

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10340 HOUSE LABOR & COMMERCE

185

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 271
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title An Act relating to recovery of punitive BRU Insurance (116)
damages resulting from an aviation accident Component Insurance Operations
 Sponsor House Labor & Commerce
 Requester House Labor & Commerce Component No. 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 GF Receipt Supported Services						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on this component.

Prepared by: Robert A. Lohr, Director Phone 907-269-7900
 Division Insurance Date/Time 4/9/02 8:35 AM
 Approved by: Deborah B. Sedwick, Commissioner Date 4/9/2002
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 271
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to recovery of punitive BRU Risk Management
damages from an aviation accident Component Risk Management
 Sponsor House Labor and Commerce
 Requester House Labor and Commerce Component No. 71

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The state's insurance program for aviation liability exposures will not be affected by this bill.

Alaska statute 09.50.280 already exempts the state from punitive damages. The additional protections and limitations being provided in this legislation will have no effect on state agencies that own or operate aircraft or airports that might be interpreted by the courts as "owner or operator of an aviation business".

Therefore, there is no fiscal impact to the state.

Prepared by: J. Brad Thompson, Director Phone 465-5723
 Division: Risk Management Date/Time 4/4/02 4:08 PM
 Approved by: Jim Duncan, Commissioner Date 4/4/2002
 Agency: Department of Administration

Grass^hopper Aviation, Inc.

Wasilla Municipal Airport
Charter, Flightseeing, and Fly-In Recreation

P.O. Box 870318
Wasilla, Alaska 99687-0318
Phone: 907-373-6923
Fax: 907-373-6924

April 10, 2002

Ms Linda Sylvester
Aid to Pete Kott
House of Representatives
State of Alaska

RE: HB 271

Dear Ms Sylvester,

What a treat it was to talk to someone in Juneau that actually understood what I was saying!

I only have a couple of minutes this morning (I have to fly some medications to a very sick lady in the Bush) to make a couple of quick comments.

In the Sponsor Statement for HB 271 "\$24.68 million was paid out and only netted \$14.74 million." I would say for a company that only sells pieces of paper that a net of \$14 million the profit margin is excellent! If the comment was meant to say they only collected \$14 million in premiums then I would say that they are lying about the numbers. I have a small 2 airplane operation and am paying \$56,000 this year. My son has 1 airplane and is paying \$30,000. I have heard that Rust Air Service pays close to a million a year. Figure it out. If they only sold \$14 million in insurance there sure are a lot of uninsured airplanes out there!

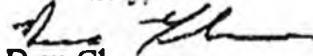
As far as stating a figure for the number of accidents to justify rates, this is a great distortion. Of the number of accidents, how many were insured? How many filed a claim?

What the insurance thieves have most recently done is to raise our deductibles thereby reducing the effective amount of the policy. My deductible on my single Otter has gone from \$5,000 to \$30,000!!!! Less coverage more money!!!!

The other issue with Alaska insurance that you are probably not aware of is how it is pro-rated. 80% of the premium is charged during June, July, August and September. For seasonal operators they are really getting shafted. I don't operate during December and January, but it would cost more to cancel my existing policy and have only "Ground Coverage" than to continue with the current policy. And the intimidation is "You may not be renewed if you cancel."

Gotta run.

Yours truly,



Dave Glenn

Owner

HB

274

ALASKA STATE HOUSE OF REPRESENTATIVES

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State Capitol
Room 102

REPRESENTATIVE JOHN COGHILL

HB 274 Workers' Compensation

Sponsor Statement

Workers' Compensation laws were enacted to bypass the long lengthy battle that comes with lawsuits which could result in an injured worker not getting the immediate medical attention he or she might need. While it sounds good in theory, the existed law doesn't provide an adequate due process for appealing a worse-case scenario where a person isn't getting the medical attention. After discussing this with the director of the division, we came up with a provision that allows the board or its designee to hold an expedited hearing to make a determination for medical needs.

This bill also requires any physician conducting an individual medical examination (IME) in the State of Alaska must be licensed to practice medicine in the State of Alaska. Current law requires that they only be licensed in the state where they reside.

FISCAL NOTE

**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: HB 274
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Expedited Workers' Compensation Hearing BRU: Workers' Compensation
 Component: Workers' Compensation
 Sponsor: Representative Coghill
 Requester: House L&C Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would require any physician performing an employer requested or board ordered medical evaluation to be licensed in the state or jurisdiction where the examination takes place. The bill would also give the Workers' Compensation Board authority to provide an expedited hearing to an injured worker who needs medical treatment where the treatment is necessary to avoid harm to that worker. The department does not anticipate a financial impact as a result of this legislation.

Prepared by: Paul Grossi, Director Phone: 465-2790
 Division: Workers' Compensation Date/Time: 1/31/02 10:23 AM
 Approved by: Ed Flanagan, Commissioner Date: 01/31/02
 Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

22-LS0983V
Ford
2/4/02

CS FOR HOUSE BILL NO. 274(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered by:
Referred:

Sponsor(s): REPRESENTATIVE COGHILL

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to the qualification of a physician used for an employer's independent**
2 **medical examination and to the authority of the Alaska Workers' Compensation Board**
3 **to provide an expedited hearing when an employee needs medical treatment; and**
4 **providing for an effective date."**

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

6 *** Section 1.** AS 23.30.095(e) is amended to read:

7 (e) The employee shall, after an injury, at reasonable times during the
8 continuance of the disability, if requested by the employer or when ordered by the
9 board, submit to an examination by a physician or surgeon of the employer's choice
10 authorized to practice medicine under the laws of the jurisdiction in which the
11 examination occurs [PHYSICIAN RESIDES], furnished and paid for by the
12 employer. The employer may not make more than one change in the employer's
13 choice of a physician or surgeon without the written consent of the employee.
14 Referral to a specialist by the employer's physician is not considered a change in

1 physicians. An examination requested by the employer not less than 14 days after
2 injury, and every 60 days thereafter, shall be presumed to be reasonable, and the
3 employee shall submit to the examination without further request or order by the
4 board. Unless medically appropriate, the physician shall use existing diagnostic data
5 to complete the examination. Facts relative to the injury or claim communicated to or
6 otherwise learned by a physician or surgeon who may have attended or examined the
7 employee, or who may have been present at an examination are not privileged, either
8 in the hearings provided for in this chapter or an action to recover damages against an
9 employer who is subject to the compensation provisions of this chapter. If an
10 employee refuses to submit to an examination provided for in this section, the
11 employee's rights to compensation shall be suspended until the obstruction or refusal
12 ceases, and the employee's compensation during the period of suspension may, in the
13 discretion of the board or the court determining an action brought for the recovery of
14 damages under this chapter, be forfeited. The board in any case of death may require
15 an autopsy at the expense of the party requesting the autopsy. An autopsy may not be
16 held without notice first being given to the widow or widower or next of kin if they
17 reside in the state or their whereabouts can be reasonably ascertained, of the time and
18 place of the autopsy and reasonable time and opportunity given the widow or widower
19 or next of kin to have a representative present to witness the autopsy. If adequate
20 notice is not given, the findings from the autopsy may be suppressed on motion made
21 to the board or to the superior court, as the case may be.

22 * **Sec. 2.** AS 23.30.110 is amended by adding a new subsection to read:

23 (i) Notwithstanding (c) of this section, upon request by a party, the board or
24 the board's designee may schedule an expedited hearing if the board or the board's
25 designee determines that the claim involves an issue of medical treatment and an
26 expedited hearing is necessary to avoid physical harm to the employee.

27 * **Sec. 3.** This Act takes effect July 1, 2002.

HB

276



Alaska State Legislature

*Representative Peggy Wilson
Putting Alaska's Families First*

SPONSOR STATEMENT - HB 276

HB 276 is essentially a "clean up bill" which brings nursing statutes up to date with current nursing practice in three areas: (1) gives licensed nurses the authority to delegate nursing duties to other personnel and gives the Board of Nursing authority to promulgate regulations outlining safe delegation practices to ensure safety of the consumer; (2) the bill increases the length of time available for a temporary nursing license from 4 to 6 months to allow for the extra time it may take to get back results of criminal justice background checks required in new regulation; (3) changes the wording placement regarding licensure by endorsement that brings the wording in the statute into compliance with what is already being done in the Division.

Delegation by licensed nurses of specific nursing tasks to unlicensed assistive personnel (UAPs) such as aides and technicians has always been a part of nursing practice. The health care delivery system that includes public health, Indian Health, hospitals, clinics and community nursing facilities will continue to use UAPs. These changes allow specific statutory authority for nurses to delegate essential care to the delivery of safe and effective health care to the citizens of Alaska. I urge you to support HB 276.

12/21/01

22-LS0979J
Lauterbach
1/24/02

CS FOR HOUSE BILL NO. 276()

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE WILSON

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to temporary permits and licenses by endorsement issued by the Board
2 of Nursing; and relating to the delegation of nursing duties."

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

4 * Section 1. AS 08.68.200 is amended to read:

5 Sec. 08.68.200. License by endorsement. The board may issue a license by
6 endorsement to practice as a registered or practical nurse, whichever is appropriate, to
7 an applicant who has worked as a nurse within the past five years if the applicant

8 (1) is licensed as either a registered or practical nurse under the laws of
9 another state [,] if, in the opinion of the board, the applicant meets the qualifications
10 required for licensing in the state [,] and meets the requirements of AS 08.68.170; or

11 (2) meets the requirements of AS 08.68.170 and has successfully
12 completed the Canadian Nurses' Association Testing Service examination if the board
13 determines it is comparable to the examination administered by this state [; OR

14 (3) HAS NOT WORKED AS A NURSE WITHIN THE LAST FIVE

1 YEARS, IF THE APPLICANT MEETS THE CONTINUING COMPETENCY
2 REQUIREMENTS OF THE BOARD OR COMPLETES A COURSE OF STUDY
3 APPROVED BY THE BOARD].

4 * Sec. 2. AS 08.68.200 is amended by adding a new subsection to read:

5 (b) The board may issue a license by endorsement to practice as a registered or
6 practical nurse, whichever is appropriate, to an applicant who has not worked as a
7 nurse within the past five years if the applicant meets the requirements of either (a)(1)
8 or (a)(2) of this section and

9 (1) meets the continuing competency requirements of the board; or

10 (2) completes a course of study approved by the board.

11 * Sec. 3. AS 08.68.210(a) is amended to read:

12 (a) The board may issue a temporary permit, nonrenewable and valid for a
13 period not exceeding six [FOUR] months, to an applicant for a license by endorsement
14 if the applicant

15 (1) submits proof satisfactory to the board that the applicant is
16 currently licensed in another state or Canadian province or Canadian territory that
17 administers an examination approved by the board under AS 08.68.200(a)(2)
18 [AS 08.68.200(2)];

19 (2) meets the requirements of AS 08.68.170; and

20 (3) pays the required fee.

21 * Sec. 4. AS 08.68.340(a) is amended to read:

22 (a) It is a class B misdemeanor for a person to

23 (1) practice nursing under a diploma, license, or record that is
24 unlawfully obtained, signed, or issued;

25 (2) practice or offer to practice nursing without a license, unless the
26 person is practicing within the scope of a delegation properly made under
27 AS 08.68.405 or is giving [GIVES] necessary aid to the ill, injured, or infirm in an
28 emergency;

29 (3) employ as a nurse a person who is not licensed to practice nursing;

30 (4) use in connection with the person's name a designation that implies
31 that the person is a licensed nurse unless the person is licensed;

1 (5) practice nursing during the time that the person's license is
2 suspended or revoked;

3 (6) practice nursing with knowledge that the person's license has
4 lapsed;

5 (7) conduct a nursing education program and represent or imply that it
6 is accredited by the board, unless the program has been accredited by the board.

7 * Sec. 5. AS 08.68 is amended by adding a new section to read:

8 Sec. 08.68.40.5 Delegation of nursing functions. A registered or practical
9 nurse licensed under this chapter may delegate nursing duties to other persons,
10 including unlicensed assistive personnel, under regulations adopted by the board. A
11 person to whom the nursing duties are delegated may perform the delegated duties
12 without a license or certificate under this chapter if the person meets the applicable
13 requirements established by the board.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SSHB 276
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title An Act relating to temporary permits and licenses BRU: Occupational Licensing (117)
by endorsement issued by the Board of Nursing Component Occupational Licensing
Sponsor Representative Wilson
Requester House Labor & Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

New funds are not required to implement the changes of this bill.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144
Division: Occupational Licensing Date/Time 2/15/02 2:46 PM
Approved by: Deborah B. Sedwick, Commissioner Date 2/15/2002
Agency: Department of Community & Economic Development

Alaska State Hospital & Nursing Home Association

We're helping people care for people!

February 15, 2002

Representative Peggy Wilson
Alaska State Legislature
State Capitol, Room 409
Juneau AK 99801-1182

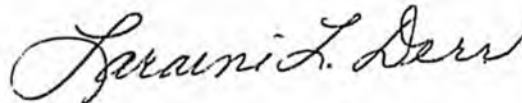
Dear Rep Wilson:

The House Labor and Commerce Committee will be hearing HB 276 on February 20, 2002. As the president of the Alaska State Hospital and Nursing Home Association (ASHNHA), I am writing a letter of support for the CS for House Bill No. 276, "An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties."

This bill will put into law what has always been a part of nursing practice. The bill gives licensed nurses the authority to delegate nursing duties to other personnel and give the Board of Nursing authority to set out regulations to outline safe delegation of their duties. Because there is such a severe shortage in the nursing profession, extending the temporary nursing license from 4 to 6 months will allow extra time. Any help in this area will be greatly appreciated.

ASHNHA is an organization of 34 healthcare providers around the state of Alaska. We believe that passage of this legislation will allow for better health care delivery to our citizens.

Sincerely yours,



Laraine L. Derr
President/CEO

426 Main Street, Juneau, Alaska 99801

Phone: 907-586-1790 • Fax: 907-463-3573 • Web: ashnha.com

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Elizabeth Engle, RN BSN
ASNA President

To: Representative Peggy Wilson

Thank you for introducing HB 276. Nursing is a complex and often poorly understood profession, and in our efforts to meet the health needs of Alaska, we often encounter difficult and frustrating situations. This bill will help to clarify some of those issues, and give some authority in decision making to those who understand the ramifications of those decisions the best.

The Alaska School Nurse Association supports this bill.

Elizabeth Engle, RN, BSN
President, ASNA

A handwritten signature in cursive script, appearing to read "Elizabeth Engle", written in black ink.



t/ 907-274-0827
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Anchorage, AK 99507-1069
www.aknurse.org
aknurse@aknurse.org

February 14, 2002

Honorable Peggy Wilson
State Capitol, Room 409
Juneau, Alaska 99801-1121

Dear Representative Wilson:

We are writing this letter in support of the CS for HB 276, "An Act relating to temporary permits and licenses by endorsement issued by the Board of Nursing; and relating to the delegation of nursing duties." This bill brings the nursing statutes up to date with current nursing practice in the areas of delegation of nursing duties and the issuance of temporary licenses and licenses by endorsement.

Over the last ten years there has been an increase in the number and type of ancillary unlicensed health care workers that RNs and LPNs are required to delegate nursing duties to and have oversight of the work they perform. The Attorney General's office recently ruled that the existing statutes do not give the Board of Nursing the authority to promulgate regulations covering delegation of nursing duties to persons other than nursing assistants.

It is imperative that RNs and LPNs have regulations from the Board of Nursing covering delegation of nursing tasks. Nurses rarely hire or train the unlicensed personnel they are required to work with, yet their employers require nurses to make sure these persons perform the tasks delegated to them in a safe and accurate manner. Because these individuals are unlicensed, there is no regulatory body overseeing their training and competency. Nurses need the backing of the regulations promulgated by the Board of Nursing so that they can delegate in a manner that maintains the health and safety of their patients.

The sections of CS for HB 276 which deal with temporary nursing licenses would extend the length of license from 4 to 6 months which would allow the Board of Nursing to complete necessary background checks. The section of the Bill dealing with license by endorsement would bring the statute into compliance with current practice of the Board concerning applicants who have not worked as a nurse in the past five years.

The Alaska Nurses Association is in full support of CS for HB 276.

Sincerely,

Patricia Senner MS, RN, ANP

FEB 19 2002

HB

277

Alaska State Legislature

Legislative Committees:
House Finance Committee

Legislative Budget Subcommittees:
University of Alaska
Department of Natural Resources
Department of Environmental Conservation



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Fairbanks, Alaska 99701
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FAX (907) 451-9293

While in Session
State Capitol
Juneau, Alaska 99801-1182
(907) 465-4457
FAX (907) 465-3519

Representative John Davies District 29

HB 277 Changes made in new CS

1. **Section 1.** Added that statutes relating to Residential Landlord and Tenant Act do not apply.
2. **Section 34.35.600 (f).** If rental charges go unpaid for 4 days after charges are due, facility owner may over-lock unit until paid. If rental charges go unpaid for 60 days, facility owner may take possession of personal property stored in unit.
3. **Section 34.35.610 (c).** Removed including the name of the facility owner from mailed notification.
4. **Section 34.35.620 (b).** Added that facility owner may combine notices for more than one delinquent unit renter in a publication.
5. **Section 34.35.649**
 - (2) "facility owner" means a person who is
 - (a) the owner, operator, lessor, or sublessor of a self-storage facility
 - (b) an agent of a person identified in (A) of the paragraph; or
 - (c) a person who is authorized by a person identified in (A) of this paragraph to manage the self-storage facility or to receive payment for rental charges from a unit renter under a rental agreement;
 - (3) "rental agreement" means a written agreement between a facility owner and a unit renter that establishes terms, conditions, rules, or other provisions for the use and occupancy of a self-storage facility, and includes amendments of the agreement;
 - (4) "unit renter" means a person, or the sublessee or assignee of the person, who is entitled under a rental agreement to exclusive use of a storage unit.



22-LS0175L
Bannister
4/5/02

CS FOR HOUSE BILL NO. 277()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES DAVIES, Dyson

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to self-storage facilities; distinguishing self-storage facility liens from**
2 **another type of storage lien; and excluding self-storage liens from the Uniform**
3 **Residential Landlord and Tenant Act and the treatment of certain unclaimed property."**

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

5 *** Section 1.** AS 34.03.330 is amended by adding a new subsection to read:

6 (c) Notwithstanding any other provision of this section to the contrary, this
7 chapter does not apply to a self-storage facility. In this subsection, "self-storage
8 facility" has the meaning given in AS 34.35.649.

9 *** Sec. 2.** AS 34.35 is amended by adding a new section to article 5 to read:

10 **Sec. 34.35.227. Application.** AS 34.35.220 - 34.35.225 do not apply to self-
11 storage facilities. In this section, "self-storage facilities" has the meaning given in
12 AS 34.35.649.

13 *** Sec. 3.** AS 34.35 is amended by adding new sections to read:

14 **Article 13A. Self-Storage Facilities.**

1 **Sec. 34.35.600. Self-storage facility liens.** (a) A person who owns a self-
2 storage facility has a lien on the personal property that is stored in a storage unit for
3 the payment of the rental charges for the unit.

4 (b) If the rental charges for a storage unit are unpaid for four days after the
5 charges are due under the unit renter's rental agreement with the facility owner, a
6 facility owner may deny the unit renter access to the unit by changing the lock or by
7 other means, and, after 60 days after the charges are due, may take possession of the
8 personal property stored in the self-storage unit.

9 (c) Unless provided otherwise in the rental agreement, a facility owner is not
10 required to apply a security deposit received by the facility owner to the reduction of
11 the rental charges when determining whether the rental charges have been paid when
12 due.

13 **Sec. 34.35.610. Mailed notice required.** (a) If a facility owner takes
14 possession of personal property under AS 34.35.600(b), the facility owner shall send a
15 written notice by certified mail, return receipt requested, to the unit renter at the unit
16 renter's last known address. In this subsection, "last known address" means the
17 address provided by the unit renter in the most recent rental agreement or the address
18 provided by the unit renter in a written notice of a change of address, whichever
19 address is provided later.

20 (b) The notice mailed under (a) of this section must inform the unit renter that

21 (1) the facility owner has taken possession of the personal property in
22 the storage unit for nonpayment of rental charges;

23 (2) the facility owner will publish this notice one time in a newspaper
24 of general circulation in the judicial district where the self-storage facility is located;

25 (3) after 21 days have elapsed from the date of the publication under
26 AS 34.35.620 without payment of the amount owed, the facility owner will dispose of
27 the property at a place, at a time, and in a manner determined by the facility owner in
28 the sole discretion of the facility owner, consistent with AS 34.35.630;

29 (4) the amount owed under (3) of this subsection includes any mailing
30 and publication costs that have been incurred by the facility owner under this section
31 and AS 34.35.620;

1 (5) if, after the property has been disposed of by the facility owner, the
2 proceeds of the disposition exceed the amount owed, the unit renter may claim the
3 excess proceeds from the facility owner within one year from the date of publication
4 of the notice;

5 (6) the amount owed under (5) of this subsection includes the costs,
6 including personnel and administrative costs, of disposing of the property; and

7 (7) the unit renter will not receive another notice.

8 (c) The notice mailed under (a) of this section must also identify the self-
9 storage facility by name and address, provide a telephone number for reaching the
10 facility owner or the owner's agent, and provide an address where the unit renter can
11 pay the amount owed.

12 **Sec. 34.35.620. Publication required.** (a) In addition to the notice required
13 by AS 34.35.610, the facility owner shall publish one time in a newspaper of general
14 circulation in the judicial district where the self-storage facility is located a notice
15 containing the information required by AS 34.35.610(b) and (c) to be in the notice
16 mailed under AS 34.35.610.

17 (b) A facility owner may combine notices for more than one delinquent unit
18 renter in a notice published under (a) of this section.

19 **Sec. 34.35.630. Disposal of property and proceeds.** (a) When a facility
20 owner has taken possession of property under AS 34.35.600, the facility owner has
21 complied with AS 34.35.610 and 34.35.620, and the unit renter has not paid the
22 amount owed within 21 days from the date of the publication made under
23 AS 34.35.620, the facility owner may, without further notice to the unit renter, dispose
24 of the property at a place, at a time, and in a manner determined by the facility owner
25 in the sole discretion of the facility owner, consistent with (b) of this section.

26 (b) If the property subject to the lien appears to be salable, the facility owner
27 shall attempt to sell the property. If the facility owner cannot sell the property or if the
28 property appears to have little value, the facility owner may sell, give away, or throw
29 away the property.

30 (c) If all or part of the property is sold under this section, the proceeds shall be
31 applied to reduce the amount owed by the unit renter. If the proceeds exceed the

1 amount owed, the excess becomes the property of the facility owner unless the unit
2 renter claims the excess within one year from the date of publication under
3 AS 34.35.620.

4 (d) The facility owner shall keep for one year from the date of publication
5 under AS 34.35.620 a written record of when and how the facility owner disposed of
6 the property. The facility owner shall allow the unit renter to review the record upon
7 request.

8 **Sec. 34.35.640. Release of recorded lien.** Notwithstanding AS 34.35.900(a),
9 a facility owner is not required to deliver to the unit renter an acknowledgment of
10 satisfaction suitable for recording when a lien under AS 34.35.600 - 34.35.649 is
11 satisfied by payment.

12 **Sec. 34.35.649. Definitions.** In AS 34.35.600 - 34.35.649,

13 (1) "amount owed" means

14 (A) the rental charges owed to a facility owner by a unit renter;

15 (B) any costs incurred by a facility owner for mailing and
16 publishing the notice of the lien under AS 34.35.610 and 34.35.620; and

17 (C) any costs, including personnel and administrative costs,
18 incurred by a facility owner for disposing of the property;

19 (2) "facility owner" means a person who is

20 (A) the owner, operator, lessor, or sublessor of a self-storage
21 facility;

22 (B) an agent of a person identified in (A) of this paragraph; or

23 (C) a person who is authorized by a person identified in (A) of
24 this paragraph to manage the self-storage facility or to receive payment for
25 rental charges from a unit renter under a rental agreement;

26 (3) "rental agreement" means a written agreement between a facility
27 owner and a unit renter that establishes terms, conditions, rules, or other provisions for
28 the use and occupancy of a self-storage facility, and includes amendments of the
29 agreement;

30 (4) "self-storage facility" means a facility

31 (A) that provides storage space for rent for payment of a rental

1 charge; and

2 (B) where the unit renter controls the access to the storage unit
3 and controls the storage unit's contents by a lock or other means;

4 (5) "storage unit" means a rental unit in a self-storage facility;

5 (6) "unit renter" means a person, or the sublessee or assignee of the
6 person, who is entitled under a rental agreement to the exclusive use of a storage unit.

7 * Sec. 4. AS 34.45 is amended by adding a new section to article 1 to read:

8 Sec. 34.45.095. Application. AS 34.45.010 - 34.45.085 do not apply to self-
9 storage facilities. In this section, "self-storage facilities" has the meaning given in
10 AS 34.35.649.

22-LS0175\S
Bannister
4/22/02

CS FOR HOUSE BILL NO. 277()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES DAVIES, Dyson

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to self-storage facilities; distinguishing self-storage facility liens from**
2 **another type of storage lien; and excluding self-storage liens from the Uniform**
3 **Residential Landlord and Tenant Act and the treatment of certain unclaimed property."**

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

5 *** Section 1. AS 34.03.330 is amended by adding a new subsection to read:**

6 (c) Notwithstanding any other provision of this section to the contrary, this
7 chapter does not apply to a self-storage facility. In this subsection, "self-storage
8 facility" has the meaning given in AS 34.35.649.

9 *** Sec. 2. AS 34.35 is amended by adding a new section to article 5 to read:**

10 **Sec. 34.35.227. Application. AS 34.35.220 - 34.35.225 do not apply to self-**
11 **storage facilities. In this section, "self-storage facilities" has the meaning given in**
12 **AS 34.35.649.**

13 *** Sec. 3. AS 34.35 is amended by adding new sections to read:**

14 **Article 13A. Self-Storage Facilities.**

1 **Sec. 34.35.600. Self-storage facility liens.** (a) A person who owns a self-
2 storage facility has a lien on the personal property that is stored in a storage unit for
3 the payment of the rental charges for the unit.

4 (b) If the rental charges for a storage unit are unpaid for four days after the
5 charges are due under the unit renter's rental agreement with the facility owner, a
6 facility owner may deny the unit renter access to the unit by changing the lock or by
7 other means, and, after 60 days after the charges are due, may take possession of the
8 personal property stored in the self-storage unit.

9 (c) Unless provided otherwise in the rental agreement, a facility owner is not
10 required to apply a security deposit received by the facility owner to the reduction of
11 the rental charges when determining whether the rental charges have been paid when
12 due.

13 **Sec. 34.35.610. Information on notice and disposal process.** At the time a
14 person enters into a rental agreement with a facility owner for the person to have the
15 exclusive use of a rental unit, the facility owner shall

16 (1) inform the unit renter of the notice and disposal requirements under
17 AS 34.35.600 - 34.35.649 for the unit renter's property if the unit renter fails to pay the
18 rental charges; and

19 (2) place the information provided under (1) of this section in the
20 rental agreement.

21 **Sec. 34.35.620. Mailed notice required.** (a) If a facility owner takes
22 possession of personal property under AS 34.35.600(b), the facility owner shall send a
23 written notice by certified mail, return receipt requested, to the unit renter at the unit
24 renter's last known address. In this subsection, "last known address" means the
25 address provided by the unit renter in the most recent rental agreement or the address
26 provided by the unit renter in a written notice of a change of address, whichever
27 address is provided later.

28 (b) The notice mailed under (a) of this section must inform the unit renter that

29 (1) the facility owner has taken possession of the personal property in
30 the storage unit for nonpayment of rental charges;

31 (2) after 21 days have elapsed from the date of the publication or

1 posting under AS 34.35.630 without payment of the amount owed, the facility owner
2 will dispose of the property at a place, at a time, and in a manner determined by the
3 facility owner in the sole discretion of the facility owner, consistent with
4 AS 34.35.640;

5 (3) the amount owed under (2) of this subsection includes any mailing
6 and publication or posting costs that have been incurred by the facility owner under
7 this section and AS 34.35.630;

8 (4) if, after the property has been disposed of by the facility owner, the
9 proceeds of the disposition exceed the amount owed, the unit renter may claim the
10 excess proceeds from the facility owner within one year from the date of publication
11 of the notice;

12 (5) the amount owed under (4) of this subsection includes the actual
13 documented costs, including personnel and administrative costs, of disposing of the
14 property; and

15 (6) the unit renter will not receive another notice.

16 (c) The notice mailed under (a) of this section must also identify the self-
17 storage facility by name and address, provide a telephone number and an electronic
18 mail address, if the owner or the owner's agent has an electronic mail address, for
19 reaching the facility owner or the owner's agent, and provide an address where the unit
20 renter can pay the amount owed.

21 **Sec. 34.35.630. Publication or posting required.** (a) In addition to the
22 notice required by AS 34.35.620, the facility owner shall

23 (1) publish a notice two times within 14 consecutive days in a
24 newspaper of general circulation in the community where the self-storage facility is
25 located; or

26 (2) if there is not a newspaper of general circulation in the community
27 where the self-storage facility is located, post a notice for at least one week in a
28 prominent location where similar notices are commonly posted.

29 (b) The notice required under (a) of this section must contain the information
30 required by AS 34.35.620(b) and (c) to be in the notice mailed under AS 34.35.620.

31 (c) A facility owner may combine notices for more than one delinquent unit

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renter in a notice published or posted under (a) of this section.

Sec. 34.35.640. Disposal of property and proceeds. (a) When a facility owner has taken possession of property under AS 34.35.600, the facility owner has complied with AS 34.35.610 - 34.35.630, and the unit renter has not paid the amount owed within 21 days from the date of the publication made under AS 34.35.630, the facility owner may, without further notice to the unit renter, dispose of the property at a place, at a time, and in a manner determined by the facility owner in the sole discretion of the facility owner, consistent with (b) of this section.

(b) If the property subject to the lien appears to be salable, the facility owner shall take reasonable steps to ascertain the fair market value of the property. If, after taking reasonable steps to ascertain the fair market value, the facility owner cannot sell the property, or if the property appears to have little value, the facility owner may give away or throw away the property.

(c) If all or part of the property is sold under this section, the proceeds shall be applied to reduce the amount owed by the unit renter. If the proceeds exceed the amount owed, the excess becomes the property of the facility owner unless the unit renter claims the excess within one year from the date of publication or posting under AS 34.35.630.

(d) The facility owner shall keep for one year from the date of publication or posting under AS 34.35.630 a written record of when and how the facility owner disposed of the property. The facility owner shall allow the unit renter to review the record upon request.

Sec. 34.35.649. Definitions. In AS 34.35.600 - 34.35.649,

(1) "amount owed" means

(A) the rental charges owed to a facility owner by a unit renter;

(B) any costs incurred by a facility owner for mailing and for publishing or posting the notice of the lien under AS 34.35.620 and 34.35.630; and

(C) the actual documented costs, including personnel and administrative costs, incurred by a facility owner for disposing of the property;

(2) "facility owner" means a person who is

1 (A) the owner, operator, lessor, or sublessor of a self-storage
2 facility;

3 (B) an agent of a person identified in (A) of this paragraph; or

4 (C) a person who is authorized by a person identified in (A) of
5 this paragraph to manage the self-storage facility or to receive payment for
6 rental charges from a unit renter under a rental agreement;

7 (3) "rental agreement" means a written agreement between a facility
8 owner and a unit renter that establishes terms, conditions, rules, or other provisions for
9 the use and occupancy of a self-storage facility, and includes amendments of the
10 agreement;

11 (4) "self-storage facility" means a facility

12 (A) that provides storage space for rent for payment of a rental
13 charge; and

14 (B) where the unit renter controls the access to the storage unit
15 and controls the storage unit's contents by a lock or other means;

16 (5) "storage unit" means a rental unit in a self-storage facility;

17 (6) "unit renter" means a person, or the sublessee or assignee of the
18 person, who is entitled under a rental agreement to the exclusive use of a storage unit.

19 * Sec. 4. AS 34.45 is amended by adding a new section to article 1 to read:

20 Sec. 34.45.095. Application. AS 34.45.010 - 34.45.085 do not apply to self-
21 storage facilities. In this section, "self-storage facilities" has the meaning given in
22 AS 34.35.649.



Alaska State Legislature

Please enter into the record my testimony to the

HL+C

Committee name

Committee on

AR277

, dated

4-8-02

Bill/Subject

I am in favor of AR277. ~~It~~ It answers concerns and fills gaps in current legislation

~~Sec 34.35.630~~

Thank you very much

Signed:

John M. Fortner
Testifier

American-Mini Storage
Representing (Optional)

PO Box 874407 Wasilla, AK 99687
Address

907-376-0590
Phone number

LIEN NOTICE

GRANT CARLIN Claimant,
v. _____ Defendant

Notice is hereby given that Grant Carlin , owner of the Steese Mini-Storage, claims a lien upon personal property stored in unit _____ on the premises of the Steese Mini-Storage facility located at 350 Old Steese Highway North, Fairbanks, Alaska, 99712, for and on account of labor, skill, care and attention bestowed during the safe-keeping and storage there of said personal property; that the name of the owner, or reputed owner of the property in unit _____ is _____; that the labor, skill, care and attention were expended upon the property between the day of _____, _____, and the day of _____, _____; and the rendition of the labor, skill, care, and attention so expended by the claimant above named continues and will continue until the amount owed is paid or the property is sold; that the amount claimant demands for labor, skill, care and attention so expended is _____ (\$ _____) through the _____ day of _____, _____; that no part of it has been paid except: none (\$ 0 _____) and there is now due and remaining unpaid on it after deducting all just credits and offsets, the sum of _____ (\$ _____) in which amount a lien is claimed upon the property.

Fairbanks Recording District
State of Alaska
Fourth Judicial District

ss:

_____ Claimant

I, GRANT CARLIN, being first duly sworn, on oath say that I am GRANT CARLIN named in the foregoing claim; that I have heard the claim read, know the contents of it, and believe it is true.

_____ Claimant

Subscribed and sworn to before me this _____ day
of _____.

Return to: Steese Mini-Storage, 350 Old Steese Hwy. N., Fbks., AK 99712

Steese Mini-Storage LLC
350 Old Steese Hwy. N.
Fairbanks, Ak 99712
907-457-2814

I understand that a lien has been recorded on my property stored in said unit at Steese Mini-Storage LLC and that by, law Steese Mini-Storage LLC could have disposed of said property as stated in the Notice of Lien sale and Lien Notice that I received and that it still retains the right to do so.

In consideration of Steese Mini-Storage's agreement to postpone disposal of my property for non-payment of storage fees, I, _____, occupant of storage unit _____ at the above named storage facility hereby agree to pay off the balance owed for past storage services provided and will do so at the rate of \$ _____ to be paid no later than the _____ and _____ and _____ of each month. I further agree to pay my account balance each month in a timely manner.

If I fail to keep my part of the agreement viz. to pay as stated, I understand that Steese Mini-Storage LLC will immediately and without further notice to me. dispose of my property in said storage unit and I agree to hold Steese Mini-Storage LLC harmless from any and all legal action resulting from such disposal.

Signed: _____,

Please print name: _____

Date: _____

Agreed to by _____ on behalf of Steese Mini-Storage LLC

HB

281



REPRESENTATIVE KEVIN MEYER

HOUSE DISTRICT 19

Sponsor Statement

HB 281

“An Act relating to civil liability for providing alcoholic beverages to a person under 21 years of age; and providing for an effective date.”

Under House Bill 281, an adult who knowingly furnishes alcohol to a person under the age of 21 can be held civilly liable for the resulting damages.

Recent tragedies have highlighted the problem of underage drinking and the consequences of adults providing alcohol to minors. Civil liability laws alone will not eliminate underage access to alcohol. However, they do take a step in the right direction. Adults who provide alcohol to minors should be accountable in civil court as well as criminal court.

In Alaska, as well as across the nation, underage drinking is a significant problem. Minor consumption is a factor in nearly half of all teen automobile crashes. Alaskan teens are 4 times more likely to cause fatal crashes when driving under the influence. It also contributes to suicides, homicides and fatal injuries, and is a factor in sexual assaults. Alcohol is readily available to minors because of low levels of enforcement, in terms of age verification, and the propensity of irresponsible adults that knowingly serve, sell, and supply alcohol to minors.

Whether it is a parent, neighbor, or older sibling, adults must be held accountable when they provide alcohol to minors. Liability laws, such as HB 281, will hopefully assist in deterring adults from furnishing alcohol to minors.



Mothers Against Drunk Driving • Juneau Chapter

211 Fourth St. Suite 102 • Juneau, AK 99801

January 24, 2002

House Bill Number 281,
Sponsor: Representative Meyer

After discussion and agreement, the Alaska Chapters of Mothers Against Drunk Driving (MADD) endorses House Bill 281 which will impact those without a proper license who sell to minors. By making this action a civil crime victims from underage drinking may take action and receive due compensation from the illegal sale of alcohol.

MADD's mission includes the prevention of underage drinking and this bill will assist in lowering the rate of sales to minors. Underage drinking is a "gateway drug"(leading to other addictive substances) besides being the most popular one in Alaska.

Respectfully,

Cindy Cashen
MADD Juneau Chapter
MADD Anchorage Chapter
MADD Homer Chapter



Mothers Against Drunk Driving

Anchorage Chapter

3600 Arctic Boulevard Box 3 • Anchorage, AK 99503 • (907) 562-6890/Fax (907) 562-6896

• Email: mgreeson@maddalaska.com

January 24, 2002

Representative Kevin Meyer
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Representative Meyer,

On behalf of the membership, board of directors and staff of the Anchorage Chapter of MADD, I am writing in support of HB 281, "An Act relating to civil liability for providing alcoholic beverages to a person under 21 years of age."

Adults are frequently involved in purchasing or providing alcohol to underage persons and must be held to a high standard. Individuals under the age of 21 are in developmental stages of their lives and learning to make appropriate choices. When faced with the temptation and opportunity to participate in what they perceive as adult behaviors, their choices may be inappropriate. Adults must take responsibility for maintaining healthy standards and examples for young people learning good decision-making skills.

Adults who knowingly and intentionally entice young people to pursue dangerous behaviors must be held accountable. Civil liability will hold adults to a legal and ethical standard regarding the growth and safety of our youth.

Sincerely,

Marti Greeson

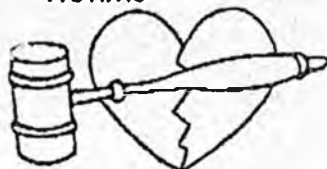
Marti Greeson
Executive Director

Drunk Driving is Breaking Alaska's



THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

VICTIMS



1057 W. Fireweed Lane, Suite 101 • Anchorage, AK 99503
For Justice, Inc. (907) 278-0977 • Fax: (907) 258-0740 • e-mail: vj@aluskalife.net

January 30, 2002

Representative Kevin Meyer
Session: State Capital
Juneau, Alaska 99801-1182

Dear Representative Meyer:

I am generating this letter in support of HB 281. Victims for Justice often deals with victims and co-victims who have suffered as a result of youth under the influence of alcohol. Rarely is there a consequence for the person or persons who provide youth with alcohol. Because of the incident last summer involving Officer Justin Wollam and four youth (three of whom are now dead) many people (co-victims) are still suffering and will continue to suffer. Maybe after these people who provide our youth with alcohol are held to a higher standard of accountability the general public will think twice before contributing to a minor.

Sincerely,

A handwritten signature in cursive script that reads "Donna S. Gamer".

Donna Gamer
Executive Director

Alcohol & Anchorage

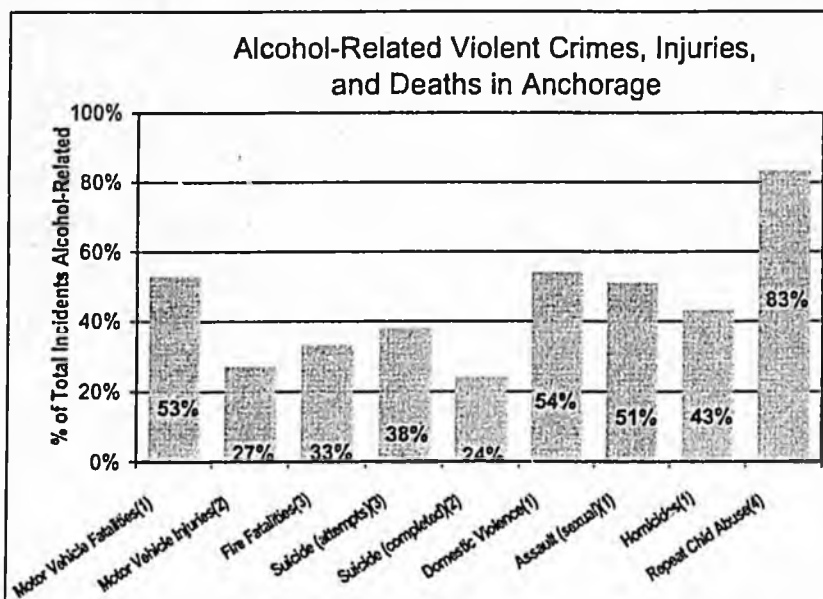
Community Problems Related to Alcohol

Why Should We Care about Alcohol?

The second hand effects of alcohol

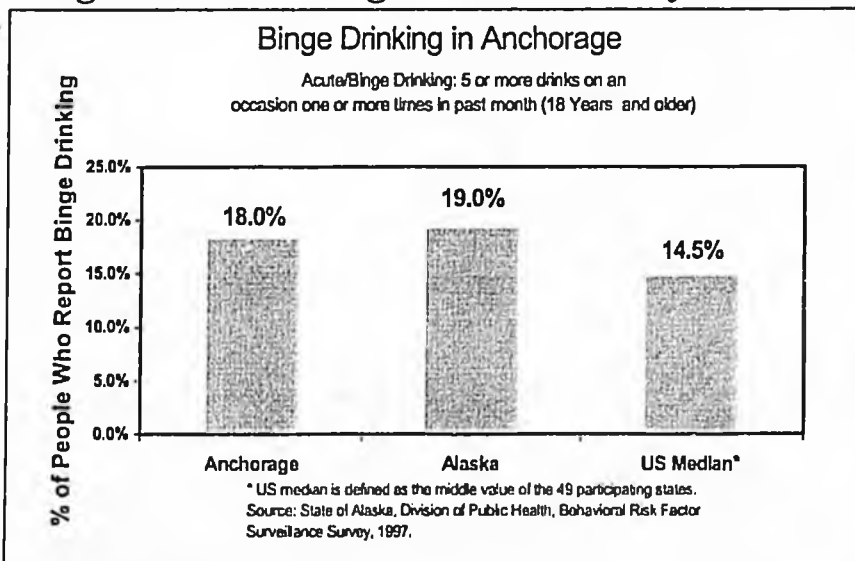
Alcohol is a common thread in the most serious problems facing Anchorage residents, including violence at home, injuries at work and injuries outdoors. Public funds from property taxes pay for government services, about 1/3 of it responding to alcohol-related emergency needs for fire, police, health and law. As city budgets are squeezed, funds for popular programs like libraries, recreation centers, pools, snowplowing, ski trails and classroom size are sacrificed to assure resources for alcohol related public protections.

The second hand effects of alcohol threaten public safety & city enrichment.



(1)-Anchorage Police Dept. Report, Crime Analysis, 1999; (2)-SOA, DPH, Alaska Trauma Registry, 1994-1998; (3)-Alaska Fire Marshall Office, 1999; (4)-SOA, DFYS, Special audit of repeat child abuse cases, 1997

High Risk Drinking and Community Problems

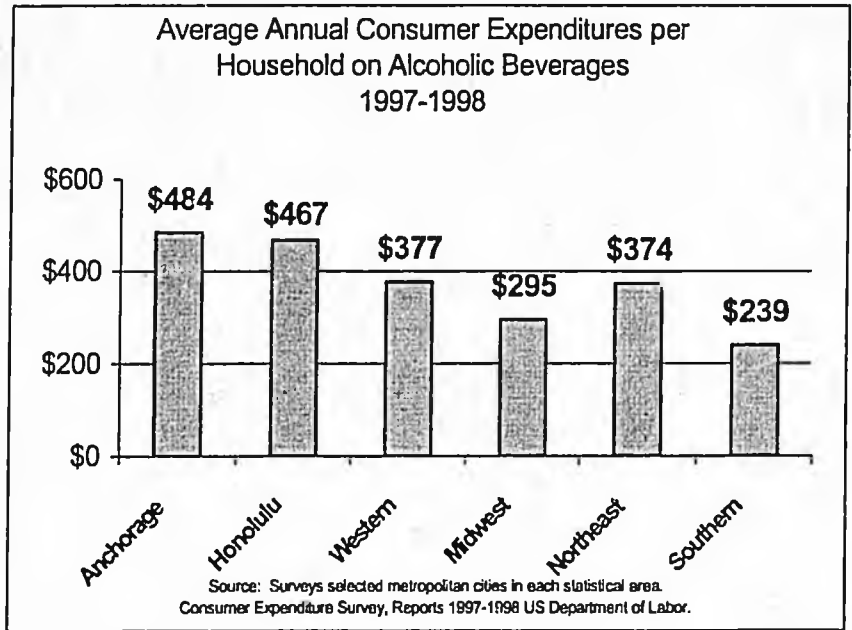


Shrinking the pool of high risk drinkers improves public safety.

We must shrink the pool of high risk drinkers. High risk binge drinking is part of a larger picture. Serious injuries from car crashes and family violence are associated with binge drinking. (1) Bingeing is when someone consumes 5 or more drinks on 1 occasion. (2) In an Anchorage, 10 year study of domestic violence, alcohol was identified in 48% of the cases and the injuries were severe when alcohol was a factor. (3)

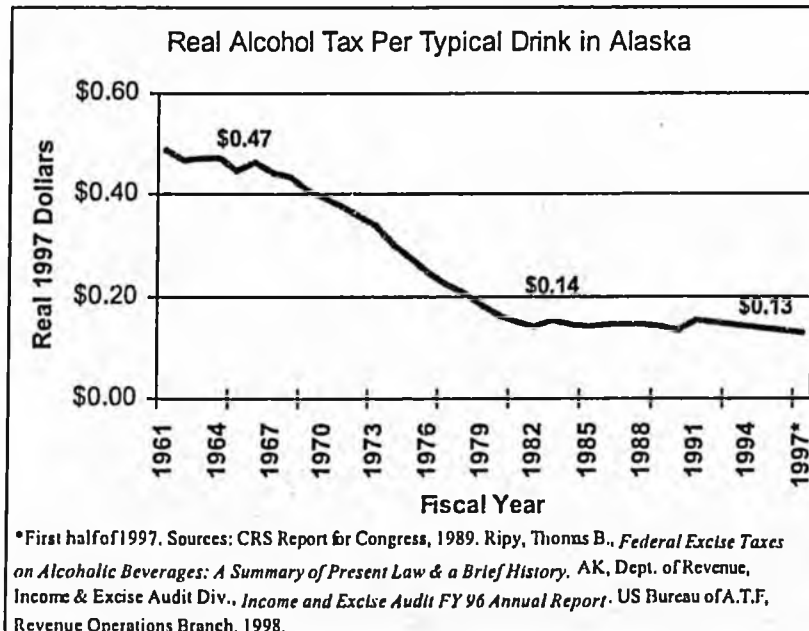
Household consumption influences underage drinking

Anchorage residents consume more alcohol than the US average in terms of per household expenditure. About 1/2 of all Americans report that one or more of their close relatives have a drinking problem. (4) Alcohol dependence is hereditary and associated with early onset, <15 yrs., of drinking. The earlier a person begins drinking, the more likely they are to be injured while under the influence. (5) According to the Youth Risk Behavior Survey (YRBS), 1995, 51% of high school youth self-report as current users of alcohol and 1/3 are drinking to get drunk. The Alaska Department of Motor Vehicles (DMV) assessment of minor drivers, (April-July, 2000) reported an average blood alcohol content (BAC) of .157 percent, representing 1.5 times the adult legal limit to drink and drive, (.10 BAC). Alaska law requires zero-tolerance (.00 alcohol) for minor drivers yet Alaskan teens are 4 times more likely to cause fatal crashes when driving under the influence. When minor consuming goes unchecked, it often becomes drinking and driving as an adult. (DMV, 2000)



Repeat juvenile drinking violations precede adult criminal behavior.

Price influences community problems

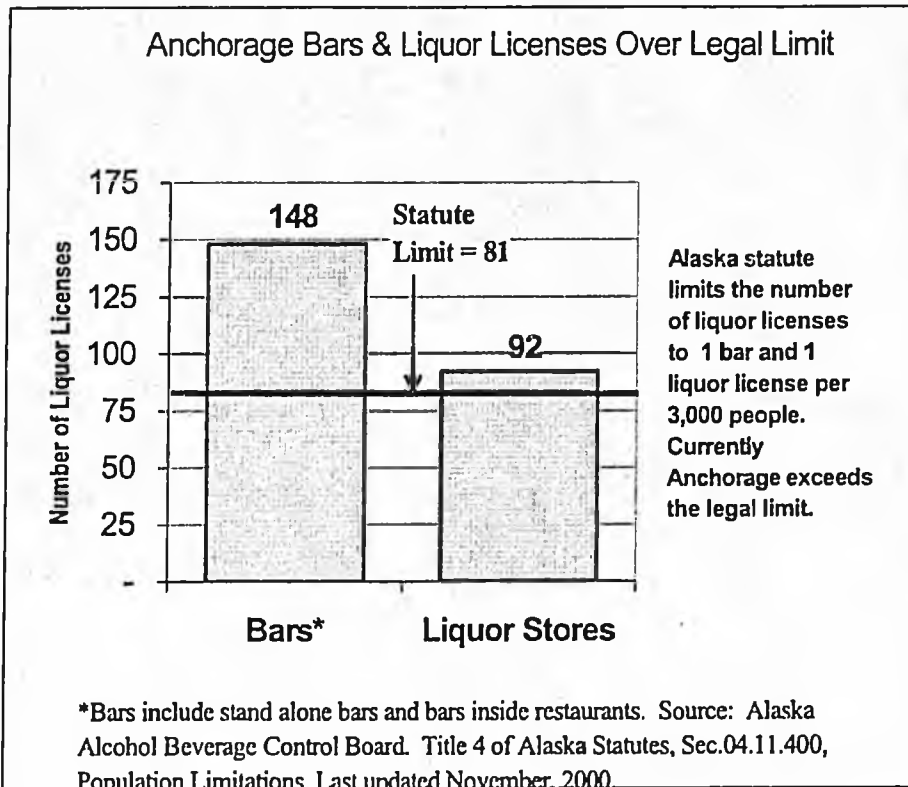


The real price of alcohol in Alaska has eroded 50-74% since 1968. (6) The legislature has not increased the excise tax in 18 years and the tax has never been adjusted for inflation. Alaskans who drink pay about 3 cents of state tax on a bottle of beer. As a result, taxes pay only 5% of the state costs for alcohol related services. In a local survey, 2/01 by Moore, 68% of people surveyed supported increased alcohol taxes. It has been reported that states with higher alcohol taxes have lower associated community problems. (8)

Alcohol does not pay its fair share of the cost for alcohol related problems.

Number of liquor licenses influences public safety

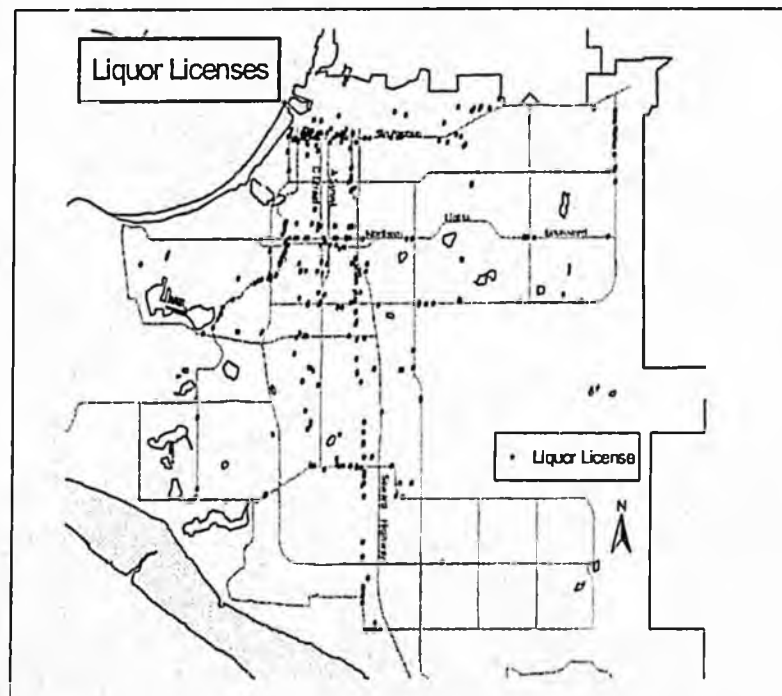
Controlling the availability of alcohol promotes public safety. Alaska law controls the number and



type of liquor licenses, restricts the hours of sale, sets licensing fees and controls the sale of alcohol through transfer and revocation of liquor licenses. State law limits the number of liquor license by population. Anchorage exceeds the legal limit by about 67 bars and 11 liquor stores licenses. These excess licenses have "grandfather rights" and are only eliminated when they are revoked for violations (selling to minors/intoxicated people) or voluntarily returned to the state of Alaska by the owner.

Location of bars/liquor stores influences public safety

Anchorage land use laws control how, when and where alcohol is distributed. A Conditional Use Permit (CUP) is required to sell alcohol. The process considers the number of liquor outlets (density) in one area. Controlling for density protects against alcohol-related problems. (9) The Municipal Assembly has the power to approve, deny or revoke a CUP depending on whether the location for liquor sales is *compatible with surrounding uses; including proximity to childcare centers, recreation centers, schools, churches.* Other land use controls include regulating the hours of sale, prohibiting happy hours and limiting multiple drink sales to the same individual.



The number and location of alcohol outlets effect neighborhood safety.

Recommendations for Alcohol Controls that Enhance Anchorage Health and Welfare

To provide public safety for community health, prevention strategies regarding alcohol control must be comprehensive and population-wide so that protections apply to everyone in the community and do not single out any one individual. Successful strategies include, but are not limited to:

- *Pricing on alcohol (excise taxes, inflation-proofing, taxes based on percent of alcohol content)*
- *Strategies to reduce sales of alcohol to minors and alcohol-impaired people*
- *Reduce the % of blood alcohol to legally drive a motor vehicle from .10 to .08 BAC.*

Model Laws/Ordinances

To reduce the supply of alcohol to youth under age 21 years

- Limit on alcohol advertising and promotion that targets people under 21 years
- Restrict alcohol sales on public property (parks)
- Post warning signs at alcohol establishments: "Supplying alcohol to people under age 21 is a crime"
- License individuals who serve or sell alcohol

Source: University of Minnesota, Alcohol Epidemiology Program, 2000

Alcohol Control Policy Timeline

1900: Alaska liquor license is created and required to sell alcohol, \$1,000 permit fee established.

1979: Alaska Local Option law; communities can prohibit the sale and importation of alcohol, restrict the types of licenses available, and restrict alcohol sales to community-owned liquor stores.

1983: Anchorage restricts hours of sale of alcohol from 20 hours per day to 16.

1983 (AK), 1991 (US): Small increases in alcohol excise taxes for beer, wine and spirits.

1984: Anchorage Municipal ordinance prohibits happy hours and limits multiple drink sales to the same individual.

1985: Alaska state law reduces the number of liquor licenses by population (from 1/1500 pop. to 1/3000 pop. for bar/liquor store licenses.

1985-87: (US) The Minimum Legal Drinking Age (MLDA) is raised nationwide from 18 to 21 years of age.

1986: Alaska state law is amended to allow communities to prohibit possession by the local option election.

MOA/DHHS Community Health Promotion
Joan Diamond, BSN CHES, Injury prevention specialist

Phone: 907-343-6583
Fax: 907-249-7376
Email: diamondjw@ci.anchorage.ak.us

MOA/DHHS
Community Health Promotion



References

1. Alcohol Health & Research World, Vol. 17, No. 1, 1993
2. State of Alaska, DHSS, Division of Public Health, Behavioral Risk Factor Survey, Anchorage Region data, 1998
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ADULTS DON'T GIVE TEENS ALCOHOL.... GET IT????

By Barbara Cooke © Chicago Tribune 2000

Mike and Molly throw the best keg parties in town. The beer flows as burly varsity football players collect car keys at the door. Teens mill around, shouting over the pounding music, hugging and "high-fiving" the couple. Mike and Molly are so popular they could have been voted Prom King and Queen.

The problem is Mike and Molly graduated high school 25 years ago, and this is their son's graduation party. And the family is planning a few more beer bashes during the summer.

"Some parents see drinking as a sign of an adulthood. 'Now that you're graduating, you're an adult.' But they're STILL under 21," stressed Richard Yoast, director of the American Medical Association's office of Alcohol and Other Drug Abuse. "Some parents seek the approval of their teens and want to be looked up to. It astounds me that they think that as long as they are serving the alcohol, they can control their kids and other kids' actions."

"These parents think they should be nominated for 'Parents of the Year'. They regard themselves as enlightened crusaders for their teens. They walk the walk and talk the talk," explains Carleton Kendrick, Family Education Network family therapist. "They're so desperate to be considered cool by their kids that they believe the law doesn't apply to them. They think they're wiser and better than the parents who won't provide alcohol."

When you add drinking to natural teenage curiosity and pleasure seeking, the results can range from lowered self esteem of a girl who had sex with several guys at a party, throwing up all over someone's carpet and saying something regrettable, to tragedies like diving into a shallow pond, fighting and injuring or killing someone, Kendrick notes. "These parents know that kids are going to drink but they've decided to be the responsible ones and supervise their drinking. Why not pass out condoms and foam and say, 'You're going to do this anyway so why not here? Go have some safe sex and have fun'."

Interestingly, the mixed messages that parents send when they "bargain" with teens and allow them to drink at home may be to blame for excessive teen drinking. A 1993 study of 15,000 students by the Minnesota-based Johnson Institute, which fights alcohol use at school and work, showed that permissiveness at home affects adolescent choices more than peer pressure. Many times this sends the message that fun revolves around a can of beer. The University of Michigan's Monitoring the Future most recent study reveals that 82 percent of 12th graders admitted drinking during the past year. But it comes as a shock to many parents that some parents feel they can be "buddies" with their teens if they let them drink.

George Lesmes, an Evanston resident and father of four teenagers, was amazed to discover that some parents serve kids. "Alcohol for teens is zero tolerance in our house. It's totally inappropriate. And our kids all know that they do not have our permission to drink at anyone's house."

His oldest son Tony, 19, a sophomore at University of Illinois, said, "I think parents who serve alcohol to their kids' friends have a real problem. Why would they want to have a bunch of drunk kids in their house? And what parent in their right mind would put their kids and other kids in the position to get into trouble?"

"It's pretty pathetic if parents rely on their teen's definition of fun. Of COURSE I liked to drink in high school and thought it was really cool when certain parents let us drink at their house," recounted Leslie Cornis, a data base account manager from Chicago. But now, at

age 28, an older wiser Cornis says, "I knew back then it was wrong. When I have kids I won't appreciate it when other parents serve alcohol."

Your teen may whine, "You're the ONLY parent who won't let their kids drink when they're seniors." But the Princeton, New Jersey-based Robert Wood Johnson Foundation commissioned a study in 1998 and found that 96 percent of Americans view underage drinking as a significant problem and support measures that would reduce teen drinking. The study also showed that 83 percent of respondents favored punishment of adult providers. "Underage drinking is a factor in nearly half of all teen automobile crashes. It also contributes to suicides, homicides and fatal injuries, and is a factor in sexual assaults and date rapes," Robert Wood Johnson vice president Nancy Kaufman stated.

The University of Minnesota's School of Public Health found that teens whose parents or friends' parents provided alcohol for parties were more likely to drink, get into traffic crashes, get involved in violence and participate in thefts. Mothers Against Drunk Driving surveys estimate that when parents "bargain" with their kids and let them drink as long as they promise not to drive, teens are more likely to drive after drinking or be in a car with someone who is drinking.

"Parent-sponsored drunkfests make it harder for the kids who don't drink and parents who won't let their kids drink. It's almost an inherent challenge that these parents lay down by saying, 'I'm sponsoring this because I think your teen is mature enough to drink responsibly.'" Kendrick asserted. "A teen who doesn't drink or whose parents say it's wrong thinks, 'What's wrong with me? Am I the only one who feels this way?' But there is a huge difference between kids experimenting with alcohol and kids drinking with adult approval."

Debby Hutter, a Wilmette mother of four adolescents, agreed with Kendrick's assessment. "I feel like I would be ostracized if I said my daughters couldn't go to a prom or graduation party because there was drinking going on. My daughters say to me, 'Mom. You just don't get it.' But I don't get how parents—even if they take away the car keys—can justify serving 16, 17 and 18 year olds beer. Kids make bad choices, but what can you do when parents facilitate those choices? It's totally disgusting to watch these kids get drunk!"

"Some kids don't want to drink. They want an out and their parents provide a good excuse. If kids say 'Want some?' and they say, 'No, my parents will kill me,' most kids say, 'Ok, that's cool, there's more for me!'" said Courtney Michna, 16, a New Trier High School senior. "But if parents are saying 'Go ahead, it's perfectly fine to drink,' then what out do they have?"

National Family Partnership spokesperson Milton Creagh reminds parents that too many drinks ingested either accidentally or intentionally can result in alcohol poisoning...which can result in death.

"Alcohol is a drug that numbs the brain. If too much is used, it paralyzes the nerve center in the brain and puts the brain to sleep. When the brain slows down, so does the respiratory system," said Creagh. "When the lungs and heart stop sending oxygen to the brain, breathing stops. Are you going to monitor every teen at your party to make sure there's no binge drinking going on?"

In fact, the Centers for Disease Control reports that 32 percent of high schoolers are binge-drinkers. Yet a poll conducted by the group Drug Strategies showed that only three percent of parents thought their teens had indulged in binge-drinking in the past month.

In 1997 a 16-year-old Orland Park girl won an \$80 bet by chugging a quart of 107-proof alcohol at a party. The Sandburg High School sophomore had been drinking with her best friend for six hours before they returned to her friend's house at 2 AM and fell asleep on the bed. They found her dead the next day. Her blood alcohol level was .381.

Louis Kraus, division head of child and adolescent psychiatry at Evanston Hospital, recalled parents defending their actions with, "They're going to college in a few months and they'll do what they want and I can't stop them, so why should I try now?" They forget

that 70 to 80 percent of first time sexual encounters occur when kids are under the influence. They're also less likely to use a condom, because their decision making is totally impaired. Just one night and they can carry away an infection that lasts a lifetime."

"Adolescent males get a few drinks in them and soon they drop every barrier to civilized behavior. The more drinks they consume, the quicker they degenerate into base instincts," asserted Jerry Elsner, executive director of the Illinois State Crime Commission. "When you provide the beer, and those hormones are running wild, you have only yourself to blame!"

"Making it 'safe' for kids to drink is a complete contradiction of terms!" maintained Shepherd Smith, president of the Washington, DC-based Institute for Youth Development. "We have laws regulating use by age because of the lack of physical maturity and psychological maturity. We've learned that people under the age of 21 have dramatically impaired judgement."

Smith urged parents to rethink just what 'responsible drinking' is for someone under the age of 18. "Parents think THEY did it, so their kids can do it too. After all, parents don't want to say what they did as teens was all wrong."

What to do if you find out that your teen is going to a party where parents are serving alcohol? "You can say, 'You can't go', or you can call the parents and remind them in a non-confrontational way that neighbors often call the police and it's embarrassing and legally costly to parents when they are arrested. When police come to break up a party, everyone is arrested, even those who are not drinking," suggested Smith. "Some parents even call the police and ask them to call the parents and remind them what the consequences could be."

Creagh recounted a party two years ago where parents let their teenager have a drinking party. They collected the car keys and went upstairs. But there was a fight and one of the boys was stabbed to death. The fingerprints of another guest were on a knife and he was charged with murder, yet he never remembered stabbing the boy because he was so drunk.

"Adults who serve alcohol are playing economic Russian Roulette," Creagh maintained. "I say to them, 'If you can't dig deep and find the moral backbone to refuse to serve alcohol to your teenagers and their friends, then at least look at the legal ramifications that could cost you all your money. Maybe that will pound some sense into your head.'"

"Parents are supposed to have arrived at maturity, while kids are supposed to be passing through adolescence on the way to adulthood. You can empathize, but you don't have to join your teen," Kendrick asserted. "They need you to point them in the right direction and keep them safe. You're supposed to give them wisdom, not a keg party in the basement."

It's The Law

What is the state of the law in the state of Illinois right now? Paul Froehlich, coordinator of the Operation Straight ID Program for the Illinois Secretary of State's office, explained that the Illinois Liquor Control Act of 1997 makes it illegal to sell or provide alcohol to anyone under the age of 21. Any person who does so is guilty of a Class A misdemeanor, which includes a fine of not less than \$500. Any city or town with home rule provisions can add to, but not lessen, the penalty. Many times this punishment is viewed as a slap on the wrist.

Parents must understand that, "if you host a party and provide alcohol, you're contributing to the delinquency of a minor. Unless the child is 21 years old, you can't authorize or allow him to drink," said Froehlich. "Any of your child's friends who drink at your house are your responsibility." A parent can be criminally prosecuted for providing alcohol to a minor. In other words, if an underage drinker breaks into someone's house, vandalizes property, rapes or kills someone, parents are criminally responsible if they provided them alcohol.

Illinois State Representative Tom Dart and State Senator Patrick J. O'Malley will cosponsor a Child Safety Act bill next session that allows civil suits against adults who serve alcohol illegally to adolescents younger than 18 year old. This "social host liability" legislation is aimed at preventing teen drinking that results in death and serious bodily injury.

"Illinois law addresses penalties for taverns or liquor stores who sell alcohol to minors," O'Malley said. "Now we're telling adults who provide alcohol to kids under the age of 18 that they could face civil penalties and lawsuits if someone is in an accident or killed as a result of these kids drinking alcohol. It's contributing to the delinquency of a minor."

Richard Mallen, a Chicago attorney, said that civil cases were thrown out several years ago because there were no laws in the state of Illinois that held adults responsible for serving alcohol to a minor, so courts "invited legislators to make a change. The wording is 'knowingly'. Thirty states have civil liability laws now," Mallen explained. "Kids are kids. They think they can handle it, but they can't it. They are not mature enough. It's up to adults to guide them. It's lucky that more kids are not killed or hurt."

Carleton Kendrick, a Boston area family therapist, agreed that change rests in the lap of adults. "Legislation can not enforce the morality that is not present in a parent."

HB

282

ALASKA STATE LEGISLATURE

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REPRESENTATIVE JOHN COGHILL

SPONSOR STATEMENT: HOUSE BILL 282 "AN ACT RELATING TO PRESCRIPTION DRUG BENEFITS UNDER A GROUP HEALTH CARE INSURANCE PLAN"

This legislation addresses concerns over certain prescription drug coverage inequities that have been brought to our attention.

1. When an insurance company pre-authorizes the wrong supply amount, they should not be able to demand a refund and levy a penalty against the pharmacy involved.

The bill addresses an incident that occurred in Fairbanks where a local pharmacy was audited. The audit exposed evidence that the pharmacy was paid for a 90-day supply of a drug that should be dispensed in 30-day supplies. However, the pharmacy had previously contacted the insurer and obtained pre-authorization for the 90-day supply. HB 282 puts a stop to this.

2. Insurance providers may not alter a prescription's supply limit from what medical personnel have prescribed for that individual patient.

The medical personnel who dictate prescriptions should have authoritative primacy over the amount a prescription is to be dispensed in, according to the needs of the patient. This would prevent an insurance provider from rejecting a prescription for a 90-day or six month supply and mandating that the prescription be supplied in different increments instead.

It would also prevent insurance providers from imposing lower supply limits on prescription drugs obtained at an in-state pharmacy than prescription drugs purchased by mail order.

The intent of HB 282 is to promote fairness and balance in prescription drug benefits. Restrictions such as these create unnecessary penalties to the consumers and the pharmacies, and hamper an individual's access to the adequate prescription drugs needed for medical conditions.

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 282()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES COGHILL AND FATE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to prescription drug benefits under a group health care insurance**
2 **plan."**

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

4 *** Section 1. AS 21.54 is amended by adding a new section to read:**

5 **Sec. 21.54.155. Prescription drug benefits. A health care insurance plan**
6 **sold in the group market that provides prescription drug benefits may not impose**

7 **(1) a penalty against a pharmacist if the penalty results from the**
8 **pharmacist's accurately filling a prescription for which the pharmacist received written**
9 **or electronic approval from the health care insurance plan administrator; or**

10 **(2) a supply limit for a prescription if the supply limit is lower than the**
11 **supply limit described in the prescription.**

Rep Hugh Fate.
Alaska State Legislative House
Juneau, Alaska

Dear Rep. Fate,

2/23/02

Thank you for your time and attention on HB282. I still think it is important to pass this legislation and not ignore the implications that it will address. Some have said to you "it can be changed administratively" "therefore you don't need this bill", but why have we trusted the administrators, they have failed the people, they are taking care of, to the point that we must ask to have legislation introduced to insure that the public is protected.

Let me explain, the bill is trying to balance the playing field, between in-state business and out of state business. Insurance companies use 90-day quantities, lower co-pays as incentives to use out of state business and mail order. HB282 allows the patient to choose, not the insurance company. So that the cost of service and days supply, to the patient, is the same whether by an in state or out of state pharmacy. It raises the question as to why the insurance company or the business sponsoring the insurance (i.e. governmental bodies like the State of Alaska, The University of Alaska, the Fairbanks North Star Borough and the Fairbanks North Star Borough School District) wants to funnel business out of state or to a particular business. Is this embarrassing? What discrimination do they have against Alaska businesses, many of which are National corporations? Businesses that pay state corporate taxes to fund state government, except mail order businesses do not. Do they, the insurance companies, feel because mail-order businesses don't pay Alaska State corporate taxes or property taxes, that makes doing business with them better? As "good community business partners" (the mail order businesses or the governmental bodies) in our community, how do they contribute to the community... the state? Do the Mail order companies, contribute to non-profit organizations, youth athletics in the community, youth activities in the community, community projects with-in the community? How does allowing this kind of policy to be written in the state, benefit the state, our communities, and the beneficiaries they serve?

I believe provisions 1 and 2 will help provide some protection. Provision 3 is unclear; I have no opinion either way.

I do have other concerns, currently some electronically submitted insurance claims feel that if another insurance company pays first on a claim, that they do not have to pick up the balance of the prescription price. I feel this is unfair. Employers and or insurance premiums are collected on the basis of single coverage or family coverage. There is no discount of premiums to the insured if they happen to be fortunate enough to have another family member that is capable of having a job that pays benefits for single coverage or family coverage. They (the 2nd insurance company) has collected full insurance premium. Currently, the insurance coverage still double covers for all applicable Doctor, hospital, ET. Al., health care expenses, but some are beginning to exclude for pharmacy expenses... why has pharmacy been excluded. We, pharmacy,

don't want to be excluded. If pharmacy expenses are excluded, there would be a basis for a class action suit, to re-bate premiums to the consumer (to the tune of 8-14% of total health care dollars spent, which is approximately the amount of dollars paid out to pay for prescription care in this nation since the 1960's). This represents a raise to the 2nd insurance company of 8-14% of un-paid benefits, plus because of the Sherman Anti-Trust Act Exclusion and State regulations which guarantees at least a 7% return on investment, represents a 100% raise in profits to the insurance industry. The State should not allow these kinds of practices to exist in this state. This should not be the pharmacist fight, but a fight for the consumers of this state and for this nation.

Speaking of fights, let me speak for the pharmacists for a change. Pharmacists, have over the years have not spoken up for themselves, they have let "the bean counts" of their bosses (big corporate business) or insurance companies and insurance plans speak for them. I have watched over the years when pricing was, (cost times 3) (i.e. \$1.00 cost x 3 = \$3.00 retail) in the early 1970's, Mid - late 70's was (cost + 20% + \$4.95), Mid 80's (whole sale cost + 3.75), 90's (wholesale cost - 5% + \$3.50) Now (cost - 10% + either \$2.75 or \$1.50). We have taken only what we are given a fair price or no. Hmm lets see, if we take prices like this how do we make any money to stay in business? Where does the money come from to pay staff, lights, heat, rent, finance of inventory, computer costs and labels and vials? Where does it get cost shifted to the groceries, meat department, hardware, produce, can goods, cereal? Is that fair? Or should we be honest and have the public and insurance companies pay an honest amount for what we get. What is the value of having that pharmacist there to explain the medication to you? What is the value of the pharmacist to look out for your best interest? **Your neighborhood pharmacist has taken it in to shorts for the public over the past 3 decades, absorbing the rising costs of health care by taking lower and lower margins.** If the public doesn't turn around and start supporting the pharmacist and local pharmacies, you will soon see prescriptions via an ATM vending machine. Just imagine asking an ATM machine, can my child take ibuprofen or Vicks cough and cold for a fever, what can I put on my child's or grandmother's rash, or what do I do about my mother's swollen legs or chronic cough, or a tooth ache at 8PM on Saturday night. What is the value of your community pharmacist shouldn't you pay for some of this? Is he or she worth only \$1.50, maybe \$2.75 minus 10%? We need to address this issue, but like doctors we are prevented by the insurance industry and the Sherman Anti-Trust Act to resolve this problem, The legislative work done last year on behalf of the physicians would go a long way to help solve this problem to be included or added to that legislation would be nice, paying for pharmacist time as a billable health care item would be of great help also. Showing that pharmacists are valuable members in the health care system. Ask the people with out pharmacies in their communities, Nenana, Delta Junction, Tok, Healy, Anderson, Central, Husna. Would they value having a pharmacist in their community? What is the pharmacist worth? Pharmacists are valuable and should be recognized as a billable health care item.

Lastly, to address your concerns, Representative Fate, The prescriber not the insurance company should be the head of the health care team. The insurance company has not earned an MD, DDS, OD, Optometry, ANP or PAC degree. The prescriber should determine how much a patient can or cannot have. In Alaska, I have a patient that

lives 90 miles from the highway system, by snow mobile and or ATM/boat depending on the season. She gets in once may be twice a year, her insurance does allow for 90 days, but it would be better if 6-9 months could be provided for her. It is difficult to ship to Tok and be assured that the shipment stays indoors (so it doesn't freeze) that she picks it up and transport it so it doesn't freeze (over 90 miles). With sensitive items like thyroid medication, and estrogens. Exceptions should be written into the laws. I have someone in Nome, who works for the State, but because she is not native cannot get things through public health (they don't stock what she needs anyways and are not willing to stock such items for her). Relies on us to ship to her prescriptions. She recently like yourself was down graded from a 90-day supply to 30days and back to 90 days. Since, this experience she likes our services and plans to continue with us, but this shouldn't have had to be this way to begin with, I have people in Healy, Cantwell, Anderson also who are unhappy with their insurances going to 30days from 90 days, wanting them to shuffle their business out of State. Please help me, and the residents of Alaska. Protect us from the insurance companies and the employers who purchase stupid plans; protect us from those administrators who want to look good and short sightedly shoot businesses in the foot. Who pays for state government, municipal government school government? Who donates money to these organizations? Perhaps, we should stop giving, voting yes on bond issues, donating to University programs, sports events. Business and public entities need to cooperate and work hand in hand. It is best when there can be synergism and leverage between public and private funding, but each must give the other what it needs to survive and grow. They cannot do each other's job, and they should not hinder each other. Public government should support private business, pave the way and provide infrastructure for private business to do their business and be successful, safely. The Public and Private business should pay adequate taxes (income taxes and sales taxes) to help public government do their job.

My apologies for such a long letter,

Sincerely Yours,

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FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SS HB 282
 () Publish Date: _____

Revision Date/Time _____ Dept. Affected: Administration
 Title An act relating to prescription drug BRU Centralized Administrative Services
benefits Component Retirement & Benefits
 Sponsor Representative Coghill
 Requester House Labor & Commerce Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill implements three new provisions:

* requires health plans to offer the same prescription drug benefits at both retail locations and through mail order. Both copay amounts and supply limits must be the same,

* prohibits a health plan from imposing a penalty on a pharmacist for filling a prescription if they had received prior approval to fill; and

* prohibits a health plan from limiting the supply amount to something less than that prescribed by the physician.

The State's active employee (Select Benefits) and retiree plans currently offer an incentive to use mail order pharmacies. However, this legislation applies to health care plans *sold* in the group market and will not apply to the State plans.

Prepared by: Guy Bell, Director Phone 465-2292
 Division Retirement & Benefits Date/Time 4/10/02 1:34 PM
 Approved by: Jim Duncan, Commissioner Date 4/10/2002
 Agency Department of Administration

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SS HB 282
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title An Act relating to prescription drug benefits BRU Insurance (116)
under a group health care insurance plan Component Insurance Operations
 Sponsor Representative Coghill
 Requester House Labor & Commerce Component No. 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 GF Receipt Supported Services						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on this component.

Prepared by: Robert A. Lohr, Director
 Division: Insurance
 Approved by: Deborah B. Sedwick, Commissioner
 Agency: Department of Community & Economic Development

Phone 907-269-7900
 Date/Time 4/11/02 3:57 PM
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April 12, 2002

Madam Chairman and members of the House Labor and Commerce Committee, my name is Nicole Salinas, and I am part of Aetna's National account team responsible for the State of Alaska. Thank you for the opportunity to testify on HB 282 via teleconference this afternoon.

Aetna opposes HB 282 because it is designed to take away any incentives for insured Alaskans to use mail order as a means of purchasing maintenance prescription drugs.

The use of mail order benefits consumers by providing prescription drugs at a lower cost than could be obtained at local pharmacies. While our customers have their choice of purchasing drugs locally or by mail order, prescription plans are often set up with a differential in co-payment (the amount the covered individual pays out of pocket for the prescription) and a differential in quantity limits. Without these differentials, there would be very little incentive for individuals to use mail order, except for the convenience of receiving drugs at their homes. The result of the bill would be more business and profits to local pharmacies but at a substantially higher cost to the insurance plan, and therefore to the employer groups.

Today, drugs represent the component of health care costs which is increasing at the highest rate both nationwide and in Alaska. Aetna and other insurers do their best to mitigate this cost increase by using their national purchasing power to negotiate favorable financial discount arrangements with large pharmaceutical companies like Express Scripts, Walgreen's, or Wal-Mart to provide maintenance drugs at the lower cost than could be obtained by individual employer groups.

In the case of self-insured customers like the State of Alaska, these savings are passed back in the form of rebates. In fully insured customers, these rebates are used to offset premium increases. It is beneficial to have a mail order benefit feature to generate savings as part of an insurance plan offering.

Section 1 of the bill effectively eliminates any incentive for customers to use mail order.

Section 2 is not a problem if it is amended to include an exception where the pharmacy did not provide accurate information when filing a claim.

Section 3 would require an insurer to pay for any quantity of drugs contained in a prescription. Reasonable time limits are appropriate for both mail order and locally filled prescriptions. This is to prevent stockpiling, waste, cost inefficiencies, and illegal distribution to others.

Pharmacists in Alaska currently fill approximately 87% of drugs covered under insurance plans. We make special arrangements to allow pharmacists in rural communities to receive reasonable compensation from Aetna for the service they provide to our customers. To increase the pharmacist's business to 100% will result in significant cost increases to Alaskans for their prescription drug coverage. We urge committee members to oppose the bill as currently drafted.

Thank you. I am available to answer any questions.

Nicole C. Salinas
Account Executive

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Prescription Drug Costs Are Increasing: We Need Your Help!

Pat Wellington
PERS Board Chair



We have all seen the headlines and read the stories about the increased costs of prescription medicines. The good news for PERS retirees is we have a generous prescription drug program (*low co-pays and no requirement to purchase specific drugs.*)

However, increased costs are impacting our plan. Our average cost of prescription drugs per retiree per month was \$27 in 1990; in 10 years that cost increased to \$119 per retiree. That's an average increase of 16% per year. Prescription drugs now cost our medical plan over \$37 million a year!

Some of the reasons for increased costs include:

- More patients are using more drugs for longer periods of time.
- Newer drugs cost more to develop and bring to the market.
- We are aging (I hate to admit that includes *me*) and more of

our conditions are treatable with drugs

- Consumer advertising creates consumer demand. (*Drug companies spent \$15.7 billion convincing us to buy their products in 2000.*)

Why Should You Help Reduce Costs To The Plan

I suppose we all ask the question: "What's in it for me?" Really, what we all ought to be concerned with is the long-term viability of the Public Employees' Retirement System Fund. Higher medical costs lead to higher rates. It is really up to all of us to preserve this wonderful plan for future generations.

What You Can Do

- Take your Prescription Drug Formulary Booklet to doctor's visits (a new one will be sent out in early 2002). The formulary booklet shows equivalent drugs that may be less expensive to the plan.

- Ask your doctor to prescribe generic or low-cost brand name drugs (remember your copayment may be lower for generic drugs—saving you money!)
- View media ads with a critical eye.
- Use mail order whenever possible.

Did you know that generic drugs have exactly the same active ingredients as their higher-cost brand-name equivalents? The only difference is in the inactive ingredients!

The Best Medicine

Did you know the medicinal value of laughter has been well established? Besides making those around you feel good, it can improve your immune system, enhance blood circulation, speed up tissue healing, and reduce stress. So laugh a lot!

2002 Board Meetings

Board meetings are open to the public. Dates are subject to change so please contact the Division to verify meeting dates.

The Public Employees' Retirement Board and the Alaska State Pension Investment Board announce the following public meetings.

Meeting dates are also published on the web at www.state.ak.us/drb—click on Boards.

February 4 – 6	Anchorage	PERS Appeal Meeting
March 18 – 19	Anchorage	PERS Business/Appeal Meeting
March 21 – 22	Anchorage	PERS/TRS/ASPIB Joint Meeting
May 14 – 16	Anchorage	PERS Appeal Meeting

PERS Retirement Planning Seminars

Be sure to preregister for all seminars

The PERS Retirement Planning Seminar will cover the various subjects a person needs to prepare for an upcoming retirement, including vesting, retirement eligibility, possible service credits, benefit options, retiree health insurance, and the forms needed to retire

For a schedule of seminars near you, please contact your regional counselor

Anchorage Seminars

New PERS Employee

January 16, 2002

Retirement Planning

January 30, 2002

Seminars will be held in Anchorage at the Atwood Building, 550 W 7th Ave. 12th floor Conference Room, Room 1270. All Anchorage seminars will take place from 1 – 3 p.m.

Juneau Seminar

Retirement Planning

January 10, 2002; 1:30 – 3:30 p.m.
Hugh Malone Board Room,
Alaska Permanent Fund
Corporation, Goldbelt Building,
801 W 10th St., third floor.

For more information about these seminars, please call the Anchorage Field Office at (907) 269-0333 or the Juneau Main Office at (907) 465-5698



Health Insurance Association of America

April 11, 2002

The Honorable Lisa Murkowski
Chair, House Labor and Commerce Committee
Alaska House of Representatives
Alaska State Capitol
Juneau, AK 99801-1182

Chair Murkowski:

This letter pertains to HB 282, concerning prescription drug benefits under a group health insurance plan, on behalf of the Health Insurance Association of America (HIAA). HIAA is the nation's most prominent trade association representing the private health care system. Its 294 members provide health, long-term care, dental, disability, and supplemental coverage to more than 123 million Americans. We represent many of the health insurance companies which would be subject to this legislation.

HIAA has significant concerns with this legislation since it removes the incentives to utilize mail order purchases of prescription drugs and to achieve the potential cost savings associated with mail order. According to the Kaiser Foundation, Alaska leads the nation in average price of retail prescriptions at \$55.56. HIAA does not believe that HB 282 addresses this statistic and the legislation will not reduce the price of prescription drugs. In fact, HB 282 will increase the price of prescription drugs for Alaskan residents.

The use of mail order provides consumers with the ability to reduce the prescription drug costs by obtaining those drugs at a significantly lower prices than if they were purchased at a local pharmacy. Although the insured has the option to purchase the prescription drugs at a local pharmacy or through mail order, HIAA member companies often establish copayment and limit differentials. The only incentive to use mail order without these differentials would be to receive prescription drugs at home. The net result to the insured would be higher costs (or the lack of ability to achieve cost reductions) and the corresponding increased profits to the local pharmacist community.

Thank you for considering our concerns with HB 282. If you have any questions, please contact me at 202.824.1708 or at jtindall@hiala.org.

Sincerely,

Jeffrey E. Tindall
Legislative Director

cc: Reed Stoops

**Average Price of Retail Prescriptions in Dollars,
2000**

Rank	State	\$
	United States	45.43
1	Alaska	55.56
2	New Jersey	53.81
3	District of Columbia	52.88
4	New York	52.84
5	Maryland	51.47
6	Minnesota	50.72
7	Florida	49.43
8	Delaware	48.91
9	Connecticut	48.66
10	Maine	48.00
11	Wisconsin	47.53
12	Massachusetts	47.46
13	Washington	46.43
14	Texas	46.20
15	Pennsylvania	46.11
16	Michigan	45.91
17	Missouri	45.07
18	Illinois	45.05
19	Nebraska	44.93
20	Vermont	44.78
21	Arizona	44.63
22	Virginia	44.47
23	North Carolina	44.41
24	Idaho	44.40
25	California	44.04
26	Colorado	43.46
27	Nevada	43.38
28	Oklahoma	43.35
29	North Dakota	43.24
30	Utah	43.04
31	Indiana	42.94
32	South Carolina	42.83
33	New Hampshire	42.68
34	Montana	42.51
35	Kansas	42.40
36	New Mexico	42.39
37	Oregon	42.19
38	Ohio	42.18
39	Rhode Island	42.13
40	Louisiana	42.06
41	Mississippi	41.76
42	Wyoming	41.69
43	Iowa	41.62
44	Georgia	41.05
45	Hawaii	40.81
46	Kentucky	40.75
47	South Dakota	40.29
48	Tennessee	39.96
49	West Virginia	39.90
50	Arkansas	38.75
51	Alabama	37.99
NR	Guam	NA ¹
NR	Puerto Rico	NA ¹
NR	Virgin Islands	NA ¹
NR	Residence Unknown	NA

HB

290

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS.

JUDICIARY COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

website: <http://www.akrepublicans.org/Rokeberg.htm>



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718 WEST 4TH AVENUE, SUITE 350
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

SPONSOR STATEMENT

HB 290

An Act relating to membership in the Comprehensive Health Insurance Association

House Bill 290 would expand the base of entities paying into the Alaska Comprehensive Health Insurance Association ("ACHIA") and would include the State of Alaska an entity paying into that association.

ACHIA was established to provide access to health insurance to all residents of the state who are unable to find or are denied health insurance or who are considered uninsurable. It is also the coverage available to those federally eligible individuals under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The plan was first implemented in 1993 and is funded through premiums collected from insureds and assessments received from health insurers transacting business in Alaska. Prior to the time that the State of Alaska went to a self-insured status, the State was also a participant in providing funds to ACHIA (through assessments received from its health insurer). The effect of the Knowles' Administration's decision not to stay in ACHIA was to reduce ACHIA's funding by approximately \$400,000 per year.

House Bill 290 would require that to the extent permitted by federal law, all self-insured employers who offer major medical coverage on an expense incurred basis to employees would be a contributing entity to ACHIA. Additionally, the legislation mandates that the State of Alaska, self-insured or not, again participate in ACHIA.

At the end of December 2000, there were 395 insured individuals participating in ACHIA. As the insurer of last resort, it is necessary that we make sure that ACHIA remains viable and in place. During 2000, over \$2 million was collected in assessments from ACHIA members (those companies or entities who do business in Alaska and pay into ACHIA) and over \$1 million was collected in premiums from insured individuals. ACHIA paid out over \$3.9 million in claims expenses in that same year.

I urge your support of this legislation.

ED1:12/31/01

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

JUDICIARY COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

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Representative Norman Rokeberg

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

SECTIONAL ANALYSIS

HB 290

An Act relating to membership in the Comprehensive Health Insurance Association

Section 1: Adds, to the extent permitted under federal law, self-insureds to the entities paying assessments to the Alaska Comprehensive Health Insurance Association ("ACHIA"). Adds the State of Alaska to entities paying assessments to ACHIA.

ED 1:01/23/01

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

JUDICIARY COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

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Representative Norman Rokeberg

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FACTS OF INTEREST – HB 290 INSURANCE

Prepared by Rep. Norman Rokeberg

- 1. ERISA:** There has been considerable litigation over the application of the ERISA preemption provision. Some courts have held that even private, self-insured benefit plans are subject to state laws regulating insurance. Therefore, it is possible that even private self-insured health care plans would have to participate in the State health care plan as contemplated by this draft. [Note: referring to what is now HB 290] See Northern Groups Services, Inc., v. Auto Owners, Ins. Co., 833 F.2d 85 (6th Cir. Mich. 1987) [Memorandum to Rep. Norman Rokeberg from Mike Ford, Legislative Counsel, October 26, 2001]
- 2. ACHIA average premium:** The average under the old premium rates [2000] excluding Medicare plans is \$352.31 based on yearend 2000 inforce data. The average under the new premium rates is \$426.77 based on yearend 2000 inforce data. . . . it is important to remember that most people have rather high deductibles. At yearend 2000, the \$1,500 deductible plan was the most popular plan followed by the \$5,000 deductible plan. There were almost as many \$10,000 deductible policies as there were \$500 deductible policies. It should also be noted that after the changes that were made effective February 1 of this year, the lowest deductible is \$1,000. [E-mail from Cecil Bykerk, Chair, ACHIA, to Janet Seitz of Rep. Rokeberg's office, January 9, 2002]
- 3. Insurance Providers:** In 2000, 1,068 companies were licensed to offer insurance in Alaska; 454 were licensed to offer health insurance, although not every one did. Companies wrote 43,326 individual and group comprehensive health insurance policies, and collected \$257,162,977 in health insurance premiums. [Legislative Research, December 17, 2001]
- 4. Insurance Providers:** In 2000, one insurer writes almost 90% of *individual* health insurance in Alaska and one other insurer writes about 9%. In 2000, three insurers write over 85% of *small employer* [50 or less employees] health insurance in Alaska. [Bob Lohr, Director, Division of Insurance, in November 9, 2001 presentation to Senate Health Education and Social Service Subcommittee on Health Care and Welfare]
- 5. Uninsured Alaskans:** Latest US Census Bureau survey data shows number of uninsured in Alaska is growing (at 19% in 2000) [Bob Lohr, November 9, 2001]



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Comprehensive
Health
Insurance
Association
P.O. Box 240723
Anchorage, AK 99524-0723

Directors:
Cecil Bykerk (Chairperson)
Ross Blaker
Sandra Cole
Jeff Davis
Chester Lozowski
Mark Wernicke
Katherine Campbell (Ex-Officio)

December 6, 2001

The Honorable Norman Rokeberg
House of Representatives
716 West 4th Avenue, Ste 640
Anchorage, AK 99501-2133

The Honorable Norman Rokeberg:

It is with great pleasure that I am forwarding the enclosed copy of the Alaska Comprehensive Health Insurance Association (ACHIA) 2000 Report. While the Report indicates that the number of individuals covered continues to grow which is good, it also shows that the assessment burden carried by the health insurers in the state continues to grow as well and that is bad. While the initial effect of the increasing assessment burden is carried by the health insurers doing business in the state, that effect, i.e., increased cost, is passed on to those individuals who are insured by those carriers. While the Board is continuing its efforts to hold costs in line by implementing changes allowed by the 1999 legislation amending A.S. 21.55, increasing health care costs in general limit what the Board can do to bring these costs under control. In addition, the assessment base, i.e., health insurance premiums in Alaska, continues to shrink or at least not keep pace with the ACHIA claims. As the assessment percentage becomes larger, it increases the premiums that individuals pay for insured major medical plans. If this trend continues individuals will drop coverage due to high premium levels resulting in an increased number of uninsureds in the state. The Board stands ready to enter into discussions with you regarding possible ways to address this issue.

The Board is composed of five representatives from the top health insurers in Alaska and two consumer members. The Board has spent many hours of [basically] volunteer time managing this program. Several of us have been with the Board since it was formed in late 1992. We have a passion to make it work the best that it can for the citizens of Alaska. Over the years the Division of Insurance has worked closely with the Board. The Board is appreciative of the assistance that the Division gives it in administering the program.

The Board continues to be enthused about the potential for ACHIA and what it can do for the people of Alaska. Please feel free to contact any of the board members listed in the Annual Report if you would like to discuss the ACHIA Annual Report or any other issues relating to ACHIA including possible solutions to the impact on ACHIA of increasing health care costs in Alaska. Also, if the board can be of any assistance to you in providing testimony at hearings, please let us know. My telephone number is (402) 351-2534. My fax is (402) 351-5944 and my e-mail is cecil.bykerk@mutualofomaha.com.

Sincerely,



Cecil D. Bykerk, FSA, MAAA
Chair, Comprehensive Health Insurance Association

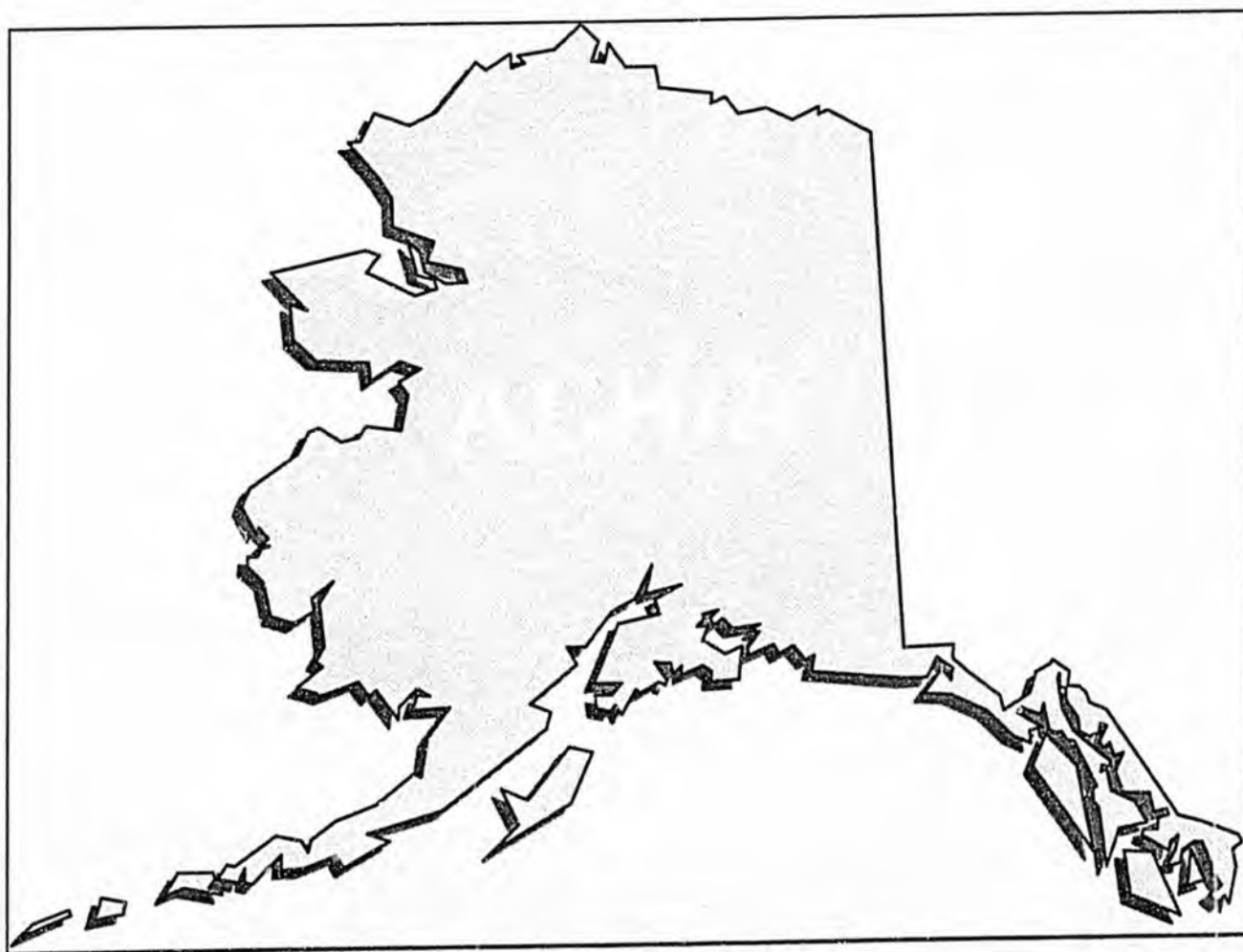
cc: Director Robert Lohr

Attachments

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ANNUAL REPORT
OF
ALASKA COMPREHENSIVE
HEALTH INSURANCE ASSOCIATION

JANUARY 1, 2000 - DECEMBER 31, 2000



ACHIA ANNUAL REPORT

Introduction

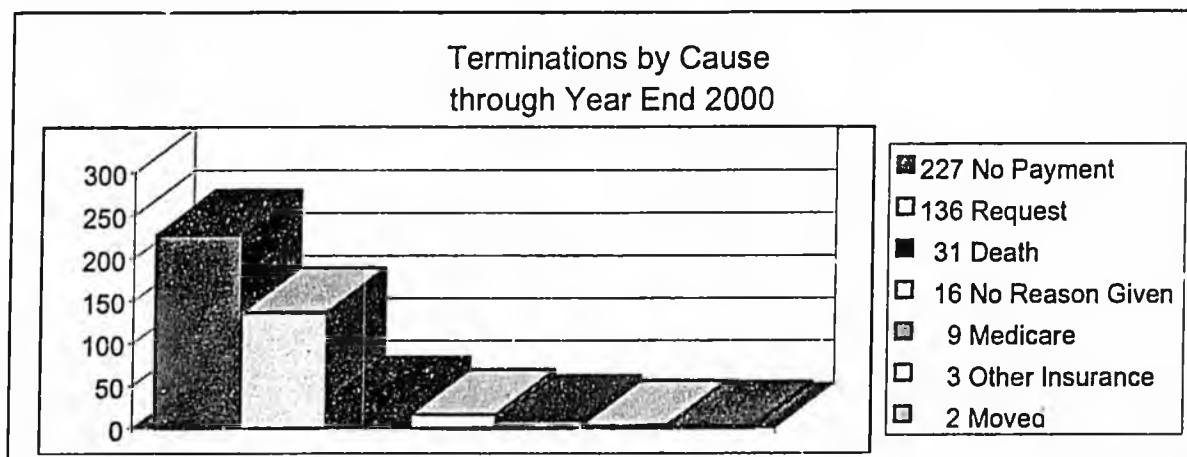
The Alaska Comprehensive Health Insurance Association (ACHIA) was established by the Alaska Legislature to provide access to health insurance to all residents of the state who are unable to find or are denied health insurance or who are considered uninsurable. During 1997, legislation was passed that also made ACHIA coverage available to individuals who are considered 'federally eligible individuals' under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Additional legislation was passed in 1999 which allowed the introduction of Preferred Provider (PPO) discount plans.

ACHIA is a nonprofit incorporated legal entity established under the provisions of Alaska Statute Title 21, Chapter 55, and is exempt from the payment of fees and taxes levied by the state or any of its political subdivisions except taxes levied on real or personal property. The Plan is governed by a Board of Directors composed of seven individuals. Five Board members represent participating member companies of the association approved by the Director of the Division of Insurance and two are consumers selected by the Director of the Division of Insurance. The Director of insurance or the Director's designee serves as a nonvoting ex-officio member of the Board.

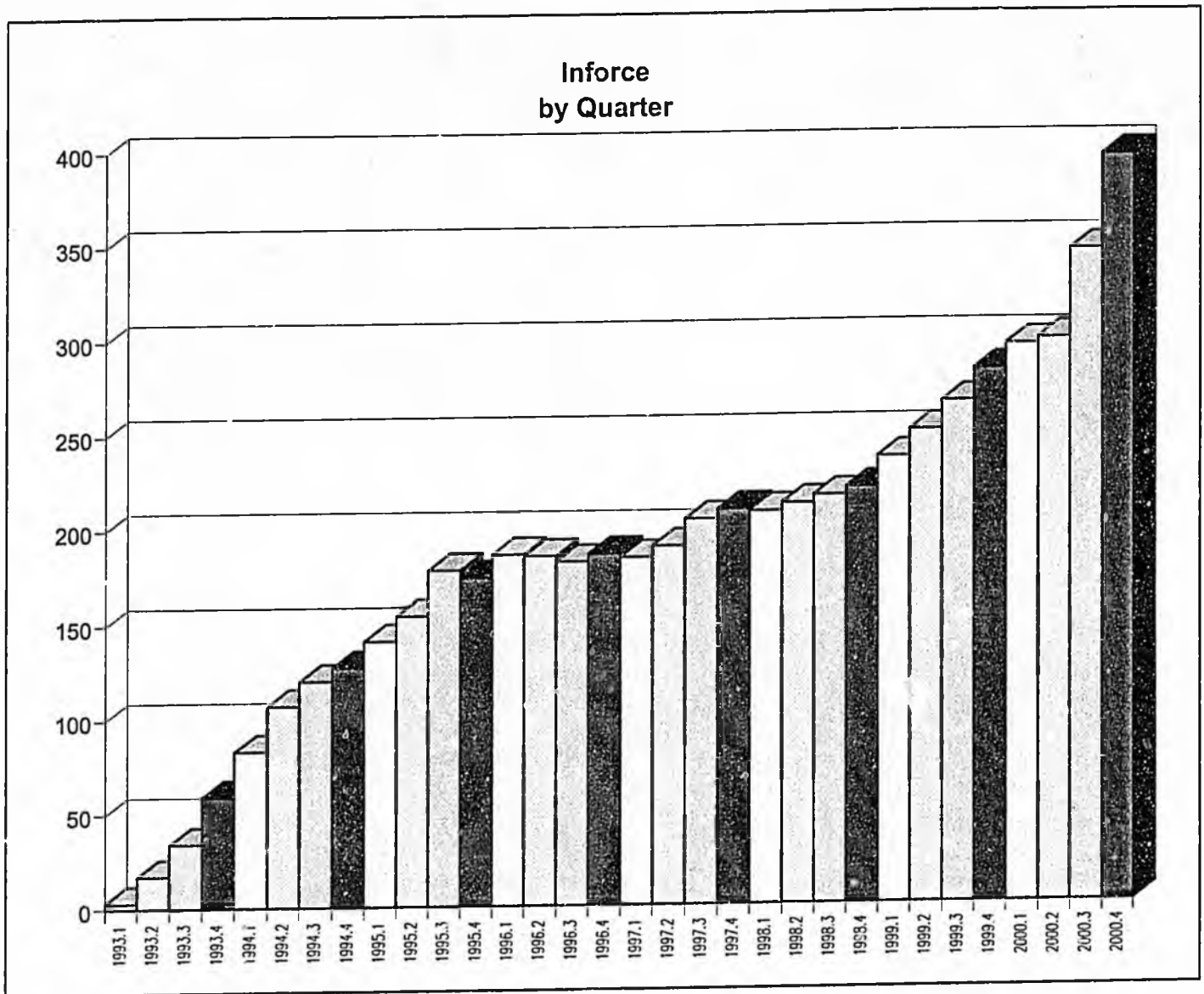
Since the implementation date of the Plan, January 1, 1993, Aetna Insurance Company has served as the administrator of the Plan. As such Aetna processes applications for coverage under the plan, collects premium, pays claims on behalf of the association and performs other administrative functions as provided in the administrative contract.

The Plan is funded through premiums collected from insureds and assessments received from health insurers transacting business in Alaska.

At the beginning of 2000, there were 235 insureds on the plan. As of December 31, 2000, there were 395 insureds. (This number includes individuals in their grace period who may ultimately lapse.) During the year, there were 182 new issues and 22 terminations. Terminations were due to many reasons including the 1993 Alaska Small Group Reform law and insureds leaving the state. Since inception, 424 terminations have occurred. The following chart shows the distribution for reason for termination.

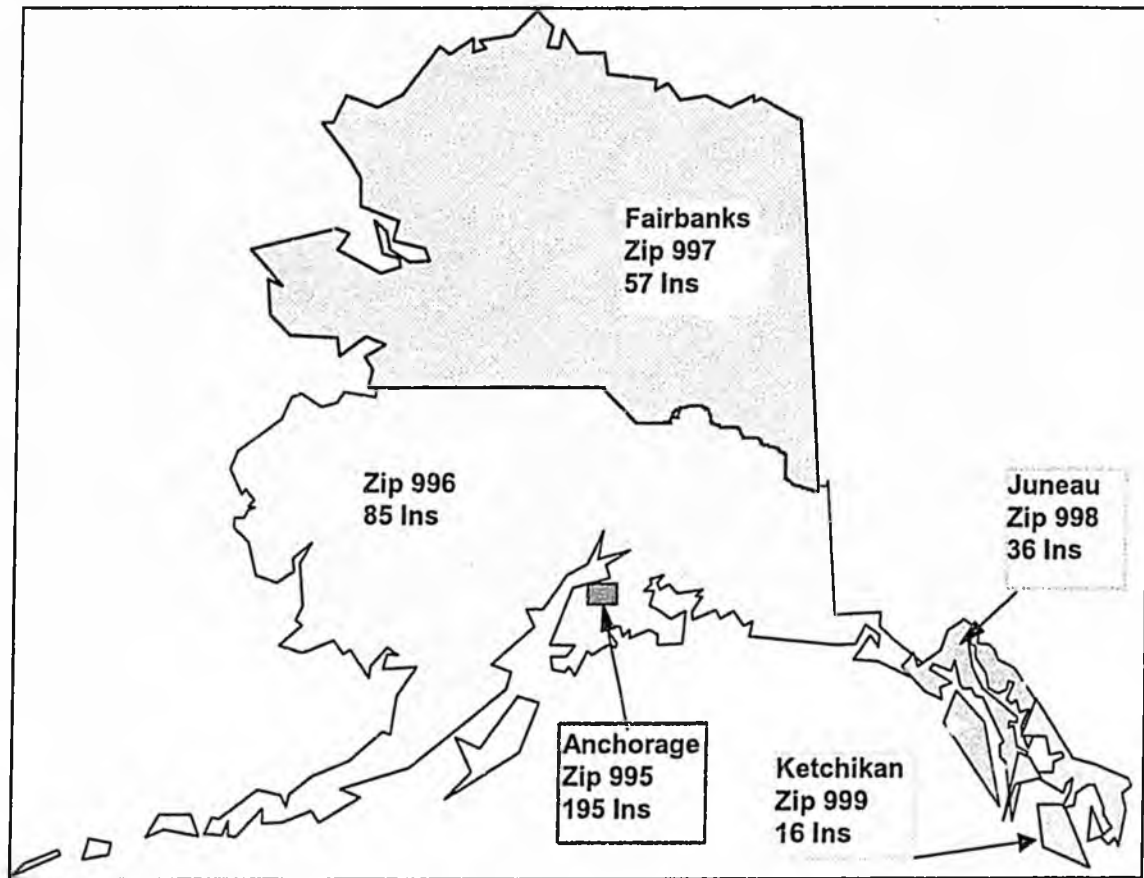


In 2000, 182 policies were issued. 160 of these policies were still inforce and active on December 31, 2000.



Historical inforce counts reported in the current annual report are lower than historical inforce counts reported in previous annual reports. The reduction in counts came from more completely reported terminations of insureds in the current data than had been reported in previous years. Such differences are largely due to grace periods.

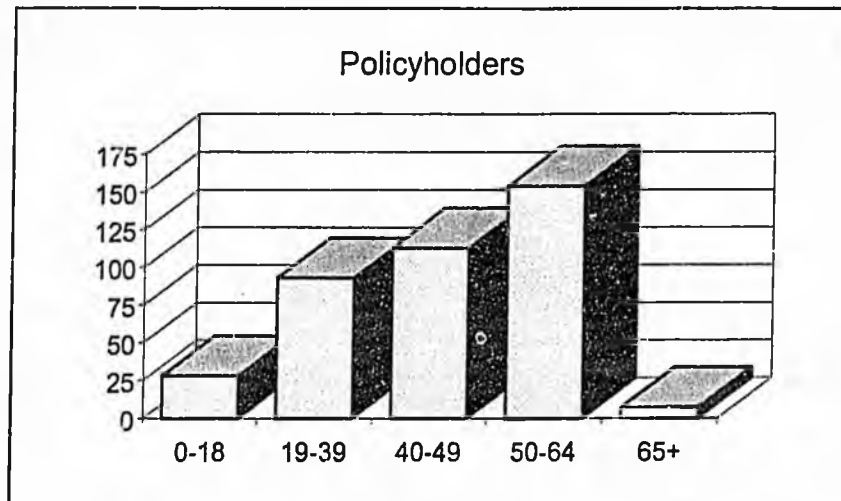
ACTIVE POLICYHOLDERS BY GEOGRAPHIC AREA



Note: Six Billing Addresses are Outside Alaska

Policyholders by
Issue Age at
Year End 2000

Ages	<u>0-18</u>	<u>19-39</u>	<u>40-49</u>	<u>50-64</u>	<u>65+</u>
	28	93	113	154	7



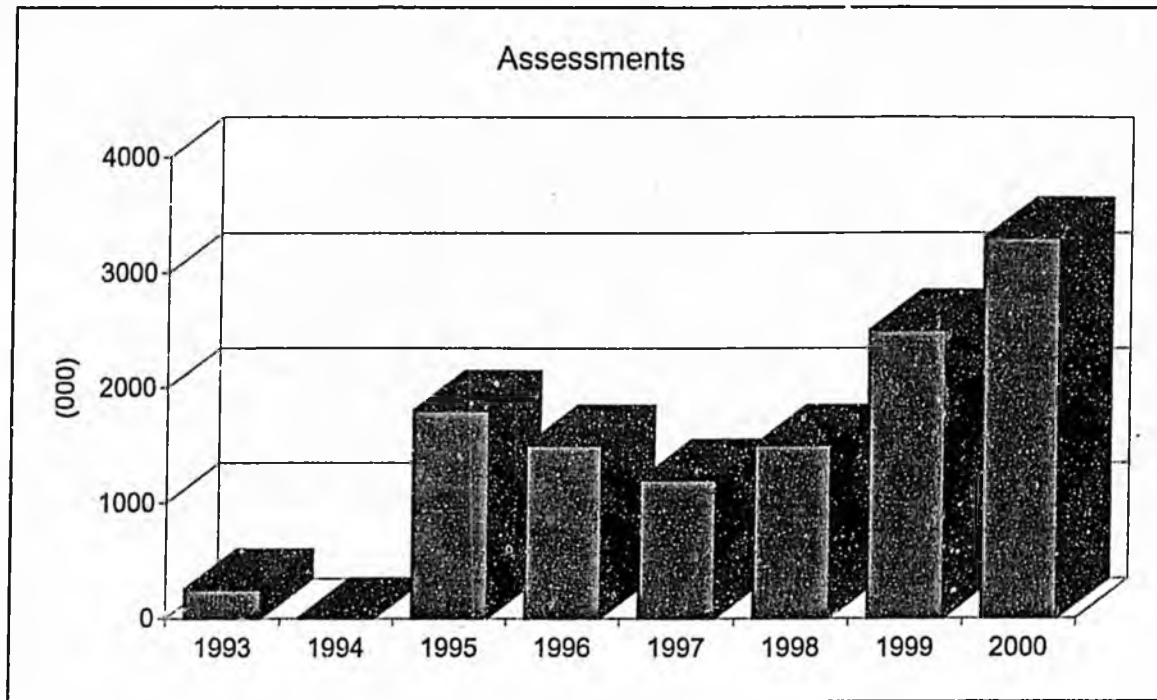
Observations & Recommendations

During 2000, the number of policyholders covered by ACHIA continued to increase ending the year with 395 individuals covered up some 160 from yearend 1999. At the same time, incurred claims climbed from \$2,943,692 in 1999 to \$3,963,682 in 2000. This \$1 million increase in claims matched the increase in claims from 1998 to 1999. However, the number of participants increased very rapidly during the second half of 2000. A review of previous experience in the pool suggests that the pool may experience an even greater increase in claims during 2001 and 2002.

Expected reasons for increased claim levels include the expiration of pre-existing condition limits as well as the initial behavioral changes that result when someone who has not had health insurance coverage for some period of time, obtains coverage and sees physicians for long standing conditions. This is exacerbated in the case of non-HIPAA individuals who are eligible for ACHIA coverage since they must prove that they have significant health conditions in order to participate. While 1999 was marked by several very large individual claims including one transplant case that totaled \$587,000 and six others of over \$100,000 each, 2000 was marked by heavy costs for prescription drugs including monthly chemotherapy costs as well as ongoing clotting factor for policyholders who suffer from hemophilia.

During 2000 the assessment rate reached a level that was about 1.5% of premium. When compared to other high risk pools around the country, this level stands out as being extremely high. Historically, the upward trend of the assessments is obvious from the table below. It should be noted that during the early years of the program the Board's ability to anticipate the needed assessment amount caused some irregular assessment patterns. In more recent years, the Board has attempted to allocate the

assessments by accounting methodology to the appropriate year of need. The table uses those allocations beginning in 1997. For 1993 through 1996, the actual assessed amounts are used except that \$1,200,000 of the 1996 assessment is allocated to 1997.



<u>Assessment Year</u>	<u>Assessment Amount</u>	<u>Allocated Amount</u>
1993	\$ 250,000	\$ N/A
1994	0	N/A
1995	1,800,000	N/A
1996	2,700,000	N/A
1997	0	1,200,000
1998	2,500,000	1,200,000
1999	1,500,000	2,500,000
2000	3,300,000	3,300,000

Given the characteristics of the Alaska insurance market it is important to consider other possible funding sources. If a broader base of funding can not be achieved, the burden on the insured marketplace will begin to have a negative impact on the ability of individuals to afford coverage. At the current time, it is extremely difficult if not impossible to derive any funding support from the self-insured market. While premiums do support some of the cost, the loss ratio (claims divided by premiums) in 2000 exceeded 300%. The Board raised premiums July 1, 2000 and are planning on be raising them again January 1, 2002. But premiums can only do so much. Individuals can only afford so much. As is stated elsewhere in this report, this pool was never intended to be self-supporting. If it could be, then the private market would be able to price and sell products to these individuals.

High risk pool legislation across the country was never intended to result in an insurance operation that was self sustaining and Alaska is no exception. Legislative history indicates that this fact was discussed during the deliberations of the Alaska legislation. At times, the poor claim to premium ratio (loss ratio) of the pool has been very distressing to everyone connected with the pool, particularly those not familiar with this type of legislation. But, high risk pools were developed to cover individuals who have been deemed to be essentially uninsurable by insurance carriers. If actuarially sound premiums could be developed for these individuals, insurance carriers would sell them appropriately priced coverage and a high risk pool would be unnecessary.

However, in order to prevent the premium charged from getting too high, a maximum premium was established by statute. This maximum premium is developed by obtaining the average standard risk premium rates of the top 5 carriers in the state and multiplying that average by 2.00. The Board initially set the premiums at 1.75 times that average, which is less than the maximum allowed. The Board chose to set the premium at 1.75 rather than 2.00 because they felt that the 200% level would be too high to be affordable. In adjusting premium rates in 2000, the Board decided to further reduce the target ratio to 1.50. This decision was made in an effort to balance the cost of the plan with the ability of people to pay. Consideration was also given to what other state high risk pools target.

Over the eight years that ACHIA has existed, the Board has used several strategies in an effort to manage ACHIA's financial condition. These include (1) implementation of higher deductible/out-of-pocket maximum plans that are priced at lower rates and encourage individuals to manage their costs better, (2) hiring of a case manager to help control costs while achieving better care for the individuals, (3) raising the premium levels to offset inflation, (4) requiring, in cooperation with the Administrator, better and more timely financial reports with which to monitor the plan, (5) establishment of more efficient and appropriate assessment procedures and (6) development of a PPO plan that will take advantage of hospital discounts. This later approach required legislation which was enacted during 1999.

During 2000, the Board developed PPO plans which were implemented on January 1, 2001. The \$500 deductible plan remains a straight indemnity plan with an 80/20 coinsurance level for all covered benefits over the \$500 up to the out-of-pocket maximum of \$2000. All other non-Medicare related plans are now on a PPO basis with in-network benefits covered at the 80/20 level while out-of-network benefits are 60/40 up to the out-of-pocket maximum. It is too early to tell what impact these plans will have on the experience, but only 28 people decided to retain the \$500 plan. Also, following a great deal of input from the consumer representatives on the Board as well as policyholders that are Medicare eligible, the Board implemented a Medicare Carveout plan during 2000. This product better meets the needs of individuals who want to have better prescription drug coverage within their plan but are frustrated by the fact that Medicare does not currently provide such on an outpatient basis. At the end of 2000, 8 individuals had selected the plan compared to 8 on Plan A and 3 on Plan I of the Medicare Supplement products.

In summary, the Board feels that ACHIA has served a useful purpose to the citizens of Alaska. With the HIPAA legislation, ACHIA has provided a vehicle which will allow the

private insurers continued flexibility to provide private health insurance to the citizens of Alaska as well as allow them to help fund ACHIA. The ACHIA Board has revised the Plan of Operation, application, contracts and other support information during 2000 and early 2001. As the Board looks forward in 2001 and beyond, it continues to strive to balance a plan that provides coverage for some who are most in need while keeping it somewhat affordable without competing with the private marketplace which is funding its shortfall through assessments. Board seeks input, dialogue and suggestions from the policyholders, the public, the insurance industry, legislators and others who are interested in reducing the number of uninsured in the State of Alaska.

Note: For a more extensive history of ACHIA prior to 2000 please see the 1999 Annual Report that is available on www.achia.com or from the Chair.

What are the Benefits?

The lifetime maximum benefit is \$1,000,000 for all injuries and sicknesses combined. The Plan provides benefits which include inpatient and outpatient hospital care, office visits, surgery and anesthesia, x-ray and lab, radiation and chemotherapy, ambulance, oxygen, durable medical equipment, prosthetics, home health care, mammography, hospice services, prescription drugs, phenylketonuria treatment, treatment for complications of pregnancy, mental or nervous, alcoholism and drug abuse.

What Is Not Covered?

The following is a brief list of expenses not covered under the Plan and may not reflect the full extent of the policy limitations: services that are not medically necessary, well baby care, eyeglasses, contact lenses, hearing aids, dental care, acupuncture therapy, routine physical or preventive exams, normal pregnancy, TMJ, any treatment of obesity, experimental procedures (including related services, drugs and other supplies), and reconstructive or cosmetic surgery.

Does a Waiting Period Apply?

The Plan will not cover expenses incurred during the first six months after the policy date for a preexisting condition. Payments will be in accordance with the provisions of the policy, however, if the person had coverage under another medical plan which was involuntarily terminated and coverage is applied for under ACHIA within 31 days after such involuntary termination, the preexisting condition waiting period will apply only to the excess, if any, of six months over the time coverage was in force under the prior plan. Additionally, 'federally eligible individuals' under the HIPAA legislation will have all waiting periods and preexisting condition limitations waived provided they apply for ACHIA coverage within 90 days after coverage under an employer-sponsored group.

Who Is Eligible?

Any person is eligible for the ACHIA plan if he or she:

- *is not currently covered by any other health plan or health insurance policy;
- *is not eligible for coverage under AS 21.56, Small Employer Health Reform;
- *has been a resident for the past 12 months and continues to be a resident of Alaska; **and** *at least one of the following:

- has received from one health insurers notice of rejection for health insurance dated within the last six months; [1999 legislation changed this two to one rejection]
- has received restrictive riders that substantially reduce coverages; or
- has any of the conditions listed below:

Acquired Immune Deficiency Syndrome (AIDS)	Malignant Tumor (if treated or has occurred within last 4 yrs)
Alzheimer's	Mental Retardation
Angina Pectoris	Metastatic Cancer
Anorexia Nervosa	Motor or Sensory Aphasia
Arteriosclerosis Obliterans	Multiple or Disseminated Sclerosis
Artificial Heart Valve	Muscular Atrophy or Dystrophy
Ascites	Myasthenia Gravis
Brain Tumors	Myotonia
Cardiomyopathy	Obesity - Morbid
Cerebral Palsy	Open Heart Surgery
Chronic Pancreatitis	Paraplegia or Quadriplegia
Cirrhosis of the Liver	Parkinson's Disease
Coronary Insufficiency	Peripheral Arteriosclerosis (if treatment within last 3 yrs)
Coronary Occlusion	Poliomyelitis
Crohn's Disease	Polyarteritis (Periarteritis Nodosa)
Cystic Fibrosis	Polycystic Kidney
Dermatomyositis	Postero-lateral Sclerosis
Diabetes	Psychotic Disorders
Epilepsy	Rheumatoid Arthritis
Friederich's Disease	Sickle Cell Anemia
Heart Disorders	Silicosis
Hemophilia	Splenic Anemia (True Banti's Syndrome)
Hepatitis C (Active) (1998)	Still's Disease
HIV+	Stroke (CVA)
Hodgkin's Disease	Syringomyelia
Huntington's Chorea	Tabes Dorsalis (locomotor Ataxia)
Hydrocephalus	Thalassemia (Cooley's or Mediterranean Anemia)
Intermittent Claudication	Topectomy and Lobotomy
Kidney Failure	Ulcerative Colitis
Lead Poisoning with Cerebral Involvement	Wilson's Disease
Leukemia	
Lupus Erythematosus Disseminate	

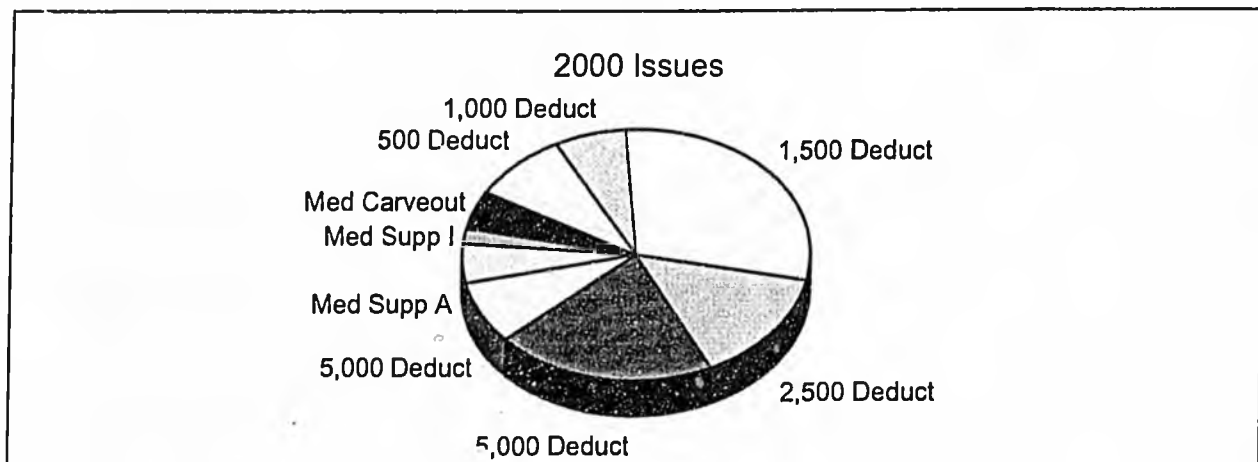
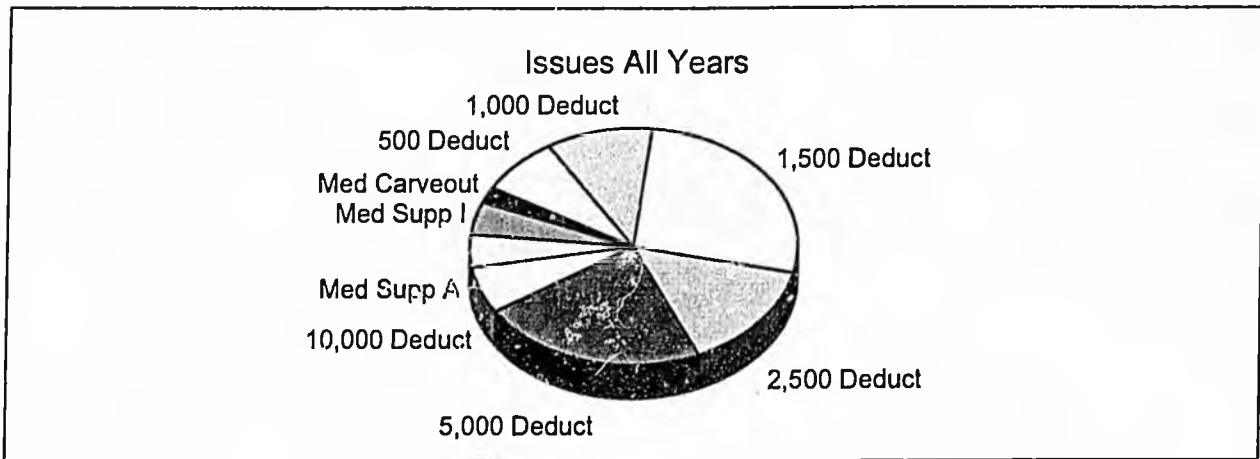
Individuals covered by Medicare may still be eligible for coverage under this plan. Additionally, effective July 1, 1997, a 'federally eligible individual' may purchase ACHIA coverage provided they are a resident of Alaska at the time of application (see page 8 of this report).

What Deductible Options are Available?

Six deductible options were available during 2000: \$500, \$1,000, \$1,500, \$2,500, \$5,000, and \$10,000. As of December 31, 2000, the plan insured the following:

2000 Year End Active Policyholders by Plan Type

Issues	Deductible						Medicare Supplement	Medicare Carveout	Total
	500	1,000	1,500	2,500	5,000	10,000	A	I	
All	31	41	107	58	89	25	18	17	395
2000	14	11	47	23	33	13	8	3	160



What are the Rates?

Current Major Medical Rates, first effective July 1, 2000

Age	Deductible: <u>\$ 500</u>		Deductible: <u>\$1,000</u>		Deductible: <u>\$1,500</u>	
	Out of Pocket		Out of Pocket		Out of Pocket	
	Maximum : <u>\$2,000</u>		Maximum : <u>\$2,000</u>		Maximum : <u>\$2,000</u>	
	Mon	Qrtly	Mon	Qrtly	Mon	Qrtly
-18	206.00	618.00	160.00	546.00	132.00	425.25
19-24	322.55	967.65	257.16	819.00	217.70	635.25
25-29	350.00	1,050.00	275.00	929.25	227.00	729.75
30-34	390.00	1,170.00	312.66	1,034.25	265.00	808.50
35-39	445.91	1,337.73	360.03	1,165.50	303.87	918.75
40-44	529.10	1,587.30	428.73	1,349.25	361.93	1,060.50
45-49	629.13	1,887.39	510.99	1,580.25	431.81	1,244.25
50-54	751.92	2,255.76	611.25	1,890.00	516.15	1,491.00
55-59	874.11	2,622.33	711.02	2,236.50	598.05	1,785.00
60-64	1,015.69	3,047.07	826.58	2,656.50	692.35	2,216.25

Age	Deductible: <u>\$2,500</u>		Deductible: <u>\$5,000</u>		Deductible: <u>\$10,000</u>	
	Out of Pocket		Out of Pocket		Out of Pocket	
	Maximum : <u>\$3,500</u>		Maximum : <u>\$7,500</u>		Maximum : <u>\$10,000</u>	
	Mon	Qrtly	Mon	Qrtly	Mon	Qrtly
-18	113.00	339.00	79.66	238.98	68.93	206.79
19-24	183.97	551.91	135.15	405.45	116.15	348.45
25-29	194.00	582.00	140.73	422.19	120.56	361.68
30-34	225.05	675.15	163.04	489.12	139.78	419.34
35-39	259.07	777.21	187.06	561.18	160.14	480.42
40-44	307.49	922.47	221.07	663.21	188.84	566.52
45-49	368.88	1,106.64	263.09	789.27	224.70	674.10
50-54	441.93	1,325.79	311.33	933.99	266.27	798.81
55-59	512.65	1,537.95	360.19	1,080.57	308.37	925.11
60-64	594.02	1,782.06	416.04	1,248.12	356.79	1,070.37

Current Medicare Carveout Rates, first effective July 1, 2000

Age	Monthly	Quarterly
-18	126.53	379.59
19-64	253.05	759.15

Current Medicare Supplement Rates, first effective July 1, 1996

Age	Plan A		Plan I	
	Monthly	Quarterly	Monthly	Quarterly
-69	110.25	330.75	288.75	866.25
70-74	124.25	372.75	316.75	950.25
75-79	136.50	409.50	343.00	1,029.00
80+	147.00	441.00	388.50	1,165.50