

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

February 24, 2011

3:18 p.m.

MEMBERS PRESENT

Representative Wes Keller, Chair
Representative Alan Dick, Vice Chair
Representative Bob Herron
Representative Sharon Cissna
Representative Bob Miller

MEMBERS ABSENT

Representative Paul Seaton
Representative Charisse Millett

COMMITTEE CALENDAR

PRESENTATION: ALASKA MENTAL HEALTH TRUST AUTHORITY

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JEFF JESSEE, Chief Executive Officer
Alaska Mental Health Trust Authority
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Presented an overview of the Alaska Mental Health Trust Authority.

ACTION NARRATIVE

[3:18:54 PM](#)

CHAIR WES KELLER called the House Health and Social Services Standing Committee meeting to order at 3:18 p.m. Representatives Keller, Dick, and Miller were present at the

call to order. Representatives Herron and Cissna arrived as the meeting was in progress.

Presentation: Alaska Mental Health Trust Authority

CHAIR KELLER announced that the only order of business would be a presentation by the Alaska Mental Health Trust Authority.

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JEFF JESSEE, Chief Executive Officer, Alaska Mental Health Trust Authority, Department of Revenue, reported that currently there was a history project researching the history of the Trust, developing a data base, and planning a website. Referring to the territorial days in Alaska, and the barbaric mental health system, he explained that any person experiencing difficulty with support arising from mental disability was charged with the crime of being an "Insane Person at Large" by the territorial officials. He shared that hundreds and hundreds of Alaskans were charged and transported to Morningside Hospital in Oregon, and their families were never apprised of what happened to them.

MR. JESSEE ascertained that mental health became an issue during the statehood discussions, as the federal government had paid for Morningside Hospital in Oregon, but upon statehood, Alaska would have to pay for this. This resulted in passage of the Alaska Mental Health Enabling Act of 1956, which consisted of three parts: money to build a psychiatric hospital in Alaska, an annual decrease of operating monies, and a land trust for Alaska Mental Health Trust lands. He reported that some of this money was used to build the first wing of the Alaska Psychiatric Institute (API), as well as to purchase a motel in Valdez to house people with development disabilities, Harborview Developmental Center. The decreasing federal operating money was used to wean Alaska off federal money. The land trust was modeled off the university and school land trusts, was the first and only mental health land trust, and was increased to 1 million acres from the original 500,000 acres upon the outrage for this irresponsible action by Nebraska Representative Miller. The land trust was designed to generate money for mental health services. He listed the Mental Health Trust land to include land around the Homer Spit, Kenai River frontage, and the big trees around Haines. He whimsically observed that just a few acres in the Prudhoe Bay area would have guaranteed the financial future for mental health in Alaska.

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The committee took a brief at-ease.

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MR. JESSEE declared that the State of Alaska had selected the most valuable land possible from the federal government. He recounted that the Church of Scientology in San Diego had a local newspaper print an expose about a gulag being built in the frozen north to send communists and other dissidents. This distracted attention from statehood. At statehood, Alaska received 100 million acres of land, which was lumped with the 1 million acres of Alaska Mental Health Trust land, resulting in half of this land being given away to Alaskans through land lotteries, homesteads, and agricultural demands at less than fair market value. He noted that this use of Mental Health Trust land unraveled in the late 1970s when local governments were allowed to select state land for local purposes. This local process selected more than 27 percent of The Trust land, as it was so well located.

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MR. JESSEE recounted that as local government lawyers went to file title for this land, it was discovered that 27 percent of the land was Alaska Mental Health Trust land, and had been obtained at no charge. This lead to questions over land title, as it was recognized that the trustees were likely in breach of the trust. The local governments went to the state legislature in 1979, requesting clear title to the land, so the entire Alaska Mental Health Trust land was redesignated as general state land. However, legislature lawyers pointed out that, as trustees for the mental health land trust, the legislature could not take the land without paying for it. The legislature then set up a Mental Health Trust income account to receive 1.5 percent of all state land sales. He pointed out that, however, the Alaska State Legislature forgot to make any deposits, and, in 1982, a Fairbanks lawyer, Steve Cowper, filed the original Alaska Mental Health Trust lands lawsuit. He recounted Steve Cowper's history as a legislator who "voted to steal the land," as a lawyer who filed the lawsuit to regain the land, and as the governor who presided over two failed settlement attempts. In 1985, the Alaska Supreme Court, in a three page settlement, stated that the land needed to be returned to the Alaska Mental Health Land Trust, which began a decade of litigation and a court ordered injunction on the 1 million acres which prohibited any further use.

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MR. JESSEE explained that, as much of the land could not be returned, a committee of land experts placed a value of about \$2.2 billion on the 1 million acres. He noted that a number of failed settlement attempts followed, and then, in 1994, all the stakeholders gathered to designate replacement for the lost 500,000 acres. This land was determined not to be worth as much as the original land, so there was an agreement for a cash compensation of \$200 million.

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MR. JESSEE pointed to the dilemma for legislators, as trustees, to apply a limited fiduciary responsibility to a limited set of assets while considering its overall responsibility for public trust. It was decided to appoint a substitute trustee with the power to oversee the asset and spend money without a legislative appropriation. He shared that a seven member board of trustees was appointed by the governor, and confirmed by the legislature. A plan was agreed upon to have the land managed by a separate unit within the Department of Natural Resources (DNR), the trust land office, which contracted with the trustees. The Alaska Permanent fund would manage the money, and the Alaska Mental Health Trust would pay its share of the expenses and get its share of the profit. He specified that The Trust spent about \$160 million of general funds and \$140 million of Medicaid funds each year, while its assets generated about \$23-\$25 million each year. He conveyed that the trustees recognized the need to be catalysts for change to improve the mental health program.

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MR. JESSEE, reflecting on the \$160,000 cost per resident at Harborview in 1964, noted that the Alaska Mental Health Trust Authority had wanted to close the facility, but the legislature would not agree. He confirmed the need for community based services, which would require additional investment to allow for the transition.

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MR. JESSEE stated that the Trust had offered to pay for three years of Harborview operation, if the Legislature would invest the comparable amount of operating money into community services. In this way, Alaska became only the second state in

the nation without an institution for the mentally retarded, but community services were created.

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MR. JESSEE moved on to discuss women with chronic mental illness in correctional institutions, who were in 23 hour segregation from the main prison population. He reflected on discussions with Representative Eldon Mulder, Co-Chair of Finance, and the subsequent financial and operating plan designed by The Trust. He noted that the Alaska Mental Health Trust Authority offered to pay 100 percent of the cost in year one, 67 percent in year two, and 33 percent of the cost in year three, which allowed incremental adjustments to the state budget for those three years.

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MR. JESSEE stated that The Alaska Mental Health Trust Authority was a "data driven, outcome focused organization."

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MR. JESSEE, in response to Chair Keller, said that a little over 900,000 acres, with subsurface rights, was being managed by The Trust. He noted that some land, specifically land with timber, was easily convertible to cash. He pointed out that The Trust land office had a different mandate and different regulations than DNR, as it only had to maximize revenue from the land over time. He agreed that there were instances of controversy with local communities, and that, if possible, The Trust tried to accommodate the local community. He offered some examples of land leases and sales. He pointed to the upcoming exploration license for low grade coal on 160,000 acres of The Trust land.

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CHAIR KELLER asked if there was a time that The Alaska Mental Health Trust Authority would be self sufficient.

MR. JESSEE, in response, said no. He declared that it was unlikely that The Trust would generate \$160 million each year. He confirmed that oil and gas were the revenue generators, and that revenue was being generated from hard rock minerals, coal, and a few other deposits.

CHAIR KELLER asked for a breakdown to the \$160 million expenditures.

MR. JESSEE replied that the settlement required the State of Alaska to have a separate bill for the mental health program, which was detailed by department, division, and budget request.

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MR. JESSEE stated that the \$25 million which The Trust generated each year just happened to be the right amount of money to help improve the \$300 million program. He opined that the Alaska State Legislature would have required more income from The Trust if it was generating more income.

CHAIR KELLER asked to clarify that The Trust did not want to be more than a catalyst for change.

MR. JESSEE replied that it was not likely that The Trust would offer more base support. He pointed to the \$1.3 million spent for mini grants of up to \$3,000 each to improve the lives of beneficiaries. He defined that 80 percent of the mini grant requests were for dental care; once that need was recognized, then the Trust supplied funding to add dental care to the Medicaid program.

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REPRESENTATIVE DICK reflected on the problems that a family member had with mental health issues and the lack of support and services. He commented on the exhaustion and desperation of many family members. Reflecting on the dearth of available services, he questioned the benefits for the expenditure of \$160 million. He declared that his was a "painful, dismal view of the mental health services in Alaska."

MR. JESSEE agreed that these were some excellent points, and that Alaska had struggled with many of these issues since before statehood. He pointed to some administration decisions which had eliminated funding in lieu of Medicaid. He declared that Medicaid was a dependency promoting medical model. He established the need to be extremely ill before there was help from the community mental health center because most of the funding had to be billable to Medicaid. He pointed out that this did not allow for help to an individual who was not yet in crisis.

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MR. JESSEE said there were incremental gains toward safe, affordable, permanent housing, and for support services to keep people in this housing. He informed that there had been very few supportive housing units for people with mental illness, but that there was now an increase in funding to almost \$10 million annually for this population. He approved of the support that this afforded the families of the mentally ill.

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REPRESENTATIVE DICK opined that there was difficulty with the system when the person was over 18, as concerned family members could not become involved. He asked about the federal funding, which stipulated that an individual over 18 was free to make their own choices.

MR. JESSEE agreed, but pointed out that both federal and state law stated that legal authority was necessary to engage in another adult's business. He offered that guardianship was a way to make legal decisions on another adult's behalf.

REPRESENTATIVE DICK offered another personal story.

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MR. JESSEE, in response to Representative Dick, described the mental health crisis intervention training for police officers, and noted that Anchorage PD was nationally recognized for this training. He agreed that previously, an individual was sent to Alaska Psychiatric Institute (API), but that currently there was a psychiatric emergency room at Providence Hospital. He affirmed that supportive housing was now available upon discharge. He directed attention to the therapeutic courts, as there was a cyclic occurrence of misdemeanors among the mentally ill. He explained that the therapeutic court assigned a case manager, who would connect the mentally ill to services available in the community. He shared stories of the success of these courts.

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REPRESENTATIVE DICK asked if these services were available in the bush.

MR. JESSEE replied that there was now a wellness court in Bethel and a mental health court in Anchorage because a judge had recognized the need. He shared that Senator Lyda Green had requested a mental health court in Palmer, but that he had cautioned her about the initial costs. He offered to help create a mental health court with Alaska Mental Health Trust monies. He agreed that general funds would be necessary to finance the court after three years, but he pointed out that the investment would be for a known result. He accepted the blame for the Trust creating successful programs, and then requesting operating financing from the Legislature.

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CHAIR KELLER opined that the legislature was concerned with the expansion of programs, as there was a financial breaking point. He pointed to the limited amount of money and the necessity of balancing the distribution. He declared the need to receive value for the expenditures.

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REPRESENTATIVE DICK offered his belief that accountability allowed the Legislature to prioritize for what was working.

MR. JESSEE observed that The Trust tried to be data driven. He pointed out that The Trust had paid for the longitudinal study which compared the number of days the participants in mental health court had spent in corrections and in API for the year prior and the year after mental health court. He confirmed a significant reduction for both days in correction and costs, compared to the cost of the program.

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MR. JESSEE shared an example of the Bring the Kids Home program. Although there had not been a guarantee that Bring the Kids Home would save money, he declared that the reinvestment in residential psychiatric treatment centers (RPTC) in Alaska had resulted in a decline in money spent. He expressed frustration that key components of the service system for the program had not been put in place, as these would allow for the final success of the initiative. He asked to be told what programmatic outcome was desired, or how much the Legislature wanted to spend, so that The Trust could build the best possible programs. He stated the need to work in concert, and to review the cost benefit of each program.

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CHAIR KELLER replied that he wanted a comprehensive view of each program.

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REPRESENTATIVE CISSNA reflected on the history of the Bring the Kids Home program and the Alaska Youth Initiative (AYI). She requested that work be primarily on the community based programs, especially for preventative programs. She opined that Alaska invested in illness, not prevention.

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MR. JESSEE summarized that a mental health continuum of care should start with the support of families within the community, and only when those supports were insufficient would there be a move to the next level of care. He declared that institutional or out of state care should be the last resort.

MR. JESSEE offered his belief that it was necessary to invest in prevention and early intervention services, but the legislature did not have the tolerance for a long term investment. Consequently, the Trust had chosen to deliver specific short term results, and to use the savings to invest in in-state care.

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MR. JESSEE stressed that long term solutions were only attainable with investments in prevention. He compared the group homes to larger facilities, and pointed to the better quality of life, and the comparative ease for divesting this asset if it became unnecessary.

MR. JESSEE offered an example of families with autistic children and the difficulties these families faced. He detailed that The Trust built and funded an autism resource center to help keep autistic children in the home and to become productive citizens. He pointed to the results and suggested that the ongoing expenses should now be budgeted from the state general funds.

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REPRESENTATIVE DICK explained that these requests should have been brought to the House Health and Social Services Standing Committee, and not the House Education Standing Committee.

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REPRESENTATIVE MILLER shared a personal family account of autism, and agreed with those needs as outlined by Mr. Jessee. He agreed that although unlimited funding could not be supplied, the emotional and financial costs were not quantifiable.

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CHAIR KELLER opined that costs had to be quantified as it was not possible to solve all the problems.

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REPRESENTATIVE CISSNA offered her belief that the politics of the impossible had changed. She pointed to the current use of telemedicine carts in rural communities. She asked if the autism resource center had telemedicine capabilities.

MR. JESSEE replied that telemedicine and telepsychiatry were part of the autism resource center plan. He stressed the need for cost effectiveness of programs, and he stated that the Trust had discontinued programs that were too expensive. He expressed agreement for the development of more data, but he cautioned that "data costs money. If you're gonna spend money on data, you need to have a pretty good idea going in, of what it is that you're gonna do with it when you buy it." He established that he had banned the phrase "It would be interesting to know" as it was necessary to know upfront how the information could affect a decision.

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CHAIR KELLER replied that data was essential to make decisions.

MR. JESSEE suggested that a bill to mandate behavioral health coverage in private health insurance plans would relieve the State of Alaska of that responsibility. He acknowledged the balance between fiscal realities and directive to private sector industries. He confirmed that when individuals were not responsible for paying for their own needs, then the state would pay, and he offered the mandatory helmet laws as an example.

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REPRESENTATIVE CISSNA suggested that the "cost of not doing things" was very expensive.

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ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:58 p.m.