=====Child Care=====		
	SFY 90 (4th quarter)	75	\$733,000
	SFY 91	550	
	=====Medical=====		
	unknown	unknown	unknown
4) Stronger child support enforcement powers.	SFY 89	unknown	unknown

KEY FEATURES OF THE FAMILY SUPPORT ACT

What follows is a more detailed analysis on the provisions of the law and the impacts of Alaska where available.

A. Cash and Medical Benefits For Unemployed Parents:

For many years, states have had the option of covering two-parent households in which the principal wage earner is unemployed, under the old AFDC program. Twenty-six states have adopted this coverage. The Act now requires states to provide

coverage to unemployed parents at least six months out of every twelve. To qualify, the unemployed parent must have worked fewer than 100 hours per month in the month prior to the time of application, and must have worked during six or more of the previous 13 quarters. The state may elect to substitute certain education attendance for up to four of the six quarters.

Alaska Impact

Alaska has not elected to exercise the "unemployed parent" option in the past. The State will be required to add these families by October 1, 1990. The preliminary estimate is that adding this group to the AFDC program will increase the caseload by about fifteen percent (1,148 cases per month), at a cost of ten to eleven million dollars for cash benefits and additional costs for Medicaid (see composite estimate of new Medicaid costs below). All of these costs will be shared 50/50 with the federal government. These estimates assume full, 12-month cash and medical coverage.

B. Job Opportunities and Basic Skills Training (JOBS)

The Act repeals the WIN (Work Incentive) program in the work programs established under the old AFDC program and replaces them with JOBS. The key differences between the old programs and the new are:

1. more clients must participate,
2. supportive services must now be increased,
3. federal funding levels will increase and match funds are available for new services,
4. federal funds are targeted to long-term dependent individuals, and
5. phased-in performance standards are imposed on the states.

Former law exempted parents whose youngest child was under the age of six from work programs participation. JOBS requires those whose youngest child is three (or, at state option, one) or older to participate.

The state must allow exempt individuals to participate as volunteers.

Based on an employability plan, which must be developed for each participant, in consultation with the participant, the state must provide the required

1. basic education and skills training,
2. job skills training,
3. job readiness activities, and
4. job development and placement.

Each state must also offer at least two of the four following program components:

1. grant diversion,
2. community work experience/other work experience
3. job search, and
4. on the job training.

No individual may be required to participate in any JOBS program activity unless adequate child care is provided and payment or reimbursement is made for transportation or other work-related expenses as necessary for participation.

All of the incentives to go to work that were in the old AFDC law remain in the new and some have been increased allowing the family to retain more of their earnings in the calculation of their remaining welfare entitlement. The basic work-related expenses allowance has been increased from \$75 to \$90. The child care allowance has been increased from \$165 per child to \$175 per child (\$200 for infants under age 2).

The Act mandates that the state first serve volunteers within the targeted groups. It also retains some fairly strict limitations in the old welfare to work laws on the jobs in which a participants may be placed for training purposes. The ability of the Alaskan economy to generate the new jobs that will be required will be a significant factor in our ability to respond.

Federal funding to help support the JOBS program has been substantially increased over the amounts available under WIN and the AFDC work programs. This funding is phased in over an eight year period, intended to correspond to the phased-in performance standards that are imposed on the states. The funding for operating the basic program is capped, forcing the states to either operate within those limits or provide 100 percent of the additional cost out of state funds. This cap does not apply to the child care costs or the transitional child care and medical

costs, both of which are open-ended entitlements at the usual 50/50 match rate.

The 90/10 match rate that applied to WIN funding has been retained for part of the cost of JOBS, with additional direct program costs matched at 60/40 and administrative costs matched at 50/50. A state can lose its rights to these favorable match ratios, however, if it either:

1. fails to expend at least 55 percent of the funds for services to certain groups that the law defines as "long-term dependent," or
2. fails to achieve the mandated participation standards. Those standards start at 7 percent of the eligible participants in 1990 and increase to 20 percent in 1995.

Alaska Impact

Very preliminary estimates indicate that the JOBS program will more than double the present 3,275 mandatory WIN and Employment Search clients to a total of 7,000 in 1990. The largest increase comes from reducing the youngest child's age from six to three for exemption. Unemployed parents will also increase the participant universe. Alaska's share of the national JOBS funding in FY 91 is \$2.2 million. The state match requirement is roughly estimated at \$1 million. Of this amount, \$300,000 is already available in the DHSS and DOL WIN components. These amounts do not include child care costs. Matched 50/50 with the federal government, child care is estimated at \$606,000 in FY91 (\$303,000 state share). It would be permissible under federal law to meet Alaska's match requirement for child care costs either out of new appropriations or out of funding presently available to the state Day Care Assistance Program.

C. Transition Benefits While Working

Study after study has shown that the two greatest barriers to a successful transition from welfare to work are the lack of adequate, affordable child care and the sudden emergence of medical needs for which the new employee has neither sufficient earnings nor medical insurance coverage. The Family Support Act seeks to remedy this problem in two ways:

1. by creating a new entitlement to day care assistance for up to twelve months for anyone who leaves assistance due to increased earnings and
2. by revising the current extended Medicaid benefits