

SENATE FINANCE COMMITTEE
January 30, 2014
9:06 a.m.

9:06:00 AM

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Donny Olson

MEMBERS ABSENT

Senator Lyman Hoffman

ALSO PRESENT

Jeff Jessee, Chief Executive Officer, Alaska Mental Health Trust Authority; Russ Webb, Trustee, Alaska Mental Health Trust Authority. Mike Barton, Trustee, Alaska Mental Health Trust Authority.

SUMMARY

SB 121 APPROP: MENTAL HEALTH BUDGET

SB 121 was HEARD and HELD in committee for further consideration.

#SB121

SENATE BILL NO. 121

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program."

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^FY 15 GOVERNOR'S BUDGET OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY

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Co-Chair Kelly discussed the day's schedule.

MIKE BARTON, TRUSTEE, ALASKA MENTAL HEALTH TRUST AUTHORITY, introduced the PowerPoint presentation: "Alaska Mental Health Trust Authority presentation to the Senate Finance Committee."

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Mr. Barton began with slide 2: "Trustees."

- Mike Barton, chair
- Laraine Derr, vice chair
- Paula Easley, secretary
- William Doolittle, MD
- Mary Jane Michael
- Larry Norene
- Russ Webb

Mr. Barton continued with slide 3: "Trust Beneficiaries."

Alaskans with:

- Mental Illness; 34,479
- Developmental Disabilities; 12,784
- Chronic Alcoholism/substance abuse disorder; 21,000
- Alzheimer's disease and related dementia; 5,000
- Traumatic Brain Injury; 11,900

Mr. Barton detailed slide 4: "Guiding Principles."

Improve the lives of beneficiaries

- Education of the public and policymakers on beneficiary needs
- Collaboration with advocates
- Maximize beneficiary input into programs
- Prioritize services for beneficiaries at risk of institutionalization
- Useful and timely data for evaluation

- Include intervention and prevention components
- Provision of reasonably necessary beneficiary services based on ability to pay

Mr. Barton continued with slide 5: "Advisors and Partners."

- Advisory Board on Alcoholism and Drug Abuse
- Alaska Mental Health Board
- Governor's Council on Disabilities and Special Education
- Alaska commission on Aging
- Commissioners of:
 - Health and Social Services
 - Revenue
 - Natural Resources
 - Corrections
- Alaska Brain Injury Network
- Statewide Suicide Prevention Council
- Alaska Court System

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Mr. Barton moved on to slide 6: "Trust Cash Assets - FY 13." The graph depicted the Trust's assets in FY 13.

Mr. Barton explained slide 7: "Trust Resource Portfolio." The graphs showed the non-cash assets managed by the Trust and Land Office in the Department of Natural Resources. He mentioned that cash assets were managed by the Permanent Fund Division of the Department of Revenue. The Trust had full-fee ownership on 55 percent of the lands in the settlement. The resources must be developed on the remaining land for beneficiaries to see the intended benefits.

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Mr. Barton discussed slide 8: "FY 15 Available Income." He stated that the Trust fund payout was based on 4.25 percent of the net asset values at approximately \$19 million. A lapse of the prior year's distributions and land office income with interest combined with the payout equaled approximately \$26 million.

Co-Chair Kelly asked about a statutory formula for the payout.

Mr. Barton pointed out slide 9: "Trust Focus Areas."

Promoting change in systems to better serve Trust beneficiaries in a cost effective manner

- Bring the Kids Home
- Disability Justice
- Housing (new emphasis on long-term supports and services)
- Beneficiary Projects (new emphasis on employment)
- Workforce Development
- Alcohol and Substance Abuse (new)

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JEFF JESSEE, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, discussed slide 10: "Bring the Kids Homes... Investing Wisely." He stated that an evidence-based process with a focus on outcomes allowed for optimal results. He explained that Alaska had 430 kids housed out-of-state in residential psychiatric treatment facilities at a cost of more than \$40 million.

Mr. Jessee informed the committee that out-of-state institutions were expensive and the expenses were increasing. He stated that the Murkowski administration initially approached the Trust to address the problem many years ago. A reinvestment of funds allowed progress with an increase of support services for families and communities. The Trust provided capital, allowing the initiative to thrive throughout different administrations. He pointed out that each governor had their own individual priorities that could sometimes lose emphasis with new administrations. The Trust could span those changes. The Trust spent \$16 million to continue the initiative.

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Mr. Jessee continued to discuss slide 10. He explained that the Trust visited a model program in Maine to learn about a facility that had successfully navigated some of the more difficult behavioral health issues. He stated that one solution was to work closely with families and community providers on communication and behavior. If the kids could communicate effectively and manage their behavior they

could remain with their families or in lower-level programs.

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Mr. Jessee brought up the Alaskan Youth Initiative that solved a similar problem in the past. The program was dismantled after the problem was solved. Following the completion of the Bring the Kids Home initiative, the Trust promised to prevent a relapse. The program had less than 100 recipients at the time of the hearing.

Mr. Jessee stated that the Trust wished to avoid a similar mistake in the final year of the Bring the Kids Home initiative. He stated that the Trust's data framework would actively monitor the costs of children sent out-of-state. Data "trip wires" would provide early warning before another crisis could occur.

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Mr. Jessee discussed slide 11: "Investing Wisely."

Investing Wisely

Complex Behavioral Collaborative

- Prevent inappropriate and costly institutional placements (API, correctional facilities, and out-of-state placements).
- Build capacity and expertise within the state to serve individuals with complex behavioral needs who have multiple dialing conditions.

Mr. Jessee shared a story about dementia. He noted that proper staff training could prevent a wide range of problems in an institution like the Pioneer Home. The Trust helped the Pioneer Homes appropriately address dementia as one example of the Complex Behavioral Collaborative (CBC).

Mr. Jessee credited Rita Sullivan on her efforts in assembling a list of expert consultants in various areas of disability and behavioral programming. The experts were linked with facilities or families that would benefit most from their expertise. The effort allowed beneficiaries to remain in their homes or facilities as opposed to ascending the intensity-of-service scale. The facilities benefit as the skill level of the service providers grows. He stated that the Trust increased their contribution in FY 13. The

program was fully funded with general fund mental health funding in FY 14, with all increments classified as One Time Increments (OTI).

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Mr. Jessee shared slide 12: "Outcomes of CBC." He noted that expenses for 14 participants were approximately \$600 thousand before their entry into the CBC and \$400 thousand afterward. He acknowledged that the CBC was not successful with every single person. He stated that one beneficiary with severe emotional problems cost a large amount of money (\$140 thousand per year) to treat in the Lower 48. Another, an adolescent was treated in a Lower 48 psychiatric treatment facility that cost \$90 per year. He pointed out that the \$200 thousand savings would continue through each upcoming annual cycle. He believed that the investment made sense, from a fiscal policy standpoint. He quoted Representative Mike Newman "we can't cut our way to a sustainable budget; somehow, we have to cut our front-end costs over the long term." The Trust believed that CBC accomplished the goal.

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Mr. Jessee detailed slide 13: "Disability Justice...Investing Wisely?" The graph was presented to the legislature by ISER to project prison population figures in Alaska. The red dotted line depicted a potential scenario including the use of strategies to reduce recidivism. The slide concluded that Alaska would not benefit from those strategies as they had yet to be implemented. He recalled recent discussions about the need for a new prison.

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Mr. Jessee discussed slide 14: "Clinical Characteristics Trust Beneficiaries in the Department of Corrections." He stated that 42 percent of inmates in the Department of Corrections were trust beneficiaries, while 38 percent qualified because of their chronic alcohol use. He added that 26 percent of inmates would qualify for benefits based on diagnosed mental illness.

Mr. Jessee slide 15: "A Legacy for Alaska; addressing the impacts of alcohol." He recalled last year's committee

conversation and the challenge issued by Co-Chair Kelly regarding Alaska's difficult social legacy with alcohol.

Mr. Jessee slide 16: "Annual cost of alcohol in Alaska." The interest in the legacy was due to the \$670 million in lost productivity within private sector industry. The state felt the impact of the \$200 million for criminal justice and protective services and \$237 million for health care.

Mr. Jessee continued with slide 17: "Impacts of Alcohol and Substance Abuse in Alaska."

- 18,296 alcohol-related arrests
- 7,996 victims of alcohol and drug associated crimes
- 45,500 days of hospital care associated to alcohol and drug related injury
- 2,239 nursing home and long-term care days attributed to alcohol and drugs
- 26.9 per 10,000 live births annually or approximately 700 babies per year are FAS/D
- 27 percent (66,260) Alaskans experienced at least one alcohol or drug involved sexual assault or forcible rape in their lifetime
- 45 percent of suicides were proven or suspected intoxication

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RUSS WEBB, TRUSTEE, THE ALASKA MENTAL HEALTH TRUST AUTHORITY, spoke to the issues of alcohol abuse in Alaska. He discussed slide 18: "Focus on impacts of alcohol and substance abuse."

Interventions will be outcome focused and will:

- emphasize prevention and early intervention
- decrease the negative impacts of alcohol on Alaskan families
- reduce the long-term financial burden on state and local budgets

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Mr. Webb continued with slide 19: "Focus on Impacts of Alcohol and Substance Abuse."

Solutions must be comprehensive

Prevention and early intervention with children and families

- Education
- Early child mental health system
- Primary Care

Harm reduction

- Housing programs and community-based supports

Cross systems collaborations

- Reduce silos and maximize cross system/sector collaboration

Access to treatment

- Increased and improved access
- Same day access and other business efficiencies
- Patient Centered Medical Home

Enhanced tribal partnerships

Environmental strategies

- Title 4

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Mr. Webb shared a story about his wife who was a district court judge. He stated that his wife ordered alcohol rehabilitation for people who were then placed on a waiting list for longer than six months. He stated that most people on those lists racked-up other offenses during the time that they were waiting for rehabilitation services; costing the state more money. He discussed the impact of the lag time on the criminal justice system. He advocated for same-day access, patient-centered medical care and other methods that encouraged a holistic approach through the medical system.

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Mr. Webb discussed slide 20: "Legacy Investments."

Maximizing Impact

- Trust focus on Alcohol and Substance Abuse
- Recover Alaska
- Mat-Su Health Foundation substance abuse and trauma emphasis
- Alaska Resiliency Partnership
- Empowering Hope

Mr. Webb discussed slide 21: "Trust Focus: Alcohol and Substance Abuse Prevention and Treatment."

- Trustees committed to addressing alcohol and substance abuse
- Trustees committed \$400.0 in FY 14 and \$1,000.0 FY 15
- Emphasis addressing the whole continuum of care from prevention to recovery

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Mr. Webb discussed slide 22: "Recover Alaska."

- Joint Leadership (Rasmuson Foundation, Mat-Su Health Foundation)
- Partnerships
- Strategies
 - Communications/Media Partnership
 - Polling
 - Advocacy
 - one Stop Shop
 - Positive Social Norms

Mr. Webb noted slide 23: "Mat-Su Health Foundation: substance abuse and trauma emphasis."

Community Health Assessment

- Household survey, workplace survey, local health policy assessment, 23 community meetings

Alcohol and substance abuse was identified as the top issue in Mat-Su

Top two goals identified through a community process:

- Having a community where all children are safe and well-cared for
- Where people do not use drugs and are sober or drank responsibly

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Mr. Webb discussed slide 24: "Adverse Childhood Experiences."

Adverse Child Experiences (ACEs) is one of the largest investigations conducted by Kaiser Permanente and the

Center for Disease Control and Prevention (CDC) to assess impact of childhood maltreatment and later-life health and well-being.

Child traumatic experiences utilized to determine ACE score:

- child abuse and neglect
- exposure to domestic violence household member abusing alcohol/drugs
- depressed, mentally ill or suicidal family member
- family member incarcerated
- divorce/separation

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Mr. Webb discussed slide 25: "Adverse Childhood Experiences."

Adult alcoholism and substance abuse increases exponentially with the higher number of adverse experiences

Alaska Resiliency Partnership

- The Trust
- Alaska Children's Trust
- Mat-Su Health Foundation
- Rasmuson Foundation
- Alaska Mental Health Board
- Advisory Board on Alcoholism and Substance Abuse
- Department of Health and Social Services
- University of Alaska Anchorage
- Alaska Native Tribal Health Consortium
- First Alaskans Institute

Mr. Webb discussed slide 26: "The Empowering Hope Group."

Executive level think-tank focusing on Alaska's critical health and social challenges

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Co-Chair Kelly introduced the Empowering Hope Leadership Team. He founded the group following the 2013 overview provided by the Trust last session. He recalled feeling surprised that Alaska was facing similar problems to those

he witnessed 18 years ago. He pointed out that Vice-chair Fairclough was also a member of the Empowering Hope Leadership Team. He acknowledged that his initial intention was to save Alaska from all of the problems that plagued the state. After an initial review, the focus was reduced to addressing fetal alcohol spectrum disorder (FASD).

Co-Chair Kelly explained that the group chose to leave the experienced Trust in charge of serving the victims of FASD. The Empowering Hope Leadership Team's focus was the eradication of FASD. He stated that the group utilized the phrase "leg brace" as an analogy to Jonas Salk and the discovery of the polio vaccine. While other doctors applied the leg braces needed to help those already afflicted with polio, Salk chose to eradicate the disease.

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Co-Chair Kelly explained that the Empowering Hope Leadership Team was a "think tank" to develop consensus. The members were Mark Hamilton, Reggie Joule, Norm Phillips, Niesje Steinkruger, Val Davidson and Jeff Jessee. He referred to slide 27: "Empowering Hope; Strategic Priorities."

1. Eradicate the occurrence of Fetal Alcohol Spectrum Disorder in Alaska.
 - a. Alaska has the highest documented FAS birth prevalence in the United States.
 - b. Each child born with FAS/D will cost the state of Alaska between \$860 thousand to \$4.2 million over the course of his/her lifetime
2. Empower "Natural Responders" in communities throughout Alaska
 - a. "Natural Responders" within a community are primary support providers to fellow community members in crisis. "Natural Responders" may or may not be in leadership positions within their communities
3. Mitigate infrastructure barriers to ensure healthy, thriving communities
 - a. Address rural Alaska's access to care challenges

Co-Chair Kelly noted that the problem of FASD was particularly acute in rural Alaska. The communities in rural Alaska were so small and separate with a lack of infrastructure. He hoped that members of rural communities

would help to educate and empower women to stop drinking alcohol during pregnancy. He understood the need for a large-scale public relations campaign to enable a better understanding of FASD.

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Co-Chair Kelly continued to discuss the Empowering Hope Leadership Team. Identification of the infrastructure barriers was a key aspect of the solution. He noted the process of including private enterprise in the solution. The effort must outlast the organization of the think tank. He stated that the intention was not to gain status as a non-profit organization. He spoke about a potential collaboration with the Alaska Wellness Coalition. He hoped to provide a model for other states in the nation.

Co-Chair Kelly thanked Jeff Jessee for his help and many efforts.

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Vice-Chair Fairclough echoed the statements made by Co-Chair Kelly. She explained that the words "Empowering Hope" were meant to inspire. She believed that if any mother understood the damage that they were causing their child for the rest of their lives, they would not make the choice to drink alcohol during pregnancy. The group wished to empower women to make a different decision while helping them to understand that one drink of alcohol does matter. The group found that the medical community directed women differently in regards to alcohol. She noted that there was not a consistent message about alcohol's harmful effects during pregnancy. She wished to gather the medical community to deliver a consistent message about drinking alcohol during pregnancy. She strongly believed that a mother would never do damage intentionally.

Co-Chair Kelly pointed out that people who suffer from FASD were more likely to produce babies with FASD. He added that women with children afflicted with FASD often produced additional children with FASD. He stated that affecting community members with the hyper realization regarding the risks of alcohol in pregnancy could help those faced with addiction.

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Vice-Chair Fairclough recalled a presentation where a woman was asked why she continued to birth babies with FASD, and her reply was that the state kept taking her babies away. She stated that decisions made by government officials often had unforeseen reactions.

Co-Chair Kelly stated that the group was planning to introduce two separate resolutions. He anticipated that he would have the support of the administration.

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Mr. Jessee highlighted the opportunity to set objective benchmarks. He suggested that one benchmark might be to reduce recidivism into the criminal justice system. He stated that the Trust learned to identify a quantifiable target whether financial or otherwise to focus their data around. He asked if a rallying point existed.

Vice-chair Fairclough stated that identification of children with FASD would allow the group to help prevent future pregnancies for the woman afflicted with untreated alcoholism. She discussed teenage pregnancies as a potential health indicator. She stated that the group would look to the Trust to help guide investment decisions.

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Mr. Jessee suggested identifying a quantifiable goal and determining individual strategies later. He suggested searching for larger indicators that the state could be rallied around.

Co-Chair Kelly pointed out that there was very little known about state expenses in response to alcoholism. He recalled a document generated by Legislative Research Services. The data suggested that the Alaska's alcohol problems were prevalent and pervasive.

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Senator Dunleavy suggested the document: "Legislative Research Report; Public Funding for Programs in Alaska Targeting Alcohol and Substance Abuse by Source and State Fiscal Year, FY 2003 -2012 (copy on file)." He noted that state funding for alcohol related issues in 2003 was

\$1,146,600, while federal funding was \$2,605,046. He noted that 2012 saw a twelve-fold increase in spending.

Co-Chair Kelly replied that the twelve-fold increase was for identifiable expenses alone. He stated that Legislative Research Services had alluded to even greater spending upon further investigation.

Senator Dunleavy clarified that the total alcohol related state spending over a nine-year period was \$362,897,000.

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Senator Olson applauded the efforts of Co-Chair Kelly and Vice-chair Fairclough. He admitted that he, as a physician could accomplish immediate results by applying a leg brace for a patient. He agreed that the problem of FAS was monumental and he wished that he had a similar vision.

Co-Chair Kelly shared a story about Senator Olson

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Senator Bishop acknowledged that the subject matter was difficult for him. He asked about slide 17 and the 7,996 victims of alcohol and drug associated crimes. He wondered about the potential for unreported numbers.

Mr. Jessee replied that the university performed research regarding unreported rates of domestic violence and sexual assault associated with the governor's Choose Respect campaign. He stated that the study found large numbers of unreported domestic violence and sexual assault in Alaska. Many of the instances involved alcohol.

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Senator Dunleavy asked about the program in place without research data. He asked about program inventory and wondered about an attached research model or a data-gathering mechanism attached to determine the program's impact. He asked about benchmarks and the potential to abandon an unsuccessful program.

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Mr. Jessee stated that the Trust was undergoing a behavioral health system assessment.

Mr. Webb added that good data drove the Trust's decisions. He pointed out the lack of good information regarding the capacity of the mental health system in the state. He stated that the Trust planned to establish a baseline to help make these difficult decisions. He stated that perfect information was difficult to obtain. He had anecdotal information about a gap in services because of waiting lists for addiction treatment. Hard data regarding the needs was difficult to come by. He added that people with coexisting mental illnesses often ended up in the criminal justice system. He stated that the hard data would be provided to the committee and the legislature once the difficult process of retrieving it was completed. He stated that the Trust and the commissioner were interested in moving toward an evidence-based system.

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Mr. Jessee furthered that the Division of Behavioral Health had made strides in achieving outcome measures from the programs. He had been working with the department for an acuity adjustment factor to encourage the system to move toward the target population. He advocated for clear goals from the legislature. He sat with the Criminal Justice Working Group, which was assembled with various department members discussing the problem of recidivism. He suggested the Department of Health and Social Services, Department of Labor and Workforce Development and Alaska Housing Finance Corporation (AHFC).

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Mr. Webb added that a good target was crucial. He used sobriety from alcohol treatment as an example. He stated that the programs did not have the capacity to track their clients. He recalled testimony stating that treatment did not work. The expectation was for treatment to fix alcohol problems. He compared problems with alcohol to other health issues such as hypertension. Both alcoholism and hypertension required diligence on behalf of the person suffering from the health problem. He opined that the sobriety target should be set differently.

Mr. Webb mentioned judicial council studies from the early 1990s stating that 78 percent of misdemeanants were under the influence of alcohol when they committed the crime. He stated that 90 percent of serious felons were under the influence of alcohol when they committed the crime. The offences were not categorized as alcohol-related. He advocated for setting the target at reducing recidivism among people with alcohol problems. Another target would be reducing the number of rapes and robberies committed under the influence of alcohol. He suggested the targets because they drove expenditures in the state budget.

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Mr. Jessee urged the use of careful targets. He mentioned discussions with the governor's office regarding domestic violence issues. He explained that decreasing the reported rate of domestic violence would seem like a valid goal, but a better target would be to increase the reported rate because a situation would not warrant intervention without a report. He suggested that aggressive law enforcement, prosecution and incarceration might have the opposite effects. The reported rate might be driven down because victims were reluctant to report domestic violence.

Mr. Jessee suggested strategies that encouraged victims to report the crime because they feel that a report would bring a positive outcome. The reported rate would be higher initially. He stressed that the goal setting process was crucial to any initiative.

Mr. Webb added that while the reported rate might increase, the repeat offenders should be the target for the short term.

Co-Chair Meyer stated that he was also involved with the treatment of FAS. His focus was on the education system. He stated that a progressive bill was heard a couple of years ago, involving the court system. He was encouraged by Co-Chair Kelly's efforts to prevent FASD. He stated that the state experienced recent successes with tobacco cessation. He mentioned the tobacco cessation settlement that allowed for a steady media campaign.

Co-Chair Meyer discussed society's difficulty with discussing mental illness. He noted that sympathy was given to those with physical illness, while mental illnesses were

looked at differently. He encouraged open conversations about mental illness. He advocated for further discussion during the budgeting process. He wondered if the state would be making a similar or preventable mistake if marijuana was legalized. He wondered if the state should be more progressive with greater intervention. He wondered if the state would pay a future price for the decision of legalizing marijuana.

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Mr. Barton stated that the Trust had not discussed the issue of legalizing marijuana. He assured the committee that the conversation would occur between members of the Trust in the near future.

Co-Chair Meyer suggested that the Trust announce their position before the issue was before the people in August 2014. He believed that the topic deserved thoughtful discussion.

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Co-Chair Kelly requested help from Mr. Jessee and Mr. Webb to develop the necessary benchmarks. He advocated for inclusion of the commissioner of Department of Health and Social Services.

Mr. Jessee stated that many addictive behaviors had a variety of consequences. He stated that policy makers determined the legality of those behaviors and the consequences for a violation of state law. He believed that a description of the impacts of certain substances were easier for Trust members to decipher. The issue of legality was for the policy makers to determine. He stressed that his movement did not have prohibitionist intent. The goal was to manage the negative consequences of overuse or inappropriate use of substances or behaviors. He shared a story about himself related to alcoholism recovery and the criticism faced by those in the limelight. He believed that the anonymous piece of Alcoholics Anonymous prevented the necessary social progress. He compared the issue to the AIDS where society was encouraged to treat AIDS victims as normal members. He believed that the moral dimension of alcoholism retarded potential problem solving.

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Mr. Webb added that the Trust supported employment for its beneficiaries.

Co-Chair Kelly appreciated the efforts of the Trust.

SB 121 was HEARD and HELD in committee for further consideration.

[10:38:19 AM](#)

ADJOURNMENT

The meeting was adjourned at 10:38 a.m.