

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10632 SENATE LABOR & COMMERCE

1572

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 6  
Bill Version: CSHB 27(FIN)  
(H) Publish Date: 4/1/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title An Act relating to the licensure and BRU: Occupational Licensing (117)  
registration of individuals who perform home inspections Component Occupational Licensing  
Sponsor Representative Rokeberg  
Requester House Finance 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	51.5	51.5	51.5	51.5	51.5	51.5
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	6.0	6.0	6.0	6.0	6.0	6.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	6.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>64.5</b>	<b>58.5</b>	<b>58.5</b>	<b>58.5</b>	<b>58.5</b>	<b>58.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (1156)</b>	<b>123.0</b>	<b>0.0</b>	<b>117.0</b>	<b>0.0</b>	<b>117.0</b>	<b>0.0</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-1156 Receipt Supported Services	64.5	58.5	58.5	58.5	58.5	58.5
<b>TOTAL</b>	<b>64.5</b>	<b>58.5</b>	<b>58.5</b>	<b>58.5</b>	<b>58.5</b>	<b>58.5</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	2	2	2	2	2	2
Temporary						

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

The revenue collection shown every other year is the result of the biennial licensing cycle. An explanation of the costs shown above is on page 2.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
Division: Occupational Licensing Date/Time: 3/27/02 3:30 PM  
Approved by: Deborah B. Sedwick, Commissioner Date: 3/27/2002  
Agency: Department of Community & Economic Development

**FISCAL NOTE**

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

**BILL NO. CSHB 27(FIN) - FN#6**

**ANALYSIS CONTINUATION**

CSHB 27 (FIN): An Act relating to the licensure and registration of individuals who perform home inspections;....

Page 2 of 2

**Total PERSONAL SERVICES: \$51.5**

- Occupational Licensing Examiner I position, PPT, Range 12, \$20.7
- 1/2 Investigator III position, Range 18A, \$30.8

**Total TRAVEL: \$0.0**

**Total CONTRACTUAL SERVICES: \$6.0**

- 30 hours of AG legal time for regulations and license appeals, \$3.0
  - Printing, postage, communication, and advertising costs, \$3.0
- The contractual services total does not include any expenditures for purchase of a license examination. This fiscal note assumes applicants will pay the testing service directly for the examination.

**Total SUPPLIES: \$1.0**

To fund daily operating supplies of the program.

**Total EQUIPMENT (one-time costs): \$6.0**

Office equipment and workstation set-up for the support position.

**TOTAL FISCAL NOTE: \$64.5**

**REVENUE & FUND SOURCE:** Revenue will be generated by specialty contractor licensing fees sufficient to cover direct and indirect program costs.

**HB**

**56**

# SENATE COMMITTEE REPORT

DATE: 3/4/02

FURTHER: Finance

DATE TURNED IN TO OFFICE: 3/21/02

Labor and Commerce Committee considered

CS FOR HOUSE BILL NO. 56(FIN)

"An Act relating to minimum wages; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
BDA	2/5/02		✓	1
HSS	2/6/02	✓		2
EED	2/5/02	*		3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>Betty Davis</i>	✓			
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>			✓	

# Alaska State Legislature

## House of Representatives

RULES COMMITTEE, CHAIR  
COMMITTEE ON COMMITTEES  
LABOR & COMMERCE COMMITTEE  
MILITARY & VETERANS AFFAIRS  
LEGISLATIVE COUNCIL



INTERIM:  
10928 EAGLE RIVER RD., SUITE 141  
EAGLE RIVER, AK 99577

SESSION:  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801

### Sponsor Statement HB 56

Dating back to 1938 when the United States established the Fair Labor Standards Act, Americans have believed that it is entirely appropriate for the government to establish a minimum wage floor for workers. Immediately following statehood, Alaska statute echoed that conviction by declaring its own policy in the preamble of the Wage and Hour Act of 1959:

It is the public policy of the state to:

- (1) establish minimum wage and overtime compensation standards for workers at levels consistent with their health, efficiency, and general well-being, and
- (2) safeguard existing minimum wage and overtime compensation standards that are adequate to maintain the health, efficiency, and general well-being of workers against unfair competition of wage and hour standards that do not provide adequate standards of living.

Over the years, Alaska has lost sight of that commitment to its lowest paid workers and the time is now to correct this. HB 56 changes to Alaska's minimum wage statute so that it more adequately provides for a fair minimum wage to Alaska's lowest paid workers. Last year, thousands of Alaskans voiced their support for raising the floor as well as adding a cost of living adjustment.

The Alaska Legislature and the overwhelming majority of Alaskan residents are in agreement with the following findings:

- An increase in the minimum wage will help ensure a minimum standard of living for the health, safety, and well-being of every Alaskan.
- The Legislature notes that currently, Washington, Oregon and California have surpassed Alaska in providing for a minimum standard of living for its workers.
- Finally, the Legislature finds that for a minimum wage to be fair, it must be indexed to the cost of living to help low-income workers keep pace with inflation.

This bill amends section 2 (a) so that

- effective January 1, 2003, an employer shall pay each employee wages at a rate of not less than \$7.15 an hour, for hours worked in a pay period.
- As well, each year, not later than September 30, the Department shall adjust the minimum wage for inflation based upon the CPI of Anchorage, or \$1.00 more than the federal minimum wage, whichever is greater effective the following year.

### Representative Pete Kott

JUNEAU OFFICE (907) 465-3777 TOLL FREE 1-800-861-KOTT(5688) FAX (907) 465-2819  
EAGLE RIVER OFFICE (907) 694-8944 FAX (907) 694-8945 E-MAIL: representative\_pete\_kott@legis.state.ak.us  
<http://www.akrepublicans.org/Kott.htm>



# Sponsor Statement for HB 56

Dating back to 1938 when the United States established the Fair Labor Standards Act, Americans have believed that it is entirely appropriate for the government to establish a minimum wage floor for workers. Immediately following statehood, Alaska statute echoed that conviction by declaring its own policy in the preamble of the Wage and Hour Act of 1959:

It is the public policy of the state to:

- (1) Establish minimum wage and overtime compensation standards for workers at levels consistent with their health, efficiency, and general well-being, and
- (2) Safeguard existing minimum wage and overtime compensation standards that are adequate to maintain the health, efficiency, and general well-being of workers against unfair competition of wage and hour standards that do not provide adequate standards of living.

Over the years, Alaska has lost sight of that commitment to its lowest paid workers and the time is now to correct this. HB 56 changes to Alaska's minimum wage statute so that it more adequately provides for a fair minimum wage to Alaska's lowest paid workers. Last year, thousands of Alaskans voiced their support for raising the floor as well as adding a cost of living adjustment.

The Alaska Legislature concurs and makes the following findings:

An increase in the minimum wage will help ensure a minimum standard of living for the health, safety, and well-being of every Alaskan.

The Legislature notes that currently, Washington, Oregon and California have surpassed Alaska in providing for a minimum standard of living for its workers.

Finally, the Legislature finds that for a minimum wage to be fair, it must be indexed to the cost of living to help low-income workers keep pace with inflation.

This bill amends section 2 (a) s ) that

- Effective January 1, 2003, an employer shall pay each employee wages at a rate of not less than \$7.15 an hour, for hours worked in a pay period.
- As well, each year, not later than September 30, the Department shall adjust the minimum wage for inflation effective the following year.
- The minimum wage shall be adjusted for inflation calculated by 50% of the Consumer Price Index for Anchorage *or* \$1.00 more than the federal minimum wage, whichever is greater.



# FISCAL NOTE

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 56(L&C)  
 ( H ) Publish Date: 2/8/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
 Title: RELATING TO THE MINIMUM WAGE BRU: Public Assistance  
 Component: ATAP  
 Sponsor: KOTT  
 Requestor: HOUSE (L&C) Component Number: 220

**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	(201.9)	(420.0)	(456.3)	(492.6)	(529.0)	(565.3)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(201.9)</b>	<b>(420.0)</b>	<b>(456.3)</b>	<b>(492.6)</b>	<b>(529.0)</b>	<b>(565.3)</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 0 )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts	(201.9)	(420.0)	(456.3)	(492.6)	(529.0)	(565.3)
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--do not abbreviate)						
<b>TOTAL</b>	<b>(201.9)</b>	<b>(420.0)</b>	<b>(456.3)</b>	<b>(492.6)</b>	<b>(529.0)</b>	<b>(565.3)</b>

Estimate of any current year (FY2002) cost: \_\_\_\_\_

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)

Approximately 670 adults currently receiving Temporary Assistance have jobs paying between \$5.65/hr. and \$7.15/hr. An increase in the minimum wage will result in an increase in the households' countable earned income. This increase will result in a reduction in monthly Alaska Temporary Assistance Program (ATAP) benefits paid to the family and will generate savings in the benefit line of the ATAP component. A general fund savings would not be realized because federal law requires the State to contribute a fixed amount of state funds toward the program (maintenance of effort) or be subject to penalty resulting in loss of TANF funds. The Temporary Assistance program is currently budgeted at the minimum maintenance of effort. Any further reduction will subject the State to a block grant penalty. Federal savings would be realized as an increase in the available TANF block grant balance that can be reinvested into work services. Congress is due to reauthorize the program for FFY 2003. Availability

Prepared by: Jim Nordlund Phone 465-5835  
 Division: Public Assistance Date/Time 02/06/2002  
 Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 02/06/2002  
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CSHB 56(L&C)

ANALYSIS CONTINUATION

of excess federal dollars for the future cannot be guaranteed.

Assumptions:

On average, ATAP recipients who earn between \$5.65/hr and \$7.15/hr work 120 hours per month.

Currently, the average wage for ATAP recipients who earn between \$5.65/hr and \$7.15/hr is \$6.43/hr. The average monthly ATAP grant for these recipients is \$561.

Effective January 1, 2003, 673 ATAP recipients will receive an earnings increase to \$7.15/hr. The monthly grant for these recipients is \$511, a \$50 decrease

Assume the new minimum wage will increase by .8 percent/year beginning January 1, 2004.

Effective January 1, 2004, 673 ATAP recipients will receive an earning increase from 7.15/hr to \$7.21/hr. The monthly grant for these recipients is 507, a \$54 decrease.

Effective January 1, 2005, 673 ATAP recipients will receive an earnings increase from \$7.21/hr to \$7.28/hr. The monthly grant for these recipients is \$502, a \$59 decrease.

Effective January 1, 2006, 673 ATAP recipients will receive an earnings increase from \$7.28/hr to \$7.34/hr. The monthly grant for these recipients is \$498, a \$63 decrease.

Effective January 1, 2007, 673 ATAP recipients will receive an earnings increase from \$7.34/hr to \$7.40/hr. The monthly grant for these recipients is \$493, a \$68 decrease.

Effective January 1, 2008, 673 ATAP recipients will receive an earnings increase from \$7.40/hr to \$7.46/hr. The monthly grant for these recipients is \$489. a \$72 decrease.

Calculations

FY2003 \$50 x 6 months x 673 recipients = \$201,900

FY2004 \$50 x 6 months x 673 recipients = \$201,900

\$54 x 6 months x 673 recipients = \$218,052  
\$419,952

FY2005 \$54 x 6 months x 673 recipients = \$218,052

\$59 x 6 months x 673 recipients = \$238,242  
\$456,294

FY 2006 \$59 x 6 months x 673 recipients = \$238,242

\$63 x 6 months x 673 recipients = \$254,394  
\$492,636

FY 2007 \$63 x 6 months x 673 recipients = \$254,394

\$68 x 6 months x 673 recipients = \$274,584  
\$528,978

FY2008 \$68 x 6 months x 673 recipients = \$274,584

\$72 x 6 months x 673 recipients = \$290,736  
\$565.320

# FISCAL NOTE

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

Fiscal Note Number: 3  
 Bill Version: CSHB 56(FIN)  
 (H) Publish Date: 3/1/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: EED  
 Title "An act relating to minimum wages" BRU K-12 Support  
 Component Pupil Transportation  
 Sponsor Rep. Kott  
 Requester House Finance Component No. 144

**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	*	*	*	*	*	*
<b>TOTAL OPERATING</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>	*	*	*	*	*	*
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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)						
<b>TOTAL</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	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

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

The majority of the districts already pay higher than the proposed minimum wages. Contractors are not required to adjust the minimum wage until a new contract is bid. The largest districts (Anchorage, Kenai, Fairbanks, Mat Su, Kodiak, Delta-Greely, Juneau and Alaska Gateway in Tok) will not bid new contracts until fall of 2006, for contracts beginning FY07. Ketchikan will not bid until fall of '05, for its contract beginning FY06.

Prepared by: Eddy Jeans, School Finance Manager  
 Division: Education Support Services  
 Approved by: Karen Rehfeld, Director of Education Support Services  
 Agency: Department of Education & Early Development

Phone 465-8679  
 Date/Time 2/15/02 2:47 PM  
 Date 2/15/02

## Minimum Wage Law in Alaska

Date	Statutory Language	\$ Facts
May 2, 1959 § 4 ch 171 SLA 1959	<p>Every employer, except as may be otherwise provided in this Act, shall pay to each of his employees wages at a rate of not less than \$1.50 an hour.</p> <p><i>1959 Federal Minimum Wage: \$1.00</i></p>	<p>In 2001 dollars:</p> <p>Fed \$1.00 = \$5.92 AK \$1.50 = \$9.13 \$ .50 = \$3.04</p>
1962 am § 2 ch 2 SLA 1962	<p>Every employer, except as may be otherwise provided in this Act, shall pay to each of his employees wages at a rate of not less than \$ 50 an hour greater than the prevailing Federal Minimum Wage Law.</p> <p><i>1962 Federal Minimum Wage: \$1.15</i></p>	<p>In 2001 dollars:</p> <p>Fed \$1.15 = \$6.75 AK \$1.75 = \$9.68 \$ .50 = \$2.93</p>
1974 1 ch 41 SLA 1974	<p>Section 1 AS 23.10.065 is amended to read: An employer shall pay to each of his employees wages at a rate of not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or \$2.60 an hour, whichever is greater for work...</p> <p><b>No employer may apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section.</b></p> <p><i>1974 Federal Minimum Wage: \$2.00</i></p>	<p>In 2001 dollars:</p> <p>Fed \$2.00 = \$7.19 AK \$2.50 = \$9.35 \$ .50 = \$1.80</p>
1990 §§ 3, 4 ch 12 SLA 1990	<p>Adds a new section: Section 4. AS 23.10.065 An employer shall pay to each person employed as a public school bus driver wages at a rate of not less than two (2) times the minimum wage established under (a) of this section for hours worked...</p> <p><b>An employer may not apply fringe benefits as a credit toward payment of the minimum wage established under this section.</b></p> <p><i>1990 Federal Minimum Wage: \$3.80</i></p>	<p>In 2001 dollars:</p> <p>Fed \$3.80 = \$5.15 AK \$4.30 = \$6.10 \$ .50 = \$0.68</p>

**HB**

**58**

# SENATE COMMITTEE REPORT

DATE: 5/5/01

FURTHER: State Affairs  
Finance

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Labor and Commerce Committee considered

CS FOR HOUSE BILL NO. 58(L&C)

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>			✓	

TONY KNOWLES  
GOVERNOR  
[governor.al.gov/state.ak.us](http://governor.al.gov/state.ak.us)

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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Juneau, Alaska 99811-0001  
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January 12, 2001

The Honorable Brian Porter  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Porter:

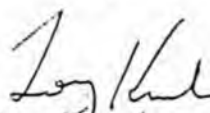
Alaska's economy includes many seasonal industries with employees who rely on their unemployment benefits to fill the gaps between times of work. The current rate of unemployment insurance payments falls woefully short in helping families cover living expenses. Alaska's unemployment insurance provides the lowest percentage of the state's average weekly wage of any state. Our maximum weekly benefit amount of \$248 ranks 50<sup>th</sup> of the 50 states.

To correct this inadequacy, I am transmitting this bill to increase unemployment insurance benefits and then index the benefits to the state's average weekly wage, so that future adjustments would be automatic and synchronized to the state's economy.

Under this bill, the maximum weekly benefit amount would increase January 1, 2002, to \$284. Those earning \$31,250 or more per year would be eligible for this maximum benefit. A year later, the maximum weekly benefit amount would be indexed to the average weekly wage in the state for the preceding fiscal year, set at fifty percent of that wage. Based on current projections, the maximum weekly benefit amount in 2003 would be \$320 for those claimants who earned \$35,500 or more.

I urge your prompt and favorable action on this measure.

Sincerely,

  
Tony Knowles  
Governor

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 4  
 Bill Version: CSHB 58(L&C)  
 (H) Publish Date: 4/10/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: University of Alaska  
 Title: An Act relating to the calculation and payment BRU: various  
of unemployment compensation  
benefits; and providing an effective  
date Component: various  
 Sponsor: Rules Committee Component Number: \_\_\_\_\_  
 Requester: Governor

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	15.8	46.5	61.3	63.4	65.3	67.2
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>15.8</b>	<b>46.5</b>	<b>61.3</b>	<b>63.4</b>	<b>65.3</b>	<b>67.2</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)	15.8	46.5	61.3	63.4	65.3	67.2
<b>TOTAL</b>	<b>15.8</b>	<b>46.5</b>	<b>61.3</b>	<b>63.4</b>	<b>65.3</b>	<b>67.2</b>

Estimate of any current year (FY2001) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation has a fiscal impact on the employer charge percentage and thus the amount the University of Alaska pays for unemployment insurance. The Fund Source is all funding sources that include Personal Services. The costs are based on a 3-year average annual usage (\$640,000 FY99 thru FY01).

The University of Alaska used the estimates and methodology supplied by the Alaska Department of Labor from their analysis of affected claimants to prepare this fiscal note on the proposed legislation.

Prepared by: Pat Pitney Phone 474-5889  
 Division: University of Alaska Date/Time 4/3/01 1:00 PM  
 Approved by: \_\_\_\_\_ Date \_\_\_\_\_  
 Agency: \_\_\_\_\_

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSHB 58(L&C)  
 (H) Publish Date: 4/10/01

Revision Date/Time (Note if correction): (Cor. 3/16/01) Dept. Affected: Various  
 Title: "An Act relating to the calculation and payment of unemployment compensation benefits..." BRU: Various  
 Sponsor: Rules Committee Component: Various  
 Requester: (H)L&C Component Number: \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	95.6	257.4	323.7	325.0	325.0	325.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>95.6</b>	<b>257.4</b>	<b>323.7</b>	<b>325.0</b>	<b>325.0</b>	<b>325.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) various	95.6	257.4	323.7	325.0	325.0	325.0
<b>TOTAL</b>	<b>95.6</b>	<b>257.4</b>	<b>323.7</b>	<b>325.0</b>	<b>325.0</b>	<b>325.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 This legislation has a fiscal impact on the employer charge percentage charged all state agencies using the working reserves for unemployment insurance. The Fund Source is all funding sources that include Personal Services. The costs are based on a 3-year average annual usage (\$3,932,804 for FY 98 through FY 00).  
 The Alaska Department of Labor conducted an analysis of affected claimants to determine the estimates reflected above. Their analysis is attached. The methodology has been provided to the University of Alaska for their use in preparing a fiscal note on this proposed legislation.

Prepared by: Kim Garner Phone 465-3435  
 Division: Finance Date/Time 03/20/01  
 Approved by: Jim Duncan, Commissioner Date 3/22/01  
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

## Dept. of Administration's Fiscal Note

The original fiscal note for HB 58 was prepared by Dept. of Administration with the following estimates:

FY 2002	\$295 (Thousands)
FY 2003	\$590
FY 2004	\$590
FY 2005	\$590
FY 2006	\$590
FY 2007	\$590

The estimate of increased cost of HB 58 was based on the value of a working reserve fund for reimbursable state UI costs during the last three fiscal years. The reserves covered State Agencies, Courts, and Legislative Agencies, but not the University. The first part of the legislation raises the Maximum Weekly Benefit Amount (MWBA) from \$248 to \$284, which calculates to an increase of 15 percent. The fiscal note was prepared with an assumed 15 percent cost increase. In the note cost for the first year, FY2002, assumed 15% for half the year, since the new WBA would be in effect for only 6 months of the state fiscal year. The 15% for each full year after was then applied for FY 2003 - 2007.

Some basic facts about HB 58 are that the Maximum WBA would rise from the current \$248 to \$284 during the calendar year 2002. In the following calendar year, 2003, the MWBA would be determined by a formula based on the prevailing state average wage. Current data indicate that the resulting WBA would be set at approximately \$320.

The cost increase for state FY 2002 would include the increase for one-half of calendar year 2002, in which a MWBA of \$284 would be in place. The cost for state FY 2003 would include the increase for the second half of CY 2002, with a MWBA of \$284, PLUS the increase for the first half of CY 2003, in which a MWBA of roughly \$320 would be in place. The following state fiscal years, starting with FY 2004 would be impacted by the increases associated with the MWBA of roughly \$320.

The actual costs of the proposed legislation will be determined by the payment of benefits under the new benefit schedule, to qualified unemployed state employees. We know that most of the current state employee benefit recipients are not receiving the maximum benefit amount, and will not qualify for the new proposed maximum WBA's.

The fiscal note assumption of a 15% increase in cost, based on a 15% increase MWBA, is a conservative approach, but probably overstates the cost for the first year or two. The preparation of the fiscal note did not seem to take into account the second change in MWBA, from \$284 to roughly \$320, another 13 percent increase. These two factors together have a somewhat self-canceling effect, and the resulting estimates in the later fiscal years are not unreasonable.

## Dept. of Labor & WD, R&A's estimates

### A. R&A's initial estimates include costs beyond those covered by the Fiscal Note

To generate its taxable employer cost estimates for HB 58, research and analysis used a special claimant file which stratifies claim payment activity by the qualifying wages of claimants. We have used CY 1998 as a representative year. The costs for 1998 were lower than 1999, and a bit higher than 2000, and are a reasonable representative of our current economy. In looking at state of Alaska reimbursable costs for the fiscal note, we followed the same approach, limiting our data to claimants with a state "ownership" code. Unlike the Department of Administration fiscal note, our original estimate included the University of

Alaska, The Alaska Railroad, Etc. Running the state claimant data through our model gave us the following rough results:

The annual cost increase resulting from a new Max WBA of \$284 would be approximately \$ 293,000.  
The annual cost increase resulting from a new Max WBA of \$320 would be approximately \$ 498,000.

The claimants covered in the state data include every state entity, including the university, railroad, legislative branch, courts, etc. These estimates, therefore, cover a larger group than the DOA was considering in its fiscal note. Using these inclusive numbers we generated the following FY estimates, calculating the FY costs according to the effective WBA in place (see paragraph 4 above): FY 02 - \$147,000, FY 03 - \$396,000, FY 04 - \$498,000, FY 05 to 07 - \$500,000.

**B. R&A adjusts its estimates to conform to the same parameters of coverage in the fiscal note developed by the Department of Administration**

When we examine the reported amount of state total reimbursable costs, for the same group covered by the DOA's fiscal note, during the last three fiscal years (source ETA 2112 report), the average figure is \$ 3.9 million. These costs were predominantly State Administration, with minor costs for academic, fee agents, and elections.

When we estimated the total cost of benefits paid to all "state" claimants (the "larger" group), in our special claimant file, we came up with a figure of \$ 6.3 Million.

Using the two estimates, we calculated the ratio between the two data sets as approximately 65%. We then applied a 0.65 factor to the raw FY figures above to get the following estimates:

FY 2002	\$ 095,550
FY 2003	\$ 257,400
FY 2004	\$ 323,700
FY 2005	\$ 325,000
FY 2006	\$ 325,000
FY 2007	\$ 325,000

Looking at the various data sources, all created for different purposes, was a classic attempt to compare apples and oranges and get a simple definitive result. The cost figures we have created are as much a product of measured logic as they are of accounting and forecasting, which in the end is how most estimates are generated

James Wilson  
Asst. UI Actuary  
Alaska Dept. of Labor and Workforce Development  
465 4520

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
Bill Version: HB 58  
(H) Publish Date: 1/16/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Labor  
Title: "An Act relating to the calculation and BRU: Employment Security  
payment of unemployment compensation..."  
Sponsor: Rules Committee Component: Unemployment Ins  
Requester: Governor Component Number: 2276

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<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						
New# Bldg Safety Acct						
<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 (FY2001) cost: None

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation increases the maximum unemployment compensation weekly benefit amount (WBA) from \$248.00 to \$284.00 and increases the qualifying wages in the existing statutory table. There is no fiscal impact to the department as a result of this legislation.

Prepared by: Rebecca Gamez, Director Phone 465-2711  
Division: Employment Security Date/Time 1/10/01 10:38 AM  
Approved by: Ed Flanagan, Commissioner Date 1/10/2001  
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

COMMITTEE COPY

**HB**

**81**

# Alaska State Legislature

REPRESENTATIVE  
HUGH "BUD" FATE

Mailing Address:

119 N. Cushman, Suite 101  
Fairbanks, Alaska 99701  
(907) 452-4448  
Fax: (907) 456-3346



## House Of Representatives

While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4976  
Fax: (907) 465-3883

House District 33

CS for House Bill 81

"An Act extending the termination date of the Board of Dental Examiners; relating to the Board of Dental Examiners and regulation of the practice of dental hygienists and dental assistants."

SPONSOR: Representative Hugh Fate

### SPONSOR STATEMENT:

Under Title 8 of the Alaska Statutes the Board of Dental Examiners will terminate June 30, 2001. A report released by the Legislative Budget and Audit Committee recommended that the Legislature extend the board's date to June 30, 2005. This is the main focus of House Bill 81. The regulation and licensing of qualified dentists and hygienists benefits the public's safety and welfare. The Board contributes to safe guarding the public interests by ensuring competence and integrity of dentists and dental hygienists. As a retired dentist I believe the Board provides an invaluable service and should continue to do so.

House Bill 81 also addresses some issues of concern to the Dental Board of Examiners and the Alaska Dental Society. House Bill 81 attempts to clear up some duplicate and confusing language, reduce paperwork, expand the definition of dentistry, address dental testing and equivalency options, board appointments, and increase the allowable civil fine penalty that the Board can impose.

# Alaska State Legislature

REPRESENTATIVE  
HUGH "BUD" FATE

Mailing Address:  
119 N. Cushman, Suite 101  
Fairbanks, Alaska 99701  
(907) 452-4448  
Fax: (907) 456-3346

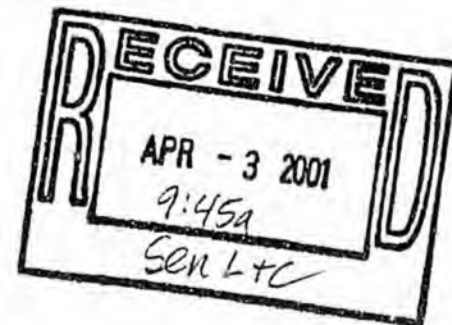


## House Of Representatives

While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4976  
Fax: (907) 465-3883

House District 33

### Memorandum



DATE: April 4, 2001

TO: Senator Randy Phillips  
Chair, Senate Labor & Commerce Committee

FROM: Representative Hugh Fate *Hugh Fate*

SUBJECT: Bill Hearing Request

---

I respectfully request House Bill 81 be heard in the Senate Labor & Commerce Committee. Legislative Audit recommended that the Board of Dental Examiners be extended in the Legislative Budget and Audit Committee on January 24, 2001. The extension date of the Board is the main focus of House Bill 81. However, there were suggestions by the Alaska Dental Board and Alaska Dental Society. House Bill 81 attempts to address both of their concerns. Please contact my office at 465-4976 if you have any questions.

## Proposed Legislative Changes 2001

Inserted words [Deleted words]

### 1<sup>st</sup> Bill - Dentists and Dental Hygienists (statutes and regulations)

1. (Pg. 5) AS 08.32.110 (a)(2) & (d) Delete the words or prophylactic from both sections to read as follows:
  - (2) apply topical preventive [or prophylactic] agents;
  - (d) This section does not prohibit a dental assistant from applying topical preventive [or prophylactic] agents or pit and fissure sealants when those duties have been delegated to the assistant by a dentist licensed under AS 08336.350(a)(2).
2. (Pg. 8) AS 08.36.010. Creation and membership of board. Inserting phrases to read as follows:
  - There is created the Board of Dental Examiners consisting of nine members. Six members shall be licensed dentists who are nominated by the Alaska Dental Society and have been engaged in the practice of dentistry in the state for five years immediately preceding appointment, two members shall be dental hygienists licensed under AS 08.32 who are nominated by the Alaska State Dental Hygiene Association and have been engaged in the practice of dental hygiene in the state for five years immediately preceding appointment, and one member shall be a public member.
3. (Pg. 8) AS 08.36.030 Election of officers. Inserting the phrase to read as follows:
  - The board shall elect a president who is a licensed dentist and a secretary from among its members, each to serve for a term not to exceed two years.
4. (Pg. 11) AS 0836.075(d) Dental radiological equipment Insert the words or board approved inspector to read as follows:
  - (d) ... and kept on file where the equipment is located. The board or board approved inspector shall, upon application by the owner or lessee of the dental radiological equipment, submission of evidence ...
5. (Pg. 13) AS 08.36.160(e) Contents of examination.  
Insert the words or the Central Regional Dental Testing Service, Inc. and delete the words [, provided the examination was taken on or after January 1, 1987] to read as follows:
  - (e) A passing score on a clinical examination given by the Western Regional Examining Board or the Central Regional Dental Testing Service, Inc. within the five years preceding licensure application

under this chapter constitutes a passing score on a clinical examination required under this chapter[, provided the examination was taken on or after January 1, 1987].

6. (Pg. 14) AS 08.36.234(a)(1)(B) Licensure by credentials. The following changes to read as follows:
  - (a)(1)(B) has passed clinical and written examinations required for licensure in another state, territory, or region of the United States and is [has been] licensed to practice dentistry in a [that] state, territory, or region in which the dentist is licensed must have licensing requirements at least generally equivalent to those ...
7. (Pg. 21) AS 08.36.360 Practice of dentistry defined. Add section (8) & (9) to read as follows:
  - (8) evaluation, diagnosis, prevention and/or treatment (nonsurgical, surgical or related procedures) of diseases, disorders and/or conditions of the oral cavity, maxillofacial area and/or the adjacent and associated structures and their impact on the human body; provided by a dentist, within the scope of his/her education, training and experience, in accordance with the ethics of the profession and applicable law.
  - (9) serves as a third-party reviewer for any dentally related treatments.

## 2<sup>nd</sup> Bill – Chapter 01. Centralized Licensing.

8. (Pg. 45) AS 08.01.075(a)(8) Disciplinary powers of the board. To read as follows:
  - (8) impose a civil fine not to exceed[\$5,000] \$25,000 per incident .
  - (9) Recover associated costs from a licensee found in violation to include but not limited to expert witnesses, attorney fees, court costs board and department costs.

## 3<sup>rd</sup> Bill - Insurance Add language to the effect:

9. A payment by a third-party payer to a provider in accordance with \*\*\*\* shall be considered final one year after payment was made. After that date, both of the following apply:
  - The amount of the overpayment is not subject to adjustment, except in the case of fraud by the provider.
  - The third-party payer shall not deduct any overpayment made to the provider from any other payment it owes the provider.

Dental Statute Changes

The Board of Dental Examiners would like the legislature to make the following dental statute changes during the consideration of board sunset extension.

- 1) Replace the current definition of the practice of dentistry with the American Dental Association definition.
- 2) Increase the maximum fine for violation of the dental statutes. The board believes the current \$5,000 maximum fine is not sufficient incentive to stop transgressions.
- 3) Delete the term "prophylactic" from AS 08.32.110(d) in order to make it clear that dental assistants cannot perform teeth cleaning. Cleaning has always been an exclusive hygienist function, but the current wording may mislead the public.
- 4) Amend AS 08.36.160(e) so the board may accept the Central Regional Dental Testing Service exam as well as the current Western Regional Examining Board exam.
- 5) Amend AS 08.36.234(a)(1)(B) by changing "has been licensed" to "is licensed." The effect of this change would be to require applicants for licensure by credentials to hold a current license in another state, territory or region of the United States.

Thank you for considering our comments.

Sincerely,



Catherine Reardon, director

---

**Sectional Analysis House Bill 81, Board of Dental Examiners**

---

**Section 1. AS 08.03.010(c)(7)**

Page 1 Line 6

Extends the termination date from June 30, 2001 to June 30, 2005.

**Section 2 AS 08.03.110(a)(2)**

Page 2 Line 1

Removes OR PROPHYLACTIC. Prophylactic is duplicate language to preventative. It is covered under preventative agent. Prophylactic is also confusing language because it is similar to other dental terms like prophylaxis.

**Section 3 AS 08.03.110(d)**

Page 2 Line 11

Same reason. [Prophylactic was taken out of both locations because the Department of Law said if one went, they both had to.]

**Section 4 AS 08.36.010**

Page 2 Line 15-18

Adds wording that says, the Governor, when making appointments, will consider licensed dentists nominated by the Alaska Dental Society and licensed dental hygienists nominated by the Dental Hygienists' Association.

**Section 5 AS 08.36.075(d)**

Pg. 2 Line 31 & Pg. 1-9

Allows a board authorized inspector to determine whether the owner or lessee of dental radiological equipment is in compliance with the inspection standards of the board, collect the appropriate fee and remit the fee to the board, and issue an inspection seal. The inspector will then remit the paperwork to the board and whether a seal was issued or not.

**Section 6 AS 08.36.160(e)**

Page 3 Lines 11-17

Makes a passing score on a clinical exam given by the Central Regional Dental Testing Service, Inc. an acceptable alternative to the Western Regional Examining Board examination as long as the exam was passed after January 1, 2001.

**Section 7 AS 08.36.234(a)**

Page 3 Line 28

Requires that the dentist be currently licensed in another state, with the same requirements as Alaska, in order avoid re-examination to practice in Alaska.

Page 3 Lines 29-30

Language that states a dentist could have taken a dental exam in one state and be practicing in another, and as long as the state they are licensed in has equivalent requirements to Alaska, the dentist can practice in Alaska. (The dentist doesn't have to be licensed and practicing in the same state in order for them to practice in Alaska, if it has equivalent requirements.)

**Section 8 AS 08.36.317**

Page 5 Line 29-31

Increases the allowable civil fine from \$5,000 to \$25,000 per violation.

**Section 9 08.36.360**

Page 6 Lines 23-30

Expands the current definition of Dentistry to include the American Dental Association's definition of dentistry which allows a dentist to evaluate, diagnose, treat, or perform preventive procedures relating to diseases, disorders, or conditions of the oral cavity, maxillofacial area, or adjacent and associated structures.



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2 entries found for **prophylactic**.  
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prophylactic[1,adjective]

prophylactic[2,noun]

**Main Entry:** <sup>1</sup>pro·phy·lac·tic  
**Pronunciation:** "prO-f&-lak-tik also "prä-  
**Function:** *adjective*  
**Etymology:** Greek *prophylaktikos*, from *prophylassein* to be on guard, from *pro-* before + *phylassein* to guard, from *phylak-*, *phylax* guard  
**Date:** 1574  
**1** : guarding from or preventing disease  
**2** : tending to prevent or ward off : **PREVENTIVE**  
*- pro·phy·lac·ti·cal·ly /-ti-k(&-)lE/ adverb*

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2 entries found for **preventive**.  
To select an entry, click on it. (Click 'Go' if nothing happens.)

preventive[1,noun]   Go  
preventive[2,adjective]

Main Entry: <sup>1</sup>pre-ven-tive  
Pronunciation: - 'ven-tiv  
Function: *noun*  
Date: circa 1639  
: something that prevents; *especially* : something used to prevent disease

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# Alaska State Legislature

REPRESENTATIVE  
HUGH "BUD" FATE

Mailing Address:

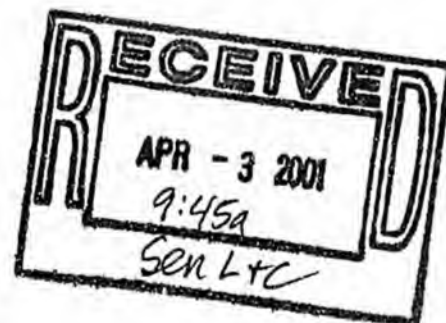
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While in session  
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Juneau, Alaska  
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Fax: (907) 465-3883

House District 33

## House Of Representatives

### Memorandum



DATE: April 4, 2001

TO: Senator Randy Phillips  
Chair, Senate Labor & Commerce Committee

FROM: Representative Hugh Fate *Hugh Fate*

SUBJECT: Bill Hearing Request

---

I respectfully request House Bill 81 be heard in the Senate Labor & Commerce Committee. Legislative Audit recommended that the Board of Dental Examiners be extended in the Legislative Budget and Audit Committee on January 24, 2001. The extension date of the Board is the main focus of House Bill 81. However, there were suggestions by the Alaska Dental Board and Alaska Dental Society. House Bill 81 attempts to address both of their concerns. Please contact my office at 465-4976 if you have any questions.

# Alaska State Legislature

REPRESENTATIVE  
HUGH "BUD" FATE

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Fairbanks, Alaska 99701

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While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
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Fax: (907) 465-3883

House District 33

## House Of Representatives

CS for House Bill 81

"An Act extending the termination date of the Board of Dental Examiners; relating to the Board of Dental Examiners and regulation of the practice of dental hygienists and dental assistants."

SPONSOR: Representative Hugh Fate

### SPONSOR STATEMENT:

Under Title 8 of the Alaska Statutes the Board of Dental Examiners will terminate June 30, 2001. A report released by the Legislative Budget and Audit Committee recommended that the Legislature extend the board's date to June 30, 2005. This is the main focus of House Bill 81. The regulation and licensing of qualified dentists and hygienists benefits the public's safety and welfare. The Board contributes to safe guarding the public interests by ensuring competence and integrity of dentists and dental hygienists. As a retired dentist I believe the Board provides an invaluable service and should continue to do so.

House Bill 81 also addresses some issues of concern to the Dental Board of Examiners and the Alaska Dental Society. House Bill 81 attempts to clear up some duplicate and confusing language, reduce paperwork, expand the definition of dentistry, address dental testing and equivalency options, board appointments, and increase the allowable civil fine penalty that the Board can impose.

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 81(FIN)  
 (H) Publish Date: 3/26/01

Revision Date/Time (Note if correction): 03/06/2001 1:30p.m. Dept. Affected: DCED  
 Title: An Act extending the termination date of the BRU: Occupational Licensing  
Board of Dental Examiners... Component: Occupational Licensing  
 Sponsor: Representative Fate  
 Requester: House Labor and Commerce Component Number: 2360

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services		91.2	91.2	91.2	91.2	
Travel		22.2	22.2	22.2	22.2	
Contractual		54.5	54.5	54.5	54.5	
Supplies		0.2	0.2	0.2	0.2	
Equipment		0.0	0.0	0.0	0.0	
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (1156 RSS)</b>	<b>0.0</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</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 - (1156 RSS)		168.1	168.1	168.1	168.1	
<b>TOTAL</b>	<b>0.0</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill extends the Board of Dental Examiners to June 30, 2005. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2002 Operating Budget request.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
 Division: Occupational Licensing Date/Time 03/06/2001 1:30p.m.  
 Approved by: Commissioner Deborah B. Sedwick Date 3/6/2001  
 Agency: Department of Community and Economic Development

For distribution information, call the Governor's Legislative Office

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**Sectional Analysis House Bill 81, Board of Dental Examiners**

---

**Section 1. AS 08.03.010(c)(7)**

Page 1 Line 6

Extends the termination date from June 30, 2001 to June 30, 2005.

**Section 2 AS 08.03.110(a)(2)**

Page 2 Line 1

Removes OR PROPHYLACTIC. Prophylactic is duplicate language to preventative. It is covered under preventative agent. Prophylactic is also confusing language because it is similar to other dental terms like prophylaxis.

**Section 3 AS 08.03.110(d)**

Page 2 Line 11

Same reason. [Prophylactic was taken out of both locations because the Department of Law said if one went, they both had to.]

**Section 4 AS 08.36.010**

Page 2 Line 15-18

Adds wording that says, the Governor, when making appointments, will consider licensed dentists nominated by the Alaska Dental Society and licensed dental hygienists nominated by the Dental Hygienists' Association.

**Section 5 AS 08.36.075(d)**

Pg. 2 Line 31 & Pg. 1-9

Allows a board authorized inspector to determine whether the owner or lessee of dental radiological equipment is in compliance with the inspection standards of the board, collect the appropriate fee and remit the fee to the board, and issue an inspection seal. The inspector will then remit the paperwork to the board and whether a seal was issued or not.

**Section 6 AS 08.36.160(e)**

Page 3 Lines 11-17

Makes a passing score on a clinical exam given by the Central Regional Dental Testing Service, Inc. an acceptable alternative to the Western Regional Examining Board examination as long as the exam was passed after January 1, 2001.

**Section 7 AS 08.36.234(a)**

Page 3 Line 28

Requires that the dentist be currently licensed in another state, with the same requirements as Alaska, in order avoid re-examination to practice in Alaska.

Page 3 Lines 29-30

Language that states a dentist could have taken a dental exam in one state and be practicing in another, and as long as the state they are licensed in has equivalent requirements to Alaska, the dentist can practice in Alaska. (The dentist doesn't have to be licensed and practicing in the same state in order for them to practice in Alaska, if it has equivalent requirements.)

**Section 8 AS 08.36.317**

Page 5 Line 29-31

Increases the allowable civil fine from \$5,000 to \$25,000 per violation.

**Section 9 08.36.360**

Page 6 Lines 23-30

Expands the current definition of Dentistry to include the American Dental Association's definition of dentistry which allows a dentist to evaluate, diagnose, treat, or perform preventive procedures relating to diseases, disorders, or conditions of the oral cavity, maxillofacial area, or adjacent and associated structures.

## Proposed Legislative Changes 2001

Inserted words [Deleted words]

### 1<sup>st</sup> Bill - Dentists and Dental Hygienists (statutes and regulations)

1. (Pg. 5) AS 08.32.110 (a)(2) & (d) Delete the words or prophylactic from both sections to read as follows:
  - (2) apply topical preventive [~~or prophylactic~~] agents;
  - (d) This section does not prohibit a dental assistant from applying topical preventive [~~or prophylactic~~] agents or pit and fissure sealants when those duties have been delegated to the assistant by a dentist licensed under AS 08336.350(a)(2).
  
2. (Pg. 8) AS 08.36.010. Creation and membership of board. Inserting phrases to read as follows:
  - There is created the Board of Dental Examiners consisting of nine members. Six members shall be licensed dentists who are nominated by the Alaska Dental Society and have been engaged in the practice of dentistry in the state for five years immediately preceding appointment, two members shall be dental hygienists licensed under AS 08.32 who are nominated by the Alaska State Dental Hygiene Association and have been engaged in the practice of dental hygiene in the state for five years immediately preceding appointment, and one member shall be a public member.
  
3. (Pg. 8) AS 08.36.030 Election of officers. Inserting the phrase to read as follows:
  - The board shall elect a president who is a licensed dentist and a secretary from among its members, each to serve for a term not to exceed two years.
  
4. (Pg. 11) AS 0836.075(d) Dental radiological equipment Insert the words or board approved inspector to read as follows:
  - (d) ... and kept on file where the equipment is located. The board or board approved inspector shall, upon application by the owner or lessee of the dental radiological equipment, submission of evidence ...
  
5. (Pg. 13) AS 08.36.160(e) Contents of examination. Insert the words or the Central Regional Dental Testing Service, Inc. and delete the words [, provided the examination was taken on or after January 1, 1987] to read as follows:
  - (e) A passing score on a clinical examination given by the Western Regional Examining Board or the Central Regional Dental Testing Service, Inc. within the five years preceding licensure application

under this chapter constitutes a passing score on a clinical examination required under this chapter[, provided the examination was taken on or after January 1, 1987].

6. (Pg. 14) AS 08.36.234(a)(1)(B) Licensure by credentials. The following changes to read as follows:
  - (a)(1)(B) has passed clinical and written examinations required for licensure in another state, territory, or region of the United States and is [has been] licensed to practice dentistry in a [that] state, territory, or region in which the dentist is licensed must have licensing requirements at least generally equivalent to those ...
7. (Pg. 21) AS 08.36.360 Practice of dentistry defined. Add section (8) & (9) to read as follows:
  - (8) evaluation, diagnosis, prevention and/or treatment (nonsurgical, surgical or related procedures) of diseases, disorders and/or conditions of the oral cavity, maxillofacial area and/or the adjacent and associated structures and their impact on the human body; provided by a dentist, within the scope of his/her education, training and experience, in accordance with the ethics of the profession and applicable law.
  - (9) serves as a third-party reviewer for any dentally related treatments.

#### 2<sup>nd</sup> Bill – Chapter 01. Centralized Licensing.

8. (Pg. 45) AS 08.01.075(a)(8) Disciplinary powers of the board. To read as follows:
  - (8) impose a civil fine not to exceed[~~\$5,000~~] \$25,000 per incident .
  - (9) Recover associated costs from a licensee found in violation to include but not limited to expert witnesses, attorney fees, court costs board and department costs.

#### 3<sup>rd</sup> Bill - Insurance Add language to the effect:

9. A payment by a third-party payer to a provider in accordance with \*\*\*\* shall be considered final one year after payment was made. After that date, both of the following apply:
  - The amount of the overpayment is not subject to adjustment, except in the case of fraud by the provider.
  - The third-party payer shall not deduct any overpayment made to the provider from any other payment it owes the provider.

### Dental Statute Changes

The Board of Dental Examiners would like the legislature to make the following dental statute changes during the consideration of board sunset extension.

- 1) Replace the current definition of the practice of dentistry with the American Dental Association definition.
- 2) Increase the maximum fine for violation of the dental statutes. The board believes the current \$5,000 maximum fine is not sufficient incentive to stop transgressions.
- 3) Delete the term "prophylactic" from AS 08.32.110(d) in order to make it clear that dental assistants cannot perform teeth cleaning. Cleaning has always been an exclusive hygienist function, but the current wording may mislead the public.
- 4) Amend AS 08.36.160(e) so the board may accept the Central Regional Dental Testing Service exam as well as the current Western Regional Examining Board exam.
- 5) Amend AS 08.36.234(a)(1)(B) by changing "has been licensed" to "is licensed." The effect of this change would be to require applicants for licensure by credentials to hold a current license in another state, territory or region of the United States.

Thank you for considering our comments.

Sincerely,



Catherine Reardon, director

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prophylactic[1,adjective]   

prophylactic[2,noun]       

**Main Entry:** <sup>1</sup>**pro·phy·lac·tic**  
**Pronunciation:** "prO-f&- 'lak-tik also "prä-  
**Function:** *adjective*  
**Etymology:** Greek *prophylaktikos*, from *prophylassein* to be on guard, from *pro-* before + *phylassein* to guard, from *phylak-*, *phylax* guard  
**Date:** 1574  
**1** : guarding from or preventing disease  
**2** : tending to prevent or ward off : **PREVENTIVE**  
*- pro·phy·lac·ti·cal·ly /-ti-k(&-)lE/ adverb*

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preventive[1,noun]   Go  
preventive[2,adjective]

Main Entry: <sup>1</sup>pre-ven-tive  
Pronunciation: - 'ven-tiv  
Function: *noun*  
Date: circa 1639  
: something that prevents; *especially* : something used to prevent disease

Dictio

Thesa

Get to "preve" at **britann**

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# Alaska State Legislature

REPRESENTATIVE  
HUGH "BUD" FATE

Mailing Address:  
119 N. Cushman, Suite 101  
Fairbanks, Alaska 99701  
(907) 452-4448  
Fax: (907) 456-3346

While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4976  
Fax: (907) 465-3883


House District 33

## House Of Representatives

### Memorandum

DATE: April 4, 2001

TO: Senator Randy Phillips  
Chair, Senate Labor and Commerce Committee

FROM: Representative Hugh Fate 

SUBJECT: Teleconference Request, House Bill 81

---

I would like to request that the Senate Labor and Commerce Committee meeting on House Bill 81 be teleconferenced. The sites to be connected would be the Anchorage and Ketchikan Legislative Information Office's (LIO). I am waiting for the list people to testify. I will contact your office as soon as I receive the names. Please contact my office at 465-4976 if you have any questions.

## Alaska Dental Board Enforcement Expenditures and Fine Revenue

	FY 2001 to 4/9/2001	FY 2000	FY 1999
<b>Expenditures:</b>			
*Division Investigators Personal Services	26,460.63	44,230.66	53,967.23
Expert Witness Fees	2,937.50	15,000.00	27,567.00
Misc. Case Costs	0.00	0.00	300.00
Special Legal Costs	0.00	0.00	240.00
Deposition Services	0.00	0.00	0.00
Legal Services	26,968.66	26,026.79	19,434.02
Other Professional Services (transcription svcs)	49.00	445.00	904.80
Hearing Unit Expenses	0.00	48.55	7,662.20
	56,415.79	85,751.00	110,075.25

Please note that the enforcement costs are not necessarily attributable to the cases that resulted in fines listed on the second page of this document. They are total enforcement costs for all investigations regardless of action. Furthermore, disciplinary actions frequently take place in later fiscal years than investigations.

<b>FINES Collected:</b>	0.00	2,500.00	0.00
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\*Division investigators personal Services costs are based on actual charges shown on payroll reports.



**ALASKA STATE LEGISLATURE**  
**SENATOR RANDY PHILLIPS**  
Senate District L

**Senate Labor & Commerce Committee**

Session (Jan-May)  
State Capitol, Rm 103  
Juneau, AK 99801  
(907) 465-4949  
(907) 465-4979 Fax  
Toll Free Anchorage Area  
800-478-4950

Interim  
P.O. Box 142  
Eagle River, AK 99577  
(907) 694-4949  
(907) 694-4948 Fax

April 12, 2001

Letter of Intent for HB81  
DENTISTS/DENTAL HYGIENISTS & ASSISTANTS

---

It is the intent of the Legislature that the size of fines typically imposed for minor, noncompliance infractions remain unaffected by the enactment of HB81.

It is the intent of the Legislature that the size of fines typically imposed for serious and consequential violations of ethical and professional misconduct be increased.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
Bill Version: CSHB 81(FIN)  
(H) Publish Date: 3/26/01

Revision Date/Time (Note if correction): 03/06/2001 1:30p.m. Dept. Affected: DCED  
Title: An Act extending the termination date of the BRU: Occupational Licensing  
Board of Dental Examiners.... Component: Occupational Licensing  
Sponsor: Representative Fate  
Requester: House Labor and Commerce Component Number: 2360

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services		91.2	91.2	91.2	91.2	
Travel		22.2	22.2	22.2	22.2	
Contractual		54.5	54.5	54.5	54.5	
Supplies		0.2	0.2	0.2	0.2	
Equipment		0.0	0.0	0.0	0.0	
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (1156 RSS)</b>	<b>0.0</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	
--------------------------------------	------------	--------------	--------------	--------------	--------------	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other - (1156 RSS)		168.1	168.1	168.1	168.1	
<b>TOTAL</b>	<b>0.0</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	<b>168.1</b>	

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill extends the Board of Dental Examiners to June 30, 2005. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2002 Operating Budget request.

Prepared by: Jennifer Strickler, Administrative Manager  
Division: Occupational Licensing  
Approved by: Commissioner Deborah B. Sedwick  
Agency: Department of Community and Economic Development

Phone (907) 465-2144  
Date/Time 03/06/2001 1:30p.m.  
Date 3/6/2001

For distribution information, call the Governor's Legislative Office

# Audit Report

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**DEPARTMENT OF COMMUNITY  
AND ECONOMIC DEVELOPMENT  
BOARD OF DENTAL EXAMINERS  
SUNSET REVIEW**

November 12, 2000

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Audit Control Number:

08-20002-01

Division of Legislative Audit  
P.O. Box 113300, Juneau, Alaska 99811-3300

# LEGISLATIVE BUDGET AND AUDIT COMMITTEE

---

## DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$6 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed as mandated by Alaska Statutes or at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Juneau, Anchorage, or our web site <http://www.legis.state.ak.us/legaud/web/default.htm>.

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Pat Davidson, CPA  
Legislative Auditor

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# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300  
Juneau, AK 99811-3300

(907) 465-3830

FAX (907) 465-2347

Internet e-mail address:

legaudit@legis.state.ak.us

November 27, 2000

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMUNITY  
AND ECONOMIC DEVELOPMENT  
BOARD OF DENTAL EXAMINERS  
SUNSET REVIEW

November 12, 2000

Audit Control Number  
08-20002-01

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently under AS 08.03.010(c)(7), the Board of Dental Examiners is scheduled to terminate on June 30, 2001. The board would be allowed one year in which to conclude its administrative affairs.

In our opinion, the termination date for Board of Dental Examiners should be extended. The regulation and licensure of dental professionals contributes to the protection of the public's welfare. We recommend the legislature extend the termination date of the Board of Dental Examiners to June 30, 2005.

This sunset review was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are set out on page one of this report.

A handwritten signature in cursive script that reads "Pat Davidson".

Pat Davidson, CPA

Legislative Auditor

## TABLE OF CONTENTS

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## OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Title 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the board of Dental Examiners. Under AS 44.66.050(a), the legislative committee of reference is to consider this report during the oversight process to determine whether the termination date of the board should be extended. Currently, AS 08.03.010(c)(7) requires the board to terminate on June 30, 2001. If the legislature takes no action to extend the termination date, the board will have one year from that date to conclude its affairs.

### Objectives

There are two central, interrelated, objectives of our report. They are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public's interest and determine if the board has exercised general control over licensed dentists.<sup>1</sup>

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the board.

### Scope and Methodology

Another auditor at our direction and supervision conducted a majority of this review. We followed professional standards to determine that the other auditor was independent and that their work was competent and sufficient.

Our audit reviewed the operations and activities of the Board of Dental Examiners for the period of FY 98 through FY 00.

During the course of our examination, we reviewed and evaluated the following:

---

<sup>1</sup>AS 08.36.070(a) states that the board shall:

- (1) Provide for the examination of applicants and issue licenses to those qualified;
- (2) Register licensed dentists and hygienists who are in good standing;
- (3) Affiliate with the American Association of Dental Examiners;
- (4) Hold hearings and order disciplinary sanction of a person who violates this chapter, AS 08.32, or a regulation of the board;
- (5) Adopt regulations ensuring that renewal of registration is contingent upon proof of continued professional competence;
- (6) Enforce the provisions of this chapter and AS 08.32 and adopt or amend the regulations necessary to make the provisions of this chapter and AS 08.32 effective; and
- (7) Require, as a condition of a license or license renewal by the board current certification in cardiopulmonary resuscitation techniques.

1. Applicable statutes and regulations.
2. Compliance with statutes and regulations related to the licensing of dentists and dental hygienists. Our evaluation addressed considerations of license applications, testing of candidates, and continuing education necessary for an individual to maintain their license in good standing.
3. Minutes of meetings of the Board of Dental Examiners.
4. Annual reports issued by the Board of Dental Examiners.
5. Complaints filed with the Department of Community and Economic Development, Division of Occupational Licensing, Office of the Ombudsman, Department of Labor and Workforce Development, Alaska Commission on Human Rights, and Equal Employment Opportunity Commission.
6. Reading and correspondence files maintained with the Department of Community and Economic Development, Division of Occupational Licensing.
7. Interviews with employees of the Department of Community and Economic Development, Division of Occupational Licensing.
8. Other documents deemed pertinent.

## ORGANIZATION AND FUNCTION

The Board of Dental Examiners was established in 1955, through Alaska Statute 08.36.010. The powers of the board include:

1. Examining and issuing licenses to qualified applicants.
2. Hold hearings and order the disciplinary sanction of an individual who violates relevant portions of the state statutes or regulations.
3. Adopting regulations ensuring that renewal of registration is contingent upon proof of continued professional competence by a licensed dentist or licensed dental hygienist.
4. Provide the department with the requirements for proof of continued professional competence.
5. Issuing permits or certificates to licensed dentists and licensed dental hygienists who meet the standards determined by the board for specific procedures that require specific education and training.

Board of Dental Examiners  
As of November 1, 2000

Professional Members

Rena L. Anderson, RDH Hygienist  
James R. Arneson, D.D.S. Dentist  
Mary Ann Cerney Hygienist  
James A. Clark, D.M.D. Dentist  
Raymond L. Lang, D.D.S. Dentist  
David G. Logan, D.D.S. Dentist  
Michael P. Moriarty, DDS Dentist  
1 Dentist position vacant

Public Member

James B. Blasingame Public Member

The board is responsible for safeguarding the public interest by ensuring the competence and integrity of those who hold themselves out to the public as dentists and dental hygienists. The board evaluates the qualifications of candidates, administers examinations, issues certificates and licenses to practice, promulgates rules of professional conduct, and takes disciplinary action.

### Department of Community and Economic Development, Division of Occupational Licensing

The Department of Community and Economic Development, Division of Occupational Licensing provides administrative and investigative assistance to the Board of Dental Examiners. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065, mandates the Department of Community and Economic Development, with the concurrence of the board, adopt regulations to establish the amount and manner of payment of application fees, examination fees, license fees, registration fees, permit fees, investigation fees, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statute 08.01.087 empowers the Division of Occupational Licensing with the authority to act on its own initiative or in response to a complaint. The division may:

1. Conduct an investigation if it appears a person engaged or is about to engage in a prohibited professional practice.
2. Bring an action in Superior Court to enjoin the act.
3. Examine the books and records of an individual.
4. Issue subpoenas for the attendance of witnesses and records.

## REPORT CONCLUSIONS

In our opinion, the Board of Dental Examiners is operating in an efficient and effective manner and should continue to regulate dentists and dental hygienists. We believe the board contributes to the safeguarding of the public interest, by ensuring the competence and integrity of those who hold themselves out to the public as dentists and dental hygienists.

The board serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that dentists and dental hygienists are licensed in the State of Alaska.

Alaska Statute 08.03.010(c)(7) requires the Board of Dental Examiners be terminated on June 30, 2001. Under AS 08.03.020, the board has a one-year period to administratively conclude its affairs. We recommend the legislature extend the board's termination date to June 30, 2005.

(Intentionally left blank)

## ANALYSIS OF PUBLIC NEED

The following analysis of the Board of Dental Examiners (board) activities relates to the public need factors defined in the "sunset" review law, AS 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

***Determine the extent to which the board, commission, or agency has operated in the public interest.***

The board, through regulation of the licensure of dentists and dental hygienists, has provided the public with qualified professionals in the dental industry. The profession has continuing education requirements that require specific hours of patient contact or patient care related courses. The board requires that all persons licensed by the board display their license in the open for the public to see.

The board licenses applicants in two ways, by examination and by credentials. Licensure by credentials requires the applicant demonstrate their previous work history qualifies them for licensure. Prior audits have noted that licensure by this means has been rather difficult. The board adopted or revised regulations concerning licensure by credentials; governing education requirements; enforced the laws for issuing licenses in a uniform manner; and held meetings and administered examinations in accordance with statutory requirements.

In 1998, legislation was adopted that allows dentists and dental hygienists to be licensed to administer nitrous oxide. Previously, only dentists could administer nitrous oxide to a patient.

The board has been active in providing information to the public, professional and state societies and associations. A member of the board attends every association meeting to act as an ambassador to the association. This allows the board to maintain constant updates on state association issues and concerns as well as providing an efficient means of communicating change in state statutes, regulations and licensing requirements.

Annual reports for fiscal years ended June 30, 1997, 1998, and 1999 were submitted in a timely manner to the Division of Occupational Licensing.

***Determine the extent to which the operations of the board has been impeded or enhanced by existing statutes, procedures, and practices, which it has adopted, and any other matter, including budgetary, resource, and personnel matters.***

In reviewing and evaluating the activities of the board, we consider board activities for the last three complete fiscal years – FY 98, FY 99, and FY 00. During the earlier part of this review period, the Office of the Governor left the public member seat vacant for an extended amount of time. The board met five times between September 1997 and May 1998 with a

vacancy on the board set aside for a non-licensed public member. In late May 1998, a public member was appointed, and the individual has attended 11 of the 12 meetings held since that time.

We believe that it is critical that the public member seat on the board be filled. One of the primary ways the legislature can provide greater assurance that professional licensing boards are acting in the public interest is to place non-licensed citizens on the boards. Accordingly, when this seat is left vacant, or the individual does not regularly attend, this aspect of public protection is diminished.

***Determine the extent to which the board has recommended statutory changes that are generally of benefit to the public interest.***

The board supported legislation that was passed in 1998 that redefined, and expanded to a limited extent, the requirements for licensure by examination and credentials.

The board also supported a bill amending state law, subsequently adopted by the legislature, to allow dentists to continue practice even though they were unable to qualify for the necessary certification in cardio-pulmonary resuscitation (CPR) training. The legislation permitted dentists to continue practice, even without CPR certification, as long as they made sure an individual with the requisite CPR training was on the premises of the dental practice.

***Determine the extent to which the board, commission or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of services, economy of service, and availability of services that it has provided.***

The location, date, and time of upcoming board meetings and notices of proposed changes in regulations are published in the *Anchorage Daily News*, the *Fairbanks Daily News-Miner* and the *Juneau Empire*.

The board's meeting agenda sets aside time for the board to take public comment. Minutes from the meetings reflect public participation throughout the meeting. Proposed regulations are often circulated to those affected by the proposed regulations through professional trade journals, public notice advertisement, or direct mail correspondence from the Division of Occupational Licensing.

***Determine the extent to which the board has encouraged public participation in the making of its regulations and decisions.***

Public notices of proposed regulations are published in major newspapers, as previously discussed. Meetings are adequately advertised and time set aside for public testimony.

Major proposed regulation changes were circulated throughout the professional community by either direct response mailing to the affected license holders, or providing the proposed

changes to the state associations for publication in member newsletters. Feedback resulted in changes to the proposed regulations addressing the profession's concerns.

***Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which the board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.***

During the last three fiscal years (FY 98 – FY 00) the Division of Occupational Licensing has received or developed internally 49 complaints or investigations related to activities regulated by the Board of Dental Examiners. Of these 49, 8 have involved one licensed dentist. Of the remaining 41 complaints, the division has completed an investigation and resolved the case in 36 instances.

Of these 36, 24 were resolved without formal board action including 20 where the division determined there was no violation of professional or legal requirements. The remaining 4 were closed through the issuance of warning letters or through various other administrative procedures.

For the 12 complaints and related investigative actions brought before it, the board took the following actions:

1. issued two reprimands,
2. fined two licensees,
3. placed two licensees on probation,
4. suspended the licenses of three licensees, and
5. upheld administrative decisions that three applicants were not sufficiently qualified for licensure.

Much of the Division of Occupational Licensing's investigative efforts have involved numerous cases of a single licensed dentist. In the past three fiscal years, eight complaints have been made or developed involving the dentist. Even though two of these complaints have been closed, six complaints are still being investigated by Division of Occupational Licensing. As a result of these investigative activities, 42 patient files have been subpoenaed and are being analyzed by dental practice experts for evidence of inappropriate practice.

Complaints have originated from reports from other licensed dentists, the State's dental society, a pharmacist, and an on-site inspection conducted by the Division of Occupational Licensing. We are concerned about the length of time the State's investigate effort is taking while this dentist is still being allowed to practice – despite the repeated indications of shortcomings in his practice of dentistry.

As discussed in the Issue Needing Further Study section of this report, we suggest that a separate audit be conducted to review the Division of Occupational Licensing investigative

activities for this and other occupational boards – to evaluate the efficacy of the agency’s investigative efforts.

***Determine the extent to which the board regulates entry into an occupation or profession and whether it has presented qualified applicants to serve the public.***

Listed below is a summary of new licenses and permits issued by the board for the period under review.

<b>New License and Permits Issued (Exclusive of Renewals)</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>Total</b>	<b>Current as of June 30, 2000</b>
Dentist	23	34	31	88	549
Dental Hygienist	17	24	41	82	482
Dental Specialist	4	7	6	17	90
Parenteral Sedation Permit	1	4	2	7	32
General Anesthetic Permit	2	-	1	3	18
Local Anesthetic Permit	16	16	39	71	376

Overall the application process for licensing appears reasonable and appropriate. The licensing process is neither unduly restrictive nor too lax. Continuing education is required and adequately monitored by the board, to promote a high level of quality performance and to help ensure the integrity of the profession.

Each applicant is required to satisfy requirements for licensing. Board meeting minutes reflect that the board considers each applicant, interviews those applying by credentials, and verifies the licensing requirements are satisfied prior to issuing a license.

***Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board to its own activities and the area of activity or interest.***

The ombudsman received no complaints regarding the Division of Occupational Licensing. We did not find any evidence that the board was not complying with the state personnel practices, including affirmative action in qualifying applicants. In no instances has the board denied an applicant a license based on personal attributes.

***Determine the extent to which statutory, regulatory, budgeting or other changes are necessary to enable the board to better serve the interest of the public and to comply with the factors enumerated in this subsection.***

The board continues to recognize the need to evaluate the Americans with Disabilities Act (ADA), to determine its impact on the profession. The board will consider whether any statutory or regulatory changes are needed to ensure compliance.

## ISSUES NEEDING FURTHER STUDY

Government auditing standards recommend that audit agencies report on issues that are noted during the course of an audit, but due to circumstances are not necessarily addressed with additional audit fieldwork. The standards state the auditor should "*refer significant issues needing further audit work*" to the appropriate entities, so the issues can be addressed through audit review at some other time.

Investigating and "making a case" against licensed professionals is difficult. Complaints often involve whether a certain procedure or practice was appropriate and consistent with competent care or lawful, ethical practice. Assessing compliance with such care or practice standards often involves having both the Division of Occupational Licensing and the Department of Law consult with other practitioners regarding professional procedural norms. Such consultation takes time. We recognize the value in proceeding cautiously in order to make the best case possible, our concern is that the public may unduly be put at risk due to delays often involved with such an approach.

In that context, we suggest that further study is needed to determine if investigations are being carried out, by the Division of Occupational Licensing with support from the Department of Law, in a timely manner. This issue is not solely related to the Board of Dental Examiners as the Division of Occupational Licensing must prioritize and allocate its resources across all boards and licensing functions. However, we are concerned about the length of time an investigation (including legal support) of a single dentist is taking given the serious nature of the complaints.

A separate review could assess the overall investigative efforts of the Division of Occupational Licensing and the related legal assistance provided by the Department of Law. This assessment will determine if the various boards are receiving the support necessary to enforce professional standards and requirements and ensure adequate public protection.

(Intentionally left blank)

*Alaska* Department of Community  
and Economic Development

**Division of Occupational Licensing**

P.O. Box 110806, Juneau, AK 99811-0806

Telephone: (907) 465-2534 • Fax: (907) 465-2974 • Text Telephone: (907) 465-5437

Email: license@dced.state.ak.us • Website: www.dced.state.ak.us/occl

January 4, 2001

Pat Davidson, Legislative Auditor  
Legislative Budget and Audit Committee  
Division of Legislative Audit  
PO Box 113300  
Juneau, AK 99811

RECEIVED  
JAN 04 2001  
LEGISLATIVE AUDIT

Dear Ms. Davidson:

Thank you for the opportunity to comment on the Board of Dental Examiners preliminary audit. This response is being submitted on behalf of the Division of Occupational Licensing and the Board of Dental Examiners.

The division and the board are pleased that the auditors found the board is doing a satisfactory job and concur that the board should be extended.

**Future Audit of Investigative Activities**

The Division of Occupational Licensing and the Board of Dental Examiners ask the Legislative Budget and Audit Committee to reconsider the recommendation for a future audit of investigative activities.

In 1997, the Division of Legislative Audit conducted a comprehensive audit of Division of Occupational Licensing investigative activities (audit control number: 08-4556-97) and made no recommendations for change. In that process, auditors reviewed 141 investigative case files.

An additional audit of our investigative activities would occupy a significant amount of the investigative unit's time, time that could be spent on investigations.

If the Committee feels that an additional audit is warranted, please consider focusing more narrowly on dental investigations rather than on all professions. The audit recommendation appears to be based on concerns about a single ongoing dental investigation. The other five occupational licensing sunset audits conducted this interim did not raise concern about investigations.

### Dental Statute Changes

The Board of Dental Examiners would like the legislature to make the following dental statute changes during the consideration of board sunset extension.

- 1) Replace the current definition of the practice of dentistry with the American Dental Association definition.
- 2) Increase the maximum fine for violation of the dental statutes. The board believes the current \$5,000 maximum fine is not sufficient incentive to stop transgressions.
- 3) Delete the term "prophylactic" from AS 08.32.110(d) in order to make it clear that dental assistants cannot perform teeth cleaning. Cleaning has always been an exclusive hygienist function, but the current wording may mislead the public.
- 4) Amend AS 08.36.160(e) so the board may accept the Central Regional Dental Testing Service exam as well as the current Western Regional Examining Board exam.
- 5) Amend AS 08.36.234(a)(1)(B) by changing "has been licensed" to "is licensed." The effect of this change would be to require applicants for licensure by credentials to hold a current license in another state, territory or region of the United States.

Thank you for considering our comments.

Sincerely,



Catherine Reardon, director

3 1 1

B H

# Alaska State Legislature

WHILE IN SESSION  
CAPITOL BUILDING  
JUNEAU, ALASKA 99801-1182  
(907) 465-4931  
1-800-870-4931  
(907) 465-4316 FAX

INTERIM ADDRESS  
716 WEST 4TH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 269-0123  
(907) 269-0124 FAX



CHAIRMAN, LEGISLATIVE COUNCIL  
VICE CHAIR, ECONOMIC DEVELOPMENT,  
TRADE & TOURISM  
MEMBER, RESOURCES  
MEMBER, ETHICS  
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES:  
ALASKA COURT SYSTEM  
DEPT. OF CORRECTIONS  
DEPT. OF LAW

Representative Joe Green  
District 10

## SPONSOR STATEMENT

### HOUSE BILL 113

“An Act relating to health care insurance payments for hospital or medical services; and providing for an effective date.”

House Bill 113 builds upon a national trend to develop fair payment provisions that enable health insurance companies to make sound business decisions while ensuring that patients receive benefit payments in an appropriate time frame. This concept of "prompt pay" legislation has been successfully adopted and implemented by 39 states.

House Bill 113 requires health insurers to pay benefits within thirty calendar days of receiving a "clean claim". If a payment is not made on time, the insurer is charged interest on the outstanding claim. HB 113 also establishes a definition for "clean claim" that recognizes an insurance company's need to make payment decisions based upon complete and accurate information.

# Alaska State Legislature

WHILE IN SESSION  
CAPITOL BUILDING  
JUNEAU, ALASKA 99801-1182  
(907) 465-4931  
1-800-870-4931  
(907) 465-4316 FAX

INTERIM ADDRESS:  
716 WEST 4TH AVENUE  
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(907) 269-0123  
(907) 269-0124 FAX

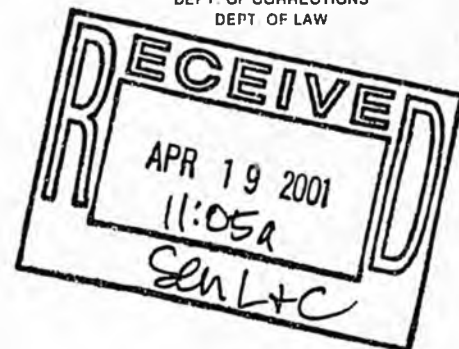


Representative Joe Green  
District 10

CHAIRMAN, LEGISLATIVE COUNCIL  
VICE CHAIR, ECONOMIC DEVELOPMENT,  
TRADE & TOURISM  
MEMBER, RESOURCES  
MEMBER, ETHICS  
MEMBER, MILITARY & VETERAN AFFAIRS

BUDGET SUBCOMMITTEES  
ALASKA COURT SYSTEM  
DEPT. OF CORRECTIONS  
DEPT. OF LAW

## MEMORANDUM



To: The Honorable Randy Phillips, Chairman  
Senate Labor & Commerce Committee

From: Representative Joe Green

Date: April 16, 2001

Subject: CSHB 113 (HES) am  
Health Care Insurance Payments for Hospital or Medical Services

I request that you schedule CSHB 113 (HES) am for a hearing before the Senate Labor & Commerce Committee as soon as possible.

Attached are:

1. Committee Substitute for House Bill 113 (HES)
2. Sponsor Statement
3. Supporting Documents

Thank you for your consideration of this request.

**ALASKA  
PULMONARY  
CLINIC, LLC**

Suite C-402  
2741 DeBarr Rd  
Anchorage, AK 99508  
(907) 274- LUNG (5864)  
(907) 274- 5860 (FAX)  
e-mail: glstewart@juno.com

February 28, 2001

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Re: HB 113 -- The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Internal Medicine and Lung disease. I practice at Alaska Regional and Providence Hospital, as well as being on the consulting staff at Seward, Soldotna, Juneau and Wrangell Hospitals. I am writing to ask for your support of HB 113 for the following reasons:

- 1) Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments have been an on-going problem for my practice for many years.
- 2) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work
- 3) This increased cost of overhead (to cope with insurance company delays) has to be passed on to other "consumers"

● Page 2

February 28, 2001

- 4) Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement process since it is in their benefit to retain the money as long as possible. HB 113's interest penalties should help motivate them to expedite the process. This will ultimately reduce the cost burden to Alaska's medical consumers.

Thank you for your assistance.

Sincerely yours,

George L Stewart, MD



**Dwight M. Ellerbe, MD**

Facial Plastic & Reconstructive Surgery  
Pediatric and Adult Otolaryngology

Diplomate:  
American Board of Facial Plastic  
and Reconstructive Surgery

American Board of  
Otolaryngology/Head and Neck  
Surgery

American Board of Pediatrics

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

February 28, 2001

Re: HB113-The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in ENT. I practice in Anchorage, Alaska at Providence Medical Center and Alaska Regional Hospital. I am writing to ask for your support of HB113 for the following reasons:

1. Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments have been an ongoing problem for my practice for years.
2. Delayed claims by payors can run as much as 6 months behind with tactics like "incorrect code," or "you unbundled this code," and my favorite "we lost your claim, you'll have to start over." I employ a certified medical coder as my office manager, and have also attended numerous coding courses myself. Our actual error rate on insurance coding is very near zero. Our experience has been that the insurance companies make frequent errors, but we pay the price in delayed payments.
3. Nearly every bill that I receive from the vendors who serve me give me a grace period of 30 days before charging interest. I'm sure you find the same to be true in your business and home affairs. I feel I should be treated similarly when I submit bills for payment.
4. Insurance companies are not known for giving their customers (our patients) the option of delaying payment or "loosing" statements without applying penalties or threatening to drop coverage.
5. The inaccuracy and delayed payment of claims have resulted in my having to hire additional office staff just to handle and monitor the increased paperwork.

2841 DeBarr Road, Suite 43 ♦ Anchorage, Alaska 99508  
907-279-8800 Fax 907-279-8810

6. The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
7. Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.
8. Our letters of appeal go unanswered for extended periods of time, and many are returned with requests for information that we have already provided them. We know what documentation is usually required or requested, and make sure we submit it with the initial bill.

Sincerely,



Dwight M. Ellerbe, MD

Cc: Alaska State Medical Association  
Alaska Physicians & Surgeons

MEDICAL  
PARK  
FAMILY CARE, Inc.



"Prompt, Thorough, Concerned"

F. LELAND JONES, M.D.  
KENNETH S. LAUFER, M.D.  
R. MATISON WHITE, JR., M.D.  
RICHARD R. TAYLOR JR., M.D.  
CHARLES L. AARONS, M.D.

GLENN J. SCHULTES, M.D.  
GARY I. CHILD, D.O.  
TIMOTHY COALWELL, M.D.  
MARIO A. LANZA, M.D.  
MICHELE A. CHASE, M.D.  
DARREN B. LEWIS, M.D.

Diplomates American Board of Family Practice

2211 EAST NORTHERN LIGHTS BOULEVARD, ANCHORAGE ALASKA 99508

March 1, 2001

Representative Joe Green  
State of Alaska  
House of Representative  
State Capitol  
Juneau, AK 99801-1182


RE: HB 113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Family Practice. I practice in Anchorage, AK with privileges at both ARH and PAMC. I am writing to ask for your support of HB113 for the following reasons:

- 1) Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments, has been an on-going problem for my practice for years.
- 2) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3) The additional staff has to be paid for by someone and, unfortunately, patients in the State of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4) Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures. HB 113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

  
Charles Aarons, MD

February 27, 2001

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in ophthalmology practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

Edward Howard, MD

## Mark E. Richey, M.D., P.C.

*Obstetrics, Gynecology & Infertility*

February 28, 2001

Representative Joc Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, Alaska  
99801-1182

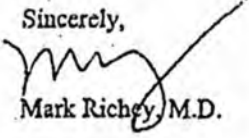
RE: HB113- The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Obstetrics and Gynecology. I practice in Anchorage, Alaska at both Providence and Alaska Regional Hospitals. I am writing to ask for your support of HB113 for the following reasons:

1. Delayed, inaccurate, and denied third party payor claims payments have been an ongoing problem in my practice for years.
2. Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paperwork.
3. The additional staff has to be paid for by someone, and, unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
4. Currently, third party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,


  
Mark Richey, M.D.

1200 Airport Heights, Suite 205  
Anchorage, Alaska 99508



Phone 1-(907) 272-4443  
Fax 1-(907) 272-2262

Providence | Health System



3200 Providence Drive  
P.O. Box 196604  
Anchorage, Alaska  
99519 6604

Tel 907.562.2211

February 28, 2001

Rep. Joe Green  
Alaska State Capitol  
Juneau, AK 99801-1182

FAX: (907) 465-4316

Dear Representative Green,

On behalf of the Providence Health System in Alaska, I am writing this letter to urge your support of House Bill 113, relating to health care insurance payments for hospital or medical services, and to ask you to review one section of this bill for clarification.

This proposal would ultimately ensure health organizations, such as ourselves, receive timely payment from insurance carriers and we truly support the spirit behind this effort.

However, we would like clarification of one statement within this legislation prior to its advancement through committee. We feel the paragraph in Section 1 (e) where it states: "*The policy may not contain a provision requiring that services be provided by a particular hospital or person, except as applicable to a health maintenance organization under AS 21.86*" needs further explanation to ensure it does not affect organizations that have preferred provider agreements with insurance carriers.

We thank you for your commitment to ensuring Alaskans receive the highest quality of medical care available. Your support of legislation that helps the medical community directly positively impacts the healthcare of all Alaskans.

If you have any questions or comments, please feel free to call me at (907) 261-3055 or Jerome Selby, Regional Director of Planning and Development and Government Relations, at (907) 261-3134.

Sincerely,



Doug Bruce  
Chief Executive Officer  
Providence Health System in Alaska

CC: Gene O'Hara  
Rebecca Parker



# Fairbanks Clinic

Quality Care Since 1932

February 23, 2001

SENT VIA FAX 907-561-2063 (Jim Jordan)

Representative Joe Green  
House of Representatives  
State Capitol, Room 403  
Juneau, AK 99801-1182

Dear Representative Green:

Dr. Lawrason asked me to provide you with the following information:

As a rule it takes 40-60 days before we receive payments from insurance companies—I feel it is a trend! For example, if several charges are billed on the same form the smaller ones are paid very quickly whereas the larger amounts are being set aside, often with no explanation for the delay. They often engage/hire a third party to negotiate a lesser amount with us. There are several weeks of phone calls back and forth and/or checking of any preexisting status even though we had obtained prior authorization. The slowdown in payments commonly worsens when their insurance companies' fiscal year is at an end—then different delay tactics are used.

Please feel free to contact me for any further information. You may reach me on my direct line at (907) 451-4200.

I applaud your efforts to give us "a cloud" to speed up the time of reimbursement for our services.

Sincerely,

*Dita De Boer*  
Dita De Boer  
Clinic Manager



# Alaska Ear Nose & Throat, Inc.

William R. Fell, MD  
Jerome List, DDS, MD  
Deborah Kiley, ANP

Tel: (907) 261-3096  
Fax: (907) 261-3094

February 23, 2001

Representative Joe Green  
House of Representatives  
State Capitol Room 403  
Juneau, Alaska 99801-1182

Dear Representative Green:

This letter is written in an effort to describe the on-going difficulties that our office is experiencing in prompt payment of claims for services rendered by our physicians. This time consuming problem requires a full-time employee to provide follow-up of claims filed with insurance companies for our two physicians and part-time nurse practitioner.

Of particular concern are claims for surgical procedures. 80% of all claims over \$3000.00 are not paid according to provisions of Alaska State Statute 3 AAC 26.070, which requires payment or written notice of denial "within 15 working days after receipt of properly executed claim". Costly claims are routinely "pending for further information" without request for this information in a timely manner.

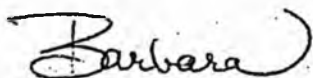
Our office responds the same day to an insurance request for further information, and our requests for acknowledgment of receipt of this information are consistently ignored. It is not unusual that a request for "additional documentation" is responded to several times, with the insurance company stating that they "never received the material". This seems to be a consistent response whether the documents are sent by fax or U.S. Mail.

Another concerning problem is the practice of some insurance companies to employ the services of an "independent business" to negotiate fees. These companies contact our office by telephone or fax, and request a reduction in the fee for services, in return for "prompt payment" usually stating a check will be sent "within 24 hours". Additionally, they request that there be no "balance billing" to the patient, including exclusion of the patient's co-pay. I find this practice to be a form of extortion, and I know from experience, that when this offer is denied, payment is further delayed.

I am hoping that some sort of legislation will take place to hold insurance companies responsible for prompt payment of what they term "clean claims". At the very least, interest should be paid on claims held over 30 days.

Please feel free to contact me should you have any questions or if you would like any further information.

Respectfully,

A handwritten signature in cursive script that reads "Barbara".

Barbara Starr  
Office Manager

Sent By: HP LaserJet 3100;  
Feb 27 11:53a

9075625373;  
Phyllis Ann Finley

Feb-27-01 13:28;  
9075617704

Page 3/3  
p.3

February 27, 2001

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in PEDIATRIC EYE. I practice in Anchorage, AK at PROV/ARL hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

Robert W. Smith, MD

February 27, 2001

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Re: HB113 – The Alaska Prompt Pay Bill

Dear Representative Green:

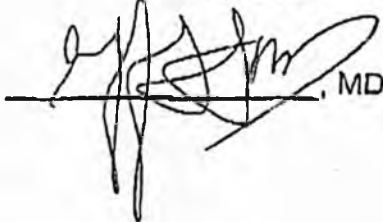
I am a private practice physician specializing in Ophthalmology. I practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

*These are all very real problems.*  
SS

- 1.) Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

Griff Steiner, MD

 MD

**Women's Care of Alaska**

A Professional Corporation

OBSTETRICS AND GYNECOLOGY

Wynd Counts, M.D.

February 28, 2001

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

RE: HB 113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in OB/GYN. I practice in Anchorage, Alaska at both Alaska Regional Hospital and Providence Medical Center. I am writing to ask for your support of HB 113 for the following reasons:

- Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments, has been an on-going problem for my practice for years.
- Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paperwork.
- The addition staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures, and HB 113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

Wynd Counts, M.D.

# *Action Memo*

**Date:** Tuesday, February 27, 2001  
**To:** Alaska Physicians & Surgeons Members  
**From:** Michael Haugen  
**Re:** HB113 Prompt Pay Bill

Dear APS Member:

The Alaska Prompt Pay Bill HB113 is currently before the House Labor & Commerce Committee. HB113 will force 3<sup>rd</sup> party payors to pay "clean claims" within 20 business days, or face possible interest penalties. Attached is a form letter of support addressed to the representative in your district who currently sits on the Labor & Commerce Committee.

Faxing the support letter to your representative will let him know that the physician community is paying attention, and should help keep the momentum building in support of the bill.

To fax your support letter to Representative Joe Green call the following number:  
907- 465-4316.

Sincerely,  
Michael Haugen  
Executive Director

CONFIDENTIAL

February 27, 2001

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Ophthalmology. I practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

  
\_\_\_\_\_, MD

February 27, 2001

Representative Joe Green  
State of Alaska  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

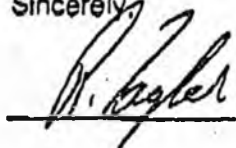
Re: HB113 - The Alaska Prompt Pay Bill

Dear Representative Green:

I am a private practice physician specializing in Family Practice practice in Anchorage, AK at Providence hospital. I am writing to ask for your support of HB113 for the following reasons:

- 1.) Delayed, inaccurate and denied 3<sup>rd</sup> party payor claims payments, has been an on-going problem for my practice for years.
- 2.) Delayed and inaccurate claims payments have resulted in my having to hire additional office staff just to handle and monitor the increased paper work.
- 3.) The additional staff has to be paid for by someone, and unfortunately, patients in the state of Alaska are currently shouldering this burden in the form of higher medical costs.
- 4.) Currently 3<sup>rd</sup> party payors have little incentive to streamline their claims reimbursement procedures, and HB113's interest penalties should help motivate them to expedite the process and ultimately reduce costs to Alaska's medical consumers.

Sincerely,

 . MD

**Richard R. Taylor, M.D.**  
Medical Park Family Care  
2211 E. Northern Lights Blvd.  
Anchorage, AK 99508-4142  
Ph 907-279-8486 / Fax. 907-279-3149

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 113(L&C)  
 (H) Publish Date: 3/7/01

Revision Date/Time (Note if correction): 02/23/2001 5:05p.m. Dept. Affected: DCED  
 Title: Health Care Insurance Payments BRU: Insurance Operations  
 Component: Insurance Operations  
 Sponsor: Representative Green  
 Requester: House Labor & Commerce Component Number: 354

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<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>	<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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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<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 (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill has no fiscal impact on this component

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

Phone 907-269-7900  
 Date/Time 02/23/2001 5:05p.m.  
 Date 2/23/2001

For distribution information, call the Governor's Legislative Office