

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

January 27, 2015

3:02 p.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Liz Vazquez, Vice Chair
Representative Neal Foster
Representative Louise Stutes
Representative David Talerico
Representative Geran Tarr
Representative Adam Wool

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION: DEPARTMENT OF HEALTH & SOCIAL SERVICES TELE-HEALTH PROGRAM

- HEARD

HOUSE BILL NO. 39

"An Act establishing the Advisory Committee on Wellness; and relating to the administration of state group health insurance policies."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 39

SHORT TITLE: PUBL EMPL HEALTH INS; WELLNESS COMMITTEE

SPONSOR(S): REPRESENTATIVE(S) SEATON

01/21/15	(H)	PREFILE RELEASED 1/9/15
01/21/15	(H)	READ THE FIRST TIME - REFERRALS
01/21/15	(H)	HSS, FIN
01/27/15	(H)	HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

DUANE MAYES, Director

Central Office
Division of Senior and Disabilities Services
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Presented a PowerPoint, titled "Results For Alaskans."

MICHELE MICHAUD, Chief Health Official
Division of Retirements and Benefits
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding the fiscal note for HB 39.

ACTION NARRATIVE

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CHAIR PAUL SEATON called the House Health and Social Services Standing Committee meeting to order at 3:02 p.m. Representatives Seaton, Tarr, Wool, Talerico, Stutes, and Vazquez were present at the call to order. Representative Foster arrived as the meeting was in progress.

PRESENTATION: DEPARTMENT OF HEALTH & SOCIAL SERVICES TELE-HEALTH PROGRAM

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CHAIR SEATON announced that the first order of business would be a presentation by the Department of Health and Social Services on the tele-health program.

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DUANE MAYES, Director, Central Office, Division of Senior and Disabilities Services, Department of Health and Social Services, directed attention to a handout, "SDS Continuum of Care" [Included in members' packets]. He stated that, as the division was the long-term care entity, it included the Medicaid waiver program and personal care attendant services. He referenced the grant programs for \$28 million directed at the lower end of care for seniors and those with disabilities, which allowed them to remain integrated in their communities at a lower cost than the institutional placement costs for nursing homes and intermediate care facilities for individual developmental disabilities. He pointed out that this handout listed the number of people served

by component, the overall cost of each component, and the percentages of federal and state payment for each. He directed attention to the Personal Care Assistance Program and the Home & Community Based Waivers. Each year, it was necessary to assess each individual receiving services in order to determine the need to continue with these benefits for that level of care. He noted that about 9,000 individuals received these services from the State of Alaska, and required re-assessments annually. This did not include those who were initially applying for the services.

CHAIR SEATON asked whether the average costs listed in each column were per year.

MR. MAYES expressed his agreement and added that individuals could be receiving services which were accounted for in more than one column. He directed attention to the PowerPoint presentation titled "Results For Alaskans," slide 2, "What is Tele-Health?" He stated that, although there were a number of definitions for tele-health, the following was pretty accurate: "the use of electronic equipment and telecommunications technology to support long distance health care and education." He shared that there were three division offices, Juneau, Fairbanks, and Anchorage, with video conferencing equipment for the weekly staff leadership meetings.

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MR. MAYES moved on to slide 3, "How do we use it?", pointing out the challenge for personal care assistance reassessments, especially for people in rural Alaska. It was far less expensive for people to be integrated into their community and its supports versus being admitted to a nursing home. He noted that, as there was a statewide responsibility for adult protective services investigations, there was a challenge for those enquiries in rural Alaska. Finally, this use of telecommunications equipment and video conferencing lowered the cost for staff training.

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MR. MAYES addressed slide 4, "Why are we using it?" He pointed out that there was a challenge to conduct the initial and annual re-assessments for personal care and waivers in rural Alaska, as 20 percent of the recipients were from rural Alaska. He shared an anecdote about a visit to a village in rural Alaska, and the difficulties for timely compliance due to weather and other

barriers. He said that tele-health equipment and partnerships with the tribal health associations and village clinics had facilitated these timely assessments and saved the state about \$100,000 since the inception of the system. He shared that, as there was a set of benchmarks to indicate whether hands-on, visual contact was necessary, the overall quality and timeliness for assessments, communications, and administration was improved.

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MR. MAYES introduced slide 5, "What have we accomplished?" He reported that there were agreements in place with three tribal partners, including Tanana Chiefs Conference. He explained that they were working together on a plan to bring more home care delivery and services to rural Alaska. He expressed an intent by the department to have all the tribal partnerships in agreement for this modality of reassessments and initial assessments. He shared that it had been necessary to develop policy and processes, evaluate the initial assessments with input from the partners and recipients, and then build a tele-health team from existing staff.

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MR. MAYES presented slide 6, "What are our next steps?" and reported that the work plan was being implemented, there was outreach to establish increased agreements with the tribal partners, and that he would talk with anyone about tele-health. Moving on to slide 7, "Why is this important to me?", he noted that the advent of technology had a huge impact on the deaf community and he shared an anecdote about his childhood in an all deaf family.

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REPRESENTATIVE TARR asked how the division accommodated language barriers, reporting that there were almost 90 languages in her district. She pointed out the problem for health care providers.

MR. MAYES, in response, explained that DHSS had contracts for interpreters, and upon assessment, local staff could use these contractors for accurate assessments. He pointed out that, although interpreters were expensive, it was too subjective to rely on a family member for interpretation and accurate assessments.

REPRESENTATIVE TARR asked how to find that information.

MR. MAYES offered to supply the information.

REPRESENTATIVE STUTES asked that this information be supplied to the committee.

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REPRESENTATIVE VAZQUEZ asked which assessments had been done in the past year.

MR. MAYES replied that the majority of the assessed individuals were in rural Alaska, and that these were primarily PCA (personal care assistance) services for reassessments. He reported that the Center for Medicare and Medicaid Services had expressed agreement with this, as DHSS wanted to use this for waivers, as well. He opined that tele-health may not be the vehicle for a very complicated assessment.

REPRESENTATIVE VAZQUEZ asked if the plan was to primarily use tele-health for the PCA program.

MR. MAYES expressed his agreement, as the department wanted to solidify its processes, and was now prepared to move forward with the reassessments for Medicaid waivers.

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CHAIR SEATON asked whether tele-health was confined solely to the Division of Senior and Disabilities Services or if other departments piggybacked on the system.

MR. MAYES said that, although it was specific to his division, he was open to access of the equipment by other directors. He noted that his division had a high volume of use.

CHAIR SEATON asked what the assessments entailed, and if they required physical components, such as blood pressure.

MR. MAYES explained that these were functional assessments, a consumer assessment tool (CAT). If it was concluded through the assessment that the individual met nursing home level of care, they were given the option for this or for home care with "some wrap around supports." He said that the activities of daily living (ADLs) dealt with self-care, and if an individual had

three ADL limitations, they would meet level of care. He pointed out that other questions would determine whether acute care was necessary, and this would determine qualification for a waiver. He declared that the assessment tool was complicated.

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REPRESENTATIVE STUTES asked whether his division facilitated coordination of care, or only performed the assessments.

MR. MAYES, in response, said that his division had 21 assessors around Alaska and performed all the assessments in the state system. He shared that 80 percent of the assessments were in urban communities. He explained that services were delivered by providers; so, after assessment and qualification for level of care was determined, a care coordinator would work with the individual to develop a plan of care, identifying the necessary services and the corresponding providers to deliver these services. He noted that DHSS paid these providers.

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REPRESENTATIVE STUTES asked for clarification whether his division also connected eligible individuals to the necessary services.

MR. MAYES, in response, said that his division did not make that connection for the specific services. He explained that the Medicaid waiver included a Medicaid care coordinator trained by the division to do the planning, work with the recipient to develop the necessary services, and then coordinate the service.

REPRESENTATIVE STUTES asked if an individual already had a care coordinator prior to the assessment.

MR. MAYES expressed agreement.

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REPRESENTATIVE TARR asked whether there were any difficulties for approval of enough time for assistance within the personal care assistance program.

MR. MAYES, in response, stated that the personal care attendant program had been a concern, and his division was working on "right sizing" the program and "getting better controls around it." He offered anecdotal evidence of some fraud in the

program, stating that his division was working in direct partnership with the Medicaid fraud control unit. He shared that the costs to the personal care attendant (PCA) program had been reduced, noting that three of the four providers suspended for allegations of fraud, were very large. He said that his division had re-written the PCA regulations, and that the provider no longer performed the assessment, as this had been determined to be a conflict of interest. He reported that the "hours of want" by an individual had been reduced to the "hours of need," noting that Alaska was "an aging state" and it was necessary to serve as many as possible with what funds were available. He explained that this was "right sizing the program" by cleaning up the waste, fraud, and abuse.

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REPRESENTATIVE VAZQUEZ asked whether there was interface with data from the Department of Labor & Workforce Development.

MR. MAYES replied that, within DHSS, each individual providing services had a renderer number to track the hours of care provided, which had enabled the identification of some fraud.

MR. MAYES, in response to Representative Vazquez, said that the Division of Health Care Services was monitoring this, and he suggested that its director, Margaret Brodie, could better discuss the details about the enterprise system.

REPRESENTATIVE VAZQUEZ asked about the adult protective services' lack of a mechanism for tracking down PCA past offenses.

MR. MAYES replied that the division had contracted for a new case management system, and part of this was an integration system. He referenced a centralized intake system.

REPRESENTATIVE VAZQUEZ asked about the number of software databases and programs currently being used by his division.

MR. MAYES expressed agreement that it had been very high in the past, but he was unsure of how many there were currently, although it had been whittled down. He explained that each division had representation on an IT governance committee, so every new system had to be vetted through this committee, with the understanding that any existing systems would be used if capable of addressing the need.

REPRESENTATIVE VAZQUEZ asked about the number of employees in quality assurance.

MR. MAYES, in response, said that was he was very aware of the importance of quality assurance. He relayed that there was a quality assurance unit with 7 or 8 staff, which had received a lot of cross training for investigations.

REPRESENTATIVE VAZQUEZ asked how many referrals there were to the Medicaid Fraud Control unit during the past fiscal year.

MR. MAYES, in response, reported that the division had kept the Medicaid Fraud Control unit very busy, but he did not know how many suspensions from providing services or administrative sanction cases there had been.

CHAIR SEATON suggested that the committee submit requests to the division for specific details.

HB 39-PUBL EMPL HEALTH INS; WELLNESS COMMITTEE

[3:46:34 PM](#)

CHAIR SEATON announced that the next order of business would be HOUSE BILL NO. 39, "An Act establishing the Advisory Committee on Wellness; and relating to the administration of state group health insurance policies."

Chair Seaton passed the gavel to Vice Chair Vazquez.

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The committee took a brief at-ease.

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CHAIR SEATON, as the bill sponsor, introduced HB 39, and paraphrased from the sponsor statement, which read, in part [Included in members' packets]:

HB 39 requires the Commissioner of the Department of Administration to implement procedures for decreasing the incidence of disease in Alaska in order to hold the inflation of healthcare costs of active and retired Alaska state employees to 2 percent per year.

HB 39 creates an Advisory Committee on Wellness which is charged with making recommendations to the Commissioner of Administration on ways to decrease the incidence of disease in Alaska.

CHAIR SEATON directed attention to Section 1 of the Sectional Analysis [Included in members' packets] and explained that the legislative findings and the intent language state that we can prevent disease by lowering the incidence of disease, and that prevention will slow the rate of health care cost in the state. He referenced House Concurrent Resolution 5, passed unanimously in 2011, which called upon the governor to use prevention of disease as the primary model of health care by making people aware of prevention strategies, including Vitamin D use. He stated that the previous administration had not pursued this goal, but he was hopeful that the current administration would work toward this. He moved on to Section 2 which required the Department of Administration (DOA), to the extent legally and reasonably practical, to implement the recommendations of the Advisory Committee on Wellness and reduce the annual escalation of health care costs to no more than 2 percent.

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CHAIR SEATON explained that Section 3 listed these same requirements to be applied for self-insurance and excess loss insurance. In Section 4, the Advisory Committee on Wellness in the Department of Administration was established, requiring the DOA to respond within six months to the recommendations. He allowed that there had been an advisory committee in the past, but there had not been any requirement for accountability to address the recommendations. He pointed out that a similar panel, the Citizens Review Panel, made suggestions to the Office of Children's Services in the Department of Health and Social Services. The department was required to respond to these recommendations, and it was this accountability structure that he wanted to duplicate in Section 4 of the bill. The proposed bill did not mandate anything except a wellness committee that would make recommendations to DOA to the extent legally and reasonably practical to lower the escalating health care costs. He allowed that he had focused on Vitamin D and the many studies that showed its ability to prevent disease. In the proposed bill, this committee would be established to focus on state workers and retirees, as the state has a contractual relationship with them. Directing attention to slide 2 of a PowerPoint presentation titled "HB 39 Prevention of Disease Decreasing the Alaska Healthcare Liability," he referenced the

huge estimated annual growth in costs for healthcare liability. Moving on to slide 3, he pointed out that \$3.8 billion was related to the unfunded liability for PERS/TRS health care because the contribution rates had been established for an estimated 2 percent annual growth in cost. All the cost beyond this 2 percent was an unfunded liability. He opined that it was possible to keep the growth under 2 percent, and this could eliminate the \$3.8 billion of unfunded liability. He stated that there were more than 17,000 active state employees and 64,000 retired employees and dependents covered by the State of Alaska health care, slide 4, "Why are we here?" Moving on to slide 5, "Alaska's Health-Care Bill: \$7.5 Billion and Climbing," he pointed to Government Employees, Other, and Medicaid Expenses as the target areas for proposed HB 39, pointing out that more than 60 percent of health care dollars were spent on hospital care, clinical services, and doctors, as shown on slide 6. Moving on to slide 7, he asked the question: "How can we avoid disease and prevent illness instead of just paying for sick care?"

CHAIR SEATON directed attention to slide 8, "Active Plan," and pointed to the studies that showed 66 percent of the total grouping of diseases directly related to low Vitamin D. Slide 9, "Retiree Plan," also reflected on diseases with studies that reflected responses related to low Vitamin D.

CHAIR SEATON moved on to slide 10, "Meta-analysis of breast cancer risk," which showed five different studies stating that the meta-analysis showed a 50 percent reduction, while a Grassroots Health clinical trial of women above age 60 showed there was a 75 percent reduction for breast cancer, when Vitamin D levels were 50ng/ml or above. On slide 11, he noted that the monetary savings for a 50 percent reduction of breast cancer would save more than \$3 million annually, and a 72 percent reduction of breast cancer would recognize a \$4,355,000 savings.

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CHAIR SEATON directed attention to slide 12, "Meta-analysis," which depicted a 50 percent reduction in colorectal cancer when Vitamin D levels were 34 ng/ml, even lower than breast cancer. Reviewing the costs on slide 13, a 50 percent reduction in colorectal cancer would save about \$2 million each year. Moving on to slide 14, "Type 2 Diabetes," a clinical trial showed the NHANES (National Health and Nutrition Examination Survey) in 2006 showed the new incidence of Diabetes to be 8.5 per thousand people, whereas an average of 48 ng/ml showed an average of less

than 1 incident per thousand people. He pointed out that this was a 90 percent reduction in type 2 Diabetes. He pointed to the cost savings, slide 15, which reflected more than \$4 million in savings with a 90 percent reduction, and almost \$2 million savings for a 38 percent reduction in Type 2 Diabetes.

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CHAIR SEATON moved on to slides 16 and 17, and discussed the incidence of pre-term birth in Alaska. He shared that March of Dimes was working on lowering the rate of pre-term birth to 9.3 percent, while an eight year study in South Carolina sponsored by the National Institutes of Health (NIH) suggested that the use of Vitamin D could reduce this to 7 percent, a 32 percent reduction from the current rate in Alaska. He reported that the savings in Alaska could be about \$1,300,000 per year. Directing attention to slide 18, "Upper Respiratory Tract Infections," he allowed that, although not expensive diseases, studies showed that there were 50 percent fewer infections, including pneumonia, tuberculosis, flu, and colds, for those who had a higher level of Vitamin D. He declared that this could be very significant for Alaska. He spoke about "inflammatory gum disease," slide 19, reporting that the body protected against most inflammation by laying on plaque, and pointed out that 80 percent of gingivitis was eliminated in 90 days when Vitamin D use was more than 2000 IU/day. He shared that, as heart disease also started from inflammation, this study on gingivitis could be a good indicator of how increasing Vitamin D levels could save a lot on other diseases, as well.

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CHAIR SEATON pointed to slide 20, "House Bill No. 39," and focused on Section 2 of the proposed bill, slide 21, which read in part: "to the greatest extent legally and reasonably practicable..." He declared that the proposed bill was not trying to mandate anything, instead proposing to move forward with better health to help lower the annual rate increase of health care cost.

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REPRESENTATIVE FOSTER stated that he would like to have someone from his district appointed to the proposed advisory committee, and asked how regions for the committee would be delineated.

CHAIR SEATON replied that there was not any guideline for regional appointments and, as it was a volunteer position, any interested persons would be welcome to apply.

REPRESENTATIVE FOSTER, in reference to the best, new, and innovative practices, asked for suggestions on how information about the benefits of adequate Vitamin D could become more mainstream.

CHAIR SEATON clarified that the aforementioned wellness committee would be at least seven members, and it could be expanded. He suggested that the proposed committee could meet telephonically, in order to save travel expenses. He expressed his hope that the proposed bill would engage the state workforce. He opined that public recognition and understanding for such a dramatic decrease in a variety of diseases would lead to an increased use of Vitamin D. He pointed out that, although the federal government already mandated that Vitamin D be added to milk to aid in the prevention of rickets, the proposed bill did not include any mandates. He suggested that generating talk in the communities, villages, and town councils would go a long way toward broadening the education, and would lead to a healthier Alaska.

REPRESENTATIVE FOSTER noted that the proposed advisory committee had a zero fiscal note. He added that he would tout Vitamin D in his next constituent newsletter.

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REPRESENTATIVE TARR referenced an existing informal wellness committee within DOA, and she asked if the proposed committee would transition this existing committee toward more permanence. She stated that it was obvious how this would work for state health plan beneficiaries, but asked how the recommendations from the wellness committee would influence Medicaid recipients.

CHAIR SEATON, in response to Representative Tarr, opined that the current informal committee had been less active over time, as there was not any formal committee report or response necessary. He compared this to the effectiveness from the Citizen Review Panel report to the Office of Children's Services, with its requirement of a response from DHSS. He offered his belief that expensive recommendations could come to the committee, which may not be possible for the administration and the department to utilize. He noted that, however, there could also be huge benefits at very little cost. He offered a

few incentive ideas, which included a co-pay and agreement to increase Vitamin D, pointing out that ideas which did not require a big change in your lifestyle were much easier to attain.

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VICE CHAIR VAZQUEZ declared that she was a big fan of wellness and prevention, and that she was delighted to see the proposed bill come before the committee. She asked how to get the concept for the importance of Vitamin D to the Medicaid population, acknowledging that there could be many complex issues. She suggested that Legislative Legal Services could offer guidance.

CHAIR SEATON suggested that, as the Alaska state employees and retirees addressed in this bill were almost 10 percent of the population, the Department of Administration lowering healthcare cost escalation would be instrumental in leading the Department of Health and Social Services to take this approach, as well, which is where the Medicaid population would be impacted. He opined that other employers throughout Alaska would also respond to any savings. He directed attention to a study for presenteeism and its impact on work productivity [Included in members' packets].

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REPRESENTATIVE TARR suggested that care coordination for pharmaceutical use by Medicaid recipients in other states could be a model.

CHAIR SEATON shared that many of his constituents had declared appreciation for this information.

VICE CHAIR VAZQUEZ added that this was also a "compassion issue."

REPRESENTATIVE TALERICO reported that an Alaska labor organization had instituted a wellness policy that required physical examinations, and that the rate of co-pay was increased if healthy attributes were not attained. He opined that it was necessary to improve the cost effectiveness in order to continue to pay for services, especially during times of budget constraints.

CHAIR SEATON stated that it was good to have Vitamin D levels checked, and he shared that DOA had been more receptive than DHSS in the recent past for the financial impact from prevention. He relayed that soft tissue responded best to daily doses of Vitamin D, which only had a 24 hour half-life. He noted that there was sufficient data for the ingestion of various amounts of Vitamin D, and that it had been shown to be most effective for 83 percent of the people to be above 40 ng/ml of Vitamin D.

CHAIR SEATON, in response to Representative Foster, directed attention to page 2, line 24, of the proposed bill, which stated its goal to slow the escalation of health care costs to less than 2 percent annually by administering the policies.

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REPRESENTATIVE WOOL asked for clarification that the proposed bill would set up an advisory committee on wellness to guide the administration, and that this would be enforced through group health insurance to increase the overall health of its recipients. He asked if there would be other healthy recommendations from the advisory committee.

CHAIR SEATON expressed his agreement, noting that there could be many simple solutions. He shared that previously there had been a focus on exercise as a solution. He reported that the aforementioned studies were an example that would allow numbers and percentages to be put on "this pretty simple and cheap thing that we could do for Alaskans."

REPRESENTATIVE WOOL mused that research supported that it was necessary to get people to take Vitamin D daily and maintain that level, although a big part of the issue was to "get people educated about it."

CHAIR SEATON expressed his agreement that compliance was difficult, even as the Vitamin D studies showed a decrease in fatigue, pain, and bone breakage. He pointed to six new studies which showed that the rate of dementia and Alzheimer's was cut in half with a good level of Vitamin D. He stated that sharing this information in newsletters would allow a better understanding of the benefits, and would help with compliance.

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Vice Chair Vazquez returned the gavel to Chair Seaton.

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REPRESENTATIVE FOSTER asked if someone from Department of Administration would coordinate the proposed wellness committee.

MICHELE MICHAUD, Chief Health Official, Division of Retirements and Benefits, Department of Administration, replied that currently there was a wellness coordinator who chaired the committee, and she opined that, at the least, the wellness coordinator would serve on the committee, if not serve as the chair. In response to Representative Tarr, she said that the wellness newsletter was sent electronically to active employees and posted on Facebook for the retired employees. She pointed out that many retired employees did not use electronic means, and, as postage was expensive, the department was somewhat limited in the frequency for its communications with the retiree population.

REPRESENTATIVE TARR offered to include the information in her newsletters.

REPRESENTATIVE VAZQUEZ asked Ms. Michaud for her opinion to consideration of an amendment to the proposed bill which would require an annual report be sent to the Alaska State Legislature from both the advisory committee and the DOA.

MS. MICHAUD offered her belief that this would not change the fiscal note.

[4:38:02 PM](#)

CHAIR SEATON asked if the Department of Administration had reviewed the proposed bill other than for the fiscal note, and if so, was DOA supportive of it.

MS. MICHAUD said that DOA supported wellness and wellness measures, but there were challenges to hold under an annual 2 percent cost growth.

CHAIR SEATON clarified that, although this was a goal, exceeding the 2 percent was not a violation of the proposed statute.

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CHAIR SEATON opened public testimony.

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CHAIR SEATON, in response to Representative Foster, said he would like to hold the bill until the committee meeting on February 5, as there would be further testimony for lowering health care costs.

REPRESENTATIVE VAZQUEZ noted that her research, while working on her MBA in health care services administration, showed that wellness programs were often very effective in cost savings.

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ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:41 p.m.