

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

April 2, 2013

3:05 p.m.

**MEMBERS PRESENT**

Representative Pete Higgins, Chair  
Representative Wes Keller, Vice Chair  
Representative Benjamin Nageak  
Representative Lance Pruitt  
Representative Lora Reinbold  
Representative Paul Seaton  
Representative Geran Tarr

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 14

Requesting the United States Congress and the Governor to take actions necessary to delay implementation of the Patient Protection and Affordable Care Act.

- MOVED CSHJR 14(HSS) OUT OF COMMITTEE

SPONSOR SUBSTITUE FOR HOUSE BILL NO. 54

"An Act relating to the identification, location, and notification of specified family members and family friends of a child who is in state custody."

- MOVED CSSSHB 54(HSS) OUT OF COMMITTEE

PRESENTATION: ALASKA CHILDREN'S SERVICES

- HEARD

HOUSE BILL NO. 134

"An Act requiring Medicaid payment for scheduled unit dose prescription drug packaging and dispensing services for specified recipients."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 14

SHORT TITLE: DELAY IMPLEMENTING AFFORDABLE CARE ACT

SPONSOR(s): REPRESENTATIVE(s) STOLTZE

03/22/13 (H) READ THE FIRST TIME - REFERRALS  
03/22/13 (H) HSS  
04/02/13 (H) HSS AT 3:00 PM CAPITOL 106

BILL: HB 54

SHORT TITLE: PLACEMENT OF A CHILD IN NEED OF AID

SPONSOR(s): REPRESENTATIVE(s) GARA, THOMPSON

01/16/13 (H) PREFILE RELEASED 1/11/13  
01/16/13 (H) READ THE FIRST TIME - REFERRALS  
01/16/13 (H) HSS, JUD  
01/24/13 (H) SPONSOR SUBSTITUTE INTRODUCED  
01/24/13 (H) READ THE FIRST TIME - REFERRALS  
01/24/13 (H) HSS, JUD  
02/07/13 (H) HSS AT 3:00 PM CAPITOL 106  
02/07/13 (H) Scheduled But Not Heard  
02/26/13 (H) HSS AT 3:00 PM CAPITOL 106  
02/26/13 (H) Heard & Held  
02/26/13 (H) MINUTE(HSS)  
04/02/13 (H) HSS AT 3:00 PM CAPITOL 106

BILL: HB 134

SHORT TITLE: MEDICAID PAYMENT FOR MEDISET PRESCRIPTION

SPONSOR(s): REPRESENTATIVE(s) COSTELLO

02/20/13 (H) READ THE FIRST TIME - REFERRALS  
02/20/13 (H) HSS, FIN  
03/19/13 (H) HSS AT 3:00 PM CAPITOL 106  
03/19/13 (H) Heard & Held  
03/19/13 (H) MINUTE(HSS)  
03/28/13 (H) HSS AT 3:00 PM CAPITOL 106  
03/28/13 (H) Heard & Held  
03/28/13 (H) MINUTE(HSS)  
04/02/13 (H) HSS AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

REPRESENTATIVE BILL STOLTZE  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HJR 14, as the sponsor of the bill.

MARK REGAN

Anchorage, Alaska

**POSITION STATEMENT:** Testified during discussion of HJR 14.

KEN HELANDER, Associate Director for Advocacy

AARP

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 14.

PEGGYANN MCCONNOCHIE, Owner

Cycle Alaska

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HJR 14.

TOBY SMITH, Staff

Representative Les Gara

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Presented SSHB 54 on behalf of the joint prime sponsor of the bill, Representative Gara, and answered questions.

AMANDA METIVIER, Statewide Coordinator

Facing Foster Care in Alaska

Anchorage, Alaska

**POSITION STATEMENT:** Testified during discussion of SSHB 54.

CHRISTY LAWTON, Director

Central Office

Office of Children's Services

Department of Health and Social Services

Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the discussion of SSHB 54.

DENIS McCARVILLE, President & CEO

Alaska Children's Services

Anchorage, Alaska

**POSITION STATEMENT:** Presented an overview about the Alaska Children's Services.

MARY ANN PEASE, Vice President Finance and Administration

Alaska Children's Services

Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the presentation by the Alaska Children's Services.

CHARLES GUINCHARD, Staff  
Representative Mia Costello  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 134 on behalf of Representative Costello, sponsor of the bill.

JON SHERWOOD, Medicaid Special Projects  
Office of the Commissioner  
Department of Health and Social Services  
Juneau, Alaska

**POSITION STATEMENT:** Testified during discussion on HB 134.

#### **ACTION NARRATIVE**

[3:05:13 PM](#)

**CHAIR PETE HIGGINS** called the House Health and Social Services Standing Committee meeting to order at 3:05 p.m. Representatives Higgins, Keller, Tarr, Reinbold, and Nageak were present at the call to order. Representatives Pruitt and Seaton arrived as the meeting was in progress.

#### **HJR 14-DELAY IMPLEMENTING AFFORDABLE CARE ACT**

[3:06:13 PM](#)

CHAIR HIGGINS announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 14, Requesting the United States Congress and the Governor to take actions necessary to delay implementation of the Patient Protection and Affordable Care Act.

REPRESENTATIVE BILL STOLTZE, Alaska State Legislature, stated that he had drafted this resolution out of concern for the implementation of the Patient Protection and Affordable Care Act, and offered his belief that this act was not well vetted. He suggested that the Supreme Court had identified the act as "a massive tax increase." He said that the crux of this proposed resolution was to seek delay for the implementation of the Patient Protection and Affordable Care Act. He stated that his goal was not to oppose it, but delay its implementation until Congress had examined all the employer costs and impacts on the

private sector. He declared that he had contacted the National Federation of Independent Business (NFIB), which he deemed to be an advocacy group for "watching and protecting the interests of the mom and pops in small businesses" which "make up the fabric of our economy." He pointed out that the act did not take effect until 2014. He questioned how many jobs would be lost with the act. He offered his belief that this act was a tax policy, declaring that "taxes affect behavior." He surmised that the application of the act would affect employment and business. He opined that this was one of the largest tax increases in U.S. history.

[3:11:41 PM](#)

The committee took a brief at-ease.

[3:12:19 PM](#)

CHAIR HIGGINS brought the committee back to order, and opened public testimony.

[3:12:38 PM](#)

MARK REGAN said that the State of Alaska, by not setting up a health exchange and not actively regulating health insurance in Alaska, had created a position whereby there was little the state could do to stop the Patient Protection and Affordable Care Act from going into effect. [indisc.] He suggested that the business community was not as nervous about the implementation of the act, as it had been earlier. He expressed his hope that the committee would delay consideration of this resolution until it had heard more balanced information.

[3:14:21 PM](#)

KEN HELANDER, Associate Director for Advocacy, AARP, said that he was speaking on behalf of the 95,000 AARP members in Alaska, and that AARP strongly objected to HJR 14 and a delay to implementation of the Patient Protection and Affordable Care Act. He stated that HJR 14 did little to advance any meaningful purpose, pointing out that the act had been repeatedly upheld. He suggested that the legislature should look for ways to improve the opportunity for all Alaskans, instead of looking for ways to stand in the way. He declared that the act presented many opportunities for growth and economic stimulus in Alaska. He referenced the Northern Economic study which concluded that the Medicaid expansion would add an additional \$15 in federal

funds for every state dollar, would generate 4,000 new jobs by 2017, and would generate a cumulative economic benefit between 2014 and 2019 of \$2.3 billion. [indisc.] He pointed out that Alaska had opted not to create its own health insurance exchange, which would bring federal involvement for a federally facilitated exchange. He emphasized that implementation of the act in Alaska would allow all Alaskans access to affordable, comprehensive health care coverage. He declared that AARP would act collaboratively with policy makers to ensure that a successful marketplace would be established, providing all Alaskans with health care coverage.

[3:17:54 PM](#)

REPRESENTATIVE NAGEAK asked for the written comments to be sent to the committee.

[3:18:39 PM](#)

PEGGYANN MCCONNOCHIE, Owner, Cycle Alaska, said that her company, Cycle Alaska, employed "just under the amount necessary for mandated health care." She said that her company wanted to grow. She declared support for proposed HJR 14. She reviewed that the annual [health care] premium for the average family would increase by \$2100, while the IRS estimated that a family insurance plan in 2013 would be \$20,000. She declared that her insurance cost had just increased by 13 percent. She referenced a report by the Congressional Budget Office (CBO) which estimated that 7 million people would lose employer based coverage, and she opined that this was due to employer penalties for lack of employee insurance. She suggested that employers would recommend for employees to purchase insurance through the various health exchanges. She reported that other business owners were not hiring, were dividing their companies into units of fewer than 50 employees, or were reducing hours from full time employment in order to avoid this requirement. Again referencing the CBO, she declared there were 1 trillion new taxes under the Patient Protection and Affordable Care Act. She declared that she did not "need or want any more taxes." She offered an anecdote about her pre-existing health condition, and stated that she had always had health care. She opined that the act would increase her health care costs, and would remove some of her current choices. She urged support for HJR 14.

[3:21:30 PM](#)

CHAIR HIGGINS closed public testimony.

3:21:47 PM

The committee took a brief at-ease.

3:22:35 PM

CHAIR HIGGINS brought the committee back to order.

[CHAIR HIGGINS passed the gavel to Vice Chair Keller.]

CHAIR HIGGINS brought attention to proposed Amendment 1, labeled 28-LS0187\U.1, Bailey, 4/1/13, which read:

Page 1, line 1:

Delete "and the Governor"

Insert ", the Governor, and the state's congressional delegation"

Page 5, following line 12:

Insert new material to read:

"**FURTHER RESOLVED** that the Alaska State Legislature calls on the state's Congressional delegation to introduce, sponsor, support, and vote to pass legislation in both houses of the United States Congress that will delay the implementation of the Patient Protection and Affordable Care Act until a full analysis of the economic effect of the Act on Alaskans and Alaska can be clearly quantified; and be it"

CHAIR HIGGINS explained that the proposed amendment added another whereas which would also urge the Alaska congressional delegation in Washington, D.C. to take action to delay implementation of the act.

VICE CHAIR KELLER moved to adopt Amendment 1, labeled 28-LS0187\U.1, Bailey, 4/1/13. [Text included above]

REPRESENTATIVE PRUITT objected for discussion.

REPRESENTATIVE STOLTZE expressed appreciation for the proposed amendment which was consistent with his stated intent.

VICE CHAIR KELLER explained that proposed Amendment 1 would delete "and the Governor" on page 1, line 1, and insert "the Governor, and the state's congressional delegation". He noted

that, on page 5, line 12, a new "Further Resolved" would be added, and he read:

further resolved that the Alaska State Legislature calls on the state's Congressional delegation to introduce, sponsor, support, and vote to pass legislation in both houses of the United States Congress that will delay the implementation of the Patient Protection and Affordable Care Act until a full analysis of the economic effect of the Act on Alaskans and Alaska can be clearly quantified;

[3:24:44 PM](#)

REPRESENTATIVE PRUITT removed his objection.

VICE CHAIR KELLER objected.

REPRESENTATIVE NAGEAK asked if there would be further discussion on the proposed resolution.

VICE CHAIR KELLER stated that there would be further discussion and he removed his objection. There being no further objection, Amendment 1 was approved.

[3:25:13 PM](#)

The committee took a brief at-ease.

[Vice Chair Keller returned the gavel to Chair Higgins]

CHAIR HIGGINS brought the committee back to order.

[3:25:41 PM](#)

REPRESENTATIVE NAGEAK questioned why there had not been any testimony from the rest of the state regarding proposed HJR 14. He pointed out that the committee had not heard anything from municipalities or tribal governments. He remarked that comments about a resolution of this magnitude should have been heard from the rest of the state.

[3:26:56 PM](#)

REPRESENTATIVE KELLER declared that he supported the resolution. He said the resolution had been properly posted to allow the public to offer its comments. He offered his belief that the

estimated costs to the act would increase. He noted that there were now more taxes, which created an unsustainable burden.

[3:28:21 PM](#)

REPRESENTATIVE STOLTZE offered his belief that AARP "cut a deal" to market its insurance. He expressed his agreement with earlier testimony that things had changed in the previous six months, although, he opined, things had not "gotten rosier" as the public and private sector were simply more acquiescent toward the issues. He offered his belief that the stakes were elevating even higher, referencing some recent newspaper articles. He suggested that the public was "numbed." He offered his belief that the NFIB testimony represented the private sector and small businesses. He suggested to Representative Nageak that he "be careful about having a lot of trust in that long term; what the federal government gives, it can yank away, and does routinely."

[3:31:44 PM](#)

REPRESENTATIVE KELLER commented that a tension from the Patient Protection and Affordable Care Act (PPACA) was that it "cuts huge amounts out of Medicare." He deemed that the provider had to pay the difference as Medicare was reduced. He opined that this would create a dependence on Medicaid, "a needs based program." He expressed his concern for seniors, and he suggested that a delay of the act would allow time for more thought.

[3:33:17 PM](#)

REPRESENTATIVE STOLTZE concluded that he had focused his objections, and that "government can't give us anything unless they yank it away from someone else first."

[3:33:58 PM](#)

REPRESENTATIVE NAGEAK acknowledged that he was not personally concerned as he had very good insurance, but he expressed his unease for those who could not afford insurance.

[3:35:03 PM](#)

REPRESENTATIVE REINBOLD offered her belief that it was "important to look out for the fabric of America that's holding our economy together." She said "this is an unbelievable bill

and I think it's really important that we slow this process down."

3:35:28 PM

REPRESENTATIVE TARR, reporting on the history of the Patient Protection and Affordable Care Act, referenced the individual mandate discussions during the early 1990s. She opined that the individual mandate was the crux of this act and had been supported by the Alaska congressional delegation, as well as endorsed by the Heritage Foundation, which was a well-known pro-business, conservative organization. She declared that this history was important to remember. She remarked that the catalyst for change resulted from the rising health care costs, which were hurting businesses. She declared that "she wouldn't want us to kick the can down the road and not address the issue." She shared her interest in ensuring that "as many Alaskans as possible have health insurance, have access to affordable health insurance." She pointed out that the state with the most insured citizens was Massachusetts, under its health care program, known as "Romneycare." She directed attention to a table titled, "Health Care Model Comparison." [Included in members' packets] She declared that the Massachusetts model was similar to the PPACA, although more restrictive with regard to the employer mandate for required insurance coverage.

3:37:39 PM

CHAIR HIGGINS stated that this discussion was not for a comparison of Massachusetts care to PPACA, and that Representative Tarr should "wrap this up."

REPRESENTATIVE TARR replied that her comments were valid for the record, and that she did not appreciate her discussion time being shortened as this was a very important issue. She opined: "I don't think 35 minutes in committee over something that affects thousands and thousands of Alaskans is too much time." She pointed to the success of Massachusetts with insuring a high number of individuals, and suggested a look at the components of the Massachusetts plan, as they were important pieces of information for developing a plan to attain this goal of insuring more Alaskans.

3:38:39 PM

CHAIR HIGGINS stated that he had previously heard arguments about the Massachusetts plan, which he deemed were "about Massachusetts only and not about any other state, so it's comparing apples to oranges, it's completely different, and that's why the numbers are different."

[3:39:16 PM](#)

REPRESENTATIVE KELLER commented: "I really think we need to really go slow on this." He indicated a statistic from a 2010 Institute of Social and Economic Research (ISER) study which said that Alaskans spent \$7.5 billion for health care, which was projected to double. He said that this was approximately half of the earnings of all Alaskans. He offered his belief that a change was forthcoming, and that it would affect the lives of the elderly and others in Alaska.

REPRESENTATIVE KELLER moved to report HJR 14, Version 28-LS0187\U, [as amended], out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objections, CSHJR 14(HSS) was moved from the House Health and Social Services Standing Committee.

3:40:53 PM

The committee took an at ease from 3:40 p.m. to 3:46 p.m.

**HB 54-PLACEMENT OF A CHILD IN NEED OF AID**

[3:46:16 PM](#)

CHAIR HIGGINS announced that the next order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 54, "An Act relating to the identification, location, and notification of specified family members and family friends of a child who is in state custody." [In front of the committee was Version 28-LS0202\R, adopted as the working document on February 26, 2013.]

REPRESENTATIVE KELLER moved to adopt the proposed committee substitute (CS) for HB 134, labeled 28-LS0303\R, Mischel, 4/1/13, as the working document.

REPRESENTATIVE PRUITT objected for discussion.

REPRESENTATIVE SEATON asked to clarify which bill was being discussed.

REPRESENTATIVE KELLER clarified that he had meant to adopt [SS]HB 54, Version R.

CHAIR HIGGINS rescinded the previous motion.

REPRESENTATIVE KELLER moved to adopt the proposed committee substitute (CS) for [SS]HB 54, labeled 28-LS0202\R, Mischel, 2/7/13, as the working document.

[3:47:15 PM](#)

TOBY SMITH, Staff, Representative Les Gara, Alaska State Legislature, explained that there were three sections in Version R. He read from the House Bill 54 Sectional Analysis:  
[Included in members' packets]

This section adds a new section to AS 47.10, requiring that a supervisor in the Office of Children's Services (OCS) certify in writing that a search for noncustodial parents, adult family members, and appropriate adult family friends of the child has been conducted. OCS must notify these adults of the child's removal within 30 days, unless there are extenuating circumstances. This section codifies existing OCS policy related to extended family searches, and adds the requirement of supervisor certification.

This section adds a reference to the new section of statute established in Section 1. It requires that due diligence be conducted to locate extended family members before the child is placed in a foster home.

This section allows the department to provide for emergency placement of a child while conducting due diligence.

MR. SMITH stated that the proposed bill would not cost the state any money, and would address an accountability issue, to ensure that "front line case workers are doing the work that they are supposed to be doing, and that's in the best interests of foster youth by requiring that a supervisor sign off when a case worker has done a due diligence search."

[3:49:11 PM](#)

REPRESENTATIVE KELLER asked if the Department of Health and Social Services (DHSS) had indicated a possibility that this

would remove an option for not contacting an individual considered to be a danger to the child.

MR. SMITH deferred to DHSS.

[3:50:02 PM](#)

CHAIR HIGGINS opened public testimony.

REPRESENTATIVE PRUITT removed his objection.

[3:51:05 PM](#)

AMANDA METIVIER, Statewide Coordinator, Facing Foster Care in Alaska, stated that the proposed bill ensured compliance with regulations that were already an Office of Children's Service' (OCS) policy. She noted that that there was not a cost to the state, and it could potentially save money in the search for foster homes, and for the cost of long term foster care.

[3:52:59 PM](#)

REPRESENTATIVE KELLER, noting that the proposed bill required OCS to notify a list of people, asked if this would force OCS to make contact with a non-custodial parent who they would prefer not to contact.

[3:53:48 PM](#)

CHRISTY LAWTON, Director, Central Office, Office of Children's Services, Department of Health and Social Services, said that this proposed bill did not change the current requirements for contact.

REPRESENTATIVE KELLER asked if a non-custodial parent included a parent who had lost their parental rights through the courts.

MS. LAWTON opined that it would not.

REPRESENTATIVE KELLER asked to confirm this, as this notification may not serve the best interest of the child.

[3:54:54 PM](#)

REPRESENTATIVE SEATON asked about earlier testimony that this was required in federal law and was a policy of the DHSS. He

opined that the concerns presented by Representative Keller would have already been addressed.

MS. LAWTON replied that the proposed bill included elements already addressed in federal law, with some small additions that were not yet included in policy or law.

REPRESENTATIVE SEATON asked if those additions were reasonable and beneficial.

MS. LAWTON said that the additions were reasonable and could provide some enhancements.

[3:56:10 PM](#)

CHAIR HIGGINS asked for the reasons that OCS wanted these changes in statute.

MS. LAWTON replied that she preferred a change to the regulations, instead of policy. She noted that there had been concern for whether changes in regulation were the best forum, as policy changes could have the same effect. She noted that the majority of OCS policy, procedures, and day to day practice were not covered in regulation. She offered her belief that these proposed changes were a better fit in regulation; although they would be allowable in procedure, the preferred avenue was in regulations, per the Department of Law.

[3:57:47 PM](#)

CHAIR HIGGINS opined that there were too many layers of bureaucracy, and he asked if this proposed bill would be a hindrance.

MS. LAWTON replied that the proposed bill did not create bureaucracy, but added components of good practice for improvement. She said that, although the amount of work for the staff would be less with a change in policy, the meaning and the intent of the proposed bill was not bureaucratic.

CHAIR HIGGINS asked, if this became statute, would it invite more litigation compared to current experience.

MS. LAWTON replied that she did not anticipate any increase in litigation as the majority of the aspects of the proposed bill were already in practice.

[3:59:44 PM](#)

REPRESENTATIVE KELLER asked to clarify that there was nothing in the proposed bill that implied any preference for placement of a child.

MS. LAWTON, in response, said that the proposed bill did outline a preference standard, but that this was a standard which OCS already used. She explained that the priority ranking was to relatives, then family friends with a relationship to the child, and then to the unrelated licensed foster care family. She declared these to be the same preferences as were currently followed.

[4:01:15 PM](#)

REPRESENTATIVE KELLER asked to ensure that his earlier request for information be delivered to the House Judiciary Standing Committee.

[4:01:32 PM](#)

CHAIR HIGGINS closed public testimony.

[4:01:40 PM](#)

REPRESENTATIVE KELLER moved to report CSSSHB 54, Version 28-LS0202\R, Mischel, 2/7/13, out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, CSSSHB 54(HSS) was moved from the House Health and Social Services Standing Committee.

[4:02:03 PM](#)

The committee took an at-ease from 4:02 p.m. to 4:04 p.m.

**Presentation: Alaska Children's Services**

[4:04:27 PM](#)

CHAIR HIGGINS announced that the next order of business would be a presentation by the Alaska Children's Services.

DENIS MCCARVILLE, President & CEO, Alaska Children's Services (ACS), said that Alaska Children's Services was an organization dedicated to the well-being of children. He declared that the focus, since its inception in 1890 as the Jesse Lee Home, had

been to serve one family and one child at a time. He pointed out that the children came from all parts of the state. He reported that the children went through a lot of suffering just to get to treatment. He acknowledged that the patterns had been set for generations, and "will not be changed by a simple program." He proposed that Alaska Children's Services take the knowledge learned in Anchorage, and bring it to the villages. He said that ACS had been successful in treating children from the villages for many years. He noted that there was a loss of culture, family, and community relationships when the children came to Anchorage for treatment. He relayed that transportation and technology advances now offered the ability to overcome many problems. He said that Alaska Children's Services had trained more than 300 people in Anchorage and more than 200 others in outside areas.

[4:07:41 PM](#)

The committee took an at-ease from 4:08 p.m. to 4:13 p.m.

[4:13:22 PM](#)

CHAIR HIGGINS brought the committee back to order.

MR. MCCARVILLE said that ACS was training and hiring individuals who cared about people, and although they did not have credentials, they were interested in serving and continuing on for a professional degree. He proposed that ACS take its training and clinical support to the villages to teach individuals who care, as there was now the technology to do this. He declared that a statewide behavioral health training and delivery system would offer training and support to elders, teachers, and other interested parties, to work collaboratively in the villages with troubled youth and families. This intervention could make an early difference when the problems were just becoming evident. He offered his belief that the needs of each family and each village would be different. He suggested that the training would stay in the villages to help the next people who needed help. He declared that the goal was to blend the Anchorage training with the local cultures, using in-person and distance based services in collaboration with behavioral health aides. He stated that the staff would travel to villages to build relationships and to provide services, and then augment this with distance based initiatives. He listed the trainings: mental health first aid; gatekeeper training; brain based trauma informed training; source of strength; trauma 101; caring with love and logic; and, fetal alcohol spectrum

training. He noted other areas that could be adapted to village needs, including: managing aggressive behavior; building therapeutic relationships; competencies for direct care; basic counseling and training; and, bullying intervention. He noted that distance and in-person training were the foundation of the services, but that there would also be 24 hour clinical support.

[4:17:35 PM](#)

MR. McCARVILLE reported that the staff, in Anchorage, could provide telephonic and crisis intervention to any place with a Wi-Fi connection. He recognized that services were limited in some villages. He declared that it was time to begin to look at where they could provide this service, and that technology could be a solution.

[4:19:17 PM](#)

MR. McCARVILLE shared that ACS was making an \$8.5 million capital request to ramp up the program. He said that approval would allow them to serve the children. He surmised that the treatment of 66 children in the villages, preventing the need to come to Anchorage for a residential treatment program, would pay for this program. He asked that the House Health and Social Services Standing Committee speak with the House Finance Committee in support of this proposal.

[4:20:13 PM](#)

MARY ANN PEASE, Vice President Finance and Administration, Alaska Children's Services, said that the board of Alaska Children's Services was very focused on a business type approach, in addition to its social and holistic mission. She offered to deliver a business plan that would show an overall reduction in the necessary funding for residential treatment. She declared that the current cost was \$350 each day for each child, which did not include the \$8 million spent for services outside of Alaska. She proposed this innovative program as a proactive, preventative measure for all the Alaska communities. She directed attention to the letter in support from the Alaska Native Tribal Health Consortium (ANTHC) [Included in members' packets] and the support from Jeff Jessee, Chief Executive Officer of the Alaska Mental Health Trust Authority.

[4:22:46 PM](#)

MR. McCARVILLE stated that the proposed program needed financial help "to get this ramped up." He shared that the desire was to bring this up to a scale to help multiple villages across Alaska.

MS. PEASE reported that the majority of the current facility was located near Robert Service High School in Anchorage. She reported that the designer of the Alaska State Flag, Benny Benson, had been a "member of the treatment program," so each year, there was a ceremony honoring him, and the agency, on Flag Day.

[4:23:45 PM](#)

REPRESENTATIVE KELLER asked to clarify, as this was a different model, whether all the details for the program were known.

MR. McCARVILLE replied that ACS was working with ANTHC to develop ways to operate in the villages. He declared that, as it was most important for the program to be invited into the villages, they were currently working toward those invitations. He pointed out that each village program would vary to meet its unique needs.

[4:25:03 PM](#)

REPRESENTATIVE KELLER asked if ACS would use electronics to reach out beyond the residential treatment center.

MR. McCARVILLE explained that, as ACS already provided in-home service in the Anchorage area, the program would use this to train providers in the villages.

[4:25:42 PM](#)

REPRESENTATIVE KELLER asked what was the annual ACS budget, and how many children were served.

MR. McCARVILLE replied that the annual budget was \$14 million, serving about 150 children on any given day. He detailed that there were 55 children in the residential program, 65 were in treatment foster homes, with the remainder living at home in the communities.

[4:26:34 PM](#)

CHAIR HIGGINS, asking to clarify that this was an \$8.5 million capital proposal, requested a breakdown to the distribution of the funding.

MR. McCARVILLE, in response, said that the money would be invested into the building of a center for both in-person and technology training. He stated that other agencies would be invited to use the center in coordination with this program.

MS. PEASE added that the request included "a fairly hefty technology component," as there was extensive technological equipment necessary to serve the communities.

[4:27:43 PM](#)

CHAIR HIGGINS asked to clarify that the requested funding of \$8.5 million would build the 14,925 square foot building and "fill it with all the equipment." He said that it was necessary to work closely with all the stakeholders. He opined that there were a lot of really good intentions, but that it was necessary to consolidate the efforts with other organizations. He encouraged ACS to develop "a game plan that will work, that everyone's on board with."

MS. PEASE relayed that more than 50 percent of the children were from areas outside of the Anchorage, Mat-Su, Kenai areas.

MR. McCARVILLE reported on a pilot program with a village that had asked for help. He noted that the village had the technology availability for the program. He shared that there was a program being developed with Nome for tele-behavioral health.

[4:29:47 PM](#)

CHAIR HIGGINS referenced an earlier presentation to the House Health and Social Services Standing Committee regarding development of a certification program for behavioral health aides. He observed that, as ACS had a similar approach, the two groups should work together.

MR. McCARVILLE replied that ACS was focusing on in-formal health support, which would include parents, grandparents, aunts and uncles, and other supporters who were raising the children. He stated that ACS "would work hand in hand with a behavioral health aide." He noted that this was similar to the ACS collaborative approach with ANTHC and University of Alaska

Fairbanks. He reported that the ACS staff training was also offered to the parents.

[4:31:39 PM](#)

CHAIR HIGGINS asked if ACS had estimated the annual maintenance costs for this program, and if there would be funding necessary in the future.

MR. MCCARVILLE replied that the annual cost would include maintenance staff, who already worked on the property, as well as upkeep to the building. He said that clinical work for prevention would be paid by Medicaid, and that there were other prevention grants and existing funding, for which, he opined, the program would be eligible.

CHAIR HIGGINS asked to clarify that Medicaid billing would pay for the program.

MS. PEASE said that there would be a cost savings for prevention and early intervention, instead of residential treatment, and that this cost savings had been built into the model.

[4:33:37 PM](#)

REPRESENTATIVE NAGEAK, referencing the building maintenance costs, suggested the use of new technology for lighting.

MS. PEASE expressed agreement, and reported that the building design and diagrams had been donated, stating that it would be energy efficient with high technology.

[4:34:28 PM](#)

CHAIR HIGGINS offered to try to help keep similar programs alive.

[4:34:54 PM](#)

The committee took an at-ease from 4:34 to 4:37 p.m.

**HB 134-MEDICAID PAYMENT FOR MEDISET PRESCRIPTION**

[4:37:55 PM](#)

CHAIR HIGGINS announced that the final order of business would be HOUSE BILL NO. 134, "An Act requiring Medicaid payment for

scheduled unit dose prescription drug packaging and dispensing services for specified recipients." [In front of the committee was Version 28-LS0303\Y, adopted as the working document on March 28, 2013.]

REPRESENTATIVE KELLER moved to adopt the proposed committee substitute (CS) for HB 134, labeled 28-LS0303\R, Mischel, 4/1/13 as the working document.

REPRESENTATIVE PRUITT objected for discussion.

[4:38:24 PM](#)

CHARLES GUINCHARD, Staff, Representative Mia Costello, Alaska State Legislature, explained that the changes for Version R included:

Section 1 AS 47.01.031(a). This section has been amended by adding legislative intent language guiding the department's eligibility regulations for this program. This language was added to ensure that in the event that Medicaid services were to expand, the scope of individuals eligible for this program would remain the same. This language appears as (1)-(5) in paragraph (a), page 1, line 12.

MR. GUINCHARD referenced his earlier testimony for the bulleted list of current regulations, and pointed out that similar language had been requested for this change. He noted the second change:

Section 1 AS 47.01.031(c). This section has been amended by adding language to clarify that non-local transportation of medication compliance packaging is by mail or package delivery service.

MR. GUINCHARD explained that this addressed concerns for the earlier limitation to USPS. He commented on the third change for Version R:

Section 1 AS 47.01.031(e)(2). The definitions of "units of use" has replaced the previous definition of "medication compliance packaging".

MR. GUINCHARD said that the proposed bill had been updated accordingly to reflect this new definition. He declared that this concluded the changes for proposed Version R.

[4:41:27 PM](#)

REPRESENTATIVE KELLER said that he was "painfully aware of the rising costs of health care." He declared that he would find it difficult to vote for any expansion of Medicaid services.

JON SHERWOOD, Medicaid Special Projects, Office of the Commissioner, Department of Health and Social Services, said that dispensing fees and mediset fees were already being paid by Medicaid. He stated that the proposed bill provided a statutory requirement to continue with this payment, and that the increased costs had been noted in the fiscal note. He said that criteria in the proposed legislation defined qualified providers, which were somewhat different than current regulation. He declared that it was unclear whether this would expand the number of qualified providers.

[4:43:32 PM](#)

The committee took a brief at-ease.

[4:45:23 PM](#)

REPRESENTATIVE KELLER asked if there was intent to hold the bill.

CHAIR HIGGINS replied that he intended to hold it until Thursday [April 4].

REPRESENTATIVE KELLER emphasized that he wanted a fiscal note for the cost increases. He declared that it was necessary to be cautious of increases because of the rising health care costs. He asked if there would be a re-evaluated fiscal note.

MR. SHERWOOD said that the changes to Version R would not significantly alter the fiscal note.

[4:46:59 PM](#)

REPRESENTATIVE KELLER asked if the proposed changes would make it easier for smaller pharmacies to qualify as mediset pharmacies.

MR. SHERWOOD replied that, currently the requirement was for a percentage of volume to qualify, and that the current proposed

bill did not require that volume. He shared that he was not aware if the other requirements were equally limiting.

[4:48:10 PM](#)

REPRESENTATIVE KELLER asked for assurance that the fee would reflect in statute, so that businesses could respond.

MR. SHERWOOD, in response to Chair Higgins, explained that the fiscal note for \$414,000 was for the partial year in 2014, which was then increased to \$1,657,000 for the following fiscal years, 2015-2019. He pointed out that federal funding would pay half.

[4:50:03 PM](#)

CHAIR HIGGINS asked to clarify that Version R would not change the cost estimate.

MR. SHERWOOD said that he would provide any necessary fiscal note updates on Thursday, April 4.

[4:50:44 PM](#)

REPRESENTATIVE KELLER asked if the mediset program would continue to be paid regardless of passage of the proposed bill, and he asked to clarify the cost increase.

MR. SHERWOOD explained that the language of the proposed bill would increase the frequency of the dispensing fee, or an equivalent increase in the combined dispensing and mediset fee.

[4:51:59 PM](#)

REPRESENTATIVE TARR asked if it was possible to address the proposed amendment.

[4:52:42 PM](#)

REPRESENTATIVE PRUITT removed his objection to Version R.

[4:52:58 PM](#)

REPRESENTATIVE TARR moved to adopt Amendment 1, labeled 28-LS0303\Y.1, Mischel, 3/28/13, which read:

Page 2, following line 21:  
Insert a new subsection to read:

"(e) The department may apply a volume discount to a fee established under (b) of this section

(1) if a qualified pharmacy dispenses a high volume, as defined by the department, of prescriptions that require medication compliance packaging for an individual patient; or

(2) based on the total number of prescriptions requiring medication compliance packaging annually dispensed by the pharmacy."

Reletter the following subsection accordingly.

REPRESENTATIVE KELLER objected for discussion.

REPRESENTATIVE TARR said that, as cost containment was a priority for Medicaid programs, she had concerns with the fiscal note. She reflected that, as the current dispensing fee was billed per prescription, if a fee cap were placed on the dispensing fee, then the pharmacist cost would still be covered, and the fiscal note could be reduced. As discussion with the sponsor and the department had indicated the difficulty with a volume limitation or a fee cap, she withdrew proposed Amendment 1.

[4:55:07 PM](#)

REPRESENTATIVE TARR asked that Department of Health and Social Services respond to the difficulty for a fee cap.

MR. SHERWOOD agreed that there had been discussion for a limit to the fees for multiple prescriptions in the same mediset package. He said that it was not practical as the prescriptions were processed one at a time at the point of sale, pointing out the difficulty for overseeing this. Commenting on proposed Amendment 1, he opined that it would allow a discount for the mediset fee for a pharmacy which dispensed a high volume of medisets. He reported that DHSS had assumed there was this latitude should the cost survey data support this fee structure. He stated that it would not be problematic to state this authority, as well.

[4:57:38 PM](#)

CHAIR HIGGINS asked if Representative Tarr still wanted to withdraw proposed Amendment 1.

REPRESENTATIVE TARR replied that her decision would reflect the will of the committee. She declared her desire for DHSS to pursue every opportunity for cost containment, while still providing medisets. She offered her belief that the pharmacies would have covered all costs at some point in filling an individual mediset, and that all prescriptions for that mediset beyond that were being paid at a much higher profit.

[4:59:03 PM](#)

CHAIR HIGGINS asked to clarify whether proposed Amendment 1 would decrease the fiscal note.

MR. SHERWOOD offered his belief that it would not affect the fiscal note. He declared that DHSS had assumed that the latitude to lower the dispensing fee for higher volume dispensing had already existed; therefore, this would not decrease the fiscal note. He stated that DHSS did not object to any language that clearly described the DHSS permission to discount.

[5:00:37 PM](#)

REPRESENTATIVE KELLER asked if it was the doctor or the patient who selected the pharmacy. He opined that a group contracting with a pharmacy would bring a lower cost than an individual.

MR. SHERWOOD, in response, stated that this was determined by the Medicaid services as "any willing provider." He detailed that the qualifications for being a provider and a pharmacy could result in enrollment as a pharmacy provider. He declared that the recipient made the decision for pharmacy selection. He stated that prices were set using national data for the drug price, and that the department had sent a cost survey to the participating Medicaid pharmacies to determine the best, most reasonable way to approximate the dispensing fees. He said that this data allowed distinctions to be made for volume.

[5:03:34 PM](#)

REPRESENTATIVE KELLER requested that Representative Tarr withdraw the proposed amendment.

REPRESENTATIVE TARR withdrew proposed Amendment 1, stating that she had primarily wanted to have the conversation. She declared that, as it was a complex issue, she would keep reviewing alternatives.

[5:04:12 PM](#)

MR. SHERWOOD clarified that the fiscal note reflected \$657,000 for an anticipated expansion of mediset service into Fairbanks, as determined by the bill sponsor. He declared that, although it was unclear whether that expansion would happen, it would serve as a proxy for that service.

[5:05:38 PM](#)

CHAIR HIGGINS said that HB 134 would be held over.

[5:06:09 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 5:06 p.m.