

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

March 15, 2007

3:02 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Bob Roses, Vice Chair
Representative Anna Fairclough
Representative Mark Neuman
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Bob Buch
Representative Les Gara
Representative Andrea Doll
Representative Bill Stoltze

COMMITTEE CALENDAR

HOUSE BILL NO. 159

"An Act relating to the issuance of a certificate of birth resulting in a stillbirth."

- MOVED CSHB 159(HES) OUT OF COMMITTEE

HOUSE BILL NO. 2

"An Act relating to the vocational education account and appropriations from that account; and providing for an effective date."

- MOVED HB 2 OUT OF COMMITTEE

HOUSE BILL NO. 140

"An Act expanding medical assistance coverage for eligible children and pregnant women; relating to cost sharing for certain recipients of medical assistance; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 159

SHORT TITLE: STILLBIRTH CERTIFICATE

SPONSOR(S): REPRESENTATIVE(S) GATTO

| | | |
|----------|-----|---------------------------------|
| 02/28/07 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/28/07 | (H) | HES, JUD |
| 03/06/07 | (H) | HES AT 3:00 PM CAPITOL 106 |
| 03/06/07 | (H) | Heard & Held |
| 03/06/07 | (H) | MINUTE(HES) |
| 03/15/07 | (H) | HES AT 3:00 PM CAPITOL 106 |

BILL: HB 2

SHORT TITLE: VOCATIONAL EDUC ACCOUNT

SPONSOR(S): REPRESENTATIVE(S) NEUMAN

| | | |
|----------|-----|---------------------------------|
| 01/16/07 | (H) | PREFILE RELEASED 1/5/07 |
| 01/16/07 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/16/07 | (H) | HES, FIN |
| 03/15/07 | (H) | HES AT 3:00 PM CAPITOL 106 |

BILL: HB 140

SHORT TITLE: MEDICAL ASSISTANCE ELIGIBILITY

SPONSOR(S): REPRESENTATIVE(S) GARA

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|----------|-----|---------------------------------|
| 02/15/07 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/15/07 | (H) | HES, FIN |
| 02/28/07 | (H) | SPONSOR SUBSTITUTE INTRODUCED |
| 02/28/07 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/28/07 | (H) | HES, FIN |
| 03/15/07 | (H) | HES AT 3:00 PM CAPITOL 106 |

WITNESS REGISTER

SANDRA WILSON, Staff
to Representative Carl Gatto
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 159 on behalf of
Representative Carl Gatto, sponsor.

REX SHATTUCK, Staff
to Representative Mark Neuman
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 2 on behalf of Representative Mark Neuman, sponsor.

BOB POE, President

Anchorage Economic Development Corporation

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 2.

LAMONT ALBERTSON, Retired School Administrator

Bethel, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 2.

REPRESENTATIVE LES GARA

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As the sponsor, presented HB 140.

BRENDA MOORE, Member

Alaska Mental Health Board;

Chair

Alaska's Covering Kid's Coalition

Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 140.

JODY BUTTO, M. D., President

Alaska Chapter

American Academy of Pediatrics

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 140.

MONICA GROSS, M. D., Fellow

American Academy of Pediatrics

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 140.

KARLEEN JACKSON, Commissioner

Department of Health & Social Services (DHSS)

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 140.

JANET CLARKE, Assistant Commissioner

Central Office

Finance and Management Services

Department of Health & Social Services (DHSS)

Juneau, Alaska

POSITION STATEMENT: Answered a question during the hearing on HB 140.

JERRY FULLER, Project Director
Office of Program Review
Office of the Commissioner
Department of Health & Social Services
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 140.

JON SHERWOOD, Medical Assistant
Office of Program Review
Office of the Commissioner
Department of Health & Social Services
Juneau, Alaska

POSITION STATEMENT: Answered a question during the hearing on HB 140.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social Services Standing Committee meeting to order at [3:02:26 PM](#). Representatives Wilson, Neuman, Seaton, and Fairclough were present at the call to order. Representatives Roses, Gardner, and Cissna arrived as the meeting was in progress.

HB 159-STILLBIRTH CERTIFICATE

[3:03:03 PM](#)

CHAIR WILSON announced that the first order of business would be HOUSE BILL NO. 159, "An Act relating to the issuance of a certificate of birth resulting in a stillbirth."

[3:05:12 PM](#)

REPRESENTATIVE SEATON moved to adopt CSHB 159 Version 25-LS0647\C, Mischel, 3/7/07, as the working document. There being no objection, Version C was before the committee.

[3:05:23 PM](#)

SANDRA WILSON, staff to Representative Carl Gatto, Alaska State Legislature, speaking as the sponsor, introduced Version 25-LS0647\C, Mischel, 3/7/07. She informed the committee that the

intent of HB 159 is to provide a birth certificate to parents of stillborn children. As the law stands now, parents only receive a death certificate. Ms. Wilson said that the Version C makes two changes to the original bill. The first change will add the words "not proof of live birth" to the certificate. The second change will allow parents to obtain a certificate of stillbirth for a stillbirth prior to the effective date of the bill.

[3:06:30 PM](#)

REPRESENTATIVE ROSES stated his satisfaction with the revisions and announced his support for the bill.

[3:07:15 PM](#)

REPRESENTATIVE FAIRCLOUGH expressed concern for the parents involved in this type of situation, acknowledged the issues that have been successfully addressed, and stated her support for the bill.

[3:08:10 PM](#)

REPRESENTATIVE FAIRCLOUGH moved to report CSHB 159, Version 25-LS0647\C, Mischel, 3/7/07, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection CSHB 159(HES) was reported from the House Health, Education and Social Services Standing Committee.

HB 2-VOCATIONAL EDUC ACCOUNT

[3:08:42 PM](#)

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 2, "An Act relating to the vocational education account and appropriations from that account; and providing for an effective date."

[3:09:35 PM](#)

REX SHATTUCK, staff to Representative Mark Neuman, Alaska State Legislature, speaking on behalf of the sponsor, introduced HB 2, which creates a vocational education account in the general fund (GF). Mr. Shattuck said that HB 2 will provide an opportunity for businesses to help create opportunities for secondary school students by supporting vocational education in anticipation of future construction projects in the state. The bill will allow gifts, bequests, and contributions to the fund that will be

directed by the commissioners of the Department of Labor & Workforce Development (DLWD) and the Department of Education and Early Development (EED).

[3:11:03 PM](#)

REPRESENTATIVE NEUMAN stated that this bill has taken two years to draft. The past and present commissioners of the DLWD and the EED, and their departments, have been consulted and support HB 2. He explained the importance of vocational skills to the applied sciences of math and reading, and noted that the lack of vocational education has affected rural Alaska primarily. Representative Neuman said that the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), the electrical unions, and other construction industry organizations fully support this aid to vocational education. HB 2 will allow private industry to fund vocational education in the public schools, without violating the state constitution's prohibition of dedicated funds, and will also meet the federal No Child Left Behind mandate. He explained that HB 2 has four functions. The bill will create a vocational education account that holds funds separate from special education. In addition, the bill provides for the acceptance of tax exempt contributions from the industry toward the vocational educational account. The language of the bill will allow participation throughout the state and includes courses taught at the secondary and postsecondary levels of education.

[3:16:06 PM](#)

REPRESENTATIVE NEUMAN further explained how HB 2 will reach every child in the state. He is working with every school district to identify its needs in vocational education. Using this information, private industry can be called upon to respond by funding the vocational education account. For example, the McGrath school has a metal shop that is not being utilized; no instructor. The McGrath School could receive funds from the account to support a metal shop teacher and, thereby, reinstate shop classes. The DLWD can contact industry across the state to respond to the needs of the local schools. This will provide funds to reach every child in Alaska. If someone in the community has an expertise, as established by DLWD, and in consultation with the EED, a qualified lay person could teach vocational classes. Currently the state holds standards for core subjects. If a non-certificated instructor and the EED can set up a curriculum to meet the grade appropriate levels in the

core subjects, funding provided by this bill will pay for the instructor's salary and teaching materials.

[3:22:20 PM](#)

REPRESENTATIVE NEUMAN provided a personal story of the benefits from vocational education. He went on to say that unions and private industry do provide apprenticeship programs; however, exposure at the high school level is a critical step towards motivating a student to pursue his/her interest in a future career. He pointed out that the bill also includes vocational training programs and courses taught at the secondary and postsecondary level of education.

[3:24:37 PM](#)

REPRESENTATIVE NEUMAN reiterated that this bill accomplishes four major purposes: allows for the vocational educational account; allows for gifts, bequests, and contributions from private industry; is accessible to every high school student in the state; is accessible to every secondary and postsecondary student in the state. He stressed that the language is brief, so as not to tie the hands of the departments involved, who are the experts on implementation and regulation of the bill.

[3:26:19 PM](#)

CHAIR WILSON asked how private industry, such as BP Exploration (Alaska) Inc., would give a particular school money.

REPRESENTATIVE NEUMAN answered that private industry can make a donation to any school now. However, with the existence of the vocational educational account, they can direct the funds to a certain purpose and they may receive a federal tax deduction.

[3:27:06 PM](#)

REPRESENTATIVE FAIRCLOUGH stated that there is also a corporate income tax bill that will address deductions for donations to schools. She continued to say that this other bill may provide an additional incentive to those who support the vocational educational account.

REPRESENTATIVE NEUMAN added that this type of account would allow the governor to more easily direct available funds through the Department of Revenue (DOR) to vocational education.

REPRESENTATIVE FAIRCLOUGH stated that private foundations and corporations are able to support municipalities and other government agencies, in a similar fashion.

[3:28:58 PM](#)

REPRESENTATIVE SEATON said that the structure of the bill is that the money would be brought into the general fund and the commissioners will determine which schools receive the funds. He opined that it is not clear that a corporation could identify a particular school to contribute to, and support that interest directly.

[3:30:05 PM](#)

CHAIR WILSON provided permission to Representative Neuman to outline the parallel bill.

[3:30:43 PM](#)

REPRESENTATIVE NEUMAN responded that, under the terms of the related bill, corporate funds can be directed to a specific school, or program, and be eligible for a federal tax deduction. HB 2 will allow the commissioners of DLWD, EED, and DOR to set up the working structure and insure that politics will not become involved in the distribution of the vocational education account.

[3:32:28 PM](#)

CHAIR WILSON asked how a corporation can be assured that their funds will be directed to a specific purpose.

REPRESENTATIVE NEUMAN explained that HB 61 will provide a 50 percent corporate tax credit, on benchmark amounts, as an incentive for contributions to vocational education. He said that from millions of dollars of corporate taxes paid to the state, a small amount of private industry money, paid through HB 2, will be dedicated to supporting vocational education.

[3:34:39 PM](#)

REPRESENTATIVE SEATON described the structure of the bill as providing that corporations "A" and "B" will donate funds to the state of Alaska and the commissioners will have a statewide program drawing from that fund. He confirmed that the account is not specific to, for example, the intent of ConocoPhillips

Alaska, Inc., providing funds to train welders. The commissioners of EED and DLWD will be making the decisions on the programs that will be funded.

[3:35:49 PM](#)

REPRESENTATIVE NEUMAN affirmed that HB 2 will be the first statute requiring two departments to work together. The commissioners will coordinate the needs of the schools and prioritize the distribution of funds. He stressed that this could help to plan for future workers needed in particular areas, and the bill provides the flexibility to define those needs.

[3:37:57 PM](#)

REPRESENTATIVE ROSES observed that the concept of the bill is worthy but the application process seems difficult. He opined that the bill will be set up in a grant structure. If it becomes a grant situation, often those with matching funds are the first to receive additional funding. He stated that this may be an unintended consequence of the bill, but it is important to identify how this fund will be distributed.

[3:40:08 PM](#)

REPRESENTATIVE NEUMAN replied that the best answer is that the commissioners will set up the regulations and structures for distribution because they have the expertise.

REPRESENTATIVE ROSES asked whether there is language in the bill authorizing the commissioners of EED and DLWD to set the program up, and then come back to the legislature for approval of the program.

REPRESENTATIVE NEUMAN said no.

[3:41:17 PM](#)

REPRESENTATIVE FAIRCLOUGH suggested the committee take public testimony.

[3:42:04 PM](#)

BOB POE, President, Anchorage Economic Development Corporation (AEDC), began his testimony by indicating his organization's support for HB 2. He stated his agreement, also, with many of

the important points previously discussed. The AEDC is concerned with Alaska's ability to have qualified workers available when large projects, such as the gas pipeline, get underway. Anchorage and Fairbanks are growing job markets today and many companies have concerns about finding qualified workers, especially to replace retirees. Mr. Poe said that the AEDC sponsored the Alaska Workforce Development Conference in October, 2006, to address this challenge. As a result of the conference, four action statements were developed. First, establish a career and technical education outreach program with tax benefits to employers. Secondly, expand the capabilities of the Alaska Labor Exchange System (ALEXsys). Next, establish an articulated career and technical education program. Finally, the governor and legislature should restructure the Alaska Workforce Investment Board (AWIB). He stressed that a workforce development program must include the elements of state offices, labor, universities, and the private sector. Mr. Poe concluded by saying that investment by the legislature in educational programs for workforce development is an investment in future revenue.

[3:49:56 PM](#)

LAMONT ALBERTSON informed the committee that he has lived and worked in Aniak and Bethel for 40 years. He provided a brief history of working as a teacher and school administrator in the state. He stated his support for HB 2, citing how vocational classes are not being offered in rural areas, even though the jobs available there require vocational skills. He opined that this bill would "go a long way" in providing these opportunities and will be supported by private industry.

[3:51:53 PM](#)

REPRESENTATIVE SEATON asked whether every school across the state would have a shop, or whether money would be directed to a specific school by a corporation.

MR. ALBERTSON expressed his belief that the political process is such that if a corporation worked with the commissioners, the instructors would be placed where they are needed.

REPRESENTATIVE SEATON stated his belief that vocational education is needed across the state and the testimony seems to indicate that money from businesses will be directed to specific programs. He said that HB 2 does not set out the direction of the funding.

[3:54:03 PM](#)

MR. ALBERTSON replied that the programs are needed throughout the state, but vocational education is not a part of the core curriculum. HB 2 will support students by training them locally and, thereby, enabling them to stay and work in the area where they were raised.

[3:55:06 PM](#)

CHAIR WILSON closed public testimony.

[3:55:19 PM](#)

CHAIR WILSON expressed her belief that the bill needs to clarify how a corporation can donate directly to a specific school.

[3:56:37 PM](#)

REPRESENTATIVE NEUMAN recalled that he also attended the Alaska Workforce Development Conference and suggested that a workforce development board may be the appropriate entity to help distribute the funds. The bill will establish legislative intent and, yet, allow the departments to develop regulations without political problems, such as cost differentials. Representative Neuman informed the committee that Dick Luther, Special Assistant, Office of the Commissioner, Department Education and Early Development, will be contacting him to work on structuring the programs.

[3:58:29 PM](#)

REPRESENTATIVE CISSNA recalled that legislative intent is not always correctly interpreted at the administrative level. It is essential that any programs that are made available by these funds are distributed in a fair way. She encouraged the sponsor to look for ways to answer the questions about the bill.

[4:01:17 PM](#)

REPRESENTATIVE FAIRCLOUGH emphasized that HB 2 will create a line item account, not a public fund trust account. This bill proposes a line item account similar to the Railbelt energy fund. Page 1, line 12, [subsection] (a) states that money may be appropriated by the legislature to the state or political subdivision. She stated that Representative Neuman has

presented his thoughts about the use of the funds, but the department administering the funds will develop the regulations and submit them for public and legislative comment. On page 2, HB 2 stipulates that the commissioner of the DLWD, in consultation with the commissioner of the EED, will be approving programs and courses. Representative Fairclough pointed out that the sponsor is not creating the structure or framework for programs through this bill, but is creating a repository for private industry's participation in vocational education. She proposed that this committee forward the bill to the finance committee, as the legislature has total control over a line item in the general fund through the budget and appropriation process.

[4:04:25 PM](#)

REPRESENTATIVE FAIRCLOUGH moved to report HB 2, 25-LS0006\C, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE CISSNA objected.

[4:04:48 PM](#)

REPRESENTATIVE CISSNA expressed her understanding that a simple line in the budget could have school funding matters attached to it.

[4:05:15 PM](#)

CHAIR WILSON also stated her reservations about how this fund would be distributed.

[4:05:47 PM](#)

REPRESENTATIVE NEUMAN affirmed that the bill makes a repository for private corporation funding to support vocational education.

REPRESENTATIVE FAIRCLOUGH reiterated that the bill is a line item to create a fund for deposit. She pointed out that, if no one donates, there will be no funds; however, if a corporation would like to support vocational education, then the repository will be available. She added that a memorandum of understanding could be developed in any region to create partnerships with private industry, local schools and state government. The funds will not be distributed without the approval of the legislature.

She suggested that the House Finance Committee will be able to determine whether further regulation is needed.

[4:08:45 PM](#)

REPRESENTATIVE SEATON observed that, as HB 2 is to establish a fund and not a program, perhaps there is no confusion, and stated his support for the bill.

[4:09:31 PM](#)

CHAIR WILSON agreed.

[4:09:53 PM](#)

REPRESENTATIVE CISSNA removed her objection with a comment. She then remarked:

One of the real tragedies in Alaska ... is that ... throughout Alaska, in the smallest community's ... schools, there are essentially buildings that are almost like museums, of all the different phases of technology ... that were brought into the areas at some time. ... Those small communities wind up receiving millions of dollars, oftentimes, in those things that never were really ... thought through. ... This will be yet another possible continuation of that....

[4:12:17 PM](#)

There being no further objection, HB 2 was reported out of the House Health, Education and Social Services Standing Committee.

HB 140-MEDICAL ASSISTANCE ELIGIBILITY

CHAIR WILSON announced that the final order of business would be HOUSE BILL NO. 140, "An Act expanding medical assistance coverage for eligible children and pregnant women; relating to cost sharing for certain recipients of medical assistance; and providing for an effective date."

[4:13:18 PM](#)

REPRESENTATIVE LES GARA, Alaska State Legislature, speaking as the sponsor, informed the committee that the goal of the bill is to ensure that every child in the state has health insurance.

He said HB 140 will provide health care to children whose parents work, but who do not have health insurance. Representative Gara opined that this issue finds common ground with his fellow legislators. This legislation follows what six other states have done, and that is to expand coverage to families that earn up to 200 percent of the federal poverty guideline. He noted that only two other states provide health coverage to residents at a lower level than Alaska. In addition, HB 140 leverages federal funding and will only cost approximately \$6 million to extend available health care coverage to every child in the state. Representative Gara warned that, without improvements, Denali Kid Care will lose federal eligibility under the federal Children's Health Insurance Program (CHIP). The CHIP program requires that states extend insurance coverage to those living at 150 percent of the poverty level and, due to Alaska's fixed income level established in 2003, inflation continues to reduce the percentage. In Alaska, the poverty level is currently at 156 percent, and is expected to lower to 150 percent in the next one to two years.

[4:16:04 PM](#)

REPRESENTATIVE GARA explained the coverage of Denali Kid Care, and noted that 500 children have been deemed ineligible based on the poverty level changes due to inflation. Representative Gara relayed that the cost of uninsured patients in Anchorage hospitals is \$90 million per year. This loss is only recovered by transferring higher costs to other consumers. In Alaska, 18,000 children are uninsured and about one-half of them are in families that earn 200 percent of the poverty level. In addition, one-third of uninsured children do not receive routine medical care. Over the last decade, Alaska has seen a 31 percent decline in the number of children covered by private health insurance. HB 140, along with 70 percent federal funding through Denali Kid Care, will provide free health insurance to children whose families are living at 200 percent of the poverty level. Above the 200 percent poverty level, families can buy insurance through Denali Kid Care for a sliding fee. He noted that the committee may want to review the terms of the 20 percent copayment written in the bill. Pregnant women are covered by free coverage at the 200 percent of the poverty level.

[4:21:18 PM](#)

REPRESENTATIVE GARA emphasized that this is the most efficient method that can be devised to include every child in the state. The program is funded by a plan that must be qualified by the federal government. If approved, the federal program will pay 70 percent of the cost through CHIP. If federal approval is not secured, Medicaid will pay 57 percent under the federal authorization that covers Denali Kid Care. The rates are adjustable and also need to be approved by the federal government. Representative Gara concluded by saying that HB 140 provides a universal health plan for a reasonable price and provides prevention against higher cost long-term medical costs.

[4:24:15 PM](#)

REPRESENTATIVE ROSES referred to page 3, line 28, CSHB 140, Version K, and asked for clarification of the percentages of federal poverty levels.

REPRESENTATIVE GARA responded that the bill refers to the Alaska poverty level which, given the Cost of Living Allowance (COLA), is higher.

REPRESENTATIVE ROSES remarked:

... so, adding, the federal poverty guidelines for Alaska, as opposed to the official poverty line, then goes to that 135 percent, and then on top of that, 250 percent. So, we're no longer talking about 250 percent of the federal level, we're talking about 250 percent of the Alaska level, which equals 337.5 percent of the federal level. So, that's substantially different than 250 percent.

REPRESENTATIVE GARA affirmed that he was speaking of the Alaska poverty level, set by the department, which is higher than levels set outside of the state.

[4:26:26 PM](#)

REPRESENTATIVE NEUMAN asked whether there is a \$500 deductible for copayments.

REPRESENTATIVE GARA replied that there is no deductible level in this bill. He added that a family required by its income level to make copayments, will already be paying more than the state's contribution. Therefore, there is no need to require a deductible.

REPRESENTATIVE NEUMAN further asked how qualifying household income is verified.

REPRESENTATIVE GARA explained that the federal government provides income guidelines. For example, for a family of two, the poverty limit in Alaska is an income of approximately \$17,000.

4:28:20 PM

REPRESENTATIVE NEUMAN repeated his question regarding the verification of household income.

REPRESENTATIVE GARA opined that the declaration of income could require an under-oath statement with penalties for fraud, similar to what is required on the Alaska Permanent Fund Dividend application form.

4:30:26 PM

REPRESENTATIVE ROSES observed that the bill is inconsistent and uses the multiplier of income levels by the federal poverty guidelines in some sections, and by the Alaska poverty guidelines in other sections. In addition, he remarked

Have you done a comparison, not for school districts or public employees where, quite often, the family is covered under the same plan, ... but go to some of the private companies where they cover the [employee] only and then they have to pay extra for the family members. Have you compared the cost of what a person is paying to cover their children there, as opposed to what would they pay if they had to cover two children here. We may be setting ourselves up for a scenario where people that currently have their kids covered ... they're going to cancel their insurance there and come to the one that the state has, just simply ... to save money.

REPRESENTATIVE GARA clarified that the federal poverty guideline for Alaska is to be used throughout the bill. He added that his research did not check on the cost of adding a child to an employer plan; however, a private insurance plan to cover a child can cost between \$3,000 and \$5,000 per year. The benefit of having Medicaid coverage is that the larger pool of participants brings down the cost. Representative Gara assured

the committee that the intent of the bill is not for residents to cancel a work health care plan and enroll in the state program to save money. In fact, a provision in the bill requires that the enrollee certify that they do not have insurance coverage available through their employer. He pointed out that at the higher income levels, there is no cost to the state, anyway.

REPRESENTATIVE ROSES asked whether an applicant would not be eligible if employer insurance coverage is available or is in force.

REPRESENTATIVE GARA replied that the wording of the bill will eliminate applicants who have an available work plan.

[4:33:28 PM](#)

REPRESENTATIVE GARA verified that a family of two with an income of approximately \$40,000 per year may have a health care plan costing \$5,000 per year.

[4:34:26 PM](#)

REPRESENTATIVE ROSES asked whether HB 140 can help a family that can not afford coverage through the employer if the family is exempted from this program.

REPRESENTATIVE GARA stated that the exemption applies only when a family income is over 200 percent of the poverty level. He suggested that the exemption could be limited by including a maximum amount for the cost of insuring a child.

[4:35:25 PM](#)

REPRESENTATIVE NEUMAN recalled the pending overhaul of the state health program and asked whether HB 140 will have an effect on the changes to the department.

REPRESENTATIVE GARA said that this plan is contingent on receiving federal approval, and the federal government must also reauthorize the state CHIP program.

[4:36:22 PM](#)

CHAIR WILSON opened public testimony.

[4:37:18 PM](#)

BRENDA MOORE, member, Alaska Mental Health Board, and chair, Alaska's Covering Kid's Coalition, provided statistics from the Robert Wood Johnson report regarding the current population surveys and annual social and economic supplement. She informed the committee that the 200 percent of federal poverty level is the federal definition for low income, and allows families to provide basic needs. For a three year average, the report indicates that 11,000 children, aged 0 to 18 years, are living with families below 200 percent of federal poverty level and are uninsured. The number of children not in poverty, but without health insurance, is 2,500. Ms. Moore concluded by saying that the cost of uninsured children is borne by everyone.

JODY BUTTO, M.D., President, Alaska Chapter of the American Academy of Pediatrics, stated her support for HB 140. Research done by her organization determined that many working parents do not have access to health insurance because it is not offered by their employers. Dr. Butto said that children who are not seen by a doctor on a routine basis need preventative care to prevent visits to the emergency room and learning disabilities due to untreated medical conditions.

[4:42:18 PM](#)

MONICA GROSS, M.D., Fellow, American Academy of Pediatrics, stated her support for HB 140. Dr. Gross said that when children have health insurance, medical care is shifted from crisis oriented care to well child and preventative care. The result has positive ramifications for children's, family and community health. She read from a prepared statement [original punctuation provided]:

When families don't have medical insurance, kids are brought to the doctor when they are very sick and parents are scared. Doctors respond in emergency mode - tests are ordered, drugs are prescribed and parents admonished for "waiting too long."

When kids have medical insurance they are brought in for well child checkups and preventative care. The whole medical model shifts. Parents and doctors are a team working together to keep children healthy and prevent disease. Parents are empowered, and the important job they are doing is validated. Time is available to answer questions and counsel about age

appropriate health promotion and illness prevention. This exchange sets the stage for families where children can develop and grow and become productive and healthy members of their community.

Please support House Bill 140.

[4:43:51 PM](#)

REPRESENTATIVE SEATON asked whether Dr. Gross has experienced a higher level of missed appointments by patients who are not required to make a copayment for their care.

DR. GROSS agreed that some families may abuse the system.

[4:44:54 PM](#)

REPRESENTATIVE SEATON then asked whether a copayment should be required for a missed appointment.

DR. GROSS opined that a copayment could cause families to feel more responsible.

[4:45:24 PM](#)

CHAIR WILSON asked whether preventative care is worth the state's expense.

DR. GROSS replied that the opportunity to help support patients and give well child care is an investment in their future health. Also, if an emergency comes in, and there is no history with a child and his/her family, tests may be done that would not be necessary if they have been seen regularly. She stressed that there will be a decrease in costs over the long term. Routine well child care also empowers families who can visit the doctor under comfortable circumstances. Every parent is helped by that interaction.

[4:49:17 PM](#)

KARLEEN JACKSON, Commissioner, Department of Health & Social Services, expressed her hope that the fixed poverty level, currently in statute, will be changed to a percentage level set out in HB 140. The legislature will then have the responsibility to determine what the percentage should be. She

pointed out that her department has attached fiscal notes to address the issue of how the bill is constructed.

REPRESENTATIVE ROSES relayed that his personal insurance does not cover well baby care, prevention, or check ups of any kind. He asked whether Denali Kid Care provides well baby check ups.

COMMISSIONER JACKSON answered that this program provides periodic, regular, preventive check ups for children.

[4:51:27 PM](#)

REPRESENTATIVE NEUMAN said:

This bill asks for federal poverty level to rise between 200 and 350 percent, a percentage ... of the poverty level, but your main concern is making sure it stays above 150 percent, so you don't lose that federal contribution.

COMMISSIONER JACKSON said yes.

REPRESENTATIVE NEUMAN asked:

... right now the state's major concern is making sure we stay there. What steps have you taken ... to ensure that we stay above that 150 percent?

COMMISSIONER JACKSON replied:

We're here testifying to you and to others that have other bills, that we really need to have this freeze lifted. There's also the issue of the re-authorization of the [state] CHIP program and we've spoken to that in the past, in terms of working with the congressional delegation, and the National Governors Association, to make that happen. ... The bottom line answer is that we need a bill that will do that.

[4:52:46 PM](#)

REPRESENTATIVE NEUMAN inquired whether Commissioner Jackson has asked, through the administration, for a bill to lift the freeze.

COMMISSIONER JACKSON responded that her expectation is that the bills currently offered will be successful.

[4:53:18 PM](#)

REPRESENTATIVE ROSES remarked:

So, when you talk about the 150 percent of the poverty level ... you are talking about the federal and not the state, not 150 percent of the state's level, it's already adjusted by an additional 35 percent. Is that correct?

[4:53:38 PM](#)

JANET CLARKE, Assistant Commissioner, Central Office, Finance and Management Services, Department of Health & Social Services, informed the committee that there is one federal poverty level for Alaska. The Alaska level has a 25 percent COLA added. In fact, Alaska and Hawaii have poverty levels of 25 percent above the national level. She opined that the language contained in the bill is the correct language.

[4:54:21 PM](#)

REPRESENTATIVE ROSES concluded that the department's assumption, when reading the bill, would be the Alaska adjusted poverty level.

[4:55:07 PM](#)

REPRESENTATIVE SEATON recalled that this bill allows copayments, and asked whether copayments are disallowed by federal law.

[4:55:52 PM](#)

JERRY FULLER, Project Director, Office of Program Review, Office of the Commissioner, Department of Health & Social Services, advised the committee that in federal law and Medicaid copayments are restricted to \$2 or \$3 for residents under the 150 percent poverty level. For higher poverty levels, copayments and premiums combined can be no more than five percent of the annual income.

[4:56:35 PM](#)

JON SHERWOOD, Medical Assistant, Office of Program Review, Office of the Commissioner, Department of Health & Social Services, agreed.

[4:56:55 PM](#)

CHAIR WILSON asked whether the value of requiring copayments will outweigh the additional administration cost.

MR. FULLER replied that premiums are easy to administer, but copayments are problematic in that they are paid directly to the provider, are restricted by law, and only apply to certain services.

CHAIR WILSON further asked whether the charges will be cost effective.

MR. FULLER asked for time to investigate the answer to her question.

[4:58:55 PM](#)

REPRESENTATIVE GARDNER stated her support for requiring copayments if there is an effective method of collection.

[4:59:29 PM](#)

CHAIR WILSON requested that Mr. Fuller provide information to the committee regarding the cost of the collection of copayments.

[4:59:45 PM](#)

REPRESENTATIVE SEATON also requested an analysis of page 6, line 21, (d), to determine whether the copayment required in the bill is acceptable under federal law.

[5:00:11 PM](#)

CHAIR WILSON announced that HB 140 would be held over with public testimony open.

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at [5:00:48 PM](#).