

12112 HOUSE HESS

percent less than Anchorage for comparable school personnel. Comparing these two districts to each other, North Slope pays 38 percent more than Southeast Island for comparable personnel.

Energy Cost Differences

A second component index, energy cost, is influenced by several factors. Alaska's significant climate variation across districts affects the consumption of fuels and energy required to provide heat to classrooms and school buildings. In addition, the degree of remoteness of each district affects the prices of these fuel and energy sources.

The study's approach to calculating energy costs relies on an engineering computer simulation model. This model requires the development of prototype buildings to permit estimation of the energy requirements to provide heating, cooling, and power for all aspects of school and district operations. Each prototype is associated with a specific climate parameter expressed in terms of heating degree-days. The estimated energy consumption levels necessary for the prototype buildings in different climatic zones are then combined with information on the unit energy prices at each school site throughout Alaska to estimate the cost of energy services.

The results of this analysis show a range of index value for the cost of energy services per square foot from 0.74 in the Juneau School District to 9.31 in the North Slope School District. Typically, the school districts with the highest index values are located within the very cold climate zone, largely represented by the Far North region. High costs in less cold districts can be attributed to the relative costs of energy sources faced by these districts.

Costs of Supplies, Materials, and Small Capital Items

The third component index, supplies, material, and capital equipment, is most influenced by geographic differences in shipping costs. The base prices of supplies purchased by districts in different parts of the state may vary to some extent because of volume purchasing, but this difference is small compared to the difference associated with the cost of transporting these items from the major centers of commerce to the remote areas of the state. The costs range from a low of 1.00 in Anchorage School District to a high of 6.81 in Pelican City School District.

In general, larger districts (i.e., districts with higher enrollment figures) tend to exhibit lower costs of goods. Larger districts are able to purchase items in bulk more easily than smaller districts. Another factor contributing to the lower index values for districts with greater enrollments is their proximity to the suppliers of these goods. These districts operate in or near Alaska's major centers of commerce. Transportation costs are

lower, and competition among suppliers in these centers of commerce drives down prices.

Travel Costs

The fourth component index is the cost of travel. Because of the remote locations of some schools and communities in Alaska, travel costs can have a significant impact on the expenditures necessary to operate schools in the state. The majority of the low-cost districts in this index are city school districts and districts located near Anchorage or in another relatively accessible area of the state. These districts tend to have very low costs associated with travel between the district office and the school(s) in the district. For those districts located near Anchorage, travel costs to Anchorage for statewide training tends to be a relatively low-cost item. Districts located close to a center of commerce enjoy low costs for maintenance service travel, resulting in lower cost index values in this travel input index.

Summary of Recommendations

AIR makes a number of recommendations regarding implementation of the GCEI:

- Adoption of the new GCEI presented in this report.
- Improvements and expansion of the personnel databases currently collected by ADEED.
- Adoption of new data collections on non-personnel items including energy fuels; supplies, materials, and capital items; and travel costs.
- Updating the GCEI every 3 to 5 years.
- Using a professional economist for the analysis of personnel costs.
- Phasing in the new index over time to avoid disrupting district budgets.

HESS Committee, HB 72

3-22-07

I am Dr. Peter Larson. I have worked in the Kenai Peninsula borough School district since 1969 serving as a teacher, director of external programs, director of secondary education, co-director of gifted and talented education, principal and assistant superintendent of instruction. I retired from the Kenai School District in 1990. Then I worked overseas in international schools for six years. For 32 years I have lived and worked in the Kenai School District.

locally or by the state
I am concerned about adequate funding for schools in this state. Since 1986, there has been a decline in funding every year. Teachers and administrators must accomplish the same mission each year with fewer programs, fewer staff members and less resources. They are being held to an impossible standard, given the decline in financial support. As funds have decreased cookie and bake sales, garage sales, ticket raffles, parent volunteers, fees for students, and home schooling have increased. Under the present educational circumstances the KPBSD does not attract the top level teachers and administrators that it did when I was a member of the district. When I was on staff we were on the cutting edge of educational programs presenting our programs, statewide and nationally. Now, as a substitute, in this school system, I note that few, if any, members of our staff are conducting innovative programs, because they are being forced to teach to a test imposed by No Child Left Behind. Having recently worked in international schools in Jakarta, Indonesia, Singapore and Kuantan, Malaysia, and teaching highly motivated students who are our students' competitors, you need to know that we are losing the competitive edge. A pupil teacher ratio in these schools is 15:1, and these schools ensure that they present well developed and successful educational programs. We can do the same. At one time we did so. In fact, when I entered the international schools I expected that I would be impressed by the quality and kind of education, but found that the international schools, in general, were behind the Kenai School District in the quality and challenge it presented to its students. That competitive edge is no longer ours.

Given the decline of funds there can only be one outcome; deleterious effects on the states economy and ability to hold a competitive edge for hiring and attracting businesses into the state.

I urge you to accomplish three things:

First, correct the funding formula to reflect the diversity of educational venues on the peninsula and support House Bill 72. For many years the cost differential formula has not been equitable. The programs in remote villages are not accessible by road, which increase the per pupil costs. The present funding formula does not reflect this.

Second, increase funding to all schools in Alaska. Both vocational and academic programs have been cut. These cuts jeopardize children's opportunity to work toward a vocational field or interim jobs to support them while working toward a college degree.

Third, ~~please~~ forward fund education in this state. With all the resources in Alaska this can be done. Each year that we pink slip qualified teachers we lose them. This practice for the past many years has had a negative effect on teacher retention and has led to increased costs to recruit.

So, please, please, correct the funding formula, increase funding of Alaskan schools and forward fund education.

In closing, I believe that each of you support education. However, unwillingness to make the hard decisions necessary to adequately fund our states educational programs has led our public school system to the brink of disaster. It is only due to the professionalism, dedication to excellence and hard work that the public schools have survived. Much of this work is accomplished after schools and on weekends. Educators are burning out by our inattention and lack of adequate funding.

Please fix these problems.

Peter Larson
1018 Barnett Place, Homer 99603

by our educators



Alaska State Legislature

Please enter into the record my testimony to the House HBSS
COMMITTEE NAME
 committee on HB 72, dated 3/22/07
BILL / SUBJECT TODAY'S DATE

I have been a parent of Kenai Peninsula Borough School District students for 14 years. The state has consistently shortchanged our district, as shown by numerous studies like the 2005 DSR study. Any further delay in even partial mitigation of this ongoing harm to our students is unacceptable. Thank you to the sponsors of this Bill for trying to hold the state accountable in a certain timeframe. Not all harm can be compensated fiscally, your delay in this matter has already triggered a "brain drain" from the state of the families that care most about education, a loss to our state you will never recover.

Signed: Virginia Espenshade, Virginia Espenshade
TESTIFIER (Signed, PRINTED NAME)
Self
REPRESENTING
P.O. Box 1752 Homer
ADDRESS
235-1823
PHONE NO.



Alaska State Legislature

Please enter into the record my testimony to the House HBSS
COMMITTEE NAME
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I have been a parent of Kenai Peninsula Borough School District students for 14 years. The state has consistently shortchanged our district, as shown by numerous studies like the 2005 OSBE study. Any further delay in even partial mitigation of this ongoing harm to our students is unacceptable. Thank you to the sponsors of this Bill for trying to hold the state accountable in a certain timeframe. Not all harm can be compensated financially, your delay in this matter has already triggered a "brain drain" from the state of the families that care most about education, a loss to our state you will never recover.

Signed: Virginia Espenohade, Virginia Espenohade
TESTIFIER (Signed, PRINTED NAME)

Self
REPRESENTING

P.O. Box 1752 Homer
ADDRESS

735 1823
PHONE NO.

QUARTER Implementation of ISER

District	Adopted		Cost
	in 1998	1/4 ISER	Difference
Alaska Gateway	1.291	1.367	307,733
Aleutian Region	1.736	1.737	39,014
Aleutians East Borough	1.423	1.585	417,488
Anchorage	1.000	1.000	-
Annette Island	1.011	1.093	244,223
Bering Strait	1.525	1.643	2,101,795
Bristol Bay Borough	1.262	1.316	98,369
Chatham	1.120	1.234	256,419
Chugach	1.294	1.345	49,373
Copper River	1.176	1.211	188,103
Cordova	1.096	1.131	123,838
Craig	1.010	1.059	154,704
Delta/Greely	1.106	1.140	245,733
Denali Borough	1.313	1.318	11,763
Dillingham	1.254	1.277	103,118
Fairbanks N. Star Borough	1.039	1.047	801,739
Galena	1.348	1.359	23,689
Haines Borough	1.008	1.056	139,216
Hoonah	1.055	1.141	129,828
Hydaburg	1.085	1.190	83,314
Iditarod Area	1.470	1.564	235,118
Juneau Borough	1.005	1.040	1,236,170
Kake	1.025	1.134	106,841
Kashunamiut	1.389	1.447	182,438
Kenai Peninsula Borough	1.004	1.046	2,883,677
Ketchikan Gateway Borough	1.000	1.043	754,415
Klawock	1.017	1.088	103,011
Kodiak Island Borough	1.093	1.142	988,872
Kuspuk	1.434	1.509	353,060
Lake & Peninsula Borough	1.558	1.667	545,050
Lower Kuskokwim	1.491	1.534	1,628,675
Lower Yukon	1.438	1.544	2,119,062
Mat-Su Borough	1.010	1.025	1,600,993
Nenana	1.270	1.287	35,938
Nome	1.319	1.352	204,671
North Slope Borough	1.504	1.576	1,046,500
Northwest Arctic Borough	1.549	1.618	1,272,755
Pelican	1.290	1.337	12,032
Petersburg	1.000	1.061	311,458
Pribilof	1.419	1.487	98,207
Saint Mary's	1.351	1.419	120,170
Sitka Borough	1.000	1.049	542,729
Skagway	1.143	1.151	7,448
Southeast Island	1.124	1.194	135,947
Southwest Region	1.423	1.489	476,629
Tanana	1.496	1.569	38,096
Unalaska	1.245	1.294	179,578
Valdez	1.095	1.114	116,338
Wrangell	1.000	1.040	128,910
Yakutat	1.046	1.138	104,952
Yukon Flats	1.668	1.780	358,402
Yukon/Koyukuk	1.502	1.585	348,366
Yupit	1.469	1.533	304,118
Mt. Edgecumbe High School	1.000	1.049	154,704
TOTAL			24,304,789

BSA at \$5380 and using the FY08 Foundation Projection

HALF Implementation of ISER

District	Adopted		Cost
	In 1998	1/2 ISER	Difference
Alaska Gateway	1.291	1.443	615,522
Aleutian Region	1.736	1.838	64,308
Aleutians East Borough	1.423	1.707	834,869
Anchorage	1.000	1.000	-
Annette Island	1.011	1.175	488,392
Bering Strait	1.525	1.762	4,203,537
Bristol Bay Borough	1.262	1.370	196,738
Chatham	1.120	1.348	512,836
Chugach	1.294	1.395	84,706
Cooper River	1.176	1.246	376,208
Cordova	1.096	1.165	247,730
Craig	1.010	1.108	309,354
Delta/Greely	1.106	1.174	491,359
Denali Borough	1.313	1.323	23,527
Dillingham	1.254	1.300	206,234
Fairbanks N. Star Borough	1.039	1.055	1,603,476
Galena	1.348	1.370	47,485
Haines Borough	1.008	1.104	278,433
Hoonah	1.055	1.227	259,656
Hydaburg	1.085	1.295	157,668
Iditarod Area	1.470	1.658	524,136
Juneau Borough	1.005	1.075	2,472,339
Kake	1.025	1.242	213,682
Kashunamiut	1.389	1.504	364,985
Kenai Peninsula Borough	1.004	1.088	5,767,408
Ketchikan Gateway Borough	1.000	1.085	1,508,776
Klawock	1.017	1.160	206,020
Kodiak Island Borough	1.093	1.191	1,977,742
Kuspuk	1.434	1.584	706,120
Lake & Peninsula Borough	1.558	1.776	1,090,155
Lower Kuskokwim	1.491	1.577	3,257,403
Lower Yukon	1.438	1.650	4,238,180
Mat-Su Borough	1.010	1.040	3,202,095
Nenana	1.270	1.304	71,767
Nome	1.319	1.385	409,287
North Slope Borough	1.504	1.648	2,093,000
Northwest Arctic Borough	1.549	1.686	2,545,617
Pelican	1.290	1.384	19,256
Petersburg	1.000	1.122	622,914
Pribilof	1.419	1.555	196,521
Saint Mary's	1.351	1.488	240,446
Sitka Borough	1.000	1.098	1,085,458
Skagway	1.143	1.159	14,894
Southeast Island	1.124	1.264	329,206
Southwest Region	1.423	1.554	353,257
Tanana	1.436	1.641	76,192
Unalaska	1.245	1.343	359,049
Valdez	1.095	1.133	232,676
Wrangell	1.000	1.080	257,929
Yakutat	1.046	1.229	209,957
Yukon Flats	1.668	1.892	604,061
Yukon/Koyukuk	1.502	1.669	696,678
Yupit	1.469	1.596	508,183
Mt. Edgecumbe High School	1.000	1.098	309,406
TOTAL			48,466,833

BSA at \$5380 and using the FY08 Foundation Projection

THREE-QUARTER Implementation of ISER

District	Adopted		Cost
	in 1998	3/4 ISER	Difference
Alaska Gateway	1.291	1.443	923,256
Aleutian Region	1.736	1.838	97,231
Aleutians East Borough	1.423	1.707	1,252,304
Anchorage	1.000	1.000	-
Annette Island	1.011	1.175	732,561
Bering Strait	1.525	1.762	6,305,333
Bristol Bay Borough	1.262	1.370	294,999
Chatham	1.120	1.348	769,254
Chugach	1.294	1.395	114,388
Copper River	1.176	1.246	564,259
Cordova	1.096	1.165	371,514
Craig	1.010	1.108	464,056
Delta/Greely	1.106	1.174	737,039
Denali Borough	1.313	1.323	35,344
Dillingham	1.254	1.300	309,352
Fairbanks N. Star Borough	1.039	1.055	2,405,213
Galena	1.348	1.370	71,227
Haines Borough	1.008	1.104	417,597
Hoonah	1.055	1.227	389,484
Hydaburg	1.085	1.295	240,982
Iditarod Area	1.470	1.658	825,773
Juneau Borough	1.005	1.075	3,708,563
Kake	1.025	1.242	320,523
Kashunamiut	1.389	1.504	547,532
Kenai Peninsula Borough	1.004	1.088	8,651,083
Ketchikan Gateway Borough	1.000	1.085	2,263,190
Klawock	1.017	1.160	309,138
Kodiak Island Borough	1.093	1.191	2,966,667
Kuspuk	1.434	1.584	1,059,181
Lake & Peninsula Borough	1.558	1.776	1,635,312
Lower Kuskokwim	1.491	1.577	4,886,078
Lower Yukon	1.438	1.650	6,357,189
Mat-Su Borough	1.010	1.040	4,803,142
Nenana	1.270	1.304	107,651
Nome	1.319	1.385	613,958
North Slope Borough	1.504	1.648	3,139,609
Northwest Arctic Borough	1.549	1.686	3,818,372
Pelican	1.290	1.384	26,458
Petersburg	1.000	1.122	934,317
Pribilof	1.419	1.555	294,728
Saint Mary's	1.351	1.488	360,614
Sitka Borough	1.000	1.098	1,628,134
Skagway	1.143	1.159	22,340
Southeast Island	1.124	1.264	515,152
Southwest Region	1.423	1.554	1,429,386
Tanana	1.496	1.641	114,288
Unalaska	1.245	1.343	538,575
Valdez	1.095	1.133	349,013
Wrangell	1.000	1.080	386,839
Yakutat	1.046	1.229	294,586
Yukon Flats	1.668	1.892	831,241
Yukon/Koyukuk	1.502	1.669	1,045,043
Yupit	1.469	1.596	912,302
Mt. Edgecumbe High School	1.000	1.098	464,002
TOTAL			72,655,872

BSA at \$5380 and using the FY08 Foundation Projection.

FULL implementation of ISER

District	Adopted		Cost
	In 1938	ISER	Difference
Alaska Gateway	1.291	1.594	1,231,043
Aleutian Region	1.736	1.939	136,299
Aleutians East Borough	1.423	1.991	1,669,684
Anchorage	1.000	1.000	-
Annette Island	1.011	1.338	976,783
Bering Strait	1.525	1.998	8,407,075
Bristol Bay Borough	1.262	1.478	393,368
Chatham	1.120	1.576	1,025,671
Chugach	1.294	1.496	144,071
Copper River	1.176	1.316	752,364
Cordova	1.098	1.234	495,407
Craig	1.010	1.206	618,814
Delta/Greely	1.106	1.241	982,773
Denali Borough	1.313	1.332	47,107
Dillingham	1.254	1.346	412,470
Fairbanks N. Star Borough	1.039	1.070	3,206,951
Galena	1.348	1.391	94,970
Haines Borough	1.008	1.200	556,814
Hoonah	1.055	1.399	519,258
Hydaburg	1.085	1.504	324,298
Iditarod Area	1.470	1.846	1,127,301
Juneau Borough	1.005	1.145	4,944,732
Kake	1.025	1.459	427,364
Kashunamiut	1.389	1.619	730,025
Kenai Peninsula Borough	1.004	1.171	11,534,814
Ketchikan Gateway Borough	1.000	1.170	3,017,605
Klawock	1.017	1.302	412,147
Kodiak Island Borough	1.093	1.289	3,955,592
Kuspuk	1.434	1.734	1,412,241
Lake & Peninsula Borough	1.558	1.994	2,180,362
Lower Kuskokwim	1.491	1.663	6,514,807
Lower Yukon	1.438	1.861	8,476,253
Mat-Su Borough	1.010	1.070	6,404,135
Nenana	1.270	1.338	143,534
Nome	1.319	1.450	818,628
North Slope Borough	1.504	1.791	4,186,109
Northwest Arctic Borough	1.549	1.823	5,091,130
Pelican	1.290	1.477	33,659
Petersburg	1.000	1.244	1,245,775
Pribilof	1.419	1.691	392,990
Saint Mary's	1.351	1.624	480,784
Sitka Borough	1.000	1.195	2,170,918
Skagway	1.143	1.174	29,787
Southeast Island	1.124	1.403	701,206
Southwest Region	1.423	1.685	1,906,514
Tanana	1.496	1.786	152,383
Unalaska	1.245	1.441	718,099
Valdez	1.095	1.170	465,405
Wrangell	1.000	1.159	515,804
Yakutat	1.046	1.412	398,306
Yukon Flats	1.668	2.116	1,189,643
Yukon/Koyukuk	1.502	1.835	1,393,409
Yupit	1.469	1.723	1,216,421
Mt Edgecumbe High School	1.000	1.195	618,706
TOTAL			97,001,858

BSA at \$5380 and using the FY08 Foundation Projection.

March 22, 2007

Testimony from Susan Sciabbarrasi, Superintendent, Wrangell Public Schools

In 1998, Senate Bill 36 required the updating and monitoring of District Cost Factors. In July 2004 the Legislative Budget and Audit Committee contracted with ISER to update and modify the AIR District Cost Study. Funding two studies and one review from the capital budget indicates the importance placed on having the results from this final study. As we know, outcomes do not always benefit everyone, however, if the study met the guidelines and criteria that had been directed by the legislators, then, it seems not only prudent but also necessary to implement the results.

According to the ISER study, Wrangell's District Cost Factor would increase from 1.0 to 1.159. **Wrangell currently has the same District Cost Factor as Anchorage at 1.0.** As you are aware, Anchorage's 1.0 Cost Factor was designed as the basis of comparison for all other districts. It is obvious that it costs more to operate a school district on a small Island in Southeast Alaska, with less than a population of 2,000 inhabitants, than to do business in Anchorage where there is International Commerce, discount stores, and multiple means of transportation in and out of the city. In addition, Anchorage is the site for many professional educational conferences as well as most of the state extra-curricular activities that costs our district up to \$1,000 per person. Even this year, fuel prices in Wrangell have been up to \$1.00 per gallon more than in Anchorage. Never the less, the cost factor remains the same. Most importantly, Juneau is considered our closest 'Center of Commerce' and their current Cost Factor of 1.005 is higher than Wrangell's 1.0. That does not make logical sense for Juneau to be our major Center of Commerce yet has a higher cost factor. The new Cost Study remedies that by having Juneau at a slightly lower 1.145 compared to Wrangell's 1.159 District Cost Factor.

The objective of this study was to "determine district funding needs relative to Anchorage". It has nothing to do with the Base Student Allocation, which is determined by the financial needs of the state as a whole. The District Cost Factor is the instrument that takes into account the differences between the districts not the overall Base Student Need. While the Base Student Allocation determines adequacy, the District Cost Factor addresses equity. They are two different factors addressing two very different needs within our state.

In conclusion, results from the ISER study provided the information that was requested by the legislators and funded from the capital budget. We have those results in this study. Why request and fund a study in which you would not implement? Therefore, I am in support of fully implementing the District Cost Factors as presented in HB 72 through the ISER study to be effective July 1, 2007. Thank you for your time and consideration.

Susan Sciabbarrasi

HB

97

HOUSE BILL NO. 97

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/22/07

Referred: Health, Education and Social Services, Finance

Funding Information:	General Fund	\$638,133,983
	Other Funds	<u>32,886,100</u>
	Total	\$671,020,083

A BILL**FOR AN ACT ENTITLED**

1 "An Act making appropriations for state aid to public schools, centralized
 2 correspondence study, and transportation of pupils; and providing for an effective
 3 date."

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

5 * Section 1. (a) The sum of \$395,701,500 is appropriated from the general fund to the
 6 public education fund (AS 14.17.300) for the following purposes in the amounts stated:

7	PURPOSE	AMOUNT
8	Distribution to school districts, to the state boarding school,	
9	and for centralized correspondence study under AS 14.17	\$342,133,000
10	Transportation of pupils under AS 14.09.010	53,568,500

11 (b) The sum of \$32,886,100 is appropriated to the Department of Education and Early
 12 Development for distribution to school districts, to the state boarding school, and for
 13 centralized correspondence study under AS 14.17 for the fiscal year ending June 30, 2008,
 14 from the following sources:

FUND SOURCE	AMOUNT
Federal impact aid for K-12 schools	\$20,791,000
Public school trust fund (AS 37.14.110)	12,095,100

(c) The remaining balance of the public education fund (AS 14.17.300) on June 30, 2007, estimated to be \$509,130,000 is for distribution to school districts, to the state boarding school, and for centralized correspondence study under AS 14.17.

* **Sec. 2.** The sum of \$24,000,000 is appropriated from the general fund to the Department of Education for distribution to each school district in the same amount as was received by that school district during fiscal year 2007 for implementation of a cost factor adjustment.

* **Sec. 3.** The sum of \$11,000,000 is appropriated from the general fund to the Department of Education for distribution to each school district in the same amount as was received by that school district during fiscal year 2007 for a school improvement grant.

* **Sec. 4. RETIREMENT SYSTEM FUNDING FOR SCHOOL DISTRICTS.** (a) It is the intent of the legislature that a portion of the increase in state revenue due to high oil prices be used to assist school districts by paying the fiscal year 2008 estimated increase in school district employer costs resulting from increased employer contribution rates, to reduce the liability to the defined benefit plan of the public employees' retirement system and the defined benefit plan of the teachers' retirement system of school districts that are members of those systems. The appropriations made by (b) and (c) of this section reflect estimates by the Department of Administration, as of September 11, 2006, of the increased employer cost for the school districts resulting from employer contribution rate increases for fiscal year 2008. The appropriations made by (b) and (c) of this section are intended to reduce those increased employer costs, based on current estimates, but might not fully eliminate the increased employer costs because of changes in school district payroll amounts and other factors. The appropriations made by (b) and (c) of this section are one-time appropriations and are not intended to recur for fiscal year 2009.

(b) The following amounts, totaling \$36,981,562, are appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system for each of the following school districts:

DISTRICT	APPROPRIATION
Alaska Gateway	\$ 62,997

1	FUND SOURCE	AMOUNT
2	Federal impact aid for K-12 schools	\$20,791,000
3	Public school trust fund (AS 37.14.110)	12,095,100

4 (c) The remaining balance of the public education fund (AS 14.17.300) on June 30,
5 2007, estimated to be \$509,130,000 is for distribution to school districts, to the state boarding
6 school, and for centralized correspondence study under AS 14.17.

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8 of Education for distribution to each school district in the same amount as was received by
9 that school district during fiscal year 2007 for implementation of a cost factor adjustment.

10 * **Sec. 3.** The sum of \$11,000,000 is appropriated from the general fund to the Department
11 of Education for distribution to each school district in the same amount as was received by
12 that school district during fiscal year 2007 for a school improvement grant.

13 * **Sec. 4. RETIREMENT SYSTEM FUNDING FOR SCHOOL DISTRICTS.** (a) It is the
14 intent of the legislature that a portion of the increase in state revenue due to high oil prices be
15 used to assist school districts by paying the fiscal year 2008 estimated increase in school
16 district employer costs resulting from increased employer contribution rates, to reduce the
17 liability to the defined benefit plan of the public employees' retirement system and the defined
18 benefit plan of the teachers' retirement system of school districts that are members of those
19 systems. The appropriations made by (b) and (c) of this section reflect estimates by the
20 Department of Administration, as of September 11, 2006, of the increased employer cost for
21 the school districts resulting from employer contribution rate increases for fiscal year 2008.
22 The appropriations made by (b) and (c) of this section are intended to reduce those increased
23 employer costs, based on current estimates, but might not fully eliminate the increased
24 employer costs because of changes in school district payroll amounts and other factors. The
25 appropriations made by (b) and (c) of this section are one-time appropriations and are not
26 intended to recur for fiscal year 2009.

27 (b) The following amounts, totaling \$36,981,562, are appropriated from the general
28 fund to the Department of Administration for deposit in the defined benefit plan account in
29 the public employees' retirement system for each of the following school districts:

30	DISTRICT	APPROPRIATION
31	Alaska Gateway	\$ 62,997

PERKS HAS NO NORM RATE

1	Aleutian Region	2,220
2	Aleutians East Borough	45,357
3	Anchorage	14,029,111
4	Annette Island	8,833
5	Bering Strait	460,844
6	Bristol Bay Borough	102,327
7	Chatham	181,375
8	Chugach	66,159
9	Copper River	201,638
10	Cordova	242,057
11	Craig	104,477
12	Delta/Greely	194,817
13	Denali Borough	213,564
14	Dillingham	129,701
15	Fairbanks North Star Borough	4,554,638
16	Galena	188,555
17	Haines Borough	80,177
18	Hoonah	41,447
19	Hydaburg	14,675
20	Iditarod Area	126,318
21	Juneau Borough	1,621,027
22	Kake	36,500
23	Kashunamiut	97,342
24	Kenai Peninsula Borough	3,176,094
25	Ketchikan Gateway Borough	497,958
26	Klawock	47,419
27	Kodiak Island Borough	1,064,528
28	Kuspuk	216,705
29	Lake and Peninsula Borough	278,601
30	Lower Kuskokwim	1,057,862
31	Lower Yukon	891,330

1	Matanuska-Susitna Borough	3,069,148
2	Nenana	60,379
3	Nome	169,705
4	North Slope Borough	807,489
5	Northwest Arctic Borough	483,823
6	Pelican	1,865
7	Petersburg	146,276
8	Pribilof	28,423
9	Saint Mary's	16,071
10	Sitka Borough	565,734
11	Southeast Island	298,122
12	Southwest Region	227,913
13	Tanana	4,406
14	Unalaska	51,268
15	Valdez	618,069
16	Wrangell	171,781
17	Yakutat	11,358
18	Yukon Flats	40,139
19	Yukon/Koyukuk	100,376
20	Yupit	72,564

247,987,600⁵⁸¹ up by 77,536,700

21 (c) The sum of \$170,450,921 is appropriated from the general fund to the Department
 22 of Administration for deposit in the defined benefit plan in the teachers' retirement system for
 23 increased costs for school districts.

24 * Sec. 5. The appropriation made by sec. 1(a) of this Act is to capitalize a fund and does not
 25 lapse.

26 * Sec. 6. This Act takes effect July 1, 2007.

Buy down the rate
 to 12.56%
 Frees up \$\$ for the
 classroom

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 17, 2007

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

The K-12 education budget bill that I am transmitting to you today fully funds K-12 education for Fiscal Year 2008. In addition, I have included \$35 million in general funds to maintain the same level of funding to school districts as was received in Fiscal Year 2007 for a \$24 million cost factor adjustment and \$11 million for school improvement grants. I have also added \$207.4 million in general funds for the Fiscal Year 2008 estimated retirement systems' cost increases to school districts.

Education funding is a priority of my administration. I look forward to working with you to secure quick passage of this budget bill.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Palin".

Sarah Palin
Governor

Sectional Analysis of HB 97

"An Act making appropriations for state aid to public schools, centralized correspondence study, and transportation of pupils; and providing for an effective date."

Section 1 appropriates \$395,701,500 of general funds to the public education fund to support the public school foundation formula and the pupil transportation program and \$32,886,100 of other funds to the Department of Education to support the public school foundation formula as authorized under Alaska Statute 14.17. It also allows distributing the remaining balance of the public education fund to school districts, the state boarding school, and centralized correspondence study.

Section 2 appropriates \$24,000,000 of general funds to the Department of Education to distribute grants to school districts that equal those they received in fiscal year 2007 for the district cost factor adjustment.

Section 3 appropriates \$11,000,000 of general funds to the Department of Education to distribute grants to school districts that equal those they received in fiscal year 2007 for school improvement grants.

Section 4 appropriates \$36,981,562 of general funds to the Department of Administration to help school districts with the increased employers' cost of the defined benefit plan for the public employees' retirement system. It also appropriates \$170,450,921 of general funds to the Department of Administration to assist school districts with the increased employers' cost of the defined benefit plan for the teachers' retirement system.

Section 5 makes clear that the \$395,701,500 appropriated in Section 1 to the public education fund is a capital expenditure that does not lapse.

Section 6 allows the act to take effect July 1, 2007.

Amendment 1

HB 97- APPROP: K-12 EDU; PERS/TRS LIABILITY

Page 4

Line 21

Delete \$170,450,921 after the words "sum of"

Insert \$247,987,581 after the words "sum of"

LEGAL SERVICES

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

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

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

MEMORANDUM

February 21, 2007

SUBJECT: Public school appropriation bill - CSHB 97(HES)
(Work Order No. 25-GH1061\A)

TO: Representative Peggy Wilson
Attn: Becky Rooney

FROM: Brian J. Kane *BJK*
Legislative Counsel

I have made the change in the funding amount as you requested for House Bill 97. However, there are problems in other sections of the bill that I need to point out to you.

While we made no changes to Section 1(c), it appears to me that this section is not necessary for the bill. Essentially, section 1(c) restates exactly what is already in statute at AS 14.17.300. Specifically, AS 14.17.300(a)(1) states the following:

- (a) The public education fund is established. The fund consists of appropriations for
 - (1) distribution to school districts, to the state boarding school, and for centralized correspondence study under this chapter;"

Hence, the funds that are found in the public education fund, under the statutory authority, can be already distributed to the recipients listed in this bill's section 1(c) without further appropriation. This section of the bill basically duplicates what is already in statute. There is no need for an appropriation to move funds from the public education fund to any of the referenced recipients. Is 1(c) intended to be an appropriation?

Also, sections 2 and 3 of the bill need to specify the purpose for which the funds are being appropriated (the existing language only describes the amounts to be distributed) and the fiscal year for which the funds are to be used.

If I may be of further assistance, please advise.

BJK:med
07-116.med

Enclosure



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

Date: February 16, 2007

Subject: Letter of Intent – Amendment to HB 97, Line 21 Page 4

The House Health Education and Social Services Committee recommends a policy shift to help ensure more of the funding for schools reaches the classroom. The increase in appropriations is intended to reduce the burden each district pays into the Teaching Retirement System (TRS) in the hopes that dollars sent to the classroom will not diminish because of the unfunded liabilities of TRS. The funding for the employer contributions to TRS, for the past two years contained in the current Base Student Allocation of \$5,380 should be funded outside the foundation formula. Any additional increases to the employer contributions should continue to be funded outside the formula.

The committee also urges more funding for school transportation, area cost differential, vocational education and the "Intense Needs" areas. We also recommend further work for the forward funding of education.

Handwritten signature of Peggy Wilson in cursive.

Representative Peggy Wilson, Chair,
House HESS Committee

Handwritten signature of Bob Roses in cursive.

Representative Bob Roses, Vice Chair,
House HESS Committee

Handwritten signature of Paul Seaton in cursive.

Representative Paul Seaton
House HESS Committee

Representative Mark Neuman
House HESS Committee

Handwritten signature of Anna Fairclough in cursive.

Representative Anna Fairclough
House HESS Committee

Handwritten signature of Berta Gardner in cursive.

Representative Berta Gardner
House HESS Committee

Handwritten signature of Sharon Cissna in cursive.

Representative Sharon Cissna
House HESS Committee

ACTUAL Funding of SIG & 1/4 ISER for FY2007

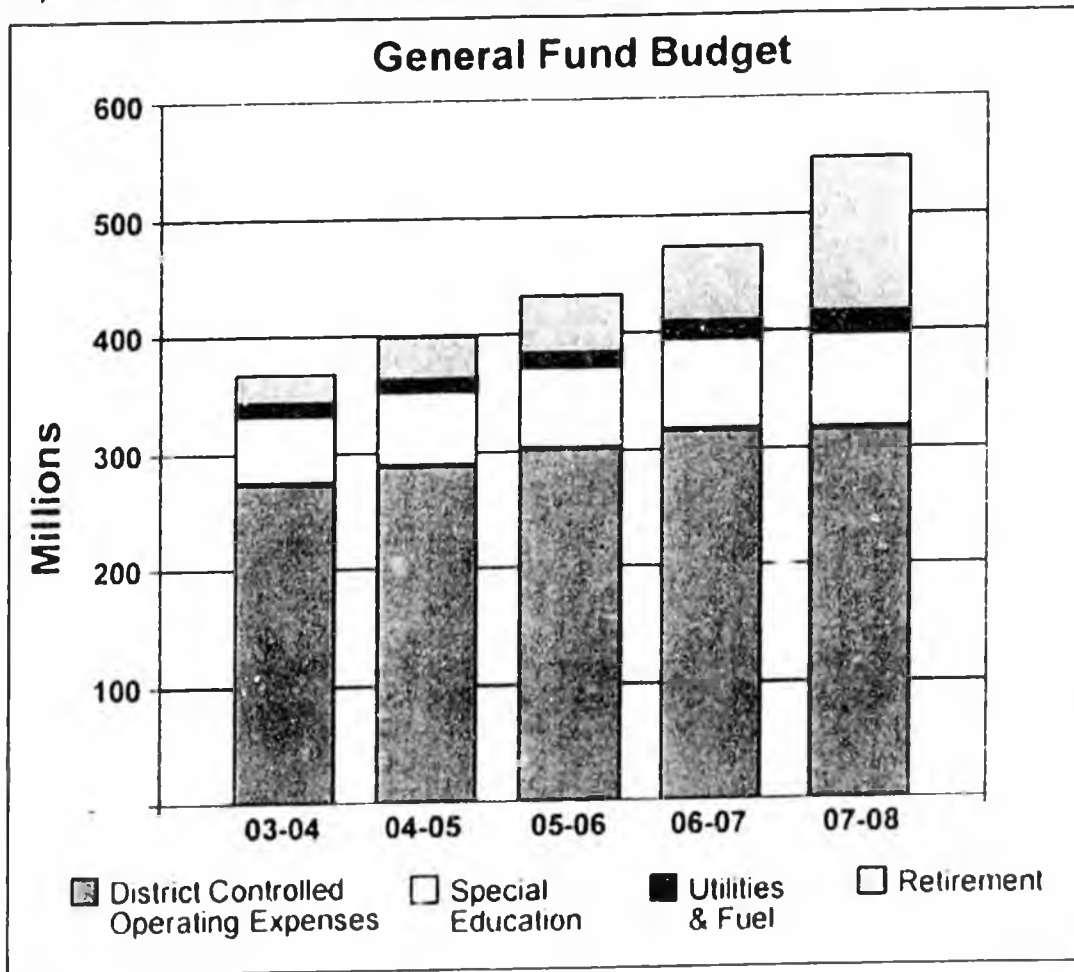
School District	School Improvement Grant	1/4 ISER Funded to Districts	TOTAL
Alaska Gateway	33,400	310,324	343,724
Aleutian Region	3,402	23,584	26,986
Aleutians East	18,873	397,846	416,719
Anchorage	3,945,302	-	3,945,302
Annette Island	22,870	219,671	242,541
Bering Strait	135,468	2,065,156	2,200,624
Bristol Bay	15,236	102,794	118,030
Chatham	15,780	258,739	274,519
Chugach	16,170	46,027	62,197
Copper River	45,324	188,536	233,860
Cordova	34,061	128,370	162,431
Craig	61,089	154,649	215,738
Delta/Greely	106,901	247,622	354,523
Denali	44,416	13,004	57,420
Dillingham	43,046	101,607	144,653
Fairbanks	1,169,801	824,887	1,994,688
Galena	301,902	24,120	326,022
Haines	24,118	135,763	159,881
Hoonah	12,389	136,572	148,961
Hydaburg	6,448	52,585	59,033
Iditarod Area	27,378	174,462	201,840
Juneau	417,579	1,253,167	1,670,746
Kake	8,388	124,595	132,983
Kashunamiut	27,475	179,741	207,216
Kenai Peninsula	758,819	2,977,944	3,736,763
Ketchikan Gateway	184,105	760,081	944,186
Klawock	11,376	106,463	117,839
Kodiak Island	213,501	1,003,602	1,217,103
Kuspuk	32,125	354,356	386,481
Lake & Peninsula	30,654	548,449	579,103
Lower Kuskokwim	320,910	1,599,590	1,920,500
Lower Yukon	159,432	2,069,474	2,228,906
Mat-Su	1,283,619	1,604,340	2,887,959
Nenana	48,555	35,938	84,493
Nome	60,633	195,497	256,130
North Slope	131,463	1,062,364	1,193,827
Northwest Arctic	160,068	1,280,795	1,440,863
Pelican	1,211	7,267	8,478
Petersburg	47,673	316,475	364,148
Pribilof	9,963	87,631	97,594
Saint Mary's	15,013	127,939	142,952
Sitka	117,761	541,974	659,735
Skagway	8,060	7,933	15,993
Southeast Island	15,139	112,015	127,154
Southwest Region	54,566	480,784	535,350
Tanana	4,370	43,276	47,646
Unalaska	31,246	167,815	199,061
Valdez	60,616	117,417	178,033
Wrangell	28,734	128,318	157,052
Yakutat	9,538	89,750	99,288
Yukon Flats	21,536	215,110	236,646
Yukon/Koyukuk	115,559	344,481	460,040
Yupit	37,118	304,443	341,561
Mt. Edgecumbe	33,040	151,952	184,992
TOTAL	10,543,219	24,007,294	34,550,513



General Fund Budget and Comparison

[Return to budget home page](#)

February 2007 - Some cost increases are out of the district's control, such as mandated retirement fund costs, utilities and fuel, and required special education programs and services. If these costs are removed from the general fund, our general fund has risen by fewer than five percent in each of the last five years.



	FY 2003-04	FY 2004-05 ¹	% increase over previous year	FY 2005-06 ²	% increase over previous year	FY 2006-07	% increase over previous year	FY 2007-08 ³	% increase over previous year
	\$ amount in millions	\$ amount in millions		\$ amount in millions		\$ amount in millions		\$ amount in millions	
District Controlled Operating Expenses	\$276.9	\$287.3	4.9%	\$301.5	4.9%	\$314.9	4.4%	\$315.7	0.2%
Special Education	\$58.5	\$63.3	8.2%	\$69.1	9.1%	\$78.7	13.9%	\$81.8	4.0%
Utilities & Fuel	\$9.0	\$10.5	17.1%	\$12.0	13.8%	\$14.1	18.1%	\$17.6	24.8%
Retirement	\$26.1	\$37.4	43.2%	\$50.4	34.5%	\$65.6	30.3%	\$132.1	101.3%
Total General Fund Budget	\$367.6	\$398.7	8.47%	\$433.0	8.6%	\$473.4	9.4%	\$547.2	15.6%

¹South High School opened



SCHOOL BOARDS UNITED

AASB POSITION STATEMENT ON KEY EDUCATION ISSUES

During our Legislative Fly-in on Feb. 11-13, the member school districts of our statewide association agreed on the following issues before the 25th Alaska Legislature:

1. Base Student Allocation – Increasing the BSA from the current \$5,380 to \$5,810, effective July 1, 2007 (SB 1)
2. District Cost Factor – Increasing the DCF to the levels recommended by the 2005 ISER Report (HB 72)
3. Retirement costs – Funding the \$207 million in FY 08 PERS-TRS cost increases for districts outside the foundation formula
4. Vocational Education – Recognizing the importance of a dependable funding stream for voc-ed outside the 20 percent block grant for special education, bilingual education and voc-ed
5. Intensive Needs Students – Addressing the problems caused by inadequate formula funding, post-enrollment transfers and conflicting state regulations defining intensive needs
6. Early or Forward Funding – Appropriating foundation funds & PERS-TRS costs by March 16 (the 60th day) or setting aside sufficient funds in FY 08 to forward fund FY 09 education budget

For additional information, contact:

Carl Rose, Executive Director
586-1083 or crose@aatb.org



BOARD OF EDUCATION *Legislative Priorities for 2007 Session*

1. Fully Fund Area Cost Differential
2. Legislative Financial Relief For Ongoing TRS And PERS Employer Rate Increases
3. Increased Foundation Formula Funding
4. Fund Intensive Need Students Enrolling Post-Count Date
5. Fund Vocational Education Separately
6. Forward Funding
7. Increase Pupil Transportation Funding
8. Revenue Sharing And The Community Dividend
9. Revision Of Senate Bill 48
10. Instructional Technology

1. Fully Fund Area Cost Differential

Quality education can be assured only through equitable funding. Since 1999, Juneau's cost of living factor has been inaccurately calculated, despite two studies recommending changes. A revised District Cost Factor must be adopted. Juneau School District will lose \$1,538,545 if the one-time 1.04 factor used for 2006 reverts back to 1.005 for FY 08. If the ISER study of equitable differentials is fully implemented, the JSD cost factor would be 1.145.

2. Legislative Financial Relief For Ongoing TRS And PERS Employer Rate Increases

The state should pay for 100 percent of the increased mandated employer PERS/TRS liability. Without supplemental funding to cover the unprecedented increases in retirement costs, these increases will directly reduce districts' instructional effort and harm Alaska's children. Between FY 07 and FY 08, the employer contribution for the Juneau School District is proposed to increase from 26% to 54.03% for TRS and from 22.93% to 39.28% for PERS. The increased TRS/PERS obligation for the Juneau School District' operating fund would be \$7,956,787 or 15% of the District's budget.





BOARD OF EDUCATION *Legislative Priorities for 2007 Session*

3. Increased Foundation Formula Funding

Increased funding for education is necessary to prevent decline in educational services due to inflation and provide the necessary funding to strengthen the system into the future. With the Governor's proposed budget, the Juneau School District will be short nearly \$3 million in FY 08. If we wish to respond to our parents' and community's call for decreased class size, additional support for special education and other at-risk students, adequate textbooks and teaching materials, and updated technology, even more funds will be necessary.

4. Fund Intensive Need Students Enrolling Post-Count Date

The foundation formula needs to be amended to prorate funding for intensive needs students enrolling after the count date. When students enroll past the count date, school districts are required by federal law to provide the services from their operating budgets. Typically, the number of students with disabilities increases during the school year, in part, because IDEA requires public schools to enroll students with disabilities when they become three years old. JSD enrolled seventeen additional intensive need students between the October count date and the end of the FY06 school year. This amounts to about \$457,300 in revenues the Juneau School District did not receive because these students were not present on count date, revenues which were redirected from other classroom uses.

5. Fund Vocational Education Separately

The Legislature should fund vocational education, bilingual, special education, and gifted and talented programs at levels adequate for quality programming. Vocational education funding needs to be provided outside of the block grant to allow for full career technology education programs that are responsive to the Alaskan job market. In FY 06, in these four program areas JSD spent over \$1.5 million more than it received from the 1.2 factor in the foundation formula.

6. Forward Funding

The Legislature could increase stability and efficiency in school district budgeting and program stability, by passing an updated base student allocation appropriation out of current year funds for the second following fiscal year. The City and Borough of Juneau's Charter requires that the district submit a budget to the Borough Assembly by March 30 of each year. Because so little is known about revenues so early in the legislative process, this budget projects staff lay offs and program eliminations that do not always occur when the final state budget is set. Funding certainty one year ahead will reduce administrative cost, contribute to public confidence in government and the education system, and enable school districts to focus on student instruction for greater achievement.

* 20% into transportation funding





BOARD OF EDUCATION *Legislative Priorities for 2007 Session*

7. Increase Pupil Transportation Funding

The current transportation funding formula needs to be increased annually at a rate tied to the Anchorage Consumer Price Index. Further, required Special Education buses and homeless transportation should be provided for outside of the formula on a needs basis. Current state transportation funding to school districts does not consider the escalating cost of doing business including fuel, minimum wage level increases, and additional mandated demands from special education and homeless populations.

8. Revenue Sharing And The Community Dividend

Permanently restoring funding for municipal revenue sharing and assistance programs will strengthen communities. The City and Borough of Juneau traditionally funds education to the CAP and always plays a large role in financing education and providing community services for youth and a strong community. State funding to municipalities has decreased while Juneau property values increased and the portion of the school budget paid for the by city and borough has increased.

9. Revision Of Senate Bill 48

State Statute, AS14.30.171-176 needs to be changed to allow school personnel to respond to parent inquiries as they investigate resources to assist their children and to allow the district to require a psychological evaluation when a student threatens harm to self or others.

10. Instructional Technology

Juneau School District students are benefiting from the legislative funding for the AASB Consortium for Digital Learning this year. Future investments in the Consortium by the Legislature are essential to allow more students to access the expanded learning opportunities provided by digital learning inside and outside the school environment. Because of the global economy that our youth experience, JSD joins AASB in urging the state and federal governments to ensure that all classrooms are provided affordable and equitable broadband access to the national information infrastructure. AASB urges the Legislature to implement appropriations or matching grants for instructional technology that would address hardware and software purchases, communication, infrastructure and training needs of students and staff.





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

Date: February 16, 2007

Subject: Letter of Intent – Amendment to HB 97, Line 21 Page 4

The House Health Education and Social Services Committee recommends a policy shift to help ensure more of the funding for schools reaches the classroom. The increase in appropriations is intended to reduce the burden each district pays into the Teaching Retirement System (TRS) in the hopes that dollars sent to the classroom will not diminish because of the unfunded liabilities of TRS. The funding for the employer contributions to TRS, for the past two years contained in the current Base Student Allocation of \$5,380 should be funded outside the foundation formula. Any additional increases to the employer contributions should continue to be funded outside the formula.

Having the TRS Liability outside the BSA provides a variety of funding sources in adding to the general fund. Since many grants restrict the percentage of salary and benefits to a fixed percentage of the overall budget, funding the TRS obligation outside the BSA maintains a percentage allowable by most grants.

The committee also urges more funding for school transportation, area cost differential, vocational education and the "Intense Needs" areas. We also recommend further work for the forward funding of education.

A handwritten signature in cursive script that reads "Peggy Wilson".

Representative Peggy Wilson, Chair,
House HESS Committee

HB

100

Passed

|

25-LS0373E.1
Bailey
3/13/07

AMENDMENT

OFFERED IN THE HOUSE
TO: SSHB 100

BY REPRESENTATIVE COGHILL

1 Page 1, line 7, following "person.":

2 Insert "In this section, "air ambulance service" means an organization certified by the
3 department under AS 18.08.082 to provide medically assisted transportation, by air, to
4 persons who are ill or injured."

5

6 Page 1, line 9, following "service":

7 Insert ", as defined in AS 18.08.095."

9
Passed

25-LS0373E.2
Bailey
3/13/07

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GARDNER

TO: SSHB 100

- 1 Page 1, line 1, following "regulation":
2 Insert ", limiting the duration of air ambulance service subscriptions,"
3
4 Page 1, line 5, following "services.":
5 Insert "(a)"
6
7 Page 1, following line 7:
8 Insert a new subsection to read:
9 "(b) An air ambulance service may not issue a subscription for a period greater
10 than two years."

S-Y
C-N
G-Y
R-Y
F-Y
N-Y
W-N

25-LS0373VE.3
Bailey
3/13/07

Passed
AMENDMENT 3

OFFERED IN THE HOUSE
TO: SSHB 100

BY REPRESENTATIVE GARDNER

- 1 Page 1, line 1, following "regulation": *subscription*
- 2 Insert ", prohibiting sale of air ambulance services to persons already covered,"
- 3
- 4 Page 1, line 5, following "services.":
- 5 Insert "(a)"
- 6
- 7 Page 1, following line 7:
- 8 Insert a new subsection to read:
- 9 "(b) An air ambulance service may not sell a subscription to a person who has
- 10 full coverage for air ambulance services from another source, including the Indian
- 11 Health Service, *or* Medicaid, *or* private insurance"

*Amendment to the amendment
by Rep Wilson.*

Passed

*Amendment to amendment - add subscription
passed between ambulance subscription services.*

ALASKA STATE HOUSE OF REPRESENTATIVES



Session

Contact:

Interim Address:

**3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271**

(907)-465-3719

FAX# (907)-465-3258

**State Capitol
Room 214**

REPRESENTATIVE JOHN COGHILL

SPONSOR STATEMENT

SSHB 100

"An Act relating to exempting certain air ambulance services from insurance regulation."

This legislation exempts for-profit air ambulance services from insurance regulations under AS 21.03 in order that they may solicit membership subscriptions, accept membership applications, and charge membership fees.

In order to protect consumers this bill establishes that air ambulance services must:

- (1) have certification under AS 18.08.082
- (2) be in operation in Alaska for at least two years
- (3) not deny emergency medical service to any person.

ALASKA STATE HOUSE OF REPRESENTATIVES



Contact:

Interim Address:

3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907) 488-4271

Session

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 214

REPRESENTATIVE JOHN COGHILL

SECTIONAL

SSHB 100

"An Act relating to exempting certain air ambulance services from insurance regulation."

Section 1. AS 18.08 is amended by adding a new section:

Sec. 18.08.095 Air ambulance services.

An air ambulance services that provides air ambulance services to a subscriber and designated members of a subscribers's household may not deny emergency medical services to any person.

Section 2. AS 21.03.021 is amended by adding a new subsection:

Sec. 21.03.021 Application of Title.

(f) This title does not apply to an air ambulance service that solicits a membership subscription, accepts a membership application, charges a membership fee, and provides air ambulance services to a subscriber and designated members of a subscriber's household if the service

- (1) is certified under AS 18.08.082; and
- (2) has been in operation in the state for at least two years.

great

In 2005 the Washington Legislature considered an act relating to exempting certain private air ambulance services from insurance regulation after residents of San Juan County voiced concern with affordability and availability of air ambulance services in the island country. After hearings and testimony the Legislature required the Office of the Insurance Commissioner (OIC) to study and report on the feasibility of subscription air ambulance services in Washington. The study was conducted by the OIC, public and private entities, and individuals involved in air ambulance services.

The committee found:

Air ambulance programs are relevant throughout the United States.

- 22 states specifically exempted such services
- 2 states considered the service an insurance product (Nevada, Wisconsin)
- 1 state exempted the service with criteria (Indiana)
- 1 state considered the service a debt protection product (Wyoming)
- 1 state found the service to be illegal (New York)

Flat yearly fee is normally \$50-\$100 – provider agrees to transport the subscriber or members of the immediate family when medically necessary at no additional charge. Subscribers agree to allow the air ambulance provider to bill their insurance, but there is no requirement to have underlying health insurance.

Some subscription providers have reciprocity agreements with subscription programs in other areas, so a subscriber may have a larger area in which their subscription benefit would apply.

Lastly - **ALL STATE INSURANCE REGULATORS WERE ASKED IF CONSUMER COMPLAINTS RESULTED FROM SUBSCRIPTION AIR AMBULANCE SERVICES. NO CONSUMER PROBLEMS WERE REPORTED.**

The committee recommended:

- The product is sold only by providers of air ambulance service
- Service be certified by Dept of Health
- In operation for at least two years
- Certification from CAMTS (Commission Accreditation of Medical Transport Systems)
- Evidence of compliance be submitted to OIC

1. Protection for the consumer that the provider is viable:
Provider must be in operation in the state for at least two years.
2. Protection for the consumer if the provider leaves the area:
In the report from the Washington OIC there was a very low number of people purchasing a subscription that were uninsured, which suggests the transference of risk from this product is very small compared to most insurance products.
3. Protection for the consumer that the provider is qualified:
Provider must be certified under AS 18.08.82;
Provider must renew license every two years.
4. Protection for the consumer from false ads/practices:
Complaints may be filed with the Consumer Protection Agency.



State of Washington

Find a way to make it not (done)

A Report to the Legislature: Air Ambulance Services

Submitted By: The Office of the Insurance Commissioner
December 2005

Executive Summary

During the 2005 legislative session, at the request of San Juan County residents, the Legislature considered SB 5736¹, an act relating to exempting certain private air ambulance services from insurance regulation. The bill was brought with the intent to help restore subscription air ambulance programs for Washington residents that had been discontinued in 2002 due to financial difficulties and regulatory compliance issues.

Under current law, subscription air ambulance services are considered insurance products and subject to licensure, minimum financial reserving and solvency requirements. After hearings and testimony, the Legislature amended the bill (ESSB 5736) to require the Office of the Insurance Commissioner (OIC) to study and report on the feasibility of subscription air ambulance services in the state of Washington "geared toward allowing a person, entity, corporation, or nonprofit corporation to offer, sell, and provide subscription air ambulance service."

After studying the issue, the OIC and interested stakeholders recommends subscription air ambulance services be exempt from Title 48 of the insurance code, if the provider meets the following criteria:

- The product may only be sold by providers of air ambulance service;
- The air ambulance service must be certified by the Department of Health; and in operation for at least two years;
- Certification must be attained and maintained from the Commission on Accreditation of Medical Transport Systems (CAMTS); and
- Evidence of compliance with these criteria is submitted to the Office of the Insurance Commissioner.

¹ <http://www.leg.wa.gov/pub/billinfo/2005-06/Pdf/Bills/Senate%20Bills/5736.pdf>

Introduction

In 2005, the Washington State Legislature enacted ESSB 5736² relating to the availability of subscription air ambulance services. This act directs the OIC, in concert with public and private entities and individuals involved in offering, providing, and purchasing air ambulance products, to:

- “Assess the needs and concerns of likely subscription air ambulance vendors, including the costs of providing affordable air ambulance service to rural and island residents, as well as the burdens placed on vendors if held to the reporting and solvency requirements of the insurance code”;
- “Determine the implications of subscription air ambulance service on consumer protection issues”; and
- “Compare the state’s need for affordable subscription air ambulance service to other states that allow this service, including an inquiry into the practices of out of state vendors who provide the service, as well as the applicability of other states’ insurance code.”

The act directs the Commissioner to report the results of the study and make recommendations to the legislature.

Subscription Air Ambulance Service

Subscription, also referred to as membership, air ambulance programs are prevalent throughout the United States. The service is available in at least eighteen states. Subscription services generally are offered to consumers in the service area of an air ambulance provider. For a flat yearly fee, normally \$50-\$100, the air ambulance provider agrees to transport the “subscriber” or a member of the immediate family when medically necessary at no additional charge other than the yearly fee. To complete the agreement³, the subscribers agree to allow the air ambulance provider to bill their insurance if the subscriber has insurance. However, there is no requirement to have underlying health insurance to purchase subscription services from the provider. In essence, the purchase of a subscription provides peace of mind in the event the subscriber needs to be transported via the service and insurance does not cover the entire charge. Or in rarer instances, the entire charge is covered if the consumer has no underlying insurance. In addition, some subscription providers have reciprocity agreements with subscription programs in other areas so a subscriber may have a larger area in which their subscription benefit would apply.

² http://www.leg.wa.gov/pub/billinfo/2005-06/Pdf/Bills_Senate%20Passed%20Legislature/5736-S.PL.pdf

³ <http://www.saintalphonsus.org/body/sarme3.cfm?id=36>

Air Ambulance Services in Washington State

Only one subscription air ambulance is known to have existed in Washington State. From 1985 until 2002, a subscription air ambulance program called "MedFlight" was operated by Saint Joseph's Hospital in Bellingham for residents in Island, San Juan, Skagit and Whatcom counties. The MedFlight subscription cost \$100 per year and operated in the same manner as other subscription air ambulance services described previously. This program operated as a subscription program until the early 1990's.

At that time, the OIC determined that the subscription program was an insurance product based on an Attorney General's opinion sought by the agency for a similar program. Following this opinion, the program was subject to compliance with RCW 48-44-037⁴ of the insurance code. To comply with the decision and the resultant financial and reporting guidelines under the insurance code, Saint Joseph's Hospital created an insurance product through an affiliation with HealthGuard Services of Washington. HealthGuard was a Washington non-profit corporation licensed as a health care services contractor in Washington. Both Saint Joseph's Hospital and HealthGuard Services of Washington were wholly-owned subsidiaries of PeaceHealth. PeaceHealth is a non-profit healthcare provider operating in Alaska, Oregon and Washington.

The MedFlight/HealthGuard subscription program encountered a problem during the year 2000. When Saint Joseph's partnered with HealthGuard in the early 1990's to create the product that complied with Washington insurance law, HealthGuard was required to maintain a minimum net worth as a health services contractor of \$3 million pursuant to RCW 48-44-037. During a filing with the OIC in 1999, it was discovered that HealthGuard had listed surplus notes to its parent PeaceHealth of \$170,000 for the years 1991-1999 as part of the minimum net worth requirement under the law. These surplus notes were not approved by the OIC as required by RCW 48-44-037(3)(c) of the insurance code. This resulted in HealthGuard signing a consent order⁵ to comply with the law and was ordered to pay a \$60,000 fine for the violations. HealthGuard paid \$30,000 of the fine and \$30,000 was suspended for two years on condition of compliance with the law and no further violations.

From 1985 until mid-year 2000, Saint Joseph's Hospital had been operating an independent air ambulance service through a leasing agreement with a company in Louisiana and hiring its own medical personnel. The independent air ambulance service served the hospital's northwest Washington service area including members of the MedFlight/HealthGuard subscription program. Facing operational losses in the air ambulance service of \$500,000 per year due to high fixed costs from operating the service, the hospital decided it could no longer financially continue offering air ambulance services. Needing to continue to offer these emergency services in the area, and the subscription program, the hospital entered into a service agreement with Airlift

⁴ <http://apps.leg.wa.gov/RCW/default.aspx?cite=48.44.037>

⁵ <http://www.insurance.wa.gov/oic/files/orders/2000orders/D00-126.pdf>

Northwest, a non-profit air ambulance service provider based in Seattle to provide air ambulance services for the hospital.

The MedFlight/HealthGuard subscription program continued after Airlift Northwest took over the air ambulance service in mid 2000 until fall 2002. At that time, contemplated changes in the Medicare Modernization Act (MMA) affected the continuation of the program. The change dealt with Saint Joseph's hospital and what is known as "services under arrangement" under federal Medicare guidelines. The proposed changes would have required Airlift Northwest to bill the subscriber's Medicare coverage for air ambulance services instead of the hospital. This was contrary to how the program was constructed and operated. After reviewing the situation, the hospital determined it could not find a way to offer the subscription program and be in compliance with both federal laws and state insurance laws. The only way for the program to continue would be for Airlift Northwest to offer the product. At that time, Airlift Northwest lacked the resources and ability to create an insurance product under Washington insurance law to offer the product. So in September 2002, the MedFlight/Healthguard subscription program ended.

2005 Legislative Session

After Washington's MedFlight/HealthGuard program was discontinued, residents of San Juan County were concerned with the affordability and availability of air ambulance services in the island county. Working with the Washington Association of Counties and local legislators, the residents had SB 5736 introduced. It would exempt certain air ambulance services from the regulation under the insurance code. It was hoped that this exemption would help resurrect a subscription program for San Juan County by eliminating some regulatory requirements under state law as many other states had done including neighboring states Idaho and Oregon. After hearings in both the House and Senate, the following issues were brought to light:

- Without an exemption from certain insurance requirements, subscription air ambulance services would not be available to island and rural residents placing financial hardship on residents and possibly causing residents to refuse such services if they did not have the means to pay for it;
- Exempting air ambulance subscription services may encourage subscription products that lacked adequate financial resources for solvency and not provide the consumer protections under the insurance code;
- Exempting air ambulance services may cause a proliferation of subscription services that may lack adequate patient safety standards putting the public at-risk; and
- Under what circumstances Washington providers would be willing to offer a subscription product to affected residents.

With these questions unresolved, the legislature passed ESSB 5736 requiring the OIC to evaluate the feasibility of subscription air ambulance services.

The Study

ESSB 5736 required the OIC to study the feasibility of subscription air ambulance services in Washington. Working with stakeholders, the following steps were identified as needed to gather the information necessary to compile this report:

- Survey other states as to the existence and/or insurance regulation of subscription air ambulance services;
- Identify and survey existing subscription air ambulance providers in other states; and
- Survey Washington air ambulance providers about services provided and willingness to provide subscription services.

After this information was gathered and assembled into a useful form, it was decided the stakeholder group would meet to review the information and make recommendations as to how subscription air ambulance service should proceed in Washington.

Survey of State Insurance Regulation

To begin, all states were queried through the National Association of Insurance Commissioners. This survey⁶ was sent to every state and some U.S. territories to discover which states regulated subscription air ambulance services. Additionally, research was done to find out where the services presently existed. In all, the status of subscription air ambulance was ascertained in 27 states⁷. Of the 27 states:

- 22 states specifically exempted or did not contemplate such services;
- 2 states considered the services an insurance product (Nevada and Wisconsin);
- 1 state exempted the service with criteria (Indiana);
- 1 state considered the service a debt protection product (Wyoming); and
- 1 state found the service to be illegal (New York).

All state insurance regulators were asked if consumer complaints resulted from subscription air ambulance services. No consumer problems were reported.

Air Ambulance Provider Surveys

Out of State Subscription Provider Survey

Research was conducted to identify out-of-state subscription air ambulance providers. Seven entities providing services were identified doing business in eighteen states. All

⁶ See Appendix A

⁷ See Appendix B

entities were asked to participate in a survey regarding its business⁸. Two out-of-state providers agreed to participate in the survey. One was Air St. Lukes in Idaho and the other was Airlife of Oregon. Based on the responses, both providers were non-profit entities operating in states where subscription air ambulance services were exempt from insurance regulation. Detailed membership and financial reimbursement information⁹ was received from both entities.

Some other notable common elements were identified from the survey:

- Both entities who marketed subscription services also were the air ambulance provider for the subscription program;
- Both charged \$50 for membership which included the member, spouse, and unmarried dependents;
- Both programs received reimbursement of approximately 75 percent from private insurance and 70 percent from Medicare; and
- Only 2-4 percent of people purchasing a subscription are without insurance.

Of particular interest is the very low number of people purchasing a subscription who are considered uninsured. This shows the vast majority of people purchasing this product have underlying insurance that the subscription service may bill, suggesting the transference of risk from this product is very small compared to most insurance products. It also suggests "adverse selection" is not prevalent. In light of this, the most current information regarding the percentage of uninsured people (health insurance) was obtained for each provider's market area to better understand the relationship of this product to the overall health insurance market.

Washington Air Ambulance Provider Survey

Two Washington air ambulance providers participated in the survey¹⁰. Seattle-based Airlift Northwest, providing services in western Washington, and Spokane-based Northwest MedStar providing services in central and eastern Washington. Both are non-profit organizations, licensed by the Department of Health, that have attained accreditation from the Commission on Accreditation of Medical Transport Services (CAMTS)¹¹.

Each entity provided detailed financial information regarding its service¹² and also expressed an interest in potentially providing subscription air ambulance to island and rural residents if such services were exempted from certain insurance requirements under

⁸ See Appendix C

⁹ See Appendix D

¹⁰ Appendix E

¹¹ <http://www.camts.org/index.php?option=content&task=view&id=4&Itemid=27>

¹² Appendix F

the insurance code. For comparison purposes, the most current information regarding the percentage of uninsured people (health insurance) was obtained for each provider's market area.

In comparing these results with the out-of-state subscription providers, the following results are notable:

- Both are an air ambulance service provider with an interest in providing a subscription service;
- Both have been providers for over ten years;
- Both air ambulance providers have similar private insurance reimbursement rates;
- Washington's uninsured rates (health insurance) are lower in comparison to the out of state provider states uninsured rates¹³.

Stakeholder Group

During the study, numerous parties were identified as having an interest in the resolution of this issue. It was determined the best way to gather input from the interested parties was to assemble a stakeholder group¹⁴ for a meeting. On September 20, 2005, this group met in Seattle. The group was able to review the information gathered from the study, and provide input and perspective. The recommendations of this report were discussed and supported by the stakeholder group.

Recommendations

Based on the results of the research along with considerable input from the stakeholder group, it is recommended that subscription air ambulance services be exempt from Washington insurance regulation subject to the following criteria:

- The product may be sold only by providers of air ambulance service;
- The air ambulance service must be certified by the Department of Health; and in operation for at least two years;
- Certification must be attained and maintained from the Commission on Accreditation of Medical Transport Systems (CAMTS); and
- Evidence of compliance with these criteria must be submitted to the Office of the Insurance Commissioner.

¹³ Appendix G

¹⁴ Appendix H

We believe the above recommendations provide the ability for subscription air ambulance programs to operate in Washington while addressing solvency concerns, potential consumer problems and patient safety. Only allowing the exemption when offered by licensed air ambulance service providers with two years experience assures the program will be marketed by an entity with substantial assets and a long-term commitment to operating successfully. The CAMTS certification requirement further underscores this point while at the same time ensuring subscription purchasers have the highest level of patient safety currently attainable in the medical transport industry.

Appendix A: Subscription Air Ambulance State Insurance Regulation Survey

Due to Washington State's unique geography, which includes numerous inhabited islands in Puget Sound and less populated rural areas far away from major medical centers, air ambulance service is vital to quality care for critically ill or injured people in those areas.

The Washington State Legislature passed ESSB 5736 which requires the Washington State Office of the Insurance Commissioner (OIC) to fund and perform an evaluation of the feasibility of subscription air ambulance service.

Subscription air ambulance service is defined in the bill as:

"Air ambulance service offered by a vendor that solicits membership subscriptions, accepts membership applications, charges membership fees, and furnishes prepaid or discounted air ambulance service to subscription members and designated members of their households."

Given this legislative mandate, I would like to ask the following questions of your agency:

1. Does your state regulate subscription air ambulance services as defined above? If not, is it specifically exempted from the insurance code? If it is regulated, please consider the following questions:
2. How are rates regulated? Exempt, full force of the code, or does this product have a special niche?
3. Do you have the names of any companies providing such services?
4. If this service is available, have there been any consumer protection issues with regard to the service provided?

Any direction to specific code related to the above would be greatly appreciated.

Thank you in advance for any assistance. Please contact me if you have any questions or need further clarification of any information above.

Regards,

Chris Carlson
Senior Policy Analyst, Property & Casualty
Washington State Office of the Insurance Commissioner
360.725.7042-office
360..586.3109-fax
360.701.4131-cell

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

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Appendices

Appendix B: Results of State Insurance Regulation Survey

State/Territory	Subscription Air Ambulance Service	Insurance Regulation	Financial Requirement
Arizona	Yes	Exempt § 20-103	
Arkansas	Yes	Not regulated	
California	Yes	Exempt	
Colorado	Yes	Exempt	
Connecticut	No	Not regulated	
Florida	Yes	Exempt FIC 624.127	
Idaho	Yes	Not regulated	
Illinois	Yes	Not regulated	
Indiana	Yes	Exempt w/Criteria IC 27-4-5-2(a)(9)	N/A if exemption met
Kansas	No	Not regulated	
Kentucky	Yes	Exempt KRS 304.1-120	
Louisiana	Yes	Not Regulated	
Massachusetts	No	Not regulated	
Mississippi	Yes	Exempt § 41-59-63	
Missouri	Yes	Not regulated	
Montana	Yes	Exempt MCA 7-34-103	
Nevada	Yes	Insurance or Prepaid LHSO NRS 680A, NRS 695F	LHSO- 3% of premium collected not to exceed \$500,000
New York	No	Ruled Illegal	N/A
Oklahoma	Yes	Not regulated	
Oregon	Yes	Exempt ORS 731.036	
South Dakota	Yes	Not regulated	
Tennessee	Yes	Not regulated	
Texas	Yes	Exempt § 773.011	
Virginia	No	Not regulated	
West Virginia	No	Not regulated	
Wisconsin	No	Insurance	TBD by Coramissioner
Wyoming	Yes	Debt Protection Product	N/A

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2. How are rates regulated? Exempt, full force of the code, or does this product have a special niche?
3. Do you have the names of any companies providing such services?
4. If this service is available, have there been any consumer protection issues with regard to the service provided?

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Thank you in advance for any assistance. Please contact me if you have any questions or need further clarification of any information above.

Regards,

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360.725.7042-office
360..586.3109-fax
360.701.4131-cell

Appendix B: Results of State Insurance Regulation Survey

State/Territory	Subscription Air Ambulance Service	Insurance Regulation	Financial Requirement
Arizona	Yes	Exempt § 20-103	
Arkansas	Yes	Not regulated	
California	Yes	Exempt	
Colorado	Yes	Exempt	
Connecticut	No	Not regulated	
Florida	Yes	Exempt FIC 624.127	
Idaho	Yes	Not regulated	
Illinois	Yes	Not regulated	
Indiana	Yes	Exempt w/Criteria IC 27-4-5-2(a)(9)	N/A if exemption met
Kansas	No	Not regulated	
Kentucky	Yes	Exempt KRS 304.1-120	
Louisiana	Yes	Not Regulated	
Massachusetts	No	Not regulated	
Mississippi	Yes	Exempt § 41-59-63	
Missouri	Yes	Not regulated	
Montana	Yes	Exempt MCA 7-34-103	
Nevada	Yes	Insurance or Prepaid LHSO NRS 680A, NRS 695F	LHSO- 3% of premium collected not to exceed \$500,000
New York	No	Ruled Illegal	N/A
Oklahoma	Yes	Not regulated	
Oregon	Yes	Exempt ORS 731.036	
South Dakota	Yes	Not regulated	
Tennessee	Yes	Not regulated	
Texas	Yes	Exempt § 773.011	
Virginia	No	Not regulated	
West Virginia	No	Not regulated	
Wisconsin	No	Insurance	TBD by Commissioner
Wyoming	Yes	Debt Protection Product	N/A

Appendix C: Provider Subscription Air Ambulance Questions

1. Who regulates or authorizes you to provide this service?
2. What sort of financial responsibility (if any) are you required to post with the regulator?
3. Is your company required to be audited each year and by whom?
4. What agency handles consumer complaints (if any)?
5. How do you calculate membership amount and how many subscribers are needed to be feasible?
6. If you operate in more than one state, what regulatory implications (if any) are there?
7. How many subscribers (members) are in your program?
8. What is the population base in your subscription area(s), and what percentages of people subscribe?
9. Is there a minimum population base needed for this service to be feasible?
10. Is there a market penetration (number of subscribers) in an area that would make subscription service not economically feasible?
11. In your subscription area, what is the average number of subscriber flights per year?
12. In your subscription area, what is the average number of overall flights per year?
13. What is the average cost of a flight in a subscription area?
14. What is your average private insurance reimbursement on behalf of the subscriber?
15. What is the average Medicare reimbursement on behalf of the subscriber?
16. What happens to the charges (in excess of the subscriber fee) if the subscriber does not have insurance?
17. Would you be interested in providing this service in Washington State?

Appendix D: Out of State Provider Survey Results

Member ship Provider	Mem. Cost and Coverage	Profit or Non- Profit	Fixed and/or Rotor Wing	Number of Members	Pop. of Member Area	Market. Pene- tration	Member Flights	Overall Flights	Member Flight %	Insurance Reg.
ID	\$50. Member, spouse and unmarried dependents	Non- Profit	Botl	7,850	300,000	2.62%	51	850	6%	Exempt
OR	\$50, Member, spouse and unmarried dependents	Non- Profit	Both	30,000	262,000	26%	286	1,300	22%	Exempt

Membership Provider	Mem. Flights	Flight Ratio	Rotor Wing Average Bill Amount	R.W. Avg. Reimbursement Private Ins/ Medicare	R.W. Avg. Net Revenue All Sources	Fixed Wing Avg. Bill Amount	F.W Avg. Net Revenue All Sources	Flights with no Reimbursement (Membership fee only)
A (ID)	51	2/2 rotor 1/3 fixed	\$10,000	\$7,500 Private \$7,000 Medicare	N/A	N/A	N/A	2 (4%)
B (OR)	286	1/3 rotor 2/3 fixed	\$7,995	\$5,950 Private \$4,960 Medicare	\$4,757	\$11,803	\$6,138	6 (2%)

Appendix E: Washington Air Ambulance Provider Survey

- 1) How long have you been an air ambulance provider?
- 2) Are you for profit or non-profit?
- 3) Who presently regulates or authorizes you to provide services?
- 4) What sort of financial responsibility (if any) are you required to post with the regulator?
- 5) What agency handles consumer complaints (if any)?
- 6) Is your company required to be audited? If so, how often and by whom?
- 7) In what geographic area does your company presently conduct business?
- 8) Do you have fixed and rotor wing service?
- 9) Are you interested in exploring the possibility of providing subscription air ambulance service in Washington? If yes, in what geographic area?

If you answered yes to question 8, or if you currently provide air ambulance service in a prospective subscription area, please answer the following questions:

- 1) What is the average number of flights a year your company provides in the prospective subscription area?
- 2) What is the average cost of a flight?
- 3) What is the average private insurance reimbursement for a flight?
- 4) What is the average Medicare reimbursement for a flight?
- 5) What percentage of flights does your company receive no reimbursement?
- 6) Could you provide this service if it is deemed to be "insurance" and subject to regulation as such? (if no, please indicate reasons)
- 7) Could you provide this service if it is deemed to be a "limited health care service" and subject to regulation as such? (if no, please indicate reasons)
- 8) Have you conducted any research as to the feasibility of providing this service in Washington? (if yes, please indicate where and the findings)
- 9) If you decided to provide this service, would you consider a reciprocity agreement with subscription programs in other states?

Appendix F: Washington Provider Survey Results

WA Provider	Profit or Non-profit	Fixed and/or Rotor Wing	Overall Flights	Flight Ratio	R.W. Avg. Reimbursement Private Ins/ Medicare	F.W. Avg. Reimbursement Private Ins/ Medicare	Rotor Wing Gross Revenue	Fixed Wing Gross Revenue	% of Flights with a Reimbursement Source	% of Private Pay or Non-Reimbursed Flights
Western WA (San Juan County R.W. only figures)	Non-Profit	Both	274 (San Juan County)	N/A	\$5,315 Private \$2,990 Medicare	N/A	\$8,850	N/A	92%	8%
Central & Eastern WA	Non-Profit	Both	3,000	2/3 rotor 1/3 Fixed	\$7,512 Private \$3,878 Medicare	\$8,277 Private \$4,436 Medicare	\$8,421	\$9,397	67%	33%

Appendix G: Comparison of Uninsured Rates

Provider	State	Primary Counties of Operation	Uninsured Rate
Air St. Lukes	Idaho	Idaho, Adams, Washington, Payette, Gem Valley, Boise, Canyon, Ada, Elmore, Owyhee, Custer, Camas, Gooding, Lincoln, Jerome, Twin Falls	15-30+ %
Airlife	Oregon	Crook, Deschutes, Jefferson, Grant, Harney, Klamath, Lake, Baker, Malheur, Union, Wallowa	18.4-24.6%
Airlift Northwest	Western Washington	Island, Skagit, Whatcom, and San Juan	12.2%
Northwest MedStar	Central & Eastern Washington	Adams, Asotin, Benton, Chelan, Ferry, Franklin, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla, Whitman, Yakima	9.4-13.8%

Appendix H- Stakeholder Group

Participated in Stakeholder Meeting

Joan Berkowitz, Consumer
John Evans, San Juan County Commissioner
Michael Day, Northwest MedStar
Christine Zalar, Northwest MedStar
Nancy Vorhees, Northwest MedStar
Toni Long, Airlift Northwest
Marcia Lingel, Airlift Northwest
Orlando Cano, House Democratic Caucus
Jon Hedegard, House Committee Staff
Chris Carlson, Office of the Insurance Commissioner
Mary Clogston, Office of the Insurance Commissioner

Invited, But Could Not Attend Meeting

Vicki Kirkpatrick, Washington Association of Counties
Joanne Conrad, Senate Committee Staff



P.O. BOX 539
MILE 1313 ALASKA HIGHWAY
TOK, ALASKA 99780
907-883-5191
FAX - 907-883-5194

Fairbanks Int'l Airport
6450 Airport Way Suite 20
Fairbanks, Alaska 99709
907-474-0018
FAX - 907-474-8954

March 2, 2007

Dear Representative Peggy Wilson,

I believe House Bill 100 is poor public policy, is bad for the consumer and should not be passed. Here are some of my reasons:

1. Memberships reduce the chances that the best possible patient care will be provided. They will steer more medevacs to the organization with the most aggressive sales staff and techniques.
2. Each medevac operator would have to form a sales organization to sell this product. One operator has been illegally selling memberships, how will this be dealt with? The whole thing will make medevac services more inefficient.
3. I have held, in my hand, membership agreements that were being sold in Tok. They gave the medevac company the right to collect from anybody responsible to pay, on the patient's behalf. If the patient has insurance, in any form, the medevac company will collect from them, in addition to the membership fees.
4. Selling memberships is simply a marketing tool, a way to try and insure that your company flies the medevac even if you cannot provide what would be best for the patient. Unlike true insurance, the membership is only good on one carrier!
5. In most cases, if you are being medevaced, you will be going to a hospital. With any kind of stay, at all, your deductibles, co-pays and max out-of-pocket expenses will be met. If you don't have to pay those to the medevac service, you will to the hospital.

I fail to see any benefit to the majority of patients. Ethically, I have serious reservations about selling memberships. I hope I am not forced to do so by your passage of this bill.

Sincerely,



Leif L. Wilson

President and Director of Operations

HB-100

From: TAEMS [taems@aptalaska.net]
Sent: Thursday, February 22, 2007 18:39
To: 'Owens, Shelley'
Subject: RE: Air Medical bill

Shelley,

We have had problems with this subscription service for several years. Guardian in Fairbanks has offered this for some time. I have several opinions, but I will keep it short.

1- A patient may make inappropriate decisions based solely on \$\$\$.
We had a patient here that refused to fly with our local service solely because he had a Guardian subscription and was afraid he would have to pay if another service transported him. This patient had Medicare and a secondary policy that would have paid the entire fee and the patient would have owed nothing. All this Guardian subscription did was to delay his transport about 2 hours and take his money for services he was already entitled to.

2- Regardless of who a subscription is with it may take transport decisions away from the medical provider. As above the patient may refuse to fly unless their service provides transport even against medical advice just because of \$\$\$.

3- Who protects the patient. As above this patient had Medicare and secondary coverage, he could have used any service without worry of getting billed. Medicare would have paid the allowed amount, the secondary insurance pay the co-payment and the patient would owe nothing. So what did the patients subscriptions do other than take his money and delay care.

4- Lets say a patient has a subscription with one of the Anchorage services but is in the Tok or other similar area and needs transport. Can that Anchorage service provide a timely transport, or even land where the patient is, probably not, so again what did the patient get.

5- No service will ever make money on selling subscriptions. All it does is isolate a few people and tie them to a single service, when they need help the most

What would happen if TransCare in Anchorage offered a subscription ground ambulance service. Would Anchorage Fire let a heart attack patient lay and wait for TransCare to respond. And what if the patient was in Palmer, again would the patient be made to wait for TransCare to drive from Anchorage.

I don't know who is pushing this bill, but all I see it doing is making Guardian's subscription service legal. If the bill passes and everyone plays on a level field, so be it.

I just don't want to see someone lose his or her life waiting for a far away service when another is at hand.

One last thought, could Medicare subscribe to this service on behalf of their enrollees, and make all Medicare patients wait on the cheapest service regardless of location.

Thanks for listening

Jack Rutledge

2/2

In 2005 the Washington Legislature considered an act relating to exempting certain private air ambulance services from insurance regulation after residents of San Juan County voiced concern with affordability and availability of air ambulance services in the island country. After hearings and testimony the Legislature required the Office of the Insurance Commissioner (OIC) to study and report on the feasibility of subscription air ambulance services in Washington. The study was conducted by the OIC, public and private entities, and individuals involved in air ambulance services.

The committee found:

Air ambulance programs are relevant throughout the United States.

22 states specifically exempted such services

2 states considered the service an insurance product (Nevada, Wisconsin)

1 state exempted the service with criteria (Indiana)

1 state considered the service a debt protection product (Wyoming)

1 state found the service to be illegal (New York)

Flat yearly fee is normally \$50-\$100 – provider agrees to transport the subscriber or members of the immediate family when medically necessary at no additional charge. Subscribers agree to allow the air ambulance provider to bill their insurance, but there is no requirement to have underlying health insurance.

Some subscription providers have reciprocity agreements with subscription programs in other areas, so a subscriber may have a larger area in which their subscription benefit would apply.

Lastly - **ALL STATE INSURANCE REGULATORS WERE ASKED IF CONSUMER COMPLAINTS RESULTED FROM SUBSCRIPTION AIR AMBULANCE SERVICES. NO CONSUMER PROBLEMS WERE REPORTED.**

The committee recommended:

The product is sold only by providers of air ambulance service

Service be certified by Dept of Health

In operation for at least two years

Certification from CAMTS (Commis on Accreditation of Medical Trans Systems)

Evidence of compliance be submitted to OIC

1. Protection for the consumer that the provider is viable:
Provider must be in operation in the state for at least two years.
2. Protection for the consumer if the provider leaves the area:
In the report from the Washington OIC there was a very low number of people purchasing a subscription that were uninsured, which suggests the transference of risk from this product is very small compared to most insurance products.
3. Protection for the consumer that the provider is qualified:
Provider must be certified under AS 18.08.82;
Provider must renew license every two years.
4. Protection for the consumer from false ads/practices:
Complaints may be filed with the Consumer Protection Agency.

Tok Area EMS
Box 811
Tok, Alaska 99780
(907)-883-5873/Cell-322-0169

MAR 09 2007

FACSIMILE TRANSMISSION SHEET

DATE: 3-8-07

TO: Peggy Wilson

COMPANY: Alaska State House of Rep.

FAX NUMBER: 465-3175

FROM: Tom Dean

FAX NUMBER: 907-883-3640

NUMBER OF PAGES INCLUDING COVER SHEET: 2

MESSAGE: Opposition of HB 100

Thank you

Tom

TOK AREA EMC
Box 811
Tok, Ak. 99780
Ph.(907) 883-5873/Fax 3640/Cell 322-0169
March 8, 2007

Representative Peggy Wilson
Alaska State House of Representatives

RE: HB100 - Air Ambulance Service -- I AM OPPOSED.

I wish to express my apposition to an Air Ambulance Service selling subscriptions to their service.

Ambulance subscriptions have worked well in some places for maintaining small community ground services and is an important part of their ability to continue operation. I am unaware of any such services in Alaska, but not opposed to them.

For the most part air ambulance services are not local services, they cover large areas of the state or the whole state and beyond. Most areas of the state can get air ambulance service from several air ambulance providers. This is a good thing as it gives patient care providers the option of choosing the best service available at the time for the incident at hand.

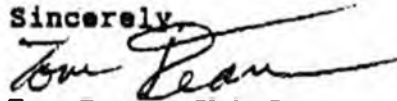
What is bad is when a patient is locked into one particular service provider, either because a patient has a subscription for a specific service and refuses to use another service or a patient is covered by a health care program (VA or Indian Health/ANMC) that contracts with one air ambulance service to cover the whole state.

That Guardian Flight has sold subscriptions to people in Tok, where 40 Mile Air is the local air ambulance service, in itself has caused unnecessary and unfortunate resentment toward Guardian. It has also caused unnecessary delays in patient transport, when the patient (or patients spouse) insisted on waiting for a Guardian flight, when 40 Mile Air's plane was in Tok and ready to go.

Guardian has sold subscriptions to retired people in Tok that are on medicare and have supplemental insurance, so that these people are paying for nothing except delays in care.

In Tok, VA and ANMC's insistence on using their contracted service providers has led to waits of up to eight hours for a plane, caused serious patient compromise and is a hardship for the Tok Clinic, as the clinic is not set up or staffed for extended patient care.

Sincerely,


Tom Dean, Chief

Medicare
Fee Structure
Anti Kickback



DEPARTMENT OF HEALTH & HUMAN SERVICES

Washington, D.C. 20201

[We redact certain identifying information and certain potentially privileged, confidential, or proprietary information associated with the individual or entity, unless otherwise approved by the requestor.]

Issued: May 21, 2003

Posted: May 28, 2003

[name and address redacted]

Re: OIG Advisory Opinion No. 03-11

Dear [name redacted]:

We are writing in response to your request for an advisory opinion concerning an ambulance company's collection of a fixed annual subscription fee in lieu of Medicare Part B cost-sharing amounts from its members (the "Arrangement"). Specifically, you have asked whether the Arrangement would constitute grounds for the imposition of sanctions under the exclusion authority at section 1128(b)(7) of the Social Security Act (the "Act") or the civil monetary penalty provision at section 1128A(a)(7) of the Act, as those sections relate to the commission of acts described in section 1128B(b) of the Act, or under the civil monetary penalties provision for illegal remuneration to beneficiaries at section 1128A(a)(5) of the Act.

You have certified that all of the information provided in your request, including all supplementary letters, is true and correct and constitutes a complete description of the relevant facts and agreements among the parties.

In issuing this opinion, we have relied solely on the facts and information presented to us. We have not undertaken an independent investigation of such information. This opinion is limited to the facts presented. If material facts have not been disclosed or have been misrepresented, this opinion is without force and effect.

Based on the facts certified in your request for an advisory opinion and supplemental submissions, we conclude that the Arrangement could potentially generate prohibited remuneration under the anti-kickback statute if the requisite intent to induce or reward referrals were present, but that the Office of Inspector General ("OIG") would not impose administrative sanctions on [name redacted] under section 1128A(a)(5) of the Act or under section 1128(b)(7) or 1128A(a)(7) of the Act (as those sections relate to the commission of acts described in section 1128B(b) of the Act) in connection with the Arrangement. This opinion is limited to the Arrangement and, therefore, we express no opinion about any other agreements or any other arrangements disclosed or referenced in your request letter or supplemental submissions.

This opinion may not be relied on by any persons other than [name redacted] (the "Requestor"), the requestor of this opinion, and is further qualified as set out in Part IV below and in 42 C.F.R. Part 1008.

I. FACTUAL BACKGROUND

The Requestor is a nonprofit corporation that provides emergency ambulance services. The Requestor has operated since 1963 on a subscription basis and has two classes of subscribers: individuals who pay an annual \$20 subscription fee and businesses that pay annual subscription fees proportionate to their size (\$30 for those with fewer than 12 employees; \$50 for those with 12 or more employees).

The Requestor does not collect Medicare Part B cost-sharing amounts from its subscribers (other than supplemental insurance coverage of the subscriber's obligations), but does collect such balances from non-subscribers through its contracted billing agent.

The Requestor has certified that the subscription revenues collected from its subscribers currently exceed, in the aggregate, the cost-sharing amounts waived for all subscribers, and that the subscription revenues collected from all subscribing Medicare Part B beneficiaries currently exceed, in the aggregate, the cost-sharing amounts waived for the subscribing Part B beneficiaries.

II. LAW

The anti-kickback statute makes it a criminal offense knowingly and willfully to offer, pay, solicit, or receive any remuneration to induce or reward referrals of items or services reimbursable by federal health care programs. See section 1128B(b) of the Act. Where remuneration is paid purposefully to induce or reward referrals of items or services

payable by a federal health care program, the anti-kickback statute is violated. By its terms, the statute ascribes criminal liability to parties on both sides of an impermissible "kickback" transaction. For purposes of the anti-kickback statute, "remuneration" includes the transfer of anything of value, in cash or in kind, directly or indirectly, covertly or overtly.

The statute has been interpreted to cover any arrangement where one purpose of the remuneration was to obtain money for the referral of services or to induce further referrals. United States v. Kats, 871 F.2d 105 (9th Cir. 1989); United States v. Greber, 760 F.2d 68 (3d Cir.), cert. denied, 474 U.S. 988 (1985). Violation of the statute constitutes a felony punishable by a maximum fine of \$25,000, imprisonment up to five years, or both. Conviction will also lead to automatic exclusion from federal health care programs, including Medicare and Medicaid. Where a party commits an act described in section 1128B(b) of the Act, the OIG may initiate administrative proceedings to impose civil monetary penalties on such party under section 1128A(a)(7) of the Act. The OIG may also initiate administrative proceedings to exclude such party from the federal health care programs under section 1128(b)(7) of the Act.

III. LEGAL ANALYSIS

The Arrangement may implicate the anti-kickback statute to the extent that it might be construed as a routine waiver of Medicare Part B cost-sharing amounts. In evaluating the risk, the threshold concern is whether, in the aggregate, (i) the subscription fees collected from subscribers reasonably approximate the amounts that the subscribers would expect to spend for cost-sharing amounts over the period covered by the subscription agreement, or (ii) the amounts collected from subscribing Medicare Part B beneficiaries reasonably approximate the amounts that the subscribing Medicare Part B beneficiaries would expect to spend for cost-sharing amounts. If the subscription amounts are not actuarially or historically reasonable in comparison to the uncollected cost-sharing amounts under one of the two alternatives noted above, then we would view the subscription plan as a potentially illegal practice to disguise the routine waiver of Medicare Part B cost-sharing amounts.

In this case, the subscription amounts collected by the Requestor from participating Medicare beneficiaries in the aggregate exceed the amounts that the Medicare Part B beneficiaries would be expected to spend for Medicare Part B cost-sharing over the period covered by the subscription agreement. Accordingly, we would not subject the Arrangement to administrative sanctions under the anti-kickback statute or section 1128A(a)(5) of the Act.

IV. CONCLUSION

Based on the facts certified in your request for an advisory opinion and supplemental submissions, we conclude that the Arrangement could potentially generate prohibited remuneration under the anti-kickback statute if the requisite intent to induce or reward referrals were present, but that the OIG would not impose administrative sanctions on [name redacted] under section 1128A(a)(5) of the Act or under sections 1128(b)(7) or 1128A(a)(7) of the Act (as those sections relate to the commission of acts described in section 1128B(b) of the Act) in connection with the Arrangement. This opinion is limited to the Arrangement and, therefore, we express no opinion about any other agreements or any other arrangements disclosed or referenced in your request letter or supplemental submissions.

V. LIMITATIONS

The limitations applicable to this opinion include the following:

- This advisory opinion is issued only to [name redacted], the requestor of this opinion. This advisory opinion has no application, and cannot be relied upon, by any other individual or entity.
- This advisory opinion may not be introduced into evidence in any matter involving an entity or individual that is not a requestor to this opinion.
- This advisory opinion is applicable only to the statutory provisions specifically noted above. No opinion is expressed or implied herein with respect to the application of any other federal, state, or local statute, rule, regulation, ordinance, or other law that may be applicable to the Arrangement, including, without limitation, the physician self-referral law, section 1877 of the Act.
- This advisory opinion will not bind or obligate any agency other than the U.S. Department of Health and Human Services.
- This advisory opinion is limited in scope to the specific arrangement described in this letter and has no applicability to other arrangements, even those which appear similar in nature or scope.

- No opinion is expressed herein regarding the liability of any party under the False Claims Act or other legal authorities for any improper billing, claims submission, cost reporting, or related conduct.

This opinion is also subject to any additional limitations set forth at 42 C.F.R. Part 1008. The OIG will not proceed against [name redacted] with respect to any action that is part of the Arrangement taken in good faith reliance upon this advisory opinion as long as all of the material facts have been fully, completely, and accurately presented, and the Arrangement in practice comports with the information provided. The OIG reserves the right to reconsider the questions and issues raised in this advisory opinion and, where the public interest requires, rescind, modify, or terminate this opinion. In the event that this advisory opinion is modified or terminated, the OIG will not proceed against [name redacted] with respect to any action taken in good faith reliance upon this advisory opinion, where all of the relevant facts were fully, completely, and accurately presented and where such action was promptly discontinued upon notification of the modification or termination of this advisory opinion. An advisory opinion may be rescinded only if the relevant and material facts have not been fully, completely, and accurately disclosed to the OIG.

Sincerely,

/s/

Lewis Morris
Chief Counsel to the Inspector General

Warbelow's Air Ventures, Inc. is opposed to HB 100 because:

1. Industry costs are increased as each air ambulance operator would have to either field a sales force to sell individual subscriptions marketed to everyone in the State of Alaska, or face being pre-empted by competitors who did.
2. Quality of patient care is decreased because the air ambulance operator with the most effective marketing would be selected in advance, rather than at the time of need based on needed medical capabilities and the quickness of their response as is currently done.
3. It is a bad financial gamble for the patient. There are approximately 5000 medevacs flown in Alaska per year with a population of about 700,000. If everyone bought a \$50 membership, this would generate \$35 million, or about \$7000 per medevac, which exceeds the average cost of a medevac in total. Most patients are already covered by Medicare, Medicaid, IHS, or private insurance. The cost of a medevac already reflects the write offs for non-payment by uninsured patients, as it is industry practice to write off flights where there is no insurance or the patient is unable to pay the deductible.
4. It does not protect the consumer against the cost of their insurance deductible, because in most cases the patient will simply pay their insurance deductible and co pay at the hospital they are medevaced to, if they have not paid it to the medevac provider already. The savings is therefore to the insurance company providing the medical insurance, not the patient, who pays for double insurance.
5. The Alaska air ambulance industry is highly competitive with multiple choices between State certified providers available in every market. The only purpose a membership program would serve is to provide a legal business model for pre-empting competitors, and reduce rather than increase competitive forces. Consumers will likely not appreciate the barrage of marketing that would accompany passage of this law.
6. Consumers deserve the protection of the State of Alaska insurance laws when they buy an insurance product such as that proposed, and there is no basis for exposing the consumer to the risk of business failure. Insurance can be bought from legitimate companies that meet the state requirements to insure the risk of air ambulance costs.
7. It would be an overwhelming task to police the law, and protect consumers from being sold additional unregulated insurance for risks that they already have coverage. The Division of Insurance has not prevented the sale of air ambulance memberships by one seller over the last six years. It is unlikely the Consumer Protection Agency will be able to police the sale of memberships by a dozen or more carriers to hundreds of thousands of consumers, many of which already have coverage and are not eligible to be solicited under the proposed law.
8. The law as written has been opposed by each air ambulance operator in the state who has testified except one, and that operator has been providing air ambulance service through memberships for six years, in violation of existing state laws. To now make that legal would be to reward those who have built a brand and customer base in air ambulance memberships while knowingly flouting the laws of the State of Alaska, and leave at a competitive disadvantage those who have complied.

Art Warbelow, President
Warbelow's Air Ventures, Inc.

(907) 378-7203
art@warbelows.com

Fairbanks Daily News Miner - By AMANDA BOHMAN

Staff Writer

February 1, 2001

Excerpts -

..... The company is trying to develop an air ambulance insurance plan of sorts, for which it is awaiting state approval.

.....

The membership plan Stirling is hoping to launch costs \$50 a year per person or per family. The average medevac, from a village to a hospital in Fairbanks or Anchorage, costs \$4,000 to \$5,000. Even those with insurance pay some of that cost, usually about 20 percent, Davies said. Under the plan, all Guardian members, even the uninsured, would pay nothing, except for the yearly fee, for an emergency medical transport. "There's a lot of uninsured people who fall through the cracks," Davies said. The membership plan is on hold pending state approval, because the state needs to decide whether it falls under the same regulations as insurance providers. Stirling modeled his plan after one developed in Oregon, where a special law was crafted to exempt air ambulance services' membership plans from insurance regulations. Stirling said his outfit-he employs 17 full- and part-time employees, which is enough manpower to have three crews out at once-is too small to be able to follow the same guidelines insurance companies do. "I asked her (an attorney with the state) how much the fines would be if we just do it. She said, 'You don't want to know.'"

CRITICAL CARE INC.



Critical CARE, Inc Advantage Membership Application



MISSION

TO SUPPORT EDUCATION,
TRAINING, RESEARCH AND
UNCOMPENSATED CRITICAL-CARE
RELIEF TO PROMOTE "BEST CARE"
FOR OUR ALASKAN COMMUNITIES.

1.888.912.4CCI
(4224)

www.criticalcareinc.com

CRITICAL CARE, INC.
P.O. BOX 8952 • KETCHIKAN, AK 99901
PHONE: 907/225.5500
FAX: 907/247.6102

**You can help
meet Alaskans'
critical-care
transport needs.**

**Sign up to become a CCI
member today!**

WHO is eligible for Critical CARE Advantage
Membership is any individual or family.

WHAT members receive includes the
satisfaction of knowing dues are used to support
the mission and vision of the organization; a
yearly membership packet; quality care at critical
moments from Alaska's largest medevac provider;
Guardian Flight.

WHEN is the time to sign up? **RIGHT NOW!**
Membership begins within 3 days of receiving your
application and payment.

WHERE you need medical transport, thanks
to a partnership, your CCI Advantage membership
allows Guardian Flight to bill your insurance
carrier (if any). Are you a member yet?

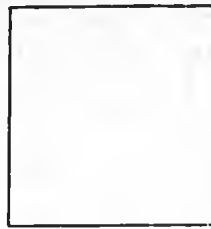
WHY you should become a member is because
your dollars go to funding the critical skills our
health providers need when we need it most.

*Individual,
Family, and
Corporate
memberships
are available.*

CRITICAL CARE
INC.



CCI's goal is to assist in improving skills and acquiring information for medical personnel to provide "best care" to our community.



“ I wanted to thank you for the very generous scholarship you recently presented to me at the OB Stat Course. I appreciate your thoughtfulness!

— Janette ”

“ I wanted to send a huge thank you for providing my scholarship. The class was excellent ~ and I learned a lot! Thank you, again, for supporting continuing education!

— Lisa ”

“ We want to continue our membership . . . and I completely forgot about it until a friend had to be medevaced from Canada and told us what a marvelous service she received because of her membership.”

— Eula ”

CRITICAL CARE, INC.
P.O. BOX 8952 • KETCHIKAN, AK 99901
PHONE: 907/225.5500
FAX: 907/247.6102



Board Approved 01/18/2007

For your records

CCI Membership Advantage Options

Type	Covers	Nickel	Copper	Bronze	Silver	Gold	Platinum
		1 week Advantage Basic Medevac	6 mo. Advantage Basic Medevac	1 yr. Advantage Basic Medevac	6 mo. Advantage Basic Medevac, Ground, Air, & Repatriation	1 yr. Advantage Basic Medevac, Ground, Air, & Repatriation	Lifetime Advantage Basic Medevac
Individual	Single	\$15	\$25	\$50	\$100	\$150	\$1,000
Family	Household Dependents	\$30	\$45	\$75	\$200	\$300	\$2,000
Corporate*	Single	\$12	\$20	\$40	\$80	\$120	N/A

*Membership rate applies to business license holders or through employer-sponsored Advantage agreements.

Every CCI member receives:

- Verification of Membership
- Quarterly Newsletter
- Satisfaction knowing contributions help support training, education, & excellent pre-hospital care in Alaska
- Convenient carry-everywhere contact information for Critical Care, Inc & Guardian Flight
- Peace of mind knowing you and your loved ones' critical-care transport needs are secured with Guardian Flight

I signed up for/gifted Individual/Family/Corporate _____ membership: The advantage applies to ___ people from 3 business days after the date of postmark to expire ___/___/____. I paid w/a check/money order/credit card.

Critical CARE, Inc.
 907.225.5500
 1.888.912.4CCI (4224)
 fax 907.247.6102
 P.O. Box 8952
 Ketchikan, AK 99901

Primary Member/Head of Household *required*

Name* _____
 Date of Birth*: _____
 Mailing Address* _____
 City: _____ State: _____ Zip: _____
 General Phone*: _____
 Alternate Phone: _____
 Email (only for CCI use) _____
 Is membership gift?* Yes: _____ No: _____
 Please contact me, I want to clarify, volunteer, or get more information!

Credit Card Billing Information *required*

Same as above
 Name*: _____
 Address*: _____
 City: _____ State: _____ Zip: _____
 Phone: _____
 Email (only for CCI use) _____

Membership Options (check the type & circle the level):

NEW _____ RENEW _____ # _____

	Nickel	Copper	Bronze	Silver	Gold	Platinum
Ind.	\$15	\$25	\$50	\$100	\$150	\$1,000
Family	\$30	\$45	\$75	\$200	\$300	\$2,000
Corporate	\$12	\$20	\$40	\$80	\$120	N/A

Additional Members (include name/relationship/birthdate)
 1. _____
 2. _____
 3. _____
 4. _____
 5. _____
 6. _____

Payment Type **PLEASE DO NOT SEND CASH!**

Amount: _____
 Credit Card: Visa _____ Mastercard _____ AMEX/Discover _____
 Card # _____ Exp. Date _____
 Signature _____
 Check # _____ Money Order _____

Thank you for supporting education, training, and research for Alaska's EMS personnel!

Terms of the Critical Care Advantage

WHO

• The advantage applies to the individual and/or family (defined as spouse/significant other and dependent children, claimed on your income tax return) that are members in good standing of Critical CARE, Inc.

WHAT

• The Critical CARE Advantage is secondary to all insurance carriers. Guardian Flight will accept payment from insurance carriers as payment in full.
 • I agree to transfer directly to Guardian Flight all rights to insurance payments or other applicable coverage due for Guardian Flight services.

WHEN

• The Critical CARE Advantage for new members will take effect 3 days after receipt of completed enrollment application (with payment) in Critical CARE, Inc.

WHERE

• Guardian Flight flies based on medical need and transports patients to the closest medically appropriate facility as requested by the physician.

• There may rarely be times, due to weather or back-up aircraft and crew unavailability that Guardian Flight cannot guarantee availability of service.

WHY

• This advantage applies to air transport with Guardian Flight only.
 • This advantage is not insurance.

I have read, understand, and agree with the terms and conditions of the Critical CARE Advantage as described above.

Signature: _____

Date: _____

REFERRED BY:

Mail to:
Critical CARE, Inc.
907.225.5500
1.888.912.4CCI (4224)
fax 907.247.6102
P.O. Box 8952
Ketchikan, AK 99901

HB

1 1 3

25-LS0411M
Ballard
2/27/07

CS FOR HOUSE BILL NO. 113()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES SAMUELS, Thomas, Kawasaki, Gruenberg, LeDoux

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the prescription and use of pharmaceutical agents, including**
2 **controlled substances, by optometrists."**

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

4 *** Section 1.** AS 08.72.175(a) is amended to read:

5 (a) The board may issue a license endorsement authorizing a licensee to
6 prescribe and use the pharmaceutical agents described in AS 08.72.272(a), if the
7 licensee or applicant for a license **has successfully completed**

8 **(1) [PASSES]** the written and practical portions of an examination on
9 ocular pharmacology, approved by the board, that tests the licensee's or the applicant's
10 knowledge of the characteristics, pharmacological effects, indications,
11 contraindications, and emergency care associated with the prescription and use of
12 pharmaceutical agents;

13 **(2) a nontopical therapeutic pharmaceutical agent course of at**
14 **least 23 hours approved by the board or an examination approved by the board**

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on the treatment and management of ocular disease; and
(3) an optometry and nontopical therapeutic pharmaceutical agent
injection course of at least seven hours approved by the board or equivalent
training acceptable to the board [. THE ENDORSEMENT EXPIRES AT THE
SAME TIME AS THE LICENSE TO WHICH IT ATTACHES. THE
ENDORSEMENT MAY BE RENEWED UPON SATISFACTORY COMPLETION
OF CONTINUING EDUCATION REQUIREMENTS ESTABLISHED BY THE
BOARD BY REGULATION].

* Sec. 2. AS 08.72.175 is amended by adding a new subsection to read:

(d) A license endorsement issued under (a) of this section expires at the same
time as the license to which it attaches. Renewal of the endorsement may not be
granted unless, in the four years preceding the application for renewal, the licensee has
successfully

- (1) completed eight hours of continuing education approved by the
board concerning the use and prescription of pharmaceutical agents;
- (2) completed seven hours of continuing education approved by the
board concerning the injection of nontopical therapeutic pharmaceutical agents; and
- (3) met other requirements the board considers necessary to ensure the
continued protection of the public.

* Sec. 3. AS 08.72.272(a) is amended to read:

(a) A licensee with an endorsement issued under AS 08.72.175(a) may
prescribe and use a pharmaceutical agent, including a controlled substance, in the
practice of optometry if

- (1) the pharmaceutical agent
 - (A) is prescribed and used for the treatment of ocular
disease or conditions, ocular adnexal disease or conditions, or emergency
anaphylaxis;
 - (B) is not a schedule IA, IIA, or VIA controlled substance;
 - and
 - (C) is prescribed in a quantity that does not exceed five
days of prescribed use if it is a controlled substance;

1 (D) is not injected into the ocular globe of the eye [IS A
2 DRUG TOPICALLY APPLIED TO THE HUMAN EYE AND ITS
3 APPENDAGES]; and

4 (2) the licensee

5 (A) has a physician-patient relationship, as defined by the
6 board in regulations adopted under this chapter, with the person to whom
7 the pharmaceutical agent is prescribed; and

8 (B) has on file with the department the licensee's current
9 federal Drug Enforcement Administration registration number that is
10 valid for the controlled substance prescribed or used [PERSON HOLDS A
11 LICENSE ENDORSEMENT ISSUED BY THE BOARD AUTHORIZING
12 THE PRESCRIPTION AND USE OF PHARMACEUTICAL AGENTS].

13 * Sec. 4. AS 08.72.272(c) is amended to read:

14 (c) A licensee may use a pharmaceutical agent in the practice of optometry if

15 (1) the pharmaceutical agent is a drug topically applied to the human
16 eye and its appendages; and

17 (2) the person holds a license endorsement issued by the board under
18 AS 08.72.175(c) authorizing the use of the pharmaceutical agent under this
19 subsection.

20 * Sec. 5. AS 08.72.272 is amended by adding a new subsection to read:

21 (d) In this section, "controlled substance" has the meaning given in
22 AS 11.71.900.

23 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 TRANSITION. (a) A license endorsement issued under AS 08.72.175(a) before the
26 effective date of this Act continues in effect for the term issued unless revoked or suspended
27 by the Board of Examiners in Optometry.

28 (b) The changes made by this Act to AS 08.72.175 and 08.72.272(a) do not affect the
29 scope of practice allowed under a license endorsement issued under AS 08.72.175(a) before
30 the effective date of this Act.

31 (c) A license endorsement issued under AS 08.72.175(a) before the effective date of

1 this Act may not be renewed on or after the effective date of this Act.

25-LS0411\K
Bullard
3/5/07

CS FOR HOUSE BILL NO. 113()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SAMUELS, Thomas, Kawasaki, Gruenberg, LeDoux

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to the prescription and use of pharmaceutical agents, including**
2 **controlled substances, by optometrists."**

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

4 *** Section 1.** AS 08.72.175(a) is amended to read:

5 (a) The board may issue a license endorsement authorizing a licensee to
6 prescribe and use the pharmaceutical agents described in AS 08.72.272(a), if the
7 licensee or applicant for a license has successfully completed

8 (1) [PASSES] the written and practical portions of an examination on
9 ocular pharmacology, approved by the board, that tests the licensee's or the applicant's
10 knowledge of the characteristics, pharmacological effects, indications,
11 contraindications, and emergency care associated with the prescription and use of
12 pharmaceutical agents;

13 (2) a nontopical therapeutic pharmaceutical agent course of at
14 least 23 hours approved by the board or an examination approved by the board