

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672
8394 SENATE LABOR & COMMERCE



April 8, 1994

Senator Tim Kelly
Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Senator Kelly:

Arctic Slope Regional Corporation is the second-largest Alaska-owned corporation in the state. As you consider Senate Bill 185, I want you to know that whether we maintain our standing as one of the state's most successful businesses depends in no small part on what you do with this bill.

If it becomes law, SB 185 almost certainly will result in serious economic harm to ASRC, its subsidiaries, and its Native shareholders. It will hurt us in at least five ways, both in the near future and over the long term. Here are the reasons:

First, approximately one-half of ASRC's gross revenues are derived from contract oil field services our subsidiaries perform for the major oil companies. We already know our service business will likely decrease this summer because low oil prices have caused the companies to cancel drilling several wells. This bill will make it even worse.

Second, we hold minority interests in some of the potential oil fields on the North Slope. Any additional tax you inflict on the major oil companies hurts our corporation and several other Native corporations who have similar types of holdings.

Third, shareholder hire and job skills training is very important to us. Last year we employed 783 ASRC Native shareholders in our various businesses. This bill will certainly force us to eliminate some of those jobs.

Fourth, this bill will almost certainly influence what we are able to pay out in annual dividends to our shareholders, since the payments are ultimately dependent on the corporation's income.


Fifth, this bill will endanger our investment in the new Petro Star Valdez Refinery that came on line last year. This facility produces a variety of fuels from 30,000 barrels of crude oil drawn directly from the pipeline at Valdez each day. We are majority owner of this refinery, and we want to see it operate for many, many years. This bill could shorten its life because it will have the long-term effect of suppressing the future oil exploration and field development that will be needed to keep the pipeline operating.

Some 23 years after passage of the Alaska Native Claims Settlement Act, our people are finally beginning to realize at least some of the act's promise of economic self-sufficiency, just as Congress intended. We have carefully built our businesses -- from \$10,000 in revenues in 1973 to \$254.9 million in 1992 -- and we have followed the tradition of our elders by passing on what we've learned about the corporate world to our young shareholders, so that they can build on our success.

I believe this bill threatens the oil industry's continued investment in Alaska, which in turn would threaten much of what we've accomplished. On behalf of my corporation, and my people, I ask you not to put our future at risk by passing this legislation.

Sincerely,

ARCTIC SLOPE REGIONAL CORPORATION


Jacob Adams
President

JA/ngk

cc: Senator Al Adams
Rep. Eileen Maclean



April 11, 1994

Senator Tim Kelly
Alaska State Legislature
State Capitol (MS3100)
Juneau, Alaska 99801-1182

Dear Senator Kelly,

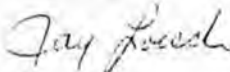
I am writing to ask your help in voting down Senate Bill 185 relating to petroleum income taxes. It seems to me current legislation that allows the Department of Revenue to amend a tax assessment if there is evidence of fraud or if the taxpayer and the DOR sign a written agreement to extend the assessment period ought to be ample protection for the State.

The only realistic way to reduce the State's increasing deficit is to reduce spending. Many services now provided by state employees can be shifted to the private sector. Reducing the benefit packages of state employees to coincide with the private sector packages should be priority legislation.

The petroleum industry has enough trouble in the near future trying to cope with \$14.00 oil prices without the state driving up costs with an even higher tax burden.

I would like to know how you stand on SR #185.

Sincerely,



Jay Loesch
PO 147
Girdwood, AK 99587

April 11, 1994

Senator Tim Kelly
Room 101
State Capitol
Juneau, AK 99801-1182

Dawn Conatser-Kuhlman
2910 Brookview St.
Anchorage, AK 99504

Re: SB 185

Dear Senator Kelly,

I am writing you today in hopes that my letter will be one of many that will persuade you to oppose SB 185.

I can not believe that in the current economic times we all face, that the Senate would even consider passing a bill the primarily targets the Corporate "oil" taxpayers in Alaska.

Since the State of Alaska derives the largest percentage of its money from the oil industry, can they not see that by imposing this type of "open ended taxation" not only hurts oil companies but the private sector as well? Not only does the State of Alaska depend on oil revenues but the people of this State depend on oil companies for our "revenue."

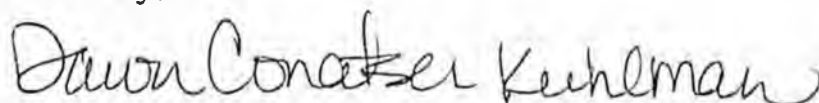
If we didn't have oil money to run this State, who's money would?

I'm not saying that the oil companies shouldn't pay their fair share of taxes as we all should; moreover, we all do.

I do think that while the State is not expected cater to the oil companies, the State ought to be waking up to the fact of where it gets its "bread and butter" and do everything within our power to ensure we always have "food on the table" you might say.

The thought comes to mind every so often what would we do if there were no oil companies in Alaska? Would the State of Alaska cease to exist? At the current rate of dependency on oil money, the answer is yes. For those of us who have made Alaska our home and love it for better or worse, that's a very scary thought.

Sincerely,



Dawn Conatser-Kuhlman

April 11, 1994

Sen. Tim Kelly, Chairman
Senate Labor and Commerce Committee
Alaska State Legislature
State Capitol (MS3100)
Juneau, Alaska 99801-1182


Dear Senator Kelly:

I am writing to express my concern about Senate Bill 185, which apparently would allow our state bureaucrats to rewrite the tax law for the oil industry at will. This would set a dangerous precedent and must be stopped at all costs.

I don't work for an oil company, so my own job isn't (immediately) at stake. But I do know how dependent our whole state is on the oil industry. And I also know what's right. It's not right that anonymous employees of the government in Juneau can change tax policies without any public process. Where is the fairness in that? If we want to increase somebody's taxes, let's be open and above-board about it--not sneak around and try to do it on the sly.

Please vote against Senate Bill 185.

Sincerely,



Clint Sheeley
7765 Port Orford
Anchorage, AK 99516



**Nabors Alaska
Petroleum Services**
A NABORS INDUSTRIES Company

Nabors Alaska
Petroleum Services, Inc.
4300 B Street, Suite 600
Anchorage, Alaska 99503
907-561-4448

April 11, 1994

Senator Tim Kelly
Alaska State Legislature
State Capitol (MS3100)
Juneau, Alaska 99801-1182

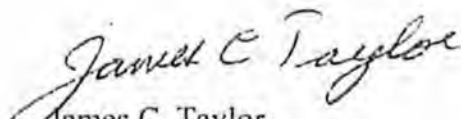
Dear Senator:

I am writing to express my opposition to Senate Bill 185. I can think of no action more detrimental to the State of Alaska and its residents than consideration of this sort of legislation.

We are a major contractor to the Alaska oil industry. Nabors Alaska has drilled more oil wells in Alaska than any other contractor, and we are presently working intensively to reduce drilling cost so that our business remains viable in a low oil price environment. However, I must point out that it is terribly discouraging to us and to the 638 Alaskans we employ (including those employed by Peak Oilfield Service Company, of which we own 50%) to watch the impact of our increased drilling productivity go down the drain in Juneau. Our customers have made it abundantly clear to us that they will significantly reduce spending in Alaska if the tax climate here deteriorates further. We have no doubt of their sincerity.

As the total value of Alaska oil production has declined over the past few years, we in the private sector have paid the price. Jobs have been lost, companies liquidated at horrifying losses, and the survivors have tightened their belts. I believe that the State of Alaska must adopt a fiscal plan which seeks to reduce this trend, not accelerate it, as Senate Bill 185 will surely do.

Very truly yours,


James C. Taylor
President

JCT:tc



FAX TRANSMITTAL FORM

DATE: April 12, 1994

TO: Senator Tia Kelly
Alaska State Senate

FROM: H. G. Gardner, President
FAIRWEATHER E&P SERVICES, INC.

RE: SB-185

COMMENTS: I am sending this message to encourage you to hold SB-185 in the Senate Labor and Commerce Committee. Changing the Statute of Limitations on tax assessments and collections would further destabilize the petroleum business in Alaska and only hasten the industry's withdrawal from our state. The Department of Revenue should get its act together and conduct its business within the framework of the present Statute of Limitations.

Tia Kelly
SK

SENDING TO FAX #: 465-3756

NO. OF PAGES, INCLUDING COVER SHEET: 1

JOB # _____

Kathleen G. Heckel
7521 Labrador Circle
Anchorage, Alaska 99502-1949

April 12, 1994

The Honorable Tim Kelly
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Senator Kelly:

Subject: Senate Bill 185

Please **do not** pass Senate Bill 185! I am vehemently opposed to Senate Bill 185 which would allow the State of Alaska to amend the Statute of Limitations back to the year of 1976 (more than 18 years) in filing assessments against the oil and gas industry for open tax years. Changing the rules **19 years** after tax reports were filed is unreasonable and unconstitutional! Senate Bill 185 unfairly impacts **only** the **oil and gas industry**. The purpose of Statute of Limitations is to provide some finality to the process of assessment and collection.

Senate Bill 135 would allow the State to amend their assessment anytime during the appeal or resolution process. This would result in further delay of resolution, as the State could amend the assessment just as final settlement was to be reached, forcing the taxpayer to start their defense all over again! I believe the State should stand by any assessment they make and not have the right to constantly create new theories of valuation that will benefit the State and thus amend their assessment.

Senate Bill 185 would create a very unstable and unfair tax regime in Alaska and would destroy any attraction for future investments. If Senate Bill 185 passes, there will be **no** tax stability or tax fairness and there will be **never-ending** tax appeals and proceedings without resolution.

I implore you, **do not** pass Senate Bill 185!

Sincerely,



Kathleen G. Heckel

NANA DEVELOPMENT CORPORATION

1001 E. BENSON BOULEVARD, ANCHORAGE, ALASKA 99508
TELEPHONE (907) 265-4100



April 12, 1994

Senator Tim Kelly
Alaska State Legislature
Capitol Building (MS3100)
Juneau, AK 99801-1182

Dear Tim:

I am writing you concerning Senate bill 185 which, as I understand it, is a creation of the Department of Revenue designed, as far as I can tell, to make the tax situation related to oil and gas development as unstable as possible. As I believe you are aware, NANA is a small owner in the Endicott oil field, so we have a direct interest in this type of legislation. However, I assure you that even if we were not part owner of Endicott, we would feel this piece of legislation as extremely unfair to the oil industry or any other industry that the principles embodied in this legislation might be applied to.

As I understand it, the philosophy of this bill is to allow the Department of Revenue to change tax assessments at any time during a dispute between an oil producer and the state. The legislation would do away with the current three year limitation on such practices. In addition, this legislation is retroactive to 1976. I do not need to explain to you the role that the oil industry plays in Alaska's economy and in the funding of state government. I believe that we are at a critical time in the history of oil development in this state. Prudhoe Bay is in decline, and oil prices are responding predictably to the world's oversupply. Thus the oil industry is having to make a number of difficult decisions as to where and how to spend capital dollars which will lead to the expansion of production in current fields and/or the development of new fields.

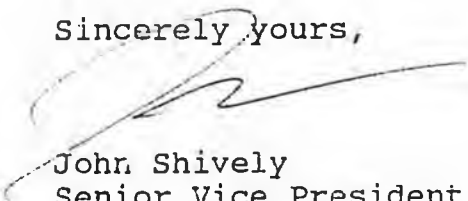
In deciding where to invest their dollars, the oil certainly takes into account the issue of tax stability. SB 185 would do serious damage to the already shaky reputation which Alaska has for tax stability. More importantly, SB 185 would put the focus of stability into the bureaucracy. In the past, major tax decisions have been made by the legislature, and that is the appropriate forum for such decisions. I think it is bad public policy for the legislature to pass a bill which, at the best, allows the bureaucracy to create new tax theories, and, at worst, encourages it. I believe the current three year statute of limitations gives them more than enough authority in this field.



I hope you will give serious consideration to opposing this legislation. If you would like to discuss it with me further, do not hesitate to call me at 265-4143.

Thanks for your consideration.

Sincerely yours,



John Shively
Senior Vice President and
Chief Operating Officer

JS/sb/2174

12 April 1994

The Honorable Senator Kelly
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

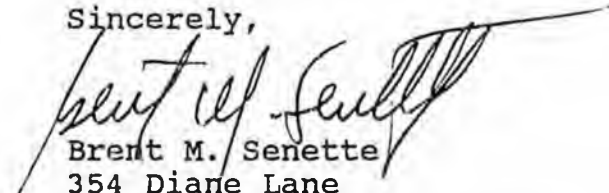
Dear Senator Kelly:

I believe Senate Bill 185 should be defeated. A summary of the reasons why I think this is a bad piece of legislation is presented below:

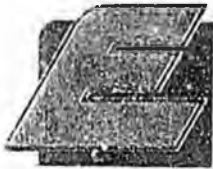
1. A Superior Court Judge has previously rejected the State's contention that it has the right to unilaterally amend tax assessments after the initial 3 year tax audit time frame.
2. Current law allows the State to amend tax assessments due to the filing of fraudulent tax returns or failure to file a return by any Oil Industry taxpayer. No protection is needed from new legislation to protect the State under these scenarios.
3. Passage of this legislation will make the Oil Industry taxation process far more adversarial than it is at present and will cause more costly and protracted litigation between the State and the Oil Industry.
4. Allowing the State to revise tax assessments already under appeal by the Oil Industry taxpayer will compromise the appeals process. The Oil Industry taxpayer will likely forfeit its right to appeal genuinely erroneous tax assessments under the threat of having the very assessment being appealed raised as "incentive" to forcing settlement of that appeal.

A stable State taxation policy is essential to the attraction of new Industry and to the retention of the existing Oil Industry development base. Passage of Senate Bill 185 will dampen prospects for future development and represents an attempt by the State to wring more money out of the Oil Industry at a time when production is declining, oil prices are low, and operating costs are rising. I urge you and the other members of State Government to stop looking toward the Oil Industry every time the State Budget shows a deficit and to defeat Senate Bill 185.

Sincerely,



Brent M. Senette
354 Diane Lane
Soldotna, Alaska 99569
Phone: 262-8522



Charles W. Johnson
President

Era Aviation, Inc.

April 12, 1994

Ref: Senate Bill 185

The Honorable Tim Kelly
Alaska State Legislature
State Capital (MS3100)
Juneau, Alaska 99801-1182

Dear Senator Kelly,

We are opposed to passage of Senate Bill 185, currently before the Senate Labor and Commerce Committee.

This Bill would give enormous (and potentially unhealthy) additional powers to the Department of Revenue in its dealings with oil and gas tax payers. The bill would expand, from three years to indefinitely, the time period in which the Department could issue "revised" assessments during pendency of appeals or claims for tax refunds. The Bill would be retroactive to 1976. There is just too much potential for abuse with this kind of power.

This Bill would yield yet further instability to our tax policies -- discouraging enterprises from continuing or initiating operations in our state. It would send a wrong message.

Thank you for considering our views on this matter.

Best Regards,



Northwest Technical Services

4041 B Street • P.O. Box 241921 • Anchorage, Alaska 99524 • (907)562-1633 • FAX (907)562-5875

APRIL 12, 1994

TO THE HONORABLE SENATE OF THE STATE OF ALASKA:

I have had the opportunity to review SB 185 and am alarmed that this type of change in the assessment period is even being contemplated. If such action were to be attempted on a personal tax level, we would have the biggest tax revolt since the Boston Tea Party.

I urge Senator Kelly to keep this Bill in committee, or, barring that, I urge you all to defeat this measure.

Kind regards,

Mary E. Shields
MARY E. SHIELDS
General Manager





UDELHOVEN

11401 Olive Lane
Anchorage, Alaska 99515
Fax 907-522-2541
907-344-1577

April 13, 1994

Mr. Tim Kelly
Alaska State Senate
State Capital
Juneau, AK 99801

Dear Senator Kelly:

I am writing to express my strongest opposition to SB 185 and respectfully ask you to consider my feelings regarding this bill.

In the twenty-four years of doing business in the oil industry I have never seen a bill that could be more damaging to the future of Alaska as SB 185.

The major businesses that remain in Alaska have stated in public and in plain language what the effects of this bill would be and what they intend to do if it is passed. With the low oil prices they have their backs against the wall and the industry is dead serious.

I envision five years of rapid decline in production and no capital investments being made in Alaska. This will compound the state budget problems which will effect our political process.

Our political leaders, industry and labor need to work together to make a better Alaska tomorrow. I ask for your help and meanwhile please register my opposition to SB 185.

Sincerely,

James Udelhoven
Udelhoven Oilfield System Services, Inc.
11401 Olive Lane
Anchorage, AK 99515

Thomas C. Crafford
3000 Princeton Way
Anchorage, Alaska 99508

April 12, 1994

Senator Tim Kelly
Alaska State Legislature
State Capitol (MS3100)
Juneau, Alaska 99801-1182

Dear Senator Kelly:

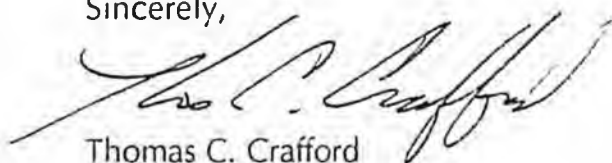
I am writing to express my opposition to SB 185 which proposes to revise legislation affecting taxation of the oil and gas industry. I am an employee of Cook Inlet Region Inc. and, while not employed in the petroleum industry, have been involved with natural resources throughout my 18 years in Alaska.

It strikes me as unconscionable that State government would consider retroactively changing taxation rules on the petroleum industry. It strikes me as ludicrous that it should be considered at this point in time. Certainly the State is in dire financial straits and needs to make some sweeping fiscal changes, but SB 185 is a short-sighted solution that, I fear, would, "kill the goose that laid the golden egg." Rather than weaning ourselves away from our dependence on petroleum revenues to support State government, SB 185 seeks to further the amount of revenue dependence on petroleum. Maybe in the long run it would lessen our dependence on oil by accelerating the pace at which petroleum companies are departing the US for less restrictive locations, but it would do so in a fashion that would only exacerbate the State's current fiscal woes. By taxing the industry out of profitability in Alaska, we could precipitate a major exodus that would only make matters worse.

It strikes me very much like a sporting contest where a weak team, rather than acknowledging its shortcomings and trying to correct them, seeks to improve its position by insisting on a rule change in the middle of the season that would weaken the stronger teams. It's not fair, it's not playing by the rules, it doesn't promote healthy competition, and it deflects our attention from the real problem, which is to strengthen our own team.

Thank you for your attention. I respectfully request that you oppose SB 185.

Sincerely,

A handwritten signature in cursive script, appearing to read "T. C. Crafford", written in dark ink.

Thomas C. Crafford

THE
FOLLOWING
DOCUMENTS
ARE
POOR
ORIGINAL
COPIES

April 14, 1994

Senator Loren Lemar

Re: SB 195

As Chairman of the State Physical Therapy and Occupational Therapy Board I am strongly opposed to SB 195 for the following reasons.

1. We are responsible to protect the public by licensing only fully qualified applicants. Graduation from a nationally approved school should be a primary requirement.
 2. National credentialing agencies only certify foreign programs. The cost per applicant exceeds \$100. No agency evaluates domestic programs. I am aware of only two States that allow applicants from other than approved schools.
 3. The cost to change Regulation to come into compliance with this Statute would be considerable. The Board would require research by the legislative research agency. Only two Board members are physical therapists. Others would require training to be qualified to make these determinations. Additional face to face Board meeting would be necessary.
 4. Potential legal costs to the Board and State would increase if Board decisions were challenged. The present law is specific.
- I, as Chairman, and the Board feel this is unnecessary, costly, and not in the public interest.

Mary Pomeroy-Horne, P.T.

Mary Pomeroy-Horne

Chairman, State Physical and Occupational Therapy Board

cc:Rick Halford
 cc:Steve Reiger
 cc:Kristy Leaf
 cc:Dick Elison

Marcus J. Allen
2410 Legacy Drive
Anchorage, Alaska 99516

April 14, 1994

The Honorable Tim Kelly
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Senator Kelly:

This is to advise that I, as a resident of the state of Alaska, am completely against State Senate Bill 185 now under consideration. This piece of legislation creates a unfair burden of tax liability on the major revenue generation source for the state of Alaska. The Senate Bill 185 would allow up to 18 years under to the Statute of Limitations. The Statute of Limitations currently in place is necessary to protect the oil and gas producers which are currently being hindered by poor economics. Additional taxes do nothing to encourage them.

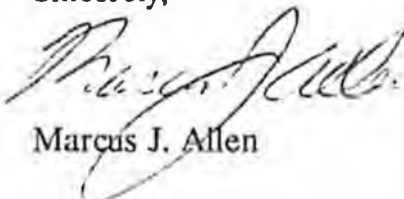
What is wrong with the present Statute of Limitations? At this time the State has three years to audit taxes. Furthermore, it has up to six years beyond this evaluation period to collect the taxes. The State rarely complies with the current legislation. The State is running its business highly inefficiently! Herein lies the real problem with our state government. We need to comply with present rules and regulations that were intended to work in the first place. The fact that the State is facing a severe shortfall in revenue, does not allow the rules to be changed to meet the needs of the uncontrolled system.

Consideration of Senate Bill 185 needs to properly represented. Not only will it discourage current producers now under siege in maintaining profitability in this state, it will furthermore increase their annual operating costs resulting from continual auditing. This is not a win-win situation for the State or the producers. The end result will be a reduced production life. The long term effect will be reduced investment in a state which so eagerly needs this industry.

I urge you to go back and reevaluate government and what it's obligated to do. Let's live by the rules and regulations we created in the first place. Let's approach our state budget problems with fairness instead of constantly turning to oil and gas producers. You are urged to defeat State Senate Bill 185.

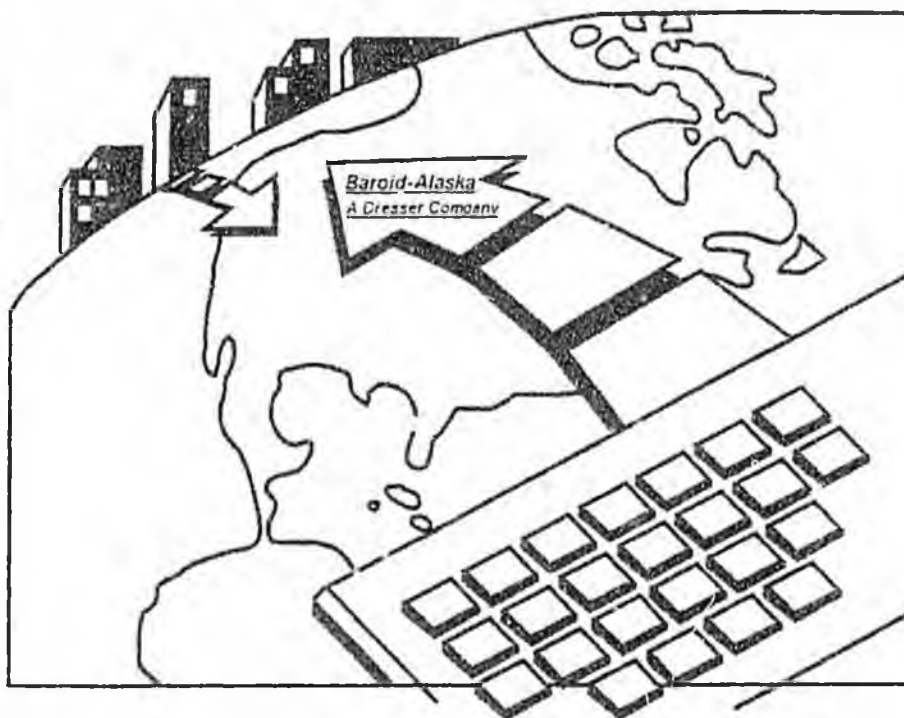
In closing, I would sure appreciate to hear of your position and your justification if you support Senate Bill 185.

Sincerely,



Marcus J. Allen

MJA:kgh



BAROID Drilling Fluids, Inc.
Alaska Business Unit *A DRESSER Company*
Jay Olive - B.U. Manager

2000 w. Int'l Airport Rd. - Suite A-10
Anchorage, Alaska 99504
Phone # (907) 248-3511
Fax # (907) 248-5390

Prudhoe Bay, Alaska
Phone # (907) 659-2422
Fax # (907) 659-2246

Kenai, Alaska (Rig Tenders)
Phone # (907) 776-8680
Fax # (907) 248-5698

To: Senator - Tim Kelly

Date: 4-15-94

From: Dresser / Baroid Drilling Fluid. 1 of 1

I would like to go on the record against the passage of SB-185.

The oil industry has enough barriers to overcome in this state without the STATE GOVERNMENT discouraging their business.

It is my feeling and the feelings of my employees that the state is trying to choke the goose that lays the golden egg.

Thank You

T. Jay Olive
Alaska Business Unit manager
Dresser/Baroid



Irish Trucking

P.O. Box 84469 • Fairbanks, Alaska 99708-4469
(907) 456-3232 (907) 457-6835
Anchorage: (907) 344-0122

April 15, 1994

From: Martin King / Irish Trucking Co.

Re: Bill 185

To whom it may concern:

I Oppose SB 185, please hold the bill in committee.

As this bill relates to additional taxes assessed after audit by the department of Revenue, to extend the period of assessment and collections of additional taxes up to 18 years.

Sincerely,


Martin King

KARL HOENACKname
5320 EMMANUEL AVE.address
KITKORLAG, AK 99508

home phone _____

April 15, 1994

The Honorable Tim Kelly
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

As a member of your district I urge you to oppose SB185. By eliminating the three year statute of limitations on the assessment of taxes, this bill would allow the Department of Revenue to increase back tax claims against oil producers while such producers are appealing existing claims. In the long run, the passage of this bill will be detrimental to the state's overall economy.

Alaska's oil companies compete with corporations the world over for investment capital. Investors are interested in companies that can guarantee a competitive and relatively stable return on capital, not companies whose operating costs may be rising at any time due to increasing tax claims by the state. International investment benefits everyone in the state, as oil tax dollars fund schools, roads, police protection, and environmental safeguards.

As an Alaskan, I have an interest in the stability of oil revenues. Taxes from these revenues account for 85% of our state's income; our economy really depends on international investment in our oil companies.

I am concerned about the future of Alaska's economy because I am concerned about the future of my children and grandchildren. I oppose any bill that would threaten the loss of international investment and thus the loss of a major source of revenue for the state. I urge you as my Senator to consider the long term economic implications of SB185. I'm sure you will realize that its passage will only exacerbate the economic problems our state already faces.

Sincerely,

Karl Hoenack

Comments:

DELORES BARBER
name 1810 TWINING
address ANCHORAGE, AK 99504
333-0318
home phone

April 15, 1994

The Honorable Tim Kelly
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

As a member of your district I urge you to oppose SB185. By eliminating the three year statute of limitations on the assessment of taxes, this bill would allow the Department of Revenue to increase back tax claims against oil producers while such producers are appealing existing claims. In the long run, the passage of this bill will be detrimental to the state's overall economy.

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Sincerely,

Delores Barber

Comments:

Allen Greenland
name
10593 Sun Bow
address
Eagle River, AK 99577
(907) 696-5046
home phone

April 15, 1994

The Honorable Tim Kelly
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

As a member of your district I urge you to oppose SB185. By eliminating the three year statute of limitations on the assessment of taxes, this bill would allow the Department of Revenue to increase back tax claims against oil producers while such producers are appealing existing claims. In the long run, the passage of this bill will be detrimental to the state's overall economy.

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Sincerely,

Comments:

Post-It™ brand fax transmittal memo 7671		# of pages ▶	1
To	<i>Jim Kelly</i>	From	<i>Mike O'Connor</i>
Co.	<i>J</i>	Co.	<i>Peak</i>
Dept.		Phone #	
Fax #	<i>465-3756</i>	Fax #	<i>562-5860</i>



General Office
4300 B Street, Suite 603
Anchorage, Alaska 99503
(907) 561-3200

April 18, 1994

Senator Tim Kelly
Alaska State Legislature
State Capital (MS3100)
Juneau, AK 99801-1182

Senator Kelly:

Thank you for taking the time to meet with me during my trip to Juneau earlier this month.

As discussed, I am deeply concerned that your colleagues in the Senate might attack the only tax paying industry in Alaska. SB 185 should NOT be allowed to become law.

My company works for the oil industry, employs 400-500 annually and we do not believe that additional taxes are in the best interest of the State. While I agree that the oil industry should be paying fair and expected taxes, allowing retrospective taxation, as is being considered with unlimited (basically) time on the statute of limitations, would not be acceptable to individual taxpayers and should not be forced on our only tax paying industry.

Your help in assuring that this bill does not become law will help to promote oil and gas exploration and development and further promote a stable environment for the oil industry.

Sincerely,

PEAK OIL-FIELD SERVICE COMPANY

M. R. O'Connor
President



ALASKA MINERS ASSOCIATION, INC.

501 West Northern Lights Boulevard, Suite 203, Anchorage, Alaska 99503 fax: (907) 278-7997 telephone: (907) 276-0347

April 16, 1994

Honorable Tim Kelly
Chairman
Senate Labor and Commerce
State Capitol
Juneau, AK 99801

RE: SB-185, Limitation of Period for Tax Assessments

Dear Senator Kelly,

The Alaska Miners Association wishes to go on record opposing SB-185 which would change time frames during which the State could audit and change royalties on natural resources.

This is extremely adverse legislation for all industries. This is not just an oil company issue. This issue strikes at the very center of corporate trust and certainty of doing business. If this bill becomes law, no company will feel secure that it has properly calculated its royalties or that the State audit is accurate or complete. There will always be a measure of uncertainty until the statute of limitations has run.

This bill would also provide opportunity for political mischief when state administrations change. An administration having the goal of shutting down a particular industry could use the changes proposed in this bill to harass that industry. Furthermore, such an administration could use the provisions of SB-185 to constantly review and harass one particular company that it may wish to target. These are not idle scenarios but would be expected in some cases.

The minerals industry in Alaska now in fierce competition for investment dollars with countries from all around the world and especially from Latin America. Provisions like those proposed in SB-185 will send the wrong message to the industry. If it passes, we will likely see some countries that learn of it using this bill to show minerals companies why they should invest less in Alaska and more in their country. This tactic has already being used against Alaska regarding other issues, e.g. mental health trust.

We urge defeat of this bill.

Sincerely,

Steven C. Borell, P.E.
Executive Director



April 18, 1994

Senator Tim Kelly
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator ^{Tim}Kelly:

Klukwan, Inc. appreciates this opportunity to advise you of our opposition to Senate Bill 185.

The press has carried numerous stories lately about the effect of unstable oil prices on Alaska's oil industry. Low prices have already forced them to cut back their Alaska activities sharply in the past few years and if the press accounts are accurate, it looks as if Alaska could be in for yet another round of petroleum industry employment and expenditure reductions. Under these economic circumstances, it doesn't seem to make sense that we would now complicate the situation further by passing a law that would further challenge the oil companies.

It also seems questionable from the standpoint of what it might mean for state revenues over the long term. With production from Prudhoe Bay headed down, we need a healthy industry looking for more oil to keep the pipeline flowing. If the industry does not sustain its activities in Alaska, what is going to replace that sizable chunk of state government royalty and tax wealth we've been relying on since 1979, not to mention very significant private sector employment.

Klukwan is also very opposed to the concept of retroactive rule making that Senate Bill 185 represents generally.

KLUKWAN, INC.

da2
P.O. BOX 32077 • JUNEAU, ALASKA 99803-2077 • (907) 789-7361

Senator Tim Kelly
April 18, 1994
Page Two

Certainly nothing prevents the Legislature from changing a law -- but to do so retroactively over 18 years we feel is very unfair. We would like you to give serious consideration to what that would mean for Alaska's image as a stable place for businesses to invest their capital. Klukwan asks that you consider this in your determination on this bill.

Thank you for considering Klukwan's view on this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Thomas', with a long horizontal line extending to the left.

William Thomas

Vice President, Government Affairs

2620 Legacy Dr.
Anchorage, AK 99516
April 19, 1994

Senator Tim Kelly
465-3756

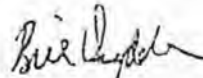
Dear Senator Tim Kelly:

I am writing you to express my concern over SB 185 or any other bill that would propose similar legislation.

I am personally not employed by the oil industry, but as a person in business and a concerned resident this type of legislation is bound to suppress any industry investment in Alaska.

Please do not endorse this legislation.

Sincerely,



William J. Dugdale

P.S. Thanks for your help so far in holding
+ in committee.

April 20, 1994

Senator Tim Kelly
Alaska State Legislature
State Capitol (R1S3100)
Juneau, Alaska 99801-1182

Dear Senator:

The purpose of this letter is to let you know that I oppose SB 185. I feel very strongly that a fair and consistent tax policy is necessary in order to encourage oil company investment in our state. SB 185 can hardly be described as fair and consistent when you are proposing to retroactively change the rules back to 1976!

Additionally, this bill has a large potential for abuse, particularly in these times of declining oil tax revenue.

We must beware: our tax policies could drive away our best source of revenue. I urge you to oppose SB 185.

Sincerely,

Trudy Elder

Trudy Elder
5140 Riverton Avenue
Anchorage, AK 99516

73-60 c Charles H. ...
Anchorage, Ak. 99504
4/20/74

Sen. Jesse Helms
Rep. Kamron Barnes
Rep. Betty Davis

Dear Senators Kelly Representative Adams & Davis

I can't understand why the Administration who know that our state depends on about 85% of its revenue from oil would then tax the oil business right out of the state driving it to parts of the world where the tax structure is predictably reasonable.

The retroactive tax on oil is not only unfair but will create a perilous situation for our state. If the oil companies leave our state who will pay the 85% of the budget the oil companies are currently paying? Just about all the other industries we have in Alaska are fishing, timber & tourism. How do the Administration really think these 3 industries & few other even smaller ones can make up the 85% hole the oil companies will leave if they flee Alaska because of the retroactive tax laws?

I wonder if the Administration even thinks that far ahead. A retroactive tax is self (STATE) destructive.

Sincerely,
Lois D. Thomas

April 20, 1994

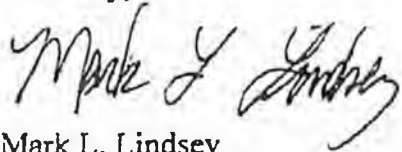
Senator Tim Kelly
Alaska State Legislature
State Capitol (MS3100)
Juneau, Alaska 99801-1182

Dear Senator:

I am writing to ask to you oppose SB 185. As an employee of a large Alaskan drilling company, I have been closely involved in the struggle to reduce drilling costs and therefore encourage further oil company investment in our state. Our efforts will be futile if the state removes incentives by increasing taxes.

Furthermore, the basic unfairness of SB 185 will not be conducive to encouraging oil company investment. The state is beginning to feel the pinch of declining oil revenues: SB 185 will only encourage further decline.

Sincerely,



Mark L. Lindsey
6900 Pinecone Circle
Anchorage, AK 99516

Ralph Dartez
2830 Kempton Hills Drive
Anchorage, Alaska 99516

April 21, 1994

The Honorable Tim Kelly
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Senator Kelly:

I am opposed to Senate Bill 185 that is now under consideration for the following reasons:

- Changing the rules 19 years after tax reports were filed is unreasonable and unconstitutional! As a federal income tax payer, I would be appalled if a similar attempt was made to extricate more taxes.
- There will be no tax stability or tax fairness!
- This action will have a negative impact on attracting new oil and gas investments.

The State must operate by the rules and regulations that have been created and not have the right to continually create new theories of valuation from which it will benefit. I urge you not to pass Senate Bill 185 - it must be defeated!

Sincerely,


Ralph Dartez

**ALASKA INSTRUMENT COMPANY, INC.**

P.O. BOX 92380 • ANCHORAGE, ALASKA 98508-2380 • (907) 581-2211

DATE: April 21, 1994

TO: Senator Tim Kelly

FROM: Dan Conrad
Alaska Instrument Company, Inc.

SUBJECT: Senate Bill 185

I am writing to you to request that you do not support this legislation. I have watched in amazement as this state government continues to "bite the hand that feeds it".

Until this state can generate income outside the oil industry; we need to be careful how greedy we get. We have seen a substantial cut back in oil activity already. All indications from my contacts indicate that the decline will continue. Already, BP has given a major portion of their supply requirements to an outside firm. There are several Alaskan owned businesses that are in jeopardy of losing their market share to these large outside, single supplier, warehouse companies. Now ARCO is looking at this same program. The potent' al loss is \$32 Million in commodity sales.

Alaska Instrument has been in existence since 1968. A major portion of our sales come directly from the oil companies. We make it our business to keep in touch with what is going on in our industry.

The irresponsible spending habits of the state government are creating a financial situation that has impacted the lively-hood of most small businesses in Alaska. Before we continue this assault on the major source of income; I would suggest that we put together a group of business and state leaders that will develop a serious, straight forward plan for expanding the economic base of this state. Not some "pie-in-the-sky" project like gas pipeline or liquefied coal. But an aggressive plan to provide jobs that we can see now.

I recognize that additional income for the state does trickle down to the citizens. However, how that income is obtained may have more of a negative impact than the potential benefit it could provide.

April 22, 1994

The Honorable Senator Kelly
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

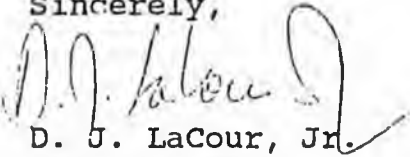
Dear Senator Kelly:

I believe Senate Bill 185 should be defeated. A summary of the reasons why I think this is a bad piece of legislation is presented below:

1. A Superior Court Judge has previously rejected the State's contention that it has the right to unilaterally amend tax assessments after the initial 3 year tax audit time frame.
2. Current law allows the State to amend tax assessments due to the filing of fraudulent tax returns or failure to file a return by any Oil Industry taxpayer. No protection is needed from new legislation to protect the State under these scenarios.
3. Passage of this legislation will make the Oil Industry taxation process far more adversarial than it is at present and will cause more costly and protracted litigation between the State and the Oil Industry.
4. Allowing the State to revise tax assessments already under appeal by the Oil Industry taxpayer will compromise the appeals process. The Oil Industry taxpayer will likely forfeit its right to appeal genuinely erroneous tax assessments under the threat of having the very assessment being appealed raised as "incentive" to forcing settlement of that appeal.

A stable State taxation policy is essential to the attraction of new Industry and to the retention of the existing Oil Industry development base. Passage of Senate Bill 185 will dampen prospects for future development and represents an attempt by the State to wring more money out of the Oil Industry at a time when production is declining, oil prices are low, and operating costs are rising. I urge you and the other members of State Government to stop looking toward the Oil Industry every time the State Budget shows a deficit and to defeat Senate Bill 185.

Sincerely,



D. J. LaCour, Jr.
P.O. Box 2713
Kenai, AK 99611
Phone: 283-4904

S B

1 8 8

PETER S. HALLGREN

• Lawyer •

403 Lincoln Street
P.O. Box 1203
Sitka, Alaska 99835

March 10, 1993

(907) 747-6908

FAX 907-747-6908

Ad Hoc City Deferred Compensation Committee

Sitka, AK 99835

TO: ✓ JOE AMBROSIO
Sen. Taylor

VIA FAX 465-3922

Dear Committee,

Enclosed is a list of the local government units currently participating in the Alaska Supplemental Benefits Plan. Below is some possible wording which would allow employees of those units which participate in SBS (i.e. City of Sitka, Sitka Community Hospital, and Sitka School District) to participate in the State of Alaska Deferred Compensation program as one of their options.

A new Section 39.45.020 (d) could be added to read as follows:
AS 39.45.020(d) The employees of political subdivisions which participate in the Alaska Supplemental Benefits Plan may also participate in the Deferred Compensation Program for state employees with the approval of their political subdivision.

Statutory authority is limited to local governments participating in SBS merely as a way of solving Sitka's problem without opening the door too wide. We really have no objection to allowing all local governments to participate if that were more politically viable.

The reason the proposed subsection requires approval by the political subdivision is one of practicality because cooperation would be necessary between the State and local employer to properly transmit and account for the periodic payments. It is assumed that the Department of Administration has the power to draft the necessary regulations to implement the nuts and bolts of how this would actually work.

The reason for wishing to give Sitka's employees the option of participation in the State plan is two-fold. First, the majority of Sitka's employees currently involved in Deferred Comp will soon have to move their funds because Alaska Federal Savings & Loan is going out of the business. Second, the State plan offers a fully operational plan of sufficient size to assure a better return and lower costs than most private plans now being offered.

It should be stressed that the State plan would be intended to be one of up to three Deferred Compensation Plan options that we hope to make available to Sitka employees so as to provide the broadest range of possible retirement investment strategies.

SITKA'S AD HOC COMMITTEE ON
DEFERRED COMPENSATION - RECOMMEN-
TIONS

If the ad hoc committee approves of this proposal, I would suggest that we request the municipal Administrator to forward this wording to Robin and Ben as soon as possible for statutory authority this session. Sitka employees have above \$1 million which will have to be moved to a new plan sometime this year. Most of the other plans we are looking at include some form of front-end or redemption load which make it necessary for the State plan option to be authorized this year.

Sincerely,

PETE HALLGREN

Peter S. Hallgren

↓ DE

Here is a preview of what you will probably be getting next week. Since we last spoke I was appointed to this committee, by the City Finance Director + they tasked me with preliminary drafting. As you can see, the Sitka City + Hospital employees have around a million dollars to transfer (I don't know how much the School employees have) so it is important to have this option this year if possible.

Pete H.

My guess is this would be cost neutral to the State, + the State Plan Company (Great Western) would probably like the extra participants. You can talk to Paul Carlson in Dept. of Admin. 465-4495

PSRS PAYROLL CONTACT LIST

CAIRO

~~Leah~~
Mary Garter, Finance Technician
745-4801 FAX 745-0888

0009
Mat-Su Borough
850 East Dahlia Avenue
Palmer, AK 99645

Pat Jasper, Payroll Technician
745-8200 FAX 745-8888

0010
Mat-Su School
125 West Evergreen
Palmer, AK 99645

Kathy Pierce, Treasurer
766-9291 FAX 766-9179

0014
City of Haines
P.O. Box 1049
Haines, AK 99827

Patricia Trent, Payroll
747-8984 FAX 747-7408

0020
City of Sitka
304 Lake St., Room 104
Sitka, AK 99835

Has Major Medical

Rene Ruby, Payroll
378-9080 FAX 378-0788

0031
City of Wadilla
290 East Ferning Avenue
Wadilla, AK 99887

~~Tara Bergman~~
Debra Hester, Payroll
747-8505 FAX 747-5830

0038
Sitka Schools
P.O. Box 179
Sitka, AK 99835

Ida Brown, Payroll
747-8941 FAX 747-8480
Dext. 245 Phone to pick up

0065
Sitka Hospital
209 Moller
Sitka, AK 99835

Gusie Zaoharov, Payroll
546-9981 FAX 546-8865

0073
City of St. Paul
P.O. Box 1
St. Paul Island, AK 99880

Post-it® brand fax transmittal memo 7071 2 of pages 4
To: Danville From: Bar

FOOD PAYROLL CONTACT LIST

0895
Copper River Basin
P.O. Box 199
Copper Center, AK 99578

Marola Butorno, Payroll
822-8638 FAX 822-8682

0875
Bristol Bay ORSA
P.O. Box 849
Dillingham, AK 99576

Susan Flensburg, Payroll
842-2888 FAX 842-2498

Has Major Medical

0555
Lake and Penn Borough
P.O. Box 495
King Salmon, AK 99618

Robin Gardner
Mary Ann Wilson, Payroll
246-3421 FAX 246-6602

0705
Cook Inlet Housing Authority
670 West Firwood, Suite #100
Anchorage, AK 99508

Virginia Pearson
276-8822 FAX 258-4957

End fax to JOE AMBROSE



City and Borough of Sitka

304 LAKE STREET . SITKA, ALASKA . 99835

Post-It [®] brand fax transmittal memo 7871		# of pages TWO
To Senator Taylor	From GARY PAXTON	
Co.	SITKA	
Dept.	Phone # 747-3299	
Fax # 465-3982	Fax # 747-7403	

TO: Sen. Robin Taylor
Rep. Ben Grussendorf

RE: Deferred Compensation Plan
Statutory Amendments

The City and Borough of Sitka has had a deferred compensation plan for its employees (including Sitka Community Hospital) for many years. The aggregate amount of those funds are in excess of one million dollars. Nearly all of those funds are invested with Alaska Federal Savings and Loan of Juneau. The Savings and Loan has recently informed us that they will soon cease to be in the deferred compensation business and all our employees will have to switch to another plan and take their million dollars to that new plan.

I have appointed a committee consisting of current and former employees who are involved in the plan, headed by our finance director Jay Sweeney to make recommendations as to the best course of action. That Committee has recommended that Sitka employees be authorized to enter the State of Alaska deferred compensation plan and be allowed to transfer their current plan balances to the State plan.

The committee has made this recommendation as being most likely the least expensive option available to our employees. The State plan is with a private company, and the fees charged are considerably lower than Sitka could obtain for its employees on our own, because of the greater "buying power" available to the State with its thousands of employees.

This problem of having to switch from the Alaska Federal plan has created some consternation among the participants, especially since moving their funds will involve costs to each participant. If participation in the State plan could be authorized this year, some of those costs could be reduced significantly and it is likely that most if not all of the monies currently with Alaska Federal would transfer to the State Plan. If there is a significant interval between the end of the Alaska Federal plan and the authorization of the state plan, most of the money will probably go into other plans which charge a redemption fee which would make it uneconomic to later transfer those funds to the State plan.

It may well be that a statutory amendment would be necessary to the authorizing statute (AS 39.45.020), and thus immediate attention on this matter would be appreciated.

SITKA'S REQUEST TO ENTER
STATE'S DEFERRED COMPENSATION PLAN

It may well be impolitic to allow this option to all municipal employees throughout the State. If such is the case, I have enclosed a list of the local government units currently participating in the Alaska Supplemental Benefits Plan. Below is some possible wording which would allow employees of those units which participate in SBS (i.e. City of Sitka, Sitka Community Hospital, and Sitka School District) to participate in the State of Alaska Deferred Compensation program as one of their options.

A new Section 39.45.020 (d) could be added to read as follows:
AS 39.45.020(d) The employees of political subdivisions which participate in the Alaska Supplemental Benefits Plan may also participate in the Deferred Compensation Program for state employees with the approval of their political subdivision. Employees may transfer fund balances from other existing deferred compensation programs to the State program.

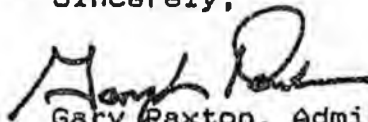
Statutory authority is limited to local governments participating in SBS merely as a way of solving Sitka's problem without opening the door too wide. We really have no objection to allowing all local governments to participate if that were more politically viable.

The reason the proposed subsection requires approval by the political subdivision is one of practicality because cooperation would be necessary between the State and local employer to properly transmit and account for the periodic payments. It is assumed that the Department of Administration has the power to draft the necessary regulations to implement the nuts and bolts of how this would actually work.

It should be stressed that the State plan would be intended to be one of up to three Deferred Compensation Plan options that we hope to make available to Sitka employees so as to provide the broadest range of possible retirement investment strategies.

You can thus see, there is some urgency in authorizing Sitka's employees to enter the State plan as soon as possible. Otherwise they would be practically unable to roll over their million+ dollars to the plan until some years later. Please contact me if you have any questions.

Sincerely,



Gary Paxton, Administrator
City and Borough of Sitka

END

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 188

Revision Date: _____ Dept. Affected: Administration
 Title: An Act permitting municipalities to BRU: Retirement and Benefits
participate in the State deferred compensation program Component: Retirement and Benefits
 Sponsor: Taylor
 Requestor: Senate Labor & Commerce COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	93.3	93.3	93.3	93.3	93.3	93.3
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	1.8	1.8	1.8	1.8	1.8	1.8
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	19.0	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	115.1	96.1	96.1	96.1	96.1	96.1

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	115.1	96.1	96.1	96.1	96.1	96.1
TOTAL	115.1	96.1	96.1	96.1	96.1	96.1

POSITIONS

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (attach a separate page if necessary.)

The cost of this bill would be paid by the Deferred Compensation Plan participants, who elect to participate. See a detailed explanation of the operating costs on pages 2 and 3.

Prepared By: Robert F. Stalnaker *Robert F. Stalnaker* Phone: 465-4470
 Division: Retirement and Benefits Date: 4-12-93
 Approved by Commissioner: Nancy Bear Usher *Nancy Bear Usher* Date: 4/12/93
 Agency: Department of Administration

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FISCAL NOTE

Senate Bill 188
Analysis of Financial Impact
Prepared by the Division of Retirement and Benefits
Department of Administration

Analysis: This bill would permit any political subdivision that participates in the Supplemental Benefits System to designate the Department of Administration as the office to administer its deferred compensation program. This designation would include the investment of contributions received following the effective date of the bill by the Alaska State Pension Investment Board as outlined in AS 39.045.030.

The designation by the political subdivision may also include the transfer of recordkeeping responsibilities for existing fund balances to the Department of Administration and investment responsibilities for these funds to the Alaska State Pension Investment Board as outlined in AS 39.045.030.

It is unclear at this time how many political subdivisions offer deferred compensation plans qualified under Internal Revenue Code 457. We estimate that 2 full-time permanent positions will be needed in Juneau to process the increased administrative work that could potentially occur should this become law. Our present plan has approximately 3000 participants and we would estimate that this number could at least double if opened to all political subdivisions in the State.

The operating expenses of the State deferred compensation program are currently paid with program receipts reimbursed from the State's recordkeeper as allowed under AS 39.045.020 (c).

Senate Bill 188
Analysis of Financial Impact
Prepared by the Division of Retirement and Benefits
Department of Administration
April 12, 1993

The total estimated administrative cost to the division for fiscal year FY 94 is as follows:

		<u>FY 94</u>
<u>PERSONAL SERVICES</u>		
1 Retirement Specialist I/II	51.3	
1 Retirement Technician I/II	42.0	
Total Personal Services		93.3
 <u>CONTRACTUAL</u>		
Telephone services	.6	
Long distance expense	1.2	
Total Contractual		1.8
 <u>SUPPLIES</u>		
Office Supplies	1.0	
Total Supplies		1.0
 <u>EQUIPMENT</u>		
2 work stations	6.0	
2 chairs	.8	
2 personal computers	10.0	
2 telephones	2.2	
Total Equipment Cost		<u>19.0</u>
 TOTAL OPERATIONS COST		 <u><u>115.1</u></u>

SB

192

**J. P. "Pat" Wellington
Chairman, Public Employees Board
2802 Wesleyan Drive
Anchorage, Alaska 99508**

April 14, 1993

Senator Tim Kelly
Chairman, Labor & Commerce Committee
Alaska State Senate; Room 101
State Capitol Building
Juneau, Alaska 99801-1182

Dear Senator Kelly:

It has been brought to my attention that you are considering introducing legislation which would reinstate cost of living allowances granted to re-employed State employees once they retire again.

In other words, if a retired State employee elects to go back to work for the State, their retirement benefits stop, but during the time they are re-employed, there may be cost of living adjustments made which they would normally received had they stayed on retirement. Under current law when they retire again, they do not get credit for any of the cost of living adjustment gives while re-employed.

I support a change that would allow the Division of Retirement and Benefits to calculate the cost of living allowances the individual would received had the individual stayed on State retirement, and grant those to the individual once they retire.

In talking with Bob Stalnaker, the Director, Division of Retirement & Benefits, after our recent board meeting in Juneau in early April, I found that this would not incur any additional cost to the State or to the system, as it is calculated into the cost when a person first retires.

Another fact, Senator, I think should be taken in consideration, is there are a number former State employees who may be willing to come back to work and serve the State. This would be an incentive for them to go off retirement, go back

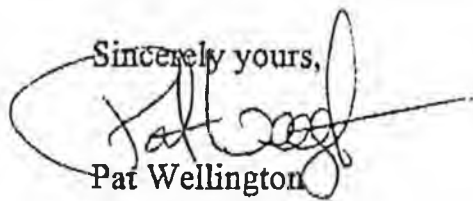
LETTER FROM PAT WELLINGTON
CHAIRMAN, PUBLIC EMPLOYEES BOARD

in the State or Municipal service and once they retire, could pick up the difference they do not now get in their cost of living adjustment.

I cannot speak for the entire board, because this item was not brought to the board for official action. However, as a member of the board for the past fifteen years, and Chairman for the past four, I feel the board would act favorably on this legislation. It would have no impact on the State or the fund, and would be a small inducement to get people to return to work for the State.

Your favorable consideration would be appreciated.

Sincerely yours,



Pat Wellington
Chairman

cc: Robert Stalnaker, Director, Division of Retirement & Benefits

Alaska State Legislature

Senator Tim Kelly, Chair
Senator Steve Rieger, Vice Chair
Senator Drue Pearce
Senator Judy Salo
Senator Georgianna Lincoln



SENATE LABOR AND COMMERCE
COMMITTEE

STATE CAPITOL, SUITE 101
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-3822
FAX: (907) 465-3756

3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
(907) 561-7612

ANALYSIS FOR SB 192: PERS BENEFITS AFTER RE-EMPLOYMENT

Currently, if a State employee retires and then returns to work for the State or any PERS participating employer, he or she is precluded from post pension adjustments that occur during the period of his or her re-employment. Under SB 192, employees would receive the percentage granted in the post pension adjustments upon their subsequent or second retirement.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 192

Revision Date: _____ Dept. Affected: Administration
 Title: An Act relating to benefits for members of the public employees retirement system during subsequent retirement BRU: Retirement and Benefits
 Component: Retirement and Benefits
 Sponsor: Senate L&C committee
 Requestor: Senate L&C COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	1.2	1.2	1.2	1.2	1.2	1.2
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	1.2	1.2	1.2	1.2	1.2	1.2

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1001 GF	1.2	1.2	1.2	1.2	1.2	1.2
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	1.2	1.2	1.2	1.2	1.2	1.2

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 (FY93) impact: \$ Zero

ANALYSIS: (attach a separate page if necessary.)

This bill is estimated to increase the unfunded liabilities to the State and Political Subdivisions by \$20,000. This will result in a small annual cost increase due to the loss of actuarial gains resulting from this bill. The loss results from the increase in retirement payments by granting the automatic post retirement pension adjustments during the member's period of re-employment. Since the number of affected members is estimated to be less than 20 at any one time, the increased annual cost is immeasurable.

Prepared By: Robert F. Stalnaker *Robert F. Stalnaker* Phone: 465-4470
 Division: Retirement and Benefits Date: April 15, 1993

Approved by Commissioner: Nancy Bear Usher Date: _____

Agency: Department of Administration

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FISCAL NOTE

SB

193



Alaska Association for Marriage and Family Therapy

a division of The American Association for Marriage and Family Therapy, Inc.
PO. Box 230993, Anchorage, Alaska 99523 (907) 522-3802 FAX 522-3802

1

Memo To: Senator Tim Kelly
Chair, Senate Labor and Commerce Committee

From: Alaska Association for Marriage and Family Therapy

Re: Senate Bill 193

We are faxing to you a copy of the flyer "Marriage and Family Therapists: Uniquely Qualified Health Care Professionals". We believe that it concisely contains information pertinent to supporting Marriage and Family Therapists inclusion in the list of providers as requested by S.B. 193. Especially of interest is the outlined section titled "A Research Snapshot: Marriage and Family Therapy is effective.

We ask for your support in passing this bill out of your committee.

AKAMFT Legislative Committee CO-CHAIR

Randy Jones, LMFT and Mercy Dennis, LMFT

MFTs Are In Demand

Marriage and family therapy is one of the fastest growing mental health disciplines. AAMFT clinical membership has more than doubled since 1982. And the number of states licensing or certifying marriage and family therapists has more than tripled in the past decade — it now stands at 31.

Consumers increasingly seek the services of MFTs. According to a recent study published in *American Psychologist*, consumers said that marriage and family therapists are the mental health professionals they would most likely recommend to friends (Murstein & Fontaine, 1993).

Strict Standards, Clear Credentials

The AAMFT's more than 20,000 members fulfill stringent education and training requirements. AAMFT Clinical Members have a minimum of a master's degree in marriage and family therapy and two years of post-graduate professional experience. The training of MFTs includes direct clinical supervision by experienced clinicians, which is unique among the mental health disciplines. MFTs subscribe to a strict code of ethics, covering responsibilities to clients, the profession and the community.

The U.S. Department of Education has recognized the AAMFT Commission on Accreditation for Marriage and Family Therapy Education (COAMFTE) as the national accrediting body for graduate and post-graduate education in the field since 1978.

The standards for the field established by the AAMFT and the COAMFTE have been adopted by most states and the federal government as the basis for licensure and reimbursement requirements.

References

- "BI's annual directory of managed mental health care providers." *Business Insurance*, June 21, 1993, 35-54.
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- Liddle, H. (1993). "Multidimensional treatment of adolescent drug abuse." *Family Therapy News*, 24(2), 7, 12.
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- Murstein, B. J., & Fontaine, P. A. (1993). "The public's knowledge about psychologists and other mental health professionals." *American Psychologist*, 48(7), 839-845.
- Retzer, A., Simon, F., Weber, G., Stierlin, H., Schmidt, G., et al. (1991). "Follow-up study of manic-depressive and schizoaffective psychoses after systemic family therapy." *Family Process*, 30(2), 139-153.

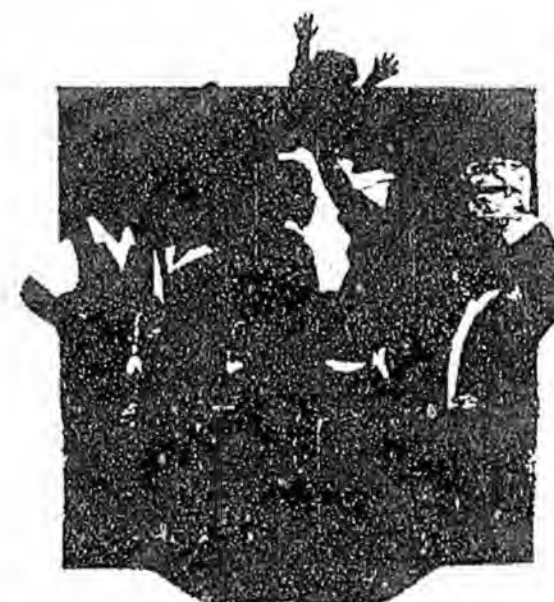
American Association for Marriage and Family Therapy

1100 17th Street, NW
Tenth Floor
Washington, DC 20036-4601
Phone: (202) 452-0109 Fax: (202) 223-2329

The AAMFT Offers Consumers Free Referrals to
Qualified Marriage and Family Therapists
Call Toll-Free: (800) 374-2638

Marriage and Family Therapists

Uniquely Qualified
Health Care Providers



American Association for
Marriage and Family Therapy

Over 50 Years of Service to Families

A Core Mental Health Profession

Marriage and family therapists (MFTs) are mental health professionals who offer a range of effective and cost-efficient services to individuals, couples and families. Marriage and family therapists pioneered brief, solution-focused, family-centered treatment. Treatment seeks to pinpoint problems and conclude as soon as specific, attainable therapeutic goals are met. Trained in family systems theory, MFTs believe that individuals and their problems must be seen in context, and that the most important context is the family. Study after study demonstrates the effectiveness of marriage and family therapy in treating the full range of mental and emotional disorders, including severe mental illnesses.

MFTs Work With...

- Families facing severe mental illnesses and emotional disorders, such as schizophrenia, depression and anorexia/bulimia
- Families coping with medical crises, such as AIDS, Alzheimer's disease and other dementias, chronic illnesses and disabilities
- Substance abusers and their families
- Crime victims and their families
- Veterans seeking therapy in readjustment centers
- Military personnel and their dependents
- Families facing the loss of their children to out-of-home placement
- The homeless and the homeless mentally ill
- Sexual abuse victims and perpetrators
- Refugees and immigrants adjusting to a new life
- Children and families in the foster care system
- Juvenile offenders and others in the criminal justice system
- Head Start children and their families
- Couples in crisis
- Young children and their parents

A Research Snapshot Marriage and Family Therapy Is Effective

- The rehospitalization rate for patients with schizophrenia in a 6-month period was 30% for patients using drug treatment alone — but 0% when family therapy was part of the treatment plan (Goldstein et al., 1978).
- Relapse rates were reduced for 77% of patients with manic depressive or schizoaffective psychoses after receiving brief family therapy (6 sessions). One-half of these patients were able to function without major medication 3 years later (Retzer et al., 1991).
- Family therapy has been more successful than any other form of outpatient therapy in retaining adolescents with drug abuse problems in treatment and in reducing their drug abuse, thereby preventing costly hospitalizations (Liddle, 1993).
- A 50% higher success rate was reported for family therapy than for individual psychotherapy in preventing anorexia nervosa from reaching more critical stages in adolescents (Dare et al., 1990).
- Reliance on general medical care decreases as a cost offset of providing appropriate and adequate mental health treatment, including marriage and family therapy. Most studies on offsets demonstrate that medical utilization decreases following mental health treatment (Mumford et al., 1984; Borus, Olenzki et al., 1985).

Where You'll Find MFTs

- Inpatient Facilities
- Employee Assistance Programs
- Health Maintenance Organizations
- Community Mental Health Centers
- Business and Consulting Companies
- Schools and Head Start Centers
- Social Service Agencies
- Universities and Research Centers
- Criminal Justice System
- Private Practice

MFTs Are Recognized As Qualified Mental Health Providers

By the federal government:

- The National Institute of Mental Health (NIMH) recognizes marriage and family therapy as one of five core mental health professions.
- The Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services lists marriage and family therapy as a distinct mental health discipline.

By state governments:

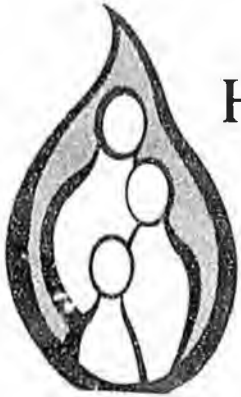
- The Council of State Governments' Clearinghouse on Licensure, Enforcement, and Regulation (CLEAR) recognizes marriage and family therapy as a uniquely and explicitly delineated profession.
- Thirty-one states license and certify marriage and family therapists.

By the U.S. military:

- The U.S. military's Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) has reimbursed marriage and family therapists since 1966.

By managed care companies:

- 62% of managed mental health care providers employ marriage and family therapists as staff members or contracted providers. 95% name marital and family problems as a frequent reason for assessment and treatment ("BI's annual directory," 1993).
- 52% of employee assistance programs (EAPs) employ marriage and family therapists as staff members or contracted providers. 92% name marital and family problems as a frequent reason for assessment and treatment ("Directory of employee assistance program vendors," 1993).



Human Relations Center

1689 "C" Street
South Kaloa Bldg., Suite 133
Anchorage, Alaska 99501
(907) 272-5500

Sheila J. Clark, M.D.
Child Psychiatrist

John A. Miller, Ph. D.
Clinical Psychologist

George K. Mumford, M.S.

Michael Weingarten, M.A.

Val Anderson
Office Manager

April 1, 1994

The Honorable Tim Kelly
State Capital
Juneau, Ak. 99801-1182

Dear Senator Kelly:

Please reconsider and support SB 193. This Senate Bill 193 adds Licensed Marriage and Family Therapists to the list of mental health providers that insurance companies cannot discriminate against.

SB 193 will not cost insurance companies, the public, or the government any additional money. This bill simply permits people who already have insurance to be able to select the licensed therapist that they want. SB 193 will not require any insurance company to provide mental health benefits. SB 193 will not interfere with any insurance company's existing limits of coverage for mental health services.

Treatment by a Marriage and Family Therapist can be very cost effective, since a couple or an entire family can be treated together at one time, as opposed to a more expensive approach requiring individual treatment for each family member by a separate provider. Often children and adolescents are difficult or impossible to treat without the inclusion of other family members into the therapy process. Marriage and family therapists often charge less in fees than do other mental health providers who perform similar services. SB 193 would give people with mental health insurance coverage the option of seeking a licensed therapist who best suits their needs. I believe that the public is best served by having this freedom of choice.

Please contact me if you need further information.

Sincerely

Michael Weingarten, M.A.

Mercy Dennis M.A.

1

CLINICAL MEMBER AND FELLOW: THE AMERICAN ASSOCIATION FOR MARRIAGE AND FAMILY THERAPY

Testimony before the Senate Labor and Commerce Committee,
March 29, 1994.

Senator Kelly and members of the committee.

My name is Mercy Dennis, and I currently serve as co-chair, with Randall Jones, of the Legislative Committee for the Alaska Division of the American Association for Marriage and Family Therapy. This organization represents over 17,000 professionals dedicated to the promotion of family interests, and committed to establishing and upholding stringent standards for both the training of marriage and family therapists, and the regulation of marriage and family therapy practice.

I am also the Chair of the Alaska State Marriage and Family Therapy Board, a licensed Marriage and Family Therapist and I have been in this profession in Alaska for 17 plus years.

I am here today to ask for your support in passing out of this committee Senate Bill 193 that would allow Licensed Marriage and Family Therapists parity with the other mental health professionals. Passage of this bill prevents Licensed Marriage and Family Therapists from being discriminated against when they are offering a service within the scope of their provider's occupational license. This bill seeks to insure that all regulated mental health professionals, including Licensed Marital and Family Therapists, can be reimbursed for the services they have been authorized to provide.

There is a growing trend, nationally and statewide toward recognizing marital and family therapists as professionals competent to diagnose and treat nervous and mental disorders within the context of marital and family systems. The discipline has received significant and important federal recognition as one of the five core mental health professions, including psychiatry, psychology, social work and nursing. Finally, there is a national trend to provide vendorship privilege to marriage and family therapists in the interest of Freedom of Choice for consumers.

Some insurance companies and Health Maintenance Organizations may suggest that adding additional categories of providers to an existing mandate increases both cost and utilization. However, in 1986, the Federal Office of Personnel and Management completed an extensive study and concluded that "the fears of greatly increased benefit utilization and costs have not been realized". Also, in a 1989 survey of 20 Insurance Commissioners, 80% reported no cost or utilization increase, and 20% reported only a slight increase when clinical social workers were vendored. As the cost for marriage and family therapy services is comparable to the cost for social work services, we feel this data accurately reflects what will occur should marriage and family therapists be listed as a provider in Alaska.

Mercy Dennis M.A.

2

CLINICAL MEMBER AND FELLOW: THE AMERICAN ASSOCIATION FOR MARRIAGE AND FAMILY THERAPY

Marriage and family therapy services are often more cost-effective for three reasons. First, by definition, marital and family therapists, tend to emphasize active, short-term mental health treatment. This is consistent with managed health care's focus on shorter term treatment as a way to curtail escalating costs. Second, marriage and family therapists' fees for service are significantly less than those of psychiatrists and psychologists. Third, marriage and family therapists often treat individuals in the context of their families, thereby providing services to groups of two or more persons for the same cost as individual treatment. Research suggest that family members are often more vulnerable when dealing with the emotional problems of one member. The marriage and family therapist, rather than treating each person separately, is trained to treat all affected family members together.

I would like to share with you a "Research Snapshot: Marriage and Family Therapy Is Effective" taken from information provided by the American Association for Marriage and Family Therapy.

1. The re hospitalization rate for patients with schizophrenia in a 6-month period was 30% for patients using drug treatment alone--but 0% when family therapy was part of the treatment plan (Goldstein et al., 1978)
2. Relapse rates were reduced for 77% of patients with manic depressive or schizoaffective psychoses after receiving brief family therapy (6 sessions). One half of these patients were able to function without major medication 3 years later (Retzer et al., 1991).
3. Family therapy has been more successful than any other form of outpatient therapy in retaining adolescents with drug abuse problems in treatment and in reducing their drug abuse, thereby preventing costly hospitalizations (Liddle, 1993).
4. A 50% higher success rate was reported for family therapy than for individual psychotherapy in preventing anorexia nervosa from reaching more critical stages in adolescents (Dare et al., 1990).
5. Reliance on general medical care decreases as a cost offset of providing appropriate and adequate mental health treatment including marriage and family therapy. Most studies on offsets demonstrate that medical utilization decreases following mental health treatment (Mumford et al., 1984, Borus, Olendzki et al., 1985).

In closing, I would like to thank the Committee for considering the merits of adding Licensed Marriage and Family Therapists to the list of mental health providers in this statute through passing Senate Bill 193 out of this committee.

phone (907) 566-5566 fax (907) 658-6613

The Institute for Family...

Mercy Dennis M.A.

1

CLINICAL MEMBER AND FELLOW: THE AMERICAN ASSOCIATION FOR MARRIAGE AND FAMILY THERAPY

March 15, 1994

Dear Senator Kelly,

I am writing to ask your support for Senate Bill 193 which is scheduled to be heard in your committee Thursday, March 24. Passage of this bill prevents Marriage and Family Therapists from being discriminated against when they are offering a service within the scope of their provider's occupational license. This bill adds Licensed Marriage and Family Therapists to the list of providers. Since Alaska licensing of Marriage and Family Therapists began in 1993 it seems only timely that this profession be given parity with other health care professions through passage of this bill.

I am enclosing information regarding the profession of Marriage and Family Therapy. This includes important facts about MFT's efficacy in treating mental illness as well as reduced health care costs. I hope this will answer any questions you may have about the profession and the importance of passage of Senate Bill 193. Please feel free to contact me if you have any over questions.

The Institute for Family Therapy and Training

4141 B Street, Suite 308 • Anchorage, Alaska 99503 • 24 hr. Answering (907) 562-5522 • Fax (907) 258-6613

- LTRS OF SUPPORT -

Rhoda E. Vander Voort, M.A.

The Institute for Family Therapy and Training
4141 B Street, Suite 308 - Anchorage, AK 99503-5942

24 hr. Answering service
(907) 562-5522

March 22, 1994

Alaska State Senate
Labor and Commerce Committee
Tim Kelly, Chair
Burt Sharp, Vice Chair
Georgianna Lincoln
Steve Rieger
Judy Salo

Dear Senators:

I request that you support Senate Bill 193, to be heard in your committee on Thursday, March 24.

This bill would add Licensed Marriage and Family Therapists to the list of health care providers, and would prevent discrimination when they offer services within the scope of the license.

The time has come to recognize licensed marriage and family therapists. Those of us who became licensed in Alaska believe that passage of Senate Bill 193 will be beneficial to the field of health care and, more specifically, to those citizens seeking services, who deserve a "freedom of choice" regarding providers.

Thank you for your consideration.

Yours,



Rhoda Vander Voort, M.A.
Licensed Marriage and Family Therapist
AA 0052

CC: Ken c/o Drue Pearce

Date: March 22, 1994

Fax To: Senator Tim Kelly
Senate Labor & Commerce

Fax: 465-3756

From: Sara Boesser

Fax: 789-7450

9365 View Drive, Juneau, AK 99801

Voice: 586-5230

Regarding: Please support Senate Bill 193

Number of pages (including this page): 1

Dear Senator Kelly:

I am writing to urge you to support SB 193. Licensed Marriage and Family Therapists provide an invaluable professional medical service to Alaskans, and they should not be discriminated against for third-party insurance reimbursement.

To deny anyone in need the insurance benefits that make seeing a licensed therapist financially possible is to put those individuals and families at unnecessary risk. Often counseling makes all the difference between people being able to continue in productive work versus dropping out and needing state assistance. Often, counselling saves relationships and thereby keeps children in well-supported homes instead of adding to welfare-dependant roles.

Marriage and family therapy can make people more mentally and physically capable of being productive, contributing citizens. Insurance should pay for this service; SB 193 is the bill we need to make this possible.

March 22, 1994

To: Tim Kelly
Chair, Senate Labor and Commerce Committee

From: John R. Boltjes
5895 Glacier Hwy #9
P.O. Box 22966
Juneau, AK 99802

Re: Hearing on Senate Bill 193

I am writing to ask you to support Senate Bill 193 which is scheduled to be heard in your committee on Thursday, March 24. Passage of this bill prevents Licensed Marriage and Family Therapists from being discriminated against when they are offering a service within the scope of their provider's occupational license. This bill adds Licensed Marriage and Family Therapists to the list of providers. Since Alaska licensing of Marriage and Family Therapists began in 1993, it seems only timely that this profession be given parity with other health care professionals through passage of this bill.

I have personally fought a long battle with Blue Cross of Washington and Alaska over this very issue. Legislation is long overdue.

Thank you for your support.

Facsimile Cover Sheet

To: TIM KELLY, CHAIR
Senate Labor & Commerce
Committee

Phone: 465-3879

Fax: 465-2069

From: Jim Brenner
Licensed Marriage and Family
Therapist

Phone: 258-COPE

Fax: 258-1091

Date: 3/22/94

**Pages including this
cover page:** 1

Comments: *Reference Senate Bill 193 I am asking your support for Senate Bill 193 which is scheduled to be heard in your committee Thursday, March 24. I have been a Marriage and Family Therapist for over 25 years in Anchorage and this bill will help to end the discrimination we have experienced over the years in regard to other how others in our Mental Health Profession have been treated. Now that we are licensed and there is some control over who can call themselves Marriage and Family Therapists, I think this makes sense at this time.*

**JAMES L. BRENNER, M.S, COUNSELING PSYCHOLOGY
LICENSED MARRIAGE AND FAMILY THERAPIST, LICENSE #AA0007
4011 EAST SIXTH AVENUE, ANCHORAGE, AK 99508**



American Association for Marriage and Family Therapy

Promoting the Profession and the Practice Since 1942

Marriage and Family Therapists (MFTs) Are In Demand

Summary

Marriage and family therapists (MFTs) are mental health professionals who provide a range of essential services in the nation's health care delivery system. Marriage and family therapy is one of the nation's fastest growing disciplines because of its brief, solution-focused treatments, its family-centered approach, and its demonstrated effectiveness. Marriage and family therapists are licensed in 31 states and recognized by the federal government as members of a distinct mental health discipline.

The Number of MFTs Is Growing

- There are more than 55,000 marriage and family therapists nationwide.
- Membership in the American Association for Marriage and Family Therapy (AAMFT) has grown from 1,000 in 1972 and 9,000 in 1982 to more than 20,000 in 1993.
- States licensing MFTs have increased from 11 in 1986 to 31 in 1993.
- Programs accredited by the AAMFT Commission on Accreditation for Marriage and Family Therapy Education (COAMFTE) have grown from 24 in 1983 to 73 in 1993.
- In 1992, 91 percent of graduates from COAMFTE-accredited programs seeking employment found jobs shortly after graduation.

MFTs Are Recognized as Qualified Mental Health Care Providers

- CLEAR — The Council of State Governments' Clearinghouse on Licensure, Enforcement, and Regulation (CLEAR) noted that marriage and family therapy is a uniquely and explicitly delineated profession.
- CHAMPUS — The U.S. military's Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) has routinely reimbursed marriage and family therapists since 1966.
- NIMH — Marriage and family therapy is one of five core mental health services identified by the National Institute of Mental Health (NIMH).
- HRSA — The Health Resources and Services Administration (HRSA) lists marriage and family therapy as an identifiable and distinct mental health profession.
- Department of Education — The U.S. Department of Education has regularly renewed the recognition of the COAMFTE as the national accrediting agency for graduate and post-graduate educational and training programs in the field of marriage and family therapy since 1978.

Consumers Seek MFTs

- A recent study published in the *American Psychologist* found that consumers are most likely to recommend marriage and family therapists to friends seeking professional mental health services. The same study found that the most common reasons for seeking therapy were mild depression, marriage problems, childrearing problems, and difficulty with interpersonal relationships — all of which are treated by marriage and family therapists.
- Clients seek MFTs because of the demonstrated effectiveness of marriage and family therapy in treating severe mental illnesses and substance abuse and in reducing rehospitalization and relapse rates.
- The AAMFT toll-free referral line, a service that provides consumers with referrals to local qualified MFTs, averages more than 400 call per month — with nearly 1,000 calls in June 1993.

AAMFT actively seeks to be enriched through the strength, power, and wisdom of diversity

1100 17th Street, NW • The Tenth Floor • Washington, DC 20036-4601 Phone (202) 452-0109 FAX (202) 223-2329

— AMERICAN ASSOCIATION FOR
MARRIAGE & FAMILY THERAPY —

MFTs Provide Services In a Variety of Programs

- Education for the Handicapped Act, Part H — Marriage and family therapists are recognized as providers in the family-centered Part H program, which provides service for infants and toddlers with disabilities and their families (PL 102-119).
- Head Start — Head Start recognizes marriage and family therapists' solution-oriented perspective and their emphasis on family competence and strength. The national Head Start Bureau asked the AAMFT in 1993 to help coordinate a nationwide program to recruit marriage and family therapists as volunteers in Head Start programs.
- Veterans — Marriage and family therapists have provided storefront readjustment counseling to Vietnam veterans in a program conducted under the auspices of the Department of Veterans Affairs.

MFTs Work In Managed Care Systems

- According to a *Business Insurance* survey of managed mental health care providers in the U.S., 62 percent list marriage and family therapists as staff members or contracted providers. Ninety-five percent of managed mental health care providers named marital and family problems as a frequent reason for assessment and treatment.
- A *Business Insurance* survey of employee assistance programs (EAPs) indicates that 52 percent list marriage and family therapists as staff members or contracted providers. Ninety-two percent of EAPs named marital and family problems as a frequent reason for assessment and treatment.
- According to a survey of Minnesota MFTs, in 85 percent of the cases seen by MFTs, clients had third-party coverage, including health insurance and managed care coverage.

MFTs Are Eligible for Federally Funded Scholarships

- NIMH — The National Institute of Mental Health allows MFT trainees to compete on an equal basis with students from other mental health disciplines for funding.
- Indian Health Service — The U.S. Indian Health Service offers loans and scholarships to Native Americans who desire training in marriage and family therapy.



American Association for Marriage and Family Therapy

Promoting the Profession and the Practice Since 1942

Family Therapists Effectively Treat Severe Mental Illnesses

Executive Summary

Family therapists are highly trained mental health professionals who provide cost-effective mental health services to individuals with severe mental illnesses, such as schizophrenia and other major affective disorders, depression, anorexia, bulimia, and psychiatric disorders in children and adolescents. Many studies, including recent ones prepared for the National Institute of Mental Health (NIMH), indicate that the family-focused interventions of family therapy have demonstrated effectiveness in reducing rehospitalization and relapse rates for those suffering from severe mental illnesses.

What Do Family Therapists Offer?

Demonstrated Efficacy in Treating Severe Mental Illness

A collection of studies prepared for the NIMH National Advisory Mental Health Council for their March 1993 report on health care reform concluded that family therapy is an effective treatment for severe mental illnesses:

- **Schizophrenia:** "Family therapy is generally effective in preventing relapse and improving symptomatology both in comparison to 'routine care' that included medication and individual treatment and to specifically designed SST [social skills training] and individual psychotherapy."
- **Bipolar depression disorder:** Patients hospitalized with bipolar disorder who received family therapy had significantly less relapse and rehospitalization.
- **Psychiatric disorders in children and adolescents:** Family therapy is an effective treatment for autism, attention deficit/hyperactivity disorder, conduct disorders, and anxiety disorders.

Reduced Relapse and Rehospitalization Rates

- The rehospitalization rate for patients with schizophrenia in a 6-month period was 30% for patients using drug treatment alone—but 0% when family therapy was part of the treatment plan.
- Relapse rates were reduced for 77% of patients with manic depressive or schizoaffective psychoses after receiving brief family therapy (6 sessions). One-half of these patients were able to function without major medication 3 years later.
- Family therapy has been more successful than any other form of outpatient therapy in retaining adolescents with drug abuse problems in treatment and in reducing their drug abuse, thereby preventing costly hospitalization.
- A 50% higher success rate was reported for family therapy than for individual psychotherapy in preventing anorexia nervosa from reaching more critical stages in adolescents.

Reduced Mental Health Care Costs

When up to 80% of mental health dollars are spent on inpatient care, a reformed health care delivery system must encourage the use of less costly, appropriate, and effective outpatient care, including family therapy.

- Every dollar spent on early intervention saves 2 dollars otherwise spent on late-stage crisis intervention.

- Studies show decreases of 5% to 80% in medical health care use following appropriate mental health care treatment, including individual, group, and family psychotherapy.
- Family-focused treatment outside of hospitals is often appropriate and much less expensive. One recent study found that in-home treatment of seriously emotionally disturbed adolescents and their families—as an alternative to psychiatric hospitalization—showed significant improvement in family and adolescent functioning and produced a 50% cost savings.
- The up to \$25,000 it costs for one month of treatment for an adolescent in a private psychiatric hospital would pay for one year of treatment for 10 to 15 outpatients. An episode of care by a family therapist typically lasts between 6 and 10 sessions—much less than a year.

Why Must Health Care Reform Include Mental Health Services?

Many Americans Are Affected by Severe Mental Illnesses

- Nearly 5 million American adults—almost 3% of the adult population—were affected by severe mental disorders in 1990.
- 3.2% of American children ages 9-17 had a severe mental illness in a six-month period in 1997.
- Individuals with disabling mental disorders fill 25% of all hospital beds.
- In 1990, total costs (direct and indirect) for severe mental illnesses was \$74 billion.
- The total cost (direct and indirect) for all mental disorders in 1990 was \$148 billion, in comparison to \$159 billion for all cardiovascular system diseases.
- Up to 60% of the visits to primary care physicians are by individuals whose complaints stem from mental health factors.

AAMFT Asks You to Support Health Care Reform Legislation That:

1. Includes Basic Mental Health Care
2. Recognizes All Qualified Mental Health Professionals, Including Family Therapists

References

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* o 400 patients who received ambulatory mental health care had lower utilization of medical services than patients not receiving mental health treatment, over a five year period. By the second post-treatment year, the untreated group used 1.53 as much medical care as the treated group, and averaged more than \$94 per year in increased medical costs compared to those who received mental health treatment. (Borus et al., 1985).

o Medicaid patients hospitalized for physical ailments and provided mental health interventions realized average cumulative savings of \$1,500 over a subsequent 2 1/2 year period. The cost of the mental health intervention was entirely paid for (i.e., totally offset) by these savings. Patients hospitalized without physical ailments who received mental health treatment realized savings, ranging from \$296 to \$392 depending on severity of diagnosis. (Fiedler et al., 1989).

* o A three year study of over 10,000 Aetna beneficiaries showed that after initiation of mental health treatment, client medical costs dropped continuously over 36 months. The health costs of one mental health treatment group fell from \$242 the year prior to treatment to \$162 two years post-treatment. Other subject groups demonstrated similarly dramatic offset effects, leading the researchers to conclude that a decrease in total health care costs can be expected following mental health interventions even when the cost of the intervention is included. (Holder & Blase, 1987).

o Research on 20,000 enrollees at the Columbia Medical Plan showed that untreated mentally ill persons increased their medical utilization by 61% during a one year period. In contrast, the mentally ill who received psychological treatment increased their medical expenditures by only 11% during the same period. A mentally healthy comparison group averaged a 9% increase. (Hankin, 1983).

* o Numerous studies show a decrease from 5 to 80 percent in medical service use following mental health treatment. Of 22 studies examining the impact of alcohol and mental health treatments, 21 presented medical utilization decreases, with average reductions of 46% after alcohol treatment and 26% after treatment for mental illness (Jones & Vischi, 1979).

* o Other Blue Cross and Blue Shield data show that following outpatient mental health care, the monthly cost per patient for medical services dropped from \$16.47 to \$7.06. Inpatient and outpatient medical visits decreased by more than 54%. (Blue Cross of Western Pennsylvania, 1976).

o A comparison was made of three groups of persons, all diagnosed as having one of four chronic illnesses, covered by the Blue Cross/Blue Shield Federal Employees Program from 1974 to 1978. One group received 7 to 20 mental health visits within three years, the second was seen for more than 21 visits and the third group had no mental health treatment. By the third year, the 7 to 20-visit group had annual medical charges \$309 lower, and those with more than 21 visits had medical expenses \$284 lower than the no-mental-health-treatment group. (Schlesinger, et al., 1983).



American Psychological Association

Advancing psychology as a science, a profession, and as a means of promoting human welfare

MENTAL HEALTH BENEFITS: NEED AND COST EFFECTIVENESS

NEED

o 28 million American adults have a serious mental disorder other than substance abuse. These mental illnesses cost society an estimated \$129.3 billion annually, about half of which is attributable to lost productivity in the workplace (Rice et al., 1990).

o In any one-month period almost 8 million people experience depression at an estimated annual cost of \$16 billion, \$10 billion of which is attributable to absenteeism from the workplace (Regier et al., 1988; NIMH, O/ART Office, 1990).

o Stress causes American workers to miss an average of 16 days on the job each year, and nearly three-fourths of the corporate medical directors and human resources managers surveyed call stress "very pervasive" or "fairly pervasive." Managers surveyed reported that 13% of their employees suffer from symptoms of depression, including difficulty in concentrating (36%), sleep problems (35%), loss of energy (27%), and loss of interest in work (18%). (American Medical News, Nov. 10, 1989).

o Mental illness, including depression, can be as functionally disabling as a serious heart condition and more disabling than other chronic physical illnesses such as lung or gastrointestinal problems, angina, hypertension, and even diabetes (Wells et al., 1982).

o 60% of all health care visits are by people with no physical problem. This figure rises to 80%-90% when stress-related illnesses (e.g., peptic ulcer, ulcerative colitis, hypertension, etc.) are also included (Cummings & Yandembos, 1981).

COST OFFSET AND COST EFFECTIVENESS

The cost of including mental health benefits in health insurance plans must be evaluated in light of the substantial savings that accrue from making qualified mental health services available. A growing body of empirical research demonstrates that mental health care can substantially reduce the utilization and cost of more expensive medical care. This economic effect is known as "cost offset".

o Three hundred veterans who received abbreviated mental health treatment following a history of excessive medical health utilization were able to reduce outpatient medical visits by 36%. Control groups, who received no psychotherapy, actually increased outpatient medical utilization. (Massad et al., 1990).

o A comprehensive analysis of 58 controlled studies and claims files for the Blue Cross/Blue Shield Federal Employees Plan from 1974 to 1978 concluded that, following mental health treatment, the average 8.7-day inpatient hospitalization was reduced to 1.5 days. The same study summarized over 60 investigations of psychotherapy effects on medical utilization and found that 85% demonstrated medical utilization decreases following psychotherapy. The average decrease for inpatient utilization was 73.4%, and for outpatient services 22.6%. (Humford et al., 1984).

Psychologists

In The Health Care System

- There are approximately 50,000 doctorally-trained psychologists licensed to independently diagnose and treat mental and nervous disorders.
- Forty-one states have enacted freedom of choice laws requiring that insurance companies reimburse psychologists for their services if those services are covered by the insurance contract and are within the scope of psychologists' licenses.
- The recognition of psychologists as independent providers increases competition to reduce and control costs. Costs for both psychologists and psychiatrists are significantly lower in all states that have freedom of choice.
- Psychologists are currently recognized in federal programs including the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), the Veterans Administration, the Federal Employees Health Benefit Plan (FEHBP), HMOs, community mental health centers, comprehensive outpatient rehabilitation facilities (CORFS), and the Medicaid plans in over half of the states. In addition, psychologists are now recognized as independent providers in rendering services to Medicare/HMO enrollees, and to Medicare patients in community mental health centers and in rural health clinics.

0- An examination of the medical care records of 400 patients for a five-year period show that patients receiving ambulatory mental health care have lower utilization of medical services than patients not receiving mental health treatment. By the second post-treatment year, the untreated group used 1.53 as much non-psychiatric medical care as the treated group, and averaged more than \$94 per year in increased non-psychiatric medical costs compared to the treated group (Borus, et al., 1985)

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0- Other Blue Cross and Blue Shield data show that following outpatient mental health care, the monthly cost per patient for medical services dropped from \$15.47 to \$7.06. Inpatient and outpatient medical visits decreased by more than 54% (Blue Cross of Western Pennsylvania, 1976).

0- A comparison was made of three groups of persons, all diagnosed as having one of four chronic illnesses, covered by the Blue Cross/Blue Shield Federal Employees Program from 1974 to 1978. One group received 7 to 20 mental health visits within three years, the second was seen for more than 21 visits and the third group had no mental health treatment. By the third year, the 7 to 20-visit group had annual medical charges \$309 lower, and those with more than 21 visits had medical expenses \$284 lower than the no-mental-health-treatment group (Schlesinger, et al., 1983).

0- Corporations are increasingly finding that employee assistance programs that include psychological care can decrease employee medical costs. For example, General Motors had 11,813 referrals to its EAP in 1986. During the same period, sickness payments were reduced by 40% (The New York Times, 8/30/87).

0- Studies of subscribers to the Kaiser-Permanente health insurance plan show that medical bills of heavy users of health services decrease anywhere from 37% to 75% after short-term psychotherapy. (The New York Times, 8/30/87).

0- Mental health services combined with treatment for physical disorders results in decreased hospital costs at least equal to the cost of the mental health services. A recent study of several chronic diseases showed that the use of mental health services "improves the quality and appropriateness of care and also lowers costs of providing it" (Schlesinger, et al., 1983).

0- Demand for mental health services would not rise dramatically with needed, responsible increases in insurance coverage. A recent study showed only 9% of those with generous mental health coverage sought treatment. (Heits, et al., 1982)

Some factors which seem to contribute to lack of increase in cost and utilization of services when clinical social workers are included as providers include the following:
The American Journal of Psychiatry in 1980 states a study which shows a cost differential of \$12 or 28% between psychiatrists' and social workers' fees. That study indicates that the treatment course for social workers clients is shorter in term.
Mutual of Omaha confirmed that clinical social workers' fees are lower than those of psychiatrists.
In Maryland, where clinical social workers have been included as providers for over ten years, the fees of clinical social workers remain 33% ~~less~~ than those of psychiatrists.
The American Psychological Association reports that clinical social workers consistently charge less than psychiatrists.

WFF's
Use Charge
General
less than
psychiatrists

In general, mental health coverage is seen to lead to cost avoidance in overall medical care.
The California Psychological Health Plan reports 20-24% reduction in utilization of surgical, hospital and medical treatment when mental health services are provided.
Group Health reports that users of mental health services reduce non-mental health benefits by 30.7% and lab/Xray services by 29.8%.
In Oregon, a study after a state mandate requiring provision of mental health services showed a savings in cost for the public.
A 1983 study in the Journal of Psychiatry indicated significant reduction in use of medical services, primarily inpatient, when individuals over 65 were provided mental health services.
According to IBM, one-half of the patients seen in their medical department had complaints that were emotional or psychiatric in nature.
Twelve studies in 1987 showed that mental health services treatment cut medical costs 26-69% and reduced sick days by 38-42%.

Q
(5)

March 15, 1991

I support Senate Bill 156 which allows for medical reimbursement to include psychologists and clinical social workers.

I have researched what happens when licensed clinical social workers are reimbursed by insurance companies for provision of mental health services. I have found that when this occurs, there is no proof of any increases in utilization or cost of services and that there is no decrease in the quality of services provided.

The following includes some of the information I located regarding this issue:

A 1982 Champus study reports a cost avoidance of \$457,071.00 after allowing reimbursement to licensed clinical social workers.

A 1986 FEHB study out of the U. S. Office of Personnel Management reported no increase in cost or utilization of services when licensed clinical social workers are reimbursed.

A 1989 survey of twenty insurance companies report no cost or utilization increases when licensed clinical social workers were reimbursed.

A NIMH study of Massachusetts Blue Shield for 1980, 1981 and 1982, shows no overall cost or utilization increases when clinical social workers were reimbursed.

Data from 1982 and 1983 for Mass. Blue Shield shows no increase in utilization after including clinical social workers in reimbursement.

A study of Mass. Blue Shield for 1987 showed no increase in mental health reimbursements after including clinical social workers as providers.

An American Airlines spokesperson in 1990 stated that there was no increased cost when clinical social workers were included as providers and added that utilization did not increase either.

AT&T found no increase in cost when including clinical social workers as providers.

Alaska State Legislature

During Interim:
511 C Street, Suite 150
Anchorage, AK 99503-3925
(907) 561-2038
Fax (907) 561-4194



During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-4993
Fax (907) 465-3872

Senator Drue Pearce
District F

Sponsor Statement for Senate Bill 193

Senate Bill 193 would prevent health insurance companies from discriminating against state licensed marital and family therapists whenever the company offers coverage for mental health services. This bill does not mandate any new coverage. It does provide freedom of choice for the consumer and it would pass on cost savings to both the patient and the insuring company. These savings are realized in several ways:

- Whenever a patient chooses to utilize the services of a marital and family therapist either they or their insurance company are likely be charged less than if they sought the services of a clinical psychologist, psychiatrist, or other similarly trained mental health care provider. Marital and family therapists generally charge less for their services.
- Additionally, the course of therapy practiced by marital and family therapists is usually, considerably shorter in length. Savings are realized by fewer sessions being billed.
- Finally, many studies show that mental health treatment results in reduced relapse rates and rehospitalization rates.

Generally, Alaska health care providers have been included in Alaska's nondiscrimination insurance statute whenever they have been awarded professional status and formed a professional licensing board. Marital and family therapists were awarded professional status last year and they have since formed their professional licensing board.

8-LS0899A.1
Ford
3/21/94

AMENDMENT

OFFERED IN THE SENATE

TO: SB 193

- ~~Page 1, line 10, after "physician,"~~ *Page 1, Line 12, after Naturopath*
Insert "acupuncture."

AMENDMENT PROPOSED BY
GREG PEASE



GASTINEAU HUMAN SERVICES CORPORATION • 5597 AISEK STREET • JUNEAU, AK 99801 (907) 780-4338
Gastineau Manor 780-6661 • Glacier Manor 780-4515 • Community Programs 780-4359 • FAX (907) 780-4098

JUNEAU ENQUIRY 2/27/94

Path to recovery

Addiction treatment includes acupuncture

By CAROLE HEALY

THE JUNEAU EMPLOYEE

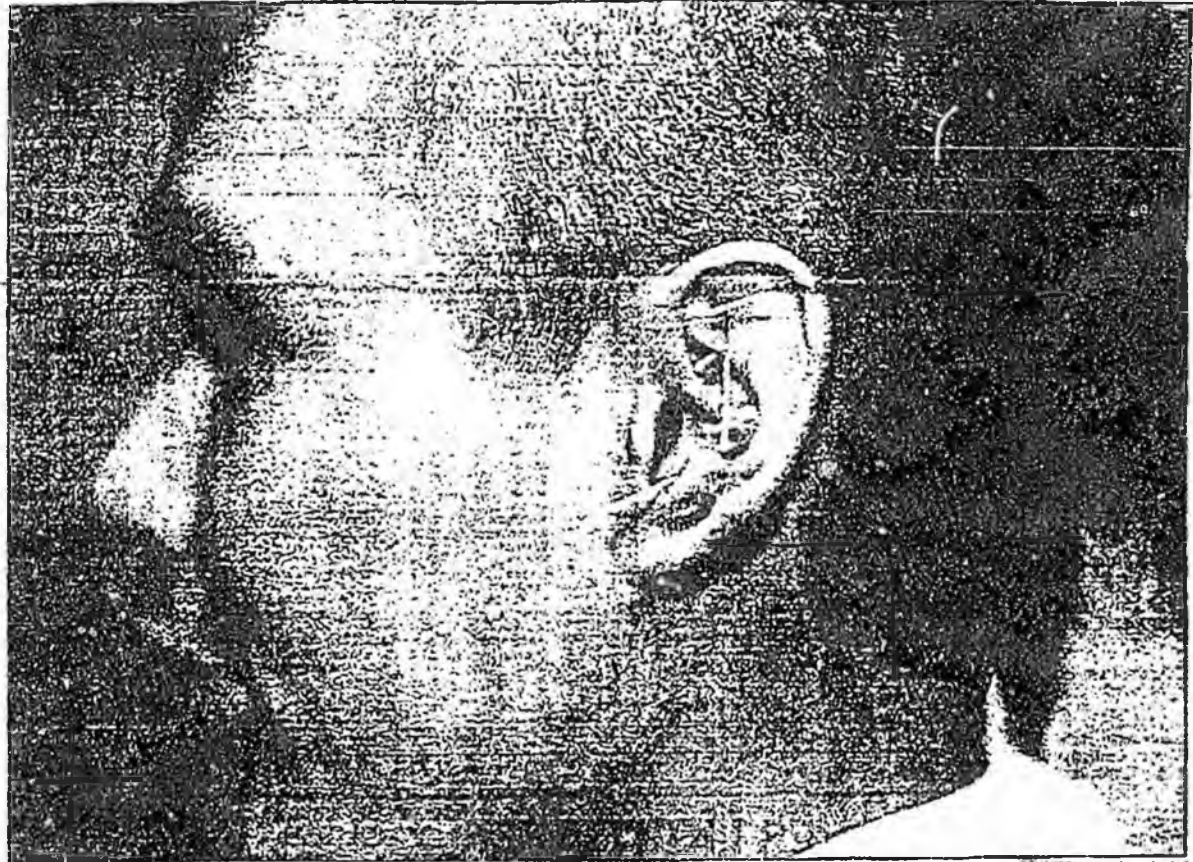
Stephen Schenck does not like needles. He looks away if he has to get a shot at the doctor's office. But he voluntarily goes for acupuncture treatment five nights a week as part of his effort to fight his addiction to alcohol.

Acupuncture is a traditional Oriental practice that involves placing thin, wisp-like needles in points on the body to treat illness or stress.

Gastineau Human Services has begun an acupuncture pilot program for people who are fighting alcohol, drug or tobacco addictions and for prisoners who are preparing for release, many of whom have problems with substance abuse.

The program, which will last three to six months, is funded with \$3,500 from the departments of Corrections and Health and Social Services.

Five nights a week, some 15 to 20 people receive treatment. Please turn to Addict, Page A-6



Reorienting with Oriental medicine: Kendall Lindhoff receives an acupuncture treatment that he says helps him relax.

Post-It™ brand fax transmittal memo 7671 # of pages 2

To: JOSH FINK	From: GLENN PERSE
Co. SEN. TIM KALL	Co. GHS
Dept. S L & C ch.	Phone # 780-4338
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Addict...

Continued from Page A-1

20 people step out of the cold into a quiet, kindly-lit room. They sit down, swab their ear with an antiseptic and allow an acupuncturist to place up to five needles in the inside skin of their ear.

The system is based on an Eastern concept of energy, rather than the Western understanding of anatomy, said Jonathan Schaeffer, one of two acupuncturists hired by Gastineau Human Services.

If parts of the body are out of balance, injured or ill, the points that will help are likely to be somewhere else on the body. There are points in the ear that correspond to healing of organs such as the liver and kidneys. Another point on the ear is associated with relaxation, he said.

The idea of needles being stuck in skin is hardly relaxing, Schaeffer said, but it is less frightening than it sounds. "They are more hair-like than hypodermic. It's more like a mosquito bite than a big jab," he said.

Schaeffer and Suzanne Cortright, the other acupuncturist, are two of a handful of acupuncturists licensed to work in Alaska. They have both trained at the Portland Addictions Acupuncture Center.

They use a method pioneered at New York's Lincoln Hospital. The method, which has been used at the Bronx hospital for over a decade, has been found to reduce anxiety, cut cravings, and help people sleep, said Greg Pease, Gastineau's executive director.

Pease has been in touch with doctors at Lincoln, and with corrections officials in Florida, Minnesota, Oregon, San Francisco and Seattle where the approach is used to treat offenders.

For four years he has been trying to rustle up the money to launch the effort here.

"It was article after article,

interview after phone call, with all of those people saying this works," he said. "I thought we needed to pay attention to it."

Initially, the method was explained to the 18 people in Gastineau Human Services' substance abuse program and 30 or so in the state corrections re-entry program. Though few of them had experienced anything like it, turnout was good when treatment started Jan. 31 and it has remained steady, Pease said.

"It goes way back so I figured there's got to be something there," Schenck said.

Schenck, who is in his late 30s, has been drinking since he was 12. He has had many problems associated with alcohol abuse, including a temper that has been hard to control, he said. That's why he got involved in the substance abuse program.

On Jan. 11 he moved into Gastineau's living facility and began counseling and attending support meetings. It has only been in the three weeks since Schenck began acupuncture treatment that he has noticed major changes in how he feels and acts.

"It mellows me out inside," he said. He sleeps much better, and can communicate more smoothly with people, he said. "My attitude has changed a lot."

Schenck isn't the only one who has noticed a change. Jerry Chapman, Gastineau's head counselor, has his office in one of the agency's living facilities. It can be a tense place, he said, as clients struggle with the difficulties of withdrawal and recovery.

He has noticed that the tension has gone down since the acupuncture started. People in the program say they are sleeping better, Chapman said. "Clients report they are more relaxed. They appear to be able to get in touch with their feelings a little easier."

Pease considers acupuncture

one of several tools that Gastineau can provide to clients. Because it is reported to help with relaxation and rejuvenation, and because it appears to help early on, it can help calm and prepare a client to receive help in other ways, like counseling and group meetings such as Alcoholics Anonymous.

There is a 25 to 30 percent relapse rate in Gastineau's drug and alcohol abuse program, Pease said. That is lower than the national average of 50 percent, but still too high, he said.

And about half of the people who go through the prison re-entry program, will return.

A successful program must give prisoners the chance to move on in their life and not repeat offenses, Pease said. Being unable to concentrate, to sleep, or relate to people, makes it more difficult for a person to kick a habit and meet goals like getting to work, or going back to school, he said.

"We try to eliminate all the cravings circulating around their system while they detox so they can concentrate on the recovery program."

He pointed out some of the costs of not successfully treating alcohol and drug addiction.

"You hear people talking about economic development," Pease said. "Well, in terms of decreased productivity and increased health care, if you have a problem like fetal alcohol syndrome that is costing the state half billion a year, you have to do a heck of a lot of economic development to catch up. We're already working our way into a pit."

Substance abuse and crime are closely linked. "The criminal system is being driven by substance abuse," he said. Acupuncture can help an overloaded justice system, Pease said, by helping people complete rehabilitation.

One example, he said, is a Portland, Ore., correction pro-

gram in which people are four times more likely to finish treatment when treatment includes acupuncture and counseling - compared to a program that offers only counseling.

The acupuncture is handled by health professionals and there is less demand on clients to explain themselves. Patients can describe how they are feeling in their terms or not say anything and they still receive treatment. The group setting also helps clients feel less pressure, Pease said.

Being in a quiet room with a group of people does help, Schenck said. "At least I'm not the only one," he said.

There is a mirror in the room where the acupuncture is done and occasionally someone gets up to check the needles in their ears. The single-use needles are removed after about 45 minutes and are thrown away.

Joseph Asmus, who is being treated for tobacco addiction, said he was initially nervous about being stuck with a needle, and skeptical that such an approach would help.

"I was really surprised. I thought, what good is a needle going to be?" He was smoking two and a half packs of cigarettes a day, even after he had been in Gastineau's substance abuse program for more than a month.

Since starting the acupuncture three weeks ago, he is down to five or six cigarettes a day. "Don't have the cravings," he said.

The acupuncturists, who normally charge an individual client \$55 to \$85 for a treatment, are not earning anything close to that for their work with Gastineau Human Services, Pease said.

They also treat clients in this program for ailments other than addictions. If asked clients have reported that sore knees and backs were also feeling better after treatment.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 193

Revision Date: _____
Title: Unfair Discrimination Under Group Disability Insurance
Sponsor: Senator Pearce
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Insurance
Component: Operations
COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2597
Date: 12-9-93

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 2/3/93

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SENATE BILL NO. 193

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR PEARCE

Introduced: 4/13/93
Referred: L&C, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to unfair discrimination under group disability insurance; and
2 providing for an effective date."

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

4 * Section 1. AS 21.36.090(d) is amended to read:

5 (d) Except to the extent necessary to comply with AS 21.42.365, a person may
6 not practice or permit unfair discrimination against a person who provides a service
7 covered under a group disability policy that extends coverage on an expense incurred
8 basis, or under a group service or indemnity type contract issued by a nonprofit
9 corporation, if the service is within the scope of the provider's occupational license.
10 In this subsection, "provider" means a state licensed physician, marital and family
11 therapist, dentist, osteopath, optometrist, chiropractor, nurse midwife, advanced nurse
12 practitioner, naturopath, physical therapist, occupational therapist, psychologist,
13 psychological associate, or licensed clinical social worker.

14 * Sec. 2. APPLICABILITY. This Act applies to group disability policies or group service

1 or indemnity contracts entered into or renewed on or after the effective date of this Act.

2 * Sec. 3. This Act takes effect July 1, 1993.