

ALABAMA LEGISLATIVE FILES, 2000-2000 86/2

11751 SENATE HEALTH, EDUCATION & SOCIAL SERVICES

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB022-DHSS-HCS-01-18-05
 () Publish Date: _____
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): _____

Title ADDING BIRTH CENTERS TO FACILITIES PAID BY MEDICAID

RDU Health Care Services

Component Medicaid Services

Sponsor DAVIS

Requester _____

Component No. 2077

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE

(Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: _____

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)

One birthing center delivery with serious complications could easily offset any cost savings. Therefore, the fiscal note is for zero dollars. The number of Medicaid eligible women who might choose a birthing center instead of a hospital is unknown. In Alaska, about 2% of all births occur in a birthing center compared to less than 1% nationally. Medicaid babies are generally the most at-risk because of their circumstances. The rate of Medicaid deliveries in birthing centers would probably be lower than the statewide rate since birthing centers do not provide adequate care for high-risk pregnancies. An independent study found that the facility cost for a birthing center delivery is about 22% less than a hospital. The cost savings for 100 births is approximately \$40,000. There is a question whether birthing centers are an allowable federal Medicaid service. If birthing centers do not qualify for Medicaid reimbursement, the cost would be all GF. If they do qualify, the regular matching rate would apply.

Prepared by: Janet Clarke, Director
 Division: Finance and Management Services
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-1630
 Date/Time 01/14/2005
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Senator Bettye Davis

Sectional Analysis Senate Bill 22

Section 1. Adds birthing centers to the definition of "health facility" for medical assistance purposes.



GENERAL ASSEMBLY RESOLUTIONS
Adopted October 24, 2004

Resolution Concerning Funding for Birthing Centers

Whereas, birthing centers operated by certified nurse midwives offer a safe alternative to hospital deliveries and;

Whereas, the cost of delivering a baby in a birthing center is less than in a hospital and;

Whereas, certified nurse midwives currently cannot receive Medicaid reimbursement for births that occur in birthing centers;

Therefore be it resolved that the Alaska Nurses Association, through the Legislative Committee, will support certified nurse midwives efforts to obtain licensure and Medicaid reimbursement for births occurring in centers they operate.

Our Center

The Juneau Family Birth Center is a clinic and birthing facility located near the hospital. We offer you a home-like environment with three private birthing rooms, labor tubs, a family room complete with kitchen, a lending library, and full clinic facilities.

Our midwives provide gentle, nurturing care that respects you, your family and your beliefs. We respect the birth process as it unfolds uniquely each time. We believe that pregnancy and birth are normal life processes for which a woman's body is well-designed. Each woman's experience is unique.

Midwifery care focuses on the promotion of health and individual responsibility. Midwives are experts in keeping pregnancy normal and healthy. Research has shown that midwifery care during pregnancy and birth can reduce the chance of complications while creating a positive, life enhancing experience for the whole family.



Our family friendly birth rooms offer labor tubs and soft lighting in a relaxed and private atmosphere.

Our Midwives



Debbie Gillespie, CDM, ND; Johanna Koranda, CDM; Kaye Kanne, CDM

Midwifery Care

- ❖ Free consultation
- ❖ Individualized prenatal care
- ❖ Ultrasounds and lab ordered
- ❖ Nutrition counseling for a healthy pregnancy
- ❖ Birth in your home or at the birth center
- ❖ Labor tubs available for your comfort
- ❖ Supportive assistance and careful monitoring during labor and birth
- ❖ Emergency skills and equipment available
- ❖ Physician referrals as needed
- ❖ Doula support for hospital birth
- ❖ Postpartum care, including home visits
- ❖ Breastfeeding counseling and support
- ❖ Insurance billing is done for you. Medicaid is accepted.

Naturopathic care

- ❖ Comprehensive natural healthcare for the whole family
- ❖ Clinical nutrition
- ❖ Herbal medicine
- ❖ Homeopathy

Our Programs

Young Families Program

- ❖ Pregnancy and childbirth classes just for teens
- ❖ Doula support for pregnancy, labor and birth
- ❖ Postpartum home visits
- ❖ Parenting education and support
- ❖ Mentoring support from experienced parents

Healthy Pregnancy Project

- ❖ Preconception education
- ❖ Healthy pregnancy classes
- ❖ Individual nutrition education
- ❖ Support and education for making healthy lifestyle choices during pregnancy

Resources available

- ❖ Complete lending library
- ❖ Prenatal vitamins and nutritional supplements
- ❖ Childbirth classes
- ❖ Pregnancy massage
- ❖ New parent support group

Strong families are the foundation of a strong community

The Juneau Family Birth Center is a non-profit organization dedicated to creating a community of support for families through midwifery care, education, and counseling. We strive to affirm the sacredness of birth, honor mother's wisdom, and empower parents as they shape and nurture our future.

Our mission is to view birth as a normal, healthy, safe event. We understand that birth is a complex and powerful life experience, an empowering process for women and their entire families, the effects of which are immeasurable.

We encourage women and their families to actively participate in healthy lifestyles. We encourage women and their families to take responsibility for their births by becoming informed and prepared for pregnancy, birth, breastfeeding and parenting.

We honor women's wisdom and knowledge of their own bodies and trust the rightness of the birth process. We minimize interventions at birth, while identifying and referring women who require medical attention. We work with community medical services to assure that each woman and baby get the best possible care.

The Strength in Families Project



A new Community Family Center at Salmon Creek Falls

The Juneau Family Birth Center is working to construct a new facility for families in Juneau. Call us to learn more and find out how you can help.



If we hope to create a non-violent world where respect and kindness replace fear and hatred, we must begin with how we treat each other at the beginning of life. For that is where our deepest patterns are set. From these roots grow fear and alienation or love and trust.

~ Suzanne Arms



JUNEAU
FAMILY BIRTH
CENTER



Where love grows

3225 Hospital Drive #106
Juneau, Alaska 99801
Phone (907) 586-1203
Fax (907) 586-5765
www.juneaubirthcenter.org



Midwives Model of Care



Personal Attention

- Prenatal visits that allow plenty of time for questions and answers – 30 to 60 minutes for each prenatal appointment is common
- Meaningful discussions to explore and help resolve fears and concerns you or your family may have
- Caring attention to develop a trusting and nurturing relationship with you and your family that can help you to labor and give birth naturally and safely

Plenty of Information

- Plenty of information about pregnancy, birth, and the newborn and about breastfeeding and newborn care
- Suggestions about ways you can take good care of yourself and your baby
- Encouragement and practical suggestions for you to have good nutrition and make healthy lifestyle choices
- Full information about any recommended tests, procedures, or treatments so you can make informed choices about your care

Appropriate Monitoring

- Regular and thorough check-ups for you and your baby throughout your pregnancy, during labor, and after the birth, to make sure both of you are healthy and doing well.
- Recommendations for diagnostic technology when appropriate.
- Planning with you for the unexpected and for the rare emergency
- Referrals to other health care specialists or to a different birth setting if needed
- Expertise in normal, natural childbirth. Because they are experts in normal pregnancy and birth, midwives are experienced in the variations of normal birth and recognize the early signs of conditions that are not "normal," including medical conditions or complications that may occasionally arise during pregnancy or the birth process

Confidence in Your Body

- Help with discovering your own body's ability to give birth in its own way and in its own time
- No routine treatments or arbitrary timetables that can interfere with your body's healthy process of laboring and giving birth
- Truly individualized care, privacy and natural childbirth
- Support for doing the work of giving birth. Rather than someone else "delivering" the baby, you are empowered to give birth to your own baby yourself!

Natural Techniques for Comfort

- Help you cope with the discomfort of labor. Midwives have found that encouragement, massage, relaxation, laboring in water, changing positions, and other approaches are often very effective
- Encourage the progress of labor and help you give birth to your baby gently and lovingly
- Help you avoid risks (to yourself and to your baby) that are associated with many standard medical techniques and hospital protocols

A Care Provider Who Stays With You

- Attentive, sensitive care and emotional support in tune with your needs throughout labor. Research has shown that having a "sympathetic female companion" with you all through labor and delivery reduces the chance of complications and the likelihood of an unnecessary cesarean section. The Midwives Model of Care means that your midwife stays with you and "mothers the mother"
- Post-partum care and help with breastfeeding. After your baby is born, the midwife will stay with you until breastfeeding is established and both you and your baby are resting comfortably. She will arrange a visit after the birth to check you and your baby and to answer any questions

Will you receive the Midwives Model of Care from your midwife or doctor? Use this information to ask detailed questions when choosing your caregiver and deciding where you want to give birth. It's also a good idea to question others who have used the caregiver. At present, this degree of individualized and supportive care is most typically provided by midwives in homes and birth centers. Someday, this kind of care will be available in all settings.

What to Expect from a caregiver who provides the Midwives Model of Care:

Respectful Treatment

- Gentle, nurturing care that respects you, your family and your beliefs.
- Respect for your informed decisions about medical tests, recommendations and interventions.
- Willingness to support your birth plan, including any family members and friends you may want present at the birth
- Freedom to move, eat, bathe – to do what helps you during labor and birth; your midwife does not "prohibit" or "allow," but patiently supports and guides you as needed.
- Respect for the birth process as it unfolds uniquely each time. Although amazing, being pregnant and giving birth are actually normal life processes for which a woman's body is well-designed. Each woman's experience is unique.
- Respectful care regardless of setting, although at present this kind of care is most readily found in homes and birth centers.





Midwives
Model of Care

The Midwives Model of Care is based on the fact that pregnancy and birth are normal life processes.

The Midwives Model of Care includes:

- monitoring the physical, psychological and social well-being of the mother throughout the childbearing cycle;
- providing the mother with individualized education, counseling, and prenatal care, continuous hands-on assistance during labor and delivery, and postpartum support;
- minimizing technological interventions; and
- identifying and referring women who require obstetrical attention.

The application of this woman-centered model of care has been proven to reduce the incidence of birth injury, trauma and cesarean section.

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Midwives
Model of Care

Personal,

Practical and

Professional



Citizens for Midwifery

Learn, Connect and Take Action

The goal of **Citizens for Midwifery** is to see that the Midwives Model of Care is available to all childbearing women and universally recognized as the best kind of care for pregnancy and birth. **Citizens for Midwifery** also endorses the Mother-Friendly Childbirth Initiative.

Citizens for Midwifery
1-888-236-4880
PO Box 82227
Athens, GA 30608
www.cfmidwifery.org

Midwives Model of Care
www.midwivesmodelofcare.org

Congratulations!

*You are about to experience
the birth of your baby!*

Women in the United States are learning that pregnancy and childbirth are normal, healthy processes, not diseases. They are finding out that they and their families can benefit from the care of a midwife.

The Midwives Model of Care includes prenatal visits and "hands-on" care throughout labor, birth and right after. It results in less chance of complications, fewer interventions, and a healthier birth for you and for your baby.

Women are discovering that the hospital is not the only option for safe birth. Women are most likely to labor best in a place where they feel free, safe and private, with attendants whom they know and trust.

Many women find that they feel most comfortable at home or in a birth center, with the ongoing attention and nurturing care of a midwife or doctor trained in gentle, natural, safe childbirth – someone who is an expert in normal birth and provides the Midwives Model of Care.



Pregnancy and childbirth involve every part of you. Feelings, hopes, fears, physical and practical needs, and spiritual or religious beliefs can all affect your pregnancy and birth. A midwife providing the Midwives Model of Care addresses all of these aspects to help you give birth naturally, safely and confidently. In addition, women who experience this type of care report feelings of great satisfaction and empowerment!

Compared to standard medical management, the Midwives Model of Care is a fundamentally different approach to pregnancy and childbirth.

This pamphlet explains what to expect with the Midwives Model of Care, and how this kind of care can help make your childbirth experience a joyous life event.



J U N E A U
F A M I L Y B I R T H
C E N T E R

3225 Hospital Drive Suite 106, Juneau, AK 99801
(907) 586-1203 fax (907) 586-5765

01/18/2005

Dear Senator Dyson,

I am a Certified Direct-Entry Midwife and an Executive Director of the Juneau Family Birth Center, a non-profit registered birth center here in Juneau. I have worked on midwifery issues in Alaska since 1984 and look forward to helping to clarify for you midwifery and birth center issues. I served on the State Licensing Board for Certified Direct-Entry Midwives from its inception in 1992 until 2000.

Midwifery is a growing profession, as I am sure you are aware. Alaska's Certified Direct-Entry Midwives deliver almost 10% of the babies in Alaska. This is an amazing statistic considering that nationwide, Direct-Entry Midwives attend 2% of the births. Alaska is at the forefront of midwifery and other states look to our law when crafting legislation.

Thank you for your support of **SB 22**, a bill adding birth centers to the list of facilities that Medicaid will cover. At this time, Medicaid does not cover our \$1800 facility fee, which is covered by all insurance companies. Because we are a nonprofit birth center, we choose to donate the birth center facility fee to those that can not afford to pay, which applies to most people on Medicaid. This means a loss of \$1800 revenue for any Medicaid or Denali Kid Care client that we accept. Other birth centers in Alaska cannot do this. **This translates to women choosing a hospital birth over a birth center birth, at much greater expense to the State of Alaska Medicaid Program.** At the same time, Medicaid pays hospital facility fees of 5 to 10 times more for a birth. If Medicaid paid the birth center facility fee, more women would have the option of birth center birth and the state would realize a savings of thousands of dollars per birth.

Midwifery care translates to fewer technological interventions and better outcomes which means even more long term savings of state dollars.

I appreciate your support on this bill. I would be happy to meet with you if you need more information.

Sincerely,

Kaye Kame, CDM
Executive Director,
Juneau Family Birth Center

THE BIRTH CENTER EXPERIENCE

Birth Centers Lead Cost Containment Efforts While Providing Quality Care

"Few innovations in health service promote lower cost, greater availability, and a high degree of satisfaction with a comparable degree of safety. The results of this study suggest that modern birth centers can identify women who are at low risk for obstetrical complications and care for them in a way that provides these benefits."

New England Journal of Medicine, 12/28/89

What is a birth center?

- The birth center is a homelike facility, existing within a healthcare system with a program of care designed in the wellness model of pregnancy and birth.
- Birth centers are guided by principles of prevention, sensitivity, safety, appropriate medical intervention, and cost effectiveness.
- Birth centers provide family-centered care for healthy women before, during and after normal pregnancy, labor and birth.

What is the birth center experience?

- The quality of care in birth centers reported in the "The National Birth Center Study" reflects the low overall intrapartum and neonatal mortality rate of 1.3/1000 births; 0.7/1000 if lethal anomalies are excluded. These rates are comparable to studies of low risk, in-hospital births.¹
- The cesarean section rate for women receiving care in birth centers averages 4.4%, approximately one half that in studies of low risk, in-hospital births.¹
- Birth centers nationally have consistently displayed charges for care for normal birth that average up to 50% less than regular hospital stays and 30% less than short stays - including practitioner fees.^{2, 3}
- More than half of birth centers include routine laboratory exams, childbirth education, home visits, extra office visits, and initial newborn examinations in their charges.
- Most major health insurers reimburse contract with birth centers for reimbursement. Because charges reflect cost and since the birth center is a single service unit, there is no opportunity for cost shifting or operating the birth center as a "loss leader" to other services.
- 98.8 percent of women using the birth center would recommend it to friends and/or return to the center for a subsequent birth.¹

What are the potential benefits to families?

- The birth center approaches pregnancy and birth as a normal family event until proven otherwise. The program encourages family involvement and provides a safe environment for families to experience the social, emotional, and spiritual renewal inherent in birthing forth new life – while attending to the possibility that a problem may arise that will require medical intervention or care in the acute care setting of the hospital. This is in opposition to the view that pregnancy is an illness and birth a medical/surgical event that needs to be cured.
- The birth center program of education encourages parents to become informed and self-reliant; to assume responsibility for their own health and the health of the family.
- The birth center brings generations together to celebrate new life by encouraging grandparents and children to participate in the birth center program.
- Birth centers have demonstrated that they are a viable alternative to unattended home birth and to costly hospital acute care for 20 years. It is now time to mainstream these services.

What are the benefits to business and industry?

- Birth centers offer business and industry direct savings in the cost of health benefits. If only 100,000 births were attended in birth centers, annual savings could be almost \$314 million.^{2, 3}
- The birth center program provides a starting base for the wellness and prevention programs being established in industry.
- The family is the hinge pin of the employee. Industry's support of a program that encourages family unity, self-determination and responsible health can only improve employee performance.
- Birth center care encourages childbearing women (who may also be employees) to be confident in the design of their bodies. Such confidence, in turn, builds self-esteem and starts the young family off on thinking of pregnancy, birth and family health as wellness, not disease.
- The nine-month intensive focus on improving family health by promotion of lifestyle changes in pregnancy can have a significant ripple effect in the long-term improvement of family health.

How will it affect the hospital acute care service?

- Birth centers have had a major impact on humanizing the acute care maternity services provided by hospitals. Note the rise in hospital birthing rooms, in privileges for nurse-midwives, in childbirth education programs, and in more liberal attitudes about family participation.
- Birth centers are showing that the majority of women can safely proceed through pregnancy and birth using acute care services only as needed. In a wellness orientation to pregnancy and birth, birth centers would be the managed care gatekeepers for the acute care obstetric newborn services.
- Birth centers eventually will help to reduce the number of costly hospital beds and expand primary care services.
- Birth centers will help to reduce dependency fostered by institutional confinement and strengthen the family's ability to share responsibility for maternity care and family health.
- Birth centers will help to develop a system of care based first, on the needs of the family and second, on the needs of medical education or product promotion.

How will it affect the obstetricians?

- Birth centers provide an opportunity for obstetricians and family physicians to learn and practice midwifery - time and education intensive, "with woman" - care.
- Birth centers provide an opportunity for obstetricians to invest in a service in which they can expand their interests.
- Birth centers offer obstetricians an opportunity to develop teams of professional care providers that will improve primary care services to families and better use their specialist skills.

How is the quality of care assured in birth centers?

- Through the promotion of state regulations for licensure (37 states currently license birth centers).
- Through established National Standards (adopted 1985).
- Through a Continuous Quality Improvement Program for Birth Centers (model program available)
- Through accreditation by the Commission for the Accreditation of Birth Centers.

How do birth centers contain costs?

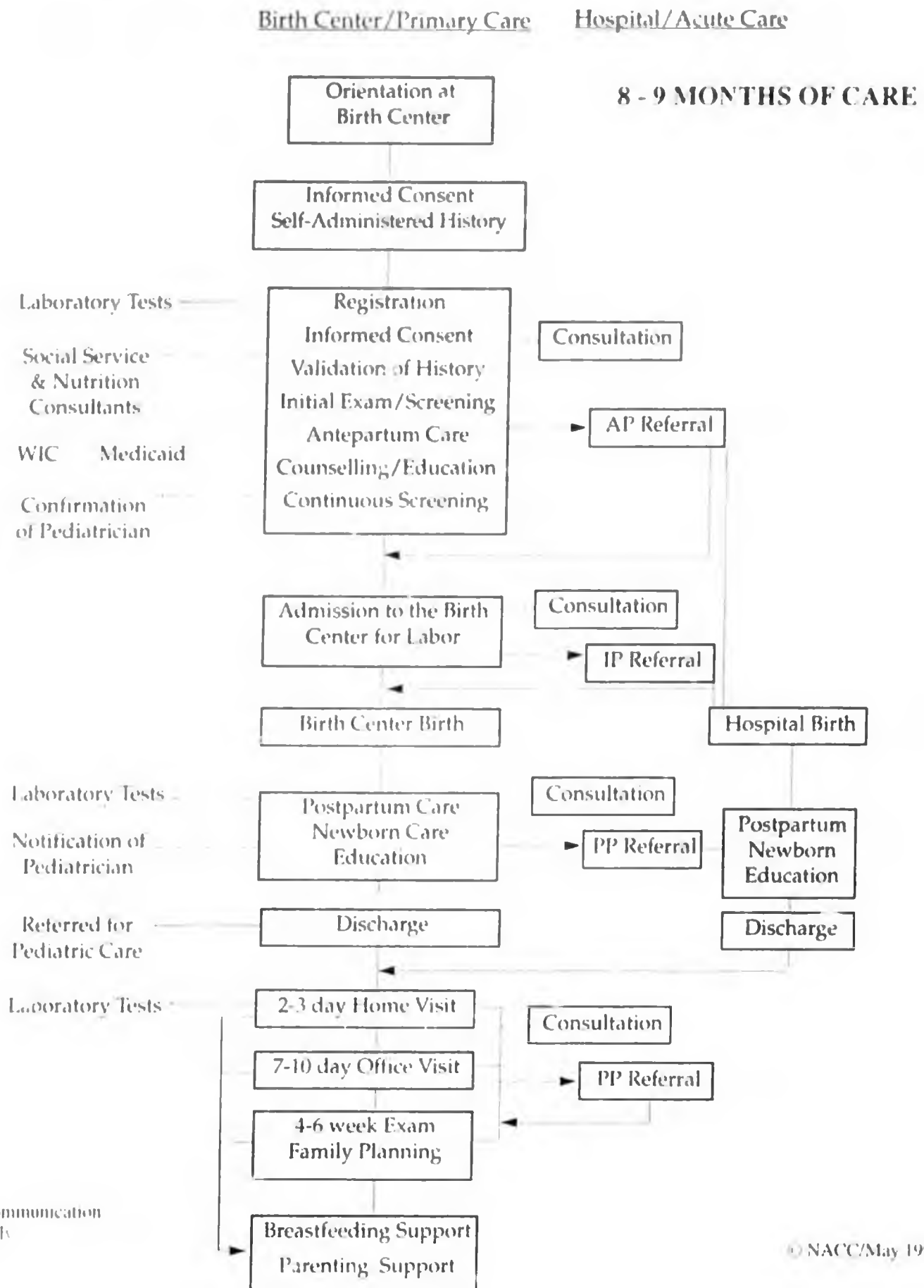
- By retaining autonomy (control) over birth center operations and program regardless of ownership (some hospitals own freestanding birth centers).
- By providing "high touch" rather than "high tech" care, birth centers minimize the overuse of technology.
- By providing a program of primary care that emphasizes education, wellness, prevention, self-help and self-reliance in family health maintenance.
- By using staff efficiently; staff are only in-house when a mother is in-house. Since birth centers do not compete with emergency services or hospital acute care, levels of staff are used efficiently and appropriately.
- By sharing responsibility with the childbearing family for health and prevention of illness.
- By using existing community services when available (instead of creating costly duplications) for transport services, social services, medical consultation, laboratories, etc.
- By using established policies and procedures for screening and transfer of women with problems to acute care services.
- By using low cost construction that meets safety codes.

REFERENCES

1. Rooks, J., et al., "Outcomes of Care in Birth Centers: The National Birth Center Study", *New England Journal of Medicine*, 321:1804-1811, (December 28), 1989
2. Health Insurance Association of America, *Source Book of Health Insurance Data - 1996*, 1996, Washington, DC
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4. Rooks, J., et al., "The National Birth Center Study: Part I - Methodology and Prenatal Care and Referrals", *Journal of Nurse-Midwifery*, Vol. 37, No. 4: 222-253, July/August, 1992
5. Rooks, J., et al., "The National Birth Center Study: Part II - Intrapartum and Immediate Postpartum Neonatal Care", *Journal of Nurse-Midwifery*, Vol. 37, No. 5: 301-340, September/October, 1992
6. Rooks, J., et al., "The National Birth Center Study: Part III - Intrapartum and Immediate Postpartum Neonatal Complications and Transfers, Postpartum and Neonatal Care, Outcomes and Client Satisfaction", *Journal of Nurse-Midwifery*, Vol. 37, No. 6: 361-397, November/December, 1992

The Birth Center

Primary Care in an Integrated Health Care System



Medicaid pays facility fees in the following states

California	\$1000
Tennessee	\$1800
Massachusetts	\$1200
Maryland	\$1300
North Carolina	\$1400
Connecticut	\$1800
Georgia	\$700
Arizona	\$1195
Pennsylvania	\$1000
Washington, DC	\$1500
Washington	\$800
Oregon	\$1600

**Murray Buttner, M.D.
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**Senator Fred Dyson
State Capitol, Room 121
Juneau, AK 99801-1182**

January 14, 2005

Dear Senator Dyson,

Thank you for co-sponsoring Senate Bill 22 which would add birthing centers to the list of health facilities eligible for payment of medical assistance for needy persons.

I have learned from my experiences practicing in New Mexico, New York and Juneau that there can be a lot of political and economic friction between hospitals and birth centers. As you know, Jen and I recently had our baby daughter Natalie at the Geneva Woods Birth Center in Anchorage. We had a fantastic experience. I guess that you could say that we are pro-birth center. But as a family practice physician and an obstetrical nurse who have worked at the Alaska Native Medical Center in Anchorage, Bartlett Hospital in Juneau, and the Cordova Community Medical Center here in Cordova we are by no means anti-hospital. The reality is that hospitals and midwifery birth centers complement each other. Moreover, they give women and their families choices when it comes to the important and intimate decision of where they will have their baby.

Last week I tried to refer one of my patients to the birth center in Anchorage and was surprised to find out that Denali Kid Care would not cover the facility fee at the birth center. I would like to give you the details, because I think that they are illustrative:

My patient is a Vietnamese-American, 30 years old, married with two children. She and her husband own a small business. They would like to have their baby here in Cordova, as they did with their last child. Unfortunately, the hospital here is not currently doing deliveries. Given that she is having a low-risk pregnancy, she is a candidate for a birth center delivery; therefore I gave the patient and her husband the choice of being referred to an obstetrician or midwife at Providence or a midwife at the birth center. They chose the birth center and so I made the referral. Due to the fact that the wife speaks limited English and the fact that they have two little girls here and no family in Anchorage, the whole family will be traveling to Anchorage when the patient is 37 weeks to await onset of labor. Denali Kid Care will pay for the patient's travel and lodging in Anchorage. The family will have to pay for the travel expenses of the husband and daughters. In addition they will have the costs of shutting down their business for three weeks. Now here is the interesting part: because Medicaid does not cover the facility fee for a birth center, the family will have to pay close to one thousand dollars out of pocket if they have the baby at the birth center. If they go to Providence instead, where they would be using the same midwife, the facility fee will be covered.

This would make sense if hospitals were cheaper than birth centers, as the state could say that it was trying to use the tax payers' money most efficiently, but actually the opposite is the case. Hospitals are far more expensive than birth centers, even when you control for patient type (severity of illness, complications, etc.). If the state was concerned about economic efficiency it should be encouraging healthy women to have their babies at birth centers.

There is absolutely a place for hospital obstetrics (that's where I have done all of my deliveries) and women should be able to choose to have a hospital birth. But low-income women should be able to choose a birth center if they meet the criteria. I see

no justified role for the state to be subsidizing hospitals at the expense of birth centers.

Please do not hesitate to contact me if I can be of any assistance as this important legislation moves forward.

Sincerely,

A handwritten signature in cursive script, reading "Murray Batten". The signature is written in black ink on a white background.

SENATE BILL 22 REIMBRUSE BIRTHING CENTERS THRU MEDICAID

Senate Bill 22 would add birthing centers as a service reimbursable under Medicaid. The bills are silent about any similar requirements being applied to private insurers. SB 294 adds birthing centers to the definition of health facilities in the Medicaid statute. SB 349 would require the Department of Health and Social Services to license birthing centers (currently these facilities are registered with the department), a requirement to receive reimbursement under Medicaid. Similar concepts have been introduced to several previous legislative sessions.

To be covered under Title XIX Medicaid and be eligible for federal financial participation, birthing centers or midwifery birthing centers would have to meet specific conditions of a federally recognized facility type. There is no category of "birthing center" or "midwifery birthing center" as a facility type in Medicaid law or regulation. Covering birthing centers as clinics may not be possible, as these facilities need to provide services under the direction of a physician or dentist. Even with such supervision, the requirements that professional and facility services be reimbursed as one might make it impractical.

At least one state has covered birthing centers as Ambulatory Surgical Centers (ASC). Under this model, professional fees are separate from the facility fee, thus this model would be consistent with the current state legal definition of a direct entry midwife. Alaska would need to submit and obtain federal approval for a Medicaid state plan amendment to add birthing centers under this category in order to obtain federal matching funds.

Recently, the federal government (CMS) has become more conservative in approving state plan amendments related to facility reimbursement. It may be more difficult to obtain a state plan approval today than in the past.

If a decision is made to reimburse midwifery birthing centers even if they do not fit the above criteria, or we are unable to obtain Medicaid state plan approval, then this new service would be reimbursed with General Fund only.

Estimating the financial impact to the state is very difficult, whether federal funds are available or not. Of the 9938 births in 2002;

246 were in birthing centers
152 in the home, and
9,385 in hospitals

Of the births in 2003;

207 were in birthing centers
182 in the home, and
9,390 were in the hospital

In 2001, the last year for which we have data, about 50% of the births were reimbursed with Medicaid funding. Assuming the number of births and proportion that are covered by Medicaid continue at about the same level, and the birthing center fee is \$1,800, the annual additional cost to the state would be at least \$72,000 if we can obtain Medicaid state plan approval, and over \$180,000 if we cannot. We used \$1,800 as the facility fee, based on some information provided by a birthing center in the state about their charges and West Cost charges. If we are required to begin reimbursing these birthing centers the actual Medicaid reimbursement amount may differ.

There would be costs associated with implementing new coverage of birthing centers. There would be implementation costs associated with developing regulations and making modifications to the claims payment system. There would be the ongoing costs of licensing these facilities. Furthermore, Medicaid already pays the professional fees (e.g., midwife charges) associated with some deliveries in birthing centers. For those cases, covering birthing centers will simply add to the total Medicaid cost of delivery, as discussed above. Based on the data above, it seems that decline in the use of birthing centers has largely come from a shift to home delivery; we do not know if lack of Medicaid coverage for birthing center fees has contributed to this shift. Providing Medicaid coverage of birthing centers could have the effect of shift deliveries back from home to birthing centers, increasing costs even more.

Should Medicaid begin covering the birthing facility fee, some number of births occurring in the hospital setting will shift to birthing centers; on average, the total cost for those births would be lower. However, it is highly uncertain how large this shift would be, how quickly it would occur, and

whether any cost reductions achieved would offset the new cost of birthing center fees Medicaid would pay for deliveries currently occurring at home in or birthing centers.

In short, we know for certain that there will be costs associated with adding coverage of birthing centers. It is far less certain that there will be sufficient savings to offset those costs.

Senator Bettye Davis



Letters of Support

Senate Bill 22

Medicaid Coverage For Birthing Centers

Sen. Bettye Davis

From: alaskatora [alaskatora@alaska.net]
Sent: Tuesday, January 11, 2005 6:14 PM
To: Sen. Bettye Davis
Subject: sb 22
Follow Up Flag: Follow up
Flag Status: Flagged

Senator Davis:

On behalf of myself, my partner, and all of the clients we serve; thank you so much for your co-sponsorship of SB22 today! Please let us know what we can do to continue moving this Bill. Warmly, Tora Gerrick and Angelio Davis. The Midwives Birth Center, LLC Anchorage. 907-349-3054.



Geneva Woods Birth Center

Barbara Norton, CNM, ANP
Geneva Woods Birth Center
3730 Rhone Circle, Suite 102
Anchorage, AK 99508

Honorable Senators Dyson, Green, Elton, Wilken, and Olson,

I would like to take this opportunity to discuss with you my support for Senate Bill 22. As I'm sure you're aware, this Act would add birthing centers to the list of health facilities eligible for payment of medical assistance for needy persons. There are many reasons why birthing centers should be among these eligible health facilities, the most compelling of which are *cost savings to the State of Alaska*, and *client choice*.

The cost savings realized through the use of Birthing Centers are two-fold. First, the facility fee at a Birthing Center is equal to approximately one-third the price of a hospital stay for normal childbirth. Secondly, additional savings can be realized through the significant reduction in medical intervention for both the mother and the baby that characterizes Birthing Center births. In birthing centers, mothers don't have continuous electronic fetal monitoring, which has been shown to *increase* the cesarean section (c-section) rate, without improving outcomes for babies or mothers. They don't receive epidural anesthesia, which not only costs roughly \$2,000 by itself, but is often accompanied by the necessary use of pitocin to enhance the strength of labor, internal fetal monitoring, and forceps, or vacuum assisted deliveries. A hospital birth involving all of the above-mentioned interventions can cost upwards of \$7000 to \$10,000 for a 'natural' birth. (A birth by cesarean section can cost more than \$20,000.) The current c-section rate at the Geneva Woods Birth Center is 3%, while the current national c-section rate is 26%. This is a *significant* difference, with enormous cost-saving implications. Women in birthing centers give birth the "old fashioned way"; surrounded by family, unmedicated, and without unnecessary medical interventions.

In our practice, *Midwifery & Women's Health Care at Geneva Woods*, there are many women who would choose to give birth in our birthing center if the facility fee were paid by Denali Kid Care, but are obligated instead to go to the hospital, where the facility fee is covered. We estimate that each year there are between thirty to fifty women, in our practice alone, who would choose this lower-cost birth center option, if given a choice. This could potentially result in a savings to the state of \$60,000 to \$100,000 for *our clients alone*, each year. There are currently six other Birth Centers in the state.

A relatively large percentage of women choose out-of-hospital birth in Alaska, as compared to women in the lower 48 (6% in Alaska compared to 2% nationwide). Each year the number of women who choose to have their babies in our Birth Center grows by more than 30%. Clearly, when presented with the choice, an increasing number of women are choosing Birth Centers. If Birth Center facility fees were to be reimbursed by Denali Kid Care, the option of a Birth Center birth could be made available to even more women, allowing us health care providers to offer better service and more choice to our clients, while enabling the state to save money on the Denali Kid Care plan.

Thank you for your time and consideration in this matter.

Sincerely,

Barbara Norton CNM ANP
Barbara Norton, CNM, ANP



GENERAL ASSEMBLY RESOLUTIONS
Adopted October 24, 2004

Resolution Concerning Funding for Birthing Centers

Whereas, birthing centers operated by certified nurse midwives offer a safe alternative to hospital deliveries and;

Whereas, the cost of delivering a baby in a birthing center is less than in a hospital and;

Whereas, certified nurse midwives currently cannot receive Medicaid reimbursement for births that occur in birthing centers;

Therefore, be it resolved that the Alaska Nurses Association, through the Legislative Committee, will support certified nurse midwives efforts to obtain licensure and Medicaid reimbursement for births occurring in centers they operate.

Senator Bettye Davis



Letters of Support

Senate Bill 294

(23rd Alaska Legislature)

Medicaid Coverage For Birthing Centers



Geneva Woods Birth Center

Barbara Norton, CNM, ANP
Geneva Woods Birth Center
3730 Rhone Circle, Suite 102
Anchorage, AK 99508

Honorable Senators Dyson, Green, Davis, Wilken, and Guess,

I would like to take this opportunity to discuss with you my support for Senate Bill 294. As I'm sure you're aware, this Act would add birthing centers to the list of health facilities eligible for payment of medical assistance for needy persons. There are many reasons why birthing centers should be among these eligible health facilities, the most compelling of which are *cost savings to the State of Alaska, and client choice.*

The cost savings realized through the use of Birthing Centers are two-fold. First, the facility fee at a Birthing Center is equal to approximately one-third the price of a hospital stay for normal childbirth. Secondly, additional savings can be realized through the significant reduction in medical intervention for both the mother and the baby that characterizes Birthing Center births. In birthing centers, mothers don't have continuous electronic fetal monitoring, which has been shown to *increase* the cesarean section (c-section) rate, without improving outcomes for babies or mothers. They don't receive epidural anesthesia, which not only costs roughly \$2,000 by itself, but is often accompanied by the necessary use of pitocin to enhance the strength of labor, internal fetal monitoring, and forceps, or vacuum assisted deliveries. A hospital birth involving all of the above-mentioned interventions can cost upwards of \$7000 to \$10,000 for a 'natural' birth. (A birth by cesarean section can cost more than \$20,000.) The current c-section rate at the Geneva Woods Birth Center is 3%, while the current national c-section rate is 26%. This is a *significant* difference, with enormous cost-saving implications. Women in birthing centers give birth the "old fashioned way"; surrounded by family, unmedicated, and without unnecessary medical interventions.

In our practice, *Midwifery & Women's Health Care at Geneva Woods*, there are many women who would choose to give birth in our birthing center if the facility fee were paid by Denali Kid Care, but are obligated instead to go to the hospital, where the facility fee is covered. We estimate that each year there are between thirty to fifty women, in our practice alone, who would choose this lower-cost birth center option, if given a choice.

* Please refer to the enclosed copy of the results of a study conducted by Judith Rooks, PhD, documenting the safety of Birth Center births.

This could potentially result in a savings to the state of \$60,000 to \$100,000 for our clients alone, each year. There are currently six other Birth Centers in the state.

A relatively large percentage of women choose out-of-hospital birth in Alaska, as compared to women in the lower 48 (6% in Alaska compared to 2% nationwide). Each year the number of women who choose to have their babies in our Birth Center grows by more than 30%. Clearly, when presented with the choice, an increasing number of women are choosing Birth Centers. If Birth Center facility fees were to be reimbursed by Denali Kid Care, the option of a Birth Center birth could be made available to even more women, allowing us health care providers to offer better service and more choice to our clients, while enabling the state to save money on the Denali Kid Care plan.

Thank you for your time and consideration in this matter.

Sincerely,

Barbara Norton CNM, ANP

Barbara Norton, CNM, ANP



JUNEAU
FAMILY BIRTH
CENTER

3225 Hospital Drive Suite 106, Juneau, AK 99801
(907) 586-1203 fax (907) 586-5765

03/12/2004

Dear Legislator

I am a Certified Direct-Entry Midwife and an Executive Director of the Juneau Family Birth Center, a non-profit registered birth center here in Juneau. I have worked on midwifery issues in Alaska since 1984 and look forward to helping to clarify for you midwifery and birth center issues. I served on the State Licensing Board for Certified Direct-Entry Midwives from its inception in 1992 until 2000.

Midwifery is a growing profession, as I am sure you are aware. Alaska's Certified Direct-Entry Midwives deliver almost 10% of the babies in Alaska. This is an amazing statistic considering that nationwide, Direct-Entry Midwives attend 2% of the births. Alaska is at the forefront of midwifery and other states look to our law when crafting legislation.

I would like your support of SB 294, a bill adding birth centers to the list of facilities that Medicaid will cover. At this time, Medicaid does not cover our \$1800 facility fee, which is covered by all insurance companies. This means a loss of \$1800 revenue for any Medicaid or Denali Kid Care client that we accept. At the same time, Medicaid pays hospital facility fees of 5 to 10 times more for a birth. The Juneau Family Birth Center has chosen to write off the loss instead of requiring payment from clients who are financially stressed. Other birth centers in Alaska cannot do this. **This translates to women choosing a hospital birth over a birthcenter birth, at much greater expense to the State of Alaska Medicaid Program.**

I appreciate your support on this bill. I would be happy to meet with you if you need more information.

Sincerely,

Kaye Karne, CDM
Executive Director,
Juneau Family Birth Center

Moonlight Midwifery

Laura Gore C.D.M.
P.O. Box 112091
Anchorage, Alaska 99511

March 2, 2004

Honorable Senators Dyson, Green, Davis, Wilken, and Guess,

I am writing to offer my support for Senate Bill 294. This bill would add birthing centers to the list of health facilities eligible for payment of medical assistance for eligible recipients (those qualifying for Medicaid). The state of Alaska already provides reimbursement to providers for services provided in the birth center setting. This bill will be a cost saving measure for medical assistance by increasing the amount of low risk women able to use birthing centers thus saving on costly hospital births by women who would prefer to birth at a birthing center.

A facility fee for a birth center is approximately one-third the price of a hospital birth. In addition to the overall lower price of the facility fee, savings are also realized through the reduction of costly additional medical interventions often seen in the hospital.

This Bill would make choosing a birthing center a viable option for all low risk women, regardless of their financial status, and would be a cost saving measure for the State of Alaska.

Sincerely,

Laura Gore C.D.M.
Certified-Direct Entry Midwife

Sharon K. Evans, CPM, CDM
PO Box 67
Palmer, AK 99645
March 3, 2004

Subject: Senate Bill 294

Dear Senator:

I am writing this letter in support of SB 294, which would add birth centers to the list of facilities paid by Medicaid. I have practiced midwifery primarily in Alaska for 20 years, working as a midwife and preceptor for midwifery students. I have participated in the evolution of maternity care services in Alaska and have watched the demand for quality, cost-effective healthcare, in particular out-of-hospital birth, steadily increase.

The cost of out-of-hospital birth is substantially less (50-70%) than a hospital birth. The average charges for a birth center delivery (including practitioner fees) is approximately \$3500.00. The average cost for a hospital birth room alone is approximately \$5400.00. In states where birth centers are paid by Medicaid, savings of 30% to 50% over hospital charges in the same communities were reported. At a time when Medicaid funding may be cut, millions of dollars could be saved annually if Medicaid was paying birth centers instead of hospitals.

Medicaid recipients should have the same options for birth as self-paying people (or those with insurances that do reimburse birth centers). As has been demonstrated by other states, implementation of SB 294 offers a promise of lower cost, greater availability, and a comparable degree of safety, as has been consistently shown for more than a decade of freestanding birth center operation. For the sake of the Alaska public, I am asking that you support this Bill.

Sincerely,

Sharon K. Evans, CPM, CDM

Sharon K. Evans, CPM, CDM

Mat-Su Midwifery, Inc.

2630 Broadview Ave., Wasilla, AK 99654

907-373-3420 Fax 907-376-7847

March 1, 2004

Subject: Senate Bill 294

Dear Senator:

I am writing this letter in support of SB 294, which would add Birth Centers to the list of facilities which are paid by Medicaid.

I am the owner/operator of a birth center in Wasilla, AK. We serve a birthing population that extends from Glennallen to Eagle River. We deliver over 100 babies per year, and approximately 90% qualify for Denali Kid Care or Medicaid. Our birth facility fee for out-of-hospital birth is \$1200.00. Insurances currently pay this amount. Medicaid recipients must pay out-of-pocket. This cost dissuades many from using our birth facility. The average cost for a hospital birth room in our area starts at \$3000.00

In states where birth centers are paid by Medicaid, savings of 30% to 50% over hospital charges in the same communities were reported. At a time when Medicaid funding may be cut, millions of dollars could be saved annually if Medicaid was reimbursing birth center facility fees.

Medicaid recipients should have the same options for birth as self-paying people (or those with insurances that do reimburse birth centers). As has been demonstrated by other states, implementation of SB 294 offers a promise of lower cost, greater availability, and a comparable degree of safety, as has been consistently shown for more than a decade of freestanding birth center operation.

Please consider the cost savings SB 294 represents to the citizens of our state.

Sincerely,

Judi Davidson, CDM, CPM

Judi Davidson, CDM, CPM

Subject: Bill 294

Date: Mon, 23 Feb 2004 14:28:47 -0900

From: Sean & Jennina Rheault <rheaults@gci.net>

To: Senator_Bettye_Davis@legis.state.ak.us

I had my first child in a Birth Center in Anchorage, it was a great experience, I was only in labor for 5 hours, before my daughter was born.

I am now on Denali Kid Care, and am hoping this bill will make it possible to deliver my second and last child at the birth center also, as I cannot afford even the reduced rate the birth center offers me because I am on Denali Kid Care. It is more comfortable, less invasive, and I personally feel that the care recieved is excellent. Women have choices to keep children or not and I think they should have the choice to deliver at a birth center if they choose to do so. I believe it would save the state probably about \$2,000 per delivery compared with an average hospital delivery.

Please take my opinion into consideration making your decision on this bill.



Alaska Family Health & Birth Clinic

728 Gaffney Rd. Suite 100, Fairbanks, Alaska 99701 • (907)456-3719

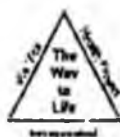
March 3, 2004

RE: Senate Bill 294
Senate Bill 349

I am writing in support of SB294 and SB349. These bills would require all birth centers to be licensed and provide for Certified Direct entry Midwives to be the attendants at these births. This would provide a safe alternative to low risk women at a savings to the State for all Medicaid and Denali Kid Care patients. Certified Direct Entry Midwives typically have a high percentage of Medicaid and DKC clients and charge 50 - 75% less overall for prenatal care and childbirth services. CDEMs are currently doing homebirths or working in birth centers that may be registered through the State but do not have any licensing provisions. These bills would provide for consistent quality for all birth centers.

Thank You.

Cheryl Corrick
Certified Direct Entry Midwife



Alaska Family Health & Birth Clinic

728 Gallinay Rd. Suite 100, Fairbanks, Alaska 99701 • (907)456-3719

March 3, 2004

Subject: Senate Bill 294
Senate Bill 349

My name is Dana Brown and I have been a licensed Certified Direct Entry Midwife (CDEM) since January 1993. I am writing in Support of SB294 and SB349.

I am the director of Alaska Family Health & Birth Center, a non-profit registered birth center. I am in favor of all birth centers becoming licensed with inclusion of CDEM's as providers. Licensing birth centers assures high standards and is in the best interest of the public. SB 349 supports this. Birth centers have been proven safe for low risk pregnancies and offer an affordable alternative. In fact, birth centers can provide a savings of 50 - 75% less than hospital births. Birth centers benefit consumers as well as the economy. SB294 offers a promise of savings and cost effectiveness. Please support SB294 and SB349. Thank you for your consideration.

Sincerely,

Dana Brown
Certified Direct Entry Midwife



Alaska Family Health & Birth Clinic

728 Gaffney Rd. Suite 100, Fairbanks, Alaska 99701 • (907)456-3719

Danielle Baham, CMA
728 Gaffney Street, Suite 100
Fairbanks, AK 99709

March 3, 2004

Subject: Senate Bill 349
Senate Bill 294

Dear Senator:

I am the Office Administrator at AHF&BC a non-profit birth center in Fairbanks.

I am support of SB 294 & SB 349 and ask that the legislative please pass these bills.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive that reads "Danielle Baham".

Danielle Baham, CMA



Alaska Family Health & Birth Clinic

728 Gaffney Rd. Suite 100, Fairbanks, Alaska 99701 • (907)456-3719

Vanessa R. Dunham
Apprentice Direct-entry Midwife
728 Gaffney Street, Suite 100
Fairbanks, AK 99709

March 3, 2004

Subject: Senate Bill 349
Senate Bill 294

Dear Senator:

I am in favor of SB 349, an act which would require the licensing of birth centers. As a soon to be direct-entry midwife, working for Alaska Family Health and Birth Center I feel that licensing contributes to the high standards of birth centers.

I am in favor of SB 294. This bill is cost effective and will give medicaid recipients the same options as private and insurance clients.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Vanessa R. Dunham".

Vanessa R. Dunham



REAL TIME II, LLC
1700 E. Bogard Rd. Suite 101
Wasilla, AK 99654
907-357-2188
357-5849 fax

January 27, 2005
To: Senate H&SS Committee
RE: SB22

Dear Senator:

I have been in the medical field for over 35 years in Alaska.

I have had the pleasure of meeting and examining patients that have had birthing center births as well as hospital births. The patients that have had the birthing center births are so much more positive, less afraid of and happy about the pregnancy, have less delivery fears and are much more relaxed about the birthing experience than the patients that have had births in hospitals.

The Mat-Su Midwifery staff are well trained, educated and experienced; the facilities are designed for a wonderful family healthy birthing experience. The midwives are very experienced, kind, supportive and strict about their protocol in caring for the patients. This costs the patients less than a hospital delivery; is very safe and cost effective. There are fewer complications, infections and healthier mom's and babies when delivered in this facility.

Insurance companies pay 100% for deliveries at this facility because of the safety and birthing centers are so cost effective!

I can not believe in this modern day and time that this facility does not get paid for its use by the PATIENT INSURANCE FROM THE STATE OF ALASKA. We all would benefit by having these people get reimbursed by the state for the use of their facility. They have designed and build a marvelous home atmosphere place to have a safe delivery. Please pass this bill so they can be reimbursed.

If I were in the child-bearing years, there is no doubt in my mind I would choose to be delivered and cared for by the MatSu Midwifery.

Thank you for your attention.

Gretchen Blume RDMS RDCS
Gretchen Blume, RDMS, RDCS



Mat-Su Midwifery, Inc.

(907) 378-3420 • 2660 Brundage Ave. • Wasilla, Alaska 99654

1/28/05

TO: Members of the H&SS Committee
RE: SB22

Dear Senator:

I am writing this letter in support of SB22. Alaska has excellent midwifery standards thanks to the past efforts of our legislators. Midwives serve healthy, low-risk women. Alaska is a young state with a very large birthing population. We serve approximately 25% of all the births in the Mat-Su Valley, and the numbers are growing. Having been a midwife in Alaska since 1984, I have witnessed an increasing number of families choosing birth center birth over the hospital.

It makes sense to save Alaska Medicaid funds by supporting birth center reimbursement for facility fees as more and more low risk women are choosing to have their babies out-of-hospital. Insurance companies pay 80-100% for our facility fees because they know birth centers are a safe, cost-effective alternative to hospitals. For each woman giving birth in a birth center, the State of Alaska would realize a savings of approximately \$2500. This is not counting the savings realized by fewer interventions, i.e. the lack of epidurals, narcotics, vacuums, lower c-section rate, pitocin, etc.

I asked the following birth centers to give their statistics for 2004. This is in response to the gentleman from H&SS that testified before the Senate H&SS Committee last week, claiming that midwives delivered only 100 women with Denali Kid Care coverage last year:

Alaska Family Health and Birth Center, in Fairbanks: 35 DKC births, 61 births total in 2004 and an average cesarean section* rate of 4%.

Geneva Woods Birth Center in Anchorage: 148 vaginal births in 2004, 60 of them in the birthing center. 25 % of their clients chose the hospital because it was free, rather than pay out of pocket the BC facility fee. So, from this practice alone, about 30 additional clients would have stayed at the birthing center if the facility fee were paid (saving the state around \$75,000 for those 30 women). The cesarean section rate is 3%.

Juneau Family Birth Center in Juneau: 42 DKC births, 70 births total in 2004. Average cesarean section rate is 6%.

Mat-Su Midwifery in Wasilla: 64 DKC births, with a total of 118 births and 0 cesarean sections in 2004, and an average cesarean section rate of 3%.

The Midwives Birth Center in Anchorage: 45 DKC births in 2004, 50 births total, and an average cesarean section rate of 2%.

In conclusion, please support SB22. The state of Alaska will save money and needy, low-risk women can have the same options that self-paying and insurance-reimbursed women have.

Sincerely,

Sharon K. Evans, CDM, CPM
Sharon K. Evans, CDM, CPM

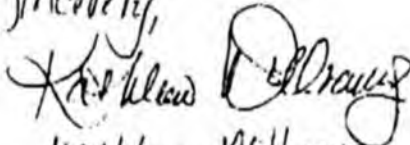
*This represents the average percentage of women transferred in labor to the hospital, requiring a c-section. (Hospital c-section rates average about 25%.)



Legislative Information/ 452-4448

To: Senate HESS Committee

I am in support of the passing of SB 22, which would allow for birth centers to be paid for a facility fee. I have had 2 babies (or I am having a baby) with Alaska Family Health & Birth Clinic. If I choose to give birth at the birth center the facility fee has to come out of my pocket. Since I qualify for Medicaid my income does not provide enough money for me to pay the facility fee. Any other major insurance company pays for the birth centers facility fee so shouldn't Medicaid? Medicaid pays the hospitals facility fee so why can't they pay for me to deliver in a safe environment of my choice! Midwives and Birth Centers save the state of Alaska thousands of dollars and the passing of SB 22 would not only benefit my family but also other families of Alaska as well.

Sincerely,

Kathleen Williams



Mat-Su Midwifery, Inc.

Jan. 27, 2005

(907) 373-8120 • 2650 Broadview, Inc. • Wasilla, Alaska 99657

To: Members of the H&SS Committee:

RE: SB22

Dear Senator:

My name is Judi Davidson. I am a direct-entry midwife and I own and operate Mat-Su Midwifery, Inc. in Wasilla, AK. I believe it is the largest birth center in the state at this time. We deliver approximately 120 babies per year. In 2004, we had a 0% c-section rate. Valley Hospital in Palmer has at least a 25% c-section rate, and the c-section rate at Providence Hospital in Anchorage is currently 33% of all births.

I would like to promote birth centers as a means to reduce the overall rate of c-sections. Since the state DKC system pays for both vaginal and cesarean section births, I think it makes sense to fund the institutions where the c-section rate is minimal. Birth Centers do not incur the cost of inductions or augmentation of birth either, because they are not allowed in an out-of-hospital setting. The cost of a cesarean birth is between \$15-20,000.00. The cost of a vaginal birth in the hospital, augmented with pitocin and an epidural (common about 70-80% of the time), is between \$7-10,000.00. The cost of an unmedicated birth center birth is approximately \$3-5,000.00.

Many women, given the choice would opt for a low-risk, non-interventive atmosphere to deliver their babies. Please give the women of Alaska that choice. Support SB22 as an avenue of better birthing statistics and cost-effective outcomes for maternal health care in our state.

Sincerely,

Judi Davidson, CDM, CPM

Judi Davidson, CDM, CPM



AK Birth Center Costs Jan 2005

Anchorage	561-5152	Geneva Woods	\$2,000.00	midwife services
			\$1,500.00	birth center fee
			\$600.00	immediate postpartum care (includes newborn exam and home visit)
			\$4,100.00	TOTAL

Anchorage	562-2211	Providence Hospital	\$4,000.00	1 night stay, uncomplicated labor and delivery, room and baby stay. Physician extra
			\$5,000.00	2 night stay uncomplicated labor and delivery, room and baby stay. Physician extra. C-sections require a 3-4 night stay, run \$8000-\$9000, surgeon and anesthesiologist separate

Anchorage	264-1795	Alaska Regional	\$3,932.00	facility use fee for 24 hr. stay, includes lab fees, epidural, pharmacy, but <i>does not include</i> physician.
	Lisa		\$5,531.00	48 hr stay as described above
			\$8,123.00	72 hr stay as described above (for C-section)
			\$9,633.00	96 hr stay as described above (for C-section)

Juneau	796-8900	Bartlett Regional Hospital	\$3,200.00	low end estimate for vaginal delivery without complications. Does not include Physician's fee, Surgeon, Radiology, Anesthesiology, or Laboratory fees
			\$4,800.00	high end estimate for vaginal delivery. Does not include Physician's fee, Surgeon, Radiology, Anesthesiology, or Laboratory fees

Juneau	586-1203	Juneau Family Birth Center	\$2,200.00	Labor and delivery charge with midwives; sliding fee may reduce charges as low as \$1000
			\$1,800.00	Facility use fee; sliding fee scale may reduce fees to \$800
			\$4,000.00	TOTAL

Fairbanks	456-3719	Alaska Family Health and Birth Center	\$1,600.00	facility fee
			\$2,216.00	professional fee, labor and delivery
			\$1,120.00	course of prenatal care starting at 12 weeks
			\$585.00	course of postpartum care, including home visits and well baby care

AK Birth Center Costs Jan 2005

Fairbanks	452-8181	Fairbanks Memorial hospital	\$838.00	1 day well baby fee; includes boarding, battery of required newborn tests, no physicians
			\$1,443.00	2 day well baby fee; includes boarding, battery of required newborn tests, no physicians
			\$2,688.00	1 day facility fee, labor and delivery, includes R & B, medications and lab fees, but not physicians
			\$4,923.00	2 day facility fee, labor and delivery, includes R & B, medications and lab fees, but not physicians
			\$7,390.00	2-day C-section; include OR, R&B, lab tests, medication (including anesthetic med.), but not surgeon or anesthesiologist)
			\$8,505.00	2-day C-section; include OR, R&B, lab tests, medication (including anesthetic med.), but not surgeon or anesthesiologist)
			\$12,447.00	2-day C-section; include OR, R&B, lab tests, medication (including anesthetic med.), but not surgeon or anesthesiologist)

Wasilla	373-3420	Mat-Su Midwifery	\$1,800.00	facility use fee
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Alaska State Legislature

Please enter into the record my testimony to the: SUIS
Committee Name

Committee on: SB22 , dated 2/2/05

Members of Senate HESS:

I am requesting that you look favorably at SB 22. The passage to all the issues important to Valley residents and your hard work to accomplish the demands of the legislative session.

I am writing to heighten your awareness of the alternative choice for birthing families in the Valley. With a second freestanding birth center about to open, along with the provision of homebirth services provided by a number of state licensed midwives, Valley families are choosing to have their babies in an out-of-hospital settings at a phenomenal rate. The national percentage for birth outside of hospital still hovers around 3% whereas the Bureau of Vital Statistics shows a remarkable 26.6% of babies being born at home or in a birth center in the Mat-Su Valley in 2002! Vital Statistics has not been able to provide stats for the more recent years but the trend is definitely on the rise for this safe alternative to conventional birthing.

As you are likely aware, SB 22 proposes to add birth centers to the existing list of facilities that receive Medicaid funds for service.

There is a question as to whether Alaska could receive matching Federal Medicaid funds for birth center payment. Even without a Federal Medicaid match, the savings for payment of birth center fees as opposed to hospital fees would be far more than double for a normal delivery. Please consider SB 22 favorably. I would welcome a call from you if you have any questions.

Sincerely,

Pam Weaver, CDM
Phone 232-7435

Testimony for Senate Bill 22 H&SS Committee

I am a Certified Direct-Entry Midwife and an Executive Director of the Juneau Family Birth Center, a non-profit registered birth center here in Juneau. I have worked on midwifery issues in Alaska since 1984 and look forward to helping to clarify for you midwifery and birth center issues. I served on the State Licensing Board for Certified Direct-Entry Midwives from its inception in 1992 until 2000.

Midwifery is a growing profession, as I am sure you are aware. Alaska's Certified Direct-Entry Midwives deliver almost 10% of the babies in Alaska. This is an amazing statistic considering that nationwide, Direct-Entry Midwives attend 2% of the births. Alaska is at the forefront of midwifery and other states look to our law when crafting legislation.

I would like your support of SB 22, a bill adding birth centers to the list of facilities that Medicaid will cover. At this time, Medicaid does not cover our \$1800 facility fee, which is covered by all insurance companies. This means a loss of \$1800 revenue for any Medicaid or Denali Kid Care client that we accept. At the same time, Medicaid pays hospital facility fees of 5 to 10 times more for a birth. The Juneau Family Birth Center has chosen to write off the loss instead of requiring payment from clients who are financially stressed. Other birth centers in Alaska cannot do this. **This translates to women choosing a hospital birth over a birthcenter birth, at much greater expense to the State of Alaska Medicaid Program.**

I appreciate your support on this bill. I would be happy to meet with you if you need more information.

Thank you

Kaye Kanne, CDM
Executive Director,
Juneau Family Birth Center

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/11/05

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2.2.05

Health, Education and Social Services Committee considered

SENATE BILL NO. 22

SB 22 MEDICAID COVERAGE FOR BIRTHING CENTERS

"An Act adding birthing centers to the list of health facilities eligible for payment of medical assistance for needy persons."

and recommends:

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

Senate Bill:
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
House Bill:
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	1/11			X	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

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

MARCH 4, 2005

907-465-4587

To: Senate H&SS Committee
RE: SB22

Dear Senator Fred Dyson:

This is a letter to express my support of SB22, which would allow for birth centers to be paid for their facility fee. If a woman wants a birth center birth, the facility fee has to be paid out of her pocket at this time. Hospitals are paid facility fees. Insurance companies pay the facility fee (80-100%), but Medicaid does not. What about those of us who want to deliver out-of-hospital?

More and more low risk women are opting for out-of-hospital births, with Mat-Su Midwifery doing close to 100 birth center births per year, or approximately 1/4 of the births in the Valley. As midwives' statistics show, birth centers are safe, cost-effective options. I would like to have the option to choose a birth center over the hospital, so I am asking you to please support SB22. The young families of Alaska will benefit, and the state of Alaska will save money!

Sincerely,

Ornette T. Jennis
Alaska Mom

SB

24


SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

Senator Gary Stevens
Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Memorandum

To: Senator Fred Dyson, Chair
Senate Health & Social Services Committee

From: Senator Gary Stevens 

Date: March 2, 2005

Re: SS SB 24

I would like to respectfully request that you schedule SS SB 24, "An Act relating to reemployment of and benefits for retired teachers and public employees and to teachers or employees who participated in retirement incentive programs and are subsequently reemployed as a commissioner; to be heard during the week of March 7th.

Attached is a blank CS and all the back up for your packet.

Thank you for your consideration of this request.



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Senator Gary Stevens
Current Version: SSSB 24
Contact: Katrina Matheny, 465-4713

Fact Sheet for: Senate Bill 24

Short Title: REEMPLOYMENT OF RETIREES

Summary:

- Extends the sunset date until 2009 for legislation that gives state retirees who return to work the option of continuing to receive both retirement pay and a salary if the employee:
 - Is a retired teacher hired under the "teacher shortage" program (AS 14.20.135).
 - Is a public employee who retired under normal retirement.
 - Is an individual who retired under the Retirement Incentive Program and is subsequently re-employed as a commissioner.
 - Relieves commissioners of the requirement to refund incentive credit and re-employment indebtedness.
- Discontinues accrual of additional retirement credit during re-employment for those opting to continue receiving retirement pay.
- Requires annual reports by the administrator of the teachers' retirement system on the effect of this legislation.
- Repeals duplicate sections inadvertently included in previous legislation.

Benefits:

- Helps public employers attract and retain qualified workers for hard-to-fill vacancies.
- Gives employers four more years to transition the existing workforce to meet demand when re-employment provisions sunset.
- Maintains cost-neutrality by eliminating additional retirement credit during re-employment.

Background:

- SB 24 extends a program that was established in 2001 that allows retired state workers to return to the workforce without forfeiting retirement benefit payments during the period of their return.

24-LS0211\F
Craver
3/2/05

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 24()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS GARY STEVENS, Davis

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to reemployment of and benefits for retired teachers and public**
2 **employees and to teachers or employees who participated in retirement incentive**
3 **programs and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and**
4 **9, ch. 58, SLA 2001; providing for an effective date by amending sec. 15, ch. 57, SLA**
5 **2001, which is the delayed effective date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and**
6 **repealing sec. 13, ch. 58, SLA 2001, which is the delayed effective date for secs. 5, 7, and**
7 **9, ch. 58, SLA 2001; and providing for an effective date."**

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

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

11 **FINDINGS AND INTENT.** (a) The legislature finds that provisions of ch. 57, SLA
12 2001, ch. 58, SLA 2001, and ch. 15, SLA 2003 that provide for the reemployment of certain
13 retired members of the teachers' and public employees' retirement systems provide a valuable

1 tool for school districts and public employers to manage workforce shortages, especially in
2 teaching positions and job classes that require specialized knowledge and skills.

3 (b) The legislature also finds that school districts and public employers must plan to
4 meet their future workforce needs without reliance on retired workers. In extending the
5 termination date of the reemployment provisions, it is the intent of the legislature to allow
6 school districts and public employers to continue to use this management tool, while
7 developing plans that address the knowledge, skills, and abilities that need to be transferred or
8 developed to assure the work can be accomplished when the reemployment provisions
9 terminate. It is the intent of the legislature that all participation in the retiree reemployment
10 provisions by employers and reemployed retirees will end on July 1, 2009, unless that date is
11 extended by law.

12 (c) It is the intent of the legislature that employers that benefit from the provisions of
13 the retiree reemployment provisions pay any increase in unfunded liability that results to the
14 retirement systems.

15 * Sec. 2. AS 14.25.043(a) is amended to read:

16 (a) If a retired member again becomes an active member, benefit payments
17 may not be made during the period of reemployment [UNLESS THE TEACHER
18 MAKES AN ELECTION UNDER (b) OR (e) OF THIS SECTION]. The retirement
19 benefit must be suspended for the entire school year if the teacher is reemployed as an
20 active teacher for a period equivalent to a year of service. During the period of
21 reemployment, [THE MEMBER IS SUBJECT TO AS 14.25.050, AND] deductions
22 from the member's salary will be made in accordance with AS 14.25.050.

23 * Sec. 3. AS 14.25.070 is amended by adding a new subsection to read:

24 (b) If the administrator determines that reemployment of a retired teacher
25 under the authority of AS 14.20.135 results in an increase in the unfunded liability of
26 the system, the administrator shall include the base salary of the reemployed teacher in
27 the determination of the amount of contributions due from the employer of the
28 reemployed teacher to the extent determined by the administrator as necessary to pay
29 the liability.

30 * Sec. 4. AS 39.35.270 is amended by adding a new subsection to read:

31 (b) If the administrator determines that reemployment of a retired member

1 under AS 39.35.150(b) results in an increase in the unfunded liability of the system,
2 the administrator shall include the base salary of the reemployed member in the
3 determination of the amount of contributions due from the employer of the
4 reemployed member to the extent determined by the administrator as necessary to pay
5 the liability.

6 * Sec. 5. Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is
7 amended to read:

8 Sec. 12. AS 14.20.135; AS 14.25.043(b), 14.25.043(e), added by sec. 3, ch.
9 15, SLA 2003 [OF THIS 2003 ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended
10 by sec. 4, ch. 15, SLA 2003 [OF THIS 2003 ACT], and 39.35.150(c) are repealed
11 July 1, 2009 [2005].

12 * Sec. 6 The uncoded law of the State of Alaska is amended by adding a new section to
13 read:

14 **PETROACTIVE APPLICATION OF SECTION 3 TO EMPLOYERS OF REHIRED**
15 **RETIRED TEACHERS.** If the administrator determines that retired teachers rehired by an
16 employer caused an increase in the unfunded liability of the teachers' retirement system, the
17 employer shall pay the amount of the increase attributable to that employer's rehired retired
18 teachers within the next annual budget cycle following the determination by the administrator.
19 This section only applies to an employer in regard to the unfunded liability attributable to a

20 (1) retired teacher rehired under AS 14.20.135 between July 1, 2001, and the
21 effective date of this Act; and

22 (2) retired commissioner rehired under AS 14.25.043(d) and 14.25.043(e)
23 between May 1, 2003, and the effective date of this Act.

24 * Sec. 7. The uncoded law of the State of Alaska is amended by adding a new section to
25 read:

26 **RETROACTIVE APPLICATION OF SECTION 4 TO EMPLOYERS OF REHIRED**
27 **RETIRED PUBLIC EMPLOYEES.** If the administrator determines that retired members
28 rehired by an employer caused an increase in the unfunded liability of the public employees'
29 retirement system, the employer shall pay the amount of the increase attributable to that
30 employer's rehired retired members within the next annual budget cycle following the
31 determination by the administrator. This section only applies to an employer in regard to the

1 unfunded liability attributable to a

2 (1) retired member rehired under AS 39.35.150(b) between July 1, 2001, and
3 the effective date of this Act; and

4 (2) retired commissioner rehired under AS 39.35.150(b) and (c) between
5 May 1, 2003, and the effective date of this Act.

6 * Sec. 8. The uncodified law of the State of Alaska enacted in sec. 13, ch. 57, SLA 2001, is
7 amended to read:

8 Sec. 13. REPORT TO LEGISLATURE. Annually, beginning in 2002 and
9 ending in 2010 [2006], the administrator of the teachers' retirement system and the
10 administrator of the public employees' retirement system shall report to the
11 legislature by the 30th day of the regular legislative session concerning the effect of
12 this Act, as amended, on the retirement systems.

13 * Sec. 9. AS 14.25.070(b) and AS 39.35.270(b) are repealed July 1, 2009.

14 * Sec. 10. Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

15 * Sec. 11. The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 CONDITIONAL RETROACTIVITY. If secs. 1, 3 - 7, 10, and 12 of this Act take
18 effect after July 1, 2005, secs. 1, 3 - 7, 10, and 12 of this Act are retroactive to July 1, 2005.

19 * Sec. 12. Section 15, ch. 57, SLA 2001, is amended to read:

20 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2009 [2005].

21 * Sec. 13. Section 13, ch. 58, SLA 2001, is repealed.

22 * Sec. 14. Section 2 of this Act is effective July 1, 2009.

23 * Sec. 15. Except as provided in sec. 14 of this Act, this Act takes effect immediately under
24 AS 0'.10.070(c).

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 2, 2005

SUBJECT: SB 24 - Extending the sunset date for benefits for some retired members of PERS and TRS who are rehired (Work Order No. 24-LS0211\F, CSSSSB 24())

TO: Senator Gary Stevens
Attn: Katrina Matheny

FROM: Barbara R. Craver *BRC*
Legislative Counsel

Enclosed is the blank committee substitute bill you requested. Some new sections have been added at your request to address the unfunded liability to each retirement system caused by the reemployment of retired teachers.

Sections of the 2001 bill, ch. 57, SLA 2001¹, provided for retired TRS or PERS members rehired in the event of a teacher shortage and offered them a special option of "double dipping." These "teacher shortage" teachers would be allowed to make a choice to continue receiving their retirement pay while also receiving a salary. The salary would not have any retirement deductions and the person would not get credit in the retirement system for any additional years of service. The double dipping option is not available to a TRS or PERS member who retired under a retirement incentive program (RIP, an employee who retires under a RIP is also said to have "RIPed out"). That bill also allowed PERS employees who had taken normal retirement under AS 39.35.370(a) and who were rehired to opt for "double dipping" as provided for teacher shortage rehires. This option was not open to employees who had RIPed out. All of this was to sunset on July 1, 2005, and the bill provided for amendments and repeals to take the law back to the way it was prior to the effective date of the bill. For reasons unknown to this drafter, the Legislature also enacted the exact same changes described above for retired teachers in another bill, in secs. 3 - 7 and 9 - 14, ch. 58, SLA 2001.

Two years later, ch. 25, SLA 2003², allowed a retired TRS or PERS member rehired as a commissioner who had RIPed out to double dip. A person rehired as a commissioner who had RIPed out of TRS or PERS was also relieved of the usual refund of the incentive

¹ SCS CSHB 242(FIN) of the 22nd Legislature, 22-LS0885\L.

² SCS HB 140(STA) am S(efd fld S) of the 23rd Legislature, 23-GH1120\HA.A

credit and reemployment indebtedness that occurs when a RИPed employee is rehired.³ The sunset date for the double dipping added by the 2003 bill was July 1, 2005, and was done by amending sec. 12, ch. 57, SLA 2001.⁴

It is the intent of this bill to continue the incentives for rehired retirees by amending the sunset date from July 1, 2005 to July 1, 2009. This bill also adds provisions for the respective retirement systems to recoup any unfunded liability caused by the rehired employees as well as providing for future unfunded liability attributable to these rehired persons.

Bill Title. The title refers to the benefits available to certain retired teachers and public employees who have been rehired, refers to RИPed out teachers and public employees who are rehired as commissioners, points out the repeal of the duplicate sections of ch. 58, SLA 2001, the change in the delayed effective date of ch. 57, SLA 2001, the repeal of the delayed effective date section of ch. 58, SLA 2001, and finally gives notice that the bill itself has an effective date.

Section 1. This section makes legislative findings and provides the legislature's intent in the passage of this Act.

Section 2. This section amends AS 14.25.043(a) to remove references to subsections that will no longer exist after the sunset in July 1, 2009.⁵

Section 3. This section amends AS 14.25.070 to provide that if the rehire of retired teachers causes an increase in the unfunded liability of the system, the administrator shall increase the contributions from an employer as needed to pay the liability.

Section 4. This section amends AS 39.35.270 to provide that if the rehire of retired public employees causes an increase in the unfunded liability of the system, the administrator shall increase the contributions from an employer as needed to pay the liability.

Section 5. This section moves the sunset date from July 1, 2005 to July 1, 2009, for the provisions providing the double dip incentive to rehired retirees: teachers hired due to a teacher shortage, state employees who retired at normal retirement who are rehired, and retired teachers or state employees who are rehired as commissioners.

³ Subsection (e) in sec. 3 and all of sec. 5 in ch. 15, SLA 2003. These provisions have no sunset date and will continue to exist under the 2003 law and are unaffected by this bill.

⁴ The identical provisions in ch. 58, SLA 2001 were not amended for unknown reasons. Parts of this bill clear up that oversight.

⁵ This fixes a drafting oversight in 2003 that is needed to restore this section on July 1, 2009, to its status on the date before chs. 57 and 58, SLA 2001 became effective in 2001.

Senator Gary Stevens

March 2, 2005

Page 3

Sections 6 and 7. These sections provide retroactively for the TRS and PERS systems respectively that any unfunded liability caused by the rehire of employees under the two previous Acts will be repaid into the system.

Section 8. This section requires the continuation until 2010 of annual reports to the Legislature by the administrator of the teachers' retirement system on the effect of ch. 57, SLA 2001 on the system and adds the requirement that the administrator of the public employees retirement system also report to the legislature annually.

Section 9. This section repeals the changes made by sections 3 and 4 of this bill on July 1, 2009.

Section 10. This section repeals sections in ch. 58, SLA 2001. These sections are completely identical to the changes made in ch. 57, SLA 2001, and make no substantive change to this bill. We want to get rid of the duplicate provisions in ch. 58, SLA 2001 so that we do not have to amend them in this bill or in future bills if there is another extension of the sunset date.

Section 11. This provides that if this bill becomes effective after July 1, 2005, all the changes are retroactive to July 1, 2005, so there will be no gap in the program.

This measure has four effective date bill sections. Each section will need a two-thirds vote in order to become effective.

Section 12. This provides that the sections in ch. 57, SLA 2001 that will restore the laws to the status they were before the 2001 Act became effective - - - in other words the double dipping incentive sections and references - - - will "come off the books" on July 1, 2009, instead of July 1, 2005. This provision is an amendment of a delayed effective date section and will require a two-thirds vote in order to become effective.

Section 13. This section repeals the delayed effective date section in ch. 58, SLA 2001. This delayed effective date section is substantially the same as the delayed effective date section in ch. 57, SLA 2001. It makes no substantive change to this bill. However, being an effective date section, this section will need a two-thirds vote in order to become effective.

Section 14. This section sets the effective date for the amendment of AS 14.25.043(a) by section 2 at July 1, 2009 (to remove the references in AS 14.25.043(a) to repealed subsections).

Section 15. Except for section 14, provides an immediate effective date for this Act.

If I may be of further assistance, please advise.

BRC:lmb
05-070.lmb

Enclosure

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

Senator Gary Stevens

Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Sponsor Statement

SS Senate Bill 24

"An Act relating to reemployment of and benefits for retired teachers and public employees and to teachers or employees who participated in retirement incentive programs and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and 9, ch. 58, SLA 2001; providing for an effective date by amending the delayed effective date for secs. 3, 5, 9 and 12, ch. 57, SLA 2001, and repealing sec. 13, ch. 58, SLA 2001, which is the delayed effective date for secs. 5, 7, and 9, ch. 58, SLA 2001; and providing for an effective date."

SS SB 24 would extend a program that was established in 2001 that allows retired teachers and public employees that retired under normal retirement or those individuals that retired under the Retirement Incentive Program (RIP) and are subsequently reemployed as a commissioner, to return to the workforce without foregoing their retirement benefit payments during their period of return. However, in order to keep this program cost-neutral, an employee selecting this option would not accrue additional retirement credit while being reemployed.

This legislation will provide a management tool to assist Alaska's public employers in attracting and retaining qualified workers that are having difficulty filling vacancies. In addition, it allows employers to develop plans that address the knowledge, skills, and abilities that need to be transferred or developed to assure the work can be accomplished when the reemployment provisions sunset on July 1, 2009.

I urge you to support this legislation.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

DATE: January 13, 2004

TO: Melanie Millhorn, Director
Division of Retirement and Benefits

THRU: Kathy Lea, Supervisor
Retirement Section

FROM: ^{B.A.} Brent Allison, Regional Counselor
Private Services

SUBJECT: HB242/SB149
Waivers

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110203
JUNEAU, AK 99811-0203
PHONE: (907) 465-4460
FAX: (907) 465-3088
TDD: (907) 465-2805

550 WEST 7TH AVENUE, SUITE 1850
ANCHORAGE, AK 99501-3570
PHONE: (907) 269-0333
FAX: (907) 269-0280

The following employers have hired retirees under HB 242/SB 149:


TRS Waivers

Name of School District or REAA	Employee Count
Aleutian Region SD	1
Anchorage SD	55
Bering Strait SD	3
Copper River SD	4
Craig SD	1
Denali Borough SD	1
Hoonah City SD	1
Iditarod Area SD	4
Kashunamiut SD	1
Kuspuk SD	1
Lake & Peninsula SD	1
Lower Kuskokwim SD	32
Mat-Su Borough Schools	7
North Slope Borough SD	5
Sitka SD	3
St. Mary's SD	2
Tanana City SD	1
Wrangell SD	1
Yukon Flats SD	2
Yukon Koyukuk SD	4
Klawock SD	1
Delta Greely SD	1
Dillingham SD	1
Bristol Bay SD	2
Wrangell SD	1
Lower Yukon SD	1
NW Arctic Borough SD	1
Alaska Gateway SD	1
Hydaburg SD	2
TOTAL	141

PERS Waivers

Employer Name	Employees
Alaska Housing	1
Aleutian Housing Authority	1
Aleutian Region SD	1
Anchorage SD	9
Bartlett Regional Hospital	4
Bristol Bay Borough	2
CBJ	6
City of Delta Junction	1
City of Dillingham	1
City of Fairbanks	10
City of Homer	1
City of North Pole	1
City of St. Mary's	1
City of Wasilla	2
Cook Inlet Housing Authority	1
Fairbanks NSB	2
Juneau SD	1
Kenai Peninsula Borough SD	1
Ketchikan Gateway	2
Lower Kuskokwim	2
Mat-Su Borough	3
Municipality of Anchorage	13
North Slope Borough	6
SE Resource Center	2
Sitka Community Hospital	1
State of Alaska	108
U. of Alaska- Fairbanks	4
U. of Alaska- Mat-Su	1
U. of Alaska- Anch.	3
U. of Alaska- Juneau	1
City/Borough of Sitka	1
Interior Regional Housing	1
Bering Strait SD	1
City of Haines	1
City of Bethel	1
City of Sand Point	1
North Slope Borough SD	1

P.O.Box 8-2977
Fairbanks, AK 99708
31 January, 2005



The Honorable Gary Stevens
State Senate
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Senator Stevens:

On June 30, 2005, provisions of HB 242 (2001) are scheduled to "sunset". Sometimes referred to as the retire/rehire bill, a portion of this legislation was intended to make State employment an attractive option to recently retired or retiring State employees, at the same time saving the State money and preserving corporate experience. It provided the incentive that returning employees could waive further State and personal contributions to their retirement account, in return for continuing to draw their original retirement pay (just as they would if they went to work for another employer).

For those retirees who were going to continue a working life anyway, their experience would be put to best use directly for the State, offsetting in part the losses due to "brain drain" – losses that are expected to continue for the next several years. In the current issue of the Division of Personnel's "HR Solutions", it says "Over the next five years, 26% of the State employees are eligible to retire based on age, retirement tier, and years of service. In some occupational groups, the retirement rate is as high as 40%."

I'm writing to ask that you support elimination of that sunset provision, or extension of it by another four to five year term. That would carry the State past the current "clump" of retirements, and be long enough to make returning to State employment an attractive option to those intending to retire this year (before the sunset provision takes effect).

There is a second reason for this request. One of the recent staff opinions from the Attorney General's office on this subject interpreted the existing law to not only eliminate selection of the waiver option for retirees returning after June 30th, but also to withdraw that option from those retirees who have already returned to State employment under those provisions. This despite the language in the law that election of the waiver option is made irrevocably, "for the term of reemployment". I am one of these, having been rehired through the State's competitive hiring process a year and a half ago.

The original legislation was passed with little or no opposition, and rightfully so – it is a win-win situation for the State and for those employees who choose to make their second career and extension of the first.

Thank you for sponsoring SSSB 24, which would extend the sunset provision by several years. I appreciate your efforts to address this problem, and hope for the sake of those whose retirement is imminent that the proposed legislation can be passed and signed into law quickly.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Gary C. Tyndall". The signature is written in dark ink and is positioned above the printed name.

Gary C. Tyndall

Suggested by: Administration

City of Kenai

RESOLUTION NO. 2005-02

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA SUPPORTING LEGISLATION TO CONTINUE THE REHIRED RETIREE - EMPLOYMENT WAIVER PROVISION OF HB242 FOR THOSE MEMBERS CURRENTLY ENROLLED UNDER THIS PROVISION.

WHEREAS, in 2001 the State Legislature enacted HB242 which provided that retired PERS members could be rehired by PERS employers and continue to receive normal retirement benefits; and,

WHEREAS, the July 1, 2005 sunset provision in the bill was interpreted by the Alaska Division of Retirement and Benefits to be the final date to be reemployed under this program; and,

WHEREAS, the Division of Retirement and Benefits further stated in writing that "any member who is participating in the program and continues employment after July 1, 2005 will be allowed to continue participating in the plan"; and,

WHEREAS, the City and its eligible members relied upon the information provided by the Division of Retirement and Benefits; and,

WHEREAS, agreements with employees were negotiated in good faith and the stated terms and conditions should be honored.

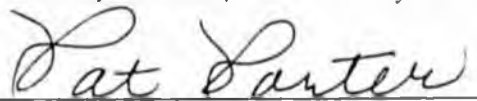
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, that:

Section 1: The City Council of the City of Kenai supports legislation that will continue the Rehired Retiree - Employment Waiver program enacted by HB242 in 2001, for those members currently enrolled in that program.

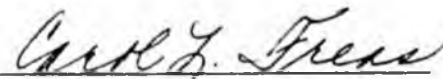
Section 2: That such legislation will be acted on early in the 2005 session.

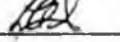
Section 3: That this resolution be sent to Governor Murkowski and all members of the Alaska State Legislature.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this fifth day of January, 2005.


PAT PORTER, MAYOR

ATTEST:


Carol L. Freas, City Clerk

Approved by Finance: 
(12/21/2004) hl



[Click here to return to the original story](#)

State's working retirees face uncertain future

November 17, 2004

**By ELIZABETH BLUEMINK
JUNEAU EMPIRE**

For more than 250 state of Alaska workers, retirement is just another word for getting both their pension and a new state job.

Wayne Regelin, deputy commissioner for wildlife at the Department of Fish and Game, is one of the beneficiaries of the state's retire-rehire program, created in 2001 to retain experienced workers.

But he and other participants will stop receiving their pension checks in July unless the program is reauthorized by the Alaska Legislature in its upcoming January-May session.

The program is set to expire June 30.

"It would certainly reduce my income," said Regelin. "Probably some people would go ahead and retire (again) to pursue other job opportunities."

At 56, Regelin enjoyed a brief four months of retirement from Fish and Game. The department used a juicy carrot - the retire-rehire program - to woo him back.

Regelin, along with other eligible city, school and state employees throughout Alaska, can retire at 55 or older, then get rehired and receive a state salary and their pension at the same time.

While it may sound like a sweetheart deal, the retire-rehire program was created to plug the severe brain drain of baby boom-aged employees from Alaska agencies and school districts.

At this time, participants in the program do not have to pay into the state's retirement system. But if legislators decide not to reauthorize it, they and their employers will begin contributing again to the system.

Regelin is one of 32 Fish and Game employees who participate in the program, which has kept many state biologists from fleeing to federal resource agencies - such as the U.S. Fish and Wildlife Service - that provide better benefits and 30 percent higher salaries, Regelin said.

Some employers, including the city of Juneau, praise the program because it eliminates their contribution to the state's retirement systems - poised to skyrocket to 30 percent of salary over the next 25 years- for those employees.

Juneau Personnel Director Joan Wilkerson said the city has rehired seven employees - albeit at lower pay scales. All told, the program saves the city about 14.5 percent or 15 percent of the cost of regular employment for those jobs, Wilkerson said.

The retire-rehire program has been criticized by others as an impediment to the progression of younger workers up the ranks.

State Rep. Beth Kerttula, D-Juneau, said she is worried about that. But she is more concerned that the program enables Alaska to avoid dealing with a fundamental problem - the non-competitive salaries that cause employees to flee to federal agencies and the private sector.

"The state pays less, and therein lies a problem. We should be paying as well as the feds and we should be treating our employees as well. If this (program) is just a way to get around that - that's a problem," Kerttula said.

Other legislators are staunchly behind the program, though they said they would need to review a detailed financial accounting before they reauthorize it.

House Majority Leader John Coghill, R-North Pole, said, "At this point, it looks like reauthorization is probably going to be in the works. I have heard only favorable things about it."

The Department of Administration is discussing a bill that, if nothing else, would allow current participants in the program to continue to receive their pensions along with their salary, said Kevin Brooks, the department's commissioner.

"If there's interest in (reauthorizing) House Bill 242, that would be an easy amendment in the new bill," Brooks said.

Brooks noted that some recent actuary reports show the program does cause "minor costs" to the state's two retirement programs. Combined, the retirement funds for teachers and public employees are nearly \$5 billion in debt due to the escalating cost of health care and poor stock market performance. The "minor" costs to the funds could increase if the program grows substantially, Brooks said.

The costs mean that the carrot offered to retirees by public employers could get somewhat less juicy.

Brooks said the state's teacher and public employee retirement funds must be "held harmless" from increasing costs. That could mean a revision requiring participants to contribute at some level to the retirement system, he said.

Lured by the salary-pension combination, 81 experienced teachers have returned to 23 Alaska school districts, state officials said.

According to August records: The Department of Transportation had 25 participants; the Department of Health and Social Services had 14; the Department of Corrections had 10; the Department of Administration had six; and other departments rehired two to four employees using the program.

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from Dept. ADM

Senate State Affairs Committee
HB 242 Follow-Up
March 3, 2005

Question: What were the calculated savings for employers who rehired retired members under HB 242?

Since rehired retirees waived participation in the retirement systems, payroll information was not reported to the retirement systems. However, the State of Alaska has provided the attached spreadsheet showing \$1,091,720 in savings as a representation of the potential savings experienced.

Question: What were the age demographics of HB 242 retirees who participated in the rehire program?

Teachers' Retirement System (TRS)

Age at Retirement	40-44	45-49	50-54	55-59	60-64	65+
No. Retirees	7	45	63	65	14	5

Public Employees' Retirement System (PERS)

Age at Retirement	40-44	45-49	50-54	55-59	60-64	65+
No. Retirees	15	50	46	172	41	16

Question: Can you proactively determine who was advised in what manner.

In general, we can state that Retirement personnel counseled about twenty of the participating employers regarding our understanding of the bill provisions. We also believe we actively counseled in person, by letter and by phone about 175 individuals who are participating in the program. A spot search of 20 PERS and TRS member microfiche records has not indicated any letters to members specifically about this issue. However, our understanding of this provision has been part of our Retirement Process seminars for both PERS and TRS for the duration of the legislation and we estimate we have distributed the rehire information to approximately 2,000 members.

Question: What is the percent of employees who were enrolled in the program who have then left.

System	Total Waivers Filed	Total Active Waivers	% Retirees Leaving the Program
PERS	297	211	30%
TRS	187	124	34%

Question: What was the total number of teachers aides and where were they located?

There were 7 teachers aides hired. The majority were with Northwest Arctic School District and the Kenai Peninsula Borough School District. There were 3 hired by the Anchorage School District, 2 in Special Education and 1 in Indian Education.

PERS Saving from HB 242 from January 1, 2001 through January 31, 2005

Department	Total
Governor's Office	25,544
Administration	50,325
Law	40,184
Revenue	15,211
Education and Early Development	27,480
Health and Social Services	105,961
Labor and Workforce Development	5,924
Commerce, Community and Economic Development	21,873
Military and Veterans' Affairs	14,864
Natural Resources	52,131
Fish and Game	213,695
Public Safety	171,176
Environmental Conservation	16,363
Corrections	83,743
Transportation	184,395
Legislative	62,851
Grand Total	1,091,720

Sources: DB2 Connect through PP 1/31/05 to Access, AKPAY
Parameters=Gross Salary-(Earnings codes between 348 and 434)
x:Projects/HB 242/HB 242 Cost Difference-DOP-050223
Prepared by C. Preecs, Human Resource Specialist, Division of Personnel



Alaska State Legislature

Please enter into the record my testimony to the Senate Health, Education & Social Service
committee name

Committee on SB 24, dated 3-7-05
bill # / subject public hearing date

See attached 5 pages

Signed: Daniel Young
Testifier
SELF AS CITY OF KENAI EMPLOYEE
Representing (optional)
PO Box 2708
Address
KENAI AK 99611
Phone number

March 7, 2005

Attention Gary Stevens & Committee

Re: SB24

Dear Mr. Stevens & Committee:

My name is Dan Young & I work for the City of Kenai, Dept. of Public Works, water & sewer foreman, where I have been employed for 25 years.

I am a tier 1 & joined the "Retirement-Back to Work Program" last June (2004), after months of very careful research, and consultation with PERS & the City of Kenai. The opportunity to join this program was to "sunset" (end) in June of 2005 - NOT the "retirement-rehire, back-to-work" benefits program. This program was made very clear to us by PERS counselors, as well as the City of Kenai. There were only a few City employees who were even eligible to accept this retirement-rehire package.

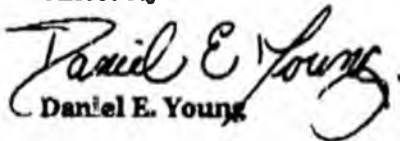
I had to cash-in ALL of my \$30,000 retirement stocks, with the City of Kenai, to buy my 4 years of Coast Guard time to add to my PERS retirement, which was encouraged by the PERS consultant. Every dime I had in the City of Kenai retirement program has gone to the State of Alaska PERS system.

The only reason, I considered this program in the first place, was to try and get my house paid off before my 75th birthday.

NEVER, would I, or anyone else on their right mind, of considered entering this PERS-retirement-rehire system for only 12 months of PERS benefits.

It will be an extreme financial hardship to lose this retirement-rehire benefit. PLEASE understand I had to make many life altering decisions to enter this PERS retirement-rehire program that was presented as a lifetime offer & NOT an offer for 12 months.

Sincerely


Daniel E. Young

City of Kenai
Dept. of Public Works
Water-Sewer Foreman



CITY OF KENAI

" Oil Capital of Alaska "

210 FIDALGO AVE., SUITE 200 KENAI, ALASKA 99811-7794
TELEPHONE 907-283-7538
FAX 907-283-3014



January 6, 2005

Governor Frank Murkowski
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

RE: CITY OF KENAI RESOLUTION NO. 2005-02 - SUPPORTING LEGISLATION TO CONTINUE THE REHIRED RETIREE EMPLOYMENT WAIVER PROGRAM ENACTED BY HB242 IN 2001 FOR THOSE CURRENTLY ENROLLED.

Dear Governor Murkowski:

Enclosed is a copy of the City of Kenai Resolution No. 2005-02 which was unanimously passed at the January 5, 2005 meeting of the Kenai City Council.

Through their resolution, the Council has stated its concern the interpretation of HB242 has changed since the bill was enacted; the provisions of the bill, through information provided in writing by the Division of Retirement and Benefits, was used as a basis for negotiating agreements by the City of Kenai, its employees, as well as other public employees throughout the state; these negotiations were done in good faith; and, the stated terms and conditions should be honored.

The City of Kenai supports legislation to continue the Rehired Retiree Employment Waiver Program enacted by HB242 in 2001 for those currently enrolled in the program and also supports such legislation to be acted upon early in the 2005 session.

If you have any questions, please contact this office.

CITY OF KENAI

Carol L. Freas
City Clerk

Clf

Enclosure

cc: 24th Alaska State Legislature

Suggested by: Administration

City of Kenai

RESOLUTION NO. 2005-02

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA SUPPORTING LEGISLATION TO CONTINUE THE REHIRED RETIREE - EMPLOYMENT WAIVER PROVISION OF HB242 FOR THOSE MEMBERS CURRENTLY ENROLLED UNDER THIS PROVISION.

WHEREAS, in 2001 the State Legislature enacted HB242 which provided that retired PERS members could be rehired by PERS employers and continue to receive normal retirement benefits; and,

WHEREAS, the July 1, 2005 sunset provision in the bill was interpreted by the Alaska Division of Retirement and Benefits to be the final date to be reemployed under this program; and,

WHEREAS, the Division of Retirement and Benefits further stated in writing that "any member who is participating in the program and continues employment after July 1, 2005 will be allowed to continue participating in the plan"; and,

WHEREAS, the City and its eligible members relied upon the information provided by the Division of Retirement and Benefits; and,

WHEREAS, agreements with employees were negotiated in good faith and the stated terms and conditions should be honored.

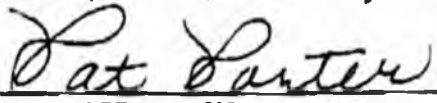
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, that:

Section 1: The City Council of the City of Kenai supports legislation that will continue the Rehired Retiree - Employment Waiver program enacted by HB242 in 2001, for those members currently enrolled in that program.

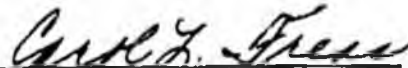
Section 2: That such legislation will be acted on early in the 2005 session.

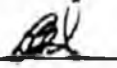
Section 3: That this resolution be sent to Governor Murkowski and all members of the Alaska State Legislature.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this fifth day of January, 2005.


PAT PORTER, MAYOR

ATTEST:


Carol L. Freas, City Clerk

Approved by Finance: 
(12/21/2004) hl

December 14, 2004

Ray Matiashowski, Commissioner
State of Alaska, Dept. of Administration
P.O. Box 110203
Juneau, AK 99811-0203

Subject: HB 242 Rehired Retiree – PERS Employment Waiver

Dear Commissioner Matiashowski,

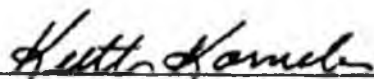
The PERS employment waiver option allows a retiree to reemploy with a PERS employer and continue to receive PERS retirement benefits.

Your letter of November 3, 2004 conveying the State Attorney General Office's opinion that employees enrolled under this PERS waiver program will not be allowed to continue with this program after June 30, 2005 has caused much distress for the six employees working for the City of Kenai that are participating in the program.

The State of Alaska, Division of Retirement and Benefits assured the City of Kenai and its employees in writing that "Any member who is participating in the program and continues employment after 7/1/2005 will be allowed to continue participating in the plan." We expect to continue working under the PERS waiver program as it was described to us by the state.

- The July 1, 2005 date in HB 242 was the date set when employees could no longer enroll in the PERS waiver program. It doesn't make sense to allow employees to enroll in the PERS waiver program right up to the same date they would be required to rejoin the PERS on July 1, 2005. If the intent were to discontinue benefits to PERS waiver participants on June 30, 2005 the legislature would have stopped program enrollment long before July 1, 2005.
- The stated intent of this legislation is to attract and retain a strong skilled work force. It has been very successful for the City of Kenai, and also saved the city money, and will save PERS money in the long run.
- The City of Kenai has 6 of the 308 statewide employees participating in this PERS waiver program. Two are Department Heads, three are Foreman, and one is a Fire Captain. A timely resolution to this problem is very important. The city is starting our budget process and this has an impact on the budget and possible hiring concerns of replacing very experienced supervisors.

- Employees made PERS decisions based on Alaska Division of Retirement and Benefits' assurance that the current participants in the PERS waiver program would continue. Joint Survivor Option, Dental-Vision-Audio, and Long-Term Care Insurance decisions may have been different if employees had been advised they could no longer participate in the PERS waiver program after July 1, 2005. Many would have taken the 100% benefit instead of the Joint Survivor Option if they knew it was for only for a short period of time and not chosen to pay for the Dental-Vision-Audio option if they thought they might be returning to the city's insurance plan.
- Employees have made financial, personal, and life-altering decisions based on the Alaska Division of Retirement and Benefits representing that the PERS waiver program would continue. Investments, contracts, loans, and retirement decisions have been based on the PERS waiver program continuing. Discontinuing the waiver program will significantly affect employee's futures.
- If participating employees who elected the PERS waiver option were discontinued on July 1, 2005, the results would be confusing. The second time an employee retires do they get to make all new benefit decisions? When the employee goes off PERS medical insurance and back on the employers insurance will new deductibles start? Does the time in the waiver program count as time before the cost of living increase goes into affect?
- On May 5, 2004 the City of Kenai passed a resolution limiting future opt-out PERS participants to 5 years in the PERS waiver option program. The city interpreted HB 242 and was told by Alaska Division of Retirement and Benefits that the PERS waiver option program would continue for enrolled participants beyond July 1, 2005.



Keith Kornelis, Public Works Manager
1-907-283-8232



Scott Walden, Fire Chief
1-907-283-7666



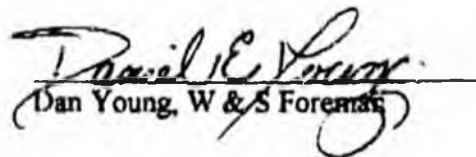
Mike Wichman, Shop Foreman



Walt Williamson, Fire Captain



Fred Macvie, STP Foreman



Dan Young, W & S Foreman



Alaska State Legislature

Please enter into the record my testimony to the Senate HESS
committee name

Committee on SB 24, dated 3-7-05
Bill # / subject public hearing date

4 pages attached

Signed: Larry Semmens
Testifier

City of Kenai
Representing (optional)

210 Fidalgo suite 200 Kenai, AK 99611
Address

(907) 283-7537
Phone number



CITY OF KENAI

" Oil Capital of Alaska "

210 FIDALGO AVE., SUITE 200 KENAI ALASKA 99611-7794
TELEPHONE 907-283-7535
FAX 907-283-3014



January 6, 2005

Governor Frank Murkowski
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

RE: **CITY OF KENAI RESOLUTION NO. 2005-02 - SUPPORTING LEGISLATION TO CONTINUE THE REHIRED RETIREE EMPLOYMENT WAIVER PROGRAM ENACTED BY HB242 IN 2001 FOR THOSE CURRENTLY ENROLLED.**

Dear Governor Murkowski:

Enclosed is a copy of the City of Kenai Resolution No. 2005-02 which was unanimously passed at the January 5, 2005 meeting of the Kenai City Council.

Through their resolution, the Council has stated its concern the interpretation of HB242 has changed since the bill was enacted; the provisions of the bill, through information provided in writing by the Division of Retirement and Benefits, was used as a basis for negotiating agreements by the City of Kenai, its employees, as well as other public employees throughout the state; these negotiations were done in good faith; and, the stated terms and conditions should be honored.

The City of Kenai supports legislation to continue the Rehired Retiree Employment Waiver Program enacted by HB242 in 2001 for those currently enrolled in the program and also supports such legislation to be acted upon early in the 2005 session.

If you have any questions, please contact this office.

CITY OF KENAI

A handwritten signature in cursive script that reads "Carol L. Freas".

Carol L. Freas
City Clerk

Clf

Enclosure

cc: 24th Alaska State Legislature

Suggested by: Administration

City of Kenai

RESOLUTION NO. 2005-02

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA SUPPORTING LEGISLATION TO CONTINUE THE REHIRED RETIREE - EMPLOYMENT WAIVER PROVISION OF HB242 FOR THOSE MEMBERS CURRENTLY ENROLLED UNDER THIS PROVISION.

WHEREAS, in 2001 the State Legislature enacted HB242 which provided that retired PERS members could be rehired by PERS employers and continue to receive normal retirement benefits; and,

WHEREAS, the July 1, 2005 sunset provision in the bill was interpreted by the Alaska Division of Retirement and Benefits to be the final date to be reemployed under this program; and,

WHEREAS, the Division of Retirement and Benefits further stated in writing that "any member who is participating in the program and continues employment after July 1, 2005 will be allowed to continue participating in the plan"; and,

WHEREAS, the City and its eligible members relied upon the information provided by the Division of Retirement and Benefits; and,

WHEREAS, agreements with employees were negotiated in good faith and the stated terms and conditions should be honored.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, that:

Section 1: The City Council of the City of Kenai supports legislation that will continue the Rehired Retiree - Employment Waiver program enacted by HB242 in 2001, for those members currently enrolled in that program.

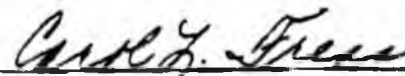
Section 2: That such legislation will be acted on early in the 2005 session.


Section 3: That this resolution be sent to Governor Murkowski and all members of the Alaska State Legislature.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this fifth day of January, 2005.


PAT PORTER, MAYOR

ATTEST:


Carol L. Freas, City Clerk

Approved by Finance: 
(12/21/2004) hl

Keith Kornelis

From: Peter Fisher (Pete_fisher@admin.state.ak.us)
Sent: Tuesday, July 01, 2003 11:01 AM
To: Keith Kornelis
Subject: Re: PERS retirement and back to work

Good Morning:

HB 242 which was recently passed by the legislature allows a member who took normal retirement and has been terminated for 30 days to go back to work with a PERS employer and waive their right to any further PERS accrual under the PERS. By doing this the member would be allowed to continue to receive their monthly benefits as well as their salary from the employer.

By waiving their PERS the member would not accrue any additional service under the PERS, so they would not be increasing their monthly benefits, and would not be making any contributions to the PERS. If the member wishes to do this they must sign the waiver within 30 days of reemployment.

This program is slated to end in July 2005. All members participating in the program on the sunset date will be allowed to continue, but no one will be allowed to enroll after that date.

If a member is participating in this program and is provided health insurance by their employer that insurance will be primary to the retiree insurance. I do not know if the City of Kenai's employee medical plan gives you the right to opt out of that coverage. You will need to discuss this issue with the City.

You will need to talk to the Social Security Administration (SSA) and the City concerning your question regarding social security taxes. The question about if you will have to contribute to social security will rest on the type of agreement the City has with SSA and the rules which apply to that agreement. I have no information I can provide to you on this subject.

Pete

Keith Kornelis wrote:

> Pete,

>

> The PERS system allows City of Kenai employees to retire under the normal PERS retirement system, when eligible, and then go back to work for the City of Kenai outside of the PERS system. Where can I find information on this?

>

> A Municipality of Anchorage employee told me he did this in Anchorage. He said that he thought that the city and himself would be required to pay Social Security when he started to work for Anchorage outside of PERS but his first paycheck did not have Social Security taken out. When he asked why, the City of Anchorage said when he is on retirement income from PERS he can not pay into Social Security. He said he contacted PERS and they said that is correct. Is this true?

>

> Evidently the City is not paying PERS, nor Social Security, nor medical insurance (since the employee would be on PERS insurance).

>

> Would you please let me know the details on this.

>

> Thank you,

>

Keith Kornelis, Public Works Manager
> 907-283-8232 City Safety Coordinator
> Fax 283-3014 Harbormaster

4/3-104

Robin Feltman

From: Peter Fisher [peta_fisher@admin.state.ak.us]
Sent: Friday, April 30, 2004 10:38 AM
To: Robin Feltman
Subject: Re: PERS Waiver Option

Hi Robin:

If they sign the waiver form and elect not to participate in PERS during the period of reemployment they could not change their mind a month later and say they want to participate in PERS.

This program is scheduled to sunset as of 7/1/2005. If they terminate their employment, after signing the waiver, and then come back to work after July 1, 2005 they would be entered in PERS again and their benefit would be stopped during the period of reemployment. Any member who is participating in the program and continues employment after 7/1/2005 will be allowed to continue participating in the plan. However, no one will be allowed to elect to sign up for the plan after 7/1/05 unless the legislature votes to continue the program.

An employer does not elect to participate in the plan or not, it should be offered to any retiree, who took a normal retirement benefit, who returns to active employment with a PERS employer. The employer can, of course, elect not to hire the retiree, but the idea is to help the employer attract a qualified or retain a qualified employee and save dollars because the employer would contribute less to the retirement system.

Pete

Robin Feltman wrote:

- > Pete- We have been having some discussions on the PERS Waiver Option-Reemployed Retiree. On the form it says that the waiver is irrevocable for the period of reemployment. What does that mean?
- >
- > During their reemployment with the City of Kenai?
- >
- > If they retire, sign the waiver option, work for a while then quit again and come back at a later date (after June 30, 2005), will they be in PERS with the City of Kenai again and their retirement benefit will be stopped?
- >
- > What if they quit and go to work for the Kenai Borough who isn't offering this option?
- >
- > If this is too confusing, please give me a call. Thanks Robin 907-283-8229