

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

March 9, 2010

3:05 p.m.

**MEMBERS PRESENT**

Representative Bob Herron, Co-Chair  
Representative Wes Keller, Co-Chair  
Representative Tammie Wilson, Vice Chair  
Representative Bob Lynn  
Representative Paul Seaton  
Representative Sharon Cissna  
Representative Lindsey Holmes

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 13

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

- HEARD & HELD

HOUSE BILL NO. 284

"An Act requiring the Department of Health and Social Services to accept federal prescription drug benefits or to provide comparable benefits for residents of the Alaska Pioneers' Home."

- HEARD & HELD

HOUSE BILL NO. 309

"An Act prohibiting health care insurers that provide dental care coverage from setting a minimum age for receiving dental care coverage, allowing those insurers to set a maximum age for receiving dental care coverage as a dependent, and prohibiting those insurers from setting fees that a dentist may charge for dental services not covered under the insurer's policy."

- BILL HEARING CANCELED

**PREVIOUS COMMITTEE ACTION**

BILL: SB 13

SHORT TITLE: MEDICAL ASSISTANCE ELIGIBILITY

SPONSOR(s): SENATOR(s) DAVIS

01/21/09 (S) PREFILE RELEASED 1/9/09  
01/21/09 (S) READ THE FIRST TIME - REFERRALS  
01/21/09 (S) HSS, FIN  
02/09/09 (S) HSS AT 1:30 PM BUTROVICH 205  
02/09/09 (S) Moved SB 13 Out of Committee  
02/09/09 (S) MINUTE(HSS)  
02/11/09 (S) HSS RPT 4DP  
02/11/09 (S) DP: DAVIS, THOMAS, ELLIS, PASKVAN  
02/25/09 (S) FIN AT 9:00 AM SENATE FINANCE 532  
02/25/09 (S) Heard & Held  
02/25/09 (S) MINUTE(FIN)  
03/11/09 (S) FIN RPT 3DP 3NR  
03/11/09 (S) DP: HOFFMAN, THOMAS, ELLIS  
03/11/09 (S) NR: STEDMAN, HUGGINS, OLSON  
03/11/09 (S) FIN AT 9:00 AM SENATE FINANCE 532  
03/11/09 (S) Moved SB 13 Out of Committee  
03/11/09 (S) MINUTE(FIN)  
04/06/09 (S) TRANSMITTED TO (H)  
04/06/09 (S) VERSION: SB 13  
04/07/09 (H) READ THE FIRST TIME - REFERRALS  
04/07/09 (H) HSS, FIN  
04/11/09 (H) HSS AT 3:00 PM CAPITOL 106  
04/11/09 (H) <Bill Hearing Canceled>  
03/09/10 (H) HSS AT 3:00 PM CAPITOL 106

BILL: HB 284

SHORT TITLE: PIONEERS HOME RX DRUG BENEFIT

SPONSOR(s): REPRESENTATIVE(s) DAHLSTROM, GARA, HERRON

01/15/10 (H) PREFILE RELEASED 1/15/10  
01/19/10 (H) READ THE FIRST TIME - REFERRALS  
01/19/10 (H) HSS, STA  
01/21/10 (H) SPONSOR SUBSTITUTE INTRODUCED  
01/21/10 (H) READ THE FIRST TIME - REFERRALS  
01/21/10 (H) HSS, STA  
03/09/10 (H) HSS AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

SENATOR BETTYE DAVIS  
Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Introduced SB 13, as the prime sponsor.

DONNA GRAHAM

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 13.

MATTHEW TENNANT

**POSITION STATEMENT:** Testified during discussion of SB 13.

MICHAEL MARKOVICH

Anchorage, Alaska

**POSITION STATEMENT:** Testified during discussion of SB 13.

LAURIE MORRIS, United Way Anchorage Partner Agencies

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 13.

SHARON SCOTT, Grant Manager

Mat-Su Health Foundation

Wasilla, Alaska

**POSITION STATEMENT:** Testified during discussion of SB 13.

JODYNE BUTTO, President

Alaska Chapter American Academy of Pediatrics

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 13.

ANGELA MORGAN

Aniak Traditional Council

Aniak, Alaska

**POSITION STATEMENT:** Testified during discussion of SB 13.

DAVE BOMALASKI, Doctor

Alpine Urology

Anchorage, Alaska

**POSITION STATEMENT:** Testified during discussion of SB 13.

WALTER MAJORES, Executive Director

Juneau Youth Services (JYS)

Alaska Associations of Homes for Children

Juneau, Alaska

**POSITION STATEMENT:** Testified during discussion of SB 13.

MONICA GROSS, Doctor

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 13.

MARIE DARLIN

AARP Capital City Task Force  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 13.

KEVIN HENDERSON

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 13.

JOY LYON, Director

Southeast Chapter for Alaska Association for the Education of  
Young Children (AEYC)

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 13.

JON SHERWOOD, Medicaid Special Projects

Office of the Commissioner

Department of Health and Social Services

Juneau, Alaska

**POSITION STATEMENT:** Testified during discussion of SB 13.

ELLIE FITZJARRALD, Director

Division of Public Assistance

Department of Health and Social Services (DHSS)

Juneau, Alaska

**POSITION STATEMENT:** Testified during discussion of SB 13.

REPRESENTATIVE LES GARA

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 284, as one of the prime  
sponsors of the bill.

## **ACTION NARRATIVE**

[3:05:23 PM](#)

**CO-CHAIR WES KELLER** called the House Health and Social Services  
Standing Committee meeting to order at 3:05 p.m.  
Representatives Keller, Herron, Cissna, Seaton, Lynn, and T.  
Wilson were present at the call to order. Representative Holmes  
arrived as the meeting was in progress.

### **SB 13-MEDICAL ASSISTANCE ELIGIBILITY**

[3:05:49 PM](#)

CO-CHAIR KELLER announced that the first order of business would be SENATE BILL NO. 13, "An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

[3:06:34 PM](#)

SENATOR BETTYE DAVIS, Alaska State Legislature, said that she would not address the two proposed amendments, but would instead just give a brief statement. She wanted to ensure that a Denali KidCare bill was passed this session. She announced that SB 13 asked for the household income definition for eligibility to benefits be defined as 200 percent of the federal poverty line. She pointed out that the two proposed amendments would require that the bill return to the Senate, and she offered her belief that the bill would then not have enough time to be passed during this session. She declared that SB 13 would offer medical care benefits for at least 1300 children. She pointed out that Department of Health and Social Services (DHSS) and the governor's office both supported the income definition for benefits to be 200 percent of the federal poverty line.

[3:10:10 PM](#)

CO-CHAIR KELLER noted that currently, if the income level was exceeded by \$1, then the total care was lost. He suggested an amendment for "a co-pay ramp" which would allow for an increase to income level without a total loss of benefits. He pointed out that there were federal requirements to the allowable co-pay amounts.

[3:11:59 PM](#)

REPRESENTATIVE CISSNA, noting that childhood obesity was a problem in Alaska, asked if the increase to the income definition for eligibility would help this population.

[3:12:45 PM](#)

SENATOR DAVIS said that she did not know of any study, but that Denali KidCare would cover children with medical problems.

[3:13:25 PM](#)

REPRESENTATIVE T. WILSON asked how the estimate of help to 1300 children was determined.

[3:13:41 PM](#)

SENATOR DAVIS said that DHSS would explain the fiscal note.

[3:13:55 PM](#)

CO-CHAIR KELLER opened public testimony. He stated that SB 13 was not a discussion of coverage for children, but a question of "who pays for it and at what level." He relayed that the current qualifying income was 175 percent of the federal poverty line (FPL). He equated this to be a \$24/hour job for a 2000 hour work year for a family of four. He explained that the discussion was to raise this qualifying income level to become 200 percent of the federal poverty line, which he equated to be a \$27.50/hour job for a family of four. He pointed out that the discussion was for the criteria for payment, not for health coverage.

[3:15:44 PM](#)

SENATOR DAVIS, in response to Co-Chair Keller, emphasized that the discussion was for the cost to cover a family of four. She directed attention to the Executive Summary of the Kaiser Commission on Medicaid and the Uninsured [Included in the committee packets.] and specified that Alaska was one of only [four] states with eligibility criteria of less than 200 percent of FPL, which she stated was the bottom. She reflected that Alaska had a criterion of 200 percent of FPL in the 1990's, but that this was lowered to 175 percent and then was eroded to 156 percent. She pointed out that 70 percent of the funding comes from the federal government. She offered her belief that 9000 children were enrolled under Medicaid and Denali KidCare, and she declared the state capable of increasing the FPL which would increase the number of children with health care. She reiterated that the state only paid 30 percent of the cost, with the federal government paying the remaining 70 percent.

[3:18:42 PM](#)

CO-CHAIR KELLER replied that Department of Health and Social Services (DHSS) would compare the Medicaid and Denali KidCare services.

[3:18:55 PM](#)

REPRESENTATIVE T. WILSON asked if the eligibility requirement for most states was income based.

[3:19:24 PM](#)

SENATOR DAVIS, in response to Representative T. Wilson, said that there were a variety of state plans. She offered to provide that information.

[3:19:58 PM](#)

DONNA GRAHAM said that her congregation had heard overwhelming testimony from neighbors and friends about the lack of insurance for children. She testified in support of SB 13. She agreed that the co-pay concept was a good idea, but she stressed that it was most necessary to pass SB 13, which would allow 1300 more children to qualify for health insurance. She directed attention to her nursing background and shared that, although Alaska was a wealthy state, many children did not have health care.

[3:22:07 PM](#)

MATTHEW TENNANT suggested that doctor consultations by telephone would cut health care costs and save time.

[3:23:53 PM](#)

MICHAEL MARKOVICH said that he had been working on this for 11 months. He stated that he was now a disability advocate. He declared that Representative Tuck would sponsor an amendment. He shared that his two children were covered by Denali KidCare. He announced that he was poor and disabled, and did not receive any respect. He stated that he did not have a platform, but that he wanted to use SB 13 as a platform for his proposed amendments. He said there would be a continual struggle, for families similar to his own, of "falling through the system" and that there would be more crime and more homelessness. He stated that he wanted fairness in the system. He explained his personal family situation. He pointed out that Alaska did not follow the [federal] poverty level. He stated his support for an increase to 200 percent of the FPL. He referred to his two written testimonies titled SB 13 Amendments. [Included in the committee packets.]

[3:34:19 PM](#)

LAURIE MORRIS, United Way Anchorage Partner Agencies, reported that she spoke for 28 Anchorage United Way Agencies which represented a large spectrum of missions and services. She stated that all the partner agencies supported the reinstatement to 200 percent of federal poverty level for Denali KidCare. She confirmed that the Anchorage United Way partner agencies supported SB 13.

[3:35:20 PM](#)

SHARON SCOTT, Grant Manager, Mat-Su Health Foundation, stated that the Foundation's mission was to enhance the health of Alaskan's living in the Matanuska-Susitna Borough. Referring to the 2006- 2008 census survey, she pointed out that 10000 Alaskan children, 18 years or younger, were at or below the 200 percent FPL and were uninsured, which reflected a 31 percent decline in children covered by health insurance. She noted that this included 1530 children in Matanuska-Susitna Borough. She pointed to an increase in the statistics of these children missing school, and not having a family doctor. She stated that an increase to 200 percent FPL would offer health care access for more families and children. She declared that the number one goal for the Mat-Su Health Foundation was to reduce barriers to health care access. She directed attention to the unanimous resolution supporting Denali KidCare income eligibility to increase to 200 percent FPL by the Board of Directors, with a cost sharing option for those incomes of 200-300 percent FPL. She reported that the Mat-Su Health Foundation was sponsoring a Denali KidCare enrollment initiative, to ensure that all eligible children in the Matanuska-Susitna Borough were enrolled.

[3:37:54 PM](#)

CO-CHAIR KELLER asked how many of the 1500 children currently not covered by health insurance in the Matanuska-Susitna Borough would be covered with an increase to 200 percent of FPL.

[3:38:17 PM](#)

MS. SCOTT replied that all of these children were under the 200 percent FPL, but, in response to Co-Chair Keller, she did not know how many were under the 175 percent FPL.

[3:38:34 PM](#)

JODYNE BUTTO, President, Alaska Chapter American Academy of Pediatrics, shared that she was representing the Alaskan pediatricians. She stated that the academy had long been advocates for child health care, and had been working every year to bring the FPL back up to 200 percent and above. She supported co-pay above the 200 percent FPL. She stressed that Alaska had the most stringent qualifications of any state, and that we needed to take care of our children. She stated support for SB 13.

[3:40:23 PM](#)

REPRESENTATIVE CISSNA asked if this would help to stem the obesity problem.

[3:41:04 PM](#)

DR. BUTTO replied that there was a childhood obesity task force that had made some recommendations to be offered during the screening of children. She said that children could be referred to a nutritionist, which was paid for by Denali KidCare. She said that regular access to a primary care physician was the most important issue.

[3:42:30 PM](#)

REPRESENTATIVE T. WILSON asked how Alaska was more stringent than other states.

[3:42:44 PM](#)

DR. BUTTO, in response to Representative T. Wilson, said that Alaska included asset allocations for eligibility, but that other states did not.

[3:42:55 PM](#)

REPRESENTATIVE T. WILSON replied that she understood that neither assets nor the Permanent Fund Dividend were included for eligibility.

[3:43:05 PM](#)

DR. BUTTO pointed out that most states had yearly enrollment, but that Alaska had monthly enrollment, which often lead to delays in processing and was a barrier to continual care.

[3:43:50 PM](#)

ANGELA MORGAN, Aniak Traditional Council, shared that she worked with struggling families. She said that often in the villages, although both parents worked, there was not family insurance. She reported that Denali KidCare ensured that children had health coverage. She detailed how expensive it was to leave the village for doctor visits, health checkups, vision examinations, and dental work, all of which were available in the city but not in the village. She stated support for SB 13.

[3:47:02 PM](#)

DAVE BOMALASKI, Doctor, Alpine Urology, stated that he was one of the few pediatric surgeons in Alaska. He shared a story of two infants who, because of their enrollment in Denali KidCare, were able to have a surgery at Providence which was not available at Alaska Native Medical Center. He stated his support for SB 13 and its impact to Alaskan children.

[3:49:02 PM](#)

CO-CHAIR KELLER asked if the infants' eligibility would have been affected by SB 13.

[3:49:19 PM](#)

DR. BOMALASKI declared the importance of Denali KidCare, and noted that other children lived in poverty and did not have access to health care, so that the program was vital to the state.

[3:49:53 PM](#)

WALTER MAJORES, Executive Director, Juneau Youth Services (JYS), Alaska Associations of Homes for Children, explained that Alaska Associations of Homes for Children represented 18 organizations across the state that provided services to kids with emotional, behavioral, and substance abuse problems. He voiced strong support of SB 13, as it would allow for many more kids to receive health care services. He affirmed that Alaska was 49th out of 50 states for its eligibility threshold, and stressed that children's health care was the most important piece of national health care reform. He stated that the most common percent of FPL for eligibility was 250-300 percent. He said that this would cost about \$1300 per child, which was an inexpensive form of prevention.

[3:52:30 PM](#)

REPRESENTATIVE T. WILSON asked how many children at JYS were not currently covered.

[3:52:43 PM](#)

MR. MAJORES replied that about 80 percent of the JYS kids were covered through Denali KidCare.

[3:53:12 PM](#)

CO-CHAIR KELLER asked about the criteria for coverage by Denali KidCare versus Medicaid.

[3:54:05 PM](#)

MONICA GROSS, Doctor, testified in support of SB 13. She stated that this bill shifted medical care from crisis care to preventative family care. In response to Representative Cissna, she declared that obesity was a crisis in Alaska. She pointed out that an emergency room visit would not measure body mass index, but would only attend to the crisis situation. She affirmed that a Well-Child check up at her office would include height, weight, and body mass index. She announced that all family doctors were trained to recognize the significance of overweight or obesity. She declared that an emergency room was not oriented for preventative care.

[3:56:01 PM](#)

REPRESENTATIVE LYNN asked why Alaskan children had a higher rate of obesity than in other states.

[3:56:53 PM](#)

DR. GROSS reported that three factors had been related to obesity in children. It was lower in families that ate dinner together, lower when there was less television or screen time, and lower with families that exercised and kept aware of diet. She stressed that these issues would be addressed by a family doctor, not in an emergency room.

[3:57:48 PM](#)

REPRESENTATIVE LYNN asked why this was different in Alaska.

[3:58:04 PM](#)

DR. GROSS replied that the data was being reviewed.

[3:58:32 PM](#)

REPRESENTATIVE T. WILSON asked Dr. Gross how many of her child clients had private insurance.

[3:58:47 PM](#)

DR. GROSS replied that it was about 50 percent with private insurance and about 50 percent with Denali KidCare.

[3:58:59 PM](#)

REPRESENTATIVE T. WILSON asked if the private insurance included co-pay or deductibles.

[3:59:19 PM](#)

DR. GROSS replied that coverage varied. She emphatically stated that Denali KidCare included Well-Child Care, but that some private insurance did not offer this, and as a result "things fall through the cracks in those families, and it is a serious issue."

[4:00:26 PM](#)

REPRESENTATIVE T. WILSON asked if private insurance could be used in conjunction with Denali KidCare, or was it one or the other.

DR. GROSS, in response, clarified that it was one or the other. She explained that families without Well-Child care were not getting the necessary routine care. She stressed that every study pointed to the long term financial savings from a Well-Child care program.

[4:01:52 PM](#)

CO-CHAIR KELLER observed that the question was not to the validity of Well-Child care.

DR. GROSS, in response to a question from Co-Chair Keller, stated that there were six pediatricians in Juneau.

CO-CHAIR KELLER observed that a family with private insurance would qualify for Denali KidCare if its income was below 150 percent of FPL.

[4:03:44 PM](#)

DR. GROSS assessed that it would then be possible for Denali KidCare to supersede private insurance.

[4:04:34 PM](#)

MARIE DARLIN, AARP Capital City Task Force, stated support for SB 13 and encouraged adjustment to eligibility for 200 percent FPL. She read in part from a March 8, 2010 letter which she had submitted to the committee: [Included in the committee packets.]

AARP is the world's largest organization of grandparents. We are concerned about health insurance for everyone's grandchildren. In addition, we have many retired grandparents who are raising their grandchildren. Currently, there are over 5,500 grandparents responsible for raising over 8,200 young Alaskan grandchildren. Very often these grandparents are retired and dependent on Medicare for their health coverage. Denali KidCare, in many cases, is the only health insurance they can secure for their grandchildren. If these grandparents are not able to secure insurance coverage for their grandchildren, some of the children will have to leave this caring family environment and become wards of the state. We hope you realize how important Denali KidCare coverage is to these extended families that are now in one household. These grandparents are trying to provide the best care for their grandchildren. They need Denali KidCare.

[4:07:07 PM](#)

MS. DARLIN, in response to Representative Cissna, said that 5500 grandparents were in charge of 8200 grandkids.

[4:07:41 PM](#)

KEVIN HENDERSON encouraged support for SB 13, as it would "improve the chances of a healthy and productive start for our

children." He stated that it makes economic sense, as healthy children would impose less of a demand on the health care system, and would perform better in school. He pointed out that these same children will pay off as contributors to society and will become the new decision makers. He offered a story about his grandson, noting that his grandson no longer had health care coverage because his mother was \$7.56 over the income limit. He pointed out that she was working a full time job, with a part time job on the weekends, and was taking classes at University of Alaska. He stated that private insurance would cost her 25 percent of her paycheck, and have a \$4000 deductible. He declared that she and his grandson were one accident away from financial ruin, and he opined that this was a story told all over Alaska. He endorsed Denali KidCare to be the only viable option. He urged the committee "to do the right thing." He suggested that the discussion about co-pay options be held at a later time. In response to Co-Chair Keller, he agreed that a co-pay system after the 200 percent FPL was worth consideration. In response to Representative Wilson, he said that there was a need for all children to have Well Child health care, and he reported that his daughter's insurance premiums were going to be \$150 each month, and adding his grandson could increase it to more than \$300 per month. He emphasized that this was only for major medical coverage, and would not cover dental, Well-Child care, or visual examinations.

[4:16:01 PM](#)

JOY LYON, Director, Southeast Chapter for Alaska Association for the Education of Young Children (AEYC), stated that AEYC was in support of an immediate eligibility change to 200 percent of FPL, with future consideration of co-pay for incomes beyond this eligibility level. She shared that the Southeast Chapter of AEYC had just completed a needs assessment with its Best Beginnings partners. She reported that 25 percent of women in Juneau with babies did not get proper pre-natal care, and that this was now a top priority. She extolled the value of the doctor - patient relationship, and affirmed how important it was to get mothers and kids to see the doctor. She confirmed that Denali KidCare was critical for health and education, as the two were so dependent on each other. She reminded that the state only pays 30 cents on the dollar for the health care for its children. She urged passage of SB 13, so that 1300 children would not go another year without health care.

[4:19:31 PM](#)

CO-CHAIR KELLER asked what percentage of the Juneau women without proper pre-natal care would be affected by SB 13.

[4:20:16 PM](#)

MS. LYON agreed that SB 13 would not cover everyone, but the more children covered by Denali KidCare meant a greater savings from emergency care for Alaska.

[4:20:54 PM](#)

REPRESENTATIVE CISSNA asked for a cost analysis to decide where to spend money. She reflected on the economic value for having healthy children.

[4:22:01 PM](#)

MS. LYON replied that there was a \$12-\$17 return on every dollar invested in high quality children's health care.

[4:22:31 PM](#)

JON SHERWOOD, Medicaid Special Projects, Office of the Commissioner, Department of Health and Social Services, stated that the administration did support an increase of eligibility to 200 percent of FPL, without any cost sharing. He estimated that the bill would serve 1300 children and over 200 pregnant women, which was based on the earlier decline of case loads when the eligibility had been changed. He pointed to the three fiscal notes for behavioral health, primary and acute care, and public assistance and administrative costs. He stated that most children in long term residential treatment would be considered eligible under Medicaid. He said that they could be eligible under Denali KidCare upon their entry to treatment.

[4:25:51 PM](#)

CO-CHAIR HERRON asked if the DHSS had reviewed any copayment schedules.

[4:26:30 PM](#)

MR. SHERWOOD explained that there were federal rules regarding copayment for Medicaid, which included some significant limits that were administratively cumbersome. He identified that DHSS was waiting for the new federal regulations. He said that DHSS

was willing to evaluate cost sharing proposals to ensure federal compliance.

[4:27:43 PM](#)

CO-CHAIR KELLER said that co-pay could not exceed 5 percent of total income.

[4:28:10 PM](#)

REPRESENTATIVE T. WILSON asked how hard it would be to add a co-pay after the bill was passed.

[4:28:25 PM](#)

MR. SHERWOOD said that it would be the same administrative effort either sooner or later. He said that the education for the public and the providers might be a bit more difficult with a later change.

[4:29:10 PM](#)

REPRESENTATIVE T. WILSON asked if it would be better to add the co-pay now, so that the public would understand what to expect.

[4:29:30 PM](#)

MR. SHERWOOD replied that the administration supported a clean expansion to 200 percent of FPL.

[4:29:45 PM](#)

REPRESENTATIVE T. WILSON offered an example of two people with the same income, but only one had private insurance. She asked for a justification that only would receive the "free care."

[4:30:56 PM](#)

MR. SHERWOOD agreed that it was an inequity of the federal law. He allowed that lower income children were still eligible for Medicaid, but that higher income, uninsured children were not eligible.

[4:31:24 PM](#)

REPRESENTATIVE CISSNA said that, although the concept of co-pay was widely accepted, the paperwork for co-pay made it so costly

that money was lost. She asked to hear more of why it was a good economic investment. She pointed out that these children were going to be the future workforce.

[4:33:00 PM](#)

MR. SHERWOOD replied that he did not have statistics of the long term benefit for providing health care to children, but that he would inquire for national statistics.

[4:33:35 PM](#)

REPRESENTATIVE SEATON asked if the co-pay would reflect the federal equation of 70 percent - 30 percent, so that the state savings would only be 30 percent of the co-pay.

[4:34:11 PM](#)

MR. SHERWOOD agreed that the ratio would be the same.

[4:35:23 PM](#)

REPRESENTATIVE SEATON pointed out that the state also picked up an administrative burden with the co-pay, but would only receive a minimal income.

[4:35:54 PM](#)

REPRESENTATIVE SEATON asked for an estimate of how many people in the 175-200 percent of FPL were uninsured. He noted that should the uninsured estimate be high, then the state was paying for 100 percent of any emergency room visitations.

[4:36:54 PM](#)

MR. SHERWOOD offered to provide the estimate.

[4:37:19 PM](#)

CO-CHAIR KELLER asked about the DHSS \$1 million performance bonus as an incentive for enrollments in State Children's Health Insurance Program (SCHIP).

[4:38:43 PM](#)

MR. SHERWOOD clarified that the bonus was \$788,505. He explained that there were target enrollment levels, and to

qualify a state must meet 5 of 8 criteria for eligibility simplification. He listed some of the criteria to be: continuous eligibility for one year in Medicaid; liberalization of the asset requirement; elimination of the in person interview process for benefits; use of the same application for renewal in Medicaid and SCHIP; automatic or administrative renewal; presumptive eligibility; express lane eligibility; and premium assistance subsidies.

[4:43:08 PM](#)

REPRESENTATIVE T. WILSON asked why Alaska did not include assets for eligibility determination.

[4:43:26 PM](#)

MR. SHERWOOD replied that the asset requirement was included in a number of federal and state assistance programs. For the pregnant women and children categories of Medicaid, often referred to as the "poverty level categories," an asset requirement was not included as it was rare that people with low incomes had significant assets, and it was administratively burdensome to identify and verify assets.

[4:45:21 PM](#)

ELLIE FITZJARRALD, Director, Division of Public Assistance, Department of Health and Social Services (DHSS), explained that the initial focus of Denali KidCare was to create access to health care for children without insurance. She explained that the performance bonus did not entail many departmental changes, but that DHSS tried to stabilize enrollment for eligible children who were "lost in the administrative trap." This resulted in the 12 month qualification for continuous eligibility and stabilized care. She pointed out that DHSS was working with the tribal organizations to guarantee that eligible children were enrolled in both Indian Health Services and Denali KidCare, as it resulted in higher reimbursement for the state. She noted that there were guidelines for spending the bonus. She shared that 47 states did not have asset requirements for children's health care programs, and that Alaska focused on ensuring access to children's health care. She mentioned that DHSS had considered co-pay and premiums, but were still reviewing federal regulations.

[4:48:30 PM](#)

REPRESENTATIVE T. WILSON offered an example that a family of four, with the Permanent Fund Dividend (PFD), would be eligible to qualify for Denali KidCare with an income of \$60,000. She said that, without an asset test, a family could be living with their parents, and qualify.

[4:49:30 PM](#)

MS. FITZJARRALD, in response to Representative T. Wilson, said that the poverty standard for a family of four was a gross income of \$55,140.

[4:49:57 PM](#)

REPRESENTATIVE T. WILSON replied that this income did not include the Permanent Fund Dividend, and she questioned how this could be a poverty level.

[4:50:18 PM](#)

MS. FITZJARRALD agreed that inclusion of the Permanent Fund Dividend had been discussed. She directed attention to an earlier statute which stated that the PFD would not count in determination of eligibility for public assistance. She also noted that a significant percentage of the adults in families receiving public assistance did not receive the PFD, as it was often garnished to pay outstanding debts. She said that there were a lot of factors to be decided when determining a level of need.

[4:52:28 PM](#)

MR. SHERWOOD, in response to Co-Chair Keller, said that the reimbursement level for SCHIP was 66 percent and for Medicaid was 62 percent. He said that this would decline to 50 percent.

CO-CHAIR KELLER asked if Denali KidCare would be cut to meet future budget constraints.

[4:53:53 PM](#)

MR. SHERWOOD replied that currently there were maintenance of effort requirements which would prevent cuts in eligibility without jeopardizing funding. He reported that Medicaid, Denali KidCare, and SCHIPS were all optional programs, but that there were mandatory services and eligibility for coverage, if offered.

[4:55:18 PM](#)

REPRESENTATIVE SEATON directed attention to the decisions made in 2003, which had changed the eligibility to 175 percent of FPL. He pointed out that the legislature could make a future change, if necessary.

[4:55:59 PM](#)

REPRESENTATIVE CISSNA opined that cost analysis was important because parents were learning how to raise children in a healthy way.

[SB 13 was held over.]

**HB 284-PIONEERS HOME RX DRUG BENEFIT**

[4:56:42 PM](#)

CO-CHAIR KELLER announced that the final order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 284, "An Act requiring the Department of Health and Social Services to accept federal prescription drug benefits or to provide comparable benefits for residents of the Alaska Pioneers' Home, including residents eligible for discount or free benefits from the United States Department of Veterans Affairs or the Indian Health Service of the United States Department of Health and Human Services."

REPRESENTATIVE LES GARA, Alaska State Legislature, said that there was a "glitch" at the Veterans Administration which prevented Pioneer Homes from offering free or discount drugs to veterans, which should have been distributed free from the Veterans Administration. He explained that Pioneer Homes now offered the option to veterans for drugs at the same rate as the Veterans Administration or the Indian Health Service. He added that, although the Pioneer Homes were now offering this option, HB 284 would institutionalize the policy so that it would not change again in the future.

[HB 284 was held over.]

[4:59:52 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:59 p.m.