

SENATE FINANCE COMMITTEE
January 29, 2015
9:03 a.m.

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CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman

MEMBERS ABSENT

Senator Donny Olson

ALSO PRESENT

Mike Barton, Board President, Alaska Mental Health Trust Authority; Jeff Jessee, Chief Executive Officer, Alaska Mental Health Trust Authority; Ryan Ray, Staff, Senator Pete Kelly.

SUMMARY

^PRESENTATION: MENTAL HEALTH TRUST FY 16 BUDGET

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MIKE BARTON, BOARD PRESIDENT, ALASKA MENTAL HEALTH TRUST AUTHORITY, discussed the PowerPoint presentation, "Senate Finance Committee; January 29, 2015; Trust Alaska Mental Health Authority" (copy on file). He highlighted some members of the Mental Health Trust Board present at the meeting. He looked at slide 1, "Trustees." He introduced other board trustees in the committee room. He communicated that trustees were advised by statutory advisor groups the Governor's Council on Disabilities and Special Education,

Council on Aging, Alaska Mental Health Board, and the Advisory Board on Alcoholism and Drug Abuse.

JEFF JESSEE, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, explained slide 2, "Trust Beneficiaries":

Mental Illness
22,000
Developmental disabilities
13,000
Chronic alcoholism and other substance-related disorders
20,000
Alzheimer's disease and related dementia
5,000
Traumatic brain injury

Mr. Jessee listed trust beneficiaries on slide 2 including individuals with mental illness, developmental disabilities, chronic alcoholism and other substance abuse disorders, Alzheimer's disease and related dementia, and traumatic brain injury. He relayed that prevention was a significant part of the trust's mission; things that could be done to prevent individuals from ending up in beneficiary status.

Mr. Jessee highlighted slide 3, "Trust Cash Assets at End of FY14." He reported that the financial health of the trust was very good. He detailed that the Alaska Permanent Fund had been doing well and the trustees had established a robust financial system. He relayed that the trust had been able to make its payout even when the Permanent Fund had done poorly. He stated that the system had stood the trust in good stead for many years.

Senator Dunleavy wondered if there were environmental concerns and other related concerns when developing the Trust-owned land. Mr. Jessee replied in the affirmative.

Senator Dunleavy surmised that the purpose of the fund was at times hindered by some that preferred that the lands not be developed. Mr. Jessee replied that there were some objections, but the Trust remained resolute about moving through the obstacles. He used the example of old-growth timber development in Southeast Alaska, and a major exchange with the United States Forest Service.

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Senator Dunleavy commented that big oil and big timber were not the only financial entities that were facing issues. He felt that "big mental health trust" was also facing issues.

Vice-Chair Micciche wondered if the unit was on an annual basis. Mr. Jessee replied that there was no official way to count beneficiaries. The assumption was based on prevalence data, which was an estimate of the number of beneficiaries at any given time.

Vice-Chair Micciche commented that 10 percent was a significant number of Alaskans. Mr. Jessee agreed.

Mr. Jessee looked at slide 4, "Revenues and Expenditures (in millions)." He stated that the Trust was very resilient, because of the way it was established. He discussed that when revenues had been in the negative there had continued to be a flow of money into the trust to assist with beneficiary services.

Mr. Jessee displayed slide 5, "Trust Land Office Revenue, Generated in FY14." He elaborated that the Land Office continued to do a stellar job of generating revenue (principal and income) for the trust. He shared that the office had generated nearly \$100 million into the principal of the trust, which continued to generate revenue over time (typically around \$4 million annually).

Mr. Jessee discussed slide 6, "Impact at a Glance, Grants awarded in FY14." He addressed grants awarded in FY 14. He explained that two-thirds of the grant funds came through state government as Mental Health Trust Authority Authorized Receipts (MHTAAR) and one-third came directly from AMHTA. He detailed that the goal was to have an integrated health system and the trust liked working with state agencies in a collaborative way; however, there were situations when a direct grant was the most efficient and effective option. He expounded that many of the direct grants were to assist with capital projects for new facilities, renovations, or other.

Mr. Jessee looked at slide 7, "FY16 Anticipated Income." He showed anticipated income in FY 16 totaling \$28 million; it included a payout from principal of \$20 million, \$3 million

from prior years' average lapse, additional funds from the Land Office average spendable income, and interest average.

Co-Chair Kelly queried the certification of the budget to determine that it met the constitutional demand for mental health spending. Mr. Jessee replied that the trustees recommend a level of general fund (GF) in addition to the trust funding. He explained that the legislature must write the governor a letter, if they do not fund the recommendations at the requested level.

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Mr. Jessee slide 8, "Utilize POMV strategy":

The Trust's base payout is 4.25 percent of the average value of the fund's cash assets

-Funding approach ensures relatively stable cash flow from year to year

Mr. Jessee emphasized that the trust utilized a percentage of market value (POMV) strategy, which meant it was dependent upon the revenue generated by the Permanent Fund. He detailed that the trust's base payout was 4.25 percent of the average value of the fund's cash assets. He explained that the method had enabled the trust to have financial stability in good and bad times. He knew there had been many discussions about what would happen with the Permanent Fund and whether it would switch to a POMV methodology. He furthered that the trust was an example of a fund that had switched to POMV and had created much stability for the AMHTA.

Senator Bishop wondered if there were be a discussion regarding POMV later in the presentation. Mr. Jessee responded that there would not be further presentation on POMV.

Senator Bishop wondered if the 4.25 percent was regularly reviewed. Mr. Jessee replied that the percentage was regularly reviewed. He stated that the Trust Authority hired Callan Associates to analyze the fund, and trust increases its payout authority each time the reserve is fully funded and inflation proof. He explained that the recent downturn in the economy had a negative effect on the

reserves. There were discussions regarding the payout limit.

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Vice-Chair Micciche wondered if the fund was managed by the Permanent Fund Corporation. Mr. Jessee replied that the majority of the fund was managed by the Permanent Fund Corporation, and half of the reserve was managed by the Department of Revenue (DOR).

Vice-Chair Micciche asked if the asset allocation was identical. Mr. Jessee replied in the affirmative. He explained that it was like a mutual fund. The trust received its share of the profit or loss, and the trust paid its share of expenses.

Vice-Chair Micciche remarked that FY 14 had a return of \$82 million, with a \$100 million difference. He noted that the five-year projections were conservative. He wondered if the projections accounted for the downturns. Mr. Jessee replied in the affirmative. He explained that the trust relied on the Permanent Fund projections. He remarked that, historically, the Trust had weathered two severe economic downturns.

Mr. Jessee addressed slide 9, "FY16 GF/MH Recommendations" (millions):

IT Application/Telehealth Service System Improvements:
\$100.0 MHTAAR; \$100.0 GF/MH
National Family Caregiver Grant Program: \$325.0 GF/MH
Senior In-Home Services: \$350.0 GF/MH
Long-Term Care Ombudsman Office - Increment: \$35.0
GF/MH
Area Health Education Centers: \$330.0 GF/MH
Licensed Marriage and Family Therapist: \$25.0 GF/MH
TOTAL: \$100.0 MHTAAR; \$1,165.0 GF/MH

Mr. Jessee explained that a bulk of the funds were designated to the National Family Caregiver Grant Program and Senior In-Home Services. He addressed that during the difficult financial climate it would be challenging to determine how to have a sustainable budget in the short-term, while looking at strategic investments for the future. He discussed challenges related to an aging population such as the importance of supporting family

caregivers, in-home caregiving, and home healthcare. He highlighted the potential for caregiver burnout, which would mean individuals requiring care would need higher levels of care. He referred to higher levels of care and the necessary long-term thinking associated with the issue. He referenced previous discussions with Co-Chair Neuman related to recidivism. He elaborated that some things could be done to save money in the budget, but it was not a smart fiscal strategy if it meant the state was heading towards building another prison in upcoming years. He noted that the senior care issues were an area of particular concern because they would only continue to increase in coming years. He briefly highlighted increments for the Long-Term Care Ombudsman Office, area health education centers, and the licensed marriage and family therapist program. He discussed a proposed partnership on information technology application telehealth service system improvements. He stated that it was necessary to look at alternative ways of delivering cost efficient and effective services in order to build a long-term sustainable budget. He believed telemedicine needed to be at the top of the list. He noted that there were significant opportunities to partner with tribal health and education systems.

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Co-Chair Kelly remarked the previous year's budget allowed for \$6 million for broadband. Senator Hoffman clarified that it was probably approximately \$10 million.

Co-Chair Kelly noted that the Tribal Health had broadband capacity in each community. Mr. Jessee replied in the affirmative.

Co-Chair Kelly wondered if the money for health concerns and education concerns should be considered separate concerns. Mr. Jessee replied that there were some duplications within the tribal health system. H

Co-Chair Kelly asked if the broadband was available, and only needed to be purchased. Mr. Jessee replied in the affirmative. He shared that there were some clinics with the telemedicine carts in the small villages that were not utilized eight hours per day. He felt that using the broadband for other purposes could generate revenue.

Co-Chair Kelly queried the definition of a "telemedicine cart." Mr. Jessee replied that it was a cart with a variety of medical instruments that was created by the tribal health community. The readings could then be sent electronically to a regional hospital.

Senator Hoffman did not know if additional broadband would be available in Bethel. He shared that GCI must keep a certain amount of broadband for the health facilities.

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Mr. Jessee slide 10, "FY16 Capital Recommendations." He explained that the slide included historical numbers that had gone into the capital budget to cover deferred maintenance on nonprofit facilities, home modifications and upgrades to retain housing for elderly family members, the Homeless Assistance Project and Special Needs Housing Grant, and coordinated transportation. He elaborated that home modifications were a good investment if it allowed an elderly family member to remain at home, thereby reducing long-term costs for the state for out-of-home care. He relayed that a significant portion of the Homeless Assistance Project funding went towards operating homeless assistance programs; services for the homeless population would cease without the funding. The trust had partnered with the Alaska Housing Finance Corporation (AHFC) on the special needs housing grant to secure housing for high users of community services. He referred to the Housing First program under evaluation by the University of Alaska. He detailed that the program did not require residents to get sober prior to being housed. The strategy was to provide housing first, which increased the health of the individuals while dramatically reducing costs associated with hospital visits, alcohol, and other. The hope was that some of the individuals would move on into permanent housing. Coordinated transportation helped beneficiaries access needed services and work.

Vice-Chair Micciche wondered how the Medicaid expansion would affect the Mental Health Trust and its beneficiaries. Mr. Jessee replied that there would be some slides that address that question.

Senator Hoffman asked for more information about the Homeless Assistance Project. He wondered if the program was only specifically in Anchorage. Mr. Jessee responded that

the program was in other parts of the states, and provided core funding for shelters and other homeless assistance programs.

Mr. Jessee addressed slide 11 titled "Established Focus Areas." He spoke to disability justice related to reducing recidivism and pulling individuals out of the cycle of the criminal justice system through therapeutic, mental health courts, and other. He discussed substance abuse prevention and treatment, which the trust believed it could make progress on over time. He reminded the committee that the McDowell Group had reported the cost of alcohol as \$1.2 billion to the State of Alaska. He asked how the number could be accurate. In response, he addressed criminal behavior related to alcohol, child protection and the Office of Children's Services caseload driven by alcohol, lost productivity at work due to alcohol abuse, all of which represented a substantial costs. He reasoned that if demand for alcohol could be cut it would have a significant impact. He spoke to the importance of beneficiary employment and engagement; with an emphasis on getting real jobs in the community. He stated that whether the price of oil was below \$50 or above \$100, the trust wanted its beneficiaries to be the least dependent on government programs as possible. He elaborated that it was in the beneficiaries' long-term interest in terms of services and as fully functional members of the community. He mentioned advertisements produced by AMHTA with the goal of getting employers to understand that trust beneficiaries were real workers; in many cases they were more reliable, longevity was better, and they were appreciative to get a check. He addressed workforce development and efforts in the area.

Co-Chair Kelly asked if there was a long-term plan to reduce recidivism. Mr. Jessee replied that both finance committees had recently charged a number of agencies to produce a recidivism reduction plan, which was due on February 2, 2015. There was a recognition that recidivism was more than an issue for the usual criminal justice programs, because it included various other departments. Successful reentry and reducing recidivism required people to have safe, supported housing; a job; and support for their recovery.

Co-Chair Kelly wondered if there was research regarding the original reason for the person's incarceration. Mr. Jessee replied that the therapeutic courts, mental health courts,

and various other programs were working to determine the underlying causes.

Co-Chair Kelly stressed that the number remained at 65 percent.

Vice-Chair Micciche noted that 10 percent of Alaskans received MHT services, and 65 percent of the prison population received MHT services. He queried the recidivism rate comparison between MHT beneficiaries and non-beneficiaries. Mr. Jessee stressed that each beneficiaries may not necessarily receive MHT services. He remarked that some of those beneficiaries were unserved outside of incarceration. He agreed to provide further information.

Mr. Jessee addressed the importance of workforce development on slide 11. He noted that workforce demands could increase if Medicaid expansion took place. He relayed that AMHTA had the infrastructure in place through its trust training collaborative to ensure it had people ready to take the jobs. He looked at housing and long-term services and supports for seniors and others with disabilities, which would enable them to stay at home to the maximum extent possible.

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Mr. Jessee highlighted slide 12, "Current Priorities":

Medicaid Expansion and Reform

Recidivism

Substance Abuse Prevention and Treatment

Mr. Jessee addressed Medicaid expansion on slides 13 through 15. He relayed that expansion would impact many trust beneficiaries. He stated that projections were around 40,000. He stressed that the expansion opportunity was particularly significant for single males between the ages of 18 to 65 (who had not been eligible previously), many of whom were using substance abuse treatment services. He continued that the Division of Behavioral Health was estimating that 5,000 beneficiaries would become Medicaid eligible. He elaborated that as the new population gained coverage there would be some offsets and savings to general funds. He stated that initially Medicaid expansion would be

100 percent covered and would drop to 90 percent in the future. He expounded that the needed services would not all be covered by Medicaid. Another important component was timing related to expansion and when the savings would be recognized (e.g. July 1, 2015 or a later time). He did not believe the state would have 100 percent of Medicaid expansion on July 1.

Mr. Jessee explained that the Trust expected the expansion to result in savings. He felt that the transition was not perfect, because there would be some people who would gain and lose services. He added that there should be some off-sets over time.

Mr. Jessee addressed slide 16, "Medicaid Expansion: Impact on DOC":

- In FY14, Alaska Department of Corrections processed approximately \$8.5 million in billings for inmate inpatient stays that lasted more than 24 hours.

- Under Medicaid expansion, it is estimated that \$6.8-\$7.65 million could be paid for by federal Medicaid rather than State funds based on 80 percent-90 percent of the population being eligible.

This is an estimate based on what we know now and our interpretation of the expansion rules so the numbers may change.

Mr. Jessee remarked that inmates may become Medicaid eligible and some of the costs for inmate inpatient stays may be offset. He pointed to the estimate that \$6.8 million to \$7.65 million could be paid for with federal Medicaid, but believed the savings would not be achieved in the first year. He emphasized that the savings were all dependent on the timing of how expansion was implemented. He did not believe it would be possible to continue with the status quo under the expansion. He stressed that expansion would have to be used as a catalyst for reform (slide 17); exactly what the reform looked like was not yet known. He addressed the desire to move to a system that paid more for outcomes and less for activities. The trust was working with the department on developing a contract to obtain input from others (particularly related to behavioral health) to help the state understand how other states had used expansion to catalyze reform and what may work for

Alaska. He believed the reform was critical. He stated that current Medicaid projections were unsustainable.

Mr. Jessee displayed slide 17, "Medicaid expansion is a catalyst for reform." He felt that only expanding Medicaid would not simply yield positive reform. He stressed that there must be Medicaid reform, because it was growing at an unsustainable rate. He shared that he was highly motivated to create positive reform of Medicaid. He stressed that it was critical to help develop a sustainable Medicaid system in Alaska. He believed that the Medicaid system would collapse at some point if it did not become a sustainable system. He added that the collapse could occur sooner if the price of oil did not increase. He stressed that a sustainable system was in the best interest of the state and the trust's beneficiaries. He turned to slide 18 related to recidivism. He stated that one of the best opportunities to reduce long-term budget demands was by investing in proven strategies to reduce criminal recidivism. He spoke to other states such as Texas that had been successful in curbing recidivism and avoiding future prison construction. He moved to slide 19 titled "Disability Justice...Investing Wisely?" The slide included a historical chart projecting that the state would need to open a prison in 2012; it had opened a prison right on schedule. He detailed that the state was on the path to open another prison in a couple of years. However, the red line showed a way to match the prison population to the available beds, but it would require a data driven, evidence-based approach to implement strategies, constantly monitor the results, and fine tune the strategies to ensure the desired results were achieved. He stated that unlike Bring the Kids Home, if the state failed at the recidivism effort there would be significant state liability. The trust believed that Medicaid expansion was one of the state's best opportunities to pay for many of the services.

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Mr. Jessee looked at slide 18, "Recidivism":

- Maintain efforts of current policy and program efforts
 - o 2014 SB64 passed and created Alaska Criminal Justice Commission
 - o 2014 HB266 Legislative intent: workgroup formed to develop Recidivism Reduction Plan (to be delivered Feb. 2, 2015)

- o 2007 Criminal Justice Working Group
- o 2005 Trust disability justice focus area

Mr. Jessee elaborated that the Alaska Criminal Justice Commission was looking at things like barrier crimes, levels of sentences, and other. He referred to a statement by Representative Craig Johnson that it was necessary to assess "how mad we are, and how afraid we are of people" because those were the reasons for incarceration. He believed the state needed to look at what it could do to address the issue. He stated that the state may have become tougher on crime, but it may not have gotten smarter. He discussed that Co-Chair Neuman had been integral in developing HB 266 in 2014, which encompassed legislative intent to form a workgroup to develop a recidivism reduction plan. He opined that the bill represented a leap in conceptual thinking. He elaborated that in the past the state had looked at criminal justice in terms of the Departments of Corrections, Law, and other. The bill recognized that it was not necessarily these departments that would be leading the charge to keep people out of prison. He recognized that DOC had a significant role while people are incarcerated, in treatment services, and in supervised release. He stressed that most prisoners were not released into supervision; the bill's intent language recognized three things to keep recidivism down including housing, employment, and support for recovery. He elaborated that the intent language had included various agencies including AHFC, the Department of Labor and Workforce Development, the Department of Health and Social Services (DHSS), and AMHTA. The trust was hopeful that the Recidivism Reduction Plan would start to give the legislature a road map on how to approach the issue.

Mr. Jessee discussed slide 19, "Disability Justice ... Investing Wisely?" The graph was from the University of Alaska Anchorage (UAA) Institute for Social and Economic Research (ISER).

Mr. Jessee explained slide 20, "Institutional Inmate Population 2004 to 2022." He stated that the total offender population was project to grow at an average of 1.93 percent annually for the following eight years. Historical numbers were the actual institutional daily average population excluding electronic monitoring and community residential center population information.

Co-Chair MacKinnon requested a copy of the current actual slide. Mr. Jessee agreed to provide that information.

Senator Dunleavy wondered if the trust had a position regarding the recent marijuana initiative, and whether it would affect the prison rates. Mr. Jessee replied that there were some slides related to marijuana later in the presentation. He stressed that increasing the consumption of any intoxicant was not likely to improve the mental health or criminality behavior of Alaskans.

Co-Chair Kelly remarked that he wished he had that same quote during his election. Mr. Jessee remarked that it was wrong to believe that the prisons were full of people that were arrested for small quantities of marijuana. He remarked that it may benefit some beneficiaries to decriminalize marijuana. He did not feel that promoting the increased use of marijuana to be beneficial to the state of Alaska.

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Mr. Jessee addressed slide 21, "Proven results ... Texas":

Funding for probation officers to use for outpatient substance abuse treatment for offenders

Funding for a mental health pre-trial diversion program

Expansion of in-custody substance abuse therapeutic communities

A prison dedicated to providing DWI offenders with intensive substance abuse treatment

Use of intermediate sanction facilities for probationers who violate probation conditions

Early school intervention programs

Nurse family partnership program

-With these and other measures, Texas successfully averted construction of previously planned prison beds through 2012

-And Texas prison population completely leveled off as a result

Mr. Jessee explained that that the trust had been asked to assess the potential impact of expanded broadband use on the long-term General Fund operating costs. He detailed that the trust had begun to look at the statewide tribal health and K-12 education systems and at opportunities for partnerships. He had met with the chief operations officer of the Tribal Health Consortium and subsequently with all of the chief investment officers from all of the health corporations. He had reported to the group that the state's broadband study had indicated another broadband system was needed. He stated that many of the telemedicine services were in the tribal organizations' "health wheelhouse." He had asked the organizations about opportunities for partnership to try to use some of the resources together. He relayed that the organizations had been receptive. He had learned that currently the technology and broadband capacity was not as much an impairment to expanding telehealth as program development. He stated that it was not just the technology any longer, it was getting the programs developed in order to have billable hours to handle electronic records properly. He stressed that the state was lagging in programmatic infrastructure development.

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Mr. Jessee discussed that the education system also had access to broadband. He addressed opportunities for partnership. For example, Alaska Children and Family was an Anchorage agency that had reached out to upper and lower Kalskag in the Yukon Kuskokwim region to offer remote telehealth services for children with severe emotional disturbances. He elaborated that it used a combination of occasional site visits in addition to the use of telemedicine to check in with the child and family on a regular basis. He noted that there had been no extra state broadband capacity in the region, but it had been available in the school. Therefore, the services had been included in the child's independent education plan for special education, which had allowed the Anchorage agency to have access to the broadband. He added that the situation had been very successful. He spoke to better utilizing what was currently available instead of reinventing the wheel. He explained that some of the tribal funding systems and

education systems had limitations to what they could do. He discussed that Alaska could not afford to maintain multiple systems in rural Alaska and that some barriers may require congressional action. He stressed the importance of getting maximum utilization of the existing systems.

Senator Dunleavy looked at slide 21, and queried some successful programs that have proven to reduce recidivism rates. Mr. Jessee replied that the state of Washington had a program which conducted a meta-analysis of the intervention strategies.

Senator Dunleavy wondered if any of those programs were cited in the research. Mr. Jessee replied there were some programs that the state tried to pilot. He shared that some programs, like the "Scared Straight" program may increase criminality. He furthered that some school programs which used police officers to present anti-drug messages did not work. He stressed that bringing adolescent recovering addicts presenting in elementary schools was more effective.

Vice-Chair Micciche requested copies of some the research on the effectiveness of substance abuse programs as related to recidivism. He wanted to be careful to continue to fund effective programs.

Co-Chair Kelly wondered if that research would be included in the February 2 report. Mr. Jessee replied that there was some information included in that report, and agreed to provide more detailed research.

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Mr. Jessee looked at slide 23, "Recommendations":

1. Maintain current community behavioral health system capacity
2. Establish an office focused on re-entry within Department of Corrections
3. Attain technical assistance through Pew Charitable Trust for Results First Initiative

Mr. Jessee addressed slide 24, "Substance Abuse Prevention and Treatment":

The prevalence rates and negative consequences of alcohol and drug abuse upon Alaskans are substantial.

In 2010, Alaska's costs associated with individuals dependent on or abusing alcohol/drugs was \$1.2 billion.

Mr. Jessee offered to provide the committee with a copy of the McDowell Group report on substance abuse prevention and treatment. He moved to slide 24 and discussed collaboration on joint strategies. He highlighted Recover Alaska, an initiative by the Rasmussen Foundation; the Mat-Su Health Foundation; and the Denali Commission. Additionally, judges, advocates, providers, and tribal groups had pulled together to look at how the private sector may contribute to reducing the impact of alcohol abuse in the state. He discussed the Alaska Wellness Coalition, which was starting a positive social norms campaign. He referred to a recent commercial about a man with throat cancer. He relayed that scientific research was pointing to the effectiveness of positive approaches. For example, children wanted to be normal. He pointed out the effectiveness of educating children that most kids do not drink and most kids do not smoke. He spoke to a kid's perception that "everybody's doing it and if everybody's doing it then I should be doing it." He believed the positive approach would be interesting to see. He added that when the State of Washington had evaluated a variety of intervention strategies for cost-benefit analysis, it had evaluated the Scared Straight program. The program took children who got into trouble into prisons or other to try to scare them away from committing crimes. He relayed that the program had actually increased criminal behavior. He discussed that the evidence-based practice was an evolving area.

Mr. Jessee looked at slide 25, "Substance Abuse Prevention and Treatment":

Collaboration on joint strategies

- Recover Alaska
- Alaska Wellness Coalition (Positive Social Norms Campaign)
- ABC board (Title 4 statute rewrite)
- Implementation of Proposition 2 (Marijuana)

Partnership with Department of Corrections on the recidivism reduction planning with opportunities for Trust investment in:

- Prisoner re-entry coalitions
- Access to effective treatment
- Prevention strategies focused on incarcerated parents and their children

Mr. Jessee looked at slide 26, "Recover Alaska":

Mission: Reduce harms associated with excessive alcohol consumption in Alaska

Formed by Funding Partners

- Rasmussen Foundation
- Alaska Mental Health Trust Authority
- Mat-Su Health Foundation
- Department of Health and Social Services
- Southcentral Foundation
- Other stakeholders

Guided by a multi-sector action group

- Judges
- Foundations
- Health professionals
- Elected officials including Senator Ellis, Representative Hughes and Representative Herron

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Mr. Jessee addressed slide 27, "Recover Alaska":

Active collaborations:

Connecting Alaskans to help

Funding media partnerships to increase general public's understanding of alcohol's broad impacts across Alaska

Title 4 statute review

Alaska Wellness Coalition: positive social norms campaign on underage drinking

Efforts to increase awareness of the Adverse Childhood Experiences Study

Mr. Jessee discussed slide 28, "Title 4":

Most of Title 4 has not been updated since 1980. The laws are outdated and confusing.

A systematic review of Title 4 helps the board carry out its mission and will benefit communities and businesses.

Mr. Jessee explained that a couple of years earlier the legislature had decided that the Alcohol Beverage Control Board should be moved from the Department of Public Safety to the Department of Commerce, Community and Economic Development. He noted that the trust had lost the argument. He stated that the effort had revealed that the state's Title 4 statutory framework had not been reviewed for some time and had developed in a very haphazard manner, usually by a special interest getting a legislator to sponsor legislation to get around the population base licensing limits by creating new license types (e.g. recreational site licenses, remote military contractor license, and that only a florist could deliver alcohol to a hotel room). He relayed that it was positive that the trust partnered with the ABC Board and a group of over 60 people from industry, public health, and public safety to address how to simplify and decrease the number of license types, update the fees to support the ABC budget, realign the system to better enforce population limits, and bring all of the licenses, endorsements, and permits into one place in statute.

Mr. Jessee highlighted slide 29, "Licensing Revisions":

Decrease the number of license types and simplifies the licensing system to achieve more consistent enforcement and adherence to state alcohol regulation.

Update license fees to support the ABC budget; adjusts wholesale license fees and simplifies supplier reporting.

Realign the system to better enforce population limits.

Bring all licenses, endorsements and permits into one place in statute, removes redundant or unused types.

Mr. Jessee addressed slide 30, "Role of the ABC Board Revisions":

Ensure the ABC board fairly represents the interests of all Alaskans and can lead in alcohol education, policy and control.

Implement uniform police department reporting requirements; develop enforcement, education, and prevention plans directly connected to the matching funds.

Allow data about alcohol purchases to be released (aggregated at the region or community level) for analysis and community self-assessment.

Base the ABC budget on the activities and staffing needed to achieve the ABC's mission.

Designate ABC board seats to ensure representation by: 1 public health, 1 public safety, 2 industry and 1 rural public member; include Director's background in filling the designations.

Mr. Jessee stated that the trust agreed with industry that a limited entry system was in everyone's best interest; it protected the value of industry's business and it was in the trust's interest because it limited the number of outlets. He stated that the current system of dealing with underage drinking was broken. He discussed current consequences such as suspension of a driver's license, mandatory community service and treatment. He furthered that the courts had required a higher level of due process because of the consequences; therefore, the police had to write an entire report. He continued that from a police officer's perspective it was discouraging on a Friday or Saturday night to have to write a report when they needed to get back out to patrol; therefore, sometimes the report was not written. He spoke to inconsistent enforcement related to the issue. He added that because the citations were issued in adult court they stayed on the individual's

record forever, which impacted military service, scholarships, and other.

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Mr. Jessee looked at slide 31, "Underage Drinking Revisions":

Reform underage drinking sanctions so that adults who supply minors with alcohol are held to greater accountability.

Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (Sec. 04.16.052) from a class A misdemeanor to a minor offense violation.

Require statewide keg registration.

Mr. Jessee shared that the goal was to reform underage drinking sanctions to hold adults providing alcohol to minors accountable. He discussed that the recommendation would be to change the punishment to a straight \$500 fine; if the fine was not paid, it would be garnished from an individual's Permanent Fund Dividend (PFD). The trust believed the change would lead to more consistent enforcement. Additionally, the trust thought some parents would be more concerned about their child losing a portion of their PFD than with drinking. The trust did not want to make the offenders criminals. He added that the fine could be applied to treatment. He remarked that tickets would help identify individuals receiving multiple tickets.

Mr. Jessee addressed slide 32, "Underage Drinking Revisions":

Reform underage drinking sanctions so that minors do not become criminals for making one poor decision.

Clarify required sign language warning minors of the legal consequences of their entering licensed premises.

Restore the minor consuming alcohol offense to a true violation.

Mr. Jessee highlighted slide 33, "Local Option Revisions":

Strengthen local option laws and the ability to enforce them.

Repeal local option 4, which bans sale and importation of alcohol, but not possession.

Increase ABC budget for dedicated Title 4 enforcement staff.

Increase the local option boundary from a 5-mile radius to a 10-mile radius from the village center.

- Increase the misdemeanor-level fines for bootlegging and imposes additional unit fines per container of alcohol.

- Make possession of homebrew ingredients and/or equipment with intent to produce alcohol illegal in all local option communities.

Vice-Chair Micciche wanted to remain focused on the underage drinking revisions, because there was an effort to match those with the marijuana legislation.

Co-Chair MacKinnon wondered if there was consideration for the three strikes rule, because of the fine reduction to \$500. Mr. Jessee replied that the current draft did not have a three strikes rule.

Co-Chair MacKinnon felt that the individual may not be receiving proper treatment, because they were only paying a repeated fine. She shared that there was a discussion about increasing the fine to \$1000.

Senator Bishop wondered if there were any budget calculations about the impact of possible marijuana treatment. Mr. Jessee replied that there were no numbers about the possible increase in marijuana related treatment. He shared that he had studied Colorado's possible increase in emergency room admissions and increased use among adolescents. He stressed that increased use of marijuana was not likely to have a positive outcome.

[10:13:39 AM](#)

Mr. Jessee continued to discuss slide 34:

Addiction rate

2011, 43 percent of the 590 treatment admissions for Alaskans between the age of 12-17 was for marijuana

2012, 17 percent of individuals admitted to treatment reported marijuana as their primary substance of abuse (U.S.)

Increased marijuana use during pregnancy

6.1 percent of mothers in 2006

7.8 percent of mothers in 2011

Psychotic symptoms can occur at 3 to 7 times the rate among marijuana users versus those who do not use.

[10:15:43 AM](#)

Mr. Jessee slide 35, "Impact on Beneficiaries." He looked at the far right bar which displayed the percentage of students who think smoking marijuana once or twice a week has slight or no risk. He noted that the bar was substantial among the state's at-risk population. He stressed that youth were severely impacted by their perception of risk of harm. In that was the dilemma with the advertising of promoting increased use of marijuana, because it reduces the perception of harm, which would lead to an increase in production.

Mr. Jessee slide 36, "Lessons Learned in Colorado":

Data

-Colorado wasn't measuring marijuana related data, this lack of baseline has led to an inability to understand the impacts of increased commercial marijuana

Home grows are out of control

-Nontaxable, difficult to enforce, non-regulated and hard to manage

Edibles and concentrates

- Dosage, THC content, portion control and packaging still continue to be difficult to manage
- Butane hash oil explosions and impacts to residential areas

Advertising

- State is being sued by local newspapers as they believe they have the right to advertise without government restrictions on their commercial free speech

Local control

- Majority of communities opted out of commercial sales (approx. 212)
- Communities have opted out of grow operations and put more restrictions on businesses (locations, quantity)
- Local law enforcement needing training and funding

Black market

- Legalized commercial marijuana has not decreased the black market

Mr. Jesse slide 37, "Lessons Learned from Alcohol and Tobacco":

Avoiding harms to others

- Indoor air
- Driving and injury restrictions

Sales and marketing restrictions

- Time, place, manner

Price

Use of tax revenue

- For prevention in youth and young adults
- Harm reduction and cessation in adult users

Strong public health infrastructure

- State and local
- Collaboration with NGO's

Strong public health messaging from trusted source

Attention to vulnerable populations

Mr. Jessee slide 38, "Recommendations":

Inter-disciplinary task force

- Ensure the regulations are informed by a comprehensive field of experts with various backgrounds (public health, regulatory groups, industry, law enforcement, etc.).

Data

- Make certain that the right data and metrics are being collected and funded

Regulations

- Start with strict regulations and then with time and data have the ability to adapt

Local option

- Ensure that communities understand their rights and abilities to exercise local controls

Licensing

- Staging of licenses
- Potency limits

Edibles and concentrates

- Only consider through a preapproval process

Advertising

- Enforce strict advertising; unlimited and unregulated advertisement has a direct impact on youth use

Law enforcement

- Need training now on how to enforce new regulations
- Effectiveness of enforcement happens at the local level

-Regulations needed on levels while driving;
using while driving

10:19:00 AM

Senator Dunleavy queried the smoking rates among minors over the last 20 years. Mr. Jessee agreed to provide that information.

Mr. Jessee slide 39, "Fetal Alcohol Spectrum Disorders" (FASD):

- Alaska has the highest documented rate of FASD in the nation
- More than 129 children are born with FASD every year in Alaska
- Each child born with FASD costs the State between \$860,000 - \$4.2 million (birth to age 18)
- 129 kids x \$4.2 million = \$541.8 million
- FASD is 100 percent preventable

Mr. Jessee slide 40, "FASD":

\$500.0 appropriation for media campaign to educate Alaskans

-Prevention message vs intervention (not targeting women who battle addiction)

Mr. Jessee slide 41, "FASD":

There is a high level of knowledge that alcohol use during pregnancy is harmful to an unborn baby.

But, many women receive misinformation about alcohol and pregnancy, including the consequences of alcohol use, safe times to drink during pregnancy and safe amounts or types of alcohol.

Mr. Jessee slide 42, "FASD Campaign Messaging":

Campaign will inform and encourage Alaska women aged 20 to 35 to ensure they are not pregnant before they

drink alcohol or to abstain from alcohol if they are not sure of their pregnancy status in order to prevent occurrences of FASD.

Mr. Jessee slide 43, "FASD Media Campaign":

Increase understanding among Alaska women that:

Alcohol use during pregnancy can cause birth defects and brain damage

It is best to stop drinking before conception

It is safest not to drink any alcohol during pregnancy

There is no known safe time or amount to drink during pregnancy

Mr. Jessee slide 44, "FASD Media Campaign":

Tactics to include:

-Video

-TV

-Radio

-Online

-Social media

-Out-of-home

Campaign will launch in March

Mr. Jessee slide 45, "FASD Prevention":

Investing in FASD prevention now will save the state money and most importantly reduce the number of families dealing with the heartbreaking effects of FASD.

Thank you for your support in eradicating FASD in Alaska.

[10:23:16 AM](#)

Co-Chair Kelly shared that there was a recent budget infusion to address the problem of FASD in the state. He had hired a staff member to head the effort in addressing FASD. He had produced a video that was intended to illicit a response from a large group of people. He stated that it was a long video, so it probably would not be used as a

commercial. He stated that the Empowering Hope Group, which Co-Chair MacKinnon was a member, wanted to identify who would lead the efforts in each community. The budget appropriation was used to hire the First Alaskans Institute to identify those grassroots leaders. He shared that 160 people were named, and attended a meeting. He noted that some of the people did not understand why they would be selected as leaders.

Co-Chair Kelly presented a video about FASD. It showed a woman who was pregnant, but she was drinking early in her pregnancy. That drinking resulted in FASD in her son. The message of the video was that drinking during pregnancy has a harmful impact on the fetus.

[10:31:57 AM](#)

Co-Chair Kelly remarked that the video was intended to solicit funds from private industry. He shared that the video would be remastered to be used on social media, radio, and television.

Vice-Chair Micciche remarked that the program was very effective and honorable. He shared that he had kept each pregnancy test from his wife's urine with each of his child's names attached to the test. He felt that the press had misrepresented the program during the prior year.

Senator Dunleavy wondered if there was a list of ineffective program recommendations for removal. Mr. Jessee agreed to provide that information.

Co-Chair MacKinnon wondered if there was information regarding Daylight Savings Time. Mr. Jessee replied that he did not have that information, but agreed to research that request.

[10:37:23 AM](#)

Co-Chair Kelly asked for some explanation of the research and contacts to eradicate FASD.

RYAN RAY, STAFF, SENATOR PETE KELLY, shared that he had been personally upset when studying the issue of FASD. He thanked the committee for their commitment to eradicating FASD. He shared that the UAA study was a full academic study on the effectiveness of a pregnancy test dispenser

located in bar bathrooms on raising public awareness of FASD, and the impact of drinking during pregnancy. He stressed that the pregnancy dispensers were not a prevention mechanism. He remarked that the study was complex, because of the many variables to identify whether the dispenser would cause public awareness. The intention was to create a discussion, and provide an opportunity to use a pregnancy test. He shared that the study had caused some international interest, because Alaska was the first place in the world that had initiated the program. He shared that the study would compare the Mat-Su valley and the Kenai Peninsula.

Co-Chair Kelly queried the effectiveness of a program that was once titled, "Community Helper." Mr. Ray replied that initially the process was intended for a cost-effective solution. He shared that it was important to identify the local, "living room leaders" that would effect change. He shared that the collection of individuals knew what was occurring, and how to fix the communities. The intention was the development of listening to the community members regarding what needs to change in their communities.

[10:43:48 AM](#)

Co-Chair Kelly remarked that a goal Empowering Hope Group was to partner with private industry to fund the response to preventing FASD. He shared that there were many state leaders in the Empowering Hope Group. He shared that the program was a long-term response, in order to eradicate FASD. There were programs through the state, but he wanted to focus on prevention. He felt that there was underreporting of people that were affected by FASD. He would like a screening method that would identify who was affected by FASD. He opined that there may be a national effort in partnership with some pharmaceutical companies on the screening development. He stressed that the incorporation of identification was because the measure of success could not be determined until the diagnoses occurred.

Vice-Chair Micciche wondered if a 501C3 had been established. He wondered if there was a way for a citizen to contact the effort. Co-Chair Kelly replied that Mr. Ray was a contact for the program. He furthered that the group anticipated an attachment to a separate program.

Mr. Ray stressed that the goal was to keep the Empowering Hope Group costs as low as possible. He stated that there were partnerships to conduct the media campaigns and research in order to streamline the funding and keep the group at a volunteer level.

#

ADJOURNMENT

10:49:46 AM

The meeting was adjourned at 10:49 a.m.