

ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON HEALTH AND SOCIAL SERVICES

January 24, 2017

3:32 p.m.

MEMBERS PRESENT

HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

Representative Ivy Spohnholz, Chair
Representative Bryce Edgmon, Vice Chair
Representative Sam Kito
Representative Geran Tarr
Representative David Eastman
Representative Jennifer Johnston
Representative Colleen Sullivan-Leonard

HOUSE FINANCE SUBCOMMITTEE ON HEALTH AND SOCIAL SERVICES

Representative Les Gara, Chair
Representative Cathy Tilton
Representative Ivy Spohnholz
Representative Bryce Edgmon
Representative Sam Kito
Representative Geran Tarr
Representative David Eastman
Representative Jennifer Johnston
Representative Colleen Sullivan-Leonard

MEMBERS ABSENT

HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

Representative Jonathan Kreiss-Tomkins (alternate)

HOUSE FINANCE SUBCOMMITTEE ON HEALTH AND SOCIAL SERVICES

All Members Present

OTHER LEGISLATORS PRESENT

Representative Dan Saddler

COMMITTEE CALENDAR

OVERVIEW: FY2018 DEPARTMENT OF HEALTH & SOCIAL SERVICES BUDGET

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

VALERIE DAVIDSON, Commissioner
Office of the Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Presented a PowerPoint overview of the Department of Health and Social Services.

SHAWNDA O'BRIEN, Acting Assistant Commissioner
Central Office
Finance and Management Services
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Presented a PowerPoint overview of the Department of Health and Social Services.

ACTION NARRATIVE

[3:32:18 PM](#)

CHAIR IVY SPOHNHOLZ called the House Health and Social Services Standing Committee meeting to order at 3:32 p.m. Representatives Spohnholz, Gara, Kito, Tarr, Sullivan-Leonard, Johnston, Tilton, and Eastman were present at the call to order. Representative Edgmon arrived as the meeting was in progress. Also in attendance was Representative Saddler.

Presentation: FY2018 Department Overview

[3:33:36 PM](#)

CHAIR SPOHNHOLZ announced that the only order of business would be an overview by the Department of Health and Social Services.

[Chair Spohnholz passed the gavel to Chair Gara]

[3:33:47 PM](#)

CHAIR GARA explained that a goal of the House Finance Subcommittee on Health and Social Services was to present full recommendations to the House Finance Committee, which could be accepted or rejected. He expressed his intention to accept amendments and to forward them whether or not they had passed or failed. He declared that the focus would be on whole programs, and whether there were programs that were not working, not serving a purpose, not necessary, or could be working better. He shared that one other goal of this sub-committee was to assist the House Health and Social Services Standing Committee to adopt statutory changes as needed. He described indirect expenditures as revenue which the State of Alaska could have generated, but did not. He offered as an example oil tax credits, which he declared was revenue that could have been generated for production taxes, but had been foregone. He directed attention to a study of these expenditures, commissioned by Representative Thompson, which listed the "money that we're missing out on that maybe we shouldn't" through Department of Health and Social Services.

[3:36:47 PM](#)

CHAIR GARA reiterated that amendments would be allowed at the close out and that he would prepare a report summarizing the work and the recommendations from the sub-committee. This report would include all the proposed amendments, regardless of whether each had passed.

REPRESENTATIVE JOHNSTON asked whether there would be a vote on these amendments.

CHAIR GARA explained that each amendment would be voted on, and those amendments which passed would be sent as recommendations to the House Finance Committee. He clarified that any amendments which did not pass would also be forwarded to the House Finance Committee for review. He noted that there sub-committee alternates from both the minority and the majority.

[3:39:01 PM](#)

VALERIE DAVIDSON, Commissioner, Office of the Commissioner, Department of Health and Social Services (DHSS), introduced herself and other members of the Department of Health and Social Services (DHSS) in attendance. She directed attention to a PowerPoint presentation entitled "FY2018 Department Overview."

[3:40:44 PM](#)

CHAIR GARA introduced Amanda Ryder, Legislative Finance Division, and declared that she was available for support to the committee.

[3:41:37 PM](#)

COMMISSIONER DAVIDSON shared slide 2, "Health & Social Services," and relayed that DHSS had been originally established in 1919 as the [Alaska] Territorial Health Department, and then, upon statehood in 1949, its responsibilities were expanded to provide for "the promotion and protection of public health, as well as public welfare." She pointed out that this was outlined in Article 7 of the Constitution of the State of Alaska. She described the links listed on slide 2, which included the proposed FY18 department budget.

[3:42:50 PM](#)

SHAWNDA O'BRIEN, Acting Assistant Commissioner, Central Office, Finance and Management Services, Department of Health and Social Services, explained that slide 3 represented the total general funds for DHSS, noting that general fund spending had increased annually until 2015, when there had been a reduction in the "overall UGF spending" of \$190 million. She moved on to slide 4, which depicted the "fund sources for the entire department spread across our lines of authority." She noted that the majority of the spending was included on the line for grants and benefits, pointing out on the timeline that, although the UGF funding had declined, the service levels had been maintained largely due "to the increase in federal authority." She moved on to slide 5, which portrayed the UGF funding spread across the departmental divisions.

CHAIR GARA asked for acknowledgement that all the members understood UGF.

COMMISSIONER DAVIDSON noted that these slides were referred to as a "10-year look back" in order "to show the progression for a 10-year time period," in this case the period from 2008 - 2018.

[3:44:51 PM](#)

MS. O'BRIEN continued with slide 5, and reported that expenditures for Medicaid services comprised the majority of the departmental budget, about 64 percent. She pointed out that, although the UGF spending for Medicaid services had begun to dip

in 2010, there had been an increase of federal funding opportunities through the American Recovery and Reinvestment Act (ARRA). She reported that overall growth in the Medicaid program was reflected in the large increase to expenditures in FY2011. She noted that the UGF funding began to decline again in FY2015 through the present year.

[3:45:41 PM](#)

MS. O'BRIEN explained slide 6 as a representation of all funds spread across each of the DHSS divisions, reporting that Medicaid services represented the largest expenditure. Although the UGF spending had decreased, a maximization of federal funding had allowed for the service levels to be maintained. She pointed out that, since 2015, the Medicaid program had reduced general fund spending by \$112 million, while increasing federal authority by \$198 million. She moved on to slide 7, a graph for total funding spread across the various funding sources for DHSS. She pointed out that, although the general funds had decreased, the services levels had been maintained through the federal funding opportunities. She declared that these services were critical safety net programs and had all been maintained.

CHAIR GARA, addressing slide 5, surmised that the annual increase to the Medicaid budget was due to an increase in the number of people on Medicaid in "bad times," and that the State of Alaska had the highest or second highest average annual increase to medical costs nationwide.

COMMISSIONER DAVIDSON expressed her agreement, and in response, explained that when state economies were doing well there were fewer people unemployed, hence a lower number of people eligible. However, when a state experienced an economic downturn, there was a rise in people eligible for services. She explained that, as Medicaid was a federal entitlement program, if there was an eligible applicant, the person must be served. She acknowledged that the cost of health care in Alaska was the highest in the nation, noting that, as the state population aged, the cost of health care increased as younger people did not need as many acute services. She allowed that the one exception, noting the 2009 dip on the slide, was reflective of the financial boost from the federal government match.

REPRESENTATIVE SULLIVAN-LEONARD asked for more detail as to why the State of Alaska had the highest dollar amount for Medicaid.

COMMISSIONER DAVIDSON, in response, explained that Medicaid payment rates were set. She explained that the best payer for reimbursement to medical costs was private health insurance, with Medicaid most likely second best, and with Medicare being the third best. She stated that private payment was generally "written off to some percentage." She reported that, as utilization impacted the medical budget, DHSS had reviewed this over-utilization of services which occurred in inappropriate places. She offered an example of emergency room use for health services as it was required by federal law for every patient to be stabilized prior to release or transfer. She described a DHSS program which matched the over-utilizers with a plan for more appropriate care to attempt to reduce this as a part of Senate Bill 74. She referenced a private-public partnership between the State of Alaska and the Alaska State Hospital and Nursing Home Association (ASHNHA).

3:55:40 PM

REPRESENTATIVE TARR commented on experiences with super-utilizers in her district. She asked for verification that Alaska had the most expensive Medicaid program in the country.

COMMISSIONER DAVIDSON, in response, expressed her agreement that the Medicaid expenditures were higher in many categories. She pointed out that the state participated in many optional services as part of the Medicaid program. She explained that Medicaid was a federal program administered by both the federal government and the states. Each state had a federal match, a federal medical assistance percentage (FMAP), which was determined by the average income of the citizens of that state. The FMAP in Alaska was 50 percent, although there were exceptions for children, pregnant women and Medicaid expansion. Under the federal program, Medicaid required certain programs to be mandatory, which included in-patient and out-patient visits. Other programs could be provided at each state's option. Alaska had chosen to implement optional services that would save money in the long term. She offered as an example that prescriptions and pharmaceutical services were considered optional, not mandatory, services. She stated that, as poor people did not generally have the money to spend on pharmaceuticals out-of-pocket, it did not take long for acute emergency care, a result of failure to take medications, to cost more than the medications. She offered another example for long term care and support services, and explained that a nursing level of care was a required, mandatory service with a very high cost; however, home and community based services for chores, cooking, etc. were

an optional service offered by the state which allowed people to live independently in their own homes. She reported that eligibility for these home and community based waiver services required the individual to meet the level of service necessary for in-patient nursing level of care. If the optional home and community based services were not offered, the state would have to supply a residential, in-patient service which was more expensive and in short supply in Alaska.

REPRESENTATIVE TILTON asked that a list of the optional programs with the corresponding state funding be distributed to the committee members.

[4:02:48 PM](#)

MS. O'BRIEN returned attention to slide 7 and pointed out that, although there had been a decrease in state general fund spending, there had been an increase in federal authority in order to maintain historic service levels.

[4:03:31 PM](#)

COMMISSIONER DAVIDSON moved on to slide 8, explaining that the next 12 slides included 99 rows of detail in 12 columns. She explained the header for each column, which included the program name/budget allocation, the funding, the number of employees in that program, and the number of Alaskans served by the program.

[4:05:59 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD, directing attention to the column regarding rating of importance, asked how this system was determined with a rate of effectiveness and importance.

COMMISSIONER DAVIDSON, in response, explained that the rating of importance was prescribed by the House Finance Committee in its budget memo and directions to the department. She explained that the guidelines had been offered by the House Finance Committee and the department then made an assessment for each program as to how each best fit into the rating category.

CHAIR GARA added that a memo from Representative Seaton for what was most important had been included.

REPRESENTATIVE JOHNSTON asked for clarification about the rating of effectiveness.

COMMISSIONER DAVIDSON, in response, explained that this rating was categorized as (1) getting the job done; (2) getting the job done but with a substantial opportunity for improvement; or (3) not getting the job done with limited opportunity for improvement.

REPRESENTATIVE JOHNSTON asked if the performance measures were used as criteria.

COMMISSIONER DAVIDSON expressed her agreement. She added that this was the first use of the rating system matrix, which had resulted "in exciting and vigorous debate within the department about where that rating should land."

[4:11:56 PM](#)

COMMISSIONER DAVIDSON explained that the final three columns outlined whether each program was a federal or state statutory requirement, or a constitutional requirement. She explained that a grey horizontal row indicated a summary with the detail below, pointing out that not all of these boxes were filled. She reported that, in recent budget years, DHSS had looked for ways to maximize its federal participation through partnerships and re-financing, in order to save state general funds.

[4:14:47 PM](#)

MS. O'BRIEN referenced the information about the Alaska Pioneer Homes on slide 8. She reported that the majority of staffing in the Pioneer Homes provided direct services, and that the Pioneer Homes were 2.3 percent of DHSS budget.

COMMISSIONER DAVIDSON shared that, since FY15, the Alaska Pioneer Homes budget had been reduced in UGF by 9.8 percent, about \$3.6 million, which included reductions of 23 full time positions, about 4 percent.

[4:16:03 PM](#)

MS. O'BRIEN moved on to slide 9, which outlined the Division of Behavioral Health. She shared that this division was 4.9 percent of the department budget, with the majority of its staff working for the Alaska Psychiatric Institute and providing direct services to the residents of the facility. She noted that the largest amount of UGF was for treatment and recovery grants, which were issued for direct services to grantees. She shared that Medicaid Expansion now allowed client billing of

services to Medicaid, thereby decreasing the reliance on state funding.

CHAIR GARA pointed out there would be separate hearings on treatment services, Medicaid Expansion, privatizing the pharmaceutical function at the Pioneer Homes, and [Office of] Children's Services.

COMMISSIONER DAVIDSON reported that the Division of Behavioral Health had been reduced by 24 percent, about \$18.96 million since FY2005, with a full time position reduction of 5 positions, about 1.4 percent.

REPRESENTATIVE SULLIVAN-LEONARD asked for clarification to the reduction of positions.

COMMISSIONER DAVIDSON stated that these were elimination of positions.

MS. O'BRIEN moved on to slide 10 regarding the Office of Children's Services, which was 5.6 percent of the department budget. She pointed out that the majority of staff funding was for front line social workers providing direct services to children and their families. She reported that the majority of UGF dollars was spent on formula programs, including foster care and adoption and guardianship payments.

COMMISSIONER DAVIDSON stated that, since FY2015, the Office of Children's Services had been reduced by 7.3 percent, \$6.8 million, although the job positions had increased by 24, about 4.7 percent, largely due to the number of children in out-of-home placement.

CHAIR GARA asked if the number of youth in foster care had increased from 1800 youth to about 3000 youth in the last six years.

COMMISSIONER DAVIDSON expressed her agreement.

CHAIR GARA asked if the staffing had also increased commensurate to the caseload.

COMMISSIONER DAVIDSON assessed that the number of staff had not increased commensurate to the increase in case load.

[4:21:42 PM](#)

MS. O'BRIEN reported on slide 11, the Division of Health Care Services. She relayed that this division accounted for 0.8 percent of the overall departmental budget, and its staff administered the Medicaid claims payment programs and for the Medicaid redesign work. Moving on to the next program listed, she reported that the Catastrophic and Chronic Illness Assistance program had previously served more than 400 people, but since Medicaid Expansion and subsequent reform efforts, the majority of the recipients were now eligible for Medicaid Expansion and the program now served fewer than 10 people.

[4:22:38 PM](#)

REPRESENTATIVE JOHNSTON asked if there would be a specific hearing relative to the report from Senate Bill 74, in order to determine what has been accomplished and what could be accomplished in the upcoming FY2018 budget.

CHAIR GARA asked for clarification.

REPRESENTATIVE JOHNSTON explained that she wanted more information relative to the current status of the reform efforts in Senate Bill 74 and the possible impact to decisions for the FY2018 budget.

COMMISSIONER DAVIDSON expressed her agreement that Senate Bill 74 was "a comprehensive Medicaid redesign bill" and that reform and expansion should move "hand in hand." She declared that DHSS had met all of its statutory requirements for timelines and the department would provide more budget detail. She lauded the extensive bi-partisan work to this point.

CHAIR GARA, in response to Representative Johnson, shared that this would be the topic of the next committee meeting.

COMMISSIONER DAVIDSON returned attention to the Division of Health Care Services and reported that, since FY2005, there had been a 17.5 percent reduction, about \$1.7 million. She added that there had been a reduction of 3 positions since 2015, about 2.4 percent. She pointed out that these positions were handling the analysis and available opportunities in Senate Bill 74.

[4:25:17 PM](#)

MS. O'BRIEN moved on to slide 12, and reported that the Division of Juvenile Justice accounted for 2.1 percent of the departmental budget. She relayed that it was important to note

that the department had recently closed the Ketchikan [Youth] Facility and that the Nome Youth Facility was scheduled to close in FY2018 due to the loss of one time funding.

REPRESENTATIVE TARR asked for more information about the closure of the Nome Youth facility.

COMMISSIONER DAVIDSON replied that the Division of Juvenile Justice privatization study would soon be released, and that more detail could then be provided. She added that Senate Bill 74 had required privatization studies for the Alaska Pioneer Homes and its pharmaceutical services, as well as the Alaska Psychiatric Institute. She stated that these reports would all be released shortly.

REPRESENTATIVE TARR expressed her concern for kids being placed so far away from their home communities and those corresponding nearby support networks. She asked where the kids would now be placed.

COMMISSIONER DAVIDSON explained that the current budget proposals were released prior to completion of the feasibility studies. She reported that, as the Nome Youth Facility had only received a one year funding, DHSS did not include the facility in its recommendations to the governor during discussion of the proposed budget cuts. She noted that DHSS would also be reviewing the privatization studies.

COMMISSIONER DAVIDSON relayed that, since FY2015, the Division of Juvenile Justice had sustained a 7 percent budget cut, about \$4 million, as well as 38 full time position reductions, 7.9 percent.

REPRESENTATIVE SULLIVAN-LEONARD asked for a summary of the reductions and its effect on DHSS.

COMMISSIONER DAVIDSON asked whether this was a request for the dollar reductions and the percent reductions, as well as the staff reductions and those percentages.

REPRESENTATIVE SULLIVAN-LEONARD expressed her agreement.

[4:30:37 PM](#)

MS. O'BRIEN moved on to slides 13 and 14, the Division of Public Assistance budget. She reported that the division entailed 11.2 percent of the departmental budget, and that the majority of its

staff were responsible for determining eligibility and assisting recipients with the benefit process. She explained that the Adult Public Assistance program was "responsible for satisfying the maintenance of effort requirement for the Medicaid program in the State of Alaska."

COMMISSIONER DAVIDSON reported that there had been a 15.7 percent reduction within the Division of Public Assistance since FY2015, about \$25.3 million. The full time staff reductions had been about 1.6 percent although, she surmised, this seemed to be low. She relayed that the department had received calls from legislators and concerned Alaskans that there were unduly long wait times for the process of applications to eligibility. She pointed out that during the first year of Medicaid Expansion, the Alaska Mental Health Trust Authority had made \$1.3 million available to the Department of Health and Social Services for positions within the Division of Public Assistance to assist with the additional 22,000 Alaskans projected to apply for Medicaid Expansion. She relayed that, unfortunately, during this same budget year, the Division of Public Assistance budget for positions to process the applications was reduced by \$1.5 million, between 23 - 26 positions. She declared that, as this would be a recurring reduction, the department would remain short of staff to process applications. She allowed that there were some fast tracks for immediate assistance in processing, including for pregnant women.

[4:34:42 PM](#)

MS. O'BRIEN explained that slides 15 and 16 referenced the Division of Public Health which comprised 4.3 percent of the departmental budget, and that the majority of its staffing was in nursing which provided direct services. She added that the general funds for the community health grant program had been reduced through refinancing opportunities under the Medicaid program.

COMMISSIONER DAVIDSON pointed out this refinancing had been with a 100 percent federal match. She added that, since FY2015, this division had a 22.9 percent reduction, about \$12.79 million. She shared that there had been a reduction of 57 positions, about 11.9 percent.

REPRESENTATIVE TARR asked for clarification that these numbers were from FY2015 until the present.

COMMISSIONER DAVIDSON expressed her agreement.

REPRESENTATIVE JOHNSTON asked if the community health grants were for community centers or rural health centers.

COMMISSIONER DAVIDSON explained that these grants were pass through funds which were shared with the communities, and were not through rural health centers. She offered that some funds went to the Municipality of Anchorage, and that these funds had also experienced some reductions during the budget process.

REPRESENTATIVE JOHNSTON asked to clarify that there had been some savings due to additional federal funding.

COMMISSIONER DAVIDSON explained that in this category there were both community health grants as well as community health aide training grants. She stated that the training grant funding had been zeroed out of the UGF budget, but were recouped through 100 percent federal match funding from the Centers for Medicare and Medicaid Services (CMS) to the tribal facilities which trained these community health aides.

REPRESENTATIVE JOHNSTON asked if the UGF cuts were mainly for the community health center grants.

COMMISSIONER DAVIDSON expressed her agreement.

[4:38:35 PM](#)

MS. O'BRIEN directed attention to slide 17, outlining the Division of Senior and Disabilities Services. This division comprised 2.5 percent of the departmental budget and the majority of the staff provided direct services through the administrative services. She addressed the community based grants programs which provided low cost, in-home services to seniors in order to help maximize independence and allow seniors to remain in their homes longer.

COMMISSIONER DAVIDSON reported that this division had sustained a \$208,000 reduction, about 0.5 percent, since FY2015. There had been an increase of 3 full time positions, about 1.8 percent. She explained that, in FY2016, the \$8.9 million Independent Living program had been transferred into this program from the Department of Labor & Workforce Development, and the Early Intervention Infant Learning Program had been transferred from the Office of Children's Services.

[4:41:02 PM](#)

MS. O'BRIEN directed attention to slide 18 and addressed the Department Support Services. She relayed that the majority of this staff were information technology and that the IT manager would be transferred to the Shared Services as part of the centralized information office in the FY2018 budget.

COMMISSIONER DAVIDSON shared that, since FY2015, this department had a 31.8 percent reduction, about \$7.8 million, with a reduction of 22 full time positions, about 8.5 percent.

[4:41:59 PM](#)

MS. O'BRIEN moved on to slide 19 which addressed the Medicaid Services budget. She pointed to the various programs and the number of Alaskans each program served. She noted that the adult preventive dental component did not represent the entire body of expenditures for the dental program, but only detailed some of the services provided through adult dental.

[4:42:50 PM](#)

REPRESENTATIVE JOHNSTON asked about the transfer of the Children's Medicaid Services.

MS. O'BRIEN explained that Children's Medicaid Services had been transferred to the Behavioral Health component of Medicaid Services as most of its services were behavioral health related.

CHAIR GARA asked about the elimination of a dental services program in the prior year.

[4:43:56 PM](#)

COMMISSIONER DAVIDSON explained that there had been a reduction to the optional dental services, but not an elimination.

CHAIR GARA asked which dental services were now provided through Medicaid.

COMMISSIONER DAVIDSON explained that some of these services were included under health care Medicaid services. When these optional adult preventive dental Medicaid services were first offered, the Alaska State Legislature asked that they be accounted for separately. She pointed out that this service was most often for dentures, as it enhanced the possibility for job placement.

CHAIR GARA asked if the program had remained intact.

COMMISSIONER DAVIDSON explained that there had been reductions in utilization.

[4:45:19 PM](#)

MS. O'BRIEN shared that, although there had been \$112 million in general fund reductions to the Medicaid services, there had been an increase of \$198 million in federal authorization. She shared that service levels had been maintained while there had been success in reducing the UGF.

CHAIR SPOHNHOLZ asked how much the UGF had been decreased.

MS. O'BRIEN, in response, reiterated that UGF had been decreased by \$112 million, a reduction of 8 percent.

[4:46:41 PM](#)

REPRESENTATIVE JOHNSTON asked about any cost and any savings through Medicaid Expansion which had been applied to tribal health.

COMMISSIONER DAVIDSON asked for further clarification.

REPRESENTATIVE JOHNSTON asked if any Medicaid expansion funds had gone to tribal health organizations, and, if so, had this resulted in any savings to the state.

COMMISSIONER DAVIDSON explained that any Medicaid provider enrollee who had supplied a medically necessary service under Medicaid, whether through Medicaid or Medicaid Expansion, could seek reimbursement from the Medicaid program for those services. She stated that this could include both tribal health and non-tribal health programs. She offered background to the extensive negotiations between tribal and non-tribal organizations since Centers for Medicare and Medicaid Services (CMS) had provided new guidance for the tribal claiming policy. She explained that previously the federal government had required tribal health organizations to seek third party reimbursement, such as private insurance, Medicaid, or Medicare. However, the federal government had now implemented a rule that offered 100 percent federal reimbursement if a person was an Indian Health Service (IHS) beneficiary, as well as a Medicaid beneficiary, and the care was received through an IHS facility, which included

tribally operated facilities in Alaska. The interpretation had now been expanded to include both medically necessary travel, as this was an access-to-care issue, and care started in an IHS facility but referred to a non-tribal facility because of a lack of capacity for specific care; hence, these were now offered for 100 percent federal reimbursement. She offered an example, citing an expansion of care available to Alaskans without a duplication of services, and a savings of general fund dollars. She relayed that these negotiations for expansion were on-going.

[4:53:17 PM](#)

REPRESENTATIVE KITO asked what would happen if there were a cut to the larger programs such as Medicaid, as the 50 percent reimbursable rate generated a cost of about \$600 million. He asked if service would then only be offered for a portion of a year, or were there other mechanisms to decrease this level of service to beneficiaries.

COMMISSIONER DAVIDSON replied that there were some options through utilization management. She offered an example of home and community based waiver services, and suggested that there could be limitations on the number of hours or units of service for which Medicaid would pay. She pointed out that a reduction to this service could also limit the amount of time that people were allowed to stay in their own home, instead requiring a move to a facility, and thereby increasing the cost of care. She reported that DHSS was scrutinizing travel, as Medicaid only paid for medically necessary travel for care which was not available in the patient's location. She pointed out that many of the benefits from Medicaid, such as pre-natal care and child immunizations, saved money in the long run.

REPRESENTATIVE KITO asked if a reduction of Medicaid funding for expected services would lead to Alaskans without care.

COMMISSIONER DAVIDSON explained that changes to the Medicaid program could be reductions in eligibility, reduction of reimbursement rates to providers, or reductions in utilization as previously explained. She pointed out that there had been an aggressive movement for the leveraging of federal resources and working with the tribal and non-tribal health organizations to develop partnerships to continue the level of service.

CHAIR GARA lauded the tribal health waivers and other initiatives DHSS had launched.

5:00:41 PM

[Chair Gara returned the gavel to Chair Spohnholz]

5:01:18 PM

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 5:01 p.m.