

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

January 26, 2017

3:34 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)

OTHER LEGISLATORS PRESENT

Representative Dan Saddler

COMMITTEE CALENDAR

OVERVIEW: MEDICAID REDESIGN IMPLEMENTATION

- 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 titled "Medicaid Redesign Implementation."

MONIQUE MARTIN, Health Care Policy Advisor
Office of the Commissioner
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Presented a PowerPoint overview titled "Medicaid Redesign Implementation."

ACTION NARRATIVE

[3:34:51 PM](#)

CHAIR IVY SPOHNHOLZ called the House Health and Social Services Standing Committee meeting to order at 3:34 p.m. Representatives Spohnholz, Edgmon, Kito, Sullivan-Leonard, Johnston, Eastman, Gara, and Tilton were present at the call to order. Representative Tarr arrived as the meeting was in progress. Also in attendance was Representative Saddler.

Overview: Medicaid Redesign Implementation

[3:35:50 PM](#)

CHAIR SPOHNHOLZ announced that the only order of business would be the overview on Medicaid redesign implementation.

[Chair Spohnholz passed the gavel to Chair Gara]

[3:35:56 PM](#)

CHAIR GARA declared that the Department of Health and Social Services (DHSS) would address the large comprehensive issue of Medicaid Reform and Medicaid Expansion, the results, and any necessary actions. He reiterated his plan to forward all

amendments from this committee for review by the House Finance Committee.

3:37:17 PM

VALERIE DAVIDSON, Commissioner, Office of the Commissioner, Department of Health and Social Services (DHSS), explained that DHSS had worked with the Alaska State Legislature on comprehensive Medicaid Reform which, she declared, went hand in hand with Medicaid Expansion. She relayed that a comprehensive Medicaid Reform bill had been passed during the 29th Alaska State Legislature. She stated that it had "been an incredible process working with Alaskans." She reported that there were 16 different groups working on this, and that DHSS was only the lead on 12 of these groups. She lauded the collaboration with stakeholders throughout Alaska to implement the necessary programs.

3:39:40 PM

MONIQUE MARTIN, Health Care Policy Advisor, Office of the Commissioner, Department of Health and Social Services, directed attention to the PowerPoint titled "Medicaid Redesign Implementation." She relayed that during the first efforts for implementation of Senate Bill 74 there was an immediate realization to the scope of the reforms and pointed to slide 3 which broke out the 16 initiatives of the bill.

MS. MARTIN moved on to slide 4, "Vision for Medicaid Redesign." She listed many of the partner groups which came together, including the Alaska Primary Care Association and the Alaska State Hospital and Nursing Home Association, to help DHSS with the Medicaid Redesign and Expansion Technical Assistance Contract, and then to implement the aforementioned reforms contained in Senate Bill 74. She discussed the guiding principles of the vision for Medicaid redesign in Alaska, slide 4, as well as the graphic representation of the vision, which showed a need for coordinated care both horizontally and vertically to ensure this integration so that Alaskans would receive the best health care possible.

3:42:50 PM

MS. MARTIN stated that she would review the 16 initiatives and she directed attention to slide 5, "Primary Care Case Management & Health Homes." She reported that it had been decided which reforms needed to happen first and which reforms "teed up" other

reforms. She said that the coordinated care demonstration project, one of the two biggest reforms in Senate Bill 74, included primary care case management and the health homes initiative and was important to have ramped up to serve Alaskans. She added that there was also a desire to ramp up some temporary case management services for Medicaid recipients. She reported that the Alaska Medicaid Coordinated Care Initiative, also known as the super-utilizer program, was expanded. She explained how the case management services to those recipients and their family members receiving Medicaid had been expanded to help with navigation of the health care delivery system. She relayed that the other part of the case management initiative was for health homes, a specific program in the Patient Protection and Affordable Care Act, and was intended to roll-out in 2018. She noted that this had been a long process through the Centers for Medicare and Medicaid Services (CMS) because it included an enhanced federal match for those recipients. She noted that most federal matches in Alaska were 50 percent, whereas the health home model allowed for a higher federal match for its first eight quarters of implementation. She said that there was a lot of flexibility in how to rollout the health home initiative.

[3:46:03 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked if health homes were home health care.

MS. MARTIN replied that health homes could be a primary care setting, but could also be a behavioral health clinic which provided services. She explained that it was designed to allow flexibility for the health care needs of an individual and to reduce health care costs.

CHAIR GARA asked for clarification that the health home project was aimed at connecting emergency room over-users with medical care that was cheaper and more appropriate.

MS. MARTIN expressed her agreement that this was one way to implement health homes. She said that it could be proposed through providers for behavioral health clients' health and primary care needs, as it offered a lot of flexibility to set up different programs. She pointed out that this program had an enhanced federal match of 90 percent for its first eight quarters.

[3:48:56 PM](#)

REPRESENTATIVE SADDLER asked if health home was also considered a patient centered medical home.

MS. MARTIN replied that patient centered medical home was another designation that did not come with the enhanced federal match.

[3:49:31 PM](#)

MS. MARTIN directed attention to slide 6, and said that one of the two biggest reforms in Senate Bill 74 was Behavioral Health System Reform, which she described as "truly comprehensive behavioral health reform, really looking at identifying the gap in the continuum of care." She reported that there was an important partnership with the Alaska Mental Health Trust Authority, that the trustees had awarded almost \$10 million for the first three years of implementation of Senate Bill 74 to include stakeholder engagement, actuarial consulting services for Section 1115 waiver, and behavioral health. She said that one of the biggest milestones for this reform was submitting a Section 1115 waiver to the CMS, as it would provide flexibility in the ways to provide and pay for Medicaid services. She emphasized this was a shift to paying for value instead of volume in the behavioral health system. She said that a waiver concept paper had been recently submitted to CMS, the initial step to the Section 1115 waiver. She declared that six public-private teams were working on various aspects of the waiver application. She shared that this application was a very technical process with lots of CMS requirements, and included a showing of budget neutrality.

CHAIR GARA asked for an explanation of the Section 1115 waiver.

[3:53:07 PM](#)

COMMISSIONER DAVIDSON explained that the Section 1115 waiver was a waiver of certain requirements of the social security act. She explained that, in this instance, as the waiver needed to show budget neutrality, the department had negotiated terms with the federal government for ways to provide health care differently in Alaska. She shared that DHSS was reviewing ways to improve outcome measures in five different areas, which included expansion of treatment capacity and access to services with better integration of care in different settings, integration of social supports to aid with an individual's

success, cost and outcomes reform, provider payment and accountability reform, and delivery system reform.

CHAIR GARA asked if this would allow for Medicaid funding at larger facilities than was currently available.

COMMISSIONER DAVIDSON expressed her agreement. She explained that CMS had a two-step process to waive the institutions for mental disease limitation. She stated that a facility with more than 16 beds could not bill Medicaid for treatment services, a problem for Alaska as the state had a larger treatment facility in order to maximize economy of scale and reduce costs. She pointed out that, as Alaska was affected disproportionately by this exclusion, the Section 1115 waiver would allow for a waiver of the exclusion. She noted that these waivers were for a 5 year time period, and could be renewed.

CHAIR GARA asked if the addition of social supports to transition people out of the system and back into the community would also be covered by Medicaid through this waiver, and would this be better than a 50 percent match.

COMMISSIONER DAVIDSON explained that the Section 1115 waiver would allow Alaska to be reimbursed at the appropriate level per the individual's eligibility. She acknowledged that this would include coverage of the social supports.

[3:57:16 PM](#)

MS. MARTIN relayed that DHSS would also contract with an administrative services organization as support for this new system being developed with the Section 1115 waiver. She listed the next big steps to include the release of a request for information on an administrative services organization, which would allow DHSS to gauge the interest for provision of these services, and to ask questions to help flush out the requests for proposals. She relayed that this would help the Division of Behavioral Health Services to move from management of contracts with grantees and providers toward analysis of data provided by the administrative services organization identifying areas of potential gaps as the new system of care was developed. This would allow movement into policy development for the necessary services for Alaskans.

[3:58:50 PM](#)

MS. MARTIN directed attention to slides 7 and 8, "Coordinated Care Demonstration Projects." She stated that these would allow DHSS to test a new delivery system and payment reform models for the Medicaid program. She listed some of the specific measures which the Coordinated Care Demonstration Projects had to include, including the release of a request for information to gauge interest. She stated that those responses had ranged from regional accountable care models to statewide full risk managed care, although none of these responses were required to submit a proposal when the RFP (Request for Proposal) was released. She relayed that DHSS had found some funding opportunities for technical assistance, and had worked with the Pacific Health Policy Group in a review of the current system of care and what should be considered. She reported that the RFP had been released on December 30, 2016, as required by Senate Bill 74, and that the department anticipated an intensive proposal evaluation during the extensive reply process.

CHAIR GARA asked what the project would do once it started.

MS. MARTIN expressed her agreement that the coordinated care demonstration projects could do about anything someone may propose for case management services to the more costly portions of the Medicaid program, and that they had not yet started. She said they could take on the delivery of any health care model to all Medicaid recipients in a region of the state, or even statewide, as determined by the regional providers.

COMMISSIONER DAVIDSON added that the department had broad reform authority under Senate Bill 74, which allowed them to work with communities and providers in the testing of new models of delivery. She acknowledged that it had sometimes been challenging for DHSS to pursue new models for delivery of health care until they had been granted this authority. She reported that many of the proposals had been very forthright with their information and modeling. She pointed out that DHSS had not done this type of work previously, so they brought in national experts to share what was within the range of possibility which was being done by other states. DHSS was encouraged to request information from groups prior to refining the RFP process.

[4:05:34 PM](#)

CHAIR GARA asked to focus more on the adopted reforms and the cost benefit savings that were currently happening with Medicaid Expansion reform.

COMMISSIONER DAVIDSON offered an alternative for sharing the appropriate timelines for expectations of progress.

CHAIR GARA expressed his agreement.

[4:07:55 PM](#)

MS. MARTIN moved on to slide 9 "1915(i) and (k) Options" and addressed implementation of these options for home and community based services which were designed to keep Alaskans in their homes. She stated that these were offered as an alternative to mandatory Medicaid services for nursing level of care, pointing out that these were designed to keep people in their home at a lower cost. She pointed out that this would allow for an enhanced federal match, and clarified that DHSS would not implement a program which would become mandatory. She said that both the 1915(i) and (k) options were entitlement programs and could not have wait lists to set caps and ensure DHSS was staying within budget. One of the recommendations was to move forward with the 1915(k) option only, at this point, to ensure that DHSS could meet the requirements for savings as detailed in Senate Bill 74. She relayed that more information would be forthcoming, and there was a possibility for pursuit to a different type of waiver.

CHAIR GARA asked for an example of a state paid institutional level of care, which would qualify for federal matching funds if the waiver was approved.

COMMISSIONER DAVIDSON offered an example of home and community based services which included assistance with activities of daily living for which the state had a 50 percent match, and she shared that with the 1915(k) waiver the state would now receive an enhanced match of 56 percent. She reported that there was still hope to move forward with a 1915(i) option that would allow certain behavioral health services to be moved from 100 percent general fund payment to a 50 percent match, although it did not appear to be feasible for the state at this time.

COMMISSIONER DAVIDSON stated that, as DHSS moved forward, it had been very careful about making sure "that we drill down and get the information, due the actuarial analysis, meet with those national experts who can do a deep dive on what's happening in Alaska" before making any adjustments and decisions for when to move forward. She reiterated that the 1915(i) option was not currently feasible for the state, so DHSS was looking at other options to provide this service.

4:13:10 PM

MS. MARTIN addressed slide 10, "Criminal Justice Reform (SB 91 Integration)," and relayed that there was a workgroup related to Senate Bill 91, implementation and integration with the ongoing efforts for reform in Senate Bill 74. She said that DHSS had a large role in conjunction with the Department of Corrections (DOC), joining in a monthly work group which looked at maximizing enrollment in Medicaid and other qualifying programs for those about to be released from a correctional facility in order to ensure success upon release.

4:14:07 PM

REPRESENTATIVE JOHNSTON asked if both the Section 1915(i) and (k) programs were both longstanding.

COMMISSIONER DAVIDSON replied that Section 1915(k) was made available with the passage of the Patient Protection and Affordable Care Act, and that Section 1915(i) was through the American Reinvestment and Recovery Act (ARRA), with enhancements through the Patient Protection and Affordable Care Act.

COMMISSIONER DAVIDSON, in response to Representative Tarr, said that most released prisoners were eligible for Medicaid Expansion. She added that behavioral health appointments in the first week of release, along with ongoing support had been shown to be an effective recidivism reduction effort in other states, and that DHSS was working with DOC to build healthy Alaskans.

4:17:17 PM

MS. MARTIN shared slide 11, "Emergency Dept. Care Improvement," and stated that this initiative called on the Alaska State Hospital and Nursing Home Association (ASHNHA) as the lead agency, adding that ASHNHA had identified a real time information exchange to help those super-utilizers of emergency rooms connect more appropriately with primary care services. She relayed that the information exchange also identified those seeking prescription drugs. There were new guidelines for prescribing narcotics which were designed to reduce opioid abuse, and these final guidelines had been distributed to hospitals for sign-off. She pointed out that this would reduce the number of Alaskans inappropriately using emergency rooms, and connect them with more appropriate primary care, which could reduce the costs.

REPRESENTATIVE SADDLER asked if the guidelines were binding.

COMMISSIONER DAVIDSON, in response, relayed that the governor was interested in the pursuit of enhancements to the opioid strategy based on the recommendations from the opioid policy task force. She opined that some of these would require legislative changes, while others could be implemented in other ways.

CHAIR GARA, in response to Representative Saddler, said that this would be discussed at a later meeting.

[4:20:54 PM](#)

REPRESENTATIVE JOHNSTON asked about emergency room usage, and questioned whether there was a way to track usage in order to see if the reforms were effective.

COMMISSIONER DAVIDSON replied that one requirement of the public-private partnership was for tracking the change once the program was implemented.

REPRESENTATIVE JOHNSTON asked for the statistics from last year and this year.

COMMISSIONER DAVIDSON replied that this specific project in partnership with Alaska State Hospital and Nursing Home Association was still in the planning and implementation phase and had not yet begun. However, a voluntary program looking at super-utilizers and matching them with a care coordinator to find a primary care appointment was being tracked. She offered to provide the information as it became available.

REPRESENTATIVE TARR said that there had been a successful decrease in super-utilizers in her district.

CHAIR GARA reminded the committee to ask any budget questions.

COMMISSIONER DAVIDSON relayed that DHSS had tried to ensure that the changes within different departments was integrated to ensure success.

[4:25:15 PM](#)

CHAIR GARA asked about services and federal funding now being provided that had not been offered prior to Medicaid Expansion.

COMMISSIONER DAVIDSON stated that there was a telehealth workgroup for some of the already mentioned programs, although with a focus on telehealth, slide 12, "Telehealth Workgroup." She pointed to the members on slide 13, "Telehealth Workgroup Members." She acknowledged some gaps in the health information infrastructure, stating that a company had been engaged to "get where we need to be so that we can make better data informed decisions, to make better health policy decisions as a state," slide 14, "Health Information Infrastructure Plan. She added that these were funded with a 90 percent match.

[4:26:57 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked if there had been an increase in users during development of telehealth.

COMMISSIONER DAVIDSON said that, in tribal health, there had been a significant increase in the utilization of telehealth as the equipment and technology became more available; although, there was not the same level of growth in the non-tribal system, noting that there were some limitations in state law that did not allow tele-health to exist at the extent desired in Alaska. She pointed out that tele-health allowed an extended level of care with a limited number of providers and specialists and without an increase to the travel costs. She said that the tribal health system had tracked the number of encounters which resulted in reduced travel and an overall reduction in expenditures.

[4:28:58 PM](#)

COMMISSIONER DAVIDSON addressed slide 15, "Tribal Claiming Policy," and explained that CMS had extended services through tribal and non-tribal partnerships under circumstance when certain requirements were met. She relayed that negotiations for care coordination agreements and for state plan amendments were ongoing.

CHAIR GARA asked whether the entities not yet approved as recipients had not completed negotiations.

COMMISSIONER DAVIDSON expressed her agreement. She explained that during this first year most of the effort had been focused on travel. She reported that both emergency travel and non-emergency, medically necessary travel was covered at 100 percent. She said that ancillary travel and accommodation

services were still under discussion, and that care coordination agreements had to be in place with each provider. She opined that this could possibly present a violation of Health Insurance Portability and Accountability Act (HIPAA). She explained that the projected savings in travel had not yet been recognized. She shared that currently the department was reviewing high dollar, low volume services, although it was not an easy data match for Indian Health Services and Medicaid requirements.

[4:32:45 PM](#)

REPRESENTATIVE TARR asked about travel costs related to cancelled appointments and what was this frequency.

COMMISSIONER DAVIDSON explained that Alaska weather was the predominant reason for missed appointments. She relayed that a benefit of the tribal claiming policy was that a number of tribal health organizations had expressed interest in taking over this travel piece.

CHAIR GARA asked for more information on Medicaid Expansion, the costs and the achievements.

[4:36:02 PM](#)

MS. MARTIN jumped ahead to slide 20, "Fraud & Abuse Prevention." She reported that Senate Bill 74 had created the "Alaska Medicaid False Claim and Reporting Act," which allowed the department to assess interest and penalties on identified overpayments, as well as requiring self-audits every two years which allowed the provider to report any errors for overpayments with no penalty. She stated that the first errors report to the legislature was made on November 15, 2016, and the first set of regulations related to audit and provider record keeping were nearing completion. She shared that the privatization reports were due to be released to the legislature the next day.

[4:38:02 PM](#)

COMMISSIONER DAVIDSON directed attention to slide 23, "Health Care Authority," and noted that the Department of Administration was the lead agency for this study on the feasibility of creating a Health Care Authority and that the preliminary report would be released in February 2017.

COMMISSIONER DAVIDSON moved on to slide 25, "Medicaid in Alaska," and relayed that this latest monthly report was through

December 28, 2016 and that it could be found via a link on the DHSS website. She explained that the report showed that 27,415 Alaskans were currently enrolled in Medicaid Expansion. She noted that the top bar reflected the enrollees by age category and sex.

CHAIR GARA asked if the \$316 million of services provided were covered at the Medicaid Expansion rate.

COMMISSIONER DAVIDSON replied that these claims had been paid at 100 percent federal match, pointing out that these were new federal revenues into the Alaska economy. She expressed her appreciation that these Medicaid Expansion revenue benefits had been dispersed throughout the state into every community which provided health care.

CHAIR GARA asked for the parameters to Medicaid expansion.

COMMISSIONER DAVIDSON explained that Medicaid Expansion covered adults between the ages of 19 - 64 without dependent children with incomes of about \$20,000 for a single Alaskan. Those people over 64 were covered by Medicare and were not eligible for Medicaid Expansion. People under 19 years of age were also not eligible. She reported that Medicaid Expansion was reimbursed through the Patient Protection and Affordable Care Act, and for the first three hard calendar years, 2014 - 2016, there was a 100 percent federal match. She clarified that these were not rolling calendar years. Starting in calendar year 2017, the federal match was 95 percent; in calendar year 2018, the federal match was 94 percent; in calendar year 2019, the federal match was 93 percent; and in calendar year 2020 and beyond, the federal match was 90 percent.

[4:44:59 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD referenced slide 18, and asked for a quick overview of the prescription drug monitoring program.

COMMISSIONER DAVIDSON explained that the prescription drug monitoring program was managed by the Board of Pharmacy, in the Department of Commerce, Community & Economic Development. She said that it required providers to submit data that documented and tracked certain prescription drugs, including prescription opioids. Providers had previously only been required to report monthly, but with the passage of Senate Bill 74, the time period was changed to reporting on a weekly basis. She allowed that

there were some exemptions, including hospice and end of life care.

CHAIR GARA noted that this was not part of Medicaid Expansion.

REPRESENTATIVE SADDLER asked about the benefit from Medicaid Expansion to boost the economy, and its effect on the recession in the state.

CHAIR GARA clarified that there had been almost 7,000 jobs lost in the state, and the budget had been cut by more than \$2 billion. He asked what had been added to the economy through Medicaid Expansion with relation to jobs.

COMMISSIONER DAVIDSON replied that she would get back to the committee with the exact numbers, and referencing the recent economic report from the Department of Labor & Workforce Development, she pointed out that health care was the bright spot in the Alaska economy.

COMMISSIONER DAVIDSON returned attention to the pie chart on slide 25, which showed the percentage of Medicaid enrollees by category, including children and children with disabilities, parent caretakers, adults with disabilities, and seniors. She relayed that the map on the page showed the geographic representation for both Medicaid Expansion enrollees and all enrollees.

CHAIR GARA asked about the impact of behavioral health parity under Medicaid Expansion.

COMMISSIONER DAVIDSON said that one of biggest benefits that Medicaid Expansion had provided in Alaska was another payer for behavioral health services. She offered her belief that the number of paid behavioral health claims was about \$19 million. She explained that behavioral health providers needed to operate as a business, and could "only provide a certain amount of charity care," as many people were receiving these services although not being able to pay. She declared that the state was not even close to providing the level of necessary behavioral health services, noting that the Section 1115 waiver was a comprehensive way "to better meet our needs."

[4:52:33 PM](#)

COMMISSIONER DAVIDSON directed attention to slide 26, "ACA Repeal and Replace Impacts."

CHAIR GARA asked if the 100 percent paid by Medicaid Expansion for behavioral health treatment displaced any money which the state had paid for those services, or did it add services.

COMMISSIONER DAVIDSON replied that the state had saved on catastrophic coverage for more than 450 Alaskans, previously paid through the general fund, but which was now paid through Medicaid Expansion at 100 percent federal match. She explained that, although an inmate in corrections was not eligible for Medicaid, for health care provided on a contract basis with an overnight stay, the inmate was now eligible under Medicaid Expansion.

CHAIR GARA asked if Medicaid Expansion displaced any state expenditures on behavioral health.

COMMISSIONER DAVIDSON opined that she could "answer that question about 100 different ways." She asked if she could provide the committee with a variety of answers at a later time, as there were significant improvements.

REPRESENTATIVE SADDLER asked how the number of enrollees and cost per claim under Medicaid Expansion were currently comparing to the projections, and if those projections could change in the future.

COMMISSIONER DAVIDSON replied that in FY2016 it was anticipated that Department of Health and Social Services would need \$145.4 million, yet its expenses in FY16 were \$149.5 million. In FY2017, the projected Medicaid enrollment had been 23,000, but the actual enrollment was 27,415. She opined that this was an indication of a decline in the economy, as more people were now eligible for Medicaid Expansion than had been anticipated. She relayed that the projected expenditures in FY2017 would be higher than anticipated, some due to pent-up demand and some due to the utilization by those who have not had prior coverage. She shared that this had been the experience with other states, noting that eventually it would level off.

[4:58:01 PM](#)

COMMISSIONER DAVIDSON returned attention to slide 26, and reported that general discussions had included a repeal of Medicaid Expansion, although 31 states had expanded Medicaid and those governors were asking what would replace it. She shared that there was potential for elimination of the requirement for

the individual mandate for marketplace plans. She stated that 50,000 Alaskans had coverage through either Medicaid or marketplace plans, and she asked what would happen to those individuals and what would be the economic impact for the loss of those resources. She pointed out that some specific provisions in the Patient Protection and Affordable Care Act impacted the work on health reform, including health homes and the Section 1332 Waiver through the Division of Insurance which allowed Alaska to better help the high-risk pool in order to stabilize the individual market. She emphasized that private insurance market place plans and Medicaid went "hand in hand" as better health insurance coverage meant fewer people needing Medicaid. She expressed concern with Medicaid block grants becoming the way to shift an annual allocation to the states, and then shifting the federal responsibility to the states. She described states that did well with Medicaid block grants: large population, large concentration in large urban settings, care is provided the same, travel is not an access to care issue, no tribal populations, stable economy, and low cost of care. She declared that Alaska did not fit into any of these categories, although if geography was a factor, "we'd be set." She pointed out that health care was provided to meet the needs of Alaskans in their settings, noting that the provision of care by tribes in a small community was very different than the means for provision of care in a large urban setting. She emphasized that Indian Health Service beneficiaries, Alaska Natives or American Indians, were already covered at 100 percent federal, and therefore, should not be included in a block grant allocation. She stated that, unless this was considered, states similar to Alaska with a large tribal population were at a disadvantage. She reported that states with a higher cost for providing health care did not do as well. She shared that, as the allocations were determined early in the calendar year and did not include offsets throughout the year, any downward trend during the year created a greater problem.

[5:04:17 PM](#)

CHAIR GARA commented that this would be the nightmare redesign should the law be changed.

[5:04:58 PM](#)

COMMISSIONER DAVIDSON added that a group of Alaskans, including providers, in a recent conversation with the Alaska congressional delegation had stated that the "kinds of savings that we are trying to achieve in Medicaid Reform through Senate

Bill 74 will be significantly compromised if Medicaid Expansion goes away." She declared that Medicaid Expansion provided the resources to task the programmatic changes, and that expansion and reform went hand in hand.

[Chair Gara returned the gavel to Chair Spohnholz]

[5:05:54 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 5:05 p.m.