

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

January 27, 2009

3:02 p.m.

MEMBERS PRESENT

Representative Bob Herron, Co-Chair
Representative Wes Keller, Co-Chair
Representative John Coghill
Representative Bob Lynn
Representative Paul Seaton
Representative Sharon Cissna
Representative Lindsey Holmes

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

OVERVIEW: DEPARTMENT OF HEALTH & SOCIAL SERVICES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

BILL HOGAN, Commissioner
Office of the Commissioner
Department of Health and Social Services (DHHS)
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the Department of Health and Social Services.

ALISON ELGEE, Assistant Commissioner
Central Office
Finance and Management Services
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Testified during the department overview.

JAY BUTLER, M.D.
Chief Medical Officer

Office of the Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Testified during the department overview.

STEVE McCOMB, Director
Division of Juvenile Justice (DJJ)
Department of Health and Social Services (DHSS)
Anchorage, Alaska

POSITION STATEMENT: Testified during the department overview.

ELLIE FITZJARRALD, Director
Director's Office
Division of Public Assistance
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Testified during the department overview.

ACTION NARRATIVE

[3:02:33 PM](#)

CO-CHAIR WES KELLER called the House Health and Social Services Standing Committee meeting to order at 3:02 p.m. Representatives Keller, Herron, Coghill, Lynn, Seaton, and Holmes were present at the call to order. Representative Cissna arrived as the meeting was in progress.

Overview: Department of Health & Social Services

[3:03:39 PM](#)

CO-CHAIR KELLER announced that the only order of business would be an overview of the Department of Health and Social Services. He noted that Representative Cissna had arrived. He gave a quick overview of the department, stating that the main intent of the overview was to build dialogue with this department.

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CO-CHAIR KELLER offered some background information on Commissioner Hogan.

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BILL HOGAN, Commissioner, Office of the Commissioner, Department of Health and Social Services (DHHS), announced that he was speaking via teleconference and apologized for not being there personally. He explained that this would be a high level Power Point overview. He noted that Assistant Director Elgee was present in Juneau and was also available for questions. He described some of his work background.

[3:09:14 PM](#)

COMMISSIONER HOGAN said that he was actively involved with Health Care providers to help determine the best health care service delivery system for behavioral and physical health problems.

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COMMISSIONER HOGAN introduced his Power Point presentation, [Included in the members' packets were copies of the Power Point presentation titled "Alaska Department of Health and Social Services, Department Overview."] and commented on the second slide, titled "Alaska Department of Health and Social Services Organization Chart." He noted that the department had 3,600 employees, though many of the provided services were made available through outside agencies. He gave brief backgrounds for Jay Butler, Chief Medical Officer; Bill Streuer, Deputy Commissioner for Medicaid and Health Care Policy; and Pat Hefley, Deputy Commissioner for Family, Community, and Integrated Services.

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COMMISSIONER HOGAN introduced Alison Elgee, Assistant Commissioner for Finance Management Services, and discussed her background experience.

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ALISON ELGEE, Assistant Commissioner, Central Office, Finance and Management Services, Department of Health and Social Services (DHSS), introduced the members of the staff who were present, including Wilda Laughlin, Tammy Sandoval, Ellie Fitzjarrald, Melissa Witzler-Stone, Steve McComb, Pat Hefley, Dr. Jay Butler, Beverly Wooley, and Dave Cote.

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COMMISSIONER HOGAN referred to slide 3, titled "Health & Social Services," which was the web home page for Department of Health and Social Services (DHSS). He pointed out the "Headlines" banner, which highlighted current DHSS programs including the Emmonak response, residents' survey about healthy behaviors, the FosterWear clothing program, and DHSS temporary management of the Mary Conrad Center. He directed attention to an array of DHSS services listed on the right side of the webpage.

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COMMISSIONER HOGAN called attention to slide 4, titled "Alaska Pioneer Homes." He informed the committee that there are 6 pioneer homes, with more than a 500 bed capacity, and that only about 35 beds were still available. He noted that 120 veterans were living at the Pioneer Homes, with the Palmer Pioneer Home now a 23 bed Veterans home. He explained that the web page offered information on each of the Pioneer Homes.

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COMMISSIONER HOGAN referred to slide 5, titled "Behavioral Health," and pointed out the program list on the right side of the page, which included the Alaska Psychiatric Institute. He also brought attention to the "Current Events & Announcements" segment.

[3:19:06 PM](#)

COMMISSIONER HOGAN continued on to slide 6, titled "Health Care Services," and confirmed that this was primarily the state Medicaid program. He explained that a lot of the division's work was determined by how to finance services, particularly through Medicaid. He pointed to the programs listed on the right side of the page, noting that more detail was available for each.

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COMMISSIONER HOGAN summarized slide 7, titled "Juvenile Justice," and noted that the division had used a lot of data to make management decisions. He directed attention to the center of the page, which listed programs on which the division was focusing.

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COMMISSIONER HOGAN referred to slide 8, titled "Office of Children's Services," and summed up the mission to be, "safe kids, strong families." He pointed out that the front line social workers had to make tough decisions and offered his belief that these were the toughest jobs in the department.

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COMMISSIONER HOGAN reported that slide 9, titled "Public Assistance," described a broad based division which was instrumental in determining eligibility for an array of services, including cash and heating assistance, food stamps, and senior benefits. He stressed that an important responsibility for the division was to help people get jobs and stay employed. He noted that there was a strong partnership with the Department of Labor.

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COMMISSIONER HOGAN identified slide 10, titled "Public Health," which enumerated a very broad "laundry list" of responsibilities. He pointed to the "Announcements & Events," which listed current programs including the state Trauma System.

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COMMISSIONER HOGAN presented slide 11, titled "Senior & Disabilities Services," and noted that the division responsibilities included working with seniors, the developmentally disabled, physically disabled, as well as vulnerable adults, in general. He observed that this division had long-term care responsibilities.

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COMMISSIONER HOGAN explained that slide 12, titled "Finance and Management Services," described the array of support services for the department. He pointed out the "Sections" heading on the right side of the page, which included audit, budget, grants and contracts, and revenue and finance. He directed attention to the middle of the page, which focused on the Long-term Forecast of Medicaid.

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COMMISSIONER HOGAN concluded the broad overview of the department and each of the divisions.

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CO-CHAIR KELLER noted that there was still a budget overview and department priorities to be discussed and he thanked the directors for coming to the presentation.

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COMMISSIONER HOGAN remarked on slide 14, titled "Priorities," which included a focus on substance abuse, health and wellness, health-care reform, long-term care, and vulnerable Alaskans.

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COMMISSIONER HOGAN then reviewed slide 13, which stated the theme for the future direction of the DHSS to be "helping individuals and families create safe and healthy communities." He said the department could provide resources and facilitate solutions, but the real solutions would come from individuals and families. He referred to the handout [contained in the members' packets], "2009 Priorities," which highlighted each of the priorities mentioned on slide 14, and he began with the major strategies for Substance Abuse: Prevention, Early Intervention, Treatment, and Recovery. He offered his belief that Alaska does not have a comprehensive, behavioral health plan. He discussed working with other partners to develop this plan over the next year.

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COMMISSIONER HOGAN addressed health and wellness. He pointed out the economic impact of reducing obesity, tobacco use, diabetes, cancer, heart disease, and sexually transmitted diseases. He allowed that the focus would be on prevention, access to the health care workforce, expansion of health insurance coverage, development of a trauma system, emergency preparedness, and a better understanding of environmental health impacts from large development projects.

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COMMISSIONER HOGAN continued and spoke about health care reform. He commented on the Obama administration concern for reforming the health care system. He pointed out that Alaska strategies included care management, Medicaid reform, establishment of a

Health Care Commission, and partnership with others to increase the health care workforce.

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COMMISSIONER HOGAN reported on long-term care, and noted that seniors represented the fastest growing population in Alaska. He remarked that DHSS wanted elders to be able to stay at home, if at all possible. He revealed that a long-term care plan had been developed.

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COMMISSIONER HOGAN acknowledged the concern for vulnerable Alaskans: kids in child protective services and the juvenile justice system, as well as kids and adults who were developmentally disabled. He promoted a safety net for out-of-work Alaskans who needed temporary assistance. He mentioned the Families First program, designed to help those who were losing their temporary assistance.

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COMMISSIONER HOGAN concluded that these priorities captured everything that DHSS was doing or would like to do as it moves forward.

[3:39:03 PM](#)

REPRESENTATIVE CISSNA said that she had noticed a problem of state relationships with partner providers and that good communications would be a factor toward good services.

COMMISSIONER HOGAN responded that communication was an ongoing challenge for departments and for providers. He mentioned efforts which had shown some progress. He noted that DHSS did have a regulatory role, and that it was sometimes not clear whether DHSS was there to help or to check on the providers.

[3:42:27 PM](#)

CO-CHAIR HERRON noted the 2009 priorities and asked what grade DHSS would give itself.

COMMISSIONER HOGAN said that DHSS deserved a C+ or B-. He questioned the impact DHSS had made and noted that there were areas for improvement.

3:44:14 PM

CO-CHAIR HERRON asked what would be the most prominent role of DHSS to the new health care commission.

COMMISSIONER HOGAN advised that the greatest need was a health plan, with a focus on access for the uninsured and a quality workforce.

3:45:45 PM

JAY BUTLER, M.D., Chief Medical Officer, Office of the Commissioner, Department of Health and Social Services (DHSS), offered his belief that there were four pillars to health care reform: cost, quality, access, and prevention. He said that the first three addressed the demand side of health care, but that prevention could not be separated. He identified that the primary problem was to prioritize what to do first. He also observed the need for an overall health care strategy.

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REPRESENTATIVE SEATON commented on the first listed priority, substance abuse, but that he noticed a lack of co-ordination with other departments and divisions. He pointed out the high recidivism rate.

COMMISSIONER HOGAN replied that DHSS was part of the criminal justice working group, which was working to prevent the return of people to corrections and the justice system. He reported the need for an array of community based programs. He spoke about a pilot program that entailed visits with inmates before their release.

REPRESENTATIVE SEATON offered his belief that this should be identified in the priorities.

3:51:08 PM

REPRESENTATIVE COGHILL asked how the health care planning process might dovetail with the conclusion of the budget.

COMMISSIONER HOGAN expressed hope that the legislature would support the budget, especially understanding that the world economy continued to change. He revealed that the DHSS budget increase was only .2 percent. He allowed that it would be hard

to predict until after the health care commission meeting, but that he envisioned opportunities after the legislative session to provide updates to the legislature.

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REPRESENTATIVE COGHILL asked if a policy or an economic direction could be "made on the run."

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REPRESENTATIVE LYNN commented that juvenile justice was under DHSS, and asked if that was a standard organizational set-up in other states.

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STEVE McCOMB, Director, Division of Juvenile Justice (DJJ), Department of Health and Social Services (DHSS), replied that it was common for juvenile justice to be within the DHSS as these were often the same families as from the Office of Children's Services (OCS).

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REPRESENTATIVE CISSNA asked that DHSS listen and work as a partner with the public and the providers, all of whom wanted to be a part of the solution.

COMMISSIONER HOGAN noted that the solutions did come from individuals and families, not from state government.

[4:00:40 PM](#)

REPRESENTATIVE SEATON commented that about 50 senior citizens were being kicked off Medicaid because of social security adjustments and he asked if the Office of Legal Services was working with these seniors to retain their eligibility for Medicaid.

COMMISSIONER HOGAN deferred this question to Ms. Fitzjarrald, and commented that this was most likely the "law of unintended consequences."

[4:02:21 PM](#)

ELLIE FITZJARRALD, Director, Director's Office, Division of Public Assistance, Department of Health and Social Services (DHSS), agreed that this was an important issue that no one anticipated. She allowed that there was an option to create a Medicaid Qualifying Trust. She explained that DHSS was working with the Alaska Legal Services Corporation (ALCS) and other legal groups on an outreach program for seniors to ensure they knew of the legal services available to regain eligibility.

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REPRESENTATIVE SEATON noted that seniors needed to know who to call for help.

MS. FITZJARRALD agreed that seniors should call her office at DHSS.

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REPRESENTATIVE HOLMES expressed her pleasure that access is a priority issue under health and wellness.

COMMISSIONER HOGAN pointed out that currently there was funding for health care providers throughout the municipality of Anchorage to work with individuals who did not have access to health care, Medicaid, or Medicare. He offered his belief that unfortunately this was not included in the FY 2010 budget. He offered his support for the program and acknowledged the challenge for funding.

[4:07:56 PM](#)

COMMISSIONER HOGAN discussed slide 15, "Budget Highlights," which detailed the actual expenditures by division for FY 2008. He referred to the high percentage of funds depicted within Health Care Services, and explained that this was for Medicaid to hospitals, nursing homes, and pharmacies. He noted that the pie graph was a good illustration of the distribution of the funds.

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COMMISSIONER HOGAN referred to slide 16, also titled "Budget Highlights," which listed some of the DHSS programs. He summarized "Medicaid," and noted that although there was a \$46 million FY 2009 budget reduction, there were reasons for a projected budget excess. These included more accurate

expenditure projections through a new DHSS budget methodology; a five percent reduction in Medicaid enrollment; and some cost containment initiatives, among them preferred drug lists.

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COMMISSIONER HOGAN discussed technical assistance for the Medicaid providers to reduce the compliance problems often revealed during audits.

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COMMISSIONER HOGAN talked about FY 2010. He noted a \$14 million net increase in the Medicaid budget. He offered his belief that the federal stimulus package could bring substantial benefit to Alaska.

[4:15:12 PM](#)

COMMISSIONER HOGAN referred to slide 16 and talked about "Denali KidCare." He disclosed that the governor proposed to increase the qualifying poverty level percentage. He observed that there were competing bills and he offered to work with the Alaska State Legislature to ensure legislation that was best for Alaskan families. He offered his belief that people valued something more when they paid something, and hence he would support a co-pay program, with exceptions for those families which could not afford it.

COMMISSIONER HOGAN continued with slide 16 and discussed "Child Care." He observed that there was an increase in the funding. He advised that there was no longer a pool of bonus money which had helped fund child care. He asked the committee for suggestions of ways to pay for child care.

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COMMISSIONER HOGAN directed attention to "Heating Assistance" on slide 16. He announced that the Alaska State Legislature had funded the program with \$10 million for FY 2009 and had projected \$5 million for FY 2010. He reported that DHSS had staff in the rural villages to help with applications for both the federal and state program.

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COMMISSIONER HOGAN referenced the "Governor's Health Initiative" on slide 16, which focused on, among others, reducing obesity, tobacco prevention, and screening for autism.

[4:22:02 PM](#)

COMMISSIONER HOGAN directed attention to the "Bring the Kids Home" initiative. He summarized that in four years this program had reduced the number of Alaskan kids residing at out-of-state residential treatment centers from more than 500 to only 168 kids. He applauded the help of the Alaska State Legislature to develop in-state facilities.

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COMMISSIONER HOGAN conveyed that there had been incremental rate increases for many providers. He mentioned that DHSS had hired a contractor to develop a methodology to determine the actual costs of providers. He offered his belief that the methodology was too sophisticated and posed a challenge for the smaller providers. He suggested further study to determine actual costs, before he would recommend incremental rate increases that would help small providers to stay in business.

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COMMISSIONER HOGAN continued with slide 16 and addressed "Capital Projects." He mentioned the renovations at the Johnson Youth Center in Juneau. He conveyed that the "Capital Projects" budget was \$21 million.

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COMMISSIONER HOGAN indicated slide 17, titled "Other," and referred to the three items listed. He first addressed "Measuring Performance," and listed provider performance expectation and quality client outcomes as the most important criteria. He referred to the Alaska Scorecard [included in the members' packets] which presented a succinct review of Health, Safety, Living with Dignity, and Economic Security. He instructed that even greater detail was available online.

[4:29:18 PM](#)

COMMISSIONER HOGAN directed attention to the areas that needed improvement on the Alaska Scorecard. He allowed that the

scorecard showed some progress, but more important, it gave a solid baseline to measure future performance.

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COMMISSIONER HOGAN spoke about community partners. He referred to the Alaska Native Tribal Health Consortium (ANTHC), Rasmussen Foundation, Alaska Mental Health Trust Authority (AMHTA), providers, grantees, boards, the courts, other departments, Alaska native partners, and the Alaska State Legislature as all very important partners both for funding and for policy. He emphasized the need for DHSS to work with all of these partners.

[4:31:59 PM](#)

COMMISSIONER HOGAN referred to money contained within the economic stimulus package, which could support women, infant, and children programs; expand food stamp eligibility; increase the low income energy assistance program; and fund senior nutrition and community health centers, along with many other health and social programs. He declared that DHSS often asked the faith based partners for support.

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CO-CHAIR HERRON asked if Medicaid audits were possible when not enough money was requested.

COMMISSIONER HOGAN said that he believed an audit review was possible, especially with regard to under billing or not requesting services that were allowed.

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CO-CHAIR HERRON asked whether there was a formula for general fund reductions relative to federal receipt reductions.

MS. ELGEE replied that there was not a single answer, as the federal programs had different match requirements.

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CO-CHAIR HERRON asked that if there were a general fund decrease, would there be a federal receipt decrease.

MS. ELGEE replied that this was program dependent.

4:39:34 PM

REPRESENTATIVE LYNN asked for an update of the heating oil assistance program from Venezuela.

COMMISSIONER HOGAN offered his belief that Venezuela was going to begin the program in Alaska in early February.

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REPRESENTATIVE LYNN questioned whether the federal stimulus package was for capital projects or operating budgets.

COMMISSIONER HOGAN noted that both were included.

4:43:21 PM

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:43 p.m.