

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

January 23, 2008

1:32 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Thomas, Vice Chair
Senator John Cowdery (via teleconference)
Senator Kim Elton
Senator Fred Dyson

MEMBERS ABSENT

All members present

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."

HEARD AND HELD

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

WITNESS REGISTER

TOM OBERMEYER
Staff to Senator Bettye Davis
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented overview of SB 212

KARLEEN JACKSON, Commissioner
Department of Health and Social Services
Juneau, AK

POSITION STATEMENT: Represented Governor Palin who is awaiting the Federal Government's decision on State Children's Health Insurance Program (SCHIP)

ELLIE FITZGERALD,
Director of Public Assistance
Department of Health and Social Services
Juneau, AK

POSITION STATEMENT: Presented her Department's position on SB 212

GERRY FULLER, Director
Medicaid Project Commissioner's Office of Program Review
Department of Health and Social Services
Anchorage, AK

POSITION STATEMENT: Presented overview of Federal SCHIP Program

BRAD OHS, Administrator
North Star Behavioral Health Systems
Palmer Residential Treatment Center
Palmer, AK

POSITION STATEMENT: Supported SB 212

ROD BETIT, President and CEO
Alaska Hospital and Nursing Home Association
Juneau, AK

POSITION STATEMENT: Supported SB 212

JORDAN NIGRO, Director
Residential Services
Juneau Youth Services
Juneau, AK

POSITION STATEMENT: Supported SB 212

MEGHAN JOHNSON, Chair
Voices for Alaska's Children and Youth
Anchorage, AK

POSITION STATEMENT: Supported SB 212

CAREN ROBINSON
Alaska Women's Lobby
Juneau, AK

POSITION STATEMENT: Supported SB 212

LARRY WEISS, Executive Director
Alaska Center for Public Policy
Anchorage, AK

POSITION STATEMENT: Supported SB 212

NAOMI TIGNER, Program Developer
Presbyterian Hospitality House
Fairbanks, AK

POSITION STATEMENT: Supported SB 212

LAURIE MORRIS, President
Alaska Association of Homes for Children
Anchorage, AK

POSITION STATEMENT: Supported SB 212

ACTION NARRATIVE

CHAIR BETTYE DAVIS called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:32:23 PM](#). Present at the call to order were Senators Davis, Thomas, Elton and Dyson.

SB 212-MEDICAL ASSISTANCE ELIGIBILITY

[1:33:31 PM](#)

CHAIR DAVIS announced the consideration of SB 212.

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TOM OBERMEYER, Legislative Aide to Senator Davis, sponsor of SB 212, presented an overview of the bill, an act that describes eligibility requirements for medical assistance for children and pregnant women and re-instates qualifying income standards.

He said that SB 212 reinstates the qualifying income standards for children and pregnant women receiving Medicaid benefits under the Denali Kid Care (DKC) program to poverty guidelines used when the program was established in 1997 at 200 percent Federal Poverty Guideline (FPG) for Alaska. Reduced and frozen at 175 percent FPG by the Legislature in 2003, the equivalent income limits were reduced in the following four years to 154 percent by the time SB27 was implemented to reinstate current levels of the FPG at 175 percent in 2007. Children and pregnant women with household incomes between 176 percent and 200 percent FPG still have not regained eligibility. SB212 also increases allowable premiums or cost-sharing by families whose incomes are between 150 percent-200 percent FPG.

The fiscal notes anticipate 2 percent enrollment growth after 2009 and an annual cost increase of 8.6 percent, allowing for 5 percent medical inflation in Alaska. The \$249,600 appropriation

required for 2009 does not reflect the indirect savings by fewer emergency room visits and many avoided long-term illnesses for State Children's Health Insurance Program (SCHIP) children. The addition of one employee and office expense at \$73,800 provides for the anticipated increase in enrollment of 218 pregnant women and 1277 children. The Department of Health and Social Services (DHSS) has requested additional support for Denali Kid Care in the Governor's FY09 budget.

Forty one-states allow participation by families at or above 200 percent FPG with many over 300 percent. The reason for higher State Children's Health Insurance Program (SCHIP) eligibility coverage in other states is that the federal government reimburses SCHIP at an enhanced rate, and higher SCHIP eligibility has proven to be an efficient use of health care dollars. While most patients enrolled in Medicaid are children, children utilize only a fraction of the resources. Early intervention and preventative care greatly reduce visits to emergency rooms and costly long-term illnesses. Hospitals regularly write-off the cost of emergency room visits by non-emergency low-income, indigent, or uninsured patients whom they must serve when patients cannot pay. The costs of these non-emergency visits to hospitals for SCHIP children and other low-income and uninsured people, who have no other way of obtaining health care, are passed along in increased costs to patients who do pay and/or are insured under private or state health benefit plans. There is no effect on eligibility for Denali Kid Care if the SCHIP allotment is fully expended. If costs exceed available SCHIP funds, claims are simply reimbursed at the lower, regular Medicaid rate, resulting in reduced federal revenues.

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SENATOR COWDERY arrived online.

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KARLEEN JACKSON, Commissioner, Department of Health and Social Services, thanked Chair Davis for last year's bill that got the agency to 175 percent of poverty for DKC and for her help on the Governor's Health Care Strategies Planning Council including the recommendation to raise the amount to 200 percent of poverty. The governor's main question to the Commissioner was the federal government's re-authorization of SCHIP.

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SENATOR DYSON asked Chair Davis if she's planning to pass the bill out today. He expressed concern about the sustainability of

the expense attached to the bill and asked if the amount to cover the expansion is in the governor's budget.

MS. JACKSON replied she doesn't think the additional amount is in the governor's operating budget. If it's passed out it would need to have a fiscal note. She said his concerns are valid.

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CHAIR DAVIS said her goal is to have the bill go forward as soon as possible. She sees the cost as an investment. She pointed out that it will receive a full hearing in the Finance Committee. Her concern is not the finances; it is the services that are needed for the most vulnerable kids. She said she didn't know if the bill would pass that day.

SENATOR ELTON asked Ms. Jackson if the governor is supportive of the bill.

MS. JACKSON said she didn't want to imply there was more support from the governor than there is. She said the governor wanted to know what the recommendations were from the health council. In the governor's State of the State address, she included a couple of recommendations from the council in the Health Care Transparency Act. This was not one of those. However, it was not dismissed, just considered worthy of more attention depending on what the federal government does.

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SENATOR ELTON suggested the commissioner nail down the governor's position because he doesn't see the point of continuing if the governor would veto it. Waiting for a federal decision is not necessarily what's best for the services provided to Alaskans. The President has vetoed this twice now.

MS. JACKSON agreed with Chair Davis that this part of the discussion needs to be in the Finance Committee.

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CHAIR DAVIS said she has been told by the administration that at the very least the money will be in place for continuing at the 175 percent level. She told Ms. Jackson that if this is not true the state would have to provide funding beginning in March.

MS JACKSON said she would defer the question to her staff.

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SENATOR COWDERY asked what the eligible income would be for a family of 4 if this was to take affect.

MR. OBERMEYER said if they go to the 200 percent level, according to the federal guidelines, it says up to \$53,000 for a family of 4 as of the January 2008 poverty guideline level.

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ELLIE FITZGERALD, Director, Public Assistance, DHSS, said the poverty guidelines for 2008 have just been released and confirmed the figures Obermeyer stated.

SENATOR COWDERY said in 2003 the legislature voted to change the eligibility from 200 to 175 and was told 100 people would be affected by the change. He asked how many people have been affected.

MS. FITZGERALD said she doesn't have the exact numbers in terms of enrollment but said she would get that information to the chair.

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SENATOR COWDERY asked how the disbursement of energy funds would affect the income level.

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MS. FITZGERALD said there is a proposal for an energy dividend of \$250. It was determined the last time we did something like this that it would not count towards Medicaid eligibility.

GERRY FULLER, Medicaid Project Director, Commissioner's Office of Program Review, Department of Health and Social Services, gave a brief overview of the federal scene in which today there was an override in the House vote. Therefore, an authorization of the SCHIP is not on the horizon. In considering the temporary extension of SCHIP through March 31, 2009 there appears to be enough funding to fund the Alaskan Kid Care Program. The final 3 months of the 2009 fiscal year, however, may not be covered so within the fiscal note there is a small General Fund increase to cover that.

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MR. FULLER said there will also be a temporary increase in the Federal Medical Assistance Percentage to provide some relief.

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MS. FITZGERALD said they do have a fiscal note for the eligibility piece for determining eligibility. It would require one additional position for the additional workload.

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CHAIR DAVIS said other people not from the administration wish to testify.

BRAD OHS, Administrator, North Star Behavioral Health Systems, Palmer Residential Treatment Center, a member of the Alaskan Association of Homes for Children (AAHC). He said his agency serves 124 Alaskan youth in psychiatric residential treatment centers. 100 percent rely on DKC for payment of these services. In the beginning they used the eligibility standard of 200 percent. In 2004 the legislature scaled it back to 175 percent. The result is that Alaska is now ranked the 4th lowest in DKC eligibility rates in the country and Alaska is missing out on federal funds. 3500 children of working families have no access for medical care. AAHC supports restoration of the DKC eligibility to the minimum level of 200 percent.

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SENATOR DYSON questioned Mr. Ohs about the fact that these children have no access to medical care.

MR. OHS said that in terms of the treatment they provide, many of these families don't qualify. Private insurance only pays for partial services. The children they work with require longer term intervention.

SENATOR DYSON said he realized that Mr. Ohs was talking only about the care his agency provides and not over-all medical care.

SENATOR THOMAS asked about people with insurance that has limitations.

MR. OHS said 5 percent of the children from working families do have private insurance. Their facility serves 30 teenage boys, and they typically have one or two families with private insurance who can pay from 14 to 20 days. After that the private insurance terminates. Their average length of stay is 10 to 12 months.

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ROD BETIT, President and CEO of Alaska Hospital and Nursing Home Association, said it has 37 members representing nursing homes,

hospitals, assisted living and some military facilities. He said their entire membership supports SB 212. He also serves on the Health Care Strategies Planning Council, and the majority is supportive of the bill. He is also a former state health commissioner for 12 years. He said there are many working parents who cannot obtain coverage through their employer. The \$53,000 that was mentioned is gross income.

SENATOR THOMAS said \$53,000 seems like a lot but he recognized that it is a gross number. He said it would be helpful to know what potential lengths of stays are for particular problems and the amount of money involved when insurance is absent.

MR. BETIT said he'd be happy to provide that information.

SENATOR ELTON said it would also be helpful to know what the cost of hospitalization is. Since the change in 2003 required the drop of 2500 children and about 400 to 500 pregnant woman from the program, he asked if raising the percentage would bring half that number back into the program.

MR. BETIT said that what happened in 2003 was a double whammy. The percentage wasn't just going down to 175 percent, it was freezing at that level and not adjusted according to cost of living so there was a dramatic decline in eligibility.

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CHAIR DAVIS pointed out that even though they were supposed to be at 175 percent they had actually eroded to 155 percent so they do have the numbers of how many children were brought back on to the service when the bill passed at 175 percent.

JORDAN NIGRO, Residential Services Director, Juneau Youth Services, said she also represented the Alaska Association of Homes for Children and the Alaska Behavioral Health Association. They believe that raising the percentage would allow more children in Alaska to receive proper health care including behavioral health services. Children who do not have health services often do not get needed prevention causing more physical and emotional problems later in life which can then cost the state and private businesses when the youth end up in hospitals or jails. DKC is the primary method of payment for behavioral health care in the state and is critical to the success of Bring the Kids Home, a statewide initiative. She also mentioned the fact that Alaska has the 4th lowest eligibility rate in the US. 70 percent of the youth at her agency receive

DKC. The agency would be able to serve more children if the eligibility rate was raised.

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SENATOR THOMAS asked if it's true that about 60 percent of kids in youth facilities around the state have mental, emotional and behavioral issues.

MS.NIGRO said that is probably true.

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MEGAN JOHNSON, Chair, statewide advocacy coalition for children, Voices for Alaska's Children and Youth (VACY). It represents public and non-profit organizations caring for 1,800 uninsured children and youth. Recommendations made by the National Academy of Sciences are to insure health care for all by 2010. There are many connections between having a healthy and reliable work force and the quality of that work. She mentions retention issues in the job market. She says at times it feels like this is a third world country and suggests that health care be seen as a human right versus a privilege.

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SENATOR THOMAS asked how effective agencies are at identifying early stage intervention needs.

MS. JOHNSON replied that some of this happens in the 18 instant learning programs throughout the state. Some agencies have developmental screenings. There are also programs to qualify children for early intervention - they must have a 50 percent delay in one area to qualify, which means that there are a lot of children that fall through the gap. The state has one of the highest rates of abuse and neglect in the country and it is missing a lot of kids with language and emotional development problems. Since they don't fall within the 50 percent delay they are often not identified as having problems until much later. She said this is such a critical time in brain development.

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CAREN ROBINSON, Alaska Women's Lobby, said that her organization strongly supports this bill and it has been their number one priority. She pointed out that this is just a moment in time, in crisis, when the families might need care. It is not forever. She said it's not just families that are poor. She said she knows of ten families here in the capitol building whose children have utilized this service.

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LARRY WEISS, Alaska Center for Public Policy, talked about a study in 2002, called the impact of Medicaid on Alaska's economy. He said the researchers showed that Medicaid contributed over one billion dollars to Alaska's economy and over 9,000 jobs and income to those people equaling about a third of a billion dollars. The Alaska Department of Labor, in an upcoming publication of Alaska Economic Trends, focuses on health care and points out that it is the fastest growing industry for the past 18 years in Alaska. Medicaid is a bargain for the state as investment. With federal matching funds, for every dollar spent there's more than a dollar federal match, and if the child is native, the federal government pays the whole bill. The average Medicaid cost per year in Alaska per child is \$3,800, and there are about 21,000 uninsured children in Alaska, most of who would qualify at the 200 percent level. This is a great opportunity for the state to contribute to the economy using federal dollars.

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NAOMI TIGNER, Alaska Association of Homes for Children and Program Development Director for Presbyterian Hospitality House in Fairbanks. The program in Fairbanks is similar to Juneau Youth Services. For many of the youth they treat from the villages, this is their first opportunity for medical services. Most are severely emotionally disturbed and many are diagnosed with fetal alcohol syndrome. She supports SB 212.

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LAURIE MORRIS, President, Alaska Association of Homes for Children, said the association represents 20 organizations in the state that provide behavioral health services to children and families. She said children without health care are four times more likely to use emergency services. Her organization supports SB 212.

CHAIR DAVIS said she was pleased with the testimony. She would not call for a vote, but will bring it back on Friday.

SENATOR DYSON asked what else would be discussed on Friday.

CHAIR DAVIS said the bill for Friday would be SB 245. She said she'd like all of the members to be present.

The meeting was adjourned at [2:31:49 PM](#).