

HOUSE FINANCE COMMITTEE
January 25, 2011
1:33 p.m.

1:33:10 PM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Co-Chair
Representative Anna Fairclough, Vice-Chair
Representative Mia Costello
Representative Mike Doogan
Representative Bryce Edgmon
Representative David Guttenberg
Representative Mark Neuman
Representative Tammie Wilson
Representative Reggie Joule

MEMBERS ABSENT

Representative Les Gara

ALSO PRESENT

Alison Elgee, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services; William J. Streur, Acting Commissioner, Department of Health and Social Services; Representative Wes Keller.

PRESENT VIA TELECONFERENCE

None

SUMMARY

^BUDGET OVERVIEW: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

1:34:34 PM

WILLIAM J. STREUR, ACTING COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, provided the "Alaska Department of Health and Social Services 2011 Priorities" (copy on file). He began by addressing substance abuse and mental health, the first of five categories outlined in the handout. Substance abuse and mental health affected nearly every individual in the State of Alaska. They were a contributing factor in suicides, crime, unemployment, domestic violence, and others. Department of Health and Social Services (DHSS) strategies would continue to focus on prevention and health promotion. Without continuing efforts to combat domestic violence, substance abuse, and mental health issues no improvement would be made. He discussed the importance of working with children; early intervention; and the integration of primary care, substance abuse, and mental health screening into a single effort. He detailed that the continuation of treatment services was imperative to afflicted individuals and would help them to participate as meaningful members of the community and ultimately to recover. He shared a personal story about working in the substance abuse and mental health field. He delineated that recovery was a lifelong process that required constant attention.

Mr. Streur addressed the second category regarding health and wellness. He communicated that many Alaskans led less happy and productive lives and many died prematurely each year due to disability and death caused by obesity, tobacco, alcohol abuse, injuries, diabetes, cancer, heart disease, and vaccine-preventable diseases. The annual economic impact of chronic disease in Alaska was approximately \$600 million in addition to \$1.9 billion in lost productivity. He pointed out that the two figures combined were almost equal to the total DHSS budget. He relayed that most was preventable and could be attributed to personal choices involving diet, physical activity and tobacco use. The department was dedicated to better screening, diagnosing, and treatment of the conditions. He focused on major strategies including prevention and health promotion; disease control; access; emergency response and preparedness related to trauma and Emergency Medical Services capabilities; and environmental health impacts involving increased availability of medical, toxicological,

and public health expertise for individuals and communities.

Mr. Streur moved on to discuss the third category related to health care access and delivery (Page 2). He identified Medicaid as a central issue for the department and emphasized its importance. Medicaid health insurance coverage was provided to 130,000 people, approximately 18 percent of Alaska's population, at a total cost of \$1.5 billion.

Co-Chair Stoltze asked the commissioner to repeat the Medicaid number for emphasis.

Mr. Streur repeated that the annual Medicaid cost was \$1.5 billion. He began to outline major strategies the department planned to implement related to health care access and delivery. He discussed the value of working towards the realization of a new Medicaid Management Information System (MMIS) that was scheduled to be available in the spring of 2012. The MMIS would be responsible for the handling, monitoring, and payment of claims for enhanced services. He emphasized that after three years of development the project was beginning to take form. The new system would allow close to instantaneous access to a full range of services. He emphasized that the department's error rate was under one percent and Alaska was ranked number one in the federal Payment Error Rate Measurement (PERM) audit. The department was also focused on the creation of a statewide Health Information Exchange (HIE) that would facilitate the communication of health information sharing. He explained that although the price was significant, funding for the information exchange was currently 90 percent federal. He indicated that one of the biggest challenges would be the conversion of providers to electronic health records. The department was hopeful that offering incentives to providers would encourage the implementation of electronic health records beginning in April 2011.

Vice-Chair Fairclough asked whether state technology formats had been aligned to enhance and allow communication between different sectors. Mr. Streur asked Vice-Chair Fairclough to repeat the question.

Vice-Chair Fairclough wondered whether formatting of the information exchanged between providers had been

standardized to assist in the movement towards electronic records. She inquired about the alignment of software and hardware in the Division of Public Health that would allow communication between municipalities.

1:46:45 PM

Mr. Streur replied that the key resided with the HIE and its ability to convert data from one electronic claim system to another. The department was working with state labs and provider groups and the federal government was currently compiling a list to specify which packages were reimbursable based on their ability to communicate with each other.

Vice-Chair Fairclough said she would look forward to receiving the work. She asked whether terminology definitions used throughout Alaska had been standardized. She referred to her previous work as executive director of STAR [Standing Together Against Rape] and reflected on challenges they faced with the alignment of terminology. Mr. Streur answered that an alignment of terminology had been implemented. He pointed out that the federal government developed a list of terms, descriptions of data, information, and procedures in order to expedite alignment in communication.

Representative Doogan asked about the implementation of security measures to ensure the safety of patients' electronic health records. Mr. Streur responded that there were multiple levels of security built into the electronic system. He detailed that electronic health record security was much better protected than paper record security. The HIE would not retain the data shared between sending and receiving organizations.

1:50:39 PM

Mr. Streur went on to discuss that one of the biggest challenges facing Alaska was related to the workforce (Page 2). He contended that the state needed to continue to develop its workforce and to utilize its professionals appropriately. He discussed the importance of working with Alaskan universities, creating professional residency programs for health care fields such as psychiatry, and developing alternative approaches to health care delivery in rural Alaska.

Co-Chair Stoltze asked whether the presentation would include information on the transition from public assistance to work. He opined that the transition should be a goal for the broad majority of public assistance participants. Mr. Streur responded that the presentation did not address the subject of transitioning from public assistance to work, but that it would be covered throughout the ongoing process.

Co-Chair Stoltze relayed that he would be happy to know that the administration had a strategy and meaningful commitment towards the transition from public assistance to work. Mr. Streur reported that the administration had a meaningful commitment to the issue.

[1:53:46 PM](#)

Representative Edgmon discussed a conference he attended that outlined the number of new jobs in a variety of fields. He referenced a statement that cited health care was the largest growing sector with approximately 1,200 new jobs. He wondered about the distribution of new jobs across all sectors and inquired specifically about the tribal workforce field.

Mr. Streur explained that workforce growth, specifically in the health care field was almost ubiquitous. He specified that the Indian Health Service (IHS) was experiencing continuous growth and that every dollar spent in the IHS system equated to Medicaid savings. He emphasized that the more the department could develop IHS resources and capabilities the better off the state would be.

Representative Edgmon asked what portion of growth was tied to federal dollars compared to state dollars. He believed the economic significance of tribes was largely tied to health care and surmised that a portion of the 1,200 new jobs were tied to tribal programs. Mr. Streur reported that Representative Edgmon was correct.

Mr. Streur discussed the enhanced management of high health needs. He delineated that a small proportion of the population consumed a large percentage of the Medicaid budget. The general rule regarding Medicaid services was that 15 percent of the population consumed 85 percent of health care and in Alaska approximately 15 percent of the

population consumed 75 percent. He discussed the importance of the coordination of care for individuals with chronic health care needs such as diabetes. Without adequate health care a person's life could be placed in jeopardy and they could also be very costly to the system. He addressed the need to analyze care management options, implement the Health Care Commission's recommendations for managing care, contain costs, and improve health outcomes and quality. He shared that on an annual budget of \$1.5 billion, it was scary to be uncertain that recipients were provided proper care, at the right time and place. The MMIS and data information systems that were currently underway would help ensure adequate care for those with chronic health needs.

Mr. Streur pointed to the delivery of sustainable long-term care (Page 2). He communicated that long-term care would be a very challenging component within the Medicaid budget due to an aging and complex senior population. Major strategies included the identification and coordination of health and welfare needs and the implementation of quality assurance strategies that would set forth standards of performance for home and community-based care providers. He discussed the need for good long-term care providers and noted that the state had room for improvement in the area.

[1:58:29 PM](#)

Representative Neuman asked whether the state was focused on improving long-term health care management for veterans. Mr. Streur replied that long-term health care for veterans was his greatest challenge. He relayed that he had worked with Co-Chair Thomas and veterans in the Cordova area to ensure them greater access to care. He shared that 112 people came to participate at a hosted dinner and that the most prevalent issue was the continuation and access to care for veterans. He addressed the need to work with the federal delegation to provide less complicated funding through the Veterans Administration (VA) that would allow veterans greater access to health care through community health centers and local clinics.

Representative Neuman wondered whether it was possible to reduce the cumbersome paperwork that veterans were faced with. Mr. Streur responded in the affirmative and explained that HIE efforts by the department included working with the VA to ensure that records could be transferred to VA recipients and local resources to provide the needed care.

Representative Guttenberg pointed out that the absence of VA designated hospitals and clinics in Interior Alaska frequently required veterans to travel for health care services. He elaborated that the travel presented an abominable cost to veterans and families. He wondered whether it was possible to align medical facilities with VA record sharing programs in order increase efficiency and enable families to stay together during illness. Mr. Streur detailed that alignment would require the VA to acknowledge and to become a part of the health care system in Alaskan communities. He expounded that the VA held their veteran care very closely and that agency would need to come to terms with the idea of paying outside entities to deliver care.

[2:03:46 PM](#)

Representative Guttenberg remarked that efficiencies were increased in Fairbanks hospitals and clinics as a result of electronic medical records. He asserted that the VA should recognize the high travel expense and should focus on directing their money towards the delivery of medical services. He believed the state should illustrate the importance of the issue to the VA. He explained that the VA's reliable payment history would benefit Alaska's hospitals.

Co-Chair Thomas noted that the new veterans' clinics in Anchorage and Juneau were very well received. He reflected on attending The Moving Wall memorial in Cordova and recalled that there had been 2000 people in attendance. He emphasized the importance of recognizing and caring for Alaska's veterans.

Mr. Streur discussed the need to develop integrated, proactive, and reactive safety programs related to complaints and reports of harm that were received by Adult Protective Services. He emphasized that the state needed to work closely with the long-term care ombudsman, and to increase the utilization of aging and disability resource centers as referral sources to meet the needs of individuals receiving home care. He discussed the need to promote services for underserved individuals who required long-term coordinated care services and to develop integrated comprehensive models of care. He believed that

the department had a newfound leadership that would strive to bring ideas to fruition.

Mr. Streur addressed care for vulnerable Alaskans (Page 3). He illuminated that the department was committed to ensuring safety of both children and communities; to guaranteeing quality services and support to developmentally disabled individuals; and to providing financial vocational support to enable individuals and families to be contributing members of society. He explained that through a focus on family-centered services and the use of performance-based standards and funding, the state could better meet the needs of its most vulnerable citizens and their families.

[2:07:20 PM](#)

Mr. Streur talked about major strategies related to the care of Alaska's vulnerable citizens. He highlighted the Family First Initiative and the Bring the Kids Home Initiative, and noted the importance of the continuation of local resource development.

Co-Chair Stoltze asked about the status of the Bring the Kids Home Initiatives. He wondered about goals the department hoped to accomplish and how the initiative currently compared with its benchmark. Mr. Streur opined that the department had done a good job on the Bring the Kids Home Initiative. He noted that at one time there were 500 children in out-of-state psychiatric treatment facilities and currently there were 128. The department's goal was to reduce the number to 60. There were a number of kids that the state did not have the resources to serve. He gave an example regarding a developmentally disabled child with hearing difficulties that the state could not provide adequate support. He explained that in such cases it was necessary to provide out-of-state care.

Vice-Chair Fairclough asked whether the department would provide an update on the Medicaid Task Force. Mr. Streur responded that he hoped to have time to discuss it at the end of the presentation. He also indicated that it would be addressed in the Medicaid presentation.

Vice-Chair Fairclough asked if the task force had been able to meet. Mr. Streur responded that the task force had met

once and had cancelled three meetings due to its inability to reach a quorum.

2:11:04 PM

Vice-Chair Fairclough wondered whether a meeting with the speaker of the house and senate president was necessary to help facilitate bringing the committee together.

Mr. Streur continued to outline strategies related to care for vulnerable Alaskans. He discussed that domestic violence and sexual assault would be a significant focus for the department in the upcoming year. He emphasized that DHSS would work with other state departments including, Corrections, Public Safety, and Law. He discussed that DHSS would work to provide effective and timely protective services to vulnerable children and adults who experienced or were at risk for neglect, abuse, and exploitation.

2:12:49 PM

Mr. Streur provided an overview for the vision of the Department of Health and Social Services with a PowerPoint presentation titled "2011 Alaska Department of Health and Social Services Overview." He informed the committee that the proposed budget was \$2.445 billion. He outlined staff within the department and discussed the size of each of the departmental divisions (Slide 2). He highlighted several budget expenditures including \$59.7 million for Alaska Pioneer Homes, \$136.7 million for behavioral health, and \$1.5 billion for Medicaid Services.

ALISON ELGEE, ASSISTANT COMMISSIONER, FINANCE AND MANAGEMENT SERVICES, discussed that the DHSS Budget Overview Book and Operating Grants Book for the current fiscal year had been disseminated to committee member offices. She informed the committee that DHSS provided \$160 million in grant funds to over 240 entities.

Representative Joule asked if there was a way to measure the effectiveness of grant money that had been awarded. Ms. Elgee disclosed that the department's ability to demonstrate program performance varied throughout the divisions. She noted that DHSS had made a concerted effort to implement a logic-model-approach for grantee program performance reporting. She explained that grantees were trained and that the department was developing outcomes to

measure against program performance. She believed the Division of Behavioral Health (DBH) was furthest along, where Director Melissa Stone had spent a tremendous effort educating grantees on program performance expectations. The department was beginning to see grant distribution dollars reflect program performance and was providing additional dollars to those programs that were proving they could achieve and deliver the desired outcomes.

Vice-Chair Fairclough shared that she had worked with Ms. Stone on the Alaska Suicide Prevention Counsel. She remarked that it had been a privilege to work with the director and praised her efforts to unite communities and to encourage the compilation of resources.

[2:18:02 PM](#)

Representative Guttenberg wondered how childcare assistance grant activity and effectiveness was measured between Alaskan communities and how DHSS handled potential administrative inconsistencies between the communities.

Ms. Elgee noted that she was unfamiliar with any discrepancies and would discuss the question with program managers. She relayed that the expectations in some DBH areas were uniformly established and that the division taught grantees how to report information of interest.

Representative Guttenberg heard the program in Fairbanks was not administered the same as the program in Anchorage. He pointed to differences related to the administering of child care assistance grants by a borough and said they could follow through with the question at a later time. Ms. Elgee confirmed that there were some specific issues with Fairbanks and that the department would be happy to follow up on the question later.

Ms. Elgee discussed that DHSS was comprised of nine divisions and was the largest department based on required funding and the number of employees. She directed attention to the Division of Alaska Pioneer Homes (Slide 3). The division was directed by Dave Cote and operated six homes throughout the state. There were homes in Sitka, Ketchikan, Juneau, Anchorage and Fairbanks and a Veterans and Pioneers Home in Palmer. The division employed over 550 full-time staff to operate the homes. She noted that it was important to keep in mind that the institutions required staff seven

days a week, 24 hours a day, which equated to three full-time shifts per day. The homes were available for residents that had been in Alaska for a minimum of one year and were at least 65 years of age. Each of the homes had an active and an inactive waitlist. She explained that the inactive waitlist preserved an individual's place in line and once the person decided they were interested in pioneer home admission they asked for their application to be transferred to the active list. Admittance depended on the location the individual was interested in and on the level of care needed. There were currently over 500 individuals on the state's active waitlist. She emphasized that there were only 500 beds in the state-wide system and that it could take up to two years for an individual to be placed in a home.

[2:23:59 PM](#)

Ms. Elgee provided detail on fees charged for pioneer home services (Slide 3). She stressed that admission to one of the homes was not contingent upon the ability to pay. Fees were based on the required level of care and currently ranged from \$2,135 per month for the lowest level of care to \$6,170 per month for the highest level of care. Individuals who were unable to private-pay the fees were provided assistance with the qualification for Medicaid waivers and for Veterans Assistance in the Palmer home. The division also provided a subsidy for individuals when all other avenues of financing were exhausted.

Co-Chair Thomas asked whether the division had considered opening a veteran's home in Southeast Alaska. He remarked that many veterans in Southeast Alaska were not interested in living their last years in Palmer. He believed there were a significant number of veterans in the Southeast area and that there were a limited number of beds designated for veterans in each pioneer home.

Ms. Elgee divulged that the only home with a quota for veterans was the Palmer Veterans and Pioneers Home, where preference was given to veterans. The federal government expected that a certified veterans home would have a 75 percent veteran occupancy rate. She clarified that the Palmer home would achieve the expectation over a period of time.

Co-Chair Thomas asked how many beds the Palmer facility currently had. Ms. Elgee responded that there were approximately 80 beds in the Palmer home.

Ms. Elgee communicated that the increased acuity of the residents was the biggest challenge facing the pioneer homes. A higher level of staffing was required due to an increased number of applicants seeking admission at the highest level of care. In 1995 residents requiring the highest level of care totaled 63 percent and currently the number was 88 percent. The pioneer homes also struggled to meet the needs of admitted individuals who began exhibiting difficult behaviors as a result of dementia. She delineated that when a resident became assaultive that one-on-one care was required to ensure the safety of the individual and of other residents. She furthered that the division was not funded to provide one-on-one staffing and that it was a struggle to locate alternative placements within the state.

Representative Joule referenced the 500 existing pioneer home beds and the 500 individuals currently on the waiting list. He surmised that there were probably other institutions and countless numbers of private homes that also served the population. He wondered about the total number of individuals that Alaska was serving.

Ms. Elgee responded that in addition to the pioneer home long-term care beds the state had just over 700 nursing home beds located throughout Alaska. There were also a number of people served through home and community based waived services, Medicaid's alternative to institutionalized long-term care. She expounded that there were about 3,500 people on waived services.

[2:28:30 PM](#)

Ms. Elgee moved on to discuss the Division of Behavioral Health (Slide 4). The division headed by Director Melissa Stone was primarily responsible for the oversight of numerous grant programs and for the operation of the Alaska Psychiatric Institute (API). She reported that 240 of the division's 334 full-time employees worked at API. Most of the DBH work was conducted through grant program distribution in conjunction with community partners, including non-profits and local governments. In FY 10 there were almost 19,000 people seeking DBH services directly provided by the state or one of the grantee partnerships.

She detailed that the division was currently developing an information collection system called AKAIMS [Alaska Automated Information Management System]. The division believed that great progress had been made regarding their ability to document grantee performance outcomes due to the implementation of performance standards over the past three years. She explained that division staff provided technical assistance to grantees for program delivery and Medicaid billing. Medicaid provided significant help to DBH recipients.

Ms. Elgee identified several entities within the division, including the Alaska Mental Health Board, the Alaska Alcohol and Substance Abuse Advisory Board, and the Alaska Suicide Prevention Council. She conveyed that the division continued to struggle with delivery of behavioral health services due to Alaska's large size, small dispersed population, and the need for trained personnel. The division provided telemedicine services using API as a resource for local communities in order to address the problem. The division worked to ensure that appropriate services were provided at the community level first as API was intended to address high psychiatric care needs and was currently running at capacity. She briefly highlighted that funding had been received by the division for three programs under the governor's Domestic Violence and Sexual Assault Initiative. The division also provided grants to the Family Wellness Warriors Initiative that operated through the Southcentral Foundation and was currently working to bring the program to Bristol Bay and the Yukon Kuskokwim service areas.

[2:32:45 PM](#)

Ms. Elgee continued to discuss funding received by the DBH (Slide 4). She delineated that the division was in the process of awarding rural pilot program grants with an effective date of February 1, 2011. Funding was also delegated for the trauma training of DBH providers through a grantee.

Vice-Chair Fairclough referred to legislation passed during the previous legislative session that limited nurses' overtime. She wondered how the workload of pioneer home staff compared to the heavy workload experienced by API staff. She asked about costs associated with the implementation of the legislation.

Ms. Elgee noted the department had spent the past six months trying to determine their reporting requirements under the law. She explained that requirements would commence in February 2011 and that the department was working to manage overtime within parameters of the legislation. She discussed that DHSS had struggled to define the difference between scheduled and mandatory overtime. Mandatory overtime was required on some occasions to ensure the safety of the residents. She detailed that the primary focus was on providing surety to employees regarding work schedules and staying underneath overtime limits.

Vice-Chair Fairclough wondered whether the overtime limits in the legislation would apply to the state. Ms. Elgee answered that the department intended overtime limits would apply to the state.

Representative Edgmon asked about costs related to state-wide behavioral health services excluding API. Ms. Elgee did not have the figure but agreed to provide it at a later time. She explained that the majority of the money contained in DBH was contained in grant funds.

Ms. Elgee continued to discuss increments received by DBH in FY 11 (Slide 4). The legislature provided funding to expand Fetal Alcohol Spectrum Disorder treatment services through four providers in Bethel, Kenai, Sitka, and Juneau. Funding was also received for the substance abuse treatment of pregnant women, a designated grant for Soteria House, the clearing of waitlists for methadone clinics in Anchorage and Fairbanks, and for suicide postvention resource development for interventions and actions to be taken after a suicide. She reported that the division was working to develop a resource guide that would identify guidelines, protocols, and resources for communities working with survivors of suicide attempts. The division was also working with the Alaska Native Tribal Health Consortium (ANTHC) to implement Doorway to a Sacred Heart, the culturally responsive program for suicide survivors that incorporated traditional healing with Western counseling.

[2:37:41 PM](#)

Ms. Elgee moved on to discuss the Office of Children's Services (OCS), headed by Acting Director Christy Lawton (Slide 5). The office had over 499 employees and was comprised of 26 field offices located in five regions throughout the state. The office provided child protection services, including the response to reports of harm and family preservation support for families at risk of having a child removed from the home. The office managed the Infant Learning Program, an early childhood special education grant program that provided interventions early in a child's life when developmental delays are identified. Grant funding was provided for nine child advocacy centers that were designed to provide a safe place for mistreated or sexually abused children. Advocacy centers worked to provide a place for social workers, police, and community members to meet with a child and to prevent the child from the burden of repeating a traumatic story. She elaborated that the approach had been effective and that OCS was currently working with Kodiak to open a child advocacy center in FY 12.

Ms. Elgee relayed that OCS was subject to a defined set of program measurements developed by the federal government. She explained that OCS was constantly working to achieve program improvements against federal benchmarks. The office struggled to maintain experienced social workers due to the high stress work environment. Statistics from 2009 indicated that 60 percent of social workers had been in their current position under two years. She communicated that OCS had encountered particular difficulty locating experienced workers for rural field offices.

Representative Wilson asked if OCS worked with the Department of Education (DEED) on the early learning programs to prevent the duplication of services. Ms. Elgee responded that OCS worked very closely with DEED on early childhood programs.

Representative Wilson asked for a brief description of the program differences between DHSS and DEED. Ms. Elgee responded that DHSS targeted children beginning at an earlier age and worked with children at the first signs of developmental delay. The department provided parenting skills to help bring delayed children up age appropriate levels. In some cases the results were very successful, and enabled a child beginning school to keep up with peers in their age group.

Representative Guttenberg shared that a constituent recently had a very positive experience working with OCS, Ms. Lawton, and program caseworkers. He expressed appreciation for the professionalism, care, and efficiency the staff provided. He acknowledged the high stress level imposed on employees in the child services field.

Ms. Elgee illuminated that the establishment of the Western Region/Yukon Kuskokwim area had occurred during the current fiscal year. Before the region's establishment the Southcentral region in Wasilla managed the areas. She explained that the change occurred in order to align upper level management with field service operations in response to complaints received by the Citizens Review Panel, the court system in the Bethel area, and the legislative delegation. Existing funding resources were realigned to implement the change but OCS continued to struggle with the recruitment of experienced staff for rural regions of the state. The change allowed the Southcentral region to focus on the problems associated directly within its locality, including Matsu, Kenai, Kodiak, and Dillingham.

[2:45:53 PM](#)

Representative Joule commented on positive experiences he had with OCS related to his district. He asked about the working relationship between OCS field workers and ICWA [Indian Child Welfare Act] regarding children services. He wondered whether progress had been made within OCS in regards to dealing with ICWA. He understood that when OCS staff lacked a background or knowledge related to ICWA there was potential for strained relationships to develop between the two entities. He wondered if progress had been made to ensure that people were familiar with ICWA. He also wondered whether families who experienced difficulty with high school age children considered regional boarding schools as an alternative to other options that might separate their families. He asked whether regional boarding schools could be utilized in a positive way in order to preserve the family unit and to provide space and time for family counseling.

Ms. Elgee replied that OCS was currently conducting research to identify the numbers of children in boarding schools that might otherwise be subject to OCS intervention. In response to the first question she agreed

that the relationship between ICWA and OCS had often been strained. She explained that several years prior the state entered into a settlement called Curyung that provided grant funding to tribal partners specifically to work towards improving the relationship between OCS operations and ICWA. She expounded that the current legislature would be asked to approve the third and final year of the settlement funding in the FY 12 budget.

Representative Joule asked whether the funding request was for \$1.2 million. Ms. Elgee replied in the affirmative.

Co-Chair Stoltze asked about federal law related to tribal entities. He wondered if the law presented more challenges or opportunities for the department regarding the best interest of a child.

[2:50:37 PM](#)

Mr. Streur responded that he would get back to the committee with an answer. He acknowledged that there were challenges and opportunities alike.

Co-Chair Stoltze looked forward to the response.

Ms. Elgee continued on the subject of children's services (Slide 5). She detailed that through the efforts of Representative Gara and others increased funding had been included in the FY 11 budget to enhance independent living transition services. The services provided assistance for the future success of children that were aging out of the foster care system. She pointed out that two staff had been added to OCS as a result of funding that was designated to increase the number of independent living specialists.

Representative Neuman pointed to the increasing caseload in Southcentral Alaska. He discussed that previous administrations had worked against removing children from abusive homes. He referred to circumstances in which a child's parents prevented foster parents from adopting the child. He wondered if the department would work to permanently place children with better families.

Mr. Streur specified that the department worked to keep children with their families. He questioned whether it was the state's place to change that. He elaborated that the state may need to act sooner in abusive situations but that

the focus had to be on maintaining the family unit. He informed the committee that Ms. Lawton would be presenting an overview of the division at a later time and that she would expound on the issue.

Representative Doogan discussed that there were a couple of cases of child-on-child sexual assault on an annual basis in his district. He relayed that he had tried to talk with OCS and the Department of Juvenile Justice about the issue for four years without much success. He notified the commissioner that he would be on his doorstep to discuss the issue. He stressed that the legislature should do something about the problem if possible.

[2:57:11 PM](#)

Ms Elgee directed attention to the Division of Health Care Services (HCS), comprised of 134 staff (Slide 6). The division was responsible for the management of the Medicaid services payment system and worked to meet all of the associated federal requirements. The division worked on provider oversight, rate review and development for Medicaid services, and management of efforts in health facility survey licensing and health planning and infrastructure work. Outside of providing Medicaid services, the biggest challenge was to stay ahead of federal managing requirements. She explained that federal compliance required the department to operate a tribal consultation process; work with Centers for Medicare and Medicaid Services (CMS) whenever state plan service delivery amendments were made; and have a state training coordinator; an OASIS [Outcomes and Assessment Information Set] coordinator for Home Health Care; an MDS [Minimum Data Set] coordinator for skilled nursing facilities; a complaint coordinator; and an ASPEN [Automated Survey Processing Environment] coordinator for data entry and tracking enforcement. She emphasized that the list reflected a small portion of the requirements needed to operate Medicaid.

Mr. Streur notified the committee that the division was the primary interface with CMS and that Medicaid and HCS would be reoccurring topics. The interface would most likely become more acute as the Affordable Care Act and health reform moved forward. Employees at HCS were responsible for relaying changes in federal interface requirements. He provided an example about recent changes to pharmacy

regulations. He detailed that the division provided oversight of acute medicine, general medicine, hospital based care, physician care, outpatient hospital care, and nursing home claims and payment.

[3:01:06 PM](#)

Ms. Elgee added that Kimberly Poppe-Smart Director of Health Care Services had temporarily left to manage the Division of Senior and Developmental Disability Services and that she had returned to Health Care Services in December 2010.

Co-Chair Thomas wondered about budget savings related to the department's shift to generic prescription drugs. He had been told that shifting to generic drugs from name brand drugs would save up to 60 percent. Additionally, he did not plan to fund the FMAP [Federal Medical Assistance Percentage] for Medicaid and he hoped that the governor would request future funding that would prevent a large supplemental budget the following year. He clarified that any budget increases would need to come at the governor's request.

Vice-Chair Fairclough wondered if the department provided recommendations to the administration regarding state health care plans. She commented that diabetes was a contributor to the state's health costs. She asked whether the state worked to incorporate prevention programs into labor negotiations and contracts that would impact participant contributions based on healthy versus unhealthy lifestyles.

Ms. Elgee responded that the state health insurance programs were managed through the Department of Administration's Division of Retirement and Benefits. There was a labor management committee responsible for overseeing benefits that were provided under the Select Benefits program. She explained that the majority of state employees were participants in the General Government Bargaining Unit that ran and designed its own health trust.

Vice-Chair Fairclough asked about the turning tide on Medicaid and whether DHSS had made recommendations to provide incentive for improvement of unhealthy behavior that negatively impacted costs for other groups.

Ms. Elgee responded that she was not aware of any organized effort related to rewarding beneficiaries for healthy lifestyle decisions and that the department would look into the question further.

Vice-Chair Fairclough ascertained that the department was in the appropriate position to provide guidance or recommendations on the general population's health choices in order to facilitate a corrective course through benefit package options.

Co-Chair Stoltze requested an update on HB 50, the nurses' overtime bill that passed during the previous legislative session. He wondered about the implementation status of the legislation's regulations and requirements.

Ms. Elgee responded that the regulation responsibility for the legislation resided with the Department of Labor and Workforce Development (DOLWD). She explained that DOLWD was currently implementing an aligned reporting approach for all impacted departments. DHSS would make its first report in February 2011 on impacts to the Alaska Pioneer Homes, API, and Public Health Nursing stations.

Co-Chair Stoltze replied that he looked forward to the update in February.

[3:07:12 PM](#)

Ms. Elgee discussed the Division of Juvenile Justice (DJJ) that was headed by Director Barbara Henjum and employed 479 staff (Slide 7). She communicated that the division operated eight 24-hour youth detention facilities in Anchorage, Matsu, Kenai, Fairbanks, Bethel, Nome, Juneau and Ketchikan and 16 juvenile probation offices throughout the state. The McLaughlin Youth Center in Anchorage was the largest detention facility with 60 detention beds and 96 longer-term treatment beds. Due to the size of the detention facility, services that were unavailable at other juvenile facilities were provided at the McLaughlin center. She elaborated the the McLaughlin facility had treatment services for youths with a history of sex offence therefore, juveniles were transferred to the facility for treatment when appropriate. The division worked to provide retention and recruitment strategies but continued to struggle with an aging workforce. She expressed concern

that most of the senior management positions were approaching retirement.

Ms. Elgee delineated that the Division of Public Assistance (DPA), headed by Acting Director Ron Kreher, was responsible for all eligibility determination for Medicaid programs, state-run financial assistance programs, and temporary assistance programs that helped families to get back on their feet. The division employed 535 staff, served 174,000 Alaskans, and operated 15 full-service field offices throughout the state that were generally co-located with Alaska Job Services offices. The division also managed the distribution of federal Food Stamp benefits, the Heating Assistance Program, Senior Benefits Program, Adult Public Assistance Program, the Women Infants and Children (WIC) program, and Child Care Assistance funding. She illuminated that most of the benefits were distributed through an electronic environment. The Division of Public Assistance implemented lean processes in response to significantly increased caseloads and was managing with existing resources. She reported that the Affordable Care Act would change the way eligibility determinations were conducted and would increase the number of eligible Medicaid subscribers. The division was currently in the process of planning for a new eligibility information system as the old system was built in the early 1980s and was no longer adequate to address changing program environments. She detailed that the department received capital funding to begin the planning process and was very fortunate to hire a project manager who had recently implemented the eligibility system for the State of Idaho.

[3:12:07 PM](#)

Vice-Chair Fairclough queried whether service fees associated with electronic pay cards or transfers were charged to participants. Ms. Elgee replied that she did not know and would follow up with an answer.

Representative Wilson requested Denali Kid Care statistics related to the number of children in the Fairbanks area who required air travel in order to receive special medical services. Mr. Streur responded that he did not have the information with him and would provide it to the committee at a later time.

Representative Edgmon wondered where Alaska ranked on a per capita basis in comparison to other states based on the 174,000 people served by the division. Ms. Elgee answered that there was no direct comparison as the division operated a number of programs that were unique to Alaska. A comparison could be made between federally driven programs and the number of people the division provided eligibility work for. Medicaid, WIC, and the Food Stamp benefits could all be included in the comparison.

3:14:10 PM

Co-Chair Stoltze interjected that the committee deserved a more direct answer. Ms. Elgee reported that the department would get back to the committee with more detail.

Representative Edgmon wondered why the DPA caseload had been increasing given his understanding that Alaska's economy had been relatively stable during the recent nation-wide recession. He communicated that he would like detail on the issue at a later time.

Representative Costello asked how often the Behavioral Risk Factor Survey was conducted and whether it contained information related to gang activity and efforts to reduce it. Ms. Elgee responded that she did not have statistics related to gang activity and she would put the Representative in touch with DJJ Director Barbara Henjum. She clarified that the Behavioral Risk Factor Survey was conducted annually through DBH.

3:17:04 PM

Ms. Elgee directed attention to the Division of Public Health (DPH) headed by Director and Chief Medical Officer Dr. Ward Hurlburt (Slide 9). The division employed over 500 people and provided a variety of services including, statewide public health nursing services; the management of vital statistics records; the operation of two public health labs; the prevention and control of infectious disease and epidemics; the certification and licensing for numerous statewide health facilities, including operator background checks; and the operation of the State Medical Examiner's office. The division received \$475,000 in FY 11 to educate the public about the dangers of obesity. To combat obesity the division was currently working with DEED, the Anchorage School District, ANTHC, and the

Association of Alaska School Boards. The division also received funding to support the Public Health Nursing grantees that provided services to all but four regions throughout the state including the Municipality of Anchorage, the North Slope Borough, the Maniilaq Association, and Norton Sound. Public Health Nursing services would be provided to Norton Sound beginning on July 1, 2011 as Norton Sound provided notice that it would discontinue services in the region effective July 1, 2011. She specified that the department also hoped to obtain sufficient funding to maintain services provided by other grantees.

Vice-Chair Fairclough wondered whether Anchorage would hand over its public Health Nursing Services to the state and in turn how the state would handle escalating costs for people who had previously assumed management responsibilities. Ms. Elgee replied that she would refer the question to Dr. Hurlburt given the numerous conversations he had conducted with the Municipality of Anchorage. She relayed that the municipality's ability to financially provide for the continuation of the services was currently undetermined.

Ms. Elgee moved on to discuss the Division of Senior and Disability Services (Slide 10), which was directed by Duane Mayes and employed 148 staff. The division managed the delivery of services to senior and developmentally disabled communities through grant programs and through direct oversight of the four Medicaid waiver programs that provided long-term care, including the Children with Complex Medical Conditions Program, the Adults with Physical Disabilities Program, the Older Alaskans Program, and the Developmental Disabilities Program. The division also managed Adult Protective Services and the Medicaid Personal Care Attendant Program that provided services to eligible individuals. She relayed that Senior and Disability Services continued to work with CMS on meeting the Corrective Action Plan in order to have waivers reauthorized in July 2011. She discussed that the home and community based service providers wanted the state to convert to a cost-based-rate environment and that the division was close to implementing the new process.

[3:22:51 PM](#)

Ms. Elgee spoke briefly about the Division of Finance and Management Services (Slide 11). She outlined that the

division included all of DHSS support services, administrative support functions, information technology, the commissioner's office, the Human Services Community Matching Grant Program, and the Community Initiative Matching Grant Program.

Representative Guttenberg wondered whether there was overlap with the Health Care Services community health aide training and supervisor grants, and the Senior Disability Services provider certification and training. Mr. Streur clarified that they were two different provider groups and functions.

Co-Chair Thomas asked for a sheet that detailed increments received by the department the prior year.

Representative Wilson asked for a copy of the notes that Mr. Streur and Ms. Elgee read from during the presentation.

#

ADJOURNMENT

The meeting was adjourned at 3:26 PM.