

**ALASKA STATE LEGISLATURE**  
**SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE**

March 1, 2019

1:30 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Senator Gary Stevens

**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

**WITNESS REGISTER**

STACY BARNES, Director

Governmental Relations and Public Affairs  
Alaska Housing Finance Corporation (AHFC)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented AHFC's public housing rent reform program during the hearing on SB 7.

CATHY STONE, Director  
Public Housing  
Alaska Housing Finance Corporation (AHFC)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented on AHFC's public housing rent reforms during the hearing on SB 7.

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 sponsor of SB 7.

#### **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.

#### **SB 7-MED. ASSISTANCE WORK REQUIREMENT**

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CHAIR WILSON announced that the only order of business would be SB 7, 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."

SENATOR WILSON asked the Alaska Housing Finance Corporation representative to talk about their rent reform program.

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

MS. STONE said the program has had excellent outcomes. The program recipients are not yet in the fifth and final year, when assistance will end. Since 2014, AHFC has seen recipients' annual gross income increase dramatically, from \$19,000 to \$29,000 and annual earned income also increased. The percentage of people working 32 or more hours per week went from 40 percent to 56 percent. When participants earn more it frees up money for AHFC to use to help more people. Because subsidies are decreasing, AHFC can add more vouchers into the community. AHFC has seen an increase of almost a thousand vouchers throughout the state. The program has had positive outcomes and has been successful due to the program's additional case management and support, which has helped people increase their self-sufficiency.

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SENATOR BEGICH asked what percentage of recipients are working 32 hours or more per week.

MS. STONE said that 58 percent of program recipients are working 32 hours or more per week.

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

CHAIR WILSON said that at the February 20, 2019 hearing, the committee discussed how this program is similar to SB 7 in terms of the work requirements. He surmised that a correlation might exist between people who are on housing vouchers and those who may be affected by SB 7.

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SENATOR BEGICH asked about the paperwork requirements for the program and the type of support AHFC provides to help families in the rent reform program achieve self-sufficiency.

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MS. STONE answered that people coming into the housing program fill out the same type of paperwork used when signing up for assistance. Once the applicant is classified as a "work-able" family member, the person would be referred to a "Jumpstart" specialist for case management. The case manager reviews information, including income, budget, education, housing needs and goals. 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 clients are progressing, their housing needs, income, and incentives.

SENATOR BEGICH asked if a Jumpstart specialist is a fulltime AHFC employee and how many staff work in that capacity.

MS. STONE said that AHFC hired eight Jumpstart specialists that serve the entire state, with five specialists in Anchorage, two in Juneau, and one in Fairbanks.

SENATOR BEGICH asked how many clients are served in the program.

MS. STONE answered that 750 people are enrolled in level one, which is the highest-needs population. Level two is open to everyone, which is tracked less strenuously. She estimated that approximately 3,000 people participate in the Step program across the state. Of those, about half receive Jumpstart assistance, she said.

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SENATOR BEGICH related his understanding that about 1,500 people get services from the eight Jumpstart specialists.

MS. STONE agreed.

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STACY BARNES, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), Anchorage, said that under federal law AHFC is designated as a moving-to-work agency, which is why it is able to do this work. She explained that the late U.S. Senator Ted Stevens had worked on this a number of years ago. AHFC receives federal funding under

a block grant that allows them the flexibility to provide housing and resources in communities.

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CHAIR WILSON solicited a motion to adopt the proposed committee substitute for SB 7.

SENATOR COGHILL moved to adopt the committee substitute (CS) for SB 7, work order 31-LS0196\M, as the working document.

SENATOR GIESSEL objected for purposes of discussion.

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CHAIR WILSON reviewed the changes made in the committee substitute for SB 7, Version M:

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.)

On 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.)

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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.)

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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, Arkansas appears to be the only one actively using the work requirements. He reported that 18,000 or approximately 23 percent have been removed from Medicaid as a result of the work requirements. Arkansas uses a flexible three-month time period for work reporting. He pointed out the proposed committee substitute for SB 7 goes from 20 hours a week to 80 hours for the timeframe of one month.

He said that rural Alaska suffers from chronic unemployment. In some villages it is half the population of the village. He related his understanding that considerations were made for subsistence activities, but he is deeply concerned about the burden this will place on people who need health care. He reiterated his concern is whether the state will be able to provide health care as part of its commitment to public health. He said that testimony provided by Alaskans underscores and reinforces that concern. He has met with members from the Alaska State Hospital and Nursing Home Association (ASHNHA), emergency room doctors, and other groups. He has been receiving significant levels of concern about this bill. He is not sure what the long-term aim goal is and whether it will have the consequences the sponsor and committee intended.

SENATOR BEGICH expressed an interest in the new fiscal notes because of the changes made in Version M. He said the changes made by Senator Micciche and Senator Wilson's office are good ones. The changes in eligibility age may reduce the fiscal note. He asked what level of support will be needed from the department to match the Jumpstart specialists' effort.

CHAIR WILSON said that he still has concerns about implementation. He wondered what changes could be made in the bill to help the majority of Alaskans. He acknowledged that the new fiscal note will not be updated until the bill moves forward. However, he asked whether Ms. O'Brien could speak to some of the potential impacts.

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SHAWNDA O'BRIEN, Director, Division of Public Assistance, Department of Health and Social Services (DHSS), Juneau, said the department has not done any new calculations, but she anticipated forthcoming 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 does not have the data today to reflect the changes made in the committee substitute. She was unsure of how many recipients were over the age of 60 or the effect of raising the requirement age from 18 to 19 years old. The department has also been cross matching data with health care services to determine the recipients who are designated for substance abuse or mental health treatment. She acknowledged that the figure would likely be revised slightly for that.

SENATOR BEGICH said he looked forward to seeing those numbers.

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

MS. O'BRIEN asked for clarification.

SENATOR COGHILL said he was interested in eligibility for Medicaid. Some programs allow recipients who are ineligible for Medicaid to obtain extensions. He asked her to explain how that process will work with this bill.

MS. O'BRIEN offered to research this and report back to the committee with more detail. If someone was eligible for Medicaid but fell under one of the bill's exemptions, the recipient would not be required to participate in the work requirement program. She said that if Senator Coghill was asking whether the

department would change someone's eligibility determination because of another program's rules, that she was not aware of any provision. She pointed out that recipients lose eligibility for Medicaid due to life changes, including being above income.

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SENATOR COGHILL recalled some opportunities for recipients who became ineligible for Medicaid that had a timeframe to retain assistance under certain circumstances, such as Denali Kid Care, Title 20, and regular Medicaid.

MS. O'BRIEN answered that yes, there were some exemptions. She offered to research the different categories that would allow someone to remain eligible and report back to the committee.

SENATOR COGHILL said he thought that information should be considered as the bills go forward because the criteria might be disparate.

CHAIR WILSON asked the department to provide the list.

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SENATOR BEGICH said that AHFC provided information about Jumpstart specialists. He asked whether the new positions were assigned to help people work through this process.

MS. O'BRIEN replied yes, the fiscal note [from the Division of Public Assistance] identified the division's needs in the first year of implementation. The division also estimated the figures for outgoing years, which would decline over the course of time. She said that the positions needed would decrease incrementally until the third year of implementation, when the activity would likely level off.

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SENATOR GIESSEL removed her objection.

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CHAIR WILSON found no further objection and the CS for SB 7, work order 31-LS0196\M, was adopted.

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EDRA MORLEDGE, Staff, Senator Peter Micciche, Alaska State Legislature, Juneau, relayed that Senator Micciche appreciated the committee's work on the bill and that he was ready to continue the process.

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CHAIR WILSON solicited a motion.

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SENATOR COGHILL moved to report the committee substitute (CS) for SB 7, Version M, from committee with individual recommendations and attached fiscal note(s).

There being no objection, the CSSB 7(HSS) was reported from the Senate Health and Social Services Standing Committee with the understanding that Legislative Legal was authorized to make any necessary technical or conforming adjustments.

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At ease.

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