

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

March 18, 2009

1:31 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Paskvan, Vice Chair
Senator Fred Dyson

MEMBERS ABSENT

Senator Johnny Ellis
Senator Joe Thomas

COMMITTEE CALENDAR

Confirmation of Governor's Appointments
HEARD

SENATE BILL NO. 11

"An Act relating to health care insurance coverage of a dependent child who is less than 26 years of age and making a conforming age amendment in the statute describing health insurance policies that may be delivered or issued in this state."

MOVED SB 11 OUT OF COMMITTEE

SENATE BILL NO. 27

"An Act relating to tuition waivers for a child who was in foster care; relating to eligibility for foster care and subsidy payments for a hard-to-place child; and amending the definition of 'child' in certain statutes."

SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 11

SHORT TITLE: DEPENDENT HEALTH INSURANCE; AGE LIMIT

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, L&C, FIN
03/11/09	(S)	HSS AT 1:30 PM BUTROVICH 205
03/11/09	(S)	Heard & Held

03/11/09 (S) MINUTE(HSS)
03/18/09 (S) HSS AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

WILLIAM H. HOGAN, Commissioner-designee
Department of Health and Social Services (DHSS)
POSITION STATEMENT: Gave his background and commented on appointment.

DR. DAVID MILLER, nominee
State Medical Board
POSITION STATEMENT: Commented on his background relating to the appointment.

DR. POWERS, nominee
State Medical Board
POSITION STATEMENT: Commented on his appointment.

ED HALL, nominee
State Medical Board, State Medical Board
POSITION STATEMENT: Commented on his reappointment.

CASEY MILLAR, nominee
State Medical Board
POSITION STATEMENT: Commented on her appointment.

MARY JANE MICHAEL, nominee
State Mental Health Trust Board
POSITION STATEMENT: Commented on her appointment.

WILLIAM DOOLITTLE, nominee
Alaska Mental Health Trust Board
POSITION STATEMENT: Commented on his appointment.

TOM OBERMEYER
Staff to Senator Davis
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Commented on SB 11 for the sponsor.

ACTION NARRATIVE

[1:31:15 PM](#)

CHAIR BETTYE DAVIS called the Senate Health and Social Services Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Paskvan, Dyson and Davis.

Confirmation of Governor's Appointments

[1:32:11 PM](#)

CHAIR DAVIS announced that the Governor's appointments would be the first order of business.

WILLIAM H. HOGAN, Commissioner-designee, Department of Health and Social Services (DHSS), said he's been involved in the health and social services field for nearly 35 years. He grew up in upstate New York and his first job was on the night shift in a community mental health facility. One of the things he had the opportunity to do shortly thereafter in the 70s was to bring 125 people out of New York state psychiatric centers during what was referred to as "deinstitutionalization." The real intent for many of these people who had been in hospitals for 35 years was to develop community programs for them.

Since then, most of his experience has been in the areas of mental health and substance abuse, although at one point he was the director of development disabilities for a mental health center in West Virginia. He has held multiple positions in several states and prior to coming to work for the State of Alaska, he was CEO of "Life Quest," the community mental health center in Wasilla that is now called "Mat-Su Health Services." He came to work for the DHSS in 2003 as first director of the Division of Behavioral Health, which integrated the previous Division of Mental Health and the previous Division of Alcohol and Drug Abuse. In 2005, he became the deputy commissioner of DHSS, when Joel Gilbertson went to work for Providence and Karleen Jackson became the commissioner. Last July the Governor asked him to become the commissioner, and he has been functioning in that capacity ever since.

One of the things he has learned as a clinician, therapist and director is that their business is about the people they serve, and it is critical that they weigh potential impacts to those people when making decisions. When running mental health centers, he found that it isn't easy to run non-profits because they still have to run like a businesses. He told staff they have two missions: one is a social mission to the people and families who receive services, and the other is the business mission. If you cannot keep your lights and heat on, you can't provide the other services. That is the philosophy he brought to the department. When he talks about bringing their programs and

services to the people, he means as "good stewards of the public dollar."

MR. HOGAN said he feels that integrating the two divisions into the Division of Behavioral Health was successful. It now provides a broad array of resources, technical assistance and leadership to the community. He also began integrating their service delivery system having discovered that 60 percent of the people they serve in the mental health and substance abuse systems have both disorders (called a co-occurring disorder). So they have created a system where if you have both problems you are not shuttled back and forth between two agencies; you can get everything you need from one agency. They have set that goal as the expectation.

He said he was also very involved in developing the "bring the kids home project" and he has seen significant progress on that front. Less than 165 kids are currently in out-of-state psychiatric treatment centers. When the project was first started about 3.5 years ago, there were 500 at any one time.

As a deputy, he wanted to highlight the creation of better integration within the department - asking the department to focus on families. He also feels good about the grantee partnership project the department started with the help of the Rasmussen Foundation, the Mental Health Trust Authority and the MatSu Health Foundation, to streamline the grant-making process. They give out 800-plus grants per year to several hundred different grantees; and it's a pretty darned burdensome process. Finally, they have worked hard with the Mental Health Trust Authority and others on the comprehensive integrated mental health plan, particularly coming up with the first "Alaska Score Card," a way to measure whether or not they are making an impact on the general population in Alaska.

Finally, Mr. Hogan said, they had done good job with their Medicaid budget, which is over \$1 billion. Over the last couple of years, through cost containment efforts and managing their Medicaid dollars in a better way, they have been able to not ask for significant increases, but rather have been able to give some of those dollars back.

[1:43:55 PM](#)

SENATOR DYSON asked what he needs to serve his clients and for a description of what people will say he did really well when they prepare a citation for his service.

MR. HOGAN answered that regarding the first question, it is a balance between the resources available and ensuring that the dollars expended are going to the right place. They'll never have enough to meet all the needs so they have to be selective and focus on outcomes.

He hopes his legacy will be some of the things he has discussed especially bringing the kids home. Also, he hopes if one were to ask if the department is actually helpful, fair, treats people with respect, and has integrity, he hopes people would say he did that.

[1:48:10 PM](#)

SENATOR DYSON remembered some years ago working with problems from the Division of Family and Youth Services (DFYS), that he got a report saying that although there were a lot of nice people there, they didn't have the supervisory experience. Did he have any suggestions for training existing people or getting people with those skills? Are there ways to organize the department better or save time or get more resources to the front lines?

MR. HOGAN admitted that the bureaucracy can be frustrating, and the department is constantly working on improvements. He thinks they have a good managerial team, but would like to see some leadership development, because many leaders in the department are older and they need to be growing new ones.

[1:50:40 PM](#)

SENATOR PASKVAN complemented Mr. Hogan on his 2009 priorities list. From that list, he asked if he could lay out some of the progress that has been made on substance abuse prevention, intervention and treatment.

MR. HOGAN said he has heard questions from staff and community members about what the department should be focused on and that is what prompted development of the priorities in the first place. Substance abuse affects all sorts of other things and if something isn't done about it, the quality of life will not be where it needs to be in Alaska.

In the next two months they are planning a substance abuse "think tank" with the Rasmussen Foundation, Mental Health Trust Authority and others to finally get their arms around the issues. Hundreds of millions of dollars have been spent on this problem, maybe more; and in spite of spending all those dollars, they haven't had real success. By identifying it as a priority,

they are indicating how serious they are about solving it. They have ideas around outcomes but not how to get there. The incidence of substance abuse-related disease needs to be reduced; injuries need to be reduced as a result of auto accidents when someone is intoxicated; domestic violence needs to be reduced because in many instances substance abuse is a contributing factor. Better programs have to be provided, because ninety percent of the people in the Department of Corrections have a mental health or a substance abuse problem. "Clearly, the challenge is huge."

[1:53:46 PM](#)

SENATOR PASKVAN asked him to describe the status of the development of the long term care plan.

MR. HOGAN said he has a long term care plan that was developed by the Home and Community Based Services Strategies Company on their behalf. Several recommendations make sense to him. When people think long term care, they think seniors and what's going to be available for them - including home care, quality assisted living homes, defining the role of the Pioneer homes going forward, and quality nursing homes. This plan outlines how they can create that comprehensive system.

He said the department has recently focused a lot of time focused on the Mary Conrad Center, but once they are out of there, the department and all the stakeholders will get serious about working on the recommendations. He has found that collaboration is the best way of doing business, even though it may take longer to accomplish it.

[1:56:41 PM](#)

SENATOR PASKVAN asked him to discuss his social service staffing levels.

MR. HOGAN answered that this latest budget increment will allow them to get additional front-line social workers for the Office of Children Services (OCS) and they will be in pretty good shape. "My two cents - they have the toughest job in state government!" They make determination on taking kids away from families.

He said he is always trying not to grow the department, and to get the services done without large additions of employees. The department staffing is in pretty good shape, but he is concerned with the work force, in general. The work they have done around work force development will show results 5 and 10 years out, but

the problem is now. It is a challenge they are trying to do something about. Some headway has been made with the University, Mental Health Trust Authority and other stakeholders.

[1:59:26 PM](#)

SENATOR PASKVAN complemented him in getting the number of out-of-state kids back into state care. What is the next step to bringing the kids home?

MR. HOGAN answered that instead of trying to sell the legislature on giving them more money for prevention that might prove to be worthwhile in 5 or so years, they chose to develop some in-state residential psychiatric treatment beds and some smaller group homes or treatment facilities throughout the state. This budget request includes more money for community services to keep families at home. They envision the project being done by 2013, although some kids may still be out of state then.

[2:01:37 PM](#)

SENATOR PASKVAN asked what is happening with the boys and girls home in Fairbanks.

MR. HOGAN responded that the boys and girls home in Fairbanks is licensed for 44 residential psychiatric treatment center beds even though the facility is larger than that and they began to take children. He explained that the Department of Health and Social Services (DHSS) routinely goes in to see how things are going and they found that the home did not have properly licensed staff. That got their attention and they started working with the management to make it clear that if they were going to stay in business, they needed to have sufficient quality staff. At the same time they began getting calls about some other things that were supposedly going on there, and some of them were quite concerning regarding kids in the of OCS and Juvenile Justice. So the folks in those two divisions began working with the facility to try to figure out what was going on, and again it seemed to relate to not having enough qualified staff. This agency needs to be successful, but enough concerns have been raised since it opened that they have to make sure it is providing quality care.

[2:05:03 PM](#)

SENATOR PASKVAN wanted to understand the staffing regulations, and asked if he would consider using waivers for certain people.

MR. HOGAN said some of the regulations are state, but some are federal and related to Medicaid payments. He would have to read the regulations regarding waivers, but primarily his duty is to ensure that the kids are safe and secure - in addition to getting the treatment.

[2:06:32 PM](#)

SENATOR PASKVAN said his feedback from the home is that they don't know what the department wants them to do.

MR. HOGAN answered that he has tried to communicate expectations clearly with management. Deputy Commissioner Pat Hefley was on the phone with them for an hour and a half today. Part of the problem is having multiple agency regulations and standards - OCS, Juvenile Justice, Behavioral Health, and Medicaid regulations - which can be confusing.

[2:08:39 PM](#)

SENATOR PASKVAN asked how he would classify adequacy of mental health treatment in Alaska relative to the current environment.

MR. HOGAN answered that when he was in Wasilla as a provider, they received "general fund mental health money" from the state; the notion was that the money was to serve people who didn't have severe problems. Part of the recent problem is that state dollars have declined and more Medicaid money is being used. And when you use Medicaid money, you have to meet "medical necessity criterion" and the diagnoses have to be much more severe than you see with people suffering general mental health problems. Part of the problem is that the community expects them to intervene early and to work with people before the problems become too serious; those people are not always eligible for Medicaid and the amount of GF money is not sufficient to work with all the families at any one time. That's when you start to hear about waiting lists and people getting turned away. In that sense, he couldn't tell them that the state's mental health treatment is adequate, but he can say they have a "solid array" of community based providers that do excellent work. He stated there is a need for money to work with those families that have less severe problems.

[2:11:35 PM](#)

SENATOR DYSON asked him what the turnover rate for child protective services was.

MR. HOGAN didn't have figures, but recalled that it is in the mid-to-high 20 percent area and mostly with the newer employees.

SENATOR DYSON said when he "got here" it was 100 percent; so that's real progress. He asked where the department is regarding fraud and abuse prevention.

MR. HOGAN replied that they had recentralized those efforts to be more effective and it is under Medicaid and Health Care Planning Division.

SENATOR DYSON asked how many people work specifically on fraud and abuse.

MR. HOGAN replied eight, and Medicaid has a separate Medicaid fraud control unit in the Department of Law.

SENATOR DYSON asked if each department has a fraud person.

MR. HOGAN explained that compliance functions were centralized so it was known what the people who went to these facilities were doing - looking at medical records. What is now in the division is the technical assistance or support function; this is how to insure you are going to meet the requirements of Medicaid and the state's program standards.

[2:15:25 PM](#)

SENATOR DYSON asked how many providers have been found to be abusing the system.

MR. HOGAN replied he was not sure. He thinks most are trying to do the right thing, but some are trying to rip off the system. When he has a sense that is happening, they get the name of the organization to the Medicaid fraud control unit.

SENATOR DYSON asked for a copy their fraud policy.

MR. HOGAS responded that he had already asked someone to get that together.

SENATOR PASKVAN asked what he sees as the department's role regarding domestic violence, child abuse, and sexual assault.

[2:17:42 PM](#)

MR. HOGAN replied when he was deputy commissioner he sat on the Board of Directors for the Council on Domestic Violence and Sexual Assault and therefore has worked very closely with the Department of Public Safety and particularly that council over the last couple of years. He also had the good fortune of

serving on the Domestic Violence and Sexual Assault Legislative Task Force. One of the things that clearly came out of that task force is that the department needs to spend more resources on prevention - working with kids in schools around conflict resolution and working with families that are violent. The department can also work around batterers' intervention programs to make sure they are effective. Also, when women go to shelters, there have to be quality services so they can not only be safe, but make long-term plans and gain skills if needed.

[2:20:09 PM](#)

CHAIR DAVIS said the federal government recently completed an audit of the OCS and still found areas of concern, and she wanted to know what has been done to correct those problems. She was also concerned about what is being done to keep children in the home and out of protective services as well as what the plans are for the future.

MR. HOGAN responded that federal review just came out and he would be happy to schedule an opportunity to discuss that with the committee. He also agrees that keeping families together is important and that is an area they are working on. Progress has been made in their safety assessment so children whose safety is not at risk are not being removed from their homes.

CHAIR DAVIS asked what their system is called.

MR. HOGAN replied that it is called ORCA.

CHAIR DAVIS asked if there are problems with communications in that system.

MR. HOGAN answered that one of the things the federal review highlighted is how well that system works. But, she may be hearing about some of the issues they have with bandwidth in rural areas, but he is working on getting small hand held devices for field workers to use to enter data and that should help.

[2:24:18 PM](#)

CHAIR DAVIS thanked him and said they will be forwarding his name to the full body for further consideration. Next she asked Dr. Miller if he had any goals things he wanted to accomplish while serving on the State Medical Board.

[2:24:41 PM](#)

DR. DAVID MILLER, nominee for the State Medical Board, said he has read through the Alaska state regulations and statutes and feels they are appropriate and comprehensive.

[2:26:14 PM](#)

SENATOR DYSON said every profession struggles with being pulled in a couple of directions: the American ideal of not ratting out your buddies and professional ethics and the desire to deal with malefactors internally to increase public confidence in the profession. He asked Dr. Miller how he feels about that issue.

DR. MILLER responded that serving on the Bartlett Regional Hospital's Credentials Committee he has had the opportunity to review the professional progress reports from many of the doctors that he serves with and it is his first and foremost responsibility is to the patient and secondly to the hospital and finally to the members of his profession. "As long as I can keep those goals very clear in my mind, I think that I'll make the right decisions."

[2:27:59 PM](#)

SENATOR DYSON asked if he could handle the ostracism that might result if he makes those difficult decisions.

DR. MILLER replied that it can be difficult, but he has gotten great support from the community in such instances and has pride in the professional ethics he upholds.

[2:28:51 PM](#)

CHAIR DAVIS asked Dr. Powers to tell them what he wants to accomplish on this board.

[2:29:49 PM](#)

DR. POWERS, nominee, State Medical Board, said he has worked in rural Alaska for 20-plus years and found that practicing medicine in rural Alaska presents its own specific challenges and he feels he can represent those to the board.

[2:31:10 PM](#)

ED HALL, nominee, State Medical Board, State Medical Board, said he is a physician assistant (PA) and has already served on the Medical Board for four years and he would be happy to serve another term. He feels it is an advantage to the state's medical system to have PAs involved throughout the state and it is beneficial for the Board to have a PA member, which was added eight years ago.

[2:32:57 PM](#)

CASEY MILLAR, nominee, State Medical Board, said she applied to be a public member. She thinks it is wise to have public representation to present the public's perspective. She has no connection with the medical community except as a consumer, and looks forward to serving and learning whatever is necessary to do it well.

[2:34:45 PM](#)

SENATOR DYSON asked what is it about this particular board that attracts her attention and what she hopes to accomplish.

MS. MILLAR replied that she hopes to provide a balanced perspective to ensure the public's protection.

SENATOR DYSON offered that she would be in a group of highly intelligent and educated people and he told her not to let them intimidate her. She has a valuable perspective to offer.

[2:36:42 PM](#)

MARY JANE MICHAEL, nominee, State Mental Health Trust Board, said she had experience with the board since the day the trust was created when she was director (18 years) for the "Arch of Anchorage." She also oversees real estate services for the city and she thinks this combination will be an asset to the trust. She was excited to work with the board.

CHAIR DAVIS thanked her and said her name would be forwarded for confirmation.

[2:37:55 PM](#)

WILLIAM DOOLITTLE, nominee, Alaska Mental Health Trust Board, said he has been with the Board for five years and is currently the chair. He very much admired the other trustees and their accomplishments. His background has been in the practice of medicine in the Fairbanks area since 1973; he partially retired in 1997. He is pleased with the mission of the Mental Health Trust and appreciates the opportunity to serve.

SENATOR PASKVAN said that Dr. Doolittle is his neighbor at Birch Lake and he wholeheartedly recommends him for this seat. He is a fine person and an excellent physician.

CHAIR DAVIS thanked him for his service, and said his name would be forwarded to the full body for confirmation.

At ease at 2:40 p.m.

SB 11-DEPENDENT HEALTH INSURANCE; AGE LIMIT

[2:41:38 PM](#)

CHAIR DAVIS announced consideration of SB 11.

TOM OBERMEYER, staff to Senator Davis, sponsor of SB 11, read the sponsor statement into the record as follows:

SB 11 requires an insurer to enroll, and prohibits taking off the rolls or eliminating health care insurance coverage without the consent of the insured, for a person less than 26 years old who is related to the insured, unmarried, financially dependent on the insured, does not have dependents, enrolled in an institution of higher education, and not insured under another policy. SB 11 changes the age that a person is considered a child from 23 years of age to 26 for purposes of determining who may be insured under the same policy of health insurance.

Young adults, ages 19-29, are one of the largest growing segments of the U.S. population without health insurance. In 2004 almost 14 million young adults lacked coverage, an increase of 2.5 million since 2000. This rapid change is due in part to their losing coverage under their parents' policies at 19, or Medicaid, or State Children's Health Insurance Program, or graduation from high school or college. Almost half of college graduates and high graduates will be uninsured for a substantial time after graduation.

Age 19 is a crucial year in health insurance coverage. Both public and private insurance plans treat this age as a turning point for insurance coverage. Even if youth go on to college, parents' insurance plans often stop before graduation. Almost all private universities and about one fourth of public universities require health insurance as a condition of enrollment. Forty percent of part-time students and non-students, and 20 percent of full-time students ages 19-23 are uninsured.

Insurance coverage is important for this generally healthy group of young adults who should be encouraged to start taking responsibility for their own health

care. It has been found that 14 percent of adults 18-29 are obese, an increase of 70 percent in the 1990s, - the fastest rate of increase among all adults. There are 3.5 million pregnancies each year among the 21 million women ages 19-29. One-third of all diagnoses of HIV are made among young adults. Emergency room visits are far more common among young adults than children or older adults. Most young adults have no regular doctor, no link to the health care system, and more than one-third of those who do require medical attention are often saddled with debt and collection agencies.

States are taking action to mandate coverage for young adults, often allowing for targeted policy options. For example, in 2006 New Jersey required most group health plans to cover single adult dependents up to age 30. Massachusetts as part of its expanded health insurance law in 2006 considered dependents for insurance purposes up to age 25 or for two years after they are no longer claimed on their parents' tax returns. Since 1994 Utah has required coverage through age 26, and New Mexico provides coverage for unmarried dependents up to age 25, regardless of school enrollment. Texas in 2003 allowed full-time students up to be covered by their parents' insurance plans to age 25. It is not uncommon, or unreasonable, therefore, that SB 11 requires offering family health insurance coverage to dependent children up to age 26.

[2:44:59 PM](#)

MR. OBERMEYER explained that states are taking action to mandate coverage for young adults often allowing for targeted policy options. For example in 2006, New Jersey required most group health plans to cover single adult dependents up to age 30; Massachusetts considered dependents up to age 25 or for two years after they are no longer claimed on their parents' tax returns. Since 1994, Utah has required coverage through age 26 and New Mexico provides coverage through age 25 regardless of school enrollment. Texas in 2003 allowed full-time students to be covered to age 25. It is not unreasonable that this bill requires offering family health plans to dependent children up to age 26.

SENATOR DYSON asked Mr. Obermeyer if state schools no longer offer health coverage for students.

MR. OBERMEYER answered that most still offer it, but it has become prohibitively expensive for a lot of students; it might be \$1,800/yr. or more. Schools require it because liabilities are involved in having students on campus. It has been found that it is less expensive to retain students on their parents' policies.

[2:47:55 PM](#)

SENATOR DYSON asked if anyone from the insurance industry has addressed that issue or how much it would cost to carry the kids longer.

MR. OBERMEYER answered the insurance industry last indicated that the cost to continue coverage under those existing plans would not be prohibitive. It might go up several percentage points.

SENATOR DYSON asked if SB 11 allows an insurance company to increase the rates as necessary to extend the coverage.

TOM OBERMEYER answered yes, but this bill says that kids cannot be deleted from a policy.

SENATOR DYSON asked if they've had any feedback from the insurance companies.

CHAIR DAVIS replied that the only dissenting view came from the Small Business Association.

[2:51:51 PM](#)

SENATOR PASKVAN moved to report SB 11 from committee with individual recommendations and accompanying fiscal notes. There being no objection it was so ordered.

[2:52:38 PM](#)

There being no further business to come before the committee, Chair Davis adjourned the meeting at 2:52 p.m.