

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

February 19, 2002  
3:12 p.m.

**MEMBERS PRESENT**

Representative Fred Dyson, Chair  
Representative Peggy Wilson, Vice Chair  
Representative John Coghill  
Representative Gary Stevens  
Representative Sharon Cissna  
Representative Reggie Joule

**MEMBERS ABSENT**

Representative Vic Kohring

**COMMITTEE CALENDAR**

CS FOR SENATE CONCURRENT RESOLUTION NO. 21(HES)  
Supporting the development of adequate in-state treatment  
capacity for severely disturbed children.

- MOVED CSSCR 21(HES) OUT OF COMMITTEE

HOUSE BILL NO. 309

"An Act relating to the Interstate Compact on Placement of  
Children."

- BILL HEARING POSTPONED TO 2/21/02

**PREVIOUS ACTION**

BILL: SCR 21

SHORT TITLE:TREATMENT FOR DISTURBED CHILDREN

SPONSOR(S): HEALTH, EDUCATION & SOCIAL SERVICES

Jrn-Date	Jrn-Page		Action
01/18/02	1978	(S)	READ THE FIRST TIME - REFERRALS
01/18/02	1978	(S)	HES
02/04/02		(S)	HES AT 1:30 PM BUTROVICH 205
02/04/02		(S)	Moved CS(HES) Out of Committee
02/04/02		(S)	MINUTE(HES)

02/06/02	2122	(S)	HES RPT CS 5DP SAME TITLE
02/06/02	2122	(S)	DP: GREEN, LEMAN, WILKEN, WARD, DAVIS
02/06/02	2122	(S)	FN1: ZERO(S.HES)
02/11/02	2155	(S)	RULES TO CALENDAR 2/11/02
02/11/02	2158	(S)	READ THE SECOND TIME
02/11/02	2158	(S)	HES CS ADOPTED UNAN CONSENT
02/11/02	2158	(S)	PASSED Y20 N-
02/11/02	2160	(S)	TRANSMITTED TO (H)
02/11/02	2160	(S)	VERSION: CSSCR 21(HES)
02/11/02		(S)	RLS AT 10:30 AM FAHRENKAMP 203
02/11/02		(S)	MINUTE(RLS)
02/13/02	2219	(H)	READ THE FIRST TIME - REFERRALS
02/13/02	2219	(H)	HES
02/19/02		(H)	HES AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

JERRY BURNETT, Staff  
to Senator Lyda Green  
Alaska State Legislature  
Capitol Building, Room 125  
Juneau, Alaska 99801

POSITION STATEMENT: Presented SCR 21 on behalf of the resolution's sponsor, the Senate Health, Education and Social Services Standing Committee.

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

POSITION STATEMENT: Supplied information regarding the types and availability of mental health services in the state.

KATHY CRONIN, Chief Executive Officer  
North Star Behavioral Health System  
4500 Business Park Boulevard, Building C, Suite 10  
Anchorage, Alaska 99503

POSITION STATEMENT: Testified in favor of SCR 21.

JIM MURPHY, Executive Director  
Good Samaritan Counseling Centers  
4105 Tudor Center Drive, Suite B-4  
Anchorage, Alaska 99508

POSITION STATEMENT: Testified in favor of SCR 21.

**ACTION NARRATIVE**

TAPE 02-12, SIDE A  
Number 0001

CHAIR FRED DYSON called the House Health, Education and Social Services Standing Committee meeting to order at 3:12 p.m. Representatives Dyson, Coghill, Stevens, and Cissna were present at the call to order. Representatives Wilson and Joule arrived as the meeting was in progress. [For minutes on the overview presentations by Alaskans for Tobacco-Free Kids and the Alaska Native Health Board, see the 4:00 p.m. minutes for this date.]

SCR 21-TREATMENT FOR DISTURBED CHILDREN

Number 0045

CHAIR DYSON announced that the committee would hear the CS FOR SENATE CONCURRENT RESOLUTION NO. 21(HES), Supporting the development of adequate in-state treatment capacity for severely disturbed children.

Number 0101

JERRY BURNETT, Staff to Senator Lyda Green, Alaska State Legislature, presented SCR 21 on behalf of Senator Green, chair of the Senate Health, Education and Social Services Standing Committee, the resolution's sponsor.

MR. BURNETT explained that over 300 severely emotionally disturbed Alaskan children are currently receiving treatment in residential facilities in other states. Families are being separated, sometimes for years. The flexibility to provide an appropriate mix of treatment between residential and community-based care is lost when children must be sent to out of state for treatment. Millions of state dollars and hundreds of jobs are being exported each year.

MR. BURNETT continued to read from the sponsor statement which states:

Alaska currently lacks the necessary facilities to provide the full continuum of community-based and residential care in Alaska for the treatment of severely emotionally disturbed children. The largest gap in this continuum is the lack of residential

treatment beds that can provide the necessary level of care in Alaska. SCR 21 asks the Department of Health and Social Services to work with the Alaska Mental Health Board, the Alaska Mental Health Trust Authority and other interested parties to strengthen this continuum of services and to establish a priority for the development of sufficient in-state residential care to serve emotionally disturbed children who would otherwise be placed in out-of-state facilities.

MR. BURNETT referenced materials in the bill packet outlining costs of out-of-state treatment and the Report to the Alaska Mental Health Board; Children and Youth Placed in Residential Psychiatric Treatment Centers Out of State.

Number 0240

REPRESENTATIVE WILSON asked whether most states have their own in-state residential services, and if Alaska is the only state without these services.

MR. BURNETT replied that Alaska has 108 residential beds available to emotionally disturbed [youth]; there are over 300 children out of state, however.

Number 0288

CHAIR DYSON sought confirmation that about \$17 million is supporting these children in out-of-state programs.

MR. BURNETT stated that the \$17 million figure does not include private insurance payments, travel expenses, or educational services provided by the state. Consequently, there are "a few more millions of dollars" being spent to treat Alaskan children out of state, he added.

Number 0325

CHAIR DYSON drew attention to information from department personnel that a child is usually accompanied by one person while traveling out of state.

Number 0343

REPRESENTATIVE CISSNA asked about the amount the state pays for out-of-state tuition for children in institutions. Do school districts pay for educational costs in this case?

MR. BURNETT responded that he was unable to answer that question.

Number 0445

REPRESENTATIVE STEVENS inquired whether the Alaska Native health care system has beds for residential treatment.

RUSS WEBB, Deputy Commissioner, Department of Health and Social Services, replied that he didn't believe this type of service is generally covered by the insurance for Alaska Natives. There are no specific facilities operated by Native organizations that provide Residential Psychiatric Treatment Center (RPTC) services, except for the one developed by the Southcentral foundation. Some Native organizations operate facilities as grantees of the department, he said, but these organizations do not operate separate facilities funded through Native health services.

Number 0558

REPRESENTATIVE CISSNA reiterated her question about educational costs for children in residential programs out of state; she requested specification about children in state custody versus those not in state custody.

MR. WEBB answered that several years ago a special appropriation was made to cover educational costs for children in state custody in out-of-state placements; this prevented these costs from being borne by school districts. School districts pay for educational costs for students on an Individual Education Plan (IEP). When this plan and the district agree that an out-of-state placement is necessary for educational reasons, the district will bear these costs. He noted that this is not always the case; many of these children's placements are not for educational purposes, and many don't have IEPs. He expressed his belief that this applies to children both in and out of state custody.

Number 0660

REPRESENTATIVE COGHILL asked about the types of services being provided out of state.

MR. WEBB answered that the RPTC level of care is just below the level of care provided by a hospital. Most children in out-of-

state placements are in this level of care. Alaska has many more residential care beds than one hundred; he estimated Alaska pays for close to 250 beds in four levels of care. Beyond these four levels is RPTC care and then hospital care. He offered that the reason so many children are leaving the state is the lack of RPTC beds available in-state. Some children are in a psychiatric hospital and upon discharge require a lower level of care; this lower level of care is not available to them in-state, so they must go to an out-of-state facility. He stated that sometimes a bed is available to a child, but that the bed is deemed an inappropriate placement for that child by the treatment provider. Some specialty types of services are unavailable in Alaska to treat some special populations of children; he offered that these services would be unavailable for the foreseeable future. He stressed that the key level of care is the RPTC level; lack of beds at this level is the cause of most children's leaving the state for treatment.

Number 0814

REPRESENTATIVE COGHILL asked if the RPTC level included drug and alcohol rehabilitation.

MR. WEBB replied that RPTC treatment includes a variety of care, but it is primarily mental health care. He noted that some children have co-occurring disorders, and these disorders are treated simultaneously. He stated the RPTC care is not primarily a substance-abuse treatment program.

REPRESENTATIVE COGHILL asked if Denali KidCare covered a large percentage of these costs.

MR. WEBB replied, "Denali KidCare picks up a good portion of it. Medicaid picks up a good portion of the care for these kids at the RPTC level."

Number 0861

REPRESENTATIVE COGHILL said, "Though we're talking about family involvement, ... isn't it primarily for children who are out of home? If you send somebody to a residential psychiatric treatment center, is that a family continuum?"

MR. WEBB answered that RPTC care is an out-of-home type of care. Many of these placements are the result of a family decision - the child has a severe mental health problem that needs treatment. He said that most of these children have been

treated in a psychiatric hospital and they are going to a RPTC as part of a discharge plan from the psychiatric hospital. This RPTC placement is part of the continuum of care; these children will eventually go home to a community-based care program.

Number 0932

REPRESENTATIVE COGHILL referenced phone calls he has received indicating that some families are having their children leave home to enable them to be qualified for additional care funding beyond the family's insurance. The rise in costs might be attributed to this. He said, "How do we police that?"

MR. WEBB replied that he is not a Medicaid expert. He noted that children who come into state custody become Medicaid-eligible, because they are out of their family's custody. He offered his opinion that a family's resources would be considered for a child's Medicaid eligibility in a case where that child remains in family custody. He said in order for a child to be covered under [Medicaid], he/she must either be in state custody or already qualify before receiving treatment; children cannot become eligible by simply receiving treatment.

Number 1025

REPRESENTATIVE CISSNA noted that as a result of her experience with the Alaska Youth Initiative (AYI), she thought the program "was doing incredible stuff keeping kids in-state." She asked if the program was being cut back.

MR. WEBB replied that the AYI program had neither been cut nor expanded. He noted that the program had been adjusted to make it more efficient for providers and others. The AYI program encounters workforce issues due to the funding mechanism; grant dollars are provided for treatment for individual children. A budget is developed for each child. He said the AYI program does not have separate money to maintain staffing; the program "staffs up" to meet the individual needs of the child. This presents a problem for the provider in [recruiting and retaining] staff. He furnished that some children could be served by AYI, but they cannot wait the six to eight weeks necessary to ready the program. The child cannot stay in an acute-care hospital for this time.

Number 1159

REPRESENTATIVE CISSNA pointed out that she has worked with children in their family's custody where the child's psychiatric condition required placement in an institution. She offered that this situation almost necessitated the [family's relinquishing custody to the state in order for Medicaid to cover expenses], because the family's insurance would not have covered the needed services. She likened this to people on Medicare who "spend down their assets" to enable them to remain in a home [that provides necessary care]. She said, "I don't know if that's taking advantage of the system, or if it's just staying alive."

MR. WEBB replied, "It's a continuum-of-care issue and availability-of-services [issue]." He acknowledged that he has heard families talk about their inability to provide necessary services to their children. There have been families that have said they must give up custody of their children to enable them to get the services they need as a ward of the state.

Number 1256

REPRESENTATIVE STEVENS stated that of these 250 or 300 children receiving treatment out of state, some have such serious problems that it is unlikely they would be treated in Alaska. He asked for the number of children out of state that would fall into this category.

MR. WEBB explained that the 300 figure represents the number of children receiving out-of-state treatment at any given point in time. Of this 300 children, 250 are not in state custody and 50 are in state custody. He said that some very specialized types of care are offered in facilities that serve children from all over the country; it is unlikely that Alaska would develop this type of facility to serve 2 to 4 children in the state. Most of these [300] kids, he noted, could be served in the state if the facilities were available.

Number 1340

REPRESENTATIVE STEVENS estimated that no more than 5 percent would require this highly specialized care.

MR. WEBB responded that these figures were a "wild guess," but the number is small.

Number 1360

REPRESENTATIVE COGHILL stated his understanding that Alaska does not possess the "critical mass" to provide these specialized services. He asked about the quality of services currently being provided.

MR. WEBB responded that Alaska does have a good quality of care. Some providers do not believe they are capable of caring for certain children due to the reimbursement they receive, the facility or staffing they possess, or other reasons. Those are the children that go out of state, he said. He listed some reasons that children go out of state for treatment: timely care is unavailable; care is available, but providers don't admit children they don't believe they are capable of treating; and a type of care is unavailable.

Number 1427

REPRESENTATIVE WILSON asked for clarification, saying, "Of all the children ... that are out of state, and they are all Alaska residents that need care, 50 of those are in state custody. But the rest of them are still needing care and they can't get it inside the state, right?"

MR. WEBB agreed with a nod.

Number 1459

REPRESENTATIVE CISSNA stated that one of the reasons these children are going out of state for treatment is because of a public policy issue - the amount of funding made available for this type of treatment.

MR. WEBB said, "That's a possibility. I'm not sure we completely know the answers to all of those questions." He noted that this is not a new issue to the department. It may require money in the future, but now the department is assessing the reasons children are going out of state: what their needs are, what the impediments are to providing this service in-state, and what actions are required to remove those impediments. The department is working with providers, parents, and advocates such as the mental health board and trust; they have also discussed this with Representative Dyson. The department is seeking answers to those questions, and it will return to the legislature with answers, he concluded.

Number 1534

MR. BURNETT mentioned materials in the packet showing that costs for the same level of care are less in Alaska than out of state, because the treatment is for a shorter period.

CHAIR DYSON asked what the sponsor believes SCR 21 will accomplish.

MR. BURNETT replied that SCR 21 gives the department an assurance of the legislature's focus on this issue.

Number 1574

KATHY CRONIN, Chief Executive Officer, North Star Behavioral Health Systems, said:

As you've already heard today, there are 300-plus children in residential psychiatric treatment centers in the Lower 48. This has ... a devastating, long-term impact on these children, their families, and ultimately on our state. Mental health treatment should be provided closer to home. Coordination between the residential provider and the outpatient follow-up provider that will continue to see the patient after discharge is essential. Most importantly, treatment should involve the family.

MS. CRONIN continued:

Family treatment is a critical element of any child's mental health care. Treatment in the local community is good for the child, it's good for their family, and it increases the chances of long-term success. The legislature's support to bring Alaska children home (indisc.-cough) encourage providers to expand residential psychiatric services within our state. As many as 450-600 jobs could be created by bringing these children home. Valuable Medicaid dollars would stay in the state instead of being sent to providers in the Lower 48. The current state budget for providers in the Lower 48 is in excess of \$17 million. The budget for Alaskan providers is less than 7 million. As you know, the Senate unanimously passed this resolution on February 11. Many Senate members provided moving testimony on our need as a state to support our children. I would urge the House HES Committee to support this resolution as well.

Number 1660

REPRESENTATIVE STEVENS asked about the size of communities able to provide this kind of care.

MS. CRONIN replied that this treatment should be provided as close to home as possible; it can be done in communities smaller than Anchorage. She offered that the Palmer-Wasilla area, Kenai Peninsula, and Southeast Alaska are obvious places to add residential treatment services. An effective facility can have as few as nine beds, she stated.

Number 1710

JIM MURPHY, Executive Director, Good Samaritan Counseling Centers, testified via teleconference. He noted that his clinic is the state's largest outpatient mental health clinic and serves several hundred clients each week. He said:

We are consistently confronted with the clinical situation where a child needs some kind of residential treatment, but in order to provide that, oftentimes, we are in a situation where our providers are sending children out of state away from their families, ... communities, ... schools, ... friends, ... [and] providers here in Anchorage or in the Valley. And I strongly encourage our state to work to bring our children home. I think clinically, it's in the best interests of our children; ethically, I think it's absurd that we are sending these children away from our state in order to receive treatment. As a businessperson, of course, the economics that Ms. Cronin has already mentioned to you is certainly a consideration where we are exporting hundreds of jobs outside of Alaska.

Number 1770

CHAIR DYSON asked Mr. Murphy if Alaska could, relatively quickly, garner the expertise to staff in-state facilities.

MR. MURPHY replied that the Good Samaritan Counseling Center has been working with the North Star Behavioral Health System to develop facilities in the Palmer and Wasilla area. He offered his belief that the necessary workforce could be acquired to provide care.

Number 1806

REPRESENTATIVE COGHILL inquired which providers require children to leave the state, Medicaid providers or insurance companies.

MR. MURPHY responded that by "providers" he meant doctors, psychologists, or clinical providers working with a child. He acknowledged that his clinic is often confronted with a child needing more intensive treatment than can be provided on an outpatient basis. Sometimes there is not a need for acute care, but the child is placed there in spite of a residential facility's appropriateness. When children who are placed out of state begin transitioning back into Alaska, he noted, it was not unusual for his agency to be contacted by an out-of-state facility wanting to discharge a child to his agency for outpatient services. He offered that sometimes this child has been removed from his/her family for 12-18 months or more. This situation is much different from the one in which a child is in a residential treatment facility in Alaska. In this latter situation, the coordination of treatment between agencies is ongoing to manage care and work with the child's family. He stated that from a care provider's perspective, it is in the best interest of the child to work with local providers.

Number 1944

NANCY WELLER, Unit Manager, State, Federal & Tribal Relations, Division of Medical Assistance, Department of Health & Social Services, pointed out that for a person in an institutional placement, whether it is in a hospital or a long-term care facility, the financial eligibility rules change after 30 days under federal Medicaid law. In that situation, the person is financially responsible only for himself or herself. After 30 days, parents' income is not counted for Medicaid eligibility; this does not affect the health insurance status of the child, she stated. The family is responsible for the first 30 days' costs, which can be considerable.

REPRESENTATIVE STEVENS cautioned that it is just as bad for a child to be sent from Dutch Harbor to Anchorage for treatment, for example, as to be sent to Seattle. If these treatment facilities can be established to serve as few as nine children, he encourages the department to put facilities in the communities where these children live. He indicated his interest in seeing demographics [pertaining to the incidence of children requiring residential treatment in rural and urban areas].

Number 2040

MR. WEBB emphasized that the primary focus is the RPTC level of care. He pointed out that the \$17 million out-of-state costs versus the \$7 million in-state costs are Medicaid costs for that level of care and may include acute care. The department grants funds for other levels of care for children in state custody, he said. Those facilities at lower levels are spread throughout the state and are in many smaller communities such as Nome, Bethel, and Kodiak. The RPTC level of care in Alaska is currently available only in Anchorage, he said. Other levels are available in various parts of the state. He furnished that the department's residential care budget is about \$16 million.

Number 2111

REPRESENTATIVE JOULE expressed his hope that the legislature will be as cooperative when the department is through with its assessment as it is now.

Number 2138

REPRESENTATIVE CISSNA pointed out that it is the continuum of programs that is missing. Different parts of the continuum are being provided. She stated that Anchorage has three schools that are producing graduate-level clinicians every year. Those graduates are seeking jobs [outside of their field], but would like to work in the field. She emphasized, "We don't have the continuum of care." The Alaska Youth Initiative has psychiatric programs. It takes those kids, who are sometimes doing poorly under psychiatric care, into the community and uses "wraparound" services. She said, "As a home-based therapist, I was having mom and dad sometimes coming and helping me with the kids when we were having problems with them. Being able to use that family piece ... was wonderfully effective." She stated that kids who had been experiencing intensive problems were doing well as a result of this type of service. She offered that putting those types of pieces in place and perfecting them would save the state money.

MR. WEBB stated his fundamental belief that a balanced continuum of care is necessary to ensure that children receive the correct services and amounts of services. He furnished the department's objective of creating a "master plan" to look at the continuum of care. Advocates and families that have spoken with him are opposed to the department's focus on one type of care, he

reported. The RPTC level of care is provided by private entities, he indicated. The state purchases services from these private providers. He noted that one of the reasons that children are in out-of-state placements is because these private providers have not developed the facilities in the state. He said that most providers of lower levels of residential care are nonprofit providers that have few resources and are largely dependent on charitable contributions and department grants.

Number 2266

REPRESENTATIVE WILSON moved to report CSSCR 21(HES) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSSCR 21(HES) was reported out of the House Health, Education and Social Services Standing Committee.

CHAIR DYSON called an at-ease at 3:55 p.m. in order to prepare for overview presentations by Alaskans for Tobacco-Free Kids and the Alaska Native Health Board. [For minutes on the overview presentations, see the 4:00 p.m. minutes for this date.]