MEMBERS PRESENT

Senator David Wilson, Chair
Senator John Coghill, Vice Chair
Senator Cathy Giessel
Senator Tom Begich

MEMBERS ABSENT

Senator Gary Stevens

OTHER LEGISLATORS PRESENT

COMMITTEE CALENDAR

SENATE BILL NO. 7
"An Act requiring the Department of Health and Social Services to apply for a waiver to establish work requirements for certain adults who are eligible for the state medical assistance program."

- MOVED CSSB 7(HSS) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 7
SHORT TITLE: MED. ASSISTANCE WORK REQUIREMENT
SPONSOR(s): SENATOR(s) MICCICHE

01/16/19 (S)  PREFILE RELEASED 1/7/19
01/16/19 (S)  READ THE FIRST TIME - REFERRALS
01/16/19 (S)  HSS, FIN
02/15/19 (S)  HSS AT 1:30 PM BUTROVICH 205
02/15/19 (S)  Heard & Held
02/15/19 (S)  MINUTE(HSS)
02/20/19 (S)  HSS AT 1:30 PM BUTROVICH 205
02/20/19 (S)  Heard & Held
02/20/19 (S)  MINUTE(HSS)
03/01/19 (S)  HSS AT 1:30 PM BUTROVICH 205

SENATE HSS COMMITTEE -1- DRAFT March 1, 2019
WITNESS REGISTER

STACY BARNES, Director
Governmental Relations and Public Affairs
Alaska Housing Finance Corporation (AHFC)
Anchorage, Alaska
POSITION STATEMENT: Presented on AHFC's public housing rent reform program.

CATHY STONE, Director
Public Housing
Alaska Housing Finance Corporation (AHFC)
Anchorage, Alaska
POSITION STATEMENT: Presented on AHFC's public housing rent reforms.

SHAWNDA O'BRIEN, Director
Division of Public Assistance
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Answered questions about SB 7.

EDRA MORLEDGE, Staff
Senator Peter Micciche
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Spoke on behalf of the bill sponsor.

ACTION NARRATIVE

1:30:41 PM
CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Coghill, Giessel, Begich, and Chair Wilson.

^#SB7

SB 7-MED. ASSISTANCE WORK REQUIREMENT

1:31:16 PM
CHAIR WILSON announced the consideration of SB 7. He noted that the committee worked with the bill's sponsor to produce the work draft committee substitute (CS) for SB7, 31-LS0196\M. Before
introducing the CS, the committee would hear from the Alaska Housing Finance Corporation about its success with public housing rent reforms. The committee packet had the presentation AHFC used in the subcommittee process.

1:32:01 PM
STACY BARNES, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), Anchorage, Alaska, introduced herself.

CATHY STONE, Director, Public Housing, Alaska Housing Finance Corporation (AHFC), Anchorage, Alaska, said AHFC's Public Housing Division launched a rent reform program in 2014. The program took recipients for public housing programs, which include housing and vouchers, and split them into two groups. They created a classic program for the elderly and disabled and continued housing assistance for them at the same levels. For the work-able, they created a path to incentivize them to work or increase their educational opportunities. With the Step Program, their assistance would run out after five years. The process included stepping down the rental assistance with the expectation that they would pay more of their income in rent. In conjunction with that, they provided significant supports through a program called Jumpstart. They provided case management as well as incentives to work, increase education, save money, and increase financial literacy.

MS. STONE said they have had excellent outcomes. They are not yet in the fifth and final year, when assistance will end. Since 2014, they have seen annual gross income increase dramatically, from $19,000 to $29,000 and annual earned income also increased dramatically. The percentage of people working 32 or more hours per week went from 40 percent to 56 percent. Participants earning more frees up more money AHFC can use to help more people. Because subsidies are decreased, AHFC can add more vouchers into the community. They have seen an increase of almost a thousand vouchers throughout the state. In general, the program has been a real positive. She cannot underestimate how much some of the success has been because of case management and the support they have provided to help people increase self-sufficiency.

1:35:42 PM
SENATOR BEGICH said she had said 56 percent. The slide says 58 percent. He asked which is correct.

MS. STONE said 56 percent is correct.
CHAIR WILSON said the numbers were just updated last night.

SENATOR BEGICH asked what the connection is between this information and SB 7.

CHAIR WILSON said that on February 20 they talked about how this program is similar to SB 7 in terms of work requirements. There may be a correlation between people who are on housing vouchers and people who would be affected by SB 7.

SENATOR BEGICH asked about the paperwork requirements and supports to help families in the rent reform program achieve self-sufficiency.

1:37:40 PM
MS. STONE said that when people come into the housing program, they do the typical paperwork of signing up for assistance. Once they are in the classification of a work-able family, they are referred to a Jumpstart specialist for case management. The case manager looks at all sorts of data, including income and education, as well as housing needs and goals. The paperwork is not significant. All AHFC requires is that the case managers include the data in the main database used for housing and to report to the U.S. Department of Housing and Urban Development (HUD). Case management software is used to track how people are doing and what their shelter burden is, along with their income, needs, and incentives.

SENATOR BEGICH asked if a Jumpstart specialist is a fulltime AHFC employee and how many are there.

MS. STONE said that when they went into rent reform, they had no Jumpstart specialists. As part of the savings accumulated with people paying more of their income on rent and with savings from HUD funding, they have hired eight Jumpstart specialists, five in Anchorage, two in Juneau, and one in Fairbanks. They serve the entire state.

SENATOR BEGICH asked how many people they were talking about.

MS. STONE answered that 750 people are enrolled in level one. That is the highest-needs population. Level two is open to everyone. They don't track that quite as strenuously, but they have about 3,000 people in the Step program across the state. About half receive the Jumpstart assistance.
SENATOR BEGICH said then about 1,500 people get services from the eight Jumpstart specialists.

1:41:00 PM
MS. STONE answered yes.

MS. BARNES said that they are able to do this work because AHFC is considered under federal law as a moving-to-work agency. Senator Ted Stevens had worked on this a number of years ago. They are able to receive federal funding under a block grant. That allows them flexibility to provide housing and resources in communities.

1:41:53 PM
CHAIR WILSON solicited a motion.

SENATOR COGHILL moved to adopt CS for SB7, work order 31-LS0196\M, as the working document.

SENATOR GIESSEL objected for purposes of discussion.

1:42:15 PM
CHAIR WILSON went over the changes made in the CS. He noted the changes were made working with the bill sponsor and in reaction to public testimony:

On page 1, line 7: Adds a short title, "This Act may be known as the Medicaid Work Opportunities Act." (Requested by Senator Wilson.)

On page 2, line 1: Changes the minimum work requirement from 20 hours per week to 80 hours per month, to allow more flexibility. (Requested by the sponsor.)

On page 2, line 3: Adds postsecondary and vocational programs to the list of activities a recipient can participate in. (Requested by Senator Wilson.)

On page 2, line 12: Changes the ages permitted under exemptions from 18 to 19 and from 65 to 60 years of age. (Requested by the sponsor.)

One page 2, line 13: Changes the age of a dependent child from 12 months (one year) to six years. This change will now exempt parents or caretakers of dependent children up to six years of age. (Requested by Senator Wilson.)
On page 3, lines 4 through 11: Subsection 6 has been rewritten to provide for notification of all recipients of work requirements as soon as the waiver is approved and, not less than 90 days after providing notice, termination of medical assistance for those who become ineligible. This section also requires DHSS to provide information for the Department of Labor and Workforce Development and its employment-related training programs. (Requested by the sponsor.)

On page 3, lines 12 through 15: This is new language that provides for a bridge of up to 12 months if the recipient meets the work requirements but his or her additional earnings make that recipient ineligible for assistance. (Requested by the sponsor.)

Page 3, line 16: This is new language which adds a Section 3 and an immediate effective date clause. (Requested by Senator Wilson.)

SENATOR BEGICH referred to correspondence from Laura Lucas, MSW, Laura Keller and Sherri Roberds with the American Diabetes Association, and Jessie Menkens with the Alaska Primary Care Association. In his own review of the chart showing state implementation, Arkansas appears to be the only one actively doing this. About 18,000 people, about 23 percent, have been removed from Medicaid as a result of the work requirements. They have a three-month time period for work reporting. The CS goes from 20 hours a week to 80 hours in a month.

SENATOR BEGICH said rural Alaska has chronic unemployment. In some villages it is half the population. There are considerations made for subsistence activities, but he is concerned about the level of burden that this places on people who need health care. His concern is whether they will be able to provide health care as part of the state's commitment to public health. The submitted testimony underscores and reinforces that for him. He has met with people from the hospital association and other groups and emergency room doctors. He has been receiving significant levels of concern about this bill. He is not sure what the long-term aim is and whether it will have the consequences they intend.

SENATOR BEGICH said this was his last opportunity to speak before the bill comes to the floor, so he wanted to put his
thoughts on the table. He needs to see new fiscal notes because of these changes. In some cases, they will reduce the number of people who will lose Medicaid coverage. Those changes made by Senator Micciche and Senator Wilson's office are good suggestions. The changes in age eligibility may bring the size of the fiscal note down. After the Jumpstart presentation, he wonders what level of support will be needed from the department to match what the Jumpstart specialists are doing. Those are his concerns and questions he is placing on the table.

CHAIR WILSON replied duly noted and that he still has concerns about implementation and ways they can try to work the bill to help the majority of Alaskans. They can't get a new fiscal note until they adopt the CS, but perhaps Ms. O'Brien could speak to some of the potential impacts.

1:49:47 PM

SHAWNDA O'BRIEN, Director, Division of Public Assistance, Department of Health and Social Services (DHSS), Juneau, Alaska, said they have not done any new calculations, but there likely will be changes due to the number of people included or excluded.

CHAIR WILSON asked if the changes in the age exemptions would increase or decrease the fiscal note.

MS. O'BRIEN said she doesn't have the data about how many recipients are over the age of 60 and the difference of 18 to 19, but they expect those will be different numbers. They have been cross matching data with health care services for folks who have a designation for substance abuse or mental health treatment. The numbers are likely to be revised slightly for that.

SENATOR BEGICH said he looked forward to seeing those numbers.

SENATOR COGHILL said there are other programs that allow for extended work on Medicaid. He asked how this fit in with that and asked for a description of other Medicaid work exceptions.

MS. O'BRIEN asked for clarification and noted there are other work programs.

SENATOR COGHILL said he was interested in eligibility for Medicaid. Some programs allow someone who becomes ineligible for Medicaid to have an extension. He asked her to explain that and how it compares to this bill.
MS. O'BRIEN said she would need to come back to the committee with more detail. If someone were eligible for Medicaid and were to fall under one of the bill's exemptions, they would not be participating in the work requirements program. If he is asking whether they would change someone's eligibility determination because of another program's rules, there is nothing that comes to mind that would do that. Typically, people lose eligibility for Medicaid for life changes, such as being above income.

SENATOR COGHILL said he thought there were some opportunities if someone became ineligible for Medicaid to have a timeframe to keep care under certain circumstances. That is what they are doing with the bill's work requirements. Some were under DenaliKidCare, Title 20, and regular Medicaid. He asked if he were correct.

MS. O'BRIEN answered that yes, there are some exemptions like that, but she did not know them off the top of her head. She would need to get back about the different categories that would allow someone to remain eligible.

SENATOR COGHILL said he thought that information should be brought up as they go forward because the criteria might be disparate.

CHAIR WILSON asked if they could get a list. His office was going to be diving into public assistance reform in the next session.

SENATOR BEGICH said they earlier heard the commentary about Jumpstart specialists. He could not remember if new positions were assigned to help people work through this process.

MS. O'BRIEN replied yes, in the fiscal note they have identified what they would need in the first year of implementation and then estimated that those numbers would decline over the course of time. The position counts go down incrementally until the third year of implementation, when they think things will level off.

1:56:06 PM
SENATOR GIESSEL removed her objection.

1:56:22 PM
CHAIR WILSON found no objection and the CS for SB7, work order 31-LS0196\M, was adopted.
EDRA MORLEDGE, Staff, Senator Peter Micciche, Alaska State Legislature, Juneau, Alaska, said that Senator Micciche appreciated the committee's work on the bill and he is open to continuing the process of making the bill the best that they can make it.

CHAIR WILSON solicited a motion.

SENATOR COGHILL moved the CS for SB 7, version M, from committee with individual recommendations and forthcoming fiscal notes.

CHAIR WILSON found no objection and CSSB 7(HSS) moved from the Senate Health and Social Services Standing Committee with the understanding that Legislative Legal is authorized to make any necessary technical and/or conforming adjustments.

At ease

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee at 1:59 p.m.