

**ALASKA STATE LEGISLATURE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES
STANDING COMMITTEE**

February 14, 2002
3:02 p.m.

MEMBERS PRESENT

Representative Fred Dyson, Chair
Representative Peggy Wilson, Vice Chair
Representative John Coghill
Representative Vic Kohring
Representative Sharon Cissna
Representative Reggie Joule

MEMBERS ABSENT

Representative Gary Stevens

COMMITTEE CALENDAR

HOUSE BILL NO. 402

"An Act relating to diversion payments, wage subsidies, cash assistance, and self-sufficiency services provided under the Alaska temporary assistance program; relating to the food stamp program; relating to child support cases that include persons who receive cash assistance or self-sufficiency services under the Alaska temporary assistance program; and providing for an effective date."

- MOVED HB 402 OUT OF COMMITTEE

HOUSE BILL NO. 252

"An Act relating to the construction of certain statutes relating to children; relating to the scope of duty and standard of care for persons who provide services to certain children and families; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 367

"An Act relating to coverage of children and pregnant women under the medical assistance program; and providing for an effective date."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 402

SHORT TITLE:ALASKA TEMPORARY ASSISTANCE PROGRAM

SPONSOR(S): HEALTH, EDUCATION & SOCIAL SERVICES

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 02/11/02 | 2205 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/11/02 | 2205 | (H) | HES, FIN |
| 02/14/02 | | (H) | HES AT 3:00 PM CAPITOL 106 |

BILL: HB 252

SHORT TITLE:STANDARD OF CARE FOR CINA SERVICES

SPONSOR(S): REPRESENTATIVE(S)COGHILL

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 04/23/01 | 1136 | (H) | READ THE FIRST TIME - REFERRALS |
| 04/23/01 | 1136 | (H) | HES |
| 04/23/01 | 1136 | (H) | REFERRED TO HES |
| 01/17/02 | | (H) | HES AT 3:00 PM CAPITOL 106 |
| 01/17/02 | | (H) | Heard & Held MINUTE(HES) |
| 02/07/02 | | (H) | HES AT 3:00 PM CAPITOL 106 |
| 02/07/02 | | (H) | <Bill Canceled> |
| 02/12/02 | | (H) | HES AT 3:00 PM CAPITOL 106 |
| 02/12/02 | | (H) | Heard & Held MINUTE(HES) |
| 02/13/02 | 2257 | (H) | COSPONSOR(S): DYSON |
| 02/14/02 | | (H) | HES AT 3:00 PM CAPITOL 106 |

BILL: HB 367

SHORT TITLE:MEDICAL ASSISTANCE PROGRAM COVERAGE

SPONSOR(S): REPRESENTATIVE(S)COGHILL

| Jrn-Date | Jrn-Page | | Action |
|----------|----------|-----|------------------------------------|
| 01/30/02 | 2098 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/30/02 | 2098 | (H) | HES, FIN |
| 01/30/02 | 2098 | (H) | REFERRED TO HES |
| 02/04/02 | 2153 | (H) | COSPONSOR(S): OGAN, DYSON |
| 02/12/02 | | (H) | HES AT 3:00 PM CAPITOL 106 |
| 02/12/02 | | (H) | Heard & Held MINUTE(HES) |
| 02/14/02 | | (H) | HES AT 3:00 PM CAPITOL 106 |

WITNESS REGISTER

SANDIE HOBACK, Independent Consultant
American Institute for Full Employment
1030 Schurman Drive South
Salem, Oregon 97302

POSITION STATEMENT: Briefed members on provisions in HB 402.

JIM NORDLUND, Director
Division of Public Assistance
Department of Health and Social Services
P.O. Box 110640
Juneau, Alaska 99811-0640

POSITION STATEMENT: Presented the division's position on provisions in HB 402; noted the division's support but expressed concern about some provisions.

WILLIAM CRAIG
613 Degroff Street
Sitka, Alaska 99835

POSITION STATEMENT: Asked about the impact of HB 402 on disabled people.

CYNTHIA EBELACKER
Alaska Nurse Practitioners;
Alaska Nurses Association
10251 Stewart Drive
Eagle River, Alaska 99577

POSITION STATEMENT: Testified in opposition to HB 367.

JACKIE SUNNYBOY
Fairbanks Community Mental Health Center
1716 University Avenue
Fairbanks, Alaska 99709

POSITION STATEMENT: Testified in opposition to HB 367.

CHARLES QUARRE
36525 Bradford Road
Sterling, Alaska 99672

POSITION STATEMENT: Testified in opposition to HB 367.

PATRICIA BOILY
Homer Medical Clinic
4136 Bartlett
Homer, Alaska 99603

POSITION STATEMENT: Testified in opposition to HB 367.

DONNA JORDAN

Governor's Council on Disabilities and Special Education

P.O. Box 876264

Wasilla, Alaska 99687

POSITION STATEMENT: During hearing on HB 367, presented a mother's letter highlighting the importance of Denali KidCare to her family.

SALLY BELTZ, MSN, RN, ARNP-C

Advanced Training Coordinator

Yukon-Kuskokwim Health Corporation

P.O. Box 528

Bethel, Alaska 99559

POSITION STATEMENT: Testified in opposition to HB 367.

JONALYN NAJERA

1731 Rierie Drive

Anchorage, Alaska 99507

POSITION STATEMENT: Testified in opposition to HB 367.

JAN LYNDES

57800 Stefin Trail

Homer, Alaska 99603

POSITION STATEMENT: Testified in opposition to HB 367.

DANA LEE HALL, R.Ph.

Village Operations Administrator

Yukon-Kuskokwim Health Corporation

P.O. Box 528

Bethel, Alaska 99559

POSITION STATEMENT: During hearing on HB 367, gave information on Indian Health Service funding.

MARIE DARLIN

AARP

415 Willoughby, Suite 506

Juneau, Alaska 99801

POSITION STATEMENT: Testified in opposition to HB 367.

TONY LOMBARDO, Director of Advocacy

Covenant House

609 F Street

Anchorage, Alaska 99501

POSITION STATEMENT: During hearing on HB 367, discussed the negative impacts of the bill to Alaska's teenagers.

SUSAN WOHPLEMUTH

5335 Pioneer Avenue
Homer, Alaska 99603

POSITION STATEMENT: During hearing on HB 367, highlighted Denali KidCare's benefit to children in need of residential care.

LYNDA THOMASSEN
P.O. Box 468
Wrangell, Alaska 99929

POSITION STATEMENT: During hearing on HB 367, testified that Denali KidCare has provided necessary preventative health coverage for her children.

SUSAN DRATHMAN
P.O. Box 12
Homer, Alaska 99603

POSITION STATEMENT: Testified in opposition to HB 367.

VALERIE DAVIDSON, Executive Vice-President
Yukon-Kuskokwim Health Corporation
P.O. Box 528
Bethel, Alaska 99559

POSITION STATEMENT: Testified in opposition to HB 367.

SUE ZAHND, Member
AARP; National Association for the Education of Young Children
(no address available)

POSITION STATEMENT: Testified in opposition to HB 367.

FAYE NIETO
1521 Elcadore Drive, Number 108
Anchorage, Alaska 99507

POSITION STATEMENT: During hearing on HB 367, testified as an employer who is unable to provide health insurance benefits to employees.

JOY LYON
Alaska Association for the Education of Young Children
5120 Blueberry Lane
Juneau, Alaska 99801

POSITION STATEMENT: Testified in opposition to HB 367.

NANCY KOON
P.O. Box 243903
Anchorage, Alaska 99524

POSITION STATEMENT: Testified in opposition to HB 367.

CAREN ROBINSON, Lobbyist
for Alaska Women's Lobby
P.O. Box 33702
Juneau, Alaska 99803

POSITION STATEMENT: Testified in opposition to HB 367.

SHAWNEE HART
P.O. Box 3307
Boniface, Number 3B
Anchorage, Alaska 99504

POSITION STATEMENT: Testified in opposition to HB 367.

CATHERINE BURGESS
3307 Boniface, Number 3B
Anchorage, Alaska 99504

POSITION STATEMENT: Testified in opposition to HB 367.

ELMER LINDSTROM, Deputy Commissioner
Department of Health and Social Services
P.O. Box 110601
Juneau, Alaska 99811-0601

POSITION STATEMENT: During hearing on HB 367, drew attention to information from the department in the committee packets.

ACTION NARRATIVE

TAPE 02-10, SIDE A
Number 0001

CHAIR FRED DYSON called the House Health, Education and Social Services Standing Committee meeting to order at 3:02 p.m. Representatives Dyson, Wilson, Coghill, and Kohring were present at the call to order. Representatives Cissna and Joule arrived as the meeting was in progress.

HB 402-ALASKA TEMPORARY ASSISTANCE PROGRAM

Number 0259

CHAIR DYSON announced the first order of business to be HOUSE BILL NO. 402, "An Act relating to diversion payments, wage subsidies, cash assistance, and self-sufficiency services provided under the Alaska temporary assistance program; relating to the food stamp program; relating to child support cases that include persons who receive cash assistance or self-sufficiency services under the Alaska temporary assistance program; and providing for an effective date."

CHAIR DYSON stated that Sandie Hoback would be presenting the bill [which was sponsored by the HHES] to the committee. She oversaw changes to Oregon's public assistance program. Public assistance funds in that state were redirected to subsidize wages for workers.

Number 0422

SANDIE HOBACK, Independent Consultant, American Institute for Full Employment, testified via teleconference. She indicated that the American Institute for Full Employment conducted the assessment of Alaska's welfare-reform efforts at the request of Senator Lyda Green and Representative Fred Dyson. The report outlines five legislative recommendations, which are incorporated into HB 402. The first recommendation is to amend the state statute to allow for use of the full flexibility permitted under federal law to extend benefits to some long-term recipients. She explained that rather than having an arbitrary 20 percent cap, the department should use narrow criteria to extend benefits to people beyond the 60-month time limit.

MS. HOBACK offered that the second recommendation changes the way in which sanctions are imposed upon people who fail to comply with the program. The report advocates a progressive sanction system that includes different stages, but allows the state to close the case when clients are noncompliant. The current system takes 40 percent of the grant away from the family. She said that the first instance of noncompliance allows for immediate restoration of funds upon compliance. The second instance of noncompliance, under the current system, automatically imposes a 6-month waiting period after compliance before the restoration of funds. The third penalty is a 12-month waiting period. She noted that this current system does not provide incentive for cooperation. The 60-month "time clock continues to tick" while the adult is noncompliant. The system proposed in HB 402 stops the time clock during noncompliance; it also calls for immediate restoration of benefits upon compliance. She added that she thought this to be a more family-friendly sanction system.

Number 0639

CHAIR DYSON requested examples of compliant and noncompliant behaviors.

MS. HOBACK responded that a noncompliant client would be one who did not attend assigned work activities. Each client receives a plan that includes "showing up". A client who does not follow this plan is subject to sanctions. She pointed out that the department might provide more examples of behavior that invokes sanctions.

Number 0708

MS. HOBACK said the third recommendation is to enable the provision of services to working families whose income may not be enough [to meet the family's needs]. Except for the time limit, these families would still be eligible for some benefits. The time limit would prevent the family from receiving those benefits and could therefore destabilize the employment situation and could subsequently result in job loss. House Bill 402 addresses self-sufficiency services and allows for the services to be provided to low-income, working families to enable them to stay at work.

MS. HOBACK furnished that the fourth recommendation is to strengthen the diversion program. Currently, the division can give up to two months' worth of benefits upfront, rather than put the person on full cash assistance. This allows people to receive extra help in securing a job, and it keeps them out of the public assistance program. She stated that the recommendation is to increase this to three months' worth of benefits. She noted that division staff had indicated two months' benefits might not be enough incentive in many situations; the diversion program is currently used very little. She offered that her work with the division on implementing management recommendations would couple with this fourth recommendation to strengthen "that upfront process". She said, "From the very first day a client walks into the office, they begin in a concerted employment strategy, and diversion becomes a real key to that." Many people's employment needs can be met early on, and they never need be enrolled in the program.

Number 0874

MS. HOBACK stated that the fifth recommendation is to authorize a more complete wage-subsidy program that targets the private sector. This worked successfully in Oregon when the state cashed out the food stamp and cash benefits and used them to reimburse private-sector employers. These employers hired clients in training positions and, in many instances, subsequently hired them into the business. She said this worked

well for clients, and it became an economic stimulus piece for small businesses. This program allowed small businesses to test expansion plans; businesses often expanded after the wage subsidy was terminated. She concluded, "It really became a win-win [situation]. ... I think it's a really important piece to a comprehensive program".

Number 0977

CHAIR DYSON asked Ms. Hoback about proposed changes to the 20-percent cap on benefit extensions. He then added:

I have some small concern that ... if there's not enough industry in the small community where those people live to give a reasonable expectation of a job, that we ought to be doing something to encourage - or even enable - the folks to move where there are more employment opportunities. Did you ... run into that in Oregon?

MS. HOBACK responded, "Not nearly to the extent that you have that issue in Alaska." She noted that rural pockets in Oregon do have some similarities, and people were encouraged to move. She added that Alaska has complex cultural issues. She agreed with Chair Dyson, saying, "Everything possible should be done to encourage people to move where there is ... employment."

Number 1029

REPRESENTATIVE WILSON asked whether assessments to measure a client's job strengths and interests were administered.

MS. HOBACK offered that one of the tenets of the "work-first" approach is that the labor market is the best determinant of a client's employability. She indicated that administering many "high-intensity, paper kinds of assessments" has been shown by research to be an inaccurate indicator of employability; she advocates using the labor market as an employability indicator. It is important, she acknowledged, to assess what people want to do and then place them in the most appropriate job. She summarized by saying:

People should be consulted, and they should be able to look for jobs that they really want to do. At the same time, I think, you really need to shy away from doing extensive kinds of vocational assessments, at least at the beginning of this process until the

person really has had a chance to test the labor market and learn from that experience.

Number 1126

REPRESENTATIVE JOULE inquired whether Ms. Hoback worked with other departments, such as the Department of Education and Early Development, to coordinate [these proposed changes]. He mentioned that this would give young people a chance to see potential opportunities.

Number 1150

MS. HOBACK explained that in Oregon, a more holistic approach to the family was taken. "We were very much involved with K-12 education, involved with making sure that the children were attending school, those kinds of things," she said. The Oregon program included special activities targeting children in these families. She observed that she had not witnessed as many of these kinds of activities in Alaska.

Number 1187

CHAIR DYSON requested a "snapshot of success" of the work-first initiative in Oregon.

MS. HOBACK reported that Oregon's program was studied by Manpower Demonstration Research Corporation, an employment and training research group. This study found that, for a statewide program, Oregon produced some of the best results in helping people obtain and keep jobs and increase their wages. Oregon's has become known as the best welfare-reform program in the country, she said; she speculated that this was due to the work-first approach and bringing in the right kind of partners. Oregon reduced its [public assistance] caseload by 65 percent, she supplied.

Number 1263

CHAIR DYSON inquired how the Oregon program recruited businesses to participate as employers.

MS. HOBACK replied that the Oregon program had a private-sector "champion". This business encouraged other businesses to become involved in the program. Utilizing this business as the private-sector outreach proved to be very effective, she pointed out. Prior to their involvement, many of these employers

disliked and distrusted government-subsidy programs. The Oregon reform workers adopted the perspective of the employer to make the program as simple as possible.

Number 1330

CHAIR DYSON asked, "Did organizations like the chambers of commerce ... work with you?"

MS. HOBACK said:

They absolutely did. We made a real effort to reach out to the chambers and to the various business organizations within communities. And many of them embraced this totally and did a lot of the marketing for us.

Number 1346

REPRESENTATIVE JOULE inquired whether these business partnerships were established before or after the legislation was submitted.

MS. HOBACK answered, "Both." Groundwork had been laid before the legislation, and then the legislation was a catalyst to "get on with it."

Number 1400

REPRESENTATIVE COGHILL stated that Alaska has many nonprofit organizations that depend heavily on federal and state monies. "This would be one more subsidy," he offered. He asked how Oregon had dealt with this issue.

MS. HOBACK replied that Oregon might not have comparable numbers of private nonprofits. Oregon did, however, use this program with its nonprofits. The Oregon program targeted the small-business sector, because this is where people would find jobs. Alaska, on the other hand, must assess this as a "situational issue".

Number 1469

CHAIR DYSON asked about labor unions as partners.

MS. HOBACK answered that labor unions did not initially understand the program and were concerned it would replace

existing labor. After program workers clarified that this program was about new work opportunities, labor unions were predominantly supportive, she stated.

Number 1511

CHAIR DYSON inquired whether jobs created in the Oregon program were primarily low-skilled, low-paying jobs.

MS. HOBACK replied, "Actually, it ran the gamut." Employers were reimbursed at the minimum-wage level; Oregon's minimum wage is \$6.50, the highest in the nation. Employers could supplement that amount and often paid workers significantly higher than minimum wage. The average wage for program workers was about \$8.25 an hour, she furnished; some were making \$12.00 to \$14.00 an hour, and some were paid minimum wage.

Number 1571

REPRESENTATIVE COGHILL requested her perspective on the program's inclusion of workforce development or "career-ladder" strategies.

MS. HOBACK replied that the Oregon program included workforce development. She noted the need to integrate funding sources. "We did a fair amount of experimentation around the career-ladder idea, she said. "How do you bring somebody in[to]... a nursing home position, and then ... move them up into a higher professional sort of a nursing situation?" Program managers worked with community colleges and industry to develop those career ladders while keeping a client on the job. She acknowledged that Oregon is still working on this facet of the program; it is a complex component, but must be part-and-parcel of this whole agenda.

Number 1650

REPRESENTATIVE WILSON inquired whether the Oregon program paid for schooling, such as training a nurse's aide.

MS. HOBACK responded that the program allowed for short-term, targeted vocational training. She explained that specific training was provided upon assurance of employment in that field. Research has shown it is important to get people employed as quickly as possible; long-term training programs generally don't work as well for this population. She reported that the most effective approach included providing minimal,

necessary training for entry-level positions and then augmenting a client's work experience with training designed to upgrade his/her skills.

Number 1717

CHAIR DYSON asked about the time limit for subsidized employment for an individual.

MS. HOBACK replied that six months was the limit for training positions.

CHAIR DYSON asked, "Did you find [that] many employers at the end of the six months ... eliminated the position?"

MS. HOBACK answered that most of the employers hired their employees after the subsidy expired. The placement rate, including clients who stayed in the same position and those who applied their skills to a new position, was over 80 percent, she offered. "I think that's even more impressive when you realize the folks that we put into those jobs ... were the folks that had ... the most challenges [and] the most barriers to employment," she added.

Number 1769

CHAIR DYSON commented that many Alaskan jobs are seasonal in nature. He asked about Oregon's experience with seasonal work.

MS. HOBACK answered, "Yes. We have a fair amount of seasonality in the employment here." She recounted her experience in Sitka, where she received feedback indicating that this type of program might serve as a "bridge" for employers in the off-season. Employers, enabled by the wage subsidy, could train workers during this time and prepare them for the summer season.

CHAIR DYSON asked whether clients in Oregon worked in agriculture or fish processing.

MS. HOBACK said yes; clients were placed in any kind of work, including agriculture, food processing, and fishing.

Number 1855

REPRESENTATIVE COGHILL asked if Oregon's program included accountability measures and progressive sanctions, and he inquired about the incidence of the sanctions' imposition.

MS. HOBACK affirmed that Oregon's program did use both of these elements. She explained that the sanction rate decreased in most parts of Oregon. She ascertained that this was because "we were able to get people's attention much quicker."

Number 1906

JIM NORDLUND, Director, Division of Public Assistance, Department of Health and Social Services, offered the division's perspective on the proposed legislation. He thanked the committee for sponsoring HB 402 and noted the division's support of it. However, the division does have some concerns about some of the provisions. He recounted that the division personnel did have some initial apprehension about the assessment of the welfare program; they are, nonetheless, pleased with the results. He offered that this success was largely due to Ms. Hoback's knowledge and expertise. "In the end, what we thought was going to be a bad thing, frankly, turned out to be a good thing," he said. "And the recommendations have a lot of veracity." He noted that many of the proposed changes are operational; the division has hired Ms. Hoback as a consultant to assist in the implementation of these changes.

Number 1985

MR. NORDLUND observed that last year the division was advocating for the change recommended in the first provision. He stated that this provision is the most important to the division. Victims of domestic violence, families with disabled children, or parents with disabilities often need extended benefits. He predicted that in the next two years, the number of families needing assistance beyond the 60-month time limit will exceed the 20-percent cap. Objective, strict criteria would instead be used to identify families needing extended benefits.

Number 2051

CHAIR DYSON expressed his concern that people without the aforementioned hardships and who are able to work, but who are living in places without employment, could have a taxpayer-subsidized lifestyle. He said, "How do we go about making that judgment, of finally, when we say, 'No more living at taxpayer expense; you need to relocate where there's some job opportunities.' How do we make that call?"

MR. NORDLUND replied that protections against that were the time limit and the requirement that clients participate in work activities. People who might qualify for a subsidy extension aren't necessarily exempt from work activities. People with disabilities who are able to work are expected to pursue work activities. Sanctions would be imposed if they failed to do so, he stated.

CHAIR DYSON asked, "Do you, in your policy, say that a bona fide work activity is to move where there's a job?"

MR. NORDLUND responded that the division has helped people to relocate to find employment.

Number 2112

REPRESENTATIVE JOULE noted his concern with forcing people to move. He pointed out that hub communities offer more employment opportunities. "Would job-sharing work?" he asked. "That would enable people to live in their community but work in another community and still bring that income back." He stressed the need to look beyond simply moving people and to seek ways to help people "have value" and bring that value back to their community.

MR. NORDLUND agreed that this was an excellent idea and a way to take advantage of seasonal employment opportunities. This could be made a part of a family's self-sufficiency plan.

Number 2175

CHAIR DYSON said, "There's no way that anyone's in favor of forcing somebody to move." He acknowledged the need, however, to address the issue of people wishing to live at taxpayer expense and unwilling to relocate to gain employment. He queried, "What's the administration's policy? How do we go about making those decisions?"

REPRESENTATIVE JOULE suggested that HB 402 is a step in the right direction. Similarly, people receiving services need to change their thinking. People living near hub communities should be looking for opportunities in these hubs, he offered; employers also need to look at job-sharing opportunities for employees.

Number 2236

MR. NORDLUND added that the wage subsidy would provide employers with incentive to hire people off the public assistance rolls. He then continued with his analysis of the bill's provisions. The second provision changes how sanctions are imposed. He noted the general agreement that the current system offers few incentives for compliance; an immediate reinstatement of benefits upon compliance is the best incentive. He noted that some concern exists in the division pertaining to the complete family sanction for noncompliance; this program benefits poor families - the children are most harmed when benefits are completely taken away. He said:

We feel that we have worked with you, Mr. Chairman, and think we put some provisions in the legislation that would provide ... adequate protections to make sure that a family isn't inadvertently cut off because of poor casework, that there's proper review to make sure that if a family is completely cut off, that we know the circumstances of the family and, particularly, what will happen to those children, and if it's determined that ... the children truly could be harmed if the benefit is completely cut off, that we would take measures to help protect those children, one of which could be ... making direct payments to landlords to pay the rent. ... That's the apprehensive side.

MR. NORDLUND continued:

The positive side is ... that without being able to go to a full-family sanction, ... our own workers ... have seen situations where there are some clients, and not very many, who ride those sanctions out, and just say, "We're not going to have anything to do with you. Don't bother me." And there's really nothing more we can do about it. We think we need to be able to do more to help bring families into compliance. ... We didn't propose to have in here the full-family sanction. But we would not necessarily oppose it, as long as those protections are in the bill.

MR. NORDLUND noted that the third thing that Ms. Hoback brought up was the ability to continue to provide work-related services to families.

TAPE 02-10, SIDE B
Number 2445

MR. NORDLUND said:

We have thought about putting this kind of language in legislation before. And now, particularly, as we ... get closer to the 60-month limit, we see that we might want to provide work-related [support] to families that does not trigger the clock. We thought that that would be a good thing to do.

MR. NORDLUND continued:

The bill does go on; the bill is quite thick, and one of the reasons is that ... every time that we reference "assistance" in the statute, we had to make the distinction between what is ongoing, cash assistance, i.e., the welfare check, versus self-sufficiency services, which is helping with transportation, with child care, those kinds of things that help the family stay on the job. So, we think that's an important provision of the bill.

MR. NORDLUND offered that the fourth change is relatively minor. It allows a diversion payment of up to three months' benefits instead of two months' benefits. He emphasized that the real issue is how the department will "operationalize that taking advantage of the diversion program." The department is working with Ms. Hoback on this matter to ensure a strong, "work-oriented, upfront process" is in place. He acknowledged that the department currently has an eligibility focus upfront. He said, "We want to make sure ... that all of our staff is asking the question when somebody comes in for assistance: 'Why are you really here? Do you really need to go on assistance? Is there some way we can help you to move down the road and not go onto the program?'" He offered that before welfare reform, a client coming in due to car trouble, for example, would be put on the program to help him/her fix the car. Currently, the diversion program helps keep them off the program.

Number 2278

MR. NORDLUND stated that the department supports the fifth provision, providing for a wage subsidy. He pointed out that provisions in the law already exist to authorize "work supplementation" with the temporary-assistance benefit. House Bill 402 additionally allows food stamp benefits to be converted to cash for a wage subsidy. He added that the department needs

to do a better job "operationalizing" this; it cannot be completely solved with legislation. He expressed concern regarding the use of food stamps, because the federal agency administering this program is very restrictive. "It's, frankly, a bit of a nightmare to work with those folks," he said. Food stamp benefits cannot be taxed; if the benefit is paid to the client in the form of wages, that income cannot be taxed. He noted that there are some administrative problems with this. But he added that Oregon was able to accomplish this, and the division is willing to make these changes.

Number 2207

CHAIR DYSON asked Ms. Hoback about how to measure the department's success in using the work-first subsidized-employment model.

MS. HOBACK replied, "I don't know that you'd want to specifically put that measurement in the statute. I think the important things are the ... hard outcomes that you are putting in there, and this program should just be another tool in order to accomplish that." She added that the Oregon legislature required her to report annually on the subsidy program. An annual report by the department to the legislature could provide members with information such as the number of people in the program, types of employers being used, average wage, and how many people received jobs as a result of the program.

Number 2142

REPRESENTATIVE WILSON asked Ms. Hoback whether seasonal workers who applied for unemployment following the work season were counted as a success in the program.

MS. HOBACK responded that the client's initial placement would have been counted a success. She noted that once a client was earning minimum wage at a full-time position, he/she was ineligible for cash-assistance benefits in Oregon. If that job is lost, the client becomes eligible for unemployment insurance, which is administered by another system. She said, "Unless they exhaust those benefits and then come back to us and are eligible for our program, we probably wouldn't have any involvement in that family."

Number 2072

REPRESENTATIVE COGHILL asked Mr. Nordlund about the effect of the subsidized work program on the 60-month benefit limit.

MR. NORDLUND replied that he believed that if the benefit is being paid out in the form of a subsidy, and if the portion of HB 402 passes that distinguishes between cash and self-sufficiency services, it would be considered self-sufficiency services and the "clock would not be ticking."

MS. HOBACK agreed that this is indeed true.

Number 2026

REPRESENTATIVE COGHILL expressed his concern regarding nonprofits and that this might become a "make work" program that will extend the program beyond control.

MR. NORDLUND answered, "The very fundamental thing that we're trying to do with families is not to 'make work.'" He noted that this work might be an entry-level job, and it will have a six-month limit on it. The department wants to see a progression from a temporary, entry-level job to higher-paying jobs that do not require a subsidy. He referred to performance measures developed with the finance committee which ensure that progression and said, "Frankly, we'd be failing in one of our performance measures if we took too much advantage of that program and just made it ... 'make work' opportunities."

Number 1971

CHAIR DYSON pointed out that he has worked with Ms. Hoback to put those kinds of performance measures into the missions and measures.

REPRESENTATIVE COGHILL asked about ways in statute to encourage the development of the career-ladder idea. He noted that many employers are in need of employees; he acknowledged that Representative Joule's idea of job sharing is one creative solution to address the issue of getting people into the workforce.

Number 1930

MR. NORDLUND suggested that the members should "feel some comfort" that performance measures are now in place to show wage progression, which is tantamount to career progression.

Number 1920

WILLIAM CRAIG asked what will happen to disabled people [as a result of HB 402].

CHAIR DYSON responded that a disabled person who is able to work would have a better opportunity to gain employment through subsidized employment.

Number 1873

REPRESENTATIVE JOULE asked about the intent to move HB 402.

CHAIR DYSON indicated that it is his intention to move HB 402.

REPRESENTATIVE JOULE also asked about the next committee of referral. He pointed out that when HB 402 was noticed, it had no number designation. This may have impeded communication about the bill to constituents.

Number 1822

CHAIR DYSON responded that the bill will go to the House Finance Standing Committee next. He added that members saw the bill before it was filed; there is a companion bill in the Senate, SB 293, which is an identical bill. It is scheduled to be heard in the Senate Health, Education and Social Services Standing Committee on February 22.

Number 1782

REPRESENTATIVE COGHILL moved to report HB 402 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 402 moved out of House Health, Education and Social Services Standing Committee.

CHAIR DYSON extended his appreciation to Mr. Nordlund and Ms. Hoback.

HB 252-STANDARD OF CARE FOR CINA SERVICES

CHAIR DYSON announced that the next order of business would be HOUSE BILL NO. 252, "An Act relating to the construction of certain statutes relating to children; relating to the scope of duty and standard of care for persons who provide services to certain children and families; and providing for an effective

date." [Version J, 22-LS0454\J, Lauterbach, 2/11/02, had been adopted as a work draft and amended on February 12, 2002.]

Number 1659

REPRESENTATIVE COGHILL, sponsor of HB 252, referred to Amendment 1, 22-LS0454\J.1, Lauterbach, 2/14/02, which reads:

Page 1, line 5 - 13:

Delete all material and insert:

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

LEGISLATIVE INTENT. By the amendment of AS 47.10.005 in sec. 2 of this Act, the legislature intends to express its recognition that parents possess inherent, individual rights to direct and control the education and upbringing of their children.

*** Sec. 2.** AS 47.10.005 is amended to read:

Sec. 47.10.005. Construction. The provisions of this chapter shall be liberally construed to the end that a child coming within the jurisdiction of the court under this chapter may receive the care, guidance, treatment, and control that will promote the child's welfare and the participation of the child's parents in the child's upbringing."

Renumber the following bill sections accordingly.

Page 2, line 1:

Delete "Section 1 of this Act takes"

Insert "Sections 1 and 2 of this Act take"

REPRESENTATIVE COGHILL said Amendment 1 takes the language out of the construction section and puts it into an intent section. It leaves the participation of the child's parents in the construction section.

Number 1645

REPRESENTATIVE COGHILL moved to adopt Amendment 1. There being no objection, Amendment 1 was adopted.

Number 1629

REPRESENTATIVE CISSNA referred to Amendment 2, "Amendments for HB 252," which reads [original punctuation provided]:

1. Sec. 3: AS 47.10.086 (a) (3) following "or available" insert "and enumerating the reasons specific to the case for providing Intensive Family Preservation Services"

2. Sec. 6: AS 47.10.520 (2) (c) change "family conflict" to "any mitigating factor that could lead to out-of-home placement not already covered under (A) and (B)"

3. Sec. 6: AS 47.10.520 (b) (5) delete "unduly"

4. Sec. 7: AS 47.10.990 (28) (A) following "competence" delete "and by solving" and insert ", solve day to day"; following "stress" insert ", identify the factors which created the risk of out-of-home placement and assist in the development of a case plan"

["Sec. 3" should read "Sec. 2"; it refers to Section 2 of the amended CS, Version J.]

REPRESENTATIVE CISSNA offered that the rationale for the proposed change in Section [2] is to "conform with other divisions' concerns." She said, "Everything we're doing here is trying to 'marry' everybody in this building and every other building in town, so that everyone's happy."

Number 1546

REPRESENTATIVE CISSNA referred to the proposed Section 6 changes in Amendment 2. The first change is proposed due to the ambiguity of "family conflict"; she said, "This really says it the way it needs to be said." She stated that the reason for the second change to Section 6 is because "threatened is threatened."

REPRESENTATIVE CISSNA explained that Section 7 changes are intended to more clearly define "solving". "We're solving the small ... problems, and ... helping to work out a plan for the future for this family, because they will be working out ... their case plan for some time," she concluded.

Number 1398

CHAIR DYSON asked Representative Cissna if she had discussed the aforementioned changes with the Department of Health and Social Services.

REPRESENTATIVE CISSNA replied that she had.

CHAIR DYSON noted that Theresa Tenoury, Director, Division of Family and Youth Services, Department of Health and Social Services, indicated that she had no objections to Representative Cissna's amendments.

Number 1387

CHAIR DYSON asked if there were any objections to [Amendment 2]. There being no objection, Amendment 2 was adopted.

CHAIR DYSON announced that HB 252 would be held by the House Health, Education and Social Services Standing Committee.

HB 367-MEDICAL ASSISTANCE PROGRAM COVERAGE

CHAIR DYSON announced that the next order of business would be HOUSE BILL NO. 367, "An Act relating to coverage of children and pregnant women under the medical assistance program; and providing for an effective date."

Number 1297

CYNTHIA EBELACKER, Alaska Nurse Practitioners; Alaska Nurses Association, testified via teleconference in opposition to HB 367. She is a nurse practitioner, and she owns a small clinic in Eagle River. She referenced written testimony that she submitted pertaining to HB 367. She acknowledged the importance of fiscal responsibility and offered to clear up misconceptions about who qualifies for Denali KidCare. She noted that her experience has been that "people aren't flooding in to get on Denali [Kid]Care." Some who do qualify are not aware that the program exists. She furnished that parents who qualify for the program are not white-collar workers with access to other insurance; they are blue-collar and self-employed workers. Eagle River is not an affluent community, she noted. At least 65 percent of her patients are able to see her only because they have Denali KidCare insurance. She indicated that her clinic staff members are well aware of their patients' economic status. These patients usually do not have other insurance, she added.

MS. EBELACKER said:

These families ... are working hard; they are the builders, ... the plumbers, ... the fast-food workers, and the Wal-Mart workers. They do pay taxes and they do vote. The difference is that three years ago, their children would almost never have received any preventative care, and they would have had to go to the emergency room when their kids were really ill. If their Denali [KidCare coverage] goes away, they will once again be forced to utilize the emergency room and their local "doc," and that's a much bigger financial burden to the state.

MS. EBELACKER stated that she has spoken with people who work with insurance and Medicaid fraud, and they have indicated that evidence bears out the fact that not many people are abusing the system by concealing additional insurance coverage.

Number 1126

JACKIE SUNNYBOY, Fairbanks Community Mental Health Center, testified via teleconference in opposition to HB 367. She reported that she works with the children's program at the center and pointed out that 44 of the center's 205 clients are covered by Denali KidCare; of the 50 clients on the waiting list, 11 have this coverage. These families and children, she noted, have severe emotional disturbances. Clinic staff is concerned that many of these families will not receive service without Denali KidCare insurance. These clients suffer from severe emotional, physical, and sexual abuse issues, she offered. The clinic also sees many children affected by fetal alcohol syndrome; they need all the assistance they can get, because these disabilities do not simply go away. These children have a right to services [through Denali KidCare] that they would otherwise not qualify for.

Number 1084

CHAIR DYSON asked about the number of clients Ms. Sunnyboy referenced that would not qualify for Denali KidCare [under provisions in HB 367].

MS. SUNNYBOY said, "It's not that they wouldn't qualify, but without Denali KidCare, it would be very difficult to get services."

Number 1084

CHAIR DYSON asked, "Does it mean that they wouldn't qualify for Denali KidCare if the threshold was lowered?"

MS. SUNNYBOY replied that she had not had time to calculate the number of clients [whose income is] 150 to 200 percent [of poverty level].

Number 1043

CHARLES QUARRE testified via teleconference in opposition to HB 367. He cited statistics indicating that 3,821 children and 722 pregnant women will lose health care coverage should HB 367 be passed. He noted that if HB 367 passes, the state will save \$5 million, but it will lose \$11.9 million in federal funds. He stated that he applauds the effort to reduce state spending, but he believes this cut would be near the bottom of the list if the cuts were prioritized. Parents might wait until the last minute to seek treatment when the problem is serious and requires a trip to the emergency room, which will cost much more, he concluded.

Number 0977

PATRICIA BOILY, Homer Medical Clinic, testified via teleconference. She stated that she has been involved in health care since 1980. She said:

My feeling is that HB 367 is wrong-headed and should not be passed. Its target is pregnant women and children. They are the only direct beneficiaries of the Denali KidCare program. I was somewhat taken aback by [Representative] Coghill's sponsor statement because there were some errors in it. Denali KidCare does not base anything on 250 percent. Those figures are 150 to 200 percent of the federal poverty level, depending on whether or not you have primary health care insurance.

MS. BOILY continued:

The program is supported by more than 70 percent in federal dollars, and the state picks up the remainder, but we're talking about our children. The future of this state is its children. Since the state has

failed to take any proactive movement towards affordable health insurance for its residents, it has an obligation to make sure that at least the children are healthy. Keep in mind that Denali KidCare is only for health-related coverage; it doesn't provide money, food, household expenses. Its purpose is only to ensure that pregnant women and children are getting whatever health-related needs they have attended to.

MS. BOILY added:

[Representative] Coghill stated that our unemployment rate is 5.8 percent; he must realize that not everyone employed in Alaska makes a living wage. There are many people holding down two or more jobs just make ends meet. And not all employers are inclined or can even afford to provide health insurance coverage to its employees. I have what's considered a good-paying job in the private sector. Yet my monthly premium [for] health insurance for me and my husband are in excess of \$690 per month. And we have a thousand dollar deductible each. My employer contributes 18 percent, and the rest of it comes out of my paycheck. I pay more than \$8,300 a year just for premiums. Then I have a thousand dollar's deductible before the insurance even takes effect. Then I still have 20 percent. If I still had dependent children, my premiums would be over [\$]900 per month.

MS. BOILY concluded:

It's time for the legislators to recognize that affordable health insurance is just not available to the majority of Alaskans. Instead of focusing your energy on our most vulnerable citizens, you should be looking for solutions ... for the uninsured or underinsured working class. Also, if everyone had adequate health insurance, there'd be far fewer women and children on Denali KidCare. Thank you.

Number 0841

CHAIR DYSON suggested that the 250 percent figure is based on Alaska's poverty rate, which begins with a 25 percent cost-of-living adjustment over the federal standards. The Denali KidCare qualifications set the income level at 200 percent of Alaska's poverty standard. The result is 250 percent above the

national poverty level. He said, "I don't think it was the intention of the sponsor to be deceptive."

Number 0793

DONNA JORDAN, Governor's Council on Disabilities and Special Education, testified via teleconference. She read a letter from a parent she has worked with. She read as follows:

We are raising six children, four of which are adopted and prenatally exposed to alcohol and drugs. Our adopted children all receive Medicaid, for which we are extremely thankful, as their medical [and] psychological needs are many. Much to our surprise, our youngest child, born to us five years ago, has a speech delay. We thought, "No problem, the husband works for the school district; we have great insurance." What a shock to find out that private insurance only cover \$400 maximum for speech for our son.

MS. JORDAN continued to read:

Basically, \$400 covers the evaluation and two speech sessions. We applied for Denali KidCare for our child, ... [and] within a few weeks received the card and immediately were able to get the speech therapy our child needed. Denali KidCare had an extremely positive impact on this family by providing what our private insurance would not provide. I am pleased to say that our son's speech has greatly improved. He is not, at this time, requiring speech [therapy]. We feel that the early ... intervention of speech services at age four years has saved us in many ways for a long run, and our family is very thankful for Denali KidCare. In closing, let me share: If it works, do not fix it. For families who may not otherwise have coverage, Denali KidCare does work.

MS. JORDAN added that she works with families in the Matanuska-Susitna area. There are many seasonal workers for whom Denali KidCare has been extremely beneficial. Several of these families have children with disabilities, and the costs associated with these disabilities are numerous. She stated that cutting the Denali KidCare program would create a problem by discouraging families from using preventative services; emergency medical bills would increase as a result. She

expressed her opinion that bringing the permanent fund dividend (PFD) into the discussion is unfair; the PFD is not a consideration for Denali KidCare eligibility.

Number 0616

SALLY BELTZ, MSN, RN, ARNP-C, Advanced Training Coordinator, Yukon-Kuskokwim Health Corporation, testified via teleconference. She paraphrased from a prepared written statement that reads as follows:

My name is Sally Beltz, and I live in Bethel. I work for the women and children in the Yukon-Kuskokwim Delta. I work to ensure that, no matter what their income, they receive the best health screenings available in their home villages. I do this by training the health aides in 48 tribal villages to provide women's preventive health screenings and well child periodic examinations through the Denali KidCare Program. As I am sure you know, this program was created to provide health care insurance to uninsured children and pregnant women in working and non-working families.

MS. BELTZ said:

The price of ensuring that our children have health insurance coverage is relatively cheap - only \$552 per year, per child in state funds. This program ensures that the children of Alaska can have a health and developmental screening and a head-to-toe physical examination. It also provides for a dental and vision screening; a hearing screen done by audiometer; a developmental assessment for gross and fine motor development; and an evaluation of self-help and self-care skills. They are also screened for social and emotional development and receive a determination of immunization and nutritional status. Their vital signs are checked and a hemoglobin, hematocrit, urinalysis and PPD are done. A pap smear and pelvic and breast exam are also performed if needed. All children are also screened for behavioral health issues such as tobacco, drug, or inhalant use and child abuse. All of these screens are performed during the examination that is provided through Denali KidCare.

MS. BELTZ continued as follows:

This program also ensures that pregnant women have the opportunity to have prenatal care. It is well-known that prenatal care is one of the most cost-effective health care dollar expenditures. Prenatal care increases the chance of a healthy pregnancy and ensures the best chances for the delivery of a healthy baby. Prenatal care is also the best method of assuring that the children of Alaska have a healthy start in life.

If this bill is adopted by the legislature, it will cause approximately 3,821 children and 722 pregnant women to lose their health care coverage. That means 3,821 children will not be offered the opportunity to live their best lives. It means that 722 women and 722 unborn babies will not be offered the opportunity to have the best health outcomes possible.

I ask that the legislature seriously consider the potential negative health outcomes for the women and children of Alaska if they are denied access to health care. Aren't our women and children worth \$552 per year? I respectfully ask you to consider if Alaskans are really willing to be guilty of leaving 3,821 of our children behind?

Number 0470

CHAIR DYSON said, "Many of those children in your area would ... still be covered under Indian Health Service, would they not?"

MS. BELTZ replied, "Yes, some would."

Number 0404

JONALYN NAJERA testified via teleconference. She is a parent on Denali KidCare. She offered a statistic from the National Alliance for the Mentally Ill: between 375 and 400 children will lose care if HB 367 passes. She indicated that her daughter, who suffers from early-onset bipolar disorder, would be among these. The cost for her daughter's mental health care, excluding hospitalization, was about \$25,000 a year. Ms. Najera stated that she would not know how to help her daughter [without Denali KidCare insurance]. She offered that 25 percent of bipolar children commit suicide each year. Denali KidCare is

very helpful, she said. She would be unable to get insurance, and if she did have insurance, she could not afford the co-payments.

Number 0333

CHAIR DYSON asked about Ms. Najera's income.

MS. NAJERA replied that her family of four's income is about \$42,000 a year. Her husband has insurance through work, but to add herself and their children, the cost would be \$800 a month in addition to the co-payments and deductibles, she said. The insurance, however, does not have much mental health coverage.

Number 0273

JAN LYNDES testified via teleconference. She stated that she works with people covered by Denali KidCare. She was covered by the program for her pregnancy. She received ongoing care and education throughout her pregnancy due to the coverage. Delivery complications necessitated a Caesarian-section delivery; she offered that the decision to have a C-section may have been delayed due to expenses incurred without Denali KidCare coverage. This delay could have meant a long-term disability or death for her son. She said, "I feel like Denali KidCare allowed me to have a birth complication not affect my physical or mental health [or] my son without causing my family to live under the poverty level while paying for the birth." She stated that she is now a full-time mother, which pays no money and offers no health insurance; she is dependent on [Denali KidCare] for the health of her son. She urged members to reject HB 367.

CHAIR DYSON asked, "Is it true, then, that you wouldn't qualify if this bill passed?"

MS. LYNDES replied that this was correct.

TAPE 02-11, SIDE A
Number 0001

DANA LEE HALL, R.Ph., Village Operations Administrator, Yukon-Kuskokwim Health Corporation, testified via teleconference.

CHAIR DYSON noted that the committee had received the fax sent by Ms. Hall.

MS. HALL stated that she wished to follow up her testimony of February 12 by clarifying information on Indian Health Service (IHS) funds used by YKHC in Bethel. These funds are minority funding, she said, adding, "Last year they were 49 percent of our funding. This year they're actually 43 percent." She noted that this was less than the 60 percent indicated by Nancy Wheeler, Unit Manager, State, Federal, and Tribal Relations, Division of Medical Insurance, Department of Health and Social Services. This money is leveraged with other money, Ms. Hall stated. This has enabled YKHC to double its operating budget and, in turn, double its services. She offered that with only IHS dollars, staff would be forced to choose which services to provide; this choice would limit services to those giving the most immediate health benefit such as emergency-room services. Essentially, YKHC would provide acute care services exclusively and discontinue preventative care services.

MS. HALL turned attention to the fax sent to members entitled "Price comparison between Anchorage and Shageluk." This chart shows the higher costs of grocery items and gasoline in Shageluk. Each grocery item identified is at least 2.4 times more costly in Shageluk than in Anchorage. She said that a household salary of \$32,000 for a family of four does not go very far when these are the prices paid.

CHAIR DYSON thanked Ms. Hall for the information.

Number 0201

MARIE DARLIN, AARP, referred to a February 14 fax from AARP addressing HB 367. She stated that she was speaking in opposition to HB 367 on behalf of Alaska's 112,000 AARP members. She noted that AARP understands the legislature's need to address fiscal problems, but it believes that HB 367 is poor health policy and poor public policy. Most of Alaska's uninsured, she said, are in working families whose employers do not provide health insurance. "Denali KidCare is the only thing that they can rely on," she said. "It ... is one of the best preventative health programs that you can find."

CHAIR DYSON asked Ms. Darlin if many AARP members were pregnant or had small children.

MS. DARLIN replied, "Not that many. ... However, we have a great many grandparents and people who are taking care of children." She indicated that some of these were using Denali KidCare. She offered that the program increases the chances for good health

in families. She said, "We support any fiscal decisions that the legislature might make that are fair and make sense. However, we do not feel it makes sense to take these people off of Denali KidCare. So we are recommending a nay vote."

Number 0402

TONY LOMBARDO, Director of Advocacy, Covenant House, testified via teleconference. He noted that his remarks are based on the statistics that he has received from Denali KidCare on Covenant House's specific client population, teens 13-19 years old. He noted that this information indicates that 3,319 teenagers will lose coverage if this "rollback" of Denali KidCare occurs. He said, "Covenant House always champions better health and living conditions for all teens, but especially for homeless and at-risk kids." The loss of this coverage will harm uninsured, working families in Alaska; it will worsen the situation for the children in Covenant House. Covenant House opposes the rollback for this reason alone.

Number 0474

MR. LOMBARDO stated his understanding that Alaska pays \$5 million in state funds to receive \$12 million in federal funds. He added his understanding that when the Native percentages are factored in, 40 percent of that \$5 million comes back to the state. As a result, he offered that Alaska is spending \$3 million to get \$12 million of federal funding. Denali KidCare is not a wasteful program, and Covenant House encourages members to not cut this successful program.

Number 0565

SUSAN WOHGLEMUTH testified via teleconference. She pointed out that even moderate-income families with health insurance benefits have insurance that provides only limited benefits for residential care for children with psychiatric disorders, eating disorders, or behavioral health problems. She noted that she knows a number of families aided by Denali KidCare who would have been destroyed by catastrophic expense. "Denali KidCare helped save my daughter's life, and it's a necessary and vital institution," she concluded.

Number 0597

LYNDA THOMASSEN testified that her family commercial fishes and Denali KidCare has been a "lifesaver" to their children. She

said, "I would hate to see us fall off the Denali KidCare if ... the guidelines are lowered." She noted that her family's income would put them "on the edge" of eligibility. Her son has asthma; the preventative care has saved money, and it has saved her son from more serious problems in the future. She noted that she formerly had employment with insurance but has been unable to work since the birth of her second son. "Denali KidCare has been great for me," she concluded.

Number 0689

SUSAN DRATHMAN testified via teleconference. She urged members to leave Denali KidCare eligibility guidelines untouched. She said that she concurred with other witnesses' testimony. She said, "Healthy children are the foundation of a ... successful society, and it's about \$500 per year per child. I can't think of a better investment. It's incredibly ... cost-effective." The program offers medical, dental, and mental health care coverage; mental health care coverage is not available to many families without Denali KidCare. Most insurance companies cap mental health care at a low rate. She cautioned against looking only at the eligibility income levels for families of 9 or 10; she ventured that most Alaskan families are smaller than this. Health insurance is out of reach for most people; a trip to the emergency room is expensive - an appendectomy costs \$15,000 to \$20,000 without complications, she stated. Health care providers or the state will eventually incur these costs, because people are unable to pay these large bills.

MS. DRATHMAN pointed out three inaccuracies she had heard at the previous hearing on HB 367. She clarified that the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) does not offer medical care; it offers nutrition for pregnant women. Second, Alaska Natives are not automatically eligible for Medicaid; they must meet the same income guidelines as others. And third, all Alaska Natives do not have ready access to Native health centers: Homer Natives seeking services must travel to Anchorage, where they must wait in line for care.

Number 0850

VALERIE DAVIDSON, Executive Vice-President, Yukon-Kuskokwim Health Corporation, testified via teleconference in opposition to HB 367. She said she would like members to remember as they deliberate that "the need for medical care ... doesn't distinguish whether a woman or a child is eligible for Denali KidCare." This means that the population in greatest need of

medical care - low-income women and children - will be forced to pay for their own care with dollars they do not have, she said.

MS. DAVIDSON pointed out the irony in the legislature's proposal to reduce eligibility when our nation as a whole is expanding services to women and children. She explained that 38 states and the District of Columbia now have Children's Health Insurance Plan (CHIP) coverage available to families whose income is 200 percent or higher than the federal poverty level. Before the CHIP program's inception, only 6 states offered coverage for infants at this income level. She said that states report that more than 75 percent of the children enrolled in CHIP in 2001 were between the ages of 6 and 18. California sets eligibility at 300 percent of the federal poverty level for children under 2 and at 250 percent for children ages 2 to 19. She noted that Minnesota sets the eligibility level at 280 and 275 percent, respectively. New York and Washington have an income eligibility at 250 percent of the federal poverty level. She added that other states that have the poverty level set at 200 percent offer other benefits; New Jersey covers both parents of CHIP-eligible children. Studies indicate that racial and ethnic minority groups are more likely than whites to be uninsured and are less likely to have job-based health insurance.

MS. DAVIDSON concluded by pointing out that President Bush's FY-03 budget makes available \$3.2 billion to states in unused CHIP funds that would otherwise return to the federal treasury. Alaska stands to benefit from these underutilized CHIP funds. If Alaska underutilizes CHIP funds by reducing eligibility, Alaska CHIP funds will be redirected to other states. She requested that the Denali KidCare eligibility remain at the 200 percent of federal poverty level.

Number 1037

SUE ZAHND, Member, AARP; National Association for the Education of Young Children (NAEYC), read from a written statement as follows:

It is important to note that the people most affected by the reduction of Denali KidCare would be those families who provide stability and positive contributions to our community. As often happens, those with little, we care for, and those with much are not in need. It is the parents who don't make much money, who don't have access to group insurance,

who do not have large savings accounts, who suffer. They work hard each day, keep this community functioning, furthering their education, striving to provide for their families as best they can.

These are the people who end up without the means to care adequately for their family's health care needs. Insurance is either not available for them, does not provide for [preexisting] conditions, or is only available at costs far and above what they can pay. Individual doctor bills are problematic in the weekly budget, and catastrophic illness, prohibitive. They have the dilemma of whether to buy food, pay rent and child care, or go to the doctor. They wait until the need is severe, meaning that a minor illness may become a serious one, and untreated conditions become chronic ones with repercussions for the person in the community.

MS. ZAHND continued:

These same children attend schools and child care with other children, where they share play, learning, and germs, thus further jeopardizing [the] health of the community. Most importantly, when children aren't well and safe, we risk their positive development that could mean so much to the well-being of our whole community.

At the present time we are quite conscious of the need for safety and talk about it in expansive terms. We need to be conscious that communal safety begins with how we protect our children - all of them, not just the very poor and not just the affluent. The contribution of Denali KidCare to the health of children in our community, and thus to the communal safety, has been significant. It is my opinion that families and their children will suffer if it is reduced, and the negative effects on the community will be long-term. Please keep your commitment to children [and] families, and focus as you make this decision and support Denali KidCare fully.

Number 1178

FAYE NIETO testified via teleconference. She encouraged members to make a decision with their hearts as well as their heads.

She serves parents with children who have developmental disabilities through Parents, Inc. As a nonprofit employer, Parents, Inc. is unable to provide full benefits to its 25-plus employees. Therefore, employees are needing to enroll [in Denali KidCare to offset insurance costs]. These employees are not making competitive wages in the nonprofit sector. She noted the importance of considering employers and working families. This proposed cut is a disincentive to former welfare recipients who are working hard to provide for their families. She noted her confidence that the House Health, Education and Social Services Standing Committee will make the best decision for Alaska's children.

Number 1350

JOY LYON, Alaska Association for the Education of Young Children, noted the general agreement that health is critical to a child's learning. Denali KidCare has been successful in promoting children's learning through good health care. She commended members on their efforts to save money; however, this will not save the state money, she noted. She pointed out that reducing the income eligibility for Denali KidCare will result in a reduction of state expenditures only if the families affected by the reduction purchase health insurance for their children. If these families do not purchase insurance, higher costs will result from the greater number of uninsured families unable to pay hospital bills, she said.

MS. LYON stated that the 722 pregnant women who [will not receive Denali KidCare coverage under provisions in HB 367] could incur \$8,300 to \$9,600 for a basic C-section delivery. [If these bills are unpaid] the costs will be transferred to future patients, she offered. Children who do not receive medical care eventually cost the state more through special education and other services. She reiterated that the real question at hand is whether the aforementioned families will obtain private medical insurance.

Number 1400

MS. LYON indicated her first impression was that the \$44,000 [income threshold for a family of four] sounded like a lot to her, so she conducted some research. She pointed out that the missing [expense] is the cost of child care. All of these families are working families; this means that they have very high child care costs, but are ineligible for child care assistance. To be eligible for assistance at 25 percent of

child care costs, a family must be at 185 percent of the poverty level. She expressed her belief that this threshold would be reduced in the summer of 2002.

MS. LYON stated that her research indicates that average monthly costs for a family of four are as follows: \$424 for food [according to the Alaska Cooperative Extension]; \$1,464 for rent, according to the Alaska Housing Finance Corporation; and \$1,100 for child care. She concluded that with these expenses, there just isn't enough [money]. She offered her opinion that [Denali KidCare] is a bargain for the state. On behalf of the Alaska Association for the Education of Young Children, she urged members to maintain the eligibility level at the 200-percent-of-poverty level.

Number 1482

NANCY KOON testified via teleconference in opposition to HB 367. She is the single mother of four children; her children receive Denali KidCare benefits. She has a 10-year-old daughter in an out-of-state placement. If HB 367 passes, Ms. Koon said her children would be ineligible for coverage, her daughter would be returned home, and she might need to quit her job to care for her daughter. She speculated that this would counter the state's goals. She offered her opinion that children around the state deserve these benefits, and it saves the state money in the long run. Her daughter's health care costs have exceeded \$100,000 in the last two years. She would be unable to meet a co-payment of 20 percent; she would need food stamps [to make ends meet]. Ms. Koon explained that her 11-year-old child needs extensive back surgery in Seattle. She noted that she would be unable to pay these "devastating" medical bills on her own. She asked members to reject HB 367.

Number 1577

CAREN ROBINSON, Lobbyist for Alaska Women's Lobby, requested members to reconsider the direction of HB 367. She reminded members that Denali KidCare is not a long-term program. Most women enroll in the program when they become pregnant; the coverage lasts for one month after the birth. The children are eligible for one year. She said, "Philosophically, we believe very strongly that we need to do everything in our power to assist pregnant women and children in getting the kinds of medical care that they need."

Number 1624

SHAWNEE HART testified via teleconference, stating that she is a single mother of two biological children and one adopted child. She offered that she suspects that her adopted child is emotionally disturbed. One of her biological children has Aspergers' Syndrome and the other is severely asthmatic. She noted that their medical bills are beyond her ability to pay. She has worked for four years since getting off welfare, she indicated. Her income level disqualifies her for food stamps and housing assistance. If she became ineligible for medical assistance, she stated, she would most likely be forced to quit her job or ask for reduced hours to keep her children covered. She noted her concern for pregnant women who would not qualify for Denali KidCare and would therefore lack necessary prenatal care. She said, "I know that raising a child alone is very hard work. I fear for the families that would ... be forced to separate or divorce in order to ensure that their children can receive medical coverage." She urged members to oppose HB 367.

Number 1684

CATHERINE BURGESS testified via teleconference, noting that she is the single mother of four children; she is an Alaska Native and her children do receive IHS care. Denali KidCare serves as her secondary insurance. One of her children will require surgery Outside this year. If this bill passes, she will be unable to pay for insurance, she said. She opposes the passage of HB 367.

Number 1730

ELMER LINDSTROM, Deputy Commissioner, Department of Health and Social Services, pointed out that a memo dated February 14 is in the committee packet. Attached to this memo is a matrix that outlines income levels, disposable income, and the out-of-pocket expenses for health insurance costs; these figures do not include child care, rent, and other expenses. He stated that Nancy Cornwell in the Anchorage office could answer any questions pertaining to the matrix. Also attached to the memo is a table showing the number of eligible children [whose family income is] 150 to 200 percent of the federal poverty level, by community.

CHAIR DYSON suspended the hearing on HB 367.

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 5:08 p.m.