

**ALASKA STATE LEGISLATURE**  
**HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE**

February 10, 2009

3:08 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

**MEMBERS ABSENT**

Representative Lindsey Holmes

**COMMITTEE CALENDAR**

PRESENTATION: GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION -AUTISM

- HEARD

PRESENTATION: RATES-ON-GOING PROCESS ON EFFORTS TO DEVELOP FAIR AND CONSISTENT RATE METHODOLOGIES FOR SERVICE PROVIDERS SUCH AS ASSISTED LIVING HOMES, FOSTER CARE, ETC.

- HEARD

**PREVIOUS COMMITTEE ACTION**

No Previous Action to Record

**WITNESS REGISTER**

MILLIE RYAN, Executive Director  
Governor's Council on Disabilities & Special Education  
Office of the Commissioner  
Department of Health and Social Services (DHSS)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented a Power Point and answered questions during the presentation.

PATRICK HEFLEY, Deputy Commissioner

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

**POSITION STATEMENT:** Testified and answered questions regarding the on-going process to develop fair and consistent rate increases for service providers.

JON SHERWOOD, Medical Assistance Administrator  
Division of Health Care Services  
Department of Health and Social Services (DHSS)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on the rate increases for service providers.

### **ACTION NARRATIVE**

[3:08:12 PM](#)

**CO-CHAIR WES KELLER** called the House Health and Social Services Standing Committee meeting to order at 3:08 p.m. Representatives Keller, Herron, Coghill, Lynn, Seaton, and Cissna were present at the call to order.

Presentation: Governor's Council On Disabilities And Special Education -Autism

CO-CHAIR KELLER announced that the first order of business would be a Power Point presentation from the Governor's Council on Disabilities and Special Education -Autism.

[3:08:50 PM](#)

MILLIE RYAN, Executive Director, Governor's Council on Disabilities & Special Education, Office of the Commissioner, Department of Health and Social Services (DHSS), presented a Power Point titled "Autism Issues and Needs." [Included in the members' packets.] She offered an overview of the 28 member Council on Disabilities & Special Education. She stated that the council had five functions: the state council on developmental disabilities, the special education advisory panel, the governing board for the special education service agency, the representative for people with developmental disabilities to the Alaska Mental Health Trust Authority (AMHTA), and the interagency coordinating council for infants and toddlers with disabilities. She noted that Alaska was the

only state to combine these into one council. She described its Autism Initiative process.

[3:11:39 PM](#)

MS. RYAN pointed to slide 2, "Autism," and defined autism as a spectrum disorder that affected social skills, communication, play, and behavior. She allowed that there was a wide range of autism.

[3:12:11 PM](#)

MS. RYAN referred to slide 3, "Prevalence," and observed that there appeared to be an "epidemic" of autism disorders. She offered that there was now a better diagnostic system and a broader definition.

[3:13:39 PM](#)

REPRESENTATIVE SEATON asked about the parameters of the definition for autism.

MS. RYAN explained that it was across the spectrum.

REPRESENTATIVE SEATON asked for Ms. Ryan to define the ends of the spectrum.

MS. RYAN stated that autism was distinguishable from other developmental disabilities as it affected social interactions and behaviors.

[3:16:36 PM](#)

CO-CHAIR KELLER asked for a list of the guidelines and parameters, as they had broadened.

MS. RYAN agreed to supply it.

REPRESENTATIVE SEATON asked if any disruptive play or communication problem, with a neurological base, was autistic.

MS. RYAN replied that there were diagnostic markers.

REPRESENTATIVE SEATON asked for a written definition of the autism spectrum.

[3:18:13 PM](#)

CO-CHAIR HERRON asked if there were a graph for indicators.

[3:18:52 PM](#)

MS. RYAN said that there was more information which included some early warning signs for children.

CO-CHAIR KELLER commented that there had been quite a change in diagnostic rates.

MS. RYAN explained that diagnosis was now better. She pointed to slide 4, "Alaska Information," that showed the rise in Alaska children receiving special education under the autism category.

[3:20:15 PM](#)

MS. RYAN spoke about the cumulative annual cost for autism listed on slide 5 "Alaska Information."

[3:20:53 PM](#)

MS. RYAN presented slide 6, "What Research Tells Us," and emphasized that early intervention made a significant difference. She explained how important this early intervention was for the ability to acquire language skills.

[3:22:08 PM](#)

MS. RYAN noted the cost savings for early intervention on slide 7, "If we Obtained Similar Results in Alaska."

[3:22:38 PM](#)

MS. RYAN pointed to slide 8, "Previous Activities," which outlined some of the actions already started for autism issues: an autism alliance, an autism summit, and funding to establish the Alaska Autism Resource Center.

[3:23:33 PM](#)

MS. RYAN reported that slide 9, "Governor's Council on Disabilities & Special Education" and slide 10, "Committee's Report" explained that the ad hoc committee had made 59 recommendations to change policy. She reported that the 59 recommendations were narrowed down to 5 interrelated parts. She listed these to be universal screening; expanded diagnostic

capacity; enhanced referral and training; workforce training; and time limited, intensive intervention services. She explained how each of these was necessary for an effective package. She elaborated on the universal screening, shown on slide 11, "5-Part Autism Initiative, Universal screening for ASD" which included a pilot project with two Anchorage pediatricians, and an autism grant for rapid response in rural and remote state areas.

[3:27:37 PM](#)

MS. RYAN referred to slide 12, "5-Part Autism Initiative, Expanded diagnostic capacity," which listed the programs at Children's Hospital at Providence, and the FY09 funding.

[3:28:27 PM](#)

MS. RYAN presented slide 13, "5-Part Autism Initiative Outcomes" which indicated the increases in referrals and evaluations.

[3:29:18 PM](#)

MS. RYAN referred to slide 14, "5-Part Autism Initiative Enhanced referral and training," and explained about the funding and the contract to Special Education Service Agency. She also spoke about the Stone Soup group which offered skills building classes for the entire family.

[3:30:41 PM](#)

MS. RYAN continued on to slide 15, "5-Part Autism Initiative Outcomes," which listed the training, the informational material, and the national recognition about autism.

[3:31:23 PM](#)

MS. RYAN directed attention to slide 16, "5-Part Autism Initiative Workforce Training," and spoke about the program and the funding for the University of Alaska, Center for Human Development curriculum.

MS. RYAN continued with slide 17, "5-Part Autism Initiative Workforce Training," and described the bachelor, graduate and paraprofessional programs which were being developed and offered to Alaskans for clinical work in the state autism network.

[3:34:25 PM](#)

MS. RYAN commented on slide 18, "5-Part Autism Initiative Time-limited, intensive intervention services," and explained that DHSS was looking at ways to increase and fund the current intensive services program for kids less than 10 years. She stated that this included ways to amend Medicaid regulations to include more autism services, as well as increasing private insurance mandates.

[3:36:02 PM](#)

MS. RYAN mentioned that the ad hoc committee had reconvened and reviewed the progress to date, prioritized the remaining recommendations, and met with the State Board of Education & Early Development with some recommendations, as listed on slide 19, "Recent Recommendations."

[3:37:34 PM](#)

MS. RYAN directed attention to slide 20, "Next Steps," and said that the council was developing strategies for implementing best practices across different systems. She explained that the National Autism Center had almost finished its National Standards Project.

[3:38:17 PM](#)

CO-CHAIR HERRON asked about the pilot program for pooled funding.

MS. RYAN responded that it was an attempt to coordinate a comprehensive group of systems, so that no single system was paying for all the services.

CO-CHAIR HERRON opined that parents were either concerned about the stigma, or demanded that the school district raise their child.

[3:41:16 PM](#)

MS. RYAN observed that a lot of parents had researched options for their children and were frustrated when they believed that the schools did not respond to their needs. She allowed that the state did not always have the necessary services and resources. She stated the need for everyone to work together.

[3:42:34 PM](#)

REPRESENTATIVE COGHILL reiterated the need to receive the expanded autism definition. He asked whether an autism diagnosis by a nurse practitioner was considered preliminary, but would still initiate the service delivery system.

[3:43:35 PM](#)

MS. RYAN, in response to a question from Representative Coghill, explained that currently there was only one advanced nurse practitioner, but that an autism diagnosis would require an additional level of training.

REPRESENTATIVE COGHILL asked about the progress for the University of Alaska Bachelor level program.

[3:44:51 PM](#)

MS. RYAN declared that UAA was working on its details.

REPRESENTATIVE COGHILL asked if there was a curriculum ready program to import, or if it required accreditation and work with staff to build-up an existing program.

[3:45:37 PM](#)

MS. RYAN replied that it was a mixture, as Dr. Richard Kiefer-O'Donnell had worked with other universities to put together curriculums.

[3:46:19 PM](#)

REPRESENTATIVE COGHILL opined that most everyone was still working to fully understand all aspects of the Autism Initiative.

[3:46:33 PM](#)

CO-CHAIR KELLER reaffirmed the need for the committee to understand how autism was diagnosed.

[3:47:33 PM](#)

MS. RYAN offered for professionals from Providence Hospital in Anchorage to speak with the committee about diagnostic methods for autism.

REPRESENTATIVE SEATON asked whether [slide 18, "5-Part Autism Initiative Time-limited, intensive intervention services,"] "information on private insurance mandates implemented in other states," was a prelude to proposing a mandate for private insurance coverage in Alaska. He also asked to know if this coverage already existed under the state insurance policy, and what the impact would be on insurance costs.

[3:49:18 PM](#)

MS. RYAN reported that autism claims by many families were being denied by insurance carriers. She described some of the different approaches the states had taken: some states funded services through ages 18 - 21; some states had specific autism interventions that were covered; some covered various therapies; some treated autism similar to mental health services; and some states had caps. She added that she was informed that the increased cost for mandated coverage would be about \$1.25 each month per policy.

REPRESENTATIVE SEATON reflected that broadening the definition could affect the cost, and he would want to see a fiscal analysis.

Presentation: Rates-On-Going Process on Efforts to Develop Fair and Consistent Rate Methodologies for Service Providers Such as Assisted Living Homes, Foster Care, etc.

CO-CHAIR KELLER announced that the final order of business would be a presentation on the Rates-On-Going Process on Efforts to Develop Fair and Consistent Rate Methodologies for Service Providers Such as Assisted Living Homes, Foster Care, etc.

[3:53:16 PM](#)

PATRICK HEFLEY, Deputy Commissioner, Office of the Commissioner, Department of Health and Social Services (DHSS), presented an overview of activities for rate review. He noted the impact on health policy and health financing issues. He reported that many less costly service alternatives to hospitals and nursing homes had evolved in the last 35 years. He noted that many of these alternatives allowed people to stay in their homes and their communities. He reported that many of the services were struggling financially as they had not had any increase in grants or Medicaid rates since 1992.

[3:55:40 PM](#)



MR. HEFLEY stated that these businesses received a modest "bump" last year. He surmised that the financing for these services needed to be reviewed. He opined that these services often kept patients from entering more expensive health care facilities.

CO-CHAIR KELLER asked what about the context of the legislative intent for fee increases.

JON SHERWOOD, Medical Assistance Administrator, Division of Health Care Services, Department of Health and Social Services (DHSS), reported that the department did receive a budget increment for an increase to provider rates. He was not aware of the intent language, although he mentioned that there were discussions with the House Health and Social Services Finance Subcommittee to develop consistent rational rate processes, as opposed to annually returning to ask for rate increases.

[3:57:59 PM](#)

CO-CHAIR KELLER asked if the process was to set a predetermined rate of increase.

MR. SHERWOOD offered his belief that it was not that specific.

[3:58:25 PM](#)

MR. HEFLEY opined that the objective was to establish a rate methodology. He explained the factors of the methodology to include geographic cost; a fixed point in time so the data was based on a point prevalence review; and the ability to breakdown the elements into a common field for comparable information. He admitted that the department had a service with no unified way for determining costs or how to set those costs. He explained that the legislature had empowered the department to find a rate methodology to be used for a health care service that had no prior rate setting.

[3:59:41 PM](#)

REPRESENTATIVE COGHILL agreed that there was a need to raise and set rates. He offered his belief that there was intent language for the department to research a methodology. He explained that part of the design was to raise the service provider rates in order to draw a larger work force into these work areas.

[4:01:07 PM](#)

CO-CHAIR KELLER noted that there were five service provider areas to review on the handout "Rate Increases for Service Providers" [included in the members' packets] and he asked if these providers were in a critical status.

[4:01:57 PM](#)

MR. HEFLEY declared that those provider areas needed increases, but that it was necessary to apply a methodology to these programs. He acknowledged that a rate review had not yet been done, except for the Senior and Disabilities Services (SDS).

[4:02:30 PM](#)

MR. HEFLEY said that the department looked at each program to find a methodology to apply to a broad spectrum of programs. He explained that the SDS program was the first test. He reported that the difficulty they encountered with this methodology was finding an individual cost, as many costs were bundled into packages. He allowed that this accounting methodology was very challenging for many of the providers.

[4:05:14 PM](#)

MR. HEFLEY, in response to a question from Co-Chair Keller, stated that the methodology objective was to find median price as a basis for setting rates. He allowed that the difficulty was in the variability of the factors surrounding each service; for example, the cost to bathe a person would vary depending upon that patient's level of function.

[4:06:41 PM](#)

CO-CHAIR KELLER reflected on the purported 10-20 percent of fraudulent billing to Medicaid.

MR. SHERWOOD, in response to Co-Chair Keller, explained that there was a statutory requirement to audit a specific number and variety of Medicaid providers.

MR. HEFLEY reported that a national policy required Medicaid audits. He opined that Alaska had done a good job of educating providers about Medicaid billing.

[4:09:35 PM](#)

MR. HEFLEY continued to explain the methodology. He summarized one difficulty was the determination of cost per unit of service as compared with an overall budget. He explained the difficulty of where to account for an actual cost which was not included in the basis. He reported that the solution was to develop ten statistical methodologies which adjusted for the reporting factors. He disclosed that this allowed a statistical mean to provide a cost. He noted that there were 356 different types of providers. He expressed that the difficulty of collecting the data, verifying the information, factoring in the variables, and modifying the numbers for many divergences made for a slow, arduous process. He also noted the necessity of determining the correct language for intent of use to avoid any legal costs. He referred to SB 32 [An Act relating to medical assistance payments for home and community-based services] as being close to having the correct language for the rate proposal.

4:15:55 PM

REPRESENTATIVE COGHILL acknowledged the daunting task, and asked if the formulation for adjustment of geographic differences was available.

MR. HEFLEY said that he did not know where the geographic difference formula originated.

MR. SHERWOOD responded that geographic differentials for a limited number of services were developed in 1993.

REPRESENTATIVE COGHILL asked about the significant increase in the rate for personal care attendants.

4:18:46 PM

MR. HEFLEY identified the quest as a search for the fair price of doing business. He acknowledged the need for stability and predictability for the provider.

4:20:19 PM

MR. HEFLEY, in response to Representative Cissna, noted the difference of a policy decision for health care cost containment as opposed to the mechanics of cost and allocation for businesses.

CO-CHAIR HERRON referred to the handout "Rate Increases for Service Providers," [included in members' packets] and asked if there was a priority to the bulleted points.

MR. HEFLEY noted that there were a variety of categories that still needed a methodology assessment and determination of the necessity for an imminent review.

[4:23:51 PM](#)

CO-CHAIR HERRON asked again about the priority to the aforementioned bullet points.

MR. HEFLEY replied that a priority had not been made and that a determination might be made within each area as opposed to which area.

[4:25:42 PM](#)

MR. HEFLEY noted that a Medicaid task force had been put together to make recommendations for the upcoming stimulus package.

[4:26:25 PM](#)

REPRESENTATIVE SEATON commented that policy decisions needed to be made on "what we want to do," and "not on a comparison of potential costs... ."

[4:28:37 PM](#)

MR. HEFLEY expressed that cost was just one factor. He reflected that the cost was the topic in the committee arena, but that the care was the topic among his colleagues.

[4:29:25 PM](#)

REPRESENTATIVE COGHILL asked when to anticipate the final report. He expressed the desire for a management tool to define expected costs for budget certainty. He allowed it was a separate question from the source of funding.

[4:31:19 PM](#)

MR. HEFLEY expressed his unawareness for an expected report. He noted that fee setting methodologies were being finalized, and

that this presentation was an update before the final recommendations.

REPRESENTATIVE COGHILL noted that the budget was now being finalized.

MR. HEFLEY offered to have a methodology by February 18, for implementation in the budget. He stressed that this was the first step and the beginning of the process.

[4:34:45 PM](#)

REPRESENTATIVE COGHILL, in response to Representative Seaton, explained that the intention of the House Health and Social Services Finance Subcommittee was to incrementally raise the current rates, and to look at a methodology to ensure they were on the right track. He stated that the expectation was to assure the money was being spent in the right places.

REPRESENTATIVE SEATON said that there might be policy choices that were made by dollars. He commented that the House Health and Social Services Standing Committee should be looking at policy choices, and should not leave it to a decision by the House Health and Social Services Finance Subcommittee.

[4:37:47 PM](#)

REPRESENTATIVE COGHILL noted that there were ongoing Medicaid discussions including quality of care, and the qualification for billing. He emphasized that a budget was a policy statement.

CO-CHAIR KELLER asked for a comprehensive list of all the services which rates were being set for, and a comparison of provider services. He asked to know the dollars spent on each type of provider.

[4:40:08 PM](#)

MR. HEFLEY explained that there was a book that listed the contractors and grantors.

MR. SHERWOOD said that DHSS would provide summary information and make suggestions.

CO-CHAIR KELLER asked for an executive summary.

MR. HEFLEY asked for the level and the format that would be most useful.

[4:42:24 PM](#)

MR. HEFLEY noted that the volume and complexity for addressing the comments received from the provider groups affected the timeline for the project.

CO-CHAIR HERRON noted that both committees must figure out what was important for Alaskans.

REPRESENTATIVE CISSNA commented that the decision must be outcome driven in order to meet the constitutional mandate to promote and protect public health.

REPRESENTATIVE COGHILL offered to distribute the policy initiatives from the House Health and Social Services Finance Subcommittee to all the House Health and Social Services Standing Committee members.

[4:46:04 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:46 p.m.