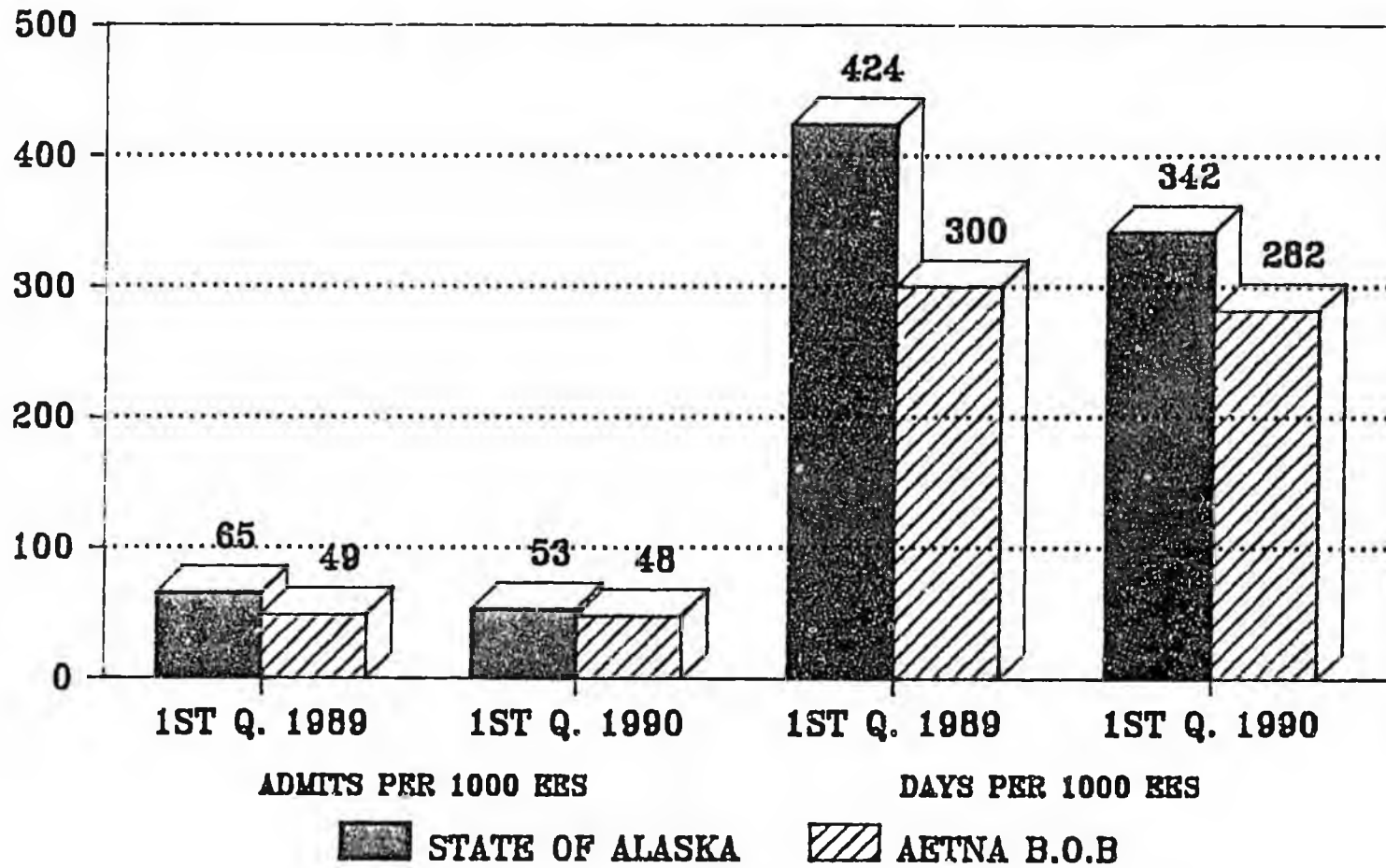


ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
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STATE OF ALASKA HEALTHCARE UTILIZATION



STATE OF ALASKA
 BENEFITS PAYABLE BY TYPE OF CARE PER EMPLOYEE
 PAID CLAIMS
 ACTIVE EMPLOYEE GROUP

TABLE 3

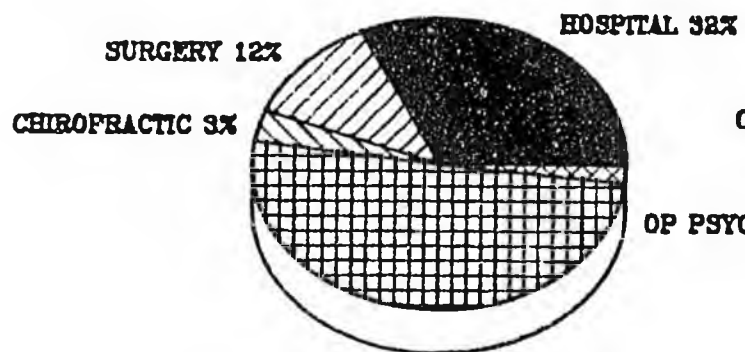
INPATIENT	1ST QTR 1989	1ST QTR 1990	% CHANGE
HOSPITAL ROOM & BOARD (EXCL. PSYCH/SUB ABUSE)	\$103	\$97	-5.8%
HOSPITAL ANCILLARIES	\$185	\$165	-10.8%
ROOM & BOARD - PSYCHIATRIC	\$43	\$21	-51.2%
ANCILLARIES	\$17	\$7	-58.8%
ROOM & BOARD - SUBSTANCE ABUSE	\$9	\$7	-22.2%
ANCILLARIES	\$19	\$6	-68.4%
SURGERY (ASST. SURG/ANES)	\$76	\$76	0.0%
MEDICAL	\$26	\$28	7.7%
TOTAL INPATIENT	\$477	\$406	-14.9%
OUTPATIENT			
ANCILLARIES (INCL. FACILITIES)	\$109	\$118	8.3%
SURGERY (ASST. SURG/ANES)	\$66	\$65	-1.5%
MEDICAL	\$89	\$81	-9.0%
X-RAY & LABORATORY	\$76	\$73	-3.9%
PRESCRIPTION DRUG *	\$52	\$39	
CHIROPRACTIC	\$41	\$26	-36.6%
PSYCHIATRIC/SUBSTANCE ABUSE	\$23	\$19	-17.4%
OTHER OUTPATIENT	\$29	\$35	20.7%
TOTAL OUTPATIENT	\$483	\$457	-5.4%
TOTAL MEDICAL	\$960	\$863	-10.1%
DENTAL			
PREVENTATIVE	\$56	\$56	0.0%
RESTORATIVE	\$62	\$53	-14.5%
OTHER	\$50	\$38	
TOTAL DENTAL	\$167	\$148	-11.4%
VISION (1990 EXPERIENCE INCLUDES AETNA RUN-OFF)	\$48	\$6	
TOTAL	\$1,176	\$1,017 **	-13.5%
TOTAL INCLUDING VSP, PAR, & MEDCO	\$1,176	\$1,062	-9.7%
NUMBER OF EE'S	12,732	13,129	3.1%

* DOES NOT INCLUDE PAR OR MAIL ORDER DRUG EXPERIENCE. SEE REPORT IN SECTION 6 FOR TOTAL EXPERIENCE.

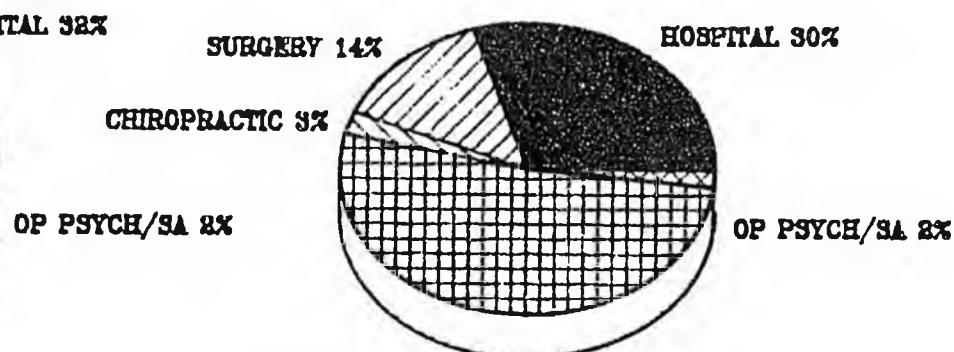
** BENEFITS PAYABLE IS DEFINED AS THE REGULAR BENEFITS PAYABLE BY PLAN AFTER DEDUCTIBLE & COINSURANCE BUT BEFORE COORDINATION OF BENEFITS.

STATE OF ALASKA

DISTRIBUTION OF BENEFITS



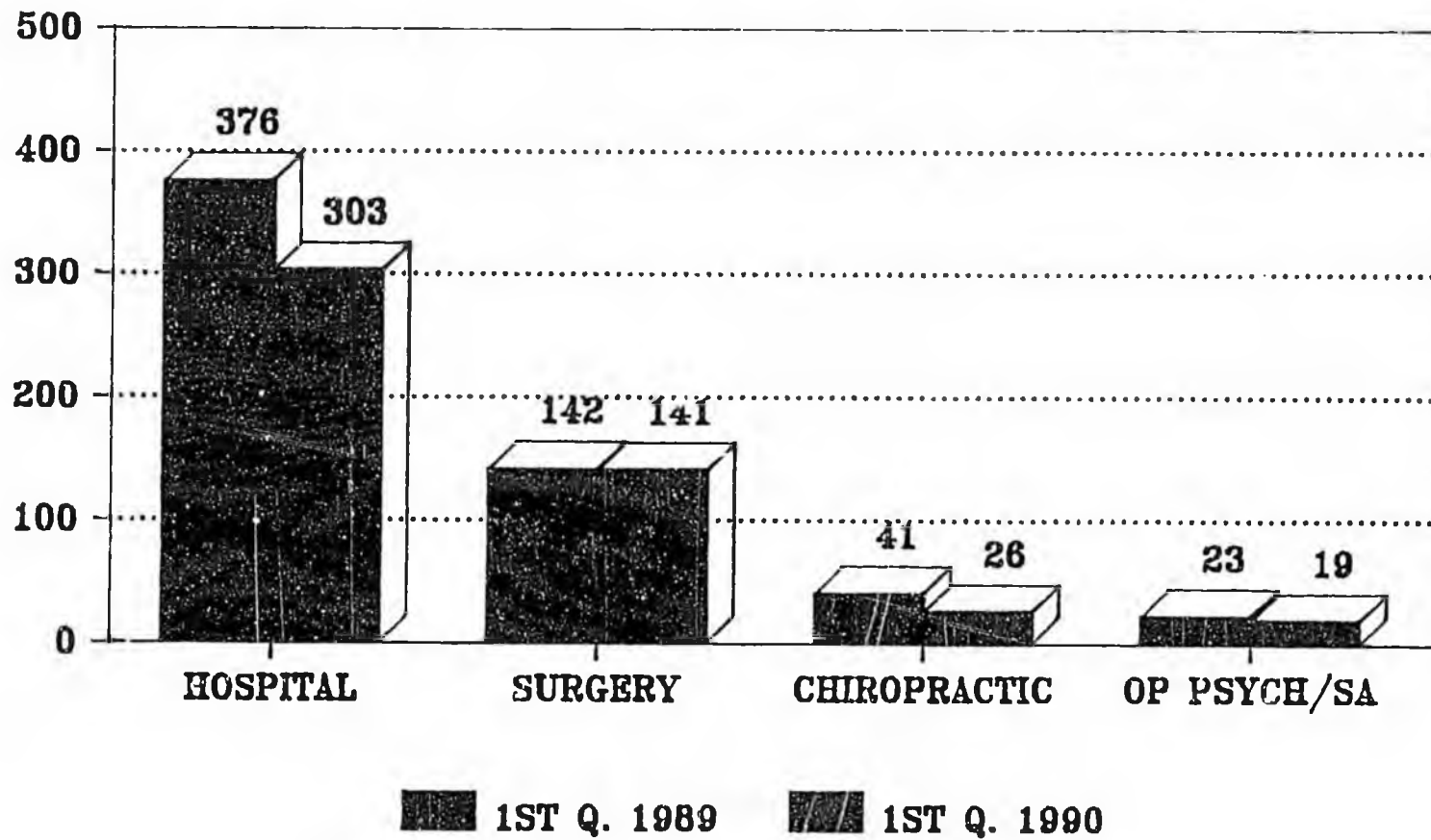
1ST Q. 1989



1ST Q. 1990

STATE OF ALASKA

BENEFITS PAYABLE FOR SELECTED SERVICES PER EMPLOYEE



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The following Tables 4, 5 and 6 present data for services incurred during the first quarter 1990. While the data is incomplete due to insufficient "lag time" the trend, -14.9% in NET PAID PER EE, is interesting to note.

STATE OF ALASKA
SUMMARY OF EXPENSE
INCURRED CLAIMS
ACTIVE EMPLOYEE GROUP

TABLE 4

KEY INDICATORS (PER EMPLOYEE)	STATE OF ALASKA			DOLLAR CHANGE
	1ST QTR. 1989	1ST QTR. 1990	% CHANGE	
GROSS SUBMITTED EXPENSES	\$1,236	\$1,123	-9.1	-\$113
CLAIM ADMINISTRATION SAVINGS & OTHER NOT COVERED	\$127	\$169	33.1	\$42
EXPENSES COVERED	\$1,109	\$954	-14.0	-\$155
EXPENSES PAID BY EMPLOYEES				
DEDUCTIBLE	\$92	\$92	0	\$0
CO-PAY	\$68	\$54	-20.6	-\$14
TOTAL COST SHARING	\$160	\$146	-8.8	-\$14
COST SHARING AS % OF COVERED	14.4%	15.3%	6.3	-
COORDINATION OF BENEFITS	\$91	\$79	-13.2	-\$12
EXPENSES PAID BY PLAN	\$858	\$730	-14.9	-\$128
TOTAL EXPENSES PAID BY PLAN INCLUDING VSP, PAR, MEDCO	\$858	\$775	-9.7	-\$83
NUMBER OF EMPLOYEES:				
1ST QUARTER	1989	12,732		
1ST QUARTER	1990	13,129		

NOTE: THIS DATA IS BASED ONLY ON SERVICES INCURRED BETWEEN JANUARY AND MARCH, 1990.

STATE OF ALASKA
SUMMARY OF HEALTHCARE UTILIZATION
INCURRED CLAIMS
ACTIVE EMPLOYEE GROUP

TABLE 5

	STATE OF ALASKA			AETNA BOOK OF BUSINESS		
	1ST QUARTER 1989	1ST QUARTER 1990	% CHANGE	1ST QUARTER 1989	1ST QUARTER 1990	% CHANGE
HEALTHCARE UTILIZATION PER 1000 EE'S						
ADMISSIONS	62	28	-54.3	36	34	-6.0
PATIENT DAYS	446	123	-72.5	190	170	-10.5
AVERAGE LENGTH OF STAY	7.1	4.3	-39.8	5.3	5	-5.7
SURGICAL PROCEDURES						
INPATIENT	40	12	-70.0	5	3	-40.0
OUTPATIENT	234	133	-43.2	19	14	-26.3
% INPATIENT	14.5%	8.3%	-42.8	20.1%	18.9%	-6.0
NUMBER OF EE'S	12,732	13,129	3.1			

NOTE: THIS DATA IS BASED ONLY ON SERVICES INCURRED BETWEEN JANUARY AND MARCH, 1990

STATE OF ALASKA
 BENEFITS PAYABLE BY TYPE OF CARE PER EMPLOYEE
 (INCURRED)
 ACTIVE EMPLOYEE GROUP

TABLE 6

INPATIENT	1ST QTR 1989	1ST QTR 1990	CHANGE
HOSPITAL ROOM & BOARD (EXCL. PSYCH/SUB ABUSE)	\$84	\$80	-4.8%
HOSPITAL ANCILLARIES	\$129	\$129	0.0%
ROOM & BOARD - PSYCHIATRIC	\$41	\$22	-46.3%
ANCILLARIES	\$17	\$8	-52.9%
ROOM & BOARD - SUBSTANCE ABUSE	\$8	\$2	-75.0%
ANCILLARIES	\$12	\$2	-83.3%
SURGERY (ASST. SURG/ANES)	\$58	\$50	-13.8%
MEDICAL	\$19	\$20	5.3%
TOTAL INPATIENT	\$369	\$314	-14.9%
OUTPATIENT			
ANCILLARIES (INCL. FACILITIES)	\$88	\$97	10.2%
SURGERY (ASST. SURG/ANES)	\$56	\$49	-12.5%
MEDICAL	\$67	\$59	-11.9%
X-RAY & LABORATORY	\$63	\$59	-6.3%
PRESCRIPTION DRUG *	\$36	\$26	-27.8%
CHIROPRACTIC	\$35	\$19	-45.7%
PSYCHIATRIC/SUBSTANCE ABUSE	\$18	\$15	-16.7%
OTHER OUTPATIENT	\$21	\$24	14.3%
TOTAL OUTPATIENT	\$383	\$347	-9.4%
TOTAL MEDICAL	\$751	\$661	-12.0%
DENTAL			
PREVENTATIVE	\$51	\$52	2.0%
RESTORATIVE	\$53	\$45	-15.1%
OTHER	\$43	\$32	-25.6%
TOTAL DENTAL	\$147	\$129	-12.2%
VISION	\$45	\$0	N/A
TOTAL	\$944	\$790 **	-16.3%
NUMBER OF EE'S	12,732	13,129	3.1%

* DOES NOT INCLUDE PAR OR MAIL ORDER DRUG EXPERIENCE. SEE REPORT IN SECTION 6 FOR TOTAL EXPERIENCE

** BENEFITS PAYABLE IS DEFINED AS THE REGULAR BENEFITS PAYABLE BY PLAN AFTER DEDUCTIBLE & COINSURANCE BUT BEFORE COORDINATION OF BENEFITS

UTILIZATION MANAGEMENT ACTIVITY COMMENTS

Utilization Management activity is helping to reduce plan costs as evidenced by the following:

- o 715 inpatient precertification requests were reviewed during the first quarter of 1990 of which 11% (80/717) admissions were averted. There were 3,850 bed days certified and 2,903 bed days denied. The average length of certification was 5.9 days for all diagnoses combined.
- o 93 cases involved onsite concurrent review of which 442 days were certified and 356 days were denied.
- o Outpatient precertification/Managed Second Opinion reviews totalled 482 during first quarter 1990 with an estimated combined savings of \$193,174 due to averted procedures.
- o Of 217 Home Health Care visits requested, 201 were approved and 16 visits saved.
- o Four claimants precertified for skilled nursing facility admissions of which 134 days were requested and 71 days were approved.
- o Five people took advantage of the per diem travel benefit constituting \$323.95 dollars paid in benefits.

Following the first full six months of the precertification programs and the appropriate claim lag time, we will be reporting on paid claim activity and days actually used relative to the precertification activity during the same time period i.e., January 1990 through June 1990.

HEALTHY BEGINNINGS

There has been much interest in the Healthy Beginnings Program (High Risk Pregnancy) as shown by the 64 women who participated in the first quarter 1990.

Of note:

- o 75% (49/64) of the participants were classified at increased risk,
- o the average gestation at time of first contact was approximately 18 weeks, and
- o the average age of the participant was 32 years of age.

See individual case studies on pages 37 - 38 of this section.

Observations by Claim Management

Claim management personnel and Healthline nurses responsible for the administration of the Utilization Management programs and other plan changes made the following observations:

- o As expected the volume of phone calls by the State of Alaska employees to the Aetna claim office increased dramatically from approximately 6,000 per month in early 1989 to approximately 10,000 per month in the first quarter 1990.
- o Most employees, if they commented on the new programs at all, said that they understood the problem of escalating healthcare costs. There were, of course, some complaints about changes to the plan.
- o The most frequently expressed dissatisfaction was with the Maintenance of Benefits approach to Coordination of Benefits. Employees seem to be confused by the change and upset by the resultant benefit levels.
- o Nurses responsible for precertification report few instances of employee dissatisfaction and a diminished level of hostility on the part of the Provider community although pockets of resistance remain.

STATE OF ALASKA
HOSPITAL INPATIENT PRECERTIFICATION ACTIVITY REPORT
ACTIVE EMPLOYEE GROUP
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 7

DIAGNOSTIC GROUPING	REQUESTED CONFINEMENTS		REQUESTED BED DAYS		AVERAGE LENGTH OF CERTIFICATION		HEALTHLINE *
	CERTIFIED (1)	DENIED (2)	CERTIFIED (3)	DENIED (4)	1990 (5)	1989 (6)	
MEDICAL/SURGICAL	399	57	1487	1604	3.7	0	0
MATERNITY	163	7	331	244	2.0	0	0
PSYCHIATRIC							
ADJUSTMENT-DISORDER	4	0	95	60	23.8	0	0
AFFECTIVE-BIPOLAR	1	0	26	4	26.0		
AFFECTIVE-DEPRESSED	16	0	457	50	28.6		
AFFECTIVE-OTHER	3	1	109	7	36.3	0	0
ANXIETY	0	0	0	0	0.0	0	0
BORDERLINE	0	0	0	0	0.0	0	0
CONDUCT	1	0	18	3	18.0	0	0
EATING DISORDER	0	0	0	0	0.0	0	0
MULTIPLE PERSONALITY	0	0	0	0	0.0	0	0
PERSONALITY (OTHER)	0	0	0	0	0.0	0	0
PSYCHOTIC	0	0	0	0	0.0	0	0
SCHIZOPHRENIC	2	1	23	11	11.5	0	0
SUBTOTAL - PSYCH	27	2	728	135	27.0	0	0
SUBSTANCE ABUSE							
ALCOHOL ABUSE	16	4	375	94	23.4	0	0
COCAINE	0	0	0	0	0.0	0	0
ORGANIC	8	0	127	40	15.9	0	0
SOMATOFORM	0	0	0	0	0.0	0	0
OTHER SUBSTANCE	11	1	359	70	32.6	0	0
SUBTOTAL - SUB ABUSE	35	5	861	204	24.6	0	0
OTHER PSYCH & SUBSTANCE ABUSE	15	5	443	118	29.5	0	0
TOTAL	639	76	3,850	2,305	6.0	0	0

* 1990 AETNA BOOK OF BUSINESS HEALTHLINE DATA WILL BE AVAILABLE SEPTEMBER 1990.

STATE OF ALASKA
HOSPITAL INPATIENT PRECERTIFICATION ACTIVITY REPORT
ACTIVE EMPLOYEE GROUP
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 7

DIAGNOSTIC GROUPING	REQUESTED CONFINEMENTS		REQUESTED BED DAYS		AVERAGE LENGTH OF CERTIFICATION		
	CERTIFIED (1)	DENIED (2)	CERTIFIED (3)	DENIED (4)	1990 (5)	1989 (6)	HEALTHLINE * (7)
MEDICAL/SURGICAL	399	57	1487	1604	3.7	0	0
MATERNITY	163	7	331	244	2.0	0	0
PSYCHIATRIC							
ADJUSTMENT-DISORDER	4	0	95	60	23.8	0	0
AFFECTIVE-BIPOLAR	1	0	26	4	26.0		
AFFECTIVE-DEPRESSED	16	0	457	50	28.6		
AFFECTIVE-OTHER	3	1	109	7	36.3	0	0
ANXIETY	0	0	0	0	0.0	0	0
BORDERLINE	0	0	0	0	0.0	0	0
CONDUCT	1	0	18	3	18.0	0	0
EATING DISORDER	0	0	0	0	0.0	0	0
MULTIPLE PERSONALITY	0	0	0	0	0.0	0	0
PERSONALITY (OTHER)	0	0	0	0	0.0	0	0
PSYCHOTIC	0	0	0	0	0.0	0	0
SCHIZOPHRENIC	2	1	23	11	11.5	0	0
SUBTOTAL - PSYCH	27	2	728	135	27.0	0	0
SUBSTANCE ABUSE							
ALCOHOL ABUSE	16	4	375	94 (see comment)	23.4	0	0
COCAINE	0	0	0	692 (see comment)	0.0	0	0
ORGANIC	8	0	127	40	15.9	0	0
SOMATOFORM	0	0	0	0	0.0	0	0
OTHER SUBSTANCE	11	1	359	70	32.6	0	0
SUBTOTAL - SUB ABUSE	35	5	861	802	24.6	0	0
OTHER PSYCH & SUBSTANCE ABUSE	15	5	443	118	29.5	0	0
TOTAL	639	76	3,850	2,903	6.0	0	0

* 1990 AETNA BOOK OF BUSINESS HEALTHLINE DATA WILL BE AVAILABLE SEPTEMBER 1990.

STATE OF ALASKA
HOSPITAL INPATIENT PRECERTIFICATION ACTIVITY REPORT
ONSITE CONCURRENT REVIEW
ACTIVE EMPLOYEE GROUP
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 8

DIAGNOSTIC GROUPING	REQUESTED CONFINEMENTS		REQUESTED BED DAYS		AVERAGE LENGTH OF CERTIFICATION		HEALTHLINE (7)
	CERTIFIED (1)	DENIED (2)	CERTIFIED (1)	DENIED (2)	1990 (5)	1989 (6)	
MEDICAL/SURGICAL	74	4	379	329	5.1	0	0
MATERNITY	14	1	63	27	4.5	0	0
TOTAL	88	5	442	356	5.0	0	0

NOTE: THE DATA IN THIS TABLE IS A SUBSET OF ACTIVITY REPORTED IN TABLE 7 AND REFLECTS ACTIVITY OF THE "ONSITE" NURSE IN ANCHORAGE.

STATE OF ALASKA
 PROCEDURE PRECERTIFICATION ACTIVITY
 ACTIVE EMPLOYEE GROUP
 JANUARY 1, 1990 - MARCH 31, 1990
 PRECERTIFICATION ACTIVITY

TABLE 9

	TOTAL CASES REQUESTED	TOTAL CASES REFERRED MD	TOTAL CASES CERTIFIED	TOTAL CASES NOT CERTIFIED	PERCENTAGE NOT CERTIFIED	
					THIS PERIOD	SAME PERIOD LAST YEAR
OUTPATIENT PRECERTIFICATION	345	33	323	22	6.4%	N/A
MANAGED SECOND OPINION	137	9	124	13	9.5%	N/A
TOTAL	482	42	447	35	7.3%	

STATE OF ALASKA
 OUTPATIENT PRECERTIFICATION PROGRAM
 ESTIMATED SAVINGS BY PROTOCOL
 ACTIVE EMPLOYEE GROUP
 JANUARY 1, 1990 - MARCH 31, 1990

TABLE 13

PROCEDURE	TOTAL REQUESTS	TOTAL CERTIFIED	TOTAL DENIED	AVERAGE CHARGE PER PROCEDURE	ESTIMATED SAVINGS
BUNIONECTOMY	13	12	1	\$4,497	\$4,497
CARP TUNNEL REL	14	13	1	\$3,312	\$3,312
COLONOSCOPY	45	39	6	\$1,312	\$7,872
CORONARY ANGIO	8	8	0	\$0	\$0
CYSTOSCOPY	25	22	3	\$2,706	\$8,118
DILATION & CURETTAGE	42	38	4	\$2,399	\$9,596
HAMMERTOES	2	2	0	\$0	\$0
ING HERNIA REP	19	19	0	\$0	\$0
KNEE ARTHRO	59	58	1	\$5,145	\$5,145
PELVIC LAP	28	28	0	\$0	\$0
STABISMUS REP	3	3	0	\$0	\$0
TYMPANOSTOMY	37	33	4	\$1,956	\$7,824
UGI ENDOSCOPY	44	42	2	\$1,174	\$2,348
TOTAL	339	317	22		\$48,712

STATE OF ALASKA
 MANAGED SECOND OPINION
 ESTIMATED SAVINGS BY PROTOCOL
 ACTIVE EMPLOYEE GROUP
 JANUARY 1, 1990 - MARCH 31, 1990

TABLE 12

PROCEDURE	TOTAL REQUESTS	TOTAL CERTIFIED	TOTAL DENIED	AVERAGE CHARGE PER PROCEDURE 1989	ESTIMATED SAVINGS
ADENOIDECTOMY	4	3	1	\$290	\$290
CABS/CABG <i>Coronary Bypass</i>	5	5	0	\$0	\$0
CATARACT	9	8	1	\$5,725	\$5,725
CORONARY ANGIO	0	0	0	\$0	\$0
HYSTERECTOMY	59	57	2	\$12,812	\$25,624
LAMINECTOMY	20	18	2	\$9,295	\$18,590
LOW BACK PAIN	12	6	6	\$15,449	\$92,694
MENISCECTOMY	0	0	0	\$0	\$0
PACEMAKER	0	0	0	\$0	\$0
PROSTATECTOMY	0	0	0	\$0	\$0
T & A <i>Tonsils & Adenoids</i>	9	9	0	\$0	\$0
TONSILLECTOMY	18	17	1	\$1,539	\$1,539
TOTAL	136	123	13		\$144,462

STATE OF ALASKA
HEALTHY BEGINNINGS ACTIVITY
ACTIVE EMPLOYEE GROUP
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 14

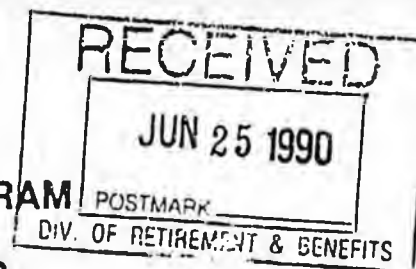
CASE NUMBER	CLAIMANT AGE	NO. WEEKS PREGNANT AT INITIAL CONTACT	RISK CLASSIFICATION	NURSING INTERVENTION (COUNT)	PHYSICIAN REFERRAL REQUIRED
1	30	17	INCREASED	4	NO
2	18	19	INCREASED	8	YES
3	43	18	INCREASED	2	NO
4	32	11	INCREASED	2	NO
5	38	23	INCREASED	3	NO
6	36	13	INCREASED	4	NO
7	28	7	INCREASED	2	NO
8	25	24	INCREASED	2	NO
9	30	26	INCREASED	2	NO
10	30	26	INCREASED	2	NO
11	26	23	INCREASED	3	NO
12	27	9	INCREASED	3	NO
13	28	9	INCREASED	2	NO
14	38	22	INCREASED	2	NO
15	37	7	INCREASED	3	NO
16	31	24	INCREASED	3	NO
17	27	23	INCREASED	2	NO
18	38	14	INCREASED	2	NO
19	33	21	INCREASED	2	NO
20	28	17	INCREASED	3	NO
21	23	23	INCREASED	2	NO
22	34	29	INCREASED	5	NO
23	33	9	INCREASED	3	YES
24	37	26	INCREASED	2	NO
25	33	24	INCREASED	3	NO
26	29	29	INCREASED	3	NO
27	35	22	INCREASED	2	NO
28	31	32	INCREASED	2	NO
29	35	18	INCREASED	3	NO
30	33	29	INCREASED	7	NO
31	35	7	INCREASED	3	NO

STATE OF ALASKA
HEALTHY BEGINNINGS ACTIVITY
ACTIVE EMPLOYEE GROUP
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 14

CASE NUMBER	AGE	NO. WEEKS PREGNANT AT INITIAL CONTACT	RISK CLASSIFICATION	NURSING INTERVENTION (COUNT)	PHYSICIAN REFERRAL REQUIRED
32	30	29	INCREASED	2	NO
33	32	10	INCREASED	2	NO
34	28	22	INCREASED	2	NO
35	33	15	INCREASED	2	NO
36	36	13	INCREASED	4	NO
37	35	7	INCREASED	3	NO
38	29	10	INCREASED	2	NO
39	40	9	INCREASED	4	NO
40	26	29	INCREASED	4	NO
41	35	15	INCREASED	2	NO
42	36	18	INCREASED	2	NO
43	20	16	INCREASED	3	NO
44	37	12	INCREASED	3	NO
45	36	7	INCREASED	2	NO
46	38	17	INCREASED	3	NO
47	32	22	INCREASED	2	NO
48	33	11	INCREASED	2	NO
49	33	6	INCREASED	3	YES
50	25	18	NORMAL	3	NO
51	29	5	NORMAL	2	NO
52	29	9	NORMAL	2	NO
53	29	9	NORMAL	2	NO
54	29	24	NORMAL	2	NO
55	29	25	NORMAL	2	NO
56	25	7	NORMAL	2	NO
57	29	13	NORMAL	2	NO
58	33	27	NORMAL	2	NO
59	35	19	NORMAL	2	NO
60	32	11	NORMAL	3	NO
61	34	18	NORMAL	2	NO
62	28	26	NORMAL	3	NO
63	32	24	NORMAL	2	NO
64	24	12	NORMAL	2	NO
AVERAGE	32	18	36		

STATE OF ALASKA
HEALTHY BEGINNINGS PROGRAM
INDIVIDUAL CASE STUDIES



Case # 1

This Nome patient first called saying she couldn't afford food or vitamins. We counselled her on adequate inexpensive foods and found a source in Anchorage that she was able to send away for mail order pre-natal vitamins.

Case # 2

An eighteen-year-old financially unsupported, single, pregnant female currently living with a sibling, required assistance in locating a doctor in the area. Not aggressive in learning about prenatal and newborn care and was not able to get into a childbirth class. We have encouraged her to do as much as possible on her own and have recommended library books, etc. At thirty-four weeks gestation she called us with signs of premature labor. The attending physician told her to go to the hospital, the hospital was telling her to stay home. She called us confused and in pain. We instructed her to go to the hospital. After coaching her through several contractions her labor was stopped at the hospital and we hope for an uneventful outcome.

Case # 8

Patient with hydramnions perceives that the doctor is withholding information. There are no other practitioners in the area. The patient had numerous questions. We developed strategies to improve her communication with her doctor, i.e. ask for longer appointments, make a list of her questions, have the office nurse answer some of the questions. We have reports that the communication has improved.

Case # 30

This patient at twenty-nine weeks gestation had preterm labor which required parenteral tocolytics. We set up a Toco's uterine monitor and home care for medication administration. The patient delivered a healthy baby at full term.

Case 49

Patient with first trimester nausea and vomiting. Discussed options to hospital admission for hydration, i.e. home care, doctor's office. Patient and doctor agree, IV's given at doctor's office periodically allowing her to stay home and care for her other children. This patient also had a urinary tract infection which she refused to treat because she was worried about fetal effects. Education was provided regarding the rationale for antibiotics. She then went ahead with treatment but unfortunately not in time to prevent a miscarriage. If she gets pregnant again she will be a better patient.

STATE OF ALASKA
HOME HEALTH CARE
PRECERTIFICATION ACTIVITY
ACTIVE EMPLOYEE GROUP
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 15

CASE NUMBER	CLAIMANT AGE	DIAGNOSIS	VISITS REQUESTED	VISITS APPROVED	VISITS SAVED
1	41	LYMPHOMA	1	1	0
2	49	MULTIPLE MYELOMA	5	5	0
3	53	MALIGNANT NEOPLASM OF COLON	15	13	2
4	35	MELANOMA OF SKIN	9	9	0
5	32	EARLY OR THREATENED LABOR	76	62	14
6	33	MULTIPLE GESTATION	40	40	0
7	35	OPEN WOUND, ABDOMINAL WALL	6	6	0
8	25	POSTOPERATIVE INFECTION	9	9	0
9	26	MULTIPLE GESTATION	44	44	0
10	32	VAGINITIS	12	12	0
			217	201	16

STATE OF ALASKA
 SKILLED NURSING FACILITIES
 PRECERTIFICATION ACTIVITY
 ACTIVE EMPLOYEE GROUP
 JANUARY 1, 1990 - MARCH 31, 1990

TABLE 16

CASE NUMBER	DIAGNOSIS	ADMISSIONS		DAYS	
		REQUESTED	APPROVED	REQUESTED	APPROVED
1	FRACTURE OF UNSPECIFIED BONE	1	1	17	14
2	FRACTURE OF TUBIA OR FIBULA	1	1	90	33
3	FRACTURE OF TIBIA OR FIBULA	1	1	10	10
4	FRACTURE	1	1	17	14
		4	4	134	71

STATE OF ALASKA
 PER DIEM TRAVEL REIMBURSEMENT
 PROGRAM ACTIVITY REPORT
 ACTIVE EMPLOYEE GROUP
 JANUARY 1, 1990 - MARCH 31, 1990

TABLE 17

CLAIMANT	DATE OF REQUEST	DIAGNOSIS	SURGICAL PROCEDURE CODE	ACCOMPANIED BY PARENT	LODGING EXPENSES	MEAL EXPENSES	TOTAL DOLLARS PAID
MALE EE	11/28/89	CLEFT PALATE W/CLEFT LIP	PALATOPHARYNGOPLASTY	NO	\$130.00	\$52.62	\$72.00
MALE EE	12/01/89	ANAL FISSURE & FISTULA	HEMORRHOIDECTOMY	NO	\$45.70	\$15.25	\$60.95
SON	03/01/90	UNSPECIFIED OTITIS MEDIA	TYMPANOSTOMY	YES	\$160.00	\$90.00	\$111.00
HUSBAND	03/05/90	ABNORMAL BODY TISSUE	EXCISION, TUMOR, THIGH/KNEE	NO	\$90.75	\$0.00	\$80.00
SON	03/20/90	FRACTURE OF FEMUR	TX OF FEMORAL SHAFT FRACTURE	YES	\$43.78	\$24.25	\$0.00
TOTAL					\$470.23	\$182.12	\$323.95

STATE OF ALASKA
CHIROPRACTIC EXPERIENCE
INCURRED CLAIMS
ACTIVE EMPLOYEE GROUP

TABLE 18

CLAIMANT RELATION	NO. OF VISITS	NO. OF CLAIMANTS	VISITS PER CLAIMANT	TOTAL CHARGES	AVERAGE CHARGE PER VISIT	CHARGE PER CLAIMANT	BENEFITS PAID	AVERAGE BENEFIT PER VISIT	BENEFIT PER CLAIMANT
EMPLOYEE	11,579	1,278	9.1	\$354,441	\$31	\$277	\$262,940	\$23	\$206
SPOUSE	6,614	722	9.2	\$190,679	\$29	\$264	\$141,353	\$21	\$196
CHILD	1,987	297	6.7	\$55,835	\$28	\$188	\$38,808	\$20	\$131
1ST QTR 1989 TOTAL	20,180	2,297	8.8	\$600,955	\$30	\$262	\$443,101	\$22	\$193
EMPLOYEE	8,050	1,215	6.6	\$248,378	\$31	\$204	\$157,007	\$20	\$129
SPOUSE	4,468	630	7.1	\$126,421	\$28	\$201	\$73,336	\$16	\$116
CHILD	1,485	275	5.4	\$36,254	\$24	\$132	\$19,433	\$13	\$71
1ST QTR 1990 TOTAL	14,003	2,120	6.6	\$411,053	\$29	\$194	\$249,776	\$18	\$118

NOTE: THIS DATA IS BASED ONLY ON SERVICES INCURRED BETWEEN JANUARY AND MARCH, 1990

STATE OF ALASKA
VISION SERVICE PLAN EXPERIENCE
ACTIVE EMPLOYEE GROUP
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 19

	EMPLOYEE -----	SPOUSE -----	CHILD -----	TOTAL -----
NET BENEFITS PAID	\$199,777.	\$79,621	\$84,167	\$363,565
NO. CLAIM SUBMISSIONS	881	580	695	2,156
AVERAGE COST PER CLAIM	\$226.76	\$137.28	\$121.10	\$168.63

COMBINED AETNA/VISION SERVICE PLAN EXPERIENCE OVER TIME

	1ST QTR. 1989		1ST QTR 1990		% CHANGE -----
	TOTAL -----	VSP -----	AETNA -----	TOTAL -----	
BENEFITS PAID	\$609,741	\$363,565 *	\$81,344	\$444,909	-27%
BENEFITS PER EE	\$47.89			\$33.89	
NUMBER OF EE'S	12,732			13,129	

* VISION SERVICE PLAN DATA IS IMMATURE

DOLLARS PAID BY MONTH:

JAN	\$74,510
FEB	\$123,713
MAR	\$165,342

STATE OF ALASKA
 PRESCRIPTION DRUG PROGRAMS
 UTILIZATION AND COST SUMMARY
 ACTIVE EMPLOYEE GROUP

TABLE 20

	1ST QTR 1989	1ST QUARTER 1990			% DIFFERENCE	
	TOTAL	MAIL ORDER DRUG PROGRAM	AETNA PAR DRUG PROGRAM	INDEMNITY		TOTAL
SUBMITTED EXPENSES	\$860,728	\$40,151	\$200,417	\$573,696	\$814,264	-5.4
BENEFITS PAYABLE	\$657,339	\$39,051	\$179,700	\$505,736	\$724,487	10.2
NUMBER OF PRESCRIPTIONS	16,063	646	9,874	14,300	24,820	54.5
AVERAGE CHARGE PER EE	\$68	\$3	\$16	\$45	\$62	-8.3

STATE OF ALASKA
MAIL ORDER DRUG PROGRAM
JANUARY 1, 1990 - MARCH 31, 1990

TABLE 21

<u># RX PAID</u>	<u>DOLLARS SUBMITTED</u>	<u>DOLLARS PAID</u>	<u>AVG. DAYS SUPPLIED</u>	<u>AVERAGE PAYMENT PER RX</u>
646	\$40,151	\$39,051	67	\$60.45

STATE OF ALASKA
 AETNA PAR DRUG CLAIM PAYMENT SUMMARY
 ACTIVE EMPLOYEE GROUP
 JANUARY 1, 1990 - MARCH 31, 1990

TABLE 22

	NC. RX PAID -----	DOLLARS SUBMITTED -----	DOLLARS PAID -----	AVG. DAYS SUPPLIED -----	AVERAGE PAYMENT PER RX -----
EMPLOYEES	5,358	\$119,028	\$106,883	22	\$19.95
SPOUSES	2,326	\$48,415	\$42,620	23	\$18.32
OTHER DEPENDENTS	2,190	\$32,974	\$30,197	15	\$13.79
TOTAL	9,874	\$200,417	\$179,700	21	\$18.20

STATE OF ALASKA
 AGGREGATE EXPENSE SUMMARY
 FOR DEPENDENTS 19-23 YEARS OLD
 ACTIVE EMPLOYEE GROUP

TABLE 23

KEY INDICATORS	1ST QTR. 1989	1ST QTR. 1990	% CHANGE
GROSS SUBMITTED EXPENSES	\$372,769	\$273,797	-26.6
CLAIM ADMINISTRATION SAVINGS & OTHER NOT COVERED	\$87,303	\$70,791	-18.9
EXPENSES COVERED	\$285,466	\$203,006	-28.9
EXPENSES PAID BY EMPLOYEES			
DEDUCTIBLE	\$21,953	\$14,632	-33.3
CO-PAY	\$20,766	\$10,164	-51.1
TOTAL COST SHARING	\$42,719	\$24,796	-42.0
COST SHARING AS % OF COVERED	15.0%	12.2%	-18.7
COORDINATION OF BENEFITS	\$48,719	\$32,641	-33.0
EXPENSES PAID BY PLAN	\$194,028	\$145,569	-25.0

NOTE: BECAUSE DEPENDENT CENSUS DATA IS NOT AVAILABLE, THE 25% DECREASE REPRESENTS A GROSS REDUCTION IN BENEFITS PAID FOR DEPENDENTS IN THIS AGE GROUP.

STATE OF ALASKA
THIRD PARTY LIABILITY
1/1/90-3/31/90

TABLE 24

CASE #	DATE OF INJURY	TYPE OF CLAIM	DATE OF PAYMENT	AMT OF PAYMENT	THIRD PARTY STATUS	AMOUNT OF RECOVERY	DATE OF RECOVERY
1	01/03/90	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
2	12/15/89	MOTOR VEHICLE ACCIDENT	0	\$0.00	RA-SENT	0.00	0
3	12/30/89	MOTOR VEHICLE ACCIDENT	1/30/90	\$323.00	0	0.00	0
4	12/01/89	MOTOR VEHICLE ACCIDENT	0	\$2,892.89	0	0.00	0
5	12/18/89	MOTOR VEHICLE ACCIDENT	01/04/90	\$1,933.33	0	0.00	0
6	12/10/89	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
7	01/20/90	BASKETBALL	02/28/90	\$14,208.14	PAID	0.00	0
8	01/13/90	MOTOR VEHICLE ACCIDENT	02/07/90	\$307.80	0	0.00	0
9	12/21/89	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
10	01/19/90	UNKNOWN	0	\$22,020.32	RA RECVD	0.00	0
11	12/14/89	MOTOR VEHICLE ACCIDENT	01/18/90	\$436.50	PART PMT	0.00	0
12	01/09/90	NO DETAILS	0	\$2,743.76	PART PMT	0.00	0
13	02/03/90	MOTOR VEHICLE ACCIDENT	02/16/90	\$153.50	PART PMT	0.00	0
14	12/28/89	NO DETAILS	02/16/90	\$267.31	PART PMT	0.00	0
15	12/20/89	SKIING	0	\$1,249.65	NO TPL	0.00	0
16	02/02/90	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
17	12/08/89	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
18	01/11/90	MOTOR VEHICLE ACCIDENT	01/30/90	\$417.00	RA 3/30	0.00	0
19	01/04/90	MOTOR VEHICLE ACCIDENT	0	\$332.05	0	0.00	0
20	02/24/90	MOTOR VEHICLE ACCIDENT	0	\$0.00	AUTO PD	0.00	0
21	03/06/90	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
22	12/01/89	MOTOR VEHICLE ACCIDENT	01/22/90	\$676.50	0	676.50	04/06/90
23	03/02/90	SPORTS INJURY	0	\$0.00	0	0.00	0
24	03/14/90	SPORTS INJURY	03/27/90	\$130.28	NO TPL	0.00	0
	03/14/90	SPORTS INJURY	04/23/90	\$1,473.90	NO TPL	0.00	0
25	03/17/90	SPORTS INJURY	0	\$0	NO TPL	0.00	0
26	01/18/90	UNKNOWN	0	\$483.58	LETTER	0.00	0
27	01/10/90	0	04/11/90	\$180.00	3RD PAID	0.00	0
	01/10/90	0	01/31/90	\$110.00	3RD PAID	0.00	0
28	03/19/90	MOTOR VEHICLE ACCIDENT	04/09/90	\$437.60	0	0.00	0
29	03/24/90	RENAL FAILURE	0	\$706.95	NO TPL	0.00	0
30	03/21/90	MOTOR VEHICLE ACCIDENT	0	\$0.00	TPL SENT	0.00	0
31	03/01/90	UNKNOWN	0	\$0.00	UNINSURD	0.00	0
32	04/02/90	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
33	04/07/90	SNOWMOBILE	0	\$23,114.86	RA SENT	0.00	0
34	03/07/90	MOTOR VEHICLE ACCIDENT	0	\$7,023.10	0	0.00	0
35	04/29/90	MOTOR VEHICLE ACCIDENT	0	\$0.00	0	0.00	0
36	03/31/90	MOTOR VEHICLE ACCIDENT	04/11/90	\$558.60	0	0.00	0
37	02/27/90	MOTOR VEHICLE ACCIDENT	0	\$413.91	0	0.00	0
38	12/29/89	MOTOR VEHICLE ACCIDENT	01/18/90	\$60.58	0	0.00	0

SUMMARY

RECOMMENDATIONS FOR FUTURE REPORTING AND EVALUATION

The methodology and strategy for reporting and evaluating the impact of plan changes on healthcare costs has been developed and presented in this first phase of the project.

We recommend the following strategy throughout 1990 and beyond:

- o that we meet with the State to review the findings of this initial evaluation and to discuss any modifications the State may want in methodology or report presentation.
- o all future reports and evaluation be based on incurred data in order to fully assess the impact of utilization management and plan changes on the State's health care costs.
- o that the next evaluation include all incurred claim experience for the first half of 1990 (January 1 through June 30) and be presented to the State in October, 1990 to allow for sufficient claim lag.
- o that the State may want to consider additional employee communications i.e., newsletter topics, etc., which explain the change in the administration of the coordination of benefits provision.
- o that the State may want to consider the use of employee surveys to monitor the perception of employees to the Utilization Management and plan changes.

We will be prepared to present a proposal for follow up communications during our meetings with the State of Alaska in July, 1990.

INPATIENT PRECERTIFICATION REPORT

GLOSSARY

The numbers preceding the data elements defined here correspond to the column numbers shown on the Precertification Activity report.

1. Certified Confinements

The number of hospital confinements determined to be medically necessary during the report period. When a confinement is certified, one or more hospital days are certified.

2. Denied Confinements

The number of hospital confinements determined to be not medically necessary during the report period. When a confinement is denied, no hospital days are certified.

3. Certified Days

The number of requested hospital days approved during the report period. This number includes recertification days that were approved.

4. Denied Days

The number of requested hospital days approved during the report period. This number includes recertification days that were denied.

5. This Period - Average Length of Certification (ALOC)

The number of certified hospital days approved during the report period divided by the total number of hospital confinements approved for the customer during the report period. (Formula for ALOC: (column 3)/(column 1.)

6. The same Period Last Year - Average Length of Certification (ALOC)

Average length of certification for confinements for the customer for the same report period last year.

7. HEALTHLINE - Average Length of Certification (ALOC)

Average length of certification for confinements for the entire HEALTHLINE program (all HEALTHLINE customers during the report period.

PROCEDURE PRECERTIFICATION ACTIVITY REPORT

GLOSSARY

Total Cases Requested

The total number of procedure precertification and retrospective certification requests received for policyholder during the reporting period.

Total Cases Referred M.D.

The total number of cases referred to M.D. when decision could not be made by nurse.

Total Cases Not Certified

The total number of procedure precertification and retrospective certification requests denied for policyholder during the reporting period.

Percentage Not Certified - This Period

The percent of procedure precertification and retrospective certification requests received that were not certified for policyholder during the reporting period.

Percentage Not Certified - Same Period Last Year

The percent of procedure precertification and retrospective certification requests received that were not certified for policyholder during the same reporting period of the previous year (will be blank this year).

OUTPATIENT PRECERTIFICATION/MANAGED SECOND OPINION REPORTS BY PROTOCOL GLOSSARY

Protocol Procedure

A specific procedure group.

Total Requests

By protocol, the total number of procedure precertification and retrospective certification requests received for policyholder during the reporting period.

Total Denied

By protocol, the total number of procedure precertification and retrospective certification requests denied for policyholder during the reporting period.

% Denied

By protocol, the percent of procedure precertification and retrospective certification requests received that were denied for policyholder during the reporting period.

Total Certified

By protocol, the total number of procedure precertification and retrospective certification requests certified for policyholder during reporting period.

Total Retrospective

By protocol, total number of certifications performed retrospectively for policyholder during the reporting period.

% Retrospective

By protocol, the percent of certifications performed retrospectively.

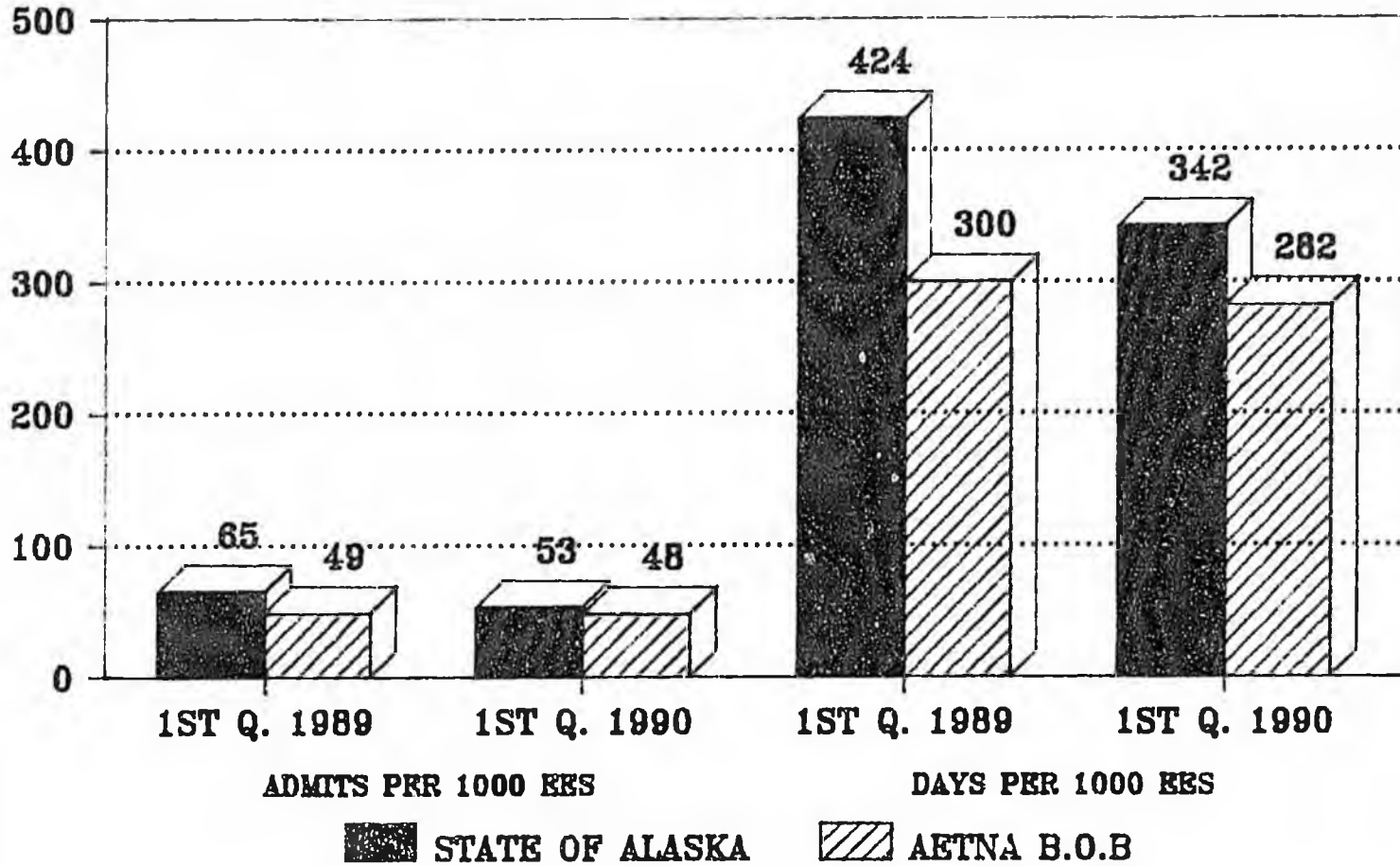
Average Charge per Procedure 1989

By protocol, the average charge per procedure in calendar year 1989.

Estimated Savings

By protocol, the estimated savings to the plan due to averted procedures. (Total denied x average charge per procedure 1989.)

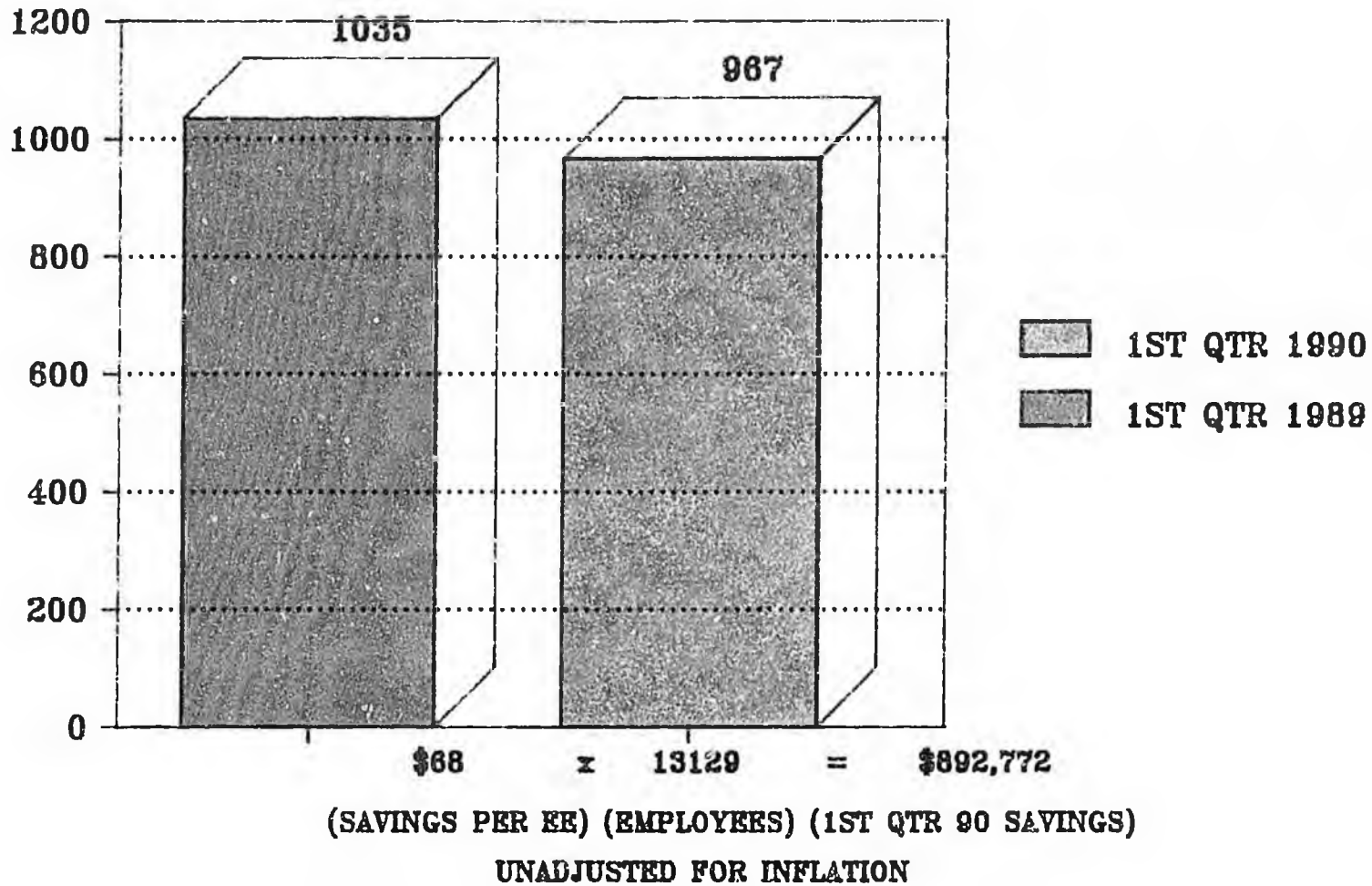
STATE OF ALASKA HEALTHCARE UTILIZATION



Utilization Decrease Data is Aetna B.O.B. Book of Business

(19)

STATE OF ALASKA HEALTHCARE PLAN SAVINGS PER EMPLOYEE

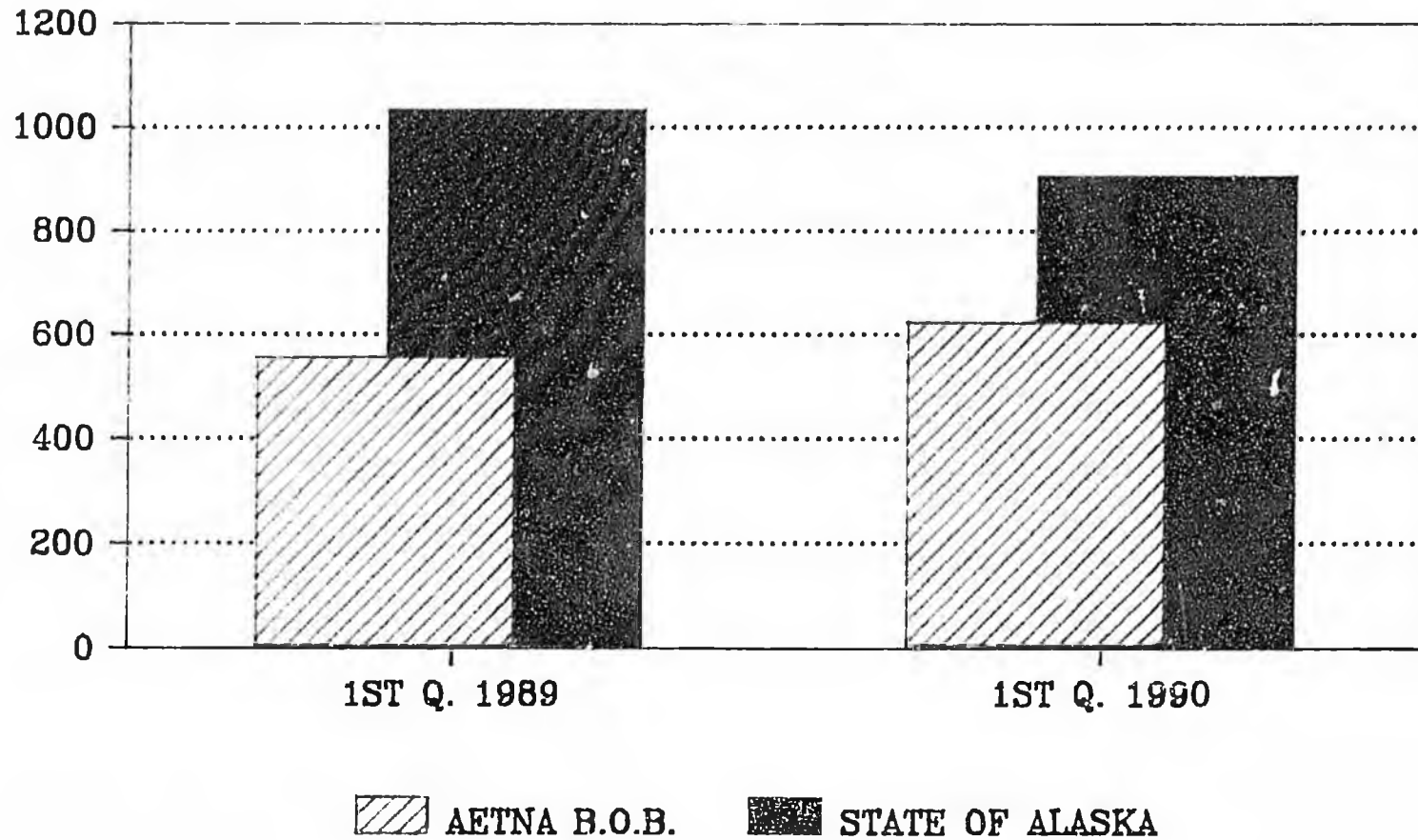


Overall Costs Down

STATE OF ALASKA

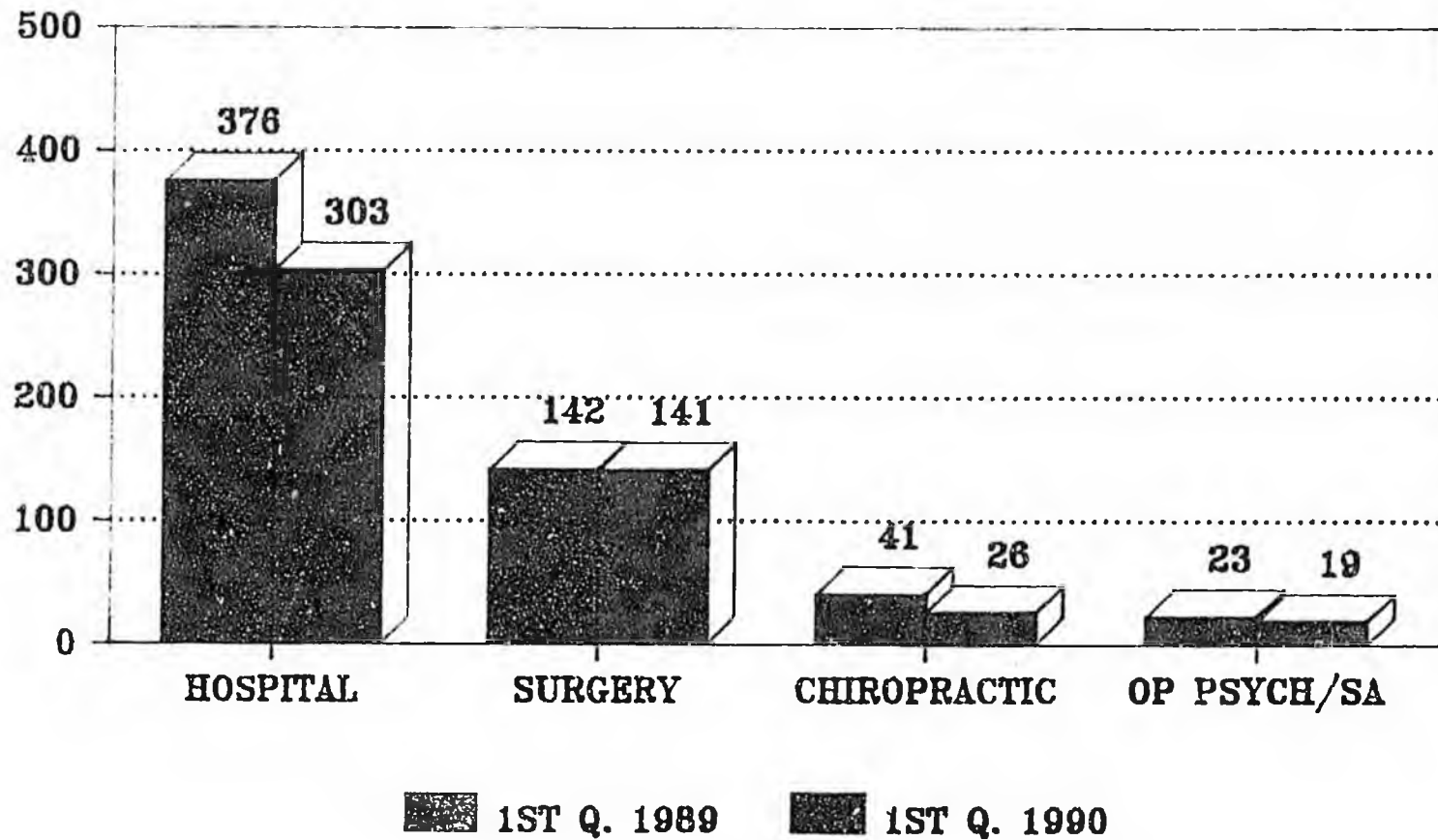
NET PAID PER EMPLOYEE

TREND



STATE OF ALASKA

BENEFITS PAYABLE FOR SELECTED SERVICES PER EMPLOYEE



UTILIZATION MANAGEMENT

EXECUTIVE SUMMARY

Healthline nurses responsible for implementing the utilization management programs have made the following observations. Sample cases presented will provide a view of the rationale for some of the decertifications and/or whether alternate treatment plans were appropriate and utilized.

- o Reports of dissatisfaction and hostility toward the precertification program have reduced significantly. There is a trend towards acceptance of the program, although certain providers remain resistant and uncooperative.
- o Inpatient admissions were averted due to successful intervention of Healthline nurses for outpatient management.
- o Charges for room and board on inpatient confinement that were less than 24 hours duration were waived by the hospitals due to Healthline nurse's intervention.
- o Some surgical procedures were not certified due to the absence or insufficient trial of less invasive treatment plan.
- o Geographic conditions and social issues, e.g., patient lives in a rural area, or far proximity to the hospital are some of the reasons for inpatient confinement.
- o Healthline intervention such as contacting attending physician to request for additional information necessary to determine medical necessity for continued confinement, use of alternate care setting or Home Health Care services have resulted in a discharge.
- o No readmission within 30 days were noted, indicating that early discharges were appropriate.

INDIVIDUAL CASE STUDIES

CASE #1

Patient was scheduled for tonsillectomy, adenoidectomy and insertion of tympanotomy tube. Based on the medical information, adenoidectomy and insertion of tympanotomy tubes were certified. There was no clear indication of performing the tonsillectomy, therefore it was not certified. Attending physician agreed with Aetna medical reviewer to perform the certified procedures only, and will monitor patient's condition if further treatment is necessary after the surgery.

CASE #2

Endoscopy was scheduled for a patient with symptoms of gastric ulcer. After Aetna reviewer contacted the physician, an Upper GI series which is a non invasive procedure was performed.

CASE #3

Precertification for hysterectomy was requested by the patient due to family history of ovarian carcinoma. Attending physician and second examination result confirmed that the primary indication for the surgery is due to patient's request. Surgery was not certified since the patient has no symptoms and evidence of the disease.

CASE #4

Carpal tunnel release was not certified due to non trial of an alternative treatment. Attending physician had recommended the use of splint, but patient had refused this treatment. Attending physician concurred with Aetna reviewer that the use of hand splint will be worth trying first before a more invasive treatment is considered. This was discussed with the patient and was agreeable to the alternative treatment plan.

CASE #5

Patient did not require continued acute care confinement as confirmed by the attending physician. However, he continued to require some skilled nursing services and it will be unsafe to discharge him to home setting without the necessary support in place. On site nurse negotiated with the hospital to reduce charges to skilled nursing facility rate until home health care services were put in place to manage the patient at home.

CASE #6

Inpatient stay was requested on a patient from Sitka, for an outpatient work-up. Healthline nurse informed the patient of a less costly alternative such as the use of Providence House for accommodation at \$34/night.

STATE OF ALASKA
HEALTHY BEGINNINGS PROGRAM
INDIVIDUAL CASE STUDIES

Case # 1

This Nome patient first called saying she couldn't afford food or vitamins. We counselled her on adequate inexpensive foods and found a source in Anchorage that she was able to send away for mail order pre-natal vitamins.

Case # 2

An eighteen-year-old financially unsupported, single, pregnant female currently living with a sibling, required assistance in locating a doctor in the area. Not aggressive in learning about prenatal and newborn care and was not able to get into a childbirth class. We have encouraged her to do as much as possible on her own and have recommended library books, etc. At thirty-four weeks gestation she called us with signs of premature labor. The attending physician told her to go to the hospital, the hospital was telling her to stay home. She called us confused and in pain. We instructed her to go to the hospital. After coaching her through several contractions her labor was stopped at the hospital and we hope for an uneventful outcome.

Case # 8

Patient with hydramnions perceives that the doctor is withholding information. There are no other practitioners in the area. The patient had numerous questions. We developed strategies to improve her communication with her doctor, i.e. ask for longer appointments, make a list of her questions, have the office nurse answer some of the questions. We have reports that the communication has improved.

Case # 30

This patient at twenty-nine weeks gestation had preterm labor which required parenteral tocolytics. We set up a Toco's uterine monitor and home care for medication administration. The patient delivered a healthy baby at full term.

Case 49

Patient with first trimester nausea and vomiting. Discussed options to hospital admission for hydration, i.e. home care, doctor's office. Patient and doctor agree, IV's given at doctor's office periodically allowing her to stay home and care for her other children. This patient also had a urinary tract infection which she refused to treat because she was worried about fetal effects. Education was provided regarding the rationale for antibiotics. She then went ahead with treatment but unfortunately not in time to prevent a miscarriage. If she gets pregnant again she will be a better patient.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

Mary Van Nimwegen

June
?

7/11/90 Health Care Cost Containment Task Force

Loans

Owned By/ Loan Program	Ser- viced by	FY 92 Proj. New Loan Volume	# of FY 92 Estimated new loans	Total Outstanding Balance	Status: Active/ Inactive	Loan Type	Interest Rate Range	Maximum loan life (in years)	Scheduled repayments (in days)	Collateral required? If yes, what?	AK state residency required?	Personal or Busi- ness?	Date of self-funding status?	Authorized to issue bonds?	Can program borrow inde- pendently?	Can proceeds be returned to gen. fund?	Automatic link to AKSAS?	
Education																		
1	Teacher Scholarship	ACPE	1,000,000	217	2,609,834	Active	Revolving	5.0 to 8.0%	10	30	No	Yes	Personal	2003 Note ¹	Yes	Yes	Yes	Yes
2	Memorial Scholarship	ACPE	65,050	43	214,484	Active	Revolving	5.0 to 8.0%	10	30	No	Yes	Personal	See above	Yes	Yes	Yes	Yes
3	Scholarship	ACPE	53,400,000	11,600	475,771,526	Active	Revolving	5.0 to 8.0%	10	30	No	Yes	Personal	See above	Yes	Yes	Yes	Yes
4	Paul Douglas Teacher Scholar.	ACPE	32,900	7	-0-	Active	Revolving	5.0 to 8.0%	10	30	No	Yes	Personal	See above	Yes	Yes	Yes	Yes
5	Alaska Family Education	ACPE	1,100,100	239	1,510,512	Active	Revolving	5.0 to 8.0%	10	30	No	Yes	Personal	See above	Yes	Yes	Yes	Yes
6	Half-Time Student	ACPE	200,000	182	-0-	Active	Revolving	8.0%	10	30	No	Yes	Personal	See above	Yes	Yes	Yes	Yes
Total			55,798,050	12,288	480,106,356													

AHFC																		
1	Health and Safety Repair	Bank	60,000	3	54,052	Active	Public Corp./ Instrument.	9.0 to 10.0%	15	30	Real estate	Yes	Personal	Note ²	Yes	Yes	No: Note ³	No
2	Home Owner's Assistance	Bank	N/A	-0-	666,780,654	Active	Public Corp./ Instrument.	N/A	30	30	Real estate	yes	Personal	See above	Yes	Yes	See above	No
3	Home Ownership Fund	Bank	375,000	5	53,077,661	Active	Public Corp./ Instrument.	7.5 to 8.5%	30	30	Real estate	No	Personal	See above	Yes	Yes	See above	No
4	Mobile Home Purch. (Type II)	Bank	900,000	30	45,306,617	Active	Public Corp./ Instrument.	9.0 to 10.0%	14	30	Personal Property	Yes	Personal	See above	Yes	Yes	See above	No
5	Mortgage Bond Subsidy Tax Act	Bank	49,500,000	108	403,725,988	Active	Public Corp./ Instrument.	7.5 to 8.5%	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
6	Mortgage Loan Assumption	Bank	N/A	405	N/A: Loans already exist	Active	Public Corp./ Instrument.	N/A	N/A	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
7	Mortgage Refinance	Bank	-0-	-0-	269,858,206	Active	Public Corp./ Instrument.	N/A	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
8	Mortgage Rental	Bank	N/A	-0-	27,760,501	Inactive	Public Corp./ Instrument.	N/A	N/A	30	Real estate	No	Personal	See above	Yes	Yes	See above	No
9	Nonconforming Housing	Bank	550,000	10	3,802,019	Active	Public Corp./ Instrument.	9.5 to 10.5%	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No

¹ According to the Millennium Plan (15 year outlook) study contracted for the Alaska Student Loan Program. The variables are: 8% default rate, variable loan demand, and a \$4 million general fund contribution through the year 2003. These variables have changes since the study was conducted. The default rate appears to be decreasing, while loan demand is increasing. General fund contribution is under question. Debt service ratio remains satisfactory under this scenario. Other scenarios, including no General fund contribution are included in the study.

² AHFC finances its loan programs through bond proceeds and loan payments. No general fund support is required.

³ State statute requires that all net income be transferred to the AHFC Revolving Loan Fund.

Owned By/ Serviced FY 92 Proj. # of FY 92 Total Status: Interest Maximum Scheduled Collateral AK state Personal Date of Authorized Can program Can proceeds Automatic
 Loan Program by New Loan Estimated Outstanding Active/ Inactive Loan Type Rate loan life repayments required? If yes, what? residency or Business? self-funding to issue bonds? borrow inde- to gen. fund? link to AKSAS?

Continued - AHFC

10	Pledged Account Mortgage	Bank	N/A	-0-	20,145,813	Inactive	Public Corp./ Instrument.	N/A	N/A	30	Real estate	Yes	Personal	See note #2	Yes	Yes	See above	No
11	Refinance of Non-AHFC loans	Bank	-0-	-0-	-0-	Active	Public Corp./ Instrument.	N/A	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
12	Second Mortgage	Bank	-0-	-0-	10,721,420	Active	Public Corp./ Instrument.	N/A	15	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
13	Taxable Mortgage Conventional	Bank	11,150,000	120	753,540,424	Active	Public Corp./ Instrument.	9.0 to 10.0%	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
14	Veterans' Mortgage	Bank	18,000,000	700	411,721,370	Active	Public Corp./ Instrument.	7.5 to 8.5%	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
15	Taxable/VA	Bank	2,800,000	25	135,629,518	Active	Public Corp./ Instrument.	9.0 to 10.0%	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
16	Taxable/FHA	Bank	13,500,000	150	234,642,269	Active	Public Corp./ Instrument.	9.0 to 10.0	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
17	MGIC Special Finance/Condos	Bank	1,900,000	36	25,141,014	Active	Public Corp./ Instrument.	8.5 to 9.5%	30	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
18	Yes You Can	Bank	-0-	-0-	7,243,971	Inactive		N/A	N/A	30	Real estate	Yes	Personal	See above	Yes	Yes	See above	No
19	Condo Association	Bank	-0-	-0-	88,084	Active		N/A	10	30	Accounts Receivable	No	Both	See above	Yes	Yes	See above	No
20	Other - Multi-family; rural loans; AHFC Real Estate Owned; portfolio transfers, etc. Note 4	Bank	25,000,000	10	Note ⁵ 248,500,223	Active	Public Corp./ Instrument.	8.0 to 9.0%	30	30	Real estate	No	Both	See above	Yes	Yes	See above	No
Total			123,735,000	1,602	3,317,739,804													

⁴ Total AHFC loans as of 10/31/91: 42,203 loans totalling \$3,317,739,804. Data for AHFC above is as of 12/31/91.

⁵ Estimated figure.

Owned By/ Loan Program	Ser- viced by	FY 92 Proj. New Loan Volume	# of FY 92 Estimated new loans	Total Outstanding Balance	Status: Active/ Inactive	Loan Type	Interest Rate Range	Maximum loan life (in years)	Scheduled rep ayments (in days)	Collateral required? If yes, what?	AK state residency required?	Personal or Busi- ness?	Date of self-funding status?	Authorized to issue bonds?	Can program borrow inde- pendently?	Can proceeds be returned to gen. fund?	Automatic Link to AKSAS?	
AIDEA Note ¹																		
1	Alaskan's veteran bouse (WW II)	DCED	Combined w/CED #10	-0-	42,460,000	Inactive Note ²	Revolving		30	Deed of Trust						Yes	No	
2	Fisheries Enhancement	DCED	Combined w/ CED #2	-0-	5,385,700	Inactive Note ³	Revolving		365	Yes Note ⁴						Yes	No	
3	Commercial Fishing Revolving	DCED	Combined w/CED #6	-0-	1,432,700	Inactive Note ⁵	Revolving		365	Yes Note ⁶						Yes	No	
				49,278,400														

DCED Note ⁷																		
1	Bulk Fuel Revolving	AEA	1,950,000	65	1,589,397	Active	Revolving/ Public Corp.	0.0 to 7.0%	9 MONTHS	30	No	Yes	Business	Already self-funding	No	No	No	Yes
2	Fisheries Enhancement	DCED	9,503,700	12	62,003,200	Active	Revolving	9.5%	30	365	Yes Note ⁸	Yes	Business	Note ⁹	No	No	Yes	No
3	Medical Malpractice	DCED	-0-	-0-	-0-	Inactive	Revolving											
4	Small Business Economic Dev.	DCED	157,700	2	501,800	Active	Revolving	6.0%	20	30	Yes Note ¹⁰	No	Business		No	No	No	No
5	Alternative Energy	DCED	-0-	-0-	5,819,300	Inactive Note ¹¹	Revolving			30	Deed of Trust						Yes	No
6	Commercial Fishing Revolving	DCED	14,000,000	150	67,678,500	Active	Revolving	10.5%	15	365	Yes Note ¹²	Yes	Business	Already self-funding	No	No	Yes	No
7	Residential Energy Conservation	DCED	-0-	-0-	480,000	Inactive Note ¹³	Revolving			30	Deed of Trust						Yes	No

¹ These loans were purchase by Alaska Industrial Development & Export Authority as an investment. DCED services the loans. AIDEA is not making new loans at this time.

² Estimated date of final loan payment: 1/1/11.

³ Estimated date of final loan payment: 1/1/09.

⁴ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

⁵ Estimated date of final loan payment: 10/1/98.

⁶ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

⁷ Data of of 11/30/91 for all loans serviced by DCED, Division of Investments.

⁸ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc

⁹ Changes yearly, depending on loan demand and payments received.

¹⁰ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

¹¹ Could be activated if funding is provided. Estimated date of final loan payment: 10/1/06.

¹² Varies - could include limited entry permits, fishing vessels, deed of trust, fishing gear, equipment, etc.

¹³ Estimated date of final loan payment: 2/1/97.

Owned By/ Loan Program Ser- viced by FY 92 Proj. New Loan Volume # of FY 92 Estimated new loans Total Outstanding Balance Status: Active/ Inactive Loan Type Interest Rate Range Maximum loan life (in years) Scheduled repayments (in days) Collateral required? If yes, what? AK state residency required? Personal or Busi- ness? Date of self-funding status? Authorized to issue bonds? Can program borrow inde- pendently? Can proceeds be returned to gen. fund? Automatic link to AKSAS?

Continued - DCED

8	Small Business Revolving	DCED	-0-	-0-	1,804,100	Inactive Note ¹⁴	Revolving			30	Yes Note ¹⁵						Yes	No
9	Tourism	DCED	-0-	-0-	852,600	Inactive Note ¹⁶	Revolving			30	Yes Note ¹⁷						Yes	No
10	Alaskan's veteran housing (WW II)	DCED	-0-	-0-	1,146,900	Inactive Note ¹⁸	Revolving			30	Deed of Trust						Yes	No
11	Power Project	AEA	-0-	-0-	24,524,485	Active	Revolving	4.0 to 11.0%	35	180	No	Yes	Business	Unknown	No	No	Yes	Yes
12	Child Care Facility Revolving	DCED	-0-	-0-	853,700	Inactive Note ¹⁹	Revolving			30	Yes Note ²⁰						Yes	No
13	Historical District Revolving	DCED	-0-	-0-	904,200	Inactive Note ²¹	Revolving			30	Yes Note ²²						Yes	No
14	Mining	DCED	-0-	-0-	9,176,300	Inactive Note ²³	Revolving			365	Yes Note ²⁴						Yes	No
15	Rural Electrification	AEA	-0-	-0-	4,561,598	Active	Revolving	2.0%	30	365	No	Yes	Business	Unknown	No	No	No	Yes
16	Tax Exempt Umbrella Bond	Bank	1,500,000	2	133,556,296	Active	Participation	Variable Note ²⁵	25	Periodic: Note ²⁶	Yes Note ²⁷	No: Note ²⁸	Both	N/A Note ²⁹	No	Note ³⁰	N/A	No

¹⁴ Repealed 7/81. Estimated date of final loan payment: 6/1/04.

¹⁵ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

¹⁶ Repealed 7/81. Estimated date of final loan payment: 4/1/97.

¹⁷ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

¹⁸ Personal and multi-dwelling loans are inactive. Could be activated if funding is provided. Estimated date of final loan payment: 3/1/05.

¹⁹ Estimated date of final loan payment: 11/1/07.

²⁰ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

²¹ Estimated date of final loan payment: 2/1/17.

²² Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

²³ Estimated date of final loan payment: 7/1/05.

²⁴ Collateral varies: could be deed of trust, assignment of contract or lease, assignment of future revenue, inventory, equipment, etc.

²⁵ Fluctuates with market, fixed on date of commitment and adjusted upon sale of bonds.

²⁶ 3 AAC 99.230(d), 3 AAC 99.330 Period payments required -- usually monthly, but AIDEA may consider adjusted payments according to the borrower's cash flow.

²⁷ Real estate and/or tangible property.

²⁸ Although residency is not a requirement, the project must be located within the State of Alaska.

²⁹ No general fund support requirements.

³⁰ AIDEA's borrowing ability is addressed in AS 44.88.090.

Owned By/ Loan Program	Ser- viced by	FY 92 Proj. New Loan Volume	# of FY 92 Estimated new loans	Total Outstanding Balance	Status: Active/ Inactive	Loan Type	Interest Rate Range	Maximum loan life (in years)	Scheduled repayments (in days)	Collateral required? If yes, what?	AK state residency required?	Personal or Busi- ness?	Date of self-funding status?	Authorized to issue bonds?	Can program borrow inde- pendently?	Can proceeds be returned to gen. fund?	Automatic link to AKSAS?
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Continued - DCED

17	Taxable Umbrella Bond	Bank	18,000,000	35	10,486,650	Active	Participation	See above	25	See above	See above	No: See above	Both	N/A: See above	No	See above	N/A	No
18	Revenue Bond	Bank	N/A	10	In Tax-Exempt Total	Active	Conduit	Note ³¹	Note ³²	See above	See above	No: See above	Both	N/A: See above	No	Not Reported	N/A	No
19	Multi-Family Housing	Bank	-0-	-0-	Not reported	Inactive	Not Reported											
20	Export Assistance	Bank	-0-	-0-	Not reported	Active	Guarantee	Note ³³	270 DAYS	Note ³⁴	Yes: Note ³⁵	No: Note ³⁶	Both	N/A: Note ³⁷	N/A	Note ³⁸	N/A	No
21	Business Assistance	Bank	900,000	20	590,218	Active	Guarantee	Note ³⁹	20	See above	Variable Note ⁴⁰	Yes	Business	See above	N/A	See above	N/A	No
22	Water Resource	DCED	-0-	-0-	693,000	Inactive Note ⁴¹				365	No						This is Gen. Fund loan	No
Total			46,011,400	296	327,222,735													

³¹ Bank determines the interest rate. This is an assigned bond.

³² Established by bank (originator).

³³ Interest rate may not exceed the lesser of the rate charged under the promissory note or one percent over the U.S. Treasury note rate comparable term at the time of disbursement. 3 AAC 99.650(d).

³⁴ 3 AAC 99.230(d), 3 AAC 99.330 Periodic payments: required -- usually monthly, but AIDEA may consider adjusted payments according to the borrowers cash flow.

³⁵ Real estate and/or tangible property.

³⁶ Although residency is not a requirement, the project must be located within the State of Alaska.

³⁷ No general fund support requirements.

³⁸ AIDEA's borrowing ability is addressed in AS 44.88.090.

³⁹ AS 44.88.550: (1) for a loan guarantee that exceeds 65% of the loan, .5% points above prime rate on day of guarantee.

(2) for a loan guarantee that is equal to or less than 65% of the loan, 2.75% points above prime on day of guarantee.

⁴⁰ Loan secured by real or tangible property, but may be waived for loans \$50,000 or less if term does not exceed five years (3 AAC 99.760 (2)).

⁴¹ Estimated date of final loan payment: 10/1/04.

Owned By/ Loan Program	Ser- viced by	FY 92 Proj. New Loan Volume	# of FY 92 Estimated new loans	Total Outstanding Balance	Status: Active/ Inactive	Loan Type	Interest Rate Range	Maximum loan life (in years)	Scheduled repayments (in days)	Collateral required? If yes, what?	AK state residency required?	Personal or Busi- ness?	Date of self-funding status?	Authorized to issue bonds?	Can program borrow inde- pendently?	Can proceeds be returned to gen. fund?	Automatic link to AKSAS?	
DC&RA																		
1	Housing Assistance	DCRA	25,021,000	270	Not Reported	Active	Housing Assistance	8-10.5%	30	30	Note ⁴²	Yes	Both	FY 85	No	Not Reported	Legislative approval	Yes
2	Rural Development Fund	DCRA	600,000	12	Not Reported	Active	Small Business	7%	7	30	Note ⁴³	Yes	Both	No general funds	No	Not Reported	Note ⁴⁴	No
Total			25,621,000	282														
Environmental Conservation																		
1	Underground Storage Tank Asst.	DCED	30,000	4	-0-	Active ⁴⁵	Not Reported	0%	5	Negotiable	Yes: equal to loan	No	Both	Note ⁴⁶	No	No	Not Reported	Not Reported
Total			30,000	4	-0-													
Health & Social Services																		
1	Alcohol & Drug Abuse	DCED	-0-	-0-	-0-	Active	Revolving	0%	2	30	Promissory Note	No	Non-profit	Note ⁴⁷	No	No	No	Yes
Total			-0-	-0-	-0-													

⁴² Deed of Trust on property on which funds were lent, usually 90% or less on loan to value.

⁴³ Yes, although DCRA will take a second position behind a private lender.

⁴⁴ Receipts must be booked as "income earned - federal receipts."

⁴⁵ New loan program in FY 92.

⁴⁶ No self-funding status. Loan monies originate from the Storage Tank Assistance Fund, and within that fund, monies come from the amount allocated to the Clean-Up Grant and Loan Program.

⁴⁷ Revolving loan funded by a one-time federal appropriation.

Owned By/ Loan Program	Ser- viced by	FY 92 Proj. New Loan Volume	# of FY 92 Estimated new loans	Total Outstanding Balance	Status: Active/ Inactive	Loan Type	Interest Rate Range	Maximum loan life (in years)	Scheduled repayments (in days)	Collateral required? If yes, what?	AK state residency required?	Personal or Busi- ness?	Date of self-funding status?	Authorized to issue bonds?	Can program borrow inde- pendently?	Can proceeds be returned to gen. fund?	Automatic link to AKSAS?
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**Military &
Veteran Affairs Note⁴⁸**

1	Fisherman - individual business	DCED	-0-	-0-	600	Active	Individual	5%	10	30	Outboard motor	Yes	Business	N/A	No	Yes	Note ⁴⁹	Yes
2	Mat-Su	DCED	-0-	New in FY 92	500,000	Active	Community	1%	30	365	No	N/A	Commun- ity	NA	No	Yes	See Above	Yes
3	Kaduk	AEA	-0-	-0-	17,664	Active	Community	0%	Note ⁵⁰	N/A	No	N/A	Commun- ity	N/A	No	Yes	See Above	Yes
4	Aniak	AEA	-0-	New in FY 92	188,022	Active	Community	0%	See above	N/A	No	N/A	Commun- ity	N/A	No	Yes	See Above	Yes
Total			-0-	-0-	706,286													

Natural Resources

1	Agricultural Loan	DNR	1,000,000	24	12,000,000	Active	Revolving	8%	30	30/60/90	Yes: Note ⁵¹	Yes	Business	7/1/91	No	Not Reported	Yes	No
2	Land (Mortgages) Contracts	DNR	1,000,000	500	25,000,000	Active	Contract	12.09 to 13.24%	20	30/60/90	No: See above	Note ⁵²	Both	N/A	No	Not Reported	Yes	Yes
Total			2,000,000	524	37,000,000													

⁴⁸ All loan programs below are Disaster Relief Loans.

⁴⁹ This loan is financed from the Disaster Relief Fund. An annual appropriation is made from the General Fund to this fund. Any available fund balance is normally returned to the General Fund at fiscal year end. Proceeds are returned to the Disaster Relief Fund to fund future disaster, or proceeds are lapsed at year end depending upon statute or session laws.

⁵⁰ The loan will be repaid only if the community appropriates funding for repayment. If is likely this loan will become a grant.

⁵¹ Real estate, equipment, livestock, crops, land clearing, product processing, personal guarantees, etc.

⁵² Yes, for lotteries. No, for auctions.

Owned By/ Loan Program	Ser- viced by	FY 92 Proj. New Loan Volume	# of FY 92 Estimated new loans	Total Outstanding Balance	Status: Active/ Inactive	Loan Type	Interest Rate Range	Maximum loan life (in years)	Scheduled repayments (in days)	Collateral required? If yes, what?	AK state residency required?	Personal or Busi- ness?	Date of self-funding status?	Authorized to issue bonds?	Can program borrow inde- pendently?	Can proceeds be returned to gen. fund?	Automatic link to AKSAS?	
Revenue																		
1	"Adjustable rate" Home Mortgage	APFC Note ⁵³	N/A	2	Est. End of FY92 1,000,000	Inactive	Public Co-p./ Instrument.	9.0 to 9.5%	15	30	Deed of Trust	No	Personal	N/A	N/A	N/A	No	No
2	Bank Loan Incentive	DOR	-0-	Not Reported	Not Reported	Inactive	Mortgage											
3	Mortgage Option	DOR	-0-	See above	See above	Inactive	Mortgage											
4	Mortgage Option- Business	DOR	-0-	See above	See above	Inactive	Mortgage											
5	Mobile Home	DOR	-0-	See above	See above	Inactive	Title DOT											
Total																		
DOT/PF																		
1	Replacement Housing-Last Resort	DOT & PF	-0-	1	Note ⁵⁴ 765,551	Active	Mortgage	9%	30	30	Yes: House financed	No	Personal	Date of loan ⁵⁵	No	Unknown	Note ⁵⁶	Yes
Total																		
Other																		
1	Unaka Valley	Key Bank	-0-	-0-	Note ⁵⁷ 335,746	Inactive	Funded Federal HUD											
Total																		

⁵³ Alaska Permanent Fund Corporation.

⁵⁴ Data as of 6/30/91.

⁵⁵ 93% Federal funded with 7% CIP State Match.

⁵⁶ 93% Federal funded with 7% CIP State Match.

⁵⁷ Data as of 11/30/91.

Marine

Pilots ...

Minutes,

1991

Alaska State Legislature



Sen. Jay Keittula, Co-Chairman
Sen. Pat Pourchot, Co-Chairman

Sen. Al Adams
Sen. Jim Duncan
Sen. Lyman F. Hoffman
Sen. Dick Shultz
Sen. Rick Uehling

Senate Finance Committee

April 8, 1992

State Capitol
Juneau, AK 99801-1182
(907) 465-1200
(907) 463-3066 Fax

Box 1069
Palmer, AK 99645
(907) 376-2675
(907) 376-0315 Fax

VIA FAX
Shelby Stastny, Director
Office of Management and Budget
P.O. Box 110020
Juneau, AK 99811-0020

Dear Mr. Stastny:


It has come to my attention that the Department of Natural Resources's(DNR) operating budgets for FY 92 and for FY 93 have not included all positions and all funding sources. Apparently your office maintains separate PACs runs for these positions. I am upset that these positions and funds are not in the operating budget and want an immediate explanation. I also want to know by department every position and funding source amount that have not been included in the FY92 or FY93 operating budget.

A summary of the DNR positions and funding sources which are not in the operating budget are as follows:

FUNDSOURCE	POSITIONS	COST
FY92		
CIP	23 FT	987.8
470 fund/EVOS Trustee	18 (7FT & 11PT)	545.1
470 fund/EVOS Trustee RSA		1433.6
FY 93		
CIP	23 FT	1025.5
470 fund/EVOS Trustees	7 positions	274.5
Estimated EVOS Tr. RSA		400.0
TOTAL	71 positions	4666.5

I look forward to receiving a prompt response and a commitment that this will not happen in the future.

Sincerely,


Senator Jay Keittula, Co-chair
Senate Finance

cc: All Senate and House Finance Committee members
JK:ms

House

①

WHILE HIS FORMER CONVICTION WAS ON APPEAL; AND THE LATER REVERSAL OF THE DEFENDANT'S FORMER CONVICTION BY THE COURT OF APPEALS IS NOT A DEFENSE TO A FELON IN POSSESSION OF A CONCEALABLE WEAPON CHARGE. CLARK

DFH22061 TRANSACTION STCY ABEND ATRI . BACKOUT SUCCESSFUL 11:06:09
NUMBER 438

3/1/91
REP. CHERI DAVIS, SPONSOR OF HB 194, PROVIDED INITIAL TESTIMONY FOR THE BILL. SHE STATED THAT HB 194 GIVES THE BOARD OF MARINE PILOTS JURISDICTION AND AUTHORITY TO GOVERN THE OPERATION OF PILOTS. IT HAS BEEN ALMOST TWENTY YEARS SINCE ANY MAJOR CHANGES WERE MADE REGARDING PILOTING IN ALASKA. HOUSE BILL 194 PROVIDES A COMPROMISE. AFTER MEETING WITH MEMBERS OF THE SHIPPING INDUSTRY, PILOTS AND PILOT ORGANIZATIONS AND THE BOARD OF MARINE PILOTS, MANY CONSTRUCTIVE SUGGESTIONS AND COMMENTS WERE INCLUDED IN THIS BILL. REP. DAVIS REQUESTED THE MEMBERS SUPPORT FOR HB 194.

NUMBER 438

REP. LEMAN ASKED IF THE MEMBERS OF THE MARINE PILOTS ARE AWARE THAT THE BILL PROPOSES A SUBSTANTIAL INCREASE IN FEES BECAUSE THE BOARD AND ORGANIZATION CURRENTLY DOES NOT PAY ITS OWN WAY. REP. DAVIS REPLIED THAT THE PILOTS HAVE AGREED TO INCREASE FEES. THEY FEEL IT IS IMPORTANT TO HAVE A PILOT/COORDINATOR POSITION AND THEY ARE WILLING TO PAY THE INCREASED COSTS ASSOCIATED WITH THE PROPOSAL.

REP. MACKIE ASKED WHY THE INCREASED TRAVEL COSTS. REP. DAVIS INFORMED REP. MACKIE THE BILL REQUIRES THE BOARD TO MEET AT LEAST FOUR TIMES PER YEAR. WITH ADDED RESPONSIBILITIES THIS WAS DEEMED NECESSARY.

ANN BOUDREAU, DIRECTOR FOR DIVISION OF OCCUPATIONAL LICENSING, WAS NEXT TO TESTIFY. SHE INFORMED THE COMMITTEE THAT THE DEPARTMENT DOES NOT HAVE AN OFFICIAL POSITION ON HB 194 AS YET. SHE STATED HER GENERAL IMPRESSIONS ARE THAT THE TIME HAS COME FOR CHANGE. THE BOARD'S AUTHORITY TO REGULATE PILOTS HAS BEEN CHALLENGED IN COURT, AND THEREFORE, CLARIFICATION IS NEEDED. SHE EXPRESSED SOME QUESTION OVER THE GRANTING OF EXCLUSIVE USE AREAS. FEAR OF CREATING A SITUATION EXCLUDING NEW ENTRIES AND APPLICANTS MUST BE CONSIDERED.

NUMBER 535

REP. MACKIE QUESTIONED IF THE RESPONSIBILITIES INCREASE, WOULD OIL TANKER TRAFFIC BE AN AREA OF RESPONSIBILITY FOR THE BOARD. MS. BOUDREAU RESPONDED AFFIRMATIVELY. SHE INFORMED REP. MACKIE THAT THERE ARE THREE CATEGORIES WHERE PILOTS HAVE THE RESPONSIBILITY FOR THE CONDUCT AND DIRECTION OF VESSELS: CARGO SHIPS INCLUDING OIL TANKERS, CRUISE SHIPS AND LARGE FISHING VESSELS.

NUMBER 561

DAN GRAUSZ, VICE PRESIDENT AND GENERAL COUNSEL FOR HOLLAND AMERICA WESTOURS, INC., WAS THE NEXT PARTICIPANT. HE SPOKE VIA TELECONFERENCE FROM SEATTLE. (A COPY OF THIS TESTIMONY CAN BE FOUND IN THE HOUSE TRANSPORTATION COMMITTEE ROOM, CAPITAL BUILDING 17, JUNEAU, ALASKA, AND AFTER ADJOURNMENT OF THE SECOND SESSION OF THE SEVENTEENTH ALASKA STATE LEGISLATURE IN THE LEGISLATIVE REFERENCE LIBRARY.) MR. GRAUSZ STATED THAT HOLLAND AMERICA WESTOURS, INC., SUPPORTS ANY REASONABLE EFFORT DESIGNED TO ENHANCE SAFETY AND PROTECT THE ENVIRONMENT OF THE STATE OF ALASKA. HE ALSO EXPRESSED SUPPORT TO INCREASE THE QUALIFICATIONS AND TRAINING OF PILOTS; HOWEVER, HE FEELS THAT HB 194 HAS FAR TOO MUCH EXCESS BAGGAGE. HE ASKED THE COMMITTEE TO CONSIDER IF THERE IS A PROBLEM WITH THE QUALITY OF PILOTAGE IN THE STATE OF ALASKA. IF SO, THIS PROBLEM MUST BE ADDRESSED. HOUSE BILL 194 IS A CATCH ALL BILL THAT ATTEMPTS TO CORRECT DEFICIENCIES THAT ARE NOT PRESENT.

MR. GRAUSZ WARNED THAT A PILOT ORGANIZATION IS NOT A LABOR UNION OR A NONPROFIT GROUP. IT IS AN ASSOCIATION SET UP TO ALLOCATE THE MONIES EARNED BY ALL PILOTS ON AN ARBITRARY BASIS. IT IS NO DIFFERENT FROM ANY OTHER ENTITY. HE SAID IT SHOULD BE REQUIRED TO DEAL WITH OTHER PRIVATE ENTITIES AS AN EQUAL, NOT AS AN ARM OF GOVERNMENT. MR. GRAUSZ WENT ON TO EXPRESS CONCERN OVER THE AUDIT AND REVIEW POWERS GRANTED THE BOARD. AS TWO OUT OF A NINE MEMBER BOARD WHICH WILL BE WORKING FOR THE ORGANIZATION BEING REVIEWED, IT IS DIFFICULT TO FEEL SECURE THAT THE PUBLIC INTEREST WILL BE MAINTAINED BY THESE AUDIT AND REVIEW POWERS.

MR. GRAUSZ ASKED THE COMMITTEE NOT TO GIVE THE PILOT ORGANIZATIONS SPECIAL POWERS AND IMMUNITIES. HE SUGGESTED THAT THEY MAY SURVIVE IN THE FREE ENTERPRISE SYSTEM IF MARKET FORCES JUSTIFY THEIR SURVIVAL, NOT BECAUSE GOVERNMENT HAS GIVEN THEM A LICENSE TO DICTATE THE TERMS AND CONDITIONS OF PILOTAGE.

THE SECOND CONCERN EXPRESSED BY MR. GRAUSZ WAS THE MATTER OF PILOT INDEPENDENCE. HOUSE BILL 194 IN EFFECT ATTEMPTS TO PRECLUDE SHIPPERS FROM HIRING PILOTS ON THEIR PAYROLLS WITH THE POTENTIAL RESULTING COST SAVINGS. MR. GRAUSZ BELIEVES THAT PILOT ORGANIZATIONS ARE CONCERNED ABOUT LOSING THEIR MONOPOLY POWER OVER THEIR MEMBERS IF THOSE MEMBERS HAVE, AS AN ALTERNATIVE, DIRECT EMPLOYMENT WITH SHIP OWNERS.

THE THIRD CONCERN OUTLINED BY MR. GRAUSZ WAS THE ISSUE OF RATES FOR PILOTAGE. HE EXPRESSED FRUSTRATION AT THE NEED TO HAVE GOVERNMENT ASSIST IN RATE SETTING. CURRENTLY, HOLLAND AMERICA WETOURS, INC. PAYS BETWEEN \$10,000 AND \$12,500 IN PILOTAGE FEES FOR EACH INSIDE PASSAGE CRUISE. THIS WORKS OUT TO APPROXIMATELY \$275 PER HOUR FOR PILOTAGE. IN ADDITION, MEALS, LODGING AND TRAVEL EXPENSES ARE PROVIDED.

MR. GRAUSZ QUESTIONED THE NEED FOR GOVERNMENT INVOLVEMENT GIVEN THIS SCENARIO.

TAPE 19, SIDE TWO
NUMBER 000

IN CLOSING, MR. GRAUSZ ASKED THE COMMITTEE TO CONSIDER THE PILOT LIABILITY ISSUE. WITH MONOPOLY PROTECTION FOR SERVICES PROVIDED AND A LUCRATIVE FEE STRUCTURE SET BY GOVERNMENT, PILOTS ARE NOT ACCOUNTABLE FOR THEIR ACTIONS WHEN IT COMES TO MISTAKES OR EVEN NEGLIGENCE. THIS SEEMS UNBELIEVABLE.

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CAPTAIN MURPHY, REPRESENTING THE SOUTHWEST PILOTS

ASSOCIATION, HAS THE NEXT PARTICIPANT TO TESTIFY.

OF THIS TESTIMONY CAN BE FOUND IN THE HOUSE TRANSPORTATION COMMITTEE ROOM, CAPITAL BUILDING 17, JUNEAU, ALASKA, AND AFTER THE ADJOURNMENT OF THE SECOND SESSION OF THE SEVENTEENTH ALASKA STATE LEGISLATURE IN THE LEGISLATIVE REFERENCE LIBRARY.) CAPTAIN MURPHY OUTLINED AREAS THAT MUST BE ADDRESSED TO ENSURE SAFETY AND THE CONTINUANCE OF RELIABLE PILOTAGE IN ALASKA. THESE INCLUDE:

1. UPGRADE ENTRY STANDARDS
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3. REGIONALIZATION OF PILOTING AREAS WITHIN THE STATE
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IN CLOSING CAPTAIN MURPHY STATED THAT A DECISION HAS TO BE MADE REGARDING PILOTING IN ALASKA. IS PILOTING GOING TO BE A COMPETITIVE BUSINESS OR A SERVICE PROVIDED FOR ALASKANS? LAST YEAR, THE FEDERAL GOVERNMENT RECOGNIZED A PILOTS RIGHT TO BE INDEPENDENT FROM AN EMPLOYER.

REP. PHILLIPS ASKED WHY THE REQUIREMENTS IN HB 194 ARE MORE STRINGENT FOR DEPUTY PILOTS THAN FOR PILOTS. CAPTAIN MURPHY STATED THAT THIS IS AN AREA OF THE BILL THAT NEEDS ADDITIONAL WORK.

DALE COLLINS, PRESIDENT OF SOUTHEAST PILOTS ASSOCIATION, EXPRESSED HIS STRONG SUPPORT FOR HB 194. HE INFORMED MEMBERS THAT THE BILL IS A MUCH NEEDED CHANGE IF PILOTING IN ALASKA IS GOING TO CONTINUE IN A SAFE AND EFFICIENT MANNER.

REP. KURINA ASKED IF PILOTS HAVE DUAL LICENSES TO PILOT IN WATERS THROUGHOUT EACH REGION. MR. COLLINS REPLIED THAT PILOTS DO HAVE DUAL LICENSES. REP. KURINA THEN INQUIRED IF A PILOT COULD LIVE IN SEATTLE AND HAVE LICENSES TO PILOT THE WATERS IN THE REGIONS FROM SEATTLE TO ALASKA. DALE INFORMED REP. KURINA THAT A PILOT COULD HOLD NUMEROUS LICENSES. MR. COLLINS THEN POINTED OUT THAT THE WIDER THE PILOTING AREA, THE LESS EXPERTISE A PILOT WOULD HAVE.

REP. LENAN ASKED HOW IMPORTANT IT IS TO HAVE THE BOARD SET THE TARIFFS. MR. COLLINS REPLIED THAT WITHOUT A SET TARIFF THERE IS NO DIRECTION AND REAL PROBLEMS REGARDING SAFETY, ETC., SURFACE. HE INFORMED MEMBERS THAT A COMBINATION OF MANDATORY TARIFFS, COMPULSORY PILOT TRAINING AND REGIONAL ORGANIZATION AVAILABILITY LEAD TO GOOD PILOTAGE FOR BOTH THE PUBLIC AND THE PILOTS.

NUMBER 290

JOE MERRILL, REPRESENTING ALEUTIAN PILOTS ASSOCIATION, SUPPORTED HB 194. HE INFORMED MEMBERS THAT HE WOULD LIKE TO SEE SEVERAL AREAS IN THE BILL CLARIFIED AND HE HAS FORWARDED SOME LANGUAGE TO THE COMMITTEE FOR CONSIDERATIONS.

DON KUBLY, REPRESENTING MASTERS, MATES AND PILOTS ASSOCIATION, EXPRESSED STRONG SUPPORT FOR THE BILL.

KIRBY DAY, REPRESENTING SOUTHEAST STEVEDORING, EXPRESSED SUPPORT FOR HB 194. HE AGREED THAT A STRONG ACTIVE BOARD IS REQUIRED ALONG WITH ADEQUATE PILOT TRAINING PROGRAMS. MR. DAY EXPRESSED CONCERN THAT THE BILL, AS CURRENTLY WRITTEN, MAY CREATE A MONOPOLY SITUATION. HE WOULD LIKE TO SEE LANGUAGE ADDED THAT WOULD ALLOW THE BOARD TO RECOGNIZE

ALL LANGUAGE MUST BE ADDED TO ALLOW THE BOARD TO REVENUE
MORE THAN ONE PILOTING ORGANIZATION FOR EACH REGION,
OTHERWISE, A MONOPOLY COULD RESULT. MR. DAY ALSO REQUESTED
THE COMMITTEE CONSIDER LANGUAGE THAT WOULD ALLOW THE BOARD
TO MEET "UP TO" FOUR TIMES PER YEAR INSTEAD OF REQUIRING
FOUR MEETINGS PER YEAR.

IN CLOSING MR. DAY HAD ONE LAST RECOMMENDATION: THAT HB
194 STIPULATE THAT THE PILOTING INDUSTRY IS FINANCIALLY
RESPONSIBLE FOR THE REQUIRED TRAINING.
ACTING CHAIRMAN MACKIE THEN ASKED IF THERE WERE ANY OTHER
PERSONS WISHING TO TESTIFY. THERE WERE NONE. REP. MACKIE
STATED HIS INTENTION TO MOVE HB 194 FROM COMMITTEE. REP.
LEMAN OBJECTED. HE STATED THAT HB 194 WAS A VERY COMPLEX
BILL AND HE BELIEVED THE COMMITTEE SHOULD CONSIDER SOME OF
THE CONCERNS BEFORE MOVING IT FROM COMMITTEE. REP. HUDSON
EXPLAINED THAT HB 194 HAD THREE OTHER COMMITTEES OF
REFERRAL AND THAT THE CONCERNS EXPRESSED FALL UNDER THE
PURVIEW OF THEIR FOCUS. REP. HUDSON STATED HE BELIEVED
THAT IT WAS THE TRANSPORTATION COMMITTEES RESPONSIBILITY TO
LOOK AT THE TRANSPORTATION AND SAFETY ASPECTS OF ALL
LEGISLATION. THIS HAS BEEN COMPLETED FOR HB 194. THE
CONCERNS REMAINING DEAL WITH LABOR ISSUES AND RATE
STRUCTURING. REP. HUDSON SUGGESTED THAT THE LABOR AND
COMMERCE AND JUDICIARY COMMITTEES ADDRESS THESE CONCERNS.

REP. LEMAN MAINTAINED HIS OBJECTION. ACTING CHAIRMAN
MACKIE CALLED FOR THE QUESTION, SHOULD HB 194 MOVE FROM THE
HOUSE TRANSPORTATION COMMITTEE WITH INDIVIDUAL
RECOMMENDATIONS.

- REP. GRUSSENDORF, YEA
- REP. HUDSON, YEA
- REP. GAIL PHILIPS, YEA
- REP. MACKIE, YEA
- REP. KUBINA, YEA
- REP. LEMAN, NAY

AS THERE WERE FIVE YEAS AND ONE NAY, HB 194 MOVED FROM THE
COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS.
NUMBER 438

4/2/91
H: LJC

REP. CHERI DAVIS, SPONSOR OF HB 194, PROVIDED INITIAL
TESTIMONY FOR THE BILL. SHE STATED THAT HB 194 GIVES THE
BOARD OF MARINE PILOTS JURISDICTION AND AUTHORITY TO GOVERN
THE OPERATION OF PILOTS. IT HAS BEEN ALMOST TWENTY YEARS
SINCE ANY MAJOR CHANGES WERE MADE REGARDING PILOTING IN
ALASKA. HOUSE BILL 194 PROVIDES A COMPROMISE. AFTER
MEETING WITH MEMBERS OF THE SHIPPING INDUSTRY, PILOTS AND
PILOT ORGANIZATIONS AND THE BOARD OF MARINE PILOTS, MANY
CONSTRUCTIVE SUGGESTIONS AND COMMENTS WERE INCLUDED IN THIS
BILL. REP. DAVIS REQUESTED THE MEMBERS SUPPORT FOR HB 194.

NUMBER 467

REP. LEMAN ASKED IF THE MEMBERS OF THE MARINE PILOTS ARE
AWARE THAT THE BILL PROPOSES A SUBSTANTIAL INCREASE IN FEES
BECAUSE THE BOARD AND ORGANIZATION CURRENTLY DOES NOT PAY
ITS OWN WAY. REP. DAVIS REPLIED THAT THE PILOTS HAVE
AGREED TO INCREASE FEES. THEY FEEL IT IS IMPORTANT TO HAVE
A PILOT COORDINATOR POSITION AND THEY ARE WILLING TO PAY
THE INCREASED COSTS ASSOCIATED WITH THE PROPOSAL.

REP. MACKIE ASKED WHY THE INCREASED TRAVEL COSTS. REP.
DAVIS INFORMED REP. MACKIE THE BILL REQUIRES THE BOARD TO
MEET AT LEAST FOUR TIMES PER YEAR. WITH ADDED
RECOMMENDATIONS THIS MAY BECOME NECESSARY

ANN BOUDREAU, DIRECTOR FOR DIVISION OF OCCUPATIONAL LICENSING, WAS NEXT TO TESTIFY. SHE INFORMED THE COMMITTEE THAT THE DEPARTMENT DOES NOT HAVE AN OFFICIAL POSITION ON HB 194 AS YET. SHE STATED HER GENERAL IMPRESSIONS ARE THAT THE TIME HAS COME FOR CHANGE. THE BOARD'S AUTHORITY TO REGULATE PILOTS HAS BEEN CHALLENGED IN COURT, AND THEREFORE, CLARIFICATION IS NEEDED. SHE EXPRESSED SOME QUESTION OVER THE GRANTING OF EXCLUSIVE USE AREAS. FEAR OF CREATING A SITUATION EXCLUDING NEW ENTRIES AND APPLICANTS MUST BE CONSIDERED.

NUMBER 535

REP. MACKIE QUESTIONED IF THE RESPONSIBILITIES INCREASE, WOULD OIL TANKER TRAFFIC BE AN AREA OF RESPONSIBILITY FOR THE BOARD. MS. BOUDREAU RESPONDED AFFIRMATIVELY. SHE INFORMED REP. MACKIE THAT THERE ARE THREE CATEGORIES WHERE PILOTS HAVE THE RESPONSIBILITY FOR THE CONDUCT AND DIRECTION OF VESSELS: CARGO SHIPS INCLUDING OIL TANKERS, CRUISE SHIPS AND LARGE FISHING VESSELS.

NUMBER 561

DAN GRAUSZ, VICE PRESIDENT AND GENERAL COUNSEL FOR HOLLAND AMERICA WESTOURS, INC., WAS THE NEXT PARTICIPANT. HE SPOKE VIA TELECONFERENCE FROM SEATTLE. (A COPY OF THIS TESTIMONY CAN BE FOUND IN THE HOUSE TRANSPORTATION COMMITTEE ROOM, CAPITAL BUILDING 17, JUNEAU, ALASKA, AND AFTER ADJOURNMENT OF THE SECOND SESSION OF THE SEVENTEENTH ALASKA STATE LEGISLATURE IN THE LEGISLATIVE REFERENCE LIBRARY.) MR. GRAUSZ STATED THAT HOLLAND AMERICA WESTOURS, INC., SUPPORTS ANY REASONABLE EFFORT DESIGNED TO ENHANCE SAFETY AND PROTECT THE ENVIRONMENT OF THE STATE OF ALASKA. HE ALSO EXPRESSED SUPPORT TO INCREASE THE QUALIFICATIONS AND TRAINING OF PILOTS; HOWEVER, HE FEELS THAT HB 194 HAS FAR TOO MUCH EXCESS BAGGAGE. HE ASKED THE COMMITTEE TO CONSIDER IF THERE IS A PROBLEM WITH THE QUALITY OF PILOTAGE IN THE STATE OF ALASKA. IF SO, THIS PROBLEM MUST BE ADDRESSED. HOUSE BILL 194 IS A CATCH ALL BILL THAT ATTEMPTS TO CORRECT DEFICIENCIES THAT ARE NOT PRESENT.

MR. GRAUSZ WARNED THAT A PILOT ORGANIZATION IS NOT A LABOR UNION OR A NONPROFIT GROUP. IT IS AN ASSOCIATION SETUP TO ALLOCATE THE MONIES EARNED BY ALL PILOTS ON AN ARBITRARY BASIS. IT IS NO DIFFERENT FROM ANY OTHER ENTITY. AS SUCH, IT SHOULD BE REQUIRED TO DEAL WITH OTHER PRIVATE ENTITIES AS AN EQUAL, NOT AS AN ARM OF GOVERNMENT. MR. GRAUSZ WENT ON TO EXPRESS CONCERN OVER THE AUDIT AND REVIEW POWERS GRANTED THE BOARD. AS TWO OUT OF A SEVEN MEMBER BOARD, WHICH WILL BE WORKING FOR THE ORGANIZATION BEING REVIEWED, IT IS DIFFICULT TO FEEL SECURE THAT THE PUBLIC INTEREST WILL BE PROTECTED BY THESE AUDIT AND REVIEW POWERS.

MR. GRAUSZ ASKED THE COMMITTEE NOT TO GIVE THE PILOT ORGANIZATIONS SPECIAL POWERS AND IMMUNITIES. HE SUGGESTED THAT THEY BE ONLY SURVIVING IN THE FREE ENTERPRISE SYSTEM IF MARKET FORCES JUSTIFY THEIR SURVIVAL, NOT BECAUSE GOVERNMENT HAS GIVEN THEM A LICENSE TO PLUCCATE THE TERMS AND CONDITIONS OF PILOTAGE.

THE SECOND CONCERN EXPRESSED BY MR. GRAUSZ WAS THE MATTER OF PILOT INDEPENDENCE. HOUSE BILL 194 IS EFFORT ATTEMPTING TO INCLUDE SUPPLEN FROM OTHER PILOTS ON THEIR PAYROLLS WITH THE POTENTIAL RESULTING COST SAVINGS. MR. GRAUSZ

LOSING THEIR MONOPOLY POWER OVER THEIR MEMBERS IF THOSE MEMBERS HAVE, AS AN ALTERNATIVE, DIRECT EMPLOYMENT WITH SHIP OWNERS.

THE THIRD CONCERN OUTLINED BY MR. GRAUSZ WAS THE ISSUE OF RATES FOR PILOTAGE. HE EXPRESSED FRUSTRATION AT THE NEED TO HAVE GOVERNMENT ASSIST IN RATE SETTING. CURRENTLY, HOLLAND AMERICA RESTAURANTS, INC. PAYS BETWEEN \$10,000 AND \$12,500 IN PILOTAGE FEES FOR EACH INSIDE PASSAGE CRUISE. THIS WORKS OUT TO APPROXIMATELY \$275 PER HOUR FOR PILOTAGE. IN ADDITION, MEALS, LODGING AND TRAVEL EXPENSES ARE PROVIDED.

MR. GRAUSZ QUESTIONED THE NEED FOR GOVERNMENT INVOLVEMENT GIVEN THIS SCENARIO.

TAPE 19, SIDE TWO
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