

HOUSE FINANCE COMMITTEE  
February 16, 2018  
1:33 p.m.

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CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Paul Seaton, Co-Chair  
Representative Les Gara, Vice-Chair  
Representative Jason Grenn  
Representative David Guttenberg  
Representative Dan Ortiz  
Representative Lance Pruitt  
Representative Cathy Tilton  
Representative Tammie Wilson

MEMBERS ABSENT

Representative Scott Kawasaki  
Representative Steve Thompson

ALSO PRESENT

Pat Pitney, Director, Office of Management and Budget, Office of the Governor; Neil Steininger, Chief Budget Analyst, Office of Management and Budget, Office of the Governor; Representative Adam Wool, Sponsor; Rob Earl, Staff, Representative Adam Wool; Rich Etheridge, Juneau Fire Chief, Juneau Fire Department; Kathie Wasserman, Executive Director, Alaska Municipal League.

PRESENT VIA TELECONFERENCE

Scott Clough, Alaska Fire Chiefs, Portland, Oregon; Bill Howell, Bethel Fire Department, Bethel; Jim Styers, Fairbanks Fire Chief, Fairbanks; Alex Boyd, Anchorage Fire Department, Anchorage; Margaret Brodie, Director of Health Care Services, Department of Health and Social Services.

SUMMARY

HB 176 GROUND EMER. MEDICAL TRANSPORT PAYMENTS

HB 176 was HEARD and HELD in committee for further consideration.

HB 284 APPROP: CAPITAL BUDGET

HB 284 was HEARD and HELD in committee for further consideration.

HB 285 APPROP: MENTAL HEALTH BUDGET

HB 285 was HEARD and HELD in committee for further consideration.

HB 286 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 286 was HEARD and HELD in committee for further consideration.

HB 321 APPROP: SUPPLEMENTAL OP.; FUND; AMENDING

HB 321 was HEARD and HELD in committee for further consideration.

#hb284

#hb285

#hb286

#hb321

HOUSE BILL NO. 284

"An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

HOUSE BILL NO. 285

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

HOUSE BILL NO. 286

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 321

"An Act making supplemental appropriations and other appropriations; making an appropriation to capitalize a fund; amending appropriations; and providing for an effective date."

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PAT PITNEY, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced herself.

NEIL STEININGER, CHIEF BUDGET ANALYST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, reviewed the details of the handout, "FY2019 Amendments to HB 286/ SB 144 / HB 284 / SB 142 / HB 321 / SB 168" (copy on file):

Line 2:

CHIP Reauthorization

The United States Congress re-authorized the Children's Health Insurance Program (CHIP) and the reauthorization was signed into law on January 25, 2018. CHIP reauthorization maintains the 88% enhanced federal match rate through federal fiscal year 2019, starting in federal fiscal year 2020 the enhance match rate will be stepped down over two years until it reaches 65% in federal fiscal year 2021.

Line 5:

Reapprop for Newtok - Mertarvik Community Development - NTE \$960,000

The Newtok Village Council is coordinating with the Denali Commission to bring critical housing to the community of Mertarvik. This project will match federal Denali Commission funds of \$3.84 million to refurbish, ship, and install 13 barracks available on

Joint Base Elmendorf-Richardson to Mertarvik. The barracks will be converted into 4- bedroom residences and will add to the current housing stock of eight existing homes in Mertarvik.

Line 6:

Reapprop for Enhanced Rural Safety - Est \$899,711  
This provides additional funding to respond to the rural public safety crisis and continues to advance the goals of the State's Public Safety Action Plan. The Governor is working with the Departments of Law and Public Safety, as well as institutions and rural leadership most directly involved and affected, and will seek innovative solutions to rural public safety needs. The funding is requested in the Governor's Office to denote the priority of solving this issue but also allows distribution to the department that is most able to address the specific issue. Law, Labor, Public Safety, and Commerce could each play a part in addressing these pressing needs.

Representative Wilson asked if the funds were out of the general funds (GF).

Mr. Steininger responded that they were reappropriation dollars from the GF for a capital project.

Representative Pruitt wondered asked the original location of the reappropriated funds.

Mr. Steininger replied that it was a reappropriation from the Susitna-Watana project.

Mr. Steininger relayed that those were the total of negative \$7 million in GF through the supplemental request.

Vice-Chair Gara asked for clarification, and surmised that they were amendments to the 2019 budget.

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Mr. Steininger continued with the amendments:

Line 10:

Align Information Service Fund Receipts Replace interagency receipts with Information Service Fund. This is a technical adjustment to align the Office of Information Technology's (OIT) budget with the most appropriate fund source.

Line 11:

The one new Research Analyst I/II/III flex (Range 13/16/18) position will serve as a liaison to school districts by providing technical assistance and support for the additional data that will be collected. In addition, this position will provide more longitudinal and comparability data analysis using existing and new datasets. This position will work across divisions within the department and increase the reporting capacity of the data management team.

Line 12:

Add General Fund Program Receipt Authorization for the Mt. Edgecumbe Aquatic Center In order for the state to accept entrance fees, and other event fees, at the new Mt. Edgecumbe High School (MEHS) Aquatic Center, general fund program receipt (GF/PR) authorization must be added to the MEHS Facility Maintenance budget structure.

Representative Wilson looked at line 10, and queried the total money in the Information Service Fund. She also queried the age of the fund.

Ms. Pitney replied that the fund was set up around the prior information technology organization, so the fund may have been around for 15 years. She shared that there was an oversight of having interagency receipt authority. She remarked that the Information Services Fund was the same type of money, but from an accounting change, there were statutory rules that focused on the information technology needs. She remarked that it was a technical accounting change, because there was an inadvertent use of interagency receipts. She shared that the number was the annual anticipated operating cost.

Representative Wilson queried the total in the fund.

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Mr. Steininger continued with the amendments:

Line 13:

Establish Children's Services Safety Officer  
The primary duties of the Safety Officer would include safety policy development, workplace inspections, accident investigations, training and coaching, regulatory compliance, safety data management and reporting, and workspace modification.

Line 14:

Security Guards for Kenai and Fairbanks Recent threats and incidents has led to a growing concern for workers safety. Security guards will be used to prevent crime, maintain security, assist clients and employees, and lead safety meetings and drills.

Representative Pruitt wanted to better understand the structure of funding. He wondered if \$129 was required for matching.

Mr. Steininger replied that the Office of Children's Services (OCS) had cost allocation plans. He shared that it was not a direct matching requirement. He explained that the collection of federal revenue was more dependent on the types of children in care, and the types of activities performed by the case workers and employees.

Representative Pruitt asked about the number of people that would be hired.

Mr. Steininger responded that there would be one person in the Safety Officer position; and the security guards in Kenai and Fairbanks would be contracted through a security firm.

Representative Pruitt wondered whether the \$72,000 of federal funds would be lost, should there be no GF funds.

Mr. Steininger replied that they would not be able to collect the federal funds with the general funds.

Representative Wilson wondered how much authority was given for the federal funds. She surmised that, because of the complicated calculation, the state may not lose the federal funding. She stressed that there was a maximum available to each state, and Alaska may almost be at that maximum.

Ms. Pitney replied that five years prior, there were not as many qualified families under the 4E. She explained that the program had a much higher federal rate. She stated that the request balanced it to what was eligible to fund, and the balance of the state and federal funds. She remarked that the federal funds were increasing over time, because there was more eligibility in the 4E area versus those in the GF.

Representative Wilson felt that it was about the number of people enrolled in the program, and not about how many positions were hired.

Ms. Pitney agreed. She stated that the request was a balance of funding that would allow the contract for the individuals, given the other commitments in that operation.

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Vice-Chair Gara understood that it was not federal money that would be taken from other use. He felt that there was room for additional federal funds, as the positions were added.

Ms. Pitney agreed.

Co-Chair Seaton wondered whether it was a maintenance of effort amount, rather than a direct federal match percentage.

Ms. Pitney responded in the negative, and explained that it was the amount covered in the contract amount.

Mr. Steininger continued with the amendments:

Line 15:

New Positions to Address Increased Caseloads  
During FY2013 the average monthly caseload for an eligibility technician was 569 while FY2017 is estimated at 676. This is an increase of 18.80

percent. 41 additional positions would allow the division to reduce the average monthly caseload per technician and address the growing backlog.

Representative Wilson wondered whether the request was within the same department that removed public assistance to fund other workers.

Mr. Steininger replied that the adult public assistance program was within the Division of Public Assistance. He explained that the request was for Public Assistance field services, which were people who determined eligibility for programs like SNAP, Medicaid, and other similar programs.

Vice-Chair Gara shared that there were nearly a dozen public assistance programs that the workers would administer. He surmised that the request was related to the federally funded or partially federally funded public assistance backlog.

Mr. Steininger replied in the affirmative.

Representative Pruitt felt that the goal was to have an influx of people to eliminate the backlog. He felt that 41 positions was more than what would be needed in the long-term. He wondered whether the intent was to reduce the numbers, or whether 41 was expected in perpetuity.

Ms. Pitney responded that there was a period of time as the backlog grew, when the Alaska Mental Health Trust Authority (AMHTA) filled several positions on a temporary basis to help address the backlog. She stated that there was more progress than the current situation. She anticipated that the positions would be needed in the short-term, of three to five years. She furthered that, if there were systems and simplifications of processes, there would be room for savings. She did not anticipate that the positions would only be one or two years.

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Representative Pruitt asked how the total numbers would change in terms of percentages. He wondered if the department had any openings in the department.

Ms. Pitney answered that the department had openings at present, with 6 to 7 percent increase. The vacancy rate was

higher than expected. The department needed to hire vacancies and filling the 41 positions.

Representative Guttenberg thought it was great that the department was getting back to adequate numbers. He asked if the department was doing anything else to ensure they stay a long time.

Ms. Pitney did not have specifics on the particular department.

Representative Tilton asked about the considerations taken up in the subcommittee process.

Ms. Pitney replied that any additions in the budget were scrutinized at a tedious level. She stressed that there had been several reviews of the department.

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Vice-Chair Gara stated that the department wanted additional positions. He stated that the department had lower paying employees work overtime, which led to a 40 percent burnout rate within the first year.

Mr. Steininger continued:

Line 16:

Alaska Geospatial Council

The Alaska Geospatial Council has been funded by a capital project that will exhaust all funds by March 2019. This allows the council and its services to continue through the end of FY2019.

Ms. Pitney added that the last capital project started at the end of 2015. She explained that the council began in the early 2000s to bring the department mapping resources, needs, and priorities under one statewide umbrella. She stated that the request put it through the next year, with anticipation that it would continue.

Representative Guttenberg queried the purpose.

Ms. Pitney answered that there were 3 to 4 main costs. She explained that there was a contract with a mapping provider that leverages money from the federal government. She

stated that it was about \$400 thousand spent on an annual basis

Mr. Steininger relayed that the total of operating amendments was \$2.652 million in UGF; \$2.334 million in federal funds; and \$250,000 in DGF.

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Mr. Steininger continued with the amendments:

Line 19:

FY2019 Transfer Balance of the Mining Loan Fund No new loans have been made from the mining loan fund since 1986 and no appropriations have been made from the fund since FY2004. As such, the balance of this fund is available to be transferred to the general fund.

Line 20:

FY2019 Transfer Balance of the Alternative Energy Conservation Revolving Loan Fund No new loans are being made from the alternative energy conservation revolving loan fund and no appropriations have been made from the fund since FY2004. As such, the balance of this fund is available to be transferred to the general fund.

Line 21:

FY2019 Transfer Balance of the Investment Loss Trust Fund (Shows as Revenue) The balance of the investment loss trust fund (AS 27.09.010) as of June 30, 2019, estimated to be \$2,298,862, is appropriated to the general fund.

Line 22:

FY2019 Transfer Investment Earnings on Bond Proceeds of the Northern Tobacco Securitization Corp (Shows as Revenue) The amount of investment earnings on the bond proceeds of the Northern Tobacco Securitization Corporation as of June 30, 2019, estimated to be \$231,773, is appropriated to the general fund.

Line 23:

FY2019 Transfer Balance of The Municipal Capital Project Matching Grant Fund (Shows as Revenue) The balance of the Municipal Capital Project Matching Grant Fund (AS 37.06.010) as of June 30, 2019, estimated to be \$253,500, is appropriated to the general fund.

Line 24:

FY2019 Transfer Balance of The Unincorporated Community Capital Project Matching Grant Fund (Shows as Revenue) The balance of the Unincorporated Community Capital Project Matching Grant Fund (AS 37.06.020) as of June 30, 2019, estimated to be \$646,200, is appropriated to the general fund.

Representative Pruitt wondered whether all of the items were sunseting.

Ms. Pitney replied that the only program that was not sunseting was the Norther Tobacco Securitization; and the Investment Loss trust fund. She stated that those were funds that were available to be deposited.;

Representative Pruitt acknowledged the work of Representative Tilton.

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Mr. Steininger continued with the amendments:

Line 28:

Fairbanks PM2.5 Nonattainment Area Voluntary Heating Device Change Out Program

This project continues a voluntary heating device change-out program for residents in the Fairbanks North Star Borough's fine particulate matter (PM2.5) serious nonattainment area. The program is aimed at minimizing particulate matter emissions and improving air quality in the Borough. The Borough has the highest recorded levels of PM2.5 in the nation. Federal grant funds have been applied for from EPA through the Targeted Air Shed Program.

Line 29:

#### Seismic Data Collection

Recent federal government actions opened the 1002 area of the Arctic National Wildlife Refuge (ANWR) to oil and gas leasing, exploration and development. Availability of seismic data will improve interest in exploring for oil and gas within the 1002 area. This funding allows the state to work with other interested parties to provide seismic data which will enhance state revenue from lease sales and decrease time to drilling and production.

Line 30:

National Petroleum Reserve - Alaska Impact Grant Program This request amends the original Governor's FY2019 capital budget request by adding \$10,233,376 for a new requested total of \$11,611,722. This change is due to updated revenue estimates for FY2019, which results in FY2019 National Petroleum Reserve - Alaska (NPR-A) recommended awards to communities being higher than the estimate provided in the original Governor's FY2019 capital request. The NPR-A program provides grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the NPR-A. Funding comes from the federal government as a share of the funds received on leases issued within NPR-A.

Line 31:

North Slope Borough - Monitoring Waterfowl in the NPR-A This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$337,550.00. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project provides support to the North Slope Borough Department of Wildlife Management to monitor population trends in waterfowl that will build upon a study that has been ongoing for over fifteen years. This grant will fund labor, fringe benefits, contractual, materials, supplies, freight, travel, and 25% administration.

Line 32:

North Slope Borough - Area-Wide Air Quality Study This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$1,187,500. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. The purpose of this project is to collect base line data on air quality in areas that are currently not developed by oil and gas industry. This grant will fund labor, fringe benefits, contractual, material, supplies, travel, and 25% administration.

Line 33:

North Slope Borough - Monitoring Nearshore Fish and their Habitats in the NPRA This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$562,500. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project provides support to the North Slope Borough Department of Wildlife Management (DWM) to conduct studies on the abundance and health of nearshore fisheries in the NPR-A region. DWM will work with local subsistence fisherman and collect samples across lagoon and nearshore subsistence waters to assess the abundance and distribution of fishes and characterize their biological and physical habitat.

Line 34:

City of Nuiqsut - Youth Center Operations and Maintenance This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$267,826. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to continue operations and maintenance of the youth center. Grant funds are requested for labor, fringe benefits, supplies, freight, maintenance, repairs, fuel oil, communications, utilities, cultural camps, and special events.

Line 35:

City of Nuiqsut - Local Government Operations and Maintenance This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$949,203. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project will provide continued funding for local government operations and maintenance for the city of Nuiqsut. Grant funds are requested for labor, fringe benefits, office equipment purchase, materials, supplies, travel, maintenance, communications, utilities, fuel oil, and insurance.

Line 36:

City of Wainwright - Youth Program This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$289,272. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project will continue the Youth Program established in 2005, which provides a safe and drug-free environment with adult supervision for youth ages 6-18 years old. Grant funds will be used for labor, fringe benefits, insurance, contractual services, recreational materials, supplies, utilities, communication, and building maintenance and repairs.

Line 37:

City of Wainwright - Local Government Operations This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$499,251. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to provide continued operations and maintenance necessary to successfully operate the local government of Wainwright. Grant funds will go towards labor, fringe benefits, insurance, contractual services, communications, utilities, travel, materials, supplies, and maintenance and repairs.

Line 38:

North Slope Borough - Monitoring Fish in the Colville River for Presence of Water Mold (Saprolegnia) This

request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$187,500. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project will monitor broad whitefish, especially for presence of mold, on the Colville River by recording catch from subsistence caught specimens and deploy real-time data loggers to monitor temperature on the river in six locations from break-up to October. Grant funds will pay for labor, fringe benefits, contractual services, materials, supplies, freight, travel, and 25% administration.

Line 39:

City of Atqasuk - Local Government Operations and Youth Program This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$393,061. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to supplement the operations and maintenance costs necessary to successfully operate the local government of Atqasuk and provide continued services to residents, including the Youth Program. Grant funds will pay for labor, fringe benefits, insurance, professional services, travel, utilities, communications, maintenance and repairs, materials, and supplies.

Line 40:

City of Nuiqsut - Kisik Center Maintenance Project This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$192,035. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project will repair the Kisik Community Center HVAC system, as well as fund general maintenance to the facility such as electrical, plumbing, and mechanical. Grant funds will be used for contractual services and building materials.

Line 41:

City of Anaktuvuk Pass - Local Operations and Community Center Upgrades This request amends the

original Governor's FY2019 capital budget request by adding allocation level funding of \$571,535.44. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to support the general operations and renovation activities of the city of Anaktuvuk Pass, enabling the city to continue to build capacity for effective and efficient local government operations during a period of increased NPR-A related oil and gas development.

Line 42:

North Slope Borough - Community Winter Access Trails (CWAT) This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$3,576,798. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to establish the North Slope Borough Winter Access Trails, develop permits, agreements, protocol with regulatory agencies and industrial users that will allow for local community use. Grants funds are requested for contractual services, equipment purchase, materials, supplies, freight, travel, contingency and 25% administration.

Line 43:

City of Utqiagvik - Repair of the City of Utqiagvik's Shop Subfloor and BCI Support This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$160,000. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to replace the old shop floor by installing BCI support and all new subfloors at the city's maintenance shop. Grant funds are requested for contractual services, materials, supplies, and freight.

Line 44:

City of Utqiagvik - Local Government Operations This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$1,890,000. This change is due to the timing of

approval of individual National Petroleum Reserve - Alaska grants. This project is to continue operations including city council, administration cost, maintenance department, business licensing, Department of Motor Vehicles, taxicab regulation services, alcohol registration services, concessions, scholarship expenses, and recreational activities.

Line 45:

City of Utqiagvik - Purchase of New John Deere Loader This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$400,000. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project will be used to purchase a loader. Grant funds are requested for equipment purchase and freight.

Line 46:

City of Utqiagvik - Purchase of New Tent for Existing Hockey Facility This request amends the original Governor's FY2019 capital budget request by adding allocation level funding of \$147,690. This change is due to the timing of approval of individual National Petroleum Reserve - Alaska grants. This project is to purchase a tent cover for the hockey and curling facility. Grant funds are requested for material, supplies, and freight.

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Representative Wilson asked about line 28. She wondered whether the \$4 million would allow the borough to look for the grant, or whether there was another grant for the changeout program of \$4 million awaiting an appropriation.

Ms. Pitney responded that it was not in hand but was eminent.

Representative Wilson asked whether it had the same restrictions.

Ms. Pitney agreed to provide that information.

Co-Chair Seaton asked that

HB 284 was HEARD and HELD in committee for further consideration.

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HB 286 was HEARD and HELD in committee for further consideration.

HB 321 was HEARD and HELD in committee for further consideration.

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RECONVENED

#hb176

HOUSE BILL NO. 176

"An Act relating to medical assistance reimbursement for ground emergency medical transportation services; and providing for an effective date."

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REPRESENTATIVE ADAM WOOL, SPONSOR, explained HB 176. He stated that the bill allowed reimbursement to local fire departments and emergency medical transport providers to get more fully reimbursed when transporting a Medicaid payment. He stated that, currently, the maximum reimbursement was \$400 for an ambulance ride, but the service cost more than \$400 to the departments. He stated that it allowed for the Department of Health and Social Services (DHSS) to apply for reimbursement from the federal government. He explained that many states had similar allowances. He noted that currently, the response services were only compensated a fraction of the cost, so this bill allowed for 50 percent more of the funding.

Representative Wilson queried more information about the numbers.

Representative Wool replied that \$600 was mission. He stated that the provider would send in \$300 to the state;

the state would apply and receive \$600 from the federal government; and \$600 would be returned to the department, with a net of \$300.

Representative Wilson asked who was paying for the other \$400.

Representative Wool responded that Medicaid paid for the \$400. He stated that typically Medicaid was paid for with 50 percent from the state and 50 percent from the federal government.

Representative Wilson surmised that \$1000 would be charged for the ambulance. The first \$400 would come from the state Medicaid program. She stated that, once the other \$600 was sent, the state would pay an additional \$300 and another \$300 from the federal government. She wondered whether the \$600 totally came from the federal government.

Representative Wool replied that the entire \$600 would come from the federal government. He deferred to other testifiers for more information.

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ROB EARL, STAFF, REPRESENTATIVE ADAM WOOL, returned to the example of the \$1000 ambulance ride. He explained that the first \$400 would be paid through state Medicaid, which was funded divided in half between the state and federal government. He stated that there would be a \$600 non-reimbursed cost, so the provider would submit their non-federal match of \$300 to DHSS. He explained that DHSS would then receive \$300 from the federal government, and would return the entire \$600 to the provider. Therefore, the provider would net \$300.

Representative Wilson wondered about the 20 percent administrative fee.

Mr. Earl responded that the administrative fee could be up to 20 percent of the entire transport cost.

Representative Wilson wondered whether there was a cap, so the department could not go higher than 20 percent.

Mr. Earl replied that there was a state plan amendment that DHSS would apply for federal Medicaid. He stated that, at

that state, the 20 percent was able to be added to the provider's costs. Then they could apply for the larger reimbursement.

Representative Guttenberg felt that the example "low-balled the cost." He queried a maximum allowable amount for reimbursement. He wondered whether there was a need to include medivac air transport.

Representative Wool reported that they would be adding air and water transport to the bill. He stated that Alaska had many remote areas. He did not believe that there was a maximum allowable reimbursement, because the transport of longer hauls was expensive.

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Vice-Chair Gara supported the concept of the bill. He felt that the fiscal note showed that of the \$21 million annual cost to the state, \$11 million would come directly from the federal government and the other \$10 million would be some form of statutory designated receipts. He queried the state cost of the bill.

Representative Wool responded that the \$21 million was not a cost, rather it was a net gain to the state. He stated that \$11 million of that gain was from the federal government, and \$10 million was from the providers.

Co-Chair Seaton asked for a bubble flow chart. He thought it would make it easier to follow the numbers. He asked for an example to be included.

Representative Wool agreed to provide that information.

Representative Grenn wondered whether there would be a change in percentage depending on a cost change.

Representative Wool believed there was no change in the percentage based on cost of service.

Representative Pruitt wondered whether there was a general fund expenditure.

Representative Wool responded affirmatively. He indicated a person to manage the program would be paid for with GF dollars.

Representative Pruitt remarked that the Anchorage Fire Department would send the state \$300, which would be submitted to the federal government, and the full \$600 would be returned to the fire department. He surmised that the concept was that the fire department would receive \$300 from the federal government. He wondered why the federal government would want to participate in the program.

Representative Wool replied that the example was correct. He stated that there was something in federal law that required the federal government to make those payments.

Representative Pruitt wondered whether the other states required the local community to go through the state to access the federal money; or would the state take on the role to request all. He queried the number of states that had the program, and how the models compared to the bill.

Representative Wool replied that California, Washington, Montana, Nevada, Texas, and Florida had similar programs in place. He furthered that Oregon, Nebraska, Kansas, and Illinois had pending programs. He deferred to Mr. Clough for more states' information.

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SCOTT CLOUGH, ALASKA FIRE CHIEFS, PORTLAND, OREGON (via teleconference), stressed that the program was not a new program. He shared that it was an entitlement program that was part of Title 19 of the Social Security Act. He stated that every state participated in the program in some form. He shared that the concept was in effect in Alaska. He remarked that there was no limit to the program, in the reimbursement section. He stated that as an entitlement program, it was a cost-based program. He shared that other Medicaid programs had an upper payment limit (UTL), but the UTL was tied to cost in this program. He used California as an example, and remarked that the cost per transport in the larger cities were approximately \$500 to \$600. He stated that, conversely, there were remote areas in California that saw transport costs of \$4000 to \$5000 on the federal program. He stressed that the cap was the cost of the transport service. He noted that the program was an opportunity for the local government to share in the federal government's Medicaid program. He shared that, if an agency had a \$1000 cost of transport, they would

currently receive Medicaid funds from the state for \$400. He furthered that there was an uncompensated cost of \$600. He shared that, instead of the state participating in federal financial participation, local government would be allowed to participate in federal financial participation at the same rate. He remarked that 50 percent of the uncompensated cost was the non-federal share was the partnership of the fire department and the federal government. He stated that the federal government would match the 50 percent.

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Mr. Clough shared that the program was voluntary and the individual local government providers were asking to participate. Therefore, there could not be an expenditure to the state. He shared that the state may need to hire a full-time equivalent (FTE) employee for program oversight, but the cost of that hire must be paid for by the participating parties. He stressed that there would never be exposure to the GF. He agreed to provide some illustrations to help describe the 20 percent. He stressed that the state had the right to charge a fee for the services, because the program was voluntary. He explained that the fee was arbitrary as it related to the cost of the charge. He stated that Indiana charged 27 percent and California charged 20 percent. He stated that the 20 percent fee was a cost associated with the ambulance transport.

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RICH ETHERIDGE, JUNEAU FIRE CHIEF, JUNEAU FIRE DEPARTMENT, stressed that fire departments across the state were seeing unprecedented calls for service and decreasing revenues. He stressed that the call volume in the Juneau Fire Department increased 16 percent the year prior, and the year prior it increased 14 percent. He furthered that the call volume had already increased 10 percent from the year prior, so there was no expectation of flattening the call volume. He shared that the bill would help to make up the debt portion of the budget. He remarked that he estimated that Juneau would receive approximately \$500,000, which was enough money to put another ambulance into service.

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Co-Chair Seaton queried the percentage of Medicaid runs, compared to the total.

Mr. Etheridge responded that Medicaid runs were approximately 25 percent of the call volume. He furthered that smaller communities with larger Medicaid population, the Medicaid runs could be 80 percent or 90 percent of their call volume. He shared that the Juneau Fire Department saw approximately 5000 incidents per year, and 80 percent of those 5000 incidents were medical calls.

Co-Chair Foster OPENED Public Testimony.

KATHIE WASSERMAN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, spoke in support of the bill. She stressed that the bill allowed for the municipalities to access needed funds through other avenues. She shared that the money was revenue neutral, so there would be no cost to the state.

Vice-Chair Gara shared that he did not recall receiving an email from his community on their stance on the bill. He noted that each communities' tax caps were different. He wondered whether the bill would raise the revenue to the municipality, if Anchorage were to leverage \$3 million.

Ms. Wasserman answered that she thought it most communities would put the money in their general fund, and then pass it to the fire department to cover those costs.

Vice-Chair Gara stressed that he was a cosponsor of the bill.

Representative Wilson felt that the bill would be positive for every community. She assumed that the City of Anchorage would apply the money to their general fund, because the city "took care of their police departments and fire stations." She stated that it was different than the Fairbanks North Star Borough, because there were "fire service areas." She wondered whether there was that distinction in the bill.

Ms. Wasserman replied that each community would participate differently in the program.

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BILL HOWELL, BETHEL FIRE DEPARTMENT, BETHEL (via teleconference), testified in support of the legislation. He stated that the bill would match what the fire department had as its discretionary budget. The department had a conservative estimate of a cost of \$1,200 per ambulance run, and they were losing money annually from Medicaid runs. He remarked that the Bethel Fire Department provided an important public service and were looking at ways to provide training and keep the service going. He asked the committee to pass the legislation.

[2:53:01 PM](#)

JIM STYERS, FAIRBANKS FIRE CHIEF, FAIRBANKS (via teleconference), spoke in favor of the bill. He detailed that the bill would impact the city and its citizens. The state's budget situation was trickling down and impacting municipalities. He was fully supportive of the bill.

[2:55:32 PM](#)

ALEX BOYD, ANCHORAGE FIRE DEPARTMENT, ANCHORAGE (via teleconference), spoke in support of the bill. He announced that the Anchorage Fire Department was seeing a 38 percent increase in transports. He stated that, currently, they were answering 28 thousand transports in the City of Anchorage. The costs were going up while the support was going down.

Representative Pruitt asked if Mr. Boyd saw any impact based on the tax cap.

Mr. Boyd responded that he was unfamiliar with how the collection of the funds would impact the tax cap, but felt that there may potential to relieve the tax encumbrances by alleviating some of the potential bond propositions.

Representative Pruitt had not heard this information from anyone in the community. He did not want to unknowingly cause any other challenges.

[2:58:44 PM](#)

Co-Chair Foster CLOSED Public Testimony.

Co-Chair Foster asked that amendments be turned into his office by the following Tuesday.

Co-Chair Seaton asked if Ms. Brodie was available for questions.

Co-Chair Seaton wondered whether the program treated regular Medicaid patients and Medicaid expansion patients in the same manner.

MARGARET BRODIE, DIRECTOR OF HEALTH CARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), responded that the patients were treated the same. She furthered that the department received a higher federal match for the Medicaid expansion population.

Co-Chair Seaton wondered whether there would be a higher match for the Medicaid expansion client in the program.

Ms. Brodie replied that there would not be a charge of 50 percent regardless of the client. She stated that there would be an examination of the claims, and then there would be an appropriate match request.

Co-Chair Seaton queried the percentage for the match portion for the transport for the Medicaid expansion patients.

Ms. Brodie responded that the department would apply the same match requirements as the original claim paid out.

Representative Guttenberg wondered how the bill would apply across the state, because of the different systems of emergency medical transport.

Ms. Brodie replied that it would be anyone who provided the match for the unpaid share. She stressed that all the entities already enrolled in the Medicaid program, and met all the other requirements.

[3:03:35 PM](#)

Representative Guttenberg indicated that the concern was the tax cap for various communities. He surmised that there would not be a detrimental effect of every entity, should they not file for the program.

Ms. Brodie agreed.

Vice-Chair Gara noted that the only state cost was for the administrative position, which would be reimbursed by fees.

Ms. Brodie relayed that there were no state funds, because the match would be provided through the fees.

Vice-Chair Gara indicated there had been some testimony that the fee could be capped at a lower amount. He noted that the department would not charge more than was needed for the position.

Ms. Brodie replied in the affirmative. She stated that the department would only charge the amount of the costs, which were currently 0.28 percent.

Representative Wilson understood that the bill did up to 20 percent.

Ms. Brodie responded, "That's correct."

HB 176 was HEARD and HELD in committee for further consideration.

Co-Chair Foster relayed the agenda for the following meeting on Monday, February 19, 2018.

#  
ADJOURNMENT  
[3:06:03 PM](#)

The meeting was adjourned at 3:06 p.m.