

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

February 8, 2005

3:12 p.m.

**MEMBERS PRESENT**

Representative Peggy Wilson, Chair  
Representative Paul Seaton, Vice Chair  
Representative Tom Anderson  
Representative Lesil McGuire  
Representative Berta Gardner

**MEMBERS ABSENT**

Representative Vic Kohring  
Representative Sharon Cissna

**COMMITTEE CALENDAR**

HOUSE BILL NO. 82

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

- MOVED HB 82 OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 105(HES)

"An Act relating to coverage for adult dental services under Medicaid; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 106

"An Act establishing the senior care program and relating to that program; creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 82

SHORT TITLE: EXTEND SUICIDE PREVENTION COUNCIL

SPONSOR(S): REPRESENTATIVE(S) DAHLSTROM

01/19/05            (H)            READ THE FIRST TIME - REFERRALS

01/19/05 (H) HES, FIN  
02/08/05 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 105

SHORT TITLE: MEDICAID FOR ADULT DENTAL SERVICES

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/24/05 (H) READ THE FIRST TIME - REFERRALS  
01/24/05 (H) HES, FIN  
02/08/05 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 106

SHORT TITLE: SENIOR CARE PROGRAM

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/24/05 (H) READ THE FIRST TIME - REFERRALS  
01/24/05 (H) HES, FIN  
02/08/05 (H) HES AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

REPRESENTATIVE NANCY DAHLSTROM

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 82.

KATHRYN CRAFT, Departmental Coordinator

Prevention and Early Intervention Section

Department of Health and Social Services

Fairbanks, Alaska

POSITION STATEMENT: Spoke in support of HB 82.

BILL HOGAN, Director

Division of Behavioral Health

Department of Health and Social Services

Juneau, Alaska

POSITION STATEMENT: Provide comments on HB 82.

JOEL GILBERTSON, Commissioner

Department of Health and Social Services (DHSS)

Juneau, Alaska

POSITION STATEMENT: Presented HB 105 on behalf of the  
administration; presented HB 106 on behalf of the  
administration.

JON SHERWOOD, Medical Assistant Administrator

Division of Finance & Management Services

Department of Health and Social Services (DHSS)  
Juneau, Alaska

POSITION STATEMENT: Responded to questions during discussion of  
HB 105; responded to questions during discussion of HB 106.

#### **ACTION NARRATIVE**

**CHAIR PEGGY WILSON** called the House Health, Education and Social Services Standing Committee meeting to order at [3:12:15 PM](#). Representatives Wilson, Seaton, McGuire, and Gardner were present at the call to order. Representative Anderson arrived as the meeting was in progress.

#### HB 82 - EXTEND SUICIDE PREVENTION COUNCIL

[3:13:47 PM](#)

CHAIR WILSON announced that the first order of business would be HOUSE BILL NO. 82, "An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

REPRESENTATIVE NANCY DAHLSTROM, Alaska State Legislature, Sponsor, relayed HB 82 extends the suicide council until 2009. The council consists of 15 members who represent rural and urban Alaska. The Joint Committee on Legislative Budget and Audit has recommended its extension in order for the council to continue addressing three issues: finding ways to reduce the suicide rate, broadening public awareness, and enhancing suicide prevention services throughout the state.

[3:15:07 PM](#)

KATHRYN CRAFT, Departmental Coordinator, Prevention and Early Intervention Section, Department of Health and Social Services (DHSS), explained that the goals of the Suicide Prevention Council are: to broaden public awareness of suicide and the risk factors related to suicide, to enhance the suicide prevention programs by aligning work with the Division of Behavioral Health, to develop healthy communities through collaborative community - or faith - based approaches, and to strengthen existing, and build new, partnerships between public and private entities that will advance suicide prevention efforts. The council is pleased with the audit recommendation to extend its sunset to June 2009, because it will allow the council to continue the work it started, she noted.

MS. CRAFT relayed that the council is working on a "follow back" study, also called psychological autopsies. The study entails gathering a year's worth of data on individuals who have committed suicide. After an appropriate duration for the mourning of the deceased, the council asks family members for voluntary interviews to gather information. Some of the information gathered is aggregate on suicide rates, age groups, primary methods of suicide, gender, documentation of substance use, ethnicity, urban versus rural, and regional data on suicide attempts. In September 2004, the council released the statewide suicide prevention plan. The council has started media and public awareness campaigns, and is currently involved in a clergy and clinician initiative, which allows professionals to combine efforts through working together to prevent suicide in local areas. The fiscal year (FY) 2005 annual report is due March 1, 2004; she noted that would be "forthcoming in just a couple of weeks."

[3:18:18 PM](#)

CHAIR WILSON noted that the prevention plan has been given to the committee. She stated that "Alaska, per capita, is number one in the nation with suicides ... and we really need to work on this; ... we should continue this program."

[3:18:51 PM](#)

REPRESENTATIVE GARDNER related her belief that Alaska is second to Nevada in suicides.

[3:19:08 PM](#)

MS. CRAFT relayed that Alaska ranges either between one and six, regarding per capita suicide rates. She noted that next year, Alaska will be rated number one in suicides, but that has yet to be released.

[3:19:35 PM](#)

REPRESENTATIVE SEATON commented on an Anchorage Daily News article that details a recent audit on the suicide council. According to the article only 20 percent of the \$200,000 allocated to the council went to suicide prevention efforts. The article cites that the Department of Health and Social Services spent about \$32,000 on furniture for unrelated programs, he noted. He asked why the money never went to the suicide prevention program.

[3:20:16 PM](#)

REPRESENTATIVE DAHLSTROM related that the audit will be addressed through the House Finance Committee.

[3:20:40 PM](#)

REPRESENTATIVE SEATON opined that the committee needs to be aware of funding issues. He asked how the expenditures will be instituted from the department's standpoint.

[3:21:27 PM](#)

BILL HOGAN, Director, Division of Behavioral Health, DHSS, notified the committee that within the last year a number of changes have occurred for the DHSS. Simultaneously, the Suicide Prevention Council lost its coordinator. An employee from the Division of Behavioral Health temporarily replaced the then vacated position, and was responsible for determining the FY budget; however, due to the reorganization, the task proved difficult, he noted. He said that the monies that did not go directly to the council were used to support the DHSS's integrated information technology efforts, which also supported some of the efforts and activities of the council, he added. He told the committee that the division will actively work with the council to ensure support of council's activities.

[3:24:00 PM](#)

MR. HOGAN, in response to Chair Wilson, stated that all the dollars allotted to the Suicide Prevention Council will go towards the council's activities.

[3:24:26 PM](#)

REPRESENTATIVE McGUIRE moved to report HB 82 out of committee with individual recommendations and the accompanying fiscal notes.

[3:25:14 PM](#)

REPRESENTATIVE SEATON objected for the purpose of discussing the zero fiscal note.

[3:25:31 PM](#)

REPRESENTATIVE DAHLSTROM explained that there is a zero fiscal note because the amount is budgeted from the governor's health and social services budget.

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REPRESENTATIVE SEATON withdrew the objection.

CHAIR WILSON asked if there were any further objections. There being none, HB 82 was reported from the House Health, Education and Social Services Standing Committee.

HB 105 - MEDICAID FOR ADULT DENTAL SERVICES

[Contains discussion of HB 106.]

[3:26:31 PM](#)

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 105, "An Act relating to coverage for adult dental services under Medicaid; and providing for an effective date."

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS) for HB 105, Version 24-GH1081\G, Mischel, 2/7/05, as the working document. There being no objection, Version G was before the committee.

[3:27:37 PM](#)

JOEL GILBERTSON, Commissioner, Department of Health and Social Services (DHSS), explained that HB 105 and HB 106 are a combined effort to establish better senior care. The administration and the twenty-third legislature established the SeniorCare program. He said that together SeniorCare and the state have addressed the issue of high prescription costs by forming the multi-state prescription drug purchasing plan and establishing a senior information office. He reported that Alaska has a vibrant, growing senior population and that senior services need to grow alongside that population. He said that HB 105 is a proposal from Governor Murkowski, to strengthen oral health and dental services offered to low income seniors.

COMMISSIONER GILBERTSON relayed that the administration has worked very constructively with the Alaska Mental Health Trust Authority on a collaborative project to focus on dental services. The current Medicaid coverage for adults, adults is

defined as those over the age of 21, is restricted only to emergency dental services. Thus, seniors and adults covered by Medicaid have no access to oral health care outside of an emergency setting; emergency services include the requirement to remove immediate pain and acute infection. He said that the administration and the Alaska Mental Health Trust Authority perceive this as a "tremendous health care problem facing our state." Oral health care is an important piece of health care for individuals and the state needs to invest in preventative measures, he noted. He said that HB 105 allows state Medicaid coverage for preventative and restorative care. In order to provide immediate service, and to keep the proposed program stable as the state addresses the pent-up demand needs, the benefits are capped at \$1,150 per person annually. The cap ensures that each year, over a period of two years, a senior could purchase one-half of a complete set of teeth. The services available at the \$1,150 threshold would cover either: one exam, 4 bitewing radiographs, basic cleaning, 8 restorations and/or extractions; or one exam and an upper or lower full denture. The fiscal note estimates 41,000 adults will be eligible for the expanded Medicaid dental benefits.

COMMISSIONER GILBERTSON relayed that the federal contribution through fiscal year (FY) 2011 will cover approximately 66 percent of the costs for those individuals eligible for 100 percent of federal reimbursement. The state general fund (GF) will constitute 25 percent and the Alaska Mental Health Trust Authority about 9 percent of the matching funds. It is anticipated that the program will be operational the last quarter of FY 06, so costs that year are calculated at approximately 25 percent of the FY 07 costs and adjusted higher to allow for pent up demand, he said. He noted, that over time the Alaska Mental Health Trust Authority commitment to funding the GF portion of the "Medicaid match" will diminish.

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CHAIR WILSON said that when she visits the dentist, she receives more than four x-rays, and the proposed program only covers four bitewings x-rays. She asked if the participating dentists would be informed about the allowable number of x-rays.

[3:38:28 PM](#)

JON SHERWOOD, Medical Assistant Administrator, Division of Finance & Management Services, Department of Health and Social Services (DHSS), relayed that under the HIPAA [Health Insurance

Portability and Accountability Act] rules there is a requirement to ascertain how much of a benefit foreign authorizations have allowed, and essentially obtain the prior authorization and the approval to pay for the service. He relayed that non-electronic methods are also available to check on prior authorization status.

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COMMISSIONER GILBERTSON added that the vast majority of providers require prior authorizations and that most of the transactions are electronic. However, the providers that do not use electronic interaction with the state use telephonic communication.

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COMMISSIONER GILBERTSON, in response to Representative Seaton, relayed that the FY 06 fiscal note reflects the operating cost for one quarter. The pent up demand will take three years to alleviate, after which there will be a more traditional inflation factor for the program. The GF portion will increase at a higher rate because concurrently with the program growth there will be diminishing support from the Mental Health Trust, he said.

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MR. SHERWOOD, in response to Representative Seaton, related that:

The assumption in this fiscal note would be [that] approximately 66 percent of the cost would be federally funded. And that's a combination of the regular match rate and the match rate we would receive from ... [the] 100 percent federal match rate for services provided through tribal facilities, which would be a significant portion.

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COMMISSIONER GILBERTSON related that the calculations for the fiscal note assumed the 50-50 match rate.

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MR. SHERWOOD, in response to Representative McGuire, relayed that the subsection B of version G "refers to the ... base treatment, the treatment people are already eligible for; ... it says that the limits we impose, under the previous paragraph, don't apply to that emergency treatment of dental care, so we wouldn't somehow come in and inadvertently limit and restrict the care we are already offering for these individuals."

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REPRESENTATIVE MCGUIRE reiterated that the only difference between the original HB 105 and Version G is the definition of minimum treatment. She asked what the administration's reasoning was for the definition change.

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MR. SHERWOOD said he did not know.

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COMMISSIONER GILBERTSON, in response to Representative Seaton, related that the "access issue around dental services is a legitimate one" and that while many dentists take Medicaid patients, many do not. The Dental Association of Alaska has stated its reasons for refusing Medicaid, such as reimbursement issues, clients not showing for appointments, and the reluctance of clients to sign the provider agreement required for Medicaid providers. He said that the DHSS is addressing the association's issues with the Department of Law (DOL), in order to provide advisory guidance. He related his belief that the department has gone out of its way to make Medicaid a "good product," He stated that the state needs more providers and more dentists willing to take Medicaid, and offered his belief that the governor's proposal is the right thing to do and it tells seniors, "we care."

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CHAIR WILSON said that one of the reasons many of the dentists complained about Medicaid patients was due to cancelled appointments, and the department should address that issue.

[3:52:50 PM](#)

COMMISSIONER GILBERTSON noted that he would not speak as to the motivations of dentists to treat Medicaid patients, but there

are a variety of reasons. He noted that the U.S. Senator Ted Stevens is very concerned about this problem and he has been "appropriating money" to support the dental health care system by developing dental health aides.

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REPRESENTATIVE McGUIRE said that she would be interested in analyzing the provider agreement because it could be impacted legislatively. She related her belief that the federal government should consider tax write-offs for the providers who treat Medicaid patients, thus creating more incentive for those providers.

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COMMISSIONER GILBERTSON related that he would explore that option, but warned that tax credit issues and their interaction with other aspects of reimbursement policies are complex. During the twenty-third legislative session, Senate Bill 41 was signed into law and mandated that the department must contract a third party to conduct audits under all Medicaid services. He noted that while the provider agreement may be a topic to discuss, the real issue is what is the agency doing to support providers and what are the providers doing to make sure they are increasing access to health care. He concluded that reimbursement issues should be responsive to providers; the supply and demand of health care should be assessed and addressed.

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REPRESENTATIVE GARDNER said that Alaskan rural health care has practitioners that provide cleaning, exams, and basic fillings. She asked if the rural health care providers would be eligible to participate in the Medicaid program.

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COMMISSIONER GILBERTSON said "yes," adding that the rural health care is a federal initiative through Indian Health Services (IHS) and the Alaska Native corporations, and the proposal plan is to use more extender services. The Alaska Native Tribal Health Consortium (ANTHC), alongside the Native corporations, is in the process of utilizing more mid-level professionals, who are the crux of the health care system in rural Alaska, he noted.

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COMMISSIONER GILBERTSON, in response to Representative Seaton, said that the DHSS is currently providing the service for children, but there is no coverage for adults. The proposal would give adults the increased coverage that the children already receive, he noted.

[4:01:45 PM](#)

MR. SHERWOOD, in response to Representative Seaton, related his belief that the DHSS fiscal note did not "factor in an unusual amount for transportation."

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COMMISSIONER GILBERTSON added that the fiscal note should not have to factor in additional transportation costs, since Medicaid is the largest transportation purchaser in Alaska and any reimbursement of transportation services is done through the Medicaid program, so it is a larger leverage of federal dollars.

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REPRESENTATIVE SEATON related the dentists who accept Medicaid patients would continue to service the ones they have, but will not take any new Medicaid patients. Under these circumstances, would any patient under the proposed program have to be transported out of the area? He asked the DHSS to report back to the committee with a response.

[HB 105, Version G, was held over.]

HB 106 - SENIOR CARE PROGRAM

[4:05:51 PM](#)

CHAIR WILSON announced that the final order of business would be HOUSE BILL NO. 106, "An Act establishing the senior care program and relating to that program; creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date."

REPRESENTATIVE ANDERSON moved to adopt the proposed CS for HB 106, Version GH1090\G, Mischel, 2/8/05, as the working document. There being no objection version G was before the committee.

4:06:08 PM

JOEL GILBERTSON, Commissioner, Department of Health and Social Services (DHSS), stated that HB 106 would enhance the SeniorCare program established by the administration. Seniors in Alaska have high prescription drug costs. In 2003, congress passed the Medicare Prescription Drug, Improvement and Modernization Act, which established the Medicare prescription drug benefit for seniors. For clarification purposes Commissioner Gilbertson explained that Medicare is a collection of programs and benefits, and when discussing the prescription drug coverage, Part D is what is referenced. In 2003, Part D was established by congress. In 1965, the origins of the Medicare program, part A and B, were passed. Part A, goes towards insurance coverage for seniors, mainly for in-patient care facility services. Part B, is what most seniors use, and the coverage is for outpatient services. Part C - which was originally called Medicare Plus Choice and was [essentially a form of] Medicaid managed care - has been renamed Medicare Advantage. Part D, is the new benefit, which adds coverage for prescription drugs. Preferential treatment is given to low-income seniors because the federal government covers the premium and the deductible costs. He said that HB 106 will allow the state to transition, extend, and enhance the prescription drug and cash assistance services provided to seniors.

COMMISSIONER GILBERTSON related that the seniors below 135 percent of poverty level - for a single individual receiving a yearly income under \$16,000 and for a couple \$21,000 - will continue receiving cash assistance of \$120 per month, amounting to \$1,440 per year. In addition to the income qualifications there is a liquid asset level, he noted. The Medicare benefit will be extended to those who qualify and their premiums and deductibles will be covered, the value of which is about \$670 per person. Those who qualify will receive the full prescription drug coverage under Medicare Part D. The State expects to serve about 7,000 seniors. However, HB 106 plans to expand coverage for seniors above the 135 percent of poverty level and up to those at 300 percent of poverty level; which is applicable to an individual receiving a yearly income of \$35,000 and a couple receiving \$47,000, with a higher liquid asset level for an individual of \$50,000 and for a couple of \$100,000. He related that the governor's proposal ensures that there will not be a senior in the state who is unable to enroll in Medicare Part D simply because they cannot afford the premium deductible. The governor's proposal plans to pay the premium, monthly

premium, deductible cost for those seniors, and the proposal will serve 10,000 seniors, he noted.

COMMISSIONER GILBERTSON related that the cost of the program for FY 06 could initially be low, because there is still a balance in the SeniorCare trust fund and the program will not go into effect until 2006. However, after FY 06 the program will have a higher cost, and the administration will fund the differences in revenue on a "rolling" basis.

[4:17:33 PM](#)

COMMISSIONER GILBERTSON presented a chart entitled Strengthening and Improving Drug Coverage for Alaska Seniors. The chart compared the "old" SeniorCare prescription drug benefits to the "new" benefits. He pointed out that under the old SeniorCare benefits, seniors up to 135 percent and 150 percent of the poverty level had \$1,000 of drug subsidies; for example, the out of pocket expense for an individual with a high drug cost of \$2,500 would be \$1,500. The out of pocket expense under [HB 106] for the same high drug cost would be \$457, he noted. This reduced out of pocket expense is due to the SeniorCare drug benefit, which covers the premium and deductibles, and the Medicare drug benefit, which covers the Medicare cost of drugs.

[4:21:05 PM](#)

JON SHERWOOD, Medical Assistant Administrator, Division of Finance & Management Services, Department of Health and Social Services (DHSS), in response to Representative Gardner, said that asset limitations are not defined in HB 106, but are established by regulation, which defines assets as liquid assets that could be readily converted to cash within 20 days and could include bank accounts and retirement accounts.

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REPRESENTATIVE GARDNER asked if seniors could own a paid-off home worth \$500,000 and still receive the proposed benefits.

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COMMISSIONER GILBERTSON said that would be correct.

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REPRESENTATIVE GARDNER said:

I find it a little troubling, when they can have ... 300 percent ... of the federally defined poverty level and yet our Denali Kid Care, for children, who would have no other assets whatsoever, have to have under 175 percent of poverty level. So it seems ... we are being far more generous with seniors than we are with children.

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COMMISSIONER GILBERTSON related that there is no "acid test" on Denali Kid Care.

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COMMISSIONER GILBERTSON, in response to Representative Seaton, clarified that Denali Kid Care bases eligibility on income rather than assets.

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COMMISSIONER GILBERTSON, in response to Representative Seaton, pointed to the side of the aforementioned chart, pertaining to those at 135 percent of poverty level and the other side pertaining to those at 300 percent of poverty level. The gap between the first and second side are the individuals that will have access to the prescription drug benefits, and those below the 135 percent of poverty will have the cash assistance.

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COMMISSIONER GILBERTSON, in response to Representative Seaton, related that the charts were used for broad audiences so the numbers are rounded. The fiscal note details the exact projections, he relayed. He said that the state plans to serve about 17,000 seniors, which is [over] 40 percent of the 40,000 seniors in Alaska.

[4:25:34 PM](#)

MR. SHERWOOD, in response to Chair Wilson, explained that the rationale for excluding people from public facilities and other institutions is to prevent the duplication of existing programs. For instance, he said, the state already provides health care for inmates of correctional facilities, and pioneer and veterans

homes have a payment assistance program, which covers health costs.

[4:27:06 PM](#)

COMMISSIONER GILBERTSON relayed that the bill was drafted to extend but not duplicate a benefit already offered by the state, and the state covers prescription drug costs for individuals in facilities.

[4:27:31 PM](#)

COMMISSIONER GILBERTSON, in response to Representative Seaton, related that the administration did not intend to replace longevity payments with SeniorCare benefits. The program will provide service to a host of individuals who are not even eligible for the longevity bonus program, he noted.

[4:28:56 PM](#)

MR. SHERWOOD, in response to Representative Seaton, said when drafting HB 106 the administration did not include the beneficiary client hearings for public assistance programs. The process under AS 7 AAC 49 sets forth hearing rights, processes, and procedures for assistance clients.

[4:30:18 PM](#)

COMMISSIONER GILBERTSON added that during the initial effort there was a conscious decision not to include public assistance determinations.

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COMMISSIONER GILBERTSON, in response to Representative Wilson, noted that the DHSS never operated the longevity bonus program.

[4:31:07 PM](#)

REPRESENTATIVE SEATON raised the issue of appeal hearings.

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COMMISSIONER GILBERTSON stated that the administration is very supportive of streamlining hearings in the "closed" process. The determinations around public assistance benefits are handled

in an integrated, uniform, centralized way through the U.S. Department of Public Health and Social Services, he noted.

[HB 106, Version G, was held over.]

#### **ADJOURNMENT**

[4:32:28 PM](#)

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 4:32 p.m.