ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
ANCHORAGE, AK
October 13, 2011
9:09 a.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Johnny Ellis
Senator Kevin Meyer

MEMBERS ABSENT

Senator Dennis Egan
Senator Fred Dyson

OTHER LEGISLATORS PRESENT

Representative David Guttenberg
Representative Chris Tuck

COMMITTEE CALENDAR

Hearing on Denali KidCare (DKC)

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to consider

WITNESS REGISTER

JON SHERWOOD
Medicaid Special Projects
Department of Health and Social Services (DHSS)
Juneau, AK
POSITION STATEMENT: Explained provisions of the Denali KidCare program.

ILONA JOHNSON, Eligibility Office Manager I
Denali KidCare
Division of Public Assistance
Department of Health and Social Services (DHSS)
Juneau, AK
POSITION STATEMENT: Explained how the DKC program works.

DR. ILONA FARR, representing herself
Anchorage, AK
POSITION STATEMENT: Did not support increasing DKC income eligibility level.

KAREN PERDUE, CEO and President
Alaska State Hospital and Nursing Home Association (ASHNHA)
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

SARAH WEBER, representing herself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

DAVID MESUO, representing himself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

WALTER MAJOROS, Executive Director
Juneau Youth Services
Juneau, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

JUNE SOBOCINSKI, Vice President
Community Action
United Way of Anchorage
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

CLOVER SIMON, member
National Association of Social Workers Alaska Chapter
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

PAT LUBY, Advocacy Director
AARP Alaska
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

VALERIE DAVIDSON, Senior Director
Legal and Intergovernmental Affairs
Alaska Native Tribal Health Consortium
Bethel, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

KIME MCCLINTOCK, field organizer
Planned Parenthood
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

MARY SULLIVAN
Alaska Primary Care Association
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

REPRESENTATIVE TUCK
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

RAY WARD, representing himself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

ELISABETH RIPLEY, Executive Director
Matsu Health Foundation
Wasilla, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

DAHNA GRAHAM, representing herself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

ADELE PERSON-GRONING, representing herself
Homer, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

SARAH LEONARD, staff person

thread Child Care Resource and Referral Network
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

PAGE HOBSON, representing herself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

KALEEM NEURIDEEN, representing himself
Alaska, AK
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

JANE LANDSTROM, representing herself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

ROBERT BOYLE, Superintendent
Ketchikan School District
Ketchikan, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

NICK MOE, representing himself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

DEBBIE THOMPSON, Executive Director
Alaska Nurses Association
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

HEATHER MCCAUSLAND, representing herself
Wasilla, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

GERAN TARR, representing herself
Anchorage, AK
POSITION STATEMENT: Clarified statements made by Mr. Sherwood on DKC statistics.

ADRIAN LECORNU
Alaska Federation of Natives
POSITION STATEMENT: Supported increasing DKC income eligibility level.

HOLLY RYAN, representing herself
Anchorage, AK
POSITION STATEMENT: Supported increasing DKC income eligibility level.

ACTION NARRATIVE

9:09:40 AM
CHAIR BETTYE DAVIS called the Senate Health and Social Services Standing Committee meeting to order at 9:09 a.m. Present at the call to order were Senators Ellis and Davis.

DENALI KIDCARE

9:12:54 AM
CHAIR DAVIS said the committee is meeting because of SB 5 (currently in Senate Rules) that made it to the Senate floor last session, but didn't have the votes to move out. The reason she is having the hearing is to inform the public of the dilemma and try to come up with some solutions.

JON SHERWOOD, Medicaid Special Projects, Department of Health and Social Services (DHSS), said Denali KidCare (DKC) provides health care for children and pregnant women in Alaska through the Medicaid program. It provides coverage to individuals up to 175 percent of the poverty level and, unlike many kinds of categories of eligibility for Medicare, it has no asset test. Generically, the categories included in DKC are sometimes called poverty level Medicaid because those income standards are tied to the poverty level standards.

He said one of the unique aspects of DKC is that it includes a component of higher income children without insurance (Medicaid Child Health Insurance Program (CHIP) expansion). He explained that states have the option to have a separate program, a Medicaid expansion or a combination of the two and Alaska has chosen to have a Medicaid expansion. The significance of CHIP is that it comes with enhanced funding; the current federal match rate is 65 percent as opposed to 50 percent for the regular Medicaid match.

MR. SHERWOOD said the program provides a wide range of services to children: primary care, acute care and many kinds of supportive care. It has the federally mandated early periodic screening diagnosis and treatment, which basically says if a child is diagnosed with a condition that can be treated under Medicaid the state has to provide that treatment. It covers all the pregnancy services for pregnant women and the other services that are available to adults in the Medicaid program.

9:16:56 AM
ILONA JOHNSON, Eligibility Office Manager I, Denali KidCare, Division of Public Assistance, Department of Health and Social Services (DHSS), said she has 23 eligibility technician IIs, 2 eligibility technician IIIs, a supervisor, a clerical supervisor plus 10 clerical staff. She said she has an office assistant I (entry level clerical position) and an office assistant II that is tasked with doing pregnant women Medicaid. She said her staff has journey-level experience and a PCN position is currently being changed to an eligibility technician IV, which is a supervisor, and that will be added to DKC. She said her staff is "very experienced in this program."

MS. JOHNSON related that eligibility is strictly determined on the basis of state and federal guidelines and the law primarily looking at income and household composition. Currently they serve 23,000 families and more individual clients, the statistics of which are available online.

The division is quite busy and uses the new "lean approach;" their turnaround time for an application is now within 8 days; for pregnant women on Medicaid have a priority and turnaround is within 5 days. She said quite often someone comes in with a child that has an emergency medical condition and they "absolutely stop everything" to work that application. She was proud of the work being done in both areas.

MS. JOHNSON said they currently have an eligibility technician sitting in the lobby area so anyone coming in with an emergency or with a complete application will get "worked" right there. This is part of a new process to get applications through faster and more efficiently.

9:22:32 AM
CHAIR DAVIS asked the total number of clients she has on DKC. She noted that she heard a number of around 10,000 and asked if that included pregnant women.

MR. SHERWOOD replied that August data indicated that over 10,000 children were in the CHIP category for which enhanced funding could be claimed. A little over 40,000 children are in all of the DKC categories and about 3,100 pregnant women. The 10,000 CHIP children are included in the 40,000 figure; about three-quarters of the children fall under regular Medicaid and one-quarter get the enhanced CHIP funding. In the month of August about 35,000 other children were in other kinds of Medicaid categories throughout the state.

CHAIR DAVIS asked if they have a waiting list for people who might qualify for the enhanced program.

MR. SHERWOOD replied no; it's a Medicaid expansion and an entitlement. She explained that some states have separate CHIP programs that aren't Medicaid expansions and they are allowed to have waiting lists and do cut-off enrollment at a certain point if they meet their target numbers.

9:25:09 AM
CHAIR DAVIS asked if everything statewide ends up in the Anchorage office.

MS. JOHNSON answered yes.

9:27:54 AM
DR. ILONA FARR, representing herself, said she grew up in Alaska and has been practicing here for 25 years. She thanked the committee for their service and expressed the view that their hearts were in the right place with this bill, but said she disagreed with it for a couple of reasons. She said she would run through those and then propose better solutions.

Basically, she disagreed with taking health dollars away from senior citizens on Medicare because that is how this Medicaid expansion is being funded. It takes $500 billion away from Medicare and uses it to increase Medicaid. She didn't think it was right to take dollars away from senior citizens that are at the end of their lives and have no potential for earning and giving it to young people that do have that potential.

Second, physicians take the Hippocratic Oath which prevents them from giving a woman abortive remedy and, further, tax dollars should not pay for any procedure that kills the future children of Alaska.

DR. FARR said she thought the DKC income limits were extremely high and for a family of five the 2011 guideline is more than she made in her first 19 years of practicing medicine! If she could do it, so could others. In her practice she has seen people gaming the system by deliberately being underemployed or becoming low income to qualify for Medicaid. One of the things that made her chose to opt out of the system was seeing people fly up here from other states to take advantage of Medicaid and then leaving the state after they were done getting their services.

A national study estimated a cost of $15,000 per family for private insurance and that will increase by 25-85 percent over the next few years as ACA is instituted. Part of this is because the more mandates there are the more insurance will cost. So, a lot more people will not be able to afford insurance. That is why some solutions are needed not only for the 175 to 200 percent of poverty level issue, but for a wider variety of Alaskans.

DR. FARR said she was also concerned that the program is unsustainable because of the state's declining oil revenues and she would prefer a program that is more sustainable and would cover a lot more individuals. Right now the budget for Medicaid and Medicaid-related services is over $1.7 billion; this is close to the total annual budget of a lot of states.

She said the ACA and stimulus bill are creating entities that are producing guidelines that will actually restrict care for individuals. One of her pet peeves is that mammograms for women under the age of 50 will not be permitted, but 50 percent of her breast cancer patients were diagnosed under the age of 50 and the last three men she diagnosed with prostate cancer were all under the age of 50, as well.

9:31:08 AM
She said one of her ideas is to have middle income women and children put their PFDs directly into a health care savings account using a "VISA like system," because VISA has much less fraud than Medicare and Medicaid.

CHAIR DAVIS asked if she was talking about solutions other than DKC increasing to 200 percent.

DR. FARR answered yes.

CHAIR DAVIS asked her to submit that in writing, so the committee could continue hearing testimony on the issue before it.

9:32:23 AM
KAREN PERDUE, CEO and President, Alaska State Hospital and Nursing Home Association (ASHNHA), Anchorage, said her background includes a long history with DKC; she was the commissioner of DHSS and the deputy commissioner in charge of Medicaid for a long time and watched the evolution of the state's coverage of pregnant women and children from categorically eligible (parents needing to be stuck in poverty and on "welfare" in order for their children to get health care) to this concept of the State Children's Health Insurance Program (SCHIP), which is really about working parents and allowing them to access coverage just for their children. They may get coverage through their employer for their own care, but often don't have access to dependent coverage. She said this large national bipartisan debate, led by Ted Kennedy and Orin Hatch, occurred almost a decade ago when it established the SCHIP program with the funds from the tobacco settlement. Alaska adopted the SCHIP program as a bipartisan measure and it is called Denali KidCare.

She said that DKC enjoys wide support among legislators, families and providers and the last time she looked Alaska had 6,000 medical providers enrolled in Medicaid along with every single hospital and nursing home. While some providers chose to limit what they do with regards to their family practice, doctors in general actively use Medicaid and she knows that most hospitals in the state actively use it, too.

MS. PERDUE asked for and was given indulgence to explain how the SCHIP program fits into the children's coverage. She said the notion that Medicaid covers only seniors and disabled people is a misperception; it has always been an active children's program and at least half of the people on Medicaid today in Alaska are children. It covers seniors and disabled people because their help is very expensive per unit of service and they can't often get their insurance in other ways. Children, on the other hand, are extremely cheap to cover especially when compared to the needs of seniors and the disabled.

Last year the Division of Legislative Finance found that 60,000 children under age 21 received physician services from Medicaid for a total of $47 million, an average cost of $788 per recipient. The average children's cost per unit of service was

brought up by the inpatient hospital care primarily for 8,600 neonatal children at about $11,000 per child. But some children cost more than $1 million.

MS. PURDUE said her point is that while parents can cover the $788 cost in one year if that's all that is wrong with their children or they are getting preventative care, if their child is born with an anomaly or if there is a traumatic event, it can bankrupt a family. So, it's really an insurance program and that is why it was founded, because kids are generally cheap and usually families can keep up with preventative care, especially at the higher income levels, but if a horrible thing happens, it can keep a family from going bankrupt.

She said the SCHIP program that Alaska has was set up as a very efficient government service and is a model in the nation. You do not stand in a line or get put on hold. You can work over the Internet to get your help and it's even gotten better over the years. The state has even received awards for its service. Future things should be modeled on this "lean approach."

MS. PERDUE said because of some unique characteristics of the population, the state has minimized its investment in this area and said that the federal government contributes 60 percent for Medicaid, but about 70 percent for DKC. That means that for every dollar that is spent, 70 cents comes from the federal government. This is because the tribal children that are covered have been integrated into the system. Native American children are getting the care they are entitled to by the federal government and using DKC, but the federal government is paying the whole bill. This is a very efficient system in this regard.

9:40:21 AM
MS. PERDUE said that many states are cutting back on Medicaid and it's a very difficult time for health providers and people planning their senior retirement, but virtually no state is cutting children's health care. They may be cutting provider rates or changing utilization, but they are not cutting off children.

She said ASHNHA has supported DKC for more than a decade, but hospitals and nursing homes are not going to get most of the benefit as a provider group. Most of these kids are not going to be in hospitals; for the most part babies are going home and getting preventative services and ASHNHA sees part of its mission is to support the overall health of the State of Alaska.

MS. PERDUE said the state has reasons to decide on this matter once and for all this year. She said there are possibly other times when it would be advantageous for Alaska to have this expansion in moving toward more block granting approaches or blending the match rate, but this is a major window for making this kind of decision in the affirmative.

She said when DKC first passed it was almost entirely bipartisan and prior to being vetoed her records show that it passed the Senate by a vote of 15 to 4 and the House by 37 to 3. She suggested that it might be time to establish a waiting list so they know what the true need is and said there is always someone outside of the level.

9:44:44 AM
SARAH WEBER, DKC recipient, said she and her husband are both born and raised Alaskans and have four children. They are a working family and have been on DKC mostly for preventative and prenatal care as a supplement to their primary health insurance through her husband's employer. Unfortunately, it would cost almost 30 percent of their take-home pay to insure all of their children with a $5,000 deductible per person. She related how her first four children have had the normal medical expenditures, but the seemingly healthy child that was born last October was diagnosed with stage four of a rare form of cancer six months ago. Infants don't get treated for it here. Because they have DKC treatment that never stopped, they were able to fly her to Portland within 36 hours of her diagnosis where she received care from a team of specialists that work specifically with this type of cancer. She is now home and can receive six out of her eight chemotherapy treatments at Providence Hospital.

MS. WEBER said her child's monthly medical needs are on average about three times her family's earnings and without this coverage her child's care would have been delayed and she probably would have died. She said before her child was born her family bounced around $150 a month from not qualifying.

9:51:26 AM
SENATOR MEYER joined the committee.

9:51:35 AM
DAVID MESUO, former DKC employee, said he is one of the original DKC technicians that started the program in 1998. He truly believed it to be one of the finest programs that Alaska has to offer its children. A pregnant woman under DKC is seen right away by a physician and seen through her pregnancy and the baby

is taken care of at birth for one full year. People might think that's a lot of money, but it's nothing compared to a mother who has a baby but has never seen a doctor until the very day she has her baby. Children are covered up to the age of 19 and then DKC ends, but by that time they are ready to go out into the world.

He supported having DKC at the 200 percent level whether the parents have insurance or not. It doesn't cost that much compared to sending a child to the emergency room because the he has a cold.

9:59:03 AM
WALTER MAJOROS, Executive Director, Juneau Youth Services, Juneau, said they provide mental health and substance abuse services to kids ages 3-21, many of whom are victims of significant child abuse and other forms of trauma and involved in state custody. They serve over 500 youth and families a year from all over the state. They are very supportive of SB 5 increasing the eligibility for DKC from 175 percent to 200 percent of the federal poverty level, the level that was established when the program was first created in 1997. He said Alaska is now one of only four states in the country with an eligibility level that is below 200 percent and that 25 states have set that bar at 250 percent or higher.

The latest data he has read says there are over 24,000 uninsured children in Alaska and raising the eligibility to 200 percent would allow for 1,300 of these uninsured youth to receive coverage. He emphasized that DKC is one of the main ways for children with mental health and substance abuse issues to access services. Over 83 percent who receive mental health and substance abuse services at Juneau Youth Services are funded through DKC and other forms of Medicaid.

10:02:57 AM
MR. MAJOROS said the important message is that this is the primary way kids in the State of Alaska access mental health and substance abuse services and the earlier these services are provided the greater the chance of avoiding longer term problems and more intensive care. Research has shown that children without health care coverage are four times more liable to use expensive emergency care. JYC wants to provide more efficient, less intensive community based services and more prevention and early intervention services so kids don't need high end services later on. He said the DKC also makes sense financially, because

approximately 70 percent of the costs are paid through federal Medicaid matching funds.

10:04:16 AM
JUNE SOBOCINSKI, Vice President, Community Action, United Way of Anchorage, Anchorage, said they have several goals and the potential passage of this increase in DKC would certainly contribute to all of them. The first is that kids enter school ready and that they go on to graduate from high school and college career ready, that families are financially stable and that individuals in Anchorage have access to health care.

MS. SOBOCINSKI said last year 100 percent of the 50 agencies she works with agreed to collaborate to lobby on behalf of passage of this bill and pooled resources to do so. This says something! She urged the legislature to pass SB 5 again, since it passed it last year. She related that for a brief time when she and her husband were transitioning from homes and jobs, she and her son were uninsured and she lived with terrible anxiety during that time because she knew that any serious accident or unexpected illness could have been their complete financial ruin - and she cannot imagine not responding to the health needs of her child. Yet this is exactly what they have imposed on 1,300 children and their families in failing to pass this last year.

10:07:34 AM
She related that last year the one thing that terminated the possibility of health insurance for these children was the question of abortion and she suggested that they engage that question, but apart from this bill "which is about the health of children we already have." Look for the appropriate context in which to grapple with that question and hold harmless the 1,300 children and 300 pregnant women.

10:08:33 AM
At ease from 10:08:33 AM to 10:20:08 AM.

10:20:08 AM
CLOVER SIMON said she is a Masters level Social Worker and a board member of National Association of Social Workers, Alaska Chapter, and was speaking on their behalf. They work all across the state and provide the majority of its mental health services and work in hospitals, social service agencies, home health agencies, court and schools for the military and private corporations. She said "social work" by definition is a profession that prides itself in standing up for others and to

that end they support increasing the eligibility for DKC to 200 percent of the federal poverty level.

She said simply that many parents cannot afford health insurance as others have testified, but basically uninsured low-income children are also four times as likely to rely on emergency departments and have no regular source of care. This extends to the mental health and behavioral issues that some children face in the state.

The delay in seeking care sends the kids who are on the edge of eligibility that would benefit from routine behavioral and mental health screenings to residential care. These costs are huge and could be avoided if these kids had access to screening prior to the crisis ensuing in their family.

10:22:10 AM
She said a conference of over 200 social workers was going on right now and unfortunately they couldn't all be here but asked them to imagine her multiplied by 200 in support of DKC.

10:22:36 AM
PAT LUBY, Advocacy Director, AARP Alaska, said they support SB 5. He said AARP is the world's largest organization of grandparents and they are concerned about everyone's grandchildren. Many members over 65 have the luxury of having health security because they are old enough to be on Medicare and they think Alaska's children and pregnant women should have the same health security.

They believe a healthy future for Alaska's children is something that all should be able to agree on. Mr. Luby said 5,500 Alaskan grandparents are raising over 8,200 grandchildren; many of these people are on Medicare themselves and they have no way to insure those grandchildren unless they can get them onto DKC. It's critical simply for that large number of people who are raising their grandkids.

He also mentioned that when Dr. Farr testified about how money was taken away from Medicare to transfer into Medicaid and the children's health insurance program, AARP supported taking $500 million out of the Medicare program. That money was all earmarked for Medicare Advantage and Medicare Advantage and none of those policies were sold in Alaska. Medicare Advantage was supported by the regular Medicare beneficiaries and it paid for things like eye glasses, hearing aids, some preventive health care, and even gym memberships. AARP did not think that normal

regular Medicare beneficiaries should have to support those advantages for other people and supported taking that away from the federal program.

10:25:42 AM
VALERIE DAVIDSON, Senior Director, Legal and Intergovernmental Affairs, Alaska Native Tribal Health Consortium, Bethel, said they support SB 5. Alaska is one of the few states that doesn't use 200 percent of the federal poverty level for eligibility for DKC. She underscored that we all love our children wherever we live and Alaskan Native families want what every family wants - their children to be healthy, happy and to live in safe communities. Alaska's children deserve the best and with the resources we have, Alaska should be among the best states not among the worst.

For people living in rural Alaska, DKC provides travel benefits that really make the difference for getting basic access to health care they wouldn't otherwise have. She related how milk in Bethel is $9/gal when it's on sale and heating oil and gasoline are over $6/gal; a 40 minute plane ride costs $300 for a round-trip ticket. The average village size is 300 to 350 people. The tribal health system is for all intents and purposes the public health system in much of Alaska. There is no other state presence in the small communities whether you are Alaskan Native or not for basic or emergency health care.

10:28:50 AM
MS. DAVIDSON said many of the services that are covered by DKC include dental and vision services and higher skilled behavior health services that are not available in villages of 300 to 350 people. Those services are available at sub-regional clinics of the regional hospital and most families cannot afford a $300 plane ticket to get to the next community. Without roads, driving isn't an option.

She said 25 percent of Alaska Native communities who live in rural communities have dental carries. Most kids have dental carries, which means 25 percent of those kids have untreated cavities. So, they started a dental health aid therapy program, a mid-level dental practice, and 20 certified people are now providing care. With about 200 villages more than 20 people are needed. It's important for the committee to understand that for people in rural Alaska it's the dental and optometry and behavioral health services that makes the difference. It's the same as a person living in Anchorage needing to go to Seattle because those services aren't available there.

10:30:57 AM
MS. DAVIDSON said it is important to remember that federal CHIP dollars are allocated by state and if a state doesn't use theirs it gets redistributed to other states. If Alaska doesn't use its allocation it will go to other states, which means we would be subsidizing children in other states when so many of ours are not covered and deserve access to care. She said she has learned that it's never too late to do the right thing and we all make mistakes which lowering the eligibility is, but we have the opportunity to turn it around. Sometimes doing the right thing is hard, but it won't get done otherwise. She concluded by urging them to put Alaska among the best in treating Alaska's children, not the worst.

10:33:22 AM
KIME MCCLINTOCK, field organizer, Planned Parenthood, said they see the benefits of preventative health care every day. Many of their patients are uninsured and come to them for their reproductive health care because they can't be seen by a private physician.

Planned Parenthood in Alaska today is advocating for increasing DKC eligibility to 200 percent of the federal poverty level and said, "Our children are our future and we need to insure that they are given every chance to reach their full potential." This means giving pregnant women access to essential prenatal care and making sure every child has a doctor so they can get basic preventative care to avoid expensive emergency room visits.

MS. MCCLINTOCK said in this economy especially many working families can't afford health insurance. By not raising the eligibility level they are forcing parents to choose between one basic necessity and another. Additionally, they are tired of seeing Alaska's children falling behind in our country; 44 other states provide coverage at 200 percent or above and 19 of them provide coverage at 300 percent or above. Alaska is one of the four states that cover pregnant women and children under 200 percent of the federal poverty level.

She added that increasing the proportion of pregnancies that are wanted and welcomed by both parents helps reduce child poverty and income disparities, improves over-all family well-being and reduces taxpayer costs. Until comprehensive family planning services are affordable to all women, abortion will continue to be a legal option for women facing an unplanned and unwanted pregnancy. In Alaska, that right extends to poor women, as well.

10:37:36 AM
MARY SULLIVAN, Alaska Primary Care Association, said because health insurance coverage is a key component related to health care access, the Association supports SB 5 and extending eligibility for DKC to 200 percent of the federal poverty level. It would benefit not only their members, but all the children of Alaska. The need for care is rising as evidenced by over 24,000 children 18 years old or younger in 2009 that are uninsured in Alaska, 12 percent of our 0-18 population. Nation-wide only 10 percent of this demographic is uninsured; so this makes Alaska a leader of uninsured children.

She explained that children from low income families do not have appropriate health care access due to lack of coverage and the cost of premiums in relation to family budget. Although most uninsured children live in a family that has at least one working parent, the average total cost of family coverage in a private group health insurance plan is now approximately $12,000 to $15,000 a year. This means for a family with moderate income whose employer contributes less than a very substantial portion of their cost of insurance coverage may be well beyond the family's reach even though they are working very hard. A $12,000 premium would consume more than one-fourth of the total annual income of a family of three at 250 percent of the federal poverty level. Additionally, parents working for firms that don't offer family coverage or who are not eligible for employer-based coverage or who are self-employed face similar challenges in providing coverage to their children.

MS. SULLIVAN said even though DKC upper income eligibility guidelines is at 175 percent of the federal poverty level, the fact that 46 percent of Alaska's children live at or below 200 percent of the federal poverty level as compared to 40.6 percent nation-wide and 39 percent in Health Resources and Services Administration's (HRSA) regional 10. This indicates that Alaska has more children in the 175 to 200 percent federal poverty range per capita than most other states. Covering these children not only benefits hard-working, low-income families but also society at large.

She stated that having access to health care is not just for primary care, but for behavioral health care services, too. Alaska has seen a 31 percent decline in the total number of children covered by private health insurance in the past decade and the cost of caring for uninsured children is passed on to other Alaskans, to businesses raising premiums and out-of-pocket

expenses for everyone. This cost to society can be captured not just in transferred out-of-pocket of expenses but also in the decreased public health overall. For example, uninsured children are nine times less likely to have a regular doctor, four times more likely to be taken to emergency rooms and 25 percent more likely to miss school than uninsured children. This lack of access to primary care puts these children at increased risk for other social challenges such as educational attainment and may further exacerbate existing behavioral health challenges or be a factor in developing behavioral health problems such as increased risk for suicide, depression, substance abuse or later criminal activities.

MS. SULLIVAN said the long-term impacts and risk factors associated with lack of access to health care for children are too costly for our society. The uninsured are also much less likely to receive preventive services including immunizations, dental and vision care. Saving the lives of children is the most pro-life thing they can do and that's what this bill does.

10:45:16 AM
REPRESENTATIVE TUCK said it's obvious that the money spent today on prenatal health care and early lives of children really benefits the State of Alaska down the road. It's probably one of the best investments they can continue making.

10:46:25 AM
RAY WARD, representing himself, said he represents newcomers to Alaska primarily Laotian, Hmong, Vietnamese, Thai, Cambodian and Malaysian; many are new to this culture and new to the language. Many families are low income and have many children; most of those who do have jobs make a minimum wage and don't qualify for insurance. He said SB 5 would help many families qualify to get adequate medical care for themselves and their children.

MR. WARD related that he is on social security disability at $1500 a month; that makes him $67 dollars over the limit of being able to qualify for food stamps, Medicaid or for any other assistance.

10:49:38 AM
ELISABETH RIPLEY, Executive Director, Matsu Health Foundation, Wasilla, said their mission is to improve the health and wellness of Alaskans living in Matsu. Their goal is to become the healthiest borough in the state and have four strategies to reach it. One is to reduce barriers to health care access. Lack of health insurance is one of those barriers. In 2007, of the

22,991 children in Matsu, approximately 6.5 percent or 1,499 were uninsured. However, 650 of these children fell below 200 percent of the federal poverty level. Ironically, the rate for uninsured children is higher the closer they get to the federal poverty level. Whereas the overall uninsured rate of children in Matsu was 6.5 percent, the rate for children at or below the 200 percent federal poverty level was 20.4 percent in 2007.

Since Alaska has decreased the eligibility for DKC, the rate of uninsured children within or close to the poverty level has grown each year by 1 or 2 percentage points and Alaska has seen a 31 percent decline in the number of children covered by private insurance in the past decade. The cost of caring for uninsured children is passed on to other Alaskans if they use other federal programs.

MS. RIPLEY said it's not just the cost, but the facts that uninsured children are nine times less likely to have a regular doctor, four times more likely to be taken to emergency rooms and 25 percent more likely to miss school than insured children. They are not as healthy as children who have regular access. Without insurance, their parents often delay going to the doctor until the situation becomes emergent. And one way to get a handle on rising Medicare costs is to address chronic disease and other drivers at the primary care level - to stay on top with prevention and maintenance of health. These children who are uninsured don't have this opportunity and cost the system much more on the other end.

She said the state is looking at some level of managed care for the Medicaid program and is going to issue an RFP for the development of four medical homes to make sure that patient care is coordinated to address chronic disease and prevention and to keep cost drivers down and if this can't be done for children now, it will be paid for downstream. In issuing this RFP the state is recognizing it must go upstream and find new models of providing care.

MS. RIPLEY said that increasing DKC eligibility levels will result in improved public health and overall health outcomes throughout the state for Alaskan children and that the state should explore every other means to make sure eligible children are enrolled. Other states are doing this with great success. She encouraged them to increase eligibility to at least 200 percent of poverty level.

10:56:00 AM

CHAIR DAVIS invited Mr. Sherwood back.

MR. SHERWOOD said he had no further comments, but would be happy to address questions.

MS. JOHNSON thanked the committee for having this hearing.

10:58:13 AM
Recess from 10:58 to 1:25 PM.

1:25:24 PM 1:18:47
DAHNA GRAHAM, representing herself, Anchorage, said she is an unashamed advocate for the wellness and wholeness of growing Alaskans. She said she is also a member of Anchorage Faith and Actions Together that is working toward restoring the state's health insurance coverage to children who used to be covered. These are children of working families and well-deserving. She knows the Governor vetoed the same language last year and it's their expectation that the legislature work with him to reach a mutually agreeable position that will insure children up to 200 percent of poverty level.

She said it would be hard to find anyone who would say that children's access to health insurance and health care is controversial. Putting these members in office demonstrates their trust that legislators will all have the understanding, the expert resources, the factual information and skill to design legislation that can be passed by the legislature and signed into law by the governor. Alaska has the money.

CHAIR DAVIS said she also was anxious to reach a mutually acceptable bill with the governor and was willing to do whatever she could to compromise and work with him.

1:22:29
ADELE PERSON-GRONING, representing herself, Homer, said hers is a young family; she works part-time at a gallery and her husband is self-employed doing fishing and construction. His wages are good when he is working in the summer, but it is not year-round employment. They have two children, 6 years and 2 years old, who are currently covered by DKC; they usually fall very close to the 175 percent mark and it's terrifying to think of losing the measure of security. She related that she had a cesarean for her first daughter who was diagnosed with hip dysplasia and eventually had surgery in Anchorage. Had those costs not been covered by DKC, they may have not been encouraged to go for the screening.

1:26:03 PM
SARAH LEONARD, staff person, thread Child Care Resource and Referral Network, Anchorage, supported SB 5. She said working with over 7,500 families annually, thread sees how important health care resources are for children's healthy development. Recent brain research shows that supporting children in their youngest years is the most critical time.

1:27:28 PM
PAGE HOBSON, representing herself, Anchorage, said she is a mom and a domestic violence advocate. She has a small organization called Alaska Moms for Custodial Justice, a group of women that have custody challenges from abusive fathers and are trying very hard to get back on their feet after exiting relationships. New crime victimization studies from UAA show that 50 percent of women in Anchorage have been victimized at some point in their life. She mentioned the link between manipulation of birth control and high incidence of additional domestic violence when women are pregnant; younger children are at higher risk as well in those situations. So, as many people as possible need to be covered for preventative care. She urged them to not be short sighted about trying to save money here and there or let ideology get in the way of really protecting families and the most vulnerable populations.

1:29:51 PM
KALEEM NEURIDEEN, representing himself, Alaska, said he is both a father and a person who works professionally with a non-profit organization that offers direct services to many citizens who are being left out of appropriate health care. And as an outreach minister for the Alaska Center for Spiritual Living, he also represents a spiritual and moral level. He said he is absolutely in support of increasing the levels of participation of Alaskan citizens in DKC for the quality of life that all citizens deserve to have.

1:32:22 PM
JANE LANDSTROM, representing herself, supported DKC. She said she is not a parent but has known through her church and friends how much DKC means to young families. She urged them to increase eligibility at a level that is as high as possible.

1:33:04 PM
ROBERT BOYLE, Superintendent, Ketchikan School District, Ketchikan, said he supported DKC. He explained that NCLB requires all students to be academically successful.

Economically disadvantaged kids are the single target area within his district that they are unable to reach well with their programs. They don't have a strong lobby and are first to get cut in communities across the state.

1:35:41 PM
NICK MOE, representing himself, said he supported SB 5. It's a very important program. His mom used this program in Nebraska to help raise his two sisters; she works 12 to 14 hour days and still needs food stamps. A family shouldn't have to decide between health care and food or between rent and health care or worry about being bankrupt because of their children getting sick.

1:37:07 PM
DEBBIE THOMPSON, Executive Director, Alaska Nurses Association, said they support SB 5. It's important to take care of the most vulnerable population - their ability to learn and continue on to become productive citizens. She urged them to increase the eligibility level to more than the 175 percent if possible.

1:38:12 PM
MR. SHERWOOD came forward again.

CHAIR DAVIS asked Mr. Sherwood to come forward again and asked him if abortion related services have to be provided as part of the DKC pregnancy services, and if so, how many are paid for.

MR. SHERWOOD replied that their figures include the number of recipients receiving abortion related services, but that excludes other kinds of terminations of pregnancies like miscarriage and stillbirth. He didn't have the actual number of abortions with him right now because claims for services come in over time and providers have up to a year to bill.

CHAIR DAVIS asked if all abortions (100 percent) are paid by the state even though the federal government could be billed for three recognized categories.

MR. SHERWOOD replied that currently to be eligible for reimbursement from the federal government there are three exceptions to the prohibition against funding abortion: cases of rape, incest and the life of the mother. Documentation from the physicians performing the services must be received to file a claim and that documentation has not been received in the past. The state is required to pay either way under Alaska case law.

CHAIR DAVIS asked if the department provides the claim form.

MR. SHERWOOD answered yes.

CHAIR DAVIS asked why the department doesn't provide them to the physicians.

MR. SHERWOOD replied that the department makes the form available; the question may be if an affirmative statement that it doesn't meet the criteria is required. At this point they don't, but they are considering changing regulations to do so.

1:42:26 PM
CHAIR DAVIS asked if abortions cost the state less than 1 percent of the DKC budget.

MR. SHERWOOD replied that it would be less than 1 percent of the total DKC budget in calendar year 2010.

CHAIR DAVIS asked how much that is in dollars.

MR. SHERWOOD answered $343,000.

CHAIR DAVIS asked if 300 pregnant women and 1,300 children are brought into the program at this time, how much that would cost.

MR. SHERWOOD answered their technique doesn't estimate abortion expenditures. They look at total spending and average federal match and apply that to the expected number of individuals coming on.

CHAIR DAVIS asked the total budget for the DKC portion of the provided services.

MR. SHERWOOD replied in 2010, $238 million for DKC enrolled recipients.

1:45:20 PM
CHAIR DAVIS asked if those that qualify for abortions under Medicaid are being transferred to the DKC budget for abortions.

MR. SHERWOOD replied DKC isn't budgeted separately. If a woman is on Medicaid and pregnant and seeks abortion services and is not in one of the DKC categories, the state doesn't do anything to her eligibility that would move her into DKC.

1:47:50 PM

CHAIR DAVIS asked what other services are included in that number.

MR. SHERWOOD answered that he wasn't a clinician, but there may be preliminary visits, lab tests, follow up work and so forth. Sometimes medical records are requested to determine whether or not the situation is abortion related and therefore federal funds should not be claimed. Multiple procedure codes may get billed as part of that service.

CHAIR DAVIS asked if abortions are being paid for out of state general funds.

MR. SHERWOOD replied yes, out of general fund money.

SENATOR ELLIS said he was in the legislature when Governor Murkowski cut back on DKC and asked if the department had tracked or quantified in any way the health outcomes of the people who lost service at that time.

MR. SHERWOOD replied that he didn't recall any tracking of health outcomes for those individuals, but the approximate number of people lost is reflected in their estimate of the number of people expected to come back on if SB 5 passes.

SENATOR ELLIS asked how people found out they were eliminated from eligibility.

MR. SHERWOOD replied that he didn't recall all of the "informational activities" they did, but generally when the period of eligibility comes up, a standard notice is sent if you are re-determined to no longer meet income eligibility requirements. The letter is generated by the Division of Public Assistance and explains the reason and provides appeal rights.

SENATOR ELLIS remarked that governors' names are on our PFD checks, but they probably weren't on the termination of eligibility letters for DKC.

MR. SHERWOOD replied that he didn't remember the letter exactly, but the standard letter is signed by the case worker not the governor.

SENATOR ELLIS remarked that some of the people who were dropped from DKC after the action occurred might have become eligible in the future - probably because their health costs caught up with them and they became poor enough to then qualify under the 175

percent level. Is that reasonable to think that happened for some people?

MR. SHERWOOD replied that is a possibility if you lack health care and it impacts your ability to work as much. Generally, their experience with people with incomes at this level is that there are significant variables in terms of the hours they work and job changes.

1:55:12 PM
SENATOR ELLIS asked if today he was saying that approximately the same number of people who dropped off the program during the Murkowski days is the same number that would come into the program if SB 5 passed and signed into law at 200 percent of poverty.

MR. SHERWOOD replied that his recommendation when they developed the projection for SB 5 was to look at the impact of the 25 percent reduction.

1:58:45 PM
HEATHER MCCAUSLAND, representing herself, Wasilla, said she had been on unemployment for nine months before getting a part time job for 1,000 hours a year and when she applied for DKC she made $150 too much to qualify. She urged them to fund this program at the 200 percent level like 45 other states do.

2:00:10 PM
CHAIR DAVIS asked Mr. Sherwood for closing statements on possible areas of compromise.

MR. SHERWOOD replied that he would continue to evaluate various proposals.

2:00:46 PM
GERAN TARR, representing herself, said she wanted to clarify some of Mr. Sherwood's statements. When the program was rolled back to 175 percent, income levels were, in fact, frozen at the 2003 levels. So individuals were lost each year up until income levels were unfrozen in 2007. His estimate that the number of individuals that would be covered under 200 percent is the same as the number of individuals that were lost. She remembered from working in the legislature at that time that the number was almost double when the change was made to roll back to 175 percent and freeze incomes at 2003 levels. A number of individuals lost coverage immediately, but in 2004 they lost

coverage because income levels were froze in 2005, 2006 and 2007.

2:02:16 PM
CHAIR DAVIS said she would give Mr. Sherwood some time to get accurate figures for them.

2:02:33 PM
MS. THOMPSON stepped back to testify on a personal issue saying her miscarriage was counted as an abortion because of the coding and medical terms. She asked Mr. Sherwood if coding would actually say if a procedure was elective or it would automatically call a procedure an abortion because of the number of weeks along a woman is. Can those still be mixed in with abortion figures?

MR. SHERWOOD responded that he is not a clinician and doesn't work in the codes, but he has had conversations with the clinicians and understands that they look at a combination of procedure and diagnosis codes. When in doubt, they request medical records. He added that it's possible that something could be incorrectly coded, but clinicians feel comfortable that they are not including other non-voluntary terminations of pregnancy and that their process for evaluating those codes is accurate.

2:05:54 PM
CHAIR DAVIS wanted to know if abortion services could be paid for out of another "pot of money."

MR. SHERWOOD replied, "For budget purposes it's all one pot of money." There is a single appropriation for the Medicaid program and it doesn't distinguish between whether someone is eligible through one of the DKC categories or one of the other Medicaid categories; the bills are paid. He said it might be possible to set up other budget structures, but that is a budget structure question. Practically, if someone is eligible for pregnancy services through the Medicaid program, case law dictates that they are offer coverage of the abortion services. So you can put the money someplace else, but you're not going to be addressing the access to service issue.

CHAIR DAVIS said she wasn't concerned about access, but that DKC has the stigma of paying for abortions and asked if they be shifted to the regular Medicaid program.

MR. SHERWOOD replied they don't have an abortion allocation. When they provide numbers on DKC expenditures, they look retrospectively at how much turned out to be somebody who is on DKC. He explained that before 1998, the General Relief Medical Program paid for all the abortions, but that went away. Regardless of how the budget is structured he couldn't think of how that would really change the outcome since it's not accounted for separately now.

2:09:06 PM
MS.THOMPSON related that her personal insurance denied payment when she miscarried a set of triplets because the diagnosis was an "AB" and not a "missed AB" and she was too far along and she finally got an attorney to satisfy the bill. She still had "a little bit of angst" that the medical definitions and codes weren't adequate.

2:10:21 PM
ADRIAN LECORNU, Alaska Federation of Natives, simply stated they support SB 5.

2:11:42 PM
HOLLY RYAN, representing herself, Anchorage, said she is a Pacific University student and has heard many heartbreaking stories from women and families who don't have coverage because of small amounts of income. She wholeheartedly supported the increase to 200 percent and urged them to raise it to 250 percent.

CHAIR DAVIS thanked everyone for telling their compelling stories and supporting this bill.

2:12:38 PM
SENATOR ELLIS expressed his appreciation to her for holding this hearing and to any advocates for DKC around the state he said they will have to get involved if they want SB 5 to pass. People who want to kill it are very active - they make phone calls, send emails and lobby the governor and legislators. More people will have to speak out for this bill to pass. A shocking number of people want to kill it or keep it from improving.

2:15:26 PM
Finding no further business to come before the committee, Chair Davis adjourned the meeting at 2:15 PM.