



**HB**

**29**



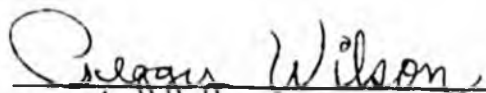
Health, Education, and Social Services Committee  
Alaska State Legislature  
House of Representatives  
Representative Peggy Wilson - Chair

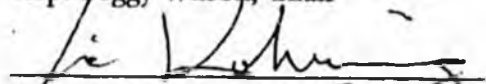
MEMORANDUM

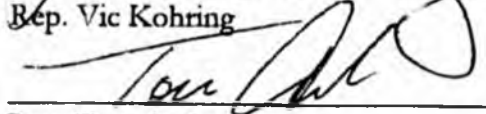
Date: April 3, 2006  
To: Representative John Harris  
Speaker of the House  
From: Representative Peggy Wilson, Chair  
House Health Education and Social Services Committee  
Re: Waive CS for HB 29 (L&C) Version U from Committee

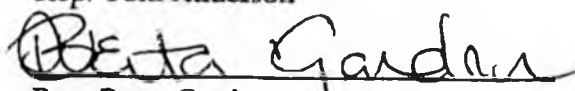
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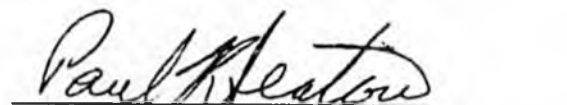
The members of the House Health, Education & Social Services Committee request the CS for HB 29 (L&C) Version U "HEALTH CARE INSUR./COMP HEALTH INS. ASSN" be waived from committee and that the bill be moved to the next committee of referral, which is Finance.


  
Rep. Peggy Wilson, Chair


  
Rep. Vic Kohring

  
Rep. Tom Anderson

  
Rep. Berta Gardner

  
Rep. Paul Seaton, Vice-Chair

  
Rep. Carl Gatto

  
Rep. Sharon Cissna

# HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 10, 2005

FURTHER REFERRALS: HES

Date of Committee Action: March 31, 2006

The LABOR AND COMMERCE Committee considered:

HB 29

HOUSE BILL NO. 29

HEALTH CARE INSUR./ COMP HEALTH INS. ASSN

"An Act relating to health care insurance and to the Comprehensive Health Insurance Association; and providing for an effective date."

Recommends it be replaced with [ ] HCS or [X] CS for H.R. 209 (LC)  
 For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR \_\_\_\_\_ [ ] Same Title [X] New Title

- [ ] attach amendments
- [ ] add new referral to \_\_\_\_\_ Committee
- [ ] Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:  
 ADM  
 CED  
 COR  
 CRT  
 EED  
 DEC  
 DFG  
 GOV  
 HSS  
 LEG  
 LAW  
 LWF  
 MVA  
 DNR  
 DPS  
 REV  
 DOT  
 UA

<b>NEW FISCAL NOTES</b>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

<b>PREVIOUS FISCAL NOTES</b>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>Harry Crawford Jr</i>	CHAWFORD	X			
<i>Ed. Deet</i>	KOTT	2			
<i>[Signature]</i>	LYNN	X			
<i>[Signature]</i>	GUTENBERG	X			
<i>[Signature]</i>	ROKESBERG	X			
Chair: <i>[Signature]</i>	ANDERSON	X			
Chair:					

24-LS0191R  
Bailey  
3/22/06

**CS FOR HOUSE BILL NO. 29( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FOURTH LEGISLATURE - SECOND SESSION**

**BY**

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

**Sponsor(s): REPRESENTATIVE ROKEBERG**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act relating to health care insurance and to the Comprehensive Health Insurance**  
2 **Association."**

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

4 **\* Section 1. AS 21.09.210 is amended by adding a new subsection to read:**

5 (p) A qualified insurer is entitled to a premium tax credit under AS 21.55.220.

6 **\* Sec. 2. AS 21.55.010 is amended adding a new subsection to read:**

7 (b) A member shall submit reports and provide information required by the  
8 board or the director to implement this chapter as a condition of transacting business  
9 in the state.

10 **\* Sec. 3. AS 21.55.020(c) is amended to read:**

11 (c) In determining voting rights at association meetings, an association  
12 member is entitled to vote in person or by proxy. The vote shall be a weighted vote  
13 based on the association member's share of assessments as determined under  
14 AS 21.55.220 [PREMIUMS FOR HEALTH INSURANCE FOR MAJOR MEDICAL

1 COVERAGE ON AN EXPENSE INCURRED BASIS, OR THE ASSOCIATION  
2 MEMBER'S SUBSCRIBER FEES, DERIVED FROM OR ON BEHALF OF STATE  
3 RESIDENTS IN THE PREVIOUS CALENDAR YEAR, AS DETERMINED BY  
4 THE DIRECTOR].

5 \* Sec. 4. AS 21.55.220(c) is amended to read:

6 (c) Each member of the association shall share the losses due to claims  
7 expenses of the state plans issued or approved for issuance by the association, and  
8 shall share in the operating and administrative expenses incurred or estimated to be  
9 incurred by the association incident to the conduct of its affairs. Claims expenses of  
10 the state plan that exceed the premium payments allocated to the payment of benefits  
11 shall be the liability of the members. Each member shall share in the claims expense  
12 of the state plans and operating and administrative expenses of the association in an  
13 amount equal to the ratio of the member's [TOTAL FEES FOR SUBSCRIBER  
14 CONTRACTS OR] total major medical [HEALTH INSURANCE] premiums,  
15 received from or on behalf of state residents, as divided by the total major medical  
16 [SUBSCRIBER FEES AND HEALTH INSURANCE] premiums received by all  
17 members from or on behalf of state residents, as determined by the director.

18 \* Sec. 5. AS 21.55.220(d) is amended to read:

19 (d) The board shall make an annual determination of each member's liability,  
20 if any, and may make an annual fiscal year end assessment if necessary. The board  
21 may also [, SUBJECT TO THE APPROVAL OF THE DIRECTOR,] provide for  
22 interim assessments against the members as may be necessary to assure the financial  
23 capability of the association : meeting the incurred or estimated claims expenses of  
24 the state plans and operating and administrative expenses of the association until the  
25 association's next annual fiscal year end assessment. Payment of an assessment is due  
26 within 30 days after [OF] receipt by a member of written notice of a fiscal year end or  
27 interim assessment. A member who fails to pay a fiscal year end or interim assessment  
28 as required in this subsection (1) shall pay a civil penalty to the director in the amount  
29 of \$100 for each day the member fails to pay the required assessment, and (2) may  
30 have the member's certificate of authority revoked by the director. A member that  
31 ceases to do [HEALTH INSURANCE] business in the state [, OR CEASES TO

1 OFFER SUBSCRIBER CONTRACTS IN THE STATE, DUE TO REVOCATION,  
2 SUSPENSION, OR VOLUNTARY SURRENDER OF ITS CERTIFICATE OF  
3 AUTHORITY,] remains liable for assessments until the board determines under (c)  
4 of this section that no assessment is due [THROUGH THE CALENDAR YEAR  
5 THAT THE HEALTH INSURANCE BUSINESS CEASED]. The board may decline  
6 to levy an assessment against a member if the assessment would be minimal.  
7 Assessments paid by a member are a general expense of the member.

8 \* Sec. 6. AS 21.55.220 is amended by adding a new subsection to read:

9 (f) A member may offset 50 percent of the amount of the assessment under  
10 this section as a premium tax credit reducing the premium tax payable by the member  
11 under AS 21.09.210. The offset shall apply to the tax levied for the calendar year  
12 following an annual determination of each member's liability under (d) of this section.  
13 The offset may not reduce the premium tax payable by a member to less than zero or  
14 create a premium tax credit for the member. An unused offset may be carried over to  
15 the immediately following calendar year.

16 \* Sec. 7. AS 21.55.500(14) is repealed and reenacted to read:

17 (14) "major medical"

18 (A) means health insurance or medical care coverage provided  
19 on an expense incurred basis, including Medicare supplement insurance;

20 (B) does not include coverage for dental only, vision only,  
21 long-term care, nursing home care, home health care, community-based care,  
22 accident only, disability income, hospital confinement indemnity or other fixed  
23 indemnity, or credit, specified disease or specified accident, or other  
24 supplemental health insurance or coverage determined by the board not to  
25 constitute major medical and approved by the director;

26 \* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to  
27 read:

28 APPLICABILITY. The provisions of sec. 6 of this Act apply to offset the premium  
29 tax payable under AS 21.09.210 on January 1, 2007, based on assessments for the previous  
30 year's determination of each member's liability, and shall continue annually thereafter.

MARCH 1  
2008

CONC. AMEND.  
#1

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS:

RULES COMMITTEE, CHAIRMAN  
LABOR & COMMERCE COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON OIL & GAS, MEMBER  
SPECIAL COMMITTEE ON WAYS & MEANS, MEMBER

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## Representative Norman Rokeberg

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

### SPONSOR STATEMENT FOR CSHB 29( )

By: Representative Norman Rokeberg

**Title: An Act relating to health care insurance and to the Comprehensive Health Insurance Association.**

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

At the end of December 2003, there were 484 insured individuals participating in ACHIA. As the insurer of last resort, it is necessary that we make sure that ACHIA remains viable and in place. During 2003, over \$4 million was collected in assessments from ACHIA members (those companies or entities who do business in Alaska and pay into ACHIA) and over \$2.6 million was collected in premiums from insured individuals. ACHIA paid out over \$6.6 million in claims expenses in that same year.

The majority of Alaskans that receive health care benefits do not contribute to our high-risk pool, thereby shifting the cost to only those individuals and small groups that purchase health insurance. This is poor public policy, particularly on an unfunded Federal mandate.

Many of the self-insured companies objected to the original version of the bill. Therefore, in order to accommodate the needs of ACHIA, this bill has been modified to grant a tax credit to the insurance companies who are currently assessed for the entire ACHIA shortfall by using a small portion of the premium taxes paid into the state. A premium tax credit is justifiable given the importance of maintaining the viability of the Association and its requirement under HIPAA.

When viewed against the demands of the general fund, the viability of this organization far exceeds those of most other legislation before the legislature. I urge your support of this legislation.

ED 2: 3/23/06

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS:

RULES COMMITTEE, CHAIRMAN  
LABOR & COMMERCE COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON OIL & GAS, MEMBER  
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### Representative Norman Rokeberg

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

### SECTIONAL ANALYSIS FOR CSHB 29( )

By: Representative Norman Rokeberg

**Title: An Act relating to health care insurance and to the Comprehensive Health Insurance Association.**

- Section 1:** Insurers who contribute to ACHIA are entitled to a premium tax credit.
- Section 2:** Insurers who contribute to ACHIA shall submit reports and provide information required by the board or director.
- Section 3:** Amends the voting rights section of ACHIA.
- Section 4:** Clarifies that insurers' contributions to ACHIA are based on the "major medical" premiums they write in Alaska.
- Section 5:** Amends the way ACHIA determines liability for unpaid assessments for those insurers who cease to do business in the state.
- Section 6:** An insurer who is required to contribute to ACHIA, may offset 50% of its ACHIA assessment as a tax credit on their premium taxes. The tax credit is applied in the following year based on the previous year's ACHIA assessment.
- Section 7:** Redefines "major medical."
- Section 8:** Premium tax credit applied starting January 1, 2007.

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 29  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Health Care Insur./Comp Health Ins. Assn. RDU Insurance (116)  
 Component Insurance Operations  
 Sponsor Rokeberg  
 Requester House Labor & Commerce Component No. 354

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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 ( 1004 )</b>		<b>(1,750.0)</b>	<b>(1,925.0)</b>	<b>(2,120.0)</b>	<b>(2,330.0)</b>	<b>(2,560.0)</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—Do not abbreviate)						
<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 (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation would result in a reduction to the general fund of the amount of premium tax that would no longer be collected from insurers who pay ACHIA assessments, to the extent that these insurers have a reduced cost of premium taxes and the cost to the insured's may be reduced. This would go into effect in FY 2008 because the offset "shall apply to the tax levied for the calendar year following an annual determination of each member's liability".

Prepared by: Linda S. Hall, Director  
 Division Insurance  
 Approved by: William Noll, Commissioner  
 Agency Commerce, Community and Economic Development

Phone 907-269-7900  
 Date/Time 3/28/06 11:33 AM  
 Date \_\_\_\_\_



Comprehensive  
Health  
Insurance  
Association  
P.O. Box 1090  
2015 16<sup>th</sup> Street  
Great Bend, KS 67530

Directors:  
Jeffrey W. Davis (Chairperson)  
J. Brian Angel  
Marilyn Walsh Kasmar  
Chester Lozowski  
Mona McAleese  
Shawn Pollock  
Chris Palme-Krizak  
Katherine Campbell (Ex-Officio)  
Cecil D. Bykerk, Executive Director

March 31, 2006

The Honorable Norman Rokeberg  
State Capitol Room 214  
Juneau, AK  
99801-1182

Dear Chairman Rokeberg:

Thank you for your continued interest and assistance with the risk pool legislation. Heather has provided us the March 23 draft committee substitute for HB 29. We are pleased that the Labor & Commerce Committee will be holding a hearing on the bill today. Unfortunately, Jeff Davis, Chair of ACHIA, Brian Angel, Vice-Chair of ACHIA, and I are unavailable to participate by telephone due to previous commitments.

As you know, the Board believes strongly that ACHIA benefits Alaskans by providing affordable access to health insurance for those individuals that, due to health conditions, cannot obtain coverage in the private market. Consumers in the private market benefit from more stable and otherwise lower premiums. Moreover, by providing coverage for otherwise uncovered catastrophic health conditions, ACHIA ultimately reduces the uncompensated care rolls, thereby benefiting all Alaskans.

Because ACHIA benefits all Alaskans, the most equitable funding approaches are those that are broad-based. To this end, ACHIA supports the inclusion of a premium tax offset for fifty-percent of member assessments. This mechanism not only achieves broad-based funding, but also ensures ACHIA has a stable source of operating funds. The board believes that this bill will provide some relief to those insured Alaskans who currently carry the burden of the assessments through increased premiums for major medical insurance.

Additionally, the board supports the clean-up provisions in Sections 2-5 and 7 of the bill. We believe these provisions are both important and non-controversial and, therefore, respectfully urge your support for these provisions as well.

Thank you and your staff again for supporting ACHIA. We stand ready to meet with you as well as other members of the legislature in Juneau to discuss the bill as time permits.

Sincerely,



Cecil D. Bykerk, FSA, MAAA  
Executive Director

cc: Director Linda Hall  
Board of Directors

# ALASKA STATE LEGISLATURE

## House of Representatives

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## Representative Norman Rokeberg

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

### SPONSOR STATEMENT FOR HB 29 By: Representative Norman Rokeberg

**Title: An Act relating to health care insurance and to the Comprehensive Health Insurance Association; and providing for an effective date.**

House Bill 29 would expand the base of entities paying into the Alaska Comprehensive Health Insurance Association (ACHIA), our "high risk pool," to ensure its future solvency and lower a barrier to entry into the Alaska market by health insurance underwriters.

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

HB 29 would require that, to the extent permitted by federal law, all self-insured entities and other ERISA covered entities that provide major medical benefits be contributing entities to ACHIA. This would include the State of Alaska. The legislation indicates that entities subject to a collective bargaining agreement in effect on the date of the legislation would not be impacted by this legislation until such time as a new agreement went into effect. This would permit unions, for example, to negotiate with employers for any increased costs. State employees not covered by union agreements would not see their cost for health insurance increases as this legislation provides that the State will provide funds above any set contribution amount to cover any ACHIA assessment.

At the end of December 2003, there were 484 insured individuals participating in ACHIA. As the insurer of last resort, it is necessary that we make sure that ACHIA remains viable and in place. During 2003, over \$4 million was collected in assessments from ACHIA members (those companies or entities who do business in Alaska and pay into ACHIA) and over \$2.6 million was collected in premiums from insured individuals. ACHIA paid out over \$6.6 million in claims expenses in that same year.

The majority of Alaskans that receive health care benefits do not contribute to our high-risk pool, thereby shifting the cost to only those individuals and small groups that purchase health insurance. This is poor public policy, particularly on an unfunded Federal mandate.

I urge your support of this legislation.

ED 1: 2/7/05

## Insurers Writing Comprehensive Health Insurance in Alaska

The Alaska Division of Insurance surveys insurers each year to gather health insurance market share information. For calendar year 2003 the following companies indicated on the survey that they were actively marketing comprehensive health insurance (i.e. writing new business) in Alaska. Note that the following chart does not include insurers that indicated on the survey that they did not actively market comprehensive health insurance in Alaska in 2003. *For information regarding coverage and premiums contact one or more agents or brokers licensed to sell health insurance in Alaska. You can search for agents or brokers in your area on the Division's website at <http://www.commerce.state.ak.us/insurance/producerinfo.htm>. Also, if you click on company name in the following chart you will see a list of agents or brokers that are authorized to sell insurance for that company in Alaska.*

Premera Blue Cross Blue Shield of Alaska	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Small Employer</li> <li>• Large Employer</li> </ul>	\$256,727,435	79.27%
Principal Life Insurance Company	<ul style="list-style-type: none"> <li>• Small Employer</li> <li>• Large Employer</li> </ul>	\$23,932,613	7.39%
Aetna Life Insurance Company	<ul style="list-style-type: none"> <li>• Small Employer</li> <li>• Large Employer</li> </ul>	\$16,793,513	5.19%
Golden Rule Insurance Company	<ul style="list-style-type: none"> <li>• Individual</li> </ul>	\$7,362,503	2.27%
Mega Life and Health Insurance Company	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Small Employer</li> </ul>	\$6,145,604	1.90%
United HealthCare Insurance Company	<ul style="list-style-type: none"> <li>• Small Employer</li> <li>• Large Employer</li> </ul>	\$5,578,953	1.72%
Trustmark Insurance Company	<ul style="list-style-type: none"> <li>• Small Employer</li> </ul>	\$3,913,270	1.21%
United of Omaha Life Insurance Company	<ul style="list-style-type: none"> <li>• Large Employer</li> </ul>	\$2,348,204	0.73%
New York Life Insurance Company	<ul style="list-style-type: none"> <li>• Large Employer</li> </ul>	\$585,858	0.18%
John Alden Life Insurance Company	<ul style="list-style-type: none"> <li>• Individual</li> </ul>	\$145,733	0.04%
Celtic Insurance Company	<ul style="list-style-type: none"> <li>• Individual</li> </ul>	\$143,416	0.04%
Connecticut General Life Insurance Company	<ul style="list-style-type: none"> <li>• Large Employer</li> </ul>	\$68,518	0.02%
Continental Assurance Co.	<ul style="list-style-type: none"> <li>• Small Employer</li> </ul>	\$61,820	0.02%
Fortis Insurance Company	<ul style="list-style-type: none"> <li>• Individual</li> </ul>	\$55,784	0.02%
American Heritage Life Insurance Company	<ul style="list-style-type: none"> <li>• Large Employer</li> </ul>	\$8,671	0.00%

**HB 29**  
**Analysis of Change in Assessment Formula**

**Current Assessment Formula (AS 21.55)**

An insurer is a member of Alaska Comprehensive Health Insurance Association (ACHIA) if it offers major medical insurance on an expense-incurred basis in Alaska. Major medical is defined as a health insurance contract or subscriber contract that provides benefits for hospital and medical care with potential lifetime maximum benefits of at least \$10,000. Major medical does not include a stop loss insurance policy, a fixed indemnity health insurance product, or a product with lifetime maximum benefits of less than \$10,000.

If an insurer offers major medical insurance on an expense-incurred basis in Alaska, then all health insurance premiums offered by that insurer, including stop loss insurance, fixed indemnity and other non-major medical health insurance (such as long term care, disability income, specified disease) premiums would be assessed. However, if an insurer only wrote stop loss insurance, fixed indemnity or other non-major medical health insurance, then the insurer would not be assessed.

A member's share of ACHIA assessments is the insurer's health insurance premiums written in Alaska in the base year divided by the total health insurance premiums written in Alaska by all ACHIA members in the base year.

For example, assume that only the following 7 insurers write the health insurance in Alaska as shown.

	<u>Major Medical Premiums</u>	<u>Stop Loss Premiums</u>	<u>Other Non-Major Medical Premiums</u>
Insurer1	5,000	0	1,500,000
Insurer2	0	0	5,000,000
Insurer3	150,000,000	0	70,000
Insurer4	15,000,000	0	0
Insurer5	0	3,000,000	0
Insurer6	400,000	300,000	0
Insurer7	0	100,000	300,000

In this example Insurer2, Insurer5, and Insurer7 would not be members of ACHIA and subject to assessment, since they have not written any major medical insurance.

Assessment shares would be determined as follows:

	<u>Major Medical Premiums</u>	<u>Stop Loss Premiums</u>	<u>Other Non-Major Medical Premiums</u>	<u>Total Premiums</u>	<u>Assessment Share* %</u>
Insurer1	5,000	0	1,500,000	1,505,000	.90
Insurer3	150,000,000	0	70,000	150,070,000	89.72
Insurer4	15,000,000	0	0	15,000,000	8.96
Insurer6	400,000	300,000	0	700,000	.42
				167,275,000	100.00

\* Assessment share = Each member's total premium / total premium for all members

If the total ACHIA assessment required is \$5,000,000:

Insurer1 would pay	45,000	(.0090*5,000,000)
Insurer3 would pay	4,486,000	(.8972*5,000,000)
Insurer4 would pay	448,000	(.0896*5,000,000)
Insurer6 would pay	<u>21,000</u>	(.0042*5,000,000)
	5,000,000	

**Proposed Assessment Formula (HB 29)**

An insurer is a member of ACHIA if it offers major medical insurance on an expense-incurred basis in Alaska. In addition a self-insured entity for which the State is not preempted from regulating under federal law that provides major medical benefits is also a member. Major medical benefits are defined to include stop loss insurance and to exclude benefits such as dental, vision, accident, disability income and other benefits that are not major medical benefits. Under HB 29 ACHIA membership would be expanded to include stop loss insurers and self-insured entities for which the state is not preempted from regulating under federal law which includes self-funded governmental plans, church plans, and multiple employer welfare arrangements. Also, the change in the definition of major medical in HB 29 would result in some insurers no longer being members.

ACHIA members would be assessed on the number of lives covered under their major medical health plans in Alaska instead of all health insurance premiums written in Alaska. Since the number of lives covered under major medical plans is not currently reported to the Division, each member would be required to report such data to the director for purposes of determining the ACHIA assessment.

Each member's share of the ACHIA assessment is the member's reported number of lives with major medical coverage in the base year divided by the total number of lives with major medical reported by all ACHIA members in the base year.

For example, assume that only the following 7 insurers write the health insurance in Alaska as shown:

	<u>Stop Loss Number of Lives</u>	<u>Major Medical Number of Lives</u>	<u>Non-Major Medical Number of Lives</u>
Insurer1	0	3	1,000
Insurer2*	0	0	20,000
Insurer3	0	65,000	0
Insurer4	0	6,500	500
Insurer5	11,000	0	0
Insurer6	200	150	2,000
Insurer7	350	0	5,000

\*Insurer2 is not a member of ACHIA and therefore would not be assessed, since none of the coverage that Insurer2 wrote meets the definition of major medical.

Assessment shares would be determined as follows:

	<u>Stop Loss Number of Lives</u>	<u>Major Medical Number of Lives</u>	<u>Total Number of Lives</u>	<u>Share %*</u>
Insurer1	0	3	3	0.00
Insurer3	0	65,000	65,000	78.12
Insurer4	0	6,500	6,500	7.82
Insurer5	11,000	0	11,000	13.22
Insurer6	200	150	350	.42
Insurer7	350	0	350	.42

83,203

100

\*Share % = Each insurer's total number of lives / total number of lives for all insurers

If the total assessment required is \$5,000,000:

Insurer1 would pay	0	(.0000*5,000,000)
Insurer3 would pay	3,906,000	(.7812*5,000,000)
Insurer4 would pay	391,000	(.0782*5,000,000)
Insurer5 would pay	661,000	(.1322*5,000,000)
Insurer6 would pay	21,000	(.0042*5,000,000)
Insurer7 would pay	21,000	(.0042*5,000,000)
	<u>5,000,000</u>	

Illustration of impact of HB29 on ACHIA assessments:

- This analysis uses the 2003 Health Insurance Survey and State of Alaska data
- *The assessment formula in HB 29 requires that to the extent practicable, each covered life should be count only once. The Division does not have the necessary data to adjust the number of covered lives to remove duplicates. Therefore, the below impact should be considered illustrative only.*
- The below analysis assumes that the state employee union health trusts and other self-funded governmental plans and self-funded church plans purchase stop-loss insurance and therefore the covered lives are already included the stop loss insurance data
- The 2003 premium assessment base was approximately **\$423,625,000**
- The 2003 estimated total covered lives base under HB 29 is **303,800**.

Assuming a \$5 million ACHIA assessment:

<u>Member</u>	<u>Premium Covered</u> <u>(000s)</u>	<u>Lives</u>	<u>Current</u> <u>Share</u>	<u>Current Amt</u> <u>Assessed</u>	<u>HB29</u> <u>Share</u>	<u>HB29 Amt</u> <u>Assessed</u>
Premiera Blue Cross	263,000	83,400	62.01%	\$3,100,000	27.4%	\$1,372,000
State of Alaska*	160,000	63,600	0%	\$0	20.9%	\$1,047,000
Principal	27,500	7,000	6.50%	\$325,000	2.3%	\$114,000
Aetna	19,300	5,700	4.57%	\$228,000	1.9%	\$94,000
United HealthCare	12,800	11,000	3.02%	\$151,000	3.6%	\$180,000
Great-West	7,880	13,000	1.86%	\$93,000	4.3%	\$216,000
Golden Rule	7,500	3,800	1.77%	\$88,000	1.3%	\$63,000
Mega L&H	7,500	3,000	1.77%	\$88,000	1.0%	\$49,000
AFLAC	7,500	0	1.77%	\$88,000	0%	\$0
Avemco	3,700	6,700	0.87%	\$44,000	2.2%	\$110,000
Companion	1,900	2,200	0%	\$0	.7%	\$36,000
All Stop Loss Insurers	42,000	96,000	10%	\$465,000	32%	\$1,580,000

\*Only includes employees and dependents covered under Select Benefits (i.e. plans administered by the State, with no stop loss insurance coverage), and Retirees

**Notes:**

AFLAC writes low premium limited benefit health insurance products that are not included in the HB 29 definition of major medical.

Companion is not assessed under the current formula because Companion only wrote stop loss insurance, which is not considered major medical insurance under the current assessment formula

Great-West and Avemco primarily write stop loss insurance, the premium per covered life is smaller for stop loss coverage compared with major medical coverage. This means that assessments on stop loss insurance will be higher under the HB 29 covered lives based formula compared with the current premium based formula.

Illustration of impact of HB29 on ACHIA assessments (Without State Retirees):

- This analysis uses the 2003 Health Insurance Survey and State of Alaska data
- *The assessment formula in HB 29 requires that to the extent practicable, each covered life should be count only once. The Division does not have the necessary data to adjust the number of covered lives to remove duplicates. Therefore, the below impact should be considered illustrative only.*
- The below analysis assumes that the state employee union health trusts and other self-funded governmental plans and self-funded church plans purchase stop-loss insurance and therefore the covered lives are already included the stop loss insurance data
- The 2003 premium assessment base was approximately **\$423,625,000**
- The 2003 estimated total covered lives base under HB 29 is **254,000**.

Assuming a \$5 million ACHIA assessment:

<u>Member</u>	<u>Premium Covered</u> <u>(000s)</u>	<u>Lives</u>	<u>Current</u> <u>Share</u>	<u>Current Amt</u> <u>Assessed</u>	<u>HB29</u> <u>Share</u>	<u>HB29 Amt</u> <u>Assessed</u>
Premera Blue Cross	263,000	83,400	62.01%	\$3,100,000	32.8%	\$1,639,000
State of Alaska*	160,000	63,600	0%	\$0	5.5%	\$277,000
Principal	27,500	7,000	6.50%	\$325,000	2.7%	\$136,000
Aetna	19,300	5,700	4.57%	\$228,000	2.2%	\$112,000
United HealthCare	12,800	11,000	3.02%	\$151,000	4.3%	\$215,000
Great-West	7,880	13,000	1.86%	\$93,000	5.2%	\$259,000
Golden Rule	7,500	3,800	1.77%	\$88,000	1.5%	\$75,000
Mega L&H	7,500	3,000	1.77%	\$88,000	1.2%	\$58,000
AFLAC	7,500	0	1.77%	\$88,000	0%	\$0
Avemco	3,700	6,700	0.87%	\$44,000	2.6%	\$131,000
Companion	1,900	2,200	0%	\$0	.9%	\$43,000
All Stop Loss Insurers	42,000	96,000	10%	\$465,000	38%	\$1,887,000

\*Only includes employees and dependents covered under Select Benefits (i.e. plans administered by the State, with no stop loss insurance coverage). DOES NOT INCLUDE STATE RETIREES.

**Notes:**

AFLAC writes low premium limited benefit health insurance products that are not included in the HB 29 definition of major medical.

Companion is not assessed under the current formula because Companion only wrote stop loss insurance, which is not considered major medical insurance under the current assessment formula

Great-West and Avemco primarily write stop loss insurance, the premium per covered life is smaller for stop loss coverage compared with major medical coverage. This means that assessments on stop loss insurance will be higher under the HB 29 covered lives based formula compared with the current premium based formula.

Assessments provided by ACHIA Board  
March 16, 2005

NAIC	CARRIER	WRITTEN PREMIUM	% OF MARKET	ASSESSMENT
77876	5 Star Life Ins Co	23,539	0.0055585819%	\$139
22667	Ace American Ins Co	44,246	0.0104448460%	\$261
80054	Aetna Life Ins Co	19,342,481	4.5659577639%	\$114,149
80188	Aflac Life Ins Co	257,111	0.0608932485%	\$1,517
87369	Alta Health & Life Ins Co	401,834	0.0948563461%	\$2,371
80380	American Family Life Ass Co Columbus	7,472,429	1.7639308584%	\$44,098
60410	American Fidelity Assur Co	1,030,244	0.2431878912%	\$6,080
80534	American Heritage Life Ins Co	407,010	0.0960781851%	\$2,402
27928	Amex Assur Co	418,318	0.0982754179%	\$2,457
10367	Avermo Ins Co	3,700,977	0.8738472165%	\$21,841
81212	Baltimore Life Ins Co	27,867	0.0065782432%	\$164
81263	Bankers Life & Cas Co	148,796	0.0351245680%	\$878
38245	BCS Ins Co	78,729	0.0181125355%	\$453
80638	Best Life And Health Ins Co	18,640	0.0044001311%	\$110
80798	Celtic Ins Co	167,748	0.0395983474%	\$990
80896	Centra Life Ins Co	62,489	0.0147534225%	\$389
82048	Colonial Life & Accident Ins Co	411,142	0.0970535790%	\$2,428
82148	Combined Ins Co Of Amer	73,194	0.0172780885%	\$432
62308	Connecticut General Life Ins Co	87,347	0.0208190050%	\$515
78174	Conseco Health Ins Co	138,002	0.0325785502%	\$814
78325	Conseco Senior Health Ins Co	258,847	0.0605837153%	\$1,515
82413	Continental Assur Co	60,882	0.0143953217%	\$360
20443	Continental Cas Co	2,212,382	0.5222488367%	\$13,058
71404	Continental General Ins Co	108,704	0.0251883901%	\$630
82553	Country Life Ins Co	49,738	0.0117410795%	\$294
82944	Equitable Life Assr Soc Of The US	253,031	0.0597301276%	\$1,493
71870	Fidelity Security Life Ins Co	33,815	0.0079823194%	\$200
38830	Fort Wayne Hlth & Cas Ins Co	1,823,881	0.3833308729%	\$9,583
70408	Fortis Benefits Ins Co	1,810,358	0.4273499885%	\$10,884
80928	GE Grp Life Assur Co	127,858	0.0302055783%	\$755
70025	General Electric Capital Assur Co	1,528,853	0.3608515905%	\$9,021
91472	Globe Life & Accident Ins Co	65,874	0.0155501201%	\$389
82288	Golden Rule Ins Co	7,502,818	1.7711042393%	\$44,278
63312	Great American Life Ins Co	93,205	0.0220018359%	\$550
68322	Great West Life & Annuity Ins Co	7,882,817	1.8607590355%	\$46,519
64211	Guarantee Trust Life Ins Co	19,712	0.0046531859%	\$118
64248	Guardian Life Ins Co Of Amer	2,239,544	0.5286634798%	\$13,217
22217	Gulf Ins Co	18,737	0.0046590873%	\$118
70815	Hartford Life & Accident Ins Co	3,629,278	0.8567220545%	\$21,418
88072	Hartford Life Ins Co	124,582	0.0294086446%	\$735
73288	Humana Ins Co	148,473	0.0345762021%	\$864
70580	Humanadental Ins Co	877,342	0.1598923815%	\$3,997
65005	IDS Life Ins Co	99,843	0.0235215808%	\$588
70254	Jefferson Pilot Financial Ins Co	1,249,917	0.2950535782%	\$7,378
65080	John Alden Life Ins Co	172,468	0.0407125437%	\$1,018
65099	John Hancock Life Ins Co	756,108	0.1784852781%	\$4,462
65315	Liberty Life Assur Co Of Boston	84,330	0.0199068184%	\$498
65323	Liberty Life Ins Co	43,327	0.0102277082%	\$258
65498	Life Ins Co Of North Amer	1,750,924	0.4133205678%	\$10,333
64130	Life Investors Ins Co Of Amer	784,573	0.1852051544%	\$4,630
85878	Lincoln Natl Life Ins Co	74,120	0.0174968588%	\$437
71471	Medico Life Ins Co	139,587	0.032242574%	\$808
97055	Mega Life & Health Ins Co The	7,475,108	1.7845625851%	\$44,114
65978	Metropolitan Life Ins Co	2,423,139	0.5720026469%	\$14,300
66087	Mid West Natl Life Ins Co Of TN	23,017	0.0054333593%	\$138
66281	Monumental Life Ins Co	432,184	0.1020207227%	\$2,551
66370	Mony Life Ins Co	247,661	0.0584624933%	\$1,482
71412	Mutual Of Omaha Ins Co	1,194,383	0.2819443034%	\$7,049
66915	New York Life Ins Co	2,105,432	0.4970051973%	\$12,425
24147	Old Republic Ins Co	41,843	0.0098773974%	\$247
97268	Pacific Life & Annuity Co	369,378	0.0871948302%	\$2,180
87598	Paul Revere Life Ins Co	468,271	0.1105393671%	\$2,783
83282	Penn Treaty Network Amer Ins Co	111,350	0.0262851181%	\$657
87860	Pennsylvania Life Ins Co	57,891	0.0136656648%	\$342
66605	Peoples Benefit Life Ins Co	58,581	0.0138309057%	\$348
80578	Physicians Mut Ins Co	717,949	0.1694779905%	\$4,237
47570	Prmera Blue Cross	282,708,411	82.0140909997%	\$1,550,352
81271	Principal Life Ins Co	27,520,815	6.4965233216%	\$182,413
68138	Protective Life Ins Co	45,905	0.0108362871%	\$271
68195	Provident Life & Accident Ins Co	940,313	0.2219689110%	\$5,549
68209	Provident Life & Cas Ins Co	28,837	0.0083351030%	\$158
68241	Prudential Ins Co Of Amer	327,727	0.0773827581%	\$1,934

Assessments provided by ACHIA Board  
 March 16, 2005

NAIC	CARRIER	WRITTEN PREMIUM	% OF MARKET	ASSESSMENT
65785	Reassure America Life Ins Co	301,689	0.0712162839%	\$1,780
67105	Reliastar Life Ins Co	2,709,522	0.6396057969%	\$16,990
81390	Reliastar Life Ins Co Of NY	88,444	0.0208779612%	\$522
88808	Safeco Life Ins Co	8,785,078	2.0737919505%	\$51,845
69914	Sears Life Ins Co	144,779	0.0341763189%	\$854
68721	Security Life Ins Co Of Amer	81,632	0.0145487537%	\$364
86355	Standard Life & Accident Ins Co	25,380	0.0059911857%	\$150
25178	State Farm Mut Auto Ins Co	3,793,898	0.8956820108%	\$22,390
77399		271,901	0.0641845522%	\$1,805
65021	Stonebridge Life Ins Co	2,046,189	0.4830156603%	\$12,075
87726	The Travelers Ins Co	86,246	0.0203591046%	\$509
60142	TIAA Cref Life Ins Co	22,093	0.0052162413%	\$130
86231	Transamerica Life Ins Co	25,010	0.0059038240%	\$148
67121	Transamerica Occidental Life Ins Co	45,262	0.0108844815%	\$267
81425	Trustmark Ins Co	83,865	0.0197970492%	\$495
37893	Ullico Cas Co	139,395	0.0329053797%	\$823
80314	Unicare Life & Health Ins Co	331,754	0.0783133638%	\$1,958
62598	Union Fidelity Life Ins Co	153,880	0.0363246876%	\$908
89744	Union Labor Life Ins Co	1,535,028	0.3623564637%	\$9,059
92918	United American Ins Co	88,186	0.0208170581%	\$520
79413	United Healthcare Ins Co	12,796,116	3.0208324202%	\$75,516
69868	United Of Omaha Life Ins Co	4,660,575	1.1031681153%	\$27,504
70108	United States Life Ins Co In NYC	1,054,504	0.2489246713%	\$6,223
62235	Unum Life Ins Co Of Amer	6,148,871	1.4514934915%	\$36,287
80659	US Bus of the Canada Life Assur Co	62,022	0.0148408226%	\$368
69683	USAA Life Ins Co	185,289	0.0390131583%	\$975
81027	Veterans Life Ins Co	20,424	0.0048212596%	\$121
70319	Washington Natl Ins Co	67,255	0.0158781189%	\$397
16535	Zurich American Ins Co	689,835	0.1628414408%	\$4,071
		423,623,739	100.0000000000%	\$2,500,000

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB 29  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
Title Health Care Insurance-ACHIA RDU Insurance (116)  
Component Insurance  
Sponsor Rokeberg  
Requester House Labor & Commerce Component No. 354

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	0	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0		0.0	0.0	0.0
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						
Other (Specify Type—Do not abbreviate)						
<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 (FY2005) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

HB 29 would expand membership of ACHIA to include stop loss insurers and self-insured entities for which the state is not preempted from regulating under federal law which includes self-funded governmental plans, church plans, and multiple employer welfare arrangements. The bill would change the definition of major medical which would result in some insurers no longer being members. It would modify the assessment formula from a premium based formula to formula based on the number of lives covered under their major medical health plans in Alaska. Since the number of lives covered under major medical plans is not currently reported to the Division, each member would be required to report such data to the director for purposes of determining the ACHIA assessment. The director reports this information to the board and the board is responsible for determining the assessments. This bill would have no fiscal impact on the Division.

Prepared by: Linda S. Hall, Director Phone 907-269-7900  
Division Insurance Date/Time 4/7/05 3:15 PM  
Approved by: Edgar Blatchford, Commissioner Date 4/7/2005  
Agency Commerce, Community, and Economic Development

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 29  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Statewide  
 Title An Act relating to health care insurance (CHIA) RDU Statewide  
 Component Statewide  
 Sponsor Representative Rokeberg  
 Requester Labor and Commerce, Health, Educati Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	1,047.0	1,047.0	1,047.0	1,047.0	1,047.0	1,047.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</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	ALL FUNDING SOURCES					*
1005 GF/Program Receipts	*	*	*	*	*	*
1037 GF/Mental Health	*	*	*	*	*	*
Other (Specify Type-Do not abbreviate)	*	*	*	*	*	*
<b>TOTAL</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</b>	<b>1,047.0</b>

Estimate of any current year (FY2005) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill would add self-insured plans (to the extent permitted under federal law) to the membership of the Comprehensive Health Insurance Association (CHIA).

Based on the anticipated CHIA assessment for 2005, this bill would assess the Select Benefits Plan (5,300 employees) an annual estimated amount of \$232,000 and the Retiree Health Plan an estimated annual amount of \$815,000 for a total of \$1,047,000 per year.

Prepared by: Melanie Millhorn, Director Phone 465-4408  
 Division: Retirement and Benefits Date/Time 4/7/05 2:37 PM  
 Approved by: Mike Tibbles, Deputy Commissioner Date 4/7/2005  
 Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. HB 29

This estimate is being provided and would need to be followed-up by an actuarial analysis, which is estimated to take approximately two weeks from the date of the request.

AS 24.08.036 FISCAL NOTES ON BILLS AFFECTING STATE RETIREMENT SYSTEMS, requires an additional analysis of the long term and short term costs to the state if a bill is adopted, as well as the impact of the bill on the actuarial soundness of the funds. This bill would increase the average PERS contribution rate by \_\_\_\_\_% (to be determined) of PERS payroll. For FY 06 this would be an added cost to the state of approximately \$1,047,000. In addition, the funding ratio of the PERS as of June 30, 2004 was 70.2%. Passage of this bill would decrease the funding ratio to % \_\_\_\_\_(to be determined).

This bill would also increase the TRS contribution rate by \_\_\_\_\_(to be determined) % of TRS payroll. The funding ratio of the TRS as of June 30, 2004 was 62.8%. The passage of this bill would decrease the funding ratio by \_\_\_\_\_% (to be determined) .

**HB**

**30**



24-LS0193V  
Utermohle  
2/15/05

**CS FOR HOUSE BILL NO. 30(HES)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES HARRIS, Chenault, Thomas, Wilson, Neuman, Samuels, Olson, Seaton,  
LeDoux, Elkins**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act making appropriations for K-12 education operating and school debt expenses;**  
2 **and providing for an effective date."**

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

4 **\* Section 1. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT -- K-12**  
5 **SUPPORT FOR FY 2006. The sum of \$826,037,800 is appropriated to the Department of**  
6 **Education and Early Development for the fiscal year ending June 30, 2006, for the purposes**  
7 **described and allocated in the amounts listed from the general fund and from other sources in**  
8 **the amounts set out:**

	PURPOSE	ALLOCATION
10	Foundation program	\$762,255,200
11	Boarding home grants	185,900
12	Youth in detention	1,100,000
13	Special schools	7,469,600
14	Pupil transportation	55,027,100

1	FUND SOURCE	AMOUNT
2	General fund receipts	\$793,299,500
3	Federal impact aid for K-12 schools	20,791,000
4	Public school trust fund (AS 27.14.110)	11,947,300

5 \* **Sec. 2. CONTINGENT APPROPRIATIONS FOR FOUNDATION PROGRAM AND**  
6 **SPECIAL SCHOOLS PROGRAM.** (a) Subject to sec. 4 of this Act, the sum of \$70,089,524  
7 is appropriated from the general fund to the Department of Education and Early Development  
8 for the foundation program for the fiscal year ending June 30, 2006.

9 (b) Subject to sec. 4 of this Act, the sum of \$479,652 is appropriated from the general  
10 fund to the Department of Education and Early Development, special schools, for the Alaska  
11 Military Youth Academy for the fiscal year ending June 30, 2006.

12 (c) The appropriations made by this section to the foundation program and the special  
13 schools program are in addition to the amounts appropriated for those purposes by sec. 1 of  
14 this Act.

15 \* **Sec. 3. SCHOOL DEBT REIMBURSEMENT.** The sum of \$86,463,500 is appropriated  
16 to the Department of Education and Early Development for the fiscal year ending June 30,  
17 2006, for state aid for costs of school construction under AS 14.11.100 from the following  
18 sources:

19	Alaska debt retirement fund (AS 37.15.011)	\$59,463,500
20	School fund (AS 43.50.140)	27,000,000

21 \* **Sec. 4. CONTINGENCY.** The appropriations made by sec. 2 of this Act are contingent  
22 upon the passage by the Twenty-Fourth Alaska State Legislature and enactment into law  
23 before July 1, 2005, of a bill that increases the base student allocation under AS 14.17.470 to  
24 at least \$4,919 for the fiscal year ending June 30, 2006.

25 \* **Sec. 5.** This Act takes effect July 1, 2005.

# Alaska State Legislature

Session: (Jan-May)  
State Capitol, Room 208  
Juneau, AK 99801-1182  
(907) 465-4859  
Fax (907) 465-3799



Interim: (June-Dec)  
716 West 4th Avenue, Suite 300  
Anchorage, AK 99501-2133  
(907) 269-0129  
Fax (907) 269-0128

**John Harris**  
Speaker of the House

## **SPONSOR STATEMENT** **COMMITTEE SUBSTITUTE FOR HOUSE BILL 30 (EDU)**

*“An Act making appropriations for K-12 education operating and school debt expenses; and providing for an effective date.”*

CS for House Bill 30 (EDU) will provide funds needed to achieve early funding of the FY 06 education foundation formula and school debt reimbursement programs.

This version of the bill covers the base foundation program, boarding home grants, youth in detention, special schools, pupil transportation and school debt reimbursement. Contingency language is also included that provides an additional \$65.4 million for the foundation program should a bill that increases the base student allocation to at least \$4896 be enacted into law.

By passing an early education funding bill, school districts will know the level of funding for the upcoming fiscal year, thus negating the need to send out pink slips to teachers because of anticipated budget cuts.

Prepared on 2/2/05

Base Allocation Increase of

Various Fiscal Notes

School District	HB1 \$4,589	HB18 \$4,901	HB73 \$4,880	CS HB 1 7.0% \$4896
Alaska Gateway	14,254	259,866	246,051	256,577
Aleutian Region	1,931	48,260	45,142	47,518
Aleutians East Borough	11,778	294,466	275,439	289,936
Anchorage	864,621	21,615,532	20,218,836	21,282,986
Annette Island	7,413	185,334	173,359	182,483
Bering Strait	68,028	1,700,680	1,590,790	1,674,516
Bristol Bay Borough	5,592	139,805	130,772	137,654
Chatham	5,249	131,222	122,743	129,203
Chugach	2,745	68,641	64,206	67,585
Copper River	17,645	441,125	412,622	434,339
Cordova	10,776	269,380	251,974	265,236
Craig	11,781	294,528	275,497	289,997
Delta/Greely	25,329	633,223	592,307	623,481
Denali Borough	14,631	365,771	342,137	360,144
Dillingham	14,430	360,747	337,437	355,197
Fairbanks N. Star Borough	282,790	7,069,757	6,612,942	6,960,992
Galena	43,297	669,507	627,542	659,516
Haines Borough	6,798	169,946	158,965	167,331
Hoonah	5,040	125,996	117,854	124,057
Hydaburg	1,351	33,777	31,595	33,258
Iditarod Area	7,527	188,179	176,020	185,284
Juneau Borough	98,619	2,465,471	2,306,163	2,427,540
Kake	3,892	97,292	91,006	95,796
Kashunamiut	10,921	273,023	255,382	268,823
Kenai Peninsula Borough	184,912	4,622,794	4,324,090	4,551,674
Ketchikan Gateway Borough	45,618	1,140,448	1,066,758	1,122,903
Klawock	2,589	64,720	60,538	63,724
Kodiak Island Borough	57,370	1,434,238	1,341,564	1,412,173
Kuspuk	16,630	415,743	388,880	409,347
Lake & Peninsula Borough	18,312	457,802	428,221	450,759
Lower Kuskokwim	82,341	2,813,763	2,592,076	2,760,980
Lower Yukon	70,001	1,750,031	1,636,952	1,723,107
Mat-Su Borough	279,465	6,986,629	6,535,186	6,879,143
Nenana	11,310	282,750	264,480	278,400
Nome	20,358	508,934	476,049	501,104
North Slope Borough	54,964	1,374,094	1,285,306	1,352,954
Northwest Arctic Borough	72,569	1,814,237	1,697,010	1,786,326
Pelican	517	12,928	12,093	12,730
Petersburg	13,384	334,598	312,977	329,450
Pribilof	5,110	127,738	119,484	125,773
Saint Mary's	5,693	142,340	133,143	140,150
Sitka Borough	28,545	713,635	667,523	702,656
Skagway	3,133	71,033	67,997	70,310
Southeast Island	6,905	123,855	115,983	121,980
Southwest Region	26,264	656,613	614,186	646,512
Tanana	3,065	76,625	71,674	75,446
Unalaska	6,615	249,162	231,352	244,922
Valdez	18,084	321,038	303,511	316,865
Wrangell	8,133	203,333	190,194	200,204
Yakutat	3,312	82,813	77,462	81,539
Yukon Flats	9,088	227,200	212,520	223,705
Yukon/Koyukuk	34,891	872,268	815,906	858,848
Yupitit	16,527	413,182	386,484	406,826
Mt. Edgecumbe High School	7,357	183,924	172,040	181,094
<b>Total</b>	<b>2,649,500</b>	<b>66,379,996</b>	<b>62,058,420</b>	<b>\$ 65,351,053</b>

ALASKA COUNCIL



OF SCHOOL ADMINISTRATORS

326 Fourth Street, Suite 404 • Juneau, Alaska 99801  
Phone: (907) 586-9702 • Fax: 586-5879  
web site: [www.alaskaacsa.org](http://www.alaskaacsa.org)

## Alaska Council of School Administrators

15 February 2005

House Finance Committee members  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Committee members:

I have a meeting that conflicts with the scheduled Finance Committee hearing on HB 1 and HB 30, so I offer this written testimony for the committee's consideration.

The Alaska Council of School Administrators supports increases to the education foundation program to address Alaska school districts' needs. The Council appreciates the progress made last year to provide additional funds to mitigate against rising costs of doing educational business. We seek a continuation of that forward momentum, so that school districts do not have to further reduce services to children.

ACSA supports HB 1 and HB 30 with the caveat that the Base Student Allocation is not sufficient to meet the needs of many school districts. With additional funds, class size issues can be addressed as well as further attention paid to enhancing student achievement in the curricular areas of state assessments.

Please consider increasing the Base Student Allocation, consistent with the growing needs of school districts. Thank you for your attention and the opportunity to testify.

Sincerely,

Mary A. Francis, Ph.D.  
Executive Director



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

(907) 452-2000 520 Fifth Avenue Fairbanks, AK 99701-4756 www.northstar.k12.ak.us

February 10, 2005

The Honorable Mark Neuman, Chairperson  
House Special Committee on Education  
State Capitol  
Juneau, AK 99801

Dear Representative Neuman:

On Tuesday, February 08, 2005, the House Special Committee on Education took public testimony on various education funding bills. Nick Stayrook, Chief Information Services Officer for the Fairbanks North Star Borough School District, provided testimony during that meeting.

Representative Gatto asked for information on the total student enrollment and number of classroom teachers. Listed below is the information:

Total student enrollment (in FTE)	14,576
Total number of classroom teachers	651
* Total number of certificated staff	974

\* Includes certificated counselors, librarians, special education teachers, mentor teachers, physical education and music teachers with no classroom assignments, etc.

In addition, information was requested on the base student allocation. The Fairbanks School Board has not yet acted on a student funding resolution. The Fairbanks School Board will consider a resolution that calls for a base student allocation of \$4,995.00, at its February 15 meeting.

Thank you again for allowing public testimony on education funding.

Sincerely yours,

Ann E. Shortt, Ed. D.  
Superintendent of Schools

cc: School Board Members  
Interior Delegation

# ASSOCIATION OF ALASKA SCHOOL BOARDS

*Advocates for Alaska's Youth*

February 8, 2005

## **Statement by the Association of Alaska School Boards on Foundation Formula Funding**

Carl Rose, executive director of AASB, issued the following statement today in testimony to the House Special Committee on Education:

Thank you for the opportunity to testify today. Our 52 member school districts have a huge stake in the legislation before you. Nothing less than the future of our children, and the future of our state, will be shaped by the decisions the 24<sup>th</sup> Alaska Legislature makes in regards to education funding.

In late January, the AASB teleconferenced with our five largest districts to discuss the accelerated timetable the Legislature has established for considering the state operating budget. School districts appreciate the willingness of the Legislature to consider education funding early in the session. As a consequence, we need to establish our positions and make them known to the Legislature in a significantly shortened timeframe.

After discussions with our largest districts, AASB believes that the foundation formula increased proposed by the administration, while much appreciated as a starting point, simply won't provide the level of state support most of them require in fiscal year 2006. Our organization believes the precedent established last year, when the Legislature provided an increase of \$82.5 million in foundation funding, should guide this year's deliberations on the formula.

(more)

1111 West 9th Street, Juneau, AK 99801

☎ (907) 586-1083

☎ (907) 586-2995

✉ [aasb@asb.org](mailto:aasb@asb.org)

🌐 <http://www.aasb.org>

***Using that yardstick, AASB urges the Legislature to increase the base student allocation to \$4,995 and appropriate an additional \$85 million in basic state support for K-12 education.***

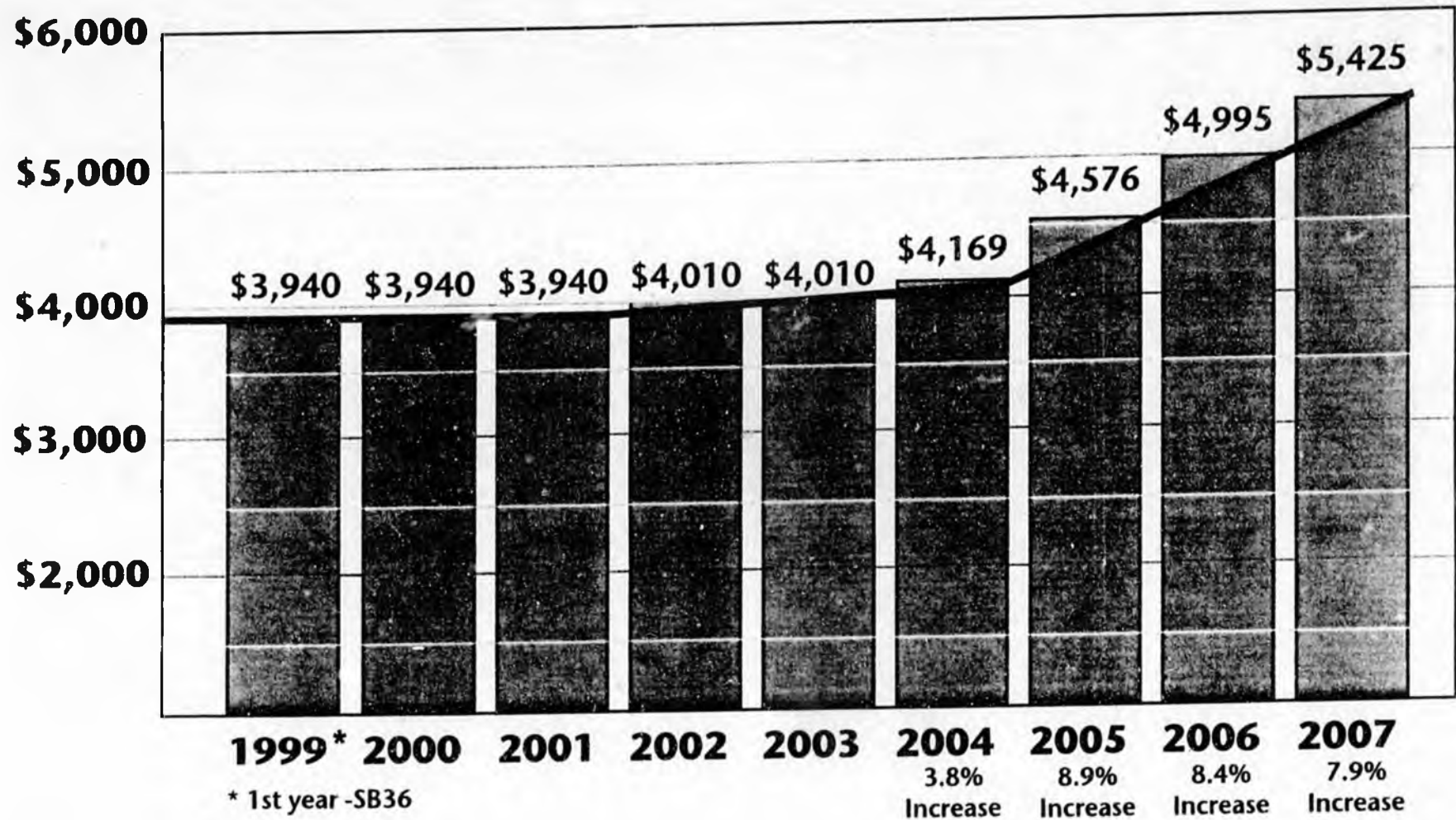
That is the minimum level of state support that is required by most of our school districts across the state. This increase is less than some teachers and parents support, but it is more than the administration has offered to date.

As you know, much of that extra state support will never reach the classroom. Because of requirements for funding increased retirement costs, \$38 million is earmarked for the PERS/TRS systems and \$47 million would go towards instruction and operations. (Note graphs that accompany this testimony).

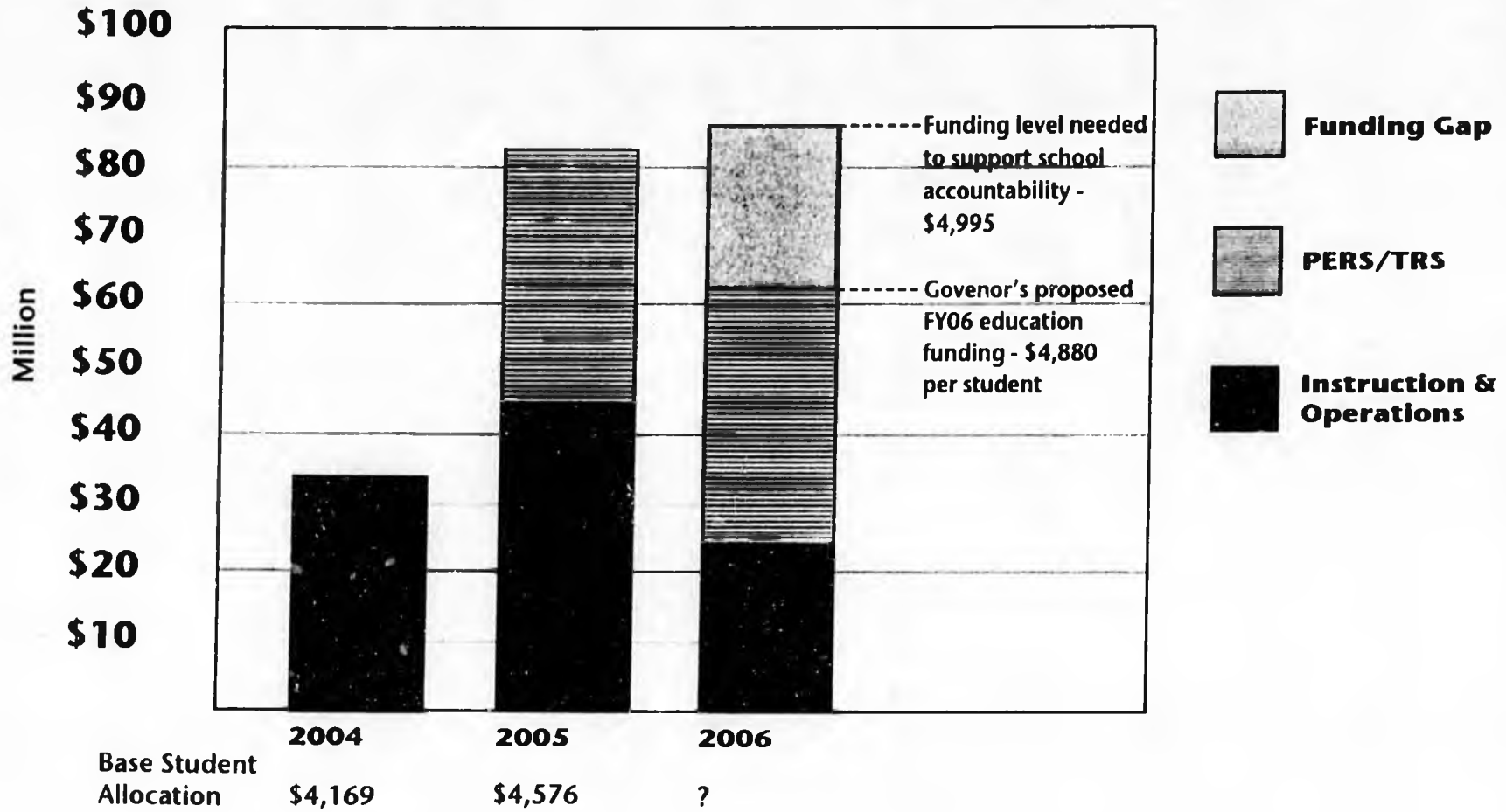
AASB believes that when the Legislature examines the need for increasing the foundation formula for K-12 education, you will see that this is a good investment in the future of Alaska. Certainly, the public will support you in making this investment happen.

Thank you.

## Base Student Allocation 1999-2007



## Proposed School Funding



# School Boards United

The 52 member districts of the Association of Alaska School Boards met in district forums during the AASB Legislative Fly-In on February 13, 2005 and considered the following bills pending before the Alaska Legislature:

Bill/Topic	REAA/Rural Districts	Municipalities	Large Districts
<b>Education Funding</b> HB 1 - Base Student Allocation increase	\$4,995 minimum level in FY06, but not adequate	\$4,995 minimum, but not adequate	\$4,995 minimum, but not adequate
PERS/TRS funding (inside foundation)	Support	Support	Support
<b>Early Funding</b> HB 20, SB 13, SB 23	Support, but need option of supplemental	Support March 15, but need option of supplemental	Support, but need option of supplemental
<b>Limit administrative expenses</b> SB 57	Oppose	Oppose	Oppose
<b>School Construction Debt</b> HB 13	Support	Support	Support
<b>School Safety</b> HB 41 Min. 60 days for assault	Support	Support	Support
HB 88, SB 65 Waive minors into adult court	Monitor	Support	Monitor
SB 10 Remove cap on damage awards for vandalism	Monitor	Support	Support
<b>Student Health</b> HB 3 - Scoliosis tests	Oppose	Oppose	Oppose
HB 85 Self-administer drugs	Support	Support	Support
SB4 SB 35 First aid classes	Oppose	Oppose	Oppose
SB 48 Psychotropic Drugs	Oppose	Oppose	Oppose
HB 128 Physical fitness task force	Monitor	Monitor	Oppose
<b>Teacher Recruitment</b> SB 24, SB 31, SB 61	Support	Support	Support

## Talking Points on Education Bills

<p><b>Education Funding</b> HB 1</p>	<p>\$4,995 minimum needed to provide education mandated by NCLB and higher costs Continue the positive investment trend line established in 2004 Districts already hurting from years of under-funding Many districts already at local funding cap Federal education cuts and under-funding will impact schools</p>
<p>PERS/TRS funding</p>	<p>Appreciate governor's initiative to fund at 100 percent; keep inside formula</p>
<p><b>Early Funding</b> HB 20, SB 13, SB 23</p>	<p>Good idea to help district planning, but when revenues are available late in session, education should be at the table</p>
<p><b>Limit Administrative Expenses</b> SB 57</p>	<p>30 percent ceiling is already unrealistic; 32 districts secured waivers this year</p>
<p><b>School Construction Debt</b> HB 13</p>	<p>Districts have identified \$580 million in construction needs; governor requesting only \$30 million in FY 06 school repairs</p>
<p><b>School Safety</b> HB 41, HB 88, HB 65, SB 10</p>	<p>School employees must be protected and our schools must be safe from violent acts. But legislature should be careful about removing discretion from the hands of school officials and the courts.</p>
<p><b>Student Health</b> HB 85, HB 3, SB 4, SB 35, SB 48, HB 128</p>	<p>Districts are skittish about more unfunded mandates from the state and federal government. It makes sense to allow students to carry and self-administer allergy and asthma drugs (HB 85). We will monitor other bills as they move through the process.</p>
<p><b>Teacher Recruitment</b> SB 24, SB 31, SB 61</p>	<p>Retire-rehire law has helped many districts cope with personnel emergencies &amp; teacher shortages. Cost to the retirement program has been minimal. It's a local option that should be extended.</p>



**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT  
501 N. GULKANA STREET  
PALMER, ALASKA 99645**

**Board Memo No. 05-110**

**A Resolution of Matanuska-Susitna Borough School Board Regarding Education Funding.**

WHEREAS, the Governor recognizes the challenge of creating a quality educational system and desires to continue to improve education; and,

WHEREAS, the Governor said in the State of the State Address, "Increases in the retirement system costs and unforeseen energy expenses have put too great a burden on local governments in the short term," and,

WHEREAS, he introduced a funding bill to increase foundation funding by \$62 million resulting in a base student allocation of \$4,880; and,

WHEREAS, increasing student achievement and improving school performance (required by both the No Child Left Behind Act and Alaska statute and standards) will require schools to go beyond status quo operations and institute new or improved programs that meet the unique needs of each student; and,

WHEREAS, increasing student achievement and improving school performance require resources *beyond* those needed to simply address the increased costs of the retirement system and the unforeseen energy expenses; and,

WHEREAS, the School Board of the Matanuska-Susitna Borough School District recognizes that improving student achievement will require a combination of the following strategies at a minimum:

- Extending instructional time with students,
- Restoring teaching supplies and textbooks,
- Strengthening professional development,
- Strengthening classroom assessments,
- Continuing with curriculum alignment,
- Expanding Career & Technical Education,
- Designing interventions to address challenges from growth and overcrowding, and,

WHEREAS, reaching a level of truly adequate foundation funding that will increase student achievement and improve school performance will require a reasonable and dependable trend of funding increases over a number of years; and,

WHEREAS, by our district requesting a higher level of funding increase for 2006 than currently proposed by the Governor, we recognize that the benefit would accrue not only to our students but also to all students in Alaska, both urban and rural; and,

WHEREAS, the MSBSD School Board strongly supports the funding bill introduced by the Governor to increase foundation funding; and,


THEREFORE BE IT RESOLVED, the MSBSD School Board requests the Governor and Legislature increase foundation funding in the Governor's bill by an additional \$23 million, for a total FY06

increase of \$85 million. With the resulting base student allocation of \$4995, schools could continue to work toward increasing student achievement and improving school performance.

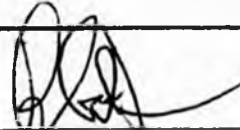
BE IT FURTHER RESOLVED that the MSBSD School Board strongly opposes any change to its district cost factor (per the 2003 Alaska School District Cost Study). Such a change would negate any increases by the Governor and Legislature by shifting funds from districts with increasing enrollment and rapid growth, like Mat-Su, to districts with decreasing enrollment.

ADOPTED by Matanuska-Susitna Borough School District this 2nd day of February 2005.

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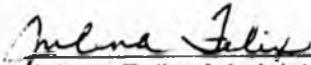


Michael Chmielewski, Board President



Robert Doyle, Chief School Administrator

ATTEST:



Julena Felix, Administrative Assistant

**HB**

**31**



# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SSHB 31  
 (H) Publish Date: 3/7/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Workers Compensation Coverage RDU Insurance (116)  
 Component Insurance Operations  
 Sponsor Anderson  
 Requester House Labor & Commerce Component No. 354

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
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>						
-----------------------------	--	--	--	--	--	--

<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>	<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 (FY2005) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This is a benefits bill and has no fiscal impact on the operations of the division.

Prepared by: Linda S. Hall, Director Phone 907.269.7900  
 Division Insurance Date/Time 2/7/05 10:46 AM  
 Approved by: Edgar Blatchford, Commissioner Date 2/7/2005  
 Agency Commerce, Community & Economic Development

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
Bill Version: SSH B 31  
(H) Publish Date: 3/7/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title An act relating to presumption of RDU Risk Management  
coverage of w/c in certain occupations Component Risk Management  
Sponsor \_\_\_\_\_  
Requester \_\_\_\_\_ Component No. 71

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

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

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Risk Management (RM) will be adversely affected by the changes in this legislation. RM administers the self insurance program providing workers' compensation protection for all state employees, including illness claims filed by occupations affected by this legislation.

The self insured worker's compensation claims will realize increased litigation and benefit costs. As the number of reported exposures will vary by year, it is difficult to present accurate projections.

Future Risk Management's workers' compensation assessments to those agencies with employee occupations affected will reflect actual costs incurred as premiums charged each agency are developed from actual claims expenses incurred.

Prepared by: J. Brad Thompson, Director Phone 465-5723  
Division Risk Management Date/Time 2/9/05 10:00 AM  
Approved by: Michael Tibbles, Deputy Commissioner Date 2/9/2005  
Agency Administration

# ALASKA STATE HOUSE OF REPRESENTATIVES

Labor & Commerce Committee, Chair  
Administrative Regulation Review, Chair  
Judiciary Committee, Vice-Chair  
Health, Education and Social Services



State Capitol Suite 408  
Juneau, AK 99508  
Phone (907) 465-4939  
Fax (907) 465-2418

## Representative Tom Anderson

Email: [Representative\\_Tom\\_Anderson@legis.state.ak.us](mailto:Representative_Tom_Anderson@legis.state.ak.us)

### MEMORANDUM

Date: March 5, 2005

To: Representative Peggy Wilson, Chair  
House Health, Education and Social Services Committee

From: Representative Tom Anderson *T.A.*

Re: Hearing Request for SSHB 31

---

I would like to request that you schedule SSHB 31 for consideration by the House Health, Education and Social Services Committee.

Enclosed are:

1. Current Sponsor Statement
2. The most recent version of the bill
3. Appropriate backup documentation
4. Letters of support

Thank you for your consideration of this request. Please contact Jon Bittner at 465-5031 in my office if you have any questions or concerns.



**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT  
501 N. GULKANA STREET  
PALMER, ALASKA 99645**

**SUBJECT: 2004-05 Legislative Priorities with Board Approved Changes**

**Borough**

- Comprehensive planning for future school sites
- Fall 2005 bond election for new schools
- Clarification of fund balance issues

**State**

- Funding for construction of 20 portable classrooms
- Reauthorization of Bond Debt Reimbursement to 90/10
- Foundation Funding
  - Funding to pay for mandatory PERS/TRS increases

**Federal**

- Fully fund NCLB mandates
- Amendments to NCLB:
  - Remove "Students with Disabilities" and "Limited English Proficient" subgroups from AYP calculations
  - Adopt a progress model, versus a cut-score model
  - Offer school-based supplemental support before school choice/transportation; stop requiring districts to withhold transportation funding
  - Require evaluation of supplemental service providers



## MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT

Office of Public Information

501 N. Gulkana • Palmer, Alaska 99645

Phone: 907-746-9251 • Fax: 907-761-4076

### Growth – Mat-Su Borough School District

MSBSD is growing by nearly 500 students each year, which is roughly equivalent to the population of an elementary school. We welcome the growth, yet it places significant strain on our existing school facilities and services. While we aren't responsible for the growth, we do consider the district to be a major player in the Valley's growing economy.

In fall 2007, the district will open a new Wasilla-area elementary school. By that time, the district's core area elementary schools will have well exceeded their actual capacity by approximately four 500-student buildings. The State's calculations for building capacity may tell a different story. However, the State's calculation inaccurately reflects available space. For instance, actual capacity changes based upon program needs (special education, for example) and class size. At this time, it is impossible to identify available classroom space in any of the district's core-area elementary schools.

As our community scrambles to address the largest growth rate in the state, we must continue to invest in the infrastructure of our schools. Research proves educated individuals are more likely to be employed and earn more. They contribute to the economy by spending more money and paying more in social security taxes. As education levels rise, the costs of social programs go down. Higher levels of education mean lower levels of spending on welfare, unemployment, health care, and criminal justice.

Business relies on quality K-12 education and higher education institutions to create a highly qualified workforce to serve the needs of a diverse economy and participate in democracy. The status of the local school system is a major quality of life consideration for relocating businesses and employees. Success in our economy requires attracting and retaining individual talent. Quality schools stabilize communities and increase housing values.

Again, we aren't driving growth in the Valley, but yet we must respond appropriately. Currently we're looking for solutions to overcrowding. Bonding for new schools is a major piece of any solution. Debt-reimbursement has been successfully used in the past to construct new facilities and complete major maintenance on our oldest buildings. Extending debt reimbursement may not be possible in light of opposition from the State Department of Education & Early Development and the Department of Revenue. With that in mind, we're requesting creative solutions to problems caused by rapid growth, perhaps to include direct capital appropriations and grants.

February 10, 2005

Representative Neuman  
House Special Committee on Education  
907-465-4822

Dear Representative Neuman,

The Glacier Valley Site Council strongly supports arts education for all students in the Juneau School District. Substantial research shows that the arts positively affect not only children's academic achievement, but their social and emotional development, as well. Here are just a few of the reasons why the GV Site Council strongly encourages the House Special Committee on Education to make the arts a priority in our schools:

- The *No Child Left Behind Act's* definition of core academic subjects includes the arts
- Studies nation-wide show that the arts can be utilized as a remedy for the school district's Five Strategic Goals (Drop-Out, Native Success, Healthy Behaviors, Staff Development, Community), and
- Academic achievement through an arts-integrative model is already established at a local level, both quantitatively and qualitatively.

At Glacier Valley we believe in arts education and would like to see equitable art programs introduced into the schools, especially a visual art program for our elementary schools. The cost for such a program across the district would be \$200,000 per year. We hope that the legislature will consider this program's impact on our children's success in school, as well as the importance of equity in art education across the district. If you have any questions, please feel free to contact Glacier Valley's principal, Ted Wilson, at 463-1801.

Sincerely,

Members of the Glacier Valley Site Council

FY - 2006 Capital Budget  
Six-Year Capital Improvement Plan

District : Matanuska-Susitna Borough School District Date: January 24, 2005 Page 1 of 4 Pages

District Priority	Project Location and Description	Primary Purpose	Year for which funding is being requested						Estimated Cost
			FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	
1	Settlers Bay Elementary School Big Lake Attendance Area	Cat. B	X						\$13,000,000
2	Fire Alarm Upgrade, Palmer Junior Middle School	Cat. C	X						\$450,000
3	Wasilla High School Remodel Phase III	Cat. C	X						\$3,500,000
4	Re-Roof Su-Valley High School	Cat. C	X						\$1,000,000
5	New South Palmer Elementary School	Cat. B	X						\$13,000,000
6	New South Trunk Road Elementary School	Cat. B	X						\$13,000,000
7	Expand Cafeteria, Replace Gym Floor, Upgrade entry Lighting, Wasilla Middle School	Cat. F	X						\$2,200,000
8	New High School Core Area	Cat. B	X						\$35,000,000
9	New Mid-Valley High School	Cat. E		X					\$7,500,000

Submit with CIP Application

District Priority	Project Location and Description	Primary Purpose	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Estimated Cost
10	Valley Pathways Phase III New Building	Cat. B		X					\$6,451,000
11	Fire Alarm Upgrade, Colony High School	Cat. C		X					\$600,000
12	Reroof Snowshoe Elementary	Cat. C		X					\$350,000
13	Reroof Houston Middle School Big Lake Attendance Area	Cat. C			X				\$1,076,000
14	Fire Alarm Upgrade, Houston Middle School	Cat. C			X				\$300,000
15	Upgrade Running Tracks Three High Schools	Cat. C			X				\$616,000
16	Fire Alarm Upgrade, Colony Middle School	Cat. C			X				\$450,000
17	ADA Upgrades District-Wide	Cat. C				X			\$200,000
18	Lighting Upgrades District-Wide	Cat. C				X			\$300,000
19	Energy Upgrades District-Wide	Cat. C				X			\$400,000
20	Fencing Iditarod Site	Cat. C				X			\$100,000
21	Flooring Replacements Palmer Junior Middle	Cat. C				X			\$250,000

Submit with CIP Application

District Priority	Project Location and Description	Primary Purpose	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Estimated Cost
22	Flooring Replacements District-Wide	Cat. C				X			\$400,000
23	Career Center Addition	Cat. B					X		\$10,000,000
24	Re-Roofing Big Lake Elementary	Cat. C					X		\$350,000
25	Re-Roofing Administration Building	Cat. C					X		\$530,000
26	Flooring Replacements District-Wide	Cat. C					X		\$300,000
27	ADA Upgrades District-Wide	Cat. C					X		\$225,000
28	Reroofing District-Wide	Cat. C					X		\$300,000
29	Internal Renewal Su-Valley High School	Cat. C						X	\$3,000,000
30	Wasilla High School Auditorium	Cat. B						X	\$4,000,000
31	Mechanical Upgrades Wasilla Middle School	Cat. B						X	\$650,000
32	Internal Renewal Big Lake Elementary School	Cat. C						X	\$350,000
33	Lighting Upgrades District-Wide	Cat. C						X	\$300,000

Submit with CIP Application

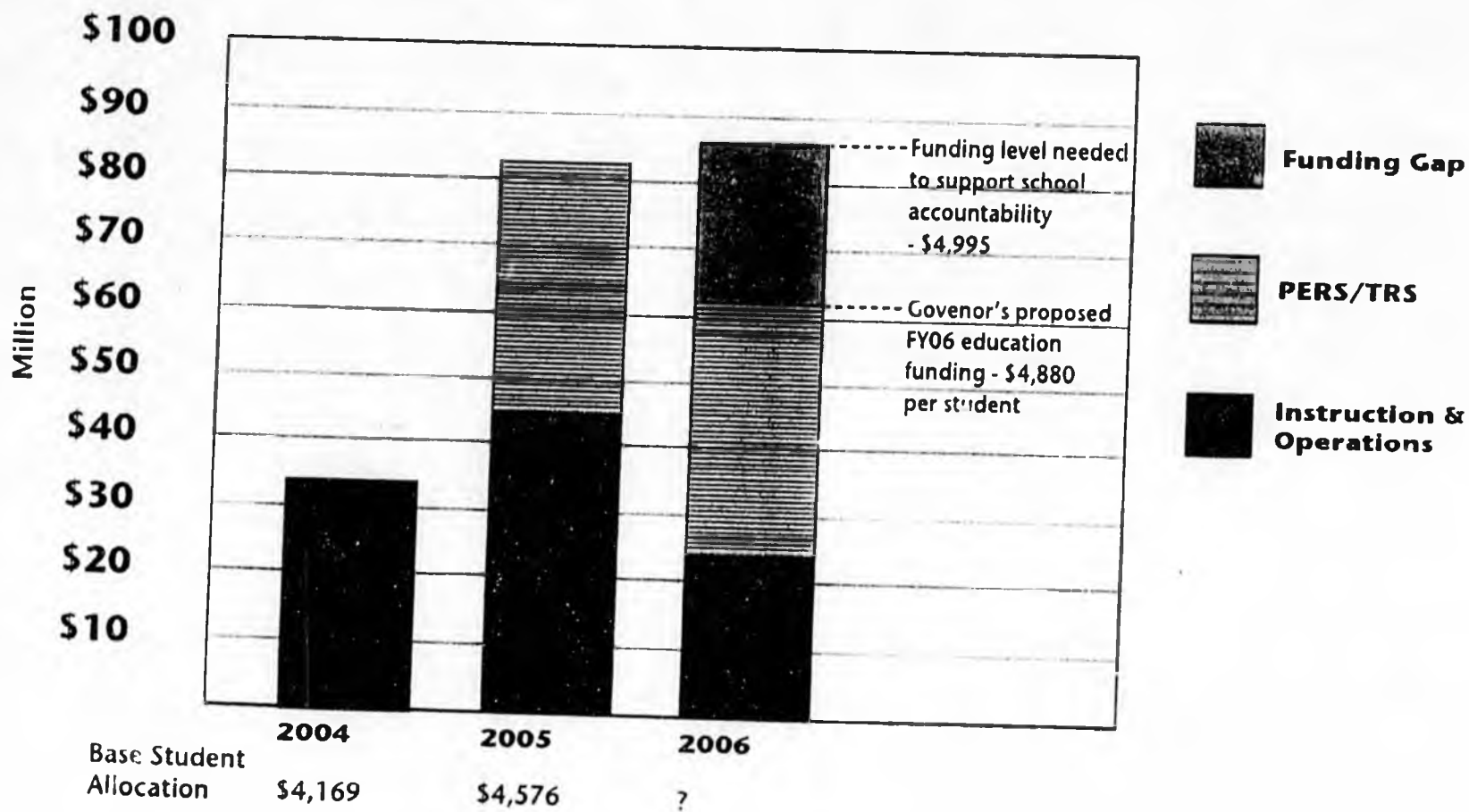
District Priority	Project Location and Description	Primary Purpose	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Estimated Cost
34	Energy Upgrades District-Wide	Cat. C						X	\$400,000

I hereby certify that the information presented is true and correct to the best of my knowledge.

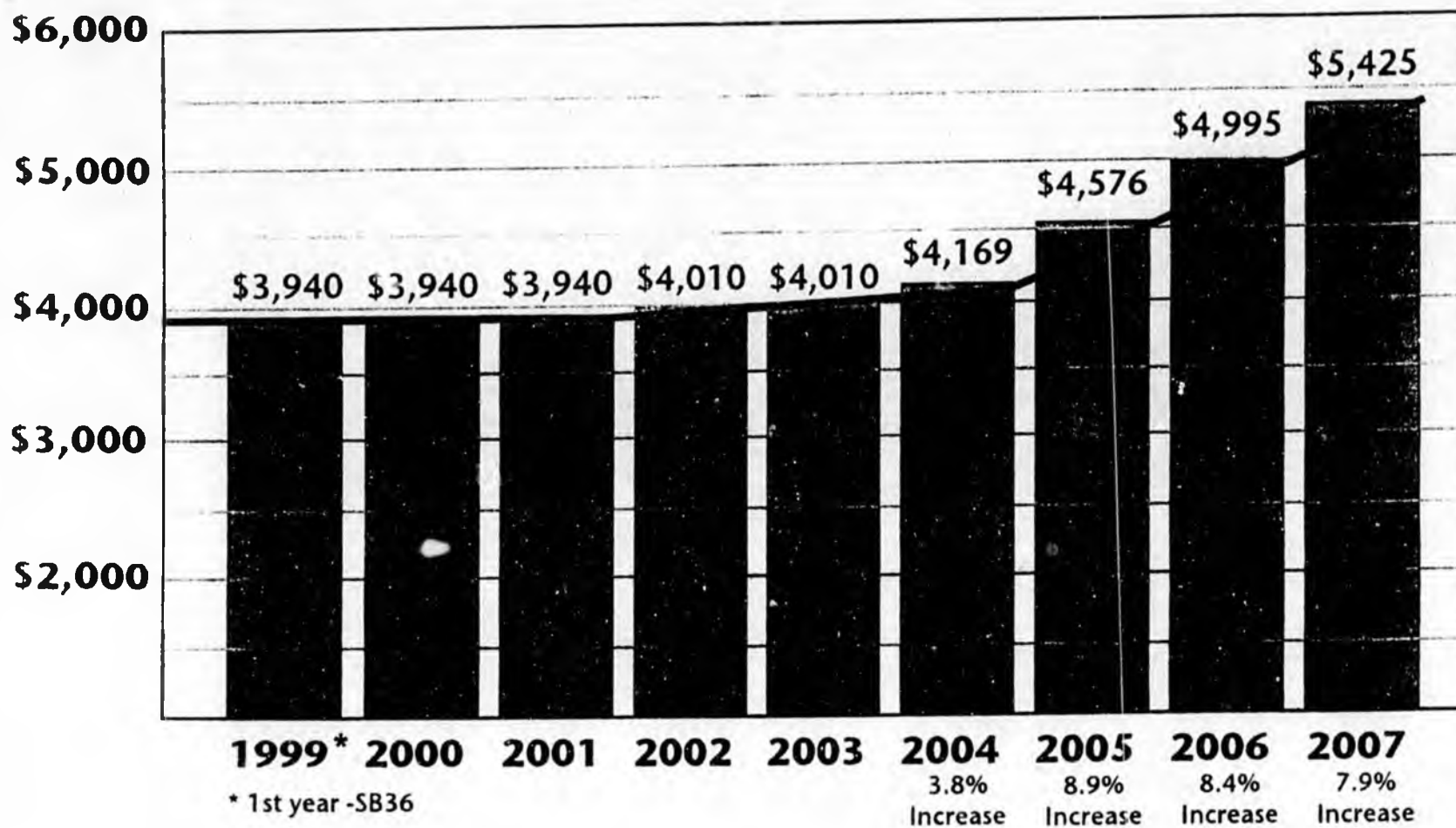
Signed  Date \_\_\_\_\_  
 Chief School Administrator

Submit with CIP Application

## Proposed School Funding



### Base Student Allocation 1999-2007



# Alaska State Legislature

**Interim:**  
716 W. 4<sup>th</sup> Ave.  
Anchorage, AK 99501-2133

Phone: (907) 269-0265  
Fax: (907) 269-0264



**Session:**  
Alaska State Capitol, Rm 408  
Juneau, AK 99801-1182

Phone: (907) 465-4939  
Fax: (907) 465-2418  
Toll Free: (800) 465-4939  
Rep.Tom\_Anderson@legis.state.ak.us

**Representative Tom Anderson**  
District 19 - Anchorage

## Sponsor Statement HB 31

**Title: "An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations"**

Firefighters and emergency response professionals are regularly exposed to dangerous chemicals, fumes and blood borne pathogens. Nationwide, emergency personnel suffer from an increased probability of contracting certain cancers and illnesses. It has been shown that after exposure to a toxic substance many of the resulting illnesses can take years to manifest.

Firefighter and emergency personnel are a valuable and necessary part of any community. They risk their lives on a regular basis in order to ensure the safety and well being of their community.

Their sacrifice, which ends up costing them so dearly, demands action on our parts. By assuming a "presumption of illness" for certain professions such as firefighters and EMTs HB 31 is just such an action. This bill would make them eligible for health benefits in the case that they are diagnosed with certain cancers or illnesses described in the bill.

By enacting HB 31 we will provide coverage and security for our at risk emergency personnel. This legislation is necessary and urgent in order to protect and preserve our State's brave men and women of the emergency response profession.

I urge your support for this bill.

# Alaska State Legislature

## House of Representatives



Official Business

State Capitol  
Juneau, AK  
99801-1182

### Sectional Analysis for SSHB 31 BY: Representative Tom Anderson

**Section 1.** Adds a new section to AS 23.30

- (a) Outlines the fact that there is a presumption that the illnesses listed in (b)(1)(C) and (c) are attributed to the occupations listed in other subsections of this bill. Further, the presumption may be rebutted if certain evidence is found such as tobacco use or weight problems.
- (b) Deals with the coverage specific to fire fighters
  - (1) Lists the diseases for which firefighters are covered including respiratory diseases, heart problems experienced within 72 hours of exposure to smoke, fumes or toxic substances and certain cancers.
  - (2) Extends the coverage under the presumptions of this bill for retired fire fighters for three calendar months for each year of service up to 60 calendar months after the last day of their employment
  - (3) The coverage for cancers listed under (1)(C) of this subsection apply only to firefighters with 10 or more years of service who were given a qualifying medical exam upon becoming a fire fighter that showed no evidence of cancer.
- (c) Deals with the coverage for firefighters and first response personnel
  - (1) – (5) Lists the contagious diseases this section applies to including HIV, AIDS and hepatitis
- (d) Denies the coverage provided for under (b)(1) of this section to firefighters who smoke that develop a heart or lung condition
- (e) Directs the department to define through regulation
  - (1) The type and extent of the medical examination needed to comply with (b)(3)
  - (2) The nature and quantity of a person's tobacco use based on medical research that will make them ineligible for coverage under (1)

**Section 2.** Amends the uncodified law of the State of Alaska by adding a new subsection

Stating that the coverage established by this act applies to claims made on or before the effective date of this Act even if the exposure happened prior to the effective date.



# CITY OF KENAI

*" Oil Capital of Alaska "*

210 FIDALGO AVE., SUITE 200 KENAI, ALASKA 99511-7704  
TELEPHONE 907-283-7635  
FAX 907-283-9014



March 29, 2005

House Health, Education and Social Services Committee:

Testimony on HB 31, Workers' Comp: Disease Presumption

I am Larry Semmens, Finance Director for the City of Kenai.

Please do not pass HB 31. Workers Comp costs have risen dramatically in the last few years. The experts say that this bill will add 10% to 20% to the affected classes of employee.

The City of Kenai is already projecting a budget deficit for Fy 2006 due to revenue cuts and substantially increased costs relating to employee benefits such as PERS (up 60% this year but more than tripled since FY 2004), Health insurance up (20%). This bill is not needed by employee's with legitimate claims and it will increase costs making it more difficult for the City of Kenai to provide services.

Thank you.

A handwritten signature in cursive script that reads "Larry Semmens".

Larry Semmens

# HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 4, 2005

FURTHER REFERRALS: HES  
Finance

Date of Committee Action: March 4, 2005

The LABOR AND COMMERCE Committee considered:

SSHB 31

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 31

WORKERS' COMP: ILLNESS PRESUMPTION

"An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations."

Recommends it be replaced with  HCS or  CS for \_\_\_\_\_ (\_\_\_\_\_)  
For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent: \_\_\_\_\_ Committee

List of Abbrev for Depts.:  
ADM  
CED  
COR  
CRT  
EED  
DEC  
DFG  
GOV  
HSS  
LEG  
LAW  
LWF  
MVA  
DNR  
DPS  
REV  
DOT  
UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
CED				X
ADM			X	

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	CRAWFORD	✓			
	LYNN	✓			
	Kott			✓	
	LeDout			✓	
	TRUTENBERGER	✓			
	Roksbury			X	
	ANDERSON	X			
Chair:					
Chair:					

**Original language Page 2 lines 13-16:**

- (2) following termination of service, the presumptions established in (1) of this subsection extend to the fire fighter for a period of three calendar months for each year of requisite service but may not extend more than 60 calendar months following the last date of employment;

**New language in SS to HB 31:**

- (2) **notwithstanding AS 23.30.100(a)**, following termination of service, the presumptions established in (1) of this subsection extend to the fire fighter for a period of three calendar months for each year of requisite service but may not extend more than 60 calendar months following the last date of employment;

**Original language Page 2 lines 22-24:**

- (c) For an employee in an occupation involving exposure to human blood or bodily fluids, there is a presumption that a claim for compensation for disability as a result of the following contagious diseases is within the provisions of this chapter:

**New language in SS to HB 31:**

- (c) The presumption in this subsection applies to fire fighters covered under AS 23.30.243, peace officers, and emergency medical and rescue personnel. In this subsection, "emergency medical and rescue personnel" means a trauma technician, emergency medical technician, rescuer, or mobile intensive care paramedic who is a paid employee of a first responder service, a rescue service, an ambulance service, or a fire department that provides emergency medical or rescue services as part of its duties. There is a presumption that a claim for compensation for disability as a result of the following contagious diseases is within the provisions of this chapter:

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 31  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVES ANDERSON, Lynn, Gatto**

**Introduced:**

**Referred:**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the presumption of coverage for a workers' compensation claim for**  
2 **disability as a result of certain diseases for certain occupations."**

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

4 **\* Section 1.** AS 23.30 is amended by adding a new section to read:

5 **Sec. 23.30.121. Presumption of coverage for disability from diseases for**  
6 **certain occupations.** (a) There is a presumption that a claim for compensation for  
7 disability as a result of the diseases described in (b) and (c) of this section for the  
8 occupations listed under (b) and (c) of this section are within the provisions of this  
9 chapter. This presumption of coverage may be rebutted by a preponderance of the  
10 evidence. The evidence may include the use of tobacco products, physical fitness and  
11 weight, lifestyle, hereditary factors, and exposure from other employment or  
12 nonemployment activities.

13 (b) For a fire fighter covered under AS 23.30.243,

14 (1) there is a presumption that a claim for compensation for disability

1 as a result of the following diseases is within the provisions of this chapter:

2 (A) respiratory disease;

3 (B) heart problems that are experienced within 72 hours after  
4 exposure to smoke, fumes, or toxic substances; and

5 (C) the following cancers:

6 (i) primary brain cancer;

7 (ii) malignant melanoma;

8 (iii) leukemia;

9 (iv) non-Hodgkin's lymphoma;

10 (v) bladder cancer;

11 (vi) ureter cancer; and

12 (vii) kidney cancer;

13 (2) notwithstanding AS 23.30.100(a), following termination of service,  
14 the presumptions established in (1) of this subsection extend to the fire fighter for a  
15 period of three calendar months for each year of requisite service but may not extend  
16 more than 60 calendar months following the last date of employment;

17 (3) the presumption established in (1)(C) of this subsection applies  
18 only to an active or former fire fighter who has cancer that develops or manifests itself  
19 after the fire fighter has served at least 10 years and who was given a qualifying  
20 medical examination upon becoming a fire fighter or during employment as a fire  
21 fighter that did not show evidence of cancer.

22 (c) The presumption in this subsection applies to fire fighters covered under  
23 AS 23.30.243, peace officers, and emergency medical and rescue personnel. In this  
24 subsection, "emergency medical and rescue personnel" means a trauma technician,  
25 emergency medical technician, rescuer, or mobile intensive care paramedic who is a  
26 paid employee of a first responder service, a rescue service, an ambulance service, or a  
27 fire department that provides emergency medical or rescue services as part of its  
28 duties. There is a presumption that a claim for compensation for disability as a result  
29 of the following contagious diseases is within the provisions of this chapter:

30 (1) human immunodeficiency virus;

31 (2) acquired immunodeficiency syndrome;

1 (3) all strains of hepatitis;

2 (4) meningococcal meningitis; and

3 (5) mycobacterium tuberculosis.

4 (d) The provisions of (b)(1) of this section do not apply to a fire fighter who  
5 develops a heart or lung condition and who has a history of tobacco product use as  
6 established under (e)(2) of this section.

7 (e) The department shall, by regulation, define

8 (1) for purposes of (b)(3) of this section, the type and extent of the  
9 medical examination that is needed to eliminate evidence of cancer in an active or  
10 former fire fighter; and

11 (2) for purposes of (d) of this section, the nature and quantity of a  
12 person's tobacco product use; the standards adopted under this paragraph shall use or  
13 be based on existing medical research.

14 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 **APPLICABILITY.** The presumption of coverage established by this Act applies to  
17 claims made on or after the effective date of this Act, even if the exposure leading to the  
18 occupational disease occurred before the effective date of this Act.

# ALASKA PROFESSIONAL FIRE FIGHTERS LEGISLATIVE FACT SHEET

Released 1/27/2005

## HB 31 FIRE FIGHTER PRESUMPTIVE DISABILITY LAW

### BACKGROUND

Fire fighters are exposed on a daily basis to stress, smoke, heat, and various toxic substances. As a result, fire fighters are far more likely to contract heart disease and cancer than other workers. And as fire fighters increasingly assume the role of the state's leading providers of emergency medical services, they are also exposed to infectious diseases. Heart disease, lung disease, cancer and infectious disease are now among the leading causes of death and disability for fire fighters, and numerous studies have found that these illnesses are occupational hazards of fire fighting.

In recognition of this linkage, 38 states have enacted "presumptive disability" laws, which presume that cardiovascular diseases, certain cancers and infectious diseases are job related for purposes of workers compensation and disability retirement unless proven otherwise. No such law covers firefighters employed in Alaska.

Under Alaska workers compensation laws, fire fighters must be able to pinpoint the precise incident or exposure that caused a disease in order for it to be considered job-related. This burden of proof is extraordinarily difficult for fire fighters to meet because they respond to a wide variety of emergency calls, constantly working in uncontrolled environments under difficult conditions. As a result, very few cases of occupational disease contracted by fire fighters have been deemed to be service-connected.

**HB 31**, sponsored by Representative Tom Anderson (R) has been introduced that will amend workers compensation law so the cardiovascular disease, certain cancers and infectious diseases are presumed to be job related for purposes of workers compensation and disability retirement, and places the burden on the employer to prove otherwise.

### APFF POSITION

The APFF supports HB 31 which provides a disability presumption for Alaska's fire fighters

### APFF ARGUMENTS

- Most states have acknowledged the occupational hazards attributed to fire fighting and have presumptive disability laws for fire fighters because it is difficult for fire fighters to identify when and where they contracted an occupational disease.
- Alaska fire fighters regularly respond to HAZMAT incidents involving chemical, radiological and biological hazards. Working in such a hazardous environment, it is virtually impossible to precisely identify when and where a fire fighter contracted a disease.
- Alaska fire fighters do not have the benefit of a presumptive disability law. Instead they are faced with a burden of proof that is nearly impossible to meet and only in extraordinary cases do fire fighters, suffering from occupational diseases, receive fair and just compensation benefits.

### CURRENT STATUS

HB 31 was referred to the Labor and Commerce Committee; Other referrals – HES and Finance Committees

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ALASKA PROFESSIONAL FIRE FIGHTERS  
*International Association of Fire Fighter, AFL-CIO, CLC*  
1120 E. Huffman Road, Suite 23, PMB 556 • Anchorage, Alaska 99516

Erik Tuott, Anchorage Local Rep.  
907-250-2311 E\_tuott@hotmail.com

## *What is Presumptive Legislation?*

What is presumptive legislation? As its name implies, presumptive legislation presumes for the purpose of worker compensation that a fire fighter's brain cancer, for example, is the result of their employment as a career fire fighter, if they have been a fire fighter for a certain number of years.

Typically, presumptive legislation amends a state's workplace compensation legislation to state that if a career fire fighter develops a certain form of cancer, it is presumed that the cancer is a direct result of their occupation as a fire fighter, and that compensation will be granted.

In the absence of presumptive legislation, the onus is on the worker to prove their illness is a result of their occupation. Presumptive legislation changes that onus; the claim is approved automatically if the appropriate criteria are met, unless the employer can demonstrate that the illness is not a result of the fire fighter's occupation.

Without presumptive legislation, a worker who contracts an illness as the result of their job must file a worker's compensation claim, and endure the uncertainties of the claim process. This system of claims and appeals can take years to produce a final decision. Even so, there is still no guarantee the worker's compensation claim system will recognize an occupational disease and award appropriate compensation. There are cases where a fire fighter who contracted cancer as the result of years of toxic exposures and filed a claim was asked, "At which fire did you contract this cancer?"

The latent nature of the disease poses other considerations. Many fire fighters who are currently battling cancer suffered their exposures decades ago, when less was known about the importance of respiratory and other protections and when protective equipment was built to lower standards than today. In some cases, individual fire departments didn't provide enough SCBAs to equip everyone at the scene of a fire; some were lucky to get one while others entered a fire without any respiratory protection. They may have made it home safely at the end of their shift, week after week, month after month; not knowing the seeds of a brain cancer or a leukemia that developed 20 years later had been irrevocably planted.

The days of entering fires without respiratory protection are over, and fire departments across the country are implementing comprehensive fitness and wellness programs. Most fire departments require annual medical examinations that include screening for cancers and infectious diseases. Fire fighters have better understanding of the products of combustion and the adverse effects upon their health, yet, in spite of these improvements fire fighting is still one of the most dangerous occupations in the United States. For example, one in three fire fighters in Los Angeles is expected to develop cancer by the age of 60. The introduction of new chemicals, plastics, and building materials continue to contribute to the myriad of toxins that fire fighters will encounter in their career. As long as fire fighters are exposed to these toxins while serving the public, some will contract job-related diseases as a direct result. This makes it all the more important to pass presumptive legislation; to protect Alaska's fire fighters and their survivors.

## ***Why Do Alaskan Fire Fighters need Presumptive Legislation?***

Presumptions giving the benefit of the doubt to Alaskan fire fighters are justified because they are subjected to an occupational risk that would be intolerable in other lines of work. The nature of the work calls for fire fighters to mitigate emergencies in less than ideal conditions, including but not limited to extreme weather, natural disasters, acts of terrorism, and toxic environments. As of 2005, 38 states as well as the federal government have enacted some sort of presumptive legislation to protect their emergency responders. The men and women serving as Alaska's fire fighters need the same protection as their peers in other locations.

### **Fire Fighters and Lung Disease**

There are 70,000 various toxins on file with the EPA, but in reality, when these toxins burn together, they can create more than 70 million possible combinations, the effects of which are not fully understood. Studies have shown that these toxins cause irreversible pulmonary changes and lung disease in fire fighters. (1, 2) In spite of improvements to safety gear and training, fire fighters are still regularly exposed to these toxic environments when protecting lives and property

Fire fighters also have an increased risk of dying from non-malignant respiratory diseases. (3)

### **Fire Fighters and Heart Disease**

Fire fighters exposed to carbon monoxide have increased cardiac arrhythmias during exercise. (4)

There is strong evidence of an increased risk of death overall from heart disease among fire fighters. This is particularly true because of the strong selection criteria for health in recruitment of fire fighters and, especially regarding diabetes-free individuals. (5)

### **Fire Fighters and Cancers**

Statistically speaking, fire fighters have been shown to be at increased risk of numerous cancers, chief among them brain, kidney, colon, bladder, bone marrow, melanoma, urinary tract, leukemia, prostate, and non-Hodgkin's lymphoma. (6)

The relationship between cancer deaths and fire fighting is expressed by the Standard Mortality Ratio (SMR). An SMR greater than 100 indicates that the observed portion of deaths from a specific cancer is greater than the expected proportion. Fire fighters experience significantly elevated SMR's of 417 for benign neoplasms, 184 for colon cancer (7), 316 for bladder cancer (8) as well as 218 for brain cancer (9), to name a few.

### **Fire Fighters and Infectious Diseases**

Fire fighters and emergency responders routinely respond to medical calls without warning, time, or medical knowledge of their patients. Because of this, fire fighters are not afforded the same precautions as other health care professionals. Compounding emergency situations are other hazards such as broken glass, sharp objects, and poor scene lighting, to name a few. These problems place fire fighters and emergency responders at an elevated risk of being exposed to infectious diseases.



**Occupational  
Cancer and Fire  
Fighters**

**Harold A. Schaitberger**  
General President

**Vincent J. Bollon**  
General Secretary-Treasurer

**Richard M. Duffy**  
Director of Occupational Health and Safety

**Compiled by:**

**Department of Occupational Health and Safety  
International Association of Fire Fighters, AFL-CIO, CLC**

**1750 New York Avenue, NW**

**Washington, DC 20006**

**Office: (202) 737-8484**

**FAX: (202) 737-8418**

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**IAFF DEPARTMENT OF OCCUPATIONAL HEALTH AND SAFETY**

**SUMMARY OF THE VIEWS ON OCCUPATIONAL CANCER  
IN FIRE FIGHTERS**

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Thank you for requesting information on Occupational Cancer in Fire Fighters. This document will serve to summarize and interpret the contents of the informational packet enclosed, as well as briefly state the views of the IAFF Department of Occupational Health and Safety on this matter.

**I. Summary of Cancer in Fire Fighters**

(1) It has been documented in scientific studies that fire fighters are exposed to thousands of different chemical agents during the course of their duties. Many **industrial hygiene** studies performed in fire fighters have actually measured exposures at real and simulated fires.

(2) Some of these chemicals are known to be carcinogens (cancer-causing agents). Most of the studies that have suggested that certain chemicals can cause cancer have been performed in animals, but some human epidemiologic studies do exist.

(3) Some of the chemicals to which fire fighters are exposed have been documented in epidemiologic studies to increase the risk of cancer in working populations (such as workers manufacturing or applying the agent). These include **vinyl chloride, asbestos, benzene, and polycyclic aromatic hydrocarbons (tars)**. These have been shown to cause liver cancer, lung and lung lining cancer, leukemia, and skin and lung cancer, respectively. These studies have not been performed in fire fighters, however.

(4) Several **mortality studies** have been performed in fire fighters (some of the reports are enclosed in this packet). When combining these studies, it appears that fire fighters have an increased risk (or incidence) of several types of cancer, including cancer of the **brain, rectum and colon, skin, and leukemia**. Other cancers, such as bladder cancer, have been found to be elevated in some studies but there is a lack of consistency in the findings.

**The position of the IAFF Department of Occupational Health and Safety is that there is an increased incidence of some specific cancers in fire fighters.**

(3) **Mortality study:** In fire fighter mortality studies, the causes of death are counted up for the fire fighters (the **observed** number of deaths) then compared to the **expected** number of deaths in the fire fighters if they had the **same rate of death** as some comparison population (usually the general U.S. population). These studies are performed in **cohorts** of fire fighters, some defined population of fire fighters with the criteria for study specified in advance (such as a minimum number of years employed, a certain city, etc.).

(4) **PMR (proportionate mortality ratio):** This is one common measure of the effect of fire fighting (or other jobs or exposures) on the incidence of disease in a fire fighter mortality study. The PMR looks at all the deaths in the population of fire fighters and calculates the **percent (or proportion)** of deaths due to a specific cause (for example, 35% of deaths were due to heart disease). This percent is then divided by the percent of deaths due to a specific cause in a comparison population. **This ratio is the PMR.** It is usually then multiplied by 100 so that PMRs above 100 mean "increased risk" (for example, a PMR of 270 is interpreted to mean that fire fighters had 2.7 times the risk of a certain cause of death). In general, the PMR is not thought to be as good an estimate of the risk of death due to a job or exposure as the SMR. PMRs are subject to many potential problems which often make them less valid epidemiologic tools.

(5) **Polycyclic aromatic hydrocarbons (PAHs):** Polycyclic means "many rings" (the molecular structure is in a ring or circle shape); aromatic means "similar to **benzene** in molecular structure"; and hydrocarbons means that the molecule consists of the atoms hydrogen and carbon. These chemicals, also known as tars, are known human carcinogens.

(6) **Risk:** Risk is expressed as a number between 0 and 1 (and if multiplied by 100 gives "**percent**"). It is most relevant for fire fighters in the context of cancer when expressed as the life time risk of developing a certain kind of cancer (for example, over the lifetime of a typical fire fighter, there is a 14% risk or **chance** of cancer "X"). The risk of a certain cancer in fire fighters can be divided by the risk of the same cancer in a comparison population to give a ratio of risks. If this is above 1, then there is an increased risk of this cancer in fire fighters.

(7) **SMR (standardized mortality ratio):** When the **observed** number of deaths from a mortality study (see above) is divided by the **expected** number of deaths based on the death rates in a comparison population, this ratio is called an SMR. The term "**standardized**" usually means that the effects of age (because cancer is known to increase with age, if one population is older than the other it would have an increased number of cancer deaths for this reason) have been removed by adjusting or standardizing the ages of the two populations (the two populations are the fire fighters and the comparison population).

the general population. This addresses the issue of the "healthy worker effect."

6) Lewis SS, Bierman HR, Faith MR. Cancer mortality among Los Angeles City Fire Fighters. February 1983.

This is a reasonably easy to read and contains good discussions of problems interpreting these types of studies (pages 6-7) and mortality patterns (pages 8-9).

#### **IAFF Pamphlets**

1) Occupational Cancer and the Fire Fighter. Department of Occupational Health and Safety, IAFF, 1982.

This is a useful summary of the most important issues in easily understood terms. It is strongest from the perspective of exposures.

#### **Articles from the Lay Press**

1) "Deadly Smoke", by Chuck Cook and Marla Cone. The Register, Santa Anna, CA, December 1983.

This is an emotional account of illness in fire fighters.

2) "Careers in Ashes", by Paul Rubin. New Times, Phoenix, AZ, August 1988.

Another emotional account of cancer in fire fighters which includes discussions of many important topics in the area.

# ALASKA STATE HOUSE OF REPRESENTATIVES

Labor & Commerce Committee, Chair  
Administrative Regulation Review, Chair  
Judiciary Committee, Vice-Chair  
Health, Education and Social Services



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## Representative Tom Anderson

Email: [Representative\\_Tom\\_Anderson@legis.state.ak.us](mailto:Representative_Tom_Anderson@legis.state.ak.us)

### MEMORANDUM

Date: March 3, 2005  
To: House Labor and Commerce Committee Members  
From: Representative Tom Anderson  
Re: Changes made in the Sponsor Substitute to HB 31

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There were two changes made to HB 31 as a result of requests made at the last L&C hearing.

The first change was to include the language notwithstanding as 23.30.100(a) to page 2 line 13. This addresses a concern that existing statutes might interfere with the extension of presumption of illness coverage for certain cancers to retired firefighters.

The second change was made on page 2 lines 22-29. Subsection (c) was rewritten to narrow the scope of who is covered under the presumptive illness clause for blood borne pathogens. The original language included "persons exposed to human bodily fluids on a regular basis". The new language limits the coverage to firefighters, peace officers, emergency medical and rescue personnel.

Please see the attached word document for the actual language before and after the changes were made.



**NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.**

**ANALYSIS OF ALASKA HOUSE BILL 31**

The enactment of House Bill 31 could produce a significant increase in loss costs for the relatively few class codes directly impacted (particularly firefighters). Note that the proposed language allows for coverage of claims made after the effective date of the proposal, regardless of whether or not the exposure leading to the occupational disease occurred before the effective date. Therefore, it is expected that there would be a significant impact on total system costs due to the retroactive nature of this proposal.

**Summary of Bill**

HB 31 creates a presumption of workers compensation coverage for firefighters for the following occupational diseases:

Respiratory disease  
Heart problems that are experienced within 72 hours after exposure to smoke, fumes, or toxic substances  
After 10 years experience:  
    Primary brain cancer  
    Malignant melanoma  
    Leukemia  
    Non-Hodgkin's lymphoma  
    Bladder cancer  
    Ureter cancer  
    Kidney cancer

HB 31 would also create a presumption of workers compensation coverage for employees in occupations involving exposure to human blood or bodily fluids for the following diseases:

Human immunodeficiency virus  
Acquired immunodeficiency syndrome  
All strains of hepatitis  
Meningococcal meningitis  
Mycobacterium tuberculosis

Currently, the employee has the burden of proof for compensability of a workers compensation disability claim. This proposal establishes a presumption of coverage, which must be overcome by a preponderance of evidence to the contrary. This would now place the burden of proof on the employer (and insurer.)

Additionally, this proposal could increase the frequency and total cost of claims in some classes (i.e. firefighters) significantly. It should also be noted that much of the impact for some of these classes would be felt by governmental entities as the employer of many of those being impacted by this proposal.

March 1, 2005

### Potential Impact

Information about Alaska cancer rates and research on the relationship between cancer rates and firefighters suggest that **cost of prospective claims in this classification could increase loss costs by 10% to 20%, with potentially greater impacts due to the retroactive nature of this proposal.** If HB 31 becomes law, respiratory diseases, heart problems, and cancer cases for firefighters previously covered under health insurance would more likely be covered under WC due to the exclusive remedy feature of WC, the lack of medical cost sharing under WC, and the proposed presumption of compensability for firefighters.

The above scenario assumes that current practice is not to provide WC coverage for such ailments (respiratory disease, heart ailments, certain cancers) for most claims. On the other hand, if most of the claimants with such ailments were currently being accepted for WC coverage, then the codification of this practice would not have much impact on system costs.

In situations where employees file claims as a result of their occupation and associated exposure to human blood or bodily fluids, the impact on WC costs for such classes is not expected to be significant. Such employees could include law enforcement officers, firefighters, nurses and emergency medical technicians, among others. Based on claims data available from NCCI's unit statistical plan (USP), there are several claims in Alaska that have resulted from exposure to AIDS or other contagious diseases. Thus, it appears that the enactment of HB 31 will result in the codification of current practice. Any additional impact will be reflected in subsequent data that is collected and used in future rate filings. However, due to the retroactive coverage provided by this proposal, the overall costs could be significant. Since coverage for such claims may not have been contemplated in previous loss cost filings, such retroactive costs would be unfunded.

Other potential impacts not explicitly priced but expected to offset one another to some degree are:

- a) Decrease in attorney costs due to fewer cases where an attorney needs to be involved as a result of the presumptive clause for firefighters, emergency responders, which could be easily offset or more by...
- b) Additional claim filings and disputes over other related diseases or occupations, filed in the spirit of this proposal.

MAR 17 2005



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March 16, 2005

Representative Peggy Wilson, Chair  
House Health, Education & Social Services Committee  
State Capitol Building Room 108  
Juneau, Alaska

Subject: HB31, Presumption for Certain Illness/Work Comp Claims

Dear Representative Wilson:

Thank you for meeting with Patricia Senner and myself in Juneau on Thursday, March 3.

Among the issues we discussed was House Bill 31, an Act establishing a presumption regarding certain illnesses for workers compensation claims. You requested information so you could assess how these presumptions might impact worker compensation insurance premiums.

A summary analysis to HB31 was done by the National Council on Compensation Insurance (NCCI) on March 1, 2005. NCCI manages the nation's largest database of workers compensation insurance information, and prepares recommendations for rates.

NCCI reports that HB31 could increase the frequency and total cost of claims in some classes (i.e., firefighters) significantly. However, in situations where employees file claims as a result of their occupation and associated exposure to blood borne pathogens, the impact on costs is not expected to be significant.

A presumption of coverage for blood borne pathogens is needed due to the many experiences nurses have had by being stuck with contaminated needles from HIV/Hepatitis C patients. It has been reported that in some states without such presumptions, nurses and other health care workers have been subjected to private investigations to try and prove that the blood borne infection they acquired was due to their "lifestyle" and not the hazards of their job.

The original version of the HB31 provided an important protection for health care employees infected with a blood borne pathogen during the course of their employment, and would be good policy for the State of Alaska. The presumptions offered should be afforded to all care providers who face accidental exposure to blood borne pathogens and not just those on one side of the emergency room door or the other.

2:18-24

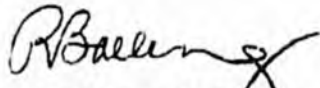
The Sponsor Substitute House Bill 31 limits the presumption for blood borne pathogens to firefighters, peace officers and emergency responders. This entirely deletes the same coverage for all other health care workers. It is as if the care of the patient stopped at the emergency room door.

As you know, the continuation of the care of patients with blood borne diseases starts in the field and continues on through the emergency room door where the care continues for that same patient for many hours, days and sometimes weeks.

Earlier this month, HB31 was announced at a national nurses meeting for the American Nurses Association. It drew the attention of the American Nurses Association national delegates as well as the President Barbara Blakney, who responded by stating that the sponsor substitute had the appearance of being discriminatory given that health care workers are predominately female.

Thank you for the opportunity to meet and speak with you on this issue. The Alaska Nurses Association appreciates all the hard work you do as representatives of your constituents in protecting health care workers of Alaska.

Sincerely,



Rebecca Bolling, RN, BSN  
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# IAFF LEGISLATIVE FACT SHEET

Revised: 4/11/2003

## FEDERAL FIRE FIGHTERS PRESUMPTIVE LAW

### BACKGROUND

Fire fighters are exposed on a daily basis to stress, smoke, heat, and various toxic substances. As a result, fire fighters are far more likely to contract heart disease, lung disease and cancer than other workers. And as fire fighters increasingly assume the role of the nation's leading providers of emergency medical services, they are also exposed to infectious diseases. Heart disease, lung disease, cancer and infectious disease are now among the leading causes of death and disability for fire fighters, and numerous studies have found that these illnesses are occupational hazards of fire fighting.

In recognition of this linkage, 38 states have enacted "presumptive disability" laws, which presume that cardiovascular diseases, certain cancers and infectious diseases are job related for purposes of workers compensation and disability retirement unless proven otherwise. No such law covers fire fighters employed by the federal government.

Under the Federal Employee Compensation Act (FECA), federal fire fighters must be able to pinpoint the precise incident or exposure that caused a disease in order for it to be considered job-related. This burden of proof is extraordinarily difficult for fire fighters to meet because they respond to a wide variety of emergency calls, constantly working in different environments under different conditions. As a result, very few cases of occupational disease contracted by fire fighters have been deemed to be service-connected.

### CURRENT LEGISLATION

**H.R. 1101**, sponsored by Reps. Rodriguez (D-TX) and JoAnn Davis (R-VA), and **S. 530**, sponsored by Sen. Kerry (D-MA), have been introduced that will amend the FECA so that cardiovascular disease, certain cancers and infectious diseases are presumed to be job related for purposes of workers compensation and disability retirement, and places the burden on the employer to prove otherwise.

### IAFF POSITION

The IAFF supports H.R. 1101 and S. 530 which provide a disability presumption for federal fire fighters.

### IAFF ARGUMENTS

- Federal fire fighters, like all fire fighters, regularly respond to HAZMAT incidents involving chemical, radiological, and biological hazards. Working in such a hazardous environment, it is virtually impossible to precisely identify when and where a fire fighter contracted a disease.
- Most states have acknowledged the occupational hazards attributed to fire fighting and have presumptive disability laws for fire fighters because it is so difficult for fire fighters to identify when and where they contracted an occupational disease.
- Federal fire fighters do not have the benefit of a presumptive disability law. Instead they are faced with a burden of proof that is nearly impossible to meet and only in extraordinary cases do federal fire fighters, suffering from occupational diseases, receive fair and just compensation or retirement benefits.
- It is only fair that the federal government should provide parity for federal fire fighters who are exposed to the same occupational hazards as other professional fire fighters. There is no legal or rational reason why federal fire fighters do not have the same right as fire fighters in 38 states.

### CURRENT STATUS

On 3/5/2003 H.R. 1101 was introduced and referred to the House Committee on Education and the Workforce.

On 3/5/2003 S. 530 was introduced and referred to the Senate Committee on Governmental Affairs.