

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

April 22, 2003
3:27 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Carl Gatto, Vice Chair
Representative John Coghill
Representative Paul Seaton
Representative Kelly Wolf
Representative Sharon Cissna

MEMBERS ABSENT

Representative Mary Kapsner

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 25(FIN)

"An Act relating to the acquisition of teachers' housing by regional educational attendance areas and to teachers' housing loan programs in the Alaska Housing Finance Corporation; and providing for an effective date."

- MOVED HCS CSSB 25(HES) OUT OF COMMITTEE

CS FOR SENATE BILL NO. 105(HES) am(efd fld)

"An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in a medical or intermediate care facility."

- MOVED HCS CSSB 105(HES) OUT OF COMMITTEE

SENATE BILL NO. 124(efd fld)

"An Act relating to grants for alcoholism and drug abuse programs."

- MOVED HCS SB 124(HES) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: SB 25

SHORT TITLE:TEACHERS' HOUSING/AHFC LOANS

SPONSOR(S): SENATOR(S) WILKEN

Jrn-Date	Jrn-Page		Action
01/21/03	0021	(S)	PREFILE RELEASED 1/17/03
01/21/03	0021	(S)	READ THE FIRST TIME - REFERRALS
01/21/03	0021	(S)	HES, FIN
02/12/03		(S)	HES AT 1:30 PM BUTROVICH 205
02/12/03		(S)	Heard & Held
02/12/03		(S)	MINUTE(HES)
02/24/03		(S)	HES AT 1:30 PM BUTROVICH 205
02/24/03		(S)	Moved Out of Committee
02/24/03		(S)	MINUTE(HES)
02/26/03	0272	(S)	HES RPT CS 3DP 1NR 1AM SAME TITLE
02/26/03	0272	(S)	DP: DYSON, DAVIS, WILKEN;
02/26/03	0272	(S)	NR: GUESS; AM: GREEN
02/26/03	0272	(S)	FN1: ZERO(REV)
02/26/03		(S)	MINUTE(HES)
03/06/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/06/03		(S)	Heard & Held
03/06/03		(S)	MINUTE(FIN)
03/11/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/11/03		(S)	Scheduled But Not Heard
03/12/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/12/03		(S)	Moved CSSB 25(FIN) Out of Committee
03/12/03		(S)	MINUTE(FIN)
03/13/03	0489	(S)	FIN RPT CS 5DP 1DNP 1NR NEW TITLE
03/13/03	0489	(S)	DP: WILKEN, TAYLOR, HOFFMAN, OLSON,
03/13/03	0489	(S)	STEVENS B; DNP: GREEN; NR: BUNDE
03/13/03	0489	(S)	FN1: ZERO(REV)
03/17/03	0522	(S)	COSPONSOR(S): STEVENS G, DYSON, SEEKINS
03/31/03	0641	(S)	RULES TO CALENDAR 3/31/2003
03/31/03	0641	(S)	READ THE SECOND TIME
03/31/03	0642	(S)	FIN CS ADOPTED UNAN CONSENT
03/31/03	0642	(S)	ADVANCED TO THIRD READING UNAN CONSENT
03/31/03	0642	(S)	READ THE THIRD TIME CSSB 25(FIN)
03/31/03	0642	(S)	COSPONSOR(S): LINCOLN

03/31/03	0642	(S)	PASSED Y16 N1 E3
03/31/03	0643	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
03/31/03	0648	(S)	TRANSMITTED TO (H)
03/31/03	0648	(S)	VERSION: CSSB 25(FIN)
04/02/03	0729	(H)	READ THE FIRST TIME - REFERRALS
04/02/03	0729	(H)	HES, FIN
04/02/03	0751	(H)	CROSS SPONSOR(S): LYNN
04/11/03	0947	(H)	CROSS SPONSOR(S): ROKEBERG
04/15/03		(H)	HES AT 3:00 PM CAPITOL 106
04/15/03		(H)	Heard & Held MINUTE(HES)
04/22/03		(H)	HES AT 3:00 PM CAPITOL 106

BILL: SB 105

SHORT TITLE: MEDICAID: CHILDREN/PREGNANT WOMEN/FACILITY

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/06/03	0389	(S)	READ THE FIRST TIME - REFERRALS
03/06/03	0389	(S)	HES, FIN
03/06/03	0389	(S)	FN1: (HSS)
03/06/03	0389	(S)	GOVERNOR'S TRANSMITTAL LETTER
03/26/03		(S)	HES AT 1:30 PM BUTROVICH 205
03/26/03		(S)	Heard & Held
03/26/03		(S)	MINUTE(HES)
03/26/03		(S)	MINUTE(HES)
03/26/03		(S)	MINUTE(HES)
04/03/03		(S)	HES AT 5:00 PM BELTZ 211
04/03/03		(S)	Scheduled But Not Heard -- Time and Location Change --
04/07/03		(S)	FIN AT 10:00 AM SENATE FINANCE 532
04/07/03		(S)	<Pending Referral> -- Meeting Canceled --
04/07/03		(S)	HES AT 1:30 PM BUTROVICH 205
04/07/03		(S)	Moved CSSB 105(HES) Out of Committee MINUTE(HES)
04/08/03	0746	(S)	HES RPT CS 3DP 2DNP SAME TITLE
04/08/03	0747	(S)	DP: DYSON, GREEN, WILKEN;
04/08/03	0747	(S)	DNP: GUESS, DAVIS
04/08/03	0747	(S)	FN1: (HSS)
04/09/03	0763	(S)	FIN RPT CS(HES) 4DP 2DNP

04/09/03	0763	(S)	DP: GREEN, WILKEN, BUNDE, STEVENS B;
04/09/03	0763	(S)	DNP: HOFFMAN, OLSON
04/09/03	0763	(S)	FN2: (HSS)
04/09/03	0763	(S)	RULES TO CALENDAR 4/9/2003
04/09/03	0765	(S)	READ THE SECOND TIME
04/09/03	0765	(S)	HES CS ADOPTED Y11 N8 E1
04/09/03	0765	(S)	ADVANCED TO THIRD READING 4/10 CALENDAR
04/09/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/09/03		(S)	Moved Out of Committee
04/09/03		(S)	MINUTE(FIN)
04/10/03	0787	(S)	READ THE THIRD TIME CSSB 105(HES)
04/10/03	0787	(S)	RETURN TO SECOND FOR AM 1 UNAN CONSENT
04/10/03	0787	(S)	AM NO 1 ADOPTED Y12 N7 E1
04/10/03	0788	(S)	AUTOMATICALLY IN THIRD READING
04/10/03	0789	(S)	PASSED Y12 N7 E1
04/10/03	0789	(S)	EFFECTIVE DATE(S) FAILED Y12 N7 E1
04/10/03	0789	(S)	ELLIS NOTICE OF RECONSIDERATION
04/11/03	0814	(S)	RECONSIDERATION NOT TAKEN UP
04/11/03	0815	(S)	TRANSMITTED TO (H)
04/11/03	0815	(S)	VERSION: CSSB 105(HES) AM(EFD FLD)
04/14/03	0957	(H)	READ THE FIRST TIME - REFERRALS
04/14/03	0957	(H)	FIN
04/16/03	1017	(H)	HES REFERRAL ADDED BEFORE FIN
04/22/03		(H)	HES AT 3:00 PM CAPITOL 106

BILL: SB 124

SHORT TITLE:ALCOHOLISM AND DRUG ABUSE GRANTS

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/06/03	0414	(S)	READ THE FIRST TIME - REFERRALS
03/06/03	0414	(S)	HES, FIN
03/06/03	0414	(S)	FN1: (HSS); FN2: (HSS)
03/06/03	0415	(S)	FN3: (HSS); FN4: (HSS)
03/06/03	0415	(S)	GOVERNOR'S TRANSMITTAL LETTER
03/10/03		(S)	HES AT 1:30 PM BUTROVICH 205

03/10/03		(S)	Moved Out of Committee
03/10/03		(S)	MINUTE(HES)
03/12/03	0468	(S)	HES RPT 2DP 1NR 1AM
03/12/03	0468	(S)	DP: DYSON, GREEN;
03/12/03	0468	(S)	NR: GUESS; AM: DAVIS
03/12/03	0468	(S)	FN1: (HSS); FN2: (HSS)
03/12/03	0468	(S)	FN3: (HSS); FN4: (HSS)
04/02/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/02/03		(S)	Heard & Held
04/04/03	0688	(S)	FIN RPT 4DP 2NR
04/04/03	0688	(S)	DP: GREEN, WILKEN, STEVENS B, BUNDE;
04/04/03	0688	(S)	NR: TAYLOR, OLSON
04/04/03	0688	(S)	FN1: (HSS); FN2: (HSS)
04/04/03	0688	(S)	FN3: (HSS): FN4: (HSS)
04/04/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/04/03		(S)	Moved Out of Committee
04/04/03		(S)	MINUTE(FIN)
04/09/03	0768	(S)	RULES TO CALENDAR 4/9/2003
04/09/03	0768	(S)	READ THE SECOND TIME
04/09/03	0768	(S)	ADVANCED TO THIRD READING 4/10 CALENDAR
04/10/03	0792	(S)	READ THE THIRD TIME SB 124
04/10/03	0792	(S)	PASSED Y11 N8 E1
04/10/03	0793	(S)	EFFECTIVE DATE(S) FAILED Y12 N7 E1
04/10/03	0793	(S)	ELLIS NOTICE OF RECONSIDERATION
04/11/03	0815	(S)	RECONSIDERATION NOT TAKEN UP
04/11/03	0816	(S)	TRANSMITTED TO (H)
04/11/03	0816	(S)	VERSION: SB 124(EFD FLD)
04/14/03	0958	(H)	READ THE FIRST TIME - REFERRALS
04/14/03	0958	(H)	HES, FIN
04/22/03		(H)	HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

LARAINÉ DERR, President

Alaska State Hospital and Nursing Home Association (ASHNHA)
Juneau, Alaska

POSITION STATEMENT: During hearing on SB 25, offered statistics
and answered questions.

SHEILA PETERSON, Staff

to Senator Gary Wilken
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Spoke on behalf of the sponsor of SB 25.

PAUL KAPANSKY, Mortgage Operations Director
Alaska Housing Finance Corporation (AHFC)
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to the HCS for
CSSB 25, Version U.

DANIEL R. FAUSKE, Chief Executive Officer/Executive Director
Alaska Housing Finance Corporation (AHFC)
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to the HCS for
CSSB 25, Version U.

LAURIE HOLTE, Residential Loan Officer
Chief Underwriting Supervisor
Alaska Housing Finance Corporation (AHFC)
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions during discussion of the
HCS for CSSB 25, Version U.

JOHN RILEY, Physician Assistant
Anchorage, Alaska

POSITION STATEMENT: Testified on SB 105.

BOB LABBE, Deputy Commissioner
Department of Health & Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Testified on the HCS for CSSB 105,
Version H, and the fiscal note.

ACTION NARRATIVE

TAPE 03-35, SIDE A

Number 0001

CHAIR PEGGY WILSON called the House Health, Education and Social
Services Standing Committee meeting to order at 3:27 p.m.
Representatives Wilson, Gatto, Wolf, and Coghill were present at
the call to order. Representatives Seaton and Cissna arrived as
the meeting was in progress.

SB 25-TEACHERS' HOUSING/AHFC LOANS

CHAIR WILSON announced that the first order of business would be CS FOR SENATE BILL NO. 25(FIN), "An Act relating to the acquisition of teachers' housing by regional educational attendance areas and to teachers' housing loan programs in the Alaska Housing Finance Corporation; and providing for an effective date."

Number 0126

REPRESENTATIVE GATTO moved to adopt HCS CSSB 25, Version 23-LS0080\U, Cook, 4/17/03, as the working document. There being no objection, Version U was before the committee.

CHAIR WILSON said the only difference between Version U and CSSB 25(FIN) is that [Version U] adds registered nurses (RNs). She pointed out that the shortage of RNs is worse than the shortage of teachers. Currently, the state has 5,200 RNs, with an 11.5 vacancy rate. Moreover, the 24 percent turnover rate in nursing indicates difficulty in retention. She noted that 110 nurses a year are produced in the state. In the next four years, growth in the [health] industry will result in the need [in Alaska] for another 4,100 nurses. She said the nursing shortage is nationwide and thus adding nurses to this legislation makes sense.

Number 0349

LARAINÉ DERR, President, Alaska State Hospital and Nursing Home Association (ASHNHA), agreed with Chair Wilson's statistics. She said recently ASHNHA reviewed how much money is going outside each year that hospitals pay for "travelers" to fill vacant positions. Eleven of the twenty-nine programs that use nurses throughout the state spend \$16.3 million each year bringing in nurses to fill vacant positions. A small facility such as Mount Edgecumbe Hospital spends \$273,000 for this; Ketchikan spends \$750,000 a year; Bartlett Regional Hospital in Juneau spends over \$370,000 a year; and Providence Health System, the largest hospital in the state, spends \$10.2 million to bring in nurses, and thus most of that money goes outside. Ms. Derr opined that [a nurse] who purchases a house is likely to stay in the area. Thus anything that can be done to keep nurses in the state is [great].

Number 0492

REPRESENTATIVE GATTO related his belief that many nurses being brought in from out-of-state probably like the ability to travel to various states for work.

MS. DERR agreed it's a lifestyle choice for some. She noted that the [traveling] nurses make a lot more money than those living in the area.

CHAIR WILSON estimated that the standard rate is over \$50 an hour [for the traveling nurses]. If the nurses used were in-state, the costs for the hospitals would drop dramatically, she said.

Number 0588

REPRESENTATIVE COGHILL asked if the greatest need is for RNs. If someone is a specialized nurse, would that nurse be at this level or greater?

CHAIR WILSON answered that many nurses are specialized in an area. Someone can be an RN and obtain specialized [certification] in several different areas. Although RNs cover several different kinds of nurses, it does not include a nurse's aide or a licensed practical nurse (LPN).

REPRESENTATIVE SEATON asked if [the legislation includes language] that makes nurses who purchase a house not considered traveling nurses.

CHAIR WILSON explained that [in order to receive the loan] the nurse would have to be employed by the hospital, which is the same for the teachers.

REPRESENTATIVE SEATON said it sounds as though some nurses make the circuit and travel repeatedly to the same location. He asked if there could be a situation in which a traveling nurse could purchase a house at 100 percent financing and still remain a traveling nurse.

CHAIR WILSON specified that in order to obtain the pay of a traveling nurse, the nurse is not a resident of the state.

Number 0737

MS. DERR said anyone who has worked 80 hours in a facility would be eligible to purchase a house. However, a traveling nurse is

paid as a special category, and thus the facility would not provide the benefit of buying a house. This legislation only applies to permanent employees.

REPRESENTATIVE SEATON said he'd read the legislation to allow a permanent traveling nurse to qualify for 100 percent financing.

MS. DERR pointed out that the legislation requires having a state license, which should address the concern.

REPRESENTATIVE SEATON asked if a nurse from Southeast Alaska can be employed as a traveling nurse at Providence Health Care System in Anchorage, for example, or whether having a license from Alaska prevents someone from being a traveling nurse [in the state].

MS. DERR answered that a nurse from one part of the state can travel to another facility and be considered a traveling nurse.

REPRESENTATIVE SEATON expressed the need to close the aforementioned loophole.

CHAIR WILSON suggested inserting the language "who is a permanent resident of the state" could eliminate the loophole.

REPRESENTATIVE CISSNA said she believes a traveling nurse has a certain type of contract, which is distinct from the normal contract. Therefore, the contract should be different.

CHAIR WILSON asked if this could be addressed through the criteria of the loan when it actually take place.

Number 0970

SHEILA PETERSON, Staff to Senator Gary Wilken, Alaska State Legislature, responded on behalf of Senator Wilken, sponsor. Ms. Peterson said she believes the legislation includes language allowing the Alaska Housing Finance Corporation (AHFC) the ability to write regulations to implement the loan. However, she said she wasn't sure whether AHFC would have the authority to restrict it to exempt traveling nurses. Therefore, if the committee wished to do so, it should probably be placed in statute, she suggested.

CHAIR WILSON asked if AHFC will give loans to residents of the state. If someone is a resident, she said at least that individual [is likely] to stay in the state.

Number 1024

PAUL KAPANSKY, Mortgage Operations Director, Alaska Housing Finance Corporation (AHFC), Department of Revenue, explained that when AHFC reviews a loan for a borrower who is new to the state, [approval for a loan] would be based on the extent to which the borrower has shown the intent to establish residency.

CHAIR WILSON asked if a nurse living in Wrangell, where there was no vacancy, would be able to purchase a house in Wrangell with no down payment and still go to Providence Health Care Systems [in Anchorage] and receive traveler's pay.

MR. KAPANSKY answered that [the home purchased with no down payment] would have to be the nurse's primary residence. He agreed [AHFC] would take care of that [during the loan process].

CHAIR WILSON wondered whether the language "to be employed and not under contract" could be added for clarification.

Number 1146

DANIEL R. FAUSKE, Chief Executive Officer/Executive Director, Alaska Housing Finance Corporation (AHFC), Department of Revenue, related his belief that it isn't the intent of the committee to restrict the fact that there may a nurse that lives in Anchorage but works in the Bush.

CHAIR WILSON replied no.

MR. FAUSKE said he imagined there would be quite a few situations such as the foregoing.

MR. KAPANSKY pointed out that Version U [on page 2, lines 3-4] specifies that a loan "may be made under this program only for owner-occupied, single-family housing."

CHAIR WILSON agreed that would take care of it.

REPRESENTATIVE GATTO posed a situation in which a nurse in Anchorage works in Fairbanks and her sister, who lives in Fairbanks, goes to work in Anchorage. In such a situation, each would be a traveling nurse and still possibly qualify for this loan, he suggested.

MR. KAPANSKY highlighted that at the time of application, the nurses would have to indicate to AHFC that the home under the loan would be the primary residence. What happens after the loan closes isn't something over which AHFC has control.

REPRESENTATIVE CISSNA inquired as to the criteria AHFC requests when establishing residency. Is there any requirement as to the status of the individual's employment?

Number 1273

LAURIE HOLTE, Residential Loan Officer, Chief Underwriting Supervisor, Alaska Housing Finance Corporation (AHFC), Department of Revenue, explained that when underwriting an owner-occupied loan in order to establish that a home is an individual's primary residence, AHFC reviews whether the applicant's employment does not take that person away from their primary residency for more than six months of the year; reviews whether housing is readily available in the location where the individual is employed; and reviews the address of residence for voting privileges, driver's license, and so forth.

CHAIR WILSON directed attention to page 2, lines 15-16, and said the purpose is to retain teachers and nurses in Alaska. She reiterated her earlier suggestion that the language "not under a traveling contract" could be added as one of the criteria.

REPRESENTATIVE CISSNA suggested that the language "not under a traveling contract outside the state" could be inserted.

CHAIR WILSON offered her belief that the language "outside the state" isn't necessary.

REPRESENTATIVE SEATON clarified that he didn't want to ensure another benefit for an individual under a long-term traveling nurse contract. The idea is to provide an incentive for long-term traveling nurses to convert to registered nurses in the state. Therefore, Representative Seaton said he believes the legislation should include language specifying that someone qualifying for the loan may not maintain employment as a traveling nurse.

Number 1413

CHAIR WILSON pointed out that there could be a situation in which there would be the desire to keep a nurse inside the state, although there may not be enough employment in the area

where the individual resides and thus he/she would have to go to Anchorage for a job. The desire is for that individual to stay in Alaska, although he/she might be a traveler.

REPRESENTATIVE CISSNA noted that there are no other medical personnel who travel and work fairly consistently in rural areas and go back and forth [between their work and primary residence]. Representative Cissna said she assumed that the problem isn't with people working in the state, but with people coming into the state for a short time [and abusing this].

CHAIR WILSON asked if AHFC gives loans to people outside of the state.

MR. KAPANSKY said no.

CHAIR WILSON said that takes care of it.

Number 1552

REPRESENTATIVE SEATON related that [there is no intention] to prevent people from going to rural communities and taking a contract while living in another area of the state. However, the problem is related to those traveling nurses who are on an extended stay; they receive higher pay under contract, and giving them an additional incentive, through the 100 percent loan, he did not believe was the intention. However, he said he didn't know how to distinguish the two in this legislation.

CHAIR WILSON highlighted that AHFC doesn't give loans to nonresidents. She related her belief that the majority of traveling nurses never take residency.

[Ms. Derr nodded in agreement.]

REPRESENTATIVE GATTO asked what would happen if the eligibility for [this 100 percent loan were tied] to eligibility for the permanent fund dividend (PFD), which has rather stringent requirements and penalties for not being truthful. Since it would take too long for PFD eligibility, he proposed having the same requirements, but without the waiting period. He asked if that would satisfy most of the concerns.

MS. PETERSON answered that tying it to the PFD eligibility might make it more complex than it is currently. For a teacher to obtain a housing loan, that person merely needs to be a teacher in a public school. There is no limit with regard to how long

such a person needs to stay before applying for the loan, which is what she said [the sponsor] wants to encourage.

REPRESENTATIVE GATTO emphasized that the PFD language makes it clear that the individual has to want and intend to stay in the state.

REPRESENTATIVE SEATON recalled that such was AHFC's criteria for obtaining the loan.

MR. KAPANSKY reiterated that on page 2 the legislation states that the program is only for "owner-occupied, single-family housing". Therefore, applicants would have to demonstrate that they are actually going to be living in the home and be residents of the state.

REPRESENTATIVE SEATON said although he saw that as a potential problem "on the traveling nurse," he wasn't going to insist it be corrected.

Number 1734

REPRESENTATIVE GATTO moved to report HCS CSSB 25, Version 23-LS0080\U, Cook, 4/17/03, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS CSSB 25(HES) was reported from the House Health, Education and Social Services Standing Committee.

CHAIR WILSON informed the committee that she would have a resolution drafted because of the need to suspend the rules to allow for the change in title.

SB 105-MEDICAID:CHILDREN/PREGNANT WOMEN/FACILITY

[Contains discussion of HB 172]

CHAIR WILSON announced that the next order of business would be CS FOR SENATE BILL NO. 105(HES) am(efd fld), "An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in a medical or intermediate care facility."

Number 1794

REPRESENTATIVE COGHILL moved to adopt the proposed House committee substitute (HCS), Version 23-GS1128\H, as the working

document. There being no objection, Version H was before the committee.

CHAIR WILSON explained that CSSB 105(HES) am(efd fld) uses 175 percent of the poverty level, while Version H uses 200 percent of the poverty level, which she said is the same as HB 172 that was previously reported from this committee.

REPRESENTATIVE COGHILL said although he is a proponent of the 175 percent of poverty level, he wouldn't object to [Version H] at this point.

Number 1864

JOHN RILEY, Physician Assistant, informed the committee that he works in a practice that serves the uninsured and the medically underserved. Every day he said he deals with barriers to appropriate treatment for patients who cannot afford the cost of ongoing [care]. There are over 90,000 uninsured Alaskans. Mr. Riley pointed out that Governor Murkowski was fortunate to have health coverage when he suffered from symptoms that ultimately led to the discovery of a blocked artery in his heart, and to have it treated. However, an uninsured person would have had to forgo this evaluation due to the possible cost of over \$10,000.

MR. RILEY highlighted the National Republican Party agenda and President George W. Bush's recognition of the necessity for health care access for Americans, as it is essential to the well-being and productivity of America's workforce. Mr. Riley said it is well documented that the uninsured have [poor] health outcomes, have increased mortality once diagnosed with major illnesses, and receive emergency care [instead of going to a primary physician]. "Health care is not a luxury," he stated. This legislation is a "double hit" to those who currently qualify for Denali KidCare, and drops those between 175 percent and 200 percent of the poverty level. By fixing the income level, (indisc.) cut off by the level of inflation each year.

MR. RILEY said in the next ten years he anticipates a 20 percent reduction in the income qualification level, with more than 10,000 Alaskans losing eligibility over the next five years. He said 71 percent of the cost of Denali KidCare is provided by a federal match, and any decrease in the coverage will decrease those federal dollars.

CHAIR WILSON surmised that Mr. Riley was speaking to the original Senate bill, but said the HCS before the committee

[Version H] maintains the existing situation and freezes the requirements in place now.

Number 1995

REPRESENTATIVE CISSNA related her understanding that Version H is a change [from the existing situation] because it removes the 300 percent rule and replaces it with a dollar figure.

CHAIR WILSON said in the long run it would be the same.

REPRESENTATIVE CISSNA directed attention to page 2, line 16, of Version H.

CHAIR WILSON specified that the "\$1,656" is the 300 percent.

REPRESENTATIVE CISSNA maintained that it is a significant difference because it doesn't allow for [inflation-proofing].

CHAIR WILSON agreed.

REPRESENTATIVE CISSNA pointed out that if ["\$1,656"] is placed in statute, it is a change.

CHAIR WILSON reiterated that the Version H freezes the current criteria.

Number 2068

BOB LABBE, Deputy Commissioner, Department of Health & Social Services (DHSS), related his belief that Version H mirrors the legislation that the governor introduced, which uses essentially the same language. That language proposes freezing the eligibility levels at the 2002 income standards. He clarified that it was not only Denali KidCare, but also the special income standard for nursing home and community-based care. He agreed that there wouldn't be any inflation[proofing].

REPRESENTATIVE SEATON turned attention to the fiscal note.

CHAIR WILSON said it reflects a slight change.

MR. LABBE offered his belief that Version H is basically the same as for HB 172 and that the fiscal note would be the same for Version H [as for HB 172].

REPRESENTATIVE COGHILL remarked that the fiscal note is significantly different.

CHAIR WILSON clarified that her comparison was that [Version H] wasn't any different from HB 172 when it passed out of this committee.

Number 2185

REPRESENTATIVE CISSNA directed attention to page 5, line 31, of Version H, which specifies that a pregnant woman alone in a household is considered a household of two persons. She said she understood that to be a change and requested an explanation.

MR. LABBE explained that under federal law when eligibility is determined for a pregnant woman, [a pregnant woman alone in a household] is considered to be a household of two persons. Thus a larger income level is used.

Number 2254

REPRESENTATIVE WOLF moved to report HCS CSSB 105, Version 23-GS1128\H, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE CISSNA objected. She noted that there is a nationwide crisis in access to health care. She said most states grappling with this have focused on taking care of the children, which is why Medicaid made this program possible. Alaska is unique in that it's a young state that does not have the infrastructure that other states have. Families in Alaska face huge problems. Locking this in at a dollar figure takes away that little bit that is available, which she indicated meant a lot to the families. In order to ensure the safety of Alaska's children, she said, the 300 percent should be specified.

A roll call vote was taken. Representatives Gatto, Wolf, Coghill, Seaton, and Wilson voted in favor of reporting the bill, Version 23-GS1128\H, from committee. Representative Cissna voted against it. Therefore, HCS CSSB 105(HES) was reported from the House Health, Education and Social Services Standing Committee by a vote of 5-1.

SB 124-ALCOHOLISM AND DRUG ABUSE GRANTS

[Contains discussion of HB 167]

TAPE 03-35, SIDE B

CHAIR WILSON announced that the final order of business would be SENATE BILL NO. 124(efd fld), "An Act relating to grants for alcoholism and drug abuse programs."

Number 2320

REPRESENTATIVE COGHILL moved to adopt the proposed House committee substitute (HCS), Version 23-GS1111\D, Ford, 4/17/03, as a work draft. There being no objection, Version D was before the committee.

Number 2326

CHAIR WILSON explained that [Version D] would put the grants for alcoholism and drug abuse programs in a transition phase. The difference is that the Senate bill increased the amount to 25 percent that communities have to contribute; however, the bill the House Health, Education and Social Services Standing Committee passed out of committee last month [HB 167] allowed for a phased-in approach. The grantees know the cuts are coming, but this is phased in. Chair Wilson said that is the only difference between the House and Senate bills. In response to Representative Seaton, she said the [House] committee substitute allows the grantees to only have to contribute 17.5 percent this year, and then next year it goes up to 25 percent. The Senate bill goes directly to the 25 percent contribution this year, so there is no phased-in approach.

REPRESENTATIVE COGHILL commented that when the committee adopted the House committee substitute, the committee took the amendment and put it in the Senate bill.

CHAIR WILSON said that is correct.

Number 2214

REPRESENTATIVE CISSNA referred to Section 1, lines 5-6, where it says "grants shall be awarded in a ratio of 75 percent state money to 25 percent community money". On page 2, lines 5-7, under "Transition", she noted that it says July 2004.

CHAIR WILSON responded that this coming fiscal year, beginning July 1, 2003, there would be a transition year [during which communities would have to contribute 17.5]. When fiscal year

2004 begins, the percentage of community contribution will be 25 percent. She reiterated that this HCS simply changes the Senate bill so it is identical to the bill the committee passed earlier [HB 167].

Number 2140

REPRESENTATIVE SEATON moved to report HCS SB 124, Version 23-GS1111\D, Ford, 4/17/03, out of committee with individual recommendations and the corrected fiscal notes. There being no objection, HCS SB 124(HES) was reported from the House Health, Education and Social Services Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 4:23 p.m.