

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

April 23, 2002  
3:03 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 345

"An Act relating to medical assistance for rehabilitative services for certain children with disabilities; relating to agreements to pay medical assistance for covered services paid for or furnished to eligible children with disabilities by a school district; and providing for an effective date."

- MOVED SB 345 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 182(FIN)

"An Act requiring reductions in payments to individuals under certain benefit programs if appropriations are not sufficient to fully fund the statutorily established levels of payments."

- HEARD AND HELD

HOUSE BILL NO. 522

"An Act relating to medical services under the state Medicaid program."

- HEARD AND HELD

**PREVIOUS ACTION**

BILL: SB 345

SHORT TITLE: EDUC. FUNDING/DISABLED/CORRESPONDENCE  
 SPONSOR(S): HEALTH, EDUCATION & SOCIAL SERVICES

Jrn-Date	Jrn-Page		Action
03/04/02	2365	(S)	READ THE FIRST TIME - REFERRALS
03/04/02	2366	(S)	HES, FIN
03/15/02		(S)	HES AT 1:30 PM BUTROVICH 205
03/15/02		(S)	Moved Out of Committee
03/15/02		(S)	MINUTE(HES)
03/18/02	2449	(S)	HES RPT 4DP
03/18/02	2449	(S)	DP: GREEN, LEMAN, WILKEN, WARD
03/18/02	2449	(S)	FN1: (HSS)
03/26/02		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/26/02		(S)	Moved Out of Committee
03/26/02		(S)	MINUTE(FIN)
03/27/02	2536	(S)	FIN RPT 6DP 2NR
03/27/02	2536	(S)	DP: KELLY, GREEN, AUSTERMAN, WILKEN,
03/27/02	2536	(S)	LEMAN, WARD; NR: DONLEY, OLSON
03/27/02	2537	(S)	FN1: (HSS); FN2: (HSS)
04/10/02		(S)	RLS AT 10:30 AM FAHRENKAMP 203
04/10/02		(S)	MINUTE(RLS)
04/11/02	2732	(S)	RULES TO CALENDAR 4/11/02
04/11/02	2733	(S)	READ THE SECOND TIME
04/11/02	2733	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/11/02	2733	(S)	READ THE THIRD TIME SB 345
04/11/02	2734	(S)	PASSED Y20 N-
04/11/02	2734	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/11/02	2734	(S)	TAYLOR NOTICE OF RECONSIDERATION
04/12/02	2751	(S)	RECONSIDERATION HELD TO 4/15/02
04/15/02	2776	(S)	RECONSIDERATION HELD TO 4/16/02
04/16/02	2794	(S)	RECONSIDERATION NOT TAKEN UP
04/16/02	2795	(S)	TRANSMITTED TO (H)
04/16/02	2795	(S)	VERSION: SB 345
04/17/02	2965	(H)	READ THE FIRST TIME - REFERRALS
04/17/02	2965	(H)	HES, FIN

04/23/02 (H) HES AT 3:00 PM CAPITOL 106

BILL: SB 182

SHORT TITLE: PRO RATA REDUCTIONS IN BENEFIT PROGRAMS

SPONSOR(S): FINANCE

Jrn-Date	Jrn-Page		Action
04/09/01	1014	(S)	READ THE FIRST TIME - REFERRALS
04/09/01	1014	(S)	FIN
03/01/02		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/01/02		(S)	Heard & Held
03/01/02		(S)	MINUTE(FIN)
03/20/02		(S)	FIN AT 9:30 AM SENATE FINANCE 532
03/20/02		(S)	Moved CSSB 182(FIN) Out of Committee
03/20/02		(S)	MINUTE(FIN)
03/22/02	2490	(S)	FIN RPT CS 4DP 3NR SAME TITLE
03/22/02	2490	(S)	DP: DONLEY, GREEN, LEMAN, WARD;
03/22/02	2490	(S)	NR: KELLY, AUSTERMAN, WILKEN
03/27/02	2533	(S)	FN1: INDETERMINATE(GOV/ALL DEPTS)
03/27/02	2533	(S)	FN2: INDETERMINATE(HSS)
03/27/02	2533	(S)	FN3: INDETERMINATE(HSS)
03/27/02	2533	(S)	FN4: INDETERMINATE(HSS)
03/27/02	2533	(S)	FN5: INDETERMINATE(HSS)
03/27/02	2533	(S)	FN6: INDETERMINATE(HSS)
03/27/02	2533	(S)	FN7: INDETERMINATE(HSS)
03/27/02	2533	(S)	FN8: INDETERMINATE(HSS)
03/28/02		(S)	RLS AT 8:30 AM FAHRENKAMP 203
03/28/02		(S)	-- Time Change --
03/28/02		(S)	MINUTE(RLS)
04/02/02	2586	(S)	RULES TO CALENDAR 1OR 4/2/02
04/02/02	2587	(S)	READ THE SECOND TIME
04/02/02	2588	(S)	FIN CS ADOPTED UNAN CONSENT
04/02/02	2588	(S)	ADVANCE TO 3RD READING FLD Y13 N4 E2 A1
04/02/02	2588	(S)	ADVANCED TO THIRD READING 4/3 CALENDAR
04/03/02	2616	(S)	READ THE THIRD TIME CSSB 182(FIN)
04/03/02	2616	(S)	PASSED Y13 N6 E1
04/03/02	2616	(S)	ELLIS NOTICE OF RECONSIDERATION

04/04/02	2635	(S)	RECONSIDERATION NOT TAKEN UP
04/04/02	2636	(S)	TRANSMITTED TO (H)
04/04/02	2636	(S)	VERSION: CSSB 182(FIN)
04/05/02	2813	(H)	READ THE FIRST TIME - REFERRALS
04/05/02	2813	(H)	HES, FIN
04/05/02	2813	(H)	REFERRED TO HES
04/23/02		(H)	HES AT 3:00 PM CAPITOL 106

BILL: HB 522

SHORT TITLE: MEDICAID PAYMENTS FOR ABORTION  
 SPONSOR(S): HEALTH, EDUCATION & SOCIAL SERVICES

Jrn-Date	Jrn-Page		Action
04/18/02	3006	(H)	READ THE FIRST TIME - REFERRALS
04/18/02	3006	(H)	HES, JUD, FIN
04/23/02		(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 SB 345 on behalf of the Senate Health, Education and Social Services Standing Committee, sponsor.

BOB LABBE, Director  
 Division of Medical Assistance  
 Department of Health & Social Services  
 PO Box 110660  
 Juneau, Alaska 99811-0660

POSITION STATEMENT: Testified in support of SB 345 and answered questions.

GREG MALONEY, Special Education  
 Teaching and Learning Support  
 Department of Education & Early Development  
 901 West Tenth Street, Suite 200  
 Juneau, Alaska 99801-1894

POSITION STATEMENT: Answered questions on SB 345.

MARILYN WILSON, Staff  
 to Senator Dave Donley

Alaska State Legislature  
Capitol Building, Room 518  
Juneau, Alaska 99801

POSITION STATEMENT: Presented SB 182 on behalf of the Senate Finance Committee, sponsor.

ELLEN NORTHUP, State Food Coalition  
PO Box 21123  
Auke Bay, Alaska 99821

POSITION STATEMENT: Testified against SB 182.

PELTON GOUDEY  
735 East 74th Avenue  
Anchorage, Alaska 99518-2828

POSITION STATEMENT: Expressed concerns on how SB 182 would affect foster care.

CORNELIA HUEBSCHER  
National Alliance for the Mentally Ill (NAMI)  
PO Box 1516  
Sitka, Alaska 99835

POSITION STATEMENT: Testified against SB 182.

CHERYL JEBE, President  
League of Women Voters of Alaska  
6520 North Douglas Highway  
Juneau, Alaska 99801

POSITION STATEMENT: Read a resolution passed by the League of Women Voters of Alaska opposing SB 182.

DARYL NELSON  
Access Alaska  
(No address provided)

POSITION STATEMENT: Testified against SB 182.

JESSIE JOHNNIE, Elder  
414 Hollywood Way, Apartment R  
Sitka, Alaska 99835

POSITION STATEMENT: Testified against SB 182.

MARIE DARLIN  
AARP  
415 Willoughby Avenue  
Juneau, Alaska 99801

POSITION STATEMENT: Testified against SB 182.

TONY LOMBARDO, Director of Advocacy

Covenant House  
609 F Street  
Anchorage, Alaska 99501  
POSITION STATEMENT: Testified against SB 182.

LYN FREEMAN, Executive Director  
Alaska Commission on Aging  
Division of Senior Services  
Department of Administration  
PO Box 110209  
Juneau, Alaska 99811-0209  
POSITION STATEMENT: Testified against SB 182.

MARIE LAVIGNE, Executive Director  
National Association of Social Workers (NASW)  
Alaska Chapter  
4220 Resurrection Drive  
Anchorage, Alaska 99504  
POSITION STATEMENT: Testified against SB 182.

ALISON ELGEE, Deputy Commissioner  
Department of Administration  
PO Box 110200  
Juneau, Alaska 99811-0200  
POSITION STATEMENT: Testified against SB 182.

ELMER LINDSTROM, Deputy Commissioner  
Department of Health and Social Services  
PO Box 110601  
Juneau, Alaska 99811-0601  
POSITION STATEMENT: Testified against SB 182.

THERESA TANOURY, Director  
Central Office  
Division of Family & Youth Services  
Department of Health & Social Services  
PO Box 110630  
Juneau, Alaska 99811-0630  
POSITION STATEMENT: Testified how SB 182 would affect foster care.

KATHLEEN WARWICK  
895 West Twelfth Street, Number 104  
Juneau, Alaska 99801  
POSITION STATEMENT: Expressed concern about living on APA benefits if they are cut due to SB 182.

PAULETTE ALDEN

895 West Twelfth Street, Number 212  
Juneau, Alaska 99801

POSITION STATEMENT: Expressed concern about living on APA benefits if they are cut due to SB 182.

EUGENE WARWICK

895 West Twelfth Street, Number 104  
Juneau, Alaska 99801

POSITION STATEMENT: Testified on SB 182.

### **ACTION NARRATIVE**

TAPE 02-35, SIDE A  
Number 0001

CHAIR FRED DYSON called the House Health, Education and Social Services Standing Committee meeting to order at 3:03 p.m. Representatives Dyson, Wilson, Coghill, Stevens, Kohring, and Cissna were present at the call to order. Representative Joule arrived as the meeting was in progress.

### SB 345 - EDUC. FUNDING/DISABLED/CORRESPONDENCE

CHAIR DYSON announced that the first order of business would be SENATE BILL NO. 345, "An Act relating to medical assistance for rehabilitative services for certain children with disabilities; relating to agreements to pay medical assistance for covered services paid for or furnished to eligible children with disabilities by a school district; and providing for an effective date."

Number 0105

JERRY BURNETT, Staff to Senator Lyda Green, Alaska State Legislature, presented SB 345 on behalf of the Senate Health, Education and Social Services Standing Committee, sponsor. He explained that SB 345 allows schools to become Medicaid providers for certain special education students who qualify under the Medicaid program. Under this bill, schools which are currently required to provide these same services, such as physical or speech therapy, under the IDEA [Individuals Disabilities Education Act], receive about 16 percent of the money for special education services that Congress should be providing. This bill allows school districts to provide the services and then bill Medicaid for those services. The school districts would pay the state match, so there is no additional

cost to the state. It allows the school districts in Alaska to generate about \$7 million in additional funding for special programs, with no additional cost to the state other than the small administrative fiscal note. He said 42 other states do this.

Number 0245

REPRESENTATIVE WILSON asked if this is just transferring the responsibility from the state to the school district or if the districts actually gain some money.

Number 0275

MR. BURNETT answered that right now the schools provide these services with the general fund money received under the school foundation formula. If this bill passes, the school districts can seek reimbursement from the Medicaid program for those services that are eligible. Currently, no one can seek the Medicaid reimbursement. If the federal match rate for Medicaid is 60:40, that means for a dollar that the districts put at a state match, they get back \$1.50 from the federal government. He told Representative Wilson that it doesn't transfer any state responsibility to the schools.

REPRESENTATIVE WILSON asked if the state would provide forms for the schools or if this will be complicated.

MR. BURNETT agreed it may require some complicated forms to be filled out. There is a small administrative fiscal note that's with the bill to help with training and setting up the program. He noted that the school districts would not be required to do this for any student.

Number 0475

REPRESENTATIVE KOHRING asked if there was any concern as far as this encouraging more spending in Medicare than was necessary.

MR. BURNETT replied that he didn't think it would, but that has been discussed. He explained that the students have to have an IEP [individual education plan] to qualify for this, and those students are getting those services now. There could be some legitimate concern that a school district could decide to provide more services for students who are Medicaid eligible than for students that aren't. But, the school district would

be under pressure not to do that, and he said he can't imagine that the educators would do that.

Number 0535

REPRESENTATIVE STEVENS asked what the districts would be required to do that they are not now doing.

MR. BURNETT suggested that the department could answer that better, but basically the difference between what is being done now and what will be done is billing Medicaid. The difference would be paperwork, he noted.

Number 0575

REPRESENTATIVE COGHILL commented that he thinks IDEA has been characterized as an unfunded mandate. He wondered if this bill would change that a little bit.

MR. BURNETT replied yes, that was most of the point for doing this.

Number 0616

BOB LABBE, Director, Division of Medical Assistance, Department of Health & Social Services, expressed support of SB 345. He noted that the schools will participate voluntarily, and each of the districts will have to assess the cost benefit of entering into this, because it does require some build up of administrative structure. The intent is to have something streamlined to the extent possible under a Medicaid program, and to do it in a way that is less burdensome, but there are requirements that will need to be met.

Number 0738

MR. LABBE expressed concern about the provider complying with the regulations to avoid potential pitfalls of recoupment or other types of activity that could occur if people weren't diligent. He noted that there is some ability to tailor the requirements and the services. Most of the states participating in this have generated some revenue, but they've also had to jump through some hoops. It isn't necessarily an easy thing to do, but this legislation will get the discussion started on policy and the best way to do it.

Number 0790

CHAIR DYSON asked what part of the fiscal note is general fund dollars that will be used to prepare the forms and the administrative procedures.

MR. LABBE answered that it amounts to about \$52,000 in 2003, \$40,000 in 2004, \$54,000 in 2005, and then drop back to \$51,000 for on going. He explained that the costs to modify the computer system is generally matched at 75 percent; but the staff effort is generally matched at 50 percent.

REPRESENTATIVE STEVENS asked about the funding.

Number 0937

GREG MALONEY, Special Education, Teaching and Learning Support, Department of Education & Early Development, replied that the funds used now are a mixture of local, state, and federal funds to provide the services. This bill would be another "catchment of services" that is allowed under the IDEA to help pay for those services. He replied to an earlier question and told the committee that the services covered are speech and language therapy, occupational therapy, physical therapy; those types of services which have a licensed provider providing those services within the school. Another set of services are medical services that are now being required to be provided in the schools. Since the conclusion of several court cases, schools now have a larger responsibility for providing medical services in the school setting. This bill then allows the federal funds to offset some more of those costs without significant cost to the state, he noted.

REPRESENTATIVE STEVENS asked for clarification on the funding.

Number 1073

MR. MALONEY explained that the expectation is that approximately \$7 million in costs, once the system is fully ramped up, would be able to be billed as Medicaid. After the match was taken out, it would create about \$4 million in new revenue for the districts, and that could be a conservative estimate. There would be new revenue that districts would be able to use to provide the services. He indicated that there plans to be a group of stakeholders to look at what will be the most feasible system for reimbursement. He noted that it's a voluntary system.

MR. MALONEY explained that the match would not require up-front funds but would come after the Medicaid reimbursement. The district would never be required to put funds up front. He commented that electronic billing is being looked at to ease the burden on the districts. He said, hopefully, the impact on districts would be limited. Also taken into account has been rural districts versus urban districts and making sure that everyone has an equal opportunity to participate, and there will be benefits for all. In some of the smaller districts, the benefits are going to be smaller, but he reiterated that there would be new revenue coming in.

Number 1146

CHAIR DYSON asked if the schools are not providing all these services now, will they be required to provide more services.

MR. MALONEY replied that that is not expected. Under federal law and state law, the districts are providing the services developed by the IEP team. With additional funds, it is hoped there will be improved services. He said that extra services wouldn't be expected, because the incentive to provide additional services coming from Medicaid alone is not strong enough, because the paperwork or the challenge of providing the services, even with this additional revenue, is going to outweigh the incentive.

Number 1253

REPRESENTATIVE WILSON asked for an explanation on the fiscal note where it says, "Districts would reimburse the Department of Health and Social Services for the state match required."

MR. MALONEY answered that while there is no process attached to this legislation that says how it exactly would happen, the expectation is that once a district bills its Medicaid-eligible cost, it would receive 100 percent reimbursement; from that allotment, it would return a check back to the state that covers the match requirement. It may sound like duplicative efforts, but this makes sure that the audit trail is clean. It shows that the matching requirements are met, there is no additional burden on the districts, and the funds are able to be cleanly disbursed.

Number 1320

MR. LABBE said one of the concerns was to make sure that there was no additional cost to the state program for putting this in. Normally if a new service is added to Medicaid, there would be a new state general fund cost to draw down the federal funds. In this case, the district will be providing the match, but instead of getting 100 percent of the payment, they're getting the federal share of the payment because they are responsible for the match. Instead of the districts sending the state funding for the match, the state will forward fund it and get the match back from the districts. He agreed it was a bit circular, but that makes the audit trail for the federal government easier to find, so it doesn't have to audit all the school districts to see if there were actually matching funds available for payment claimed.

Number 1483

REPRESENTATIVE WILSON asked Mr. Labbe to track the trail of the money.

MR. LABBE answered the school sends the state a bill for the services; the state pays the district for that service; the state collects back from the district the amount for the state match for the federal funds; the state bills the federal government and the federal government pays the state.

Number 1595

REPRESENTATIVE STEVENS asked what happens to the districts who choose not to enter the program.

MR. MALONEY answered that no change would be expected. Districts are currently receiving a portion of Medicaid funds under the "admin capturement." It's based on a time survey that's done; it's not a direct billing reimbursement system, and that would stay in place. These additional funds would be for direct reimbursement. So if a district chose to participate in that system, it would get those funds. If it chose not to, then the system would just be the same. The real purpose of this funding is to give districts a better shot at providing the services they are required to provide. There are some very expensive programs that districts are not able to get additional support for. This bill will help provide some significant support for on-going costs. It may be complicated in description, but the actual process for application does not have to be that complicated. He indicated that the stakeholders group would discuss how best to get that process in place.

REPRESENTATIVE STEVENS asked if there would be any penalties to those districts who chose not to enter the program. He said he assumes that most districts would voluntarily enter the program.

Number 1659

MR. LABBE said each district would have to make an assessment. There might be a district that had only one child with expensive service, but it still might be worthwhile to participate even for one child on Medicaid. On the other hand, it may not be worth it if the cost of the services is less than the cost of complying. The bigger districts will certainly see a benefit; the smaller ones may see a benefit depending upon their caseload. The state will work with them on the assessment.

Number 1715

REPRESENTATIVE COGHILL commented that the federal government is going through a revamp of IDEA and wondered how that would interface with this.

MR. MALONEY answered that the reauthorization of IDEA is expected to move forward, and this is one of the topics being discussed around the country, because there are conflicts in federal law regarding special education and Medicaid. He told the members that there has been discussion with the Medicaid folks in Washington, D.C., and there has been no indication of any interference or conflict.

Number 1765

REPRESENTATIVE COGHILL moved to report SB 345 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 345 was reported out of the House Health, Education and Social Services Standing Committee.

SB 182 - PRO RATA REDUCTIONS IN BENEFIT PROGRAMS

CHAIR DYSON announced that the next order of business would be CS FOR SENATE BILL NO. 182(FIN), "An Act requiring reductions in payments to individuals under certain benefit programs if appropriations are not sufficient to fully fund the statutorily established levels of payments."

Number 1791

MARILYN WILSON, Staff to Senator Dave Donley, Alaska State Legislature, presented SB 182 on behalf of the Senate Finance Committee, sponsor. She read the following:

Committee Substitute for SB 182 recognizes the reality that funds may not always be available to fund individual benefit payments at the statutorily suggested level. If this should occur, individuals who rely on these programs would only receive benefits until the money runs out for that fiscal year. This legislation provides a contingency in the event that a funding shortage occurs in the future.

Senate Bill 182 would allow program directors to reduce benefit payments on a pro rata basis should funding for that program be insufficient. It would require proration irregardless of possible supplemental funding when so directed by legislative intent in the budget.

While this would reduce each payment, it would extend payments over the full 12-month period, thus allowing the legislature and administration to respond to reductions in revenue and increases in program recipients in a simple and practical manner. This proposed bill specifically excludes loan programs, subsidies for hard-to-place children, fishermen's fund, workers' compensation fund, second injury fund, retirement programs, and programs for which other provisions of law address underfunding.

Number 1855

CHAIR DYSON asked what things would be included.

MS. WILSON replied that the list includes the longevity bonus program, medical assistance, catastrophic and chronic illness assistance, foster care, general relief assistance, and adult public assistance. She suggested that the administration may be able to add to the list.

Number 1985

ELLEN NORTHUP, State Food Coalition, testified on behalf of the food coalition and herself. She noted that this bill does not affect her, but it could if circumstances changed in her life. She said she does have many elderly friends who would be

affected by this bill. She told the committee that many elderly people count totally on the longevity bonus to make their rent payments, and it would be problematic if that fluctuates. She indicated that this bill would cause havoc among the very poor. She mentioned that she is really worried about the foster care people, because it is so difficult to get decent people to be foster parents, and there is never enough money to pay for the real support of the child. She encouraged the legislature to appropriate enough money for foster care. She urged the committee not to pass this bill.

CHAIR DYSON asked Ms. Northup what she would choose when there isn't enough money to fund all the things, and it comes down to two choices: either get a little less each month or get cut off at the end of the last month or two.

MS. NORTHUP answered that she believes there is a third choice of a supplemental appropriation.

Number 2160

PELTON GOUDEY, Foster Care Association, testified via teleconference. He expressed concern on how this would affect foster parents, and he acknowledged how difficult it is to recruit new foster parents. He urged the State of Alaska to get additional money for these programs through sales taxes or income taxes.

Number 2296

CORNELIA HUEBSCHER, National Alliance for the Mentally Ill (NAMI), Sitka, testified via teleconference on behalf of NAMI and as a consumer of these services. She read from the analysis on fiscal note number 4:

Many of the individuals who rely on this monthly cash assistance lead very frugal lives and have limited resources, reductions in any amount will leave these clients with having to choose between such things as paying the electric bill or buying food. Adult Public Assistance payments have been held steady since 1993 without cost-of-living adjustments. These blind, disabled, and elderly clients have already had to cut costs just because of the higher cost-of-living in the last ten years.

MS. HUEBSCHER told the committee that she receives Adult Public Assistance because she is disabled. She said she may have to choose between food and electricity. Many clients on disability due to mental health are productive community members through volunteering when they can. If this bill passes, many people will be forced into group homes or be out on the street or be in nursing homes for the elderly. She urged the committee not to pass SB 182.

TAPE 02-35, SIDE B  
Number 2364

CHERYL JEBE, President, League of Women Voters of Alaska, read the following resolution passed by the League of Women Voters of Alaska on April 7, 2002: [Original punctuation provided]

**Whereas**, the laws of the State of Alaska provide for assistance with basic support for low-income families, the elderly and disabled; and

**Whereas**, basic support programs promote self-sufficiency for low-income families, and

**Whereas**, basic support programs also allow the elderly and disabled to live with dignity in their own communities; and

**Whereas**, SB 182 allows the legislature to disregard actual need for a benefit program, and instead under fund basic support programs; and

**Whereas**, the state agency determining the benefit program would then be required to prorate the benefit, reducing the amount of the benefit to all recipients, and

**Whereas**, a fluctuating benefit will cause instability in the lives of Alaska's most vulnerable citizens; and

**Whereas**, the League of Women Voters position on meeting basic human needs calls for benefit levels to be sufficient to provide decent, adequate standards for food, clothing and shelter and to be uniform based on needs,

**Now, therefore, be it resolved** that the League of Women Voters of Alaska opposes passage of SB 182.

Number 2250

DARYL NELSON, Access Alaska, testified via teleconference. He stated that he was appalled at this bill and told the committee that people on public assistance are going to be hurt by this.

Number 2218

JESSIE JOHNNIE, Elder, testified via teleconference. She told the committee that the Elders passed a resolution, and she faxed it to Representative Wilson and the other committee members. She told the committee that her Social Security check is \$400 a month, and she cannot survive on that. She expressed opposition to SB 182. She reported that some of the other residents who live in the same apartments for the elderly that she does also oppose this bill.

Number 2110

MARIE DARLIN, AARP, testified in opposition to SB 182. She referred to a letter from AARP that states the concerns about several of the programs that would be cut. In looking at this as a method of reducing the costs of government and budget, she indicated that there is concern about his method because many of these benefit programs are preventive measures that keep people out of more expensive programs, which can cost the state more in the long run.

Number 2045

TONY LOMBARDO, Covenant House, testified via teleconference on behalf of Covenant House, a privately funded, nonprofit charity. He read the following testimony:

In addition to our emergency shelter, we have a program in Anchorage called Passage House, which helps teen moms transition off public assistance and into self-sufficiency. I speak to you today on their behalf.

Most Passage House moms come to us barely surviving on ATAP [Alaska Temporary Assistance Program] and WIC [Special Supplemental Nutrition Program for Women, Infants, and Children]. We help [them] stabilize their lives, find affordable day care, learn life skills like money management, find a job and over the

course of about 18 months, [and] transition off of public assistance.

They come to us because they know that they are barely making it, and often fear that one false step will result in life on the street and possibly [the] loss of their children or child to the state's protective custody.

The uncertainty that this bill would create in the meager budgets of young moms, like those coming to Passage House, is too great. Those teen moms who could otherwise come to us for help might lose their children to state services before they ever get to Passage House. We need less babies in state custody, not more. We need more programs transitioning poor moms and babies into self-sufficiency and off public assistance, but these moms do not need any more financial crisis or uncertainty.

In addition, if this bill passes, foster parents would not necessarily know from month to month how much income to factor into their budget. The added difficulties could discourage foster parents from participating in the program. We already have a shortage of foster care homes in this state. If we wreck the fragile homes maintained by moms like those at Passage House, the state will need somewhere to place those children.

In short, Covenant House is opposed to the apparent intent of this bill. It would be unreasonable to introduce our state budgetary uncertainty into the health, safety and welfare of our poorest families. Thank you.

Number 1964

LYN FREEMAN, Executive Director, Alaska Commission on Aging, Division of Senior Services, Department of Administration, testified that the commission passed a resolution opposing SB 182, and she reviewed the resolution for the committee. Essentially the primary role of these basic supports is to allow a consistent way for individuals to pay for the most basic expenses of living, food, shelter, clothing, medical, and transportation. It would allow Alaskans to live independently and in communities of their choice. She stressed that that is

very important to the commission. She noted that these basic supports also avert problems such as homelessness and prevent the higher costs that often come in hospitals and nursing homes. She summarized that the Alaska Commission on Aging opposes efforts to prorate these most essential programs. She urged the committee to oppose SB 182.

Number 1910

MARIE LAVIGNE, Executive Director, National Association of Social Workers (NASW), Alaska Chapter, testified via teleconference. She said NASW represents over 500 social workers in Alaska. This professional social worker organization serves Alaska's most vulnerable citizens: the poor, the elderly, the disabled, those in foster care, and working families on assistance; those very citizens who will be impacted if SB 182 passes. She declared that the NASW strongly opposes this bill.

MS. LAVIGNE expressed three main concerns on SB 182: It erodes the safety net for those who are the most vulnerable; it unfairly targets those living on fixed incomes; and it circumvents the budget process. For the blind, the disabled, the elderly, the poor, and children in foster care who receive benefits, such programs are their safety net. The vulnerable Alaskans are able to meet their basic needs and work towards self-sufficiency through the benefits they receive. Yet SB 182, if passed, will unfairly target those on fixed incomes. It's heralded as a cost saving, but SB 182 will pass the budget shortfalls back onto the most vulnerable Alaskans by reducing monthly payments to all beneficiaries.

Number 1830

MS. LAVIGNE asked the committee to imagine living on a fixed income and having it fluctuate without warning because of budget shortfalls. This bill directly impacts those on limited incomes, but it also impacts landlords, utility companies, and small businesses. This is a step backwards in welfare reform, she commented. She pointed out that NASW is also concerned that this bill circumvents the budget process. Its passage would mean that the level of assistance provided by these programs could plummet from one month to the next without warning, without public debate, and without legislative change in the statutory formula that now governs benefits. The bottom line is there needs to be a long-term fiscal plan and not more budget

cuts. She urged the committee to stop this bill from going forward.

Number 1776

ALISON ELGEE, Deputy Commissioner, Department of Administration, agreed that SB 182 would affect the Longevity Bonus Program if the legislature chose to prorate benefits by making a budgetary decision. She pointed out that the committee has heard all the social reasons why this is a very bad idea. She indicated that it impacts the poorest seniors the most dramatically, and those same seniors could be impacted at the same time by a cut to Adult Public Assistance. People on fixed incomes would be very vulnerable to the ability to pay bills if the assistance payments fluctuate. More than that, the department opposes the process by which those decisions would be made. The idea that a decision could be made to amend the Longevity Bonus Program by a budget committee operating in a conference committee environment at the end of session and not have any public debate about the consequences of those actions is wrong. She commented that if the legislature wants to change the level of benefits, it should be done through the regular statutory review process.

Number 1680

ELMER LINDSTROM, Deputy Commissioner, Department Health and Social Services, testified that the department believes the following programs will be impacted: Foster Care Program, Alaska Temporary Assistance Program (ATAP), Longevity Bonus Program, and Adult Public Assistance Program (APA), which is the cash assistance to the blind, disabled, and elderly. He suggested that there may be some unintended consequences as well.

MR. LINDSTROM pointed out that ATAP and APA are not extravagant benefit programs. He referred to the handouts that show the Alaska Poverty Level for ATAP and APA. He told the committee that neither of these programs is adjusted for inflation in any way. The value of those benefits has eroded over time by virtue of inflation. Someone receiving ATAP benefits in 2002 as the only source of income is at the 59 percent poverty level. The APA has eroded from 110 percent of the federal poverty level back in 1992 to 99 percent of the federal poverty level in 2002. He commented that is not an extravagant lifestyle.

MR. LINDSTROM expressed concern about these benefits getting reduced at the end of session with no public input. He

suggested making any changes to the programs through the normal statutory process, not simply as a budget adjustment by the conference committee.

Number 1444

REPRESENTATIVE JOULE noted that these programs had already been reduced a small percentage in the budget and wondered if SB 182 passed, what additional reduction might there be.

MR. LINDSTROM replied that he couldn't predict that at this point; there are too many uncertainties. Even if the legislature intended to fully fund a program, things can happen during the year, and the state could be short funded. A number of these programs are dependent on federal funding sources, which are somewhat stable, but things could come up to change that. He reiterated that there is a lot of potential for unintended consequences.

Number 1177

REPRESENTATIVE STEVENS asked Mr. Lindstrom to comment on the testimony about people being forced out of their homes into state-supported long-term care.

MR. LINDSTROM answered that he didn't have any data to support that, but intuitively, it seems apparent that that is a likely outcome in some cases. People are trying to remain in their homes independently, and yet they are on a fixed income. If their income is reduced, at some point they are going to have no other choice but to seek assistance, which would likely be more expensive to the state.

CHAIR DYSON commented that the budget is the best estimate, but often the legislature passes a supplemental budget to make up any shortfalls. He wondered if the legislature has ever not funded a supplemental budget for these programs.

MR. LINDSTROM replied that he had no recollection of a situation such as that.

CHAIR DYSON asked what would happen if the legislature did not fund the shortfall in the supplemental.

MR. LINDSTROM answered that these programs are entitlements. He used foster care as an example, and said he assumes if they have children to place in foster families, at the end of the day,

there would be a legal obligation to reimburse those foster families.

Number 0854

MS. ELGEE responded to the question by Representative Stevens on long-term care. She explained that the CHOICE [The Community and Home Options to Institutional Care for the Elderly and Disabled] waiver for the elderly program administered through the Division of Senior Services is for people who qualify for nursing home care. They could be in a nursing home, but they choose to remain in their own homes. Medicaid only pays for services; it does not pay for the cost of living, whether its room and board in an assisted living environment or the room and board at home. She reported that there are approximately 1,500 people on the CHOICE program, and two-thirds of those people live in their own homes. Those are the people at risk if the underlying support is cut.

Number 0795

THERESA TANOURY, Director, Central Office, Division of Family & Youth Services, Department of Health & Social Services, testified about the impacts of SB 182 on the Foster Care Program. She confirmed that the foster parent stipend is very low, and people don't become foster parents to get rich. Currently, the foster care payment is set at the 1993 poverty levels. Alaska is well below where it needs to be in paying foster parents for the care they provide. Foster parents going in to this know that they're not going to get rich or make money on this. The average payment is \$22.34 a day.

MS. TANOURY expressed concern about telling foster parents that the payment may be reduced, and that could cause uncertainty in a child's life if he/she can't remain in that home. Many foster parents have told her that they can't afford to lose money on this. There is a struggle today to recruit and retain foster parents, and she said she thought that SB 182 would hurt those efforts even more. She indicated that some of the foster kids will have to be put in care that will cost more. She encouraged the committee to think about the impacts of this bill on the Foster Care Program.

Number 0599

KATHLEEN WARWICK testified on her own behalf as a resident of Mountain View Apartments. She wondered how she would be able live on APA if the benefits were cut.

Number 0540

PAULETTE ALDEN testified on her own behalf as a resident of Mountain View Apartments. She is on APA, and if it is cut, she told the members that it will hurt her and everyone who is on APA. She said it wasn't fair.

Number 0470

EUGENE WARWICK expressed concern about living on \$10 worth of food stamps a month.

CHAIR DYSON closed the public hearing on SB 182. He announced that SB 182 would be held over.

The committee took an at-ease from 4:34 p.m. to 4:35 p.m.

TAPE 02-36, SIDE A  
Number 0001

HB 522 - MEDICAID PAYMENTS FOR ABORTION

CHAIR DYSON announced that the final order of business would be HOUSE BILL NO. 522, "An Act relating to medical services under the state Medicaid program."

Number 0063

CHAIR DYSON presented HB 522. He explained that it is an attempt for the legislature to define which class of abortions will and will not be paid for with public funds and set some limits on what is classified as medical necessity. There have been several efforts by the legislature to set the elective abortion funding policy in the appropriation process and one or two court challenges in the six years that he's been here. He explained that this bill and its companion bill in the Senate tries to meet the criteria that were set forth in the court cases and to follow the guidelines set out in the federal legislation, in the Hyde Amendment, in which public money will be used for funding abortions if the pregnancy is a result of rape and incest, and if the life of the mother is at stake. In his view, the "life of the mother" has been expanded to the "life and health of the mother," and the question has become:

What are medically necessary abortions in order to protect the health of the mother?

CHAIR DYSON said he thinks the whole subject of abortion is painful. No matter which side people take, he said that he knows of no one who wants there to be abortions. His understanding of the issue is: If it is an elective abortion and the life of the mother is not in question, should public funds be used to pay for the abortion; and Should people who have an absolute moral repugnance to taking the life of an unborn child be forced to participate with their money in something that is not necessary to protect the life of the mother? He concluded that this legislation tries to define what abortions will be paid for that are on that edge.

CHAIR DYSON announced that due to technical difficulties with the teleconference, HB 522 would be held over.

#### **ADJOURNMENT**

Number 0416

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 4:42 p.m.