

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

December 13, 2016

1:04 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Lance Pruitt
Representative Steve Thompson
Representative Sam Kito

Senator Lyman Hoffman
Senator Cathy Giessel
Senator Click Bishop
Senator Pete Kelly (Alternate)

MEMBERS ABSENT

Representative Kurt Olson
Representative Mark Neuman (Alternate)

Senator Anna MacKinnon, Vice Chair
Senator Bert Stedman

OTHER LEGISLATORS PRESENT

Representative Andy Josephson
Representative Lora Reinbold

Senator Berta Gardner
Senator Gary Stevens

COMMITTEE CALENDAR

APPROVAL OF MINUTES
SPECIAL AUDIT REQUESTS
EXECUTIVE SESSION
ASLC/ACPE PERFORMANCE REVIEW
AUDIT PERFORMANCE REPORTS
AUDIT FINAL REPORT
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Addressed the audits before the Legislative Budget and Audit Committee.

LINDA DAY, Audit Manager
Legislative Audit Staff Anchorage
Legislative Audit Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Answered a question during the audit review related to Medicaid and Children's Health Insurance Program Travel Costs.

ACTION NARRATIVE

[1:04:05 PM](#)

CHAIR MIKE HAWKER called the Legislative Budget and Audit Committee meeting to order at 1:04 p.m. Representatives Kito and Hawker and Senators Bishop (via teleconference), Giessel, Hoffman (via teleconference), and Kelly (via teleconference) (Alternate) were present at the call to order. Representatives Thompson (via teleconference) and Pruitt arrived as the meeting was in progress. Also present were Representatives Josephson and Reinbold and Senator Stevens.

CHAIR HAWKER acknowledged the passing of former Representative Mike Kelly and offered condolences to Senator (Pete) Kelly and his family.

APPROVAL OF MINUTES

[1:07:24 PM](#)

SENATOR GIESSEL moved that the minutes from the Legislative Budget and Audit Committee meeting of October 17, 2016, be approved. There being no objection, the minutes were approved.

SPECIAL AUDIT REQUESTS

[1:07:50 PM](#)

CHAIR HAWKER announced that the next order of business would be audit requests. He noted the first request was related to the Medicaid and Children's Health Insurance Program Travel Costs and would serve to highlight what they are, how they have been working, and how they might be improved.

[1:09:19 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Legislative Agencies and Offices, in response to Chair Hawker, confirmed that she had participated in the drafting of this specific request and that the language of the request was "adequate and appropriate" for the purpose of her undertaking an examination for the purposes stated.

[1:09:47 PM](#)

SENATOR GIESSEL directed attention to [a memorandum to the Legislative Budget and Audit Committee from Representative Mike Hawker, Chair, dated December 2, 2016, included in the committee packet], and specifically highlighted the language in the first bullet point on the second page of the memorandum. She paraphrased the paragraph, which read in its entirety as follows:

Determine whether the prior authorization and referral process for Medicaid travel could be improved to ensure the lowest travel costs are obtained with the emphasis on booking travel in advance when possible. As a part of this objective, review ticket cancelations and reissuances.

SENATOR GIESSEL questioned whether the auditor could consider geographic areas and whether there may be one area more prone to cancelations than another. Further, she questioned whether it would be possible to evaluate travel that occurred but ended with a "no-show" to an appointment.

[1:10:53 PM](#)

MS. CURTIS offered her understanding that Senator Giessel was referring to travel that occurred where no services happened. She said she had looked at other states that do that and would be considering that in the review of the audit.

[1:11:12 PM](#)

SENATOR HOFFMAN asked what percentage of the dollars being audited are federal and what percentage are state.

MS. CURTIS deferred to Linda Day, the audit manager who performed the travel audit.

[1:11:43 PM](#)

LINDA DAY, Audit Manager, Legislative Audit Staff Anchorage, Legislative Audit Division, Legislative Agencies and Offices, relayed that there were approximately \$80 million in Medicaid travel costs, and typically the reimbursement rate is 50 percent federal and 50 percent state.

[1:12:30 PM](#)

CHAIR HAWKER noted that the next audit request would be related to the Alaska Mental Health Trust Authority. He explained he brought this request to the committee as a result of concerns that have been raised regarding various authorities and the discharge to those authorities, with regard to operations and management of the land office in the Alaska Mental Health Trust Authority. He explained the request to the state auditor is to examine these issues, the policies, and the statutes to determine traditional compliance. He emphasized that in the time this issue was brought to his attention, it had "made a certain show in the media," and he spoke with individuals involved with the trust, who assured him they are taking steps to remedy some of the errant concerns. He stated that the intent of the audit is to document whether or not the concerns are valid and, beyond that, to document the process procedures in place and being taken by the Alaska Mental Health Trust Authority to remedy any concerns that exist.

[1:13:55 PM](#)

MS. CURTIS, in response to Chair Hawker, confirmed that she had neither concern regarding the scope in the audit request, nor doubt about her ability to comply with said request.

[1:14:16 PM](#)

CHAIR HAWKER noted the last audit request was related to the Alaska Gasline Development Corporation (AGDC), which asks auditors to look at various aspects related to the transactions and funding of AGDC. He said he personally takes a lot of interest in this issue, because it was his own legislation which

created AGDC as a standalone state corporation. He noted that he would be leaving the legislature after this year, and in concurrence with Senator Giessel, who is the chair of the Senate Resources Standing Committee, wanted to perform this audit to obtain a formal report on what has transpired with AGDC. He explained that there have been quite a few changes over the last few years over how the legislature had intended it to be established and function. He said he would like to leave the state with a historic record of "how we got to this point and where we are at as it now moves off into the future."

[1:16:01 PM](#)

MS. CURTIS, in response to Chair Hawker, said she has no concerns regarding the audit request as presented.

[1:16:32 PM](#)

SENATOR GIESSEL moved that the Legislative Budget and Audit Committee approve the request for an audit of Medicaid and Children's Health Insurance Program Travel Costs. There being no objection, it was so ordered.

[1:17:01 PM](#)

SENATOR GIESSEL moved that the Legislative Budget and Audit Committee approve the request for an audit of the Alaska Mental Health Trust Authority. There being no objection, it was so ordered.

[1:17:30 PM](#)

SENATOR GIESSEL moved that the Legislative Budget and Audit Committee approve the request for an audit of the Alaska Gasline Development Corporation. There being no objection, it was so ordered.

CHAIR HAWKER thanked everyone who had helped draft the audit requests.

EXECUTIVE SESSION

[1:18:23 PM](#)

CHAIR HAWKER announced that the next order of business would be the executive session for the purpose of discussing: Performance Reviews - Final, Alaska Student Loan

Corporation/Alaska Commission on Post-Secondary Education; Audits - Preliminary Reports, Department of Health and Social Services, Alaska Health Care Commission (Sunset) and Department of Public Safety, Alaska Scientific Crime Detection Laboratory Select Issues; and Audits - Final, Department of Commerce, Community & Economic Development, Alaska Regional Development Organizations.

[1:19:15 PM](#)

SENATOR GIESSEL moved that the Legislative Budget and Audit Committee enter into executive session under Uniform Rule 22(b)(3) and AS 24.20.301 for the discussion of confidential audit and performance review reports. There being no objection, it was so ordered.

[1:19:44 PM](#)

The committee took an at-ease from 1:20 p.m. to 2:31 p.m. for the purpose of executive session.

[2:31:08 PM](#)

CHAIR HAWKER called the Legislative Budget and Audit Committee back to order at 2:31 p.m. Representatives Kito, Thompson (via teleconference), Pruitt, and Hawker, and Senators Bishop (via teleconference), Giessel, and Hoffman (via teleconference) were present at the call back to order. Also present were Representative Reinbold and Senators Gardner and Stevens.

ASLC/ACPE PERFORMANCE REVIEW

[2:32:55 PM](#)

SENATOR GIESSEL moved that the Legislative Budget and Audit Committee release the Alaska Student Loan Corporation/Alaska Commission on Post-Secondary Education final performance review report to the public. There being no objection, it was so ordered.

AUDIT PRELIMINARY REPORTS

[2:33:25 PM](#)

SENATOR GIESSEL moved that the following preliminary audits be released to the agencies for response: Department of Health and Social Services - Alaska Health Care Commission (Sunset);

Department of Public Safety - Alaska Scientific Crime Detection Laboratory Select Issues. There being no objection, it was so ordered.

[2:34:06 PM](#)

AUDIT FINAL REPORT

GIESSEL moved that the following final audit be released to the public: Department of Commerce, Community & Economic Development, Alaska Regional Development Organizations. There being no objection, it was so ordered.

OTHER COMMITTEE BUSINESS

[2:34:30 PM](#)

CHAIR HAWKER announced that the Legislative Budget and Audit Committee would meet again in approximately 30 days, just prior to the start of the Thirtieth Alaska State Legislative Session.

[2:35:23 PM](#)

CHAIR HAWKER ascertained that Ms. Curtis had nothing further to state.

[2:35:39 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 2:36 p.m.