

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

February 2, 2005

1:32 p.m.

MEMBERS PRESENT

Senator Fred Dyson, Chair
Senator Gary Wilken, Vice Chair
Senator Lyda Green
Senator Kim Elton

MEMBERS ABSENT

Senator Donny Olson

COMMITTEE CALENDAR

SENATE BILL NO. 60

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

MOVED SB 60 OUT OF COMMITTEE

SENATE BILL NO. 22

"An Act adding birthing centers to the list of health facilities eligible for payment of medical assistance for needy persons."

MOVED SB 22 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 60

SHORT TITLE: EXTEND SUICIDE PREVENTION COUNCIL

SPONSOR(s): SENATOR(s) STEVENS B

01/14/05	(S)	READ THE FIRST TIME - REFERRALS
01/14/05	(S)	HES, FIN
02/02/05	(S)	HES AT 1:30 PM BUTROVICH 205

BILL: SB 22

SHORT TITLE: MEDICAID COVERAGE FOR BIRTHING CENTERS

SPONSOR(s): SENATOR(s) DAVIS, DYSON

01/11/05	(S)	PREFILE RELEASED 12/30/04
01/11/05	(S)	READ THE FIRST TIME - REFERRALS
01/11/05	(S)	HES, FIN

01/19/05 (H) HES AT 1:30 PM SENATE FINANCE 532
01/19/05 (S) Heard & Held
01/19/05 (S) MINUTE(HES)
01/26/05 (S) HES AT 1:30 PM BUTROVICH 205
01/26/05 (S) -- Meeting Canceled --
02/02/05 (S) HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Pat Davidson
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POSITION STATEMENT: Supports SB 60

Kathryn Craft
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POSITION STATEMENT: Supports SB 60

Murry Butler MD
Cordova Community Medical Center
Cordova, AK
POSITION STATEMENT: Supports SB 22

Jennifer Heller RN
Ilanka Health Center
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POSITION STATEMENT: Supports SB 22

Holly Steiner
New Life Midwifery
Wasilla, AK 99654
POSITION STATEMENT: Supports SB 22

Barbara Norton
Geneva Woods Birth Center
3730 Rhone Circle STE 102
Anchorage, AK 99508
POSITION STATEMENT: Supports SB 22

Jack Nielson
Department of Health & Social Services
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POSITION STATEMENT: Neutral on SB 22

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POSITION STATEMENT: Neutral on SB 22

Sharon Evans
Mat-Su Midwifery
2650 Broadview Ave.
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POSITION STATEMENT: Supports SB 22

Dana Brown
Alaska Family Health & Birth
753 Gaffney Rd.
Fairbanks, AK

POSITION STATEMENT: Supports SB 22

Kaye Kanne
Midwife's Association of Alaska Outdoor Council
PO Box 22256
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POSITION STATEMENT: Supports SB 22

Jack Jacobs, MD
Anchorage, AK

POSITION STATEMENT: Opposes SB 22

ACTION NARRATIVE

CHAIR FRED DYSON called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:32:24 PM](#). Present were Senators Gary Wilken, Lyda Green, and Kim Elton. Senator Olson was excused.

SB 60-EXTEND SUICIDE PREVENTION COUNCIL

[1:33:26 PM](#)

SHANNON STRAUBE, staff to Senator Ben Stevens, introduced SB 60, which would extend the termination date of the council from June 30th 2005 to June 30 2006. Senator Ben Stevens submitted the bill and the legislative audit recommended the extension.

[1:34:53PM](#)

KATHY CRAFT, Suicide Prevention Council coordinator, Department of Health and Social Services (DHSS), offered a brief update on the council. She advised the goals this year are to broaden the awareness of suicide and the risk factors, to enhance prevention services, to develop healthy communities, and to strengthen existing and build new partnerships between public and private entities that will advance suicide efforts in Alaska.

[1:36:13 PM](#)

The Suicide Prevention Council has a contract with the Alaska Injury Prevention Center for a study involving psychological autopsies. They work with the Department of Public Safety to obtain information on individuals who commit suicides. After an appropriate mourning time, they contact the families to see if they would contribute to the study. They have asked for an extension of the study, which ends June 30, 2005 so they can gather more information. The study collects information such as suicide rates by age group, methods of suicide, substance abuse involvement, ethnicity, and urban vs. rural.

[1:37:51 PM](#)

MS. CRAFT said they have plans to train communities for when suicide becomes an issue, what the community can do. They have started a public awareness campaign titled "Suicide Hurts", and have had posters printed. They have drafted television and radio scripts but are lacking funds to complete the effort. They are working on continuing the clergy initiative, which brings the prevention treatment together with clergy. The annual report will be submitted in two weeks.

[1:39:19 PM](#)

CHAIR DYSON asked who is able to speak regarding the graphs and trends in the packet submitted to the committee.

MS. CRAFT answered she is.

CHAIR DYSON asked when should the state expect to see reductions in the suicide rate.

MS. CRAFT answered it depends on economics and services available. She said in 2004 the rate did increase.

CHAIR DYSON asked when the council was created.

MS. CRAFT advised it was 2002.

[1:41:29 PM](#)

CHAIR DYSON asked Ms. Craft about next year's goal in suicide reduction.

MS. CRAFT advised the council would like a 10 percent reduction in 2005.

CHAIR DYSON asked which state departments partner in the effort to reduce statewide suicide rate.

MS. CRAFT replied the Department of Health and Social Services, the Division of Behavioral Health and Public Health, the Trust Authority, the Mental Health Board, the Advisory Board on Alcoholism and Drug Abuse, the Governor's Council on Disabilities and Special Education, the Alaska Commission on Aging, and the new Faith-based Community Initiative Forum.

CHAIR DYSON asked about the Department of Education, the school system and the police department.

MS. CRAFT agreed those entities would also serve to promote their efforts.

CHAIR DYSON asked for other questions.

[1:43:18 PM](#)

CHAIR DYSON complimented the efforts of the council and asked if it was still disproportionately rural native males committing suicide.

MS. CRAFT answered yes. It is also disproportionately people in their 20s. She hopes that once the structured training and the media campaign begin they will see positive results.

[1:45:19 PM](#)

CHAIR DYSON asked the percentage of suicides involving mind-altering drugs.

MS. CRAFT replied 73 percent for those with a history of substance abuse, but the total is 62 percent.

CHAIR DYSON asked whether the suicide rate would be reduced if firearms were not available.

MS. CRAFT answered they plan to address firearm security in their community training efforts.

[1:47:50 PM](#)

SENATOR LYDA GREEN asked how the council is faring overall.

MS. CRAFT advised they are involved in writing proposals and working with community-based suicide prevention planning. They are working with the Division of Behavioral Health to incorporate a plan into their grant responses. The council and DHSS are working on a formal system regarding the budget.

[1:49:47 PM](#)

CHAIR DYSON asked Pat Davidson to explain the money spent on furniture and the money transferred to the Terminal Leave and Insurance Catastrophe Working Account.

PAT DAVIDSON, Division of Legislative Audit representative advised Chair Dyson that DHSS used approximately \$30,000 to buy furniture for information technology services. There was no direct benefit to the suicide prevention council. There is a provision in statute that when you have joint costs, then everyone pitches in. She added there is a format for using joint funds that was not followed and she advised that would be addressed in the statewide financial audit.

[1:51:57 PM](#)

CHAIR DYSON asked whether the council had any control of DHSS's decision to use the council's money.

MS. DAVIDSON replied no. The budget act appropriation term is Boards and Commissions. There is the ability to move monies within the appropriation but DHSS did not follow the guidelines. A contributing factor is unclear financial information between the department responsible for administering funds and the council. The council was impaired by a lack of financial understanding, which is why almost \$95,000 lapsed at the end of the year.

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MS. DAVIDSON explained the transfers into the Terminal Leave and Insurance Catastrophe Reserve Fund are existing statutory provisions for otherwise lapsing funds to refill reserve accounts. She added that the council did not know where they were financially.

SENATOR KIM ELTON asked Ms. Davidson if there are mechanisms available to allow for reimbursement back to the council.

MS. DAVIDSON replied that an appropriation is an opportunity to spend money. If the council doesn't spend the money they lose

it. The Legislature could increase the current year budget and the council could have the opportunity to access the funds that were lost.

[1:56:39 PM](#)

SENATOR ELTON asked if there is a mechanism to redress one unit spending the money allocated to another unit.

MS. DAVIDSON answered that a possible recommendation is the department could appeal the appropriation. She recommends in future years, the DHSS administrative department take responsibility for financial communications to the council.

SENATOR GREEN asked Ms. Davidson if allocations and appropriations could be more clearly defined in the future.

MS. DAVIDSON answered that by statute, agencies are allowed to move money within an appropriation.

CHAIR DYSON asked the council to get back to the committee with a reasonable performance target for the future.

[1:59:38 PM](#)

CHAIR DYSON said the suicide rates in the State of Alaska are 2-3 times the national average. The council needs to show that it makes a difference.

[2:01:03 PM](#)

SENATOR GREEN suggested to the council that they include their mission and plan in their publication.

[2:03:17 PM](#)

SENATOR GREEN moved SB 60 from committee with individual recommendations and attached fiscal note. There being no objection, the motion carried.

[2:03:49 PM](#)

SB 22-MEDICAID COVERAGE FOR BIRTHING CENTERS

[2:04:43 PM](#)

RICHARD BENAVIDES, staff to Senator Bettye Davis introduced SB 22 and said Senator Davis feels strongly that SB 22 will help control Medicaid costs. He added the facility fees for birthing centers would always be lower than the hospital fees mainly because birthing center births were low risk pregnancies.

CHAIR DYSON said the information he has seen indicates facility charges for birthing centers and hospitals are comparative.

[2:06:22 PM](#)

MR. BENAVIDES submitted new information regarding cost comparisons. He cited from the packet that Geneva Woods Birthing Center, (Geneva Woods) charges a \$1,500 facility fee, and Providence Hospital facility fee is \$4,000 excluding the doctor's fee.

[2:07:50 PM](#)

CHAIR DYSON asked whether the hospital fee adds \$1,000 for the second night.

MR. BENAVIDES confirmed that and added there is no second night at a birthing center because they are generally uncomplicated births.

[2:09:07 PM](#)

CHAIR DYSON stated uncomplicated births with prepared parents at a birthing center are adequate health care. He said the argument is without the birthing center facility charge being Medicaid reimbursement eligible, many poor people will have to choose the more expensive hospital option, which then is Medicaid reimbursable. He asked if any jurisdictions require birthing centers have a formalized relationship with a hospital.

MR. BENAVIDES explained regarding complications, the mother would transfer to a hospital.

[2:11:13 PM](#)

CHAIR DYSON noted many doctors and facilities have a formalized relationship with a hospital. He expects the committee action will be to refer SB 22 to the finance committee, which will then deal with the more complicated issues such as the risk of SB 22 accelerating the Medicaid costs.

[2:12:08 PM](#)

CHAIR DYSON called Dr. Murray Butner to testify.

MURRAY BUTNER, MD, Cordova Community Medical Center, testified that he has tried to refer some of his Denali Kid Care patients to birthing centers but was informed that Denali Kid Care would not cover the facility fee, thereby precluding the women from choosing that option. He believes that SB 22 will save the state substantial amounts of money.

CHAIR DYSON asked Dr. Butner if he had his child delivered in a birthing center.

[2:14:55 PM](#)

DR. BUTNER answered yes. He stated his extensive knowledge of the birthing process allowed him to choose the option. There are pros and cons of birthing center births and of hospital births but he expressed his opinion there should be an option for Medicaid recipients.

CHAIR DYSON referred to a note he was handed that said state Medicaid pays hospitals a reduced fee.

DR. BUTNER said he believes that to be true. He suggested that somebody compare the facility costs and all associated fees with the birthing center fee to get a true contrast.

[2:16:49 PM](#)

JENNIFER HELLER, registered nurse, Ilanka Health Center, testified she called Providence Hospital and was quoted \$3400 for the facility fee. The facility fee is \$1500 at Geneva Woods. Her support for SB 22 is based on providing choices for women.

[2:18:09 PM](#)

HOLLY STEINER, New Life Midwifery representative stated she is a labor delivery nurse and a certified midwife. She clarified that the birth center fee is a one-time fee, which does not multiply the next day. It is rare to have someone stay longer than 24 hours. Her practice turns women away on a regular basis that cannot afford the midwife fee. These women want the birthing center service but are not afforded that option. Her experience is the same women are charged \$10,000 by the hospital for their births. Since Medicaid is paying for this, it is costing the state unnecessarily.

[2:20:04 PM](#)

Statistics show that midwifery care has been proven around the world. The goal is not to make money but to provide good care to women and decrease the infant mortality rate. Since 1997 statistics show a rise in midwifery births in the Mat-Su area. Since 2002 they have opened up one new birth center and three new midwifery businesses in the valley. In Juneau and Anchorage, statistics show the same pattern. In the long run this would definitely save the state money.

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CHAIR DYSON informed the room that SB 22 would pass out of committee today and those who want to testify may wait for the hearing in the Senate Finance Standing Committee.

[2:22:54 PM](#)

BARBARA NORTON, Geneva Woods Birth Center representative, testified Geneva Woods has a written transfer agreement with Providence Hospital. It is a requirement for their national accreditation. She stated that while the facility charges for the hospital may be contracted at a lower rate, intervention increases costs with unnecessary procedures such as epidurals and induced labor. The national Cesarean section rate is 27 percent, while birthing center Cesarean rate is between 3-6 percent in Alaska. She believes midwifery care decreases the risk of Cesarean sections, thereby saving costs. The State of Florida Legislature passed a bill several years ago with a goal of having a midwife attend 25 percent of births because they recognized the significant cost savings. She wants to ensure that low-income women are not being denied the opportunity to have low intervention births.

[2:25:58 PM](#)

SENATOR GREEN asked Ms. Norton to clarify her reference to insurance companies.

MS. NORTON said most insurance companies pay 80 percent but some insurance companies pay 100 percent of the birthing center facility fees because they want to encourage people to use that option.

SENATOR GREEN cautioned the committee not to overlook the possibility that the federal government would not reimburse the state for birthing center fees.

[2:27:36 PM](#)

CHAIR DYSON said he considered the option of making SB 22 conditional that Medicaid be available for birthing centers that have an agreement with a hospital or as part of the national accreditation.

[2:28:21 PM](#)

CHAIR DYSON asked Jack Nielson when his department would finish the regulations for birthing centers.

JACK NIELSON, Department of Health and Social Services (DHSS) stated that once the law is passed making birthing centers a covered service, DHSS would put together regulations for the

reimbursement methodology. He commented the department is unsure of federal approval. It could be a time consuming process and it could be a general fund program.

[2:29:37 PM](#)

SENATOR GREEN agreed with Chair Dyson that it was a good idea to make SB 22 contingent on federal approval for the waiver for inclusion.

CHAIR DYSON advised Jack Nielson and Jerry Fuller he understood DHSS was coming forth with regulations for birthing centers and that is wasn't contingent on SB 22.

JERRY FULLER, Department of Health and Social Services (DHSS) referred to legislation passed last year, which moved birthing centers from a registration process to a licensing process. He is not sure where DHSS is in accomplishing that.

CHAIR DYSON asked him to find out where the process is.

[2:30:52 PM](#)

MR. FULLER advised DHSS is neutral on SB 22 and he and Mr. Nielson were there to answer questions.

SHARON EVANS, midwife at Mat-Su Midwifery, testified in 2004, 218 Denali Kid Care births were done by five birth centers in the Anchorage area. Her position is the state would save approximately \$2500 per patient if SB 22 becomes law. Based on these numbers the state would have saved \$545,000 just on the 218 births alone, excluding the supplemental hospital costs.

[2:33:12 PM](#)

She asked the committee to support SB 22 so that needy women will have options and the State of Alaska would save money.

[2:34:15 PM](#)

KAYE KANNE, Midwife's Association of Alaska representative, addressed the issue of the federal government not matching funds and advised the association would continue to work with the federal government regarding recognition of birthing centers. Meantime the state would still realize a savings. The hospital facility fee does not include mandatory fetal monitoring, IVs, epidurals, and Cesarean section rates. The hospital in Juneau charges a minimum of \$10,000, not including the physician fee. She advised that Shelby Larsen is the contact person at the state regarding drafting of the birthing center regulations and that the association is part of that project. DHSS is involved

in a major regulation project and the birthing centers would be part of that but it would take time to complete.

[2:37:36 PM](#)

SENATOR ELTON confirmed the major regulation project at DHSS.

[2:38:30 PM](#)

JACK JACOB, MD, and newborn specialist advised the committee to ask critical questions. He said the statistics that he has heard from the birthing centers are incomplete regarding costs. He asked the committee to take into account the complications that occur from birthing center births.

[2:40:19 PM](#)

DR. JACOBS said in his experience there is nothing unsafe about birthing center births. What is unsafe is the infrastructure in the United States. Other countries have created sound infrastructure regarding safe practices. His impression is that the birthing centers do deliver high-risk mothers. He advised the committee to gather more information regarding complication rates and death rates.

[2:42:04 PM](#)

CHAIR DYSON asked Dr. Jacobs whether he is inferring that birthing centers contribute to higher death rates.

DR. JACOBS answered if patients are screened correctly and if they are low risk patients, then the death rate should be zero.

CHAIR DYSON asked Dr. Jacob if he knew of any cases where complications were exacerbated because the mother went to a birthing center.

DR. JACOBS answered yes and said it is because appropriate screening and infrastructure does not exist.

CHAIR DYSON asked Dr. Jacobs if he would recommend birthing centers have a formal relationship with a hospital.

DR. JACOB responded that the issue is complex. There are a few highly urban countries in Europe that have a good model.

Chair Dyson asked Dr. Jacobs if he is inferring that birthing centers should be close to a hospital.

[2:44:50 PM](#)

DR. JACOBS replied if a birthing center is not close to a hospital, there needs to be specific plan.

CHAIR DYSON announced a brief recess for discussion.

[2:45:31 PM](#)

CHAIR DYSON called the committee back on record.

[2:46:34 PM](#)

SENATOR WILKEN moved SB 22 out of committee with individual recommendations and attached fiscal note. He added his concern regarding cost. He stated the Denali Kid Care program costs the state far beyond what was expected. The Medicaid climate incurs extraordinary costs out of the general fund budget.

[2:48:41 PM](#)

SENATOR ELTON offered the Senate Finance Standing Committee would look at costs given the explosion in health care costs and additional fees charged at facilities. He believes increasing options introduces a competitive business. He stated his estimation is that SB 22 would save the state money.

[2:50:21 PM](#)

CHAIR DYSON recognized no objections and SB 22 moved out of committee.

There being no further business to come before the committee, Chair Dyson adjourned the meeting at [2:50:35 PM](#).