

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

April 14, 2010

8:38 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Paul Seaton

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 172(FIN) am

"An Act establishing the Alaska Health Care Commission in the Department of Health and Social Services; and providing for an effective date."

- MOVED HCS CSSB 172(HSS) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 172

SHORT TITLE: ALASKA HEALTH CARE COMMISSION

SPONSOR(s): SENATOR(s) OLSON

03/27/09	(S)	READ THE FIRST TIME - REFERRALS
03/27/09	(S)	HSS, FIN
04/17/09	(S)	HSS AT 1:30 PM BUTROVICH 205
04/17/09	(S)	Scheduled But Not Heard
04/18/09	(S)	HSS AT 10:00 AM BUTROVICH 205
04/18/09	(S)	Bills Previously Heard/Scheduled
02/03/10	(S)	HSS AT 1:30 PM BUTROVICH 205
02/03/10	(S)	Heard & Held
02/03/10	(S)	MINUTE(HSS)
03/10/10	(S)	HSS AT 1:30 PM BELTZ 105 (TSBldg)
03/10/10	(S)	Heard & Held
03/10/10	(S)	MINUTE(HSS)
03/17/10	(S)	HSS AT 1:30 PM BUTROVICH 205

03/17/10	(S)	Moved CSSB 172(HSS) Out of Committee
03/17/10	(S)	MINUTE(HSS)
03/18/10	(S)	HSS RPT CS 3DP 1NR SAME TITLE
03/18/10	(S)	DP: DAVIS, ELLIS, PASKVAN
03/18/10	(S)	NR: DYSON
04/07/10	(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/07/10	(S)	Heard & Held
04/07/10	(S)	MINUTE(FIN)

WITNESS REGISTER

DENISE LICCIOLI, Staff
 Senator Donny Olson
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented SB 172, on behalf of the prime sponsor.

WARD B. HURLBURT, M.D.
 Director and Chief Medical Officer
 Division of Public Health (DPS)
 Department of Health and Social Services (DHSS)
 Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of SB 172.

WILDA LAUGHLIN, Special Assistant
 Office of the Commissioner
 Department of Health and Social Services (DHSS)
 Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of SB 172.

WAYNE STEPHENS, President and CEO
 Alaska State Chamber Of Commerce;
 Member; Alaska Health Care Commission
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 172.

MR. BRIAN SAYLOR, Ph.D., Retired
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 172.

DEB ERICKSON, Executive Director
 Alaska Health Care Commission (AHCC)
 Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of SB 172.

LIZ CLEMENT, Staff
Representative Bob Herron
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of SB 172.

JILL LEWIS, Deputy Director - Juneau
Division of Public Health (DPS)
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of SB 172.

ACTION NARRATIVE

[8:38:36 AM](#)

CO-CHAIR WES KELLER called the House Health and Social Services Standing Committee meeting to order at 8:38 a.m. Representatives Keller, Herron, Cissna, Lynn, T. Wilson, and Holmes were present at the call to order.

[8:39:34 AM](#)

CO-CHAIR KELLER announced that the first order of business would be CS FOR SENATE BILL NO. 172(FIN) am, "An Act establishing the Alaska Health Care Commission in the Department of Health and Social Services; and providing for an effective date."

[8:39:49 AM](#)

DENISE LICCIOLI, Staff to Senator Donny Olson, Alaska State Legislature, paraphrased from the sponsor statement, which read as follows [original punctuation provided]:

Alaska is currently facing serious healthcare cost, access and quality issues. Between 1991 and 2005, health care expenditures in our state more than tripled from \$1.6 billion to \$5.3 billion. Costs are expected to double again by 2013 to over \$10 billion. All levels of government - state, local, and federal - are affected, and Alaska's economy cannot sustain this

inflationary growth. The purpose of SB 172 is to establish in statute the Alaska Health Care Commission to address the need for health care reform in our state. This issue is complex and broad in scope, and cannot be dealt with adequately unless we have a permanent body to plan and follow through for long range comprehensive health care reform.

The two most recent groups to work on the issue of health care reform in Alaska, the Alaska Health Care Roundtable (2005) and the Alaska Health Care Strategies Planning Council (2007), both recommended that a permanent body be established to address the problem of health care reform. The Roundtable (which met for 2 years) and the Planning Council (which met for 6 months) recognized that the problem is too great to be effectively addressed through a short-term, ad-hoc body.

The Alaska Health Care Commission would be established in the Department of Health And Social Services, and would consist of a ten member body including public officials and private citizens. Representatives from both the executive and legislative branches of state government are included, as well as citizens representing the private business sector, the health care community, and consumers. Three members are to be ex officio appointees from the legislature and the governor's office. The composition and small size would enable efficient and effective teamwork and decision-making, while bring a balance of viewpoints and perspectives.

The commission would provide its recommendations and support the development of a statewide plan to address the quality, accessibility, and availability of health care for all citizens of the State. A plan for reform will be based on education, sustainability, management efficiency, health care effectiveness, private-public partnerships, research, personal responsibility and individual choice.

Alaska's need for healthcare reform is pressing and must be dealt with thoroughly and efficiently, with a long range view towards meaningful and lasting change. The Alaska Health Care Commission would play an important role in this process, and it is essential

that we make it a permanent component of the Department of Health and Social Services, so that present as well as future issues with Alaska's healthcare systems can be better anticipated, understood and addressed.

[8:44:47 AM](#)

MS. LICCIOLI concluded by stating that the problem is pressing and health care reform must address present and future issues. The Alaska Health Care Commission would play an important role in that process.

[8:45:28 AM](#)

CO-CHAIR KELLER referred to page 3, line 23, and pointed out that "insurance" was added after "care" which would need to be amended in the bill.

[8:46:19 AM](#)

REPRESENTATIVE HOLMES referred to language in paragraph (F), which read, "one member who represents the health care industry in the state."

MS. LICCIOLI explained that "care" was removed and "insurance" was added by an amendment so the language currently reads "health insurance industry."

[8:46:55 AM](#)

REPRESENTATIVE HOLMES stated she generally supports the bill. She recalled a sunset provision applies to the Alaska Health Care Commission (AHCC) and asked if it was the sponsor's intention to have the commission to serve indefinitely, but the purpose of the sunset provision is to provide a periodic review of the commission.

[8:47:35 AM](#)

MS. LICCIOLI referred to page 7, line 31, to the June 30, 2014 sunset provision.

REPRESENTATIVE HOLMES asked if the sponsor's intent was to reauthorize the AHCC or if it would be a short-term commission.

MS. LICCIOLI answered that the prime sponsor, Senator Olson, does not necessarily want to direct the legislature in this matter. He recognizes the task of implementing health care reform is a complex issue and acknowledged the legislature could choose to extend the commission. However, the sponsor also recognizes that it is possible that the AHCC could be finished with its work by 2014. Additionally, it is possible that some additional changes may be needed. Thus, the prime sponsor wanted a shorter sunset date to allow the legislature time to review and determine the outcome based on events as they unfold.

8:49:06 AM

REPRESENTATIVE HOLMES pointed out that the proposed AHCC has staggered three-year terms, which indicates it may be an ongoing commission, which she said she did not have any objection to but noted the staggered dates tend to indicate the role may be longer.

MS. LICCIOLI surmised that the prime sponsor would be surprised if work was completed at end of sunset date, which is why the terms are staggered terms. However, given the adoption of health care reform at the national level, it may take time for policy impacts to trickle down to Alaska. The current language would provide the legislature the opportunity to review the progress.

8:50:42 AM

REPRESENTATIVE HOLMES referred to page 2, line 3, which she said would give the department the ability to develop, adopt, and implement a statewide health plan based on the recommendations of the proposed Alaska Health Care Commission (AHCC). She asked what the legislature's role would be and if the AHCC would make recommendations and the department would implement them or if further legislative review would be required.

WARD B. HURLBURT, M.D., Director and Chief Medical Officer, Division of Public Health (DPS), Department of Health and Social Services (DHSS), stated that the AHCC, as it is currently functions, views itself as making recommendations to legislature and to the governor to develop plans. Thus, before a health plan would be adopted, the AHCC would work in collaboration with the legislature and the administration. He related he is "one of the world's largest skeptics on commissions." He said he has been impressed with the AHCC's work thus far. He thought the sunset provision would give the AHCC an opportunity to truly

demonstrate its worth and if it did not do so, it should not be extended.

[8:53:32 AM](#)

REPRESENTATIVE HOLMES pointed to page 5, line 11, to the disclosure forms required. She asked if there are any problems with medical ethics under the required disclosure. She did not want to set up an instance that caused a medical professional to breach their medical ethics.

DR. HURLBURT deferred to Representative Holmes as an attorney, but related from his own experience he did not see any problem.

[8:55:01 AM](#)

REPRESENTATIVE HOLMES referred to page 5, line 24, and asked for the definition of enhanced market forces.

DR. HURLBURT replied that the intent would be to examine the leverage of purchasing to ensure "that you get your money's worth at the \$6 billion that we're spending. The 18 percent of the GDP now is just a huge amount of our national resource. We would want to make sure the services that we get for that really are supported by the science; that they are purchased efficiently and effectively."

REPRESENTATIVE HOLMES reflected that this commission appeared to be a full time job.

CO-CHAIR KELLER remarked that the challenge is "so huge." He related that there is virtually no one in the health care industry that is not concerned. He suggested that he has not heard anything negative about actions taken that address the cost in a responsible way and also increase access to quality care. He remarked that the commissioners' passion has been impressive.

[8:57:13 AM](#)

REPRESENTATIVE T. WILSON suggested that the department has expertise. She referred to the fiscal note and inquired as to whether anyone currently performing the functions could take over as executive director rather than to hire a new person.

DR. HURLBURT responded that the executive director's position is a full-time position. This person would serve as a public

entity to serve to react to health care reform. Additionally, the department does not have the expertise to provide some analyses on health care reform, such as a health care economist. Some national analyses will be available through organizations such as Covington & Burley and Henry J. Kaiser Family Foundation, but the state will also need to acquire state-specific analysis to address health care reform, which could be provided by outside contracts, such as the University of Alaska's Institute of Social and Economic Research (ISER).

[8:59:04 AM](#)

MS. LICCIOLI said the AHCC has "a lot of work" to accomplish. She was unsure of their needs but she could say that at least one full-time staff person would be necessary, given that the other commission members are doing other work. The AHCC members are essentially "volunteers." It is envisioned that one full-time person would conduct research and would interact and prepare materials so the commission members' time would be minimized. She related that it already takes significant time just to prepare for and attend meetings. She stated that without a dedicated staff person the commission's work would be hampered.

[9:00:41 AM](#)

REPRESENTATIVE T. WILSON said many issues will need to be addressed. She suggested that perhaps a staff member could work on the issues as opposed to hiring an executive director. She expressed concern about adding another \$500,000 to the budget.

MS. LICCIOLI related that the department and Dr. Hurlburt would need to answer with respect to resources.

CO-CHAIR KELLER said he would like to have them available to answer questions.

[9:01:49 AM](#)

REPRESENTATIVE CISSNA offered her belief that the commission's work would cover every department in the state since they have their "fingers in the health pie." All state employees are affected since they receive pay and health insurance. Thus, "billions of dollars are really impacted by this commission." She indicated that data collection has been cut back so the state cannot compare itself to a lot of other states. This commission could offer a financial savings to the state.

"Underfunding is usually the 'kiss of death' for business", she said. She stated that the executive director needs to be a person "that keeps the glue in place."

[9:04:10 AM](#)

DR. HURLBURT agreed with Representative Cissna's comments. He said the need for the commission has become more acute with the passage of federal health care reform. Health care impacts everyone. He stated that the department does need resources to keep the commission ongoing. Resources were not provided the first year the AHCC operated. Thus, it has been an "unfunded mandate." He suggested that his division needs to be involved in preventative health and needs to be held accountable. He speculated that on a day-to-day basis the AHCC will be working on "medical care cost issues" since the bill charges the commission to develop a strategy for improving the health of all residents of the state to encourage personal responsibility for disease prevention, healthy living, and acquisition of health insurance.

[9:06:11 AM](#)

MS. LICCIOLI said that the fiscal note shares the cost with the federal government so other federal programs will be billed since the programs will benefit from the commission's work. The full fiscal impact will not come from general fund (GF), although more than half the cost is GF funding.

REPRESENTATIVE T. WILSON referred to the fiscal note funding that indicates \$500,000 from the general fund (GF).

WILDA LAUGHLIN, Special Assistant, Office of the Commissioner, Department of Health and Social Services (DHSS), explained the fiscal note was updated on April 13, 2010 to show federal receipts of \$165,000 and GF match of \$335,000. The fiscal note also reflects the additional person to reflect the additional commission membership, which totals 13 members.

[9:08:55 AM](#)

WAYNE STEPHENS, President and CEO, Alaska State Chamber Of Commerce, stated he has served on the Alaska Health Care Commission (AHCC) for the past year. He expressed support for the AHCC. He noted the increase in health care costs and premiums has created a significant burden on businesses and employers. The health care personnel workforce shortage has

reduced access for seniors and other Alaskans. Alaska's health care system needs adjustments and there are not any quick fixes. The best first step is to address pressing health care issues is to permanently establish the AHCC, comprised of experts and representatives of key stakeholders in the state. The AHCC will make recommendations to the legislature to realign and redesign the system. The temporary AHCC, established by executive order, expired this year but began to consider relevant issues including coverage, cost, access, quality, work force, health information technology, primary care safety net, cost transparency, prevention, personal responsibility, but the short timeframe is inadequate to address the complex issues to the degree needed. The Alaska State Chamber of Commerce supports the establishment in statute of the AHCC to recommend comprehensive statewide health and health care policy to the governor and legislature that will result in a health care system that provides quality and affordable access to Alaskans.

[9:11:16 AM](#)

REPRESENTATIVE T. WILSON asked how many members serve on the AHCC.

MR. STEPHENS replied seven plus the three ex-officio members.

[9:11:42 AM](#)

MR. BRIAN SAYLOR, Ph.D., Retired, stated he retired from the University of Alaska Anchorage (UAA) and has previously served as the deputy commissioner, Department of Health and Social Services (DHSS) and as the director, Alaska Psychiatric Institute. He spoke in support of SB 172 and in recognition of the complexity of the health care system. One element that he thought would warrant additional attention and would strengthen the bill is the extent to which the public health enterprise can reduce costs and improve people's health by reducing the demand for services. He stated that the element is suggested in the bill but should be made very explicit. He commented that Representative Cissna has a copy of an amendment he prepared that would address this issue. He stated that demand reduction that comes as a direct result of preventive activities of public health, which go beyond individual responsibility and are more consistent with Article 7, of the Alaska State Constitution that argues we promote and protect the public health. Those things have been shown repeatedly to have a marked effect to reduce the demand for medical care. He explained that the bill currently focuses more on the delivery of health services to reduce costs.

His strong recommendation is public health be explicitly noted in the bill. He offered his belief that this would add a welcome additional element to the study of our health care system. Currently, the health care system consists of health care services delivery rather than one that addresses overall health. He thought the addition of public health would "go a long way to correct that."

[9:14:29 AM](#)

REPRESENTATIVE CISSNA thanked Dr. Saylor. She recalled a prior study that suggested cost reductions could be achieved by providing care at the point a person develops a chronic disease, to help them to get better and stop the growth of disease. She asked whether such a study could be made available to the legislature and newly-convened commission.

DR. SAYLOR pointed out that extensive literature on the impact of health promotion and disease reduction, not only among corporations, where the return on investment is astonishing, but in the public, in general. He thought that the commission would add attention to public health infrastructure. He said he would be happy to help in any way he can to provide additional information.

[9:16:42 AM](#)

DEB ERICKSON, Executive Director, Alaska Health Care Commission (AHCC), explained that the workload has substantially increased with passage of the federal health care laws. She recalled an overview on the legislation, which added over a thousand pages of federal law. She offered her belief that the law will fundamentally change the method of delivery for health care in Alaska. The AHCC has been working to more effectively and efficiently organize funding and delivery of health care in Alaska. She related the AHCC will work to understand the new federal law. She understood an amendment may be considered. She offered her view that a strong delivery system must rest on a foundation of prevention and a strong public health system. As duties are added, it could potentially "water down" the AHCC's mission. She reiterated Dr. Hurlburt's comments that the Department of Health and Social Services (DHSS) does not have the expertise it needs without obtaining additional resources. Her position was created as essentially a non-permanent fully exempt position that is not in the budget. She suggested that if the fiscal note were to be "stripped" that her position would likely disappear. Prior to taking this position, she worked for

about 25 years with the DHSS. Thus, speaking from experience if the bill passed without funding the DHSS would not be able to acquire necessary expertise through consultants. She speculated that if that were to happen, the level of work product would suffer. She speculated that might translate into the commission issuing a staff report and holding several "teleconferenced" commission meetings. She brought up two things to note. Supporting the executive director position created budget issues for the department. The AHCC developed a detailed public communication and engagement strategy that could not be implemented due to a lack of resources. Thus, the commission was not able to engage or interact with the public to a greater extent and was less transparent than it could have been if it had been funded.

[9:23:02 AM](#)

CO-CHAIR KELLER stated the AHCC, which he had the privilege of serving on, was established by an executive order that also gave the commission the authority to hire an executive director. He asked to place on the record that he has profound respect and appreciation for Ms. Erickson's work. He said the commission would not have been successful without her. He said, "I've become one of your greatest fans."

[9:24:14 AM](#)

CO-CHAIR KELLER closed public testimony on SB 172.

[9:24:24 AM](#)

REPRESENTATIVE CISSNA moved to adopt Amendment 1, labeled 26-LS0790\CA.1, which read as follows:

Page 6, line 4:
Delete "and"

Page 6, line 6, following "services":
Insert ";

(G) determines the resources needed by local and state governments to protect the public health; and

(H) assesses the effect of improved health status on the cost of health care"

CO-CHAIR KELLER objected for purpose of discussion.

[9:25:17 AM](#)

REPRESENTATIVE CISSNA explained that proposed Amendment 1 would add two paragraphs to the services and duties of the commission. She stated that it follows the discussion of personal responsibility and preventative medicine. She stated that the constitution looks at primary prevention and determining the resources needed by local and state governments. She suggested that proposed Amendment 1 should state "promote and protect" since those terms are in Alaska's constitution. She offered her belief that state government should put its efforts into keeping people healthy. Currently, people often enter the health care system when they are Medicare eligible and go to the emergency room for treatment, which is the most expensive provider. Thus, people enter the most expensive part of the system, become Medicaid eligible, and continually are treated for illness or disease. This becomes a "huge driver" of the "huge debt" in the state and absorbs the department's resources. She advocated for Alaska to review the needs and assess the effect of improved health status to ensure money is spent in the most cost effective manner rather than waiting until sick people are eligible for Medicare before their problems emerge. She further advocated striving for a healthier population. This language provides a different focus and a more refined way of viewing health care that "builds health."

[9:30:58 AM](#)

REPRESENTATIVE HOLMES offered her support for proposed Amendment 1. She agreed that prevention is not clearly spelled out and the need for prevention, such as for immunizations, anti-obesity, and life style changes and should be in the purview of the AHCC.

[9:31:47 AM](#)

CO-CHAIR KELLER thought the comments were good comments. He objected to Amendment 1 since it is already included in SB 172. He referred to page 5, line 19-31, which outlines the duties of the commission. He read subsection (a)(2)(A), "encourages personal responsibility for disease prevention, healthy living, and acquisition of health insurance;." He expressed concern with paragraph (H) to "assessing the effect of improved health status..." He stated that the state wants to encourage prevention for healthy living, which the AHCC supports and while Amendment 1 is not harmful, that specificity might cause confusion.

[9:33:43 AM](#)

REPRESENTATIVE CISSNA said that state spends more money on getting people familiar with Medicaid than on the effort to break learned habits, some through expensive advertising. The private sector has its rights but the state's role is to help people break habits.

CO-CHAIR KELLER maintained his objection. He felt the issue is already covered.

CO-CHAIR KELLER reopened public testimony on SB 172.

[9:35:20 AM](#)

MS. ERICKSON referred to proposed Amendment 1. She opined that she agreed that paragraph (H) is already addressed in the current duties on page 5, in subparagraph (A),(B), and on page 6 in subparagraph (C), which she reviewed. The one thing that subparagraph (H) addresses that may not be recognized by a further AHCC or is not reflected in the duties outlined in SB 172, is the role of local and state government for public health.

CO-CHAIR KELLER asked whether the language in subparagraph (G) would create a burden for the AHCC.

MS. ERICKSON responded that under the current fiscal note, the AHCC would not have resources to address subparagraph (G), but she imagined the commission could address in more general terms the role of local and state governments with respect to public health. She remarked that the task is huge that this language would add one more duty for AHCC to prioritize.

[9:38:44 AM](#)

REPRESENTATIVE T. WILSON asked for the bill sponsor's comment.

MS. LICCIOLI reported she discussed a previous version of the amendment with Senator Olson. She said he believes that proposed Amendment 1 would not be harmful, but that the current duties are already covered in the bill. She said he expressed slight concern with the language "resources needed by local government" since numerous local governments exist in Alaska and the resource needs vary between local governments. She suggested that it may be better to list "what we want to

accomplish" and allow the local and state governments to identify the resources.

REPRESENTATIVE T. WILSON commented that the commission could always add these requirements at a later date.

[9:40:33 AM](#)

MS. LICCIOLI said she thought the sponsor would agree. She restated that he did not think the proposed Amendment 1 was harmful, but believes the commission already is working to accomplish the tasks.

[9:40:55 AM](#)

CO-CHAIR KELLER reclosed public testimony on SB 172.

[9:41:05 AM](#)

REPRESENTATIVE CISSNA offered her strong support for proposed Amendment 1. She explained that she has been a legislator for 12 years. She has observed illnesses and health problems move from adult problems to problems that increasingly affect youth. She expressed concern that the majority of Alaska's youth have developed poor habits that will translate to a diminished quality of life as adults. She said, "That's really frightening to me." She said that the legislature must think differently if it wants to solve the problems. She pointed out that she has visited 60 communities and has found that local governments are accessible. She offered that having a commission ask questions and having communities know that someone will listen "would be a huge thing."

[9:43:42 AM](#)

CO-CHAIR KELLER maintained his objection.

[9:44:03 AM](#)

A roll call vote was taken. Representatives Cissna and Holmes voted in favor of Amendment 1. Representatives T. Wilson, Lynn, Keller voted against it. Therefore, Amendment 1 failed by a vote of 3-2.

[9:44:54 AM](#)

CO-CHAIR KELLER opened public testimony on SB 172.

LIZ CLEMENT, Staff to Representative Bob Herron, Alaska State Legislature, related that the amendment that the sponsor would have offered is one that may be offered by Representative T. Wilson and not Amendment 1, which failed.

CO-CHAIR KELLER closed public testimony on SB 172.

[9:45:59 AM](#)

REPRESENTATIVE T. WILSON moved Conceptual Amendment 2 [labeled Amendment #1], which read [original punctuation provided]:

Amend/replace Sec.18/09.040 with:

"The commission may appoint an executive director, who may not be a member of the commission, and who shall be current staff of the department. All commission research and supplemental work shall be accomplished with department resources and collaboration between commission members."

CO-CHAIR KELLER objected for the purpose of discussion.

[9:46:15 AM](#)

REPRESENTATIVE T. WILSON expressed concern with the initial fiscal note that added an executive director. She said she was even more concerned with the subsequent fiscal note that added two positions. She re-read proposed Conceptual Amendment 2 and gave the rationale for the amendment. She stated that this amendment would allow the commission the flexibility to determine its staffing needs and workload. She said she changed the language to "may appoint" and the commission can determine their needs. The commission will utilize the expertise of the department and maximize existing department resources. She maintained her concern about "adding more people." She offered her belief that this commission is a "good thing." She reiterated her concern that the fiscal note indicated the commission would hire someone at \$134,000 and a second person at \$58,000, which is her source of objection.

[9:48:04 AM](#)

CO-CHAIR KELLER maintained his objection. He said that much of the commission's cost is paid for by the federal government.

CO-CHAIR KELLER opened public testimony on SB 172.

[9:48:50 AM](#)

The committee took an at-ease from 9:48 a.m. to 9:50 a.m.

[9:50:05 AM](#)

CO-CHAIR KELLER asked about the language in proposed Conceptual Amendment 2, to the second "shall". He suggested the language read "may".

REPRESENTATIVE T. WILSON agreed to the change to proposed Conceptual Amendment 2. She recalled a question was raised whether a person could be hired if the person currently filling the position resigned. She answered that the position currently exists and if the executive director resigned the department could fill the position. She agreed that "may" also provides the department with more flexibility.

[9:51:13 AM](#)

CO-CHAIR KELLER asked for clarification on whether proposed Conceptual Amendment 2, would replace AS 18.09.040 in its entirety.

Representative T. Wilson answered yes.

CO-CHAIR KELLER asked whether Representative T. Wilson intended that the "commission shall establish the duties of the executive director." He said he did not see the language in Conceptual Amendment 2.

REPRESENTATIVE HOLMES suggested just replacing the first sentence.

[9:52:14 AM](#)

CO-CHAIR KELLER opened public testimony. He clarified that Conceptual Amendment 2 would delete the first sentence on page 4, line 20-21, which read, "The commission shall employ an executive director, who may not be a member of the commission." Conceptual Amendment 2 would replace sentence one with the following: "The commission may appoint an executive director, who may not be a member of the commission and who may be current staff of the department. All commission research and

supplemental work shall be accomplished with department resources and collaboration between commission members."

REPRESENTATIVE T. WILSON agreed.

MS. LICCIOLI, stated that from her experience in the administration, that the existing position is a non-permanent position since the department did not have funding at the time the commission was established. Thus, the executive director position will "go away." She recalled Representative T. Wilson mentioning the department "has a position." However, the position will only be temporary and without approval of an additional position, the department would need to reassign an existing position.

REPRESENTATIVE T. WILSON offered her belief that changing the wording from "shall" to "may" would allow the position to become permanent. She said that Conceptual Amendment 2 does not force the department to hire an executive director.

[9:55:29 AM](#)

CO-CHAIR KELLER referred to page 4, line 20-22. He related that after the first sentence, following "member of the commission" that Conceptual Amendment 2 would be inserted, which he read:

The commission may appoint an executive director, who may not be a member of the commission and who may be current staff of the department. All commission research and supplemental work shall be accomplished with department resources and collaboration between commission members."

CO-CHAIR KELLER asked whether the department approves of the language in proposed Conceptual Amendment 2, noting the short notice.

MS. LAUGHLIN replied that she could not answer and deferred to Dr. Hurlburt.

CO-CHAIR KELLER asked for the impact of proposed Conceptual Amendment 2 on the fiscal note.

[9:57:19 AM](#)

JILL LEWIS, Deputy Director - Juneau, Division of Public Health (DPS), Department of Health and Social Services (DHSS), reported

the status of the current executive director position. She explained that at the time the commission was created the request for funding for an executive director was made in the budget process and not the enabling legislation. The position was not appropriated. Thus, the position does not technically exist and the DPS is absorbing the cost for the unbudgeted position. To remedy this issue, the legislature needs to appropriate the money for the position and add the position in the fiscal note. She reiterated that the DPS currently absorbs the cost.

[9:59:20 AM](#)

REPRESENTATIVE HOLMES advised that the first sentence of proposed Conceptual Amendment 2 would give discretion to the department. She suggested that the second sentence may cause confusion on whether the position could be reauthorized.

CO-CHAIR KELLER agreed that restricting the research and supplemental work to department resources was problematic since the commission may wish to use private industry for some research.

REPRESENTATIVE T. WILSON surmised that the department had budgeted funds for outside research so it probably has a means to use consultants.

[10:01:25 AM](#)

CO-CHAIR KELLER clarified that this refers to the commission, not the department. Thus, the AHCC may wish to draw in additional sources.

REPRESENTATIVE HOLMES agreed. She commented that it was not likely the intention, but the proposed language would hamper the commission in accepting federal funding or private funding resources.

REPRESENTATIVE T. WILSON interjected that "collaboration between commission members" would provide flexibility. She asked why the second staff was requested.

MS. LEWIS responded that the executive director of the AHCC has been asked to be the lead of the inter-departmental team, which will dramatically increase the workload. The position would be an ongoing position.

REPRESENTATIVE T. WILSON asked whether this position is outside the scope of board.

MS. LEWIS said it was not, since it is within the charter of the Alaska Health Care Commission.

[10:04:06 AM](#)

REPRESENTATIVE CISSNA remarked the funding is coming from the division that does preventative work, which means fewer people will be available to do the work. She said it is important to keep the DPS budget intact. She offered her belief that it will save enormous amounts of money if the AHCC can do its work.

REPRESENTATIVE T. WILSON said she wanted to ensure that the department's talents are utilized and the intent is not to "short fund anybody or to say it's not important, but is to make sure we're utilizing the people in the best way that we can." She said she just wants to ensure that the state is not complicating the matter with a board and more staff involved. She agreed that having the commission in place is "great." She did not want to stand in the way.

[10:06:42 AM](#)

CO-CHAIR KELLER asked whether Dr. Hurlburt would like to comment on proposed Conceptual Amendment 2.

DR. HURLBURT expressed concerned to keep the costs as low as possible and still "get the job done." He related that the federal health care reform will provide some analyses. However, what is lacking in expertise and resources is the health economic analysis. The commission will need to contract for that expertise and analysis. Thus, funding will be needed to provide expertise on some of the Alaska specific aspects of health care reform. The AHCC brought in Dr. Donald Pathman, University of North Carolina, as a consultant. He is an expert on loan repayments and incentives, to assist Alaska to bring providers into the state. He related that the state of Wisconsin established an agency to respond to health care reform. He remarked that the department envisions the job of responding to the federal health care reform will be a huge job. The department hopes that using the AHCC will bring efficiencies to work with the intra-state government departmental group. He concluded that the DPH is trying to be sensitive to the concerns that have been expressed.

[10:09:32 AM](#)

REPRESENTATIVE T. WILSON wanted to clarify that this is not a new concept that the department contracts out for expertise. She said she did not have a problem dropping the second sentence. She reiterated that issues currently arise in which the department obtains expertise.

[10:10:05 AM](#)

CO-CHAIR KELLER explained that proposed Conceptual Amendment 2 would replace the first sentence of AS 18.09.040 with the language, "The commission may employ an executive director, who may not be a member of the commission, and who may be current staff of the department."

CO-CHAIR KELLER removed his objection.

CO-CHAIR KELLER closed public testimony on SB 172.

[10:11:02 AM](#)

REPRESENTATIVE HOLMES moved to report CSSB 172(Fin) am, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

There being no objection, HCS CSSB 172(HSS) was reported from the Health and Social Services Standing Committee.

[10:11:46 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 10:11 a.m.