

11894 SENATE LABOR & COMMERCE

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STATE OF ALASKA OFFICE OF THE GOVERNOR
OFFICE OF THE GOVERNOR
P.O. Box 110001, Juneau, AK 99811-0001
Phone: (907) 465-3500 Fax: (907) 465-3532

BOARDS AND COMMISSIONS APPLICATION FORM

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resume. Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Board or Commission and seat for which I am applying: Worker Compensation
(For example, Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served:

Name: Lori K. King
Mailing Address: _____
Residence Address _____
City, State and Zip Code _____
Home or Message Telep. _____ Business Telephone: 907-339-6814
Fax Number: _____ Cell Phone: _____
Email address: _____

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the last general election:

Are you a registered voter: YES NO _____ Voter Registration Number (Optional) _____

Social Security Number (Optional, required if appointed for travel reimbursement etc.): _____

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?

YES _____ NO if "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recentness, and relationship to the board position applied for, will be evaluated and a determination will be made after a review of all relevant facts.

CONFLICTS OF INTEREST: Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?

YES NO _____

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES _____ NO

If "YES", explain:

TRAINING AND EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

- A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

Licensed insurance producer
Certified Risk Manager
Certified Insurance Counselor

- B. List both formal and informal education and training experiences: (Use additional paper if necessary).

See attached

- C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization or a mayor). Include length of time serviced.

See attached

- D. Employment work history - paid, unpaid or voluntary: (Use additional paper of necessary).

I am attaching my most recent resume. Since August 2004, I have been employed as the Director of Risk Management for Arctic Slope Regional Corporation.

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

DATE OF BIRTH: _____ SEX: FEMALE _____ MALE _____

ETHNICITY:

Alaska Native ___ American Indian ___ Asian or Pacific Islander ___ Black ___ Hispanic ___ White

MILITARY SERVICE (if applicable, give dates): N/A

CERTIFICATION: I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature (in ink): _____

Date: 9-3-05

Please attach a current resume with your application.

Lori K. Wing, CIC, CRM

Objective

To assist the Arctic Slope Regional Corporation subsidiaries in reaching their business goals while promoting risk management practices and procedures that continually protect the assets of the corporation.

Experience

1988 – Current Marsh USA, Inc. (and its predecessors) Anchorage, AK
Senior Vice President

- Responsible for the development and implementation of risk management programs for corporate clients with diverse exposures.
- Designed and marketed complex insurance program for various organizations within Alaska.
- Represented clients in mediations and claim settlement conferences.
- Assisted clients with federal and state regulatory matters.
- Represented employer at various seminars and conferences in Alaska often as guest speaker.

1986–1988 Rollins Burdick Hunter Anchorage, AK
Account Executive

- Production, marketing and servicing of commercial accounts.

1985–1986 Homestate Insurance Brokers Anchorage, AK
Customer Service Representative

- Marketing and servicing of commercial accounts.

1984–1985 Jay Riggs Insurance Agency Anchorage, AK
Customer Service Representative

- Production, marketing and servicing of personal lines accounts.

Education

1974–1975 North Central Michigan College Petoskey, MI

- Associates Degree.

Professional Involvements

Alaska Independent Insurance Agents & Brokers, Inc. – President 2003 – 2004.

The National Alliance for Insurance Education and Research – Alaskan Education Committee.

Risk Management Society, Inc.

Public Risk Management Association.

Special Olympics of Alaska – Board Member.

LL

STATE OF ALASKA
Boards and Commissions

BARBERS AND HAIRDRESSERS

BOARD: Board of Barbers and Hairdressers

BOARD IDENTIFICATION NUMBER: 011

DEPARTMENT: DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEV

AUTHORITY: AS 08.13.010

STATUS: Active

SUNSET DATE: 6/30/2011

REQUIREMENTS: Legislative Confirmation

PROHIBITIONS: Cannot serve more than all or part of two consecutive terms.

TERM: 4 years

DESCRIPTION: 6 members appointed by Governor: 2 licensed barbers, 2 licensed hairdressers, one of whom is also licensed as an esthetician; 1 person licensed to practice body piercing or licensed to practice tattooing and permanent cosmetic coloring; and 1 public member. All members serve at the pleasure of Governor.

FUNCTION: Regulates and controls applications, licenses, and permits of barbers, hairdressers, and cosmetologists; tattooists, body piercers, and permanent cosmetic colorists, examines applicants.

CHAIR: Governor may select.

SPECIAL NOTES: Annual report to Governor. Members serve until a successor is appointed. An appointment to fill a vacancy is for the remainder of the unexpired term. A member who has served all or part of two successive terms may not be reappointed unless four years have elapsed since the person has last served. The initial member of the board appointed to the tattoo/body piercing/permanent cosmetic coloring seat need not be licensed to practice tattooing, body piercing, and cosmetic coloring until July 1, 2002. (Courtesy note: Examinations administered by board members may be conducted on Sundays to accommodate school and business hours of operation).

COMPENSATION: Standard Travel and Per Diem. No additional compensation.

MEETINGS: As often as necessary to conduct its business.

FOR FURTHER INFORMATION CONTACT:

Ms. Susan Karslyst
Licensing Examiner
Division of Occupational Licensing (See NOTE)
DCCED, P.O. Box 110806 M/S 0806
Juneau, AK 99811-0806
Phone: (907) 465-2547, FAX: (907) 465-2974
E-MAIL ADDRESS: susan_karslyst@commerce.state.ak.us
WEBSITE: www.commerce.state.ak.us/occ/pbah.htm

STATE OF ALASKA - OFFICE OF THE GOVERNOR

Boards and Commissions Office

Membership Roster

BARBERS AND HAIRDRESSERS (011)

Member				
Seat Designation				
Address	Date Appointed	Reappointed	Term Expires	
Cody Downs	2/20/2006		3/1/2008	
Public				
Front End Manager				
Lowe's HIW, Inc.				
P.O. Box 221632				
Anchorage, AK 99952				
Carol J. Hernley	4/4/2006		3/1/2008	
Barber				
P.O. Box 555				
Cordova, AK 99574				
Debra J. Long	4/22/2004		3/1/2008	
Hairdresser				
Instructor/Barber/Hairdresser/Esthetician				
143 Roxie Road				
Fairbanks, AK 99709				
Charlette Lushin	4/25/2003	2/20/2006	3/1/2010	
Barber				
Barber				
Campus Barber Shop				
P.O. Box 750150				
Fairbanks, AK 99775				
Alice B. Massie	2/14/2005	2/20/2006	3/1/2010	
Hairdresser/Esthetician				
Hairdresser				
Guys and Gals Hairstyling Design				
601 Knik Goose Bay Road				
Wasilla, Ak 99654				
Larry Allen Ungerecht	11/29/2000	4/22/2004	3/1/2008	
Tattooist/Body Piercer/Permanent Cosmetic Colorist				
Anchorage Tattoo Studio				
706 West Benson Boulevard				
Anchorage, AK 99503-3818				

Attn. Susan Fischetti



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BOARDS AND COMMISSIONS APPLICATION FORM

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Board or Commission and seat for which I am applying: Board of Barbers and Hairdressers
(For example, Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served: None

Name: Carol Joice Hernley

Mailing Address: _____

Residence Address: _____

City, State and Zip Code: Cordova, AK 99574

Home or Message Telephone: _____ Business Telephone: _____

Fax Number: _____ Cell Phone: _____

Email address: _____

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the last general election:

Are you a registered voter. YES NO _____ Voter Registration Number (Optional): 02835173

Social Security Number (Optional, required if appointed for travel, reimbursement etc.): 536-62-7227

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?

YES _____ NO if "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recency, and relationship to the board position applied for, will be evaluated and a determination will be made after a review of all relevant facts.

CONFLICTS OF INTEREST: Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?

YES NO _____

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES _____ NO

If "YES", explain:

TRAINING AND EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

- A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria: *I am currently a licensed barber and shop owner. Former licenses in Hairdressing, cosmetology and Barbering in both Washington and Oregon States. (27 years of experience)*
- B. List both formal and informal education and training experiences: (Use additional paper if necessary). *AA. degree. in liberal arts, CDA in the dental field, Barber license. Last issued in 1979 - Washington State.*
- C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization or a mayor). Include length of time served. *Served 9 years on the Cordova Family Resource Center Board. This was a volunteer position on a governing board. Served as chair for 3 years.*
- D. Employment work history - paid, unpaid or voluntary: (Use additional paper if necessary). *I have worked in the commercial salmon fisheries, crab fisheries, hatcheries and in the dental field. I have owned and operated my own businesses the last 20 years.*

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ETHNICITY:
 Alaska Native _____ American Indian _____ Asian or Pacific Islander _____ Black _____ Hispanic _____ White _____

MILITARY SERVICE (if applicable, give dates): _____

CERTIFICATION: I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature (in ink): *[Signature]* Date: 3-31-06

Please attach a current resume with your application.

STATE OF ALASKA
Boards and Commissions

LC

CHIROPRACTIC EXAMINERS

BOARD: Board of Chiropractic Examiners

BOARD IDENTIFICATION NUMBER: 016

DEPARTMENT: DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEV

AUTHORITY: AS 08.20.010

STATUS: Active

SUNSET DATE: 6/30/2006

REQUIREMENTS: Legislative Confirmation

PROHIBITIONS: Cannot serve more than all or part of two consecutive terms.

TERM: 4 years

DESCRIPTION: 5 members appointed by Governor: 4 licensed chiropractic physicians who have practiced chiropractic in this state not less than 2 years; 1 public member with no direct financial interest in the health care industry.

FUNCTION: Regulates and controls applications, licenses, and permits of the chiropractic profession.

CHAIR: Board selects.

SPECIAL FACTS: Quorum-majority; members serve at the pleasure of the Governor; board selects officers every two years. An appointment to fill a vacancy is for the remainder of the unexpired term. A member who has served all or part of two successive terms may not be reappointed unless four years have elapsed since the person has last served.

COMPENSATION: Standard Travel and Per Diem. No additional compensation.

MEETINGS: 2 meetings per year, 2 days total.

FOR FURTHER INFORMATION CONTACT:

Ms. Cindy Roccodero
Licensing Examiner
Division of Occupational Licensing (See NOTE)
DCCED, P.O. Box 110806 M/S 0800
Juneau, AK 99811-0806
Phone: (907) 465-2543, FAX: (907) 465-2974
E-MAIL ADDRESS: cindy_roccodero@commerce.state.ak.us
WEBSITE: www.commerce.state.ak.us/occ/pchi.htm

STATE OF ALASKA - OFFICE OF THE GOVERNOR

Boards and Commissions Office

Membership Roster

CHIROPRACTIC EXAMINERS (016)

Member Seat Designation Address	Date Appointed	Reappointed	Term Expires
Gregory M. Culbert, D.C. Chiropractor Northern Chiropractic 11723 Old Glenn Highway, Suite 101 Eagle River, AK 99577	1/24/2002	7/25/2005	3/1/2009
R. Clark Davis, D.C. Chiropractor Ketchikan Chiropractic Center 320 Bawden, Suite 306 Ketchikan, AK 99901-6544	11/14/2001	1/16/2004	3/1/2008
David J. Mulholland, D.C. Chiropractor <i>Ph. 770-5700</i> Independence Park Professional Center 2020 Abbott Road, Suite 2 Anchorage, AK 99507-4624	4/25/2003	<u>2/24/2006</u>	<u>3/1/2010</u>
Sean C. Siegel Public 6910 Crooked Tree Drive Anchorage, AK 99507	11/16/1998	8/12/2002	3/1/2006
Rosemary E. Zimmerman, D.C. Chiropractor Girdwood Chiropractic Clinic P.O. Box 586 Girdwood, AK 99587	7/25/2005		3/1/2009

Curriculum Vitae

David J. Mulholland, DC, CCSP, DABCI, LLC

Independence Park Professional Center

2020 Abbot Rd., Suite 2

Anchorage, Alaska 99507

1976-1978

Rockford College - full time resident instruction in pre-chiropractic studies including but not limited to; inorganic and organic chemistry, biology, physiology, kinesiology, psychology, humanities and social sciences. I attended college on an athletic/academic scholarship, participated in the N.A.I.A. Nationals in swimming, and left college on the Dean's List for Academic Achievement.

1979-1982

Palmer College of Chiropractic - full time resident instruction in chiropractic studies culminating in the degree of Doctor of Chiropractic (DC), graduating Cum Laude (with Honors). Studies included but were not limited to; Anatomy, Physiology, Pathology, Chemistry, Diagnosis, Diagnostic Imaging and Radiation Physics, Chiropractic Adjustive Methods, Clinical Internship, as well as other classes related to the field of Chiropractic. I participated in the Clinical Intern residency and the Diagnostic Imaging residency, in which my duties included instruction and supervision of fellow students in those respective fields.

Continuing Post Graduate Courses

- Chiropractic Adjustive Methods
- Diagnostic Imaging
- Orthopedics
- Neurology
- Clinical and Administrative Management
- Sports Injuries and Physical Fitness
- Rehabilitation
- Thermography
- Internal Disorders, Diagnosis, and Family Practice
- Impairment Rating and Disability Assessment

Professional Associations

Past and Present

- American Chiropractic Association (ACA)
- International Chiropractic Association (ICA)
- Alaska Chiropractic Association (ACS) - Executive Board 1983-1986
- Extension Faculty in Clinical Management - Palmer College of Chiropractic
- Diplomate of the American Board of Chiropractic Internists
- Certified Chiropractic Sports Physician
- Board Certified by the North American Academy of Impairment Rating Physicians
- ACA Councils on Family Practice, Sports Injuries and Physical Fitness, and Diagnostic Imaging
- Foundation for Chiropractic Education and Research

STATE OF ALASKA
Boards and Commissions

LC

WORKERS' COMPENSATION APPEALS COMMISSION

BOARD: Workers' Compensation Appeals Commission

BOARD IDENTIFICATION NUMBER: 225

DEPARTMENT: DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

AUTHORITY: AS 23.30.007

STATUS: Active

SUNSET DATE:

REQUIREMENTS: Legislative Confirmation

PROHIBITIONS: None

TERM: 5 years

DESCRIPTION: 5 Members appointed by the Governor.

CHAIR: Governor appoints

SPECIAL FACTS:

COMPENSATION: Standard Travel and Per Diem.

MEETINGS:

FOR FURTHER INFORMATION CONTACT:

Kristen Knudsen
Chair, Workers' Comp Appeals Commission
1016 West 6th. Avenue, Suite 105
Anchorage, AK 99501
Phone: (907) 269-6738, FAX: (907) 267-6737
E-MAIL ADDRESS: kristin_knudsen@labor.state.ak.us
WEBSITE: www.labor.state.ak.us/wccomm/home.htm

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STATE OF ALASKA - OFFICE OF THE GOVERNOR

Boards and Commissions Office

Membership Roster

WORKERS' COMPENSATION APPEALS COMMISSION (225)

Member			
Seat Designation			
Address	Date Appointed	Reappointed	Term Expires
John Giuchici Representative of Employees Assistant Business Manager I.B.E.W., No. 1547 60 Hall Street Fairbanks, AK 99701-4893	11/18/2005		3/1/2008
Kristin S. Knudsen Commission Chair Chair, Workers' Compensation Appeals Commission Department of Labor and Workforce Development 1016 West Sixth Avenue, Suite 105 Anchorage, AK 99501	11/18/2005		3/1/2010
Jim E. Robison Representative of Employees 19514 Trail Bay Drive Eagle River, AK 99577 <i>Ph. 694-2253</i>	11/18/2005	<u>4/3/2006</u>	3/1/2011
Marc D. Stemp Representative of Employers President and CEO Bethel Native Corporation P.O. Box 1525 Bethel, AK 99559	11/18/2005		3/1/2007
Philip E. Ulmer Representative of Employers Manager, Safety and Workers Compensation General Communication, Inc. 17710 Nitoanya Circle Eagle River, AK 99577	11/18/2005		3/1/2009

Racine/Walker
amp

Jim Robison

OBJECTIVE

To serve on the Workman's Compensation Board as a representative of Labor.

SYNOPSIS

Over nineteen years of general management experience with budgeting and administration responsibility ranging from preparation and administration of the District Council of Laborers one million annual operating budget to planning, organization, coordination and monitoring of the Department of Labor fifty million annual budget with offices throughout the state of Alaska. Personal appointment of the Deputy Commissioner of Labor as approved by the legislature and responsibility for the selection, supervision and performance evaluation of departmental management staff to include evaluation of department management staff to include Administration, Unemployment/Employment, Labor Standards & Safety and Workers Compensation. Fiduciary responsibility for the Laborers Trust, Health & Welfare, Training and Legal Defense Funds.

Thorough experience and knowledge/expertise in the area of Juncau Lobby activities in support of organizational goals, legislative testimony procedures, investigation of worker compensation violations, policies and procedures development, equal employment opportunity affirmative action, employee health/welfare and industrial safety to include appropriate local, state and federal laws, rules and regulations.

Oversight and final approval in support of the computer system evaluation, selection, procurement and installation process for the Unemployment Security Division upgrade with over 300 terminals. Selection and management of computer system upgrades for Local 341.

Comprehensive labor relations experience with notable accomplishments ranging from organization of the Laborers, Operators and Teamsters for original development of the Alaska Public Employees Union to coordination of successful cooperation between labor and management for joint drafting of Alaska workers compensation legislation as passed without conflict.

Landmark cooperation between Associated General Contractors and union representatives for labor contract negotiation and simultaneous preparation with participating locals to include the Bricklayers, Laborers 341/942, Operating Engineers 302, Plasterers and Cement Masons 867, Teamsters 959, Technical Engineers and the Hotel and Restaurant Workers.

Highly effective professional as the direct result of a strict belief in cooperative teamwork as opposed to resolution of issues through conflict.

APPOINTMENTS

Workers Compensation Board Member, 1976-81 and Member of the O.S.H.A. Review Board, 1971-74.

Chairman of the Governor's Safety Council Alaska Industrial Development Board. Chairman of the S.H.A.R.E. Campaign and Savings Bond Chairman, 1982-86,

ELECTIONS

President of the A.F.L.C.I.O., 1980-1981, President of the Alaska State District Council of Laborers, 1977-82 and Business Manager, 1980-82.

AFFILIATIONS

1973 Vice President of the Tri Trades Public Service Council and Operating Engineers 302 Board Member and Mediator of Apprenticeship Disputes, 1972-76.

Member of the Safety Engineers, 1983-87, Member of the National Association of Labor Officials, 1982-86, Valdez Vocational Education Council Member, 1978-82 and President of the Anchorage Joint Craft Council, 1972.

robison

Jim Robison - Page Two**EXPERIENCE**

- 2000-Present State of Alaska - District Attorney's Office
Anchorage, Alaska
Volunteer
- 1999-2000 Worker's Compensation Ad Hoc Committee
Labor Member
- 1995-1997 State of Alaska -
Anchorage, Alaska
Workers Compensation Officer II Investigations
- 1990-1994 Hyland River Mining Company
British Columbia, Canada
Placer Mining Operator
- 1987-1989 State of Alaska
Juneau, Alaska
Workers Compensation Officer II (1988-89)
- F/V Linny Girl
Juneau, Alaska
Deck Hand (1987)
- 1982-1986 State of Alaska
Juneau, Alaska
Commissioner of Labor
- 1977-1982 Alaska State District Council of Laborers Local 942(Const), Local 341(Const), Local
71(Public Employees), Local 10(Cannery Workers)
Anchorage, Alaska
General Business Manager and Chairman of the Workers Compensation
Legislation Committee (1980-82).
- President and Legislative Lobby Representative (1977-82)
- 1970-1976 Laborers Local 341
Anchorage, Alaska
Assistant Business Manager
- Business Agent
Coating Plant
Valdez Terminal and Section 1
Construction of Trans Alaska Pipeline



Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email: senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Bunde, Chair
Senate Labor and Commerce Committee

FROM: Kirsten Waid *Kirsten Waid*
Secretary of the Senate

DATE: May 2, 2006

SUBJECT: Confirmation of Governor's Appointments

*this was referred
to us on May 2.
We did not have
a formal hearing.
May 4 was JT
Session
Confirmations*

Pursuant to AS 39.05.080, President Stevens has referred the following name, with attached resume, for legislative confirmation to your committee for a hearing, recommendation and report:

State Assessment Review Board
Mary (Mickey) Keller - Anchorage
Appointed: 4/25/2006

Attachment

KW:lc

22

STATE OF ALASKA
Boards and Commissions

ASSESSMENT REVIEW BOARD

BOARD: State Assessment Review Board

BOARD IDENTIFICATION NUMBER: 007

DEPARTMENT: DEPARTMENT OF REVENUE

AUTHORITY: AS 43.56.040

STATUS: Active

SUNSET DATE:

REQUIREMENTS: Legislative Confirmation and Financial Disclosure

PROHIBITIONS: None

TERM: No defined term

DESCRIPTION: 5 members appointed by Governor; must be knowledgeable of assessment procedures for pipeline transportation of gas or unrefined oil; serve at pleasure of Governor.

FUNCTION: Conducts appeal hearings for assessed property for taxes by the Department of Revenue.

CHAIR: No provision.

SPECIAL FACTS: Quorum - Majority of members. Serve at the pleasure of the Governor.

COMPENSATION: Standard Travel and Per Diem.

MEETINGS: 1 meeting per year; 2-3 day meeting/hearing.

FOR FURTHER INFORMATION CONTACT:

Mr. Randy Hoffbeck
State Petroleum Property Assessor
Tax Division, Department of Revenue
550 West Seventh Avenue, Suite 500 M/S 0400
Anchorage, AK 99501
Phone: (907) 269-1029, FAX: (907) 269-6644
E-MAIL ADDRESS: randy_hoffbeck@revenue.state.ak.us

1 new

STATE OF ALASKA - OFFICE OF THE GOVERNOR

Boards and Commissions Office

Membership Roster

ASSESSMENT REVIEW BOARD (007)

Member	Seat Designation	Address	Date Appointed	Reappointed	Term Expires
Allen S Black	Restricted	Borough Assessor Mat-Su Borough 350 East Dahlia Avenue Palmer, AK 99645-6488	4/6/2004		
* Mary (Mickey) E. Keller	Restricted	820 Howard Circle Anchorage, AK 99504	4/25/2006		
Michael B. Salazar	Restricted	P.O. Box 6918 Ketchikan, AK 99901	1/9/1985		
Richard Stovarsky	Restricted	P.O. Box 84414 Fairbanks, AK 99708	3/21/1997		
Steven L. Van Sant	Restricted	P.O. Box 3117 Palmer, AK 99645	10/23/1984		

333-1769

App/ASSISS Review
ENTERED
4/21/06
dc
007



STATE OF ALASKA
OFFICE OF THE GOVERNOR
P.O. Box 110001, Juneau, AK 99811-0001
Phone: (907) 465-3500 Fax: (907) 465-3532

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Board or Commission and seat for which I am applying: State Assessment Review Board
(For example: Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served
None

Name: Mary E. "Mickey" Keller

Marital Status: _____

Residence Address: Same

City, State and Zip Code: Anchorage, AK 99504-1868

Home or Message Telephone: _____ Business Telephone: _____

Fax Number: _____ Cell Phone: _____

Email address: _____

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the general election.

Are you a registered voter? YES NO _____ Voter Registration Number (Optional): _____

State Security Number (Optional, required if requested by board/commission/etc.): _____

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?

YES _____ NO If "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, penalties, and relationship to the board's position applied for, will be evaluated and a determination will be made after a review of all relevant facts.

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YES NO _____

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES _____ NO

If "YES", explain _____

TRAINING AND EXPERIENCE (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualification criteria:

Resume Attached

B. List both formal and informal education and training experiences. (Use additional paper if necessary)

Resume Attached

C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization) or a mayor. (Include length of time served)

Resume Attached

D. Employment work history - paid, unpaid or voluntary. (Use additional paper if necessary)

Resume Attached

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DATE OF BIRTH: _____ SEX: FEMALE _____ MALE _____

ETHNICITY:
Alaska Native _____ American Indian _____ Asian or Pacific Islander _____ Black _____ Hispanic _____ White _____

MILITARY SERVICE (if applicable, give dates) _____

CERTIFICATION I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form, my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employers or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature of candidate: _____ Date: _____

Please attach a current resume with your application

RESUME OF Mary E. "Mickey" Keller

RESUME OF QUALIFICATIONS

Marv F "Mickey" Keller

EDUCATION

Killeen High School

American Institute of Banking

- *Principal of Bank Operations
- *Commercial Law
- *Negotiable Instruments
- *Business Administration
- *Supervision and Personnel Management

Dynamic School of Real Estate

PROFESSIONAL DESIGNATIONS

1988 to 2003

AAAO Level III Assessor/Appraiser

**SPECIALISED APPRAISAL
EDUCATION**

September 1997

June 1997

October 1995

October 1993

August 1993

July 1993

August 1991

October 1990

June 1989

October 1987

July 1987

October 1986

August 1986

November 1984

August 1984

April 1984

April 1983

October 1982

September 1982

June 1982

October 1981

*IAAO Course 158, "Appraisal Use of Spreadsheet Software"

*IAAO "Sales Ratio Studies"

*IAAO "Basic and Advanced Auditing Procedures"

*IAAO Course 5, "Personal Property Valuation"

*IAAO Course 4, "Assessment Administration"

*WSU "Appraisal of Utilities & Railroads for Ad Val Taxes"

*IAAO "Standards of Practice and Professional Ethics"

*IAAO Course 302, Mass Appraisal of Income Producing Property

*AAAO Assessment of Possessory Interests

*IAAO Course 303, Computer Assisted Assessment Systems

*IAAO Course 201, "The Appraisal of Land"

*IAAO Course 301, "Mass Appraisal Techniques"

*IAAO Course 2, "Income Approach and Capitalization Techniques"

*"King School of Real Estate"

*"Leadership Styles and Skills"

*IAAO "Introduction to the Income Approach to Value"

*IAAO "Mass Appraisal of Residential Property"

*IAAO "Introduction to the Cost Approach of Value"

*IAAO Course 1, "Fundamentals of Real Property Appraisal"

*IAAO "Introduction to the Market Data Approach to Value"

*IAAO "Site Analysis and Evaluation"

WORK EXPERIENCE

RESUME OF Mary E. "Mickey" Keller

- November 1992 to July 1999 North Slope Borough
Position: **Appraiser/Auditor - Valuation**
Valuation of Business Personal Property for Prudhoe Bay Operations. Audit books of companies doing business in the North Slope Borough, particularly oil and gas related for Ad Valorem taxation.
- November 1988 to November 1992 Municipality of Anchorage
Position: **Lead Residential Appraiser**
Act as technical lead for 12 residential appraisers in all phases of the valuation process, including land and buildings
- March 1985 to October 1988 Municipality of Anchorage, Property Appraisal
Position: **Senior Appraiser, Land Department**
Collect and verify sales for use as comparables in setting and defending assessed values for MOA properties. Analysis of these sales using "traditional" and "mass" appraisal techniques. Create computer models based on sales analysis. Program appraisal system to apply these models to appropriate properties for computation of land values. Field inquiries from the public and appellants during protest period. Prepare and present cases to the Board of Equalization. Train other appraisers in the above activities.
- October 1983 to March 1985 Municipality of Anchorage, Property Appraisal
Position: **Senior Appraiser, Building Department**
Collect and research sales. Canvas properties for inventory of new construction and alterations of existing buildings. Residential and commercial structures were graded according to type of construction, architecture and quality of materials. Primary responsibility was the "Hillside" area. Primarily structures were custom homes. Buildings were measured, photographed and floor plans were drawn for permanent field card record. Inventory information was coded for computer input and final value estimates. Met with owners appealing their assessed values. Prepared and presented cases for the Board of Equalization. Training of other appraisers in the above activities.
- May 1982 to October 1983 Municipality of Anchorage, Property Appraisal
Position: **Junior/Senior Appraiser, Land Department**
Collected and researched sales information. Analyzed sales for establishing benchmarks for land valuation. Conducted sales analysis to extract land value adjustment factors for utilities, paving, size, access and other land valuation variables. Responded to appellants during protest period. Prepared and presented cases for the Board of Equalization on appeals of both land and building values. Promoted to Senior Appraiser on October 14, 1982.
- June 1981 to May 1982 Municipality of Anchorage, Property Appraisal
Position: **Junior Appraiser, Building Department**
Participated in the inventory of properties for initial computer system input. System was based on Marshall/Swift Valuation Service costing processes. Primary responsibility was the Central Business District of Anchorage. Properties were primarily large commercial structures.
- April 1981 to June 1981 Municipality of Anchorage, Property Appraisal
Position: **Junior Appraiser, Personal Property**
Canvassed all trailer courts for inventory of trailers and location by space to establish ownership and tax responsibility for personal property mobile homes. Prepared reports of unfiled trailers and owners for force

RESUME OF Mary E. "Mickey" Keller

- filing action.
- August 1974 to July 1975
Greater Anchorage Borough, Property Appraisal
Position: **Clerk IV, Real Property**
Supervisor for four clerical workers. Assisted in the implementation of a totally computerized appraisal system. After programming was completed, applied testing techniques making recommendations for changes. At completion of testing, wrote an instruction manual for appraiser use. Prepared and edited daily computer input and compiled various pertinent reports.
- August 1972 to August 1974
Greater Anchorage Borough, Property Appraiser
Position: **Clerk IV, Real Property**
Sales were researched as comparables for appraisal for real property tax values. Homes and property were graded according to type of construction, size, and quality of materials. This information, along with price, location and terms of sale, was encoded for computer input making possible various types of reports for comparisons and trend studies.
- May 1966 to March 1972
Alaska State Bank
Position: Various Positions as Listed:
*New Accounts Supervisor
*Bookkeeping Customer Representative
*Loan and Escrow Teller
*Vault Teller
*Paying and Receiving Teller

PROFESSIONAL AFFILIATIONS

- 1983, 1984, 1985
1986, 1987, 1988
1989
1990
1991
1992
1993-1994
1997
1982-2001
- Alaska Association of Assessing Officers, Executive Board Member
Alaska Association of Assessing Officers, Secretary/Treasurer
Alaska Association of Assessing Officers, Vice-President
Alaska Association of Assessing Officers, President
Alaska Association of Assessing Officers, Executive Board Member (Past President)
Alaska Association of Assessing Officers, Certification Board Member
Alaska Association of Assessing Officers, Vice President
Alaska Association of Assessing Officers, Treasurer
Member-International Association of Assessing Officers

PROFESSIONAL HONORS

- 1997
2000
- Presidential Citation for Service and Dedication from Alaska Association of Assessing Officers.
Awarded Honorary Lifetime membership by vote of the membership of the Alaska Association of Assessing Officers.

**OVER-
VIEWS
2005**

**Dear Senate Labor and Commerce
Committee Members:**

At this juncture, Senator Bunde does not plan on holding official department overviews in Labor and Commerce.

However, I have compiled the outlines/reports the departments handed out to the House Labor and Commerce Committee last week for your review. I did not include the Division of Insurance Annual Report (pink cover) that I am sure your office has received and you may have already reviewed.

If you have any questions or concerns, please bring them up in the Organizational Meeting on Tuesday, January 25 at 1:30pm in the Beltz Room or contact this office directly.

Thanks a bunch!

Jane Alberts, Senate L&C Committee Aide

Ext. 3844





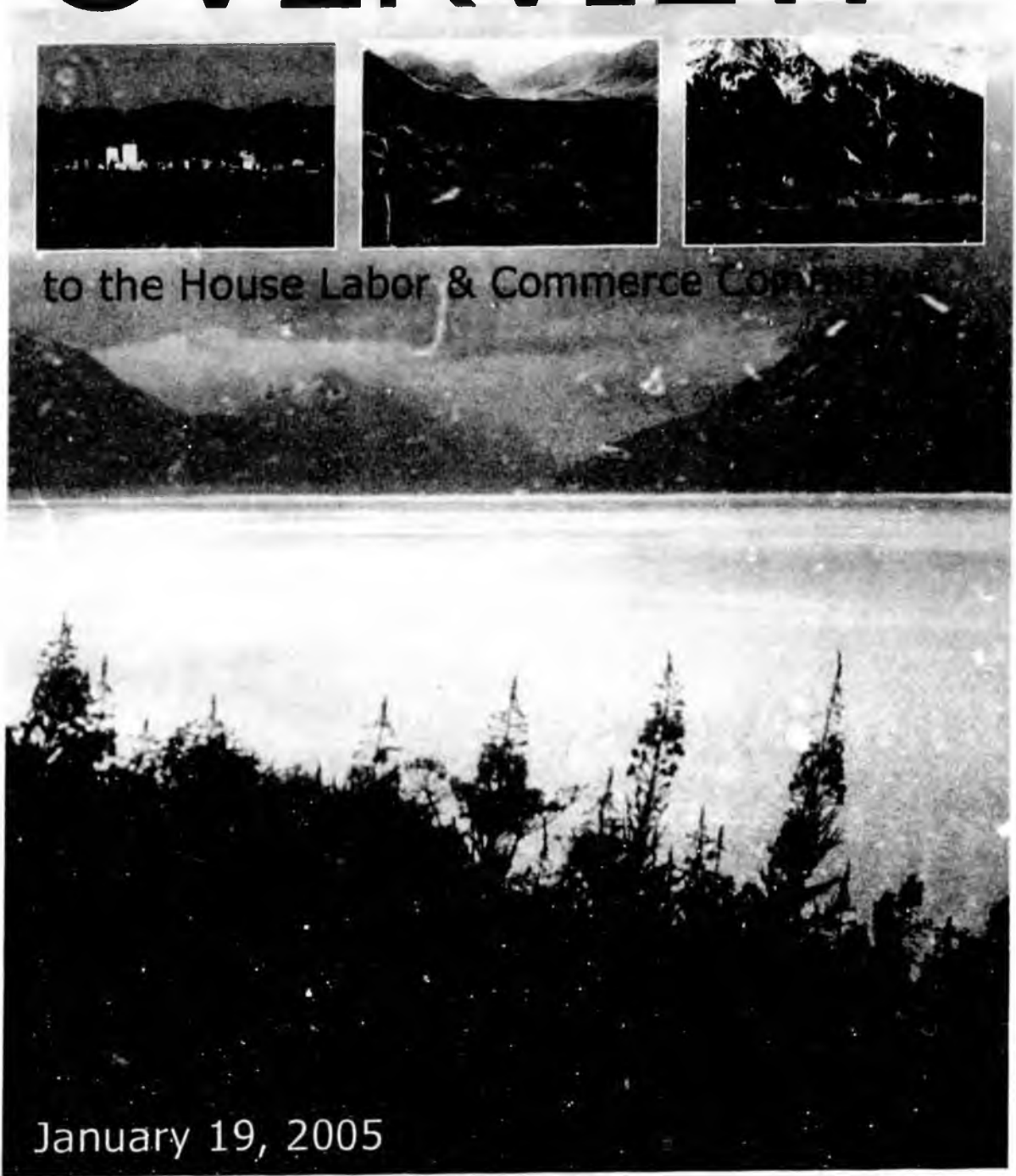
ALASKA

Department of Commerce,
Community & Economic Development

OVERVIEW



to the House Labor & Commerce Com



January 19, 2005

Edgar Blatchford, Commissioner

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

MISSION

To promote a healthy economy and strong communities in Alaska

- ▶ Commerce Regulate existing industry to protect consumers and help create a stable business climate
- ▶ Community Assist local communities with self-governance and sustainability
- ▶ Economic Development Coordinate, promote and develop economic growth by new or expanding businesses

6 Divisions/1 Office

- ▶ Commissioner's Office that includes the Office of Economic Development (Tourism, Mining, Fisheries, Film, Small Business)
- ▶ Administrative Services
- ▶ Banking and Securities
- ▶ Community Advocacy
- ▶ Insurance
- ▶ Investments
- ▶ Occupational Licensing

6 Agencies

- ▶ Alaska Seafood Marketing Institute (ASMI)
- ▶ Alaska Aerospace Development Corporation
- ▶ Alaska Industrial Development & Export Authority (AIDEA)
- ▶ Alaska Energy Authority (AEA)
- ▶ Alaska Railroad Corporation
- ▶ Regulatory Commission of Alaska

Number of Employees: 493

Located in

- ▶ Anchorage
- ▶ Bethel
- ▶ Dillingham
- ▶ Fairbanks
- ▶ Juneau
- ▶ Kotzebue
- ▶ Nome
- ▶ Seattle Office, maintained by ASMI
- ▶ Tok

FY05 Total Budget \$125,450.8

FY05 GF Budget \$7,867.9

Statewide General Funds 0.3%

HIGHLIGHTS OF 2004 ACCOMPLISHMENTS

Banking & Securities

- ▶ Last session SB272 authorized regulation of deferred deposit lending (aka Payday Lending) establishments. Effective January 1, 2005, the Division is undertaking the following efforts in the first two weeks of the program:
 - Processing 4 Cease and Desist notices for payday lenders that are in violation of the new act.
 - Processing 4 application for licenses.
 - Working with individuals for the receipt of 9 additional applications.
 - Discussing with one payday lender about becoming a small loan company.
- ▶ To improve customer service for Alaska businesses, Administrative Order 219 transferred the Corporations program to the Division of Occupational Licensing from the Division of Banking on September 19, 2004. This transfer will provide better service to the public by creating a single organization within state government for customers to form a new business entity, obtain a license, form a corporation, register a business name and register a trademark.

Investments

- ▶ The division promotes economic development through direct state lending within industries and areas not adequately served by the private sector. Last year the division approved 133 loans totaling \$ 15.2 million. Of these,
 - 114 (\$6.5 million) loans were to Alaska commercial fishing harvesters in keeping with the intent of the Commercial Fishing Revolving Loan fund to promote a predominately resident fishery.
 - Ten loans (\$7.7 million) went to qualified non-profit corporations to build and operate salmon hatcheries and for other fisheries enhancement activities.
 - Eight Rural Development Initiative loans (\$785,917) resulted in creation/retention of 29 jobs in communities of 5,000 or less.
 - One Small Business Economic Development loan created/retained two jobs.
- ▶ The Volunteer Tax and Loan Program (VTLP) assisted 5,824 individuals, prepared 3,091 tax returns, and resulted in \$3.2 million in refunds that went back into the communities.

HIGHLIGHTS OF 2004 ACCOMPLISHMENTS

Economic Development - Fisheries Revitalization

- ▶ The Office of Economic Development, in cooperation with the Governor's Office, oversees the state's Fisheries Revitalization Strategy. This is a multi-tiered economic development program that used \$50 million of federal funding to spur innovation and increase productivity within the depressed Alaska salmon industry. Highlights include:
 - \$27.8 million for three competitive matching grant programs with communities and industry
 - \$7.0 million in aid to communities in FY2004
 - \$4.5 million to Alaska Seafood Marketing Board
 - \$750,000 to other marketing programs and the University of Alaska Marine Advisory program.

Community Development Quotas (CDQs)

- ▶ Six CDQ nonprofits in Western Alaska use CDQ allocations to assist with the development of a sustainable fisheries economy.
- ▶ Rapid growth of the CDQ assets and revenues has provided over \$100 million in employment, education, and training benefits since the inception of the CDQ program in 1992.
- ▶ CDQs have made significant investments in Bering Sea pollock, Pacific cod, and crab vessels and quota in 2004.

Rural Bulk Fuel Assistance

- ▶ Twelve communities received \$743,194 in "bridge" loans to deliver bulk fuel for the preservation of infrastructure and life safety. These communities did not qualify for conventional financing. Of the twelve communities, eleven are current in loan repayments.

HIGHLIGHTS OF 2004 ACCOMPLISHMENTS

Community Advocacy

- ▶ The Division of Community Advocacy assisted communities through technical assistance, training or financial assistance:
 - Flooding Erosion - seven communities assisted.
 - Fuel shortage issues - 22 communities assisted.
 - RUBA - 17 Utility Management Classes presented and 113 community visits.
 - \$50.2 million in federal funds awarded to rural communities or non-profits for community development efforts.
 - Full value determinations for property tax purposes conducted for 44 municipal governments (16 boroughs and 28 cities).
 - Local Government on line (LOGON) web based information system implemented.
 - New community profile maps completed and available via the internet community database on 356 communities and 16 boroughs.
 - Local Boundary proceedings:
 - City Incorporation- one completed (Gustavus).
 - City Annexation - two continuing (Homer, Petersburg), one dismissed (Akutan).
 - Borough Incorporation - five prospective proposals (Eagle River, Delta Greely/Upper Tanana, Prince William Sound, Kuspuk, and Calista regions, and one under appeal (Skagway).
 - Consolidation - One proposed (City of Ketchikan and Ketchikan Gateway Borough).

Alaska Aerospace Development Corporation (AADC)

- ▶ Successfully launched the target missile for the Missile Defense Agency test.
- ▶ Spent \$11.6 million in Alaska in 2004.
- ▶ Provided the equivalent of 45 full time jobs in Kodiak and 16 jobs in Anchorage.

Alaska Industrial Development & Export Authority (AIDEA)

- ▶ Funded \$78.7 million in loans, an increase of 31% over FY2003.
- ▶ Sold its 49% interest in the Seward Coal Facility to the Alaska Railroad.
- ▶ Negotiated a long term operating agreement with Alaska Ship and Drydock for the Ketchikan shipyard.
- ▶ Accepted offers for the sale of Alaska Seafood International property and for the MarkAir facility in Fairbanks; sales will be concluded in 2005.
- ▶ Issued \$120 million in conduit revenue bonds for the Fairbanks Memorial Hospital.

HIGHLIGHTS OF 2004 ACCOMPLISHMENTS

Alaska Energy Authority (AEA)

- ▶ Bulk fuel facility upgrades initiated/completed in 11 communities.
- ▶ Rural power system upgrades were initiated/completed in 14 communities.
- ▶ Emergency response provided in 8 communities.
- ▶ Circuit Rider services provided to 25 communities.

Alaska Seafood Marketing Institute (ASMI)

- ▶ Alaska Seafood is now the SECOND most popular food brand on menus of the top 500 U.S. restaurant chains. This is a result of the relationships and partnerships developed by ASMI with top corporations in the Export and Domestic market.

Regulatory Commission of Alaska (RCA)

- ▶ Pending dockets were reduced from 161 to 153.
- ▶ Awarded \$4.0 million, and received \$7.5 million more (from USDA Rural Development by way of a federal grant) for rural Alaska Internet. These grant dollars are available to implement and provide internet access to areas of rural Alaska that do not currently have service. This connectivity will serve essential public needs to include community, education, health and general welfare, as well as be a major boost to local economic development.

HIGHLIGHTS OF 2005-2006 INITIATIVES

Community Development Quotas (CDQs)

- ▶ The State will make initial allocation recommendations for the 2006-2008 Community Development Plan cycle to the CDQ groups in January 2005 and consult the North Pacific Fishery Management Council in April.
- ▶ The process for reauthorization of the Magnuson-Stevens Act begins March 2005. This has regional council implications for the CDQ program and Alaska fisheries.

Community Quota Entities (CQEs)

- ▶ This program allows community entities to buy IFQ shares and then lease to or allow community residents to fish the quota.
- ▶ The City of Craig was approved by National Marine Fisheries Service (NMFS) as the first CQE in November 2004.
- ▶ The City of King Cove and City of Sand Point have submitted a CQE application to NMFS, and the City of Yakutat and Kodiak Island communities have requested information regarding the CQE application process.
- ▶ The State is hopeful that more eligible communities will apply for CQE status and begin to purchase halibut and sablefish IFQ in 2005.
- ▶ This program is expected to have significant impact on forty-two Gulf of Alaska communities.

Fisheries Revitalization

- ▶ Commerce will work closely with the three departments constituting the "Fish Cabinet" to craft government responses to the many challenges facing the industry.
- ▶ This includes working with regional seafood development associations to create effective organizations for the purposes of fisheries economic development in Alaska.
- ▶ Commerce will continue to administer and report on about 150 existing grants totaling over \$30.0 million.

HIGHLIGHTS OF 2005-2006 INITIATIVES

Tourism Promotion

- ▶ Alaska anticipates well over one million visitors in the upcoming season, most of which will be during the summer months and will arrive by cruise ship.
- ▶ The Office of Economic Development will place an increased emphasis on promoting tourism that will include:
 - Updating the Alaska Visitors Statistics to obtain valuable information that can be used to drive future tourism decisions. This study is updated every four years and was last completed in 2001.
 - Working with the Alaska Travel Industry Association to augment the national television campaign to reach consumers with Alaska's message, increase online advertising on key trip-planning websites, and enhance the TravelAlaska.com web site.

Mining Development

Administration policies in regulatory reform and land use have done much to encourage mineral exploration and development. This, in combination with improving worldwide metal prices, positions Alaska mining to grow. Promotional efforts by the Department are getting the Alaska message out to the worldwide mining industry and will lead directly to increased mineral investment and jobs in the state, especially rural areas of the state.

Developing Alaska's Rural Tourism (DART)

- ▶ This initiative funded in part by a \$300,000 competitive grant received from the Economic Development Administration will create visitor industry jobs by assisting four to six economically distressed regions to develop and/or expand their visitor industry assets, attractions, infrastructure and services.
- ▶ It is an 18-month \$600,000 project that will provide regional clusters of communities with hands-on technical assistance in the form of tourism development workshops, regional marketing plans and/or funding strategy development.
- ▶ Currently, the Seward Peninsula and Copper Basin communities have been accepted for assistance in the program.
- ▶ Staff are working with the Southwest Alaska Municipal Conference, Central Southeast communities (Wrangell, Petersburg, Coffman Cove) and Yukon Kuskokwim Delta communities to refine their applications for services.

HIGHLIGHTS OF 2005-2006 INITIATIVES

Manufacturer's Extension Program (MEP)

- ▶ This initiative will develop Alaska's rural native arts industry to the scale of the Southwest Native arts industry.
- ▶ Through participation in the national MEP program, Alaska manufacturers and communities will receive the help they need to succeed.
- ▶ Even the smallest firms in Alaska's most rural communities will have access to the expertise of manufacturing and business specialists all over the United States.
- ▶ Alaska, with its many small manufacturers, fits the profile of firms that can show dramatic improvements by partnering with the MEP program.
- ▶ Alaska's partnership with the MEP will contribute to an improved economy with increased jobs, sales, and training and equipment investments for Alaska.

Reauthorize Alaska Regional Development Organizations (ARDORS)

- ▶ 11 ARDORS create a network of organizations to plan and support economic development at the regional level.
- ▶ In 1988, the Legislature recognized that a locally driven initiative, in partnership with the State, is the most effective approach to creating and sustaining a strong healthy economy.
- ▶ In FY04, the ARDOR's used \$620,000 in state funds to leverage \$2.7 million in other types of funds.
- ▶ To continue the ARDOR's successful efforts, this program needs reauthorization and funding for FY06.

Local Boundary Commission (LBC) and Community Self-Sufficiency

- ▶ Commerce supports and encourages the formation of regional governments as a way to achieve efficiencies in providing services.
- ▶ The department also facilitates cooperation between tribal governments and municipal governments to maximize use of dwindling resources.
- ▶ Efforts towards these ends will continue along with the existing LBC proceedings for the five borough proposals, two city annexations and one proposed consolidation.

Alaska Industrial Development & Export Authority (AIDEA)

- ▶ Continue to work with developers of Donlin Creek, Kensington and Pebble Copper mines.

HIGHLIGHTS OF 2005-2006 INITIATIVES

Alaska Aerospace Development Corporation (AADC)

- ▶ AADC will continue to support missile defense agency testing with 2-3 launches scheduled.
- ▶ Efforts will also continue towards bringing fiber optic cable to Kodiak and the launch facility, and AADC will work with DOT to finish the paving project.
- ▶ The Maintenance and Storage facility is scheduled for completion.

Alaska Seafood Marketing Institute (ASMI)

- ▶ ASMI is starting a national media campaign, using Tom Skerritt, for radio and print advertising in selected markets. The primary emphasis is on salmon. The campaign will begin in the spring and extend through December 2005.

Regulatory Commission of Alaska (RCA)

- ▶ RCA will improve its overall regulatory framework during 2005 by implementing an improvement initiative designed to work closely with regulated utilities to improve the business of regulation, and to increase the agency's accountability and timeliness issues.

2004 Workers' Compensation Premium Rate Ranking

2004 Ranking	2002 Ranking	State	Index Rate	Effective Date
1	1	California	6.08	January 1, 2004
2	15	Alaska	4.39	January 1, 2004
3	2	Florida	4.20	October 1, 2003
4	3	Hawaii	3.73	January 1, 2004
5	14	Ohio	3.59	July 1, 2003
6	16	Kentucky	3.48	September 1, 2003
7	4	Delaware	3.44	December 1, 2003
8	10	Montana	3.41	July 1, 2003
9	7	Louisiana	3.37	January 1, 2004
10	17	District of Columbia	3.26	November 1, 2003
11	13	Connecticut	3.23	January 1, 2004
12	18	New Hampshire	3.19	January 1, 2004
13	8	Maine	3.08	January 1, 2004
14	5	Texas	3.08	January 1, 2003
15	19	Oklahoma	3.07	2/1/02 State Fund, 1/1/04 private
16	6	Rhode Island	3.01	November 1, 1998
17	25	Vermont	2.99	April 1, 2003
18	9	New York	2.97	December 1, 2003
19	12	Alabama	2.88	March 1, 2004
20	23	Pennsylvania	2.82	April 1, 2003
21	22	Minnesota	2.74	January 1, 2004
22	26	Missouri	2.67	January 1, 2004
23	20	Illinois	2.65	January 1, 2004
24	24	West Virginia	2.64	July 1, 2003
25	29	Tennessee	2.62	March 1, 2003
26	11	Nevada	2.58	January 1, 2004
27	36	New Mexico	2.56	January 1, 2004
28	38	Wyoming	2.43	January 1, 2004
29	31	New Jersey	2.38	January 1, 2004
30	30	Michigan	2.34	January 1, 2004
31	21	Colorado	2.33	January 1, 2004
32	34	North Carolina	2.32	August 29, 2003
33	32	Wisconsin	2.27	October 1, 2003
34	27	Idaho	2.25	January 1, 2004
35	45	Washington	2.20	January 1, 2004
36	33	Mississippi	2.19	March 1, 2003
37	28	Georgia	2.14	November 1, 2001
38	39	Nebraska	2.10	February 1, 2003
39	42	South Carolina	2.08	January 1, 2004
40	40	Maryland	2.06	January 1, 2004
41	48	South Dakota	2.05	July 1, 2003
42	35	OREGON	2.05	January 1, 2004
43	43	Iowa	1.91	January 1, 2004
44	41	Kansas	1.81	January 1, 2004
45	37	Massachusetts	1.70	September 1, 2003
46	44	Utah	1.63	December 1, 2003
47	49	Virginia	1.57	April 1, 2003
48	47	Arkansas	1.57	July 1, 2001
49	46	Arizona	1.49	October 1, 2003
50	50	Indiana	1.24	January 1, 2004
51	51	North Dakota	1.06	July 1, 2003

Based on updated information, the 2002 ranking has been revised since it was originally published.

Although some states may appear to have the same index rate, the ranking is based on calculations prior to rounding to two decimal places. The index rates reflect appropriate adjustments for the characteristics of each individual state's residual market. Rates vary by classification and insurer in each state. Actual cost to an employer can be adjusted by the employer's experience rating, premium discount, retrospective rating, and dividends.

Employers can reduce their workers' compensation rates through accident prevention, safety training and by helping injured workers return to work.

####

SENATE
OVERVIEW - HOUSE LABOR & COMMERCE

I. MISSION

- A. Protect and educate the consumer
- B. Develop, interpret and enforce the insurance statutes and regulations
- C. Enhance the insurance business environment

Balance : Consumer Protection and Healthy Competitive Marketplace

Assure competitive, viable, ethical and lawful insurance is available to Alaskans

II. CORE SERVICES

- A. Licensing : Insurance Companies
Insurance Agents & Brokers
- B. Compliance : Financial Examinations
Market conduct
Investigations
Consumer Services
- C. Filing Approvals : Property & Casualty
Life & Health
- D. Public Information : All Section
Public Presentations
Publications

III. ISSUES

- A. Guaranty Association
- B. Workers' Compensation
- C. Markets
- D. Agent-Broker Investigation
- E. Solvency
- F. Modernization
- G. Licensing
- H. IT Project
- I. Health Insurance
- J. Regulatory Issue Samples
 - a. UNUM
 - b. Title Insurance
 - c. Auto Dealers - GAP



DIVISION OF INSURANCE

Frank H. Murkowski, Governor

November 9, 2004

To: Alaskan Agents and Brokers

Re: Compensation, Contingency Fees, Bid Rigging, and Fiduciary Responsibilities

As you are most likely aware, significant allegations related to bid rigging and inappropriate steering of business by certain insurance brokers have been raised in recent days as a result of the legal proceedings initiated in the State of New York. The nature of these allegations is of the utmost concern to the division as well as to regulators across the country as we strive to ensure that a competitive and fair marketplace exists for insurance consumers. It is important that as regulators we make a concerted effort to look into the matter to identify and correct any potentially harmful practices, and to reassure the insuring public that the practice of bid rigging is not tolerated, or practiced within our markets.

Therefore, under the authority of Alaska Statute (AS) 21.06.080, AS 21.06.130, AS 21.06.140, and AS 21.06.150, I have instructed Chief Investigator, Rick Jones, and Chief Examiner of Market Conduct, Ted Lehrbach, to initiate an examination to review any documents they deem necessary, and to conduct interviews with you or your staff that they may deem necessary. The purpose of these examinations is to ascertain the extent, if any, of potential violations of Alaska Insurance Statutes, primarily related to solicitation or placement of insurance based upon improper incentives that conflict with the best interests of the insured or prospective insured.

This letter will serve as your notice of the commencement of this examination. The examination will consist of three phases.

- **Phase 1** will consist of initial information gathering as described further in this letter. All of you receiving this exam notice will be required to participate.
- **Phase 2** will consist of on-site visitations by the examiners which may include any or all of the following: interviews with the principal agent(s) of the firm, interviews of agency staff, review of other documents not initially requested or received in phase 1.
- **Phase 3** will consist of the review and assessment by the examination team and any necessary follow-up interviews or document requests.

In preparation for the exam, please provide answers to the interrogatories below, including any documents requested and supporting information. For the purposes of this examination, we will be looking at activities dating from January 1, 2001 to the present.

1. Please provide a complete listing of all agency appointments or other agreements with admitted insurers, nonadmitted insurers, other producers, and/or other brokers that are used to place business with your Alaskan risks. This listing should include all agency appointments or agreements that were either commenced or in effect during any part of the term of January 1, 2001 to the present date. Provide the initiation dates, any renewal dates, and termination dates if applicable.
2. For the listing described in item 1, please provide a description of the types of compensation arrangements with insurers, producers, or brokers entered into by your company, or your employees or producers acting as brokers, including but not limited to bonuses, commissions, "contingent commissions," "placement service agreements," "market service agreements," profit sharing arrangements, and/or any other form of compensation, whether contracted for or not. For each such arrangement, identify the parties to the arrangement and explain the nature of the arrangement and what event(s) each component of the compensation was or is based on. Provide a copy of the agreement or contract for each arrangement described.
3. For the listing described in item 1, please provide the dollar amount of premium volume written by your agency for each insurer or nonadmitted insurer, the dollar amount of commission received for each, and any contingency fees, bonus payments, or other incentives received from each. For any of the latter, provide an explanation of how the incentive, bonus, or contingency fee is calculated or awarded if this information is not provided or described in a written contract or agreement provided in item 2 above.
4. Describe any internal company or affiliate practices, procedures, training, or arrangements related to soliciting, quoting, bidding, or placing insurance. Provide a copy of any document evidencing such practice, procedure, training, or arrangement.
5. Describe the procedures or policies, if any, that your agency has in place to help ensure that the interests of your client insureds come before your own with respect to the solicitation or the placement of insurance. Provide a written copy of any such procedure or policy in place. This may include client disclosure notices, brokers fee agreements, or other related types of documents.
6. Have you, or any of your employees or producers, received any subpoenas, written requests for information, or other inquiries from any governmental entity or litigant seeking information related to broker compensation arrangements within the last two years? Please specify the particulars of all such requests.
7. Is your company, any of its affiliates, or any of your employees or producers, a party in any civil litigation, or the subject of any other regulatory inquiry or action, where allegations of inappropriate solicitation activities (such as steering business, bid rigging), conflict of interest, or breach of fiduciary duties have been involved? If so, please identify the case caption, jurisdiction, and status for all such litigation and other regulatory action or inquiry occurring at any time since January 1, 2001.

8. Please provide organizational charts for your company's brokerage business since January 1, 2001.
9. Please provide a complete list of Alaskan clients for whom your company has placed insurance business since January 1, 2001.
10. Please provide a list of all company employees primarily responsible for the negotiation, analysis, and management of compensation arrangements since January 1, 2001.
11. Identify each instance, including each person involved in each instance, in which your company or an individual in your company was requested or instructed by a person to submit a sham bid, cover bid, losing bid, B quote, proposal, or presentation in which the company or the individual in your company knew or suspected that such bid, price, quote, proposal, or presentation would not be accepted or would be used to feign the appearance of competition.

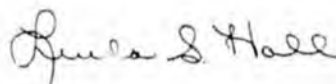
The deadline for submission is 5:00 p.m., December 1, 2004. The information and documentation provided above will be reviewed by the examination team selected by Investigator Jones and Mr. Lehrbach in part, for the purpose of selecting those agencies for **Phase 2** review. If your agency is selected for **Phase 2** review, you will be contacted in writing and by telephone by the assigned examiners.

Regardless of your company's record retention policy, please retain all records related to bids, quotes, illustrations, proposals, market placement, and compensation and any related correspondence, whether in electronic form or otherwise. These records should be retained even if the records are not a subject of inquiry in this letter.

If you have questions regarding any of the above, you may contact Investigator Jones at (907) 269-7917, by e-mail at rick_jones@commerce.state.ak.us or Mr. Lehrbach at (907) 465-2577, by e-mail at ted_lehrbach@commerce.state.ak.us.

I would like to thank you in advance for your cooperation. With your cooperation, we will make every reasonable effort to minimize the impact of our examination team upon your day-to-day operations.

Sincerely,



Linda S. Hall, Director
Alaska Division of Insurance

LH/go4507
110804a

Get Smart



This brochure is just the beginning.
Contact your state insurance
department with questions you may
have. For more information
about insurance coverage or to find
your state insurance department,
visit www.naic.org/gsw
or call 816-842-3600.



INSURANCE
ABOUT INSURANCE
Knowledge is your best policy



National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2604
816-842-3600
Get Smart Week Toll-Free Hotline:
1-866-SMARTWEEK
www.naic.org/gsw

Get Smart About Insurance Week is brought to you
by your state insurance department and the NAIC

Get Smart

ABOUT INSURANCE WEEK

TIPS TO HELP YOU
SELECT THE RIGHT
INSURANCE COVERAGE

Get Smart
About Insurance
Knowledge is your best policy

NOW IS THE PERFECT TIME TO "GET SMART" ABOUT YOUR INSURANCE COVERAGE!

The National Association of Insurance Commissioners (NAIC) and your state insurance department encourage you to double-check your insurance coverage during the fourth-annual **Get Smart About Insurance Week**. Get Smart Week isn't about selling or canceling policies. It's about making sure your family is properly covered.

Recent studies by the NAIC show few Americans understand the details of their insurance policies to the extent they should, and some aren't aware they could even be the victim of a scam and unknowingly purchase a fake policy if they aren't careful.

SO WHAT CAN YOU DO TO GET SMART ABOUT YOUR INSURANCE?

1. "Stop, Call, and Confirm" — Before buying insurance.

Fraudulent insurance companies have become an increasing problem in recent years, so the NAIC encourages consumers to help **stop** insurance fraud before buying insurance, **call** your state insurance department, and **confirm** if the company is legitimate and licensed to do business in your state. According to most states' laws, with very few exceptions, no insurance product can be sold without the approval of the state insurance department.

2. Schedule a yearly insurance check-up with your agent or insurance carrier to review every policy you have... and to look for areas of too much or too little coverage. In general, you should review your coverage every 12 months or whenever there's a major change in your life (such as a new car, new home, birth or adoption of a child, etc.).

At your annual insurance check-up, don't be afraid to ask a lot of questions and be sure to take good notes.

The amount of insurance you need varies based on your circumstances. Your insurance department can tell you what types and levels of coverage your state's laws require you to carry. In general, your property should be insured for at least 80 percent of its replacement value. When considering life insurance, a good rule of thumb is to buy life insurance that is equal to five to 10 times your annual gross income.



3. Contact your state insurance department for free tips and up-to-date information prior to purchasing health, life, auto, home, or other insurance coverage.

Your state insurance department exists to serve you. It is an objective source of information on insurance companies and the coverage they offer.

Although each state is different, most insurance departments offer free guides that outline your state's insurance laws and regulations. They also may publish premium comparison reports for your use in shopping for insurance. Take advantage of the services your state insurance department offers and make yourself a smarter insurance consumer.

To help you contact your state insurance department, the NAIC Web site, www.naic.org, provides a map of the United States with links to each state's insurance department Web site.

4. Ask your insurance provider about discounts.

Depending on the kind of insurance you're considering, there are a number of ways to reduce the cost of coverage:

- **Healthy living** — Some insurers take your lifestyle into consideration when determining premiums. For instance, you may reduce the cost of coverage by stopping smoking, driving more safely, or maintaining a healthy weight.
- **Good driving record** — Many auto insurers will offer discounts to drivers who have not made an insurance claim, been in an automobile accident, or received a moving violation in three years.
- **Good grades** — Drivers who are legally classified as "youthful drivers" (this category includes men under 25 years of age and unmarried women under 21 years of age) and maintain a B average (3.0 on a 4.0 scale) or better in school often can receive discounts on their auto insurance.
- **Special education or training** — Some insurers offer discounts to drivers who complete a driver education or motor vehicle accident prevention course.
- **Multiple policy** — Some insurers offer discounts of 5 to 15 percent if you have two or more policies with them. For instance, if you already have a homeowner's policy with an insurer, find out if the insurer will discount an auto policy.
- **Safety equipment** — Make certain your insurers know of any safety equipment in the areas they insure. As an example, if you have an alarm on your home or auto, you may be entitled to a discount.
- **Long-time policy** — If you've had coverage through an insurer for a number of years, ask about a reduced premium.
- **Higher deductibles** — A higher deductible generally means a lower premium. But be sure to ask the agent about the pros and cons of higher deductibles before making your decision.

Commissioner Greg O'Claray
Alaska Department of Labor and Workforce Development
Prepared Testimony
House Labor and Commerce Committee (SENATE)
January 19, 2005

Introductions—Guy Bell; Corine Geldhof; Paul Lisankie; Grey Mitchell; Tom Nelson;
Gail Sinnott

Mission

Providing safe and legal working conditions and advancing opportunities for employment.

Key Services

- We operate 24 job centers from Ketchikan to Barrow and Tok to Nome, job referral and training, vocational rehabilitation, and vocational technical education;
- We administer programs and funds for workers' compensation, second injury, fishermen's fund, and unemployment insurance;
- We provide labor standards and safety programs;
- We resolve disputes between organized labor and public employers

Major Accomplishments Last Fiscal Year

- We assisted more than 36 000 job seekers to enter employment through the Alaska Job Center Network.
- We paid 61,511 insured workers \$162.5 million in unemployment benefits.
- We awarded 1,816 General Education Development (GED) diplomas
- We provided individual and organizational grants to train more than 3,000 Alaskans for Alaska jobs
- We facilitated an almost 10% (9.35%) reduction in lost workday injuries and illnesses among Alaska workers.
- We collected over \$2.3 million in wages, penalties and interest owed to Alaskan workers.
- We placed more than 500 individuals with significant physical and/or mental impairments into employment through our vocational rehabilitation services.
- 94% of the Alaska Vocational Technical Center's long term program graduates were employed in the field of their training.
- We published ten-year occupational and industry forecasts.

Now I want to talk about our major new initiative, which we call Jobs are Alaska's Future

- Governor Murkowski has sent us on a mission for jobs.
- Good jobs for Alaskans in Alaska.

- Jobs that create careers for young Alaskans.
- Jobs that move Alaskans from welfare to the workplace.
- Jobs that create prosperous, stable Alaska families and communities.
- All of the significant issues in Alaska have one thing in common: success depends on private sector economic development.
- We get there through developing our resources and our energy—the energy in our oil and gas resources, and the energy in our people.
- Governor Murkowski is launching the most aggressive jobs program since the Trans Alaska Oil Pipeline project.
- Let me give you one example: A few weeks ago, in Fairbanks, we graduated a hundred new “hands” – apprentice pipeline construction workers.
- Those “hands” will help build the natural gas pipeline.
- In the meantime many already have jobs this winter at West Sak and on other North Slope construction projects.
- Those new “hands” are the next generation of pipeline workers in Alaska.
- Their training was possible because the administration worked with industry and labor on behalf of ALL Alaskans.
- The industry estimates that construction of the Alaska natural gas pipeline will require 500 skilled pipefitters... More than 2,300 equipment operators ... 2,500 truck drivers ... 1,600 laborers and welder's helpers..... More than 500 supervisors, as well as 1,100 construction inspectors, camp and catering workers, electricians and iron workers.
- All told, we'll need a workforce exceeding 8,500 qualified workers to build the Alaska section of the gas pipeline!
- Everywhere we turn today in Alaska we see new energy, new determination in commercial fishing, mining, our proud timber industry and a tourism industry that is host to the world.
- Our Alaska Hire goal is to achieve 90 percent -- or greater-- hire of residents throughout the Alaska workforce.
- Our initiative is “Jobs Are Alaska’s Future. Alaskans’ Future. Jobs”

2004 Workers' Compensation Premium Rate Ranking

2004 Ranking	2002 Ranking	State	Index Rate	Effective Date
1	1	California	6.08	January 1, 2004
2	15	Alaska	4.39	January 1, 2004
3	2	Florida	4.20	October 1, 2003
4	3	Hawaii	3.73	January 1, 2004
5	14	Ohio	3.59	July 1, 2003
6	16	Kentucky	3.48	September 1, 2003
7	4	Delaware	3.44	December 1, 2003
8	10	Montana	3.41	July 1, 2003
9	7	Louisiana	3.37	January 1, 2004
10	17	District of Columbia	3.26	November 1, 2003
11	13	Connecticut	3.23	January 1, 2004
12	18	New Hampshire	3.19	January 1, 2004
13	8	Maine	3.08	January 1, 2004
14	5	Texas	3.08	January 1, 2003
15	19	Oklahoma	3.07	2/1/02 State Fund, 1/1/04 private
16	6	Rhode Island	3.01	November 1, 1998
17	25	Vermont	2.99	April 1, 2003
18	9	New York	2.97	December 1, 2003
19	12	Alabama	2.88	March 1, 2004
20	23	Pennsylvania	2.82	April 1, 2003
21	22	Minnesota	2.74	January 1, 2004
22	26	Missouri	2.67	January 1, 2004
23	20	Illinois	2.65	January 1, 2004
24	24	West Virginia	2.64	July 1, 2003
25	29	Tennessee	2.62	March 1, 2003
26	11	Nevada	2.58	January 1, 2004
27	36	New Mexico	2.56	January 1, 2004
28	38	Wyoming	2.43	January 1, 2004
29	31	New Jersey	2.38	January 1, 2004
30	30	Michigan	2.34	January 1, 2004
31	21	Colorado	2.33	January 1, 2004
32	34	North Carolina	2.32	August 29, 2003
33	32	Wisconsin	2.27	October 1, 2003
34	27	Idaho	2.25	January 1, 2004
35	45	Washington	2.20	January 1, 2004
36	33	Mississippi	2.19	March 1, 2003
37	28	Georgia	2.14	November 1, 2001
38	39	Nebraska	2.10	February 1, 2003
39	42	South Carolina	2.08	January 1, 2004
40	40	Maryland	2.06	January 1, 2004
41	48	South Dakota	2.05	July 1, 2003
42	35	OREGON	2.05	January 1, 2004
43	43	Iowa	1.91	January 1, 2004
44	41	Kansas	1.81	January 1, 2004
45	37	Massachusetts	1.70	September 1, 2003
46	44	Utah	1.63	December 1, 2003
47	49	Virginia	1.57	April 1, 2003
48	47	Arkansas	1.57	July 1, 2001
49	46	Arizona	1.49	October 1, 2003
50	50	Indiana	1.24	January 1, 2004
51	51	North Dakota	1.06	July 1, 2003

Based on updated information, the 2002 ranking has been revised since it was originally published.

Although some states may appear to have the same index rate, the ranking is based on calculations prior to rounding to two decimal places. The index rates reflect appropriate adjustments for the characteristics of each individual state's residual market. Rates vary by classification and insurer in each state. Actual cost to an employer can be adjusted by the employer's experience rating, premium discount, retrospective rating, and dividends.

Employers can reduce their workers' compensation rates through accident prevention, safety training and by helping injured workers return to work.

####

SENATE
OVERVIEW - HOUSE LABOR & COMMERCE

I. MISSION

- A. Protect and educate the consumer
- B. Develop, interpret and enforce the insurance statutes and regulations
- C. Enhance the insurance business environment

Balance : Consumer Protection and Healthy Competitive Marketplace

Assure competitive, viable, ethical and lawful insurance is available to Alaskans

II. CORE SERVICES

- A. Licensing : Insurance Companies
Insurance Agents & Brokers
- B. Compliance : Financial Examinations
Market conduct
Investigations
Consumer Services
- C. Filing Approvals : Property & Casualty
Life & Health
- D. Public Information : All Section
Public Presentations
Publications

III. ISSUES

- A. Guaranty Association
- B. Workers' Compensation
- C. Markets
- D. Agent-Broker Investigation
- E. Solvency
- F. Modernization
- G. Licensing
- H. IT Project
- I. Health Insurance
- J. Regulatory Issue Samples
 - a. UNUM
 - b. Title Insurance
 - c. Auto Dealers - GAP



DIVISION OF INSURANCE

Frank H. Murkowski, Governor

November 9, 2004

To: Alaskan Agents and Brokers

Re: Compensation, Contingency Fees, Bid Rigging, and Fiduciary Responsibilities

As you are most likely aware, significant allegations related to bid rigging and inappropriate steering of business by certain insurance brokers have been raised in recent days as a result of the legal proceedings initiated in the State of New York. The nature of these allegations is of the utmost concern to the division as well as to regulators across the country as we strive to ensure that a competitive and fair marketplace exists for insurance consumers. It is important that as regulators we make a concerted effort to look into the matter to identify and correct any potentially harmful practices, and to reassure the insuring public that the practice of bid rigging is not tolerated, or practiced within our markets.

Therefore, under the authority of Alaska Statute (AS) 21.06.080, AS 21.06.130, AS 21.06.140, and AS 21.06.150, I have instructed Chief Investigator, Rick Jones, and Chief Examiner of Market Conduct, Ted Lehrbach, to initiate an examination to review any documents they deem necessary, and to conduct interviews with you or your staff that they may deem necessary. The purpose of these examinations is to ascertain the extent, if any, of potential violations of Alaska Insurance Statutes, primarily related to solicitation or placement of insurance based upon improper incentives that conflict with the best interests of the insured or prospective insured.

This letter will serve as your notice of the commencement of this examination. The examination will consist of three phases.

- **Phase 1** will consist of initial information gathering as described further in this letter. All of you receiving this exam notice will be required to participate.
- **Phase 2** will consist of on-site visitations by the examiners which may include any or all of the following: interviews with the principal agent(s) of the firm, interviews of agency staff, review of other documents not initially requested or received in phase 1.
- **Phase 3** will consist of the review and assessment by the examination team and any necessary follow-up interviews or document requests.

In preparation for the exam please provide answers to the interrogatories below, including any documents requested and supporting information. For the purposes of this examination, we will be looking at activities dating from January 1, 2001 to the present.

1. Please provide a complete listing of all agency appointments or other agreements with admitted insurers, nonadmitted insurers, other producers, and/or other brokers that are used to place business with your Alaskan risks. This listing should include all agency appointments or agreements that were either commenced or in effect during any part of the term of January 1, 2001 to the present date. Provide the initiation dates, any renewal dates, and termination dates if applicable.
2. For the listing described in item 1, please provide a description of the types of compensation arrangements with insurers, producers, or brokers entered into by your company, or your employees or producers acting as brokers, including but not limited to bonuses, commissions, "contingent commissions," "placement service agreements," "market service agreements," profit sharing arrangements, and/or any other form of compensation, whether contracted for or not. For each such arrangement, identify the parties to the arrangement and explain the nature of the arrangement and what event(s) each component of the compensation was or is based on. Provide a copy of the agreement or contract for each arrangement described.
3. For the listing described in item 1, please provide the dollar amount of premium volume written by your agency for each insurer or nonadmitted insurer, the dollar amount of commission received for each, and any contingency fees, bonus payments, or other incentives received from each. For any of the latter, provide an explanation of how the incentive, bonus, or contingency fee is calculated or awarded if this information is not provided or described in a written contract or agreement provided in item 2 above.
4. Describe any internal company or affiliate practices, procedures, training, or arrangements related to soliciting, quoting, bidding, or placing insurance. Provide a copy of any document evidencing such practice, procedure, training, or arrangement.
5. Describe the procedures or policies, if any, that your agency has in place to help ensure that the interests of your client insureds come before your own with respect to the solicitation or the placement of insurance. Provide a written copy of any such procedure or policy in place. This may include client disclosure notices, brokers fee agreements, or other related types of documents.
6. Have you, or any of your employees or producers, received any subpoenas, written requests for information, or other inquiries from any governmental entity or litigant seeking information related to broker compensation arrangements within the last two years? Please specify the particulars of all such requests.
7. Is your company, any of its affiliates, or any of your employees or producers, a party in any civil litigation, or the subject of any other regulatory inquiry or action, where allegations of inappropriate solicitation activities (such as steering business, bid rigging), conflict of interest, or breach of fiduciary duties have been involved? If so, please identify the case caption, jurisdiction, and status for all such litigation and other regulatory action or inquiry occurring at any time since January 1, 2001.

8. Please provide organizational charts for your company's brokerage business since January 1, 2001.
9. Please provide a complete list of Alaskan clients for whom your company has placed insurance business since January 1, 2001.
10. Please provide a list of all company employees primarily responsible for the negotiation, analysis, and management of compensation arrangements since January 1, 2001.
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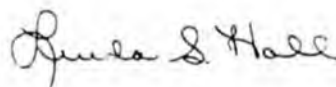
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I would like to thank you in advance for your cooperation. With your cooperation, we will make every reasonable effort to minimize the impact of our examination team upon your day-to-day operations.

Sincerely,



Linda S. Hall, Director
Alaska Division of Insurance

LH/go4507
110804a

**PREMIERA
BLUE
CROSS
OVERVIEW
OF
CONTRACT
PROCESS**



Third Party Administrator Cost Proposals (3 year total)

Original Cost Proposal (January 6, 2006)

Aetna ----- \$49,163,734 / \$45,387,171*
\$3.5 million annual guarantee for pharmacy rebates

Premera - \$34,390,750
No minimum guarantee for pharmacy rebates

* The state was unable to discern the difference between the two total prices offered by Aetna. Aetna was required to submit a single cost proposal in its best and final offer.

Best and Final Cost Proposal (February 13, 2006)

Premera - \$34,077,274
No minimum guarantee for pharmacy rebates

Best and Final Cost Proposal (February 28, 2006)

Aetna ----- \$32,054,652
\$750,000 annual guarantee for pharmacy rebates

Premera - \$30,951,035
\$3.0 million annual guarantee for pharmacy rebates



Retiree and Active Health Plans Cost Containment Measures

- Utilize Network Savings TPA (FY05)\$35.2 M
- Verify Dependent Eligibility (Est) \$14 M
- Qualified for Medicare Part D Subsidy\$7 M
- Negotiated Pharmacy Rebate.....\$4 M
- Utilize Generic Drugs.....\$4 M
- Verified Eligibility for Full-time Students.....\$3 M
- Awarded New TPA Contract to Premera Blue Cross (3 Yr Ave)...\$3.6 M

Total Annual Savings = \$70.8 M



**Third Party Administrator
Contract Fee Schedule
Last Final Best Offer Figures**

Annual Contract Fees	Premera Proposal	Aetna Proposal	Difference
FY07	\$8.1 M	\$7.2 M	\$0.9 M
FY08	\$10.9 M	\$12.0 M	(\$1.1 M)
FY09	\$11.6 M	\$12.8 M*	<u>(\$1.2 M)</u>
		Savings	\$1.4 M *

Note: The RFP process reduced the overall costs for Third Party Administration by \$10.9 million when compared with existing contract fees.

*Third year costs for FY09 with Premera Blue Cross would also apply to contract renewal periods. For example, 4 one-year renewals at \$1.2 M would result in Additional savings of \$4.8 M in the out years of the contract compare to the Aetna proposal. In other words, the baseline contract cost ending in FY09 would allow additional accrual of savings for each one-year renewal.

Premera offered an annual \$3.0 M Pharmacy Rebate Guarantee
Aetna offered an annual \$750,000 Pharmacy Rebate Guarantee



Third Party Administrator Contract Fee Schedule

Annual Contract Fees	Premera Proposal	Aetna * Existing Contract	Difference
FY07	\$8.1 M	\$13.9 M	\$5.8 M
FY08	\$10.9 M	\$13.9 M	\$3.0 M
FY09	\$11.6 M	\$13.9 M	<u>\$2.1 M</u>
		Savings	\$10.9 M

* Current contractor figures are based on FY06 amount, which are held constant for FY07, FY08 and FY09 for comparison purposes.

In the Press Conference held on March 7th, the Commissioner stated the Department of Administration would save almost \$11 million dollars in future health care costs by comparing the 2005/2006 administrative fees charged by Aetna to the 2006/2007 bid price by Premera.

First, the comparison is not valid as the administrative costs currently charged by Aetna are not equivalent to those requested in the RFP bids due in part to the issue of payment for "claim runoffs" which is not included in the RFP bid for administrative costs.

Second, the comparison, at a minimum should have compared the bid numbers between the two companies, which would drastically reduce the difference as portrayed by the Department.

But the most important comparison should be the full cost that will be charged to the State under each bid.

There are three major "costs" to the State in this contract: administrative fees for processing claims, retention of pharmacy rebates, and retention of network savings.

The three are closely interrelated because costs may be easily shifted from one to the other. In fact, the change in Premera's bid from 2/14/2006 to 2/28/2006 shows just that sort of re-arranging. For that reason, the State has normally used its consultant to compare all cost variables so that the State can more accurately determine the best overall bid price.

Based upon documents that are now publicly available, Aetna estimates that Premera's bid price for administrative services was \$35,692,984. Aetna's bid price was \$33,205,780 for a three year period. These costs consider all three of the important elements required to complete an effective cost analysis.

If the State chooses to go to a plan design with more financial incentives to utilize network providers, Premera's retention will increase significantly, raising their cost further.

Without a competent analysis by a qualified consultant, the State cannot reasonably demonstrate any savings in Premera contract. In fact, it may cost the State more.

Progression of Premera offer to the State of Alaska

As of February 14, 2006

3 year Fees:	\$	30,951,035
3 year Network access fee:	\$	6,880,513
3 year Rx Rebate guarantee	\$	(9,000,000)
3 year network savings retained by Premera @ 12%	\$	5,496,780
Total cost to State of Alaska	\$	34,328,328

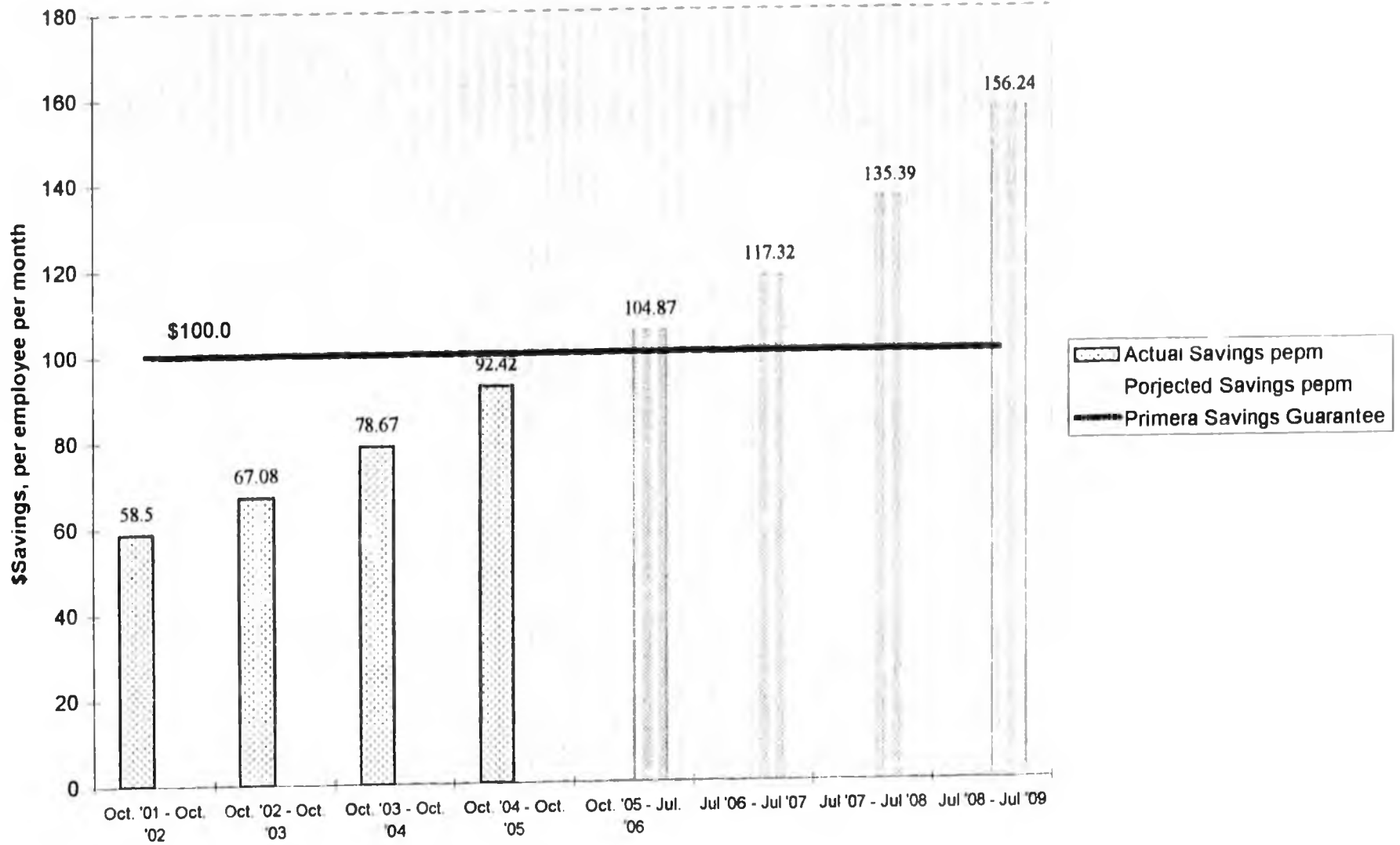
As of February 28, 2006

3 year Fees:	\$	30,951,035
3 year Network access fee:	\$	-
3 year Rx Rebate guarantee	\$	(9,000,000)
3 year network savings retained by Premera @ 30%	\$	13,741,949
Total cost to State of Alaska	\$	35,692,984

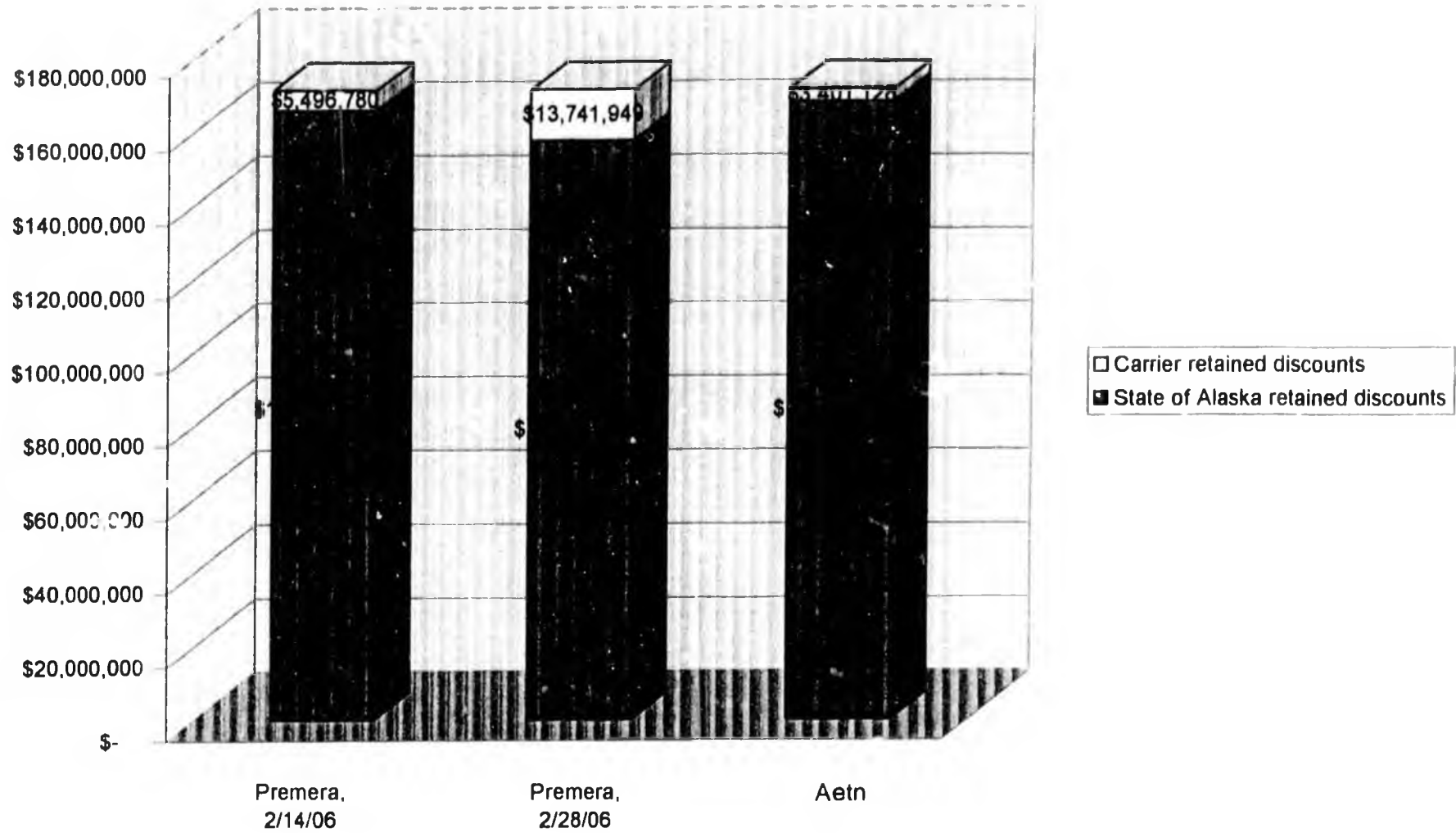
Aetna Best and Final Offer to the State of Alaska

3 year Fees:	\$	32,054,652
3 year Network access fee:	\$	-
3 year Rx Rebate guarantee	\$	(2,250,000)
3 year network savings retained by Aetna*	\$	3,401,127
Total cost to State of Alaska	\$	33,205,780

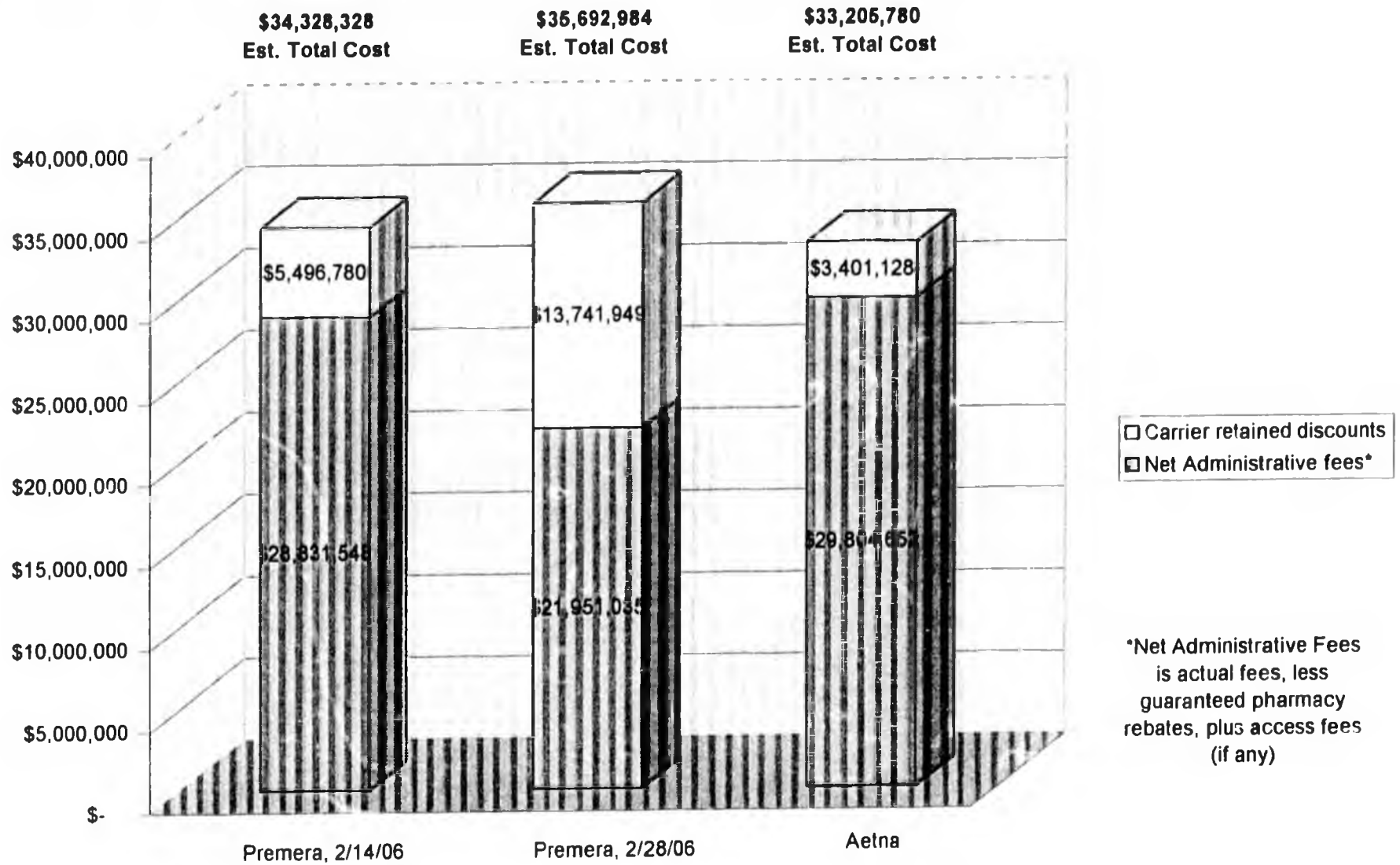
State Of Alaska



State of Alaska, Network Discount Savings Comparison, 3 year view



State of Alaska, Carrier Compensation Breakdown, 3 year view



Savings to the State, Aetna deal	Amount retained by Aetna	% increase in savings over prior period
		N/A
		14.7%
		17.3%
		17.5%
		13.5%
\$ 114.79	\$ 2.53	11.9%
\$ 132.09	\$ 3.30	15.4%
\$ 152.57	\$ 3.67	15.4%

*Includes upside to fee g'tee plus NAP savings estimate

NAP:

Current	\$ 602,485
Year 1	\$ 695,268
Year 2	\$ 802,339
Year 3	\$ 925,899
3 year total:	\$ 2,423,506

or meeting network savings g'tee

Year 1	\$ 325,874	>> based on immature fees
Year 2	\$ 325,874	>> assumed @ year 1 level, as no actual g'tee was offered
Year 3	\$ 325,874	>> assumed @ year 1 level, as no actual g'tee was offered
3 year total:	\$ 977,622	

joined 3 year total: \$ 3,401,128

Network Savings

Retained by	
Carrier	
\$ 5,496,780	
\$ 13,741,949	
\$ 3,401,128	

Projected SOA discount savings PEPM

Experience Period	Total \$ Savings, PEPM	Savings to the State, Premera deal	Amount retained by Premera
10/1/01-10/1/02	\$ 58.50	\$ -	
10/1/02-10/1/03	\$ 67.08	\$ -	
10/1/03-10/1/04	\$ 78.67	\$ -	
10/1/04-10/1/05	\$ 92.42	\$ -	
10/1/05-7/1/06	\$ 104.87	\$ -	
7/1/06-7/1/07	\$ 117.32	\$ 100.00	\$ 5.20
7/1/07-7/1/08	\$ 135.39	\$ 100.00	\$ 10.62
7/1/08-7/1/09	\$ 156.24	\$ 100.00	\$ 16.87

	Network savings totals	Retained by Premera	Retained by Aetna
Year 1	\$ 47,292,161	\$ 2,094,886	\$ 1,021,142
Year 2	\$ 56,722,453	\$ 4,448,143	\$ 1,128,213
Year 3	\$ 66,663,233	\$ 7,198,920	\$ 1,251,773
	\$ 170,677,847	\$ 13,741,949	\$ 3,401,128
Total Savings	\$ 170,677,847	\$ 170,677,847	
Carrier retained Savings	\$ 13,741,949	\$ 3,401,128	
State of Alaska Retained :	\$ 156,935,898	\$ 167,276,720	

Premera Aetna

Upside to fee fr

	Lives
Year 1	33,592
Year 2	34,913
Year 3	35,556

Comt

	Network savings totals	Retained by Carrier	Retained by SOA
Premera - Feb 14	\$ 170,677,847	\$ 5,496,780	\$ 165,181,067
Premera - Feb 28	\$ 170,677,847	\$ 13,741,949	\$ 156,935,898
Aetna	\$ 170,677,847	\$ 3,401,128	\$ 167,276,720

	Gross Fees	Rx Rebates	Access fee	Net fees
Premera - Feb 14	\$ 30,951,035	\$ (9,000,000)	\$ 6,880,513	\$ 28,831,548
Premera - Feb 28	\$ 30,951,035	\$ (9,000,000)	\$ -	\$ 21,951,035
Aetna	\$ 32,054,652	\$ (2,250,000)	\$ -	\$ 29,804,652

10/1/01 - 10/1/02
 10/1/02 - 10/1/03
 10/1/03 - 10/1/04
 10/1/04 - 10/1/05
 10/1/05 - 7/1/06
 7/1/06 - 7/1/07
 7/1/07 - 7/1/08
 7/1/08 - 7/1/09

Actual Savi Projected S: Primera Savings Guarantee

Oct. '01 - Oct. '02	\$58.50	\$100.00
Oct. '02 - Oct. '03	\$67.08	\$100.00
Oct. '03 - Oct. '04	\$78.67	\$100.00
Oct. '04 - Oct. '05	\$92.42	\$100.00
Oct. '05 - Jul. '06	\$ 104.87	\$100.00
Jul '06 - Jul '07	\$117.32	\$100.00
Jul '07 - Jul '08	\$135.39	\$100.00
Jul '08 - Jul '09	\$156.24	\$100.00

MEMORANDUM

*Department of Administration
Division of General Services
vern_jones@admin.state.ak.us*

STATE OF ALASKA

Phone Number: 465-2250
FAX Number: 465-2189
TDD Number: 465-2205

TO: Members of
the House Ways & Means and
the Senate Labor & Commerce
Committees

DATE: March 22, 2006

FROM: Vern Jones
Chief Procurement Officer

SUBJECT: Aetna TPA Protest and
Response

Attached, for your information is a copy of Aetna's protest to the State's award of the Third Party Administrator RFP (#2007-0200-5946) and the State's response.

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES

March 21, 2006

PO BOX 110210
JUNEAU ALASKA 99811-0210
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Jon K. Tillinghast
Simpson, Tillinghast & Sorensen, P.C.
One Sealaska Plaza, Suite 300
Juneau AK 99801

Re: Protest and Request for Stay of Award
RFP 2007-0200-5946

Dear Mr. Tillinghast:

This is in response to the protest filed under AS 36.30.565, regarding Request for Proposals (RFP) 2007-0200-5946, filed by Simpson, Tillinghast & Sorensen on behalf of its client, Aetna. The protest was received by the state on March 10, 2006.

After careful review of the protest and examination of the RFP file, it is my decision to deny Aetna's protest and its request for a stay of award based on the following reasons.

Stay Request.

Respecting the request for stay of the award, it is denied. AS 36.30.575 allows the procurement officer to stay an award if one of two conditions exist: 1) there is a reasonable probability that the protest will be sustained, or 2) stay of the award is not contrary to the best interests of the state. As discussed below, I do not believe Aetna's protest has merit and do not find there to be reasonable probability that the protest will be sustained. Further, the award of this contract is necessary, without delay, due to the immediacy of the need for Premera to implement the contract and because the current contract with Aetna has no authorized extensions. Thus, it is my decision that a stay of the award would be contrary to the best interests of the state.

Additionally, the contracting agency, Division of Retirement and Benefits, originally anticipated award of a contract resulting from the RFP would be made by February 1, 2006 (see RFP Amendment #6). It is my understanding from the contracting agency that an award needed to be made without delay in order for the winning contractor to meet the July 1, 2006 implementation date specified in the RFP. As such, the final contract award was made to Premera on March 13, 2006.

On a related point, Aetna implies that the state satisfied the requirement under AS 39.30.090(a)(5) by simply issuing the RFP and there is no deadline on completion of the RFP process. Aetna's Protest at 2. Aetna asserts that the state is thus free to extend its contract with Aetna. Aetna's citation to AS 39.30.090(a)(5) as authority to allow an extension with Aetna is off point. The issuance, evaluation and award of this RFP is required by the State Procurement Code (AS 36.30), procurement regulations (2 AAC 12), state policies and procedures, the RFP itself and the written agreement signed by Aetna (Exhibit A). Therefore, I disagree with Aetna's claim there is no deadline associated with the completion of this RFP; the state is not free to simply extend its contract with Aetna.

Protest Issues

The basis of Aetna's protest is that the state (1) violated basic principles of competitive bidding by assigning different evaluators to evaluate proposals submitted by Aetna and Premera, (2) treated the two offerors with substantial inequality in soliciting clarifications and improvements to the proposals, and (3) summarily rejected the option of awarding a stand-alone pharmaceutical claim management contract. I have responded to each section of the protest in the order presented:

I. Introduction

Response: On page one, in footnote 1 of Aetna's protest, Aetna asserts that the "economic impact on Aetna of the loss of this long-standing business will be severe." However, Aetna fails to note that the state was required to solicit proposals for a replacement contract in accordance with the State Procurement Code (AS 36.30) because the current contract will expire on June 30, 2006, and there are no remaining renewal options. The potential for economic impact to Aetna was not caused by actions of the state, but rather by contract terms and statutory requirements to solicit competing offers and award a new contract pursuant to the procurement code.

II. Overview

Response: The RFP was issued November 30, 2005. It was amended six times. January 6, 2006, was set for deadline of receipt of proposals. Four proposals were received in response to the RFP. Sometime shortly after the RFP deadline, the state's original procurement officer determined that two of the proposals received were nonresponsive (Coresource and Walgreens). He also determined that critical sections were missing from Aetna's proposal and it was declared nonresponsive.

I became the procurement officer of record, on or about January 31, 2006. I reviewed the three binders (Financials, Exhibits and Samples and Brochures) known to me at that time as Aetna's proposal. I asked the previous procurement officer to ensure that the sections apparently missing from Aetna's proposal had not been overlooked or misplaced. After performing a search he assured me there were no other sections of Aetna's proposal in the state's possession. I then concurred with the prior decision that Aetna's proposal was nonresponsive as it failed to address all material items in the RFP.

On pages two and three of the Aetna's protest, Aetna implies the state should have simply called and asked "why there was such a gaping omission in its bid." Since 2 AAC 12.250 precludes the submittal of late proposals, and considering I had re-confirmed that Aetna's proposal was missing critical sections, the state did not contact Aetna because submission of missing sections after the deadline would have been contrary to regulation. As Aetna is aware, the missing sections of its proposal were contained in a separate binder and labeled "Questionnaire." This was subsequently located in a locked, sixth floor storeroom in the State Office Building where all the offers submitted in response to the RFP had been held prior to evaluation.¹ However, the separate matter of Aetna's missing binder is not a point included in the protest.

Also on page two, and throughout its protest, Aetna incorrectly refers to 60% as being the percentage that could be awarded at the discretion of the proposal evaluation committee (PEC) for non-cost factors. Per RFP Section 7.02, and RFP Attachment 1, the PEC could only subjectively evaluate 50% of the total available criteria in response to the technical sections of the proposals. The maximum percentage for cost was 40% and Alaskan Offerors received a 10% preference, both of which were calculated by the procurement officer.

¹ It was unfortunate that Aetna's binders were not labeled in a manner that would have informed the state as to the total number of binders constituting Aetna's offer (i.e., Aetna Proposal Binder 1 of 4, etc.).

The list of evaluation factors and corresponding maximum point percentages are provided below:

1. Technical Proposal	50 percent
7.03 Management Plan for the Project	2%
7.04 Essential Administrative Services	3%
7.05 Appeals Procedure	1%
7.06 Vision Services	1%
7.07 Usual, Customary and Reasonable (UCR)	2%
7.08 Coordination of Benefits (COB)	3%
7.09 Utilization Review	4%
7.10 Employee Assistance Program and MMH	3%
7.11 Reporting	2%
7.12 Location of Work	3%
7.13 Performance Standards	2%
7.14 Health Flexible Spending Account (Health FSA)	2%
7.15 Provider Discounts	5%
7.16 Information Technology/Communication	3%
7.17 Client Service/Experience	3%
7.18 Pharmacy Benefit Management Services	3%
7.19 Clinical Programs	3%
7.20 Retail Network	2%
7.21 Mail Order	2%
7.22 High Deductible Health Plan and HSA Exp.	1%
2. 7.23 Cost Proposal	40 percent
3. 7.24 Alaska Offeror's Preference	10 percent

III. Allegation: The Division Rendered Its Non-Cost Evaluation Useless by Assigning One Evaluation Team to Grade Aetna, and then a Different Evaluation Team to Grade Premera.

Discussion: When it was discovered that Aetna had submitted a complete proposal, the state and Aetna sought a means to have Aetna's proposal evaluated. It is not disputed that the situation was not ideal; however, the state proposed to reconstitute a PEC to the best of its ability. The paramount issue here is that Aetna signed an agreement (Exhibit A) that allowed different evaluation teams to evaluate proposals

submitted by Aetna and Premera. However, after seeing the results of such action, Aetna now attempts to disavow the process it agreed to.

On Wednesday, February 21, 2006, the day after Aetna's missing proposal binder was found, the state and representatives of Aetna and Premera discussed potential alternatives to accomplishing a meaningful evaluation of Aetna's proposal (after the initial award to Premera and Premera's price was disclosed). The fact that Aetna had the advantage of knowing Premera's best and final offer price was also discussed.

On February 21st, the day that Aetna's proposal binder was located, two of the original PEC members that evaluated and scored Premera's proposal in the initial evaluation process were unavailable (Sheri Gray and Michael Williams). One was out of the country for two weeks and another was out of the office for about a week. Another member of the original PEC (Kerry Jarrell) works for the Bering Strait School District in Unalakleet, Alaska. It was impractical to mail Aetna's proposal to Mr. Jarrell, as that would have delayed the evaluation process further. In the end, only two of the original five PEC members that had evaluated and scored Premera's proposal in the initial evaluation process were immediately available (Freda Miller and Pat Shier).

On February 23, 2006, Aetna signed an agreement that addressed, in part, the following areas:

- **Aetna's proposal would be evaluated by three state employees, two of whom were on the original PEC that scored Premera's proposal in the initial evaluation process.**

As explained above, only two of the original PEC members that evaluated and scored Premera's proposal in the initial evaluation process were immediately available.

Aetna agreed that a reconstituted, or different, PEC would evaluate and score its proposal. Freda Miller and Pat Shier were included since they were on the original PEC that scored Premera's proposal in the initial evaluation process and both were immediately available. Judy Porter, a state DOT/PF employee in Juneau, was added to the committee. Mr. Shier, being an original member of the PEC that evaluated and scored Premera's offer (although he did not participate in the final round of scoring of that proposal), was familiar with the RFP and the evaluation criteria. And, he was available to immediately participate in the evaluation of Aetna's proposal as a member of the

reconstituted PEC. Mr. Shier had fully read and actually "scored" a substantial portion of the technical categories in Premera's offer. As such, he was considered by the state to be an evaluator of Premera who had been on the original PEC. And, under the circumstances of which the parties were attempting to have Aetna's proposal evaluated and scored as soon as practicable, utilizing as many of the original five PEC members was in the best interests of all involved, including Aetna.

Aetna's proposal received a total technical score of 2,030 out of 2,500 available points from the reconstituted PEC. The proposal submitted by Premera, previously scored by the original PEC, had an existing technical score of 2118.5. It is important to note that the net effect of using a newly comprised PEC to score Aetna's proposal occurred as a direct result of the proposal evaluation process Aetna agreed to in writing (Exhibit A). It is further notable that Aetna's technical score improved by only 21.5 points as a result of the best and final scoring process addressed below.

- **If, after evaluation and scoring, Aetna's proposal was determined to be responsive and reasonably susceptible for award, a date and time would be set for receipt of best and final offers from both Aetna and Premera.**

Aetna's proposal was determined to be reasonably susceptible for award on February 23, 2006. Tuesday, February 28, 2006, noon Alaska Time, was set for the receipt of best and final offers from both Aetna and Premera.

On page five of its protest, Aetna states it agreed to the evaluation process because 1) the evaluation did not involve direct comparability of scores between Aetna and Premera, but only passage of a "susceptibility" threshold; and 2) only one evaluator was being substituted from the original PEC, not two.

Response: It would not have been possible for the state to determine Aetna's "susceptibility for award" under 2 AAC 12.290 without the direct comparison of scores between Aetna and Premera since the RFP utilized a numerical rating system (see 2 AAC 12.260). Also, both Ms. Miller and Mr. Shier were on the original PEC that scored Premera's proposal in the initial evaluation process, as required by the agreement Aetna signed on February 23rd. Therefore, only one evaluator was added (Ms. Porter).

- **The state would disclose Aetna's exact proposal price to Premera and disclose Premera's exact price to Aetna.**

Aetna and Premera agreed to the disclosure of certain pricing information not normally allowed. As Aetna is well aware, the state had previously disclosed Premera's price of approximately \$34 million to Aetna after the initial notice of intent to award was issued by the state. The disclosure of Premera's best and final offer price to Aetna occurred the morning of February 21, 2006, shortly before the state found the final Aetna binder, which resulted in the Notice of Intent being rescinded. At that time, Premera's original proposal price and its best and final offer price was available for public inspection. Premera's proposal price was not disclosed to Aetna; only its best and final offer price. On page three of the protest, Aetna states that when best and final proposals were opened, the cost of the two responsive proposals (submitted by Aetna and Premera) "was virtually identical." I disagree. Premera's cost was \$1,103,617 lower than Aetna's cost. This is a significant amount. As such, Premera received 2,000 points for cost and Aetna received 1,931 points. Cost points are determined by a mathematical formula as described in the RFP (see pages 18 and 19 of the RFP; copy attached).

It must be noted that Aetna's original cost proposal indicated a grand total for contract-years one through three of (a) \$49,163,735 based on mature service fees, and (b) \$45,387,171 based on illustrative immature service fees. The state was unable to discern the difference between these two total prices. As such, Aetna was required to submit a single cost proposal in its best and final offer, which it agreed to do.

After holding discussions authorized under AS 36.30.240 with both parties and with Aetna having the benefit of knowing Premera's price of \$34,077,274, Aetna reduced its price offer from \$49,163,735 / \$45,387,171 (in its original proposal to \$32,054,652 in its best and final offer).

- **Discussions under AS 36.30.240 with Aetna and Premera would occur Friday, February 24th and a date and time would be set for receipt of best and final offers from both offerors.**

The state held discussions with both offerors pursuant to AS 36.30.240. Three pages of clarification/discussion topics were sent to Aetna. On February 28th, Aetna submitted its best and final offer.

Only one page of clarification/discussion topics was sent to Premera since, as Aetna knew the state had already held discussions with Premera once before. The three items discussed were:

RFP Section 7.23, Cost Proposal

Premera was allowed to submit another cost proposal.

RFP Section 7.03, Management Plan for the Project

The state asked Premera to provide a single list of costs and fees that would be billed separately from the fees contained in the cost proposal (Aetna was asked the same question during discussions).

RFP Section 7.15 Provider Discounts

The state asked Premera whether it could bill a fee associated with Premera's network discount in a different manner.

The last two items were not specifically addressed in the PEC evaluation form and scoring criteria contained in RFP Attachment 1. Therefore, it was anticipated that Premera's cost proposal, if it chose to submit one, was the only section of its best and final offer that would require scoring.

- **After receipt of best and final offers from Aetna and Premera, both proposals would again be scored; a new notice of intent would then be issued to the winning offeror.**

Scoring occurred at this stage and a new Notice of Intent was issued to Premera based upon best and final offer scoring. Costs for each best and final offer were scored. Premera received 2,000 points for cost and Aetna received 1,931, as dictated by the scoring formula contained in the RFP.

It has been a longstanding practice that when the state receives best and final offers, only the changes addressed in the offer are scored (if required), not the entire proposal. As such, costs for each proposal were scored and the sections of Aetna's best and final offer that altered its technical proposal were scored by the reconstituted PEC, resulting in a 21.5 point total increase.

After the PEC scored Aetna's best and final offer and the procurement officer recalculated the points allotted to cost for both proposals, Premera's total score exceeded Aetna's total score by 136. It was not necessary for the PEC to score the technical section of Premera's best and final response.

Premera responded to all three items as requested by the state during discussions. That is, under RFP Section 7.15 Premera eliminated the network fee entirely and under RFP Section 7.03 Premera stated that there were no additional fees contained in the cost proposal. Under RFP Section 7.23 Premera submitted a new cost proposal which was scored by the procurement officer.

In addition, Premera guaranteed that the total pharmacy rebates received by the State of Alaska would be \$3.0 million for each contract year, included an additional 45 hours of training and doubled the dollars at risk in the performance guarantees section. It was not necessary to score these sections since they resulted in substantial improvement to Premera's proposal and since Premera was already ahead of Aetna in scoring. Additionally, these items were not specifically addressed in the PEC evaluation form and scoring criteria in RFP Attachment 1, except for possibly the immaterial addition of 45 additional training hours (ref. RFP section 10.18 h).

I believe the state followed the evaluation process that is customarily performed, as well as being the process agreed to by Aetna and Premera.

Aetna states on page three of the protest, "Points were awarded based on how individual evaluators liked, or disliked, the proposer's approach to a host of issues". This is a misstatement of fact. Each PEC member awarded points based on their independent judgment and in accordance with the PEC evaluation form and scoring criteria in RFP Attachment 1. There is no evidence to the contrary and none is inferred. This is speculation by Aetna.

Aetna states on page five of the protest that it agreed the state would first make a threshold call as to whether Aetna's proposal was reasonably susceptible for award and if Aetna passed that test a subsequent evaluation of new "best and final offers" would be made. That is the exact process the state followed. There is no basis to find the state committed a legal or procedural error.

IV. Allegation: The Division Created the Appearance of Coaching Premera to Improve Its Score, but it did not Extend Similar Courtesies to Aetna.

Aetna alleges the state did not afford Aetna "fair and equal treatment with respect to any opportunity for discussion and revision of proposals" under AS 36.30.240(a) and didn't help "Aetna improve its proposal to the same extent as it already had with Premera."

Discussion: Throughout its protest, Aetna mischaracterizes the clarification and discussion processes outlined in the State Procurement Code and Alaska Administrative Code, as well as the process followed by the state with respect to this RFP.

Under 2 AAC 12.285, the state may communicate with offerors in order to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Under AS 36.30.240, discussions may be conducted for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Also, proposal revisions may be submitted under a best and final offer.

The state combined the clarification and discussion processes into a single phase when it held discussions initially with Premera and again when AS 36.30.240 discussions were held with both Premera and Aetna. In each instance, the PEC members developed the specific list of items that were clarified and discussed with each offeror based on their review and evaluation of the proposals. Additionally, before evaluating the proposals, each PEC member received instruction regarding the purpose and intent of Clarification of Offers (RFP Section 2.06) and Discussions with Offerors (RFP Section 2.07).

I believe Premera and Aetna were afforded "fair and equal treatment with respect to any opportunity for discussion and revision of proposals" as required by AS 36.30.240. However, that does not mean the state must discuss the exact items, or the same number of items with each offeror. Such an interpretation is unreasonable considering the variety of RFPs issued by the state and the fact that offerors respond to RFPs in different manners proposing a variety of solutions.

Further, as noted on the first page of Aetna's protest, it is reasonable to conclude that a PEC would have fewer items to clarify and discuss with Aetna, who is the current contractor and has been the provider of the services covered by the RFP for the last 24 years.

Aetna states on page 7 of its protest that the extensive discussions with Premera had the effect of giving Premera detailed advice on how to:

- retract portions of their proposal which, absent a retraction, would leave Premera's proposal unresponsive to the RFP;
- insert items required to be included in the RFP, but originally omitted by Premera; or
- suggest available contract administration measures that could result in lower cost, or increased evaluator attractiveness, and hence higher point scores.

This is an inaccurate portrayal of the state's discussions with Premera. The same conditions apply to the list of clarification and discussion items submitted to Aetna (Aetna protest attachment 3).

On page 7 Aetna also states, "The Division took 62 pages to suggest and elicit specific changes to Premera's original proposal; conversely, the Division made only three pages of minor, technical suggestions to Aetna." Here, liberties are taken to mix the facts. A table on page 8 of Aetna's protest includes this improper comparison.

While the evidence shows there were more items clarified and discussed with Premera than Aetna, the reference to three pages of suggestions to Aetna (attachment 3 to Aetna's protest), excludes Aetna's response. The reference of 62 pages of Premera's clarification to suggest and elicit changes to Premera's original proposal, attachment 4 to Aetna's protest, includes Premera's response.

Examples are provided on pages 9 - 11 of the brief in an attempt to show how apparent inequalities emerged during the state's discussions with Premera and how the state asked Premera to "clarify" points that needed no clarification because, according to Aetna, Premera "unequivocally rejected a condition of the RFP."

One example is specifically detailed on page 10 of the brief. That particular section of Premera's proposal is provided below:

a) Administration

- i) Customer Service Agree Disagree

Standard: 85% of telephone calls will be answered within 30 seconds in any given month.

Agree.

Measurement: The offeror will provide the State with its customer service telephone access reports on a monthly basis specifically identifying performance in this area.

Agree.

Amount at risk: \$700 for each 1% deviation from target measured monthly, up to a maximum of \$7,000 monthly.

Disagree: \$7,500 for each 1% deviation from target measured annually, up to a maximum of \$90,000.

As you can see, Premera checked the "disagree" box. However, immediately below the first item Premera typed "Agree." At the bottom, Premera apparently "disagreed" with the \$700 amount at risk - offering \$7,000, and "disagreed" with the \$7,000 maximum penalty - offering \$90,000. It seemed that Premera had agreed with the standard to answer 85% of the telephone calls within 30 seconds, but wanted to increase the penalty amount, which was in the state's best interest (i.e. Premera was subjecting itself to an even greater monetary penalty if it failed to meet this standard). Contrary to Aetna's assertion, this is a perfect example of an item that could be clarified or discussed.

A similar example is found in Aetna's original proposal. Under RFP Section 7.13 c), iv), Aetna checked the disagree box. Since Aetna currently pursues refund overpayments under the existing contract, the state asked Aetna the following question during discussions:

Considering that Aetna is currently pursuing refund of overpayments in excess of \$50, please clarify why Aetna disagreed with this section and proposed two performance guarantees in place of the guarantee outlined in this section.

As a result of Aetna's response to this question in its best and final offer, Aetna received an additional 5 points.

Aetna mentions, in a similar vein, that Premera clearly declined to offer direct deposit in its original offer, but was convinced by the state to change its mind. Aetna's response to the same item, RFP Section 7.16 c), is provided below:

a) Can you offer direct deposit of participant benefit reimbursement?

If yes, for which benefits covered by this proposal?

Yes No

Although, Aetna had "unequivocally rejected a condition of the RFP" (a term used to characterize the same action by Premera), the state asked Aetna the following question during discussions:

Please clarify that although the No box was checked, that Aetna does currently offer EFT to providers in lieu of a mailed EOPP check and that under the Health FSA that the auto-debit payment method to providers could be utilized. Are these service included as part of Aetna's proposal?

As a result of Aetna's response to this question in its best and final offer, Aetna received 10 additional points.

Additional examples are included in Mr. Wiggins' affidavit under items 23 – 28 in the apparent attempt to infer some form of impropriety concerning the state's discussions with Premera. However, these examples clearly fall under normal topics of clarification and discussion allowed under AS 36.30.240 and similarities can be found in the state's discussions with Aetna as to its proposal. Overall, this shows the offerors were treated equally as required under AS 36.30.240.

Page 10 of the protest states that the Division suggested some "re-packaging" of nearly \$6 million of "network access fees" as some other kind of charge and that by agreeing to not call these charges "access fees," Premera was able to lower the cost side of its bid by \$6 million.

Premera had initially proposed a network access fee of \$5.51 per employee per month (PEPM) that would be billed as a claim charge. I have not researched Aetna's claim that the value of this PEPM charge would have totaled \$6 million. In any event, the state's Benefits Manager was concerned that the \$5.51 PEPM fee would artificially inflate the actual cost of claims and cause reporting issues. As such, during discussions the state asked Premera whether it was possible "to bill this fee or cost in a different manner, rather than adding the amount to a claim." Premera made adjustments in its best and final offer and was able to eliminate the fee entirely. This so called "re-packaging" is analogous to Aetna's reduction of pharmacy rebate guarantees in its best and final offer. Aetna originally proposed a \$3.5 million minimum guarantee for pharmacy rebates. However, after discussions, Aetna reduced the state's guaranteed pharmacy rebate to \$750,000 per year, which apparently enabled Aetna to reduce its cost proposal accordingly.

Aetna asks on page 12 of the protest whether the state could have gotten the best deal by engaging in the same discussions with Aetna that it had with Premera, but then Aetna states "we've no idea because equality of treatment never occurred." Once again, the incorrect notion is advanced that the state must clarify and discuss the exact same items, or the same number of items with each offeror. Nowhere do our procurement statutes, regulations, policies, or past practice dictate that the state do so.

Also on page 12, Aetna characterizes the evaluation process as "doomed to inequity from the onset" because the state considered Premera the only qualified bidder up until Aetna's missing proposal binder was located, and one might expect a government agency to communicate exclusively with the only bidder who was qualified for the contract, as the state thought at the time. This observation must be viewed in light of the fact that before Aetna signed the agreement (Exhibit A) that allowed the evaluation