ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
March 17, 2015
3:02 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Neal Foster

COMMITTEE CALENDAR

PRESENTATION: MEMORY CARE & EDEN PHILOSOPHY

- HEARD

DISCUSSION: MEDICAID EXPANSION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

VICKIE WILSON, Acting Director
Central Office
Division of Alaska Pioneer Homes
Department of Health and Social Services
Juneau, Alaska
POSITION STATEMENT: Presented a PowerPoint titled "Memory Care & Eden Philosophy" during a presentation by the Alaska Pioneer Homes.

GINA DEL ROSARIO, Administrator
Juneau Pioneer Home
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Spoke during the PowerPoint presentation by the Alaska Pioneer Home.

CAITLIN TEASTER
Social Services Program Coordinator
Division of Alaska Pioneer Homes
Department of Health and Social Services
Juneau, Alaska
POSITION STATEMENT: Answered questions during the presentation by the Alaska Pioneer Homes.

ACTION NARRATIVE

3:02:25 PM

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

Presentation: Memory Care & Eden Philosophy

3:02:51 PM

CHAIR SEATON announced that the first order of business would be a presentation by the Alaska Pioneer Homes.

3:04:10 PM

VICKIE WILSON, Acting Director, Central Office, Division of Alaska Pioneer Homes, Department of Health and Social Services, reported that she had "been working in the field of aging for the past 30 years," primarily working with individuals with some form of dementia. She asked how many in the audience had a family member with dementia, or had been a care giver.

MS. WILSON explained that Alzheimer's Disease was a progressive disease that destroyed the memory and other important mental functions, and that it was one of the more common causes of dementia currently being diagnosed. She emphasized that this was a degenerative disease that would result in death, although it could go on for many years. She stated that almost 75 percent of the residents of the Alaska Pioneer Homes had some form of memory impairment, at least 50 percent had Alzheimer's Disease, and that, as most had previously been in their own

homes receiving community based care, they had a more advanced stage of dementia. She directed attention to a PowerPoint titled "Memory Care & Eden Philosophy," and spoke about slide 1, "Alzheimer's and Dementia." She reported that these advanced stages of the disease were often more aggressive, with more wandering outside the home without knowing where they were, hence the transition into the Pioneer Homes. She shared that patients often perfected "cocktail conversations," superficial conversations with no depth which masked the disease.

3:08:45 PM

MS. WILSON moved on to slide 2, "Transition to Memory Care," and reported that the Alaska Pioneer Homes had begun this transition to memory care in 1996. She explained that, although there was a skilled nursing level in the facilities, there was not any care for advanced cases of dementia so that people were sent to facilities with no family or friends nearby. The Division of Alaska Pioneer Homes changed its course to include care for Alzheimer's Disease, and created specialized neighborhoods in the Pioneer Homes which were more secure and cozy, creating a sense of home. She reported that, as this specialization lead to taking on higher risk individuals, the outer doors in all the homes were then alarmed to provide protection to all the homes. She detailed that activities were tailored to focus on their abilities for success, which allowed individuals to more easily reconnect with their family members. She said that some of the traditional methods of memory care for patients had included the use of anti-psychotic drugs as well as physical restraint, declaring that "basically they were warehoused" with no programs or activities for individuals. She directed attention to slide 3, "Alternative Methods of Memory Care," noting that shortly after the Pioneer Homes accepted dementia care as part of its mission, the Eden Philosophy was introduced into the Pioneer Homes. She declared that, as Alaskans were more progressive in their thoughts and ways in which things were handled, the focus had already begun for person centered care and getting to know the people. She relayed that the environments had been made more stimulating and cozy, animals were moved in, and the residents became a part of their own care. She declared that a key factor was to "know who the person was," noting that the homes had people from all walks of life. She reported that a goal for the staff was to understand who the person was and what was their history.

3:17:01 PM

GINA DEL ROSARIO, Administrator, Juneau Pioneer Home, Department of Health and Social Services, stated that the Eden Alternative Philosophy had inspired all of the staff to transform the environment for the elders and care partners, slide 4, in order to promote a truly home like environment. She declared that there were no more nursing stations, which had been replaced by tables and chairs, dubbed the "hot spot plaza" for reading newspapers and having coffee and donuts. She shared that the staff stayed away from wearing uniforms to instead promote a home like environment, with the ultimate goal for elimination of the three main issues for elders: boredom, loneliness, and helplessness.

MS. WILSON interjected that these issues were considered the plagues of any nursing care.

MS. DEL ROSARIO explained that the transformation included bringing plants, cats, dogs, and children into the Pioneer Homes, as the purpose was to promote intergenerational contacts. She emphasized that this also promoted respect for the elders, reminding everyone that, first and foremost, they were individuals with unique identities. She pointed out that, even with dementia, many of the patients still had memories of those happy days. She shared that the staff tried to get to know the likes and dislikes of the patients, what were they most proud of, what made them happy or mad, and what was their favorite food, as those individualities allowed for a person centered approach. She declared that the environment promoted continued growth. She offered an anecdote of a resident who had arrived only with thoughts of death, but had then realized how much life there was within the Pioneer Home. She stated that the residents were given autonomy for many of their decisions.

MS. WILSON reported that the residents of all the homes were allowed to be out in the community, often sharing their own insights for places to eat or visit. She said that it was important to maintain interactions to slow the advancement of the disease.

3:25:05 PM

MS. DEL ROSARIO emphasized the need for residents to have choices, so they would feel freedom within the Pioneer Home, as it was important for each individual to continue to explore. She directed attention to slide 7, and stated that residents needed a sense of security, to feel safe. She stressed that, no

matter the imparity of memory, the basic [needs] do not change: respect, love, and genuine care.

MS. WILSON shared that, for many people who had been living on the street, at the end of their lives, if they were given respect it could change their whole life.

MS. DEL ROSARIO stated that the residents could feel whether the care was genuine, regardless of the stage of dementia, as those feelings could transcend. She noted that the staff worked to provide opportunities for the residents to enjoy life, slide 8, pointing out that the residents freely offered words of wisdom. She declared that there were many ways to make a positive impact to people with Alzheimer's Disease without resorting to medication.

MS. WILSON shared a story about a truck stop with incredible pies and milkshakes where the residents would visit, slide 9, "Enjoying a Special Treat."

MS. DEL ROSARIO moved attention to slide 10, and emphasized that the person centered approach had been practiced for many years, as well as relationship building and continuing education for care partners and families. She said that providing events and activities to make life more enjoyable, to make people grow, and to inspire the elders were all very important.

MS. WILSON said that each of the homes had different community provided services, which included river tours, cruises, and a variety of community involvement. She lauded the core of thousands of volunteers that helped provide entertainment in the homes.

MS. DEL ROSARIO shared slide 11, stating that two of the homes had started using music to inspire and promote awareness. She said that the staff would learn the residents' favorite music, and record these on i-pods with headsets. She concluded with slide 12, "Pioneers' Home Mission," and read: providing elder Alaskans a home and community, celebrating life through its final breath." She said that she could not over-emphasize their gratefulness that the great State of Alaska continued to honor its elders by continuing to provide this program of support to the people who contributed so much to Alaska.

MS. WILSON said that it was a blessing.

MS. DEL ROSARIO shared that working at the Alaska Pioneer Home was a great way for her to honor her dad, to give back and make a difference. She added that her sister had also worked for the past 10 years at the Pioneer Home in Ketchikan, Alaska.

3:35:46 PM

REPRESENTATIVE STUTES commented that she was a recent past president of the Pioneers of Alaska of Kodiak, and that she had a lot of exposure to people with family in the Pioneer Home, declaring that it was "a tremendous gift to the people of this state."

MS. WILSON said that there had always been a strong involvement with the pioneers in Fairbanks.

REPRESENTATIVE WOOL asked how many pioneer homes there were in Alaska.

MS. WILSON replied that there were 6 homes, with about 499 beds.

CHAIR SEATON asked if there was a waiting list.

MS. WILSON replied that the beds varied as to the levels of care, and that there were not enough beds to meet the needs for the higher level of care. She reported that the Pioneer Homes across the state were about 90 percent full, and that the wait list varied per community. She said that there were more than 5,000 people on the inactive waiting list, each of whom were at least 65 years of age with at least one year of residency in the state. She said that the application date set each person's time to be added. She relayed an anecdote about living in the home you were managing.

MS. DEL ROSARIO added that collaboration and communication with the families, volunteers, and staff was a very important factor for successful care of the elders. She relayed that "it truly takes a community to raise an elder." She encouraged everyone to sign up for the Alaska Pioneer Homes when they reach 65 years of age so they have their priority date set.

REPRESENTATIVE TARR reflected on the recent recognition of a need to the higher level of care for aging populations. She asked about early intervention services, specifically through Medicaid Expansion, and if these were opportunities to assist in a delay of the onset for the more severe symptoms.

MS. WILSON offered her belief that community based services, including in-home and respite care, were growing. She pointed out that the Medicaid waivers provided those services. She declared that approximately 50 percent of the residents at the Pioneer Homes were able to afford the care. She opined that Medicaid Expansion would offer a waiver to allow diagnosis of the disease, and then also qualify for eligibility to the services waiver.

CHAIR SEATON asked about the active wait list, as opposed to the inactive wait list.

MS. WILSON estimated that there were about 400 people on the active wait list, although it varied from home to home. She said that the shortest active wait list was 20 people at one home; whereas, the longest active wait list was about 90 - 100. She pointed out that this was most often for the highest level of care, and that the beds at that level did not empty out very quickly.

CHAIR SEATON asked for the probable length of time from the active wait list to admission.

MS. WILSON replied that this depended on the date a person signed up, noting that some people needed specialized care as they were at risk for leaving the facility. She reported that the current active wait list in Fairbanks and Juneau was 4 - 5 years.

MS. DEL ROSARIO shared that Sitka historically had shorter times on the active wait list, adding that the vacancies were also dependent on male or female, as opposite sexes were not allowed to share a room, unless they were a couple.

CHAIR SEATON asked if the wait list was for a home in a specific location.

MS. WILSON replied that the application included a list for home placement by priority, as well as the option to be placed on all five Pioneer Home waiting lists. She noted that many people did not want to live that far from their home. She pointed out that veterans were given a priority for 75 percent of the beds at the Palmer Veterans Home.

CHAIR SEATON asked if the Mediset issue regarding individualized prescription packaging had been resolved.

MS. WILSON replied that there had been a change which had allowed for individual packaging. She relayed that this was done by a pharmacy within the system.

REPRESENTATIVE TARR asked if the Palmer Pioneer Home model for veteran preference was being looked at in other homes.

MS. WILSON explained that, as the Veterans Home did give preference, any changes to the system on a larger scale would require discussion for those limitations. She relayed that this had been discussed a long time ago.

3:49:05 PM

CAITLIN TEASTER, Social Services Program Coordinator, Division of Alaska Pioneer Homes, Department of Health and Social Services, replied that it would require 75 percent veteran occupancy to be included as a Veterans Home, which would cut off a lot of Alaskan pioneers. She shared that there had been discussion for changes to sections of each home, weaning toward larger veterans occupancy, and thereby allowing access to Veterans Administration funding.

REPRESENTATIVE TARR acknowledged that, as Alaska had an aging population and the largest veterans population per capita, it was good to have discussions regarding opportunities to provide good care to elders.

CHAIR SEATON reiterated that, although no one was exempt from Alzheimer's Disease, the primary focus of the House Health and Social Services Standing Committee was for prevention of disease. He directed attention to a series of eight different peer reviewed scientific studies between 2013 - 2015 which reviewed the delay of onset and the prevention by at least half for the occurrence of dementia and Alzheimer's Disease. He shared that the community should be made aware that there were things that could be done to slow down the onset.

MS. WILSON replied that she was aware of several of the studies, and that the Pioneer Homes did Vitamin D blood draws on its residents, and that supplements were offered by the providers.

CHAIR SEATON said that there was a new study from Sweden for the geographic distribution of Alzheimer's Disease, noting that the rate of the disease increased the further north. He pointed out that Sweden was at a similar latitude to Alaska. He said that it was not being suggested that there was a single cause. He

expressed his support for nutritional sufficiency in the Pioneer Homes.

3:53:46 PM

The committee took a brief at-ease.

Discussion: Medicaid Expansion

3:54:19 PM

CHAIR SEATON announced that the next order of business would be continuation of earlier discussions on Medicaid Expansion. He shared future plans for ongoing presentations and discussion.

REPRESENTATIVE TARR referenced a one page memo of suggestions, which included, super utilizers and over utilization of the emergency rooms. She offered her belief that this issue should be focused upon as it offered the opportunity to discuss successful reforms already started and how these reforms can be built upon to bring more efficiency to the program and reduce costs. She reported that the issue for super utilizers first came to light during a presentation to the House Finance Committee early last year, and she offered an example of an individual super utilizer who added extra costs from these emergency room visitations. She reminded the committee that the presentation by Commissioner Davidson had discussed the early success for this as one of the current reform measures, with a goal for expansion to address more individuals that were super utilizers. She said that this would accomplish several things, citing "the right care, at the right time, for the right price." She declared that this was a great opportunity to build this component into the Alaska health care system. She suggested that this could incorporate the patient centered medical home model, a more holistic approach to overall health needs which was the right type of care and less costly. She offered her belief that several million dollars had already been saved, with a future savings target of a few million dollars more. She asked about a report that Chair Seaton had requested from Legislative Research Services.

CHAIR SEATON offered his belief that many minds would need to work together for a solution to super utilizers, to get these super utilizers to understand that there was better health care in a more appropriate environment. He reminded the committee that signups for Medicaid would be voluntary, as it was not mandated.

4:01:19 PM

REPRESENTATIVE TALERICO asked about the potential for Medicaid payments to help people purchase private insurance.

CHAIR SEATON suggested that this question be submitted to Department of Health and Social Services. He asked that any articles be shared with the other committee members. He stated that they were looking for a solution to fill the gap in Medicaid coverage created by the U. S. Supreme Court.

REPRESENTATIVE TARR offered her belief that this was taking place in some other states, possibly Arkansas, and that it was possible to apply for a waiver. She mused that some states had not negotiated the correct waiver, suggesting a discussion for the metrics to the correct waiver for Alaska. She relayed that the overall goal was to bring down the rates for private insurance payers.

CHAIR SEATON noted that insurance for people who have not had insurance was a high cost model, especially if there was not the 90, 95, and 100 percent reimbursement from the federal government. He declared that expensive care in Alaska was a problem and there needed to be a way to reduce the cost of care. He questioned whether super utilizers were also found in Rural Alaska.

REPRESENTATIVE TARR reflected on the aforementioned report on super utilizers, stating that 25 percent of them lived in her constituency neighborhoods. She relayed that a look at where people live and where the bus route was could help determine these neighborhoods, especially when a hospital was on the bus route as it was the only form of transportation for many of the super utilizers. She shared that there was a proposal to open a primary health care clinic in one of her neighborhoods, but she questioned whether Medicaid would pay for those individuals' services.

CHAIR SEATON pointed out that whereas hospitals were required to offer charity care, primary clinics were not required to do so. He shared that the hospital in Homer had bought two of the local clinics.

REPRESENTATIVE TARR reflected on individuals trying to access mental health care services through the hospital emergency rooms and other facilities "not well situated to provide that kind of

care." She questioned whether this situation would change if there was Medicaid Expansion to allow for access to other health care services.

CHAIR SEATON opined that this was a big issue in Medicaid Expansion, as it required parity for mental and physical health treatment. He commented that, as there were a lot of Alaskans with behavioral health issues, it would be interesting to see how those services were brought up and running to serve the needs of an expanded population.

4:10:09 PM

REPRESENTATIVE WOOL reported a result of the closure of mental health facilities in many states was for a lot of the mental health population ending up in jails, where there was not any treatment, and which only incurred more state debt. He expressed hope that there would be some relief of stress to the prison system in Alaska if those incarcerated primarily for mental health issues could be treated outside the system, with Medicaid making the payments.

REPRESENTATIVE TARR pointed to potential savings in the corrections budget, as incarceration was not the best treatment for individuals with mental health issues. She declared that she was passionate about showing a greater respect and care for neighbors with these mental health challenges. She shared that an individual without access to primary care and specifically access to the services for medication, could not be well regulated in their behaviors which often lead to confrontations with the legal system, and then back into corrections. She reflected on the cost to each of these systems while dealing with this problem, suggesting that these dollars could be better spent. She declared her passion to better meet the needs of people for improving health outcomes, and allowing Alaskans to live better lives. She relayed that it often took several times for an individual to deal with breaking a serious addiction, and that going to jail did not support this. She suggested that outcomes would be much improved if there was earlier intervention with "a good strong support network and social safety net programs."

4:15:44 PM

CHAIR SEATON reported that he had met with the commissioner of the Department of Corrections (DOC). He declared that there was not any data regarding nutritional deficiency and an adequate

supplement for the hormone against depression which also regulated the immune system, Vitamin D. He lauded the Alaska Pioneer Homes for recognition to the necessity of Vitamin D. He reported that there was currently data which looked at all the worldwide randomized control trials on Vitamin D without any biological flaws in the data. He stated that these trials found that raised Vitamin D levels had the same overall effect to the population as anti-depressant drugs. He pointed out that, as these drugs were considered an adequate treatment, something else that people could manufacture though their own skin should be addressed. He declared the need to provide adequate nutrition in the corrections system. He said that only one bad interaction between an officer and an inmate, either suffering from depression from inadequate Vitamin D, would cost more than an entire budget to pay for Vitamin D for everyone. He said that there was not any data that said that it was good for people to be kept in a deficient state of Vitamin D. He declared that he would bring this issue to discussions about corrections and ways to keep the prison population lower.

4:19:45 PM

REPRESENTATIVE TARR read from a case that the U. S. Supreme Court was considering: "if the Supreme Court rules against subsidies, any exchange not operated by the state itself will lose the ability to help people pay for their health insurance." She stated that this would impact Alaska, as Alaska had chosen not to do its own state exchange, but had, instead participated in the federal exchange. She relayed that, in 2014, 88 percent of the people who enrolled on the exchange received subsidies and that should Medicaid Expansion not become a reality for Alaska, it was not known what would happen to Alaskans if the U. S. Supreme Court ruled against the subsidies. She declared that it was necessary to understand the impacts of this court case on those people who were already receiving subsidies.

CHAIR SEATON clarified that the subsidies for private insurance was not the proposed Medicaid Expansion population. He stated that if this was not worked out, it was unknown "how the system might fall apart if all of those that are getting subsidies in private insurance are no longer able to do that."

REPRESENTATIVE STUTES asked for a definition of the exchange.

REPRESENTATIVE TARR explained that it was the federal market place, as the State of Alaska had not created its own exchange. She pointed out that Alaskans buying health insurance as a

result of the Patient Protection and Affordable Care Act was usually done through this federal exchange. She directed attention to those people eligible for a subsidy with an income that was 100 - 400 percent of the federal poverty level, whereas anyone below 100 percent were not eligible. She acknowledged Chair Seaton's definition that Medicaid Expansion would cover people below 138 percent of the federal poverty level. She asked about people in the 100 - 138 percent of the federal poverty level who were eligible for a subsidy through the exchange, but could not afford to purchase health insurance if the subsidy was discontinued.

CHAIR SEATON said that this should be answered at the upcoming discussion on Medicaid as he was also unsure of the answer.

4:23:29 PM

REPRESENTATIVE WOOL acknowledged that he had bought health insurance through the federal exchange and that it was subsidized so what would otherwise be expensive insurance was more affordable. He shared that losing the subsidy would affect those with lower income, offering his belief that "it would really turn the health care world on its head. They'd have to redo the whole thing."

CHAIR SEATON pointed out that this was not the Medicaid population, except for the possibility of those in the window between 100 - 138 percent of the federal poverty level.

REPRESENTATIVE TARR asked whether an individual who had purchased health care would return to being a super utilizer if there was not any Medicaid Expansion and no health exchange subsidy. She questioned this cost to the system.

CHAIR SEATON said that it was a known cost prior to the Patient Protection and Affordable Care Act, so that, even with repeal of the exchange, an expansion of Medicaid would still cover that lower income population.

REPRESENTATIVE WOOL shared discussions he had heard that Medicaid Expansion could create a disincentive for increased employment, as this could remove eligibility for Medicaid, even though the federal subsidy [through the Patient Protection and Affordable Care Act] would still keep health insurance affordable. He allowed that there could be some truth to this dependent upon the outcome of King v. Burwell.

4:28:53 PM

REPRESENTATIVE TARR declared that Alaska was an aging state, with a "silver tsunami" heading in its direction, as Alaska had the fastest growing senior population [in the country]. She expressed her agreement that there must be a focus on prevention and early intervention. She noted that preventative care was required under the Patient Protection and Affordable Care Act, pointing out that this was much less expensive, especially for home and community based services, and she expressed her desire that the state policies reflect the commitment to elders. She offered her belief that the state had previously not done a good job for low cost services.

CHAIR SEATON reflected on discussions of prevention and studies regarding delay in the risk of occurrence and the rate of Alzheimer's Disease.

REPRESENTATIVE VAZQUEZ said that [Medicaid] expansion only provided Medicaid for those aged 18 - 65 years, and that, as anyone younger than 65 years was not elderly, she was unclear for the statement regarding Medicaid providing more services to seniors. She declared that seniors were covered by Medicare. She expressed her serious concern for the costs and equities with a possible expansion. She relayed that the current group of eligible individuals were funded with a federal match of 50 percent and that the expansion population would include a younger population funded at much higher levels, which would be progressively reduced to a 90 percent federal match. She declared that there would be a temptation to cut back on the first eligible population, the elderly and disabled, as they were only funded at 50 percent federal match. She stated that there would also be pressure as there was a shortage of providers, especially for Medicare patients. She opined that, as Anchorage had a shortage of providers, it would take months for an elder on Medicare to get care. She stated that there were equity issues with expansion, as the veterans' and the elderly would have less benefit.

CHAIR SEATON suggested that it would be best to take each of these issues one at a time. He noted that Medicaid Expansion would create a population that was healthier when it reached eligibility for Medicare, as they would have had health care. He clarified that it had not been proposed for Medicaid to take over Medicare.

REPRESENTATIVE VAZQUEZ replied that many issues were being researched regarding Medicaid and Medicaid Expansion. She said that some studies were counter intuitive, that the Medicaid population, even though they have access to care, "may not do better overall in health."

CHAIR SEATON asked that this information be shared with the committee. He suggested addressing whether Medicaid Expansion would influence the population which currently received a 50 percent reimbursement. He opined that it was not being proposed to expand coverage into that program. He questioned how this program would influence Medicare for its adequacy of care.

REPRESENTATIVE WOOL offered his belief that people over 65 years of age could still get Medicaid, dependent on their financial situation. He opined that there was also an asset, as well as an income, parameter.

CHAIR SEATON stated that the Department of Health and Social Services would discuss the integration of Medicaid and Medicare in an upcoming committee meeting.

4:39:44 PM

REPRESENTATIVE TARR stated that an advantage of Medicaid Expansion was that more people had more access for a longer period of their life, and she spoke about the benefits for preventative services and the continuum of care. She offered an example of adult onset diabetes, that the corresponding issues were less problematic and less costly if addressed earlier.

REPRESENTATIVE VAZQUEZ said that people with no income or low income were able to go the Anchorage Neighborhood Clinic, and were charged on a sliding scale based on income. She stated that there was some health care available, and she acknowledged that it could be made better.

REPRESENTATIVE VAZQUEZ expressed her concern for the projected cost to Medicaid Expansion, stating that it was the biggest driver in the state budget.

CHAIR SEATON asked if she was referencing the chart, "The Bottom Line:" [Included in members' packets] put together by the Lewin Report.

REPRESENTATIVE VAZQUEZ explained that she was addressing the projected costs by the Lewin Group, Evergreen Economics, and the

projected state savings by the Department of Health and Social Services. She offered her belief that the cost to the state was unknown, and that it was necessary to be "extremely careful." She suggested that, from the experience of other states, a change and flexibility to the program was not necessarily allowed. She cited some examples.

CHAIR SEATON offered his understanding that there was a letter to the State of Alaska which itemized the repayment schedule and the ramp down procedure should the state decide to withdraw from Medicaid Expansion. He offered his belief that the state would be able to opt out if it supplied a transitional plan.

REPRESENTATIVE TARR referenced the history of eligibility for Denali Kid Care with its original basis on 200 percent of the federal poverty level, which was subsequently lowered to 175 percent of the federal poverty level, then had its income levels frozen, which were later unfrozen, although the attempt to move the basis back to 200 percent of the federal poverty level was defeated. She reported that over the life of this program the state had been able to make modifications, and that this had been done openly to the public, so that, if necessary, changes could be made to the Medicaid Expansion program should they be necessary.

4:47:34 PM

CHAIR SEATON noted that there was the question of cost or savings to the State of Alaska. He pointed out that the Alaska Mental Health Trust Authority had volunteered to pay $1.5 million of administrative costs for the first year. He stated that those hospitals currently offering charity care with no reimbursement, which would then shift to 100 percent reimbursement, should voluntarily contribute back into the program as the state was absorbing all the risk for converting charity care to reimbursable care. He clarified that this contribution could not be mandatory or a tax, as this was illegal under federal law, although nothing prevented a voluntary contribution to the state. He asked for any other ideas of money to help pay for expansion, which was estimated to bring in about $145 million to the private providers in the state during the first year, should the program include an estimated 50 percent of the eligible participants. He pointed out that more than $300 million would be spent in the private economy of the state should all the eligible recipients enroll in the program. He noted that it was necessary to balance these private jobs with the potential risk to the state should the

savings not be as much as projected, and the state was actually having to expend money. He questioned whether the private industry was willing to voluntarily offset some of the risk. He offered his hope that there could be a secure mechanism for offsetting some of the state risk.

REPRESENTATIVE VAZQUEZ said that uncompensated care by hospitals was paid for by Medicaid and Medicare through the disproportionate payments.

CHAIR SEATON relayed his understanding from DHSS that almost 100 percent of those payments went to API, and the hospitals themselves did not get the reimbursement.

REPRESENTATIVE VAZQUEZ stated that the hospitals had offered figures for their net income in 2013, and not for the requested information regarding their receipts for disproportionate share payments resulting from uncompensated care.

CHAIR SEATON said that it would be necessary to separate the monies for "who receives what." He suggested that, as the state received the money and distributed it, it should be possible to find the exact distribution.

4:54:49 PM

REPRESENTATIVE TARR suggested that the Anchorage Neighborhood Health Center could answer questions at the upcoming discussion.

CHAIR SEATON offered his agreement, and pondered if there was any other organization in Juneau that would like to participate in this discussion.

REPRESENTATIVE WOOL referenced the various reports for the projected costs, if any, to the state, which he declared to be the crux of the issue. He stated that the validity of the numbers seemed to be in question. He pointed to the report by the Lewin Group, noting that they were a subsidiary of United Health, the largest private health insurance company in the country. He suggested that this group could have an interest in whether someone purchased public or private health insurance, and that there had been a lot of speculation for a possible conflict of interest.

CHAIR SEATON pointed out that the other issue of disparity in the reports was for the reimbursement rates by the federal government.

REPRESENTATIVE VAZQUEZ added that DHSS had previously used the Lewin group for studies and reports. She stated that the difference in estimates by the reports was dramatic, with the Lewin Report estimating a cumulative cost between 2016 and 2020 of $210 million, whereas Evergreen estimated a cumulative cost during this time period of $48 million, and DHSS estimated a cost savings of $35 million. She declared that this "needs to be sorted out."

CHAIR SEATON said that it was a valid question which the committee would pose to DHSS. He expressed the need of an explanation from the department for the difference between the estimates, and what was the basis for each.

5:01:16 PM

REPRESENTATIVE TARR suggested that a deeper discussion about Indian Health Service (IHS) beneficiaries and its limitations would be valuable. She stated that IHS beneficiaries were not covered 100 percent.

CHAIR SEATON noted that there should also be discussion about the intermediate levels of care in Rural Alaska. He offered his belief that many mental health issues were a result of isolation, and he declared his desire to further these discussions. He questioned whether Medicaid had a village model, suggesting that a system for Alaska could be very different than a system in California. He pointed out that he represented 16 different communities that were not municipalities, but had the same Department of Commerce, Community & Economic Development (DCEED) definition as a village. He suggested the development of a model which integrated training to get to the intermediate level of care for these villages, which could move toward a level of prevention.

REPRESENTATIVE VAZQUEZ expressed her concern with the broken DHSS payment system, formerly known as MMIS, as it was absolutely critical for the identification of over utilization, duplication of services and billing, and overlapping of provider billings. She noted that the department had not had a surveillance utilization review database software program which would flag the above issues. She added that the eligibility system was also not fully functional, which made it difficult to determine true eligibility.

CHAIR SEATON pointed out that July 1 would be the rollout for the new coding system, although it might need to be held back a month if there was Medicaid Expansion, to ensure that there were not any coding problems as a result of the expansion.

REPRESENTATIVE WOOL stated that a software system was secondary to having health care for people who were worried about how they would pay for health care. He expressed agreement that the neighborhood health clinics did offer services on a sliding scale; however, as there was an expectation for a cash payment up front, this was an issue for some people. He declared that there were people who would greatly benefit from expansion.

5:08:14 PM

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 5:08 p.m.