

**ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672**

**6862 HOUSE HEALTH EDUCATION & SOCIAL SERVICES**

HB

480

Co-Chair  
Health, Education and  
Social Services Committee

Resources Committee

Legislative Budget and Audit

Special Committee  
on Oil and Gas

# Alaska State Legislature



Representative Patrick J. Carney

During Session:  
State Capitol  
P.O. Box V  
Juneau, Alaska 99811  
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## HOUSE BILL 480

### *An Act relating to the bonding of hearing aid dealers*

Under current statute, an employee of a hearing aid dealer is required to file a \$5,000 surety bond as a condition of licensure. This requirement can be cumbersome and costly for dealers with more than one or two employees.

House Bill 480 would amend AS 08.55.030(a) to allow the dealer the option of filing a company bond in the amount of \$10,000 to cover all the dealer's employees. Employees of the hearing aid dealer would not be required to file an individual bond.

The bill adds a section providing that the dealer would be held liable in the event of negligence by an employee.

The Department of Commerce and Economic Development supports this legislation.

*Sponsor Statement*

HB 480: An Act relating to the bonding of hearing aid dealers.

HB 480 would remove the requirement for individual employees of a hearing aid dealer to be bonded. It would also increase the amount of bonding for the dealer to increase from \$5,000 to \$10,000 if the dealer has employees.

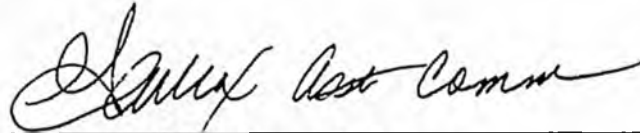
The department supports these changes. It also would recommend the following amendments:

AS 08.55.030(a)(2) . . . amounts that may be adjudged against the applicant or his or her employees . . . .

AS 08.55.150(a) Unless a person is licensed or is the employee of a licensee under this Chapter or AS 08.11, the person may not . . .

We would recommend exempting employees from licensure entirely. If the employer is made responsible as outlined above, there would likely be a greater screening process during the hiring phase. This would eliminate multiple licensing files per business.

We would suggest some wording that the bond be maintained in the amount of \$10,000 so that the amount is not exhausted by claims during the license period.



Glenn A. Olds, Commissioner

Date: 3.24.92

GAO/AB/sh1692D  
032092a

Commerce Position

1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Commerce & Economic Development  
 Title: An Act relating to the bonding of hearing aid dealers. BRU: Occupational Licensing  
 Component: Administration  
 Sponsor: Rep. Carney  
 Requestor: House HES COMPONENT SERIAL NO. 

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

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

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

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

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

The bill exempts employees of a hearing aid dealer from the bonding requirement; however, it increases the bond from \$5,000 to \$10,000 for hearing aid dealers with employees. New funds are not required to implement this bill.

Prepared By: Jennifer Strickler Phone: 465-2144  
 Division: Occupational Licensing Date: 03/23/92  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Commerce & Economic Development Date: 3-24-92

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

# HOUSE COMMITTEE REPORT

7)

Date Referred: February 18, 1992

FURTHER REFERRALS:

Labor & Commerce

Date of Committee Action: 3/26/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 480

HOUSE BILL NO. 480

BONDING FOR HEARING AID DEALERS

An Act relating to the bonding of hearing aid dealers."

**RECOMMENDATIONS:**

be replaced with CS HB 480 (HES)  the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Commerce

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO PASS</u>	DP	<u>OTHER RECOMMENDATIONS</u>	DNP	NR	AM
<i>Deonjane Lind</i>	✓				
<i>Mary Miller</i>	✓				
<i>Betty Davis</i>	✓				
<i>J. E. Gonzalez</i>	✓				
<i>Chris Davis</i>	✓				
<i>Pat Carney</i>	✓				

*Deonjane Lind*  
CO-CHAIRMAN'S SIGNATURE

7-LS1987D

Bannister

3/25/92

## CS FOR HOUSE BILL NO. 480 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVE CARNEY

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to the bonding of hearing aid dealers."

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

3 \* Section 1. AS 08.55.030(a) is amended to read:

4 (a) Except as otherwise provided in this section, an [AN] applicant for a license under  
5 AS 08.55.010 shall at the time of applying for the license file with the department a surety bond  
6 in the amount of \$5,000 running to the state and conditioned on the applicant's promise to pay  
7 all

8 (1) taxes and contributions due the state and political subdivisions of the state;

9 (2) amounts that may be adjudged against the applicant by reason of negligently

10 or improperly dealing in hearing aids or breaching a contract when dealing in hearing aids.

11 \* Sec. 2. AS 08.55.030(c) is amended to read:

12 (c) The bond in the amount required by this section remains in effect until cancelled by  
13 action of the surety, the principal, or the department. A person may not commence an action on  
14 the bond later than three years after cancellation of the bond.

1 \* Sec. 3. AS 08.55.030 is amended by adding new subsections to read:

2 (d) An applicant for a license under this section who is an employee of a hearing aid  
3 dealer, acts as a hearing aid dealer in the employment, and does not act as a hearing aid dealer  
4 outside the employment, is not required to file the bond required by (a) of this section if the  
5 employer files with the department a surety bond in the amount of \$10,000 that covers the  
6 employees of the hearing aid dealer, runs to the state, and is conditioned on the employer's  
7 promise to pay all

8 (1) taxes and contributions due the state and political subdivisions of the state;

9 (2) amounts that may be adjudged against the employer or the employees by  
10 reason of the employees negligently or improperly dealing in hearing aids or breaching a contract  
11 when dealing in hearing aids.

12 (e) The bond under (d) of this section may be used to satisfy the bonding requirement  
13 for the employer under (a) of this section if the bond is also conditioned on the employer's  
14 promise to pay all amounts that may be adjudged against the employer by reason of the employer  
15 negligently or improperly dealing in hearing aids or breaching a contract when dealing in hearing  
16 aids.

(6) "compensation" means payment for services including wages or other remuneration but not including reimbursement for actual expenses incurred;

(7) "department" means the Department of Commerce and Economic Development;

(8) "field" means an area outside of established year-round dwellings, businesses, or other developments usually associated with a city, town, or village; "field" does not include permanent hotels or roadhouses on the state road system or state or federally maintained airports;

(9) "game management unit" means one of the 26 geographic areas defined by the Board of Game for game management purposes;

(10) "guide-outfit" means to provide, for compensation or with the intent or with an agreement to receive compensation, big game commercial hunting services in the field; "guide-outfit" includes accompanying or being present with a big game hunter in the field either personally or through an assistant; "guide-outfit" does not include the provision of transportation to, from, or in the field if the person providing the transportation and the person being transported do not stalk, pursue, track, kill, or attempt to kill big game during the provision of transportation;

(11) "hunting club" means an organization that offers use of property or services to individuals who pay a membership fee for the privilege of using the property or services for hunting;

(12) "spike camp" means a camp in the field other than a base camp and includes a fly camp or an overnight camp;

(13) "transportation services" means the carriage for compensation of big game hunters, their equipment, or big game animals harvested by hunters to, from, or in the field; "transportation services" does not include the carriage by aircraft of big game hunters, their equipment, or big game animals harvested by hunters

(A) on nonstop flights between state or federally maintained airports; or

(B) by an air taxi operator or air carrier for which the carriage of big game hunters, their equipment, or big game animals harvested by hunters is only an incidental, as defined by the board, portion of its business;

(14) "unethical activity" means

(A) deception or misrepresentation involving prospective or actual clients either before, during, or following the provision of big game commercial services, including misrepresentations through private or public advertising of the type, duration, cost, or conditions of the services;

(B) making a guaranty that a species or certain number of species of game will be taken on a hunt;

(C) engaging in unsafe or unsportsmanlike activities that are detrimental to the game resources of the state, as defined by regulations of the board, including violations of state hunting or big game commercial services statutes or regulations; or

(D) accepting a deposit for big game commercial services without providing before the services are rendered a signed written contract to provide the services. (§ 3 ch 37 SLA 1989)

Chapter 55. Hearing Aid Dealers.

Section	Section
10. Qualifications for license	110. Cancellation option
20. Renewal of license	120. Testing of hearing
30. Bond required	130. Grounds for imposition of disciplinary sanctions
40. Fees	140. Disciplinary sanctions
50. Items to be provided by hearing aid dealer	150. Prohibited acts
60. Prior medical evaluation	160. Penalty
70. Transmittal of hearing aid by mail	170. Notice of place of business
80. Complaints	180. Procedures
100. Calibration requirements	200. Definitions

Cross references. — For legislative findings and purpose related to this chapter, see § 1, ch. 131, SLA 1986, in the Temporary and Special Acts.

Sec. 08.55.010. Qualifications for license. (a) The department shall issue a license to act as a hearing aid dealer to an individual who

- (1) is 18 years of age or older;
- (2) applies on a form provided by the department;
- (3) has a high school diploma or the equivalent;
- (4) has a business license issued under AS 43.70.020;
- (5) furnishes evidence satisfactory to the department that the individual has not engaged in conduct that is a ground for imposing disciplinary sanctions under AS 08.55.130;
- (6) submits with the application a statement disclosing whether the applicant

(A) has, during the five-year period immediately preceding the date of the application been convicted of a felony, or had a final judgment entered against the applicant in a civil action, if the felony or civil action involved fraud, embezzlement, or misappropriation of property;

(B) is subject to an injunctive order that is currently in effect from a pending proceeding or action brought by a public agency;

(C) is a defendant in a pending criminal or civil action relating to fraud, embezzlement, misappropriation of property, or the antitrust or trade regulation laws of the United States or a state;

(D) has, during the five-year period immediately preceding the date of the application, been reorganized, had a debt adjustment, or has

been adjudicated a bankrupt under bankruptcy proceedings due to insolvency or was a principal executive officer or general partner of a business that has been reorganized, had a debt adjustment, or has been adjudicated a bankrupt due to insolvency during the five-year period;

(7) furnishes a description of each item in (6) of this subsection that the applicant disclosed as being applicable to the applicant.

(b) An individual who is a physician or an audiologist may deal in hearing aids without being licensed under this chapter, but shall comply with AS 08.55.050, 08.55.070, 08.55.100, 08.55.110(a), 08.55.110(b)(3) and (c) — (h), and 08.55.130(7) — (13) when dealing in hearing aids.

(c) If an individual licensed under this chapter has more than one place of business, the department shall, on request and payment of a fee, issue a duplicate license for each place of business of the individual. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.020. Renewal of license.** (a) *[Repealed, § 49 ch 94 SLA 1987.]*

(b) On or before the expiration of a license under this chapter, a licensee may apply for renewal of the license, and the department shall renew the license if the licensee pays the renewal fee, has a current business license to act as a hearing aid dealer under AS 43.70.020, and provides evidence satisfactory to the department that the individual has not engaged in conduct that is a ground for imposing disciplinary sanctions under AS 08.55.130.

(c) *[Repealed, § 49 ch 94 SLA 1987.]*

(d) The department may reinstate a lapsed license under (b) of this section if the license has not lapsed for more than two years and if the person pays a delinquency fee in addition to the renewal fee. (§ 8 ch 131 SLA 1986; am §§ 34, 49 ch 94 SLA 1987)

**Cross references.** — For license duration and further provisions relating to renewal, see AS 08.01.100.

**Effect of amendments.** — The 1987 amendment deleted "one year after the is-

sunance of" following "expiration of" in subsection (b); and repealed subsections (a) and (c), concerning duration, renewal, and lapsing of licenses.

**Sec. 08.55.030. Bond required.** (a) An applicant for a license under AS 08.55.010 shall at the time of applying for the license file with the department a surety bond in the amount of \$5,000 running to the state and conditioned on the applicant's promise to pay all

(1) taxes and contributions due the state and political subdivisions of the state;

(2) amounts that may be adjudged against the applicant by reason of negligently or improperly dealing in hearing aids or breaching a contract when dealing in hearing aids.

(b) In lieu of the surety bond the applicant may file with the department a cash deposit or other negotiable security acceptable to the department in the amount specified for the bond.

(c) The bond required by this section remains in effect until cancelled by action of the surety, the principal, or the department. A person may not commence an action on the bond later than three years after cancellation of the bond. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.040. Fees.** The department shall set fees under AS 08.01.065 for each of the following:

- (1) application;
- (2) hearing aid dealer license;
- (3) renewal of license;
- (4) renewal delinquency;
- (5) duplicate license. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.050. Items to be provided by hearing aid dealer.** (a) A hearing aid dealer shall give the following items to a consumer at the time the consumer contracts with the hearing aid dealer to buy or lease a hearing aid:

- (1) an instructional brochure that contains operating instructions, purchase privileges, and performance data for the hearing aid;
- (2) a statement of the dealer's registration number;
- (3) a statement of the manufacturer's specifications, make, model, and serial number for the hearing aid;
- (4) a clear statement of the full terms of the contract; and
- (5) a written statement indicating that the consumer may file a written complaint about a hearing aid or a hearing aid dealer with the department and giving the mailing address and location address of the department.

(b) Before the sale of a used hearing aid, the hearing aid dealer shall clearly mark the receipt and the container for the hearing aid as "used" or "reconditioned," whichever is applicable, and with the terms of a guarantee that the dealer provides. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.060. Prior medical evaluation.** (a) A hearing aid dealer who is not a physician may not sell or lease a hearing aid unless the prospective user of the hearing aid presents to the hearing aid dealer a written statement signed by a physician stating that the physician has evaluated the prospective user's hearing and that the prospective user is a candidate for a hearing aid.

(b) The exam on which the physician bases the statement required in (a) of this section must have occurred within the six months immediately preceding the date when the prospective user presents the statement to the hearing aid dispenser.

(c) If the prospective user is 18 years of age or older, the hearing aid dealer may afford the prospective user an opportunity to waive in writing the evaluation required by (a) of this section if the hearing aid dealer

(1) informs the prospective user that the exercise of the waiver is not in the best interest of the prospective user's health;

(2) does not actively encourage the prospective user to waive the evaluation; and

(3) affords the prospective user the opportunity to sign the following statement:

I have been advised by (HEARING AID DEALER'S NAME) that it would be in my best interest if I had a medical evaluation by a licensed physician (preferably a physician who specializes in diseases of the ear) before purchasing or leasing a hearing aid.

(PROSPECTIVE USER'S SIGNATURE)

(d) The hearing aid dealer shall retain the evaluation statement of the physician, or the prospective user's signed waiver statement for four years after the date of the sale of the hearing aid. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.070. Transmittal of hearing aid by mail.** If a hearing aid dealer mails a hearing aid to a customer, the dealer shall send the hearing aid by certified mail. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.080. Complaints.** (a) A person may file a complaint with the department about a hearing aid or a hearing aid dealer within three years from the date of the cause of the complaint.

(b) A hearing aid dealer shall prominently display in the business establishment of the dealer a sign indicating that a person may file a complaint with the department about a hearing aid or a hearing aid dealer and giving the mailing and location address of the department. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.100. Calibration requirements.** A hearing aid dealer shall maintain in conformity with the standards set by the American National Standard Institute the calibration of each audiometer used by the hearing aid dispenser, and shall keep a record of the results of the annual calibration of each audiometer used by the dealer. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.110. Cancellation option.** (a) In addition to the cancellation allowed under AS 45.02.350, a person who has purchased or leased a hearing aid from a hearing aid dealer may cancel the sale or lease as provided under (b) of this section or by giving written notice of the intention to cancel the sale or lease to the dealer not later than 30 days following the later of (1) the date the person receives the hearing aid, or (2) the date the hearing aid dealer provides the person with the notice under (c) of this section. The person may use the notice received under (b) of this section to cancel the sale or lease by signing the form where indicated.

(b) In addition to the other rights and remedies the purchaser or lessee of a hearing aid may have, the purchaser or lessee of a hearing aid has the right to cancel the sale or lease by giving written notice of the cancellation to the hearing aid dealer if

(1) the hearing aid dealer is not a physician or an audiologist, and within 60 days from the receipt by the purchaser or lessee of the hearing aid or the notice to be provided under (c) of this section, whichever receipt is later, a physician or an audiologist advises the person in writing to cancel the sale or lease and specifies in writing the medical or audiological reason for the advice; or

(2) the hearing aid dealer, if not a physician or audiologist, has violated a provision of this chapter in the sale or lease of the hearing aid to the person;

(3) the hearing aid dealer who is a physician or audiologist has violated (a) or (c) — (h) of this section or AS 08.55.050, 08.55.070, 08.55.100, or 08.55.130(7) — (13) in the sale or lease of the hearing aid to the person.

(c) A hearing aid dealer shall give a person who has purchased or leased a hearing aid from the dealer notice of the right to cancel the purchase or lease that is substantially identical to the following form with all of the information filled in except the signature and date lines for the purchaser or lessee:

NOTICE OF RIGHT TO CANCEL

\_\_\_\_\_  
Name of Hearing Aid Dealer

\_\_\_\_\_  
Address of Hearing Aid Dealer

\_\_\_\_\_  
Date of Sale or Lease

You may cancel this transaction within 30 days from the date you receive the hearing aid or this notice, whichever is later.

You may also cancel this transaction within 60 days from the date you receive the hearing aid or this notice, whichever is later, if the hearing aid dealer is not a licensed physician or a licensed audiologist

and if a licensed physician or a licensed audiologist advises you in writing to cancel this transaction.

If you cancel this transaction, the property you traded in, the payments you made under the sale or lease (less certain costs allowed by state law) and any negotiable instrument executed by you will be returned within 20 days following receipt by the hearing aid dealer of your cancellation notice, and the hearing aid dealer will cancel any security interest arising out of the sale or lease.

If you cancel, you must make available to the hearing aid dealer, in as good a condition as when received, less normal wear and tear, the goods delivered to you under this sale or lease, unless the dealer notifies you to keep the goods or to hold them until the dealer collects them.

If the goods have been damaged, the hearing aid dealer may deduct from any refund due you the reasonable costs incurred in repairing the goods to make them suitable for resale. If the goods have been damaged beyond repair, you are liable for the full purchase price, even if you are just leasing the goods.

If you make the goods available for the hearing aid dealer to collect after your cancellation, and within 20 days of receiving your cancellation the hearing aid dealer does not collect them from you or provide you with instructions for returning the goods by mail, you may retain or dispose of the goods without further obligation to the hearing aid dealer. If you fail to make the goods available for the hearing aid dealer to collect after your cancellation, then the sale or lease is not cancelled and you remain liable for performance of the obligations of the sale or lease.

To cancel this transaction, mail (by certified mail, return receipt requested) or deliver a signed and dated copy of this notice or another written notice to (name of hearing aid dealer), at (address of hearing aid dealer's place of business) and (hearing aid dealer's telephone number) no later than midnight of (Date).

I hereby cancel this transaction.

(Date) \_\_\_\_\_

\_\_\_\_\_  
(Purchaser's or Lessee's signature)

I have read and understand the terms of cancellation of this purchase/lease.

\_\_\_\_\_  
Purchaser's or Lessee's signature

\_\_\_\_\_  
Date

(d) If a purchaser or lessee of a hearing aid cancels the purchase or lease under (a) or (b) of this section, the hearing aid dealer shall within 20 days of receipt of a notice of the cancellation

(1) refund to the purchaser or lessee all deposits, including the downpayment, less (A) 10 percent of the total purchase price for each 30 days that the purchaser or lessee had the hearing aid, to pay for the reasonable rental value of the hearing aid; (B) the reasonable price of ear molds or custom casings prepared for the purchaser or lessee; and (C) the reasonable costs actually incurred by the hearing aid dealer to make goods that were traded in by the purchaser or lessee ready for sale; the hearing aid dealer may retain the money allowed under this paragraph only up to the amount of a downpayment made by the purchaser or lessee;

(2) return to the purchaser or lessee all goods traded in to the hearing aid dealer as part of the sale or lease;

(3) return to the purchaser or lessee a negotiable instrument signed by the purchaser or lessee; and

(4) cancel a security interest taken by the hearing aid dealer for the purchase or lease.

(e) If the hearing aid returned by the purchaser or lessee has been damaged, the hearing aid dealer may deduct from any refund due the purchaser or lessee the reasonable costs incurred in repairs necessary to make the hearing aid suitable for resale. If the hearing aid is damaged beyond repair, the purchaser or lessee is liable for the full purchase price.

(f) The purchaser or lessee may retain or dispose of the hearing aid if within 20 days of receipt of the notice of cancellation, the hearing aid dealer fails

(1) to collect the hearing aid from the purchaser or lessee; or

(2) to provide the purchaser or lessee with instructions for returning the hearing aid by mail.

(g) If a purchaser or lessee of a hearing aid fails to make the hearing aid available for the hearing aid dealer to collect, the purchaser or lessee remains liable for the purchase or lease.

(h) To give written notice under this section, a person shall deliver the notice to the hearing aid dealer in person or to the place of business of the dealer, or mail the notice to the place of business of the dealer by certified mail, return receipt requested. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.120. Testing of hearing.** (a) A hearing aid dealer may take threshold measurements to determine the need for a hearing aid, but may not perform diagnostic procedures to determine the cause of a hearing impairment or charge a fee for a hearing measurement.

(b) A hearing aid dealer shall include in every printed advertisement for the services of the dealer the following statement bordered in black:

Alaska law permits a hearing aid dealer who is not a licensed physician or a licensed audiologist to test hearing only for the

purpose of selling or leasing hearing aids; the tests given by a hearing aid dealer are not to be used to diagnose the cause of a hearing impairment. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.130. Grounds for imposition of disciplinary sanctions.** After a hearing, the department may impose a disciplinary sanction on an individual licensed under this chapter when the department finds that the person

- (1) secured a license through deceit, fraud, or intentional misrepresentation;
- (2) engaged in deceit, fraud, or intentional misrepresentation in the course of providing professional services or engaging in professional activities;
- (3) advertised professional services in a false or misleading manner;
- (4) has been convicted of a felony or other crime that affects the individual's ability to continue to practice competently and safely;
- (5) failed to comply with a provision of this chapter or a regulation adopted under this chapter, or an order of the department;
- (6) continued to practice after becoming unfit due to
  - (A) professional incompetence;
  - (B) addiction to or severe dependency on alcohol or another drug that impairs the individual's ability to practice safely;
  - (C) physical or mental disability;
- (7) employed a person who did not have a valid current license to deal in hearing aids to perform work covered by this chapter;
- (8) failed or refused to honor a representation, promise, agreement or warranty made by the person while dealing in hearing aids;
- (9) advertised a model, type, or kind of hearing aid for sale that the person does not sell;
- (10) failed to maintain a business address and telephone number at which the individual could normally be reached during regular business hours;
- (11) included in a contract or receipt for the purchase or lease of a hearing aid a confession of judgment or a waiver of a right of the consumer under this chapter;
- (12) used undue influence, coercion, or other wilful act or representation to interfere with the exercise by the consumer of the rights provided in this chapter;
- (13) negotiated, transferred, sold, or assigned a note or other evidence of indebtedness to a finance company or other third party within two months of delivering a hearing aid to a purchaser or lessee of the hearing aid by mail or in person;
- (14) permitted another person to use the licensee's license;
- (15) dealt in hearing aids while suffering from a serious disease that was contagious or infectious. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.140. Disciplinary sanctions.** (a) When it finds that a licensee has committed an act listed in AS 08.55.130, the department may impose the following sanctions singly or in combination:

- (1) permanently revoke a license to practice;
- (2) suspend a license for a determinate period of time;
- (3) censure a licensee;
- (4) issue a letter of reprimand;
- (5) place a licensee on probationary status and require the licensee to
  - (A) report regularly to the department on matters involving the basis of probation;
  - (B) limit practice to those areas prescribed;
  - (C) continue professional education until a satisfactory degree of skill has been attained in those areas determined by the department to need improvement;
  - (6) impose limitations or conditions on the practice of a licensee.
    - (b) The department may withdraw a limitation, condition, or probationary status if it finds that the deficiency that required the sanction has been remedied.
    - (c) The department may summarily suspend a license before final hearing or during the appeals process if the department finds that the licensee poses a clear and immediate danger to the public welfare and safety if the licensee continues to practice. A person whose license is suspended under this subsection is entitled to a hearing by the department no later than seven days after the effective date of the order. The person may appeal the suspension after the hearing to the superior court.
    - (d) The department may reinstate a license that has been suspended or revoked if the department finds after a hearing that the applicant is able to deal in hearing aids with reasonable skill and safety. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.150. Prohibited acts.** (a) Unless a person is licensed under this chapter or AS 08.11, the person may not

- (1) deal in hearing aids;
- (2) use a title indicating or representing that the person deals in hearing aids or is licensed to deal in hearing aids;
- (3) advertise that the person deals in hearing aids.
  - (b) A person may not
    - (1) sell, barter, or offer to sell or barter a license issued under this chapter;
    - (2) purchase or obtain by barter a license issued under this chapter with the intent to use it as evidence of the holder's qualification to deal in hearing aids;
    - (3) materially alter a license issued under this chapter with fraudulent intent;

(4) use or attempt to use as valid a license to deal in hearing aids that has been purchased, fraudulently obtained, counterfeited, or materially altered. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.160. Penalty.** A person who violates AS 08.55.150 is guilty of a class B misdemeanor. (§ 8 ch 131 SLA 1986)

**Cross references.** — For sentences for misdemeanors, see AS 12.55.035 and 12.55.135.

**Sec. 08.55.170. Notice of place of business.** A person who holds a license under this chapter shall notify the department in writing of the regular address of the place or places where the person deals or intends to deal in hearing aids. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.180. Procedures.** The Administrative Procedure Act (AS 44.62) applies to regulations and proceedings under this chapter. (§ 8 ch 131 SLA 1986)

**Sec. 08.55.200. Definitions.** In this chapter

(1) "audiologist" means an individual licensed as an audiologist under AS 08.11;

(2) "dealing in hearing aids" means the sale or lease, or attempted sale or lease of hearing aids, and the recommendation, selection, fitting, or adaptation of hearing aids;

(3) "department" means the Department of Commerce and Economic Development;

(4) "hearing aid" means a prosthetic instrument or device designed for or represented as aiding, improving, or correcting defective human hearing and the parts, attachments, or accessories of the instrument or device; "hearing aid" does not include cochlear implants, middle-ear implants, vibro-tactile speech-reading aids, other aids for cued speech, or group or individual auditory training units and assistive devices;

(5) "hearing aid dealer" means an individual licensed under AS 08.55.010;

(6) "physician" means a person licensed as a physician under AS 08.64. (§ 8 ch 131 SLA 1986)

## Chapter 56. Hotels and Boardinghouses.

### Section

- 10. Registration of travelers
- 20. Effect of refusal to register
- 30. Penalty for noncompliance
- 40. Disposition of fines

### Section

- 50. Liability for valuables
- 60. Baggage liability
- 70. Definitions

**Cross references.** — For hotel or boardinghouse operator's lien, see AS 34.35.510 — 34.35.530.

**Collateral references.** — 40 Am. Jur. 2d, Hotels, Motels and Restaurants, §§ 28-48.

43A C.J.S., Inns, Hotels, and Eating Places, §§ 4-10.

What constitutes a hotel or inn. 19 ALR 517; 53 ALR 988.

Maintenance or regulation by public authorities of tourist or motor camps, courts or motels. 22 ALR2d 774.

**Sec. 08.56.010. Registration of travelers.** The proprietors of roadhouses, hotels, or boardinghouses located outside of incorporated cities shall each keep a register containing the name and address of each guest with the date of arrival and departure. (§ 35-2-161 ACLA 1949)

**Sec. 08.56.020. Effect of refusal to register.** A person who refuses to register may not be accepted as a guest or given accommodations. (§ 35-2-161 ACLA 1949)

**Sec. 08.56.030. Penalty for noncompliance.** The proprietor of a roadhouse, hotel, or boardinghouse who fails to comply with this chapter is punishable by a fine of not less than \$10 or more than \$25, or by imprisonment for not more than 10 days, or by both. (§ 35-2-162 ACLA 1949)

**Sec. 08.56.040. Disposition of fines.** All fines collected under this chapter shall be deposited in the general fund. (§ 35-2-162 ACLA 1949)

**Sec. 08.56.050. Liability for valuables.** (a) When the operator of a hotel or boardinghouse provides a safe or vault in which guests may deposit valuable property for safekeeping and notice of this fact is posted in three or more conspicuous places in the hotel or boardinghouse, the operator is not liable for the loss, damage, or destruction of property not deposited by a guest in the safe or vault.

(b) An operator of a hotel or boardinghouse is not obligated to receive property on deposit for safekeeping as provided in (a) of this section that exceeds \$1,000 in value. If property exceeding \$1,000 in value is deposited in the hotel or boardinghouse safe or vault, the

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HB 482 "An Act relating to eligibility for a family education loan."

Fiscal Note (Blue) - 0 - DOE, Postsecondary Ed

1. Sponsor Statement
2. Article 8. Alaska Family Education Loan Program

STATE OF ALASKA  
House of Representatives  
District 27

Representative Cliff Davidson  
Chairman  
House Resources Committee



Box V, Juneau, AK 99811  
(907) 465-2487  
Box 746, Kodiak, AK 99615  
(907) 486-8250

SPONSOR STATEMENT

Representative Cliff Davidson

House Bill 482

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Under current statute, in the Alaska Family Education Loan Program, parents can only borrow money for their children's postsecondary education if their children are still claimed as dependants on their federal income tax returns. This proposed legislation would allow parents to borrow money for their children's education, even if their children are no longer dependant for federal tax purposes.

As sponsor of the original enabling legislation in 1988, I feel strongly that this revision would improve the current Alaska Family Education Loan Program. More and more students today live on their own throughout their postsecondary education. However, many parents still wish to help their children finance their education. This proposed change would allow parents whose children are no longer "dependant" under federal tax law to still apply for and receive a loan for their children's postsecondary education. Under this program the parents, not the children, are responsible for repayment of the loan.

The proposed amendment has a zero fiscal note and is considered to be a positive addition by the Alaska Commission on Postsecondary Education. It is not expected to cause an undue increase in the number of applicants nor demand for an increase in current staff levels at the Commission.

I am also offering an amendment at this time that would require that the age of the student be 23 years or under. This age limit would be in compliance with Federal Student Loan Programs.

# HOUSE COMMITTEE REPORT

(7) Date Referred: February 18, 1992 FURTHER REFERRALS: Finance

Date of Committee Action: 3/4/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 482

HOUSE BILL NO. 482 ELIGIBILITY FOR A FAMILY EDUCATION LOAN

"An Act relating to eligibility for a family education loan."

RECOMMENDATIONS:  
 be replaced with CS HB 482 (HES)  the same title  
 a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date)  
 fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 zero fiscal note P.O.E. 2/20/92  zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		<i>Mark Harley</i>		X	
<i>Cheri Davis</i>	✓				
<i>Betty Davis</i>	✓	<i>John Long</i>		✓	
<i>Sam Alvey</i>	✓				
<i>Deborah Miller</i>	✓				
<i>Mary Miller</i>	✓				

*Sam Alvey*  
 \_\_\_\_\_  
 - CHAIRMAN'S SIGNATURE

**FISCAL NOTE**

**STATE OF ALASKA  
1992 LEGISLATIVE SESSION**

**BILL NO.** HB 482

Revision Date: \_\_\_\_\_ Department Affected: Education  
 Title: An Act relating to eligibility for a Family Education Loan BRU: Postsecondary Education Commission  
 Component: Student Loan Program  
 Sponsor: Representative Davidson  
 Requestor: HESS COMPONENT SERIAL NO. 

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

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

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

REVENUE LOANS BUDGET						
FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$-0-

**ANALYSIS: (Attach a separate page if necessary.)** Current staffing for Family Education Loan Program administrative support should be able to manage increased loan demand through increased automation of document processing.

Prepared By: Allan Barnes, Executive Director Phone: 465-2165  
 Division: Alaska Commission on Postsecondary Education Date: February 20, 1992

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

CS FOR HOUSE BILL NO. 482 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES DAVIDSON, Koponen, Brown, Carney, Gruenberg, Ulmer, MacLean, Lincoln, Bruckman, B.Davis, Ivan, Kubina, Navarre, C.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to eligibility for a family education loan."

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

3 \* Section 1. AS 14.43.750(a) is amended to read:

4 (a) A person may apply for and obtain a family education loan on behalf of a family  
5 member if

6 (1) the borrower is a resident of the state at the time of application for the loan;  
7 for purposes of this paragraph, a borrower qualifies as a resident of the state if the borrower has  
8 been physically present in the state for at least two years immediately before the time of  
9 application for the loan;

10 (2) the family member has been claimed as a dependent for federal tax purposes  
11 by the borrower for the tax year immediately before the time of application, or the borrower  
12 is a parent or legal guardian of the family member, and the family member

13 (A) is enrolled as a full-time student in a career education, associate,  
14 baccalaureate, or graduate degree program; or

1 (B) is a graduate of a high school or the equivalent, or scheduled for  
2 graduation from a high school within six months, with sufficient credits to be admitted  
3 to a career education program or to an accredited college or university; and

4 (C) is not yet 24 years of age on the date of application; and

5 (3) neither the borrower nor the family member is delinquent or in default on a  
6 previously awarded student loan from the state.

tion may be submitted six months before graduation from high school; and

(5) not have a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160 — 47.23.220 at the time of application.

(b) A local school board shall award teacher scholarship loans giving a preference to applicants from rural schools who meet the qualifications for a loan and taking into account the applicants' academic records.

(c) A student may not be awarded a teacher scholarship loan under AS 14.43.600 — 14.43.700 if a family education loan is made on behalf of the student under AS 14.43.710 — 14.43.790 or if the student receives a scholarship loan under AS 14.43.090 — 14.43.160 for the same school year. (§ 1 ch 121 SLA 1984; am § 3 ch 116 SLA 1986; am § 16 ch 92 SLA 1987)

**Effect of amendments.** — The 1986 amendment added paragraph (a)(5) and made related technical changes.

The 1987 amendment rewrote subsection (c).

**Legislative history reports.** — For legislative letter of intent, see 1984 Senate Journal at p. 3117.

**Sec. 14.43.700. Definition.** In AS 14.43.600 — 14.43.700, "rural" means

(1) a community in the second, third, or fourth judicial district of the state with a population of 4,500 or less that is not connected by road or rail to Anchorage or Fairbanks; or

(2) a community in the first judicial district of the state with a population of 4,500 or less. (§ 1 ch 121 SLA 1984)

**Article 8. Alaska Family Education Loan Program.**

**Section**  
710. Program established  
720. Family education loan account  
730. Administration

**Section**  
740. Loan terms and conditions  
750. Eligibility  
790. Definitions

**Sec. 14.43.710. Program established.** The Alaska family education loan program is established to provide low interest loans to families to assist in paying the costs of postsecondary education for family members. (§ 17 ch 92 SLA 1987)

**Sec. 14.43.720. Family education loan account.** (a) The family education loan account is created within the scholarship revolving loan fund (AS 14.43.090). The account shall be used to make family education loans to families selected under AS 14.43.710 — 14.43.790, to pay the costs of collecting family education loans that are in default if those costs are not recovered from the family, and to pay the costs of

administering the account. Unless the instrument evidencing the family education loan has been sold or assigned to the Alaska Student Loan Corporation, repayments of principal and interest on family education loans shall be paid into the family education loan account. If estimated funds available from family education loan repayments are inadequate to fully fund estimated family education loans in a fiscal year, additional funding from the general fund may be requested and appropriated for that year.

(b) The student financial aid committee created under AS 14.43.095 may sell or assign notes and other instruments evidencing family education loans to the Alaska Student Loan Corporation and enter into agreements with the corporation relating to loans, the administration of the student loan fund created under AS 14.42.210, and the payment of and security for bonds of the corporation. Proceeds from the sale or assignment of notes and other instruments shall be deposited in the family education loan account. (§ 17 ch 92 SLA 1987)

**Sec. 14.43.730. Administration.** The family education loan program shall be administered by the student financial aid committee (AS 14.43.095) under regulations adopted by the committee. (§ 17 ch 92 SLA 1987)

**Sec. 14.43.740. Loan terms and conditions.** (a) The provisions of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) — (d), (i), (m), and (r), and 14.43.135 apply to a loan made under AS 14.43.710 — 14.43.790.

(b) The provisions of AS 14.43.120(p) apply to a loan made under AS 14.43.710 — 14.43.790 with respect to the family member on whose behalf a loan is made.

(c) Interest on a loan made under AS 14.43.710 — 14.43.790 is at a rate of five percent a year unless the loan is in default. Interest on a loan that is in default is 10 percent a year.

(d) Repayment of the principal and interest on a loan made under AS 14.43.710 — 14.43.790 begins on the first of the month immediately following loan disbursement. The loan may be cancelled without prejudice at any time before actual disbursement. The loan shall provide for repayment of the total amount owed in periodic installments in not more than 10 years from the commencement of repayment. If the commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement.

(e) Provision shall be made for payment by the borrower of fees and costs incurred in collection of delinquent or defaulted loans. (§ 17 ch 92 SLA 1987)

**Sec. 14.43.750. Eligibility.** (a) A person may apply for and obtain a family education loan on behalf of a family member if

(1) the borrower is a resident of the state at the time of application for the loan; for purposes of this paragraph, a borrower qualifies as a resident of the state if the borrower has been physically present in the state for at least two years immediately before the time of application for the loan;

(2) the family member has been claimed as a dependent for federal tax purposes by the borrower for the tax year immediately before the time of application and *add amendments here* ←

(A) is enrolled as a full-time student in a career education, associate, baccalaureate, or graduate degree program; or

(B) is a graduate of a high school or the equivalent, or scheduled for graduation from a high school within six months, with sufficient credits to be admitted to a career education program or to an accredited college or university; and

(3) neither the borrower nor the family member is delinquent or in default on a previously awarded student loan from the state.

(b) A family education loan may not be made on behalf of a family member: if the family member receives a scholarship loan under AS 14.43.090 — 14.43.160 or a teacher scholarship loan under AS 14.43.600 — 14.43.700 for the same school year. (§ 17 ch 92 SLA 1987)

**Sec. 14.43.790. Definitions.** (a) In AS 14.43.710 — 14.43.790

(1) "default" means a loan that is 120 days or more past due in repayment;

(2) "delinquent" means a loan that is 60 days or more past due in repayment.

(b) The definitions set out in AS 14.43.160 apply to AS 14.43.710 — 14.43.790. (§ 17 ch 92 SLA 1987)

## Article 9. General Provisions.

### Section

#### 910. Confidentiality of financial need information

**Sec. 14.43.910. Confidentiality of financial need information.** All information submitted in support of a determination of financial need as provided in this chapter is confidential. However, an applicant may inspect or copy information from the applicants' application, or records relating to the applicant's own application, or authorize release of the application or records to designated individuals or organizations. (§ 1 ch 51 SLA 1978)

loan recipient's home and school. (§ 1 ch 121 SLA 1984; am § 15 ch 92 SLA 1987)

**Editor's notes.** — This section is set out above to correct a minor error in the main pamphlet.

**Sec. 14.43.650. Selection criteria.** (a) To be eligible for a teacher scholarship loan, a student must

(1) be a graduate of a public or private high school in the state, with sufficient credits to be admitted to an accredited college or university;

(2) be enrolled in or show evidence of intent to enroll in a degree program directed at a teaching career at the elementary or secondary school level;

(3) meet the conditions set by the student's local school board with respect to the district's requirements for teachers in particular subject areas;

(4) submit to the local school board an application provided by the commission under AS 14.43.630(a)(2); an application may be submitted six months before graduation from high school; and

(5) not have a past due child support obligation established by court order or by the child support enforcement division under AS 25.27.160 — 25.27.220 at the time of application.

(b) A local school board shall award teacher scholarship loans giving a preference to applicants from rural schools who meet the qualifications for a loan and taking into account the applicants' academic records.

(c) A student may not be awarded a teacher scholarship loan under AS 14.43.600 — 14.43.700 if a family education loan is made on behalf of the student under AS 14.43.710 — 14.43.790 or if the student receives a scholarship loan under AS 14.43.090 — 14.43.160 for the same school year. (§ 1 ch 121 SLA 1984; am § 3 ch 116 SLA 1986; am § 16 ch 92 SLA 1987; am § 25 ch 43 SLA 1991)

**Effect of amendments.** — The 1991 amendment, effective July 1, 1991, in paragraph (a)(4), substituted "commission" for "Student Financial Aid Committee."

**Article 8. Alaska Family Education Loan Program.**

**Section**  
720. Family education loan account  
730. Administration

**Section**  
740. Loan terms and conditions

**Sec. 14.43.720. Family education loan account.** (a) The family education loan account is created within the scholarship revolving loan fund (AS 14.43.090). The account shall be used to make family education loans to families selected under AS 14.43.710 — 14.43.790, to pay the costs of collecting family education loans that are in default if those costs are not recovered from the family, and to pay the costs of administering the account. Unless the instrument evidencing the family education loan has been sold or assigned to the Alaska Student Loan Corporation, repayments of principal and interest on family education loans shall be paid into the family education loan account. If estimated funds available from family education loan repayments are inadequate to fully fund estimated family education loans in a fiscal year, additional funding from the general fund may be requested and appropriated for that year.

(b) The commission may sell or assign notes and other instruments evidencing family education loans to the Alaska Student Loan Corporation and enter into agreements with the corporation relating to loans, the administration of the student loan fund created under AS 14.42.210, and the payment of and security for bonds of the corporation. Proceeds from the sale or assignment of notes and other instruments shall be deposited in the family education loan account. (§ 17 ch 92 SLA 1987; am § 26 ch 43 SLA 1991)

**Effect of amendments.** — The 1991 amendment, effective July 1, 1991, in subsection (b), substituted "commission" for "Student Financial Aid Committee created under AS 14.43.095."

**Sec. 14.43.730. Administration.** The family education loan program shall be administered by the commission under regulations that it adopts. (§ 17 ch 92 SLA 1987; am § 27 ch 43 SLA 1991)

**Effect of amendments.** — The 1991 amendment, effective July 1, 1991, substituted "commission under regulations that it adopts" for "Student Financial Aid Committee (AS 14.43.095) under regulations adopted by the committee."

**Sec. 14.43.740. Loan terms and conditions.** (a) The provisions of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) — (d), (i), (m), and (r) — (t), and 14.43.135 apply to a loan made under AS 14.43.710 — 14.43.790.

(b) The provisions of AS 14.43.120(p) apply to a loan made under AS 14.43.710 — 14.43.790 with respect to the family member on whose behalf a loan is made.

(c) Interest on a loan made under AS 14.43.710 — 14.43.790 is at a rate of five percent a year unless the loan is in default. Interest on a loan that is in default is 10 percent a year.

(d) Repayment of the principal and interest on a loan made under AS 14.43.710 — 14.43.790 begins on the first of the month immedi-

ately following loan disbursement. The loan may be cancelled without prejudice at any time before actual disbursement. The loan shall provide for repayment of the total amount owed in periodic installments in not more than 10 years from the commencement of repayment. If the commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement.

(e) Provision shall be made for payment by the borrower of fees and costs incurred in collection of delinquent or defaulted loans. (§ 17 ch 92 SLA 1987; am § 2 ch 44 SLA 1991)

**Effect of amendments.** — The 1991 amendment, effective June 15, 1991, in subsection (a), inserted "(r)-(t)." Editor's notes. — Section 3, ch. 44, SLA 1991 provides that "this Act applies to principal and interest due on a loan entered into on or after July 1, 1990."

### Article 9. General Provisions.

#### Section 990. Definition

**Sec. 14.43.990. Definition.** In this chapter, "commission" means the Alaska Commission on Postsecondary Education. (§ 28 ch 43 SLA 1991)

**Effective dates.** — Section 30, ch. 43, SLA 1991 makes this section effective July 1, 1991.

### Chapter 45. Private and Denominational Schools.

#### Article 2. Exempt Religious and Other Private Schools (§ 14.45.110)

#### Article 2. Exempt Religious and Other Private Schools.

#### Section 110. Requirements of exempt schools

**Sec. 14.45.110. Requirements of exempt schools.** (a) The parent or guardian of a child of compulsory school age enrolled in a religious or other private school that complies with AS 14.45.100 — 14.45.130 shall file an annual notice of enrollment in the school for the child with the local public school superintendent for the area in which the child resides on a form provided by the department. The form shall be signed by the parent or guardian and the chief administrative officer of the school and returned to the local public school superintendent by the parent or guardian. The school shall notify the local public school

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HB 485 "An Act requiring the state to pay one-half of the employer contribution under the teachers' retirement system; and providing for an effective date."

Proposed CS for HB 485 (HES) (green)

Sponsor Statement (gold)

Fiscal Note (blue)

1. Association of Alaska School Boards Position Statement
2. NEA-Alaska Position Paper
3. Statutes
4. Letters of Support

# Chatham School District

MR. ROBERT M. MUTCH  
DISTRICT SUPERINTENDENT



BOARD OF EDUCATION

MR. WALLY FRANK SR.  
MS. ANDREA EAMES  
MS. SALLY KOOKESH  
MS. LOIS NIXON  
MR. BRUCE TEDTSEN

P.O. BOX 109

ANGOON, ALASKA 99820

PHONE: 788-3302 or 788-3682

FAX: 788-3252

February 27, 1992



Representative Ari L. Davis  
P.O. Box V  
State Capitol Building  
Juneau, Alaska 99811

Dear Representative Davis:

We just received your FAX this morning telling us about HB 485. We want to go on record that we agree wholeheartedly with your amendment which asks that the state pay one-half of the annual school district's portion of the Teacher's Retirement contributions.

With declining revenues, school districts are watching their funds go down considerably. Many of us are involved in restructuring efforts to build better schools. This takes increased funding to complete. Our children are being challenged to compete in a global society that requires increased knowledge and skills. Our schools are being challenged, too, to provide the type of learning environment that produces more effective schooling. All of these things cost additional money. The list of increased spending that is necessary to bring about better schools is very lengthy.

Therefore, an amendment such as the one you are proposing would be very cost effective for school districts and would allow them to continue to offer the kinds of programs and schools desired by our parents and communities. We certainly appreciate your efforts in our students' behalf.

Respectfully yours,

Mr. Wally Frank, Sr., Board Chairman  
Chatham School District

c: Mr. Robert M. Mutch, Supt.  
Mr. Bruce Tedtsen, Board member  
Mrs. Lois Nixon, Board member  
Mrs. Sally Kookesh, Board member  
Mrs. Andrea Eames, Board member

—SCHOOLS—

Phone 907-826-3274  
Fax. 907-826-3322

# CRAIG SCHOOL DISTRICT

John Holst  
Superintendent  
Bob Whicker  
Principal

February 27, 1992

RECEIVED  
3-2-92

Representative Cheri Davis  
PO Box V  
State Capitol Building  
Juneau, AK 99811

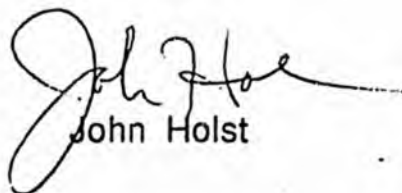
Dear Cheri,

We received your FAX yesterday regarding HB 485. While I have not discussed this bill with our Board, I believe that their reaction will be "unbridled enthusiasm!!"

The bill would clearly assist all districts and would soften the blow of any future increases.

If I can be of assistance, feel free to contact me.

Sincerely,

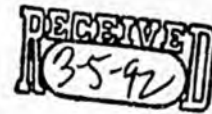
  
John Holst



## Matanuska-Susitna Borough School District

125 WEST EVERGREEN — PALMER, ALASKA 99645 — (907) 746-9200

Dr. Ell B. Sorenson, Superintendent



February 28, 1992

The Honorable Representative Cheri L. Davis  
PO Box V  
State Capitol Building  
Juneau, AK 99811

Dear Representative *Cheri* Davis:

On behalf of the Mat-Su Borough School Board, the District's staff, students, parents and community, I would like to commend you for advocating for our public schools. HB485 takes a long-term view of the problem which we certainly appreciate. As you know, the increase for the District's contribution next year will require one-half of the currently proposed increase to the instructional unit.

The increase to the instructional unit is essential to begin to address the loss in purchasing power through inflationary costs since the mid-eighties. Therefore, our respect for your understanding of education and its funding in Alaska has once again been strengthened through your development of HB485.

Without question, we are supportive and applaud your efforts.

Sincerely,  
MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD

Diana L. Herschbach, President

rje

\*\*\*\*\*  
 FAX TRANSMITTAL MEMO  
 TO: Cheri Davis  
 FROM: Wrangell Schools  
 NO. OF PAGES: 1  
 FAX #: 465-2294  
 PHONE: 907-2347  
 FAX #: 907-3137  
 Post-Net brand fax transmittal memo 7871



WRANGELL

**PUBLIC SCHOOLS**  
 DISTRICT OFFICE

P.O. BOX 2318

WRANGELL, ALASKA 99929

Telephone (907) 874-2347

LINWOOD LAUGHY, Superintendent

GATEWAY TO THE STIKINE



March 12, 1992

Representative Cheri Davis  
 Alaska State Legislature  
 State Capitol  
 Juneau, Alaska 99801-1182

Re: Public School Foundation Funding

Dear Representative Davis:

For five years the instructional unit value has remained at \$60,000.

Has the cost of personnel remained the same?

Has the cost of equipment and supplies remained the same?

Has the cost of utilities or insurance or maintenance remained the same?

Of course not.

Meanwhile PERS costs are up, TRS costs are up, new federal and state requirements for school districts have increased, greater numbers of children with social/emotional problems walk through the school house doors, and parents and legislators are demanding higher student performance.

Add to this perspective state statutes that grant teachers tenure after 15 months of service and make it nearly impossible to lay off a tenured teacher — regardless of a district's revenues or the educational priorities of the community.

Legislators — It's time for a \$63,000 instructional unit, or relief for the ever-increasing TRS contributions, or legislation that will allow a district to operate in a fiscally and educationally responsible manner. Please do not continue to put Alaska's school boards in a position in which meaningful change is so difficult, high student success so unlikely.

Sincerely,

William T. Messmer, President  
 Wrangell School Board

LL:lh

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300  
TELEFAX: (907) 465-2389

March 11, 1992

The Honorable Cheri Davis  
Alaska State Legislature  
State Capitol Building, Rm. 118

Dear Representative Davis:

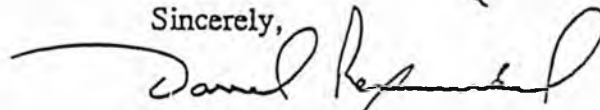
In looking over House Bill 485, An Act requiring the state to pay one-half of the employer contribution under the teacher's retirement system..., it occurs to me that parties who are interested in this legislation may not recall the history of the employer match for TRS.

From the time TRS was created until 1986, the State of Alaska paid an employer match amount into the Teacher's Retirement System. In its final year, that amount was \$26,856,000. In 1988, state law was enacted which eliminated the match and rolled the calculated amount into the education foundation formula. Thus, instead of calculating a match amount and appropriating it separately, the employer match is being appropriated when the education foundation formula amount is appropriated.

I have attached the chart from the 1990 Annual Report for the State of Alaska which displays this point.

Accordingly, we do not feel additional appropriations should be made to the Teacher's Retirement System.

Sincerely,



Darrel J. Rexwinkel  
Commissioner

Enclosure

cc: Chief-of-Staff Max Hodel, Office of the Governor  
Paul Fuhs, Office of the Governor  
Commissioner Jerry Covey, Department of Education  
Commissioner Nancy Bear Usera, Department of Administration  
Representative (Nillo) Koponen, Alaska State Legislature  
Representative Gene Kubina, Alaska State Legislature  
Senator Jim Duncan, Alaska State Legislature  
House Finance Committee  
Senate Finance Committee

DJR:mm

92-059



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536  
FAX: (907) 274-0551

## JUNEAU OFFICE

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

MARCH 19, 1992

## NEA ALASKA POSITION PAPER

### HB 485

NEA Alaska enthusiastically supports the passage of HB 485 to require the state to pay one-half of the employer contribution to the teachers' retirement system. This change in the law will make TRS cost sharing the same as it was prior to 1987.

The public schools of Alaska are experiencing difficulty adjusting budgets to meet the instructional needs of students, to implement more regulations and mandates requiring greater service to students and to fund the increased cost of operating the schools. It is estimated that HB 485 will have the effect of providing \$35.7 million more from the foundation program in FY 93 for program support. HB 485 will require that half of the annual employer contribution to TRS will be shared by state government at a time when Alaska's schools are in need of additional funding in order to provide an adequate education program for children.

HB 485 and an accompanying appropriation, SB 426 will provide school districts some relief at this critical time. We respectfully urge passage of HB 485 and the appropriation bill.

Sincerely,

Vernon Marshall  
Executive Director

Don Oberg  
President

# ALASKA STATE LEGISLATURE

## ELECTIVE DISTRICT 1

HYDER  
KETCHIKAN  
KUPREANOF  
MEYERS CHUCK  
PETERSBURG  
SAXMAN  
WRANGELL



## IN KETCHIKAN

352 FRONT ST.  
KETCHIKAN, AK 99901  
PHONE 225-9449

## DURING SESSION

P.O. BOX V  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE 465-3424

Representative Cheri L. Davis

## SPONSOR STATEMENT FOR HB 485

Good morning and thank you for hearing House Bill 485 today.

Under this legislation, the state would pay one-half of the employer's portion of the Teacher's Retirement contribution.

Current law requires the school districts pay the entire amount of the employer's contribution to the TRS program from existing revenues. When the current state law was enacted, and the state stopped contributing to TRS, school district revenues were high and increases readily available. With the current fiscal situation, decreasing revenues and the lack of an increase in the instructional unit, school districts just don't have the where-with-all to pay the entire employer portion of the TRS, without using money intended for the classroom.

TRS is a state retirement program and HB 485 would alleviate some of the financial burden facing the school districts by having the state pay half of the employer portion of the contribution to the program. By paying half of the contribution the state would allow the districts to put some much needed money back into the education of our young people.

Again thank you for hearing this bill this morning and I will be glad and try to answer any questions you may have.

# HOUSE COMMITTEE REPORT

(7) Date Referred: February 18, 1992 FURTHER REFERRALS: Finance

Date of Committee Action: 3/19/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 485

HOUSE BILL NO. 485 STATE SHARE OF TRS EMPLOYER CONTRIBUTION

"An Act requiring the state to pay one-half of the employer contribution under the teachers' retirement system; and providing for an effective date."

RECOMMENDATIONS:  
 be replaced with CS HB 485 (HES)  the same title  
 a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)  
 fiscal impact Admin- 3/12/92  fiscal note(s) \_\_\_\_\_  
 zero fiscal note D.O.C. 3/18/92  zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Cheri Davis</i>	✓				
		<i>Mark Rowley</i>	X		
		<i>Joe Soyak</i>		✓	
<i>Patricia King</i>		<i>Betsy Davis</i>		X	
		<i>Mary Miller</i>	X		

*Patricia King*  
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 485

Revision Date: \_\_\_\_\_  
Title: An Act Requiring the State to pay one-half of the employer contribution under TRS  
Sponsor: Representative C. Davis  
Requestor: House Hess

Department Affected: Education  
BRU: K-12 Support  
Component: Foundation Program

COMPONENT SERIAL NO. 

	1	4	1
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Expenditures/Revenues: (Thousands of Dollars)

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

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

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

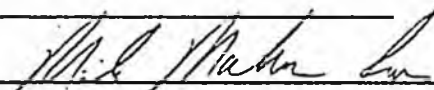
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.) The Department of Administration, Division of Retirement and Benefits has established the FY93 costs of this legislation to be \$35,693.9 contingent on a House HESS committee substitute which amends Section 14.25.070 by adding a new line to read: The state shall contribute an amount equal to the employer contributions.

Prepared by: Mike Maher Phone: 465-2800

Division: Commissioner's Office Date: 3-18-92

Approved by Commissioner:  Jerry Covey

Agency: Education Date: 3-18-92

FISCAL NOTE

BILL NO. CSHB 485(HESS)

" DRAFT "

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act requiring that the state pay 1/2 of the TRS annual employer contributions.

Department Affected: Administration  
BRU: Retirement and Benefits

Sponsor: C Davis  
Requestor: House HESS Committee

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	35,693.9	36,764.7	37,867.7	39,003.7	40,173.8	41,379.0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	35,693.9	36,764.7	37,867.7	39,003.7	40,173.8	41,379.0

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	35,693.9	36,764.7	37,867.7	39,003.7	40,173.8	41,379.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	35,693.9	36,764.7	37,867.7	39,003.7	40,173.8	41,379.0

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)  
  
See Attached

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

Phone: 465-4470  
Date: March 12, 1992

Approved by Commissioner: Nancy Bear Usara *Nancy Bear Usara*  
Agency: Department of Administration

Date: 3/17/92

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

HESS Committee Substitute for House Bill 485  
Analysis of Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
March 12, 1992

Analysis: This bill would reestablish the requirement for the state to fund 1/2 of the annual employer contributions to the Teachers' Retirement System. This would place an additional formula funded program in the Department of Administration. The requirement for a "state match" of employer contributions existed in the TRS prior to 1987.

The TRS employer contribution rate for FY 93 is 15.69%. We estimate the TRS salaries to be \$454,988,695 in FY 93 and to increase by 3% each year thereafter.

The general fund cost to the state for FY 93 is estimated to be \$35,693.9 calculated as follows:

FY 93 estimated TRS salaries....	\$454,988,695
TIMES.1/2 of the FY 93 TRS employer rate (15.69%)	<u>7.845%</u>
FY 93 TRS State Match...	<u>\$35,693.863</u>

As long as the appropriations are made to fully fund this obligation, this bill is not expected to impact the unfunded liabilities or the funding ratio of the TRS.

7-LS2006D ✓  
Cramer  
3/5/92

CS FOR HOUSE BILL NO. 485 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES C.DAVIS, Koponen, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act requiring the state to pay one-half of the employer contribution under the  
2 teachers' retirement system; and providing for an effective date."

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

4 \* Section 1. AS 14.25.070 is amended to read:

5           Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall contribute to  
6 the system an amount equal to one-half the percentage, as certified by the administrator, of the  
7 sum total of the base salaries of all teachers that is required in addition to teacher contributions  
8 to provide the benefits of this chapter times the sum total of the base salaries paid to teachers by  
9 the employer. The state shall contribute an amount equal to the employer contribution.

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

POSITION PAPER  
DEPARTMENT OF ADMINISTRATION

Contact: Gary Bader

Bill Number: CSHB 485 (Hes)

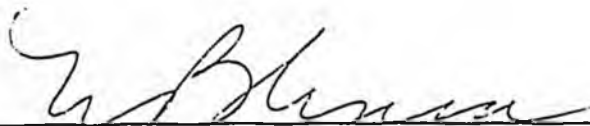
Phone #: 415-4470

Bill Title: "An act requiring the state to pay one-half of the employer contribution under the teachers' retirement system; and providing for an effective date."

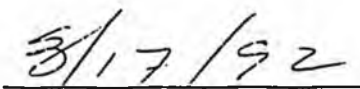
This bill would require that the state contribute one-half of the total annual employer contribution necessary to fund the Teachers' Retirement System. Under current law, the school districts are responsible for paying the full cost of the retirement contributions for their teachers. This is important since teachers' salaries and other conditions of employment are negotiated at the school district level.

State assistance to school districts is currently provided through the education foundation formula. The funding mechanism proposed would fragment the process. This bill also places responsibility for this funding with the Department of Administration. It may be more appropriately placed with the Department of Education.

The department is opposed to this bill because it places a financial burden on the state that should appropriately continue to be borne by the school districts.



Nancy Bear Usera  
Commissioner



Date

HESS Committee Substitute for House Bill 485  
Analysis of Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
March 12, 1992

Analysis: This bill would reestablish the requirement for the state to fund 1/2 of the annual employer contributions to the Teachers' Retirement System. This would place an additional formula funded program in the Department of Administration. The requirement for a "state match" of employer contributions existed in the TRS prior to 1987.

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TIMES.1/2 of the FY 93 TRS employer rate (15.69%)	<u>7.845%</u>
FY 93 TRS State Match...	<u><u>\$35,693,863</u></u>

As long as the appropriations are made to fully fund this obligation, this bill is not expected to impact the unfunded liabilities or the funding ratio of the TRS.

7-LS2006D ✓  
Cramer  
3/5/92

CS FOR HOUSE BILL NO. 485 (HES)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES C.DAVIS, Koponen, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act requiring the state to pay one-half of the employer contribution under the  
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5           Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall contribute to  
6 the system an amount equal to one-half the percentage, as certified by the administrator, of the  
7 sum total of the base salaries of all teachers that is required in addition to teacher contributions  
8 to provide the benefits of this chapter times the sum total of the base salaries paid to teachers by  
9 the employer. The state shall contribute an amount equal to the employer contribution.

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

SENATE BILL NO. 425  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR DUNCAN

Introduced: 2/18/92  
Referred: HES, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act requiring the state to pay one-half of the employer contribution under the  
2 teachers' retirement system; and providing for an effective date."

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

4 \* Section 1. AS 14.25.070 is amended to read:

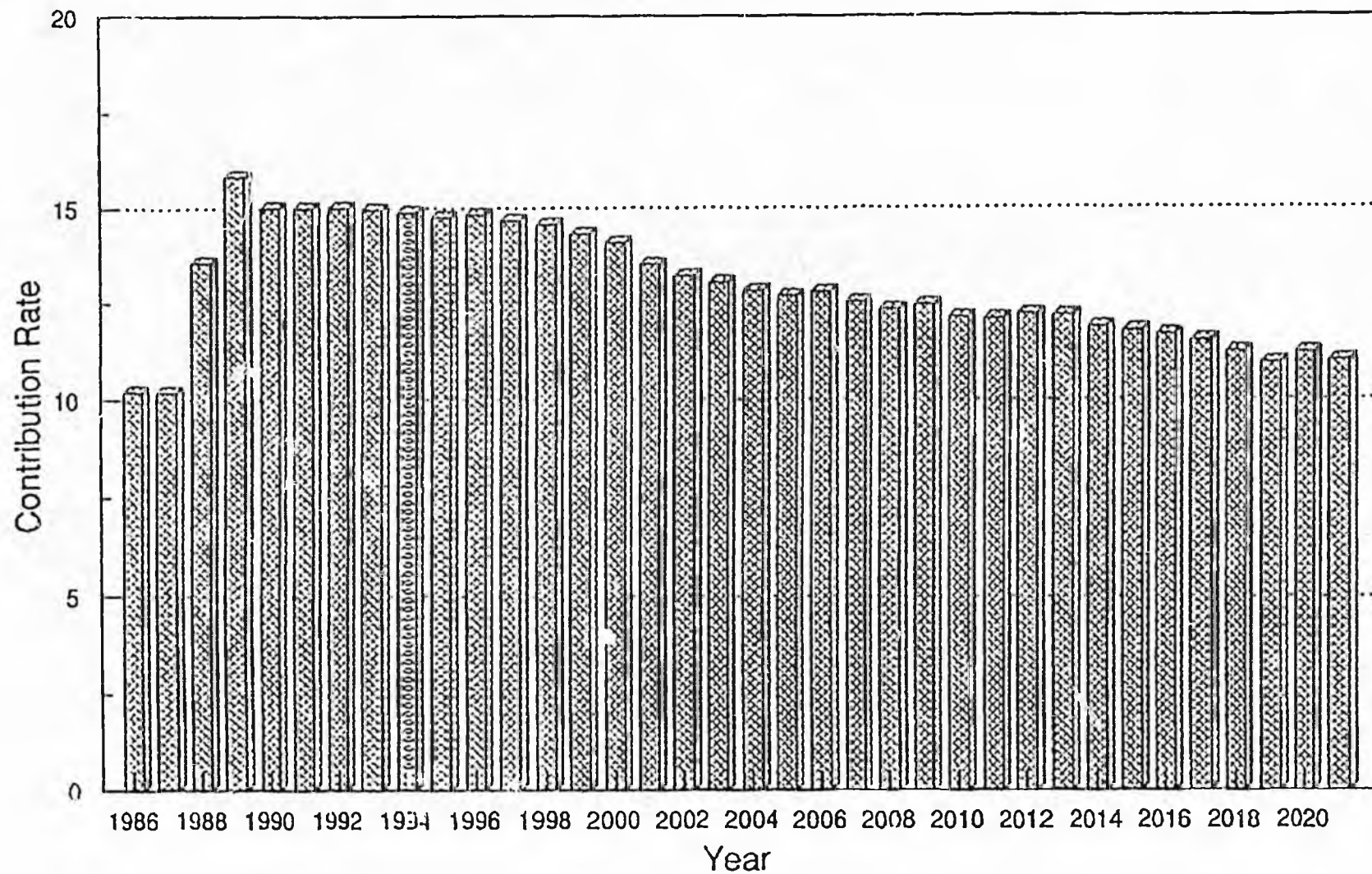
5       Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall contribute to  
6 the system an amount equal to one-half the percentage, as certified by the administrator, of the  
7 sum total of the base salaries of all teachers that is required in addition to teacher contributions  
8 to provide the benefits of this chapter times the sum total of the base salaries paid to teachers by  
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10 \* Sec. 2. This Act takes effect July 1, 1992.

# State of Alaska

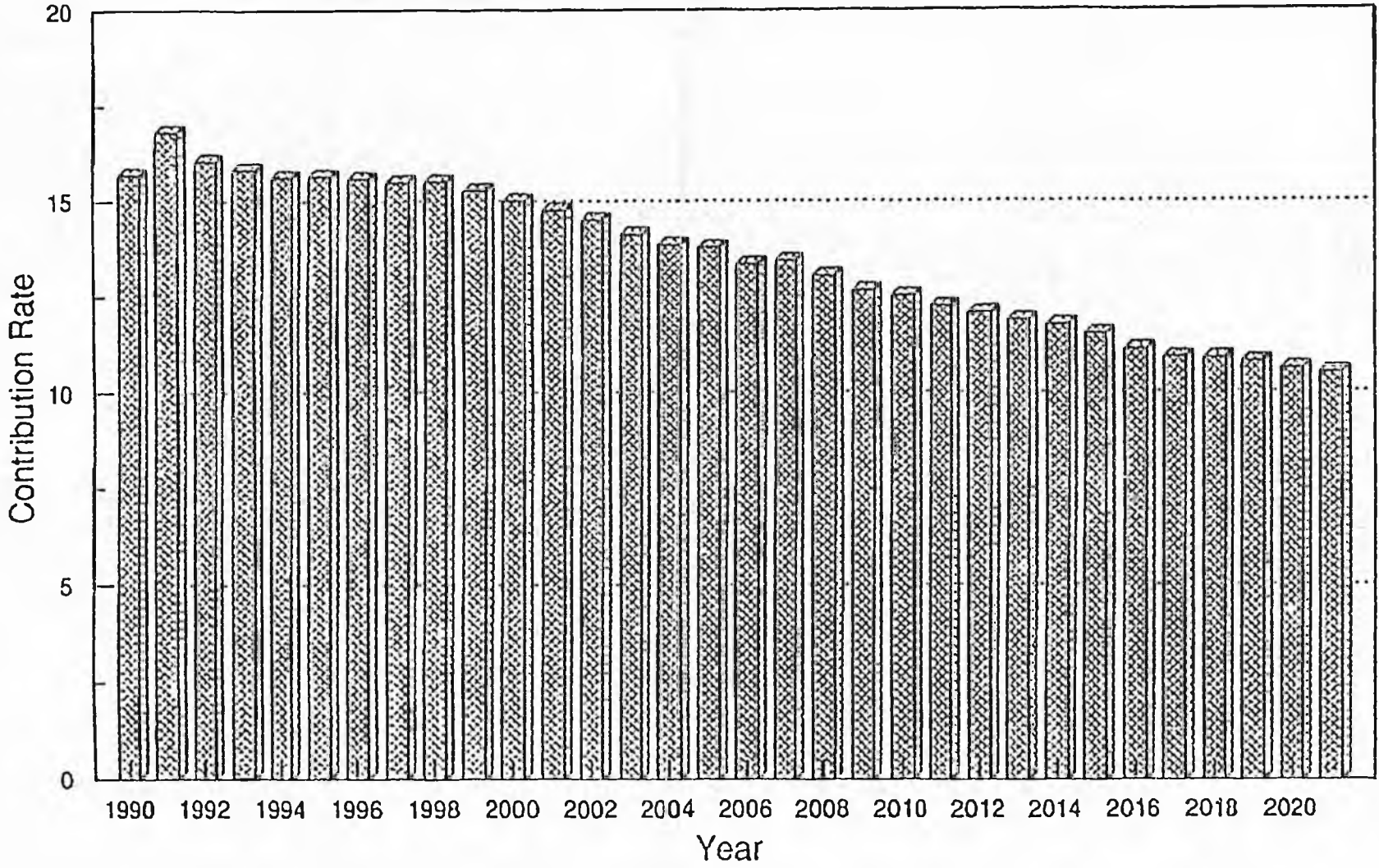
## Public Employees' Retirement System

### Projected State Contribution Rates



NOV 11 11:41 AM 2003  
SERIES

**State of Alaska**  
**Teachers' Retirement System**  
**Projected Contribution Rates**



**Sec. 14.25.220. Definitions.** In this chapter, unless the context requires otherwise,

(1) "active member" means a member who is employed by an employer, is receiving compensation on a full-time or part-time basis and is making contributions to the system, or a member making contributions under AS 14.20.330 or 14.20.345;

(2) "actuarial adjustment" means equality in value of the aggregate expected payments under two different forms of pension payments, considering expected mortality and interest earnings on the basis of tables adopted from time to time by the board;

(3) "administrator" means the person appointed by the commissioner of administration under AS 14.25.015;

(4) "annuitant" means a retired member or a disabled member who is receiving a benefit under this system;

(5) "average base salary" means the result obtained by dividing the sum of the member's three highest years' base salary by three, or if a member does not have three years base salary, then by dividing the sum of all base salaries by the number of years of base salary; the base salary for a year in which credit is granted for disability totaling more than one-third of a year may not be used in the computation of the average base salary; the base salary in a school year for which the member receives compensation for less than two-thirds of a year may not be used in the computation of the average base salary; if compensation is received for more than two-thirds of a year, the full base salary for that school year shall be used in the computation of the average base salary;


(B) has the same meaning as "compensation" under AS 39.35.680(8) when applied to a state legislator who elects membership under AS 14.25.040(b);

(7) "beneficiary" means a person designated by a member to receive benefits that may be due from the system upon the member's death;

(8) "BIA service" means service, including partial years, as a teacher, a certificated person employed in a full-time position requiring a teaching certificate as a condition of employment, or a Bureau of Indian Affairs professional educator in a school or school system operated by the Bureau of Indian Affairs in Alaska;

(9) "board" means the Alaska Teachers' Retirement Board established under AS 14.25.035.

(10)

reduced  (c), and the amount deferred under an

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employed by an em-  
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employer-sponsored deferred compensation plan or the tax shelter an-  
nuity plan approved by the Department of Education, but does not  
include retirement benefits, welfare benefits, per diem, expense allow-  
ances, workers' compensation payments, or payments for leave not  
used by the member, whether those leave payments are scheduled  
payments, lump-sum payments, donations, or cash-ins; for purposes of  
AS 14.25.050, compensation paid includes any payment made after  
June 30 of a school year for services rendered before the end of the  
school year;

(11) "credited service" means

(A) all membership service as defined in this section, territorial  
employment as defined in this section, plus outside, military, and  
Alaska BIA service, with outside and military service limited to 10  
years except under the conditions set out in AS 14.25.100;

(B) for purposes of eligibility for benefits under this chapter, service  
for which no indebtedness is owed;

(12) "deferred vested member" means an inactive member who  
meets the service requirements of a vested member.

(13) "dependent child" means an unmarried child of a member, in-  
cluding an adopted child, who is dependent upon the member for sup-  
port and who is either (A) less than 19 years old, or (B) less than 23  
years old and registered at and attending on a full-time basis an  
accredited educational or technical institution recognized by the De-  
partment of Education; the age limits set out in this paragraph do not  
apply to a child who is totally and permanently disabled;

(14) "disabled member" means a member who is terminated, who  
has not received a refund from the system, and who is receiving a  
disability benefit from the system;

(15) "early retirement" means retirement under AS 14.25.110(b);

(16) "employer" means a public school district, the Board of Regents  
of the University of Alaska, the Department of Education, the Na-  
tional Education Association of Alaska, the Regional Resource Cen-  
ters or the state legislature with respect to a state legislator who  
elects membership under AS 14.25.040(b);

(17) "former member" means a member who is terminated and who  
received a total refund of the balance of the mandatory contribution  
account, or who has requested in writing a refund of the balance of the  
mandatory contribution account;

(18) "full-time teacher" means a teacher occupying a position re-  
quiring teaching on a regular basis for the normal work period per day  
or week at a teaching assignment, excluding teaching as an assistant  
or graduate assistant or teaching on a substitute, temporary, or per  
diem basis;

(19) "inactive teacher or member" means a member who is termi-  
nated and who has not received a refund from the system or a member

Contributions under  
maintained by  
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to each of those  
in accordance with AS

Public school in the  
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or accredited;  
ve member who  
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S 14.25.110(a);  
as defined by

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aching certifi-  
public school  
United States

y teacher or a  
aching certifi-  
ccredited non-

public school within the United States, or in a school outside the United States supported by funds of the United States;

(C) in a full-time position requiring academic standing in an out-of-state institution of higher learning accredited by a nationally recognized accrediting agency as listed in the Education Directory — Colleges and Universities by the National Center for Education Statistics;

(D) as a full-time teacher in an approved or accredited nonpublic institution of higher learning in Alaska;

(27) "part-time teacher" means a teacher occupying a position requiring teaching on a regular basis for at least 50 percent of the normal workweek at a teaching assignment, excluding teaching as an assistant or graduate assistant, or teaching on a substitute, temporary, or per diem basis;

(28) "permanent disability" means a physical or mental condition which, in the judgment of the administrator, based upon medical reports and other evidence satisfactory to the administrator, presumably prevents a member from satisfactorily performing the member's usual duties for the member's employer or the duties of another position or job which an employer makes available for which the member is qualified by training or education;

(29) "prescribed rate of interest" means the rate of interest used for computing employer contributions, for preparing actuarial tables used by the system, for crediting interest to members' contributions, and for charging interest on members' indebtedness accounts;

(30) "public school" means a school operated by publicly elected or appointed school officials in which the program and activities are under the control of those officials and which is supported by public funds;

(31) "qualified domestic relations order" means a divorce or dissolution judgment under AS 25.24, including an order approving a property settlement, that

(A) creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable with respect to a member;

(B) sets out the name and last known mailing address, if any, of the member and of each alternate payee covered by the order;

(C) sets out the amount or percentage of the member's benefit, or of any survivor's benefit, to be paid to the alternate payee, or sets out the manner in which that amount or percentage is to be determined;

(D) sets out the number of payments or period to which the order applies;

(E) does not require any type or form of benefit or any option not otherwise provided by this chapter;

THE FOLLOWING DOCUMENT MAY NOT FILM  
LEGIBLY BECAUSE OF THE POOR QUALITY OF  
THE ORIGINAL

STATE OF ALASKA  
 STATE AID AND SHARED REVENUE TO DISTRICT SCHOOLS  
 Last Ten Fiscal Years  
 June 30, 1990  
 (Stated in Thousands)

TABLE 5

Fiscal Year	Education Foundation Program (a)	Cigarette Tax	Transportation Aid	Debt Retirement	Non-Resident Pupil Tuition	Teachers' Retirement (a)	Other Aids (b)	Total	Average Daily Membership (1st Qtr) (c)	State Aid Cost Ratio Per Pupil (c)
1991	\$ 275,301	\$ 2,003	\$ 16,622	\$ 32,390	\$ 2,739	\$ 18,444	\$ 3,327	\$ 356,816	85,863	4,156
1982	340,826	2,500	18,814	38,262	2,722	26,538	4,015	433,677	89,848	4,827
1983	415,211	7,000	19,980	56,170	2,962	27,236	5,427	533,986	87,930	6,073
1984	428,772	2,500	20,802	90,487	2,889	32,229	5,255	582,934	91,695	6,357
1985	466,675	2,500	24,689	94,735	3,318	33,832	5,690	631,439	100,235	6,300
1986	491,159	2,500	23,131	106,316	3,761	32,639	5,245	664,751	103,159	6,444
1987	414,729	3,500	23,713	115,845	2,125	26,856	5,677	592,445	103,116	5,745
1988	437,438	3,500	21,269	109,473	2,616	-0-	3,803	578,099	101,142	5,716
1989	456,496	3,500	25,121	109,034	2,604	-0-	3,524	600,279	103,040	5,826
1990	494,018	2,700	24,737	110,675	2,222	-0-	3,423	637,775	105,662	6,036

(a) Teachers' Retirement:

In 1988 the legislature passed a law which changed the way the teachers' retirement was reported. The employer is now responsible and the funding is put directly into the Education Foundation Program.

(b) Other Aids includes:

1. Instructional Services in handicapped schools	\$ 2,562
2. Instructional programs for youth in detention	750
3. Support of children attending school in Canada	111
	<u>\$ 3,423</u>

(c) Not stated in thousands of dollars.

H B

4 9 8

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

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

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

MEMORANDUM

January 17, 1992

**SUBJECT:** Medicaid Coverage for Pregnant Women (Work Order No. 7-LS1802)

**TO:** Representative Georgianna Lincoln  
ATTN: Pat Jackson

**FROM:** Terri Lauterbach *TL*  
Legislative Counsel

Enclosed is a draft in response to your request to expand Medicaid to cover pregnant women and infants.

Section 1 amends AS 47.07.020(b) to add women and children under age one whose family income is between 133% and 185% of the federal poverty line as an optional Medicaid group. Those whose income is below 133% are already covered as a federally mandated group. According to Gordon Landis, the population referred to in the capitalized and bracketed language on page 2, lines 25 - 27, has become a federally mandated group so the group no longer needs to be listed as an optional group in this subsection. (Mandated groups are covered by AS 47.07.020(a).)

Section 2 of the draft adds "substance abuse rehabilitative services for pregnant women" as an optional Medicaid service.

Section 3 of the draft places the new substance abuse services at the top of the priority listing in AS 47.07.035. I have used this placement as a starting point based on what seems to be a recent trend in the legislature to put new services at the top of the list instead of trying to assess the relative merits of the new service compared to the services previously covered. You could, however, choose a different starting point for placement of the new service.

You will also note that the draft adds "case management and nutritional services for pregnant women" as fourth on the priority listing in sec. 3. This addition is not necessary for your bill; it is more in the nature of a "cleanup" amendment. When these services were added to AS 47.07.030(b) in 1988, there was no corresponding

*Legal Services Memorandum*

Representative Georgianna Lincoln  
January 17, 1992  
Page 2

amendment to AS 47.07.035 to place them on the priority listing. There should have been.

I have placed the 1988 services fourth because clinical social workers' services and psychologists' services were added after 1988, and, as "newer" services, should precede the 1988 addition. However, other post-1988 additions were placed in the middle of the priority list (prescribed drugs and mammography screening), so an argument could be made that case management and nutritional services for pregnant women wouldn't necessarily have been placed at the top of the list if the proper amendment of AS 47.07.035 had been made in 1988. In other words, you could choose a different priority than that suggested by this draft.

In fact, you don't have to deal with the priority listing for the case management and nutrition services for pregnant women at all. It is not necessary to the main purpose of your bill. However, since your bill does add another service for pregnant women, the question of how to prioritize it in relation to other services that are specifically for pregnant women is almost certain to arise. That is why I felt that, perhaps, this draft would be a good one in which to correct the 1988 oversight.

However, I am mindful that any changes in the priority listing of AS 47.07.035 are generally controversial. If you do not wish to correct the 1988 oversight in this draft, we need not do so.

I hope you find this description of the draft helpful. Please let me know if you have questions or comments.

TML:pl:mi  
92-023.plm

Enclosure

# Southcentral Foundation

March 2, 1992

The Honorable Georgianna Lincoln  
House of Representatives  
Alaska State Capitol  
Pouch V  
Juneau, Alaska 99811

Dear Representative Lincoln:

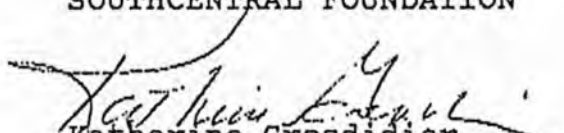
As you know, Southcentral Foundation operates the only residential treatment center in Alaska that is specifically for pregnant women who are suffering from drug and/or alcohol abuse and addiction. Our program Dena A Coy, opened last July with funding from both the Indian Health Service and the Alaska Department of Health and Social Services. Funding realities being what they are -- and facing declining revenues in the State -- the staffing coverage for the program is very "tight," and additional sources of financial support are very important to us.

In this context, I would like to testify in support of House Bill 498, with the backing of the Board of Directors and the staff of Southcentral Foundation as well. This law, when passed, will enable Dena A Coy to garner third party income to increase staff and, ultimately to provide services to a larger number of women. Given the fact that (a) Fetal Alcohol Syndrome is one of the most devastating and expensive health problems Alaskans encounter, (b) it can be completely eliminated by abstinence during pregnancy, and (c) there is a great need for increasing treatment services to pregnant women, House Bill 498 appears to be the most cost-effective way for the Legislature to respond.

Please let me know if my staff or I can assist you in any way regarding this bill. We will contact our local legislators to communicate our support.

Sincerely yours,

SOUTHCENTRAL FOUNDATION

  
Katherine Grosdidier  
Executive Director

ALASKA STATE LEGISLATURE  
*Representative Georgianna Lincoln*



HESS Committee, Co-Chair  
Resources Committee, Vice-Chair

Budget Subcommittees  
Health and Social Services  
Revenue

P.O. Box V  
Juneau, Alaska 99811

Phone: (907) 465-3732  
FAX: (907) 465-2652

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MEMORANDUM

Alatna  
Allakaket  
Aniak  
Anvik  
Arctic Village  
Beaver  
Bettles  
Birch Creek  
Chalkyitsik  
Chuathbaluk  
Crooked Creek  
Evansville  
Fort Yukon  
Galena  
Grayling  
Holy Cross  
Hughes  
Huslia  
Kalskag  
Kaltag  
Koyukuk  
Lake Minchumina  
Lime Village  
Lower Kalskag  
Manley Hot Springs  
Marshall  
McGrath  
Minto  
Mountain Village  
Nikolai  
Nulato  
Pilot Station  
Pitkas Point  
Rampart  
Red Devil  
Ruby  
Russian Mission  
Shageluk  
Sleetmute  
St. Mary's  
Stevens Village  
Stony River  
Takotna  
Tanana  
Telida  
Tuluksak  
Tyonek  
Venetie  
Wiseman

TO: House Health, Education and Social Services Committee Members  
FROM: Representative Georgianna Lincoln *Geo*  
DATE: March 5, 1992  
RE: House Bill 498 - Medicaid Coverage for Pregnant Women

---

HB 498 would add substance abuse rehabilitative services for pregnant women as an optional Medicaid statute. Additionally, it would expand case management and nutritional services for pregnant women from the currently federally mandated level of 133% of the Federal Poverty Level to 185%.

While the state has made strides in Fetal Alcohol Syndrome/Fetal Alcohol Effect initiatives in recent years, we still have a long way to go. Children born to substance abusing mothers suffer irreversible lifelong consequences. Clearly, intervention and early treatment are critical to healthy outcomes for these children.

Substance Abuse Rehabilitative Services

In 1991, Dena A Coy, an 18 bed prematernal home for substance abusing pregnant women opened its doors. While the program will need a little more time before it can begin to generate statistics, those involved in the management and direction of the facility are already optimistic about the outcomes for the mothers and their newborn babies. The State Office of Alcoholism and Drug Abuse established a policy in 1990 that pregnant women would be given priority for substance abuse treatment. Adding substance abuse rehabilitation to the medicaid options would allow medicaid-eligible women to access treatment services.

Case Management and Nutritional Services

The Omnibus Reconciliation Act of 1989 mandated pregnant women and children under age 6 be provided with Medicaid coverage if their family income is less than 133% of the Federal Poverty Level. States are authorized, however, to expand that option for pregnant women and infants up to one year to 185% of the Federal Poverty Level. A list of states who have opted to provide case management services above 133% is attached.

March 5, 1992  
Page 2

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The 1989 Legislative Research Agency report *Economic Impact of Fetal Alcohol Syndrome in Alaska* "conservatively estimated" the **lifetime cost of each Fetal Alcohol Syndrome birth** in Alaska to be **\$1.4 million**. Estimating 26 FAS children born in Alaska each year, lifetime costs of each cohort of FAS births would be nearly \$40 million. Lifetime costs for individual with **Fetal Alcohol Effects**, children who have been affected by alcohol but do not exhibit characteristics of the full syndrome, were estimated at \$64 million. The study did not include numerous health, education, and life-skill services. Additionally, the loss of quality of life or human potential are impossible to quantify in dollars, but are real costs to society as well.

FAS/FAE are preventable birth defects. Moreover, whenever drinking is stopped during pregnancy, the risks of fetal alcohol effects and the consequences of alcohol exposure are decreased. I urge your support of House Bill 498 as an additional tool in promoting healthy outcomes for Alaska's babies.

**TANANA CHIEFS CONFERENCE, INC.**

122 FIRST AVENUE  
FAIRBANKS, ALASKA 99701-4897  
PHONE (907) 452-8251 FAX (907) 451-8836

March 12, 1992

Representative Georgianna Lincoln  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811  
VIA FAX 465-2652

RE: Support for HB2, HB3, and HB498

Dear Representative Lincoln,

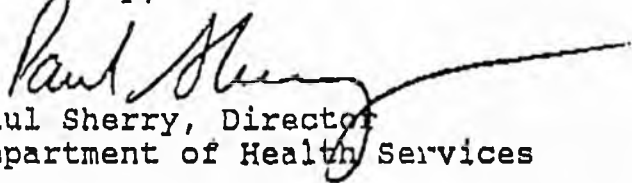
This is to provide the endorsement of the Tanana Chiefs Conference for the above two bills:

We understand that HB2 and HB3 are intended to increase taxes on alcohol and tobacco sales. The TCC is supportive of increasing revenues through this approach. Increased cost is known to have some impact on overall use, and the revenues should be considered in the long-term funding of prevention and treatment services.

We also support HB498, which will provide for Medicaid funding for substance abuse treatment for pregnant women. We have endorsed the development of services for these individuals at the Dena A Coy center in Anchorage, and feel that Medicaid assistance for these services will increase the access for eligible persons. Indian Health Services resources for these types of programs are inadequate to meet the existing and projected need for these services.

Please communicate to the House HESS committee our support for the passage of these proposals.

Sincerely,

  
Paul Sherry, Director  
Department of Health Services

cc: Will Mayo, President, TCC

# Southcentral Foundation



## HIGHLIGHTS FROM DENA A COY

Southcentral Foundation's prematernal treatment program, Dena A Coy, opened in July, 1991, with funding from the Indian Health Service and the Alaska Department of Health and Social Services. The program includes both residential and outpatient treatment for pregnant women who are suffering from alcohol abuse, alcoholism, and/or drug addiction. The current facility is a renovated apartment building that does not meet the needs of the program. There are 18 beds for residential clients, the capacity for four infants and/or children, and an outpatient program for six.

- To date Dena A Coy has treated 34 women clients.
- A total of 16 infants have been born to women in the program since it opened in July.
- Of the births, 13 have not exhibited any abnormalities; three are being monitored for possible Fetal Alcohol Syndrome or Fetal Alcohol Effects.
- There is one outpatient client at the present time; the possibility of shifting the outpatient program to serve as after-care for clients who have completed the residential component is being considered.
- Dena A Coy is receiving increasing amounts of attention, both within the State and across the Nation.
- A separate small grant from the March of Dimes has recently been received to assist Southcentral Foundation in paying for the travel of women from outside Anchorage to fly in to be admitted to the program.
- With funding for a new building, Dena A Coy can expand to treat more women, further decreasing the incidence of Fetal Alcohol Syndrome, Fetal Alcohol Effects, and other substance abuse related birth defects in Alaska.

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPT. OF HEALTH AND SOCIAL SERVICES

3601 C STREET, SUITE 358  
P.O. BOX 240249  
ANCHORAGE, ALASKA 99524-0249  
PHONE: (907) 561-4213

### DIVISION OF ALCOHOLISM AND DRUG ABUSE

#### SUMMARY OF STATEWIDE FAS/FAE PREVENTION ACTIVITIES (since Mother's Day, 1991)

\* Dena A Coy, the 18-bed, four bassinet prematernal home for pregnant, substance abusing women, operated by Southcentral Foundation through grants from Department of Health and Social Services (DHSS) and Indian Health Service (IHS), opened July 31, 1991.

\* In September, the Centers for Disease Control signed agreements with the DHSS and IHS to accomplish three specific goals:

1. Assist the State of Alaska in developing, implementing, and evaluating FAS surveillance systems;
2. Provide technical and programmatic evaluation of the IHS FAS programs and data;
3. Develop model surveillance, data analysis, and program evaluation methods which could be used to assist other States, communities, Native American populations, Circumpolar and other nations.

\* As mandated by SB 409, school district training on the needs of individual students who have alcohol and other drug related disabilities.

\* IHS reports FAS coordinators in each of the 12 regions.

\* FAS Task Forces have been formed or are on-going in Barrow, Bethel and Fairbanks.

\* FAS Parent Support groups have been formed or are on-going in Fairbanks and Anchorage. Barrow will hold first meeting in March.

\* High Risk Family Coalitions are active in Anchorage and Juneau.

\* The Broken Cord aired on TV on February 3. An 800 number was on the screen for people to call for more information following the broadcast. KYBR, in Barrow, is reading the book over the air.

\* Trainings:

- June 3-4, 1991: 250 attended conference sponsoring Dr. Ira Chasnoff, of National Association for Perinatal Addiction and Research.
- June, 1992: Dr. Barry Zuckerman, developmental and behavioral pediatrician, will present in Juneau, Fairbanks, and Anchorage.

\* Presentations:

- Alaska Association of School Boards
- State Principals Association
- AAEYC - Infant Learning Program conference

*Prevention Activity in Alaska*

POSITION PAPER  
COMMITTEE SUBSTITUTE FOR  
HOUSE BILL NO. 498

"An Act relating to Medicaid coverage for pregnant women and infants; and reordering the priorities granted to optional services under the Medicaid program; and providing for an effective date."

Analysis:

Section 1 of CS HB No. 498 would amend AS 47.07.030(b) to add an optional service to Alaska's Medicaid program: substance abuse rehabilitative services for pregnant women.

Section 2 of CS HB No. 498 would amend 47.07.035 to place case management and nutritional services for pregnant women #4 in the list of optional services and optional eligible groups to be deleted in the event that the Medicaid appropriation is insufficient to fund some or all optional services. (Those two services were added to AS 47.07.030 in 1988, but they were not placed in the priority listing of AS 47.07.035 at that time.)

Section 2 would also place substance abuse rehabilitative services for pregnant women as #1 in the priority list of AS 47.07.035, first to be deleted in the event of a funding shortfall. Section 2 places the optional group of eligible pregnant women proposed by this bill 22nd in the listing of options to be deleted.

Discussion

Substance abuse rehabilitation services would provide Medicaid reimbursement for some of the therapies and training provided pregnant women through the Division of Alcoholism and Drug Abuse grantees' programs. However, federal restrictions on these services would not allow reimbursement for all treatment activities in these programs. Also, Medicaid federal regulations prevent us from paying for the cost of room and board in residential treatment programs, even though such programs are a most effective way of treating substance-abusing pregnant women.

Our experience with delivering case management services to pregnant women indicates that there is a very substantial need for substance abuse services for them, and there are currently very few services.

We believe the sponsor of this bill intends to restrict this service to grantees of DADA, and not to open it to private sector participation at this time. If this is correct, we support the restriction. The existing Medicaid services options do not allow for any Medicaid reimbursement of Division of Alcoholism and Drug Abuse services. Adding this new service will allow us to begin to introduce Medicaid federal matching funds into alcoholism and substance abuse services. This kind of refinancing is a key strategy this Department wants to employ as a way of protecting essential programs in the face of declining state revenues.

However, we would be better able to control expenditures and resist pressures for expansion if this intent were made explicit by amending AS 47.07.900 (Definitions) to define substance abuse rehabilitation services for pregnant women as services provided by grantees of the Department. We respectfully recommend that the

Legislature consider making this change in CS HB No. 498:

AS 47.07.900 is amended by adding a new paragraph to read:

(13) "Substance abuse rehabilitation services" means services provided by a drug or alcohol treatment center that is funded with a grant under AS 47.30.475.

We understand the sponsor may be considering changes in the priority order proposed by Section 2. We believe the rationale we perceive behind how the Legislature has previously placed items in this listing would suggest that substance abuse services, insofar as they may partially fund existing state-funded activities with federal matching funds, are most like the "clinic services" option, which performs this function for the community mental health system. Perhaps these two services should be placed together in mid-list.

Also, there may be valid arguments for separating case management and nutrition services and re-placing these the options. Case management for pregnant women was established by the Legislature in 1988 as an "administrative" service and consists solely of Medicaid 75% federal funding for five Division of Public Health Public Health Nurses who serve high-risk pregnant women. We would argue for placement of this service near the clinic option in the priority list.

Nutritional services are very different from case management services, for these services are performed by a tiny number of private registered dietitians who serve pregnant women who have severe nutritional risk factors such as gestational diabetes. Because of Alaska's shortage of dietitians, we do not expect billing for this service to exceed \$20,000 this year. Because of the small number of our clients who would be affected if this service were deleted, and because of the prospects clients have to obtain nutritional help from their physicians, we would argue for a placement of this service at or near the top of the priority list.

#### Position

We believe CS HB 498 proposes an essential service addition to Medicaid, and that it does so with an intent and cost that is realistic in light of the State's very bleak revenue outlook. We believe it is both cost effective and sound public policy to support services for substance-abusing pregnant women to the maximum extent possible.

We support the passage of this bill.

Recommended by: Kimberly B. Busch Date: 3-12-92

Kimberly B. Busch  
Director  
Division of Medical Assistance

Approved by: Theodore A. Mala Date: 3/12/92  
Theodore A. Mala, MD, MPH  
Commissioner

**FISCAL NOTE**

**STATE OF ALASKA  
1992 LEGISLATIVE SESSION**

BILL NO. CS HB 498

Revision Date: 3/12/92 Department Affected: DH&SS  
 Title: An act relating to Medicaid coverage for BRU: Medicaid  
for pregnant women... Component: Medicaid Non-Facilities

Sponsor: Lincoln, et al

Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

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

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	53.5	35.7	37.7	39.8	42.0	44.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	95.3	209.6	230.1	253.1	278.4	306.2
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>148.8</b>	<b>245.3</b>	<b>267.8</b>	<b>292.9</b>	<b>320.4</b>	<b>350.5</b>

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE:</b>						
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**FUNDING (Thousands of Dollars)**

GENERAL FUNDS	15.8	22.5	24.5	27.0	29.7	32.7
FEDERAL FUNDS	94.9	139.0	151.1	164.5	179.1	195.1
OTHER FUND SOURCE: IA	38.1	83.8	92.2	101.4	111.6	122.7
<b>TOTAL</b>	<b>148.8</b>	<b>245.3</b>	<b>267.8</b>	<b>292.9</b>	<b>320.4</b>	<b>350.5</b>

**POSITIONS:**

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

**Estimate of current year impact:**

ANALYSIS: (Attach a separate page if necessary.)

Three Fiscal notes relate to CS CB 498. See attached analysis.  
 All HB 498 fiscal notes dated prior to 3/10/92 are not relevant to CS HB 498.

Prepared by: Kimberly Busch, Director *Kimberly Busch* Phone: 465-3355

Division: Medical Assistance Date: 3-12-92

Approved by Commissioner: Theodore A. Mala *Theodore A. Mala*

Agency: Department of Health and Social Services Date: 3/12/92

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

FISCAL NOTE ANALYSIS  
CS HB NO. 498

Substance Abuse Rehabilitation Services for Pregnant Women

We assume it is the intent of HB 498 to provide rehabilitative services to approved grantees of the Division of Alcoholism and Drug Abuse, and not to open those services to the private sector at this time. Initially, these services will cover treatment services (not room and board costs) for Medicaid-eligible pregnant women in all of the 4 grantee residential programs that accept or specialize in pregnant women services.

FY 93 costs include one-time system contractual costs for establishing a new service in the Medicaid Management Information System, report modifications, and providers' manuals and training for a total of \$22.5 (75% federal, 25% state general fund match). Contractual costs also include an RSA with the Division of Alcoholism and Drug Abuse for the 50% federal matching funds for a position in that division (CF DADA fiscal notes).

Because of the need to modify the system, promulgate regulations, and train providers, a start date of 1/1/93 is assumed for this service. FY 93 costs are estimated to pay for rehabilitative services during 2190 resident days, at a total cost of \$95.3 (50% federal, 50% state general fund match).

FY 94 costs are computed at FY 93 x 2 (for a full 12 months) plus a 10% growth in service as capacity grows in residential treatment facilities and as other grantees offering some pregnant women outpatient therapy services enroll as providers. FY 95 and forward, we assume a 10% growth rate.

Contractual costs for claims processing, at \$6.23 per claim, are estimated at \$2.8 for FY 93, \$6.2 for FY 94, and increasing at 10% per year thereafter. Costs are 75% federal, 25% state general fund.

COSTS	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
Contractual-DADA	28.2	29.5	30.9	32.3	33.7	35.2
Contractual-Claims	25.3	6.2	6.8	7.5	8.3	9.1
Grants/Claims	95.3	209.6	230.1	253.1	278.4	306.2
<b>Total</b>	<b>148.8</b>	<b>245.3</b>	<b>267.8</b>	<b>292.9</b>	<b>320.4</b>	<b>350.5</b>
<b>REVENUE</b>						
Federal	94.9	139.0	151.1	164.5	179.1	195.1
IA-DADA	38.1	83.8	92.2	101.4	111.6	122.7
New Med. SGFM	15.8	22.5	24.5	27.0	29.7	32.7
<b>Total</b>	<b>148.8</b>	<b>245.3</b>	<b>267.8</b>	<b>292.9</b>	<b>320.4</b>	<b>350.5</b>

"New Medicaid SGFM" is the total net new cost to the State of CS HB No. 498.

FISCAL NOTE ANALYSIS  
CS HB NO. 498

The potential fiscal advantage to the grants system in DADA is the difference between the Medicaid payments the system receives (grants/claims amount), minus the transferred funds from DADA:

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
Medicaid Payment	95.3	209.6	230.1	253.1	278.4	306.2
Minus IA	38.1	83.8	92.2	101.4	111.6	122.7
Potential Advantage	57.2	125.8	137.91	151.7	166.8	183.5