

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

February 7, 2011

1:32 p.m.

**MEMBERS PRESENT**

Senator Bettye Davis, Chair  
Senator Dennis Egan  
Senator Johnny Ellis  
Senator Kevin Meyer  
Senator Fred Dyson

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

OVERVIEW: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

- HEARD

PRESENTATION: ALASKA HEALTH CARE COMMISSION

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

WILLIAM J. STREUR, Commissioner  
Department of Health and Social Services  
Juneau, AK

**POSITION STATEMENT:** Presented Department of Health and Social Services overview.

ALLISON ELGEE, Assistant Commissioner  
Division of Finance Management  
Department of Health and Social Services (DHSS)  
Juneau, AK

**POSITION STATEMENT:** Presented Department of Health and Social Services overview.

DEBORAH ERICKSON, Director

Alaska Health Care Commission  
Department of Health and Social Services (DHSS)  
**POSITION STATEMENT:** Presented Health Care Commission report.

**ACTION NARRATIVE**

1:32:03 PM

**CHAIR BETTYE DAVIS** called the Senate Health and Social Services Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Ellis, Dyson, Egan, and Chair Davis.

**Department of Health and Social Services Overview**

CHAIR DAVIS announced the committee would hear an overview from the Department of Health & Social Services.

SENATOR MEYER joined the meeting.

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WILLIAM J. STREUR, Commissioner, Department of Health and Social Services, said the department's vision is that all individuals and families in the state are healthy, safe, and productive, and its mission is to promote and protect the health and well-being of Alaskans. He explained the department's strategies include more integration of services, strategic technology use, promoting rural infrastructure, development and standardization of regional structures, and promoting accountability at all levels. He said that the department is very good at spending money, but telling people exactly what they do has been elusive. He further explained that the department's 2011 priorities are substance abuse and mental health services. These affect all Alaskans, and are contributing factors to problems ranging from unemployment to domestic violence to suicide. The department is constantly refining the way it addresses these issues; with limited resources it is a difficult challenge to target areas such as underage drinking, binge drinking, suicide, domestic violence and sexual assault, but early intervention can work to integrate behavioral health with primary care.

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COMMISSIONER STREUR stressed there is a need for universal screening for behavioral health issues in primary care settings. In the Juneau School District, he said, 23-40 percent of high school students had major depression or suicidal thoughts. The department's goals are expanding family-based treatment, increasing access to substance abuse services, adding involuntary treatment and secure detox services, ensuring

adequate response to behavioral health emergencies, and increasing use of telemedicine.

In terms of recovery, he noted, the department supports an array of recovery services, using performance-based standards and funding; the department aims to have behavioral health regulations in place this summer that reflect the philosophy of integration between mental health and substance abuse.

COMMISSIONER STRUER also said that chronic disease has a staggering impact on Alaska, and most of this is related to personal choice around diet, smoking, and exercise. Roughly 35% of children in Alaska and 66% of adults are overweight or obese; direct medical costs related to being overweight cost Alaska \$477 million per year, and now surpass those related to tobacco use. He stated that major health and wellness strategies include prevention and health promotion, disease control, and access to insure that all possible resources are available in Alaska's communities.

COMMISSIONER STREUR continued summarizing a number of the department's priorities, as follows:

Prevention and Health Promotion: Implement evidence-based, population-based health promotion efforts to reduce obesity, chronic disease, and injuries. Increase primary prevention approaches, including those targeting increased self-responsibility. Educate about and improve methods for screening, diagnosis, and early treatment of conditions and behaviors most detrimental to the physical and mental health of Alaskans.

Disease Control: Detect epidemics and control the spread of infectious diseases, in particular influenza, tuberculosis, hepatitis C, HIV and sexually transmitted diseases, through screening, testing, diagnosis and treatment. Immunize children and adults against vaccine-preventable diseases.

Access: Use public health nurses to ensure all possible resources are made available in Alaskan communities. Expand medical examiner services statewide. Increase community partnerships to improve local capacity for primary care and preventive health services.

Emergency Response and Preparedness: Build capacity in Alaska's statewide trauma system. Work with communities to prevent health emergencies and prepare for pandemics and natural disasters.

Environmental Health Impacts: Provide medical, toxicological, and public health expertise to individuals and communities to enable them to reduce hazards from environmental exposures. Develop credible, science-based, Alaska-specific information about environmental exposure levels and potential impact to human health.

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Workforce: Partner with the University of Alaska and others to create new training opportunities for health professionals throughout the state. Create professional residency programs for "hard to attract" health care fields such as psychiatry. Develop alternative approaches to health care delivery in rural Alaska.

In terms of long-term care, Commissioner Streur made the following comments:

Medicaid is the primary payer for long-term care services for the elderly and disabled. In Alaska, those services are delivered in a fragmented fee-for-service environment. Alaska has been very successful in making services available in homes and communities, thereby delaying or avoiding the higher cost and more restrictive institutional care for many individuals. Challenges remain, however, in the availability of home and community-based services in rural areas; long-term institutional care for those individuals with very high needs that cannot be met in the community; standardization of the quality of care delivered; and comprehensive oversight of the health and welfare of these participants.

Major strategies include:

Identification and Coordination of Health and Welfare Needs:

Implement quality assurance strategies that set forth standards of performance for home and community-based care providers and remediation responses for failure to meet those standards.

Integrate automated solutions that provide for real-time care plan development and amendment to meet change in condition of the participant and to conduct risk assessments.

Align cross-division efforts to manage provider enrollment, certification, and compliance and performance oversight.

Train and oversee the performance of care coordinators who have the role of continuous monitoring of health and welfare needs of waiver program participants.

Integrate recipient feedback on analysis of the efficacy of home and community based programs.

Develop integrated pro-active and reactive programs of safety related to complaints and reports of harm received by Adult Protective Services, Long Term Care Ombudsman, Licensing and Certification and Senior and Disabilities Services.

Increase utilization of Aging and Disability Resource Centers as referral sources to meet the needs of those receiving services in their home and community settings.

Promote a service array that meets the needs of the underserved who require long term care services

Collaborate with providers to develop sustainable options for institutional care that meets the needs of those very complex individuals whose needs may not be safely met in the community setting;

Improved coordination of services to individuals utilizing the general relief program to promote greater self-responsibility and self-reliance where appropriate;

Provide continued support to individuals who do not qualify for waiver services but need supports through continued grant opportunities;

Create sustainable solutions through partnerships with the Pioneer Homes, Senior and Disabilities Services, Medicaid and Behavioral Health to address the needs of individuals with long-term needs related to complex behavioral issues and cognitive deficits such as Alzheimer's disease and other dementias.

Develop Integrated and Comprehensive Model of Care

Evaluate opportunities provided by the federal government to manage the benefits of dually eligible individuals.

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COMMISSIONER STREUR emphasized that family centered services are the key to meeting the needs of our most vulnerable citizens; developmentally disabled children and adults should have access

to quality services, as well as financial and vocational supports that they need to maximize their contributions to society.

He noted that strategies include the following:

**Protective Services:** Provide effective and timely protective services to vulnerable children and adults experiencing, or at risk for, neglect, abuse and exploitation in an environment where more timely and effective reporting by providers and community members is occurring. Forge relationships with community partners to develop proactive measures to reduce and eliminate risks to the health and welfare of vulnerable children and adults.

**Domestic Violence and Sexual Assault:** Strengthen behavioral health programs to address family violence prevention and to provide treatment for alcohol and substance abuse, often an underlying cause of DVSA.

**Suicide Prevention:** Target suicide prevention efforts to individuals and communities most in need.

**Bring the Kids Home Initiative:** Continue efforts to develop the infrastructure within the state to support the needs of children who have previously been sent out of state to receive services and to keep youth in state.

**Families First Initiative:** Expand this project which is designed to help families leave the public assistance rolls and find employment through coordination of services between state agencies to assure that services are designed to meet family needs vs. individual program requirements.

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COMMISSIONER STREUR explained that the DHSS has over 3,690 employees working in eight divisions; those are, the Alaska Pioneer Homes, Behavioral Health Services, Children's Services, Juvenile Justice, Public Assistance, Health Care Services, Senior Disability Services, and Financial Management Services. He then turned the floor over to Allison Elgee for a budget overview.

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ALLISON ELGEE, Assistant Commissioner, Division of Finance and Management, Department of Health and Social Services (DHSS), noted that the information in the Budget Overview Book is also

available on the department's web site. She said the Fiscal Year 2011 Operating Grants book provides detailed information on over \$160 million worth of grant funding that department oversees on annual basis.

MS. ELGEE stated that she would go through the budget, division-by-division. By far and away the largest portion of the DHSS budget is made up of Medicaid services. She then spoke about the Alaska Pioneer Homes; this division employs 557 full-time and 43 part-time staff in 6 homes throughout state. There are 508 licensed beds, and these are 24-hour, seven days per week facilities, with staff working in three shifts each day. She explained the Pioneer Homes are licensed as assisted living facilities, although many residents do meet the nursing home level of need. Residents must be at least 65 and residing in Alaska for one year prior to seeking admission. There are two waiting lists, one inactive, and one active. Inactive status simply means that people have signed up for some point in the future; active means that people are interested in residency and have to make a decision within 30 days once notified. Fees for the homes range from \$2,350/month to \$6170/month, depending on the level of care needed.

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MS. ELGEE further stated the pioneer homes are eligible for Medicaid payment waived rates, as well as payment assistance; no one is asked about financial resources as part of the admission process. She said the biggest problem in running the Pioneer Homes is the increase in acuity; in 1995, 63 percent of residents sought the highest level of care. Today that is 88 percent, and the average age of residents is over 85 years. The second issue, she said, is lack of available placements for individuals exhibiting difficult behaviors. People with dementia can end up being assaultive and become a danger to themselves or others, and the Pioneer Homes are not funded to staff one-on-one, which is needed for that type of behavior. No alternative placements are currently available.

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MS. ELGEE then discussed the Division of Behavioral Health, which currently employs 334 full-time people and 11 part-time, the majority of whom work at the Alaska Psychiatric Institute (API). She said that API has 240 full-time and nine part-time employees. With the exception of API and the Alcohol Safety Action Program (ASAP), most of the division's work is in the management and oversight of grant programs which are distributed

throughout the state to numerous nonprofit and community partners, who deliver a variety of behavioral health services

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SENATOR ELLIS asked if the commissioner was aware that less than half of the money collected in the state alcohol tax goes back to cost-effective, evidence-based treatment programs. He said he has a goal to see more of that alcohol tax money used for treatment. He also asked how long it takes for grant monies to get onto the street once appropriated. He further noted that the number of treatment programs in the state is wholly inadequate, and reemphasized that it seems to take a long time to get grant money onto the street, and said that getting into treatment is literally a life or death situation for some people.

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COMMISSIONER STREUR replied that he had no argument with either of those two points, but noted the alcohol tax also has to pay for alcohol-related costs of criminal justice, safety, and health care, beyond alcohol and drug treatment centers. He noted the department is moving toward a goal of prevention and early intervention.

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MS. ELGEE agreed that Senator Ellis was correct; receiving new money from grants can be a struggle, because the department is obligated by statute to competitively solicit for grants. They do two or three year grant cycles, and they try to utilize existing grantees during the first year. For a brand new concept, there has to be a competitive solicitation.

SENATOR ELLIS asked if she was positive that only new money takes a long time to get out.

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MS. ELGEE said she would look into specific program areas if he could provide them, but the department has worked on speeding up payments to grantees; they now provide 90 percent of their grant dollars for small grantees in July, and start soliciting in December.

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MS. ELGEE noted the Division of Behavioral Health has worked hard to incorporate performance standards into its review process, making grant award decisions based on the performance of grantees. She said the biggest issue in terms of delivering behavior health services is geography; small populations makes

providing resources at the community level difficult if not impossible, which can result in inappropriate referrals to API.

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MS. ELGEE then spoke about the office of Children's Services, and introduced Christy Lawton, who has been the acting director since August. Ms. Elgee said the Office of Children's Services has 499 full-time employees, and is organized around five regions which include the newly organized region of western Alaska. They also have 26 field offices; the primary operation of the division is child protection services, meaning they respond to reports of harm and do whatever is necessary to assure the safety of the child. The division also manages the infant learning grant program, which provides early childhood services for children with developmental delays. Ms. Elgee noted the biggest issue in the division is workforce recruitment and retention. Children's Services is a very high stress environment, and a study in 2009 found that over 60 percent of division employees had held their current positions for less than two years.

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SENATOR DYSON asked if the division conducted exit interviews.

MS. ELGEE replied that they do, and that they are trying to strengthen the supervisory staff.

SENATOR DYSON then asked if we doubled the money, would it greatly reduce the amount of turn over.

MS. ELGEE said she doubted if we could spend the money, because there is a shortage of qualified applicants in the field; reducing caseloads would be positive, but the turnover is not all about money.

SENATOR DYSON said he would enjoy further conversation with Ms. Elgee on this subject.

CHAIR DAVIS asked why the director position has been vacant since August.

MS. ELGEE responded it is difficult to recruit during an election year, and they were holding off until the outcome of the election was known.

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MS. ELGEE said she would move on to the Division of Health Care Services. This division is the primary management structure for Medicare services programs, and has 134 staff; the division manages the acute medical care components, hospital services, and the Denali kid care program. Health Care Services also manages the contract for the third-party payment environment. She explained the division also provides the rate review process for all Medicaid rate settings. The biggest challenge is trying to maintain a balance between the rates paid and providers willing to serve the Medicaid program. When services are not available in rural Alaska for a Medicaid client, the division also pays for transportation services. She said they try to have services available at the local level, except for specialized services. The division is working with tribal partners to develop a strong tribal health system. They are also working to bring up a health records exchange environment, and get their providers converted to electronic health records.

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MS. ELGEE asked if she should briefly cover the other divisions, since many members may have heard them in other committees.

CHAIR DAVIS asked which she would prefer.

MS. ELGEE said she would do a quick review of those divisions that many people may have already heard. She briefly reviewed the Division of Juvenile Justice, which has 479 full-time staff; the division operates eight youth detention facilities and 16 juvenile probation offices throughout the state. The facilities operate in a 24-hour environment, and employees work in several shifts. She noted that McLaughlin specializes in services not offered elsewhere in the state.

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MS. ELGEE said the Division of Public Assistance has 535 staff, and operates through 15 field offices throughout state. This division serves over 174,000 people per year; programs offered include temporary assistance to families in need, food stamps, heating assistance, senior benefits, adult public assistance, and the Women, Infants and Children (WIC) program. The division also does all of the eligibility determinations for Medicaid. She noted they struggle to meet increased caseloads with a static level of staff.

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MS. ELGEE then spoke about the Division of Public Health. This division has 507 full-time and 11 part-time employees, and its

operations include public health nursing, vital statistics record keeping, two public health labs, infectious disease and epidemic prevention and control, certification and licensing for health care facilities and background checks for health service providers. They also manage the medical examiner's office and oversee the grant program for emergency medical services. She said that challenges faced by this division include the fight against chronic disease, including many lifestyle choices; improving childhood immunization rates. Ms. Elgee explained that the Alaska immunization rate for two year olds in 2009 was ranked 49th among all 50 states, due in part to a shortage of health care work force. The division is working to improve statewide coverage for public health.

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MS. ELGEE then reviewed the Division of Senior and Disability services. She said this division has 138-full time staff, and the division conducts Medicaid waiver programs for children with complex medical conditions, adults with physical disabilities, older Alaskans, and developmental disabilities. These programs are designed to provide alternate approaches to long-term care; individuals eligible for these programs meet criteria that allow them admission to nursing homes where home or community service is not available. The division also manages grant programs for senior and developmentally disabled adults throughout the state, as well as nutrition, transportation and support services throughout the state. In this division also includes the Alaska Commission on Aging and the Governor's Council on Special Education and Developmental Disabilities.

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MS. ELGEE then spoke about the department support services program, which includes all administrative support functions, the commissioner's office, public information services, finance and management services, and the human service matching grant program.

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SENATOR DYSON asked how many providers the department pays.

COMMISSIONER STREUR responded there are a total of about 3,600 providers in the state of Alaska.

SENATOR DYSON asked about the issue of Medicare fraud.

COMMISSIONER STREUR responded that many federal efforts are being undertaken around fraud, waste and abuse. He also met

recently with the state attorney general, and they are looking at consolidating efforts in the state, as well as trying to figure out how to work with the federal programs that are coming in. These include the Medicaid Integrity Program, federal audits, and efforts around provider fraud and recipient fraud.

SENATOR DYSON noted that on a national level provider fraud is a huge problem.

COMMISSIONER STREUR said he doesn't know exact percentages, but hopefully Alaska is not as bad as some other states; Florida and New York have Medicare fraud in the billions of dollars.

SENATOR DYSON then asked about the percentage of costs related to behavioral problems, or self-induced medical issues?

COMMISSIONER STREUR responded that \$600 million is the direct medical cost related to self-inflicted health care issues in our state.

SENATOR DYSON asked if it is true that are we paying nine or ten million for obesity related problems among state employees.

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COMMISSIONER STREUR said he was unable to answer that question.

SENATOR DYSON asked if the pharmacy board was months away from having the drug registration finished.

COMMISSIONER STREUR responded it was a slow moving process.

SENATOR DYSON asked if he had an anticipated date.

COMMISSIONER STREUR responded that it was being done through the Department of Commerce.

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SENATOR MEYER asked about funds for parents who adopt foster children, or have children with high behavioral issues.

MS. ELGEE said he might be speaking about the subsidized adoption and guardianship programs.

SENATOR MEYER stated he was talking about TAMA.

MS. ELGEE replied that was the temporary assistance for needy families program.

SENATOR DYSON noted that Alaska is in the top ten nationally as far as youth not using tobacco, and he was proud of that fact. He noted that the department had protected tobacco settlement funds.

MS. ELGEE confirmed that there are no new purposes for which that money is being used; education and cessation are the only purposes.

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SENATOR ELLIS asked why the gubernatorial election would have affected the timetable for appointing a permanent Director of Children's Services.

COMMISSIONER STREUR responded that division directors are gubernatorial appointees; therefore, no applicant would accept the position until they knew who would be the governor.

### **Alaska Health Care Commission Presentation**

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CHAIR DAVIS announced the next presentation would be a report on The Alaska Health Care Commission.

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DEBORAH ERICKSON, Director, Alaska Health Care Commission, Department of Health and Social Services (DHSS), said she would start with a brief history of health care reform efforts in Alaska. Past organizations included the Governor's Interim Health Care Commission, the Health Resources and Access Task Force, the Commonwealth North Alaska Health Care Roundtable, and the Alaska Health Strategies Planning Council. She said the creation of the Alaska Health Care commission was the first attempt to provide a long-term, sustainable look at health care access and cost issues. Ms. Erickson noted that the Health Resources and Access Task Force, created by the legislature in 1991, projected that expenditures for health care in the state would exceed \$5.5 billion by 2003. In the most recent report, from 2005, the Institute of Social and Economic Research (ISER) estimated that annual health care spending was about \$5.5 billion.

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So, she noted, those projections are panning out. Ms. Erickson said that policy choices will need to be made at the state, local, and even family level. The current state fiscal year

operating budget contains \$1.4 billion for Medicaid costs, alone, while the operating budget for the entire Department of Education is only \$1.4 billion. Ms. Erickson further noted that the Health Care Commission was originally created by Governor Palin under an administrative order, and was established in statute through SB 172 in April of 2010.

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MS. ERICKSON explained the purpose of the commission is to establish a state-wide plan to address quality, accessibility, and availability of health care for all citizens of the state. The main duties are to develop a strategy for improving the health of all Alaskans, and to provide an annual report to the legislature and the governor by January 15 of each year. She said the commission now has 11 voting members and three ex-officio members. The commission's 2010 report builds and picks up where the 2009 commission left off. The commission has designed a five-year process to develop a vision for the ideal health care system in Alaska; the process will describe the current state of health care, build a foundation for a strong health care system, design transformative policies, measure progress, and report annually to the legislature and the governor. She said the commission has reaffirmed that Alaska's health care system will focus on improving health status, delivering value, and developing a system where both providers and consumers will be satisfied with the services. Developing a sustainable system is also a significant concern of the commission, she said.

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MS. ERICKSON explained the commission must report on its recommendations, and must provide indicators of how the system is performing. The commission's vision is a system that includes increased access, controlled costs, improved quality, prevention-based, sustainability, efficiency, and effectiveness. She said they will focus on the importance of individual choice and personal engagement in health care. The commission's first report in 2009 included an appendix describing how health care services in the state are organized and delivered, as well as the different financing streams. In 2010 the commission decided to provide an overview of the new federal health care reform law; the 2010 report includes a brief summary of that law, as well as information on what has happened during 2010 regarding implementation of various provisions by the federal government.

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MS. ERICKSON noted the commission has contracted with ISER to do a new analysis of health care spending in the state, and has a contract with a health care actuarial firm to provide comprehensive review and analysis of reimbursement for health care services in the state, with a bit more focus on what the cost drivers are. The commission is trying to learn why prices for health care are higher than other states; they are looking to compare Alaska to Wyoming and North Dakota. Understanding costs also requires information about the health of Alaskans, so the commission will be making a health status estimate with the help of DHSS.

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MS. ELGEE said the 2009 commission report defined challenges, including the high, rising, and unsustainable cost of care, inadequate insurance coverage, the logistical challenges of delivering care, loss of economies of scale, system fragmentation and duplication, work force shortages, health status and health risk behaviors, and health information technology development. One specific problem studied was the problem of access to primary care for Medicare beneficiaries, especially in Anchorage

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MS. ERICKSON then explained the commission is focusing on transforming health care in Alaska; their focus emphasizes the importance of consumer responsibility to live healthier lifestyles, and looking at what communities can do to support healthy lifestyle choices. She said they are also looking at how to make care more patient-centered, so that individuals have more of a role in decision making and take more responsibility for their health. So the commission's policies are organized around the goals of access, value, prevention, improving patients' experience of health care, and supporting individuals to live healthier lifestyles.

MS. ERICKSON said there are three building blocks which the commission has identified as the foundation for a transformed system; ways to strengthen the health care work force, improve deployment of health information technology, and provide strong leadership. In terms of improving value, strategies include evidence-based medicine, price and quality transparency, value-driven purchasing, increasing insurance coverage, improving financial access, and improving access to information.

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SENATOR ELLIS asked why medical procedures are more expensive here in Alaska.

MS. ERICKSON replied that Linda Hall, Director of Insurance, is refusing to use federal money available to find the answer to this question, because the governor doesn't want to participate in federal health care reform.

SENATOR ELLIS then asked if the federal money was available to the Alaska Health Care Commission.

MS. ERICKSON said that the governor has to sign the application to accept those funds, and there are questions about exactly how those resources might be used; the commission is also interested in health care pricing and reimbursement, and is developing a contract for a health actuarial firm to do that analysis.

SENATOR ELLIS said having that information would be very helpful.

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There being no further business to come before the committee, Chair Davis adjourned the meeting of the Senate Health and Social Services Committee at 3:02 p.m.