

HOUSE FINANCE COMMITTEE
February 26, 2010
1:39 p.m.

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CALL TO ORDER

Co-Chair Hawker called the House Finance Committee meeting to order at 1:39 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Thomas Jr., Vice-Chair
Representative Allan Austerman
Representative Mike Doogan
Representative Anna Fairclough
Representative Neal Foster
Representative Les Gara
Representative Woodie Salmon

MEMBERS ABSENT

Representative Bill Stoltze, Co-Chair
Representative Mike Kelly
Representative Reggie Joule

ALSO PRESENT

Janet Clarke, Consultant, House Finance Committee; William Hogan, Commissioner, Department of Health and Social Services; William Streur, Deputy Commissioner, Medicaid & Health Care Policy, Department of Health and Social Services, Medicaid; Alison Elgee, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services

PRESENT VIA TELECONFERENCE

None

SUMMARY

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 302 APPROP: MENTAL HEALTH BUDGET

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#HB300
#hb302
HOUSE BILL NO. 300

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

HOUSE BILL NO. 302

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

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Co-Chair Hawker commented on the importance of today's topic. He shared that the task of the committee professional consultant was to explain the increased funding for Medicaid. He informed that the consultant's task was to research the numbers and project a trend analysis. This would be a cross checking of the facts and funding. Co-Chair Hawker stated that after her commentary, William Hogan, Commissioner, Department of Health and Social Services will present his observations.

JANET CLARKE, CONSULTANT, HOUSE FINANCE COMMITTEE, contended that her task was to look at the Medicaid numbers and analysis to answer a few basic questions. She noted that she had compiled a 21 page report and a PowerPoint presentation (Analysis Alaska Medicaid Trends, FY2010 & FY2011, Prepared for the House Finance Committee, February 2010 by Janet Clarke Consulting, referred to as the Report, and PowerPoint Analysis Alaska Medicaid Trends FY 2010 & FY 2011, Prepared for the House Finance Committee, February 2010, copies on file).

Ms. Clarke commenced with her PowerPoint presentation. She declared that the purpose of this analysis was to review the Medicaid program, determine what is contributing to the skyrocketing costs and assist the finance committee in determining what the appropriate level of spending would be. She added that the Department of Health and Social Services (DHSS) had requested a large supplemental for FY2010 totaling \$88.4 million. The department also submitted a large budget amendment of \$95 million which would bring the overall incremental spending for Medicaid in FY2011 to \$166.6 million. She referred to page 2 in the Report and page 3 in PowerPoint to define Medicaid. Medicaid is an entitlement program created in 1965 by the federal government, but administered by the state to provide payment for medical services for low-income citizens. The federal

and state governments share the cost of Medicaid, which is referred to as the Federal Medicaid Authorized Percentage (FMAP). If the stimulus bill had not passed, Alaska's FMAP would have been approximately 50 percent, but because of the stimulus the FMAP is 61.12 percent for the federal contribution. She referred to the chart, Annual Medicaid Spending FY2000 to FY2011 that reflects some of the history and growth in Medicaid. In FY2000 to FY2005, there was rapid growth in the program, doubling the program costs. The blue line shows Total Funds and the red line shows General Funds. In 2005 there were efforts to do some cost containment of Medicaid. From FY2005 to FY2010 the costs were flat; they even declined in FY2007 and FY2008.

Co-Chair Hawker interjected this was achieved without any reduction in the services or programs.

Ms. Clarke explained that was true, but it also had to do with a good economy where people had higher incomes and did not need the coverage. She noted the 17.4 percent increase in FY2010 and the 5.8 percent increase in FY2011.

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Representative Austerman referred to page 2 in the Report noting on the chart the initial growth starting with FY2000 and asked Ms. Clarke if that was in federal dollars. Ms. Clarke replied that most of it was federal dollars, but added that the general funds also doubled even though it took longer. She mentioned some special-to-Alaska FMAP rules written into law by former Senator Murkowski. This FMAP had the federal government paying at 60 percent instead of 50 percent. There was also a child health startup program and efforts by the federal government to pay a higher part.

Representative Austerman asked if the negative in FY2007 and FY2008 were in both federal and state contributions. Ms. Clarke replied yes; there were many efforts to control spending.

Co-Chair Hawker added that the growth of the Personal Care Attendant Program was a major concern of many groups in the state.

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Representative Gara questioned if the huge spike in total Medicaid payments compared to the less steep spike in the state payments was attributable to the higher FMAP. He asked Ms. Clarke for a historical perspective of the FMAP. Ms. Clarke responded that historically the FMAP was 50/50 percent for number of years, but former Senator Murkowski bumped the federal payment up to 60 percent which came to an end when Congress lowered it back down to 50 percent.

Representative Gara referred to the Annual Medicaid Spending graph which makes it look like the federal rate of total is much steeper than the state rate, but he did not think that was true. Ms. Clarke replied that was correct. The general funds look artificially low for FY2010 and FY2011. She added that when the stimulus FMAP goes away in December 2010, although it could be extended through FY2011 in President Obama's budget, the state will face a \$100 million cost to the state in FY2012.

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Vice-Chair Thomas asked how large the Medicaid bill would be if there were no tribal clinics and hospitals. Ms. Clarke responded that it would be a \$150 million more.

Representative Salmon mentioned a report of nonprofits in Anchorage and that the state was funding their programs. He questioned where this money was coming from. Ms. Clarke answered that did not know.

Representative Doogan surmised that if this was a 50/50 match on those numbers, than the cost would equal \$900 million each, but because there is a 60/40 mix, the state's share would still be higher. He queried if the difference was because there are 100 percent federal programs in this mix as well. Mr. Clarke responded that he was absolutely right that some services and programs qualify for 70 to 100 percent federal money.

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Representative Doogan remarked if there is a return to a 50/50 match on those numbers after the stimulus ends, he wondered how much of the total will be affected. Ms. Clarke replied that it would depend on the national formula, but it could be anywhere from \$100 million to \$120 million.

Co-Chair Hawker added that the current year benefit of the federal stimulus FMAP was \$125 million for the fiscal year.

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Ms. Clarke explained the Factors of Medicaid Growth (PowerPoint, page 5, Report, page 4). Medicaid is an entitlement program therefore if people meet the eligibility requirements for the services, then they get those services. She reported three key components to growth in the Medicaid program: Price, Population and Utilization. The price changes are measured by looking at the change to the Consumer Price Index (CPI). The change in the Anchorage CPI is approximately 3 percent for the first 6 months of 2009. She noted other increases could be rate increases. The

department and legislature have worked to increase some rates given to Medicaid providers. Last year there was 15 percent rate increase for physicians that were built into the overall budget.

Ms. Clarke continued with the PowerPoint chart, page 6, on Medicaid Enrollment FY2010. The bar chart shows three population groups in Medicaid: elderly (green), adult (red), and children (blue). In the overall enrollment from July to December 2009 grew by 6900 individuals, 6100 were children. This shows that 90 percent of the overall growth is due to more children in the program with the elderly and adult statistics fairly stable at approximately 1 percent to 2 percent. On page 7, Medicaid Children Monthly Enrollment going back to July 2008, the blue bar is Regular Medicaid-below 150 percent of the Federal Poverty Level (FPL) and the red is the Denali KidCare program from 150 percent to 175 percent FPL. In July 2008 there were 60,000 enrolled children and in January 2010, there were over 70,000. This translates into 11,000 additional children in eighteen months.

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Co-Chair Hawker commented on the acceleration of Medicaid starting in FY2009. When working on the budget there was a stable trend line, but the point of inflection hit as the budget was being closed out.

Ms. Clarke said it was interesting that there was a decline in the number of children then a big surge occurred in March 2009. She continued to page 8, showing Medicaid Recipients Total back to July 2008. This covers the adults (blue), children (red), disabled adults (green), disabled children (purple) and the elderly (aqua). She noted the volatile ups and downs of the red (children) line. On page 9, the Medicaid Children Monthly Recipients showed in the bottom chart that one year ago the trend in recipients was in decline as the wave had not yet hit. She emphasized that it is the children in Medicaid that have help trend the rise in costs.

Ms. Clarke moved to the Cost per Medicaid Enrollee, page 10. This chart looks at the cost from 2006 to 2010 looking at three different forecasts models: High, Low, and Checkwrite. High uses a statistical model based on enrollment that is a higher forecast. In this chart the High forecast would be \$9,000. The Low forecast is a hybrid of the statistical model which is \$8,662. There is also a Checkwrite projection that reflects the average weekly checks written. This is at \$8,334, the lowest projection.

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Representative Austerman asked if the numbers for 2006, 2007, and 2008 are actual numbers. Ms. Clarke responded that they were. He asked if the numbers for 2010 are known so far. Ms. Clarke replied that \$680 million has been spent in the past seven months through January.

Representative Austerman asked how this equates to a dollar figure on the graph. Ms. Clarke answered that it figures between the Low and the Checkwrite projection. Representative Austerman inquired if this is following a trend. Ms. Clarke contended that spending tends to accelerate faster in the spring. Representative Austerman asked if he can interpret that payments will continue to go up through the year. Ms. Clarke responded yes.

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Ms. Clarke continued to the Alaska Public Assistance Caseload Trends, page 11. This chart shows caseloads in Medicaid (green), Food Stamp Program (red), Adult Public assistance (purple), Alaska Temporary Assistance & Tribal (yellow) and Unemployment rate (blue). The Unemployment line shows a lot of similarity to the Food Stamp program and the Medicaid growth line. Unemployment in December was at 8.8 percent, the highest in ten years. The economy in Alaska is having an impact on the caseloads of public assistance. She indicated that the growth between unemployment and Medicaid was almost the same.

Representative Gara asked if the qualifier for basic Medicaid and food stamps was 150 percent of the poverty level. Ms. Clarke said she would get that information to Representative Gara.

Representative Salmon asked what the yellow line letters refer to. Ms. Clark replied that the yellow line is the Alaska Temporary Assistance and Tribal Assistance program. She elaborated that this program has been a great success in Alaska with the Department of Health and Social Services (DHSS), the Division of Public Assistance, and the Tribal partners. The program has a five year life-time limit where people are encouraged to go to work. Representative Salmon asked if this trend was higher five years ago. Ms. Clarke responded that there is a chart that shows the program back to 1997 reflecting a decline in caseloads.

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Ms. Clarke continued that in addition to looking at the unemployment rate, it was noted that the population increase in 2009 grew at its highest rate in years. The birth rate was also higher than it had been since 1992 and previous studies have shown Medicaid pays for 40 to 50 percent of births in Alaska. There could also be a delayed impact from

SB27, the Denali KidCare program which in 2003 was changed from 200 percent to 175 percent poverty level. In the statute it was changed to a fixed rate, tagged to whatever the income standard was in 2003 at 175 percent, so by 2007 it equated to 154 percent of the Federal Poverty Level. The legislature made a change and put in statute the income level at 175 percent. In the fiscal note it was believed that half the children, who had dropped off the Denali KidCare, about 2500, would return by FY2008. There has been a delayed impact on the children's return to the program. She remarked that another contributor has been the H1N1 virus inoculations and the talk of federal health care reform. Studies have shown that when the talk of health care reform occurs, there is an increase in Medicaid.

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Ms. Clarke referred to page 14 in the Report and page 11 on the PowerPoint presentation, Alaska Public Assistance Caseloads Trends.

Representative Salmon noted that the Adult Public Assistance (purple) line is straight and asked why it did not follow the Unemployment Rate (blue) line. Ms. Clarke responded that Adult Public Assistance provides cash payments to the elderly and disabled who qualify.

Representative Foster requested that for the future it would be interesting to see the correlation between the cost of energy and the public assistance programs and if there is a greater impact in the rural or urban areas. Ms. Clarke responded that the Medicaid program could provide these reports.

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Co-Chair Hawker asked for the primary focus and interplay between rural and urban when it comes to Medicaid and other public assistance services. Ms. Clarke replied that Medicaid demographics follow Alaska demographics. In rural areas if someone qualifies for tribal health then the state will see 100 percent coverage from the federal government. This helps support Alaska's infrastructure and afford better health for the entire state.

Co-Chair Hawker speculated that in looking at the significant growth of total funds, in the federal more rapidly than the general funds, there may be a higher demand in the rural areas where they are receiving 100 percent from the federal government.

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Ms. Clarke turned to page 12 in the PowerPoint presentation that looks at the three different forecasts in the Medicaid enrollment program issued every month. In April 2008 the High forecast (red line) number was \$1.13 billion and the Low forecast (green line) was \$1.04 billion and the Checkwrite forecast (blue line) was \$984 million. These forecasts converge when the actual spending numbers are listed in June. In FY2009 the forecast converged again at \$1.07 billion in spending. She indicated that this is a billion dollar program and growing. The Medicaid projections for January FY2010 are for the High forecast at \$1.26 billion, the Low forecast is \$1.21 billion and the Checkwrite at \$1.16 billion. There is a difference of \$100 million between the forecasts. Ms. Clarke continued to page 17 in the Report and page 13 in the PowerPoint presentation, the FY2010 Monthly Medicaid Spending. She noted that in FY2010 there are 53 weeks of Checkwrite spending.

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Representative Fairclough noted on page 15, paragraph 5, of the Report that the state lost three different court cases that restored access and services restricted by the 2006 legislative intent. She inquired if Ms. Clarke was going to address if something could be done legislatively to control cost. Ms. Clarke recommended talking with the Department of Law about what might be done in that area. She furthered that when the legislative intent was put into place the spending for the program dropped from \$90 million to \$70 million. Ms. Clarke urged the legislature to think about the stimulus FMAP in terms that if the money is accepted eligible groups and services cannot be cut, therefore there is a built in restraint to do anything regarding these services. She believed that in the future if the legislature needs to contain the costs in Medicaid it needs to be put into legislation not just legislative intent, but she emphasized that there will be challenges if services or eligibility is changed making it difficult for anyone to make changes.

Co-Chair Hawker suggested that the Department of Law might have some thoughts on ways to deal with situations presented in the lawsuit.

Representative Fairclough indicated her interest in knowing what was reinstated by the court cases and, if the changes were not the intent of legislature, then what would be the best way to talk to the courts.

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Ms. Clarke reiterated that \$680 million has been spent through January 2010 which equates to \$97.3 million a month. If the monthly spending for the next five months reaches

\$105 million, then the year-long budget will be \$1.2 billion.

Representative Gara contended that people with no health insurance who often go to the emergency room for services are probably not people covered by Medicaid, so he believed adjusting that population would not affect the budget. Ms. Clarke responded if they go into a hospital and are qualified for Medicaid then they are probably already signed up. Representative Austerman asked for a repeat of the numbers projected Medicaid numbers. Ms. Clarke repeated the figures and indicated that the numbers were getting close to the \$1.2 billion she earlier indicated.

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Ms. Clarke pointed out the charts on page 16 of the Report, FY2010 Medicaid Supplemental Requests. The \$88.4 million supplemental request reflects the High forecast. She suggested that spending is trending toward \$1.2 billion which is \$60 million less than being requested. She cited that there can be unexpected costs and unforeseen efforts that happen at end of year. She recommended a 2 percent cushion for the department, funding the Medicaid Low forecast. This would save \$7 million in general funds.

Co-Chair Hawker reiterated that the \$7 million differential is between Ms. Clarke's analysis and the department's supplemental request. He believed this speaks well to how the two groups have worked together. Ms. Clarke agreed that judgment calls were being made around the margins.

Representative Gara responded that these will not impact the costs in the department only if they need a supplemental for the future. Ms. Clarke interjected that the supplemental is for current year spending through the end of FY2010.

Representative Gara asked if Ms. Clarke is projecting the need for an estimated \$7 million less this year. He restated that this will not affect the amount being spent, but what is put into this budget. Ms. Clarke responded that she had been asked to give her best recommendation of what would happen. She agreed that Medicaid spending is what it is because as an entitlement program, if a person is eligible then they must receive it.

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Representative Gara reaffirmed that if the extra money was overestimated then the department could not spend that extra money. Ms. Clarke responded that typically there are controls on supplemental spending, but it could not be spent in other areas.

Co-Chair Hawker interjected that there is the ability of the agency to use that extra money, but historically they have not.

Representative Austerman commented that the department is guessing the need for \$88 million and Ms. Clarke is estimating \$74 million. Ms. Clarke clarified that her belief is that Medicaid spending would be at the Low forecast. Representative Austerman restated that this increases the base for FY2011. Ms. Clarke believed this would be an independent decision for FY2010. Representative Austerman maintained that the decision made for FY2010 affects the base for FY2011. Ms. Clarke answered that it does not affect the base. Co-Chair Hawker interjected that supplemental appropriations are not rolled into the base for the following year budget.

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Representative Foster mentioned that an area of control in Medicaid could be if there were more IHS facilities around the state then the state could be paying less than the FMAP 50 percent. Ms. Clarke agreed that was correct on individual basis.

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Ms. Clarke returned to the PowerPoint presentation on page 15, FY2011 Medicaid Budget Amendments. The Department of Health and Social Services presented a \$95 million budget and Ms. Clarke declared her review at \$78 million. She referred to page 21 in the Report, FY2011 Medicaid Budget: DHSS & Consultant Comparison. The blue line shows the department requests for FY2010 and FY2011. The red line is Ms. Clarke's analysis. She noted the interesting conclusion is that in FY2011 they both reached the same place. This verifies that the budget amendment from the department is reasonable and fairly accurate. The only difference is the path getting there; she did not believe that the increase would be 17 percent, but more like 12 percent.

Representative Austerman requested a return to look at the containment issues in 2006-2008 and how they were handled. Co-Chair Hawker interjected that William Hogan, Commissioner, Department of Health and Social Services could probably offer some help in that direction. Representative Austerman requested that information in writing. He suggested looking back at the FMAP stimulus money, the timeframe, and what changes that will take place at end. He related his desire to explore the issue of legislation to control the costs.

Representative Gara remarked that for those individuals who qualify for Indian Health Service funding, the payment would

be at 100 percent federal, which helps the state. He asked for clarification if an individual goes to a regular hospital who qualifies for IHS program if they would still qualify to receive the 100 percent payment. Ms. Clarke replied no. The services must be in a qualified Indian Health Service facility. Representative Gara asked if there would be a savings if there were more Indian Health Service facilities. Ms. Clarke responded that an opportunity is to look at more long term care and nursing homes in rural Alaska.

Representative Doogan asserted that he did not understand the big spike in Medicaid costs starting in the beginning of FY2009. He reiterated all the before mentioned information, but his only assumption was that more people were using the service.

Ms. Clarke replied that not all the tables and charts were in the PowerPoint presentation. She indicated on page 10 of the Report covering Recipient Trends that it compared the enrollment and recipient growth rates. Enrollment growth for FY2010 is 7 percent, recipient growth is 5 percent and utilization is about 3 percent. She suggested that enrollment growth is still growing and spending will be about 12 percent above FY2009. The Department of Health and Social Services requested 17 percent.

Representative Fairclough elaborated that Denali KidCare implemented in at the High 175 percent and new enrollees are in the back half of the year. Ms. Clarke agreed that was the case. She believed there was a delay in the children returning to the program.

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WILLIAM HOGAN, COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, responded to Ms. Clarke's report. He referred to the Report on page 13 which covers a more concise analysis of the various factors that led to the increases. He emphasized that the growth in Medicaid is to be taken seriously. The governor has committed to work with the legislature to develop a process that can be used to look at the Medicaid budget in preparing for the budget in FY2012. The enhanced FMAP rate is available through January 2011 as a result of the economic stimulus money. There are about six different vehicles at the federal level that will extend the FMAP rate through June 30, 2011. There are concerns that beginning in FY2012, the department will need \$120 million in general funds to sustain the Medicaid program. Although he emphasized that he did not like coming forward with a supplemental budget, there have been occurring circumstances that has driven much of this. He thought the best way to deal with the growth in Medicaid is through economic development and creating jobs.

Co-Chair Hawker interjected that during the budget process last year Mr. Streur had a clearer picture that there was a change in the state's economy on the horizon.

Representative Fairclough asked if it would it be possible to look at the industries where unemployment is happening. Commissioner Hogan responded that there is data on where people go when they leave the public assistance rolls. Co-Chair Hawker agreed following up on this data made a lot of sense.

Representative Austerman requested an analysis of people moving to Alaska for work. Co-Chair Hawker stated that applications for the Permanent Fund Dividend were up astronomically this year.

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Commissioner Hogan answered Representative Salmon's earlier question that the department provides grants to a number of native health organizations and two primary partners are Southcentral Foundation and Cook Inlet Tribal council. These services are for things that are not Medicaid reimbursable.

Commissioner Hogan referred to the Personal Care Attendant lawsuits with regulations made on some cost containment measures. The intent was make sure that only those people who were eligible for the program were getting the program and they were only getting the right amount of service. Co-Chair Hawker interjected there were documented abuses of the system. Commissioner Hogan stated that one reform was a reduction of hours that people were eligible for the services. One of the lawsuits came about because many legal entities did not believe that there were adequate criteria or objective criteria for showing that the person's physical status was being fairly determined. Commissioner Hogan referred to it as "material improvement" and the department was not able to show that they reduced the number of hours based on the assessment tool. The department since adopted a more objective tool for assessment.

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Commissioner Hogan answered Representative Gara's question regarding people coming to emergency rooms. When someone goes to an emergency room without insurance, the department's providers, in conjunction with staff, work to sign the person up for Medicaid, if they are eligible. However, many individuals in Alaska do not qualify for Medicaid and do not have insurance. This is referred to by the hospital as uncompensated care; care given without compensation from any third party payer.

Representative Gara queried if it was an expense to the department when someone uses the emergency room for non-emergency care and if it was possible to redirect these people to an urgent care facility.

WILLIAM STREUR, DEPUTY COMMISSIONER, MEDICAID & HEALTH CARE POLICY, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, MEDICAID, addressed frequent users of emergency rooms. The system has been increasingly able to identify these people and there is an attempt to contact and direct them towards a primary care practice to manage their care. He acknowledged it is a constant problem and thought the new system would help.

Mr. Streur continued that a focus will be with "medical home" to assign a person to work with a particular provider to get the entire individual's care through this provider.

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Representative Gara asked if there were any federal funds that could be captured, such as through more Indian Health Care services. Mr. Streur remarked that there is a constant focus to encourage more recipients to use the Indian Health Services programs. Representative Gara suggested better use of the neighborhood health centers.

Representative Doogan wanted an answer as to why in 2000 Medicaid was at \$600 million a year program and over the following ten years it tripled to \$1.8 billion.

Co-Chair Hawker noted that over the years Medicaid kept growing and when asked, the department was not sure why. There was a funded study to focus and understand the growth patterns. The report showed that in 20 years the Medicaid program would be at \$3 billion. After that there was an attempt to stabilize the program. Now outside factors such as population growth and economic factors are starting the rise again.

ALISON ELGEE, ASSISTANT COMMISSIONER, FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, agreed that the department had developed a model to project long term expenses in the Medicaid program. There is an annual report giving a ten year projected Medicaid costs. She acknowledged that today the program costing \$1.2 billion will in twenty years cost \$3.5 billion. She contended that there was no plan to reduce the services of Medicaid only "bending the curve," so costs do not grow as steeply as projected. The need to replace stimulus funds with general funds will be larger in the future.

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Representative Foster asked how many IHS qualified individuals there were under the Medicaid program and what would the dollar amount translate to. He inquired if the state could help fund building more IHS facilities and if this would save the state money in the long run.

Commissioner Hogan replied there was very specific information available on IHS beneficiaries. He spoke about the long term care facilities being planned in Anchorage, Kotzebue, and Bethel. All of these facilities have been given initial state capital dollars to begin planning, design and construction.

Representative Austerman noted that the population portion is partially dictated on how eligibility is set. He indicated that if the poverty level was fixed the numbers could be changed to keep costs down. He encouraged that this conversation needs to occur.

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Co-Chair Hawker stressed that this has been a recurring and constant theme within this committee. In this year's legislative cycle, Co-Chair Hawker believed that the university had the most difficult financial decisions; therefore the subcommittee was restructured to include the entire finance committee. He contemplated taking a department each year that has economic challenges and instead of assigning a subcommittee, the finance committee would deal with the issue as a whole.

Commissioner Hogan responded that one of the advantages is that Co-Chair Hawker understands the budget. He had great confidence that solutions could be met. He believed that there were things that could be done to contain Medicaid costs and bring it under control. He emphasized that there will be difficult decisions to make and encouraged working together. He stated that the governor is committed to working with the legislature to arrive at good solutions.

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Representative Fairclough stressed that prevention and healthy people in Alaska would be a better way for the state to invest its money. She noted that some services are duplicated and emphasized that rather than bending the curve, the committee needs to research new methods of serving the people of Alaska for the state's long term future.

Commissioner Hogan agreed that prevention is important and a challenge, but Medicaid does not pay for prevention.

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ADJOURNMENT

The meeting was adjourned at 3:37 PM