

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10342 HOUSE LABOR & COMMERCE

cc. Reading file  
Karen Morrissey



## SEWARD SHIP'S DRYDOCK, INC.

P.O. Box 944  
Mile 7 Nash Road  
Seward, Alaska 99664-0944

Tel: (907) 224-3198  
Tel: (907) 224-5640  
Fax: (907) 224-5376

April 24, 2001

Jim Kubitz, Vice president Real Estate  
Alaska Railroad Corporation  
327 W. Ship Creek Avenue  
Anchorage, Alaska 99510-7500

Dear Mr. Kubitz,

As the owner of three companies in Seward, I would like to extend my support to the efforts to obtain legislation to extend the land lease terms of the Alaska Railroad Corporation from 35 years to 55 years.

To obtain financing and make major investments on Alaska Railroad property this extension is critical to businesses and developers.

We are extremely supportive of your efforts in this obtaining this legislation.

Sincerely,

James T. Pruitt  
President

CC Reading File  
Karen Morrissey



April 24, 2001  
W.O. D01100

Mr. Jim Kubitz  
Vice President, Real Estate  
Alaska Railroad Corporation  
P.O. Box 107500  
Anchorage, Alaska 99510-7500

Subject: Real Estate Leasing

Dear Mr. Kubitz:

As you are aware, DOWL Engineers (DOWL), deals with a large number of developers and development projects throughout Alaska.

DOWL has been involved with many projects on leased land. Historically, most developers have desired "fee simple" ownership as a first choice. However, when that option is not available and leasing is the only option, the key issue is the "duration" of the lease. Obviously, the longer the lease term, the more financially feasible the project usually becomes. Thirty-five year leases have been shown to be inadequate for many projects.

Longer-term leases can be a significant incentive to promote development. Lease rates will presumably have a market based escalator so that the Alaska Railroad Corporation (ARRC) would get a market-based return over the life of the lease. Fifty-five year leases are not uncommon, especially where developers are asked to provide significant infrastructure/operational improvements.

I would strongly recommend that the ARRC consider 55-year leases for its properties. I believe the flexibility associated with this added incentive will promote major investments throughout the railbelt, resulting in favorable economic growth and a more financially viable Alaska Railroad.

If you have any specific questions or need additional information, please contact me at your convenience.

Very truly yours  
DOWL Engineers

A handwritten signature in cursive script that reads 'Timothy C. Potter'.

Timothy C. Potter  
Director of Planning

D01100.Kubitz.TCP.042401.lms



Anchorage Neighborhood Housing Services, Inc.

~~100 West Tudor Road, Anchorage, Alaska 99503~~ • (907) 243-1558 • Fax (907) 243-3214 • www.akanhs.org  
480 West Tudor Road, Anchorage, Alaska 99503

April 20, 2001

Ms. Karen J. Morrissey  
Director of Real Estate  
327 W. Ship Creek Avenue  
Anchorage, Alaska 99501

Dear Ms. Morrissey:

On behalf of Anchorage Neighborhood Housing Services, Inc., I would like to express our support of the Alaska Railroad Corporation's efforts to obtain legislation that would extend the land lease term from 35 years to 55 years.

Anchorage Neighborhood Housing Services, Inc. is working on the development of a 20 unit senior housing complex on Alaska Railroad property located in the Government Hill area. The housing would be developed utilizing Housing and Urban Development (HUD) 202 senior housing funds. HUD requirements for site control require a 50-year lease period in order to be eligible for financing. Therefore, changes in the land lease term are crucial to the development of future senior housing in Government Hill community.

We are highly supportive of your efforts in obtaining this legislation.

Sincerely,

Mary Jane Michael  
CEO and Executive Director



**KANTISHNA**  
HOLDINGS INC.

Mr. James W. Kubitz  
Vice President, Real Estate & Project Planning  
327 Ship Creek Avenue,  
Anchorage, Alaska 99501  
April 23, 2001

Re: Lease term or length

Dear Jim:

I have recently learned that the Alaska Railroad Corporation (ARC) is considering the extension of lease term length from 35 years to 55 years.

This is an outstanding proposal that will be applauded by everyone seeking to develop any major project on ARC lands.

The financial markets will be exceedingly receptive to such an increase in term length as the additional term allows for the aggregation of capital that would not be ordinarily available for the shorter term and is seeking the added security a 55 year lease offers.

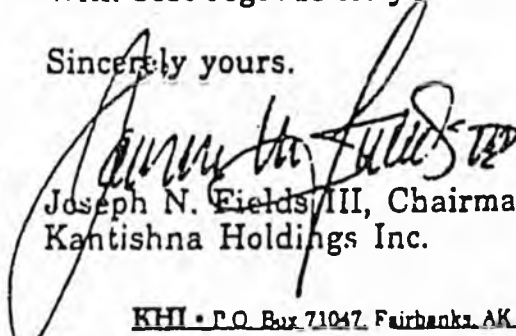
Major projects developers in Europe, like Eurotunnel PLC, creators of the rail link under the English Channel (chunnel) utilized the longer terms to aggregate the equivalent of USD 26 Billion in refinancing with over 200 participating banks, and that is exclusive of the high speed rail links from Calais to Paris and Brussels. The same can be said for financings in mining in Kalamantan (Borneo) and on the rail link from Blackpool, England to Edinburgh, Scotland.

The extended lease term is not limited to Europe or Asia but also is utilized in all parts of NAFTA to secure financing for major projects that have the capability of generating return over a longer period while creating long term benefits to the communities they are developed in. In some cases, the intent is to create a local cultural mainstay industry in the economy, a place where several generations will work and prosper. It is called economic stability.

I strongly urge you to adopt this very good, "Common Sense", policy at the earliest opportunity.

With best regards for your success I remain,

Sincerely yours,

  
Joseph N. Fields III, Chairman  
Kantishna Holdings Inc.



ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY



813 WEST NORTHERN LIGHTS BLVD. • ANCHORAGE, ALASKA 99503 • 907 / 269-3000 • FAX 907 / 269-3044  
TOLL FREE (ALASKA ONLY) 888 / 300-8534

April 23, 2001

Chris Anderson  
Leasing Supervisor  
Alaska Railroad Corporation  
PO Box 107500  
Anchorage, AK 99510-7500

VIA FACSIMILE 265-2450

Dear Chris:

This letter is in support of Alaska Railroad Corporation's (ARC) efforts to amend AS 42.40.285(4), which would allow ARC to lease land for a period of up to 55 years without prior legislative approval.

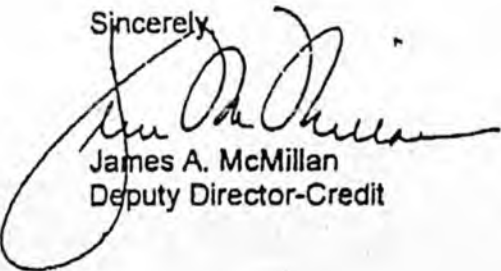
As you are aware, Alaska Industrial Development and Export Authority (AIDEA) provides financial assistance to Alaskan businesses through a loan participation program, whereby AIDEA purchases a portion of a loan originated by a financial institution. The benefit of this program is long-term financing, up to 40 years for certain projects, and fixed interest rates.

As the statute currently reads, if AIDEA was to participate in a project that qualified for a 40-year term, the maximum lease term would preclude AIDEA from establishing a 40-year term. Current AIDEA regulations require the term of a ground lease to extend 10 years beyond the term of the loan.

A change to the statute as ARC proposes would provide the flexibility needed for AIDEA to participate in all types of projects on ARC leased land.

Please let me know if I can be of any further assistance.

Sincerely,

  
James A. McMillan  
Deputy Director-Credit

CLERK'S OFFICE

APPROVED

Date: 11-13-01

Submitted by: Assemblymember TESCHE

Prepared by: Department of Assembly

For reading: November 13, 2001

ANCHORAGE, ALASKA  
AR NO. 2001-328

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING  
SENATE BILL 209, AUTHORIZING THE ALASKA RAILROAD TO LEASE LAND FOR  
55 YEARS.

WHEREAS, a proposed bill - Senate Bill 209 - would authorize the Alaska Railroad Corporation (ARRC) to lease land for 55 years; and

WHEREAS, this proposed legislation will cultivate development in Alaska communities along the railbelt by making commercial and residential development on ARRC lands more feasible; and

WHEREAS, ARRC's current statutory limit is a 35-year lease - the proposed legislation would amend AS 42.40.285(4) enabling the ARRC to lease lands within its Anchorage, Fairbanks, Seward, and Healy Terminal Reserves for up to 55 years rather than 35 years without first gaining legislative approval; and

WHEREAS, today, ARRC can extend leases beyond 35 years subject to a termination clause defined by AS 42.40.285(4) - the clause states ARRC can terminate any lease with a term in excess of 35 years in the event the land is needed for railroad purposes after the initial 35 years; and

WHEREAS, financial lenders are reluctant to lend on large-scale projects requiring substantial equity when there is no guarantee the land will be available beyond 35 years; and

WHEREAS, ARRC's statutory constraints limit the ability for developers of large-scale commercial and residential projects to secure financing because certain banking regulations require ground lease maturity to exceed loan maturity by 10 years; and

WHEREAS, when developers provide significant infrastructure or operational improvements, it is beneficial to have a lengthened lease term allowing companies to amortize debt over a longer span of time; and

WHEREAS, increasing the lease term to 55 years would increase financing options and, therefore, investor interest; and

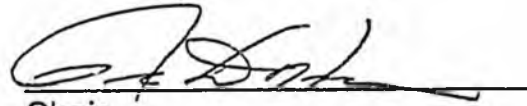
2  
3  
4 WHEREAS, this change would result in increased business activity on railroad  
5 property by making improvements more attractive to investor/users. This also creates long  
6 term benefits to the surrounding communities by providing an economic tax base.

7  
8 NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

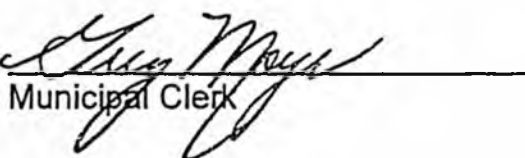
9  
10 Section 1: That the Assembly supports Senate Bill 209 authorizing ARRC to lease  
11 land for 55 years.

12  
13 Section 2: That the Assembly views this legislation as an important step toward  
14 promoting economic development in railbelt communities where certain high value railroad  
15 lands are currently underdeveloped.

16  
17 PASSED AND APPROVED by the Anchorage Assembly this 13<sup>th</sup> day of  
18 November, 2001.

19  
20  
21   
22 \_\_\_\_\_  
23 Chair

24  
25 ATTEST:

26  
27  
28   
29 \_\_\_\_\_  
30 Municipal Clerk  
31  
32



April 23, 2001

Jim Kubitz, Real Estate Division  
Alaska Railroad Corp.  
P.O. Box 107500  
Anchorage, AK 99510

Dear Jim:

Anchorage Historic Properties was founded 15 years ago as a non-profit organization dedicated to identifying and preserving structures of historical significance to Anchorage. Our board of directors and membership believe that we can only build a strong future for our city by recognizing the importance of its past.

To effectively accomplish our mission, the Alaska Railroad needs to be able to extend its property leases beyond the currently ineffective 35-year term. We strongly support the passage of AS 42.40.285, extending Railroad land leases to a 55-year term. This would greatly enhance the ability of organizations like ours to preserve structures situated on railroad property, and make long-term financing feasible.

We appreciate the Alaska Railroad's continued commitment to helping Anchorage Historic Properties and our vital role in the community.

Sincerely,

Craig Harpel  
Executive Director  
Anchorage Historic Properties

**HB**

**306**

# Alaska State Legislature

**SESSION ADDRESS:**  
State Capitol  
Juneau, Alaska 99801-1182  
Phone (907) 465-2693  
Toll Free 800-463-2693  
Fax 907-465-3835



**INTERIM ADDRESS:**  
35477 Suite 101-B Spur Hwy  
Soldotna, Alaska 99669  
Phone 907-260-5236  
Fax 907-260-3044

## Representative Ken Lancaster District 8

### Sponsor Statement For

### House Bill 306

"An Act authorizing the Department of Community and Economic Development to issue permits to certain agencies to purchase, possess, and use certain drugs for euthanizing domestic animals."

Currently, Alaska is one of the few states that does not have a law allowing animal shelters to obtain euthanasia drugs directly from pharmaceutical companies. Only veterinarians are currently authorized to purchase these drugs. Many agencies do not have a veterinarian on their staff or even in their community. In order to provide this service many shelters are forced to arrange for the purchase of euthanasia drugs through a licensed veterinarian. This often proves cumbersome and places an extra burden of monitoring and supervision on the veterinarian. The alternative is to have a local veterinarian, if available, perform the euthanasia. This can strain or exhaust government budgets due to the cost of a veterinarian's visit. Policy guidance has been requested to address how these drugs can be legally obtained and used by laypersons working for these agencies.

House Bill 306 will allow qualified agencies the authority to purchase, possess, and administer certain drugs for the euthanasia of animals. This will allow these agencies to perform the most humane method of euthanasia. All employees that will be administering these drugs will be required to have successfully completed a euthanasia technician certification course.

January 18, 2002

E-Mail: [Representative\\_Ken\\_Lancaster@legis.state.ak.us](mailto:Representative_Ken_Lancaster@legis.state.ak.us)

Cooper Landing • Bear Creek • Funny River • Hope • Moose Pass • Ridgeway • Seward • Soldotna • Sterling  
Listening to you – Getting things done.



[Click here to download a brief, but large \(1 mb\), talking dog video clip!](#)

[Loss of a Pe](#)[Rainbow Bridge](#)[Euthanasia/Cremation Service](#)[On-Line Grief Resources](#)

## *Why Must We Euthanize?* By Phyllis Wright

Anyone who works in or cares about animal protection must eventually face the fact that millions of dogs and cats must be euthanized each year because there are no homes for them. No one, least of all The Humane Society of Northwestern Pennsylvania, is happy about this. Nevertheless, we realize it is a necessary kindness to euthanize unwanted animals.

But some people have great difficulty accepting this. They see the kindness in euthanizing an animal who is in great pain, or terminally ill. But why must young healthy dogs and cats be killed simply because no one will take them home? Why can't they be kept at the shelter indefinitely, to live out their lives in warmth and comfort with plenty of food and exercise and veterinary care?

Economically, this is rarely, if ever possible. The cost of feed and caring for millions of unwanted dogs and cats would be tremendous. Yet, that isn't the most important reason. Animals like humans, need more than food, water and shelter. They need affection and companionship. Without it they suffer.

The late Phyllis Wright, former Vice President for Companion Animals for the Humane Society of the United States in Washington, D.C. wrote the following essay in 1978. In it she discusses her own feelings on euthanasia, developed over many years of dealing with the problems of unwanted animals. It is as timely today as when it was first published.

We all know people who never want an animal euthanized, who insist it's best to keep the animal alive and breathing regardless of how badly the animal lives, how inadequate her care, how impressive her loneliness. That is the worst thing we can do.

Our objective is to prevent and release animals from suffering. We know that death, humanely administered, is not an evil, but a blessing to animals who are of no comfort to themselves or the world because they are unwanted and suffering in isolation. And we are positive that it is no comfort to dogs or cats to be kept alive indefinitely in shelter cages, even if they are well fed. Companionship is one of the basic needs of dogs, cats, horses or any animal we have domesticated.

I ran a boarding kennel in Washington, D.C. from 1954 - 1960, and I like most people, learned things the hard way. I had a two-and-a-half acres of fenced-in yard. I had decided those dogs needed exercise and, by darn, they were going to get the exercise. On Sundays, the front gate was padlocked and that was their day for exercise. "OK, come on Snoopy, let's go; OK, come on Tag, let's go out." Three minutes later here's everybody sitting at the fence, because Phyllis was working inside. That's where they wanted to be; they wanted to be where Phyllis was. They didn't care about the apple orchard, the grape yard, anything. That didn't seem to mean a thing to them. They didn't run around and skitter about; they sat at the gate. Now, if I walked out there and threw sticks and balls or played with them, oh, that was fun! But companionship was what they wanted more than freedom. I am totally convinced that companionship is the most important thing. Without companionship, what does a dog or cat have?

I remember one shelter in Dallas, Texas. A nice lady left a million-and-a-half dollars in 1927 to establish a perpetual home for stray and lost dogs. The bank in Dallas sat on the money from 1927 - 1947. But the money was left for stray and homeless

animals, not for stray and homeless bankers. So in 1947 some pressure was brought and they decided they had to do something or be in hot water. So what they did was build small cages and put 25 dogs in them. And they hired a caretaker who came in every day, put the dogs outside for an hour, cleaned up inside, put the dogs back inside, gave them food and water, and went home. I had the unfortunate experience to visit this shelter a couple of years ago, with TV cameras, newspaper reporters, and a few radio reporters.

The dogs were so insane that when you walked into the room, they started going in circles, hitting all four sides of the cage. You couldn't get your hands on those dogs. They didn't have any companionship, not even an occasional pat on the head. Obviously, these aren't the same dogs they had in 1947, although there were a few dogs that were 13 or 14 years old. Now, I have seen a lot of cruelty personally, and I have euthanized a lot of animals personally. But I have never been as sick as I was when I came out of that building. To think that animals live like that for 12 or 13 years.

They now take the dogs out for four hours a day, certainly better than one. They hired a lady to give the animals some individual attention. It is still not right. And we are fighting it.

It isn't just the bankers and the trustees who get involved in keeping pets alive at all costs, under the misguided idea they are being kind. Unfortunately, there are many private shelters that brag that they "never put an animal to sleep," not realizing the cruelty that is the inevitable result of loneliness, permanent caging, and old age.

So when we talk about animals' needs, let's remember that companionship is one of the most important factors in an animal's life. Where does your dog or cat like to be? They like to be where you are. They like to be, if they can get there, on your bed. If they can't quite make that scene, they like being under the bed. They like being as close to you as they can.

I know it's difficult to put animals to sleep. I've personally put 70,000 dogs and cats to sleep; and I am aware of the trauma. But I tell you one thing: I don't worry about one of those animals who was put to sleep. And I worry a great deal about the dogs and cats who have to spend their lives shut, in small cages or runs, or left chained to the back porch all day-in and day-out, without affection or companionship. Being dead is not a cruelty to animals. Being half alive is.

We have the responsibility to release these animals from suffering. We have the responsibility to make sure this release is as painless and comfortable as possible, even when it means studying the morbid topic of euthanasia methods. We also have the responsibility to work toward a time when all pets will have responsible, caring owners and euthanasia is no longer needed.

Education is one of the most effective tools we have to prevent cruelty to animals. I don't think there is a better tool to accomplish this. In the past ten years, there has been a growing awareness of the problem of unwanted animals. I think the Humane Society of the United States can take a lot of credit for bringing this out to the public. We have never hidden the facts. We have never swept the fact under the carpet that animals have to be killed.

In fact some of the criticism in the outside world is that "I don't want to know that." Well, if you don't know it, you can't do anything about it. And if you are not aware that the problem exists, you can't solve it. The first thing that you must do in your community is make your community aware of this problem, because when we have only responsible pet owners, who are educated about what it means to own a pet, our shelters will no longer be needed to receive, hold, and euthanize unwanted and homeless animals. That my friends, is an end goal for each one of us.

Humane Society Euthanasia

## City of Soldotna

177 North Birch • Soldotna, Alaska 99669 • Phone: (907) 262-9107

**Soldotna**



January 25, 2002

Representative Ken Lancaster  
State Capitol  
MS 3101, Room 421  
Juneau, AK 99801-1182

*forward to  
465-3835  
1/25/02 K.L.*

Subject: **House Bill 306**

Dear Representative Lancaster:

The City of Soldotna would like to lend its support to passage of House Bill 306 which authorizes certain agencies to purchase, possess and use euthanasia drugs for domestic animals.

Alaska is one of the few states in existence that do not allow animal control agencies to obtain euthanasia supplies directly from pharmaceutical companies. At this time only licensed veterinarians are authorized to make the purchase of these supplies. In order to offer euthanasia services, many agencies are forced to purchase the drugs through a veterinarian. This process is often cumbersome and sometimes not even available.

In order for our local animal shelters to provide euthanasia services cost effectively HB 306 needs to be passed. The City of Soldotna's Animal Control Officer is professionally trained in this field and could provide services to our community much easier if HB 306 is passed.

Many agencies in our state face the same situation as we do and with your support and the support of other municipalities in the state we are hoping to get HB 306 passed through the legislature.

Thank you for your assistance and if you have any further questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Joel Wilkins".

Joel Wilkins  
Acting City Manager  
JL/kl



# Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email [mayor@co.fairbanks.ak.us](mailto:mayor@co.fairbanks.ak.us)

January 24, 2002

RECEIVED

JAN 29 2002

Via Facsimile 907-465-3835

The Honorable Ken Lancaster  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Representative Lancaster:

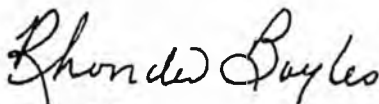
I would like to lend support to passage of HB 306, authorizing certain agencies to purchase, possess and use euthanasia drugs for domestic animals.

Borough citizens gave animal control powers to the Fairbanks North Star Borough government in 1965. Since that time we have been responsible for providing humane euthanasia of animals, amongst other animal control services. As we have kept up with new technology and the best veterinary science available, we incorporated the use of sodium pentobarbital into our euthanasia procedure over 15 years ago. Sodium pentobarbital is still recognized as the industry standard for providing the most humane death to a domestic animal.

A progressive and caring animal control program must have access to these drugs. Trained employees must be able to administer these drugs when needed, which during emergency responses means around the clock, and in Fairbanks means over 2,000 times per year. It is not practical to rely on veterinarians to provide this service at the expense of local government. In some cities or villages in Alaska where animal control provides services there is not even a veterinarian living in the community.

This bill provides a logical solution to numerous difficulties faced by animal control agencies trying to maintain high standards of animal care with regard to euthanasia. It will also save local governments a great deal of money in drug mark-up fees and veterinary services that trained euthanasia technicians can perform. I support passage of this bill.

Sincerely,

  
Rhonda Boyles, Mayor

cc: Interior Delegation  
Linda Anderson

FROM :

FAX NO. :

Jan 28 2002 02:51PM P1



## THE ALASKA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS, INC.

SCPA State Headquarters and Spay Clinic • 549 W. International Airport Road, Suite B-2 • Anchorage, Alaska 99518

1-888-409-7729 Phone: 562-2999 Fax: 561-5549 [www.alaskaspc.org](http://www.alaskaspc.org)

Subject: House Bill 306  
Date: January 28, 2002  
From: Diane Zarfoss/ AK SPCA  
To: Representative Ken Lancaster

Dear Representative Lancaster,

The Alaska SPCA would like to express support of House Bill 306. It only makes sense to give governed agencies, with trained and certified people, the capability to perform on sight compassionate and humane euthanasia procedures. So many times these animals have to sit in an unfamiliar environment stressing, until they can be transported to a Veterinary Hospital just to have to sit and wait again.

The costs to use Vet Hospitals is very expensive for the animal agency, not to mention the taxpayers.

This bill would ensure every animal of getting proper and humane treatment for a euthanasia decision.

If the AK SPCA can be of any further help with this bill, please feel free to contact us.

Thank you very much for considering the rights of our great states animals.

*Sincerely*  
*Diane Zarfoss*  
AK SPCA

*"Prevention not Destruction"*

**Subject: House Bill 306**

**Date: Sat, 19 Jan 2002 10:22:44 -0900**

**From: Barbara Harris <bharris@co.fairbanks.ak.us>**

**To: Representative\_Ken\_Lancaster@legis.state.ak.us**

Dear Sir,

I am writing in regards to the above mention bill which would allow animal shelters to purchase, use and posses euthanasia drugs. I currently work for the Fairbanks North Star Borough Animal Shelter. I have performed many euthanasias. While this is certainly not the most favorite aspect of our jobs, it is the most important.

Recently, because of one specific local veterinarian's objection to our animal tenders performing this procedure for the public (for free), it was brought to the attention of DEA that we were marginally outside of the law. We (animal tenders) were immediately ordered to cease performing this procedure and all our drugs were confiscated. We had been performing this procedure for decades. This happened literally overnight.

The hardship came when we had to turn away persons who had agonized over this very emotional decision, worked up their courage, and brought their pet to the shelter only to be told "we are so very sorry, but...." It was heartbreaking for us to have to turn these people away. Many of them were unable to afford a veterinarian fee, which can run as high as \$85.00. The only alternative we had to offer them was to leave their pet with us and our veterinarian, who was only contracted to perform spays and neuters, would euthanize their pet the next morning. This necessitated an overnight stay. Imagine if you will an aged, arthritic, partially blind dog spending her last hours on earth in a place that reeks of fear. For some, this was their only option.

The stress this created for us is indescribable. Our primary mission is to relieve suffering and suddenly, through no fault of our own, we were inflicting it.

We regularly receive animals that are very, very old, abandoned, severely injured, malnourished or dangerous and consequently must humanely and immediately be euthanized. Because this is Alaska, we also receive animals from the bush. The owners made the humane but time consuming and costly decision to bring the animal to us rather than "take care of it themselves." We have received more compliments and kudos about our professional and sympathetic approach to this aspect of our job than all our other duties combined.

Your bill would ensure that we can just continue doing our jobs. Thank you very much for sponsoring it.

Barb Harris  
Admissions/Dispatch Clerk  
FNSB Animal Control  
2408 Davis Road  
PO Box 71267  
Fairbanks, AK 99707-1267  
907/459-1120  
bharris@co.fairbanks.ak.us

**Main Identity**

---

**From:** Kevin Koechlein <Kevin.Koechlein@gw.co.mat-su.ak.us>  
**To:** <jd00272.MISPOST.GW1DOM@gw.co.mat-su.ak.us>  
**Sent:** Monday, January 28, 2002 1:39 PM  
**Subject:** HB 306

I am sending over a copy of HB 306 sponsored by Rep. Lancaster of Soldotna that would allow our shelter and others to be licensed to perform euthansia of animals. Currently we have to contract with a veterinarian at a cost of \$34,000 and up per year for this service. Being able to perform the service ourselves would save a large portion of that cost and be more efficient for our operation. This would be a good bill for the borough to get behind and try and get our legislators to assist.

for Ken LANCASTER

22-LS1211F  
Lauterbach  
2/7/02

**CS FOR HOUSE BILL NO. 306( )**

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

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES LANCASTER, Davies**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act authorizing the Department of Community and Economic Development to  
2 issue permits to certain agencies to purchase, possess, and use certain drugs for  
3 euthanizing domestic animals."

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

5 \* Section 1. AS 08.01.010 is amended by adding a new paragraph to read:

6 (37) regulation of agencies that perform euthanasia services under  
7 AS 08.02.050.

8 \* Sec. 2. AS 08.02 is amended by adding a new section to read:

9 **Sec. 08.02.050. Permits for use of drugs to euthanize domestic animals.**

10 (a) A qualified agency may apply to the department and obtain a permit that  
11 authorizes the purchase, possession, and use by the agency of sodium pentobarbital,  
12 sodium pentobarbital with lidocaine, and other drugs authorized in regulations adopted  
13 by the department for the purpose of euthanizing injured, sick, or abandoned domestic  
14 animals in the lawful possession of the agency. To qualify to obtain the permit, the

1 agency shall certify that it will

2 (1) comply with applicable federal laws related to the use of the drugs;  
3 and

4 (2) not permit an employee to administer the drugs unless the  
5 employee has adequate knowledge of the potential hazards and proper techniques to  
6 be used in administering the drugs; evidence of adequate knowledge means that the  
7 employee has

8 (A) successfully completed a euthanasia technician certification  
9 course approved by the National Animal Control Association, the American  
10 Humane Association, or the Humane Society of the United States; or

11 (B) provided to the agency a notarized statement from a  
12 veterinarian licensed in the state that the employee has been trained by that  
13 veterinarian in use, storage, accountability, and proper techniques of  
14 administering the drugs for the purpose of performing euthanasia on domestic  
15 animals.

16 (b) The application fee for a permit under this section is \$50, and the biennial  
17 renewal fee is \$50. AS 08.01.065 does not apply to the fees for permits issued under  
18 this section.

19 (c) The department may revoke or suspend a permit or take another  
20 disciplinary action under AS 08.01.075 if it determines that the agency or an employee  
21 of the agency

22 (1) improperly used sodium pentobarbital, sodium pentobarbital with  
23 lidocaine, or another drug authorized for use under this section;

24 (2) failed to follow federal or state laws regarding proper storage and  
25 handling of the drugs;

26 (3) allowed an employee to administer the drugs who did not have  
27 adequate knowledge of the potential hazards and proper techniques as described in  
28 (a)(2) of this section; or

29 (4) violated this title or a regulation adopted under this title.

30 (d) In this section, "agency" means a municipal or village animal control  
31 agency or an entity that has contracted with a municipality to perform animal control

1 or animal euthanasia services.

2 (e) The department may adopt regulations to implement this section.

3 \* Sec. 3. AS 08.98.120(a) is amended to read:

4 (a) A person may not practice veterinary medicine, surgery, or dentistry unless  
5 the person is licensed as a veterinarian under this chapter or has a temporary permit  
6 issued under AS 08.98.186, except that a person may perform functions authorized by

7 (1) regulation of the board if the person is licensed as a veterinary  
8 technician; or

9 (2) a permit issued under AS 08.02.050 if the person is employed  
10 by an agency that has a permit issued under AS 08.02.050.

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 306  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Community & Econ Dev.  
 Title An Act authorizing...DCED to issue permits... BRU: Occupational Licensing  
for euthanizing domestic animals. Component Occupational Licensing  
 Sponsor Representative Lancaster  
 Requester House Labor and 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	4.3	4.3	4.3	4.3	4.3	4.3
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.2	0.2	0.2	0.2	0.2	0.2
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	3.5	4.5	3.5	4.5	3.5	4.5
1005 GF/Program Receipts	1.0	0.0	1.0	0.0	1.0	0.0
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>

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)**

HB 306 establishes a new program to issue permits to certain agencies that qualify to euthanize domestic animals. The direct costs are based on a similar licensing program assuming at least 20 agencies will be issued permits. No enforcement costs are built in this fiscal note. It should be noted that one investigation could easily raise costs to \$20.0 per year, as experienced by an existing program similar in size and structure.

**Revenue:** Section 1 of the bill sets the biennial permit fee at \$50. The bill does not add the new program to the self-sufficiency requirement of AS 08.01. Assuming that 20 agency permits will generate \$1.0 (20 x \$50), the program will need to be supplemented by \$3.5 general funds during the renewal year; and \$4.5 during the non-renewal years. If costs increase as a result of enforcement activity, general funds will need to increase as well.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
 Division Occupational Licensing Date/Time 2/6/02 5:33 PM  
 Approved by: \_\_\_\_\_ Date 2/6/2002  
 Agency Dept. of Community and Economic Development

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 306  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title An Act authorizing...DCED to issue permits... BRU: Occupational Licensing (117)  
for euthanizing domestic animals Component Occupational Licensing  
 Sponsor Representative Lancaster  
 Requester House Labor and 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	4.3	4.3	4.3	4.3	4.3	4.3
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.2	0.2	0.2	0.2	0.2	0.2
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	3.5	4.5	3.5	4.5	3.5	4.5
1005 GF/Program Receipts	1.0	0.0	1.0	0.0	1.0	0.0
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>

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)

HB 306 establishes a new program to issue permits to certain agencies that qualify to euthanize domestic animals. The direct costs are based on a similar licensing program and assumes at least 20 agencies will be issued permits. No enforcement costs are built in this fiscal note. It should be noted that one investigation could easily raise costs to \$20.0 per year, as experienced by an existing program similar in size and structure.

**Revenue:** Section 1 of the bill sets the biennial permit fee at \$50. The bill does not add the new program to the self-sufficiency requirement of AS 08.01. Assuming that 20 agency permits will generate \$1.0 (20 x \$50), the program will need to be supplemented by \$3.5 general funds during the renewal year; and \$4.5 during the non-renewal years. If costs increase as a result of enforcement activity, general funds will need to increase as well.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
 Division: Occupational Licensing Date/Time 2/7/02 5:07 PM  
 Approved by: Deborah B. Sedwick, Commissioner Date 2/7/2002  
 Agency: Department of Community & Economic Development

**HB**

**310**

# Alaska State Legislature

*DURING SESSION*  
STATE CAPITOL, ROOM 501  
JUNEAU, AK 99801-1182  
(907) 465-4843 (800) 892-4843  
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Representative\_Con\_Bunde@legis.state.ak.us

## REPRESENTATIVE CON BUNDE

District 18

CHAIR: HOUSE SPECIAL COMMITTEE ON EDUCATION  
VICE-CHAIR: HOUSE FINANCE COMMITTEE

## SPONSOR STATEMENT HB 310

**“An Act relating to the suspension of an occupational license after default on a federal student loan.”**

Professionals who default on federal student loans are being educated at taxpayer expense. HB 310 will allow the suspension of an occupational license of anybody who defaults on a federal student loan.

In 1994 House Bill 506 passed and was signed into law. That legislation enabled the Alaska Commission on Postsecondary Education to suspend the professional license of those who default on state student loans. House Bill 310 extends the authority to suspend the professional license of those who default on federal student loans to the Division of Occupational Licensing.

Those who have defaulted on their federal student loan obligations have received the substantial economic benefit of a career education at taxpayer expense. It is imperative that these people be required to honor their obligations or risk losing their ability to practice their profession. I urge your support of HB 310.

22-LS1229\C  
Lauterbach  
1/22/02

**CS FOR HOUSE BILL NO. 310( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVE BUNDE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to suspension of an occupational license after default on a federal**  
2 **student loan."**

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

4 **\* Section 1.** AS 08.01.075 is amended by adding a new subsection to read:

5 (g) A board <sup>shall</sup> ~~may~~ suspend a license if the licensee is in default on a federal  
6 student loan as determined under 20 U.S.C. 1070 - 1087vv (Higher Education Act of  
7 1965, P.L. 89-329, as amended) except that, if the licensee has appealed the  
8 determination of default status, the board may not suspend the license until the appeal  
9 has been concluded and the default status affirmed.

2024

# ALASKA

## Taxpayers foot the bill for Defaulted Health Care Providers

Do you know there are 25 defaulted health care providers in Alaska costing taxpayers \$1,857,902 ?

These defaulters have failed to repay their DHHS educational loan or service scholarship obligations. Those excluded from participating in Medicare/Medicaid are listed on the reverse.

### Alaska Legislation addressing licensure penalties for defaulted health care providers:

- HB 506 provides for state educational loan defaulters only
- nothing pending addressing federal educational loan and service scholarship defaulters

Individuals who default on their federal educational commitments owe the Government a substantial monetary debt. More importantly, needy communities lose the services of essential clinicians when they fail to meet their service obligation. As these defaulters have received the substantial economic benefits of a health professions career education at taxpayer expense, it is imperative that they be required to honor their service/loan obligation.

DHHS is committed to reducing defaults and is pursuing actions against these defaulters. State legislatures are directly involved in approving health professionals for practice in their state. It is our hope that state licensure legislation will motivate defaulters to honor their commitments and will deter other participants from defaulting on their service/loan obligations.

Spin a Web with the Feds - let's work together to get your State's defaulters into repayment. Let's talk licensure!



US Dept of Health & Human Services (DHHS)  
Health Resources & Services Administration  
(301-443-4568) (301-594-4386)



**US Department of Health Human Services  
Health Resources Services Administration  
Defaulted Health Care Providers  
as of August 2001**

Alabama	89	\$6,366,062	Nevada	50	\$2,791,271
Alaska	25	\$1,857,902	New Hampshire	21	\$1,272,339
Arizona	186	\$15,507,994	New Jersey	319	\$24,518,149
Arkansas	77	\$4,191,703	New Mexico	55	\$4,274,660
California	1,688	\$112,524,048	New York	726	\$59,948,048
Colorado	122	\$8,523,381	North Carolina	132	\$8,653,627
Connecticut	79	\$4,631,276	North Dakota	17	\$810,921
Delaware	18	\$1,407,184	Ohio	333	\$24,909,584
District of Columbia	85	\$8,438,163	Oklahoma	135	\$8,244,469
Florida	556	\$45,603,851	Oregon	85	\$4,674,214
Georgia	426	\$35,526,902	Pennsylvania	614	\$37,230,273
Hawaii	42	\$3,404,187	Puerto Rico	107	\$7,704,497
Idaho	29	\$2,895,264	Rhode Island	14	\$1,483,594
Illinois	381	\$30,514,152	South Carolina	71	\$7,308,311
Indiana	75	\$6,661,439	South Dakota	12	\$769,402
Iowa	84	\$5,317,967	Tennessee	175	\$14,911,485
Kansas	99	\$6,786,298	Texas	703	\$41,643,643
Kentucky	66	\$4,147,611	Utah	43	\$3,673,031
Louisiana	115	\$11,008,293	Vermont	12	\$1,368,905
Maine	28	\$2,150,988	Virgin Islands	7	\$282,701
Maryland	235	\$22,288,003	Virginia	138	\$12,171,885
Massachusetts	204	\$16,296,586	Washington	130	\$8,409,740
Michigan	310	\$25,889,386	West Virginia	31	\$3,376,931
Minnesota	108	\$4,877,210	Wisconsin	112	\$8,777,907
Mississippi	37	\$1,561,006	Wyoming	10	\$697,279
Missouri	197	\$13,090,404			
Montana	10	\$876,411			
Nebraska	25	\$1,340,928	Totals	9,454	\$693,591,467



Rockville MD 20857

November 2001

Dear Colleague:

We recently exhibited at the National Conference of State Legislatures' Annual Meeting in San Antonio to share information with State legislators interested in enacting or amending legislation to discipline health care professionals who default on a Federal educational loan or service obligation. As you know, some states sanction the professional licenses of health care professionals who default on their student loans and service-conditional scholarships and loan repayment program obligations. The reason why some states have such legislation is to protect their constituent taxpayers from the financial burden incurred when Federal tax dollars are used to pay off the defaulted debt of health care professionals who had government-guaranteed loans. The scholarship and loan repayment programs are supported by the taxpayers, and legislation encourages participants to satisfy their obligation to provide primary health care to under-served and disadvantaged citizens.

In case you were not in San Antonio, we have enclosed the following background information:

- (1) State profile of current legislative status which includes a listing of health care defaulters in your state
- (2) Why Legislators Should Care about Defaulters
- (3) State Comparison Sheet

While the Federal government continues to aggressively pursue collection efforts, we believe your State can have a significant impact as professional licensing boards have the **ability to affect** licensure status. The individuals are hard-core defaulters who may only respond to strong local pressure, including revocation or suspension of their license to practice.

Thank you for your interest in this most important issue. If you have further questions, please contact Linda Redmond at 301-443-4568 or [Lredmond@hrsa.gov](mailto:Lredmond@hrsa.gov).

Sincerely yours,

Pauline Cooper, Chief  
Legal and Compliance Branch  
Office of Policy and Planning

Peter Martineau, Chief  
Health Education Assistance  
Loan Branch  
Division of Health Careers Development

Enclosures

# Why State Legislatures Should Care about Health Care Defaulters

## Taxpayer Liability

As numerous Federal officials have publicly stated, these defaulters have created a taxpayer liability and there needs to be aggressive pursuit of individuals who default on their State and Federal obligations. Health care defaulters owe taxpayers more than \$694 million.

## Public Outrage

Taxpayers are generally outraged when they realize they are being required to foot the educational bill for individuals who have reneged on the repayment obligation of a Federal or State loan or scholarship which gave them access to a career as a health professional.

## Exclusion from Medicare/Medicaid

These defaulters have been excluded from participating in the Medicare and Medicaid programs and as such, they are unable to practice in many of the neediest and most underserved areas.

## Direct Relation to Health Professional's Ability to Practice

Defaulters would not be practicing health professionals had programs not been available to help finance their education. While it is not possible to "repossess" the education which these programs allowed them to obtain, it is possible to "repossess" the results of that education, i.e., their ability to practice by suspending their licenses.

## Deterrent Effect

It is our expectation that, once a system to take action against licenses of these defaulters is in place, the deterrent effect will be extremely effective. In other words, once these scholarship and loan recipients are aware that default can result in licensure suspension, they will take steps to avoid reaching that point.

## Precedent for Simplified Approach in Other States

Maryland, New York, Georgia, and Texas have enacted legislation that takes a direct approach to suspending or revoking the licenses of scholarship and loan defaulters. Other states have a variety of legislative provisions addressing defaults, but they do not include Federal programs.



US Dept of Health & Human Services (DHHS)  
Health Resources & Services Administration  
(301-443-4568) (301-594-4386)



# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB310  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
 Title An Act relating to renewal of an occup BRU ACPE  
license after defaulting... Component Student Loan Operation  
 Sponsor Rep. Con Bunde  
 Requester Labor and Commerce Component No. 213

**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	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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 legislation is intended to permit the denial of state-issued occupational/professional licenses based on the license holder's default on an outstanding federal student loan. As drafted the Commission would be charged with notifying the licensing entity when such a default status exists. Commission staff has advised the Sponsor that, as a lender in the federal program, the Commission may only have access to loan account data for loans it originated and/or currently holds. The Commission already has, in existing statute, authority to deny a license to an individual that is in default on any state or federal loan it has made. Commission staff does not anticipate any increased costs in leveraging this tool as a means of collection on federal loans it plans to originate beginning in fall of 2002. However, to extend that ability to other federal lenders/servicers, the authority should be made available more broadly at the licensing agency level.

Prepared by: Diane Barrans, Executive Director Phone 465-6740  
 Division Executive Office Date/Time 1/31/02 8:20 AM  
 Approved by: Diane Barrans, Executive Director *[Signature]* Date 1/31/2002  
 Agency Alaska Commission on Postsecondary Education

**HB**

**315**

# 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>



INTERIM:  
716 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](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### MEMORANDUM

**TO:** The Honorable Lisa Murkowski, Chair  
House Labor & Commerce Committee

**FROM:** Representative Norman Rokeberg

**DATE:** April 19, 2002

**RE:** HB 315

A handwritten signature in black ink that reads "Norman Rokeberg".

### Attached are the following:

1. **Work Draft CS 22-LS1177\B, Craver, 4/18/02. This is the version I wish to have adopted as our working document. Changes from the former suggested CS (Version S) are suggestions made by the Division of Insurance as follows:**

Page 1, line 13, deleted "1,068" and inserted "about 700"  
Page 1, line 13, after "offer", inserted "health"  
Page 2, line 1, deleted "454", and inserted "about 250"  
Page 2, line 1, deleted "were licensed to offer", and inserted "wrote some form of"  
Page 2, line 1, after "health insurance", inserted "in the state"  
Page 2, lines 1-2, deleted "43,326", inserted "fewer than 114,000 Alaskans were covered under"  
Page 2, line 4, after "(3)", inserted "in 2000"  
Page 2, line 4, deleted "nine", inserted "18"  
Page 2, line 4, deleted "write", inserted "wrote"  
Page 2, line 4, after "small", deleted "group policies" and inserted "employer health insurance"  
Page 2, line 4, deleted "95", inserted "80"

**Page 2, line 17, deleted "stop loss" and inserted "lower cost options including limited benefit and high deductible"**

**The reason for the deletion on Page 2, line 17, is that stop loss insurance is insurance purchased by self-insured employers and the Administration is specifically prohibited from self-insuring the plan this is not the correct term to use.**

- 2. Two amendments to the B version are also attached.**

**Thank you for consideration.**

22-LS1177\B  
Craver  
4/18/02

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVES ROKEBERG, Wilson, Scalzi, Dyson**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act amending the definition of group health insurance, and allowing the  
2 Department of Administration to obtain a policy or policies of group health care  
3 insurance for employers that are small businesses, nonprofit organizations, special  
4 services organizations, or small associations for insurance purposes as a group; and  
5 providing for an effective date."

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

7 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 **FINDINGS AND INTENT.** (a) The legislature has made the following findings  
10 regarding the facts that support a group insurance policy for qualified entities:

11 (1) the latest United States Census data indicate that 19 percent of Alaskans  
12 are uninsured;

13 (2) in 2000, about 700 companies were licensed to offer health insurance in

1 (5) "health care insurance" has the meaning given in AS 21.12.050;

2 (6) "nonprofit organization" means a nonprofit corporation,  
3 association, club, or society organized and operating in Alaska exclusively for  
4 charitable, religious, scientific, or educational purposes or for the promotion of social  
5 welfare and that has received an exemption from the payment of federal income tax;

6 (7) "policy" has the meaning given in AS 21.90.900;

7 (8) "qualified entity" means a business, nonprofit organization,  
8 association for insurance purposes, or special services organization;

9 (9) "special services organization" means an entity, corporation, or  
10 nonprofit organization organized and operating in Alaska that is

11 (A) an entity, including a sole proprietorship and a corporation  
12 solely owned by one person,

13 (i) operating a child care facility that is licensed under  
14 AS 14.37;

15 (ii) operating a residential child care facility, child  
16 placement agency, foster home, or maternity home that is licensed  
17 under AS 47.35;

18 (iii) operating an assisted living home that is licensed  
19 under AS 47.33;

20 (iv) operating a community-based center for adult day  
21 care as that term is defined in AS 47.65.290; or

22 (v) providing home care services as defined in  
23 AS 47.65.290;

24 (B) a corporation incorporated under AS 10.20 that

25 (i) receives state grants to provide services; or

26 (ii) makes grants to other corporations incorporated  
27 under AS 10.20 that receive state grants to provide services; or

28 (C) a nonprofit organization, regardless of whether  
29 incorporated, whose primary purpose is to provide assistance to disadvantaged  
30 classes or groups;

31 \* Sec. 4. This Act takes effect January 1, 2003.

1 the state, about 250 companies wrote some form of health insurance in the state, and fewer  
2 than 114,000 Alaskans were covered under individual and group comprehensive health  
3 insurance policies written in the state;

4 (3) in 2000, 18 insurers wrote small employer health insurance in the state; 80  
5 percent of small group policies are written by three health insurers;

6 (4) small businesses are having problems finding and keeping adequate  
7 insurance coverage for employees;

8 (5) nonprofit and special services organizations are having problems finding  
9 and keeping adequate insurance coverage for employees;

10 (6) nonprofit and special services organizations provide many services that  
11 government cannot supply; and

12 (7) adequate and stable health insurance is important to Alaskans;

13 (b) It is the intent of the legislature that this Act assist in providing access to adequate  
14 and stable health insurance for small businesses, nonprofit organizations, and special services  
15 organizations.

16 (c) The Department of Administration, in procuring the policy or policies permitted  
17 by this Act, should explore all options, including preferred provider organizations and lower  
18 cost options such as limited benefit and high deductible coverage.

19 \* Sec. 2. AS 21.54.060 is amended by adding a new paragraph to read:

20 (7) under a policy issued under AS 39.30.097.

21 \* Sec. 3. AS 39.30 is amended by adding a new section to read:

22 **Sec. 39.30.097. Procurement of group health care insurance policies for**  
23 **qualified entities.** (a) The department may obtain a health care insurance policy or  
24 policies to cover a group of qualified entities.

25 (b) In procuring a health care insurance policy or policies under this section,  
26 the commissioner of administration shall comply with the procedure for obtaining  
27 policies of insurance under AS 39.30.090(a)(4) and (5).

28 (c) A qualified entity is eligible for coverage under (a) of this section if the  
29 qualified entity

30 (1) submits a written request for registration to the department; and

31 (2) receives written confirmation from the commissioner of

1 administration that the qualified entity is registered to participate.

2 (d) The request for registration submitted by a qualified entity under (c) of this  
3 section must contain a statement certifying that the entity meets the definition of a  
4 qualified entity under this section and that the entity agrees to pay the required  
5 premiums to the insurance company. The owner, a principal, or another legally  
6 qualified representative of the entity shall sign the statement under penalty of unsworn  
7 falsification and fraud. The department shall register an entity that submits a request  
8 for registration and meets the requirements of this subsection. The department shall  
9 maintain a list of entities registered to participate under this section and shall make the  
10 list available for public inspection.

11 (e) The department may not procure benefits under this section by means of  
12 self-insurance.

13 (f) In this section,

14 (1) "association for insurance purposes" means an association

15 (A) composed of businesses or nonprofit organizations or both;

16 (B) organized and operating in Alaska; and

17 (C) in which the combined total number of employees of all  
18 businesses and nonprofit organizations within the association is not less than  
19 two and not more than 50;

20 (2) "business" means a business

21 (A) located in Alaska;

22 (B) organized under the relevant provisions of the Alaska  
23 Statutes; if the form of business is not required to be organized under a statute,  
24 then the sole proprietor or joint venturers who own the business must be  
25 Alaska residents; and

26 (C) that employed an average of at least two but not more than  
27 50 eligible employees on the business days during the preceding calendar year  
28 and employs at least two eligible employees on the first day of a health benefit  
29 plan;

30 (3) "department" means the Department of Administration;

31 (4) "employee" has the meaning given in AS 21.54.500;

**AMENDMENT**

**OFFERED IN THE HOUSE**

**BY REP. ROKEBERG**

**TO: CSSH B 3150, 22-LS1177\B, Craver, 4/18/02**

**Page 2, line 20**

**After "a policy"  
Insert "or policies"**

**AMENDMENT**

**OFFERED IN THE HOUSE**

**BY REP. ROKEBERG**

**TO: CSSSHB 3150, 22-LS1177B, Craver, 4/18/02**

**Page 4, line 31**

**Delete:**

**“January 1, 2003”**

**Insert:**

**“July 1, 2002”**

# 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](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### MEMORANDUM

TO: Representative Lisa Murkowski, Chair  
House Labor & Commerce Committee

FROM: Representative Norman Rokeberg *Norman R*

DATE: April 15, 2002

RE: HB 315

*Schedule*

I would request that you schedule HB 315 for a hearing before the House Labor & Commerce Committee.

### Attached are:

1. CSHB 315 (STA)
2. Draft blank CS, 22-LS1177\S, Craver, 4/11/02. I believe that this needs to be amended on page 2, line 19 to refer to "policy or policies" to make the language the same as that in Section 3.

Additionally, the Department of Administration has requested that the effective date be changed to July 1, 2002. I wish the committee to discuss this request.

3. Sponsor Statement to the draft CS
4. Sectional Analysis to the draft CS
5. Fiscal note to CSHB 315 (STA)
6. Selected Information from Division of Insurance 63<sup>rd</sup> Annual Report
7. Selected Information from the WEB site for the Division of Insurance concerning insurance consumer guide for health insurance.
8. "Options Limited in Alaska", ALASKA BUSINESS MONTHLY, November 2001.
9. Letters
  - a. Ronald Jordan
  - b. Seaview Community Services

- c. Alaska Association for Education of Young Children
- d. Alaska Mental Health Board
- e. Alaska Community Mental Health Services Association
- f. Aetna US Healthcare

I would request that the hearing on this matter be teleconferenced to: Anchorage, Fairbanks, Ketchikan, Kenai, Mat-Su, Seward, Homer, and any other LIO that may wish to add on to this site. I would also request that, if necessary, the Director of the Division of Insurance (Bob Lohr) be permitted to participate via off-net connection.

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315(STA)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE ROKEBERG

A BILL

FOR AN ACT ENTITLED

1 "An Act allowing employers that are small businesses, small nonprofit organizations,  
2 small special services organizations, or small associations for insurance purposes to join  
3 state employee insurance coverage as a group; and providing for an effective date."

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

5 \* Section 1. AS 39.30.090(a) is amended to read:

6 (a) The Department of Administration may obtain a policy or policies of group  
7 insurance covering state employees, persons entitled to coverage under AS 14.25.168,  
8 AS 22.25.090, AS 39.35.535 or former AS 39.37.145, employees of other  
9 participating governmental units, [OR] persons entitled to coverage under  
10 AS 23.15.136, employees of businesses, of nonprofit organizations, of special  
11 services organizations, or of members of associations for insurance purposes  
12 eligible under (c) of this section, subject to the following conditions:

13 (1) A group insurance policy must [SHALL] provide one or more of  
14 the following benefits: life insurance, accidental death and dismemberment insurance,

1 weekly indemnity insurance, hospital expense insurance, surgical expense insurance,  
2 dental expense insurance, audiovisual insurance, or other medical care insurance.

3 (2) Each eligible employee of the state, the spouse and the unmarried  
4 children chiefly dependent on the eligible employee for support, and each eligible  
5 employee of another participating governmental unit shall be covered by the group  
6 policy, unless exempt under regulations adopted by the commissioner of  
7 administration.

8 (3) A governmental unit may participate under a group policy if

9 (A) its governing body adopts a resolution authorizing  
10 participation, and payment of required premiums;

11 (B) a certified copy of the resolution is filed with the  
12 Department of Administration; and

13 (C) the commissioner of administration approves the  
14 participation in writing.

15 (4) If it is eligible under (c) of this section, a business, a nonprofit  
16 organization, a special services organization, or an association for insurance  
17 purposes may participate under a group policy if

18 (A) it applies to participate and agrees to payment of  
19 required premiums;

20 (B) the application is filed with the Department of  
21 Administration; and

22 (C) the commissioner of administration approves the  
23 participation in writing.

24 (5) In procuring a policy of group health or group life insurance as  
25 provided under this section or excess loss insurance as provided in AS 39.30.091, the  
26 Department of Administration shall comply with the dual choice requirements of  
27 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to  
28 transact business in the state under AS 21.09, a hospital or medical service corporation  
29 authorized to transact business in this state under AS 21.87, or a health maintenance  
30 organization authorized to operate in this state under AS 21.86. An excess loss  
31 insurance policy may be obtained from a life or health insurer authorized to transact

1 business in this state under AS 21.09 or from a hospital or medical service corporation  
2 authorized to transact business in this state under AS 21.87.

3 (6) [(5)] The Department of Administration shall make available bid  
4 specifications for desired insurance benefits or for administration of benefit claims and  
5 payments to (A) all insurance carriers authorized to transact business in this state  
6 under AS 21.09 and all hospital or medical service corporations authorized to transact  
7 business under AS 21.87 who are qualified to provide the desired benefits; and (B)  
8 [TO] insurance carriers authorized to transact business in this state under AS 21.09,  
9 hospital or medical service corporations authorized to transact business under  
10 AS 21.87, and third-party administrators licensed to transact business in this state and  
11 qualified to provide administrative services. The specifications shall be made  
12 available at least once every five years. The lowest responsible bid submitted by an  
13 insurance carrier, hospital or medical service corporation, or third-party administrator  
14 with adequate servicing facilities shall govern selection of a carrier, hospital or  
15 medical service corporation, or third-party administrator under this section or the  
16 selection of an insurance carrier or a hospital or medical service corporation to provide  
17 excess loss insurance as provided in AS 39.30.091.

18 (7) [(6)] If the aggregate of dividends payable under the group  
19 insurance policy exceeds the governmental unit's share of the premium, the excess  
20 shall be applied by the governmental unit for the sole benefit of the employees.

21 (8) [(7)] A person receiving benefits under AS 14.25.110, AS 22.25,  
22 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in  
23 effect under this section at the time of termination of employment with the state or  
24 participating governmental unit.

25 (9) [(8)] A person electing to have insurance under (8) [(7)] of this  
26 subsection shall pay the cost of this insurance.

27 (10) [(9)] For each permanent part-time state employee electing  
28 coverage under this section, the state shall contribute one-half the state contribution  
29 rate for permanent full-time state employees, and the permanent part-time employee  
30 shall contribute the other one-half.

31 (11) [(10)] A person receiving benefits under AS 14.25, AS 22.25,

1 AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental insurance for  
 2 that person and eligible dependents under this section. The level of coverage for  
 3 persons over 65 shall be the same as that available before reaching age 65 except that  
 4 the benefits payable shall be supplemental to any benefits provided under the federal  
 5 old age, survivors, and disability insurance program. A person electing to have  
 6 insurance under this paragraph shall pay the cost of the insurance. The commissioner  
 7 of administration shall adopt regulations implementing this paragraph.

8 (12) [(11)] A person receiving benefits under AS 14.25, AS 22.25,  
 9 AS 39.35, or former AS 39.37 may obtain long-term care insurance for that person  
 10 and eligible dependents under this section. A person who elects insurance under this  
 11 paragraph shall pay the cost of the insurance premium. The commissioner of  
 12 administration shall adopt regulations to implement this paragraph.

13 (13) [(12)] Each licensee holding a current operating agreement for a  
 14 vending facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy  
 15 that applies to governmental units other than the state.

16 \* Sec. 2. AS 39.30.090(b)(1) is amended to read:

17 (1) "eligible employee" means

18 (A) an employee who has served in permanent full-time or  
 19 part-time employment with the same governmental unit for 30 days or more,  
 20 except an emergency or temporary employee;

21 (B) an elected or appointed official of a governmental unit,  
 22 effective upon taking the oath of office; and

23 (C) a contractual employee of the legislative branch of state  
 24 government under AS 24.10.060(f) if the employee's personal services contract  
 25 provides that the employee is entitled to coverage;

26 (D) an employee who has served in permanent full-time or  
 27 part-time employment with the same business, nonprofit organization,  
 28 special services organization, or member of an association for insurance  
 29 purposes for 30 days or more, except an emergency or temporary  
 30 employee;

31 \* Sec. 3. AS 39.30.090(b) is amended by adding new paragraphs to read:

1 (1) "association for insurance purposes" means an association  
2 composed of businesses or nonprofit organizations or both, organized and operating in  
3 Alaska;

4 (2) "business" means a business located in Alaska and organized under  
5 the relevant provisions of the Alaska Statutes; if the form of business is not required to  
6 be organized under a statute, then the sole proprietor or joint venturers who own the  
7 business must be Alaska residents;

8 (3) "nonprofit organization" means a nonprofit corporation,  
9 association, club, or society organized and operating in Alaska exclusively for  
10 charitable, religious, scientific, or educational purposes or for the promotion of social  
11 welfare and that has received an exemption from the payment of federal income tax;

12 (4) "special services organization" means an entity, corporation, or  
13 nonprofit organization organized and operating in Alaska that is

14 (A) an entity, including a sole proprietorship and a corporation  
15 solely owned by one person,

16 (i) operating a child care facility that is licensed under  
17 AS 14.37;

18 (ii) operating a residential child care facility, child  
19 placement agency, foster home, or maternity home that is licensed  
20 under AS 47.35;

21 (iii) operating an assisted living home that is licensed  
22 under AS 47.33;

23 (iv) operating a community-based center for adult day  
24 care as that term is defined in AS 47.65.290; or

25 (v) providing home care services as defined in  
26 AS 47.65.290;

27 (B) a corporation incorporated under AS 10.20 that

28 (i) receives state grants to provide services; or

29 (ii) makes grants to other corporations incorporated  
30 under AS 10.20 that receive state grants to provide services; or

31 (C) a nonprofit organization, regardless of whether

1 incorporated, whose primary purpose is to provide assistance to disadvantaged  
2 classes or groups.

3 \* Sec. 4. AS 39.30.090 is amended by adding a new subsection to read:

4 (c) A business, nonprofit organization, or special services organization that  
5 employed an average of at least two but not more than 50 eligible employees on the  
6 business days during the preceding calendar year and employs at least two eligible  
7 employees on the first day of a health benefit plan year may apply to participate as a  
8 group under (a) of this section. An association for insurance purposes may apply to  
9 participate as a group under (a) of this section if the combined total number of eligible  
10 employees of all business and nonprofit organizations within the association is not less  
11 than two and not more than 50.

12 \* Sec. 5. This Act takes effect January 1, 2003.

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

22-LS1177S  
Craver  
4/11/02

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 315( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES ROKEBERG, Wilson, Scalzi, Dyson

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act amending the definition of group health insurance, and allowing the  
2 Department of Administration to obtain a policy or policies of group health care  
3 insurance for employers that are small businesses, nonprofit organizations, special  
4 services organizations, or small associations for insurance purposes as a group; and  
5 providing for an effective date."

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

7 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 FINDINGS AND INTENT. (a) The legislature has made the following findings  
10 regarding the facts that support a group insurance policy for qualified entities:

11 (1) the latest United States Census data indicate that 19 percent of Alaskans  
12 are uninsured;

13 (2) in 2000, 1,068 companies were licensed to offer insurance in the state, 454

1 companies were licensed to offer health insurance, and 43,326 individual and group  
2 comprehensive health insurance policies were written;

3 (3) nine insurers write small group policies in Alaska; 95 percent of small  
4 group policies are written by three health insurers;

5 (4) small businesses are having problems finding and keeping adequate  
6 insurance coverage for employees;

7 (5) nonprofit and special services organizations are having problems finding  
8 and keeping adequate insurance coverage for employees;

9 (6) nonprofit and special services organizations provide many services that  
10 government cannot supply; and

11 (7) adequate and stable health insurance is important to Alaskans;

12 (b) It is the intent of the legislature that this Act assist in providing access to adequate  
13 and stable health insurance for small businesses, nonprofit organizations, and special services  
14 organizations.

15 (c) The Department of Administration, in procuring the policy or policies permitted  
16 by this Act, should explore all options, including preferred provider organizations and stop-  
17 loss coverage.

18 \* Sec. 2. AS 21.54.060 is amended by adding a new paragraph to read:

19 (7) under a policy issued under AS 39.30.097.

20 \* Sec. 3. AS 39.30 is amended by adding a new section to read:

21 **Sec. 39.30.097. Procurement of group health care insurance policies for**  
22 **qualified entities.** (a) The department may obtain a health care insurance policy or  
23 policies to cover a group of qualified entities.

24 (b) In procuring a health care insurance policy or policies under this section,  
25 the commissioner of administration shall comply with the procedure for obtaining  
26 policies of insurance under AS 39.30.090(a)(4) and (5).

27 (c) A qualified entity is eligible for coverage under (a) of this section if the  
28 qualified entity

29 (1) submits a written request for registration to the department; and

30 (2) receives written confirmation from the commissioner of  
31 administration that the qualified entity is registered to participate.

1 (d) The request for registration submitted by a qualified entity under (c) of this  
2 section must contain a statement certifying that the entity meets the definition of a  
3 qualified entity under this section and that the entity agrees to pay the required  
4 premiums to the insurance company. The owner, a principal, or another legally  
5 qualified representative of the entity shall sign the statement under penalty of unsworn  
6 falsification and fraud. The department shall register an entity that submits a request  
7 for registration and meets the requirements of this subsection. The department shall  
8 maintain a list of entities registered to participate under this section and shall make the  
9 list available for public inspection.

10 (e) The department may not procure benefits under this section by means of  
11 self-insurance.

12 (f) In this section,

13 (1) "association for insurance purposes" means an association

14 (A) composed of businesses or nonprofit organizations or both;

15 (B) organized and operating in Alaska; and

16 (C) in which the combined total number of employees of all  
17 businesses and nonprofit organizations within the association is not less than  
18 two and not more than 50;

19 (2) "business" means a business

20 (A) located in Alaska;

21 (B) organized under the relevant provisions of the Alaska  
22 Statutes; if the form of business is not required to be organized under a statute,  
23 then the sole proprietor or joint venturers who own the business must be  
24 Alaska residents; and

25 (C) that employed an average of at least two but not more than  
26 50 eligible employees on the business days during the preceding calendar year  
27 and employs at least two eligible employees on the first day of a health benefit  
28 plan;

29 (3) "department" means the Department of Administration;

30 (4) "employee" has the meaning given in AS 21.54.500;

31 (5) "health care insurance" has the meaning given in AS 21.12.050;

1 (6) "nonprofit organization" means a nonprofit corporation,  
2 association, club, or society organized and operating in Alaska exclusively for  
3 charitable, religious, scientific, or educational purposes or for the promotion of social  
4 welfare and that has received an exemption from the payment of federal income tax;

5 (7) "policy" has the meaning given in AS 21.90.900;

6 (8) "qualified entity" means a business, nonprofit organization,  
7 association for insurance purposes, or special services organization;

8 (9) "special services organization" means an entity, corporation, or  
9 nonprofit organization organized and operating in Alaska that is

10 (A) an entity, including a sole proprietorship and a corporation  
11 solely owned by one person,

12 (i) operating a child care facility that is licensed under  
13 AS 14.37;

14 (ii) operating a residential child care facility, child  
15 placement agency, foster home, or maternity home that is licensed  
16 under AS 47.35;

17 (iii) operating an assisted living home that is licensed  
18 under AS 47.33;

19 (iv) operating a community-based center for adult day  
20 care as that term is defined in AS 47.65.290; or

21 (v) providing home care services as defined in  
22 AS 47.65.290;

23 (B) a corporation incorporated under AS 10.20 that

24 (i) receives state grants to provide services; or

25 (ii) makes grants to other corporations incorporated  
26 under AS 10.20 that receive state grants to provide services; or

27 (C) a nonprofit organization, regardless of whether  
28 incorporated, whose primary purpose is to provide assistance to disadvantaged  
29 classes or groups;

30 \* Sec. 4. This Act takes effect January 1, 2003.

# 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](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### SPONSOR STATEMENT

**COMMITTEE SUBSTITUTE HOUSE BILL 315(), 22-LS1177S, CRAVER, 4/11/02  
AN ACT AMENDING THE DEFINITION OF GROUP HEALTH INSURANCE, AND ALLOWING THE  
DEPARTMENT OF ADMINISTRATION TO OBTAIN A POLICY OR POLICIES OF GROUP HEALTH  
CARE INSURANCE FOR EMPLOYERS THAT ARE SMALL BUSINESSES, NONPROFIT  
ORGANIZATIONS, SPECIAL SERVICES ORGANIZATIONS, OR SMALL ASSOCIATIONS FOR  
INSURANCE PURPOSES AS A GROUP; AND PROVIDING FOR AN EFFECTIVE DATE.**

**By Representative Norman Rokeberg**

CSHB 315() would allow small businesses, small nonprofit organizations, special services organization or small associations for insurance purposes to join a group health insurance plan arranged by the State and thus provide coverage for their employees. The small business, nonprofit, or association would be responsible for the premiums due for the coverage of its employees.

In this legislation, association for insurance purposes and small businesses are defined as entities with at least two and no more than fifty employees. The association for insurance purposes must be organized and operating in Alaska and the small business must be located in Alaska and organized under the relevant Alaska Statutes. Non profit organizations are not limited in size by this legislation but they must be organized and operating in Alaska exclusively for charitable, religious, scientific, or educational purposes or for the promotion of social welfare and must have received an exemption from the payment of federal income tax. A special services organization is defined as an entity organized and operating in Alaska, including a sole proprietorship and a corporation solely owned by one person, that operates a licensed child care facility, residential child care facility, child placement agency, foster home, maternity home, assisted living home, community-based center for a full day care or an entity providing home care services as defined in statutes.

According to the Division of Insurance, one health insurance provider writes one-half of the private health insurance policies and three providers write a large percentage of small employer policies. The intent of this bill is to provide quality health insurance by creating a large pool of covered lives.

I urge your support of this legislation.

ED 03:04/12/02

# 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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SESSION:  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1162  
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## Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### SECTIONAL ANALYSIS

COMMITTEE SUBSTITUTE HOUSE BILL 3150, 22-LS1177AS, CRAVER, 4/11/02  
AN ACT AMENDING THE DEFINITION OF GROUP HEALTH INSURANCE, AND ALLOWING THE  
DEPARTMENT OF ADMINISTRATION TO OBTAIN A POLICY OR POLICIES OF GROUP HEALTH  
CARE INSURANCE FOR EMPLOYERS THAT ARE SMALL BUSINESSES, NONPROFIT  
ORGANIZATIONS, SPECIAL SERVICES ORGANIZATIONS, OR SMALL ASSOCIATIONS FOR  
INSURANCE PURPOSES AS A GROUP; AND PROVIDING FOR AN EFFECTIVE DATE.

By Representative Norman Rokeberg

- Section 1:** Legislative Findings and Intent
- Section 2:** Adds reference to new section in this bill to the definition of group health insurance contained in AS 21.54.060 [Group health insurance defined].
- Section 3:** Adds to Section to Title 39 concerning procurement of group health insurance policies for qualified entities. Defines registration procedures. Eliminates self-insurance as an option for this group. Definitions included in this section.
- Section 4:** Effective date: January 1, 2003.

ED 01:04/12/02

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CS SS HB 315(STA)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title An Act allowing small business, small BRU Centralized Administration Service  
nonprofits to join state insurance... Component Retirement & Benefits  
Sponsor Rep. Rokeberg  
Requester House State Affairs 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	57.9	46.2	46.2	46.2	46.2	46.2
Travel						
Contractual	74.9	49.5	49.5	49.5	49.5	49.5
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>132.8</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	132.8	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
1017 Benefit System Receipts	0.0	95.7	95.7	95.7	95.7	95.7
<b>TOTAL</b>	<b>132.8</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>	<b>95.7</b>

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	1.0	1.0	1.0	1.0	1.0	1.0
Part-time	1.0	0.0	0.0	0.0	0.0	0.0
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill gives authority to the Commissioner of Administration to procure a health insurance policy or policies for employees of small businesses, small nonprofit organizations, and other small associations.

Start up costs in the first year include surveying the potential participants, developing a plan or plans to meet the needs, writing a request for proposals to obtain an insurer or insurers to administer the plan and a mass mail-out to inform those eligible to participate in the plan.

We anticipate the need for a permanent Retirement & Benefits Tech II, and a half-time clerical employee the first year to assist with the survey and the initial enrollment. First year costs would be General Fund and the following years would be funded by Benefit System Receipts from the participants in the plans.

Prepared by: Guy Bell, Director Phone 465-2292  
Division: Retirement and Benefits Date/Time 4/3/02 10:37 AM  
Approved by: Jim Duncan, Commissioner Date 4/3/2002  
Agency: Department of Administration



# STATE OF ALASKA

Department of Community and  
Economic Development

## DIVISION OF INSURANCE 63<sup>rd</sup> ANNUAL REPORT

Calendar Year 2000 ♦ Fiscal Year 2001



**IX**

**Statistical  
& Financial  
Data**



**2000 ALASKA HOSPITAL AND  
MEDICAL SERVICE CORPORATIONS  
(\$000)**

**PREMIUMS WRITTEN**

INSURER	GROUP REMITTANCE		GROUP CONVERSION	MEDICARE SUPPLEMENT	INDIVIDUAL	EXPERIENCE RATED	TOTAL
	Community Rated	Family					
PREMERA/ BLUE CROSS	44,354	0	68	1,475	14,706	131,877	192,480
ALASKA VISION	0	1,250	0	0	0	0	1,250

**PREMIUMS EARNED**

INSURER	GROUP REMITTANCE		GROUP CONVERSION	MEDICARE SUPPLEMENT	INDIVIDUAL	EXPERIENCE RATED	TOTAL
	Community Rated	Family					
PREMERA/ BLUE CROSS	44,135	0	67	1,462	14,558	131,443	191,665
ALASKA VISION	0	1,248	0	0	0	0	1,248

**CLAIMS INCURRED**

INSURER	ALL MEDICAL SURGICAL HOSPITAL	DENTAL	VISION	OTHER	TOTAL	NUMBER OF SUBSCRIBERS*
PREMERA/ BLUE CROSS	156,711	0	0	0	156,711	92,616
ALASKA VISION	0	0	1,072	0	1,072	9,499

\*Numbers not rounded to the nearest thousand.

# 2000 ALASKA ACCIDENT & HEALTH/LIFE INSURANCE MARKET SHARE

## 01 - GROUP (\$000)

COMPANY NAME	PERCENT OF MARKET	DIRECT PREMIUMS WRITTEN
Principal Life Ins Co	14.45	18,034
Aetna Life Ins Co	14.33	17,879
Employers Health Ins Co	9.84	12,275
United Healthcare Ins Co	7.84	9,783
Great West Life & Annuity Ins Co	5.62	7,011
Guardian Life Ins Co of Amer	5.39	6,730
United of Omaha Life Ins Co	4.09	5,098
Golden Rule Ins Co	4.02	5,017
Unum Life Ins Co of Amer	3.43	4,285
Mega Life & Health Ins Co The	3.15	3,932
John Alden Life Ins Co	2.37	2,954
Hartford Life & Accident Ins Co	1.81	2,258
JC Penney Life Ins Co	1.81	2,253
Standard Ins Co	1.59	1,989
Mutual of Omaha Ins Co	1.26	1,572
Fortis Benefits Ins Co	1.11	1,389
Life Ins Co of North Amer	1.07	1,335
TransAmerica Life Ins Co	1.04	1,293
States West Life Ins Co	1.02	1,278
Allianz Life Ins Co of North Amer	1.02	1,270
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	86.25	107,639
TOTAL FOR ALL 142 INSURERS WRITING THIS LINE	100.00	124,792

## 02 - CREDIT (\$000)

COMPANY NAME	PERCENT OF MARKET	DIRECT PREMIUMS WRITTEN
American Natl Ins Co	21.42	993
Cuna Mut Ins Society	20.41	946
American Bankers Life Assur Co of FL	15.98	740
North Central Life Ins Co	12.21	566
Union Security Life Ins Co	11.78	546
Minnesota Life Ins Co	10.29	477
Resource Life Ins Co	5.46	253
Centurion Life Ins Co	3.69	171
JC Penney Life Ins Co	0.91	42
Household Life Ins Co	0.88	41
Protective Life Ins Co	0.37	17
Life Investors Ins Co of Amer	0.30	14
Associates Financial Life Ins Co	0.29	14
American Gen Assur Co	0.28	13
Allstate Life Ins Co	0.23	11
Balboa Life Ins Co	0.17	8
USAA Life Ins Co	0.04	2
Central States H & L Co of Omaha	0.00	0
Old Republic Life Ins Co	0.00	0
MIC Life Ins Corp	-0.01	0
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	104.72	4,853
TOTAL FOR ALL 28 INSURERS WRITING THIS LINE	100.00	4,635

# 2000 ALASKA ACCIDENT & HEALTH/LIFE INSURANCE MARKET SHARE

## 9 - ALL OTHER (\$000)

COMPANY NAME	DIRECT PERCENT OF MARKET	PREMIUMS WRITTEN
Fortis Benefits Ins Co	33.58	7,144
American Family Life Asr Co Columbus	20.25	4,309
New York Life Ins Co	4.44	946
Physicians Mut Ins Co	3.70	786
Northwestern Mut Life Ins Co	2.39	509
Unum Life Ins Co of Amer	2.38	506
Golden Rule Ins Co	2.31	491
Colonial Life & Accident Ins Co	2.18	464
Paul Revere Life Ins Co	2.15	458
Provident Life & Accident Ins Co	2.11	448
Mutual of Omaha Ins Co	1.94	413
Equitable Life Assr Soc of The US	1.51	320
Mony Life Ins Co	1.40	298
Bankers United Life Assur Co	1.37	291
John Hancock Life Ins Co	1.23	262
Conseco Senior Health Ins Co	1.14	242
Continental General Ins Co	1.10	234
General Electric Capital Assur Co	0.87	185
Berkshire Life Ins Co	0.85	181
USAA Life Ins Co	0.78	166
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	87.68	18,652
TOTAL FOR ALL 163 INSURERS WRITING THIS LINE	100.00	21,274

## 10 - TOTAL (\$000)

COMPANY NAME	DIRECT PERCENT OF MARKET	PREMIUMS WRITTEN
Principal Life Ins Co	11.58	18,136
Aetna Life Ins Co	11.45	17,923
Employers Health Ins Co	7.84	12,275
United Healthcare Ins Co	6.25	9,783
Fortis Benefits Ins Co	5.45	8,533
Great West Life & Annuity Ins Co	4.48	7,018
Guardian Life Ins Co of Amer	4.35	6,819
Continental Assur Co	3.76	5,884
Golden Rule Ins Co	3.52	5,508
United Of Omaha Life Ins Co	3.26	5,099
Unum Life Ins Co of Amer	3.08	4,820
American Family Life Asr Co Columbus	2.75	4,312
Mega Life & Health Ins Co The	2.51	3,932
John Alden Life Ins Co	1.89	2,962
JC Penney Life Ins Co	1.50	2,352
Hartford Life & Accident Ins Co	1.44	2,259
Mutual of Omaha Ins Co	1.35	2,120
Standard Ins Co	1.27	1,994
New York Life Ins Co	1.12	1,749
Life Ins Co of North Amer	0.85	1,339
<hr/>		
TOTAL FOR TOP 20 RANKED INSURERS	79.71	124,819
TOTAL FOR ALL 218 INSURERS WRITING THIS LINE	100.00	156,598

# HEALTH INSURANCE BY PRODUCT LINE

## INDIVIDUAL - CALENDAR YEAR 2000

PRODUCT	#POLICIES BEG OF YEAR	#INDIVIDUALS COVERED BEG OF YEAR	# NEW POLICIES ISSUED DURING THE YEAR	#INDIVIDUALS NEWLY ISSUED COVERAGE DURING THE YEAR	#POLICIES TERMINATED DURING THE YEAR	#COVERED INDIVIDUALS TERMINATED DURING THE YEAR	#POLICIES IN FORCE END OF YEAR	#INDIVIDUALS COVERED END OF YEAR	EARNED PREMIUM	INCURRED CLAIMS
ACCIDENT	7,608	15,627	5,089	7,770	2,555	4,210	10,116	18,988	2,289,313	1,040,894
COMP MED FPO	5,782	16,685	49	388	548	5,163	5,177	9,330	25,020,363	17,609,936
NONFPO	615	1,253	184	360	237	327	535	1,253	2,337,425	1,190,683
DENTAL FPO										
NONFPO	125	247	65	164	65	164	125	247	80,313	26,623
DISABILITY INCOME	4,535	4,763	1,368	1,309	935	1,004	5,217	4,872	3,921,924	985,920
HOSPITAL EXPENSE	773	1,164	285	463	204	313	855	1,314	1,284,847	1,473,652
HOSPITAL INDEMNITY	4,357	7,055	1,182	2,019	1,068	1,765	4,481	7,752	3,993,155	1,551,085
LIMITED BENEFIT	4	4			1	1	3	3	3,651	
LONG TERM CARE	848	868	638	652	60	65	1,409	1,438	2,011,828	427,751
MEDICAL EXPENSE	31	35			8	9	23	27	18,882	27,269
MEDICAL SUPPLEMENT	1,586	1,625	182	141	88	92	1,701	1,590	2,485,946	1,713,079
SPECIFIED DISEASE	4,477	8,743	2,255	3,973	1,146	1,834	5,585	10,880	1,583,694	589,795
VISION FPO	205	397	102	219	90	175	217	441	11,790	6,791
NONFPO										
OTHER:	285	335	0	0	21	35	275	282	200,028	256,477
OTHER: INTENSIVE CARE	2,342	5,100	1,124	2,288	781	1,618	2,685	5,770	357,755	107,472
OTHER: GROUP CONVERSI	72	65	1	1	7	9	72	81	111,497	318,095
OTHER: CHAMPUS										
OTHER: SHORT TERM	39	60	163	259	161	277	57	92	57,419	4,199
OTHER: GUAR RENEW AH	2	2			1	1	1	1	5,846	349
OTHER: CREDIT INS										
TOTAL	33,798	64,049	12,720	20,005	8,016	17,083	38,536	63,924	45,778,678	27,330,131

This report was compiled from data provided by the companies. The Division of Insurance does not warrant the accuracy of this information.

# HEALTH INSURANCE BY PRODUCT LINE

## SMALL EMPLOYER (2-50) GROUP – CALENDAR YEAR 2000

PRODUCT	#POLICIES BEG OF YEAR	#INDIVIDUALS COVERED BEG OF YEAR	# NEW POLICIES ISSUED DURING THE YEAR	#INDIVIDUALS NEWLY ISSUED COVERAGE DURING THE YEAR	#POLICIES TERMINATED DURING THE YEAR	# COVERED INDIVIDUALS TERMINATED DURING THE YEAR	#POLICIES IN FORCE END OF YEAR	#INDIVIDUALS COVERED END OF YEAR	EARNED PREMIUM	INCURRED CLAIMS
ACCIDENT	185	2,524	43	791	31	649	194	25,167	591,842	588,225
COMP MED FPO	9,282	25,476	147	2,509	542	5,595	11,165	23,355	60,704,541	42,133,840
NON-PPO	735	8,997	311	1,553	169	1,944	668	8,682	21,243,738	14,936,480
DENTAL FPO	4	105					4	102	66,146	
NON-PPO	513	9,423	74	2,548	134	2,221	471	9,443	3,760,795	2,268,508
DISABILITY INCOME	124	2,234	16	705	33	400	108	2,558	653,578	601,803
HOSPITAL EXPENSE	24	151			13	33	11	118	214,808	209,966
HOSPITAL INDEMNITY		148				3		69	7,274	3,769
LONG TERM CARE		8						8	8,359	902
MEDICAL EXPENSE									34,593	87,870
MEDICAL SUPPLEMENT										
SPECIFIED DISEASE	2	18				1	2	17	3,666	
STOPLOSS	3	15		1	1	5	2	11	865	
VISION FPO	13	662					13	730	34,950	26,812
NON-PPO										
OTHER: LONG TERM CARE										
OTHER: HOURLY										
OTHER	1	836					1	836	99	13,810
<b>TOTAL</b>	<b>10,896</b>	<b>73,097</b>	<b>591</b>	<b>8,118</b>	<b>926</b>	<b>10,851</b>	<b>12,639</b>	<b>71,117</b>	<b>87,345,288</b>	<b>60,871,891</b>

# HEALTH INSURANCE BY PRODUCT LINE

## ALL OTHER GROUP – CALENDAR YEAR 2000

PRODUCT	# POLICIES BEG OF YEAR	# INDIVIDUALS COVERED BEG OF YEAR	# NEW POLICIES ISSUED DURING THE YEAR	# INDIVIDUALS NEWLY ISSUED COVERAGE DURING THE YEAR	# POLICIES TERMINATED DURING THE YEAR	# COVERED INDIVIDUALS TERMINATED DURING THE YEAR	# POLICIES IN FORCE END OF YEAR	# INDIVIDUALS COVERED END OF YEAR	EARNED PREMIUM	INCURRED CLAIMS
Accident	3,035	162,367	192	30,028	542	33,121	2,757	162,218	5,215,961	3,712,815
Comp/Med FFO	25,082	66,816	2	140	12	5,555	27,133	68,008	138,751,231	126,172,320
Non-FFO	1,830	16,051	863	4,128	403	3,000	2,124	15,784	19,105,669	11,796,818
Dental FFO	5	926		110	1	335	4	685	324,216	120,971
Non-FFO	35	13,209	7	633	23	6,752	25	6,756	1,637,498	1,049,698
Disability Income	478	33,426	34	13,860	34	2,235	480	41,126	9,794,608	9,460,220
Hospital Expense	8	421					8	419	826,603	1,024,606
Hospital Indemnity	229	4,414	10	121	28	126	205	4,411	703,653	512,672
Long Term Care	15	290	120	422	20	38	320	674	473,273	325,244
Medical Expense	49	111	7	7		2	55	116	133,652	73,550
Medical Supplement	273	4,312	19	145	51	55	257	4,401	5,375,167	4,216,320
Specified Disease	537	1,250	64	2,540	42	1,521	550	2,260	316,937	11,838
Stop-Loss	8	9511	13	13,315	6	1,458	8	20,282	3,445,408	30,058,878
Vision FFO	19	19,402	1	511			20	21,249	1,242,753	1,071,703
Non-FFO	3	5,115			2	1,600	2	13,162	134,777	71,747
Other:	139	1,637	19	1,276	25	1,341	133	1,729	1,505,911	800,754
Other: Special Risk	35	22,531	1	2	2	22	34	22,511	2,971,136	612,636
Other: Credit	24	331	122	180	66	84	320	397	81,759	39,326
Other: Short Term	1	28	1	63	1	79	1	13	15,066	638
Other: Global Acc/sick	1	2			1	2			338	20,697
Other: Champus	22	107			3	8	19	99	16,075	10,705
Other: Airflight Ins							5		557,179	204,450
Other: AH	1	755		263		352	1	665	9,854	-7,591
Other: Tricare		12					12	18,506	3,551	
<b>Total</b>	<b>31,841</b>	<b>366,024</b>	<b>1,485</b>	<b>67,744</b>	<b>1,263</b>	<b>57,689</b>	<b>34,474</b>	<b>386,968</b>	<b>189,999,319</b>	<b>164,311,576</b>



## Alaska Insurance Consumer Guide

### Health Insurance

Everyone runs the risk of becoming ill or suffering an accident that results in doctor or hospital bills, and sometimes in loss of income. Most Alaskans need protection from unexpected and sometimes devastating expenses associated with an illness or accident.

How do you choose from the hundreds of medical plans available? To wisely purchase medical care protection you must:

- Determine your family's needs
- Know the different types of protection available
- Choose a plan on the basis of coverage, costs, and services

Before buying a health insurance policy, know what insurance or other benefits you already have. This will help prevent duplicating coverage and will help you determine if you have enough coverage, inadequate coverage, or no coverage at all. Make sure you have up-to-date information on medical insurance, disability benefits, and sick leave benefits provided by your employer. Your first priority should be assuring that you have either a comprehensive major medical insurance policy or both basic medical insurance and supplemental major medical insurance.

### How Health Insurance Policies are Sold

#### Individual Insurance

An individual insurance policy provides coverage to a specific individual or to an individual and their family under a policy issued to that individual. In order to be considered for individual insurance coverage, you will be asked to provide evidence of insurability that may require you to undergo a medical examination. This is called medical underwriting. The same requirements would apply to any dependents you may insure under the policy.

#### Group Insurance

A group insurance policy provides coverage to individuals under a single master policy issued to the group policy owner. Certificates of insurance are provided to the individuals. The policy owner may be an employer, an association, a labor union, or other entity. Unless the group is small, no individual medical underwriting is performed. Instead, insurers require minimum employee or member participation levels and minimum employer contribution levels in order to assure that there are sufficient individuals in the group in good health to balance those in the group in poor health.

#### [Back to Consumer Guide Index of Topics](#)

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## Alaska Insurance Consumer Guide

### Types of Health Insurance Plans

Following is a summary of several types of health insurance plans sold as group and individual health insurance. The actual health insurance benefits will vary from policy to policy. Therefore, it is important to read and understand your insurance contract. The term **provider** is commonly used in health insurance and in this guide to refer to physicians and other providers of medical care.

#### Basic Medical

A basic medical insurance policy provides coverage for basic hospital, provider and other services. There are limits placed on the benefits for covered services such as a limited number of hospital days, a maximum payment for each day of hospital confinement, or a surgical schedule where a specific payment maximum is established for each procedure. These benefits are provided without deductibles or coinsurance.

#### Supplemental Major Medical

Under a supplemental major medical policy, benefits are structured to supplement a basic medical insurance policy. The policy would pay for any covered services and supplies not covered by the basic medical insurance policy after the required deductible has been paid and subject to the coinsurance requirements. A basic medical policy in combination with a supplemental major medical policy results in coverage similar to a comprehensive major medical policy.

#### Comprehensive Major Medical

A comprehensive major medical policy provides coverage for almost all types of medical care services and supplies and has high benefit limits. These policies cover hospital, provider, and other services subject only to the required deductible, coinsurance, and benefit maximums. Unlike basic medical, individuals are required to share in the cost of their medical expenses. These policies have replaced most of the basic medical insurance policies.

#### Limited Benefit

Limited benefit plans are offered as independent, noncoordinated benefits provided under a separate policy and paid without regard to any other insurance plan. Examples of these types of plans include **hospital indemnity policies** that pay a fixed amount for each day of hospital confinement, and **specified or dread disease policies** that only pay for medical expenses associated with a specified disease (such as cancer or heart disease).

#### Long-Term Care

Long-term care insurance policies provide nursing home or home health care benefits for individuals with a prolonged physical illness, disability or mental disorder, medical condition, or a deficiency affecting activities of daily living or lifestyle. Benefits are provided as a reimbursement for services, but subject to a fixed dollar maximum per day. Usually a waiting period called an **elimination period** of 0, 30, 90, 180, or 360 days is required before the plan will pay benefits. Long-term care insurance may be available as a rider to a life insurance or annuity policy, as well as a separate health insurance policy.

#### Medicare Supplement

Medicare supplement (also called Medigap) insurance is sold to people age 65 and older and helps

pay for medical costs that Medicare Parts A & B do not pay, such as the deductible and coinsurance amounts. Medicare supplement insurance is regulated by both state and federal laws. This coverage can only be provided through ten standard health plans that vary in the amount and type of coverage provided. Coverage is available to individuals without medical underwriting for six months following the date the individual first becomes eligible for Medicare Part B. The Division of Insurance produces, on an annual basis, a rate comparison guide that outlines the basic characteristics of Medicare supplement insurance, describes the ten standard health insurance plans, and shows the current premium rates charged by the insurers selling this insurance in Alaska. There is also a pamphlet entitled "Health Insurance for People with Medicare" produced by the 50 states and the federal government that summarizes the Medicare and Medicare supplement programs. Both publications are available from the Division of Senior Services, 3601 C Street, Suite 310, Anchorage, Alaska 99503, telephone number (907) 269-3680 or (800) 478-6065.

### **Dental Insurance**

Dental insurance covers costs associated with the care of teeth. Benefits for preventive services, such as cleanings and exams are generally limited to once every six months. Most plans contain coinsurance and deductible cost-sharing requirements. The coinsurance provisions will vary based on the type of procedure.

### **Vision Coverage**

Vision coverage provides benefits for glasses, contact lenses, and eye examinations up to a specified amount per year. Vision benefits are often subject to a set schedule of benefits and limits on the frequency of services. A typical vision plan covers the cost for one examination per year, with coverage for glasses and contact lenses limited to once every two years.

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## Alaska Insurance Consumer Guide

### Things to be Aware of Regarding Health Insurance Policies

#### Benefit Limits

- Most health insurance plans set a maximum benefit amount that will be provided for all covered services and supplies over the lifetime of the covered individual. This is called a **lifetime maximum**. This maximum is often set at \$1,000,000.
- Most health insurance plans set a maximum benefit amount that provides for particular services and supplies, such as a maximum benefit of \$250,000 for organ transplants.
- Some health insurance plans limit the benefit that will be provided per day for a covered service. This is called a **daily maximum**. They may also limit the number of days that a service will be covered. These types of limits are generally used for services including mental and nervous disorders, skilled nursing facilities, and home health care.
- Many health insurance plans limit the total benefit that will be provided per year for covered services. This is called an **annual maximum**. These limits are generally used for those services where it is difficult to assess whether the service is medically necessary.
- Most health insurance plans exclude or limit coverage for a period of time for medical conditions that existed within a certain period, commonly six months, prior to the date coverage began for which medical advice, diagnosis, care or treatment was recommended or received. This is called a **preexisting condition waiting period**. The waiting period is commonly 12 months. In most cases, insurance companies must reduce this waiting period by the number of days you were covered under prior health insurance plans, as long as you had no more than a 90-day break in your health insurance coverage.

#### Deductibles, Coinsurance, and Other Charges

- A **deductible** is a specified dollar amount an individual must pay in each policy period before reimbursement for expenses begin. The primary purpose of the deductible is to encourage individuals to use health care services only when necessary. A separate deductible may be required for specified services such as hospital admissions or prescription drugs. Some health plans may include a provision that allows any claims incurred in the last quarter of the policy period to be carried over and applied to meet the deductible in the next quarter.
- **Coinsurance** is that percentage of covered services and supplies the insurer will pay for after the individual pays the deductible. The individual is responsible for the amount the insurer does not pay. A common coinsurance arrangement is for the insurer to pay 80% of charges for covered services and the individual 20%.
- **Out-of-pocket maximum** is the maximum dollar amount the individual pays for covered services and supplies during a specified period, generally a calendar year. This maximum may be defined to include or exclude the deductible. Once the out-of-pocket maximum is paid, benefits are paid at 100% of the costs incurred after that time.
- A **copayment** is the fixed dollar amount that the individual is required to pay at the time each covered service takes place. Copayments vary by type of service. They are commonly used with emergency services and prescription drugs.
- A **usual, customary and reasonable (UCR) charge** is an established maximum amount that an insurance company will reimburse for a medical expense covered under your health insurance policy. UCR charges are generally determined based on charges that are actually billed by providers for each medical procedure or service in a geographical area. In order to

determine a reasonable charge, UCR charges are commonly calculated as a percentile of the charges billed by providers. The percentile is generally set so that a large percentage, such as 80% or 90%, of charges actually billed by providers are reimbursable in full. Note that UCR charges are determined by each insurer and will vary.

- Under most health insurance plans, you will be responsible for paying any amount billed by a hospital or physician that is larger than the insurer's established UCR charges for the service or procedure. However, service corporations, such as Blue Cross, contract with various hospitals and providers who agree to accept the service corporation's payment as payment in full. Therefore you would not be responsible for paying any amount that exceeds their UCR charges, unless you chose to use a hospital or provider that does not have a contract with the service corporation.
- The following is an example of how the various charges described above impact the amount you may be responsible for paying for medical services:



<b>The limits specified by your insurance policy:</b>	
Deductible	\$ 500
Coinsurance	80%
Out-of-pocket maximum	\$1,000
<i>Amount Insurer Owes:</i>	
Charges billed by provider	\$ 4,200
Amount greater than the UCR for the procedure	-\$ 550
Amount you owe for your deductible	-\$ 500
Charges eligible for reimbursement by insurer	<u>\$3,150</u>
Insurer's coinsurance	80%
Amount insurer owes before out-of-pocket limit applied	\$2,520
Amount that is greater than your out-of-pocket limit	<u>\$ 130</u>
<b>Total amount insurer owes after out-of-pocket limit applied</b>	<b>\$2,650</b>
<i>Amount You Owe:</i>	
Deductible	\$ 500
Coinsurance amount (20% of \$3,150)	<u>\$ 630</u>
Amount of eligible charges before out-of-pocket limit applied	\$1,130
Amount greater than your out-of-pocket limit	<u>-\$ 130</u>
Amount of eligible charges after out-of-pocket limit applied	\$1,000
Amount greater than the UCR for the procedure	<u>\$ 550</u>
<b>Total amount you owe</b>	<b>\$1,550</b>

**Covered Services and Supplies**

There are two basic categories of services and supplies covered by health insurance policies.

- **Hospital Benefits** include expenses associated with stays at hospitals and other covered facilities, such as skilled nursing facilities, nursing homes and outpatient surgery centers. Benefits for hospital services often require that the individual or their physician contact the insurer or the employer to obtain prior approval for the number of days of hospital stay. Without this approval the benefits may be reduced.
- **Physician or Provider Benefits** include services provided by licensed physicians and other medical providers.

There are a number of other charges and services generally excluded from coverage under most health insurance plans. Following are examples of common exclusions:

- Services determined by the insurer to be medically unnecessary
- Services considered experimental by an accepted medical authority
- Services related to cosmetic surgery
- Services for mental or nervous disorders, vision, hearing
- Services that are provided without charge
- Services provided due to war
- Services provided as a result of a work-related injury
- Services provided by a relative
- Services related to normal pregnancy and routine well-baby care (these are generally excluded from individual policies and included in group policies).

Alaska law mandates that the following specific charges or services be covered in health insurance plans sold in Alaska. These requirements do not apply to employers with self-insured health plans.

- Coverage for newly born or adopted children for at least 30 days, if coverage includes dependents
- Coverage for treatment of alcoholism or drug abuse
- Low-dose mammography screening if the contract covers mastectomies and prosthetic devices and reconstructive surgery
- Treatment of phenylketonuria
- Coverage for not less than 48 hours after vaginal birth and 96 hours after a cesarean birth, if the contract covers the costs of childbirth
- Coverage for prostate cancer screening and cervical cancer screening

### **Coordination of Benefits**

This provision applies to the situation where an individual is covered under two different health insurance plans. It is included in almost all group insurance plans. It requires that payments made under the two plans be coordinated so that the individual does not receive duplicate payments for a service, thereby being reimbursed more than what was spent. Duplicate coverage frequently occurs when an individual is covered under both their own and their spouse's insurance plans. Most coordination of benefits provisions require that the individual's own plan pay first on a claim, and the other plan only pay the amounts not covered by the first plan. It is important that this provision be reviewed so that misunderstandings can be avoided regarding the benefit payments each insurer will make.

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## Alaska Insurance Consumer Guide

### Alaska Health Insurance Laws

#### Small Employer Health Insurance

Alaska Statute requires insurers who offer health insurance coverage to small employers in the state to offer each small employer (defined as those with 2-50 employees) all the health insurance plans that they offer to other small employers in the state regardless of the health or claims experience of the group. They must offer coverage to all eligible employees and not deny coverage to an employee. This law does not require an employer to purchase coverage for their employees. Alaska law also requires that insurance companies providing coverage to small employers adhere to certain rating restrictions including a maximum annual rate increase of 15% for poor group claims experience.

#### Large and Small Employer Health Insurance

According to Alaska law, insurance companies that offer health insurance coverage to large and small employer groups:

- May not base eligibility for coverage on health status, claims experience, medical history or condition, disability, receipt of health care, genetic information or any evidence of insurability.
- Must continue to renew the coverage, except in certain specified circumstances such as a failure to pay premiums
- May not require a preexisting condition waiting period that is longer than 12 months for a health condition that existed prior to the effective date of coverage which is called a preexisting condition waiting period. Pregnancy and genetic information cannot be considered preexisting conditions and therefore no waiting period may be applied.
- Must reduce any preexisting condition waiting period by the amount of time an individual was covered under prior health insurance coverage. However, the insurer is not required to reduce such a waiting period by any periods of health insurance coverage before a 90 day or more break in health insurance coverage. For example:
- An individual is covered under employer A's health insurance plan for 6 months before terminating coverage. The individual then terminates employment and is not covered under any health insurance plan for 100 days. The individual then becomes covered under employer B's health plan and remains covered for 5 months. The individual terminates employment and is not covered under any health insurance plan for 45 days. The individual then enrolls in employer C's health insurance plan which has a 12 month preexisting condition waiting period. Since the individual had a break in coverage of more than 90 days between employer A and employer B, the 6 months covered under employer A's health insurance plan are not used to reduce the 12 month preexisting condition waiting period. Therefore, only 5 months of coverage with employer B will be used to reduce the 12 month preexisting condition waiting period. Employer C's health insurance plan may only apply a 7-month waiting period (12 months – 5 months).

#### Comprehensive Health Insurance Association (CHIA)

In 1992, the Alaska legislature established a health insurance program for high-risk individuals. This law allows all individuals who have been refused coverage by at least two insurers, who have a specified medical condition, or who meet certain other criteria, to purchase coverage through the CHIA. Individuals who meet the state definition of a federally defined eligible individual can receive coverage through the CHIA without a waiting period. A federally defined eligible individual is an individual whose most recent coverage was under a group health plan; who had at least 18 months of

health insurance coverage; who has exhausted any available COBRA coverage; whose most recent coverage was not terminated due to nonpayment of premiums or fraud; who does not have other health insurance coverage; and who is not eligible for other coverage.

The premium rates for the program are set at 175% of the average standard risk rate for health insurance plans sold in Alaska with similar benefits.

For information on this program, contact the Division of Insurance in Anchorage at 1-800-467-8725 (in Alaska only) or 907-269-7900.

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## Alaska Insurance Consumer Guide

### Federal Laws Affecting Health Insurance

#### COBRA

COBRA is the federal law that requires employers to continue to provide their health insurance coverage to employees who have been laid off or terminated. The coverage may extend from 18 to 36 months. To obtain coverage under COBRA, the employee or their dependent must apply to the employer within 60 days of termination of their employment. The U.S. Department of Labor handles all inquiries regarding COBRA coverage. Inquiries should be sent to:

Office of Program Services  
 Pension and Welfare  
 Benefits Administration  
 U.S. Department of Labor  
 200 Constitution Ave., N.W.  
 Washington, DC 20210  
 (202) 219-8776

#### ERISA (Employee Retirement Income Security Act)

Many people who believe that they have a health insurance policy through their employer are actually covered under what is called a self-insured health plan. A **self-insured health plan** exists when an employer chooses to pay for medical bills directly, instead of purchasing insurance for that purpose. Most self-insured plans are regulated by the federal government through the Department of Labor under the authority of ERISA and are exempt from state regulation. Most large employers have self-insured health plans. The State of Alaska changed to a self-insured health plan for employees and retirees effective July 1, 1997.

Employers choosing to self-insure their health plans are not subject to state insurance laws such as benefit mandates, state premium taxes, capital and surplus requirements, and reserve requirements. They are also able to gain more control over their cash flow and have more freedom in determining benefits to be provided to their employees. Most employers with self-insured health plans purchase stop-loss insurance from insurance companies to protect themselves against large losses.

Employees who receive health coverage under a self-insured plan are not afforded the protections of state insurance laws and regulations. These protections include financial solvency requirements as well as requirements applying to the payment of claims. If a self-insured plan fails, Alaska benefits and managed care protections, such as standards for grievance procedures, fair disclosure of plan provisions, fair claims settlement practices and consumer services, are not available to employees. The federal laws governing these self-insured plans limit damages to actual costs and may not even cover attorney fees. Individuals covered under a self-insured plan must assume responsibility for all claims if the plan fails. Also, individual employees are required to obtain their own legal counsel to settle disputes, since the U.S. Department of Labor will not become involved in individual disputes over coverage. One other important consideration is that a self-insured employer may make material changes to the health plan (such as reducing or eliminating benefits) without providing advance notice.

#### HIPAA (Health Insurance Portability and Accountability Act of 1996)

This Act establishes federal standards for group and individual health insurance plans. The Act sets minimum standards for guaranteed renewability, preexisting condition waiting periods, and crediting for prior health insurance coverage. Alaska has enacted into law these federal standards which are

discussed in the health insurance sections of this guide.

### Medical Savings Accounts

Under this federal law a bank, insurance company, or other federally approved entity may set up an individual savings account called a Medical Savings Account (MSA) where you can set money aside to pay for qualified medical expenses. The deposits (called contributions) in the account are tax deductible. Qualified medical expenses are those expenses paid by you for medical care including any deductible and coinsurance payments. Medical Savings Accounts are regulated by the federal government, not the Alaska Division of Insurance. One advantage to establishing an MSA is that contributions are not subject to tax and qualified medical expenses paid out of the account are not included in gross income for federal income tax purposes.

In order for a savings account to qualify as an MSA, you must be covered by a high deductible health plan offered by a small employer (2-50 employees) or be self-employed and have purchased a high deductible health plan. A high deductible health plan is an individual health insurance policy with deductibles between \$1,500 and \$2,250 and out-of-pocket limit of \$3,000, or a family health insurance policy with deductibles between \$3,000 and \$4,500 and out-of-pocket limit of \$5,500. These high deductible health plans are regulated by the Division of Insurance in the same manner as other health insurance policies.

If you are seeking information on setting up an MSA account, the best place to start is by contacting your financial advisor or producers selling health insurance in Alaska. Producers should have knowledge of the high deductible plans that are available in Alaska and any MSAs that may be offered in conjunction with those plans.

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Clark James Michter

## Options Limited in Alaska

BY DEBORAH J. MYERS

**Health insurance costs are rising, but employers benefit from providing quality insurance to employees.**

**N**o matter what the economic situation is, employee retention helps your business save money. Considering the cost of attracting, screening and interviewing applicants, plus the expensive downtime and potential mistakes while training, you'll save money if you keep the people you have.

Naturally, it helps to offer employees pleasant working conditions and adequate pay. However, benefits play an important role in keeping the grass lush on your side of the fence, so your employees don't seek other, greener pastures.

According to the 2000 Health Confidence Survey conducted by the Employee Benefit Research Institute ([www.ebri.org](http://www.ebri.org)), only 12 percent of people surveyed who have employer-provided health insurance said that they were extremely satisfied with their health insurance. The other 88 percent of people surveyed apparently feel they could do a little better elsewhere.

As an employer, it's in your best interest to offer a good health insurance package. As for insurance companies, their numbers have dwindled considerably, narrowing options.

"We generally have dealt with a number of companies," said Rick Johnson, a broker with Baldwin Financial Concepts in Anchorage and a board member of the National Association of Health Underwriters. "Anthem Health and Life has left the state, as has Humana Employer's Health and Guardian. Aetna has closed its marketing office (in Alaska).

"Other carriers have come in and undercut everyone else and then left the market. That leaves a sour taste with brokers and employers," he said.

At present, Blue Cross/Blue Shield of Alaska, Aetna, Principal, Starmark, United Healthcare and Great West Life offer coverage within the state.

"Blue Cross/Blue Shield of Alaska has the biggest network," Johnson said, "and they boast a pretty wide variety of physicians. We have a couple of carriers doing an outstanding job up here, but I also see employers frustrated at paying a lot for insurance."

Some employers are going online in search of discount health care benefits, but the promised deals aren't always a bargain.

"There are some Internet companies

that do (provide insurance) from out of state," Johnson said. "I've been told by folks who have made inquiries that they're the same price or higher."

The basic plans available now are preferred provider options (PPOs) and indemnity plans.

### PREFERRED PROVIDER OPTIONS

PPOs are usually pretty inflexible. "(With PPOs), you're a little bit restricted on where you can go for care," Johnson said.

Employees must visit a care provider on a network list to receive full benefits. Depending upon the plan, visiting a doctor not on the list may reduce or eliminate the amount of coverage, leaving the employee to pay the difference out of pocket.

PPOs also offer advantages over the indemnity plan. A few PPOs require no deductible to pay before receiving coverage. The plan is less expensive for employers, according to Johnson.

"Generally, you can get a PPO plan and it's a reduction in premium for the employer," he said.

This also means a smaller premium for the employees, too. The cost of



Johnson

care is less as well. Employees pay only a small co-payment for each doctor or hospital visit, and/or they meet a small deductible.

"People with young employees like those plans," said Jim Dunlap, owner of the Dunlap Agency in Fairbanks. "Employees only pay a \$10 to \$15 co-pay."

The quality of care is also an important factor for employees who need frequent medical care.

"Some of the chronic care and disease management programs are starting to move into PPOs," said Jeff Davis, executive director and general manager of Blue Cross/Blue Shield of Alaska.

"In the long run, quality care is cost-effective care," he said. "Cost and quality have been the perennial challenges of health care. Simply having a low premium isn't helpful if it doesn't provide the coverage you need."

Another type of PPO is a "hospital-preferred-provider network," Davis said.

These plans provide emergency room and planned inpatient and outpatient coverage once the deductible has been paid.

Like indemnity plans, the deductible is usually about \$300 to \$500 with 80 percent paid after the deductible has been met, according to Davis.

#### INDEMNITY PLANS

Indemnity plans are about as popular as PPOs, according to Johnson of Baldwin Financial Concepts. "Fifty percent of my clients are on indemnity plans," he said.

Indemnity plans require employees

to pay a deductible before receiving care. Employees who seldom require care may feel like they are paying for something they never use; however, if they do get seriously ill or injured, at least they have coverage. The benefits are more like fire insurance. You may never use it, but it's good to know it's there for you.

Indemnity plans also usually require employees to answer health questions, such as the occurrence of high blood pressure, cancer or diabetes in their family health history.

The good news is that indemnity plans are very flexible.

Indemnity plans let employees pick where they receive care and coverage is usually at a certain percentage once the deductible has been paid.

"There is a tremendous contingent of employers and employees who say they want to go where they want," Johnson said.

#### A THIRD CHOICE

Sometimes PPOs or indemnity plans don't fit into employers' budgets.

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Dunlap

"For businesses that don't offer group insurance, there is another option for employees," Davis said. "Namely, individual coverage."

Many make this decision because of rate increases, according to Johnson.

"They feel like they're being pressed," he said. "They don't feel like they can afford to pick up the rate increases."

Although rate increases are getting smaller (some are less than one percent, Johnson said), many smaller employers still feel the pinch.

Some employers who cancel company plans are still helping their employees with the cost of health insurance. They offer stipends to be applied toward individual coverage. Known loosely as cafeteria plans, employers pay a certain amount directly to the employees for their own use.

"There's a trend toward providing a basic benefit of so many dollars you can spend," Johnson said. "That's the trend of the future."

This leaves the decision and plan management up to the employees. Plans can include health, dental, life, vision or prescription drug coverage from various insurance companies. Like a mess hall, employees can pick and choose from a variety of options. In this way, the stipend scenario is like a formal cafeteria plan.

Unfortunately, employees don't always appropriate the funds that way and the cost to employees is higher.

"Most employers (who end their group

plans) give their employees a couple hundred dollars and say, 'You can spend it on insurance,'" said Johnson, "but most (employees) spend it elsewhere."

One reason for this may be out-of-pocket expense.

"The cost (to employees) is higher for individual insurance," Davis said. "There's no employer contribution to the premium and typically premiums are not tax-deductible."

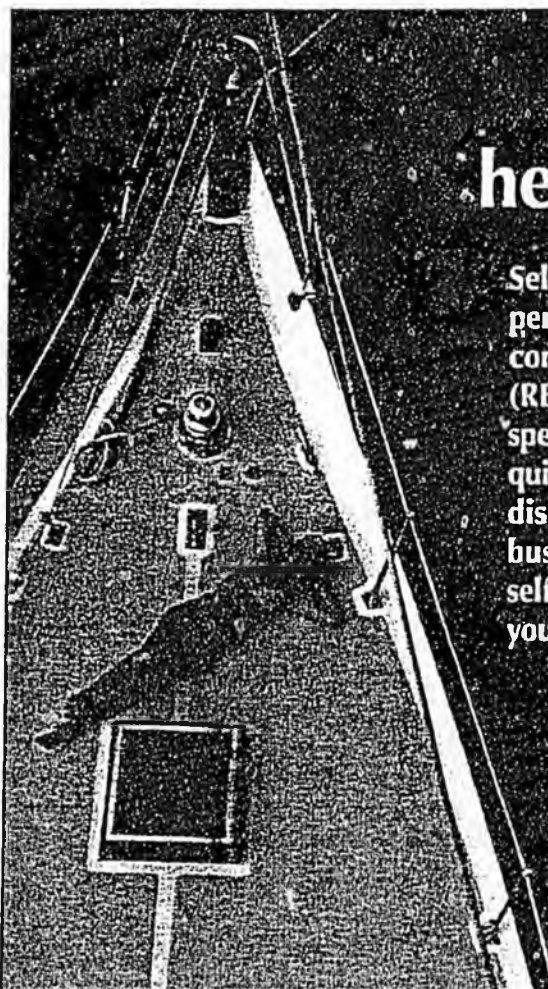
Formal cafeteria plans, officially known as Section 125 plans, are offered through insurance agencies and allow employers to pay the employees' portion of the premium tax-exempt. Most insurance companies give this option to only sizable groups.

#### ASSOCIATION PLANS

Some employers have tried to form larger groups by associating with other employers in the same field.

"We have a couple association plans," Johnson said, "such as the Alaska Bar Association."

By mixing employees from different firms into one group, the employees, employers and insurance companies can



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Davis

benefit by better service, lower rates and more dependable payments, respectively.

It sounds like a dream come true for many small employers; however, Johnson warns that it can get tricky to form associations.

"The insurance companies tend to shy away from (association plans)," he said. "The Alaska State Medical

Association (stipulates) that if we get together a certain number of employees, there are no restrictions, regardless of medical conditions."

In other words, for groups of fewer than 100, age and health questions can affect rates. If a company with 30 employees has a disproportionate number of employees over age 50, rates would be higher than a same-sized company comprised of 20 year olds.

Large employers with 100 or more receive a flat rate that does not vary because of the age and health conditions of the group. No matter who is added to or taken from the group, the rate remains the same as long as the group is large enough.

"The pool (of employees) in Alaska tends to be so small that if you want to come in with a guaranteed issue, the rates they initially set may not be correct because of medical conditions. Folks drop out of the plan because it's not cost effective."

There's no easy solution to the state's health care problems.

"If I had a crystal ball, I'd like to be able to solve this thing," Johnson said.

we need competition up here. There's almost a monopolistic situation with the carriers up here. They're overpriced and noncompetitive."

"There is a market here, if we had some insurance carriers who would come up and do business. We're so small compared to other states and it makes it awfully tough."

To cut costs, many carriers limit the types of plans available.

"We're 10 to 15 years behind the Lower 48 regarding network situations and managed care," Johnson said. "A lot of folks are leery about being restricted."

### NEW CHOICES?

Although Health Maintenance Organizations (HMOs) are nonexistent and unpopular in Alaska, promising changes are dawning on the health care horizon that will include some of their best qualities without the unattractive parts.

"Some of the most progressive companies nationwide are realizing that some services are linked with HMOs that don't have to be," Davis said. "You're starting to see clinical quality

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improvement programs. It makes better for patients and improves the quality of care."

Preventative care and screenings are becoming more popular, according to Davis.

"This is becoming available to some of the more progressive plans without the referrals and expense traditional to HMOs," he said.

Preventative care includes cancer screening and diabetes testing, for example.

The type of health insurance plan you select can impact employees' decision to remain with the company or go elsewhere.

"Employers need to think about what employees value," Davis said. "The value of a local company makes a difference as does the access to and size of physicians' facilities. (Employees) need peace of mind from their health care coverage."

There's a simple way to find out what employees want: ask them. Objectively compare the plans you're considering

**"There's almost a monopolistic situation with the carriers up here. They're overpriced and noncompetitive."**  
*-Rick Johnson, Broker  
 Talwin Financial Services*

on paper, and ask employees to vote on the plan they prefer. Select the plan the majority chooses.

Obtaining good health care coverage for employees will probably not be easy for the near future; however, by listening to employees' needs, you can select a plan that will keep them happy and working for your company. □



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Subject: HB 315

Date: Thu, 17 Jan 2002 08:43:39 -0900

From: "Ronald Jordan" <akrljordan@hotmail.com>

To: Representative\_Norman\_Rokeberg@legis.state.ak.us

JAN 17 2002

I read HB 315 and as a small business owner this sounds great. I believe that this bill would allow many small business owners to cover the many insurance gaps with employees.

Thank You

Ronald Jordan

8170 Woodgreen Cir.

Anchorage, AK. 99518

907-345-2755

or: [akrljordan@hotmail.com](mailto:akrljordan@hotmail.com) .

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## SeaView Community Services

SeaView Community Services (SeaView) is a not-for-profit multi-service agency in existence for 30 years. SeaView is unique in the state, providing centralized management and co-location for 12 distinct state-grant funded programs\*. SeaView operates an assisted living home for adults with serious mental illness, a 4-plex apartment and provides a broad continuum of outpatient services. SeaView's mission is to *provide community-based services that strengthen families, foster self-sufficiency, and enhance quality of life.* SeaView has an annual budget of \$2.4 million, employing 40 people.

### Issues

- Agency insurance rates increased 150% causing agency to reduce coverage to basic medical, increase deductibles, and increase employee copay. Agency is now at risk of not having enough employees taking the insurance and losing our eligibility to provide group coverage.
- There is no reimbursement mechanism for people with mental health diagnoses in long-term care. In addition, Alaska is one of the only states in the US that does not include Alzheimer's disease and Related Dementias (ARD) as a covered service under Medicaid. With the rapidly growing population of elders in Alaska, increased longevity and increasing tendency for elders to remain in Alaska, these problems need to be resolved.
- Grant funding and restrictions on revenue production do not keep pace with unfunded state mandates, changes in technology, cost-of living, etc. putting the agency's ability to recruit and retain staff and ultimate survival at constant risk.

### Action

- Insurance relief for non-profit, small businesses
- Change State of Alaska Medicaid Regulations to include ARD as covered problems.
- Develop a mechanism for reimbursement of mental health services for people in Long Term Care
- Support grant reform; increase base grants to keep up with cost of living and grant mandates
- Maintain Denali Kid Care and Medicaid at current level

\*Community Mental Health, Outpatient Substance Abuse Program, ASPECTS, Alcohol Safety Action Program, Rural Human Services, Domestic Violence and Sexual Assault, Incest Awareness Campaign, Infant Learning Program, Disability Services, Family Support, Day Care Assistance, Emergency Food and Shelter

Melissa Witzler Stone, Executive Director  
[mstone@seward.net](mailto:mstone@seward.net)

PO Box 1045  
Seward AK 99664

MAR 01 2002

*Alaska Association for the Education of Young Children*

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February 27, 2002

Representative Rokeberg  
State Capitol  
Juneau AK 99801-1182

FEB 28 2002

Greetings,


We know that until long range fiscal solutions are in place, legislators and policy makers are facing increasing pressure to reduce spending. It is also true that investing in the care and education of young children is critical to a strong economic future for our state. We ask for your support in two creative solutions with little or no increase in state funds.

**Lift the cap on the child care grant program.** This program administered by the Department of Education and Early Development, provides federal quality initiative funds as direct support to licensed child care programs for educational supplies, materials, equipment and staff support. It also serves as an incentive for programs to accept families receiving child care assistance who have irregular schedules; facilitating many families in finding the care that enables them to move from welfare into work.

Lifting this cap will allow the Department of Education and Early Development to allocate these federal quality initiative funds as an incentive to achieving higher quality standards.

**Support a health insurance buy-in program for child care workers.** This solution to the high turnover rate of child care workers has broad support across the state. In the initial stages of a public awareness campaign, the Alaska Association for the Education of Young Children has received over 100 signed resolutions from 30 communities across the state; from Craig to Barrow. These include resolutions from the City and Borough of Juneau, United Way of Anchorage, the Anchorage School District, NASW Alaska Chapter, Chugiak Children's Services, Success By Six, Fairbanks Child Care Coalition, the Alaska Family Child Care Association, along with numerous businesses and children's programs.

Attached is a sample of the resolution in support of health insurance for child care workers. Please take a moment to review this and consider how your office can support efforts to improve the education of young children in our state.

  
Joy Lyon  
President