

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

April 12, 2008

12:40 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Bob Roses, Vice Chair
Representative Wes Keller
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

Representative Anna Fairclough

COMMITTEE CALENDAR

SENATE BILL NO. 212

"An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

- MOVED SB 212 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 212

SHORT TITLE: MEDICAL ASSISTANCE ELIGIBILITY

SPONSOR(S): SENATOR(S) DAVIS

01/16/08	(S)	PREFILE RELEASED 1/4/08
01/16/08	(S)	READ THE FIRST TIME - REFERRALS
01/16/08	(S)	HES, L&C, FIN
01/23/08	(S)	HES AT 1:30 PM BUTROVICH 205
01/23/08	(S)	<Bill Held Over to 1/25/08>
01/25/08	(S)	HES AT 1:30 PM BUTROVICH 205
01/25/08	(S)	Moved SB 212 Out of Committee
01/25/08	(S)	MINUTE(HES)
01/28/08	(S)	HES RPT 3DP 1NR
01/28/08	(S)	DP: DAVIS, ELTON, THOMAS
01/28/08	(S)	NR: DYSON
01/30/08	(S)	L&C REFERRAL WAIVED
04/08/08	(S)	FIN RPT 2DP 3NR 1AM
04/08/08	(S)	DP: ELTON, THOMAS

04/08/08 (S) NR: HOFFMAN, STEDMAN, OLSON
 04/08/08 (S) AM: DYSON
 04/08/08 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/08/08 (S) Moved SB 212 Out of Committee
 04/08/08 (S) MINUTE(FIN)
 04/11/08 (S) TRANSMITTED MR. OBERMEYER (H)
 04/11/08 (S) VERSION: SB 212
 04/11/08 (H) READ THE FIRST TIME - REFERRALS
 04/11/08 (H) HES
 04/12/08 (H) HES AT 10:30 AM CAPITOL 106

WITNESS REGISTER

TOM OBERMEYER, Staff
 to Senator Bettye Davis
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Introduced SB 212 on behalf of Senator Bettye Davis, sponsor.

JON SHERWOOD
 Office of the Commissioner
 Medicaid and Health Care Policy
 Department of Health & Social Services
 Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 212.

ELLIE FITZJARRALD, Director
 Division of Public Assistance
 Department of Health & Social Services
 Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 212.

PAT HEFLEY, Director
 Behavioral Health
 Southeast Alaska Regional Health Consortium (SEARHC)
 Sitka, Alaska

POSITION STATEMENT: Testified in support of HB 212.

BRENDA MOORE, Secretary
 Alaska Mental Health Board
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 212.

CHRISTINA VAN CLEVE, Representative

Alaska School Nurses Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 212.

PATRICIA SENNER
Alaska Nurses Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 212.

LORIE MORRIS, Representative
Alaska Human Services Coalition
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 212.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social Services Standing Committee meeting to order at [12:40:33 PM](#). Representatives Cissna, Gardner, Seaton, and Wilson were present at the call to order. Representatives Roses and Keller arrived as the meeting was in progress.

SB 212-MEDICAL ASSISTANCE ELIGIBILITY

[12:40:33 PM](#)

CHAIR WILSON announced that the first order business would be SENATE BILL NO. 212 "An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

[12:41:32 PM](#)

TOM OBERMEYER, Staff to Senator Bettye Davis, Alaska State Legislature, introduced the bill on behalf of Senator Davis, sponsor. He informed the committee that SB 212 is an act relating to eligibility requirements for medical assistance for certain children and pregnant women. The bill is called the Denali Kid Care bill, following the State Children's Health Insurance Program (SCHIP), which is a national program. He informed the committee that Alaska is participating in SCHIP at rate of 175 percent of federal poverty guidelines, which is a lower rate than many other states. The original rate was set at 200 percent of poverty level; moreover, inflation drops the effective rate to about 154 percent. Mr. Obermeyer advised that the current bill would reinstate 1,277 children and 218 pregnant

women that were excluded by previous changes in the rate. At a higher rate, Alaska would again be able to assist those children who have no regular health care and no insurance. He urged the committee to recognize that the federal government would reimburse at the enhanced rate of two-thirds up to 70 percent. Furthermore, if costs exceed the SCHIP funds, the claims are reimbursed at the Medicaid rate. Mr. Obermeyer pointed out that the fiscal notes are very good; in fact, the federal receipts are about two-thirds of the cost in each case.

[12:44:23 PM](#)

CHAIR WILSON asked about the financial consequences to the state if the federal government decides not to fund SCHIP.

[12:44:59 PM](#)

MR. OBERMEYER said that the Medicaid rate was about 50 percent as compared to the 70 percent reimbursement through SCHIP. He understood that a reduction in funding would be based on population and would adversely affect all of the states.

[12:45:29 PM](#)

REPRESENTATIVE CISSNA asked for the number of children that were left without insurance coverage by the state reductions.

[12:45:57 PM](#)

MR. OBERMEYER referred to the fiscal notes that indicate that there was a substantial loss of about 2,500 to 3,000 children. He suggested that the Department of Health & Social Services (DHSS) may have more information. He stressed the importance of the numbers and pointed out that the Alaska State Hospital and Nursing Home Association (ASHNHA) supports this increase in order to prevent additional expenses later in life and expensive visits to emergency rooms.

[12:48:20 PM](#)

JON SHERWOOD, Office of the Commissioner, Medicaid and Health Care Policy, Department of Health & Social Services, indicated that his office could not report an exact number because of other activities in addition to the eligibility action; however, the DHSS anticipates that the bill would add 1,300 kids and 200 pregnant women to the program.

[12:49:16 PM](#)

REPRESENTATIVE CISSNA observed that, after the loss of programs like this, along with the increased cost of health care, there has been an increase in homeless families in her community. Further, the most frequent cause of bankruptcy is the high cost of health care. She asked whether the DHSS studies issues such as these to determine the cause of problems in communities.

[12:50:26 PM](#)

ELLIE FITZJARRALD, Director, Division of Public Assistance, Department of Health & Social Services, clarified that the passage of last year's bill restored eligibility to about 1,277 children and 1,100 have re-enrolled. However, pregnant women are not enrolling at the rate anticipated.

[12:51:53 PM](#)

REPRESENTATIVE CISSNA also asked whether the legislation would cover more people, such as those who are in institutions.

[12:52:49 PM](#)

MR. SHERWOOD answered that the legislation reproduces the entire list of all those presently eligible for Medicaid under optional categories. The only change to eligibility occurs by the change in the percentage of the poverty line for children and pregnant women; in fact, the other categories are listed for drafting conventions.

[12:53:30 PM](#)

REPRESENTATIVE CISSNA further asked whether the bill would allow coverage for those with impairments.

[12:53:59 PM](#)

MR. SHERWOOD explained that Medicaid is a categorical eligibility and there are different standards for different categories. A number of the categories do not involve children or pregnant women; thus most of the categories are not affected by these changes.

[12:54:32 PM](#)

REPRESENTATIVE ROSES recalled recommendations that state SCHIP eligibility should not be increased until federal funding levels were authorized. He asked for projections of the federal funding levels.

[12:55:28 PM](#)

MR. SHERWOOD said that the federal funding was uncertain. Congress extended the SCHIP through March of 2009, but without re-authorization of the program. Alaska's SCHIP is a Medicaid expansion; therefore, without SCHIP funding, reimbursement defaults to Medicaid at a 50 percent rate.

[12:56:20 PM](#)

REPRESENTATIVE ROSES further asked whether the extension was authorized at the same funding level.

[12:56:46 PM](#)

MR. SHERWOOD responded that the extension was at the same level of funding; however, Alaska receives supplemental funding and there is a potential for shortfall. In further response, Mr. Sherwood said that the percentage of the shortfall is unclear. The federal reimbursement would default to the Medicaid rate of 50 percent with the exception of Indian Health Service (INH) beneficiaries which are reimbursed at 100 percent.

[12:58:38 PM](#)

REPRESENTATIVE ROSES estimated that the decrease in federal funding was about six to eight percent.

[12:59:09 PM](#)

MR. SHERWOOD re-stated the uncertainty of the SCHIP funding. He opined that the question would likely be resolved by the new administration and Congress.

[12:59:46 PM](#)

REPRESENTATIVE ROSES summarized that the National Conference of State Legislatures warned states about expanding eligibility when federal support is uncertain. He drew a comparison to the Alaska budget that may not be sustainable in the future. Representative Roses stated that SB 212 was a far reaching bill that was hard to review in a limited period of time, and he

asked whether the bill was also referred to the House Finance Committee.

[1:01:47 PM](#)

CHAIR WILSON said no.

[1:02:00 PM](#)

REPRESENTATIVE SEATON asked whether the bill was an addition to the budget.

[1:02:19 PM](#)

MS. FITZJARRALD understood that there was an amendment to the operating budget in the expectation that this bill would pass.

[1:02:47 PM](#)

REPRESENTATIVE KELLER asked for the eligibility income level.

[1:02:58 PM](#)

MR. SHERWOOD answered that, for a family of one, 200 percent of the federal poverty level is an annual gross income of \$26,000; for a family of two, it is \$35,000; for a family of three, it is \$44,000; for a family of four, it is \$53,000.

[1:03:30 PM](#)

REPRESENTATIVE GARDNER observed that a family of one would not be affected by this bill.

[1:04:00 PM](#)

MR. SHERWOOD clarified that there are cases of a child whose caregiver's income is not considered; that child would be a family of one. Also, pregnant women count as a family of two.

[1:04:40 PM](#)

REPRESENTATIVE CISSNA encouraged the committee to hear testimony from physicians who could speak to the benefits of a year-long, strong, preventive program. She referred to research indicating that the most effective action for long term benefits is preventative care.

[1:06:26 PM](#)

REPRESENTATIVE ROSES pointed out that this was not a one-year funding mechanism, but a permanent change in statute.

[1:07:05 PM](#)

REPRESENTATIVE KELLER recalled an attempt to reduce the funding to Denali Kid Care and the negative impact on families that depended on this entitlement. He re-stated the need for additional time to study this issue.

[1:08:09 PM](#)

REPRESENTATIVE GARDNER stressed that the root of good health is prevention, starting with pregnant women and children. She stressed that 50 percent to 70 percent of the cost would be matched by federal funds and that Alaska is a wealthy state that ranks 41st in the nation in the amount of care provided for children of the working poor. She informed the committee that hospital write-offs in Alaska increased by 55 percent in the last year, compared to 14 percent nationally, which is a result of uncompensated emergency care. Representative Gardner further noted that 41 states allow participation by families who earn 200 percent of the poverty level and some states allow participation at the 300 percent level. She opined that support for this effort should be obvious for House Health, Education and Social Services Standing Committee members.

[1:10:09 PM](#)

CHAIR WILSON recessed to the call of the chair.

[7:54:44 PM](#)

CHAIR WILSON reconvened the House Health, Education and Social Services Standing Committee back to order at [7:55:00 PM](#). Representatives Wilson, Seaton, Gardner and Cissna were present at the call to order.

[7:55:35 PM](#)

REPRESENTATIVE SEATON stated his interest in forwarding the bill.

[7:55:59 PM](#)

CHAIR WILSON called for public testimony.

[7:56:17 PM](#)

PAT HEFLEY, Director, Behavioral Health, Southeast Alaska Regional Health Consortium (SEARHC), agreed that the uncertainty [of federal funding] is a concern. However, as a student of health care financing, he pointed out the future cost of not funding this bill. He opined that the question to be considered is whether money for housing, court action, police work, and emergency room visits is saved. Mr. Hefley assured the committee that \$1 spent by the passage of this legislation would save \$6 to \$7 in future cost elsewhere in the budget.

[7:57:49 PM](#)

BRENDA MOORE, Secretary, Alaska Mental Health Board, expressed her wish for the bill to be moved out of committee.

[7:58:04 PM](#)

CHRISTINA VAN CLEVE, Representative, Alaska School Nurses Association, urged the committee to pass the bill. As a school nurse, she knows children of hard-working parents who receive essential medical care through Denali Kid Care.

[7:58:54 PM](#)

REPRESENTATIVE SEATON asked whether there were any witnesses who would be testifying in opposition to the passage of SB 212.

[7:59:10 PM](#)

PATRICIA SENNER, Alaska Nurses Association, encouraged the committee to pass the bill.

[7:59:16 PM](#)

LORIE MORRIS, Representative, Alaska Human Services Coalition, encouraged passage of the bill to the House floor.

[7:59:30 PM](#)

CHAIR WILSON closed public testimony.

[7:59:39 PM](#)

REPRESENTATIVE GARDNER moved to report SB 212 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 212 was reported from the House Health, Education and Social Services Standing Committee.

[7:59:52 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 8:00 p.m.